

**MINUTES
CITY OF ORMOND BEACH
CITY COMMISSION
VIRTUAL OPERATING BUDGET WORKSHOP**

July 28, 2020

5:30 p.m.

Virtual Meeting

I. CALL TO ORDER

Mayor Bill Partington called the meeting to order at 5:45 p.m.

Present were Mayor Bill Partington, Commissioners Dwight Selby, Troy Kent, Susan Persis, and Rob Littleton, Budget Advisory Board members Rafeal Ramirez, Joe Hannoush, and Scott Cichon, City Manager Joyce Shanahan, Assistant City Manager Claire Whitley, City Attorney Randy Hayes, Finance Director Kelly McGuire, and Assistant Finance Director Chris Byle.

Mayor Partington thanked members of the Budget Advisory Board (“BAB”) for attending. He explained the purpose of the workshop was for the Commission to review the operating budget and tentative millage rate. He noted when composing the budget for the 2020-21 FY, staff had to take into consideration the budgetary impacts from COVID-19.

II. PROPOSED BUDGET FY 2020-21

Overview

Ms. Kelly McGuire, Finance Director, displayed a PowerPoint Presentation that reviewed the various funds of the budget in detail and the proposed amount of funding for each one. She noted staff was seeking direction from the Commission on setting the tentative millage rate, which would appear on the Truth in Millage (TRIM) notices.

Ms. McGuire explained the city’s framework for developing the proposed budget was answering two questions: “What do we fund?” and “How do we fund it?” She listed the goals the Commission had expressed a desire to focus on: core city services, providing a full array of municipal services to Ormond Beach’s citizens efficiently and cost effectively, and established goals. She noted when considering how to fund the goals the city needed to be responsible to taxpayers and address the financial impacts associated with COVID-19.

Directive and Outcomes

Ms. McGuire stated staff had previously held a Draft Budget Workshop with the Commission in June. She explained the direction that staff received from the Commission at that workshop was then used to compose the proposed 2020-21 FY budget. She noted at the workshop, the Commission supported the proposed rolled back tax rate of 3.9068 mills for the 2020-21 FY, which was 4.4 percent less than the rolled back tax rate for the current year. She stated the Commission also stated their approval of reducing the Facilities Renewal and Replacement Fund by \$100,000, if necessary, to fund the rolled back tax rate. She noted when composing the proposed budget, staff was able to provide the desired rolled back tax rate *without* taking any funds from the Facilities Renewal and Replacement Fund. She stated the proposed budget also included four dedicated millages for capital projects, which staff maintained at the same

level of funding per the Commission's direction. She noted prior to the Draft Budget Workshop, the Commission set aside \$2,000,000 into the Revenue Stabilization Fund to help offset any costs related to COVID-19. She stated the proposed budget included using \$1,165,000 of the Revenue Stabilization Fund and saving the remaining amount for future years as long as the revenue losses were not greater than what staff anticipated.

Ms. McGuire noted the proposed budget for all funds was \$96,500,000, which was 5.38 percent, or \$5,500,000 less, than the 2019-20 FY budget. She reviewed each expenditure category in detail and highlighted the projects each category proposed to fund.

General Fund

Ms. McGuire stated the General Fund consisted of \$10,500,000, and noted many of the projects were carried over from the 2019-20 FY. She stated the primary objectives proposed through the fund included multi-year collective bargaining agreements, an ADA Compliant Financial Transparency Site, better citizen engagement through social media, and a succession plan.

Ms. McGuire discussed financial sustainability and noted pension costs were reduced by \$441,000, which was a 9.7 percent reduction from the prior year's annual pension costs. She noted in total between the 2019-20 FY and 2020-21 FY, pension costs were reduced by \$1,000,000.

Ms. McGuire stated the city was set to maintain one of the lowest tax rates and the lowest monthly utility bill in Volusia County. She noted staff anticipated the city would hold the third lowest tax rate, but was still waiting on other cities to set their tax rates to confirm. She noted the budget maintained General Fund reserves above the 15 percent benchmark, had sufficient cash balances, and included the Revenue Stabilization Fund.

Budgets

Ms. McGuire noted Public Safety had a budget of \$18,000,000. She stated the proposed budget included implementation of an Opticom emergency traffic preemption system and three continuing projects from the current fiscal year: continuation of funding for the School Resource Officer, turn out gear replacement program for firefighters, and a police recruitment scholarship program.

Ms. McGuire noted that Public Works had a budget of \$34,000,000, which included streets, stormwater, water and sewer, and solid waste. She noted one of the projects included in the Public Works budget was a facilities hardening project for storm protection that was expected to cost \$1,000,000, with \$750,000 funded through a Federal Emergency Management Agency (FEMA) grant. She noted additional projects included in the Public Works budget: Neighborhood Traffic Calming Program, water reclamation facility improvements, watermain replacement program design, and the secondary raw water main project. She stated that in the area of Economic Development the budget was proposed at \$2,400,000, which would continue to fund previously approved incentive programs to bring high wage jobs to the city and continue support of community partnerships. She noted the Leisure Services budget, which consisted of \$6,800,000, included the Central Park II Observation Deck Replacement, replacing the playground equipment at Fleming Avenue, and the Facilities Renewal and Replacement Program.

Funding

Ms. McGuire discussed project funding. She reiterated the proposed budget was \$96,500,000, with a reduction of \$5,500,000 in revenue. She noted the largest portion of the budget came from charges for service, while the second largest portion was provided through taxes.

Ms. McGuire stated the budget was not proposing any increase in water, sewer, storm water, or solid waste; and was not using any General Fund reserves. She noted the budget was proposing an operating tax rate that was 4.14 percent less than the current rate and a total tax rate that was 6.77 percent less than the current rate. She discussed the changes in tax bills for residents based on the assessed value of property. She stated the total tax rate was 4.0308, which included the two debt mileages.

Ms. McGuire noted there would be a Commission meeting following the workshop that the Commission would need to set the tentative millage rate at. She noted in addition to the hearing scheduled that evening, there would be two additional budget hearings at the City Commission meetings scheduled for Wednesday, September 9, 2020, and Wednesday, September 23, 2020, at 7:00 p.m.

Discussion

Commissioner Selby expressed his approval that the city was able to adopt the rolled back tax rate, have no increase in utility services, and offer the lowest utility cost in Volusia County; all while in the middle of the COVID-19 pandemic. He thanked BAB members, the Commission, and staff for their work on the budget.

Commissioner Kent stated he was proud of the city, the BAB, and the Commission for being financially responsible. He noted his approval of the city adopting the rolled back tax rate and providing residents with a tax decrease during the pandemic.

Commissioner Persis thanked staff and discussed her support of homeowners receiving a tax break.

Commissioner Littleton complimented staff, prior Commissions, and the current Commission for implementing the Revenue Stabilization Fund, adopting the rollback tax rate, and providing a tax break relief to residents and businesses during the COVID-19 pandemic.

Mr. Rafael Ramirez, BAB member, complimented city staff and the Commission for their work on the budget.

Mr. Scott Cichon, BAB member, stated he enjoyed assisting in composing the budget and noted he was proud to be a resident of Ormond Beach.

Mayor Partington thanked staff, the BAB, and the Commission for their hard work. He noted property taxes funded about one fifth of the city's budget. He reiterated the City of Ormond Beach was projected to be the third lowest tax rate in Volusia County and was proud of staff for proposing a budget that accomplished goals without raising taxes during the pandemic. He read the City of Ormond Beach's mission statement that was included in the budget packet:

"To ensure Ormond Beach is one of the most attractive, stimulating, and innovative communities in Florida, while protecting our rich history and maintaining our unique

charm. Boasting an environment where our children can thrive, with a prosperously diverse balanced economy, within a fiscally strong community. All the while, delivering exceptionally responsive service to our citizens and cultivating the highest quality of life.”

Mayor Partington discussed the city’s organizational chart that was also included in the budget packet, noting that the citizens of Ormond Beach were at the top of the chart. He closed by thanking staff for their exceptional hard work and dedication.

III. ADJOURNMENT

The meeting was adjourned at 6:12 p.m.

Transcribed by: Cassidi Ritz