

**ORMOND BEACH CITY COMMISSION SPECIAL MEETING
HELD AT CITY HALL TRAINING ROOM
August 2, 2004 5:30 p.m.**

Present were Mayor Fred Costello, Commissioners Jeff Boyle, Troy Kent, Scott Selis and Bill Partington, City Attorney Randy Hayes, City Manager Isaac Turner, Assistant City Manager Ted MacLeod, Finance Director Paul Lane, Public Works Director Judy Sloan and City Clerk Veronica Patterson.

A G E N D A

- 1) Meeting call to order.
- 2) Discussion of FY 2004-05 Budget.
- 3) Resolution No. 2004-122 adopting proposed millage rate for the 2004-2005 fiscal year; establishing the date, time and place for the first public hearing on the proposed millage rates and the tentative budget; directing communication; expressing legislative intent; setting forth an effective date. (3.57238 for General Fund Operations and Transportation Improvements; .56283 for the 2002 Refunded General Obligation Bond Issue and .04624 for the 2003 General Obligation Bond Issue).
- 4) Close the meeting.

Item #1 - Call to Order

Mayor Fred Costello called the meeting to order at 5:30 p.m.

Item #2 – Discussion of FY 2004-05 Budget

City Manager Isaac Turner noted the Commission had met maybe 30 hours to discuss the proposed tax increase.

Commissioner Selis stated he had inquired about sending out an informational flyer to educate the citizens about the tax increase. He stated he preferred the flyer to focus on cost rather than percentages. He noted this would be a tax increase of \$1.75 per week. He encouraged the City to lobby for a better truth and millage act that would accurately reflect to the public the percentages of increase. He noted he had reviewed the operating budget and CIP, and he proposed cutting them after hearing Commissioner Boyle's recommendations. He suggested maybe outsourcing risk management in order to reduce costs. He stated he favored the millage increase.

Mayor Costello stated he favored cutting the Airport Manager position. He stated the Commission was committed to reviewing workers compensation, risk management and health insurance next year.

Commissioner Selis stated he favored voting on the budget by line item, and he suggested the Commissioners should go on record as to where spending should be.

Mayor Costello requested the Commissioners to respond to the Airport Manager position and line item voting.

Commissioner Kent stated he favored the fact sheet with a bar graph comparison included. He stated he favored delaying the Airport Manager position at least one year, and he stated he would consider line item voting.

Commissioner Partington favored deferring the Airport Manager position one year. He suggested reviewing this in the future along with the Aviation Advisory Board's recommendation. He stated he thought line item voting was a good idea for the Commission as well as for public input. He stated his opinion that Central Park improvements should not be put off any longer. He commented that the City had not issued any type of crisis notice to the residents before electing a large tax increase. He stated he would ask staff to prepare a payment plan, such as a 15% increase for three years, if he had a lot of response from his constituents regarding the 46% tax increase. He stated he was comfortable that the tax increase was high enough.

Commissioner Boyle stated he was uncomfortable with the tax increase; and he stated he favored a 22% increase, which was the 15% staff recommendation plus an increase for pay increases. He suggested they had not considered all the questions. He stated his opinion that it was too late in the budget calendar to start reviewing the budget by line item as the operating budget was already lean. He noted there was no staff recommendation or FBO request for an airport manager. He expressed concern that the “shoot from the hip spending” was what got them into trouble. He stated his concern that all CIP projects did not need to be done in one year and could be spread out over time. He stated his opinion that the timeframe was incorrect and that the public would not accept it.

Mayor Costello stated he favored raising taxes rather than using Fund Balance. He stated he would not vote for recurring expenses out of Fund Balance. He stated he would not vote to delay projects that were in the bond issue as he received the message from the public that they would pay for it through a tax increase. He stated his opinion that crisis was caused by pension and insurance costs. He stated he did not favor the Airport Manager position, and he suggested the Commission might hire part-time a retired airport manager in the future. He noted a 22% increase would not fund any CIP projects. He commented Ormond Beach gave higher raises than Port Orange over a seven-year period. In essence, he stated the Commission needed to fund the projects it approved, such as pay raises.

Commissioner Boyle reiterated that he favored a 22% increase this year. He noted that labor was not the only recurring expense that the Commission should review. He stated it was relevant that the Commission does the greatest good for the greatest number of people.

Commissioner Selis agreed the policy regarding the reserve fund was what got them into the current problem. He stated he did not favor the Airport Manager position at this time or bonding/borrowing money to pay for recurring expenses. He stated his opinion that the tax increase was large and necessary.

Commissioner Kent stated the Commission was trusted by the citizens to do the right thing. He asked Mr. Lane how long it would take to deplete the reserve fund; whereby, Mr. Lane replied it would take about four years if the Commission went to rollback next year. He stated our facilities were in crisis and had to be fixed next year. He noted Zone 2 probably needed the most work and Zone 2 residents favored the tax increase to do it.

Audience Comments

Mr. Ed Connors, 1010 John Anderson Drive, stated he was a retired contractor and was very concerned about the tax increase. He stated he lived on a fixed income and expressed concern that his property taxes were increasing. He suggested raising taxes in increments rather than one large tax increase. He questioned if the tax increase was making up for bad judgment of the past several years, going to be a trend, and why such a large increase all at one time.

Ms. Rita Press, 875 Wilmette Avenue, stated City required better marketing practices. She suggested the flyer should be kept simple in order for the public to back the tax increase. She stated the repairs had to be done as preventive maintenance to maintain the facilities.

Item #3 – Adopting Proposed Millage

Mr. Lane stated the new tentative millage rate excluding the Airport Manager position would be 4.13773 mils or a 43.674% increase and a 24% increase over last year.

Mayor Costello commented that the revenue generated at rollback would be \$145,000 with about \$1,000,000 in employee costs and ½ position added.

Commissioner Boyle reiterated he favored a 22% tax increase this year and 22% increase next year. He stated he hoped the Airport Manager position was eliminated. He stated his opinion that crisis was when seniors living on small incomes and in homes they can hardly afford have to pay a large tax increase. He expressed concern about prioritizing projects and then moving others ahead on the list. He further commented that a high tax increase would have a negative impact on potential new residents.

RESOLUTION NO. 2004-122

A RESOLUTION ADOPTING PROPOSED MILLAGE RATES FOR THE 2004-2005 FISCAL YEAR; ESTABLISHING THE DATE, TIME AND PLACE FOR THE FIRST PUBLIC HEARING ON THE PROPOSED MILLAGE RATES AND THE TENTATIVE BUDGET; DIRECTING COMMUNICATION; EXPRESSING LEGISLATIVE INTENT; SETTING FORTH AN EFFECTIVE DATE.

Commissioner Selis moved, seconded by Commissioner Partington, to adopt Resolution No. 2004-122, setting a tentative combined millage rate of 4.13773 mils.

Mr. Lane stated the new tentative operating millage rate would be 3.52866 mils, which is a 43.6745% increase over the rollback rate.

Commissioner Boyle requested a memo stating this figures.

Commissioner Selis requested the percent over the current millage rate; whereby Mr. Lane stated it was 23.9%.

Call vote:	Commissioner Boyle	No
	Commissioner Kent	Yes
	Commissioner Selis	Yes
	Commissioner Partington	Yes
carried.	Mayor Costello	Yes

Mayor Costello stated September 7 at 7:00 p.m. was scheduled for the first public hearing, and September 16 at 8:00 p.m. was scheduled for the second public hearing.

Commissioner Selis stated he favored retaining a professional person such as Jiloty Communications to prepare the informational flyer that includes a list of CIP projects and bar graph comparison to other cities in Volusia County.

Item #4 – Close the Meeting

The meeting was adjourned at 7:03 p.m.

APPROVED: _____

BY: _____
Fred Costello, Mayor

ATTEST:

Veronica Patterson, City Clerk