MINUTES
CITY OF ORMOND BEACH
CITY COMMISSION WORKSHOP
FINANCIAL TRENDS

March 4, 2014	**5:30 p.m.**	**City Commission Conference Room**

I. Call to Order

Mayor Ed Kelley called the meeting to order at 5:30 p.m.

Present were Mayor Ed Kelley, Commissioners James Stowers, Troy Kent, Rick Boehm, and Bill Partington, City Manager Joyce Shanahan, Assistant City Manager and Public Works Director Ted MacLeod, City Attorney Randy Hayes, Finance Director Kelly McGuire, Accounting Manager Dan Stauffer, Budget Advisory Board Chairman Rick Banker, Budget Advisory Board members Kenneth Kimble and Rafael Ramirez.

Mayor Kelley thanked all those who had a part in preparing the financial information for the workshop. He stated that the information was very complete and thorough.

Ms. Shanahan stated that the budget season had begun the last four or five years with a Financial Trends Workshop to demonstrate where the city was and where it was headed. She noted that the City Commission would have voting opportunities with an electronic handheld voting system, like they had at their Goals Workshop the prior month.

Ms. Kelly McGuire, Finance Director, stated that staff only needed one answer to the questions that they would ask the Commission using the electronic voting system.

Ms. Shanahan explained that the number on the device each Commission member had would be recorded so that they could keep a public record of the voting. She noted that the Budget Advisory Board was also in attendance that evening, but would not be voting on the questions.

II. Discussions

Ms. McGuire explained that the first two questions asked of the Commission would be warm-up type questions.

Mr. Dan Stauffer, Accounting Manager, asked the first question and provided the Commission's answer choices as follows:

What is the most significant <u>short-term</u> financial issue facing the city?

- Maintaining an affordable tax rate
- Pension
- Healthcare funding
- Infrastructure funding
- Adequate reserve levels

Ms. McGuire noted that ***maintaining an affordable tax rate*** was the issue that received the most votes.

Ms. Shanahan noted that one member of the Commission had selected "Pension."

Mr. Stauffer asked the Commission the next question and provided the Commission's answer choices as follows:

What is the most significant <u>long-term</u> financial issue facing the city?

- Maintaining an affordable tax rate
- Pension
- Healthcare funding
- Infrastructure funding
- Adequate reserve levels

Ms. McGuire noted that ***pension*** was the long-term issue that received the most votes.

Ms. McGuire noted that some changes had been made with the General Employees' Pension Plan, as the plan had been closed to new hires and new hires went into a defined contribution plan.

I. General Fund Projections

Mr. Stauffer displayed a long-term outlook chart which showed taxable values from 2008 projected forward to 2019. He stated that the taxable value in 2014 was $2.5 billion, which was down 34% from 2008. He stated that they were projecting a 3% annual increase going forward for fiscal years 2015 to 2019.

Mayor Kelley stated that would not necessarily equate to a 3% increase in revenue; whereby, Ms. McGuire stated that was correct and that it equated to roughly a 3% increase each year if the millage rate remained the same.

Mr. Stauffer displayed a long-term outlook chart with showed the General Fund property tax revenue from 2008 to 2019. He stated that in 2014 the revenue was projected at $8.4 million, down from the high in 2009 of $9.1 million. He stated that they were projecting a 3% annual increase in those revenues due to the anticipated or projected 3% increase in the taxable value and maintaining the current tax rate.

Mr. Stauffer displayed a long-term outlook graph which showed the other major revenues in the General Fund from 2008 projected forward to 2019. He explained that those revenues consisted of franchise fees, utility tax, communication service tax (CST), and sales tax/revenue sharing. He stated that they projected that most of those would remain stable with funding levels that would not change going forward, with the exception of the sales tax/revenue sharing, where they were projecting a 2% annual increase beginning in fiscal year 2016.

Ms. McGuire stated that looking back there was not really a trend that could be determined and the revenues moved up and down. She explained that they largely depended on the state to provide information with regards to what future increases might be. She noted that information had not been terribly accurate.

Ms. Shanahan stated that some of the revenues were dependent on a complicated formula, which depended on population estimates. She explained that even though the city had been growing slightly through annexations and would be close to 40,000 residents by the end of the calendar year, the state economic research bureau did not adjust that until the following calendar year. She noted that it was a multifaceted calculation. She explained that the Florida Department of Revenue also provided estimations on what those revenues would do. She noted that most of the time the city under-budgeted those projections because those estimations were too aggressive.

Mr. Stauffer displayed a long-term outlook graph which showed General Fund pension costs from 2008 projected forward to 2019.

Ms. McGuire clarified that in this graph, as in the ones before it, they were only referencing the General Fund and those things that specifically were funded by the General Fund. She stated that the costs shown for general employees on this chart were not indicative of all of the employees in the General Employees' Pension Plan; noting that the $1.6 million shown did not include those funded out of the Water and Sewer, Solid Waste, and Stormwater Funds.

Mr. Stauffer stated that the projection was for the costs to stabilize due to the four year smoothing of investment earnings, noting that the bad years would be dropping off. He explained that as long as the actual earnings were near or exceeded the assumed rate of return, they should see a stabilizing of future costs. He noted that in the defined contribution plan the city now paid only 6% for general employees where it paid 33% for a defined benefit employee.

Ms. McGuire stated that if the city could meet the 8% interest returns, it would have a huge impact on what the city needed to contribute.

Mayor Kelley stated that he thought that it was currently 7.5%.

Ms. McGuire stated that it was at one point 8% and had been reduced to 7.5%. She stated that the pension boards were trying to reduce that amount slowly.

Mayor Kelley stated that would increase the liability.

Ms. Shanahan explained that the risk would be smoothed out over time because the differentiation between what the market was earning and what the city was earning was hopefully close together. She stated that she had sent the Commission the Leroy Collins Institute Study, which said that the most conservative estimate said to keep that number at 5%, noting that the city had a long way to go if that was the case. She stated that she was not aware of any city in the state of Florida with an assumed rate of return of 5%.

Ms. McGuire explained that regardless of what the assumed rate of return was, the actual rate of return had a significant impact on what the city contributed, because obviously the city was counting on 70% or 80% of the pension costs being funded by the interest rates, and when they did not make that kind of interest, the city had to pick up the tab.

Mayor Kelley stated that the amount projected to contribute was still over $5 million.

Ms. McGuire agreed that it was still a significant amount.

Mayor Kelley stated that was why he thought they all voted for pension as the top long-term financial issue.

Mr. Stauffer displayed a long-term outlook graph which showed General Fund health insurance costs from 2008 projected forward to 2019. He stated that in 2014 the city paid $471 a month in health insurance costs for an individual employee. He stated that was a 13% increase from the 2013 rate. He stated that going forward they had assumed a 12% annual increase, which meant that by 2019 the cost would be $831.

Ms. McGuire stated that they wanted to bring that out in the open, since the focus was usually on the pension issue. She stated that this was concerning to the city going forward and noted that they did not know what would happen with the current health care changes. She noted that some of the initial quotes they had received in past years had been in the double digits, and they were able to get them closer to single digit percentage increases by modification of the plan. She explained that there was a limit to how much the plan could be modified, however; and there were also questions of how much they would want to modify the plan. She noted that the city certainly did not want to discourage their employees from using their insurance. She stated that these issues were more appropriate for their negotiation discussions but she wanted to make the Commission aware of the issues so that there were no surprises in future discussions.

Commissioner Kent stated that modifying the plan was a concern to him. He stated that he did not know how he felt about the graph displayed. He noted that the projections were not accurate with what the numbers had actually been over the past seven years.

Ms. Shanahan stated that the landscape had changed with the federal healthcare plan. She stated that she thought they would see that younger workers would migrate to that plan, as it was cheaper and they would receive more coverage, so by default older, sicker employees were kept on the city's plan. She stated that the Commission absolutely had control over the level that would increase, by controlling the level of benefits that were provided. She noted that the city could probably not maintain the same level of plan moving forward into the future.

Mr. Stauffer displayed a long-term outlook chart which showed General Fund budget estimates from Fiscal Year (FY) 2013-14 going forward to FY 2018-19. He explained that the FY 2013-14 budget was balanced with the use of $103,000 from the Revenue Stabilization Fund. He noted that the large shortfalls projected out were due to personnel costs, primarily the health insurance costs just mentioned.

Mayor Kelley asked if the shortfalls projected going forward were mostly due to the insurance costs increasing.

Ms. McGuire stated that the shortfalls were mostly due to personnel costs, part of which was the increase in healthcare costs but also included pensions and wages. She stated that the city was paying close to $2 million for the health insurance package. She stated that a 10% increase would be a significant amount. She pointed out that the shortfalls listed were compounded, and solving the one for next year would reduce the shortfall for the year after that, and so on.

Commissioner Boehm stated that he was paying the School Board retiree rate for insurance presently and it was a lot more than $471. He stated that their rates were higher.

Commissioner Kent stated that it was mind boggling that the School Board had so many employees and yet paid such a high rate. He stated that he had inquired why it was so outrageous and had been told that "teachers were a sick group of people."

Commissioner Boehm stated that the city's cost was considerably under other large groups presently. He stated that increases were to be expected. He noted that all retirees were able to stay on the plan forever.

Ms. Shanahan stated that they paid their costs.

Commissioner Boehm stated that the actuaries factored that into the rates they charged everyone else. He noted that the city was getting older all the time. He stated that he had to deal with this issue with his law firm towards the end and they had a 20% increase one year. He stated that a problem they had budgeting every year was figuring out what the health care increase would be, because they could not control it.

Mayor Kelley stated that they may have to get creative in their healthcare coverage going forward.

II. Tax Rate Scenarios

Mr. Stauffer stated that the consensus of the Commission in their Goal Setting Workshop was to maintain the current tax rate. He explained that, assuming a 3% increase in taxable value but maintaining the same tax rate, the average increase for a homeowner with a $150,000 home with a $50,000 exemption would be $19, up to $453 from $434 in FY 2012-13.

Ms. McGuire clarified that the tax rate was not being proposed to the Commission at that time, but they were discussing it just to get some general direction going forward. She explained that even though the tax rate would not be changing under that scenario; the city would still have to advertise a tax increase, per the state's definition, because of the rollback rate. She further explained that the concern with the rollback rate was whether or not the city was receiving additional revenue, in which case the city would be if the taxable value increased and the tax rate stayed the same. She clarified that just because the tax rate was kept the same, it did not mean that there would not be a tax increase or a tax deduction, because the value changed.

Mr. Stauffer displayed a graph showing the long-term outlook for the General Fund Reserves from 2009 projected forward to 2019. He stated that in 2010 the reserve was 26.38%; and as of the close of the FY 2012-13, it was at 15.06%. He noted that they projected the Fund Balance to be at 13.30% at the end of 2014.

Ms. Shanahan reminded the City Commission that they had set a policy of having at least 15% set aside for the reserve fund.

Mr. Stauffer noted that the future projections assumed the continued use of current reserve funds at $200,000 for the Facilities Renewal and Replacement (R&R).

Ms. McGuire stated that when the Facilities R&R was established, they set an annual limit of $500,000 and levied tax accordingly. She noted that worked out well for a while, but unfortunately cuts had to be made and the taxable value went down, which in turn caused the revenue to go down. She stated that for a number of years the limit had been at $300,000, instead of $500,000. She explained that the needs had not changed, however; and the city still needed $500,000 and the General Fund had subsidized that amount, making a transfer every year of $200,000. She stated that using $200,000 of General Fund reserve each year was reducing that fund below the 15% threshold that was set by the Commission. She stated that without the $200,000, even with a 3% increase, five years down the road they would still not be close to the $500,000 level they started at. She noted that there were some competing interests and asked if they should keep the General Fund Reserve at 15% or keep the Facilities R&R level at $500,000.

Commissioner Kent stated that he believed it was around 2004 when the Nova Recreation Center was shut down because it was raining and the roof was leaking badly. He stated that it was then that they decided that they would never allow that to happen again and would start the Facilities R&R and make sure it was funded. He stated that they had now added more city facilities and more projects. He noted that we had to take care of the infrastructure.

Commissioner Boehm noted that Ms. McGuire had said there was a need for $500,000 to be spent every year to maintain city properties. He stated that the argument meant at the time was that the city had the same obligation as any homeowner or any business owner to maintain their property. He noted that they were currently looking at repairing another part of the roof at the Nova Community Center.

Commissioner Kent used the example of there being a chiller replacement at City Hall on the City Commission Meeting Agenda that evening.

Commissioner Boehm explained that you could not just put items off and designate the reserve percentage as more important than needed repairs. He stated that as long as there was a need for the $500,000 for Facilities R&R, they had to find a way to fund it.

Ms. McGuire explained that while the Facilities R&R had been used for some smaller projects, the majority of it had been used for larger capital projects such as roof replacements.

Commissioner Kent stated that he would like to see the city not always have to dip into their savings to get the amount of money that they needed. He stated that they needed to come up with a plan to hit that $500,000 every year so that they did not deplete the savings or reserve down to 13% or lower.

Ms. McGuire stated that one option was to continue to use a portion of the General Fund Reserve or Revenue Stabilization Fund to subsidize that for awhile and then slowly build the millage rate back up. She explained that if they tried to adjust the millage rate all in one year, it would be a 5% increase, which might be a little much to absorb. She stated that they could do a penny or so over the course of five years to get the city where they needed to be, which would not have quite the same impact on the taxpayer as doing it all at once. She reiterated that they were just looking for general direction from the Commission at this time. She explained that if that was something they were open minded to, she could build something with more specifics and bring it back to the Commission at a later time.

Mr. Stauffer displayed a graph showing the dedicated tax levies for general capital improvements. He noted that currently that revenue was $345,000 for 2014. He explained that the current amount of revenue was deemed sufficient for future capital expenditures.

Ms. McGuire clarified that future capital expenditures were things that were currently in the city's Capital Improvement Plan (CIP) plan for the next five years. She stated that any additional projects that would be added would require additional funding.

Mr. Stauffer displayed a graph showing the dedicated tax levies for transportation. He stated that the transportation fund revenues in 2014 were $556,000. He explained that the projected increase was deemed sufficient to fund future capital expenditures.

Ms. Shanahan stated that many sister communities had deferred maintenance and had not purchased vehicles or done maintenance or paving projects. She noted that it was a lot harder to catch up than to be on top of it continuously.

III. Policies/Guidelines

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

What should be the maximum use of revenue stabilization next fiscal year?

- $100,000
- $200,000
- $300,000
- $400,000
- $500,000

Ms. Shanahan clarified that staff was requesting to know how much of the revenue stabilization fund they had the Commission's authority to use when preparing the budget.

Ms. McGuire noted that ***$100,000 and $300,000*** had tied with two votes each and $200,000 had one vote.

Ms. McGuire stated that was an indication that the Commission wanted them to spend less than $300,000. She noted that they had a projected shortfall in the $260,000 range.

Mayor Kelley stated that he would change his vote to $100,000; which would mean 60% voted for ***$100,000***.

Commissioner Kent noted that using $300,000 would be using half of the Revenue Stabilization Fund.

Mayor Kelley stated that the issue would become critical in 2016. He stated that the city would have no money, no revenue, and the only thing that could save them would be to reduce the pension costs by half. He noted that over half of the city's general revenue, $5 million a year, was going towards pensions.

Ms. McGuire clarified that Mayor Kelley was speaking about property tax revenues.

Mayor Kelley stated that about 60% of that funded pension plans. He stated that was what was causing the financial problems.

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

At what level should the general reserves be maintained?

- 15% (City's current benchmark)
- 17% [Government Finance Officers Association (GFOA) recommendation]
- 25% (Florida League of Cities recommendation)

Ms. Shanahan stated that the Florida League of Cities recommendation was for coastal communities. She noted that Ormond Beach had a little bit of a built-in buffer because of the surplus in the Sanitation Fund for debris removal if something should happen.

Ms. Shanahan noted that 80% of the Commission voted that ***15% was a sufficient threshold.***

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

What overall tax rate should the city levy?

- Increase tax rate
- Maintain current tax rate – *Revenue increases as value increases*

- Rollback tax rate – *Revenue neutral*
- Decrease tax rate

Commissioner Kent stated that in one of Mr. Stauffer's previous charts it had shown how the shortfall compounded each year but he noted maintaining the current tax rate would not change that.

Ms. McGuire noted that the majority of the Commission voted to ***maintain the current tax rate.***

Ms. McGuire stated that was consistent with what the Commission said in their Goals Setting Workshop. She noted that there was one vote for increasing the tax rate and another for going to the rollback tax rate.

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

How should the R&R funding level be addressed?

- Continue use of General Fund Reserves of $200,000
- Use of General Fund Reserves and phased in adjustment to millage rate
- Reduce funding to $300,000 provided by current tax levy

Mayor Kelley stated that there were no good options.

Commissioner Kent proposed a fourth option of funding the R&R to $500,000.

Ms. McGuire stated that option one or two would still be funding to $500,000. She explained that option one would continue to use General Fund reserves and option two would use it but only until the millage rate could be adjusted back upwards.

Commissioner Kent noted that 60% of the Commission wanted to keep the millage rate the same.

Ms. McGuire noted that option two, ***use General Fund reserves and phase in an adjustment to the millage rate*** was the top choice.

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

How should general capital improvement funding be addressed?

- Increase tax rate
- Maintain current tax rate – *Revenue increases as value increases*
- Rollback tax rate – *Revenue neutral*
- Decrease tax rate

Mr. Stauffer reminded the Commission that the city's current revenues were sufficient to cover future planned costs.

Ms. McGuire noted that the option with the most votes was to ***maintain the current tax rate.***

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

How should the transportation improvement funding be addressed?

- Increase tax rate
- Maintain current tax rate – *Revenue increases as value increases*
- Rollback tax rate – *Revenue neutral*
- Decrease tax rate

Ms. McGuire noted that the option with the most votes was ***to maintain the current tax rate***, which was consistent with other responses throughout the questioning.

IV. Other Funds

<u>Water and Wastewater Fund</u>
Mr. Stauffer stated that water and sewer rates were last increased the previous year by 2.5%, effective October 1, 2013. He stated that any increases would be discussed during the CIP process. He stated that the 2-inch watermain replacement program was ongoing, noting that there was a $3.6 million phase scheduled for FY 2013-14 and a $1.8 million phase scheduled for FY 2015-16. He noted that the city was also currently involved in a citywide meter replacement program, upgrading meters to radio read devices. He stated that the cost for that program this year was $500,000, and over five years was estimated to be $2.5 million.

<u>Stormwater Fund</u>
Mr. Stauffer explained that the stormwater fee was used for ongoing maintenance and used to pay the city's portion of $7.35 million in improvements over the next five years, noting that $4.6 million in grant funding was expected.

<u>Airport Fund</u>
Mr. Stauffer stated that the advance from the General Fund had reduced from $535,000 to $363,000 as of September 30, 2013, with a grant receivable of $261,000, leaving a net balance of $102,000.

Ms. McGuire stated that sometimes the financials at the year-end were somewhat deceiving if you did not understand that while there may be an advance from the General Fund, there were also grant receivables. She explained that the city was always putting all of the money out and then waiting for the grant funding to come back to them.

<u>Solid Waste Fund</u>
Mr. Stauffer stated that the 2013-14 budget was balanced with a $321,000 use of reserves. He stated that at the end of September 30, 2013, there were available reserves of about $1.3 million. He stated that for September 30, 2014, it was projected to be just under $1 million.

Commissioner Kent stated that was from the sale of the solid waste trucks years ago.

Mayor Kelley stated that sale had made between $5 and $6 million around 1995.

Ms. Shanahan noted that money had lasted a long time.

Mr. Stauffer explained that to balance the budget in FY 2014-15 the solid waste rate would need to be increased approximately 6.21%.

Ms. McGuire noted that they were not recommending that increase, but instead just explaining how much it would need to be raised to take care of the anticipated shortfall.

Mayor Kelley asked if that increase would amount to about $.70; whereby, Mr. Stauffer stated that it would be closer to $1.00.

Commissioner Kent asked why staff was not recommending the increase; whereby, Ms. Shanahan stated that they were not yet at that point.

Mr. Stauffer stated that the rate would go from $16.81 to $17.85.

Ms. Shanahan noted that the policy direction of the Commission had been that the reserve money was to be utilized to help stabilize a lower rate.

Mayor Kelley explained that the money made from selling the equipment that the city used to provide the service went back to the citizens to help them be able to pay a lower rate. He noted that he believed that was the right thing to do at the time.

Ms. Shanahan stated that the chart being displayed by Mr. Stauffer was based on the city maintaining the same level of service that they currently had which included two weekly trash pickups, one recycle pickup, and one yard waste pickup. She noted that some sister cities had decreased their trash pickup frequency to once a week.

Commissioner Kent stated that had been looked into for Ormond Beach and it only would save maybe fifty cents.

Ms. Shanahan stated that most people did not want to have to smell their garbage piling up by their homes and in their garages during the week because of a lesser pickup.

Commissioner Partington stated that he believed at a meeting last year the Commission had provided direction to start phasing out the use of the reserves.

Ms. Shanahan confirmed that was correct and that they had already begun to do so.

Commissioner Partington stated that he supposed the Commission needed to pick an amount of reserve to maintain.

Commissioner Kent asked how they were phasing out the use of the reserves if they spent $321,000 to balance the budget last year.

Ms. Shanahan stated that they would have originally used more than that amount; whereby, Ms. McGuire stated that it would have been over $500,000.

Commissioner Kent stated they had about three more years of using the reserve to subsidize the shortfall.

Ms. Shanahan stated that the rate was adjusted 2% last year.

Mr. Stauffer displayed a graph showing the City of Ormond Beach's solid waste rate as well as the other cities in Volusia County and the county itself. He noted that the cities whose rate was shown in green had single weekly trash pickup and the blue had two trash pickups a week.

Ms. Shanahan noted that Deland, Deltona, and Volusia County had changed to a single weekly trash pickup. She noted that she thought Daytona Beach did, as well.

Commissioner Kent asked how Deland and Deltona had such low rates.

Ms. Shanahan stated that might have to do with the location for their landfills but she was not sure.

Ms. McGuire stated that even if theoretically the city passed a 6.2% increase to balance the budget for next year, assuming that the projections held up, the city would still be essentially in the same spot on the chart with their rate level, between Orange City and Port Orange.

Mayor Kelley stated that he thought that Ormond Beach had the lowest rate for a long time and was surprised by Deland's rate.

Mr. Stauffer asked the Commission the following question and provided the Commission's answer choices as follows:

How should solid waste funding be addressed?

- Use reserves to subsidize, *no rate increase*
- Phase in, *rate over next five years with limited use of reserves*
- Eliminate use of reserves; *full rate increase immediately (estimated 6.21%)*

Ms. Shanahan noted that the choice with the most votes was to ***phase the funding into the rate over the next five years with limited use of reserves.***

Ms. Shanahan noted that this was the year that the city needed to notify Waste Management if they intended to renew their contract. She stated that at the next City Commission meeting, the Commission would decide whether they wanted to renew the contract or go out to bid. She noted that Waste Management needed to be notified 180 days prior to the expiration of the contract whether the city intended to renew it or not.

Ms. Shanahan stated that the future budget meetings, which were open for public involvement, were as follows: May 21, 2014, Town Hall Budget Meeting, June 2, 2014, CIP Workshop, July 28, 2014, Operating Budget Workshop, July 29, 2014, City Commission Meeting where the tentative millage rate would be set, September 2, 2014, City Commission Meeting with the first public hearing for tentative millage rate, and September 16, 2014, City Commission Meeting where the millage rate would be set.

Ms. McGuire stated that the Budget Advisory Board meetings were held in the HR Training Room at City Hall on the last Wednesday of each month at 5:00 p.m.; and were also open to the public.

Mayor Kelley charged the Budget Advisory Board to come back to the Commission with creative solutions to the financial issues that the city was facing.

Ms. McGuire noted that the Budget Advisory Board would receive the same presentation that was just shown to the Commission and have an opportunity to answer the questions that had been posed.

Ms. Shanahan stated that she did not want the Commission to think that staff was just looking at ways to increase revenue, she noted that staff was always looking at ways to decrease expenses. She stated that she thought the city did a good job of trying to do more with less. She explained that several weeks ago a reporter had called her and asked what the city was not doing, and now would start doing again, now that the economy was getting better. She stated that she told the reporter about how the city had just added a brand new park and new recreation facilities.

Mayor Kelley stated that historically the city depended on growth for 25 years. He noted that now the city was built out and the one saving grace they had was Ormond Crossings. He stated that getting that development going quickly would increase revenues. He stated that his suggestion was to get creative and acquire everything around them and become efficient. He stated that was the only way the city could grow, as they currently did not have any land available. He explained that he met with an individual from Connecticut who wanted to relocate but noted that there was no commercial property to show him as he needed 20,000-40,000 square feet of industrial commercial space. He stated that until they had inventory, they would not grow. He stated that in the next couple of years the issues would get more serious.

Commissioner Partington stated that he had some questions on healthcare costs. He noted that he saw that Deland created their own city run primary care clinic. He asked if Ms. Shanahan or Ms. McGuire had looked into that option. He stated that Florida Hospital also had indicated as a part of the Affordable Care Act the hospital would be creating its own HMO, similar to Florida Health Care's. He asked whether they had any more information on those plans and whether they would be potentially a solution.

Ms. Shanahan stated that the Deland clinic option had been looked at. She explained that Deland was in a unique position, because they had budgeted for their health insurance to increase two years prior and it had not. She stated that they took that money they budgeted and used it to create a clinic for immediate care needs. She stated that she did not know if the clinic reduced their overall health care costs or even stabilized them. She explained that it was not an option for Ormond Beach and that they had looked into how much money it would cost to create such a clinic. She noted that it did not seem to be a viable option unless the city could partner with other communities to run it. She stated that the city would look at all of the available options when they went out to the market for health insurance, noting that current coverage ended October 1, 2014. She explained that some providers did not bid on the city's coverage last year.

Commissioner Kent stated that pension costs were rising, gas prices were rising, health insurance was rising, and the Commission historically kept saying that they wanted to keep the same millage rate or go back to the rollback millage rate. He stated that at the same time city employees had rising health costs, rising gas prices, and food costs, noting that they deserved a raise. He stated that he was not advocating for a tax increase but noted that making the decision to keep the millage rate the same or roll it back affected everything else. He noted that set off alarms for him.

Commissioner Kent stated that twice a week he received a report from Police Chief Andy Osterkamp about incidents in his Commission zone, which he had requested from him. He explained that he was concerned a couple of years ago when citizens were telling him things that were happening in his zone that he did not know about. He stated that he had asked the Chief what his plan was for some of the things he had heard about and the Chief had told him that he would be speaking to Ms. Shanahan. He noted that he also had spoken to Ms. Shanahan about those situations. He stated that he would be advocating for more boots on the ground for the police force. He explained that he presently had some concerns that he felt could be addressed if the city had more uniformed officers working in the city.

III. Adjournment

The meeting was adjourned at 6:27 p.m.

Transcribed by: Colby Cilento