

CITY OF GREEN COVE SPRINGS CITY COUNCIL REGULAR SESSION

321 WALNUT STREET, GREEN COVE SPRINGS, FLORIDA
TUESDAY, SEPTEMBER 16, 2025 – 6:00 PM



MINUTES

Invocation & Pledge of Allegiance to the Flag – **City Manager Steve Kennedy**

Roll Call

COUNCIL MEMBERS PRESENT: Mayor Matt Johnson, Vice Mayor Ed Gaw, Council Member Glee Glisson, Council Member Cheryl Starnes, Council Member Darren Stutts (Via Teams)

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. Linda Hobbs 1092 Buccaneer Blvd. GCS thanked council members who previously reached out to her and commended the City's maintenance staff for their work clearing the sidewalk along Houston Street. She stated that residents are struggling with rate and tax increases across multiple services and expressed the need for a comprehensive rate strategy before considering further increases.
2. Felicia Hampshire 508 Franklin St. GCS provided an update on the upcoming 24th Annual Green Cove Springs Soul Food & Music Festival scheduled for Saturday, October 4. She advised that over 40 vendors will be present, along with organizations offering free health screenings and mobile dental services for adults and children. Ms. Hampshire encouraged the community to attend and thanked City staff, volunteers, and departments for their continued support in making the event successful.
3. Tony Hayes 1241 Forbes St. GCS requested clarification regarding property boundaries and a prior agreement related to fence line placement near his residence. He stated that measurement discrepancies exist and asked for specific information regarding the 12 to 15 feet of City property adjacent to his lot, which he maintains regularly.

PUBLIC HEARINGS

1. City Council approval on Second and Final Reading of Ordinance O-15-2025 authorizing water rate changes for Fiscal Year 2026. **Mike Null**
City Attorney Arnold reads Ordinance No. O-15-2025 by title.

Assistant City Manager Mike Null advised that although a recent rate study for water, wastewater, and reclaimed water was completed, errors were later found because it used incorrect FY23 financial data. While the study will be updated in the coming months, the immediate request is a 12% water rate increase based solely on the upcoming FY26 budget needs. The increase is necessary to fund the next 12 months of utility operations. For an average customer using 6,000 gallons a month, the increase would add \$3.32 to the monthly bill and generate approximately \$264,000 in additional revenue for the water department.

Mayor Johnson opened the public hearing

Mike Kelter 630 Myrtle Ave. GCS requested that the Council defer the proposed 12% water rate increase until detailed calculations are provided to both the public and Council.

Greg Will 218 N. Magnolia Ave. GCS advised that while operational staff are performing well, he lacks confidence in senior leadership and consultants responsible for utility planning and rate development.

Van Royal 3688 LaCosta Ct. GCS advised that the proposed rates remain competitive with neighboring utilities and are based on legitimate operational needs. He stated the City historically kept rates low for many years, causing the recent adjustments to appear steeper. He advised that the City is not overcharging residents and the current increase is necessary to properly fund operations.

Following no further comments, Mayor Johnson closed the public hearing

Council Member Stutts thanked the staff but expressed concern that new council members lack access to sufficient financial data. He indicated he cannot support the increase.

Council Member Glisson advised she visited the water plant and observed operational needs. She acknowledged concerns from the public but doesn't believe the City can delay action given pressing infrastructure requirements.

Council Member Starnes spoke about her initial intention to support the increase but expressed concern after hearing public comments.

Utilities Director Scott Schultz explained that rate studies serve as guides and cannot fully predict unforeseen regulatory or cost changes. He advised the proposed budget is based on verified expenditures and current cost realities, including rising chemical, fuel, and utility prices.

Vice Mayor Gaw showed confidence in staff expertise and referenced the City's annual audit, which affirmed financial challenges in the water fund. He advised that cost pressures affect all jurisdictions and argued that delaying action will not eliminate the need for adjustments.

Council Member Stutts disagreed with the assertion that costs will continue to rise indefinitely, advising certain costs (such as fuel) have already begun to decline.

Mayor Johnson advised that after previous discussions he believed there was consensus to move forward with the 12% increase. He defended staff professionalism and the quality of their work, expressing concern that comments made during the meeting suggested otherwise.

Motion to approve Ordinance No. O-15-2025, an ordinance of the City Council of the City of Green Cove Springs, Florida, modifying water rates by amending City Code Chapter 90, Utilities Article 3, Water Service Division 3 rates and charges section 90-253 entitled water usage and monthly minimum charges providing for conflict, severability, complication, and setting an effective date.

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

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

2. City Council approval on Second and Final Reading of Ordinance O-16-2025 authorizing wastewater rate changes for Fiscal Year 2026. *Mike Null*
City Attorney Arnold reads Ordinance No. O-16-2025 by title.

Assistant City Manager Mike Null explained that the requested 5% wastewater rate increase is based solely on the FY26 proposed budget and not on the pending update to the rate study. He advised that staff removed over \$500,000 in critical capital projects, avoiding a higher increase. The 5% increase would generate approximately \$194,000 and raise the average monthly bill by \$3.01 for a 6,000-gallon customer.

Mayor Johnson opened the public hearing.

Mike Kelter 630 Myrtle Ave. GCS questioned comparisons made to other utilities and advised that rate studies are the “gold standard.” He stated that audits note insufficient fund balance and urged the City to reduce costs rather than rely on rate increases.

Greg Will 218 N. Magnolia Ave. GCS spoke about his concerns about weak planning, citing past costly scheduling conflicts between wastewater and electric projects.

Van Royal 3688 LaCosta Ct. GCS advised that his comparative rate numbers came directly from utility websites and reiterated that the City’s rates are not excessive.

Following no further public comments, Mayor Johnson closed the public hearing.

Mayor Johnson reminded the public that the Council will hold a special utility planning workshop in January, with quarterly meetings to follow, to establish a five-year outlook for utility operations and rates.

Council Member Stutts advised that this item mirrors concerns from the water rate discussion. He acknowledged staff’s explanations and expressed empathy for ratepayers but recognized the need for action.

Vice Mayor Gaw emphasized that the 5% rate increase was only possible because staff removed approximately \$500,000 in needed projects. He asked Utilities Director Schultz to explain what was deferred.

Utilities Director Scott Schultz explained that the deferred funds were for sewer collection system repairs, including fixing failure points in aging clay sewer lines and rehabbing lift stations. He advised that the updated budget will improve the accuracy of the upcoming rate study and confirmed that draft capacity connection fee (developer fee) increases of 60–65% are nearly ready for adoption pending legal review.

Motion approve Ordinance No. O-16-2025 on second reading authorizing wastewater rate changes for fiscal year 2026.

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

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

3. City Council approval on Second and Final Reading of Ordinance O-17-2025 authorizing reclaimed water (irrigation) rate changes for Fiscal Year 2026. **Mike Null**
City Attorney Arnold reads Ordinance No. O-17-2025 by title.

Assistant City Manager Mike Null advised that the City currently has no retail reclaimed water customers but expects two subdivisions, Ed Ford Landing and Black Creek Village, to begin service within one to two months. He advised that as existing irrigation customers switch from potable to reclaimed water, the City anticipates a \$200,000 annual reduction in potable water revenues.

Mayor Johnson opened the public hearing.

Mike Kelter 630 Myrtle Ave. GCS advised he had no objection to aligning reclaimed water rates with potable irrigation rates but warned that customers may irrigate less than projected.

Greg Will 218 N. Magnolia Ave. GCS questioned the City's approach to reclaimed water planning, stating that reclaimed systems are only feasible in new construction areas due to trenching requirements.

Following no further comments, Mayor Johnson closed the public hearing.

Motion to approve Ordinance O-17-2025 on second reading, authorizing reclaimed water rate changes for Fiscal Year 2026.

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

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

4. Second and Final Public Hearing and approval of Resolution No. R-23-2025, a Resolution in compliance with Florida Statute 200.065 establishing a Millage Rate of \$5.3000 Per Thousand of Non-Exempt Real Property within the City of Green Cove Springs, Florida for Fiscal Year 2025/2026. *Sue Wang*

Finance Director Sue Wang presented the proposed FY 2026 millage rate of 5.3 mills, which matches the current rate but represents a 7.32% increase over the rollback rate. At 5.3 mills, the City would generate approximately \$4.1 million in property tax revenue, plus \$43,000 for the CRA.

Mayor Johnson opened the public hearing.

Mike Kelter 630 Myrtle Ave. supported adopting the rollback-plus rate of 5.1613 mills.

Susan Pritchard 218 N. Magnolia Ave. GCS urged the Council to consider the financial impact on local businesses.

Tom Centracchio 605 Myrtle Ave. GCS spoke about the City's refusal to consider the rollback rate while simultaneously approving staff raises. He questioned why the City fights for higher salaries but does not seek reductions in spending or taxes.

Mayor Johnson advised that Council previously agreed that employee raises were necessary to keep salaries at or near the 50th percentile, and that some employees had gone one to two years without increases. He spoke about inflation and retention needs.

Greg Will 218 N. Magnolia Ave. GCS supported adopting a rollback-plus rate, advising that rising property valuations combined with maintaining the same millage rate generate substantial additional revenue.

Van Royal 3688 LaCosta Ct. GCS advised that businesses have tolerated rapid tax increases in recent years. He originally favored holding the millage rate. He commended the Council for completing detailed budget cuts instead of increasing revenue and urged quarterly monitoring to rebuild depleted reserves.

Felicia Hampshire 508 Franklin St. GCS spoke of the importance of retaining quality employees, advising that competitive salaries are necessary because recruitment is difficult.

Assistant City Mike Null reads an email sent from Hope Chessel. The email urged the Council to consider the hardships faced by low-income and senior residents, who may have to choose

between essentials such as food and medication when utility and tax rates increase. The email questioned spending priorities including event costs.

Following no further comments, Mayor Johnson closed the public hearing.

Council Member Glisson spoke about her concern that city employee pay raises effectively mean higher costs for citizens.

Vice Mayor Gaw defended employee compensation, advising that employees provide high-quality public services. He also advised that complaints about service delivery are minimal and that paying employees fairly reflects the value of their performance.

Council Member Stutts criticized budget adjustments that merely rearrange funds without increasing overall resources. He supported the proposed 2.3% COLA for employees.

Motion to revise Resolution No. R-23-2025 to change the millage rate to 5.1613 and a 2.3 COLA.

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

Council Member Glisson proposed considering a lower millage rate (5.1) to limit future tax increases if property values, taxes, or costs rise next year.

Mayor Johnson spoke about revisiting the millage rate after prior agreement on 5.3. He spoke about the low fund balance, need for employee raises, and balanced budget at 5.3. He advised the current motion reduces the COLA from 3% to 2.3% and the fund balance contribution by \$100,000.

Vice Mayor Gaw questioned logic of deferring \$400,000 in expenses to fund raises, then lowering revenue via reduced millage, increasing emergency risks. He argued raising the tax rate could cover potential emergencies. He advised that lowering COLA and fund balance contributions as irresponsible.

Council Member Stutts defended the motion as providing citizen relief amid recent water/electric rate hikes, without eliminating 2.3% employee COLA. He advised he never agreed to 5.3 millage and the motion was made as recourse to return money to citizens.

Council Member Starnes asked for clarification on Option 4A (5.163 millage, 2.3% COLA) and confirmed the fund balance at \$379,321 under 4A vs. \$421,370 under Option 2. She prioritized the reserve fund. She could support the motion but also supports Option 2.

Ms. Wang advised of the impacts: 5.1613 millage reduces tax revenue by \$108,155; 2.3% COLA costs \$146,612 (\$32,000 net difference). Maintaining 5.3 with 3% COLA (removing 50th percentile adjustments) adds \$104,000 to fund balance.

Voting Yea: Council Member Glisson, Council Member Stutts

Voting Nay: Mayor Johnson, Vice Mayor Gaw, Council Member Starnes

Motion failed

Motion to approve option 2 with a millage rate of 5.3 and a 3% COLA.

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

Voting Yea: Mayor Johnson, Vice Mayor Gaw, Council Member Starnes

Voting Nay: Council Member Glisson, Council Member Stutts

Motion failed

Mayor Johnson reopened the public hearing

Van Royal 3688 LaCosta Ct. GCS spoke about a tax impact example: on a \$300,000 home valuation (after homestead exemption, \$200,000 taxable), difference between millage options is \$30/year for residents (\$2.50–\$3/month); \$100/year for a \$300,000 business property.

Council Member Stutts proposed a compromise to accept 5.1613 millage but restore a 3% COLA in operating budget to show citizen relief while honoring employee raises.

Council Member Glisson supported compromise for 5.1613 millage with 3% COLA to provide citizen relief while maintaining employee raises and fund balance.

Mayor Johnson advised his support for 5.3 millage with 3% COLA. He spoke about valuing employees, many of whom skipped raises last year and face external job offers. He spoke about his frustration that prior consensus from Sept 2 and last Thursday's special meeting (directing 5.3/3%) is unraveling; staff invested significant effort revising the budget per council direction.

Mike Kelter 630 Myrtle Ave. GCS advised the millage vote is separate from pay increases and advised the budget has bloat to cover difference without millage change.

Felicia Hampshire 508 Franklin St. GCS urged Council to prioritize staff.

Greg Will 218 N. Magnolia Ave. GCS suggested finding savings in the budget for raises.

Hope Chessel GCS asked council to represent citizens, not treat them as endless revenue source.

Following no further comments, Mayor Johnson closed the public hearing.

City Manager Steve Kennedy spoke about the staff process: Sept 2 hearing gathered input and last Thursday's special meeting aimed to resolve issues. He advised staff responded with options, answered questions and the majority direction was 5.3 with a 3% COLA and a wage study revisit.

Ms. Wang clarified the impacts: Option 2 (5.3 millage + 3% COLA) adds \$104,000 to fund balance. Dropping to 5.1613 millage + 3% COLA reduces fund balance further by \$4,000 (net \$100,000 swing). Changing the millage rate will require budget revisions to remain balanced.

City Attorney Arnold advised the Council must pass the millage and if the millage changes, staff must revise operating budget numbers before the budget vote.

Motion to adopt a millage rate of 5.3 and approve resolution number R-23-2025 a Resolution establishing the millage rate for fiscal year 25-26 at 5.3 per thousand which is an increase of 7.3 percent over the rollback rate 4.9387.

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

Voting Yea: Mayor Johnson, Vice Mayor Gaw, Council Member Glisson, Council Member Starnes

Voting Nay: Council Member Stutts

Motion passed

5. Second and Final Public Hearing and approval of Resolution No. R-24-2025, a Resolution setting forth the Annual Budget for Fiscal Year beginning October 1, 2025 and ending September 30, 2026. *Sue Wang*

Finance Director Sue Wang presented the second and final public hearing for the FY 2026 annual budget, totaling \$61,228,941 based on a 5.3 millage rate, a \$3.5 million (5.5%) decrease

from FY 2025. The proposed budget of \$61.2 million reflects a \$577,000 reduction from the tentative \$61.8 million budget.

Mayor Johnson opened the public hearing.

Mike Kelter 630 Myrtle Ave. GCS asked Council to remove a \$400,000 appropriation to Habitat for Humanity and redirect those gas-tax funds to pave existing unpaved roads serving residents.

Greg Will 218 N. Magnolia Ave. GCS advised that discussion of employee pay raises was out of order under the current agenda item and that decisions had already been made in a prior meeting, rendering the public hearing a “rubber stamp”.

Susan Prichart 218 N. Magnolia Ave. GCS showed frustration with repeated equipment failures due to inadequate maintenance and advised that she, along with Mr. Kelter and Mr. Will would be willing to personally clean the new garbage truck. She requested an update on negotiations with the Clay County School Board regarding wastewater fees and advised that continued high water and sewer rates are becoming unaffordable for residents.

Van Royal 3688 LaCosta Ct. GCS spoke about the budget process and staff guidance. He advised that after the millage rate was adopted, the Council retained full authority to adjust line items or fund balance on the spot to achieve a balanced budget and fully fund the 3.0% COLA.

Mayor Johnson advised that the millage rate, budget, and raises had been thoroughly discussed at a public workshop the previous Thursday and saw no compelling new information to warrant changes.

Following no further comments, Mayor Johnson closed the public hearing

Council Member Stutts advised he thinks staff is withholding information regarding step plans versus COLA increases and stated that newer members were led to believe the budget could not be adjusted after the millage rate change.

Motion to approve Resolution No. R-24-2025, a Resolution setting forth the Annual Operating Budget for Fiscal Year beginning October 1, 2025 and ending September 30, 2026.

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

Voting Yea: Mayor Johnson, Vice Mayor Gaw, Council Member Glisson, Council Member Starnes

Voting Nay: Council Member Stutts

6. Second and Final Public Hearing and approval of Resolution No. R-25-2025, a Resolution setting forth the Annual Capital Improvement Plan for Fiscal Years beginning October 1, 2025, to September 30, 2030. *Sue Wang*

Finance Director Sue Wang advised this item is the second and final public hearing of the five-year CIP beginning October 1, 2025 to September 30, 2030. The total CIP for this year for all funds is \$19,647,402.

Mayor Johnson opened the public hearing.

Following no comments, Mayor Johnson closed the public hearing

Motion to approve Resolution No. R-25-2025, a Resolution setting forth the Annual Capital Improvement Plan for Fiscal Years beginning October 1, 2025 to September 30, 2030.

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

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

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 Starnes pulled item #8 and Mayor Johnson pulled item #9.

Motion to approve Consent Agenda item 7.

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

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

7. City Council approval of the Soul Food Festival Proclamation. *Erin West*

8. City Council approval of warehouse inventory surplus. *Sue Wang*

Van Royal 3688 LaCosta Ct. GCS questioned where the surplus money goes and suggested any over-budget revenue or unspent funds should automatically go to the bottom line/reserves rather than being re-spent elsewhere.

City Manager Steve Kennedy confirmed the surplus revenue goes to the general fund.

Council Member Starnes advised she is excited for the quarterly budget reviews and is passionate about growing the reserve fund.

Finance Director Sue Wang clarified the \$79,107.96 is the cost of surplus inventory, not revenue. Disposal will generate some offsetting revenue after council approval.

Motion to approve Consent Agenda item 8.

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

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

9. City Council approval of Change Order #1 with DB Civil Construction on the Bayard Stormwater Improvements project in the amount of \$29,899.52 to correct deficiencies at the SW Corner of Bayard St and Myrtle Ave. *Greg Bauer*

Council Member Starnes asked for clarification on road repair costs totaling \$40,997.25.

Assistant Public Works Director Greg Bauer advised the engineer will not pay cash, but issue deducts and has already canceled a \$5,600 invoice.

Motion to approve Consent Agenda item 9.

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

Voting Yea: Mayor Johnson, Council Member Glisson, Council Member Starnes, Council Member Stutts

Vice Mayor Gaw stepped out of the Chambers

COUNCIL BUSINESS

10. Award of Bid 2025-05, City Hall Vacant Space Buildout, to Stratum Contracting and Construction Management in the amount of \$299,490, and approval of lease agreement with Clay Economic Development Council (EDC). **Mike Null**

Assistant City Manager Mike Null recommended awarding a \$299,490 contract to Stratum Contracting and Construction Management to design and build out a portion of unfinished second floor space at City Hall for the Clay Economic Development Council. The total project cost \$300,490, to be financed and repaid by the EDC over 10 years at 3.5% interest, using restricted surtax funds with \$100,000 already budgeted in FY 2026. Construction is expected to take five months, after which staff will return with final costs and the lease for Council approval.

City Attorney Arnold confirmed the City's authority to lease the space by resolution and stated that the draft lease agreement is substantially complete but requires minor revisions. He advised that in the event of default by the EDC, the City would retain standard landlord remedies.

Council Member Starnes asked about annual utility charge adjustments.

City Manager Steve Kennedy advised that the lease provides for increases of up to 4.2% with 30 days' notice.

Motion to award Bid 2025-05, City Hall Vacant Space Buildout, to Stratum Contracting and Construction Management in the amount of \$299,490 and approve draft lease agreement with Clay EDC to be finalized at completion of construction.

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

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

11. City Manager & City Attorney Reports / Correspondence

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

12. 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 9:28 p.m.

CITY OF GREEN COVE SPRINGS, FLORIDA

Daniel M. Johnson, Mayor

Attest:

Erin West, City Clerk