

**ORMOND BEACH  
BUDGET ADVISORY BOARD  
REGULAR MEETING**

**March 31, 2021  
Commission Conference Room  
22 South Beach Street  
Ormond Beach, FL**

**5:00 P.M.**

**Call to Order – Roll Call**

Members present were: Joe Hannoush, Bill Harper and John Olivari. Excused were Rafael Ramirez and David Romeo.

Staff present were: City Manager Joyce Shanahan, Finance Director Kelly McGuire, Assistant Finance Director Chris Byle and Recording Secretary Shā Moss.

**Approval of Minutes – January 19, 2021**

**Mr. Ramirez moved, seconded by Mr. Hannoush to approve the minutes of the January 19, 2021 meeting as amended. The motion passed unanimously.**

**Public Comments**

None

**Discussion of FY 2021-22 Operating Budget**

Ms. McGuire noted in the past what the Board has done was present a Capital Improvement Plan to the City Commission in June and then the budget in July at which point they also set the tentative millage rate. This year we are going to change the process which is to bring the CIP and a draft operating budget in June to the Commission at their workshop which the Board usually attends. Once the date is set we will let you know. We decided to put them together because in the past we would submit the CIP to the Commission, they would agree with it and then we would present the operating budget and they would have questions. Ms. McGuire stated the operating budget was important because of the property taxes. The rate is divided into pieces and a certain portion is allocated to transportation, facility maintenance and vehicles which are all capital projects. If the Commission is not comfortable with the tax rate based on the projects to be done then we are in a time crunch. The budget process works in a short time frame in order to meet the state requirements. By providing the

draft budget with the CIP it will not only allow them to make good decisions on the CIP, but also to let us know if they are not okay with the tax rate being proposed as well as some of the other funding sources. That way we can do what we need to on the operating side of the budget.

Ms. McGuire stated we have contracts with all pension unions and there is one year left on those contracts so we know what's going to happen regarding salary increases. We also know about pension costs and the percentage of payroll, but do not know what health care costs may be. There will be a workshop for the health care and there will be a Budget workshop in July. The Commission will set the tax rate in July.

Ms. McGuire noted the City's revenue was doing well despite the economy because we plan for the worse. We only needed to use about \$200,000 to cover loss revenue through the leisure services facilities being closed and mainly the Performing Arts Center.

Ms. Shanahan stated many years ago the Commission did not lower the tax rate but instead skimmed monies from the top and put those funds into the general fund and the City has been doing that for about 20 years. It forced the City to make do with the operating budget. What we are trying to do now working with police and fire departments is add an additional fund for public safety because their needs change with the environment. They would be able to use those funds for fire trucks or police vehicles, noting a fully upgrade police vehicle is about \$42,000. Ms. Shanahan noted a radio contract will come before the Commission because the County is changing to the P25 and all the cities in the County will have to make that change so they can continue to communicate with each other. The County has a contract and the other cities will be able to piggy back on their contract. She also mentioned that the City is supposed to receive \$18 million in stimulus funds. There is a lot unknown about what it can be spent on, but capital and infrastructure could be key for the City.

Ms. McGuire stated at the next meeting the Board would discuss the operating budget for the current year because when we bring the CIP and draft budget to the Commission there will not be a lot of time to review each item for possible changes. She noted the main focus would be the general fund and the water and sewer fund. Going through the current year we would be able to answer any questions that may be present for the proposed budget. Ms. McGuire stated they will ask the Board for a recommendation to present to the Commission.

Mr. Harper said he heard something about not cutting taxes and how that would affect things.

Ms. McGuire stated the values for the next budget year are the values for January 1, 2021. They spoke with the property appraiser and his prediction was that it would probably be somewhere close to last year in the 4-6% increase in values. If they kept the tax rate the same and the values went up 4-6% then the City would be in a decent position other than adding some funding to the police and fire capital that would have to

be an increase. Though doing the same thing each year, there still needs to be some revenue due to personnel costs, so taxes would need to be increased because the other revenues don't increase enough to offset those costs.

Ms. Shanahan noted several years ago the health insurance went up 30% in one year which was a huge jump. The City restructured the Plan and went to a high deductible plan but what the Commission does with the HSA is good for the employees. The City does a health risk assessment of the employees annually and they receive incentives if they participate which goes towards their HSA. This makes the employee aware of their health condition and allows the City to know if we are getting healthier or not. Being aware of some conditions, the City was able to make allowances through Florida Health Care to provide medication as well as some free doctor visits through their work force wellness program. The City has been with FHC for several years.

Mr. Hannoush asked if there was any interest in raising the reserved percentage from 15 to 17.5 or 20%.

Ms. McGuire stated the Commission set the minimum at 15% and it is looked at annually after the audit. What happened was when it was higher, the City took those funds and set it aside as a revenue stabilization fund.

Ms. Shanahan noted if the reserved is raised, you have to have a higher rate to support it because you won't be able to cut enough expenses to support it.

Mr. Hannoush suggested that in order to have extra money as a buffer. He mentioned the \$3 million being set aside but did not want to use the \$200,000 in the event there was an emergency.

Ms. McGuire noted the \$3 million has been moved and set aside and that brought it down to 17% from 20%. Those funds will stay in the revenue stabilization fund until it is used because there is a loss in revenue or the Commission says they want to designate it for something else.

Ms. Shanahan stated in 2013, \$2 million was put in a revenue stabilization fund and the majority of those funds were not spent.

Mr. Olivari mentioned an equipment fund being started; wherein Ms. McGuire stated there was an equipment fund but it could be used by all departments instead of being specifically directed towards fire and police.

## **Other Business**

None

**Next Meeting Date – April 28, 2021**

**Adjournment**

Respectfully Submitted,

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Shā Moss, Recording Secretary

ATTEST:

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Joe Hannoush, Chairman