

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

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**July 29, 2013**

**5:30 PM**

**Senior Center**

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**I. Call to Order**

Mayor Ed Kelley called the meeting to order at 5:30 p.m.

Present were Mayor Ed Kelley, Commissioners James Stowers, Troy Kent, Rick Boehm, and Bill Partington, Budget Advisory Board Members Rick Banker, Kathy Weston, Kenneth Kimble, Bill Harper, and Rafael Ramirez, City Manager Joyce Shanahan, Assistant City Manager and Public Works Director Ted MacLeod, City Attorney Randy Hayes, and Accounting Manager Dan Stauffer.

Ms. Joyce Shanahan, City Manager, stated that Finance Director Kelly McGuire was not in attendance because she had to unexpectedly take some personal leave. She stated that Accounting Manager Dan Stauffer had taken charge of the budget process preparations in the interim during her absence.

Mayor Kelley thanked the Budget Advisory Board for their assistance in the budget process.

The Budget Advisory Board members introduced themselves to the audience.

**II. Discussions**

Budget Review Process

Ms. Shanahan stated that the budget process began in March with the Financial Trends Workshop and continued in May when city staff brought the proposed Capital Improvement Plan (CIP) to the Public Works Advisory Board, the Quality of Life Advisory Board, and the Leisure Services Advisory Board before holding the CIP Workshop in June with the City Commission. She stated that in June staff met with the city's individual departments to review their operating budget needs. She stated that those needs were presented to the Budget Advisory Board in mid-June. She stated that the proposed budget before the Commission had been accepted by the Budget Advisory Board.

Proposed Fiscal Year 2013-2014 Net Budget

Ms. Shanahan stated the proposed budget for the next year was \$62,916,867. She stated that the proposed budget had increased by \$5 million from the current year and explained that was mostly due to water and wastewater capital projects. She noted that those projects included a water meter replacement program that would be beginning, as well as the second phase of the two-inch water main replacement project. She discussed the sources of money coming into the city including property taxes and charges for fees and services; noting that those items accounted for half of the total amount of money brought in.

Ms. Shanahan stated that a large portion of the city's expenditures were to public works, which included utilities. She explained that 23% of the expenditures went to public safety, which included police, fire, and community services. She also noted that 11% went to leisure services and almost 9% went to debt service.

#### Personnel and Pension Information

Ms. Shanahan stated that personnel costs accounted for about 40% of the overall \$63 million budget. She noted that was a normal amount for a city of Ormond Beach's size. She stated that 64% of those personnel costs were for wages and 20% was for pension costs. She noted the city's struggles with the pension costs, and that there would be some decline that year in the city's unfunded liability, which they were pleased about. She stated that the city was expecting around a 7% increase in health insurance costs. She noted that insurance was out to bid currently whereby the city would know more concretely what the cost increases would be.

Ms. Shanahan stated that in 2007 the city had 426 employees but currently had 362 employees. She stated that the budget was proposing 360 employees for the next year. She explained that 66 positions had been reduced since 2007. She stated that the proposed budget proposed to eliminate two full-time positions; a Lead Community Service Officer, who was retiring and whose position would be discontinued, and a Battalion Captain position that had been vacant for a long time. She stated that it was also proposed to eliminate a part-time Recreation Leader position in Gymnastics. She stated that the budget included adding a full-time position for a Maintenance Worker at the Athletic Fields. She explained that the budget also proposed to reclassify four positions: a Recreation Manager to Assistant Leisure Services Director, a Paralegal to an Assistant Attorney, a Meter Reader to a Lead Meter Reader, and the Landscape Architect position, since that position had grown from just architecture to project management, the position's pay would be adjusted accordingly.

Ms. Shanahan stated that the city currently paid almost 31% of general employees' salary towards pension costs. She stated that on January 1, 2013, the city had changed to a defined contribution plan for new hires. She noted that pension costs would gradually decline over the next several years as a result. She stated that almost 47% of salary was paid for the police pensions. She stated that the city did not have the same latitude with police and fire pension plans to make changes due to state regulations. She noted that the city would try and use a portion of the extra benefit money they received to offset the unfunded liability. She stated that over 40% of a firefighter's salary went towards pensions. She explained that both the fire and police pension unfunded liabilities had decreased and that the city was moving in the right direction, albeit slowly.

#### General Fund Net Revenues and Expenditures

Ms. Shanahan stated that the city would collect almost \$9 million in property taxes. She stated that other taxes collected included sales tax, franchise fees, and communication service taxes. She noted that the amount of revenue received from other taxes decreased by \$400,000. She explained that there had been a decrease in what the city received from Florida Power & Light (FPL) franchise fees. She stated that the way they shifted the cost between the fuel adjustment and the base rate had resulted in about \$187,000 less in actual dollars. She noted that the communication services tax was also decreasing in revenue. She explained that tax

was levied by the state on things such as cable and cell phone bills. She noted that other local governments had experienced similar changes in revenue.

Ms. Shanahan noted that fines and forfeitures revenues remained relatively consistent. She stated that the city was proposing to use \$57,411 in the Revenue Stabilization Fund for the next year. She stated that using that amount would leave a balance of \$1,448,000 in that fund. She stated \$462,000 of fund balance would be used for capital projects. She stated that operating costs were mostly the same from the previous year. She stated that there were two capital projects the budget proposed using fund balance for. She stated that the first of those projects would be \$150,000 for irrigation for the median project west of I-95. She explained that the city received a Florida Department of Transportation (FDOT) grant for the median project but that it did not include irrigation. She stated that from a staff perspective, if irrigation was not included in the project, it would not be worthwhile to do.

Ms. Shanahan stated that the other project that had been discussed was for the electrical problems at the Airport Business Park. She stated that a portion of one of the electrical lines that went along the backside continued to cause brief interruptions of service. She explained that the interruptions stopped the processes for several of the companies located there, such as a business doing injection molding and having to restart the process from scratch if they lost power during it. She stated that the city had been working with FPL since January and had received an all-in cost of \$112,000 to underground the troublesome power line. She stated that the city had met with the business owners in that section of the park and asked them if they would be able to assist with the funding for that project, and they had indicated that they would not be able to do so. She stated that in terms of economic development, she thought that the \$112,000 would be well spent to lessen those power interruptions.

#### Property Taxes

Ms. Shanahan stated that the taxable value was close to 2004 levels.

Mr. Dan Stauffer, Accounting Manager, stated that 72% of the city's taxable value was residential properties.

Ms. Shanahan elaborated that 82% of that 72% were single-family homes. She noted that inflation costs had continued to be absorbed in the operating budget. She stated that the proposed budget included an operating rate of 4% above the rollback rate. She explained that the general operating millage that year was 4.0132 and they were suggesting an adjustment of about ten cents to take it to 4.1181. She noted that the debt service millages had decreased slightly because property values had risen.

Ms. Shanahan stated that during conversations she had with some members of the Commission there had been discussion regarding what would happen if the same millage rate from the current year was kept. She noted that she was focusing on the operating millage rate because the other millages floated with the assessed value. She explained that if the same general operating millage rate was kept at 4.0132 mills the total tax would actually go down, but it would still have to be advertised as an increase because of state regulations which only worked with the operating millage and not the total millage. She stated that keeping the rate the same would also mean that expenses in the budget would have to be reduced by \$252,209. She

explained that they could keep everything in the budget and take an additional \$252,209 from the Revenue Stabilization Fund, which currently held \$1.5 million, to fund the shortfall in the budget.

Ms. Shanahan explained that with the 4% proposed increase, a city tax bill for a home with a \$150,000 assessed value and a \$50,000 homestead exemption, which was the average taxpayer in Ormond Beach, would go from \$432 to \$462. She noted that if the rate was kept the same, even though the total millage rate went down, the savings in the same home would only be about \$10. She explained that the reason for that was because there was a Consumer Price Index (CPI) that the Property Appraiser took into their considerations, which assumed that everyone would be adjusted by 3%. She stated that if the property assessment remained unchanged there could actually be a decrease in the value from \$432 to maybe \$412. She stated that the actual numbers really depended on each individual property owner and what their assessed value was.

#### Water / Wastewater Revenues and Expenditures

Ms. Shanahan stated that most of the revenue for water and wastewater came from products and services; which was what was desired. She noted that the budget for those services was slightly up in revenue. She stated that the budget proposed a 2.5% rate increase to accommodate the additional capital projects being done in the city. She noted that the budget was predicated on such an adjustment. She stated that even with a 2.5% increase, Ormond Beach would still have the lowest cost overall as far as utilities. She stated that the expenditures for water and wastewater included utility billing, water production, wastewater treatment, water distribution, and wastewater collection. She noted that the debt service increased by \$257,000 and that there was new debt service for the two-inch water mains project.

#### Solid Waste Revenues and Expenditures

Ms. Shanahan stated that solid waste revenues came from franchise fees and charges for service. She stated expenditures included collection and disposal of about \$4.7 million and recycling of about \$631,000. She stated that the solid waste rate was currently being subsidized by the Revenue Stabilization Fund. She explained that when the city left the sanitation business years prior, they sold their trucks and put that money aside in a reserve fund. She stated that the money was initially being held in case the city needed to go back into the sanitation business. She noted that she always received compliments about Waste Management's services. She stated that the budget proposed to supplement the rate in lieu of a rate increase, bearing in mind that next year the city would be looking at renegotiating or bidding out the current contract. She noted that staff did not propose any changes to the Solid Waste Fund and still had a somewhat healthy fund balance.

Commissioner Kent asked about the amount of fund balance in the Solid Waste Fund; whereby, Ms. Shanahan stated that it was over \$1 million.

Commissioner Kent stated that when he met with Ms. Shanahan about the budget, this was an issue he was concerned about. He noted that he did not know if any of the other Commissioners shared his concern, but if the fund balance was used for rate stabilization next year, there would only be enough left for another year after that. He stated that he was not comfortable depleting the fund in that fashion.

Mayor Kelley stated that he thought that it was a different fund balance than the reserve. He stated at some point the rate would need to be increased. He explained that he believed that Ms. Shanahan was hedging her bet as when the contract was renegotiated it would not be a large increase. He noted that currently citizens were paying barely one dollar more than they paid in 1992 for solid waste services.

Commissioner Kent stated that probably one of the most brilliant things that Mayor Kelley was ever a part of was contracting out the trash collection services. He stated that his concern was that there was \$1 million left in for rate stabilization and he did not favor it being used up and then have happened what happened years previously with the water rate. He explained that he and Commissioner Partington served on the Commission years earlier when they had to increase the water rate by 17% because no increases had been done for years prior.

Mayor Kelley stated that if the rate had to be adjusted upward to compensate for the \$423,000 being used for rate stabilization it would mean an 8.5% increase.

Ms. Shanahan stated that the philosophy had been to subsidize that rate. She stated that the current refuse rate was \$16.48, including recycling. She stated that there were a few cities lower, but those that were did not provide the same level of services.

Mayor Kelley noted that the solid waste pickup rate itself was only \$13.59.

Commissioner Boehm stated that it would be prudent to start a program with a small increase annually over the next several years in order to maintain the rate stabilization fund for a greater number of years. He stated that there could be a 2% increase now instead of a 17% increase later when the fund ran out. He stated that they could still use some of those funds to stabilize the rate, just less of them.

Commissioner Kent stated that he had been thinking along the same lines as Commissioner Boehm. He stated that he favored an incremental increase.

Ms. Shanahan stated that a 2% increase would be an extra \$0.33 a month for residents.

Commissioner Boehm asked how much revenue that increase would generate.

Commissioner Stowers stated that he appreciated Commissioner Kent bringing the issue up and noted that he had also spoken to Ms. Shanahan about it. He stated that he thought that the context of the discussion needed to be changed from talking about rate increases to discussing the city paying less of a supplement. He explained that the city was currently supplementing what would constitute the rest of the rate with funding from the revenue stabilization fund. He stated that he did not see it as a rate increase but as users getting a better deal because of the city having those funds available to subsidize that rate. He stated that a program where the stabilization funds and the rate merged at a pace and a time where users would not be shocked by it would be the best course of action. He stated that he told Ms. Shanahan that perhaps on the water bills the city could show what the real bill was and what the supplement covered to better inform the residents.

Ms. Shanahan stated that a 2% increase would generate about \$100,000 in revenue.

Mayor Kelley stated that that increase would also provide more security in the fund balance. He noted that tipping fees could possibly increase in the future.

Ms. Shanahan stated that she thought that an incremental adjustment was the way to go and that 2% for next year was a good place to start. She stated that \$0.33 per month was a nominal adjustment and still well below what other cities charged for similar services. She noted that, as Commissioner Stowers pointed out, it was not truly a rate increase just that the city was subsidizing the rate less than it had in the past.

#### City Manager/City Attorney Compensation

Commissioner Kent stated that he had asked Ms. Shanahan when he met with her whether or not the budget included raises for city employees as he wanted to make sure that was included in the budget. He stated that the city was doing more with less; citing the number of positions that had been eliminated since 2007. He stated that he believed Ms. Shanahan told him that there were raises included for all of the department managers except for her and City Attorney Randy Hayes.

Ms. Shanahan stated that police, fire, and general employee compensation was being negotiated. She stated that the budget included an adjustment for department head level managers and administrative series employees. She stated that adjustment would be a 2% increase.

Commissioner Kent asked Ms. Shanahan how long she had been with the city; whereby, Ms. Shanahan replied that it had been four and a half years.

Commissioner Kent asked how many raises Ms. Shanahan had received during that time; whereby, Ms. Shanahan stated that she had not received any.

Commissioner Kent asked Mr. Hayes when the last time he received a raise was; whereby, Mr. Hayes stated that he did not know. Commissioner Kent stated that it was over four and a half years ago, as well.

Commissioner Kent stated that it should not be uncomfortable to discuss Ms. Shanahan and Mr. Hayes' compensation but noted that sometimes it was and that sometimes those in the community felt that were paid enough. He noted that he had not heard one negative thing about Ms. Shanahan since she had been with the city and that neither Ms. Shanahan nor Mr. Hayes had ever asked for additional compensation. He stated that he thought that additional compensation was far overdue for them and that he was willing to discuss it that evening.

Commissioner Boehm clarified with Ms. Shanahan that there was not 2% in the budget for her and Mr. Hayes.

Commissioner Kent stated that he did not think that 2% was an appropriate figure. He noted that he had a number in mind. He explained that the other employees had received some raises during the period in which Ms. Shanahan and Mr. Hayes had not received any.

Commissioner Boehm asked if the department managers had received any raises in the last four and a half years.

Ms. Shanahan stated that they had received a 1.5% increase last year and a bonus.

Commissioner Boehm noted that if the department managers were to receive the 2% proposed increase then they would have received a total increase of 3.5% and a bonus over the four and a half year period being discussed.

Mr. Rick Banker, Chairman of the Budget Advisory Board, asked Ms. Shanahan if Finance Director Kelly McGuire was included in those raises as well; whereby, Ms. Shanahan stated that she was a department head and had received those increases mentioned.

Commissioner Kent reiterated that it was just Ms. Shanahan and Mr. Hayes who had not received any raises. He stated if it was not discussed yet another year would come and go without it happening. He stated that they could tell Ms. Shanahan and Mr. Hayes that they were doing a good job, but it was better to show their appreciation.

Mayor Kelley stated that the last time raises were discussed Mr. Hayes had declined to receive one and Ms. Shanahan had stated that she was not asking for one.

Commissioner Partington stated that he thought that happened the last two times it was discussed.

Mayor Kelley noted that Mr. Hayes and Ms. Shanahan did not decline this time and that he was comfortable discussing it. He stated that 3.5% would be an acceptable increase.

Commissioner Kent stated that he wanted to start at 4%. He stated that he would go with 3.5%, if that was the consensus but would be pleased if two other Commissioners would join him in requesting 4%. He noted that it had been over four and a half years since Ms. Shanahan and Mr. Hayes had received a raise, and at 4% they would be thanking them a percent a year.

Mayor Kelley stated that the city could not afford to pay either one of them what they were truly worth.

Commissioner Boehm asked how much the bonus that the department managers received was; whereby, Mr. Stauffer stated that it was also 1.5%. Commissioner Boehm stated that he was also in favor of 4%.

Commissioner Partington stated that he was comfortable with 4% and would have even been comfortable with 5%.

Commissioner Stowers stated that he had repeatedly said that the city was blessed to have Ms. Shanahan and Mr. Hayes. He stated that both did an excellent job and navigated the city through a difficult time and continued to do so. He explained that he had been pressing Ms. Shanahan hard about keeping the millage rate the same; and she had stepped up and provided options quickly, noting that was an example of the job she did. He stated that he was supportive of 4%, also.

Mayor Kelley thanked Commissioner Kent for bringing the issue of compensation forward. He stated that he had lunch that day with the CEO of a large area company

who had nothing but praise for Ms. Shanahan. He stated that it was Ms. Shanahan's leadership, and that of the department heads, that made the city what it was and enabled Ormond Beach to operate as a team.

Commissioner Kent stated that it was also Mayor Kelley's leadership and the Commission making good choices.

Mayor Kelley stated that he was pleased that the city was able to provide the level of service that it did.

Commissioner Kent asked Mayor Kelley how many people kept telling him that the Commission was the best they had ever seen; whereby, Mayor Kelley replied that it was the first thing out of a lot of people's mouths. He stated that the CEO said that to him that day, that people in the community noticed how well the Commission operated and that it helped attract other businesses.

#### Property Tax Millage Rate

Ms. Shanahan asked what the Commission's direction was on the property tax rate. She outlined both options available: keeping the current millage rate or going to the 4% increased millage rate as recommended by staff and the Budget Advisory Board.

Commissioner Boehm stated that he agreed with Commissioner Stowers and had also spoken to Ms. Shanahan about keeping the millage rate the same. He stated that the Revenue Stabilization Fund, even if additional money was taken out of it to keep the millage rate the same, would still have a balance of about \$1.1 million. He stated that he believed that the corner had been turned on property values and that they would increase consistently in the future. He explained that he also believed the corner had been turned on pensions because the bad years would drop off and the good years would start adding in and the amount the city contributed would go down. He noted that he thought that the city was in a situation where it was looking positive in the future. He stated that because of that, he thought that the Revenue Stabilization Fund was more than adequate for the future, and he thought that the current operating millage rate could be adopted again. He noted that the city would also be asking residents to pay 2.5% more in water fees and 2.0% in solid waste fees.

Commissioner Partington stated that he struggled because the economic recovery was largely propped up by the quantitative easing that the Federal Reserve participated in. He stated that he was worried that the effect the economy would experience when that was stopped or began to be reduced would throw it back into a difficult recessionary time. He noted that he was not so sure that the recovery was as stable or prolonged as they would like it to be. He stated that he went back and forth weighing the possibilities and was comfortable with the rate that was recommended by the Budget Advisory Board and city staff rather than using additional Revenue Stabilization Funds to maintain the current millage. He stated that he thought that maintaining that fund was the prudent course until they saw what the reduction in quantitative easing would mean.

Commissioner Kent stated that he agreed with Mayor Kelley and Commissioner Partington in following the Budget Advisory Board's recommendation.

Mayor Kelley stated that he thought that the Budget Advisory Board had great minds. He stated that to only save an average of \$10 by staying at the current millage rate and still have to advertise it as a tax increase made no sense. He stated that he believed things could get worse in 2016, also.

Mr. Rafael Ramirez, Budget Advisory Board Member, stated that there were several factors that led to the board recommending the millage rate increasing by 4%. He stated that the Revenue Stabilization Fund was getting close to the threshold established for reserve, which was 15%. He noted that it had been slightly below that for a period. He stated that the board did not recommend having the fund reserve go below that threshold. He stated that there had also not been a catastrophe in awhile, which was good, but if one did occur; you would not want the fund balance to be low. He stated that he was comfortable paying an additional \$10 or \$20 in taxes so that there was a comfortable level of reserve funding.

Commissioner Boehm stated that it would not be reducing the Revenue Stabilization Fund in a major way. He stated that he did not fully understand the \$10 difference that was discussed.

Ms. Shanahan explained that if the property values did not go up by 3%, then it would be conceivable that the tax rate stayed the same that someone could go from paying \$432 to \$412 in taxes, and see a \$20 reduction. She stressed that it really depended on the individual value of the property. She stated that they took the worst case scenario, which was the Property Appraiser adjusting the value by 3%, which was the maximum adjustment they could make. She noted that they wanted to be as conservative as possible. She stated that tomorrow the tentative millage would be set at the City Commission meeting. She explained that the adopted millage rate could also go down from the tentative millage, if sometime between then and the first budget meeting, the Commission wished to adjust it.

Mayor Kelley noted that they would have real numbers from the Property Appraiser's Office then, as well.

Ms. Shanahan stated that if they wanted to go back to the same rate they could still do so at that time. She noted that the difficult thing was to go up. She explained that if a rate was advertised lower than what was set, then a notice had to be sent individually to every property owner, which would be very costly. She stated that the Commission could conceivably set the rate at 4.1181 and still adopt the budget at 4.0132 in September, if that was their desire.

Mayor Kelley stated that they should set the rate at 4.1181, knowing that they could adjust it down if things came out better than expected when the trim notices were sent out.

Ms. Shanahan stated that those notices would be sent out in August.

Commissioner Kent stated that historically the projected numbers had been very close and they had set the millage higher and adjusted them, if necessary.

Commissioner Stowers noted that the final vote was not until the third week in September. He stated that he had been frustrated by comments in the community about decisions being made while they were still going through the process. He

stated that he thought that by focusing on different numbers you could make them say different things. He noted that there were a lot of moving parts and funds that were being taken from. He stated that he was still focused on the 4.0132 rate given the 2.5% increase in the water rate and other increases. He stated that he understood the need to continue through the process and noted that it would be easier for the millage rate to be lowered rather in the future than re-notice it.

Mayor Kelley stated that it would be very difficult to take action to increase the rate after the numbers came out.

Commissioner Boehm stated that he understood that it was impossible to have the state, FPL, or the cable companies explain to them why the franchise fees went down so much in one year when seemingly not many residents left the city and cable bills and electric bills did not decrease.

Ms. Shanahan stated that the city spoke to FPL and the process was twofold. She explained that the city had budgeted for a higher number, so it was apples and oranges. She stated that budget-to-budget the difference was \$300,000, but in actual dollars was \$137,000. She noted that they had budgeted higher last year and it came in lower. She explained that the state was supposed to audit the communications service tax every five years and it was close to that time.

Mayor Kelley noted that there was a push in the legislature to eliminate that tax.

Ms. Shanahan stated that was correct and that it would be about a \$1.2 million hit to the city's budget if it was eliminated. She noted that there were certain things not captured by the communication services tax. She explained that a lot of residents no longer used landlines and that there were certain cell phone companies incorporated out-of-state that did not have to pay that tax.

Ms. Shanahan clarified that the City Commission was providing direction and not making any millage decisions that tonight. She clarified that tomorrow night they would be setting a tentative millage, not the final millage. She explained that the final millage would not be set until the second budget hearing in September.

Ms. Shanahan stated that, for comparison, some of the tentative millage rates advertised in the newspaper by the county and other cities in the county were as follows: Volusia County – going to 9.7% above rollback, Daytona Beach – going to 15.4% above rollback, DeLand – going to 3.0% above rollback, Deltona – going to 4.8% above rollback, Ponce Inlet increasing by one whole mill, Edgewater – going to almost 12.0% above rollback, Holly Hill – going to 0.4% below rollback, New Smyrna Beach – going to 6.0% above rollback, Orange City – going to 8.0% above rollback, Port Orange -going to the rollback rate, South Daytona – going to 25.5% above rollback, which was a whole mill, and Volusia County Schools – going to 4.9% below rollback and also looking for a construction millage.

Mayor Kelley stated that Flagler County was looking at going up one whole mill.

#### Questions or Comments

Mr. Kenneth Kimble, Budget Advisory Board Member, noted that at the last budget meeting they had discussed the replacement of police vehicles. He stated that the justification for replacing the vehicles had been that they required \$4,000 in front end

work, which he noted they all thought was priced high. He stated that he went to Auto Works on US1 to get an estimate for replacing the front end for a 2003 Ford Crown Victoria police vehicle.

Mayor Kelley guessed the estimate would be about \$1,600.

Mr. Kimble stated that the estimate came in at just over \$1,000. He asked if another year or two of use could be gotten out of those police vehicles before the city spent \$315,000 to replace them all. He asked if there was a way to get three independent private estimates to do the work before it was approved.

Mayor Kelley stated that before the vehicles were purchased they would come before the City Commission for a vote. He stated that five years ago he went and audited five or six cars himself, noting that the cost estimates was an issue for him, as well.

Commissioner Kent stated that he loved that Mr. Kimble went and asked for an estimate of the work himself.

Mayor Kelley asked if any members of the audience had any comments or questions.

Mr. Ed Conner, Volusia Tax Reform, 1010 John Anderson Drive, stated that in the last 10 or 12 years he had attended many budget hearings. He stated that he had a conversation over the weekend with some members of the County Council regarding millage rates. He stated that Volusia Tax Reform was extremely concerned that Volusia County ranked second in the state of Florida in terms of millage rates. He stated that he realized that Ormond Beach was a small part of that but noted that every part counted. He stated that with all of the proposed increases Volusia County would likely take over as number one in the state of Florida for millage rates, which would be a disaster for the business community.

Mr. Conner stated that he believed that if budget hearings were not approached from the standpoint that tax hikes were absolutely off the table, except in lieu of a major disaster, tax increases would never be stopped. He stated that it was a failure of policy for decades, and was not specific to the current Commission or a criticism of the Budget Advisory Board. He noted that no one could debate the budget as adequately as capable managers such as Ms. Shanahan could defend it. He stated that he told that to the County Council members and told them that if they never took a stand the cycle would never be broken. He stated that the ad valorem tax fell unfairly on businesses and high-end homes and that was what was holding back progress. He opined that there would be dark streets on main roads until the problem was addressed.

Mayor Kelley stated that they could debate the issue from there to eternity and would never agree that \$8 million in ad valorem taxes, which was what was paid in the City of Ormond Beach, was exorbitant. He stated that he did not believe it was. He stated that Ormond Beach taxpayers received value for the money that they paid.

Mr. Conner stated that his comments were not a criticism of Mayor Kelley's leadership or of the Commission's. He stated that when it cost more to live in Ormond Beach than Palm Beach, he had an issue.

Mayor Kelley stated that he did not think that was true, as it seemed that more people were moving to Ormond Beach from Palm Coast. He explained that he paid the same tax rate as anyone else in the city. He noted that the Budget Advisory Board members who volunteered their time did not want to have high taxes. He stated that the city's revenue in property taxes was \$3 million less than it was six years prior and he noted that the city was still able to provide services for the public. He stated that going to 3.0 mills and operating the city was not feasible.

#### Closing Comments

Ms. Shanahan thanked the department heads who worked hard to create a lean budget. She thanked the Budget Advisory Board for all their assistance, as well as the Quality of Life Advisory Board, the Leisure Services Advisory Board, and the Public Works Advisory Board. She stated that those boards were made up of citizens who were intricately involved, knew the ins and outs of the community, and what it cost to run the city. She thanked Mr. Stauffer and Ms. McGuire for their hard work and for a job well done. She thanked the City Commission for their time and efforts and stated that it was the leadership of the Commission that set the stage in the community to retain businesses and attract new businesses. She stated that was what growth was all about.

### **III. Close the Meeting**

The meeting was adjourned at 6:39 p.m.

Transcribed by: Colby Cilento