

**MINUTES
CITY OF ORMOND BEACH
CITY COMMISSION
CAPITAL IMPROVEMENT PLAN WORKSHOP**

June 5, 2018

5:30 p.m.

City Commission Conference Room

I. CALL TO ORDER

Mayor Bill Partington called the meeting to order at 5:32 p.m.

Present were Mayor Bill Partington, Commissioners Dwight Selby, Troy Kent, Rick Boehm, and Rob Littleton, City Manager Joyce Shanahan, City Attorney Randy Hayes, Finance Director Kelly McGuire, Assistant Finance Director Chris Byle, and City Engineer John Noble.

Ms. Joyce Shanahan, City Manager, explained that the workshop was being held to review the Capital Improvement Plan (CIP). She stated that staff had been working on the CIP closely for the past few months. She noted that the discussion would focus on the new projects or the projects that were scheduled to be funded for the fiscal year 2018-19. She explained that in Florida, the state only allowed a one year budget to be approved. She explained that staff had created the five year capital plan but noted that legally the Commission would only approve the first year of the CIP. She noted that the Commission was aware of the included projects, and that almost all projects were in the five-year plan, unless a project was shifted or moved back based on funding.

II. CAPITAL IMPROVEMENT PLAN FY 2018-19 TO FY 2022-23

Five Year Plan – Expenditure Categories and Funding Sources

Ms. Kelly McGuire, Finance Director, stated that the five year plan totaled \$89,582,123. She noted that \$11,248,420 of that would become part of the FY 2018-19 CIP if the Commission directed staff to include the proposed projects. She noted that the final approval of the CIP would occur in August. She stated that all of the figures would be included in the budget for approval by the Commission in September. She explained that the majority of the CIP was water and wastewater projects, and that stormwater projects were the next largest part of the CIP. She noted that over 37 percent of funding in the five year plan would be with grants, and that about 27 percent was funded through bonds, which was primarily water and sewer projects. She noted that staff would need direction on that once they reached that section of the CIP.

Ms. McGuire stated that there would be decision points that evening; they would review the FY 2018-19 projects that staff were proposing and subsequently wanted feedback for next year's proposed budget that would be brought back in July. She noted that there were some projects that needed feedback on funding. She explained that a number of projects were funded in part by the General Fund reserves and that if all projects were funded that were proposed, it would take those reserves down to 13.69 percent. She noted that the General Fund reserve benchmark was at 15 percent and that the Commission could move the benchmark, move projects around, or eliminate projects all together.

Ms. McGuire explained that the other big funding issue was water and wastewater, and that most projects proposed would be funded through bonds. She reminded them that in March at the Financial Trends Workshop she discussed doing a rate increase that would be equal to \$1 per month, \$.50 for water and \$.50 for wastewater, but that with the projects staff was proposing that evening, it would really need to be \$1.75 per month, \$.88 for water and \$.88 for wastewater. She explained that they would review those projects and determine if staff should move forward with all of them, some of them, or if staff needed to go back and rework the projects to spread them out over time.

Ms. Shanahan reminded the Commission that staff was gaining a consensus only and that they could not vote on anything. She explained that whatever direction would be provided that evening would be taken back, adjustments made, and staff would come back in August with specific updates.

Ms. McGuire noted that funding sources included bond proceeds for water and wastewater, grants, and property taxes for general CIP, vehicles, and facilities.

Mayor Partington stated that what was most impressive about the funding information was that most people did not realize how much of the CIP came from grants and bond proceeds, and how little actually came from property taxes. He thought that was important to point out and noted that he was not comfortable going below the 15 percent in General Fund reserves.

Ms. McGuire added that grant funding was not only a significant portion, but that it covered many different projects throughout the city, including the airport and recreation.

Commissioner Boehm questioned what 13.69 percent translated to in dollars, along with the 1.31 percent, between the 15 percent reserve and 13.69 percent reserve numbers. He noted that he wanted to know exactly how much money they were considering with the percentage.

Ms. McGuire stated that they would get to that towards the end, so that the Commission would know what they had to reduce in order to keep it the same. She reiterated that if they included all projects listed in the CIP that were funded at least in part by the General Fund reserves, those reserves would drop down to 13.69 percent. She noted that also assumed they had used all of the Revenue Stabilization Funds up first, which included \$480,000 at that time.

Airport

Ms. McGuire stated that \$2,271,432 was budgeted in FY 2018-19 for airport projects. She stated that those projects included \$178,960 for heliport improvements, and \$2,092,472 for rehabilitation and extended runway 8/26. She noted that the FY 2018-19 projects were largely funded by Florida Department of Transportation (FDOT) and Federal Aviation Administration (FAA) grants. She noted that both projects had been in the CIP for a few years and were not new.

Beautification

Ms. McGuire stated that \$1,190,000 was budgeted in FY 2018-19 for beautification projects. She stated that those projects included \$1,000,000 for Granada median landscaping, and \$190,000 for two landscape renovations. She noted that the FY 2018-

19 projects were largely funded by grants at \$1,010,000 and the General Fund reserves at \$180,000. She explained that all projects involving the General Fund were shown with the exact amounts needed, so that at the end they could discuss what would be done with that money.

Downtown Improvements

Ms. McGuire stated that \$1,765,000 was budgeted in FY 2018-19 for downtown improvements. She stated that those projects included \$55,000 for landscape renovations, \$1,150,000 for the Cassen Park public dock, \$500,000 for Cassen Park parking lot improvements and bathroom construction, and \$60,000 for the annual allocation for upgrades and improvements. She noted that the Cassen Park public dock would be funded by the General Fund reserves at \$550,000, a Florida Inland Navigation District (FIND) grant at \$200,000, and Community Redevelopment Agency (CRA) Tax Increment Financing (TIF) reserves at \$400,000.

Commissioner Kent asked if he had heard that some funding would be from the TIF fund; whereby, Ms. McGuire stated he was correct.

Commissioner Boehm asked if there was a timeline involved with the FIND grant, where it had to be used in a certain amount of time or it was lost.

Ms. McGuire asked City Engineer John Noble about the timeline; whereby, Mr. Noble stated that it was two years.

Ms. Shanahan noted that the decision to purchase the church at 56 Beach Street came after the CIP preparation, and there was nothing in the CIP for property renovation, rebuild, or analysis to determine what to do with it. She stated that would have to come out of the General Fund as there were no real TIF dollars, since most of those were being used for Cassen Park.

Ms. McGuire noted that once they used the \$400,000 for Cassen Park, there would not be any TIF reserves left and they would only have the annual tax revenue that came in, which was roughly \$1,000,000. She explained that it was not that they would not be doing any CRA projects in the future, but they would not have reserves to cover them.

Ms. Shanahan stated that typically they had saved reserves for bigger projects such as the downtown lighting project, noting that staff had saved up for a few years for that project in the TIF fund.

Commissioner Littleton commented that the gentleman who had come up with the dock plans mentioned looking into other federal grants that would fit this project perfectly. He wondered if staff would check on that and if it would whittle down how much came out of General Fund reserves.

Mr. John Noble, City Engineer, reminded everyone that staff had applied for a loan with the Florida Fish and Wildlife Conservation Commission (FWC), but they were looking to fund resident docks that included amenities involved with staying a few days, and were not as interested in day-to-day docks.

Facility Renewal and Replacement

Ms. McGuire stated that \$535,000 was budgeted in FY 2018-19 for facility renewal and replacement. She stated that those projects included \$90,000 for The Casements Heating Ventilation and Air Conditioning (HVAC) replacement, \$115,000 for South Ormond Neighborhood Center gym's HVAC, \$90,000 for the police station chiller replacement, and \$240,000 for police department access control. She explained that any project below the \$25,000 CIP threshold would be included in the operating budget, noting this was not the complete budget.

Facility Construction and Renovation

Ms. McGuire stated that \$630,000 was budgeted in FY 2018-19 for facility construction and renovation. She stated that those projects included \$20,000 for The Casements north side improvement design, \$30,000 for the Emergency Operations Center (EOC) feasibility study, \$20,000 for Ames Park parking, \$260,000 for HVAC chiller replacement at City Hall, and \$300,000 for the police department roof. She noted that the EOC feasibility study would be funded by the General Fund reserves.

Ms. McGuire noted that The Casements north side improvement design project was new; whereby, Mr. Noble stated it was a combined effort with The Casements Guild (Guild), who was contributing money.

Ms. Shanahan stated that she thought the Guild had approximately \$100,000 to do improvements and asked Leisure Services Director Robert Carolin to provide details on what that included.

Mr. Robert Carolin, Leisure Services Director, stated that the Guild wanted to expand the carriage house and fix a drainage issue; whereby, Ms. Shanahan stated that the \$20,000 would be the city's contribution to those items and the Guild would pick up the rest of the cost.

Ms. Shanahan stated that the EOC feasibility study was also new that year, noting that it had been discussed for some time and they were currently using the police operations center. She stated that ideally staff would like to make it as part of an existing building or structure and did not want to bear those costs for a single use facility.

Commissioner Kent asked for status on the police department and why those items were costing so much, noting that serious dollars were involved; whereby, Ms. Shanahan stated that the building was close to 20 years old, the roof leaked during hurricanes, the air conditioning unit had continued to fail and needed replacement, and the access portion was security and cameras for entering the facility.

Mayor Partington stated that he would prefer to hold off on construction at the police department at that point, in order to look at building a new police department further west that could include the EOC and put that \$1,000,000 for those combined projects into new construction.

Commissioner Kent questioned the amounts listed for all the projects involving the police department and agreed with Mayor Partington about combining the police department and EOC in a better location within the city limits.

Commissioner Selby stated that he agreed with Ms. Shanahan about the feasibility study for the EOC, but that the study should be for a combined police department and EOC, and to limp along with repairs to the police station chiller and roof in the meantime.

Commissioner Boehm wondered if moving the police department further west would impact how the station operated; whereby, Police Chief Jesse Godfrey stated that it would not.

Commissioner Boehm stated that he would prefer relocating the police department and adding the EOC in a combined building for both, instead of looking at a standalone EOC. He noted that the current location of the police department was prime property and the city could make money from selling it, which could be used to assist in purchasing another lot for the new combined building.

Commissioner Littleton stated that New Smyrna Beach had combined their EOC with a fire department location west of I-95.

Ms. Shanahan stated that the general dividing line for wind hazard was I-95.

Mayor Partington noted that Port Orange's police department was on Clyde Morris Boulevard, and that Daytona Beach's was on the corner of Mason Avenue and Williamson Boulevard.

Parks, Recreation and Cultural Facility Improvements

Ms. McGuire stated that \$1,025,000 was budgeted for FY 2018-19 for parks, recreation, and cultural facility improvements. She stated that those projects included \$950,000 for Ormond Beach Sports Complex (OBSC) lighting soccer fields one through three and baseball field three, and \$75,000 for Nova Road underground electric utilities. She noted that funding would come from the General Fund reserves in the amount of \$625,000, and an ECHO grant in the amount of \$400,000.

Commissioner Kent stated that they needed to discuss the issue of that much money coming from the General Fund reserves.

Ms. McGuire stated that in looking at certain projects that involved the General Fund reserves, they were viewing the city's match for the grant money. She noted those projects might be higher priority so that the city would not lose the grant money completely, than the projects that were 100 percent city funded which could be moved further out.

Commissioner Selby asked if it were true that in order to receive the \$400,000 ECHO grant, the city had to put in \$550,000; whereby, Ms. McGuire stated that was correct.

Ms. McGuire noted that the Nova underground electric utilities project was strictly city funded.

Commissioner Littleton noted that the price had increased.

Stormwater Drainage Improvements

Ms. McGuire stated that \$1,752,000 was budgeted for FY 2018-19 for stormwater drainage improvements. She stated that those projects included \$573,000 for Fleming Avenue drainage, \$250,000 for stormwater master plan update, \$500,000 for stormwater piping replacement, \$149,000 for stormwater rebuild, and \$280,000 for the Wilmette Avenue pump station. She noted that funding would come from Federal Emergency Management Agency (FEMA) grants at \$620,000, and Stormwater User Fees at \$1,132,000, and that a rate increase was not needed.

Ms. Shanahan stated that Fleming Avenue drainage and the Wilmette Avenue pump station were FEMA grant funded projects and that \$6,000,000 had been received for hazard mitigation from FEMA for Hurricane Matthew.

Commissioner Kent stated that he wanted the record to show that the City Commission would not be raising stormwater fees.

Technology

Ms. McGuire stated that \$1,120,434 was budgeted for FY 2018-19 for technology. She stated that those projects included \$28,200 for Wi-Fi systems replacement, \$830,934 for P25 compliant radios, \$61,000 for SAN controller upgrade, and \$200,000 for communication infrastructure. She explained that the P25 radios were for the police, fire, and public works departments. She noted that the \$830,934 would be funded through an equipment lease finance, and \$153,500 would come out of the General Fund reserves for the Wi-Fi system and communication.

Ms. Shanahan stated that the county was currently bidding it out for the Volusia County Sheriff's Office and were doing a request for proposal (RFP). She thought others might have read in the paper that Flagler County was doing something similar, and that Volusia County had asked all cities to provide the number of radios they expected to replace. She noted the idea was that all radios in the county were on the same frequency so they could communicate during emergencies. She asked Chief Godfrey if they were using 800 megahertz now; whereby, he stated that they were.

Ms. Shanahan stated that Volusia County had been working on that project for some time. She expected in the next fiscal year that they would have that bid and sister cities would be given an opportunity to piggyback on that bid, so they would not have to bid it out directly.

Commissioner Kent was shocked at the price and asked how many radios that covered; whereby, Ms. McGuire stated it included 232.

Ms. Shanahan agreed that the radios were very expensive.

Commissioner Kent asked if all radios across the county were connected and able to communicate during the hurricanes; whereby, Ms. Shanahan stated that they were, but the county changing their radios to different technology could affect all the cities involved.

Commissioner Boehm asked about a national compliance standard with the radios; whereby, Ms. Shanahan stated that there was one and Chief Godfrey confirmed that was what P25 was.

Commissioner Selby asked why body cameras were pushed out approximately three to four years; whereby, Ms. Shanahan stated that the radios were a higher priority.

Ms. McGuire stated that it was a funding issue. She noted that certain parts of the CIP had been moved around to accommodate the higher priority items.

Mayor Partington wondered if there was a way to look at getting less radios or giving them to supervisors only. He asked if there were 68 sworn officers; whereby, Chief Godfrey confirmed there were 71 sworn officers.

Ms. Shanahan noted that it included vehicles and other groups that needed radios as well.

Mayor Partington stated that at some point someone needed to say no to a price of \$3,600 per radio. He noted that with acts caught on video, using body cameras, the biggest cost was storage but that it would be necessary one day to save an officer's job, due to documentation of a situation. He noted that many departments that went to video had zero complaints once video was pulled of an incident. He stated that body cameras should be a priority and there had to be a better way involving the P25 compliant radios. He felt the Commission needed to tell staff to find a better way.

Commissioner Kent stated that staff needed to find a better way in regards to the P25 compliant radios. He noted that he understood staff's frustration, but his frustration was they would be spending almost \$1,000,000 on radios and had not discussed details of potentially sharing radios within the city. He wondered if he needed more education on the issue.

Commissioner Selby asked for an explanation on the equipment financing; whereby, Ms. McGuire stated that they would take the \$830,934, refinance it most likely over a period of five or seven years depending on the rates, and at the end of the time the city would own the radios.

Commissioner Selby mentioned the General Fund reserves; whereby, Ms. McGuire stated the \$153,500 coming from there was related to the Wi-Fi system and communication only.

Commissioner Selby asked what was included in the \$200,000 for communication infrastructure; whereby, Ms. McGuire stated it included fiber optic expansion for Fire Station 92, lift station 5M, Forest Hills Connector Trail, and the Wilmette Avenue pump station. She noted a portion would be funded through the General Fund and a portion through water and wastewater.

Commissioner Boehm asked for clarification on the budgeting and expenditure details of the \$830,934 for the P25 radios; whereby, Ms. McGuire and Ms. Shanahan explained the situation.

Ms. Shanahan stated that at the current time, it was \$3,500 to replace a radio and that either way, it would be a major cost.

Mayor Partington reiterated his stance on pushing back against the county for the cost of the radios and noted it was almost to the point of insanity. He joked that a carrier pigeon would be cheaper and potentially more effective.

Ms. McGuire stated that staff would circle back with more information on that issue in July.

Transportation

Ms. McGuire stated that \$525,000 was budgeted for FY 2018-19 for transportation. She stated that those projects included \$75,000 for railroad crossings, and \$450,000 for the road resurfacing program. She noted that the funding would be from LOGT (gas tax) and property taxes as those were set aside for transportation. She stated that the road resurfacing program was ongoing.

Vehicle & Equipment Replacement

Ms. McGuire stated \$1,112,000 was budgeted for FY 2018-19 for vehicle and equipment replacement. She stated that those projects included \$448,000 for five General Fund vehicles, \$391,000 for one stormwater vehicle, and \$273,000 for three water and wastewater vehicles. She noted that the Streets Loader vehicle would be funded through lease-purchase financing.

Commissioner Kent asked how dire it was that they purchase the streets loader in the current fiscal year; whereby, Ms. Shanahan stated that it was a 2003 vehicle and the total cost would be \$280,000 through a lease-purchase.

Commissioner Kent recommended that they push that purchase back a year and continue to make the current streets loader work; whereby, Ms. Shanahan stated that she would note that.

Ms. McGuire clarified that the streets loader would be paid out of the General Fund and the stormwater vehicle, a 2004 Sterling VacCon, would be paid out of the stormwater budget. She noted there were two separate purchases out of separate budgets.

Commissioner Boehm asked about the millage for vehicles; whereby, Ms. McGuire stated there was a millage for vehicle replacement that funded \$225,000 and that it was designated specifically for that.

Commissioner Kent stated that he was with Mayor Partington in not letting the General Fund reserves go below 15 percent and that was why he wanted to put the streets loader off a year.

Ms. McGuire stated that none of the projects listed would impact the General Fund reserves. She noted the four police vehicles would be funded out of the vehicle fund through the property taxes that would be generated the upcoming year, and the streets loader would be financed over a period of time similar to the P25 radios. She stated that if they wanted to hold off on the streets loader and make it last another year, staff understood that. She reiterated that none of the projects would impact the General Fund reserves.

Mayor Partington stated that he wanted to push the streets loader purchase back.

Commissioner Selby stated that increasing the operating costs due to a lease payment for the vehicle made fewer dollars available to be in reserves, but that it would not impact the existing reserves to pay cash for it.

Ms. Shanahan stated that she heard them clearly emphasize moving the streets loader purchase and would do so.

Water and Wastewater System Improvements

Ms. McGuire stated \$11,348,420 was budgeted for FY 2018-19 for water and wastewater system improvements. She stated that those projects included the annual renewal and replacement projects which were \$294,000 for city-wide meter replacement, \$200,000 for general rehabilitation, \$90,000 for meter installation, \$100,000 for pretreatment effluent pumping (PEP) tanks, and \$300,000 for sanitary sewer inflow infiltration. She stated the new projects that were included were \$2,400,000 for Breakaway Trails (BWT) reclaimed water storage and pump station, \$460,000 for lift station rehabilitation, \$132,000 for North US 1 force main extension design, \$575,000 for process and instrumentation control improvements, \$200,000 for sanitary sewer force main upgrades, \$40,000 for Shadow Crossings reuse pump facility design, \$163,420 for South Pen reclaimed design, \$250,000 for water main replacement engineering, \$780,000 for water storage tank repairs, \$1,000,000 for water treatment plant (WTP) lime slaker unit replacement, \$524,000 for WTP low pressure reverse osmosis (LPRO) membrane replacement, \$1,200,000 for WTP solids handling facility, \$1,700,000 for wastewater treatment plant (WTPP) sludge dewatering, and \$940,000 for septic to sewer design for the north peninsula.

Ms. McGuire noted that within a few years all meters in the city would be replaced; whereby, Ms. Shanahan stated that they were radio read meters instead of touch meters, and that there was a remaining two years before completion.

Ms. Shanahan noted there was a revenue aspect that would provide the funds for meter installations costs, and the amount for the PEP tanks was budgeted every year for Breakaway Trails and Hunter's Ridge subdivisions.

Commissioner Selby wondered if the PEP tanks were basically a mini lift station at every home instead of gravity feeding to a master lift station; whereby, Ms. Shanahan stated that was correct.

Commissioner Selby asked if engineers had decided that was not a good way to go in the future; whereby, Ms. Shanahan stated that it was expensive. Mr. Dave Ponitz, Utilities Manager, stated that the city acquired that facility years prior.

Mayor Partington stated that it did not make sense but that was what they had acquired. He noted that it took tremendous amount of staff time to maintain it and a large amount of complaints received for destruction of property came from that. He stated that if there were way to fix that system it would be amazing.

Ms. Shanahan stated the only thing that could be done would be to put gravity feed in the system and that would be expensive; whereby, Mr. Ponitz stated it was cheaper to construct for the developer at the time.

Mayor Partington stated that he understood that, but he wanted to make sure in all future development that PEP would not be accepted; whereby, Mr. Ponitz stated that they did not encourage expansion of any part of the city with a PEP system.

Commissioner Selby wondered if the future phases of development in Hunter's Ridge would be the same; whereby, Mr. Ponitz stated that all recent developments in that area were designed and constructed conventionally.

Ms. McGuire noted that the annual projects were funded through existing water and wastewater charges, and that rate increases in those areas did not affect the annual projects.

Ms. McGuire noted that the Breakaway Trails reclaimed water storage and pump station in the new projects would be partially funded through a grant. She stated that most of the projects had been seen in the CIP prior, but the septic to sewer design for the north peninsula had been added. She noted there was another new septic to sewer project for Hidden Hills, but it would be a few years out.

Commissioner Boehm asked if it were going to be one bond or more than one; whereby, Ms. McGuire stated that all projects included would be one bond.

Commissioner Selby commented that he had spent much time learning about septic to sewer. He stated that he visited Deltona for a Septic 101 seminar on how the septic tanks were affecting the local springs. He stated that he felt the city could make that project happen if they invested the money to get the design and permitting done for the first 700 homes, noting that they could not get the additional financial assistance from any agency until the project was shovel ready. He noted the project extended ten streets from Plaza Drive to Longwood Drive that were already city water customers, and felt that only they could get rid of the septic tanks. He explained that if they wanted to solve the problem, they needed to take the first step or it would become an issue that would be continually discussed. He noted they all cared about the environment, but that there were numerous funding sources, and he thought they would get the money back eventually in user fees over time. He reiterated that he was for the project, but understood that it was a team situation.

Commissioner Kent asked how many neighborhoods in the city limits were still on septic; whereby, Ms. Shanahan stated Hidden Hills had not been converted. Mr. Ponitz stated there were about half a dozen communities which would equal out to about 200 homes, and Mr. Noble agreed.

Commissioner Kent wondered if those individuals, who were Ormond Beach residents that paid taxes and had Ormond Beach water, would object to the city working with county homes before taking care of them. He stated that he agreed with the project, but felt that the Ormond Beach residents needed to be first and then they could work on the north peninsula.

Commissioner Selby stated the Volusia County Health Department had done a study of every area of septic tanks in the county, and that each was ranked among six or seven criteria. He noted that the study divided the north peninsula into three areas, and they were three of the worst areas for septic tanks in the entire county. He stated that if those individuals did not have city water, they would be off the charts as the worst areas all around. He explained that he used to live in the Broadwater community and that area

was fine for septic, and part of the reason was the density; its impact on the environment was not bad.

Commissioner Kent asked if the Broadwater community was on the Tomoka River; whereby, Commissioner Selby stated that there were numerous homes in that area on the Tomoka River.

Commissioner Kent stated that he definitely supported the project but was in favor of doing all Ormond Beach addresses first. He stated that he understood what Commissioner Selby was saying that no one would do the project but Ormond Beach, but reiterated the need to take care of their own residents first. He stated that once those were done, everyone would have 100 percent support from him for the north peninsula.

Commissioner Selby stated that he heard what Commissioner Kent was saying and thought that the city could get the Broadwater community on sewer. He explained that if the city told those residents they would like to convert them to sewer, it would cost this set amount, those residents would write a check for the amount and it would be done. He noted that he was not sure where Hidden Hills came out on the Volusia County study, and he would provide copies of the report for the other Commissioners to review.

Commissioner Kent stated that it seemed as if it were very bad in the county, and that his understanding was that septic was not good in general and especially for the environment; whereby, Commissioner Selby agreed and stated that a typical septic system did not remove nitrogen or phosphorus, and those two items ended up in the aqua.

Mayor Partington questioned where the \$940,000 would come from for septic to sewer; whereby, Ms. McGuire stated that it would be a bond issue and would be part of the rate increase.

Mayor Partington stated that he had a problem with raising the wastewater rates to do that. He wondered if the city was doing a bond issue that would pay for it, why they would raise the rates; whereby, Ms. Shanahan stated that it would be to pay off the debt.

Ms. McGuire reminded everyone that amount was just for the design phase, and that construction was millions of dollars and they were not proposing to do that themselves.

Commissioner Boehm pointed out there might be more than 200 Ormond Beach homes that needed sewer based on page 535 of the CIP; whereby, Ms. Shanahan stated that not all listed were in the city limits.

Ms. Shanahan thought that only a few residents from Hidden Hills had come forward wanting to be added to sewer. She noted that the north peninsula project was born out of the 2013 Volusia County Health Department study due to the density of homes in that area. She explained that living on a knoll with sandy soil one would never see their septic tank fail, as compared to living in the northeast with clay soil where one would see it bubble up and know to repair it; whereby, Mr. Ponitz stated that he mostly heard from those that were more sensitive.

Commissioner Boehm noted that Hunter's Ridge was included on the list, then wondered if they knew how much it would cost per home on the north peninsula, and whether or not those individuals would be open to doing it; whereby, Mr. Noble stated there was an

intense survey of Hidden Hills when the city was looking at doing an assessment for sewer there, and a majority of the residents did not want to pay the cost of approximately \$10,000 to \$12,000 each.

Ms. Shanahan stated that they wanted the service, but did not want to pay for it; whereby, Mr. Noble stated that was correct.

Commissioner Selby stated that for the project to be a success it had to be started, which included design and permitting, to make it shovel ready. He noted that until then, the city would not get a dime from the state per a conversation he had with Representative Tom Leek. He explained the city would not get anything from the St. Johns River Water Management District (SJRWMD) until the project was under construction and that money would only cover one-third of the cost. He stated the goal ultimately was to make the down payment and all out of pockets costs as small as possible, noting that some would probably have to be covered by the homeowner; whereby, Ms. Shanahan stated the city could do a low interest bond fund.

Commissioner Selby thought they could make it very affordable. He noted that individuals on the north peninsula would not know whether or not their septic tank was working, because the soil was so porous and contaminants would be leaching into the ground immediately. He stated that he saw it as a good business decision as well as being good for the environment.

Commissioner Kent wondered if they would have to raise rates for the project; whereby Ms. McGuire stated they would.

Mayor Partington stated that he supported everything said except the rate increase. He noted that they were always doing a rate increase every time the residents turned around, and felt that it was too much. He explained that if they could find the \$940,000 somewhere in water or wastewater reserves that he would support it 100 percent. He noted it was the right project at the right time, but asked staff to find a way to figure out where those dollars would come from without raising rates for Ormond Beach residents, to provide a service for those who were not Ormond Beach residents.

Commissioner Boehm stated that the CIP estimated cost per home was listed around \$12,000 on the north peninsula; whereby, Ms. Shanahan stated that those individuals would pay an impact fee, a connection fee, and it would be their personal responsibility to hook up their system to the city system.

Commissioner Boehm asked what the \$12,419 referenced; whereby, Mr. Ponitz stated that was typically construction costs.

Commissioner Selby stated the first phase was roughly \$7,000,000 for construction for 700 homes, indicating that it would be closer to about \$10,000 for the first phase. He noted that part of the savings was the fact that the density was so great and the houses were close together, which would mean less pipe involved.

Commissioner Boehm wondered what would happen if the city went to the residents and they said no, after the city spent money on part of the project. He noted that with the reuse water project on the south peninsula, the city had to do a major marketing campaign and waive fees to get those individuals to agree to do that project. His concern was that most of those individuals were retirees or on fixed income, and if the cost

ended up too high they would not support it at all. He wondered how to get around that; whereby, Commissioner Selby stated that technically state law was on their side and Mayor Partington noted that they could not say no.

Commissioner Boehm wondered about details on paying it; whereby, Ms. McGuire stated that was part of the problem, since those individuals were not in the city's taxing jurisdiction and they could not go the route of a typical special assessment. She noted that ideally, the county would take on that roll but that was probably unlikely.

Commissioner Littleton stated his concern was about the pushback they could possibly get once anyone started using the "A" word, meaning annexation. He thought they might not want to hook up if it meant annexation; whereby, Commissioner Selby stated that it did not mean annexation, and they had been told in the past that because those individuals were water customers they could not be forced to annex in order to get sewer.

Ms. Shanahan stated that the city could not compel those individuals to annex. She noted that it would be to their benefit if they were to annex, however, as that would lower water and sewer rates; whereby, Commissioner Kent added that it would lower their tax rate as well.

Ms. Shanahan stated there were no grant dollars available for design work, but there were construction dollars available. She noted that if they wanted to go down that road, they would have to expend funds but could put it on the shelf, because the topography should not change drastically, and that way it would be ready to go whenever.

Commissioner Kent stated that he preferred to have good answers to questions from constituents and did not have any if he were to be asked why the city was raising rates for a project that was not located in the City of Ormond Beach. He noted that was his concern; whereby, Commissioner Selby stated that he would work on it with staff.

Ms. McGuire noted that funding for water and wastewater system improvements would consist of bond proceeds of \$8,900,000 that would be repaid with the rate increase of \$1.75 monthly, the grant funding from the SJRWMD in the amount of \$792,000, and water and wastewater charges in the amount of \$1,564,000 which were for the annual ongoing projects discussed. She noted that the \$1,564,000 was already covered by the current rate charged to the customers, and was typically set aside for ongoing and capital projects every year, so there was no funding issue with those projects. She stated the only issue was with the funded projects.

Mayor Partington stated that he was not at the point where he would vote for any more water or wastewater increases; whereby, Commissioner Kent stated he was in agreement with Mayor Partington.

Commissioner Littleton questioned a rate increase coming up in September; whereby, Ms. McGuire stated they had discussed doing one at the Financial Trends Workshop in March for the next two years, noting it would be \$1 for the next fiscal year and \$1 for the following fiscal year at \$.50 water and \$.50 wastewater. She noted that was what had been done the prior two years, where they voted on the rate increase once, but it would go into place on October 1, 2018, and September 30, 2019, covering two years.

Ms. Shanahan stated that she was hearing them say that they did not want to do any increases at that point.

Commissioner Kent stated that for years in Ormond Beach, there were no rate changes for water and wastewater system improvements, but then residents were hit with a huge increase that had to be done. He noted that the Commission said they wanted to do incremental increases, but those increases had now been done for many years in a row. He explained that he wanted to stop and let Ormond Beach residents breathe for a while, noting that it was still one of the absolute lowest rates for water and wastewater out of the 16 municipalities in Volusia County. He commented that he could not support any rate increases at that time; whereby, Commissioner Boehm noted that one of the projects would have to be postponed if rates were not raised.

Ms. McGuire stated if that were the direction the Commission wanted to give staff, they would go back to the water and wastewater projects, and present an update at a later time.

Mayor Partington stated that he was shocked that staff brought forward a CIP where the General Fund reserve was reduced below the benchmark of 15 percent. He noted that he was frustrated with the details and wanted staff to do more work on those items.

Ms. McGuire stated that when staff put the CIP together they were looking at the General Fund reserve level. She noted that the upcoming purchase of the Beach Street property was unplanned and including that took the level below 15 percent. She stated that unplanned projects that received approval from the Commission had to be included and thus affected the prior CIP numbers. She reiterated they had not gone below the 15 percent level at that point, unless they proceeded with the plan as it was.

Mayor Partington stated that he did not see anything about that in the provided document; whereby, Ms. Shanahan stated that the closing had not officially happened as of that date and was not included for that reason. She noted that staff heard the message about holding to the 15 percent on the General Fund reserves, so they would make some tough decisions and bring it back at a later date.

Additional Projects Reviewed

Ms. McGuire stated that additional projects reviewed included decorative lighting on the westside of the Granada Bridge, improvements on the MacDonald House, purchase of land and new construction for the Police Athletic League (PAL) house, extending two-way paved roads from Harmony Avenue to Hull Road behind the fields, providing an encounter area and outdoor classroom at the Environmental Discovery Center, lighting for courts one through four at the Nova Community Park Tennis Court, the Nova Community Park master plan, light-emitting diode (LED) lighting at Nova Community Park for baseball fields one through five, paved parking lots at the softball quad, Wendelstedt fields, and Kiwanis soccer fields at OBSC, LED lighting for softball quads and Wendelstedt fields at OBSC, providing art at various city facilities, sport complex access and drainage, construction of a new facility to serve the tennis center building, and construction of a parking area at Three Chimneys. She noted that a detailed project scope had not been developed at the time and that the site was not city owned explaining that it would not likely be funded in future CIP cycles. She stated that staff would continue to monitor this project for potential funding through grant sources.

Ms. McGuire stated that other additional projects reviewed included the Lisa Lake dredging that was being pursued by staff, and they would recommend that the project be funded through a special assessment requiring 51 percent approval by the impacted property owners.

Ms. McGuire continued discussing additional projects reviewed; noting that phase two of the May 2009 flood study was included. She noted that the project had been listed as unfunded, but Mr. Noble received notice that the city had received the grant approval for 75 percent of the design work estimated at \$1,500,000, so it would move to the funded section. She explained that the city's portion of 25 percent would be funded through stormwater fees and they did not need any increases in the stormwater fees to cover it. She stated that other additional projects reviewed included 37 in-car cameras for police personnel vehicles. She stated that all the projects in the additional projects reviewed were not new and were ones that the Commission had seen in the past.

Ms. Shanahan noted an unfunded list was included in the CIP so that those projects were not forgotten about.

Commissioner Boehm commented that water and wastewater items were in use 24 hours a day, seven days a week, 365 days a year, and that even though residents did not notice them they were extremely important to the community. He thought it was imperative to make sure those projects were included, noting that as soon as those items started breaking they must be replaced, and were not flexible or something that could necessarily be pushed back a year for funding. He noted that they did not want to provide a lesser service to their residents and wanted them to keep that in mind when making decisions on projects involving public works.

Mayor Partington stated they would review what staff brought back once it was reviewed and updated; whereby, Commissioner Boehm stated he wanted it mentioned since no one saw the specifics but took those services for granted, noting that he thought road resurfacing could be pushed back a year.

Commissioner Kent stated the he understood what Commissioner Boehm was saying and personally supported the small incremental increases over the years. He noted he was a huge advocate for better pipes and water quality for all of the residents, but at some point that Commission or a future one would have to say enough and not have another increase in the current year, because they had been doing it year after year after year. He explained that he was not upset with staff as they had done what the Commission asked, in doing small incremental increases to make sure they did not have to do a 30 percent hit on their residents again. He noted that he did want to make sure they took care of what they had, but was not comfortable with increases at that time.

Commissioner Boehm reiterated that he wanted to know what they lost if they cut certain projects; whereby, Commissioner Kent agreed with him and Ms. Shanahan that staff would be back with more information.

Board Recommendations

Ms. McGuire stated that the draft CIP was reviewed by the Aviation Advisory Board (AAB), Leisure Service Advisory Board (LSAB), and Ormond Beach MainStreet ("MainStreet"), and was approved by all as it was presented. She noted that the LSAB recommended funding additional projects to the five-year plan, including the OBSC LED

lighting, Doug Thomas Way Extension, EDC Encounter area, and OBSC access and drainage, while recommending and that they recommended removing the Nova Park Phase I project. She noted the Quality of Life Advisory Board (QLAB) would review the draft CIP at their next meeting on June 7, 2018.

Decision Points

Ms. Shanahan stated that staff brought them projects with the understanding that they would spend down the reserves, and thought that was what Ms. McGuire was alluding to earlier in the meeting. She noted they now had key issues they could make decisions on in order to keep their projects within that 15 percent General Fund reserve. She thought because they lost a great portion of the grant funding for the Cassen Park Dock, it would be staff's recommendation to put that project off for a future year, as they had at least another year with the ability to use the grant money.

Ms. McGuire asked if they had a discussion about that prior and thought they only had it through September of 2019; whereby, Ms. Shanahan stated that they could reapply, and Mr. Noble added that they could ask for an extension or reapply.

Ms. Shanahan advised the Commission that the following projects were using General Fund reserves and needed a decision; \$180,000 on beautification, \$500,000 for the Cassen Park Dock, \$30,000 for the EOC Feasibility Study, \$625,000 for the OBSC lighting, and \$154,000 for technology. She noted that if there were anything they wanted staff to push off or hold for a future year, those were the key items that they thought would be best. She reiterated that staff would regroup on water and wastewater projects and bring them back later.

Commissioner Selby asked how much money needed to be saved to keep the reserves at 15 percent; whereby, Ms. McGuire stated that \$500,000 worth of projects needed to be eliminated to stay at that level.

Ms. Shanahan noted that communication infrastructure under technology and the EOC Feasibility Study were both items that could be pushed back easily; whereby, Ms. McGuire stated that \$80,000 could be taken out of beautification, but they needed to keep the \$100,000 in, because that amount was the city's share of the \$1,000,000 grant requested for the median update.

Commissioner Kent noted that spending \$100,000 to get \$1,000,000 worth of state funding was a good business decision; whereby, Ms. Shanahan stated they wanted to leave the \$100,000 in for that reason.

Commissioner Kent stated they should remove the Cassen Park Dock.

Ms. Shanahan asked if he meant they should push it back to a future year; whereby, Commissioner Kent stated that was correct and Commissioner Littleton agreed, stating it was the easiest to eliminate.

The Commission and staff discussed a few details about the General Fund reserves, CRA fund, and Cassen Park Dock.

Commissioner Kent asked where they were with the lighting at OBSC; whereby, Commissioner Boehm noted that lighting had an ECHO grant attached, and Ms.

McGuire stated that it was \$400,000. Commissioner Boehm felt they needed to keep the lighting project since they had to spend money to get the ECHO grant.

Ms. Shanahan noted that they could pull multiple items off the list and that the amount did not have to equal \$500,000, but could be more if they chose.

Mayor Partington stated that he wanted to keep the beautification, but push back the Cassen Park Dock and the communication infrastructure a year. He thought the EOC should be looked at combined with a police department, noting that changed the scope of the study.

Ms. Shanahan asked if she was correct that they wanted to move the Cassen Park Dock and communication infrastructure projects; whereby, the Commission agreed in unison.

Commissioner Boehm commented on going over the \$500,000 amount and 15 percent level; whereby, Mayor Partington added that he would rather see the General Fund reserves at 20 or 25 percent, but that 15 percent was the benchmark.

Ms. Shanahan reminded them that there was no money in that budget to do anything with the Beach Street church property. She noted that staff had their orders and would come back in the future with decision points on water and wastewater.

III. ADJOURNMENT

The meeting was adjourned at 6:52 p.m.

Transcribed by: Wendy Nichols