

CITY COMMISSION WORKSHOP

FY 2011-12 Proposed Budget

Senior Center Art Room
July 18, 2011 5:30 p.m.

I. Call to Order

Mayor Ed Kelley called the meeting to order at 5:35 p.m.

Present were Mayor Ed Kelley, Commissioners James Stowers, Troy Kent, Rick Boehm, and Bill Partington, City Attorney Randy Hayes, City Manager Joyce Shanahan, Assistant City Manager Ted MacLeod, Finance Director Kelly McGuire, and Accounting Manager Dan Stauffer.

II. Discussion of Capital Projects

Ms. Joyce Shanahan, City Manager, stated that tonight's meeting would start with a review of the capital projects, and then they would discuss the proposed tax rate and the operating budget. She stated that staff needed finalization on the last few capital projects before they could move on.

Ms. Kelly McGuire, Finance Director, stated that staff would be coming back with more information regarding the Ames House and MacDonald House. She stated she had provided a memorandum to the Commission with the section that they would discuss tonight.

Ms. McGuire stated that there had been prior discussion of eliminating the unfunded section, as the CIP was supposed to reflect five-year budget priorities.

Mayor Kelley suggested a "wish list" outside of the five-year program of items (without cost estimates) that they would like to have someday. Ms. McGuire suggested using this list as a starting point, without dollar amounts, as the scope of work may have changed. She requested the Commission to let them know what projects they wished to keep or remove from the unfunded list. She stated that there was not any additional funding for CIP projects and the funding would have to come from General Fund reserves.

Ms. McGuire reviewed the future projects by category:

Casements Parking Lot Resurfacing

Commissioner Boehm asked about The Casements parking lot not being in the five-year CIP program; whereby, Ms. Shanahan stated that the resources were not available to fund it at this time and there were currently more important projects to be funded.

Ms. McGuire stated that if there were critical projects that needed funded, staff would bring them to them through the CIP.

Commissioner Boehm stated he was of the opinion that the City had an obligation to maintain its resources and properties. He stated that if The Casements parking lot had reached the point that it was deteriorating, then it should be funded now, rather than in five years, and he favored moving this project forward at this time.

Mayor Kelley stated that he noticed that the parking lot collected water in low points when it rained; whereby, Mr. John Noble, Acting City Engineer, stated that there were cracks in the pavement and ponding water.

Commissioner Boehm stated that he felt this project was important enough to be funded in next year's CIP, as it would cost more in five years to do the repairs.

Ms. Shanahan stated that there would always be cases where our needs outpaced our available revenue. She stated they could move this project, if the Commission wanted to do that, but there were no available resources to fund it.

Commissioner Boehm commented that The Casements was the jewel of Ormond Beach and he did not favor it having a deteriorated parking lot.

Commissioner Stowers stated that he agreed with Commissioner Boehm about maintaining City facilities, which he felt was a separate issue from expansion and new projects. He stated that we would be irresponsible stewards if we did not do our best to maintain City property.

Commissioner Boehm requested moving The Casements parking lot resurfacing project into this year's budget (\$44,000) using General Fund reserves to fund it.

Ames House and MacDonald House – Ms. Shanahan stated that the direction staff had received at the CIP workshop was to take these properties to the Historic Landmark Preservation Board, to identify future uses of the homes, to prepare an RFP for the improvement of the

properties, and to bring back the RFP to the Commission for review of the future uses and historical significance.

Ms. Shanahan stated that both properties were under the City's landmark designation code, but were not necessarily historical or on the National Historic Register. She stated that there were title issues with the Ames House, which the City Attorney would discuss with them.

Regarding the MacDonald House, she noted that the second and third stories had not been used for a number of years because of significant structural issues.

Ms. Shanahan stated that the Commission had also discussed selling the Ames House and moving the City Attorney to the MacDonald House.

Mayor Kelley stated that the Ames House and MacDonald House had been removed from the CIP and staff was gathering information on repairs/restoration and possible future uses to be discussed at a future time.

Regarding the Ames House and Riviera Park seawall repairs, Mr. Noble stated that they were in the initial phase at the Ames House seawall project because there was erosion behind the seawall and the next phase would take care of structural issues and long term repairs.

Environmental Learning Center – Ms. McGuire stated that staff would be bringing back additional information on this project.

Ormond Beach Sports Complex Improvements – Ms. McGuire stated that the projects were field lighting for fields 9 and 10, lighting for field 3, and lighting for field 7.

Commissioner Boehm stated that there was also a paving project.

Ormond Beach Middle School Playground and Osceola Elementary Playground – Commissioner Kent stated his issues with the OBMS and Osceola Elementary School playgrounds were that they were not accessible during school hours and the gates were locked after hours, and he felt the School District should fund the playgrounds. He stated he had not had an outcry from any of his residents, as not many people used the facilities. He stated he was in favor of taking both the OBMS and Osceola Elementary School off the list and letting the School District put in their own playground. He stated he favored The Casements parking lot resurfacing project and playground equipment at Sanchez Park, as he favored investing our funds in our City parks and facilities.

Commissioner Boehm stated that OBMS was originally designed so that the playground was open to the public after school hours. He stated he agreed with Commission Kent on The Casements parking lot resurfacing and Sanchez Park playground equipment.

The Commission was in consensus to moving The Casements parking lot resurfacing project and Sanchez playground equipment to next year's CIP and removing the OBMS and Osceola Elementary playgrounds from the CIP.

Public Art Program – Commissioner Kent stated he was glad the City had a public art program, as he felt it added to City facilities, such as the fire stations, but he did not favor funding it at this time.

Ormond Beach Sports Complex Parking Lot – Commissioner Boehm stated that the entrance road to the OBSC had been an unfunded CIP project for the past eight or nine years. He stated that the consultant of the master plan said the weakest part of the park was the unfinished look of the parking lot. He stated that the OBSC parking lot was the number one priority of the Leisure Services Advisory Board, and he favored getting a real estimate for the parking lot. He noted that people came from miles around to attend events on our ball fields and the parking lot would enhance this premier facility.

Doug Thomas Way Extension – Commissioner Boehm noted that the Doug Thomas Way extension to the t-ball parking lot item of \$110,000 was another project he favored funding. He stated that this was one of the weak points of the sports complex and would much improve it. He stated he did not feel the \$110,000 was a real number; whereby, Ms. Shanahan stated that staff would obtain the cost and provide it to the Commission. Mr. Ted MacLeod, Assistant City Manager/Public Works Director, stated that St. Johns River Water Management District permitting was involved, which was a lengthy process.

Recreation Master Plan – Ms. McGuire stated this would remain on the list for funding in a subsequent year.

Three Chimneys – Mayor Kelley stated he felt this project should be left on the list because it would be utilized in conjunction with the Historical Society, which was providing parking for the facility.

West Ormond Neighborhood Park – Ms. Shanahan stated this particular project was for creating a 20-acre park, including athletic fields and soccer

fields and a 0.75 to one mile trails system, paved parking, restrooms, grills, etc., for \$2.6 million.

Commissioner Kent stated that Pathways Elementary had a huge field and basketball courts, which if the School District opened to the public after school hours would benefit the community.

Ms. Shanahan stated that part of the City's development agreement with the Hunter's Ridge at build-out was looking at putting in a park area on the back end of Ormond Beach/Flagler, which would be a passive recreation area with walking trails, picnic pavilions, etc.

Mr. Rafael Ramirez, Budget Advisory Board, asked if the City had talked with the School District about sharing insurance costs; whereby, Mayor Kelley stated the issue was security related with fencing of the facilities, and the City had not been very successful in negotiating in the past with the School Board.

Commissioner Boehm suggested some sort of after school program in conjunction with the School Board and developing a very nice recreation facility in the west Ormond area, but in the past the City had not been successful in dealing with the School Board.

Mayor Kelley suggested sending this to the Leisure Services Advisory Board for their thoughts as to what could be utilized in the west Ormond area.

Agenda Prep – Ms. Shanahan stated that this was Phase II of the documents and records system, which Ned Huhta, IT Manager, and Josh Fruecht, City Clerk, would be working on in the next fiscal year. She stated that this item would be moved from the unfunded list in 2012-13 to the CIP budget. She stated that the fiber optic network infrastructure would also be moved to another fiscal year.

Mayor Kelley stated that communities in the United States and around the world were successful because of the rapid speed of connectivity.

Commissioner Boehm commented that Mr. Huhta was currently working on a major project that had to be completed before the fiber optics project.

Ms. Shanahan stated that conduits would be installed and coordinated with other piping projects.

Sidewalk Construction – Commissioner Kent stated that there were sidewalks on both sides of his street and they loved them. Mayor Kelley stated there were seven miles of sidewalks and trails where he lived and they also loved them.

Sewer Service to Substandard Areas – Ms. McGuire stated this was an \$11.5 million project. Ms. Shanahan recommended leaving this on the list, funding it as we went along, and looking for grant opportunities in the future on these items.

Multi-Purpose Conference Room (former Building Department) – Mayor Kelley stated he favored delaying this project; whereby, Ms. Shanahan stated that they would be reviewing this project for specifications and bid review so they would have at least two more opportunities to discuss it at a later time.

Mayor Kelley stated that there were meeting rooms all over the city; whereby, Ms. Shanahan stated that most of the rooms did not have technology (audio visual, microphones) capabilities.

A gentleman stated that the neighborhood kids used the OBMS facility all the time, as he was in charge of locking/unlocking the gate; whereby, Mayor Kelley stated that the park as it existed would stay where it was, but the City would not be spending \$70,000 to replace the playground equipment that would not be accessible to the public.

Commissioner Kent reiterated that the OBMS facility that was accessible to the public would remain open, and it was the locked/fenced portion where the playground equipment would not be replaced.

The gentleman commented that Sanchez Park was full of mosquitoes most of the time.

III. Discussion of Proposed FY 2011-12 Tax Rate and Budget

Ms. McGuire stated that the total net revenues were \$67.7 million with operating property taxes declining about \$468,500. She stated that there were no proposed increases in Stormwater, Water/Wastewater or Solid Waste fees. She stated the use of the Fund Balance included \$6.98 million for capital projects and debt issuance related to specific capital projects.

Ms. McGuire stated that the taxable value had declined by \$150 million, which was a 5.72% reduction from 2010 to 2011, and if new construction was excluded, the reduction would be 6.55%. She stated that staff was

proposing the same operating general millage rate and had adjusted the debt service rate a minimal amount. She stated this was the first year that debt service would be added for the beachfront park. Overall, she stated that the proposed property tax revenue would go from 3.8 to 3.96. She stated the proposed operating rate was 6.16% below the rolled back rate of 3.8933 and equal to the current total of 3.6536 mills.

Ms. McGuire stated that a homesteaded property owner, assuming a 1.5% CPI adjustment for Save Our Homes with an average value of \$150,000 with a \$50,000 exemption, would receive a \$24.13 increase in their tax bill.

Commissioner Kent commented that this would be \$5.18 cheaper than a season beach pass.

Ms. McGuire stated that a non-homesteaded property owner, assuming a 5.72% value decline per Save Our Homes with an average value of \$150,000 with a \$50,000 exemption, would receive a \$7.45 decrease in their tax bill.

Commissioner Boehm suggested a 2% decrease in the roll back rate in order to fund some of the projects discussed tonight.

Mr. Ramirez suggested increasing the millage rate as a starting point for future years in order to pay for the capital projects and maintain the current service level.

Commissioner Kent stated he, too, favored discussing an increase in the millage rate.

Ms. Shanahan stated that property values were expected to decrease and not to level off until 2015.

General Fund

Ms. McGuire stated that the total appropriations were \$67.7 million, which was an \$8.6 million increase resulting from the addition of capital projects, including the acceleration of the two-inch water main replacement program (\$2,65,000), construction of a reuse main (\$3,420,000), and construction of the City's beachfront park (\$2,700,000). She stated that personnel costs would increase by \$1.1 million, which consisted of pension costs of \$942,000 and workers compensation costs of \$150,000.

Ms. McGuire stated that the workforce had been reduced by 64 positions since 2007, and the proposed changes for this budget were to eliminate four

full-time positions, add two full-time positions, reclassify two part-time positions to full-time positions, and add one part-time position.

Ms. McGuire stated that personnel costs were 72% of the budget which included a vacancy factor of 95% of payroll costs. She stated the net budget increased by \$576,000 due to an increase in pension (\$778,000), an increase in workers compensation (\$150,000), an increase in transfers for CIP projects (\$600,000), and a reduction for dispatch services with Volusia County (\$530,000).

Water/Wastewater Fund

Ms. McGuire stated that they were not requesting a rate increase in the Water/Wastewater Fund. She stated that this budget increased by \$332,000 due to an increase in utility costs, an increase of the environmental compliance coordinator position to a full-time position, and the addition of a part-time utility billing clerk.

Solid Waste Fund

Ms. McGuire stated that the Solid Waste Fund would decrease by \$486,000 due to a decrease in capital projects next year.

Commissioner Boehm stated that he was reviewing contributions to outside agencies and noted an item for the Daytona Beach International Festival, which Ms. McGuire stated would be removed, as there was not such a festival next year.

Proposed Tax Rate

The Commission was in consensus to go to the roll back rate of 3.8933 mills to fund current projects.

Ms. McGuire stated that some dollars were included in the General Fund contingency (about \$5,000) for the Commission for miscellaneous expenses such as gas or travel expenses, or to restore their salaries.

Commissioner Kent stated that the Commission took a 10% cut in salary about two years ago, and he favored restoring their salaries to that amount.

Commissioner Boehm stated that none of the Commissioners served because of the salary.

Commissioner Partington stated he felt the Commission's salary was within an appropriate range and their pay raises should mirror the employees. He stated he favored reimbursement for travel expenses.

Commissioner Stowers stated he came on board during the 10% reduction and he did the job because he loved the City. He stated he was comfortable with a reimbursement for travel expenses. He suggested waiting until the City offered pay increases to the employees to increase their salary the same amount, plus the 10%.

Mayor Kelley stated that it was not about the salary, because the Commission cared about the City.

Ms. McGuire stated that the Environmental Compliance Coordinator title and another reclassification would need to be added to the pay and classification plan.

Ms. McGuire stated that there would also be a 3% increase in Leisure Services fees.

Audience Remarks

Mr. David Stamper, 43 Old Bridge Way, stated that he felt it would be justifiable for the Commission to restore their salaries 10% as the Commission was the lowest paid and our millage rate was the lowest in Volusia County.

Mr. Chuck Wadro, 24 Brook Crest Way, stated he was concerned about foreclosed property, the condition of our medians and the signage at the City's gateways, as he felt that fixing up these areas would benefit the real estate market in Ormond Beach, and he felt this should be addressed by the Commission. He stated that he also felt increasing their salaries would be political suicide at this time.

Mayor Kelley stated that he was approached by a contractor who wanted to set up a trust fund to assist those with code issues, such as repairs, painting, etc.

Ms. Shanahan stated that the County received a multi-million dollar grant for their foreclosure program which they were operating, and she did not feel it was necessary for the City to duplicate those efforts.

Mr. Doug Thomas, 132 River Bluff Drive, stated that he was proud to live in Ormond Beach and he was willing to pay to live in Ormond Beach. He stated that he favored restoring the R&R fund and taking care of our facilities, including spending the money on the gateways' appearance. He stated he was willing to pay his fair share to live in Ormond Beach.

IV. Close the Meeting

The meeting was adjourned at 7:18 p.m.

Transcribed by: Lois Towey