

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

May 29, 2019

5:00 p.m.

City Hall Training Room

1. CALL TO ORDER

Mr. Rafael Ramirez, Chairman, called the meeting to order at 5:04 p.m.

Those present were board members Chairman Rafael Ramirez, Vice Chairman Scott Cichon, Bill Harper, and Ken Kimble, and Finance Director Kelly McGuire, and Assistant Finance Director Chris Byle.

2. APPROVAL OF MINUTES OF APRIL 24, 2019

Mr. Bill Harper moved, seconded by Mr. Scott Cichon, to approve the minutes of the April 24, 2019, meeting. The motion passed unanimously.

3. PUBLIC COMMENTS

Ms. Linda Williams, 131 Bosarvey Drive, discussed a Volusia County Sustainability Action Plan from 2012 and effects on the budget; whereby, Mr. Cichon requested a copy of the study.

Ms. Kelly McGuire, Finance Director, asked Ms. Williams to send the study to her, and she would make sure it would be distributed.

Ms. McGuire introduced Mr. Joe Hannoush in the audience, and stated that he had been nominated by Commissioner Littleton as the fifth member of the Budget Advisory Board, after a member resigned recently. She noted the City Commission would vote on the nomination at the June 4, 2019, meeting.

4. DISCUSSION OF CITY MILLAGE RATES

Ms. Kelly McGuire, Finance Director, explained the process used internally to divide the millage rates and split them into four funds. She noted those funds were Transportation, General Capital Improvement Program (CIP), Facilities Renewal and Replacement (R&R), and Vehicles. She reviewed a slide showing the history of those amounts for the prior five years. She stated the current amounts for each were \$500,000 for Transportation, \$400,000 for General CIP, \$500,000 for Facilities R&R, and \$225,000 for Vehicles, and reviewed details of the type of projects each fund covered. She indicated that \$225,000 was not enough money to support the amount of vehicles needing replacement each year.

Mr. Rafael Ramirez asked if the city was falling behind on replacing vehicles; whereby, Ms. McGuire stated they were starting to fall behind, as there were no reserves available to cover the expense.

Mr. Cichon asked if the expense could be covered by another fund; whereby, Ms. McGuire stated it could come from other revenue sources, but those sources were already allocated to something else. She noted the solution would be to bring in additional revenue or cut costs elsewhere.

Ms. McGuire stated that staff expected a five percent increase in taxable value for properties, based on information from the Volusia County Property Appraiser's office. She noted the City Commission would have to make a decision on what to do with the tax rate, as they had done every year. She stated they could approve an increase or a decrease. She thought the City Commission might decide on an amount between the current tax rate and the rollback rate. She stated that staff would suggest making cuts in the General CIP fund, the area where new projects were added.

Mr. Ramirez asked if staff was earmarking certain projects; whereby, Ms. McGuire stated that staff was taking all requested projects and spreading them out. She noted the city did not want to reduce costs to the Transportation fund.

Mr. Cichon asked for clarification on transportation projects; whereby, Ms. McGuire stated that transportation included street light maintenance, traffic signal maintenance, road resurfacing, and specialty projects.

Ms. McGuire noted the city would not want to cut costs in the Facilities R&R or Vehicles funds, as those funds were necessary to maintain the current facilities and upgrade vehicles. She indicated the Vehicles fund needed an increase if possible, to cover all vehicles in need of replacement. She stated if the City Commission wanted to go below the current tax rate, the General CIP fund would need to be reduced from \$400,000 to \$250,000.

Ms. McGuire reviewed the current list of capital projects over \$25,000, and estimated cost for each, in the four funds.

Mr. Ramirez asked if the Casements Guild (Guild) were contributing to a project that was scheduled at The Casements; whereby, Ms. McGuire stated the Guild was contributing money to cover a project involving the Carriage House the following year, but were not part of the Rockefeller Room project listed in the capital projects.

Mr. Ken Kimble wondered if the Boundless Playground project at the Ormond Beach Sports Complex (OBSC) could be referred to the Neighborhood

Improvement Advisory Board for funding; whereby, Ms. McGuire stated she would address that with the staff contact for that board.

Ms. McGuire stated that if the City Commission chose a millage rate lower than the current rate and greater than the rollback rate (approximately 2.5 percent above rollback), staff would suggest funding the General CIP at \$250,000 instead of \$400,000. She noted that if they chose the current millage rate, the city would have to advertise a five percent tax increase, which would keep the General CIP funding at \$400,000, and add an additional \$190,000 to the General Fund Operating Budget. She indicated a third option would be a millage rate (approximately 3.7 percent above rollback) that would keep the \$400,000 in the General CIP fund, but would not add additional funds elsewhere.

Ms. McGuire asked the board if they had certain recommendations about the funds; whereby, discussion ensued on the different funds.

Mr. Ramirez noted his concerns in general were the affordability of the city's budget, and having reserves available for unexpected costs. He asked if Ms. McGuire was concerned about the Vehicle fund amount; whereby, Ms. McGuire stated that she was, and continued to bring it to the City Commission's attention each year.

Mr. Harper wondered if annexations were part of the proposed property tax value increase, and if the proposed homestead exemption would potentially come back; whereby, Ms. McGuire stated that staff did not have official numbers at that time, and did not think the homestead exemption would come back.

Mr. Harper stated he supported incremental tax increases over time, instead of large raises every five years.

Mr. Cichon asked for clarification on a dedicated millage versus a regular millage; whereby, Ms. McGuire stated the city internally dedicated funds to certain areas, but it would show as one millage amount on the tax bill.

Discussion ensued on the current amounts for the four funds, the projects involved, scenarios with different millage rates, and what options could be recommended to the City Commission.

Ms. McGuire stated staff would advise the City Commission that the board had reviewed and discussed the millage rates, but wondered if they had a specific recommendation.

Mr. Harper and Mr. Ramirez were not sure if they could provide a specific recommendation at that time.

Discussion ensued on specific amounts for the four funds and what amount the millage rate would have to be in order to satisfy those amounts.

Ms. McGuire reiterated her concern for the Vehicles fund and the lack of funds available to replace the necessary equipment. She suggested keeping the current tax rate unless it provided too much additional funds that were unnecessary.

The board agreed not to remove amounts from any of the four funds.

Mr. Kimble motioned, seconded by Mr. Cichon, to recommend a tax rate that would be four percent above the rollback rate, which would be used to maintain the current General CIP funding at \$400,000, and add \$50,000 to the Vehicles fund.

Ms. McGuire stated that staff would share the recommendations from the meeting with the City Commission.

5. OTHER BUSINESS

6. ADJOURNMENT

The meeting was adjourned at 5:59 p.m.

Respectfully submitted,

Wendy Hontz, Recording Secretary

Attest:

Rafael Ramirez, Chairman