A Special Meeting (Budget Workshop) of the Apalachicola City Commission was held on Tuesday, August 11, 2026, at 6:00 PM, at the Commission Meeting Room located at 74 6th Street, Apalachicola, FL.

Present: Mayor Brenda Ash, Commissioner Donna Knutson, Commissioner Donna Duncan, Commissioner Adrienne Elliott, Commissioner Despina George, City Manager Chuck Anderson, Finance Director Lee Mathes, Chief Chase Richards, City Clerk Sheneidra Cummings, and Deputy Clerk Shelly Toluba.

Meeting was called to order by Mayor Ash followed by invocation and the Pledge of Allegiance.

Agenda Adoption

A Motion was made by Commissioner Elliott to adopt the agenda as presented, seconded by Commissioner Knutson. No discussion. None opposition. Motion carried, 5-0.

Public Comment

Mayor Ash noted that no public comment cards were submitted, and no public comments were received.

FY 26/27 Budget Discussion – Draft

City Manager Anderson opened the budget discussion by thanking staff and the Finance Director for their collaborative efforts in producing a balanced budget for FY 2026/2027. He noted the budget was prepared with awareness of the pending impacts of Amendment 3, including the anticipated transfer of water, sewer, and wastewater personnel and operations to a new independent district by December 1, as required by law. He also noted a September workshop on city property analysis would run concurrently with the budget process. The general fund reserve decreased from $242,994 to $77,490, though Manager Anderson noted a carry-forward amount would be incorporated via budget amendment once finalized. Finance Director Lee Mathes went over the proposed budget by each department as follows:

Salary Schedule: Manager Anderson presented the salary schedule, which includes a proposed 3% Cost of Living Adjustment (COLA) for all city employees. Additionally, he proposed one-time bonuses to be distributed in November: $1,000 for employees with the city more than six months as of October 1, and $500 for employees with the city less than six months. The bonuses are reflected in individual department budget line items. Manager Anderson also highlighted the new **Planning and Operations Director** position, which consolidates oversight of planning, code enforcement, permitting, and the building department, with the intent to eventually bring ARPC planning contract services in-house. A new **Front Office Receptionist** position was also included in anticipation of two current front office staff transitioning to the independent utility district. The Commission raised no objections to the salary schedule presentation.

General Fund Revenues: Finance Director Mathes presented general fund revenues. The proposed millage rate remains at 8.3457 mills. Key highlights included an increase in ad valorem taxes to $2,620,411, a slight decrease in the ½-cent sales tax due to expanded exemption periods, an increase in property rental revenue from $36,000 to $55,000 driven by cell tower leases, and new line items for TDC reimbursements to the police department ($16,800) and fire department equipment and supplies ($17,000), both of which are offset by corresponding expenses. Restricted revenues include building permits, county fire protection (MSBU), local option gas tax, and library state aid. Finance Director Mathes noted that Department of Revenue revenue-sharing projections were not yet posted and would be incorporated by the final budget. The lobbyist contract was noted as expiring in early 2027; Mayor Ash indicated the Commission would need to evaluate whether to renew it.

Governing Body Expenses: Governing body expenses totaled $314,293, a decrease of $17,404 from FY 25/26. Notable changes included the separation of the PIO salary line item, a reduction in legal services due to water and sewer billing being directed to the utility fund, elimination of election expenses, and the addition of Phase 3 Old City Hall matching grant funds of $18,500. The lobbyist line item of $54,000 remains pending Commission direction on renewal.

Administrative Department Expenses: Total administrative expenses are proposed at $1,045,565, an increase of $295,646 from FY 25/26, driven primarily by the addition of the Planning and Operations Director salary, increased travel and professional development from $3,000 to $20,000 to support staff training and certifications across 7–9 employees, and increased planning contract services of $55,000 for ARPC, anticipated to decrease mid-year upon hiring the new director. Commissioner George noted the overlap between the ARPC contract and the new director salary and confirmed the full-year cost reflects a transition period. Insurance coverage on the former AHS building has been removed. The professional services contract labor line item ($10,000) is intended for temporary administrative assistance.

Building Department Expenses: Total building department expenses are proposed at $175,712, an increase of $14,502. Code enforcement is now funded at 30% through the building department. Floodplain management fees increased by $2,000 and are fully recovered through permit fees. A travel and professional development allocation of $2,000 was added for floodplain management training. The department no longer carries vehicle expenses.

Police Department Expenses: Total police department expenses are proposed at $1,053,102, a decrease of $14,893 from FY 25/26. The police retirement contribution rate increased by 2%. The department's software budget increased significantly due to an FDLE mandate requiring a fully independent server and email system. Supply line items were separated into general supplies and police duty equipment. Training and training equipment now encompasses ammunition and taser cartridges. Capital outlay equipment was reduced to $5,500, as the chief anticipates qualifying for a grant to fund a new police vehicle. TDC overtime, FICA, and retirement ($16,800) are included and fully offset by TDC revenue.

Fire Department Expenses: Total fire department expenses are proposed at $168,910, an increase of $25,990. Repairs and maintenance increased from $9,500 to $20,000 to cover new tires for a fire truck and bay door maintenance. A new TDC equipment and supplies line item of $17,000 is included, offsetting TDC revenue. Capital outlay includes bunker gear, hoses, and building improvements totaling $15,000. The fire truck note payment of $25,000 reflects the city's half-share, with the Oyster Cook Off contributing the remaining half. Mayor Ash expressed a desire to explore increasing volunteer compensation, currently set at $100 per call, and requested staff research compensation rates at comparable volunteer departments, including St. George Island. Manager Anderson committed to bringing that information back to the Commission.

Public Works Department Expenses: Total public works expenses are proposed at $1,505,498, a decrease of $57,557, partially offset by local option gas tax revenue of $63,000. Repairs and maintenance increased to $20,000 due to recent tractor repairs. Tree maintenance increased to $30,000 to reflect historical overages. Two new positions are proposed: one to fill a vacancy left by a recent resignation, and one to potentially absorb cemetery maintenance duties currently under a $35,000 contractor contract, as the contractor has indicated difficulty retaining staff. New line items include travel and professional development ($1,000) and Christmas décor ($5,000). Commissioner Duncan requested staff verify whether the Seafood Festival provides street flags, as existing flags are worn. Local option gas tax expenses include mowers, equipment, sidewalk and street repairs ($17,000), and street signs ($5,000).

Library Department Expenses: Total library expenses are proposed at $218,241, an increase of $20,803. A new patron consumables line item ($2,500) was added to track coffee and snack costs. Programs increased from $2,500 to $3,500. A capital outlay item for a library sign totaling $9,000 was included. A travel and development training allocation of $500 was added. Library revenues and state aid of $9,000 offset the total budget.

Parks and Recreation Department Expenses: Total Parks and Recreation expenses are proposed at $91,800, an increase of $14,200. New line items include beautification/improvements ($5,000) and playground equipment ($5,000). The fireworks donation of $10,000 is included pending Commission approval. Commissioner Elliott raised concern that prior-year Senior Program and Dixie Youth donations were never distributed, and requested staff proactively reach out to both programs at the start of the new fiscal year to ensure funds are utilized. Commissioner George and Commissioner Knutson confirmed the Commission's prior intent to allocate modest general fund support for a parks and recreation programming initiative, without committing the Scipio Creek farmers market fund. Manager Anderson agreed to coordinate with the Parks and Recreation chair and present a recommendation at the next budget workshop.

Facilities Department Expenses: Total facilities expenses are proposed at $186,850, a decrease of $48,500 from FY 25/26. The Johnson Complex has been removed from utility and building expense line items. The African American Museum has been added with estimated utility and building expenses. The Raney House grant match of $60,000, previously discussed, was not included in this draft; Finance Director Mathes noted that if awarded, expenditure would likely fall in the FY 27/28 budget year. Commissioner George suggested the match be earmarked within reserves in the event the grant is awarded during this fiscal year, allowing a budget amendment as needed.

General Fund Revenue/Expense Summary: Total general fund revenues increased by $67,283 to $4,837,461. Total departmental expenses increased by $232,787 to $4,759,971. The resulting general fund reserve stands at $77,490, not including any carry-forward funds, which will be incorporated via budget amendment once the FY 25/26 carry-forward amount is confirmed.

Water and Sewer Department Budgets: Finance Director Mathes presented the water and sewer budgets as full 12-month budgets for simplicity. Both departments reflect a 3% rate increase as mandated by ordinance, with no new capital outlay. Commissioner George recommended the water and sewer budgets be adjusted to reflect only two months of city operations prior to the anticipated December 1 transfer to the independent district. Manager Anderson and Finance Director Mathes agreed to revise the budgets accordingly for the next workshop. Commissioner Duncan inquired about board appointments to the new district; Manager Anderson reported that Representative Schoff's office is actively engaging the governor's office on appointments, and that DEP, the representative's office, and the city's lobbyist are all working to ensure the city is reimbursed for prior stewardship expenditures not covered under this year's budget bill.

Scipio Creek Marina: Scipio Creek Marina revenue is proposed at $75,250, an increase of $19,050. Revenue highlights include an increase in mooring revenue to $45,000, Riverfront Park revenue to $10,000, and repair yard income to $20,000, with the increase in repair yard income attributed to collections efforts on arrears. The For Hayes repair yard contract expires October 3 and will be put out for RFP. The harbor master is now included within the general salary line. Major repairs to Scipio Creek are proposed to be funded through the Capital Improvement Plan, to be discussed at the next workshop.

Battery Park Marina: Battery Park Marina revenue is proposed at $376,200, an increase of $55,000, including a $250,000 cash carry-forward for the V-Pier completion. Proposed rate increases are reflected in the fee schedule to be discussed at the next workshop. Capital outlay includes $250,000 for the city's share of V-Pier completion. Commissioner Duncan inquired about the status of a seawall improvement grant; a determination is anticipated shortly.

Enterprise Fund Summary: The combined enterprise fund reserve is projected at $701,482. Water Department reserve: $413,577; Sewer Department reserve: $226,635; Scipio Creek reserve: $13,250; Battery Park reserve: $48,020. Finance Director Mathes noted these figures will be revised once the water and sewer budgets are adjusted to reflect the two-month operational period.

Capital Improvement Plan and Fee Schedule: Finance Director Mathes noted that the Capital Improvement Plan (Page 17) and the proposed fee schedule will be the primary topics of discussion at the next budget workshop the following Tuesday. Proposed CIP expenditures for FY 26/27 include $250,000 for Scipio Creek improvements and $500,000 for City Hall renovations.

No further discussion held.

<u>Adjournment</u>

A Motion was made by Commissioner George to adjourn, seconded by Commissioner Elliott. No discussion. No opposition. Motion carried, 5-0.

Meeting adjourned.

BRENDA ASH, MAYOR

ATTEST:

SHENEIDRA CUMMINGS, CITY CLERK