

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

July 18, 2018

5:00 p.m.

City Hall Training Room

1. CALL TO ORDER

Chairman Ken Kimble asked Recording Secretary Wendy Nichols to call the meeting to order and perform roll call. Ms. Wendy Nichols, Recording Secretary, called the meeting to order at 5:11 p.m.

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

2. APPROVAL OF MINUTES OF JUNE 27, 2018, MEETING

Mr. Bill Harper moved, seconded by Mr. Kevin Tilley, to approve the minutes of the June 27, 2018, meeting. The motion passed unanimously.

3. PUBLIC COMMENTS

There were no public comments.

4. DISCUSSION OF THE PROPOSED BUDGET FISCAL YEAR 2018-2019

Ms. Kelly McGuire, Finance Director, stated the purpose of the meeting was to receive a recommendation from the board on the overall budget. She noted the Operating Budget Workshop, in conjunction with the City Commission, on July 31, 2018 at 5:30 p.m. in the Commission Conference Room. She stated the budget would be available online the next day for their review.

Ms. McGuire stated the budget was prepared based on the directives given by the City Commission at the Financial Trends Workshop: keep the current tax rate, do not cut services, and do not use any general fund reserves.

Amendment 1

Ms. McGuire noted the budget was prepared with the expectation that Amendment 1 would pass by vote in November 2018, but would not take effect until fiscal year 2019-20. She explained that Amendment 1 would affect the property tax revenue, which was the primary source of the general fund budget. She noted the city needed additional revenue every year to fund the same general fund services. She stated that with Amendment 1, the city would have two options; either go with a rollback tax rate and receive no new

revenue, or stay at the current tax rate, but the incremental revenue received would be a smaller amount. She noted that in the upcoming year, property taxes were estimated at \$895,000, but with Amendment 1 the additional property taxes would only be approximately \$200,000 to \$300,000. She stated the city would not be able to fund their services if that happened.

Ms. McGuire explained that staff planned to have ongoing revenue available in order to cover any cost increases, with funds that were going to be used in fiscal year 2018-19 for Capital Improvement Plan (CIP) projects. She noted those projects would be complete by the fiscal year 2019-20 budget, but the revenue received would be there and available.

Overview

Ms. McGuire stated the net budget for fiscal year 2018-19 increased by \$2.5 million from the current year budget, for a total net budget of \$77.7 million. She noted the main reason for the increase was due to changes made in the capital expenditures specific to water, wastewater, and the airport.

Ms. McGuire stated the net general fund budget was \$31.5 million. She noted that would be an increase of \$1.1 million specific to general wage increases, pension cost increases, health insurance increases, and capital project funding.

Property Taxes

Ms. McGuire stated that property values increased by \$224.2 million or 6.9 percent from 2017 to 2018. She explained that occurred with \$190.2 million in existing properties and \$34 million in new construction and annexations. She stated the values were still eight percent below peak value from 2007.

Ms. McGuire stated the operating tax rate was proposed to remain at 4.2843 mills. She noted the average tax bill for a citizen would go up \$17.50 or 3.85 percent, and the overall millage rate would go down 5.62 percent. She indicated that was due to the debt service millage going down for the 2002 general obligation bond, the 2003 general obligation bond, and the 2010 general obligation bond.

Ms. McGuire expected Ormond Beach to end up where it was currently, as the third lowest municipal millage rate in Volusia County.

General Fund

Ms. McGuire stated that increases in property taxes, utility taxes, and sales taxes would make up the \$1.1 million in revenue needed for the general fund.

Ms. McGuire stated the Human Services expenditure was considered contributions, with the money reserved for the Early Learning Coalition and the homeless shelter initiative. She noted the vacancy savings was a negative amount, and already built into the budget.

Ms. McGuire stated the city had a benchmark of 15 percent for the general fund reserves. She noted at the end of fiscal year 2016-17, the reserves were at 18.72 percent and expected them to be at 18.15 percent by the end of fiscal year 2017-18. She indicated the only expense affecting the reserves was the Beach Street property purchase.

Citywide Staffing

Ms. McGuire stated the city was below the 2007 number for personnel, and indicated they were proposing 373 employees for the upcoming year. She noted that would include two full-time employees, a permit tech and a supervisor of building maintenance and parks, and one part-time position going to full-time.

Stormwater

Ms. McGuire stated that staff was proposing a decrease of one dollar in stormwater fees, from \$8 per month to \$7 per month. She noted there were sufficient reserves and revenue coming in at the lower rate to complete the stormwater maintenance and capital projects.

Water and Wastewater

Ms. McGuire reminded the board about the one dollar rate increase that had already been approved on the water and wastewater rates, noting that it would be 50 cents on water and 50 cents on wastewater per month. She stated the new rates would go into effect on September 30, 2018. She explained the additional revenue received would fund capital projects.

Utility Rates

Ms. McGuire stated the rates were based upon 5,000 gallons usage and noted the average bill for a resident would be \$84.84. She highlighted that Ormond Beach was lower than other sister cities in Volusia County.

Solid Waste

Ms. McGuire noted there was a 2.33 percent solid waste increase that had already been approved, going into effect at the end of the current fiscal year. She stated the increase was to offset the Consumer Price Index (CPI) adjustment in the contract with Waste Pro. She stated the city needed to raise the customers rates incrementally every year, so they could provide the CPI adjustment if approved, or to pay for a potential substantial increase if the city had to bid out the service.

Questions / Comments

Ms. McGuire stated she wanted to make sure the board was comfortable with the budget, and specifically, the tax rate and reduction of the stormwater fee.

Mr. Ken Kimble asked about the general fund reserve percentages; whereby, Ms. McGuire stated the reserve was currently at 18.72 percent. She noted

that staff needed to amend the budget after the Beach Street property purchase, and clarified the circumstances discussed at the Financial Trends Workshop that would have taken the reserve below 15 percent.

Mr. Kimble asked about the dock project; whereby, Ms. McGuire noted that staff was recommending a delay of the paving and restroom projects at that time, which would have been funded by Tax Increment Financing (TIF) dollars. She stated the TIF dollars, along with grant funds that would be lost if not used, would fund the dock project.

Mr. Bill Harper asked if the city planned to go with the rollback millage rate in a year; whereby, Ms. Shanahan clarified the city would plan to stay at the same tax rate.

Ms. McGuire stated the only way the city would go to the rollback rate was if the rollback rate was higher than the current tax rate, but it would not generate new revenue.

Rates

Mr. Harper noted the water and wastewater increase in fees would be offset by the stormwater decrease, and was comfortable with the rates.

Ms. Shanahan stated the tax bill was around \$430 per year for Ormond Beach city services, noting it was a good deal. She complimented Ms. McGuire and staff on the hard work they had done on the budget.

Mr. Kevin Tilley moved, seconded by Mr. Bill Harper, to accept the existing millage rate, proposed stormwater rate, and all other recommendations by staff. The motion passed unanimously.

5. ADJOURNMENT

Mr. Bill Harper motioned, seconded by Mr. Kevin Tilley, to adjourn the meeting. The meeting was adjourned at 5:40 p.m.

Respectfully submitted,

Wendy Nichols, Recording Secretary

Attest:

Ken Kimble, Chairman