

# CITY OF GREEN COVE SPRINGS CITY COUNCIL REGULAR SESSION

321 WALNUT STREET, GREEN COVE SPRINGS, FLORIDA  
TUESDAY, JUNE 03, 2025 – 6:00 PM



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## MINUTES

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Invocation & Pledge of Allegiance to the Flag - **Youth Pastor Travis Ivey, Hickory Grove Baptist Church**

Roll Call

**COUNCIL MEMBERS PRESENT:** Mayor Thomas Smith, Vice Mayor Ed Gaw, Council Member Glee Glisson, Council Member Matt Johnson, Council Member Darren Stutts

**STAFF MEMBERS PRESENT:** L.J. Arnold, III, City Attorney, Steve Kennedy, City Manager, Mike Null, Assistant City Manager, Erin West, City Clerk

Mayor to call on members of the audience wishing to address the Council on matters not on the Agenda.

1. Larry Walshaw spoke about a site that has been under development since 2008. The plans are for an 11-building, 66-unit, three-story, town hall facility with a marina, fitness center, clubhouse, and pool. The property is located on the river with 50 boat slips. The project involves reviewing existing documents, conducting engineering and environmental studies, and seeking funding for debt and equity.
2. Charlie Stillings 1030 North Street GCS speaks about his frustration over a 20% rate increase announced without explanation, noting poor communication from the council. After public complaints, it was revealed that the increase is likely to fund new transformers for electric infrastructure maintenance. He suggests better public relations through a monthly newsletter, a resident question forum, and special meetings to clarify major issues like rate hikes.

## AWARDS & RECOGNITION

1. Recognition - Plaque Presentation to Connie Butler for her years of support and service to the City of Green Cove Springs. **Mayor Smith**  
Mayor Smith speaks and presents Ms. Connie Butler with a plaque for her years of service.  
Board Members of the Northeast Florida League of Cities were present to honor Ms. Butler for her years of service on the NEFLC Board of Directors and congratulate her on her service to the city.
2. Recognition - Plaque Presentation to Steven Kelley for his years of support and service to the City of Green Cove Springs. **Mayor Smith**  
Vice Mayor Gaw speaks and presents Mr. Steven Kelley with a plaque for his years of service.

## PRESENTATIONS

3. FMPA - June 2025 **Bob Page**  
Mr. Page presents the June report.

4. Presentation by Purvis, Gray & Company of the Audited Financial Statements for the period ended September 30, 2024. **Sue Wang**

Finance Director Sue Wang thanked the finance staff, department directors, city staff, and specifically Mr. Null, Mr. Kennedy, and Mr. Whitesides' team for their expertise and professionalism in supporting the audit process. Ms. Wang introduced Ron Whitesides, CPA with Purvis, Gray & Company.

Mr. Whitesides presented the audit and advised it included a federal single audit for ARPA funds, received an unmodified opinion, indicating the financial statements are fairly presented and follow accounting principles. In 2024, rate increases improved the electric system's compliance, but the water system still falls short, though further rate hikes in 2025 or 2026 may resolve this. One compliance issue regarding investment of city funds, emphasizing security and liquidity.

Council Member Johnson thanked the auditor for his presentation and thanked Mrs. Wang and her staff for their excellent work on the audit. He acknowledged that while the city faces deficits in several areas, there is an upward trend in addressing these issues.

Vice Mayor Gaw referenced a recommendation to maintain four months of operational expenses as a reserve, and highlighted a brochure from Clay County Electrical Co-op indicating significant price increases for electrical components, specifically transformers (up 249%) and poles (up 80%). Mr. Gaw asked Mr. Whiteside if the audit report's recommendations account for the need to repair and replace these costly components.

Mr. Whiteside discussed the rise in electric utility infrastructure costs since 2020, driven by scarcity and long lead times for components (two years) and large substation transformers (up to five years). He clarified that the recommended two to four months of operational reserves in the general fund, based on Florida municipal experience, is for general operations and debris cleanup (e.g., post-hurricanes), not specifically for electric utility infrastructure costs.

Vice Mayor Gaw advised that the water utility's debt service coverage ratio is 0.9, below the recommended 1.5, despite recent council-approved rate increases. He compared municipal operations to private businesses, advising private enterprises can adjust prices quickly, while municipalities face delays due to public hearings and processes.

Mr. Whiteside explained that during the audit period, a 3% water rate increase was in place for nine months but had a minimal impact on improving the debt service coverage ratio. Larger rate increases implemented in 2025 and planned for 2026 are expected to significantly boost revenue, potentially meeting the debt covenant in 2025 and likely achieving it by 2026. He advised that municipalities typically conduct periodic rate studies and apply smaller, more frequent rate increases to avoid falling short of debt covenants, rather than relying on large adjustments after a deficit.

Susan Pritchard 218 N. Magnolia GCS spoke about the complex financial audit report being confusing and raised two concerns. First, she is worried about multiple city departments operating at a deficit. Second, she noted the city's reserves have significantly decreased, partly due to large expenditures like the Walnut Street project.

Greg Will 218 N. Magnolia GCS criticized the city for use of ARPA funds for the Walnut Street project. He advised that as a full-service city, the council must prioritize core services like police, fire, electric, water, wastewater, and stormwater over non-essential expenditures. The general fund faces a \$2.75 million deficit without external fund transfers, and the electric fund is strained

by unpaid loans (some forgiven improperly) and ongoing transfers to the general fund. He wants the council members to closely look at the budget, cut unnecessary expenses, and focus on critical infrastructure needs to improve next year's audit and build reserves for emergencies.

Mike Kelter 630 Mrytle Ave. GCS speaks about three concerns in the audit report. He speaks about the authority to transfer funds and disputes the report's claim that the city manager can transfer money between funds or departments. Mr. Kelter questioned the legitimacy of a \$2.45 million transfer from the electric department and challenged the report's statement that electric revenue dropped by \$100,000 in 2024 despite a 30% rate increase and 5.5 million more kilowatt hours sold, calculating it should have resulted in \$1.8 million more revenue.

Vice Mayor Gaw asks for recommendations from the auditor on how to improve the electric department, advising the water department is already addressing issues through rate increases. He pointed out the financial challenges of operating a small utility like Green Cove Springs, with only 3,000 accounts. Mr. Gaw asked whether other cities also owe money to their electric utilities and whether Green Cove Springs overlooks any strategies or best practices.

Mr. Whiteside addressed how to improve the electric department's financial health, estimating that similar utilities aim for a profitability ratio of 1.5 to 2.0, and while Green Cove Springs is making progress, it hasn't fully reached that goal. He noted that cost-cutting options are limited, mainly affecting payroll and operating costs, and the audit found no clear waste or inefficiency. To support the general fund, he suggested increasing the electric utility transfer to around 13%, aligning with the 10%+ transferred by most municipal electric systems and advises that for cities without municipal utilities, utility taxes and franchise fees typically generate around 10% of revenue.

City Manager Steve Kennedy asks the mayor if once the vote is taken if he would call Ms. Wang back to the podium so that she can present some numbers that were compiled to forecast the city's financial position by the end of 2025.

**Motion to accept the Audited Financial Statements for the Fiscal Year ended September 30, 2024.**

Motion made by Council Member Johnson, Seconded by Council Member Glisson.

Voting Yea: Mayor Smith, Vice Mayor Gaw, Council Member Johnson, Council Member Glisson, Council Member Stutts

Ms. Wang presented a financial comparison of FY 2024 and FY 2025, noting improved transparency and fiscal progress. FY 2025 revenues are projected to rise by \$700,000, driven by a higher millage rate, increased property values, and \$515,000 in license and permit fees, though intergovernmental revenue will decline by \$416,000 due to fewer grants. Expenditures are expected to decrease by \$1.15 million, resulting in a nearly balanced budget with a \$4,000 surplus. The total fund balance is projected to increase slightly to \$1.396 million, but the unassigned fund shows a \$434,000 deficit, and a \$745,000 inter-fund loan must be repaid over two years. Ms. Wang stressed the need to rebuild reserves to cover two months of operating costs. She also noted that, compared to similar cities, Green Cove Springs transfers only 6% of electric revenue to the general fund, well below the typical 13 – 17%.

**CONSENT AGENDA**

All matters under the consent agenda are considered to be routine by the city council and will be enacted by one motion in the form listed below. There will be no separate discussion on these items. If discussion

is desired, that item will be removed from the consent agenda and will be considered separately. Backup documentation and staff recommendations have been previously submitted to the city council on these items.

Council Member Johnson pulled item 7.

**Motion to approve Consent Agenda items 5 through 11 minus 7.**

Motion made by Council Member Johnson, Seconded by Council Member Stutts.

Voting Yea: Mayor Smith, Vice Mayor Gaw, Council Member Johnson, Council Member Glisson, Council Member Stutts

5. City Council Authorization to award KCI Construction and J&K Underground Construction the Bid No RFQ 2025-02 Annual Directional Boring Contract for a period of one year from the date of the award. City Council approval to issue a purchase order to KCI Construction and J&K Underground Construction for contractual underground bores as needed for FY2025. **Andy Yeager**
6. City Council approval of the Gustafson Park Development Agreement with Clay County Utility Authority (CCUA) **Michael Daniels**

7. City Council approval of the Pride Month Proclamation. **Erin West**

Council Member Johnson reminds the council of its proclamation guidelines, which prohibit endorsements involving political or social controversy, ideological or religious beliefs, personal convictions, or commercial purposes. He stated the council's current process of discussion and voting is working as intended. He advised that city government should not be involved in personal or intimate matters and questioned whether the proclamation reflects the city's values.

Council Member Gaw reiterated his position from the previous year, stressing the need to separate personal beliefs from public duties as a city council member. He stressed the importance of representing all citizens impartially, not basing decisions on personal theology. He pledged to oppose judgment or exclusion of any part of the Green Cove Springs community and supports inclusive governance, guided by both personal experience and a commitment to fairness.

Steven Kelley 101 Park St. GCS expressed strong support for the proposed Pride proclamation, and advised he voted for it last year and urges the Green Cove Springs City Council to reconsider it. While acknowledging it may not impact council members personally, he stressed its importance to employees, neighbors, and community members who feel deeply connected to it.

Mayor Smith reaffirmed his opposition to the proposed Pride proclamation, referencing city policies that prohibit proclamations on controversial issues. Believing that government should stay out of socially divisive issues, he advocated for limited government involvement.

**Motion to disapprove item 7 on the consent agenda.**

Motion made by Council Member Johnson, Seconded by Council Member Stutts.

Voting Yea: Mayor Smith, Council Member Johnson, Council Member Stutts

Voting Nay: Vice Mayor Gaw, Council Member Glisson

After the vote on item 12 Mayor Smith clarified on record there was a voting error by Council Member Glisson on the previous agenda item. She intended to vote yes to disapprove the proclamation but mistakenly voted no to approve it. This correction is made to ensure the official record reflects her true intent.

Motion made by Council Member Johnson, Seconded by Council Member Stutts.  
Voting Yea: Mayor Smith, Council Member Johnson, Council Member Glisson, Council Member Stutts  
Voting Nay: Vice Mayor Gaw

8. City Council approval of the Sawcross (Tender Contractor) Pay Request #12 in the amount of \$148,675.00 and Pay Request #13 in the amount of \$54,150.00, and approval for the mayor to execute Disbursement Request #25 for construction of the Harbor Road Advanced Wastewater Treatment Facility (HRAWWTF), as part of the Florida Department of Environmental Protection (FDEP), State Revolving Fund (SRF), Harbor Road Water Reclamation Facility (WRF) Expansion, Phase 2, SRF Agreement No. WW1000420. **Scott Schultz**
9. City Council approval of funding in the amount of \$49,020 to Southern States for reclosers used in the electric system. **Sue Wang**
10. City Council approval of funding in the amount of \$31,200 to Wesco for 25KV Splice purchase, \$53,672 to Wesco for Brenau and Sweetbriar Wire purchase, \$112,032.5 to Irby for Okon 25KV Wire purchase, and \$162,696 to Gresco for Switchgear purchase to be used in the Rookery project. **Sue Wang**
11. City Council approval of purchase for Unitrends Backup Appliance and Cloud Services from Pulseway MMSOFT Design LTD. **Angel Alicea**

### COUNCIL BUSINESS

12. City Council approval of Nominees for Planning & Zoning Board Seats 3, 4, and 5. **Michael Daniels**  
Development Services Director Michael Daniels advised that, per the city charter, newly elected or re-elected council members have to appoint a representative to the Planning and Zoning Commission. Appointees must be city residents and serve terms that align with their appointing council member.  
City Clerk Erin West advised that names brought forward are Kathy Roberts by Council Member Glisson, Nancy Sermons by Council Member Stutts and Josh Danley by Mayor Smith.  
**Motion to approve the nominees for Planning & Zoning Board Seats 3, 4, and 5.**  
Motion made by Council Member Stutts, Seconded by Council Member Johnson.  
Voting Yea: Mayor Smith, Vice Mayor Gaw, Council Member Johnson, Council Member Glisson, Council Member Stutts
13. City Council approval of, and authorization for the Mayor or City Manager to execute, the Agreement between The City of Green Cove Springs and Lexon Insurance Company, in the amount of \$300,000.00, which settles the Liquidated Damages and **existing** Latent Defects, associated with the Williams Bankruptcy, for completion of the construction of the Harbor Road Wastewater Treatment Facility (HRAWWTF). **Scott Schultz**  
Assistant Water Utilities Director Scott Schultz provided a detailed update on the wastewater treatment plant project and related legal and financial matters. The wastewater treatment plant project, started in 2022 with a \$15.5 million budget, was 70% complete when the contractor went bankrupt and abandoned the site, causing a year-long delay. The bonding company brought in a

new contractor, but the delay from the original March 31, 2023, completion date incurred \$480,000 in liquidated damages (\$750/day) and \$60,000 for latent defect repairs. After a six-hour pre-suit mediation, the city settled for a \$325,000 payment, covering all damages and potential defects, releasing it from further obligations. The settlement is seen as a practical way to avoid costly litigation.

City Attorney Arnold advised that after mediation, a settlement term sheet was drafted, with a formal release agreement to follow once the \$325,000 payment is made to the city. The original offer was \$300,000, but the surety increased it in exchange for being released from future claims related to latent defects. Since the city is a government entity, the settlement required city council approval. Although litigation could potentially yield more, it carries risk due to the surety's legal defenses.

Mr. Schultz advised that beyond the original \$15.5 million contract, the surety spent an additional \$6 million to complete the wastewater treatment plant with a new contractor. They also paid the city \$160,000 for lost equipment warranties voided due to delays. The city also incurred about \$200,000 in extra costs to keep the old plant running.

**Motion to approve and authorize the mayor or city manager to execute the agreement between the city of Green Cove Springs and Lexon Insurance Company in the amount of \$325,000, which settles the liquidity damages and existing latent defects associated with Williams Bankruptcy for increasing the construction of Harvey and the Wastewater Treatment Facility.**

Motion made by Council Member Johnson, Seconded by Council Member Stutts.

Voting Yea: Mayor Smith, Vice Mayor Gaw, Council Member Johnson, Council Member Glisson, Council Member Stutts

#### 14. City Manager & City Attorney Reports / Correspondence

Chief Hines requests approval requests approval of an MOU to formalize the police department's partnership with the Florida Department of Law Enforcement's ICAC Unit. He cited a recent case involving a 15-year-old trafficking victim from North Carolina, where a 20-hour investigation led to an arrest and a \$1.2 million bond, demonstrating effective police work.

Mayor Smith commends the officers for their outstanding work, speaking about their reliance on instincts and training, which led to a successful outcome. He supports enhancing collaboration with the Florida Department of Law Enforcement (FDLE) and endorsed the proposed MOU.

Chief Hines advised the mutual aid agreement between Green Cove and FDLE enables resource sharing, with Green Cove providing personnel for operations like search warrants and FDLE offering technology, expertise, and advanced tools. Green Cove gains critical resources, while FDLE benefits from additional manpower. The agreement is managed through Gainesville as the contact point for the ICAC mutual aid unit, involving multiple agencies.

**Emergency motion to approve the mutual aid between FDLE, the City of Green Cove Springs, and the City of Gainesville.**

Motion made by Council Member Stutts, Seconded by Council Member Johnson.

Voting Yea: Mayor Smith, Vice Mayor Gaw, Council Member Johnson, Council Member Glisson, Council Member Stutts

The City Manager and City Attorney made comments regarding various city activities, events, operations, and projects.

15. City Council Reports / Correspondence

The City Council made comments regarding various city activities, events, operations, and projects.

Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:30 p.m.

CITY OF GREEN COVE SPRINGS, FLORIDA

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Thomas M. Smith, Mayor

Attest:

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Erin West, City Clerk