

**MINUTES  
CITY OF ORMOND BEACH CITY COMMISSION  
FINANCIAL TRENDS AND  
ATHLETIC FIELD MAINTENANCE WORKSHOP**

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**March 3, 2015**

**5:30 p.m.**

**City Commission Conference Room**

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**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, and Bill Partington, City Manager Joyce Shanahan, Assistant City Manager and Public Works Director Ted MacLeod, City Attorney Randy Hayes, Finance Director Kelly McGuire, Assistant Finance Director Dan Stauffer, Leisure Services Director Robert Carolin, and Budget Advisory Board members Rick Banker, Bill Harper and Rafael Ramirez.

**II. Financial Trends**

**Introduction**

Ms. Joyce Shanahan, City Manager, introduced the three Budget Advisory Board members in attendance, Mr. Rick Banker, Budget Advisory Board Chairman, Mr. Bill Harper, and Mr. Rafael Ramirez. She noted that the Budget Advisory Board currently had a vacancy and also that the fourth member, Mr. Kenneth Kimble, could not attend the workshop. She explained that staff was asking for general direction from the Commission and providing some overview of the budget and budgeting process.

Ms. Kelly McGuire, Finance Director, reacquainted the Commission with the handheld keypad voting devices that had been used in past workshops. She explained that staff would ask the Commission to vote on some questions and also provide information and initial estimates of the next budget.

Ms. McGuire asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***What is the most significant short-term financial issue facing the city?***
  1. Maintain an affordable tax rate
  2. Continue pension reform
  3. Monitor healthcare funding
  4. Maintain capital project funding
  5. Keep adequate reserve levels

**Ms. McGuire noted that 50% of the Commission selected option #1 – maintain an affordable tax rate, that 25% selected option #3 – monitor healthcare funding and that 25% selected option #5 – keep adequate reserve levels.**

Ms. McGuire explained that the Budget Advisory Board would answer the same questions through the polling system at their next meeting.

Ms. McGuire asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***What is the most significant long-term financial issue facing the city?***
  1. Maintain an affordable tax rate
  2. Continue pension reform
  3. Monitor healthcare funding
  4. Maintain capital project funding
  5. Keep adequate reserve levels

**Ms. McGuire noted that 75% of the Commission selected option #2 – continue pension reform and that 25% selected option #1 – maintain an affordable tax rate.**

Ms. McGuire stated that it appeared that the Commission was comfortable with where capital project funding currently was. She noted that it had been an issue in the past, but there was presently a dedicated millage.

Mayor Kelley stated that he thought about where the city would be in terms of healthcare costs if they had not made the necessary adjustments to staffing levels in 2007.

Ms. Shanahan explained that the Volusia County Manager's Association met once a month and had invited Florida Healthcare and Brown & Brown Insurance, Inc., to meet to look at ways to try and cut healthcare costs even more. She noted that most local governments were with Florida Healthcare. She stated that healthcare was a cost that needed to continue to be controlled. She noted that wellness initiatives, such as the Mayor's Health and Fitness Challenge and employee wellness incentives, helped with that. She explained that the City of Deland had a clinic model healthcare system and that Florida Healthcare had just rolled out a model where members could visit clinics for non-emergency, after-hours needs. She noted that staff would continue to research ways to cut costs. She explained that healthcare was a benefit that had to be negotiated with the unions.

#### **General Fund Projections / Long-Term Outlook**

Ms. McGuire stated that for the current year there was a 6.5% increase in taxable value, of which a portion of that was related to annexations. She explained that there would be a number of annexations this year that would generate revenue for the next year, specifically Destination Daytona. She stated that currently their projections assumed a 6% increase in the taxable value the next year in part because of those annexations. She stated that assuming there were no large annexations the following year, they would assume a 3% increase projected thereafter.

Mayor Kelley stated that the taxable value was just now getting back to the levels it was at ten years prior.

Commissioner Partington noted that he remembered that Mayor Kelley had said that it would be 2015 or 2016 before it started to improve back to that level.

Ms. McGuire stated that other major revenue sources were franchise fees, utility taxes, sales tax and revenue sharing. She stated that staff expected those to increase by about 3%.

Mayor Kelley stated that this might not be the time to speak about it, but he noted that Ms. McGuire had stated that she assumed no more large annexations in the future. He suggested approaching the residents of Ormond-by-the-Sea, who were paying 4.12 mills for fire service, to come into the city where they could pay for a full range of services in the city. He noted that many residents of Ormond-by-the-Sea already assumed they lived in the Ormond Beach city limits.

Commissioner Kent explained that Ormond-by-the-Sea previously did not wish to be annexed in because of the costs of getting off the septic systems and onto the city's sewer systems. He noted that the state had been talking about spending money to get everyone on barrier islands off of septic systems, so it may be a more appropriate time for them to come in.

Ms. Shanahan explained that the county was putting in a forcemain on A1A and the idea was that once it was constructed it would be given to the city for maintenance. She noted that there were condominiums located between there and others along A1A that could hook into that main and get off of their package plant, which might be a way to entice them to come into the city. She explained that she and Fire Chief Bob Mandarino attended the county's fire workshop, at which Ormond-by-the-Sea was represented and not happy about the fire service fee from the county.

Mayor Kelley stated that he told a resident of Ormond-by-the-Sea that emailed him that he could solve some of his issues by getting out from under control of the county. He noted that dozens of residents in Ormond-by-the-Sea whom he had spoken to wanted to be in the city. He stated that they voted to not be annexed into the city in 1996, but maybe now it was time to revisit this issue.

Commissioner Partington referenced the history of the previous vote on the issue. He explained that because of that history he felt that if Ormond-by-the-Sea came to them, he would be interested in working with them to bring them in; but he would not be interested at all in forcing Ormond Beach on them. He noted that Mayor Kelley was saying that there were groups in Ormond-by-the-Sea who had interest in annexing, and he suggested that those groups could work to educate their fellow Ormond-by-the-Sea residents to all the potential benefits of being a part of the city.

Mayor Kelley stated that two people killed the proposal the last time it was up. He stated that 68% of Ormond Beach residents voted to annex Ormond-by-the-Sea into the city, and it had failed by 5 or 6% on the Ormond-by-the-Sea side.

Mr. Randy Hayes, City Attorney, noted that Mayor Kelley's memory was better than his when it came to numbers. He stated that all he remembered was that it failed.

Mayor Kelley stated that Ormond Beach would not be forced on Ormond-by-the-Sea and that the city had given them the opportunity and showed them where they would save millions of dollars.

Mr. Hayes asked what year the vote occurred in; whereby, Mayor Kelley stated that it was 1996.

Ms. Shanahan stated that water customers signed an annexation agreement and would annex into the city when they became contiguous; she cited such customers on US1 as an example.

Mr. Hayes stated that inside city rates versus outside city rates was another point to make.

Mayor Kelley stated that if both parties agreed, they could perhaps be annexed into the city in 2016 or 2017, and it would affect financial trends.

Ms. McGuire stated that pension costs were expected to stabilize. She noted that they had a good idea of the wage increases for general and police employees and were still negotiating with fire employees. She further noted that staff also knew what the required contributions would be on the part of the city. She explained that they were looking at the increase in pension costs nearing what the increase in the wages were.

Commissioner Partington noted that Ms. McGuire projected an increase in the utility tax. He asked if it included the communication services tax.

Ms. Shanahan noted that the communication services tax was represented by a yellow line at the bottom of the graph displayed on the PowerPoint presentation.

Ms. McGuire clarified that an increase was assumed in all of the other major revenues except the communication services tax. She noted that they assumed that revenue would not change.

Commissioner Partington stated that the tax was constantly under assault and he was unsure that the city would even continue to receive what they did presently.

Ms. Shanahan stated that this year, as it was last year, there existed a push to cut the state share of that, which would likely bubble over into the share the city received, as well. She stated that she believed that the previous year Senator Dorothy Hukill had indicated that she wanted to cut the city's share of that tax. She explained that the city used to have a franchise fee on cell phones and cable television, which was now rolled into one and the state calculated what the rate should be based on what they were receiving. She noted that there had been no way to modify that rate since 2001.

Commissioner Partington stated that in his meeting two weeks prior with Senator Hukill, she did not indicate that she was in favor of that anymore and she seemed like she wanted to hold cities harmless. He noted that he felt every year that tax came under attack. He stated that he did not know exactly how Ms. McGuire came up with the 3% increase figure for the other revenues, but he felt like all of them were constantly under attack, as well by the current administration.

Ms. Shanahan explained that sales tax was predicted by the state. She noted that they did not always trust that number and usually projected conservatively.

Ms. McGuire stated that the overall General Fund budget was \$27 million for the current year. She explained that \$100,000 of the General Fund reserves was used to balance the budget and was specifically for R&R (Renewal & Replacement) projects.

She stated that \$242,000 of the Revenue Stabilization Fund was also being used in the current year for approved economic development project incentives, which was a onetime use and would not be an ongoing expense. She noted that for the next fiscal year, they expected to be at \$27,639,000 in revenue and \$27,722,000 in expenditures, resulting in an \$83,000 shortfall.

Commissioner Kent stated that the shortfall was a problem. He noted that shortfalls were alarming, especially looking at the potential shortfalls listed in the future years. He asked where the city would start cutting expenses. He noted that the revenue was what it was, but the expenditures could be controlled. He stated that the slide that Ms. McGuire was presenting, detailing the shortfalls anticipated in future years, was the most important one he had seen so far in the presentation. He noted that he had mentioned different ideas about property taxes at the previous workshop and explained that he felt that the property tax system was a broken one. He stated that he was glad that the Budget Advisory Board was in attendance, as he desired their direction and guidance and welcomed their ideas. He stated that the city could not keep dipping into their reserves, as they had been doing, to cover shortfalls. He stated that if the city's revenue was \$26 million, they needed to spend \$26 million, or less.

Mayor Kelley stated that he had stated that the city would start recovering in 2016, as Commissioner Partington had mentioned earlier, because of the use of the Revenue Stabilization Fund which they had created by taking efficient measures. He stated that in order to balance the budget, taxes would have to be increased, spending would have to be decreased, revenue would have to increase or other cuts would have to be made. He noted that some combination of those things had to occur.

Ms. McGuire stated that the assumption in the figures displayed was that the tax rate would stay the same and values would increase by 6%. She noted that would mean having to advertise a tax increase. She explained that whatever amount the taxable value increased associated with annexations would not have to be advertised as a tax increase. She further explained that theoretically they would be advertising a 4% tax increase, but the actual amount being paid by a homesteaded property owner would be 3% because that would be their value increase. She noted that the rest would spread to the commercial and non-homesteaded property owners.

Ms. McGuire stated that at the end of the previous year, the city was only \$20,000 under their budget. She noted that was a very small margin. She explained that part of that reason was that the city had budgeted an assumed personnel vacancy rate of 5% but did not have as large of a vacancy as they thought, as it was actually 2.2%. She stated that in the numbers presented, they had backed down from that amount.

Mayor Kelley stated that three employees were added also. He stated that taking that into consideration, it would not take more than one additional employee to put them in that situation.

Commissioner Kent stated that the city could have also gone over budget from a bill coming in that was missed.

Mayor Kelley stated that the root of all of the financial problems went back to pensions and pension costs. He explained that was the main reason they were in the

situation they were. He noted that the city spent \$5 million a year to fund pensions. He suggested that being less funded with regards to pensions was another option. He explained that residents were paying to fund \$5 million worth of pension costs each year.

Ms. Shanahan stated that what was in the city's budget was the minimum amount that the city was required by state law to fund for pensions.

Ms. McGuire stated that the amount presented to the Commission in the budget was always the minimum required annual contribution.

Mayor Kelley stated that if the state would allow them to use the funds they had to offset that balance, it would help.

Commissioner Kent noted that the state did not do so and instead made rules that the cities had to abide by, but the state did not and he cited the mandatory annual ethics training for elected officials as an example, noting that the state legislature was excused from that regulation. He stated that every year the city spoke to the legislature and lobbied them, and they did nothing for the city's pension problems. He noted that a firefighter could retire in their late forties and receive \$105,000 a year for life.

Mayor Kelley stated that within five or six years someone would come around to assisting them with that. He noted that the city was in the same situation as at least 80% of all cities with regards to pensions.

Commissioner Partington asked if the city had a set millage amount for R&R; whereby, Mayor Kelley stated that they had \$500,000 originally, but it was cut to \$400,000.

Commissioner Partington asked whether it was based on a dollar amount or a millage; whereby, Ms. McGuire replied that it was based on a dollar amount and backed into whatever the millage needed to be. She explained that typically they would reduce or add to the General Fund millage to balance it.

Commissioner Partington asked if each year the R&R was \$100,000 short; whereby, Mayor Kelley stated that years ago the city decided to dedicate \$500,000 to R&R. He explained that at some point when they did not have the funding they decreased that amount to \$400,000.

Ms. McGuire clarified that it was reduced to \$300,000, which was covered by the millage, and then the rest was being taken from the General Fund reserve to bring the total amount back to \$500,000. She stated that the R&R always had \$500,000 to spend, but it was coming from different sources. She explained that for the current year the Commission had said that reserve funds could not continue to be used and so instead they were slowly getting the millage back up where it produced enough for the R&R funding. She explained that presently they were at \$400,000 being funded from the millage and \$100,000 being funded from the General Fund. She noted that next year they would try and take another step forward.

Commissioner Partington clarified that he inquired because he was wondering if that might assist in reducing the \$83,000 shortfall.

Mayor Kelley stated that the city was running out of the rate stabilization funding, as well.

Ms. McGuire stated that there was about \$660,000 in the current year and that they were projecting to use \$242,000 for economic development incentives, which she noted might not entirely be paid out and would carry over, if not used. She explained that they were obligated to pay that amount if certain conditions were met by those incentives. She noted that left a little over \$400,000 that could be spent to cover shortfalls, but she was not recommending doing so, as reoccurring expenses should be covered with reoccurring revenues.

Mayor Kelley noted that how the budget ended up for the current year, fiscal year 2014 – 2015, could impact the next year.

Ms. Shanahan stated that if the city did better on health insurance costs, it could also affect it. She noted that last year the rate went up 14%. She stated that there may be an issue regarding how that was cost shared with employees. She stated that the total healthcare costs were \$2 million. She explained that in the past the city had absorbed the rate increase for employees, noting that the employee would bear it for their family coverage.

Commissioner Kent asked if Ms. Shanahan was suggesting possibly letting the employees bear some of that rate increase in the future; whereby, Ms. Shanahan stated that she did not know as there were a lot of different options.

Commissioner Kent stated that he wanted to make known that he hated that option.

Ms. Shanahan replied that they did not like it either. She explained that there were a lot of different options including looking at the benefits themselves and possibly reducing benefit levels, which she noted was another unattractive issue that would be unpopular amongst employees. She stated that the city could not sustain double digit increases in health insurance moving forward. She explained that was why they were working together with other cities to see if there was a way they could collaboratively obtain health insurance to reduce costs.

Mayor Kelley stated that the cost savings would be in numbers provided where there were no larger losses.

Ms. Shanahan explained that the issue was how the city would collaboratively participate yet protect themselves by only using their own loss ratios.

Commissioner Kent asked staff for some real options that the Commission could look at and implement to make sure that the city was not overspending each year.

Mayor Kelley stated that two weeks from now the Budget Advisory Board would meet and give the Commission the magic number.

Ms. Shanahan clarified that this presentation was just a preliminary outlook, and staff would come back to the City Commission based on the Budget Advisory Board's comments, with real options about next year and the future years.

**Policies / Guidelines**

Mr. Stauffer asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***What should be the maximum use of revenue stabilization next fiscal year?***
  1. \$100,000
  2. \$200,000
  3. \$300,000
  4. \$400,000

**Mr. Stauffer noted that 100% of the Commission selected option #1 – \$100,000**

Ms. McGuire noted that the options given might not be the most appropriate as at most the shortfall would be \$83,000, unless the Commission wished to reduce the tax rate. She noted that \$100,000 was the maximum amount chosen, which she understood that was not ideal. She stated that they would look to bring the budget back with no use of the revenue stabilization funds.

Ms. McGuire asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***At what level should the general reserves be maintained?***
  1. 15% (city's current benchmark)
  2. 17% (GFOA recommendation)
  3. 25% (Florida League of Cities recommendation)

**Ms. McGuire noted that 75% of the Commission selected option #1 – 15% (city's current benchmark) and that 25% selected option #2 – 17% (GFOA recommendation).**

Mayor Kelley stated that in 2005 and 2006 the city was at 23% and was now down to below 15%. He stated that being able to maintain the 15% was important. He suggested that no one who voted for 15% would disagree that 17% would be a goal, also.

Ms. McGuire stated that percentage-wise it could be deceiving. She explained that it was being looked at as a percentage of the General Fund budget and every year that budget increased. She noted that 15% today and 15% five years ago was not the same dollar amount. She clarified that this amount was just the unreserved amount in the General Fund and noted that there was another fund balance in the General Fund which was assigned to various things.

Mr. Stauffer asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***What tax rate should the city use for budget development?***
  1. Increase tax rate
  2. Maintain current tax rate (revenue increases as value increases)

3. Rollback tax rate (revenue neutral)
4. Decrease tax rate

**Ms. McGuire noted that 75% of the Commission selected option #2 – maintain current tax rate (revenue increases as value increases) and that 25% of the Commission selected option #3 – rollback tax rate (revenue neutral).**

Ms. McGuire explained that a number of years ago, similar to what had been done with the R&R funding, the city stopped putting money into the Vehicle Replacement Fund. She noted that that was one of the first cuts that was made. She explained that the Vehicle Replacement Fund had been using the reserves of that fund since. She noted that it had worked well, but looking forward all of the reserves would be gone by 2019. She stated that they had to consider either reinstating a transfer from the General Fund or phasing in the addition of a dedicated millage. She noted that next year may not be the year to start that; but if they were interested in doing so down the road, they could keep that in mind.

Mr. Stauffer asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***How should the vehicle replacement funding be addressed?***
  1. Phase in addition of dedicated millage
  2. Use of General Fund reserves

**Mr. Stauffer noted that 100% of the Commission selected option #1 – phase in addition of dedicated millage.**

Mayor Kelley noted that he did not like the question. He stated that right now they did not know whether they needed to use General Fund reserves or not.

Ms. McGuire replied that they did not need to for the next year but were trying to get ideas for long-term planning.

Ms. Shanahan stated that staff needed to know what the Commission was thinking for the future. She explained that they wanted to let them know where they would be if the same practices were continued. She noted that there would still be a need for vehicle replacements, and further explained that much about how vehicles were replaced was changed over the last several years. She stated that no decision had to be made at this time, but she opined that it was easier to turn a ship slowly.

Ms. McGuire explained that if they desired to go the route of a dedicated millage, their thought was to start it a little earlier than necessary and to start it slowly so it did not have to be increased all at once. She suggested that they could discuss the implemented at another time. She stated that it could start at five cents and increase to 20 cents.

Ms. Shanahan clarified that when Ms. McGuire mentioned five cents she meant that if the city's total millage was four dollars that five cents of those four dollars would be dedicated to this specific use. She noted that they were not speaking of increasing the overall millage. She explained that what kept the city so far ahead of its neighboring cities during the recession was that in 2007 and 2008, the millage rate

was maintained and portions of it were dedicated to transportation, R&R and the like so that the city was still able to pave roads and replace equipment during the recession. She noted that most of her colleagues had been unable to do so and were way behind in road paving, vehicle replacement and R&R. She explained that they were seeking some sort of dedicated funding source in order to continue to maintain the Vehicle R&R program.

Mayor Kelley stated that there was a dedicated millage for streets in 1994 or 1995. He noted that he felt there was a greater variable on replacing vehicles than some of the other things they were discussing, such as R&R. He stated that fortunately the adjustment had been made on how vehicles were looked at for replacement.

### **Other Funds**

Ms. McGuire stated that the last rate increase in water and sewer had been 2.5%, effective October 1, 2013. She noted that another rate increase would probably be needed in October or mid-year next fiscal year, depending on the watermain replacement program and when the next phase went to construction.

Mayor Kelley asked if there was any data to reflect how much the city potentially saved in lost water due to repairing those pipes; whereby, Ms. McGuire replied that the city may be able to make some estimates.

Mayor Kelley noted that the city had been losing a lot of water due to the old pipe system.

Commissioner Kent stated that it had been a million gallons a day if he recalled correctly.

Mayor Kelley stated that he would be curious to see those figures. He noted that he would rather push that program forward now than to wait and pay 50% more to do it; whereby, Commissioner Kent offered his support, as well.

Ms. McGuire stated that the citywide meter replacement was being done through the Finance Department and the first two years had been completed. She noted that the first five years of the program had an estimated cost of \$2.5 million and the first two years ended up costing \$954,000, which was slightly under budget. She stated that 4,000 meters had been replaced so far and explained that it would take seven or eight years to replace all the meters in the entire city.

Ms. McGuire stated that there was an \$8.00 per month stormwater fee used for ongoing maintenance costs as well as for the city's share of the \$7.35 million in improvements planned over the next five years. She noted that \$4.6 million in grant funding was expected for those improvements. She stated that no rate increase would be proposed in the stormwater fee.

Ms. McGuire stated that the Airport Fund had a loan from the General Fund and owed it \$535,000, which was being repaid. She noted that fluctuated based upon grants and the timing of those grants. She explained that as of the end of last year the Airport Fund owed the General Fund \$177,000. She noted that the Airport Fund had to put the money out for grants, and as it did not have that money, it borrowed from the General Fund which had to wait to be paid back. She stated that the grant

receivable was \$48,000 and so instead of \$177,000 the Airport Fund owed the General Fund about \$130,000.

Ms. McGuire noted that the Commission had many conversations about solid waste last year prior to the budget. She stated that the Commission indicated that they desired a phased in combination approach to the rate increase rather than to continue to just use reserves or have a large rate increase. She stated that staff wanted to confirm that direction.

Ms. McGuire asked the Commission the following question and instructed them to select their answer by pressing the corresponding number on their handheld keypads:

- ***Should the city continue phasing in the solid waste increase?***
  1. Yes – continue phased in approach
  2. No – use fund reserves to cover shortfall

**Ms. McGuire noted that 100% of the Commission selected option #1 – yes - continue phased in approach.**

Commissioner Partington asked how much was left in the fund reserves; whereby, Ms. McGuire stated that there was approximately \$1.5 million.

Commissioner Partington stated that just one hurricane could take care of that.

Ms. McGuire noted that even continuing with the increase next year, Ormond Beach would still be lower than all of the other communities in the area in terms of their monthly rate.

#### **Public Involvement in Budget Process**

Ms. McGuire stated that the future budget meetings were as follows, and noted that they were all open to the public and would welcome public involvement:

- May 22, 2015 – Town Hall Budget Meeting
- June 2, 2015 – CIP Workshop
- July 28, 2015 – Operating Budget Workshop
- July 28, 2015 – Set Tentative Millage Rate
- September 10, 2015 – First Public Hearing
- September 24, 2015 – Second Public Hearing

Ms. Shanahan noted that there was no other meeting in July except the City Commission meeting on July 28, 2015, which would be preceded by the Operating Budget Workshop.

### **III. Athletic Field Maintenance Services Bid Outcome**

Mr. Robert Carolin, Leisure Services Director, explained that this discussion would be about the possibility of contracting out the athletic field maintenance for the city. He stated that the total current staffing cost was \$531,024 and that there were 11 employees who worked in that department, which consisted of a Contract Manager, one Maintenance Worker IV, one Maintenance Worker III, and eight Maintenance

Worker IIs. He stated that since 2006, the playable surfaces they maintained had increased by 42% and the staffing level had increased by only one individual. He stated that the additional areas to maintain included four t-ball fields, two multipurpose fields, two soccer fields, a boundless playground, a perimeter road, and six acres at Ormond Beach Middle School.

Commissioner Kent stated that the city had seen registration numbers in baseball skyrocket. He noted that he thought it all started with the new t-ball fields.

Mr. Carolin stated that baseball had some of the highest number increases over the last ten years. He also credited most of it to the t-ball fields. He stated that the city was currently responsible for the maintenance at not just the Ormond Beach Sports Complex but also at Nova Community Park, South Ormond Neighborhood Center, Ormond Beach Middle School, and Osceola Elementary School. He stated that those responsibilities included maintaining four t-ball fields, ten soccer fields, three multipurpose fields, nine baseball fields, eight softball fields, ten tennis courts, four playgrounds, eight racquetball courts, five pavilions, ten shuffleboard courts, and one skate park.

Commissioner Kent asked how much longer it would be until the city ended their maintenance at Osceola Elementary School, as he felt it was ridiculous. He noted that he thought something was coming up about funding some work to be done there. He stated that Osceola Elementary School was a Volusia County School Board entity and they kept the gates locked there except for a small one you had to know about to even access it. He noted that no one was ever there, and he would much rather spend those funds at Ormond Beach locations. He stated that he would like to be out of the business of subsidizing the Volusia County School Board's recreation. He noted that the playground was also off limits to residents until both school and the daycare were out and at that point it was getting dark outside.

Mr. Carolin stated that the last amenity replaced at Osceola Elementary School was the racquetball courts, which had been taken down by a hurricane.

Mr. Carolin stated that the athletic field maintenance crews serviced Nova Community Center and the Magic Forest Playground. He explained that the staff members collected garbage, looked for graffiti and also crawled through the playground to look for safety issues. He stated that on the days there were no events or games, which was not very often, staff worked on redoing batting boxes and pitching mounds. He stated that staff also had to lay carpet and put up benches and goals for rentals. He noted that the fields were also specifically lined to meet the needs of the rentals. He explained that twice a week trash was emptied, noting that there were over 50 garbage cans in the Sports Complex alone. He explained that the field maintenance crews also provided support for most of the city's community events.

Mr. Carolin stated that there were currently approximately 3,700 games and 4,327 practices held each year on the fields. He noted that it would likely increase as the economy improved. He displayed aerial views of several fields for different sports and explained their maintenance needs. He noted that fields had to be lined and goals had to be set up for the soccer and football fields, and noted the amount of clay and lining for the baseball, t-ball and softball fields.

Mr. Carolin stated that there were advantages in contractual athletic turf maintenance. He explained that the bid specifications required a high level of finish and the turf would be healthier, more playable, and safer for customers. He stated that presently the city's turf had issues, which he would detail later. He explained that the contract would bring in experts in turf management. He noted that was not to say that those working for the city were not experts, but the contracted experts worked exclusively in turf management. He stated that they would also have a realm of resources that the city did not. He provided an example of pest control, fertilization and irrigation. He explained that if the contractor was behind, they could call in their reinforcements. He noted that the city was limited only to the staff they presently had and had to play catch-up or otherwise let the issue go.

Mr. Carolin stated that some of the liability would be taken off of the city. He cited an example of a mole cricket infestation, which could cause fields to be lost literally overnight. He explained that presently the city would be responsible for re-turfing the fields, but under the contract all of that liability fell to the contractors.

Commissioner Kent stated that the previous year Mr. Carolin had a picture of something pretty devastating that had happened to some fields.

Mr. Carolin stated that had been caused by web worms. He explained that the city had one pest spray technician who was responsible for 71 acres. He stated that by the time they got to the last field during the web worm infestation it had turned brown. He noted that if the wind was blowing or it was raining they could not spray pesticides, no matter how bad the infestation was. He explained that in this contract, the contractor had to be proactive and could also pull from other resources if the need arose. He stated that he had asked to retain three full time employees with this proposal and hire four part-time employees. He explained that by utilizing part-time employees they would have the opportunity to reduce their overtime almost to nothing as the part-time employees would be utilized on a different rotating schedule which would allow for them to be present on weekends for tournaments or evenings. He noted that presently in order to have staff present at those times and keep up with normal staffing levels, it required overtime.

Mr. Carolin stated that part of the proposal was to sell \$107,000 in vehicle equipment, which would reduce the city's inventory. He stated that the proposal would reduce seven full-time positions.

Ms. McGuire explained that it would really impact three employees as some vacancies had occurred and were not filled and another Maintenance Worker II position was available in another department.

Mayor Kelley asked if the proposal would involve contracting out all the tasks Mr. Carolin mentioned, such as emptying the trash.

Mr. Carolin clarified that this contract would just involve maintenance of the turf. He stated that the remaining three full-time employees and four part-time employees would handle the rest, noting that it would be an immense amount of work.

Ms. Shanahan explained that the part-time positions were needed for the flexibility to schedule them.

Mayor Kelley asked who would be responsible for the Nova Community Park; whereby, Mr. Carolin replied that it would be one of the three full-time individuals. He explained that they would be taking care of the garbage, raking the mulch and drawing the lines on fields. He displayed some photographs of some of the field issues that had occurred. He stated that wear to the fields occurred and was caused by use and lack of proper maintenance. He noted that sometimes they had to let areas go until they could get to them, and they fell a little more behind each year. He explained that the picture areas were barren and riddled with weed growth. He further explained that by contract, those types of conditions would be an unacceptable standard and as such would be rectified.

Mr. Carolin stated that the current total budget was \$910,761. He stated that after the contract award, the total budget would be \$987,628, an increase of \$77,000. He reiterated that he was confident that this was the right thing to do.

Ms. Shanahan explained that staff was seeking direction from the Commission.

Commissioner Stowers stated that he understood the efficiencies of it but saw irony in a request for an unbudgeted \$77,000 being made the same evening that it was determined that the budget would have an \$83,000 shortfall next year. He stated that decisions had been made to make recreation a priority in Ormond Beach, which he still stood by and supported that. He stated that he would like to see some way in which the rental fees for the leagues were raised across the board so that the city was neutral. He requested that the \$77,000 be found, and the following year the \$184,000 be found, noting that the first year was offset by the \$107,000 in vehicle equipment sales. He noted that the city was bearing the highest burden of the increased quality, but the users would need to pay more, as well. He stated that he believed some wear and tear would occur on the fields regardless of the contract because of the successful use of them.

Commissioner Kent stated that he would echo a lot of Commissioner Stowers' comments. He stated that he understood that the city employees were not experts in turf management or pest control. He explained that he just signed his son up to play baseball, and it was approximately \$50 to do so, which was an amazing bargain. He noted that he was always one to push recreation.

Ms. Shanahan clarified that the city did not receive any of that fee.

Commissioner Kent asked what fee the city did receive.

Mr. Carolin explained that the associations had an agreement for utilization of the fields so that the city did not have to staff it.

Commissioner Kent suggested looking into getting more out of the associations to make up the difference in cost. He explained that everything made sense to him and he was in favor of it except for the cost.

Mr. Carolin stated that currently the city received 10% of the registration fee and also a non-resident fee.

Commissioner Kent noted that the non-resident fee was also cheap.

Mayor Kelley stated that were it not for the associations the city would not have t-ball fields or other improvements.

Ms. Shanahan noted their generosity.

Mayor Kelley explained that their actions and efforts had helped build the programs to what they were today. He stated that he supported the idea of contracting out the maintenance but did not like having to pay that much for it. He noted that, however, it would be expensive to lose a field also.

Commissioner Partington stated that he recalled the Commission asking staff to look at subsidies, noting that he knew that some programs were more than others. He stated that he believed it was softball where the city subsidized \$2,300 a player. He noted that he did not think parents even realized that. He stated that seemed inequitable. He stated that he would be in favor of trying the contract out and that he agreed with Commissioner Stowers about trying to find a way to make it pay for itself. He explained that Ormond Beach had the premier sports youth programs in the county, and other elected officials in local municipalities were jealous of their facilities. He noted that those facilities had to be maintained at a high level for them to continue to be a leader.

Ms. Shanahan requested clarification on the consensus of the Commission.

Mayor Kelley asked if there was any way to get the price down.

Mr. Ted MacLeod, Assistant City Manager and Public Works Director, stated that the city had negotiated extensively to get the price to where it was presently. He stated that during the budget process staff could come up with recommendations to increase revenues. He noted that staff had worked for weeks to get the contract to where it was presently.

Mr. Carolin stated that the levels in the contract were maximum expectation levels. He explained that the overall cost would not really be known until after the first year because a lot of it weighed on weather and growing conditions. He cited an example of cuts at the Sports Complex and noted that the maximum number of cuts based on perfect conditions was included in the contract amount.

Mayor Kelley asked if city staff would still facilitate with each association and if someone would be watching the contract.

Mr. Carolin confirmed that the city would still be the point person for each association and rental and that there would be a contract manager.

Mayor Kelley noted that the Leisure Services Advisory Board had unanimously voted against this proposal. He stated that he thought that they may have been short-sided in their review; whereby, Mr. Carolin and Commissioner Kent agreed.

Ms. Shanahan stated that the contract would be brought back to them at a Commission meeting for action. She noted that she had received an email from Commissioner Boehm.

Commissioner Partington stated that Commissioner Boehm had indicated that he supported the contract.

**IV. Adjournment**

The meeting was adjourned at 6:46 p.m.

Transcribed by: Colby Cilento