

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

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**January 31, 2018**

**5:00 p.m.**

**City Hall Training Room**

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**1. CALL TO ORDER**

Ms. Kelly McGuire, Finance Director, called the meeting to order at 5:04 p.m.

Those present were board members Chairman Ken Kimble, Vice Chairman Rafael Ramirez, Bill Harper, Scott Cichon and Kevin Tilley, Finance Director Kelly McGuire, and City Manager Joyce Shanahan.

**2. CALL FOR NOMINATIONS FOR CHAIRMAN**

Mr. Rafael Ramirez moved, seconded by Mr. Scott Cichon, to elect Mr. Ken Kimble as Chairman of the Budget Advisory Board to serve a one-year term to the first regularly scheduled City Commission meeting in January 2019. The motion passed unanimously.

**3. CALL FOR NOMINATIONS FOR VICE CHAIRMAN**

Mr. Scott Cichon moved, seconded by Mr. Kevin Tilley, to elect Mr. Rafael Ramirez as Vice Chairman of the Budget Advisory Board to serve a one-year term to the first regularly scheduled City Commission meeting in January 2019. The motion passed unanimously.

**4. APPROVAL OF MINUTES OF JULY 12, 2017, MEETING**

Mr. Kevin Tilley moved, seconded by Mr. Rafael Ramirez, to approve the minutes of the July 12, 2017, meeting. The motion passed unanimously.

**5. PUBLIC COMMENTS**

There were no public comments.

**6. REVIEW OF ROBERTS RULES OF ORDER AND SUNSHINE LAW**

Ms. Kelly McGuire, Finance Director, stated that normally Deputy City Attorney Ms. Ann-Margret Emery would be in attendance and discuss the rules. She stated that the Budget Advisory Board was an advisory board to the City Commission and was required to uphold the Sunshine Law. She stated that the current group had been on the board for a period of time and knew the rules, but reiterated that anything discussed before this board had to

be done in a public meeting and anything coming before the board or anything that may come before the board in the foreseeable future, also had to be in a public meeting. She stated that there was no prohibition in talking to staff outside of a public meeting.

## **7. TENTATIVE BUDGET CALENDAR**

Ms. McGuire stated that the budget process was the same every year and started with the Financial Trends Workshop on March 6. She stated that the board was requested to attend that meeting, as well as the Operating Budget Workshop on July 31. She stated that between those two meetings the board would review the proposed budget and provide feedback to the Commission. She stated that the proposed five year Capital Improvement Program (CIP) would be submitted to the Commission in June, the Fiscal Year (FY) 2018-19 proposed budget would be submitted to the Commission in July, and that final approvals would be in September.

Ms. McGuire stated that the board met on the last Wednesday of the month. She stated that the next meeting was scheduled to be held on February 28, but that the board was needed for the Financial Trends Workshop on Tuesday, March 6 in the Commission Conference Room. She noted that the board would sit with the City Commission at the workshop. She stated that they could forgo the meeting on February 28 and meet on March 6, since the same information would be presented both times.

Mr. Kevin Tilley stated that it would be a better use of time to prepare for the workshop and cancel the board meeting on February 28; whereby, Ms. McGuire stated that the next meeting would be on March 6 for the workshop.

Ms. McGuire stated that regular meetings would continue on the last Wednesday of each month for March (28), April (25), May (30), and June (27). She noted that the July meeting would coincide with the Operating Budget Workshop on Tuesday, July 31.

Mr. Scott Cichon questioned whether or not the board had been involved with the five year CIP previously; whereby, Ms. McGuire stated that they had not, noting that the CIP was reviewed by a number of other boards, so that it did not need to be brought before the current board.

Ms. McGuire stated that in prior years, the Budget Advisory Board had reviewed the funding aspect of the CIP after the Leisure Services Advisory Board, Quality of Life Board, and other boards reviewed the specific projects involved. She noted that that would be the case again for the current year.

Mr. Rafael Ramirez asked if there had been any news from the Federal Emergency Management Agency (FEMA); whereby, Ms. McGuire stated that there was not.

Ms. Joyce Shanahan, City Manager, stated that she thought progress was being made on the FEMA funds. She stated that FEMA had obligated them, the State of Florida was working on them, and that the Finance group made calls about them every couple of days over the prior weeks. She noted that many people the city had tried to contact about the funds were out with the flu.

Ms. McGuire stated that she had met with the FEMA representative earlier that week on the Hurricane Matthew funds. She stated that she provided feedback to him about the process and issues involved, noting that different contacts were currently involved every other week, paperwork had been lost, updates were not being provided, and if information was being provided, it was not consistent. She stated that he was one of the original contacts at the beginning of the process, having been with FEMA for 15 years, and that he had heard the same thing from other groups he had met with previously.

Ms. Shanahan wondered if the Finance group met with FEMA every week.

Ms. McGuire stated that the meeting with the representative had been for Hurricane Matthew specifically, but that they did meet with someone every Friday in regards to Hurricane Irma. She noted that there were times that no update was available but that the recurring appointment stayed on the calendar, no matter what. She stated that they wanted the Hurricane Irma process to progress differently than the Hurricane Matthew one had previously. She noted that her team was new to the process in general after Hurricane Matthew and was not given much guidance along the way. She stated that the city was definitely progressing at that point.

Mr. Ramirez asked if the delay was causing any issues with the budget; whereby, Ms. McGuire stated that it was not.

Ms. McGuire stated that the City of Ormond Beach was fortunate and that they would be reimbursed for the majority of what had been expended, noting that the real issue was making sure they had the cash to put out knowing that the wait for reimbursement could be two years. She stated that some communities took out loans thinking that they would be reimbursed quickly, but those loans were due and they did not have the money yet.

Ms. Shanahan stated that there were a few items that she wanted the board to think about, with budget development and the Financial Trends Workshop in the upcoming weeks. She stated that there was some preliminary information from a property appraiser about the proposed homestead exemption that would be on the ballot in November of 2018, that would affect the FY 2019-20 budget. She noted that that was not the current budget that was being considered, the FY 2018-19 budget, but that the city would definitely be impacted and she wanted them to think about it while making decisions throughout the year. She stated that the city expected to be

impacted by approximately \$800,000 or so because it was a tiered approach to the exemption. She stated that she thought the sister community of Port Orange would have an equal impact, if not more. She reiterated the sentiment about thinking ahead in general and about where the economy was going. She wondered what kind of message could be crafted or what method should be used to inform the community of the pros and cons of the homestead exemption. She stated that the overriding desire of individuals would be to receive the additional homestead exemption, but that if that happened, the city needed another method to make ends meet.

Mr. Ramirez stated that the city should hold meetings to inform the public, noting that should be one of the first things done.

Ms. Shanahan stated that in 2009 the city cut most of the middle management staff positions, noting that there were no deputy or assistant directors and that those positions had not been added back. She stated that it was easy to target staffing levels for cuts, but that it was a pretty lean organization at that point. She stated that the police department was underfunded by nine positions and that staff was working aggressively to fill them, but that had not happened yet. She stated that she thought that New Smyrna Beach was in a similar situation, noting that there were not enough individuals in the area for positions needed. She stated that the private sector had been experiencing the same issue and used Minto Communities, LLC ("Minto") as an example. She stated that Minto had struggled to find individuals available to build the homes in Latitude Margaritaville. She noted that she wanted to have future discussions on that issue.

Ms. Shanahan stated that the city had continuously looked for ways to contract out services that had been provided directly by them in the past. She noted that an example of that was building inspections, which was a peak and valley situation. She stated that some weeks were busier than others and that there were more permits recently than the housing boom of 2005. She stated that a contract was established with Universal Engineering to assist with inspections and that it was on a per-contract basis.

Ms. Shanahan stated that another situation involved utility work, where there was one individual on staff, but the need for more staff increased at times due to demand. She stated that the city wanted to hire a private contractor to assist during those times instead of hiring another person on staff, since that was also a peak and valley situation. She noted that even landscaping maintenance had been contracted out a few years prior when the city experienced a lot of rain in a short amount of time and could not keep up with the demand.

Mr. Cichon asked if there were times that the city needed more law enforcement than other times, i.e. Bike Week or SpeedWeeks; whereby, Ms. Shanahan stated that they did not and could handle the current demand.

Ms. Shanahan stated that the city had an all-hands-on-deck requirement during special events and that employees would forgo vacation or other time off during those weeks. She noted that there were emergency plans in place for special events in both the police and fire departments.

Mr. Cichon stated that he liked Ms. Shanahan's way of thinking. He stated that it was a great idea to use staff to their maximum potential and that they were not sitting idle during slow times. He appreciated that the city had thought of ways to contract certain services out for peak times.

Ms. Shanahan reiterated that the city had been contracting out for the prior two or three years in different areas. She asked if anyone in the room drove Clyde Morris Boulevard on a regular basis; whereby, Mr. Cichon and Mr. Tilley indicated that they both did. She stated that it was not a city road but a county road and that the county only mowed it approximately 12 times a year, noting that she had received complaints from residents about the look of the roadway. She stated that there were times that they asked the county to mow it and the county complied, but other times the city had to do it themselves.

Ms. Shanahan stated that the city had multiple budget hearings in 2009 and 2010 when they were facing budget crunches and allowed the citizens to contribute feedback. She noted that the results showed that citizens did not want to cut services and wanted to maintain the same quality of life, even if it meant a small increase in their tax base. She stated that the community had also voted on a bond referendum for Andy Romano Beachfront Park in 2010.

Mr. Ramirez stated that he thought public forums, that involved the Ormond Beach Chamber of Commerce and representatives from Tallahassee or whomever, might be a good option to include the community in open discussions about the upcoming issues.

Ms. Shanahan stated that she would love to say that would be helpful, but did not think it would be. She noted that only about 25 percent of the individuals who were serving in Tallahassee had served on the local government level, and felt that those individuals might not have the same experiences that the board members did in making the difficult decisions locally. She stated that the state level groups were in the process of attempting to erode the home rule powers that cities and counties had, noting that medical marijuana and short term rentals were hot topics.

Ms. Shanahan stated that the city enacted their short term rental regulations in 2011 and that short term rentals were limited to six months or more and only allowed in certain areas. She stated that code enforcement in Ormond Beach was complaint driven and that they had received increased complaints about Airbnb, HomeToGo, and other companies that handled short term leases. She noted that the city was becoming more aggressive in those

situations, noting that a white house on Halifax Drive was on its second offense. She stated that the citizens had a certain expectation for Ormond Beach and wanted the board to understand that in making future decisions.

Ms. Shanahan stated that there was a utility tax on the Florida Power and Light (FPL) bills called a Public Service Tax and that entities were allowed to charge up to ten percent for it. She stated that Ormond Beach only charged it on electric utilities but that it could be done on water also, and that her understanding was that sister city Port Orange charged it on electric and water. She stated that increasing a tax like that, or adding one, could possibly generate \$1,000,000 for the city, but that staff had not looked at that option in about ten years. She noted that it was a tough tax to pass since it would require citizens to pay more money to the city. She stated that staff was also looking at revenue generating opportunities.

Mr. Cichon asked if there were a tax on natural gas; whereby, Ms. Shanahan stated that Ormond Beach dealt with little natural gas, but that South Daytona used it to cook and dry clothing.

Ms. Shanahan stated that some local communities, such as New Smyrna Beach, were charging for parking at beach approaches. She stated that she thought New Smyrna Beach collected a few hundred thousand dollars a year from those fees. She noted that only individuals from outside Volusia County had to pay the fees, all county residents were exempt and had a special parking pass. She stated that there had been prior discussions about doing something similar at Andy Romano Beachfront Park in Ormond Beach, but that nothing had been put in place yet. She stated that even if they charged, the amount produced might not be enough to cover the potential shortfall. She stated that she was giving different scenarios to get the board thinking ahead about future budgets and the budgetary gap that she anticipated would happen.

Ms. Shanahan stated that in approximately 2010 or 2011, the city ended up with a positive fund balance at the end of the fiscal year, and staff requested that the Commission set aside a revenue stabilization fund. She stated that it could not be used for recurring or operating costs, since it was not a recurring revenue source, but that it was specifically for capital or one-time expenditures. She stated that Ms. McGuire had kept a close eye on that fund but at that time there was still \$480,000 in it. She stated that the board could fund a capital project.

Ms. Shanahan stated that all of those issues were at the top of her mind and that the board and staff needed to find real solutions for them.

Mr. Ramirez asked if there were any upcoming annexations for Ormond Beach; whereby, Ms. Shanahan stated that there were no immediate ones.

Ms. Shanahan stated that Mr. Ramirez brought up a good point. She stated that she had recent discussions about that issue, and thought that there might be a few neighboring areas outside of corporate limits that the city would potentially end up providing water and sewer service to in the future. She stated that she thought Volusia County was considering getting out of the day-to-day water and sewer business since it was more of a city issue, than a county issue. She noted that the Latitude Margaritaville project was outside the corporate limits, but that Ormond Beach provided water and sewer to a portion of that project area, specifically the parcel of land where Hand Avenue would fall if it went across I-95 to the west, and north to Granada Boulevard. She stated that the county approached staff at one time about providing water and sewer to Halifax Plantation, north on U.S. Highway 1, but noted that if they were annexed into the city that there would be additional cost for fire and police protection.

Mr. Cichon asked if Ms. Shanahan was saying that the city had to annex an area in to provide water and sewer service to them, noting that that seemed like the opposite of what the city wanted to do; whereby, Ms. Shanahan stated that the city did not.

Ms. Shanahan stated that Mr. Cichon was speaking about growing the tax base. She stated that the city did want to annex, but that an annexation could only happen if an area was adjacent to an Ormond Beach address. She stated that the city could provide water and sewer service to a location that was not contiguous, noting that they never provided one without the other. She stated that in that situation, once that location became contiguous they were then required to annex into the city.

Mr. Cichon asked if that location was definitely required to annex in; whereby, Ms. Shanahan stated that they were and the city would make them sign an agreement.

Mr. Cichon asked about Ormond Beach supplying water and sewer to beachside; whereby, Ms. Shanahan stated that that was a completely different situation.

Ms. Shanahan stated that the city did provide certain services to Ormond-by-the-Sea, but that her understanding was that the agreements involved only agreed to provide water, no sewer since they used septic, and that the city could not compel them to annex in. She noted that the main reasons the city would want to annex Halifax Plantation was good property, nice homes, decent dollar value and not a lot of code or crime issues.

Mr. Cichon asked if the city supplied Halifax Plantation with water and sewer; whereby, Ms. Shanahan stated that they did not. Mr. Cichon asked if they were contiguous with the city; whereby, Ms. Shanahan stated that they were not, but that they could become contiguous, noting that contiguity could

happen across a body of water or a roadway. Mr. Cichon asked if contiguity could happen across a state park; whereby, Ms. Shanahan stated that she thought it could.

Ms. Shanahan stated that Volusia County had started more code enforcement in the Ormond-by-the-Sea area. She noted that when an annexation discussion had happened about 20 years prior, the residents did not want to annex into Ormond Beach because of the strict code enforcement. She stated that they preferred to have boats in the front yard, did not care if the grass was tall, or whatever. She stated that there was a rumor that the county might be considering a municipal services act for that area, and if that were the case, the residents might want to annex into the city because it would be cheaper for them in the long run.

Ms. Shanahan stated that an annexation could not happen across a county boundary, like Flagler County to the north, unless there was legislative authority. She noted that almost happened with the county run portion of Hunter's Ridge previously, but that it ended up vetoed.

Ms. Shanahan reiterated that she wanted the board to consider everything she mentioned in preparing for all future budgets.

Ms. Shanahan stated that she would be surprised if the homestead referendum did not pass on the ballot. She stated that it was a flawed system in her opinion, since an individual's neighbor would not pay the same amount as that individual, but they were both receiving the same service. She noted that whatever happened, the city could not change the system and would have to go with it.

Mr. Cichon asked if anyone personally knew Representative Tom Leek; whereby, Ms. Shanahan stated that she knew and had prior conversations with him, but did not think that holding a public meeting with him was the answer.

Ms. Shanahan stated that certain services the city provided were not sexy. She stated that they provided water to drink, the ability to flush a toilet, a street to drive on, fixed potholes, and cleared storm drains, just to name a few. She noted that everyone loved the police and fire departments, which was great, but that public works and public utilities did not receive the same appreciation. She stated that an individual would hopefully only call the police or fire once in a lifetime, where the other services were essential and used on a daily basis.

Mr. Cichon stated that he disagreed with Ms. Shanahan and noted that when he was without water, during a hurricane or storm, that service seemed much more important than police and fire.



Ms. Shanahan agreed with Mr. Cichon and stated that she was proud of how the city had performed during those times.

Mr. Tilley stated that he heard them saying that he could turn his faucet on every morning and flush his toilet every night, but thought nothing of the fact that the city provided those services.

Mr. Cichon stated that once an individual was without something, there was more appreciation for it. He stated that if he had no electricity, he would appreciate it all the more.

Mr. Ramirez stated that all of them made good points.

Ms. Shanahan reiterated that the citizens of Ormond Beach stood behind the city in prior situations and were willing to accept paying a little more in taxes, if they could keep the services that they were used to having provided. She stated that although certain measures had been taken previously, staff and the board needed to continue looking at new ways to do things differently.

Ms. Shanahan wondered if anyone in the group had heard of a fire service fee. She stated that it was when a city levied a separate fee for fire service only, and that it did not pertain to emergency response vehicles or EVAC/Emergency Medical Services. She stated that they were hugely unpopular with residents and made them question the amount of property taxes they paid. She noted that the City of Ormond Beach received \$10,000,000 in property taxes, but that amount was not enough to cover both the police and fire department budgets, and that it barely covered one of those budgets. She stated that she had heard Port Orange discussing that issue and that the residents seemed receptive to the idea, but that she was not aware of anyone that had approved that fee in the prior ten years. She stated that the City of Palm Bay had considered it a few times, but that it had gone down in flames. She noted that some fire unions supported the fee thinking that they would get more benefits and pay from that money, but others opposed it because they did not want to be the 'bad guy' asking for another tax.

Ms. Shanahan stated that she did not see the City of Ormond Beach going that direction and could see them pursuing a public service tax on utilities instead.

## **8. OTHER BUSINESS**

Mr. Ken Kimble asked for other business; hearing nothing he adjourned the meeting.

## **9. ADJOURNMENT**

The meeting was adjourned at 5:48 p.m.

Respectfully submitted,

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Wendy Nichols, Recording Secretary

Attest:

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Ken Kimble, Chairman