

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

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**May 31, 2017**

**5:00 p.m.**

**City Hall Training Room**

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**1. CALL TO ORDER**

Chairman Ken Kimble called the meeting to order at 5:04 p.m.

Those present were board members Chairman Ken Kimble, Vice Chairman Rafael Ramirez, Kevin Tilley and Scott Cichon (arrived at 5:38 p.m.), and Finance Director Kelly McGuire.

**2. APPROVAL OF MINUTES OF APRIL 26, 2017, MEETING**

Mr. Rafael Ramirez moved, seconded by Mr. Kevin Tilley, to approve the minutes of the April 26, 2017, meeting. The motion passed unanimously.

**3. PUBLIC COMMENTS**

There were no public comments.

**4. DISCUSSION OF CAPITAL IMPROVEMENT PROJECTS FUNDING FOR FY 2017-18**

Ms. Kelly McGuire, Finance Director, asked if the board members had reviewed the Capital Improvements Program (CIP) document; whereby, Mr. Rafael Ramirez commented that he could not open the document due to its size.

Ms. McGuire stated that the city had a five-year capital improvement plan of \$53 million that would be funding the capital improvement projects over the next five years. She stated that CIP projects were projects that were over \$25,000 and usually took about a year to complete. She stated the projects typically dealt with the infrastructure of the water and sewer systems, roads, stormwater, all airport projects, and miscellaneous items such as roof replacements and playground equipment.

Mr. Kevin Tilley asked who signed off on these projects; whereby, Ms. McGuire stated that because the projects were over \$25,000, staff sent out a bid for the projects, which was evaluated by an evaluation committee, and then went to the City Commission for approval. She noted that the City Commission approved every single purchase over \$25,000.

Mr. Tilley asked if there were projects set aside such as to veteran-owned businesses or women's businesses; whereby, Ms. McGuire stated that there were some preferences in the bidding process, but there were no set asides to a certain group.

#### Expenditure Categories

Ms. McGuire stated that there was \$14.5 million dollars for CIP projects that would be recommended to the City Commission at a workshop on June 6. She stated that she and Ms. Shanahan had met with most of the Commissioners individually to discuss the projects. She stated their focus was on next year whereby they would be seeking direction from the Commission, which became the basis for the budget, which the board would be talking about on July 12.

Ms. McGuire stated that most of the projects had been in the CIP for a long time. She stated the reason for the planning was so the projects would have funding within the five-year period.

Mr. Tilley clarified that the projects were defined and the money set aside, but not bid out; whereby, Ms. McGuire stated that they could not be bid out until the City Commission approved the appropriation of the funding on October 1. She stated the Engineering Department did about 90% of the work.

Mr. Ramirez noted that he did not see any odd categories; whereby, Ms. McGuire stated that the projects were categorized according to how the projects were funded, as well as from a budget and accounting perspective.

Ms. McGuire stated that the CIP was almost 700 pages which included a project description, the location of the project, the fund they were in, the need for the project, justification, and any conflict. She stated that the detail was provided, as well as maps, cost estimates, and so forth, for each project. She stated that the board's concern was to look at the funding portion. She noted that the majority of projects were for water and sewer projects, such as the meter replacement program to replace visually-read meters with radio-read meters and the two-inch water main replacement. She stated the other categories changed from year to year, with airport being pretty significant next year.

Mr. Tilley asked if vehicle replacement included police vehicles; whereby, Ms. McGuire stated that the Vehicle Fund included police, fire, public works, City Hall and administration pooled vehicles.

Mr. Tilley asked about the location of the Airport Business Park (ABP) and what ATC meant; whereby, Ms. McGuire stated that the ABP was located west of the airport on Airport Road and ATC meant Air Traffic Control.

### Funding Sources

Ms. McGuire discussed the city's funding sources:

- User Fees – Ms. McGuire noted that 36.3% of the city's revenue was from user fees;
- Local Option Gas Tax – Ms. McGuire stated that 4.5% of revenue was received from Local Option Gas Tax, or about \$1 million whereby \$400,000 went to the General Fund with \$600,000 going to capital projects, She stated that this revenue also helped to fund the road resurfacing projects;
- Grants – Ms. McGuire stated that 28.2% of revenue was from grants and donations;
- Property Taxes – Ms. McGuire stated that \$400,000 went for General capital projects (i.e. recreation, technology), \$500,000 for Facilities Renewal & Replacement, \$400,000 for transportation projects, which was in addition to the \$600,000 from the Local Option Gas Tax, and Tax Increment Financing (TIF) for the downtown CRA;
- General Fund Reserves – Ms. McGuire stated that General Fund Reserves were occasionally used to provide grant matching funds or to fund 100% of a project that needed to be done;
- Bonds Proceeds/Financing – Ms. McGuire stated that bond proceeds were used for water and sewer bond financing. She noted that the bond financing was spread out over 15 years in order to spread out the cost to the residents using the service.

### Projects by Category

- Airport Business Park – Ms. McGuire noted that the projects were not scheduled until FY 2020-21, when FAA and FDOT would be providing funding. Mr. Ramirez noted the city had to get a jump on the project now in order to be in line for funding with the FAA and FDOT, otherwise it could be a long waiting period to do so;
- Airport Improvements – Ms. McGuire stated that the Airport Fund, FAA, FDOT and General Fund Reserves funded most of these projects with the city contributing the smallest amount of the cost;
- Beautification – Ms. McGuire stated that the Granada Boulevard Landscape Beautification project was scheduled for FY 2018-19, and the city had gotten a \$1 million grant. Mr. Ramirez asked if the bridge lights were included in this project; whereby, Ms. McGuire stated that they were included in the unfunded section of the CIP;
- Community Redevelopment – Ms. McGuire stated that the focus seemed to be the Cassen Park Public Dock, repaving the parking area, and renovating the restroom facility. She stated that the funding would come from property taxes and two grants;

Mr. Ramirez asked if the MacDonald House group had put up any money for the MacDonald House renovation; whereby, Ms. McGuire stated that staff was recommending a focus on the façade at this time for waterproofing, repainting, etc., and the funding would come out of

the TIF fund. She noted that phases two and three were in the unfunded section of the CIP, because they wanted to make sure they had the information available in case one of the Commissioners wished to discuss it and had also committed to various groups to keep the projects in the CIP, even though they were not funded, so they would not be forgotten.

- Facilities Renewal and Replacement – Ms. McGuire stated that \$30,000 was allocated for the South Ormond Neighborhood Center (SONC) and the other \$470,000 would be included in the operating budget. She noted that Facilities Maintenance staff was currently doing an annual inventory of all the buildings for painting, repairs and so forth;
- Facilities Construction and Renovation – Ms. McGuire stated that there were various CDBG projects that were funded through grants, the HVAC Chiller Replacement, which was being done in phases, and the Police Department roof. She stated that they saved \$500,000 for the smaller projects, and the much larger projects were funded through the CIP;
- Recreation and Cultural Facility Improvements – Ms. McGuire stated that typically they would receive grant funding for these projects or use the General Fund CIP property taxes, as \$400,000 was used for recreation type projects or technology type projects per year. She stated that we were relying on grants to fund the majority of the projects. She stated it was not likely we would receive the Florida Recreation Development Assistance Program (FRDAP) grant for next year;
- Stormwater Improvements – Ms. McGuire stated that the stormwater fee on the utility bills was what funded these projects, as well as the capital projects necessary and for maintenance. She stated that the stormwater piping project was systematically replacing the corrugated metal piping throughout the city. She noted that some of the piping was 50+ years old and deteriorated. She stated that in the past they had set aside \$250,000 per year, but the Stormwater Fund was in good financial shape so they decided to accelerate the project. She noted that occasionally the city would get a grant from FEMA for funding;
- Technology – Ms. McGuire stated that the county had replaced their P25 compliant radios, which required the city to replace theirs, so for next year they would be replacing the P25 compliant radios for police, fire, and public works at a cost of \$830,934. She stated the city had not set aside money for this project, so we would probably be doing an equipment financing agreement for about five years. Also, she stated they would be requesting funding for body cameras at a cost of \$443,000;
- Transportation – Ms. McGuire stated that the primary funding source was from the Local Option Gas Tax (\$590,000) and property taxes (\$229,000).

Mr. Ramirez asked about the tax Ms. Shanahan had talked about being in danger at a prior meeting; whereby, Ms. McGuire stated it was the communication services tax of about \$2 million.

Ms. McGuire stated that the Tomoka State Park Sidewalk project (\$50,000) was for a study to determine where the sidewalk might be located. Also, she stated they were looking for grant funding for the project;

- Vehicle Replacement – Ms. McGuire stated that general, stormwater, water and sewer were kept separate because their funding sources were separate. She noted that \$225,000 from property taxes was not enough to fund all the vehicle replacements, but it was a good start, and would take care of police, fire, and public works. She stated that the \$8.00 stormwater fee went to fund stormwater vehicles and the same with the water and sewer fees;
- Water and Sewer Improvements – Ms. McGuire stated that there was a very long list of water and sewer projects, of which some were ongoing, such as citywide meter replacements, the PEP tank replacements, and sanitary sewer inflow infiltration. She noted that some of the projects were very large, such as the Secondary Raw Water Main at \$2.4 million, and would be funded with water revenues.

Mr. Cichon asked what that was; whereby, Ms. McGuire stated it was a second raw water line in case the first one should break. She stated that it would be paid for with impact fees;

Ms. McGuire stated that they would be issuing a \$3 million bond next year and were hoping for a grant from FEMA, which would affect the timing of the construction project. She noted that water and wastewater improvements for next year totaled \$7.5 million and over the next five years \$23.2 million.

Mr. Ramirez asked about the actual coverage of the bonds; whereby, Ms. McGuire stated it was not unusual for the city to have five or six bonds at a time, so when a new bond was issued they took a look at the payment schedule for all of them and structured the new money to take advantage of paying one or more off. She stated that it was not usually a level debt service for a single bond, but a level debt service for the aggregate bonds. She stated that the total debt service was at about \$4.5 million.

Mr. Ramirez asked if Ms. McGuire was comfortable with the level of the reserve; whereby, Ms. McGuire stated that at the end of last fiscal year, the reserve was at a 15%-17% level, but Hurricane Matthew happened and the city has had to pay over \$8 million in costs. She

stated that we were in a special program with contractors approved by FEMA for monitoring and debris removal, which was already set up. She stated this program qualified the city for an 85% reimbursement for the first 30 days, and 80% for the next 30 days. She stated that the Solid Waste Fund was able to fund about \$7 million and the other \$1.5 million was for hurricane-related repair projects (i.e. fence replacement, roof repairs), which came out of the General Fund.

Mr. Ramirez noted that other cities were still waiting for payment from FEMA and their insurance companies; whereby, Ms. McGuire stated that we were still waiting to get our claims accepted by FEMA, as they were very particular on how the claim was submitted. She noted that the city had hired a consultant that had experience working with FEMA. She noted that it took six years to receive payment from the last hurricanes.

Ms. McGuire stated that many cities were not in a position to pay for the debris removal and repairs, so they had to take out bank loans to do so. She noted that the Solid Waste Fund, General Fund, and Water and Wastewater Funds were in really good shape.

Ms. McGuire noted that all the other boards had made recommendations accepting the CIP.

**Mr. Kevin Tilley moved, seconded by Mr. Rafael Ramirez, to accept the Capital Improvement Program as presented to the board. The motion passed unanimously.**

## 5. OTHER BUSINESS

Ms. McGuire stated that the operating budget would be ready for review shortly after July 1. She noted she would receive the preliminary numbers on June 1 and would start building the budget around those numbers, but the actual numbers that would go in the proposed budget would not be received until July 1.

Mr. Cichon asked if Ms. McGuire expected the valuations to go down since Hurricane Matthew; whereby, Ms. McGuire stated that the preliminary estimate was 6.0%, and her conservative estimate was 4.0%.

Mr. Ramirez asked about the tax base; whereby, Ms. McGuire stated that it was about \$3 billion.

Ms. McGuire announced that Ms. Towey was retiring on June 30, and she expressed her appreciation to her for her service to the board.

## 6. ADJOURNMENT

The meeting was adjourned at 6:00 p.m.

Respectfully submitted,

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Lois Towey, Recording Secretary

Attest:

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Ken Kimble, Chairman