

**INTER-LOCAL AGREEMENT BETWEEN  
THE CITY OF JACKSONVILLE AND  
THE CITY OF NEPTUNE BEACH  
(AMENDMENT TO 1982 INTER-LOCAL AGREEMENT BETWEEN  
THE CITIES OF JACKSONVILLE, JACKSONVILLE BEACH,  
ATLANTIC BEACH, NEPTUNE BEACH AND TOWN OF BALDWIN)**

In consideration of the mutual covenants expressed herein, and for other good and valuable consideration, the sufficiency of which is acknowledged herein, the CITY OF JACKSONVILLE (Jacksonville) and the CITY OF NEPTUNE BEACH (Neptune Beach) do hereby agree as follows:

A. Jacksonville is a consolidated county and municipal government extending territorially throughout the geographic boundaries of Duval County, Florida.

B. Neptune Beach is a municipal government located within the area of the consolidated City of Jacksonville and Duval County.

C. Pursuant to the Charter of the City of Jacksonville, the relationship between Neptune Beach and Jacksonville is that of a municipality to a county.

D. Since 1968, the first year of consolidation, various questions have arisen between Jacksonville and Neptune Beach concerning the services that Jacksonville is providing to and that benefit the residents of Neptune Beach. Corollary questions have also been raised as to the proper millage levy of ad valorem taxes for Jacksonville to impose, as a county, on property situated within Neptune Beach.

E. The aforementioned questions resulted in the filing of a lawsuit in 1979 by the Cities of Atlantic Beach, Neptune Beach, Jacksonville Beach and the Town of Baldwin against Jacksonville.

That lawsuit was settled by the parties entering into an Inter-Local Agreement on May 11, 1982 (1982 Agreement).

F. The parties agree that assessing and defining the "dual taxation" consequences in the 1982 litigation was extremely difficult and though the parties agreed that relief was necessary, a precise method of calculation and measurement of the relief was impossible. The parties, therefore, compromised their respective positions and mutually agreed on a millage rate differential and other relief in settlement of the dispute.

G. In 1993, the City of Atlantic Beach brought suit against Jacksonville alleging, among other things, that Jacksonville breached the 1982 Agreement. In order to resolve the issues raised in that lawsuit and to further clarify the governmental relationship that exists between Jacksonville and the City of Atlantic Beach, Jacksonville and the City of Atlantic Beach entered into a Settlement Agreement which amended the 1982 Agreement as between Jacksonville and Atlantic Beach; however, it did not amend the 1982 Agreement as between Jacksonville and Neptune Beach.

H. In furtherance of the spirit of the 1982 Agreement, the Atlantic Beach settlement, and the circumstances that now exist, and to avoid additional litigation, the parties agree to amend the 1982 Agreement by way of this agreement (which shall be referred to as the "1997 Amendment") between Jacksonville and Neptune Beach as follows:

1. Millage Rate Reduction

(a) The parties acknowledge that the 1982 Agreement requires

a set 18.8% millage differential between the millage rate for the General Fund, General Services District (GSD), and the GSD millage rate for the Urban Services Districts (USD) 2 through 5, one of which, USD4, is Neptune Beach (hereinafter the "Neptune Beach millage rate"). The parties further acknowledge that the consolidated government has the authority to levy different millage rates in each of the USDs 2 through 5. For Fiscal Year (FY) 1994/95, Jacksonville set a GSD millage rate of 11.3158 mills. For FY 1994/95, Jacksonville calculated a millage rate of 9.5251 mills upon property situated within Neptune Beach resulting in a millage differential of 1.7907 mills, which represents the 18.8% millage differential required by the 1982 Agreement.

(b) For future fiscal years, Jacksonville shall continue to adopt a budget and shall continue to set its GSD millage rate in the manner which it has consistently followed since consolidation. Jacksonville shall calculate the Neptune Beach millage rate to be levied in USD4 each fiscal year through FY 1998/99 by first setting the GSD millage rate for that fiscal year and then reducing the GSD millage rate by the amount of the millage rate reduction provided in the following schedule:

<u>Fiscal Year</u>	<u>Neptune Beach Millage Rate Reduction</u>
1995/96	2.2907
1996/97	2.7907
1997/98	3.0407
1998/99	3.2907

{ For FY 1999/2000, and for each fiscal year thereafter, so long

as this 1997 Amendment is in effect, Jacksonville shall continue to calculate the Neptune Beach millage rate by first setting the GSD millage rate for that fiscal year and then reducing the GSD millage rate by 3.2907 mills.

2. Services - Jacksonville shall continue to provide to Neptune Beach the services required under the 1982 Agreement. Neptune Beach acknowledges that, due to the very nature of and purpose of taxation, that Jacksonville cannot provide identical services to each and every resident or property owner of the GSD.

3. Landfill - At anytime in the future, if Jacksonville imposes uniform solid waste processing and disposal fees against residential premises, (4 units or less, as defined by Section 382.102(1), *Jacksonville Ordinance Code*(1991)), then paragraph (2-A) of the 1982 Agreement shall be terminated, and Jacksonville shall no longer provide Neptune Beach with free landfill disposal.

4. Lifeguards and Beach Cleanup - In past years, Neptune Beach has provided lifeguards and beach cleanup services for the beach located within the municipal boundaries of Neptune Beach, and only in recent years, Jacksonville has paid Neptune Beach for approximately one half of those costs.

    Jacksonville shall pay Neptune Beach the sum of \$51,260.00, which represents Jacksonville's payment in full to Neptune Beach for lifeguards and beach cleanup services for FY 1995/96 and FY 1996/97.

    For FY 1997/98, Jacksonville shall pay Neptune Beach the lesser of either \$129,941 or Neptune Beach's FY 1997/98 budgeted

amount for personnel and operating expenses for lifeguards and cleanup of trash and litter on the beach.

For FY 1998/99, and for each fiscal year thereafter, Jacksonville shall pay equal quarterly payments to Neptune Beach for the cost of its lifeguards and beach cleanup expenses subject to the following:

(a) By April 1, 1998, and by April 1 of each year thereafter, Neptune Beach shall submit to Jacksonville Finance and Administration Department its proposed budgeted costs for lifeguards and beach cleanup for the upcoming fiscal year.

(b) Jacksonville's obligation to pay for lifeguards and beach cleanup is limited to costs reasonably necessary for providing personnel and operating expenses and excludes capital outlay costs.

(c) In any fiscal year, Jacksonville's obligation to pay for lifeguards and beach cleanup is limited to the lesser amount of either: (1) Neptune Beach's proposed budget for lifeguards and beach cleanup expenses for the current fiscal year; (2) 3% over Neptune Beach's actual costs for lifeguards and beach cleanup expenses the previous fiscal year; or (3) 3% over Jacksonville's obligation to Neptune Beach the previous fiscal year.

(d) By March 1, 1999, and by March 1 of each year thereafter, Neptune Beach shall submit for audit to Jacksonville's Council Auditor the actual costs incurred by Neptune Beach for providing lifeguards and beach cleanup in the previously completed fiscal year. In any fiscal year where the amount Jacksonville has paid to Neptune Beach exceeds Jacksonville's obligation, Jacksonville may

recover such overpayment by adjusting future payments, except that with written consent of Jacksonville's Mayor, or his designee, Neptune Beach may retain such overpayment to apply toward capital outlay costs reasonably necessary for providing lifeguard services.

5. CDBG Funds - Each year the federal government has disbursed Community Development Block Grants (CDBG) to the Jacksonville area. So long as that program shall continue, and so long as Jacksonville, Jacksonville Beach, Neptune Beach, Atlantic Beach, and Baldwin agree to jointly apply for CDBG funding, then, upon receipt of the CDBG funds, Jacksonville will disburse a portion of the funds to Neptune Beach subject to the following:

(a) Neptune Beach shall request CDBG funds and shall spend CDBG funds in accordance with federal, state and local guidelines.

(b) Jacksonville will disburse CDBG funds to Neptune Beach up to an annual maximum amount that is based upon a percentage of population as provided in paragraph 7, "Population Formula," of this 1997 Amendment.

6. Cross Florida Barge Canal Funds - Pursuant to Chapter 76-167, Laws of Florida, and the relevant sections of Chapter 253, Florida Statutes, the State of Florida has authorized a refund to Jacksonville of ad valorem tax dollars collected from property within Duval County to build the Cross Florida Barge Canal. If, in the future, there is a refund, then, upon receipt of the refund, Jacksonville will disburse a portion of the refund to Neptune Beach subject to the following:

(a) Neptune Beach shall be bound by all limitations and

restrictions placed upon Jacksonville by the State of Florida in the spending of any Barge Canal refund.

(b) Jacksonville will disburse a portion of the refund to Neptune Beach based upon a percentage of population as provided in paragraph 7, "Population Formula," of this 1997 Amendment.

In addition, Jacksonville will pay Neptune Beach the sum of \$103,330.00, which represents Jacksonville's payment in full to Neptune Beach for Neptune Beach's pro rata share of Cross Florida Barge Canal refund monies received by Jacksonville from the State of Florida in previous years.

7. Population Formula - Where a provision in this 1997 Amendment requires that Jacksonville disburse funds to Neptune Beach using a formula based upon a percentage of population, it shall be the percentage of the Neptune Beach population in relation to the total Duval County population. In order to calculate the percentage of population, Jacksonville shall use the most recent population estimates for Duval County and the Cities of Jacksonville, Jacksonville Beach, Atlantic Beach, Neptune Beach, and the Town of Baldwin published by the University of Florida Bureau of Economic and Business Research Population Program, Florida Estimates of Population. Notwithstanding the above, the population for Jacksonville shall include, at a minimum, the total population in Duval County less the population in Urban Services Districts 2 through 5.

The parties agree that where a distribution is made to Neptune Beach based upon its percentage population, Jacksonville has

discretion as to the manner of spending the remaining funds or revenues and may spend the remaining funds or revenues completely outside of Neptune Beach, meaning that Jacksonville may spend the remaining funds in a manner that does not provide a real and substantial benefit to the property or residents situated within Neptune Beach. The parties further recognize that the decision to use a population formula for distribution of revenues has no relation to any type of taxation analysis, including, but not limited to, dual taxation.

8. Penman Road and Florida Boulevard - Beginning in FY 1997/98, Neptune Beach shall assume responsibility for the operations and maintenance of the rights-of-way of the section of Penman Road from Atlantic Boulevard to Seagate, and the section of Florida Boulevard from Atlantic Boulevard to Penman Road, except for those portions of the rights-of-way over which Jacksonville will retain responsibility as outlined below. Neptune Beach's responsibilities shall include the following: mowing, weed control, trash removal, unpaved shoulder repair, maintenance of the surface drainage ditches, and maintenance of existing sidewalks, fencing, and landscaping. Neptune Beach shall have the authority to install additional landscaping, sidewalks, and fencing, at its own expense, without prior approval from Jacksonville.

    Jacksonville will continue to be responsible for the operations and maintenance of the paved roadway, including road resurfacing, pothole repair, paved shoulder repair, maintenance of



any subsurface road drainage system, and maintenance of traffic signals and signage.

For Neptune Beach's assuming the maintenance of Penman Road and Florida Boulevard rights-of way, Jacksonville shall pay Neptune Beach \$20,000.00 annually, in equal quarterly payments. Jacksonville will pay the first two quarterly payments for FY 1997/98 within a reasonable time after execution of this 1997 Amendment. For FY 1998/99, the \$20,000.00 payment shall be increased by 3% and for each fiscal year thereafter, Jacksonville shall pay to Neptune Beach the amount Jacksonville paid to Neptune Beach the previous fiscal year, increased by 3%. This 1997 Amendment resolves all outstanding issues from the 1982 Agreement relating to Penman Road and Florida Boulevard.

9. Annexation - Any future efforts by the City of Neptune Beach to annex property situated in Jacksonville outside of Neptune Beach must be discussed first with Jacksonville to determine any impacts upon Jacksonville's revenues and other provisions of the 1982 Agreement and this 1997 Amendment. If the City of Neptune Beach shall seek to annex property over the objection of the City of Jacksonville, then the millage reduction provisions of paragraph 1 of this agreement shall not be applicable to the annexed area.

10. Inter-Local Agreement - The 1982 Agreement continues, as modified by the terms of this 1997 Amendment.

11. Resolution of Issues - The parties agree that this 1997 Amendment shall resolve and satisfy any and all past and present issues, controversies, claims or causes of action which Neptune

Beach may have or has relating to the 1982 Agreement, including, but not limited to, dual taxation.

DATED this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

Richard P. Brown  
Witness  
Edward Smer  
Witness

CITY OF JACKSONVILLE  
By: [Signature]  
John Delaney, Mayor  
Attest: [Signature]  
Corporate Secretary

Edward Smer  
Witness  
Richard P. Brown  
Witness

CITY OF NEPTUNE BEACH  
By: [Signature]  
George Vaughn, Mayor  
Attest: Becky E. Hanks  
Corporate Secretary

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