

**ORMOND BEACH
BUDGET ADVISORY BOARD
REGULAR MEETING**

**July 6, 2022
Commission Conference Room
22 South Beach Street
Ormond Beach, FL**

5:00 P.M.

Call to Order

Chairman John Olivari called the meeting to order at 5:00 P.M.

Members present were: Joe Hannoush, John Olivari, Josh Pringle, Rafael Ramirez and David Romeo.

Staff present were: Finance Director Kelly McGuire, Assistant Finance Director Chris Byle, City Manager Joyce Shanahan and Recording Secretary Ida Hop.

Approval of Minutes – June 29, 2022

Amendments to the June 29, 2022 Minutes.

Page 2: Mr. Hannoush says there may be another exemption on the 2022 ballot for first responders. ~~which affects the tax revenue which is a reason to raise taxes.~~

Mr. Ramirez moved, seconded by Mr. Romeo, to approve the minutes of the June 29, 2022 meeting. The motion passed unanimously.

Discussion of FY 2022-23 Operating Budget process

Ms. McGuire utilized a video presentation to discuss the proposed Budget consisting of 30 plus funds. She stated overall the proposed budget reflects an increase of roughly 7%.

Ms. Shanahan pointed out that Public Safety - Police and Fire is roughly 20% of the entire budget. Mr. Hannoush inquired if that figure includes vehicles and fire trucks. Ms. McGuire responded the Public Safety number include salaries, benefits, operating costs for police and fire as well as capital projects, vehicles, and any equipment purchases. She continued with Public Works Department which comprise 36% of the proposed budget inclusive of personnel, operating expenses, chemicals for the plants and over \$10 million worth of capital projects and replacing water mains and sewer mains. Ms.

Shanahan stated Public Works also encompasses transportation, water, sewer, storm water, streets, engineering and fleet.

Ms. McGuire cited much of the increase is caused by inflation. Consumer Price Index increased 8.6% from May 2021 to May 2022. However, the cost of gas, energy, fuel and electricity is higher than 8.6% which affects water and waste water plants.

Ms. McGuire stated one way to fund all this is through taxes like property tax, utility tax, and franchise fees with a potential increase of 7.94% based on the proposed budget. Ms. Shanahan reminded the board that the Commission sets the tax rate and the County Property Appraiser sets the property value on January 1st of each year. Florida statute "Save our Homes" has a cap on individual home assessment not to go up more than 3% and commercial property is capped at 10%.

Ms. McGuire continued that licenses and permits are expected to increase with the amount of construction and reconstruction occurring within the city.

Mr. Romeo made a reference to the intergovernmental revenue and Ms. McGuire responded the decrease was due to grants received in one year and possibly not the next.

Mr. Pringle asked how the added sales tax holidays will affect the proposed budget. Ms. Shanahan said the state does a projection on those numbers and Ms. McGuire uses that to estimate in the proposed budget and at this time no figures have been received from the state.

There was a discussion among the board on homes regarding reclaimed water, meters, storm water reservoirs and tanks within the city.

Ms. McGuire stated the Transfers is just moving dollars from one fund to another, not new dollars coming in or going out.

Ms. McGuire said \$6 million bonds plan to be issued and the proceeds will be for the \$10.1 million water and sewer projects.

Ms. McGuire reminded the Board that the City Commission adopted Resolution 2020-66 to the maintain the reserves in the General Fund at 15% and to attempt to avoid using it for recurring expenses. She stated this year 1% is set aside as a contingency against any future inflation or potential cost increases. For example, if the cost of fuel increased above what is in the proposed budget, it could be funded through the contingency. Ms. Shanahan provided another example if a hurricane came through and debris removal exceeded what was budgeted. Mr. Ramirez said the contingency provides flexibility for this year and the year after.

Ms. Shanahan stated as a service industry the biggest costs of the budget is in personnel: Public Safety and Public Works and in order to cut the budget, we would

need to reduce those costs. She continued that fundamentally the City of Ormond Beach has the highest quality community in all of Volusia County. Mr. Pringle commented that he was impressed that in three years the City has only added five FTE for the level of services that we provide.

Ms. McGuire explained the proposed rate tax of 3.9490 will be the second lowest rate in the municipalities in the county. She continued with this proposed budget we are suggesting to the typical homeowner an approximate increase of \$4.81 per month for water, sewer, solid waste, and taxes to fund all the services the City provides

Mr. Ramirez made a motion to Chairman Olivari to recommend to the Commission to adopt the proposed budget as presented. Mr. Pringle second the motion. Motion passed with one opposition from Mr. Hannoush.

Public Comments

None

OTHER BUSINESS

None

NEXT MEETING DATE

Ms. McGuire stated the meeting with the City Commission is on July 19, 2022 at 5:30p.m.

ADJOURNMENT

Respectfully Submitted,



Ida Hop, Recording Secretary

ATTEST:



John Olivari, Chairman