

**MINUTES**  
**ORMOND BEACH BUDGET ADVISORY BOARD**  
**HELD AT CITY HALL TRAINING ROOM**

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**April 27, 2016**

**5:00 p.m.**

**Commission Conference Room**

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**1. CALL TO ORDER**

Chairman Ken Kimble called the meeting to order at 5:00 p.m.

Those present were board members Chairman Ken Kimble, Rick Banker, and Scott Cichon and Rafael Ramirez, Finance Director Kelly McGuire, and City Manager Joyce Shanahan.

**2. PUBLIC COMMENT**

There were no public comments at this time.

**3. DISCUSSION OF DRAFT LONG-TERM FINANCIAL PLAN**

Mr. Rafael Ramirez asked Ms. McGuire to review the budget process to this point; whereby, Ms. McGuire stated that the Financial Trends Workshop was held in March, currently staff was putting together the Capital Improvements Program (CIP) plan, and working on the proposed budget and the long-term financial plan. She noted that every year staff went to the Commission with a list of questions to put into policies for the budget year.

Ms. McGuire stated that two years ago they went to the Commission regarding funding the Vehicle Replacement Fund because the reserve was being depleted and would need recurring funds. She stated staff discussed implementing a millage rate dedicated to vehicle replacement, which the Commission agreed to do, and it was decided to increase the millage rate each year over a five-year period in order to collect \$100,000 per year. She stated that this year they would include the board's response in the long-term financial plan when it went to the Commission.

Ms. Shanahan noted that there was a very comprehensive review of every vehicle proposed for replacement. She suggested reviewing the vehicles and equipment over a longer period of time in order decrease needs and increase revenue.

Ms. McGuire noted that staff would be meeting with Enterprise regarding vehicle leasing, such as police vehicles. Ms. Shanahan noted that copy machines were leased these days, as well.

Mr. Ramirez suggested the board should not be afraid of suggesting what was right for the fiscal reconciliation of what the city needed to look like. He stated that an election year should not make a difference in their decisions on budget issues.

Ms. Shanahan stated that nothing sent a message like when a service could not be performed. She stated that they needed to be able to see what was in each fund and have a goal to get there. She stated they were looking for a strategic budget plan.

### General Fund

	BUDGET FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE	\$31,592,731	\$31,698,529	\$32,525,545	\$33,383,424	\$34,273,331	\$35,196,476
EXPENDITURES	\$31,592,731	\$32,051,861	\$33,162,854	\$34,236,966	\$35,422,939	\$36,678,318
SHORTFALL	\$0	(\$353,332)	(\$637,309)	(\$853,542)	(\$1,149,608)	(\$1,481,842)

Ms. McGuire stated the Commission was provided with budget estimates out five years (see above), which projected shortfalls every year to FY 2020-21.

Ms. McGuire noted that the policy had been to keep the tax rate the same, which long-term did not work if there were no increases in other revenue sources.

Ms. Shanahan noted that the state had discussed eliminating the Communications Services Tax (CST), which was a tax on your cell phone bill and cable TV bill. She noted that was about \$2 million dollars in revenue, and the city would have to increase the millage rate by 20%, if it was lost.

### Fund Balance/Reserve

Ms. McGuire stated that there was a concern was the long-term policy with respect to fund balance/reserve, which was currently to maintain at least 15%. She stated that the question was to include this in the long-term financial plan.

Mr. Ramirez suggested using the excess reserve money of \$950,000 to fund other projects, such as the dog park.

Mr. Cichon asked what other cities used as reserves; whereby, Ms. McGuire stated that the reserve would typically cover six months of expenses.

Ms. McGuire asked the board for their recommendation regarding a benchmark of 15%.

**Mr. Rafael Ramirez moved, seconded by Mr. Scott Cichon, to recommend maintaining a fund balance/reserve of 15% in the long-term policy. The motion passed unanimously.**

#### Tax Rate

Ms. McGuire noted that when the Commission and board were asked about the tax rate for budget development, they chose to maintain the current tax rate (an estimated revenue increase of 5%).

Ms. Shanahan stated that long-term maintaining the perspective of keeping a level tax rate was similar to what they did in the water and sewer funds of small increases per year.

**Mr. Rick Banker moved, seconded by Mr. Rafael Ramirez, to recommend maintaining the current tax rate in the long-term policy. The motion passed unanimously.**

#### Vehicle & Equipment Replacement

	BUDGET FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE	\$411,027	\$131,000	\$425,000	\$116,000	\$465,000	\$125,000
EXPENDITURES	\$411,027	\$272,500	\$448,400	\$268,400	\$741,200	TBD
SURPLUS/ SHORTFALL	\$0	(\$141,500)	(\$23,400)	(\$152,400)	(\$276,200)	TBD
RESERVES	\$337,854	\$196,354	\$172,954	\$20,554	(\$255,546)	TBD

Ms. McGuire stated that when the Commission and board were asked about vehicle replacement funding, only one member of the Commission was in favor of a dedicated millage, whereas one board member chose a dedicated millage and the other members favored reallocating 0.035 mills from Facilities R&R millage.

Ms. Shanahan stated that things came up during the year, such as funding the dog park that were not budgeted for or part of the strategic plan. She stated the funding came out of the reserve.

**Mr. Ramirez moved, seconded by Mr. Rick Banker, to recommend adding dedicated millage to provide \$500,000 per year to reestablish the Vehicle Replacement Fund. The motion passed unanimously.**

Ms. McGuire stated that they would have to look to other reserves until the millage was raised up to generate the funding.

Ms. Shanahan stated that staff was still trying to make vehicle replacement a more leveled cost every year.

Mr. Ramirez suggested that prior postponing of tax rate increases was a result of needing funding now.

Mr. Cichon asked why the chart showed \$337,654 in the vehicle reserve; whereby, Ms. McGuire stated that the shortfall was transferred from the General Fund. She stated the chart was somewhat misleading because vehicles from other funds were included. She stated she would bring back just the General Fund vehicles.

Mr. Ramirez asked Ms. McGuire to send the information to them prior to the next meeting.

**4. OTHER BUSINESS**

**5. ADJOURNMENT**

The meeting was adjourned at 5:58 p.m.

Respectfully submitted,

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Lois Towey, Recording Secretary

Attest:

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Ken Kimble, Chairman