

**ORMOND BEACH CITY COMMISSION MEETING
HELD AT CITY HALL COMMISSION CHAMBERS**

May 15, 2007 7:00 p.m.

Present were: Mayor Fred Costello, Lori Gillooly, Troy Kent, Ed Kelley, and Bill Partington, Assistant City Manager Ted MacLeod, City Attorney Randal Hayes, and City Clerk Veronica Patterson.

- 1) Meeting call to order by Mayor Costello.
- 2) Invocation.
- 3) Pledge of Allegiance.
- 4) **AUDIENCE REMARKS:**
- 5) **APPROVAL OF THE MINUTES** of the May 1, 2007, meeting.
- 6) **PRESENTATIONS:**
 - A) Proclamation by Mayor Costello proclaiming May 25, 2007, as Employee Appreciation Day.
 - B) Welcome back from military service to Captain Thomas LaChausse of the Fire Department.
 - C) Proclamation honoring Wayne's Roofing for service to our community.
- 7) **INTERGOVERNMENTAL REPORTS:**
 - A) Metropolitan Planning Organization
 - B) Volusia Council of Governments
 - C) Water Authority of Volusia
- 8) **CONSENT AGENDA:** The action proposed is stated for each item on the Consent Agenda. Unless a City Commissioner removes an item from the Consent Agenda, no discussion on individual items will occur and a single motion will approve all items.
 - A) Resolution No. 2007-58 appointing Sean O'Sullivan as a member of the Neighborhood Improvement Advisory Board; setting forth term and conditions of service.
 - B) Resolution No. 2007-59 appointing Michael Furman and B. J. Morgan as members of the Citizens' Law Enforcement Advisory Board; setting forth terms and conditions of service.
 - C) Resolution No. 2007-60 authorizing the execution of a lease agreement between the City and the Casements Guild, Inc. (Operation of the gift shop at The Casements)
 - D) Resolution No. 2007-61 authorizing the renewal and execution of a lease agreement between the City and Harry Wendelstedt, Inc. (Operation of the umpire school at the Ormond Beach Sports Complex)
 - E) Resolution No. 2007-62 authorizing the submittal of a request to the County of Volusia for amendments to the Community Development Block Grant Subrecipient Agreements for Fiscal Years 2005-2006 and 2006-2007 between the City of Ormond Beach and the County of Volusia; authorizing the execution of amendments. (Transfer of \$46,532 from street improvements to playground equipment)

- F) Resolution No. 2007-63 authorizing the execution of a contract between the City and Rep Services, Inc., for the purchase, delivery and installation of playground equipment, wood fiber ground surfacing and shade canopy at Fire Station 91, under City of Jacksonville Bid Number SC-0511-06. (\$98,558.90)
 - G) Resolution No. 2007-64 authorizing the submittal of a grant application to the Florida Department of State under the Special Category Grant program for funding assistance relative to architectural improvements to be made to The Casements; authorizing the execution of all documents incidental thereto, including any contract necessary for the City to accept the grant award. (\$1,218,050 total project; \$194,750 TIF funds; \$440,300 ECHO grant; \$350,000 Special Category grant; \$233,000 General CIP funds)
 - H) Resolution No. 2007-65 authorizing the approval and execution of a purchase authorization (Requisition #0000003610) for the purchase of nine (9) patrol vehicles under State of Florida Bid No. 070-001-05-1; declaring certain patrol vehicles to be surplus property and authorizing the disposition thereof. (\$191,295)
 - I) Resolution No. 2007-66 authorizing the execution of a Railroad Reimbursement Agreement between the City, the State of Florida Department of Transportation and the Florida East Coast Railway. (SR40 / US1 train activated preemption device)
 - J) Resolution No. 2007-67 accepting a proposal from McKim & Creed, P.A., to provide engineering services regarding the Granada Beach Approach project; authorizing the execution of a work authorization. (Engineering for parking improvements - \$34,909)
 - K) Resolution No. 2007-68 authorizing the execution of a maintenance agreement between the City and Bristol, Inc, regarding equipment that allows for the remote control and monitoring of various wells, lift stations and operations at the water and wastewater treatment plants; granting a limited waiver from the City's minimum insurance requirements with respect to maintenance operations performed by Bristol, Inc., at municipal water and wastewater treatment facilities; accepting Bristol's \$200,000 limitation of liability. (Annual cost of \$7,836)
 - L) Resolution No. 2007-69 ratifying and affirming the emergency procurement of construction services from McMahan Construction Company, Inc., to construct emergency fire protection interconnects at the Breakaway Trails and Hunter's Ridge subdivisions; authorizing the execution of a contract and payment thereof. (\$208,969)
- 9) **PUBLIC HEARINGS:**
- A) Ordinance No. 2007-09 annexing certain real property into the City of Ormond Beach located at 1450 North US Highway 1 and an adjacent vacant parcel fronting Flagler Road; setting forth zoning, privileges, and obligations of said property; providing for transmission. (1.613 acres) (Second Reading)
 - B) Ordinance No. 2007-12 annexing certain real property into the City of Ormond Beach located at 1614 North US Highway 1; setting forth zoning, privileges, and obligations of said property; providing for transmission. (Best Value Inn - 6.24 acres) (1st Reading)
- 10) **FIRST READING OF ORDINANCES:**
- A) Final Plats for Deer Creek at Hunter's Ridge:
 - 1) Ordinance No. 2007-13 approving the final plat for "Deer Creek," Phase Two of the "Hunter's Ridge" Development of Regional Impact; establishing conditions and expiration dates of approval.
 - 2) Ordinance No. 2007-14 approving the final plat for "Deer Creek," Phase Three of the "Hunter's Ridge" Development of Regional Impact; establishing conditions and expiration dates of approval.
 - 3) Ordinance No. 2007-15 approving the final plat for "Deer Creek," Phase Four of the "Hunter's Ridge" Development of Regional Impact; establishing conditions and expiration dates of approval.
 - B) Ordinance No. 2007-16 amending Article III, Additional Homestead Exemption for Senior Citizens, of Chapter 19, Taxation, of the Code of Ordinances, by amending

Section 19-38, Entitlement to Additional Homestead Exemption, and Section 19-41, Notice Requirements; providing an additional \$25,000 homestead exemption to qualifying senior citizens.

- 11) **RESOLUTION** No. 2007-70 authorizing the execution of a Seventh Amended Lease Agreement between the City, M.A.C. Charter, Inc., and Sunrise Aviation, Inc.
- 12) **DISCUSSION ITEMS:**
 - A) Status of the airport hangar leases.
 - B) County acquisition of property at 442 South Atlantic Avenue for beach parking.
 - C) Support for removal of beach tolls.
- 13) **REPORTS, SUGGESTIONS, REQUESTS:** Mayor, City Commission, City Manager, City Attorney.
- 14) **CLOSE THE MEETING.**

Item #1 - Call to Order

Mayor Costello called the meeting to order at 7:00 p.m. He noted Mr. Isaac Turner, City Manager, was attending a ceremony where his son was receiving a Medallion of Excellence award tonight.

Item #2 - Invocation

Deputy Mayor Kelley gave the invocation.

Item #3 - Pledge of Allegiance

Mayor Costello led in the Pledge of Allegiance.

Item #4 - Audience Remark

Budget Reduction

Mr. Glenn Jaspers, 160 Ocean Terrace, stated that staff recently published a list of 20 suggested budget reductions in the newspaper. He reported there were 73 Capital Improvement Programs funded by at least 12 sources not including the runway rehabilitation for \$1.712 million funded by the FAA, which could be as high as \$2.4, million and the John Anderson Drive project for over \$4 million. Mr. Jaspers stated the General Fund figures should have been listed for consideration, and he suggested all of the capital improvement programs be reevaluated.

Mayor Costello stated tomorrow night at 7:00 p.m. there would be a Budget Advisory Board public hearing where any and all suggestions could be made. He noted the General Fund did not cover everything. Mayor Costello reported the State mandated that impact fees not be used on existing projects and may only be used on new projects. He clarified the runway program was for repair, not extension, of the runway.

Airport Terminal Building

Mr. Rich Lemke, 2 Springwood Trail, stated the airport had no main focus or terminal building. He recommended designating land for a terminal building now which should be located in front of the runway.

Mayor Costello stated the Aviation Advisory Board would welcome this type of input. He reported he would help to acquire a terminal building, but would not be willing to invest General Fund dollars to do so. Mayor Costello noted the dollars spent on the airport were a loan that would come back to the City when it becomes self-sufficient.

Fluoridation

Mr. Jim Schultz, 117 Harvard Drive, reported there was no correlation between the lack of cavities with the amount of fluoridation, but there was more dental damage from fluoride poisoning.

Mayor Costello stated the American Dental Association was investigating the studies Mr. Schultz mentioned because there had been an increase in cavities. He recommended Mr. Schultz send these studies to the Center for Disease Control (CDC), Department of Health, and the Environmental Protection Agency because he, as Mayor, would be listening to these agencies and as a dentist, would listen to the professional literature.

Beachfront Property

Ms. Lucille Bornmann, 6 Windsor Drive, stated at the last meeting she asked the Commission for a beachfront park and was told if she located available property the Commission would consider the purchase of the land. She reported 321, 325, and 305 Atlantic Avenue, a house two or three above 335 Atlantic Avenue, a house above 435 Atlantic Avenue, a large cleared lot north of Neptune Avenue, and 717 Atlantic Avenue were for sale. Ms. Bornmann urged the Commission to consider some of these lots before the County invests money in the west side parking lot. She stated the City finds money for things the public did not want, such as sidewalks on John Anderson Drive costing \$5 million and recreation at the airport, but not for what they do want, such as beachfront parking.

Mayor Costello requested a letter be sent to the owners of the properties Ms. Bornmann mentioned to determine the viability of a purchase.

Commissioner Gillooly clarified there had been no decision made regarding John Anderson Drive; and if there were to be a sidewalk, it would be a very small percentage of the overall project. She noted the majority of the cost was in the need to redo the roadway and correct the stormwater issue.

Mayor Costello agreed the first \$5 million of the John Anderson Drive funds had absolutely nothing to do with the bike path/sidewalk. He noted if the sidewalk were to be built it would affect 12 palm trees and no hardwood trees, and it would meander around the trees, costing \$300,000, not \$5 million. Mayor Costello noted this would be discussed at the June 5 Commission meeting, and he urged the public to attend.

Budget Forum

Mr. Marvin Miller, 40 Riverside Drive, reminded that public that the Budget Advisory Board meeting would be held tomorrow night, and the board wanted public input regarding the City's budget. He stated this was the time to offer suggestions for they could be considered when the funding decisions would be made.

Mayor Costello noted there would be multiple opportunities for the public to come before the City Commission with ideas and comments, but the Commission believed it appropriate to begin with the Budget Advisory Board so the people could have a voice early in the process.

Item #5 - Approval of Minutes

Mayor Costello advised the minutes of the May 1, 2007, meeting had been sent to the Commissioners for review and asked if there were any corrections, additions, or omissions.

Mayor Costello stated that the minutes were approved as submitted.

Item #6(A) – Employee Appreciation Day

Mayor Costello read a proclamation recognizing and honoring all City employees as “ambassadors” who provide important community service on a daily basis. He proclaimed Friday, May 25, 2007, as City Of Ormond Beach Employee Appreciation Day and advised that City Hall and non-emergency facilities would be closed at 12:00 noon, Friday, May 25, 2007, in honor of Employee Appreciation Day.

Item #6(B) – Captain Thomas LaChausse Welcome Back from Military

Fire Chief Barry Baker welcomed Captain Thomas LaChausse back from the military. He stated Captain LaChausse was deployed to the Mideast last May to provide security force protection to high value assets in the central command of the area. Chief Baker presented Mrs. LaChausse a gift certificate at an Ormond Beach restaurant.

Captain LaChausse thanked the Commission, residents, and veterans of war.

Item #6(C) – Wayne’s Roofing Proclamation

Commissioner Gillooly stated Wayne’s Roofing has made a tremendous commitment to Halifax Habitat for Humanity making a true difference in the community. At the request of the Mayor, she read a proclamation honoring Wayne’s Roofing, proclaiming May 15 as a day to recognize Wayne’s Roofing’s service to the residents of Ormond Beach and expressing appreciation for their many contributions to the community.

Mayor Costello pointed out Wayne’s Roofing donated \$800,000 worth of labor and materials and pledged to provide the roofing for Halifax Habitat for Humanity for the next 20 years, which he believed deserved the City’s appreciation.

Former Mayor Dave Hood

Mayor Costello read a letter of appreciation from former Mayor Dave Hood for the card, prayers, and support wishing him a speedy recovery.

Item #7(A) - Metropolitan Planning Organizations

Mayor Costello reported there was no new information to report regarding the Metropolitan Planning Organization (MPO).

Item #7(B) - Volusia Council of Governments

Mayor Costello reported the same two issues were discussed at the Volusia Council of Governments (VCOG) meeting. He urged everyone to try to attend the “How Shall We Live” meeting.

Item #7(C) - Water Authority of Volusia

Commissioner Kelley stated Water Authority of Volusia (WAV) would have their meeting tomorrow. He reported if the budget was adopted, there would be no dues owed from any member next year.

Item #8 - Consent Agenda

Mayor Costello advised that the action proposed for each item on the Consent Agenda was so stated on the agenda. He asked if any member of the Commission had questions or wished to discuss any one or more of the items separately.

Commissioner Kelley requested Item No. 8(J) be discussed.

Commissioner Gillooly requested Item No. 8(C) be discussed.

Commissioner Kelley moved, seconded by Commissioner Gillooly, for approval of the Consent Agenda, minus Item No. 8(J) and 8(C).

Call Vote:	Commissioner Gillooly	yes
	Commissioner Kent	yes
	Commissioner Kelley	yes
	Commissioner Partington	yes
Carried.	Mayor Costello	yes

Item #8(C) – Casements Guild, Inc. Lease Agreement

RESOLUTION NO. 2007-60
A RESOLUTION AUTHORIZING THE EXECUTION OF A LEASE
AGREEMENT BETWEEN THE CITY AND THE CASEMENTS
GUILD, INC.; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kelley moved, seconded by Commissioner Gillooly, to approve Resolution No. 2007-60, as read by title only.

Commissioner Gillooly commended the Casements Guild, Inc. She noted the Guild pays \$1 annually for their lease, and through their fundraising they have contributed over \$47,000 to the City to help with the maintenance and renovation of The Casements.

Call Vote:	Commissioner Kent	yes
	Commissioner Kelley	yes
	Commissioner Partington	yes
	Commissioner Gillooly	yes
Carried.	Mayor Costello	yes

Item #8(J) - Granada Beach Approach Project

RESOLUTION NO. 2007-67

A RESOLUTION ACCEPTING A PROPOSAL FROM MCKIM & CREED, P.A., TO PROVIDE ENGINEERING SERVICES REGARDING THE GRANADA BEACH APPROACH PROJECT; AUTHORIZING THE EXECUTION OF A WORK AUTHORIZATION; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Gillooly moved, seconded by Commissioner Partington, to approve Resolution No. 2007-67, as read by title only.

Commissioner Kelley expressed his concern regarding using \$35,000 for engineering services and an additional \$100,000 to make permanent parking spaces without providing any additional parking. He stated he favored using Tax Increment Financing (TIF) funds when necessary, but not finding uses without a real need merely because the funds are available. Commissioner Kelley stated this would not provide additional spaces, but would make a safer exit and turn around. He reported he was not certain this was a wise use of funds if it would not provide anything additional.

Mayor Costello stated this would make the lot safer, and it would add the sidewalk on the south side that was lost with the temporary parking.

Ms. Judy Sloane, Public Works Director, reported the City was also trying to joint venture with Volusia County to do some aesthetic improvements on the beach approaches. She noted she was not certain how much the County would contribute, but she wanted to begin the engineering in that it had a long permitting process.

Mayor Costello stated he was hopeful there was enough room on some other approaches that some of the same improvements could be made, but this was the first to be considered. He reported he believed the community wanted the City to gain as much safe, convenient, easy access off-beach parking as possible.

Commissioner Gillooly concurred with Commissioner Kelley that the disappointment was that there would be no additional parking; however, the utilization of parking would increase because of the additional safety factor. She favored using the TIF money because this was the beginning point of the downtown area, and the beach had a tremendous impact of the economic development of the downtown.

Commissioner Kent reported he favored this because of the sidewalk and the safe turn around. He stated he also approved the use of the TIF money because the people in these parking spaces could use the services of the businesses across the street.

Mayor Costello stated City, County, beach, and government employees should be made aware, without signage, that those parking spaces were not for their use and should be available for the public.

Call Vote:	Commissioner Kelley	no
	Commissioner Partington	yes
	Commissioner Gillooly	yes
	Commissioner Kent	yes
Carried.	Mayor Costello	yes

Mayor Costello stated he agreed the City should not look for projects to use the TIF funds, but he believed this was a viable project for TIF funds.

Item #9(A) - 1450 North US1 and an Adjacent Vacant Parcel Fronting Flagler Road Annexation

ORDINANCE NO. 2007-09

AN ORDINANCE ANNEXING CERTAIN REAL PROPERTY INTO THE CITY OF ORMOND BEACH LOCATED AT 1450 NORTH US HIGHWAY 1 AND AN ADJACENT VACANT PARCEL FRONTING FLAGLER ROAD; SETTING FORTH ZONING, PRIVILEGES, AND OBLIGATIONS OF SAID PROPERTY; PROVIDING FOR TRANSMISSION; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kelley moved, seconded by Commissioner Kent, to approve Ordinance No. 2007-09, on second reading, as read by title only.

Call Vote:	Commissioner Partington	yes
	Commissioner Gillooly	yes
	Commissioner Kent	yes
	Commissioner Kelley	yes
Carried.	Mayor Costello	yes

Hearing no objection, Mayor Costello closed the public hearing on Item #9(A).

Item #9(B) - 1614 North US1 Annexation

ORDINANCE NO. 2007-12

AN ORDINANCE ANNEXING CERTAIN REAL PROPERTY INTO THE CITY OF ORMOND BEACH LOCATED AT 1614 NORTH US HIGHWAY 1; SETTING FORTH ZONING, PRIVILEGES, AND OBLIGATIONS OF SAID PROPERTY; PROVIDING FOR TRANSMISSION; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kent moved, seconded by Commissioner Kelley, to approve Ordinance No. 2007-12, on first reading, as read by title only.

Call Vote:	Commissioner Gillooly	yes
	Commissioner Kent	yes
	Commissioner Kelley	yes
	Commissioner Partington	yes
Carried.	Mayor Costello	yes

Hearing no objection, Mayor Costello closed the public hearing on Item #9(B).

Item #10(A)(1) - Final Plat for "Deer Creek," Phase Two of the "Hunter's Ridge"

ORDINANCE NO. 2007-13

AN ORDINANCE APPROVING THE FINAL PLAT FOR "DEER CREEK," PHASE TWO OF THE "HUNTER'S RIDGE" DEVELOPMENT OF REGIONAL IMPACT; ESTABLISHING CONDITIONS AND EXPIRATION DATES OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kelley moved, seconded by Commissioner Partington, to approve Ordinance No. 2007-13, on first reading, as read by title only.

Commissioner Gillooly asked if this plat had already addressed the issue of the emergency procurement of the construction services for emergency fire protection interconnects.

Ms. Sloane stated the irrigation system at Deer Creek was on the potable system unlike the Breakaway Trails and Hunter's Ridge systems. She noted there was not the same conflict between irrigation water and fire protection.

Mayor Costello advised Breakaway Trails won an environmental award for their design, which turned out to be flawed.

Call Vote:	Commissioner Kent	yes
	Commissioner Kelley	yes
	Commissioner Partington	yes
	Commissioner Gillooly	yes
Carried.	Mayor Costello	yes

Item #10(A)(2) - Final Plat for “Deer Creek,” Phase Three of the “Hunter’s Ridge”

ORDINANCE NO. 2007-14
 AN ORDINANCE APPROVING THE FINAL PLAT FOR “DEER CREEK,” PHASE THREE OF THE “HUNTER’S RIDGE” DEVELOPMENT OF REGIONAL IMPACT; ESTABLISHING CONDITIONS AND EXPIRATION DATES OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kelley moved, seconded by Commissioner Partington, to approve Ordinance No. 2007-14, on first reading, as read by title only.

Call Vote:	Commissioner Kelley	yes
	Commissioner Partington	yes
	Commissioner Gillooly	yes
	Commissioner Kent	yes
Carried.	Mayor Costello	yes

Item #10(A)(3) - Final Plat for “Deer Creek,” Phase Four of the “Hunter’s Ridge”

ORDINANCE NO. 2007-15
 AN ORDINANCE APPROVING THE FINAL PLAT FOR “DEER CREEK,” PHASE FOUR OF THE “HUNTER’S RIDGE” DEVELOPMENT OF REGIONAL IMPACT; ESTABLISHING CONDITIONS AND EXPIRATION DATES OF APPROVAL; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kelley moved, seconded by Commissioner Partington, to approve Ordinance No. 2007-15, on first reading, as read by title only.

Call Vote:	Commissioner Partington	yes
	Commissioner Gillooly	yes
	Commissioner Kent	yes
	Commissioner Kelley	yes
Carried.	Mayor Costello	yes

Item #10(B) - Additional Homestead Exemption for Senior Citizens

ORDINANCE NO. 2007-16
 AN ORDINANCE AMENDING ARTICLE III, ADDITIONAL HOMESTEAD EXEMPTION FOR SENIOR CITIZENS, OF CHAPTER 19, TAXATION, OF THE CODE OF ORDINANCES, BY AMENDING SECTION 19-38, ENTITLEMENT TO ADDITIONAL HOMESTEAD EXEMPTION, AND SECTION 19-41, NOTICE REQUIREMENTS; PROVIDING AN ADDITIONAL \$25,000 HOMESTEAD EXEMPTION TO QUALIFYING SENIOR CITIZENS; REPEALING ALL INCONSISTENT ORDINANCES AND PARTS THEREOF; AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kent moved, seconded by Commissioner Gillooly, to approve Ordinance No. 2007-16, on first reading, as read by title only.

Mayor Costello explained he asked that this issue be considered because he believed there would be some sort of tax reduction with or without tax reform. He stated anything the City could do to make Ormond Beach housing affordable for those that could least afford it would be appropriate. Mayor Costello noted considering the amount of money the City would lose by passing this, he would rather that the saving go to those who could least afford to pay the taxes. He advised that if the City were told to roll back to a certain percentage or year this could become a part of those rollbacks. Mayor Costello explained this would direct the decreased revenues to these 900 people with an income of less than \$20,000.

Commissioner Kelley stated if anyone would lose their home by not receiving this small amount of taxes that this proposal would save them he would support it; however, he did not believe that would be the case because their taxes went down last year and would go down again this year. He recommended waiting and evaluating this next year.

Commissioner Gillooly stated she supported affordable housing and appreciated Mayor Costello's sensitivity and support for it, but the savings would be \$86 annually or \$7.17 monthly per homeowner. She reported she agreed with Commissioner Kelley that homesteaded property taxes decreased last year. Commissioner Gillooly stated the average assessed value of the houses being considered in this was approximately \$75,000 in assessed value which already accounted for the initial homestead exemption. Commissioner Gillooly reported these individuals would already qualify for the secondary homestead exemption making this a third homestead exemption. She advised she could not support the \$7.17 savings be approved at this point when the problems were not due to a lack of exemptions and this would not cure the problem.

Commissioner Partington asked if the \$86 annual savings that was cited was calculated with the \$75,000 exemption.

Ms. Kelly McGuire, Budget Director, stated the \$86 was based on the additional \$25,000 exemption. She noted this group of approximately 900 people were paying approximately \$172 in City tax and would pay half that amount if the City would provide another \$25,000 exemption.

Commissioner Partington stated he understood the points made by Commissioner Kelley and Commissioner Gillooly, and this proposal would exacerbate the problem of the system not being equitable.

Commissioner Kent stated he knew an individual who would qualify for this exemption, and the additional \$86 would help; therefore, he would support it.

Commissioner Kelley stated that within the 900 property owners there would be many that would pay no taxes.

Ms. McGuire stated the average in this group had a \$75,000 value before the first \$25,000 senior exemption.

Mayor Costello noted while Commissioner Kelley's point was well taken, he would support this because it would send a message that the City was doing what was possible within the allowable guidelines. He reported each Commission member asked for reform to make the system more equitable. Mayor Costello noted the City could only work within the system the State provided; and if the City were to lose a percentage of the revenues, he would prefer these people realize some of those savings. He explained this would not save tax dollars but would transfers the dollars.

Commissioner Gillooly stated when a \$20,000 income was noted, people would assume that would be the person's total financial worth; however, that would also include people with liquid cash assets. She reported her intention was to lower the taxes to find this saving without this provision. Commissioner Gillooly stated she believed a favorable vote for this would be sending the Governor the message that this was an answer when she did not believe it was an answer. She noted she believed the one who would be hurt the most was the senior earning \$20,000 and renting because a renter pays taxes in their rent.

Mayor Costello stated people who have an extensive net worth and claim the second exemption because their income was under \$20,000 were abusing the system, and he realized there would be some abuse.

Commissioner Partington stated he would vote with Commissioner Gillooly and Commissioner Kelley tonight because this was a shotgun approach to a limited problem. He asked for a proposal that would truly help the needy. Commissioner Partington pointed out he had not communication from any citizen asking for this.

Call Vote:	Commissioner Gillooly	no
	Commissioner Kent	yes
	Commissioner Kelley	no
	Commissioner Partington	no
Failed.	Mayor Costello	yes

Item #11 - Seventh Amended Lease Agreement with M.A.C. Charter, Inc., and Sunrise Aviation, Inc.

RESOLUTION NO. 2007-70
A RESOLUTION AUTHORIZING THE EXECUTION OF A
SEVENTH AMENDED LEASE AGREEMENT BETWEEN THE

CITY, M.A.C. CHARTER, INC., AND SUNRISE AVIATION, INC.;
AND SETTING FORTH AN EFFECTIVE DATE.

Commissioner Kelley moved, seconded by Commissioner Gillooly, to approve Resolution No. 2007-70, as read by title only.

Mr. Glenn Jaspers, 160 Ocean Terrace, asked if this was the best lease agreement for all of the tenants at the airport and for the citizens of Ormond Beach. He stated the Commission did not have adequate time to digest this issue to have an opinion on this lease agreement. Mr. Jaspers noted Ormond Aviation complained about certain issues and went to the FAA, and the response was that many of the events in his complaint occurred over ten years ago, and the current City staff was not involved in those events. He stated he would like that same excuse not be used five to ten years from now. Mr. Jaspers reported the May 10 memorandum had staff recommendations and comments contrary to the wording in the existing lease. He noted Ormond Aviation sent a letter offering \$40,000 for the property Sunrise Aviation was using, but the most the City would be receiving from this property after 18 months was \$2,188; Area 2 was free for 18 months, and Area 1 with the most acreage would drop down to 72% of the annual charge after the 18 months. Mr. Jaspers noted Sunrise would put in a fuel farm and T-hangars and wanted releases for a condominium. He reported if the leases were reviewed after ten years, Sunrise would be able to determine what parts of the property they would like to keep; and if it were not economically feasible, they could omit that part.

Mayor Costello reported many of the items were discussed in the 2005 workshop. He stated the pay for the 18 months would remain the same and would not escalate.

Ms. Zella Wilen, 480 Oakmont Circle, stated the Sunrise lease was thought out poorly, and the Commission had approved what seemed to be totally unfair. She urged the Commission to listen to the tenants. Ms. Wilen noted the Sunrise leases terms were too long.

Mayor Costello pointed out there were leases at the airport that were longer than the Sunrise lease. He stated no matter what decision was made tonight there would be someone who would believe the decision was unfair; therefore, he explained his goal was for the airport to be successful, an asset to the community, and for the people who take the time to investigate all of the issues to determine the Commission made the best decision that could be made. Mayor Costello reported he was not comfortable approving an additional 20 years without gaining something. He disclosed that he had discussions with Mr. Lombardo and informed him he wanted a reappraisal ten years earlier, so instead of the 2033 reappraisal the condos would be appraised in 2023. Mayor Costello noted he did not oppose the five years for Phase 1 and Phase 2, and the six years for Phase 3. He reported he wanted one entity responsible for everything so the City could go to only one source for any issues, payments, or corrections. Mayor Costello noted he was comfortable having Sunrise sell the condos. He asked the Commission if they were comfortable with the 20 additional years and selling the condos.

Commissioner Kelley explained this lease was set up in 1999 without any stipulation that anything be done until 2033. He noted because of delays, mostly caused by the City in providing the infrastructure to gain access to the property, this was being dealt with now. Commissioner Kelley reported this was the seventh amended lease, but there was only one lease currently in effect. He pointed out Sunrise could continue to pay the \$2,000 to keep anyone else from developing the land because of the way the lease was constructed. Commissioner Kelley noted there were airport leases for 30 year with two additional 30 year extensions or 90 year leases; therefore, it would not be unfair to have a lease that would expire in 26 years. He pointed out he did not just start studying this issue when he received the packet, but he had been studying it for years, and he hoped this would create an investment that could go forward. Commissioner Kelley noted he did not object to the additional 20-year extension of the lease because of the delays that existed to recover the investment. He stated he did not favor the appraisal at 2033 and agreed it should be moved forward, preferably to 2013, but he could compromise on that issue. Commissioner Kelley advised he did not support splitting out a third section, which could create problems in that he believed it would be completed as quickly as possible. He noted he had no objection to the condos if it were tied to the extended leases. Commissioner Kelley reported there should be one person responsible regarding maintenance. He advised if this lease were completed today, the airport would be in a positive situation next year based on the income projections for the next fiscal year.

Mayor Costello summed up Commissioner Kelley's statement that he preferred one entity, and five years for the development. He stated 2013 was preferred; and while he may consider a compromise, 2053 was acceptable, and the condos were acceptable.

Commissioner Gillooly disclosed she spoke with Mr. Lombardo, other tenants at the airport, and Mr. Joe Mannarino, Economic Development Director. She stated the leases were long because these individuals have made investments in the property, and the long leases would afford them an opportunity to recoup their investment. Commissioner Gillooly noted there had been a great deal of discussion about the equity of the leases, but the situations are different and have to be dealt with differently. She pointed out Sunrise was the first business at the airport, and many issues arose that would not allow them to move forward with their plan that was not their fault, resulting in the cost of the project nearly doubling the original cost. Commissioner Gillooly stated the fair market value of the lease was decided years ago based on the fair market value at that time, and that must be honored. She noted while every amendment may open the entire lease to reevaluation, there may be benefits the City may lose should the lease be reopened. Commissioner Gillooly reported she once had a business in the Trails Shopping Center, but did not expect to get the same deal as the large grocery store. She noted the grocery store provided her business an advantage. Commissioner Gillooly advised she would prefer the 2013 date, but she could realize the business issues; and if they would negotiate in 2023, it would be a benefit to the City, keeping everyone on the ten year basis. She noted the 10% was fair. Commissioner Gillooly stated a speaker noted Sunrise had an 18 month grace period, but the existing lease afforded the opportunity not to pay any rent until the Certificate of Occupancy was issued. She reported while Sunrise would probably want to move ahead as quickly as possible, other delays have occurred for various reasons; therefore, this was a tangible benefit to this renegotiation of this lease. Commissioner Gillooly advised she could support the permitting and construction within 90 days of the execution of the lease.

Mr. Joe Mannarino, Economic Development Director, clarified that Sunrise would begin the permitting, but not necessarily the construction period. He noted what would dictate the completion was that the first phase would be in three years.

Commissioner Gillooly stated she would support Phase 1 by year three and Phase 2 and Phase 3 by year five. She advised she completely agreed the condo project should have one entity, and she wanted assurance that this provision could be enforced. Commissioner Gillooly noted she agreed with the maintenance of the common areas, and 2053 was acceptable as long as there was a reappraisal in 2023.

Commissioner Partington noted he had no objection to a reappraisal in 2023 in exchange for the 2053; five years for Phases 1 and 2 with an additional year for Phase 3; one entity on the condos; and he did not oppose condos.

Commissioner Kent advised he met with the applicant, and he thanked him for his time. He stated FBO Area 1 has a condo on it, and FBO Area 2 had two or possibly three phases with a condo section and a box hanger section. Commissioner Kent noted he spent a tremendous amount of time studying this issue. He reported this issue came down to equity and for the airport to become self-sustaining. Commissioner Kent stated the City needed over four acres; they asked for a swap with Sunrise Aviation; a deal was made that the City would provide the infrastructure and Sunrise would build the hangars; the City had issues, and Sunrise could not move forward; and Sunrise must pay a great deal more money than they would have had to spend originally. He noted this was wrong on the City's part; therefore, some of what Mr. Lombardo was asking made sense. Commissioner Kent stated he agreed that when amendments were made it was the time to negotiate a better deal. He commended Commissioner Gillooly for sharing the analogy of her business not having the same agreement as the grocery store, which made perfect sense, and it was not fair for the airport tenants to believe they would obtain the same rate. Commissioner Kent noted he believed the tenants understood it was not fair to obtain the same rate, but the reappraisal dates should be the same. He stated he supported the 2013 reappraisal date. Commissioner Kent advised he understood why the 20 years was needed; he could support the condo association; he could support the completion of the hangars in six year in that they would be paying rent either way; and he would prefer two rather than three phases. He explained the reappraisal date was the big issue with him. Commissioner Kent stated he did not want the Commission to make any mistakes tonight where the City would have to come back and spend a great deal of money correcting them. He urged the Commission to hear from the applicant.

Mayor Costello stated his intent was to see if the Commission could come to a consensus to invite Mr. Lombardo to the podium informing him where the Commission was heading, to see if he had any comments, and then to ask Mr. Mannarino to comment before a vote was taken.

Commissioner Kent stated if the reappraisal date was moved to 2023 or 2033 he would advocate all of the other tenants' rents be adjusted to 2013.

Commissioner Kelley disclosed that he spoke to Mr. Lombardo, the airport tenants, and Mr. Mannarino.

Mr. Randal Hayes, City Attorney, stated based on the comments made tonight portions of this agreement may need to be amended, which could be done by making the amendments page by page or the Commission could provide a general consensus, staff could make the changes, and it could be brought back to the Commission.

Mayor Costello advised he would advocate completing this tonight if possible. He summarized the Commission was in agreement to change the percentage to 10% from 9%; one entity would be responsible; and there was a difference in opinion on the years of the phases. Mayor Costello noted three Commission members supported Phase 1 and Phase 2 in five years and Phase 3 in six years. He noted the 2023 date was a compromise the majority was willing to accept for the reappraisal; therefore, the only thing the Commission was considering changing was the appraisal date from 2023 to 2013 and deleting the three years for Phase 1 making it Phase 1 and Phase 2 in five years and Phase 3 in six years. Mayor Costello stated he was unconcerned how the project was designed as long as the City only dealt with a single entity.

Mr. Tony Lombardo, President of M.A.C. Charter, stated it was important to examine the history of the lease. He noted in 1994 his company gave the City four acres of ground at the City's request; the City leased the land; the lessee built on the land receiving income; and he received four acres for FBO 2. Mr. Lombardo stated he heard statements made that Sunrise had a lucrative deal for the past four years; but at the end of 1996, Sunrise was up for sale and the principals were willing to sell it for a small portion of the value of the fixed assets. He noted 100 inquiries were received. Mr. Lombardo stated the basis of the lease existed at that time, but no one wanted it. He advised in 1999 he met with City staff to negotiate a new lease for FBO 2, asking for 30 years to recapture their cost, knowing the other leases were for 50 to 100 years at the then non-construction cost of about \$800,000. Mr. Lombardo reported the background statement read: "Sunrise did obtain an appraisal, which was not based upon the fair market value as required by the FAA," and he was incensed by that comment because he went to the City's Economic Development Manager at that time and asked if he had an appraiser he would like him to use and he used that person for the appraisal. He explained that when that appraiser, chosen by the City, came back with an appraisal of \$27,000 he was told that was unacceptable. Mr. Lombardo reported it was important for him to work with the City and have a good rapport, so he agreed to \$40,000, but had he insisted that appraisal be used, it would have been used and approved by the FAA. He stated he waited until the end of 2003 when it seemed they could proceed, he had his architect prepare specifications at his expense, but nothing happened due to runway problems and an FAA complaint, which were the City's problems and should not have been his problem. Mr. Lombardo advised that in 2005 he was ready to proceed, was told he could not get 40 T-hangars; and he contacted the Airport Manager and was told the size would have to be reduced to get the 40 T-hangars. He reported he could get 33 at that time and now only 26. Mr. Lombardo stated it was not his choice to do Phase 3 to build more box hangars when he wanted the T-hangars, but the City could not comply with the aspects of the lease, so now he had an opportunity to build box hangars in a stormwater conveyance area.

Commissioner Kent stated the stormwater conveyance would cost more money.

Mr. Lombardo agreed this would cost in excess of \$100,000. He stated his costs have escalated tremendously to three times the original cost for construction. Mr. Lombardo pointed out there was a change in the wind code on December 8. He reported he was committed to go forward with this project; it was challenging; it may not be financially viable; and he needed City's help to succeed. Mr. Lombardo noted he made a great deal of concessions from the existing lease, such as not paying rent until they get a Certificate of Occupancy or death penalty, which was in the new lease. He stated he wanted this issue decided tonight.

Mr. Lombardo stated he proposed one entity for Phases 1 and 2 responsible for all common areas, and Phase 3 was proposed as a zero lot line condominium association. He noted the Phase 3 box hangars would cost a great deal of money and can not be rentals. Mr. Lombardo stated a separate entity was needed for the box hangars.

Mayor Costello clarified one entity would be responsible for everything.

Mr. Lombardo noted this was two separate projects, and two entities were needed. He noted the two projects have different cost structures.

Mayor Costello clarified one entity was responsible for all of the common areas, and the condos could have a separate entity, but they would not be responsible for any of the common areas.

Commissioner Gillooly clarified one entity would be responsible for Phase 1 and Phase 2 maintenance, and there would be no common area in Phase 3 due to the zero lot line, and the individual owners would be responsible for their box hanger.

Mayor Costello reported the Commission agreed that was acceptable.

Mr. Lombardo reported he would work as expeditiously as possible because time was money, but they would get the death penalty if not completed on time. He explained if he would spend \$1 million on Phase 1 and could not complete Phase 2, he could not start Phase 3 and would lose everything, so he needed the additional time. Mr. Lombardo reported the reversion provisions stated that if they do not do any of the three phases they would lose the entire project. He stated should he complete Phase 1 and Phase 2 and could not complete Phase 3 because it could be an economic disaster or for another reason, they should lose Phase 3, but not the \$1.7 million they spent on Phase 1 and Phase 2. Mr. Lombardo questioned who would buy a condo in Phase 1 or Phase 2 if they know they would lose it if Phase 3 were not completed.

Mayor Costello asked if it would be acceptable if the Commission would determine there would be reversion if he would not complete Phase 1 and Phase 2, deleting Phase 3.

Mr. Lombardo requested each project stand on its own, having Phase 1 and Phase 2 as one project and Phase 3 as a second project.

Mayor Costello reported the Commission consented to Mr. Lombardo's request.

Ms. Sandy Upchurch, Deputy City Attorney, reported staff would need to add a survey, at Mr. Lombardo's expense, of Phase 1, Phase 2, and Phase 3 to specifically define each so the City would know exactly what would be reverting.

Mayor Costello reported it was evident surveys were needed.

Mr. Lombardo stated a T-hanger could be rented for \$300 a month, and to purchase a T-hanger the payment would be \$900 per month. He noted he was investigating ways to reduce that cost. Mr. Lombardo stated the 2023 was fine for Phases 1 and 2; but if it would go forward as a rental project, he would not be willing to give up his 2033 date. He noted he heard others wanted what he has; but he had to wait 15 years for a Certificate of Occupancy, which was 11 years after they gave the City property, and they had to change their entire business plan because they could no longer build what they thought they could build. Mr. Lombardo reported paying \$10,000 a year additional rent meant nothing to this project; but the additional \$1.7 million means something, and they should not have to be spending that money for any of the phases which had increased tremendously over time. He noted Phase 3 would need 1,800 cubic yards of fill, a stormwater permit modification, and another conveyance. Mr. Lombardo explained he would be willing to accept 2023 for condominiums in all phases, but he was not willing to concede to 2023 if any portion was a rental.

Commissioner Partington stated he could accept wording the provision for 2023 if condos and 2033 if rental.

Ms. Upchurch summarized that if Mr. Lombardo would develop Phase 3 as a condo association the date would be 2023.

Commissioner Gillooly clarified Phase 3 would be condo. She noted the question was if Phase 1 and Phase 2 were condos.

Mayor Costello summarized Phase 3 would be 2023, and Phase 1 and Phase 2 would be 2023 if condo and 2033 if rental.

Commissioner Gillooly asked if rentals could be changed to condos in the future.

Mr. Lombardo stated it could start as a rental and convert to a condo, at which time it would be 2023. He noted what would change the rental to a condo would be if he would set up a condominium association, even before a unit was to be sold.

Mr. Marshall Barkin, Daytona Beach, stated the act that would make them condos would be to file a Declaration of Condominium. He clarified the association would manage the condo.

Commissioner Kelley moved, seconded by Commissioner Gillooly, to amend Phase 1 and Phase 2 to have a five year completion date and a reversion if not completed; Phase 3 had a six year completion date and a reversion separate of Phase 1 and 2; one entity of Phase 1 and Phase 2 would be responsible for all common areas; the condo association of the zero lot line in Phase 3 could be a separate entity with no responsibility in the common areas; there would be a 2023 reappraisal date for Phase 3; 2023 if a Declaration of Condominium was filed for Phase 1 or Phase 2; and 2033 for reappraisal if no Declaration of Condominium was filed for Phase 1 or Phase 2.

Call Vote on the Amendment:	Commissioner Kent	yes
	Commissioner Kelley	yes
	Commissioner Partington	yes
	Commissioner Gillooly	yes
Carried.	Mayor Costello	yes

Mayor Costello called for a short break at 9:23 p.m. and reconvened the meeting at 9:28 p.m.

Call Vote on the Underlying Motion:	Commissioner Kelley	yes
	Commissioner Partington	yes
	Commissioner Gillooly	yes
	Commissioner Kent	yes
Carried.	Mayor Costello	yes

Item #12(A) – Status of the Airport Hangar Leases

Mr. Mannarino stated there were two options provided at the last discussion. He explained Option A was to have a 17.5 cent reappraisal of the property with a reappraisal at 2013 and Option B was 22.5 cents with a reappraisal of the current date. Mr. Mannarino advised Option A would add \$5,600 to the airport budget, and Option B would add \$14,300 to the budget. He stated the tenants pay \$41,000 total, including the Sunrise lease, and the rents range from \$75 to \$1,000 per month.

Mayor Costello noted Commissioner Kent recommended leaving it unchanged to 2013. He noted the 22.5 cents was the appraised value.

Mr. Steve Searle, 3949 Tano Drive, requested the City extend the leases to 2013. He noted half of the issues have been resolved tonight, and this would resolve the remainder. Mr. Searle urged that everyone be reappraised in 2013.

Mr. Terry Perkins, 108 Heritage Circle, stated there were two components, which were the value of the dirt and a percentage that was being applied. He reported the problem of the appraisal by which the other leases were being valued was that the appraisal does not include that property value the Commission just set for Sunrise. Mr. Perkins noted this problem was never cured leaving an invalid appraisal. He proposed that if the other tenants could agree on a 2013 appraisal date, a cleaner method would be to keep everyone on a Consumer Price index (CPI) adjustment to 2013.

Mr. Larry Stout, 677 North Beach Street, stated he was appearing individually and not as a member of the Aviation Advisory Board. He noted he concurred with Mr. Perkins. Mr. Stout stated he believed Mr. Lombardo deserved what the City just did after what he went through and had a high regard for him. Mr. Stout reported he and the other tenants pay the most on a per acre basis and would continue to do so until at least 2023 and possibly 2033. He requested this be kept in effect until 2013 at which time the entire airport be reappraised.

Mayor Costello stated for an investment of \$5,600 a year for the next six years, he would be willing to wait to 2013 to make the airport more equitable.

Commissioner Kent stated this would help heal this part of the City. He agreed the appraisal needed to include all of the Ormond Airport and agreed the investment was worthwhile.

Mayor Costello stated the airport needed to start being self-sustaining, and he encourage the tenants to do what was best for the airport and the Commission could help. He noted the tenants need to be responsible for keeping the airport.

Mr. Mannarino stated with the rehab of runway 17/35, the City's share would be \$60,000, and the City was currently barely braking even; therefore, any capital improvement item would have to come from the General Fund.

Mayor Costello noted the Commission set aside a certain amount they were willing to use; but when that balance was gone, he would not approve more. He noted this was just a suggestion for consideration.

Commissioner Partington reported he could support Option A or Option B. He questioned what Mr. Perkins was referring to regarding deficiencies in the appraisals.

Mr. Mannarino stated Mr. Perkins was referring to the \$40,000 established for the Sunrise lease that was done in 2000 and ratified in 2005 and 2007; however, when fair market value was determined, old leases were not considered in that current land values were to be used. He noted current land values were \$90,000 to \$75,000 per acre.

Commissioner Partington asked if the reappraisal process was spelled out in the contracts these tenants agree to.

Mr. Mannarino confirmed the process was spelled out in the contracts. He noted the tenants were asking the Commission to freeze the rents. Mr. Mannarino reported the CPI and reappraisal every ten years was in the contract.

Commissioner Partington noted if a person negotiated and agreed to a lease and asked it be changed later, it should have a basis for the requested change. He stated it seemed the tenants were already obtaining a great deal.

Commissioner Gillooly noted Mr. Mannarino did not believe the \$40,000 should be included in the appraisal in that it was based on a 1999 lease.

Mr. Mannarino clarified that was the opinion of two appraisers, not his opinion. He noted the FAA wanted fair market values to be established so the airport could be self-sustaining, but the tenants wanted the Commission to freeze the rent. Mr. Mannarino clarified the proposed raises would only gain an additional \$5,600 for Option A and \$14,000 in Option B per year or \$32,000 over six years. He noted the 17/35 runway project would cost \$60,000 and all of the tenants would benefit from that project. Mr. Mannarino advised these were safety issues that would occur if the rehab project would not be done.

Commissioner Gillooly stated the Commission had been accused of not following FAA rules, and she asked if not raising the rents would be an issue with the FAA.

Mr. Mannarino reported he was not certain, but the City was not following what the leases indicated through FAA policies, and it could affect City funding.

Commissioner Gillooly asked if there would be any damage to these individuals as to how the City proceeded other than the appraisal that the tenants consider unfair.

Mr. Mannarino stated considering the different character of the leases, there were major differences. He noted he spoke to authorities in the field who stated in 2013 there would be the same situation that existed today because there were differences in the character of the leases such as some have aprons and taxiways, personnel requirements, differences in the Fixed Base Operators (FBOs), and differences between the tenants; therefore, establishing a single rate would not occur. Mr. Mannarino reported the leases could not be compared due to their separate characteristics, but the 11 tenants were similar, which was why they were reappraised in the same fashion.

Commissioner Gillooly asked if the City complied with the maintenance and facilities surrounding the tenants' rental units.

Mr. Mannarino reported the past airport managers have worked to make the facility in a safe working order and to address the tenants' issues. He noted there was a punch list that was being worked on regarding stormwater, drainage, fence safety, and gate issues where the City had expenses in maintaining them, and the City would continue to do this to make this the best general aviation facility possible; but resources were needed or the General Fund would have to subsidize the cost, which was not the goal of the City or the FAA.

Commissioner Gillooly noted a great deal of the issues with the tenants were derived from the feeling on a disconnect with staff and follow through. She commended Mr. Mannarino for the information in the packet and the time he spent with her, which was the first time she felt she had a clearer picture of the history of the airport issues. Commissioner Gillooly noted the City was at a point where the airport could move forward and be the economic development tool that it could be, and these tenants are a backbone of that economic development. She stated she

was torn between the idea of the funding that without the increase the airport could not move forward with the items needed to make it successful and the investment of the \$5,600 per year. Commissioner Gillooly noted these tenants would be the City's ambassadors for generating other business at the airport, which was another factor that must be considered. She stated while this was a partnership, she believed that an increase was needed.

Mr. Mannarino pointed out that whatever the Commission would decide regarding these rates would affect any of the undeveloped land, so the City would need to use whatever rate was established tonight to lease the property.

Commissioner Gillooly stated the \$40,000 established years ago could not be used as a comparable now to determine the tenants' rates because it was not a true market value at the rate now, but she questioned why that rate would affect leases not yet negotiated.

Mr. Mannarino explained that the new tenants would ask why they were charged more when the Commission just set the rate at a lower rate.

Commissioner Gillooly stated the rates would be lower because the City would be dealing with people who were with the City for a period of time similar to the difference with Sunrise and these tenants.

Mayor Costello urged this be discussed at another time. He noted he agreed with Commissioner Gillooly, but he may be wrong.

Mr. Mannarino noted while these were existing tenants the issue was fair market value of the land. He stated it would be difficult to apply fair market value.

Commissioner Gillooly asked if the reappraisal could be at \$40,000 like Sunrise.

Mr. Mannarino advised a certified appraiser goes through a process and arrives at figures, and two appraisers have gone through this process and arrived at similar numbers. He noted staff did not tell them to include or not to include Sunrise, allowing them to make the decision; and in going through the process, neither appraiser included Sunrise.

Commissioner Gillooly asked if it were possible to freeze the rents to 2013 and have the reappraisal at fair market value for the undeveloped areas.

Mayor Costello noted the Commission needed to provide direction on this, but not at this point unless it would be a determining factor on how a Commission member would vote tonight.

Commissioner Gillooly noted Mr. Mannarino was not certain if there would be an FAA issue if the City waited.

Ms. Upchurch indicated the FAA does not manage individual leases. She noted the City requested the FAA investigate particular leases, and they would not do so and only provide leasing guidelines. Ms. Upchurch stated the City had the ability to freeze the rates with the CPI adjustment only and still comply with FAA regulations unless a complaint was filed, and then the issue would be scrutinized, and the City would have to justify the action.

Commissioner Partington stated originally these tenants wanted what Sunrise had, and now they realize they do not want what Sunrise had. He noted the new issue was alleged deficiencies in the appraisal; however, he did not believe that had been proven. Commissioner Partington stated Caviler Aviation pays less than \$100 per month, which was extremely low, and the public would be outraged if they knew how much was being paid for this prime hangar space. He noted Sunrise's lease could not be compared unless these lessees would come up with up front cash for improvements as Sunrise was doing. Commissioner Partington stated he could not justify a decrease in the rents in a contract they already agreed to, and the reappraisal should have been in 2006, giving them the benefit of decreased rent for two years.

Commissioner Kelley stated he did not believe the appraisal was flawed. He noted he saw both sides of this issue in that this was not a great deal of money involved, but contracts were made. Commissioner Kelley reported the City could have been held legally responsible for the Sunrise issue had they not worked out an agreement, but whatever would occur in this instance would not subject the City to a legal challenge. He pointed out freezing the rent to 2013 was a new suggestion tonight.

Commissioner Gillooly reported she asked Mr. Mannarino if the City was complying with all of the maintenance issues, mainly due to safety issues, but also to comply with being a good landlord so there was no damage to the tenants. She noted equity was an issue separate from Sunrise. Commissioner Gillooly stated she did not want to take money from the General Fund to pay for the improvements at the airport when some could come from this and some from the rent Sunrise would be paying earlier than anticipated; therefore, she would prefer Option A or Option B.

Mayor Costello summarized that the consensus favored Option A or Option B, and he would accept Option A. He noted any dollars the tenant would invest in the leases would go back into the airport benefiting the tenants. Mayor Costello reported Commissioner Gillooly, Commissioner Kelley, Commissioner Partington, and he approved Option A and Commissioner Kent favored the freeze.

Mr. Mannarino clarified the City would be offering Option A and B; whereby, Mayor Costello confirmed that was correct.

Mr. Steve Searle stated FBO 1 was extended to 2013, and Sunrise would sell the three new hangars. He reported the one appraisal was done on the property in the center, which has never leased, and the other appraisal was on the 11 parcels. Mr. Searle advised the tenants did not feel they were being treated fairly.

Mayor Costello noted if the increase would have gone into the General Fund, he would have extended the leases to 2013, but the funds would benefit the airport and the tenants.

Commissioner Kent stated the money was not the issue. He noted the issue was equity. Commissioner Kent reported the first appraisal was at 30 cents and the second at 22 cents, which was a big difference. He noted he understood Sunrise had a better deal in 1986 and should not be included in 1994 and 1999, but the City justified that rate in 2005. He advised he still favored freezing the rates to 2013.

Mr. Stout stated what the Commission did with Sunrise tonight was fine and enviable; however, the three new hangars would continue to pay annual rent at 1.6 cents per square foot per year until 2013, so the other tenants were forced to pay the difference. He noted the Commission set \$40,000 as a value for FBO 2 to 2023 making the tenants pay more than their share for what would be occurring in the next 26 years. Mr. Stout stated the tenants were subsidizing Sunrise and everyone else the City was giving a better deal to on their land during this period of time. He noted all they want was a hope that things would get better, and this would not be resolved without some equity.

Commissioner Kelley stated he believed any additional property could be leased at 17.5 cents.

Mr. Mannarino stated he believed the City would lease the southeast quad at 17.5 cents; however, if rates were frozen there would be another inequity situation, and the City would not be able to lease it at 17.5 cents. He reported the CPI does not cover inflationary costs over time in that it was just 2.5% on average per year, which was why the reappraisal was built into the leases to catch up to the fair market value.

Mayor Costello noted he could still go either way because his limit was what was set aside for the airport. He stated he wanted the partners to feel they were being treated fairly and a community that believed the City was not showing favoritism to those who chose to fly. Mayor Costello noted it was somewhat irrelevant if the rents increased or stayed the same in that the tenants would be paying for future enhancements to the airport.

Commissioner Kent stated the City did not do the special election saving \$35,000, and the welcome sign for \$75,000 was reduced to \$10,000 so the City had the \$60,000 needed.

Commissioner Gillooly stated that was mixing funds.

Commissioner Partington noted that would cover one parking space on the beach.

Commissioner Kelley asked what the terms of the leases were for these 11 tenants.

Mr. Mannarino advised the fuel farm was 50 years and the others were 90 years. He noted if the leases were appraised in 2013, they would become effective as of 2014 as there was always a one-year lag.

Mayor Costello stated he wanted the contract to have the appraisal in 2012 and become effective January 1, 2013. He noted the only item regarding Sunrise at this point was not what they were paying, but why the Commission extended the areas to 2013 and if the Commission owed the same consideration to these tenants.

Commissioner Kelley stated he believed it was better to heal a problem, so he would change his vote to extend these leases to 2012 for appraisal to be effective January 1, 2013.

Commissioner Gillooly asked if the leases ran January through December or through October.

Mr. Mannarino reported each lease had a different date. He asked if Mayor Costello was indicating the rates would all change on a specific date.

Mayor Costello stated the leases would be from January 1, 2013, to the end of the contract with reappraisals on January 1, 2023, and every ten years thereafter, with the appraisals done in the prior year.

Mr. Hayes asked if there would be a need to change any of the terms in any of the lease agreements; whereby, Mr. Mannarino indicated there would be changes. Mr. Hayes reported those agreements would come back before the Commission for approval of the amendments.

Commissioner Gillooly stated these tenants are ambassadors for the airport and whether or not it would move forward, and she wanted to spend the time and create a partnership with the tenants. She noted she did not want to disregard the recommendation of staff, but there was enough reason to consider a freeze. Commissioner Gillooly asked for assurance the money from the General Fund was a loan that would be paid back.

Mr. Ted MacLeod, Assistant City Manager, stated the Commission recently stated any future expenditures from the General Fund would be considered loans.

Mayor Costello pointed out a future Commission may change that and give grants, but at the present time they were loans.

Commissioner Gillooly stated the improvements must be made due to the safety issue, but she would want the funds to be a loan. She noted with that understanding she could approve freezing the rents to 2013.

Commissioner Kent moved, seconded by Commissioner Gillooly, to allow existing leases to continue with the CPI to be reappraised in 2012 with the new rate effective January 1, 2013, and every ten years thereafter.

Randal Hayes, City Attorney, advised the Commission make this a direction to staff to make the proposal in that the agreements would have to be brought back to the Commission for approval.

Mayor Costello advised Commissioner Kent and Commissioner Gillooly concurred with Mr. Hayes's recommendation.

Call Vote:	Commissioner Partington	yes
	Commissioner Gillooly	yes
	Commissioner Kent	yes
	Commissioner Kelley	yes
Carried.	Mayor Costello	yes

Item #12(B) – County Acquisition of Property at 442 South Atlantic Avenue for Beach Parking

Mayor Costello stated that without any participation from Ormond Beach, Volusia County was willing to provide 442 South Atlantic Avenue for parking. He noted he may have erred in stating that the County wanted the City's approval, but they may just do the project because they know they owe the City parking and they were not comfortable spending the money for the other recommended sites.

Ms. Sloane noted this was on the County agenda for next Thursday.

Commissioner Kent stated he did not believe that if the County purchased this property they would no longer be obligated to Ormond Beach in that he believed the beach tolls would be removed and the people would be able to get on the sand; therefore, he favored this proposal. He noted this was less than ideal in that it was on the west side, but having nothing was worse.

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Commissioner Gillooly recommended sending a letter to thank the County for their partnership, the City was excited about this first phase for beachfront parking, and the City looked forward to working with them to secure the pedestrian crossing.

Mayor Costello also recommended thanking them for working with the City on the Granada Boulevard parking spaces.

Commissioner Kelley stated he supported thanking the County for moving forward.

Mayor Costello asked Mr. MacLeod to send a message to the County Manager, County Chairman, and County Council thanking them for their efforts on the Granada Boulevard approach and the purchase of this land.

Item #12(C) – Support for Removal of Beach Tolls

Commissioner Gillooly asked what effect removing the tolls would have on the patrol and life guard presence on the beach.

Mayor Costello stated this would open the beach, but the City would receive complaints from people stuck in the soft sand. He noted signs could be posted stating: “Drive at your own risk – soft sand.”

Commissioner Gillooly stated with this assurance she favored the removal of the beach tolls.

Mayor Costello stated this would make the residents feel it was their beach again. He noted the Commission unanimously approved the Granada Beach approach, acquisition of the Rockefeller site, and removal of the beach tolls.

Item #13 - Reports, Suggestions, Requests

Tax Reform

Commissioner Kelley stated he was looking forward to real property tax reform and hoped it would occur. He noted the taxes on a \$125,000 home in 1996 in Ormond Beach were \$471 and in 2006 the taxes were \$485 while the Commission was criticized for the taxes increasing. Commissioner Kelley stated the issue was taxes when people pay next to nothing for property purchased for \$200,000 and the fair just value was \$76,000. He reported the injustice in the assessments was everywhere. Commissioner Kelley stated the City could make cuts, but services must be cut as well. He explained that if every dime of ad valorem taxes were cut from the City's budget, the City could not meet the payroll and employee expenses.

Commissioner Kelley replied to Mayor Costello's e-mail by asking where he proposed cutting the budget \$2 million.

Commending Mayor Costello

Commissioner Partington commended Mayor Costello for running a great meeting which had very involved issues.

Wayne's Roofing

Commissioner Gillooly thanked Mayor Costello for the opportunity to read the Wayne's Roofing proclamation.

Budget Cuts

Commissioner Gillooly replied to Mayor Costello's e-mail by stated she agreed the City needed to find a way to cut and hoped the Budget Advisory Board's workshop would provide an opportunity for the public to speak.

Airport Issues

Commissioner Gillooly commended Mr. Mannarino for all of the work he put into the information provided. She stated this was the first time she had a continuity and understanding of what occurred at the airport. Commissioner Gillooly requested Mr. MacLeod encourage Mr. Turner to consider having Mr. Mannarino continue as an interim airport manager until a new person could be hired. She noted Mr. Mannarino had proven he was the best person suited for this task. Commissioner Gillooly reported issues have been resolved tonight, and it was important to move forward in that same vane. She asked if there were a way to reassign existing clerical staff in administration to assist Mr. Mannarino.

Girls Softball

Commissioner Kent congratulated his daughter Gabby for the second year in a row to be named the girls' softball league champions. He noted he was proud of his record in supporting recreation and for supporting his daughter and her team.

Memorial Day Service

Mr. MacLeod reminded everyone of the Memorial Day service on May 28 at 9 a.m. in front of the City Hall.

Medallion of Excellence Award

Mayor Costello congratulated Joshua Turner for receiving the Medallion of Excellence award.

Budget Cuts

Mayor Costello stated he did not favor hiring an Airport Manager or Public Information Officer at this time until it was determined what would occur with the budget. He reported a portion of his consideration regarding how he voted relative to the airport leases was that he believed that action would minimize the need for an airport manager because a great deal of what the airport manager was doing was triage amongst factions regarding airport issues. Mayor Costello noted while he could not direct Mr. Turner to follow his advice, the Commission can provide input. He stated tax reform must come from the State, but the City can work on reductions. Mayor Costello explained he wanted Ormond Beach to do what it needed to do and not have the State mandate what must be done. He stated this was a good year to make some cuts, but if the City could not cut enough that the Commission believed to be appropriate, the City had options such as cutting items for one year delaying projects or using fund balance. Mayor Costello noted he did not want to delay projects or cut fund balance, but something may be necessary. He stated he did not want to use the fund balance for anything recurring, but may accept using the fund balance for capital improvements. Mayor Costello explained the community must be made aware that Ormond Beach was serious about reducing the tax burden on the residents, and the State legislators need to know cities can reduce their budgets to a point; but cities can not cut 45%.

Ormond Beach Elementary Fourth Graders

Mayor Costello commended Ormond Beach Elementary fourth graders for making a flip chart of positive sayings to welcome the bikers during Bike Week.

Budget Advisory Board Forum

Commissioner Kelley stated he did not feel he should attend the Budget Advisory Board forum because he believed that to be the time for the citizens to speak to the Budget Advisory Board.

Airport Manager

Commissioner Kelley stated he and Commissioner Partington believed hiring an airport manager was a one-year experiment to determine if it would be successful. He reported he would support not replacing the airport manager, especially at this time.

Budget Advisory Board Forum

Commissioner Partington stated he was also not planning on attending the Budget Advisory Board forum for the same reasons Commissioner Kelley cited, but he hoped it could be heard on-line. He also urged it be archived for people to listen to at a later date.

Mayor Costello stated he was purposely not planning to attend the Budget Advisory Board forum, and he discovered he would be out of town so he would not be able to attend anyway. He reported he did not want to intimidate anyone at the meeting or have them speak directly to him or the Commission since this was an opportunity to address the Budget Advisory Board in a more relaxed setting.

Commissioner Gillooly reported she planned on attending, but she would sit in the back of the audience and not participate because it would be a Budget Advisory Board meeting not a City Commission meeting. She commended Commissioner Partington for recommending having the meeting available on line.

Mayor Costello reported he was informed the meeting would be made available on line. He noted he was not trying to discourage Commission attendance, but he would not be available.

Item #14 - Close the Meeting

The meeting was adjourned at 11:12 p.m.

City Commission – April 17, 2007

APPROVED: June 5, 2007

BY: Fred Costello, Mayor

ATTEST:

Veronica Patterson, City Clerk