

**MINUTES  
CITY OF ORMOND BEACH  
CITY COMMISSION  
CAPITAL IMPROVEMENT PROGRAM AND DRAFT BUDGET WORKSHOP**

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**July 13, 2021**

**5:30 p.m.**

**Commission Conference Room**

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**I. CALL TO ORDER**

Mayor Bill Partington called the meeting to order at 5:30 p.m.

Present were Mayor Bill Partington, Commissioners Dwight Selby, Troy Kent, Susan Persis, and Rob Littleton; Budget Advisory Board members Joe Hannoush, Rafael Ramirez, John Olivari, Josh Pringle, and David Romeo; City Manager Joyce Shanahan, City Attorney Randy Hayes, Assistant City Manager Claire Whitley, Finance Director Kelly McGuire, and Public Works Director Shawn Finley.

**II. BUDGET PROCESS**

Ms. Joyce Shanahan, City Manager, discussed the budget process. She stated staff had been working on the Capital Improvement Program (CIP) and draft budget with department directors, followed by a comprehensive review with the various city advisory boards. She noted staff had met with each member of the Commission individually to review the CIP and draft budget for Fiscal Year (FY) 2021-2022. She noted the purpose of the workshop was for the Commission to provide direction to staff on priorities for the budget. She reviewed the framework for developing the budget and discussed fiscal stability, consistency, and reliability. She stated that despite the COVID-19 pandemic, revenues were trending towards pre-pandemic levels.

Ms. Shanahan reviewed the top three strategic issues for 2022 and each one's main goal, priority objective, and implementation:

Public Safety

- Goal: Provide a safe and secure city that maintains a sense of security and responsiveness for all residents.
- Priority Objective: Develop a long-range plan for the purchase of emergency vehicles and equipment.
- Implementation: Dedicate millage for the creation of a Capital Equipment Fund for public safety in the amount of \$625,968. Ms. Shanahan explained the funds would cover the replacement of: six patrol vehicles, two specialty units, one motorcycle, two commercial dryers for the Fire Department turnout gear, communications headsets for two firetrucks, and two leased pumpers.

Ms. Shanahan noted staff was proposing to use Coronavirus Aid, Relief, and Economic Security Act (CARES) Funds for replacement of the public safety radio system.

Transportation

- Goal: Develop and maintain a balanced, efficient, and safe transportation system.
- Priority Objective: Increase funding for transportation for local road rehabilitation to increase the rate at which local roads are rehabilitated.

- Implementation: The draft budget contains \$750,000 for roadway rehabilitation, up 150 percent from the previous year, which would allow for more roadway resurfacing and adjust funds for inflation related to construction materials.

#### Water Quality and Environment

- Goal: Maintain the City's environmental stewardship by reducing negative impacts of pollutants to water bodies.
- Priority Objective: Increase funding for water and water reclamation infrastructure to ensure facilities operate at adequate capacity and highest efficiency.
- Implementation: The draft budget contains \$6,988,500, up by \$2,910,000 from the prior year; for essential capital infrastructure repair, replacements, and improvements projects. Ms. Shanahan stated that staff was recommending the use of American Rescue Plan Act (ARPA) funds in the amount of \$4,900,000 for partial funding.

Ms. Shanahan discussed the phrase "The Ormond Beach Way", noting Ormond Beach was striving to maintain the highest level of services that residents had come to expect.

Ms. Kelly McGuire, Finance Director, noted the total for the city's budget for the next fiscal year was \$101,724,466, an increase of 5.4 percent from the previous year's budget. She explained a majority of funds were being dedicated to Public Works, followed by Public Safety.

Ms. McGuire stated the General Government Fund was at \$11,200,000 and detailed highlights regarding the fund. She noted the General Fund Reserves were above the benchmark. She reviewed the pension reform and discussed the city's Revenue Stabilization Fund for emergencies.

Commissioner Selby inquired about the revenue stabilization funds; whereby, Ms. McGuire discussed the fund and the amounts that had been used from the fund in the prior year. She clarified the dollars were budgeted for in the next fiscal year, but were not planned to be used, except for in the case of emergencies. She noted she expected the city to end FY 2021-2022 with approximately \$2,700,000 remaining in the Revenue Stabilization Fund.

Ms. McGuire proceeded to discuss the city's multi-year collective bargaining agreement included in the General Government Fund, as well as citizen engagement and succession planning.

Ms. McGuire provided details regarding projects that were proposed to come from the Public Safety Fund that consisted of \$18,900,000.

Ms. Shanahan explained a photo that was displayed in the PowerPoint presentation as being an image of the city's new fire truck and discussed the process for the city receiving the new vehicle.

Commissioner Persis inquired if the lease agreement for the fire trucks included tires or maintenance; whereby, Ms. McGuire stated they did not.

Ms. McGuire noted there was \$29,900,000 budgeted for the Public Works Fund and reviewed projects that were proposed to be included in the funds. She noted the Economic Development Fund was at \$382,000 and helped to fund incentive programs to

bring higher wage jobs to the city, as well as maintain partnerships with Ormond MainStreet (“MainStreet”) and the Ormond Beach Chamber of Commerce (“Chamber”). She stated the Leisure Services Fund consisted of \$6,800,000 and funded the city’s recreation program, cultural parks, building maintenance, and various capital projects.

### III. CAPITAL IMPROVEMENT PLAN

Ms. McGuire stated the majority of the capital projects proposed totaled almost \$16,000,000, noting just under \$7,000,000 of the total was for water and sewer projects. She stated the city was looking to use \$4,900,000 of the American Rescue Plan Act of 2021 (ARPA) funds for those projects, with the remaining funds coming out of the water and sewer funds.

Mr. Shawn Finley, Public Works Director, provided highlights for the projects that were included under each fund category.

#### Community Redevelopment Agency

Mr. Finley noted the Community Redevelopment Agency (CRA) Fund proposed three projects: design a water taxi landing dock, sidewalk renovations, and East Granada utility undergrounding. He discussed each of the projects in further detail.

Commissioner Selby discussed the proposed design work for the water taxi landing dock. He questioned if the proposed water taxi would have an operator and discussed conversations he had with MainStreet’s executive board regarding the water taxi. He noted there had been other options discussed for transportation, and recommended the Commission postpone the project to design dockage so they could investigate further options for transportation in the downtown instead.

Commissioner Littleton stated he supported Commissioner Selby’s recommendation to postpone the project and look into further options.

Commissioner Persis stated she was on the Downtown MainStreet Committee several years prior; the water taxi had been discussed and was favored as an alternate transportation downtown. She stated she felt the concept was interesting and the water taxi would be a benefit to the city. She noted she would like to move forward with at least looking into the possibilities of implementing a water taxi.

Commissioner Kent stated he was not only for postponing the item, but would rather see it taken off completely. He noted he had not had one citizen that he represented request the water taxi. He stated he did not want to use the funds towards the design of a downtown transportation alternative. He discussed the high costs the project would impose on the city and why he did not support the project.

Mayor Partington stated he would prefer to leave the project in the CIP, but recommended calling it the “Halifax River Transportation Crossing” funding. He stated that just because the funds were set aside, it did not guarantee they would be spent. He discussed the various forms of transportation that the city could look into utilizing.

Ms. Shanahan questioned if the direction of the Commission was to leave the project in the current year or postpone; whereby, Mayor Partington stated he wanted to leave the project in the current year.

Ms. Shanahan reminded the Commission any projects over \$25,000 would come back before the Commission for approval.

Commissioner Selby reiterated his support for postponing the item to allow staff to come forward with other options.

Mayor Partington welcomed late arrival, Mr. David Romeo, and asked the Budget Advisory Board for their input on the current discussion.

Mr. John Olivari, Budget Advisory Board member, supported holding the funds. He discussed a water taxi in New Smyrna Beach; whereby, Mayor Partington stated New Smyrna Beach had previously had one, but it was no longer in operation.

Mr. Josh Pringle, Budget Advisory Board member, discussed transportation options in other cities. He agreed with Commissioner Kent and felt the city needed to see if there was a large community interest before moving forward with the project.

Mr. Joe Hannoush, Budget Advisory Board member, questioned if there was any prohibition of allowing a water taxi at the current time; whereby, Ms. Shanahan stated there was no dock on the other side for the taxi to dock at.

Mr. Rafael Ramirez, Budget Advisory Board member, questioned if it would realistically cost the city millions of dollars to build the dock; whereby, Mayor Partington stated he did not think it would cost millions of dollars.

Ms. Shanahan confirmed staff would postpone the item.

Mayor Partington discussed the \$1,400,000 budgeted for sidewalk renovations and noted the amount seemed high. He was unsure if partnering with a private contractor was the correct route for that project.

Commissioner Persis questioned if the price was impacted by the high cost of concrete, labor, or both; whereby, Mr. Finley stated the project would cover eight miles of sidewalk and discussed the project in further detail, noting the city wanted to ensure the project was completed correctly and efficiently.

Ms. Shanahan stated there was a large amount of damaged concrete and the city was responsible for maintaining that. She discussed the sidewalk project location.

Commissioner Kent supported the project as it created a walkable community and downtown.

Commissioner Persis noted her support of the item as well.

Mayor Partington stated it was a quarter million dollars per mile of sidewalk and the cost appeared high. He discussed samples of concrete and stated simple concrete may be safer, cheaper and easier, noting city staff could perform the project themselves to assist in saving funds.

#### Stormwater

Mr. Finley stated the Stormwater Fund projects consisted of stormwater piping, storm water construction, and vehicle replacements. He noted the total amount for the projects

were \$845,100, funded through the current \$7 per month stormwater fee. He stated staff would be bringing a Stormwater Masterplan to the Commission in the future regarding storm water construction.

Commissioner Selby stated he felt the city was under-funded in their sinking fund due to stormwater pipes rusting out and failing. He felt the \$7 stormwater fee was not enough. He discussed the impact stormwater had on water quality, and felt it would be helpful for the Commission to put more attention and funding towards the subject.

#### Airport

Mr. Finley noted the two main projects for the Ormond Beach Airport funded through the Airport Fund were to reconstruct Taxiway B and rehabilitate and realign Taxiway D.

Ms. McGuire noted the projects totaled \$2,382,816 and were primarily funded through the Florida Department of Transportation (FDOT) and Federal Aviation Administration (FAA) funds.

#### General Fund Capital Projects

Mr. Finley stated the General Fund Capital projects consisted of two main projects: Community Development Block Grant (CDBG) project for sidewalks on Washington Street and City Hall's air handling unit/controls rehabilitation and reconstruction.

Ms. McGuire noted the CDBG project would be funded through CDBG funds and the air handling unit was funded through General Capital property tax.

#### General Fund Vehicles and Equipment

Mr. Finley noted the General Fund - Vehicles and Equipment projects would consist of purchasing a boom truck for the Public Works Department, purchase of a laser grader for the Ormond Beach Sports Complex, and replacement of four vehicles.

Ms. McGuire noted the vehicles would be funded through the dedicated millage that was set aside years prior.

#### Public Safety

Ms. McGuire noted the Public Safety fund consisted of \$1,700,000 and included two projects: police vehicle replacement and radio replacement. She noted the projects were not in the CIP document, because the city was still developing which police vehicles needed replaced, and were waiting on Volusia County's contract. She stated it would be included in the official CIP presented later in the year.

Mayor Partington stated he was looking forward to the proposed projects. He discussed the new police vehicles and the importance of keeping the vehicles up to date.

Commissioner Selby discussed the vehicles at the Ormond Beach Police Department. He felt keeping the police cruiser vehicles for ten years was too long and the officers needed better vehicles; whereby, Commissioner Persis agreed.

Commissioner Selby discussed the importance of the radio replacement project.

Commissioner Persis questioned if the projects included any new technology for police officers, noting she wanted the Police Department and Fire Department to have up-to-date technology and equipment; whereby, Ms. Shanahan stated she had discussed the

matter with Chief Godfrey and noted there was some funding for the new technology, but explained it may be under operational funding instead of capital funding.

#### Transportation

Mr. Finley highlighted the major transportation projects included in the Transportation Fund. He noted the projects included a traffic calming program and discussed the project in further detail, noting the preliminary steps of the program had received positive feedback.

Commissioner Kent stated he had attended a neighborhood meeting as a part of the traffic calming program, and was pleased that there was a plan in place for traffic on Fleming Avenue and Highland Avenue. He discussed his support for the program.

Mr. Finley continued to discuss additional projects in further detail included in the fund, and the amount of dollars set aside for each project.

Ms. Shanahan discussed the Opticom Equipment project included as a proposed project. She explained the equipment was a device on a fire truck that could send a signal to a traffic light to allow them to continue to pass through the light.

Commissioner Littleton requested the Commission consider a full conversion of the medians on Granada Boulevard to all native plants and discussed the benefits of doing so.

Commissioner Littleton stated he would be voting against the Doug Thomas Way Extension Construction project proposed under the Transportation Fund.

Commissioner Selby was unsure if it was the correct time to do the extension project, while the Parks and Recreation Master Plan was being updated. He questioned if the Commission should wait for the Parks and Recreation Master Plan Update to be complete before deciding, but clarified he was not against the extension.

Commissioner Persis stated she had been out to Doug Thomas Way and discussed the benefits of the proposed extension and her support for the item.

Commissioner Kent stated he supported the extension.

#### Facility Renewal and Replacement

Ms. McGuire listed the Facilities Renewal and Replacement (R&R) projects that were above \$25,000.

Mr. Finley discussed the projects in further detail, including the renovation of the Central Park II Gazebo, Police Department Access Control project, and shell parking restoration.

Commissioner Littleton stated he would like to add the replacement of the Ormond Beach Police Department roof and discussed his reasoning.

Commissioner Persis questioned the age of the roof at the police department; whereby, Mr. Finley stated it was approximately 12 to 15 years old.

Mr. Robert Carolin, Leisure Services Director, explained the roof had a coating on it that had a five-year warranty, which was why the project was pushed back. He stated the full

roof replacement would eventually appear again before the Commission; whereby, Ms. McGuire noted the project was included in the CIP for 2023.

#### Water and Wastewater

Mr. Finley reviewed the list of projects for water and wastewater, noting and discussing the major projects in detail. He stated the total amount for the projects would be \$7,700,000.

#### IV. **FUNDING**

Ms. McGuire noted a majority of funding would come from property taxes, charges for services, and transfers amongst funds. She stated staff was proposing to keep the overall tax rate the same at 4.0308 mills. She noted that would generate an additional \$800,000, noting 70% of the new funds would be allocated towards the Public Safety Fund.

Ms. McGuire discussed the rolled back rate and noted that even though the city was keeping the millage rate the same, the city would be required to advertise a 4.7 percent increase above the rolled back tax rate; this was because the same millage rate would generate additional revenue the next year. She stated the rolled back rate would be 3.7370 mills and explained that in order for the city to get there they would need to cut \$800,000 out of budget. She stated she felt it was unreasonable to assume governments or businesses could operate on the same dollar amount for years.

Ms. McGuire proceeded to discuss changes in assessed values and tax bills.

Commissioner Selby questioned the reference to assessed value, and wondered if that referred to assessed value or taxable value; whereby, Ms. McGuire confirmed it was assessed value.

Ms. McGuire noted in order to fund the operations, due to collective bargaining and chemical increases, staff was proposing a 1.8 percent increase, which would result in an increase of \$1.04 per month total on water and wastewater. She stated staff also proposed an increase on solid waste by \$1.41 per month, and discussed reasons for the increase. She noted together it provided a \$2.45 increase to each citizen's monthly utility bill.

Ms. McGuire suggested the Commission consider a two-year rate increase on water, wastewater, and solid waste. She noted for the second year, staff was proposing a three percent increase on each area. She explained that the additional cost for all services would result in a total \$3.61 per month increase.

Commissioner Persis stated people needed water to live and improvements were necessary to keep the water clean and safe. She was in support of all that was discussed and felt it was necessary for the city to stay updated on those services.

Mayor Partington stated he also supported the proposed rate. He discussed the city's rates and felt it was necessary to have an increase to continue to provide the best service possible.

Commissioner Selby questioned how the \$7,700,000 funds for the Water and Wastewater Fund compared to capital investment in a typical year; whereby, Mr. Finley

stated the city's typical rate was about \$5,000,000, but noted he felt the proposed total with the additional increase needed to be more of a "typical rate" standard for the city, noting he felt the funding increase was necessary.

Ms. McGuire stated some projects were ongoing projects from prior years.

Commissioner Kent discussed major water issues that had previously taken place in the city, and noted he vowed at the time to never let that big of a water issue happen again. He stated it was extremely wise for the city to make the upgrades and to have a backup plan, with an additional backup plan regarding water issues. He stated he was in favor of the proposed rate, and complimented city staff and the Commission for their work.

#### V. **COMMISSION DIRECTION**

Commissioner Selby stated he would prefer to see the city do a half-back rate, as he did not fully support the proposed 4.0308 rate, but could support half of the proposed increase. He stated he was in favor of the Public Safety Fund and noted his support for the CARES funding for police radios.

Commissioner Selby discussed the \$4,900,000 from ARPA funds that were proposed to be used for utility infrastructure projects. He stated he felt the city had a unique opportunity to use the funds for exciting projects, such as septic to sewer conversion and reuse projects. He noted the city currently had a permit to dump around 1,000,000 gallons of reclaimed water into the Halifax River daily; whereby, Mr. Finley clarified it was 6,000,000 gallons and noted it was on average 2,000,000 a day.

Commissioner Selby noted the City of Port Orange did not put a single gallon of water into the river, and felt the City of Ormond Beach should be doing the same. He stated he felt the city had a storage problem regarding the reclaimed water. He felt the windfall funds from ARPA would be great to start septic to sewer and storage projects. He proposed the city not use any of the \$4,900,000 for utility infrastructure projects, and felt if the city needed more for those utility infrastructure projects, that the rates paid by citizens should be raised.

Commissioner Kent stated he was confused by Commissioner Selby's comments, noting Commissioner Selby's support of the Public Safety Vehicle and Equipment Fund, but asking to cut the tax rate in half. He stated that 70 percent of the proposed rate was expected to fund that Public Safety Vehicle and Equipment Fund. He agreed with Commissioner Selby regarding reuse water, and was impressed to hear a discussion regarding septic to sewer within the city limits of Ormond Beach. He noted there were residents in the city who needed to be converted to sewer before considering any limits outside of the city. He also agreed with Commissioner Selby regarding more storage for reuse water. He confirmed support of the proposed tax rate.

Commissioner Selby discussed the funds. He felt the city should advertise the increase, but requested staff investigate to see where else the city could save money. He noted the city needed to continue to be as efficient as possible for the taxpayers.

Commissioner Persis felt the city needed high quality equipment for water and sewer for all residents. She was comfortable spending money to ensure there was high quality equipment available. She was in support of the septic to sewer conversion, but



explained the Commission needed to start with residents of Ormond Beach first. She supported proceeding with the plan presented by staff.

Commissioner Littleton supported rolling back the rate and for water and sewer to pay for the capital projects needed, and holding the \$4,900,000 in ARPA funds in order to investigate other possible areas of expenditure. He supported the rate increase.

Mayor Partington supported the proposed plan by staff. He requested staff look into grant funding for reclaimed water storage, and discussed what other cities had done regarding reuse water. He stated he would support septic to sewer in Ormond Beach only. In regards to the ARPA funds, he felt staff and the Budget Advisory Board had reviewed and made the best decision to benefit the most residents in the city.

Ms. Shanahan confirmed there was a consensus for the current proposed tax rate, for establishing the Public Safety Vehicle & Equipment Fund, and designating CARES Act funding for Public Safety Equipment.

Ms. Shanahan believed there was a consensus to use ARPA funding for utility infrastructure projects, but there was also direction for the city to explore reuse water storage and septic to sewer for Ormond Beach. She noted staff could keep the water rates, and apply for grants for the additional proposed projects. She reminded the Commission they could amend the budget at anytime.

Commissioner Selby and Ms. Shanahan discussed various places in the city that had septic tanks.

Commissioner Selby felt if the Commission decided to spend the ARPA funds on reuse water storage and septic to sewer, it would require water and sewer rates to increase by 3.5 percent in the current year. He discussed his support for the increase and wondered how the other Commissioners felt.

Commissioner Littleton agreed with Commissioner Selby.

Commissioner Kent noted he was in support of keeping the budget the way it was presented by staff.

Commissioner Persis stated she wanted to do whatever was necessary to have the highest quality facility to keep the water clean.

Mr. Olivari discussed inflation, noting many citizens were expecting it and it could be an opportunity for an increase.

Ms. Shanahan confirmed the consensus was to keep the water rates as staff had proposed; whereby, Commissioner Selby reiterated his position to increase the rate to 3.5 percent for both years and discussed reasons why.

Commissioner Persis stated she could support the increase.

Ms. Shanahan stated there was a consensus to raise the water and sewer rates to 3.5 percent and bring the ARPA funding back to the Commission for future discussion.

Commissioner Littleton stated he would like to host a workshop to discuss ARPA funding.

Mayor Partington noted there were restrictions regarding ARPA funding and a timeline.

Ms. Shanahan noted the tentative millage would be voted on at the next City Commission meeting, with the water and sewer rates voted on during the budget process in September.

Mayor Partington stated if Commissioner Persis approved of the 1.8 percent increase, but was willing to go higher, it was a split vote. He stated he felt Commissioner Selby's ideas were good, but felt getting to that point was impossible due to the regulations and time restraints with ARPA funds.

Commissioner Selby suggested a workshop regarding the ARPA funds, if they did not end up being used to pay for the staff proposed expenses.

Mayor Partington stated there would most likely need to be multiple workshops hosted, and noted it was hard to do so in the required timeline. He stated he would be happy to do that, but discussed potential issues.

Ms. Shanahan proposed that staff raise the water and sewer rates 3.5 percent, and use the ARPA funds for the proposed projects, which would generate additional revenue for the projects mentioned by Commissioner Selby.

Commissioner Kent stated he would not agree to that, and only approved of the 1.8 increase for the current year, and a 3.5 percent increase the following year.

Ms. McGuire suggested staff continue with the proposed rates, and using the ARPA funds for the proposed projects. She stated that during the next fiscal year staff could bring back additional details regarding Commissioner Selby's proposed projects, and potentially fund them in the following year with the 3.5 proposed rate increase for that year.

Commissioner Selby and Ms. McGuire discussed Ms. McGuire's suggestion in further detail. She clarified she was proposing to include Commissioner Selby's suggested projects in FY 2022-2023.

Commissioner Kent and Commissioner Selby discussed potential increases to residents' rates.

Commissioner Selby reiterated his support for a 3.5 increase to water and sewer rates and using the \$4,900,000 for his proposed projects.

Mr. Olivari questioned if the remainder of the \$2,700,000 put aside for COVID-19 could be used for water and sewer projects; whereby, Ms. McGuire clarified that if additional projects were looking to be funded, they could be incorporated into the already proposed 3.5 rate increase for FY 2022-2023.

Ms. McGuire felt staff needed to provide the Commission with further details on any projects they may be looking into before deciding to fund them. She reiterated the

projects could be included in FY 2022-2023 after staff had provided details regarding the projects.

Commissioner Persis stated she was fine with staff's proposal for now.

Ms. McGuire confirmed staff would bring the proposed tax rate back to the Commission. She discussed the city's potential losses if there was any interest in going below the proposed tax rate.

**VI. ADJOURNMENT**

The meeting was adjourned at 7:02 p.m.

Transcribed by: Cassidi Ritz