

CITY OF GREEN COVE SPRINGS CITY COUNCIL REGULAR SESSION

321 WALNUT STREET, GREEN COVE SPRINGS, FLORIDA
TUESDAY, MAY 20, 2025 – 6:00 PM



MINUTES

Invocation & Pledge of Allegiance to the Flag - **Rev. Sarah Minton, St Mary's Episcopal Church**

Roll Call

COUNCIL MEMBERS PRESENT: Mayor Steven Kelley, Vice Mayor Thomas Smith, Council Member Connie Butler, Council Member Ed Gaw, Council Member Matt Johnson

STAFF MEMBERS PRESENT: Steve Kennedy, City Manager, Mike Null, Assistant City Manager, Erin West, City Clerk

STAFF MEMBERS ABSENT: L.J. Arnold, III, City Attorney

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

1. Cheryl Gonzalez a board member of the Palmetto Community Development Corporation, Inc. 549 N. Palmetto GCS thanked the city council and staff for their ongoing support. Ms. Gonzalez advised the Palmetto CDC, is currently renovating a building at 549 North Palmetto Avenue for public use and their fundraising efforts include the nonprofit *Clay County Communities, Families, and Friends* magazine. Ms. Gonzalez also expressed her gratitude for the historic plaque that were placed in the city.
2. Christina Bonner 814 Cove St. GCS spoke to the council about building a bowling alley in the city. Ms. Bonner suggested it would provide entertainment for all ages.
3. Sue Heath 1370 Heath Rd. GCS congratulated the new City Council Members and thanked the City Council Members whose terms were ending. Ms. Heath advised during her tenure with the city there were challenges in explaining the Bulk Power Cost Adjustment (BPCA) to customers, due to it being complex, fluctuated monthly, and often caused confusion. Ms. Heath spoke about the recent forgiveness of \$500,000 of a loan from the Electric Fund to the General Fund.
4. Felicia Hampshire 508 Franklin St. GCS congratulated the new City Council Members. Ms. Hampshire speaks about the 24th annual Soul Food and Music Festival that will take place in October.

Council Member Butler presents the NEFLC Donation checks to the Augusta Savage Clothes Closet and Palmetto Community Development Corporation.

REORGANIZATION

1. Swearing-In Ceremony for three (3) year terms of office for Gloria Glisson for Seat 3, Thomas M. Smith for Seat 4 and Darren Stutts for Seat 5. ***County Judge Raymond Forbess Jr.***

Mayor Kelley speaks and introduced Judge Raymond Forbess, Jr.

Judge Forbess swears-in to office for a 3-year term, Gloria Glisson for Seat 3, Thomas M. Smith for Seat 4, and Darren Stutts for Seat 5.

Vice Mayor Smith calls for a new roll call.

Vice Mayor Thomas Smith, Council Member Ed Gaw, Council Member Matt Johnson, Council Member Glee Glisson, Council Member Darren Stutts

2. City Council election of a Mayor and Vice Mayor to serve from May 20, 2025 to May 19, 2026. ***Erin West***

Motion to nominate Vice Mayor Smith as the new Mayor

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

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

Motion to nominate Council Member Gaw as the new Vice Mayor

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

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

PUBLIC HEARINGS

3. Second and Final Reading of Ordinance O-06-2025 for the Modification of the Graylon Oaks PUD ***Michael Daniels***

Development Services Director Michael Daniels reads Ordinance No. O-06-2025 by title and presents on the ordinance.

Mayor Smith opens the public hearing.

Christina Bonuer 814 Cove St. GCS speaks concerning the building and the animals that are being displaced due to the building.

Suzanne Pasquali Magnolia Point GCS shared concerns about unchecked development and its impact on traffic and infrastructure. She is worried about the growing number of small developments, like townhomes, is straining old infrastructure without proper planning.

Following no further public comments, Mayor Smith closes the public hearing.

Council Member expressed concern with traffic.

Mr. Daniels pointed out they are approved to develop 28 units. This item is whether or not they are going to do duplexes versus individual. Concerning the traffic, the city does have a mobility plan in place, so they will have to pay that mobility fee which can go towards addressing any traffic providers.

Council Member Stutts advises that at the last meeting it was mentioned there would be an HOA and questions if this a city requirement or the builder requirement?

Mr. Daniels advises that was one of the conditions of the PUD and it was included within the written description of the PUD that they would have an HOA. The developers want control over aspects like parking and trash pickup to make their projects more attractive to potential buyers. This is typically achieved by establishing a HOA within a PUD, allowing them to manage lot quality and community standards beyond the city's oversight.

Council Member Glisson asks how the taxes will be processed.

Mr. Daniels advises that essentially if a duplex is split into two separate lots, each would have its own ad valorem tax. This allows for the possibility of two different property owners and separate tax bills, rather than a single owner being taxed for both units.

Motion to recommend approval of the second and final reading of Ordinance O-06-2025 to amend the Graylon Oaks Planned Unit Development.

Motion made by Council Member Johnson, Seconded by Vice Mayor Gaw.

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

4. Second and Final Reading of Ordinance No. O-07-2025, amending City Code Chapter 90, Article III, Electric Utility, section 90-122 entitled “rate schedule for electricity furnished”; and section 90-123 entitled “fees for capital installation in the electric department”; and section 90-61, “security and night-lights”; and section 90-62 “meters, generally, a new service connection charge; temporary service, generally”. *Mike Null*

Assistant City Manager Mike Null reads Ordinance No. O-07-2025 by title. and presents on the ordinance. Mr. Null advises following COVID, rising costs in materials and system maintenance prompted a review of utility rates, which had not increased in seven years. A long-range capital improvement plan was completed in July 2022, followed by a rate study in July 2023, recommending phased increases totaling 26% over four years.

In October 2023, an ordinance enacted an average 7% rate hike – 8% for residential and 6% for commercial. A portion of the variable Bulk Power Cost Adjustment (BPCA) was shifted to the fixed base rate without increasing overall bills. Another 10% increase was implemented in October 2024. An updated rate study in March 2025 recommended a 14% mid-year increase and another 6% in October 2025, which council approved. Customer notices were sent in April, and the ordinance was presented at the May 6th meeting.

The ordinance includes three additional components:

1. Developer Impact Fees: Increase from \$2,200 to \$2,600 per lot to reflect current infrastructure costs.
2. Street and Aerial Lighting: Updates to reflect LED technology; reintroduces a \$25 fee for relocating lights, which was omitted from the draft.
3. New Electric Service Fees: Raise the connection fee from \$125 to \$200 to account for rising material costs.

All changes are intended to ensure system sustainability and that new development pays its fair share.

Navid Nowakhtar with FMPA speaks and advises FMPA, supports the city by providing data and studies for informed rate decisions. Green Cove Springs' rates are generally competitive statewide. The agency helped review infrastructure needs and growth projections. Reliability improvements have been made, reducing outage times (excluding storms). However, recent revenues haven't covered costs, and fund transfers from electric to the general fund account for a significant portion of the city's revenue.

The rate study, done by Leidos Engineering, examined capital, operations, and maintenance costs, recommending rate increases to ensure the utility's financial health. The study accounted for inflation, technology changes, and operating costs. The study proposed different rate increase options: a 14% increase now with smaller increases later, or a more gradual 10% increase with reserve use to cover shortfalls. Alternative rate structures were also considered to lessen impacts on low-usage customers by applying lower increases on the first 1,000 kilowatt hours and higher rates thereafter.

Mayor Smith opens the public hearing.

The following individuals speak concerning the electric rate increase with the majority opposing the increase:

Anthony Interlacken 3609 Oglebay Dr. GCS

Jerry Grissett 412 Pearl St. GCS

Charles Stillings 1030 North St. GCS

Sue Heath 1370 Heath Rd. GCS

Mike Kelter 630 Myrtle Ave. GCS

Greg Will 218 N. Magnolia Ave. GCS

Steven Kelley 101 Park St. GCS

Chris Dayton 1873 Wentworth Ln. GCS

Krissy Weeks 515 Myrtle Ave. GCS

Bob Page 1862 Colonial Dr. GCS

Van Royal 3688 LaCosta Ct. GCS

Following no further public comments, Mayor Smith closes the public hearing.

Council Member Stutts advised that citizens are being heard by the council and he was worried about residents on fixed incomes or those that were struggling financially. He advised that although electric rates haven't increased recently, residents have already faced hikes in stormwater fees and the millage rate, which adds pressure on both citizens and businesses. He does not want to discard the entire ordinance since it includes beneficial elements, but believes more consideration is needed.

Council Member Johnson showed support for addressing the city's electric infrastructure needs and is in favor of the increase based on the Leidos and FMPA study. He acknowledged public concerns about past decisions but stressed the need to focus on current challenges. He thanked staff for revising the proposed electric rate increases and suggesting more gradual options.

Vice Mayor Gaw explained that the primary role of local government is to provide essential services: electricity, water, sewer, trash, and public safety. He spoke about the significant improvements in Green Cove Springs' electrical service and asked Electric Director Andy Yeager to address the Council and public. He asked Mr. Yeager to start by telling them the incident that happened the previous Thursday and to explain the challenges and operations of the department.

Electric Director Andy Yeager spoke about the current challenges and aging infrastructure facing the city's electric system. He stressed that he's not trying to scare anyone but to present realities based on his experience and dedication to improving reliability. He explained that transformer procurement is a major challenge, with current delivery times ranging from 7–9 months for three-phase transformers and up to 2+ years for larger development needs.

He also noted that the city's main substation has two transformers from 1978 which are well past the typical 25–35-year life expectancy and are well overdue for replacement. The newer transformer from 2001 can temporarily power the entire city, but only for a limited period without risking overload and future issues. He advised a new transformer costs about \$1.3 million.

Mr. Yeager advised that last Thursday, transformer #2, one of Green Cove Springs' aging transformers, suffered an internal failure and had to be taken offline. Without transformer #3 as a backup, the city would currently be experiencing brownouts, especially during the day due to heat and high energy demand. Transformer #1 is too old and weak to handle the full load, so the remaining power demand has been split between #1 and #3. He advised that a special crew is scheduled for May 27th to begin repairs on Transformer #2. The repairs include draining and filtering the oil, investigating internal damage, and potentially sending parts to a machine shop for custom fabrication, as parts are no longer manufactured for this outdated unit.

Mr. Yeager advises that also on last Thursday, a recloser failed at Harville Rd. and US 17, causing an outage in the North End of town. Although the initial issue seemed resolved, the same fault recurred that night, leading to a bypass of the recloser for safety. The recloser had fewer than 150 operations (out of a 200-operation lifespan), and the city had already been planning to replace older reclosers in stages due to age.

Vice Mayor Gaw asks Mr. Yeager to speak about the pressure of recruitment and retention.

Mr. Yeager spoke great appreciation for his dedicated, hardworking crew. Mr. Yeager advised that despite receiving frequent recruitment offers from other entities, the department remains committed to their current roles, motivated by a desire to make a difference. He spoke about the difficult and physically demanding conditions the crew works under and advised the team continues to work without complaint. He advised the importance of retaining this team and his concern about losing them to outside opportunities.

Vice Mayor Gaw speaks about the challenges of running a small electric utility with only about 4,000 customers, particularly the difficulty of spreading fixed costs. Larger utilities like FPL and JEA benefit from broader customer bases. Mr. Gaw asks Mr. Yeager are there potential advantages for small utilities, such as being more flexible or innovative with new materials?

Mr. Yeager advises he uses a cost-effective approach to managing the utility, only investing in materials and technologies that truly enhance resilience and reliability and rejects any unnecessary products. He gives examples of switching from outdated metal brackets to safer fiberglass and polymer alternatives and becoming proactive with tree trimming and storm prep.

Vice Mayor Gaw asked Finance Director Sue Wang to address the financial realities facing the electric utility. He stressed that the city is relying on two aging transformers that are past their serviceable life, with replacements costing \$1.2 million and taking two years to obtain. He advised the rate increases being discussed are essential for enabling future improvements and ensuring the long-term reliability of the electrical system.

Finance Director Sue Wang advises that after starting with the city, she focused on cleaning up the city's finances and analyzing the electric department's cost structure. Her analysis shows the utility has been operating at a deficit in both FY 2022 and FY 2023. With \$32 million in capital improvements planned, the utility must improve its financial health to secure favorable loans and avoid penalties. Mr. Wang concludes that financial action, such as a rate increase, is urgently needed.

Vice Mayor Gaw explains that delaying action on necessary rate increases, as was done in the past with stormwater fees, will only lead to more costly emergency projects down the line. He stresses that reliable service comes at a cost and suggests that failing to act would be a neglect of the board's responsibility.

Council Member Johnson advises he trusts the staff and appreciates the community's input. He supports starting discussions with the newly proposed, lower increases of 10%, 6%, and 6% as a more acceptable alternative.

Mayor Smith speaks about the challenge of balancing responsibilities as both a city representative and a resident who benefits from city services. He appreciates the reliable services like power and trash pickup but also recognizes the financial burden rate increases can bring, especially during personal expenses like building a home. He supports finding a reasonable middle ground that balances community needs with financial realities.

Council Member Glisson speaks about whether solutions like capping salaries or stopping truck purchases are feasible, showing uncertainty about how to address the issues. She acknowledged the electric director's statements and agreed with him but is unsure about the next steps.

Council discussion followed concerning if the motion should include 10%, 6%, and 6% or 8%, 6%, and 2%. There was also discussion on tabling the item until the next meeting to give the Council Members more time to look at the 8%, 6%, and 2% option.

Motion to approve the second and final reading of Ordinance No. O-07-2025 to amend City Code Chapter 90 Article 3 Electric Utility with the changes that were made recently in the Leidos study. The number in the Leidos study was 10% increase in 2025, a 6% increase in 2026, and a 6% increase in 2027.

Motion made by Council Member Johnson, Seconded by Vice Mayor Gaw.

Voting Yea: Vice Mayor Gaw, Council Member Johnson

Voting Nay: Mayor Smith, Council Member Glisson, Council Member Stutts

Council discussion concerning the rate and next steps followed.

Mayor Smith speaks about considering alternative motions and advises that if no alternative motion is proposed, the next step would require holding two additional public hearings or a workshop, as stated by Mr. Kennedy.

City Clerk Erin West advises the process for passing an ordinance would start over which include advertising the public hearings.

Mr. Kennedy advised that without a new direction or decision, another public hearing would be needed, but its content is unclear due to a lack of new data or alternatives. He spoke about the partnership between staff and decision-makers, urging for progress to avoid remaining stalled. Mr. Kennedy acknowledged public feedback, especially from those on fixed incomes, and commits to annual reviews to adjust rates if possible. Mr. Kennedy advised delaying the decision will worsen the situation. He advised that reducing funds from the General Fund, which supports

public safety, public works, and recreation, or lowering utility transfers, risks creating a deeper financial hole. Despite multiple budget cycles and efforts to cut spending, the budget remains lean, and no alternative financing solutions are in place. He advised that without a decision the situation could revert to needing a higher increase.

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.

Motion to approve Consent Agenda items 5 through 13.

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

5. City Council approval of CPH (formerly Mittauer & Associates) Invoice # 16665 in the amount of \$508,520.00, and authorization for the mayor to execute Disbursement Request #6 (to follow) for permitting and design services for the Magnolia Point Reclaimed Water System & Potable Water System Improvements. **Scott Schultz**
6. City Council approval of Emergency Home Energy Assistance Program (EHEAP) Vendor Payment Agreement with Clay County Council on Aging of Aging True. **Erin West**
7. City Council approval of the 2024 water quality Consumer Confidence Report and authorization to include in all customer bills instructions for reviewing electronically or obtaining a copy. **Scott Schultz**
8. City Council approval of the Palmetto Street stormwater point repair to Jax Utilities Management in the amount of \$132,524.72 based off City of Jacksonville contract #71555-25. **Greg Bauer**
9. City Council approval of Sawcross (Tender Contractor) Change Order #3, which becomes SRF Project Contract Modification #5 to include the cost in the SRF loan, in the amount of \$15,579.57, to add a sewage pump station to the Operations control Room. This change order will become a latent defect discussion with the Surety. The objective will be to add the cost to 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**
10. City Council approval of Minutes. **Erin West**
Regular Session: 4/1/2025
11. City Council approval of the Final Plat for Phase 2b of the Rookery Development for parcel #s: 016515-008-04 & 016515-008-05 **Michael Daniels**

12. City Council approval of the purchase of a 2025, 25-yard Freightliner garbage truck from Southern Sewer in the amount of \$265,767.00, based on pricing from Sourcewell contract #110223-NWY. **Greg Bauer**
13. City Council approval of Resolution R-11-2025, authorizing the Mayor to execute applications and all related documentation for HMGP grants. **Mike Null**

COUNCIL BUSINESS

14. City Manager & City Attorney Reports / Correspondence

City Manager Steve Kennedy asks the Council what numbers are wanting staff to research to bring back for the electric rate increase.

Mayor Smith would like to have the numbers Mr. Steven Kelley brought forth during his comments looked at.

Mr. Kennedy advises the rates are reviewed annually, but having a plan in place helps anticipate and prepare for necessary actions. Currently, any progress or changes will take at least two weeks to a month.

Council Member Glisson advised she is concerned that even with an initial 20–22% increase, further rate hikes will likely be needed in the next year or two due to rising costs.

Mr. Kennedy advises she is correct and that the budget is reviewed annually based on revenue, expenses, and capital needs. Decisions are made by examining whether the bottom line is positive or negative. While efforts are made to find savings, it's unrealistic to expect significant rate increases (2–5%) to be offset solely through operating expense cuts. The process is needs-driven, not based on unnecessary spending.

Council Member Stutts speaks about the 2,000 new houses being built that will help lessen the burden for the 4,000 current residents.

Mr. Kennedy speaks about the uncertainty of future funding and development timelines, questioning when additional support or revenue—such as appropriations or new housing—will materialize. He advised that while some funding was received (\$300,000 out of a requested \$900,000), the state is facing tighter finances due to depleted COVID-related funds and advises it is important to plan, to avoid being unprepared later. The key point is that without certainty in timing of development or growth, decisions must be based on cautious forecasting.

Council Member Stutts spoke about the need to take action before the budget is finalized and expressed openness to a rate increase, but with concerns about its impact on businesses. He is particularly worried about the 16% increase for larger businesses, fearing it could drive them away due to already high utility and fee costs. He advised he might support a 10% increase if it were consistent across all customers and reiterated the importance of keeping rates competitive to attract and retain businesses.

Assistant City Manager Mike Null clarified that the 6% and 20% increases applied only to residential water rates, while all non-residential users received a flat 10% increase.

Mayor Smith advises this is not the popular things, but he would like to look at the recommendation from Mr. Kelley and revisit the conversation.

Mr. Kennedy urged the council to act now rather than delay, warning that postponement would require restarting public hearings and set the process back by at least three months, resulting in lost revenue and increased financial strain. He acknowledged the importance of protecting those on fixed incomes and noted the assistance programs available. Mr. Kennedy advised he would follow the council's decision.

Vice Mayor Gaw would like to see the 10%, 6%, and 6% option be brought back to the table.

Discussion following concerning the reconsideration of the item and bringing it back to another vote at the meeting.

City Attorney Arnold joined via phone and explained the process for reconsidering a failed motion under Robert's Rules of Order. If the motion to reconsider is approved by a majority, the council can reopen discussion and potentially revise or pass part or all of the ordinance in question. Mr. Arnold advised the importance of knowing where each council member stands before calling a vote to avoid wasting time. Without at least three members willing to change their position and reach consensus, pursuing reconsideration would be ineffective. If no action is taken, the process must start over, adding about a month due to required advertising and public hearings.

Council discussion following concerning the options of 10%, 6%, and 6% or 8%. 6%, and 2% with no consensus being reached but staff is going to look at the 8%. 6%, and 2% option.

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 9:53 p.m.

CITY OF GREEN COVE SPRINGS, FLORIDA

Thomas M. Smith, Mayor

Attest:

Erin West, City Clerk