



CITY OF ORMOND BEACH

Proposed FY 2017-18 Budget

Executive Summary

City Commission

Members

Mayor

Bill Partington

Zone 1

Dwight Selby

Zone 2, and Deputy Mayor

Troy Kent

Zone 3

Rick Boehm

Zone 4

Rob Littleton

City Attorney

Randy Hayes

City Manager

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The development of the proposed fiscal year 2017-18 budget for the City of Ormond Beach began with a financial trends meeting in early March to outline the fiscal state of affairs for the City. Additionally, monthly meetings were held with the Budget Advisory Board to review key areas of the budget and develop a Long-Term Financial Plan.

As in the past, the Mayor and Commissioners provided clear direction to staff during their FY 2017-18 budget workshops indicating their highest priority was to provide the lowest cost of services delivered in the most efficient means possible.

The City strives to provide a comprehensive array of municipal services within its economic constraints and continues to refine its

activities and finances to meet the requirements of its citizens.

The proposed net budget for FY 2017-18 is **\$75,142,711** and represents an increase of \$771,742 or 1.04% from the current year budget. The increase is primarily the result of personnel costs.

The budget has been prepared with a **proposed operating millage rate of 4.2843** which is 6.20% above the rolled back millage rate. The proposed total millage, including all debt millages, is 4.5362 and is the same as last year. Approximately \$2.7 million in tax revenue will be set aside to provide transportation, technology, and vehicle improvements or replacements.

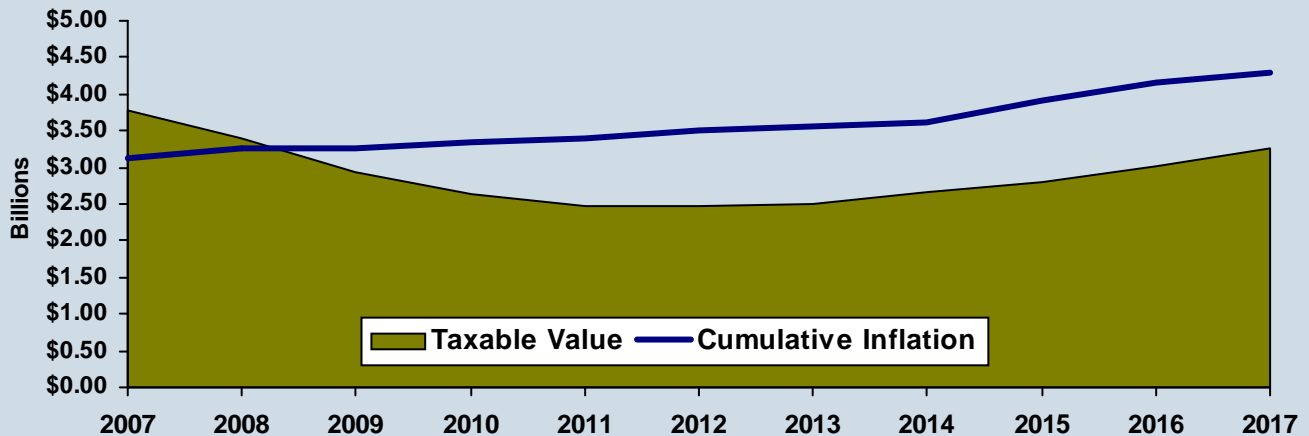
Proposed FY 2017-18 Budget

Description	Budget FY 2016-17	Proposed Budget FY 2017-18	\$ Change	% Change
General Fund	\$32,210,091	\$32,762,088	551,997	1.71%
Special Revenue Funds	7,276,712	8,354,040	1,077,328	14.81%
Debt Service Funds	1,527,348	1,575,716	48,368	3.17%
Capital Project Funds	4,715,311	4,739,324	24,013	0.51%
Water and Wastewater Funds	36,278,709	36,321,757	43,048	0.12%
Solid Waste Fund	8,088,836	8,291,000	202,164	2.50%
Internal Service Funds	<u>1,732,465</u>	<u>1,732,465</u>	0	0.00%
Total Budget	91,829,472	93,776,390	1,946,918	2.12%
Less: Interfund Transfers	(13,299,821)	(14,500,905)	(1,201,084)	9.03%
Fleet Operations	(1,376,155)	(1,280,888)	95,267	(6.92%)
Engineering	(1,050,062)	(1,119,421)	(69,359)	6.61%
Consolidated Insurance Fund	<u>(1,732,465)</u>	<u>(1,732,465)</u>	0	0.00%
Total Net Budget	\$74,370,969	\$75,142,711	\$771,742	1.04%

Property Taxes

While property values have begun to recover, the City of Ormond Beach overall taxable value is \$52 million less than it was in 2007 or 11.9% below peak. During this same time period, the cumulative inflation has increased almost 37%.

The 2017 preliminary taxable value is \$3.25 billion and has **increased** \$237.6 million compared to 2016 and includes \$191.8 million from existing properties and \$45.8 million from annexations and new construction.



Proposed Property Tax Revenue and Rates:

General operating property tax revenue (available for general operations and capital improvements) increased \$939,923 while total property tax revenue increased by \$967,245.

The **proposed operating tax rate** of 4.2843 mills is 6.20% above the rolled back tax rate (4.0343 mills). The **total property tax rate** for all Ormond Beach funds (including debt service) is proposed at 4.5362 mills.

A homesteaded property, assessed at \$169,000 in 2016, with \$50,000 in homestead exemptions, would have paid \$539.80 in property taxes to the City of Ormond Beach in FY 2016-2017. Under Save Our Homes, the annual increase in assessment for a homesteaded property shall not exceed the lower of: 1) 3% of the assessed value of the property for the prior year; or 2) the percentage change in the Consumer Price Index (CPI) as reported by the Bureau of Labor Statistics. For 2017, the CPI change was 2.1%. **Taking into account the \$50,000 in homestead exemptions, the resulting tax bill would be \$555.91, an increase of \$16.11 over the current year City tax bill.**

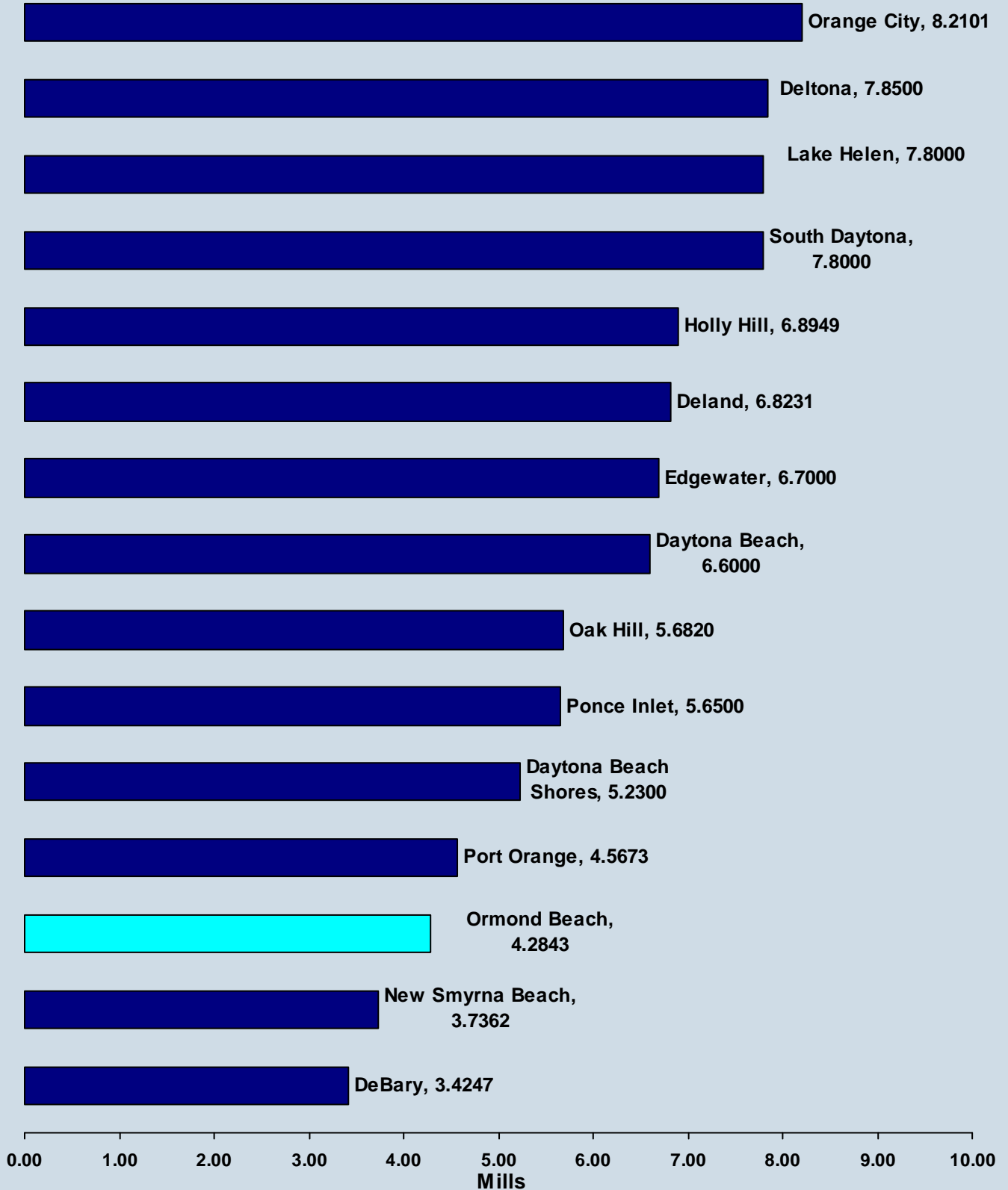
CITY OF ORMOND BEACH — TAX RATE HISTORY

Fiscal Year	General Operating	Facility Renewal & Replacement	Capital Improvement	Transportation	Vehicle Replacement	Subtotal Operating	Rolled-Back Rate	Debt Millage	Combined Millage Rate
09-10	3.23588	0.12350	0.12350	0.19130	-	3.67418	3.92802	0.13550	3.80968
10-11	3.05530	0.12350	0.14350	0.33130	-	3.65360	4.11930	0.15600	3.80960
11-12*	3.29500	0.12350	0.14350	0.33130	-	3.89330	3.89330	0.30810	4.20140
12-13*	3.41490	0.12350	0.14350	0.33130	-	4.01320	4.01320	0.31300	4.32620
13-14	3.62000	0.12350	0.14350	0.23110	-	4.11810	3.95960	0.30600	4.42410
14-15	3.58700	0.15650	0.14350	0.23110	-	4.11810	3.95590	0.28790	4.40600
15-16	3.68700	0.18550	0.14350	0.23110	0.03720	4.28430	3.93830	0.27270	4.55700
16-17	3.72130	0.17350	0.13850	0.17300	0.07800	4.28430	4.09900	0.25190	4.53620
17-18	3.76030	0.16100	0.12900	0.16100	0.07300	4.28430	4.03430	0.25190	4.53620

*Rolled back tax rate was adopted

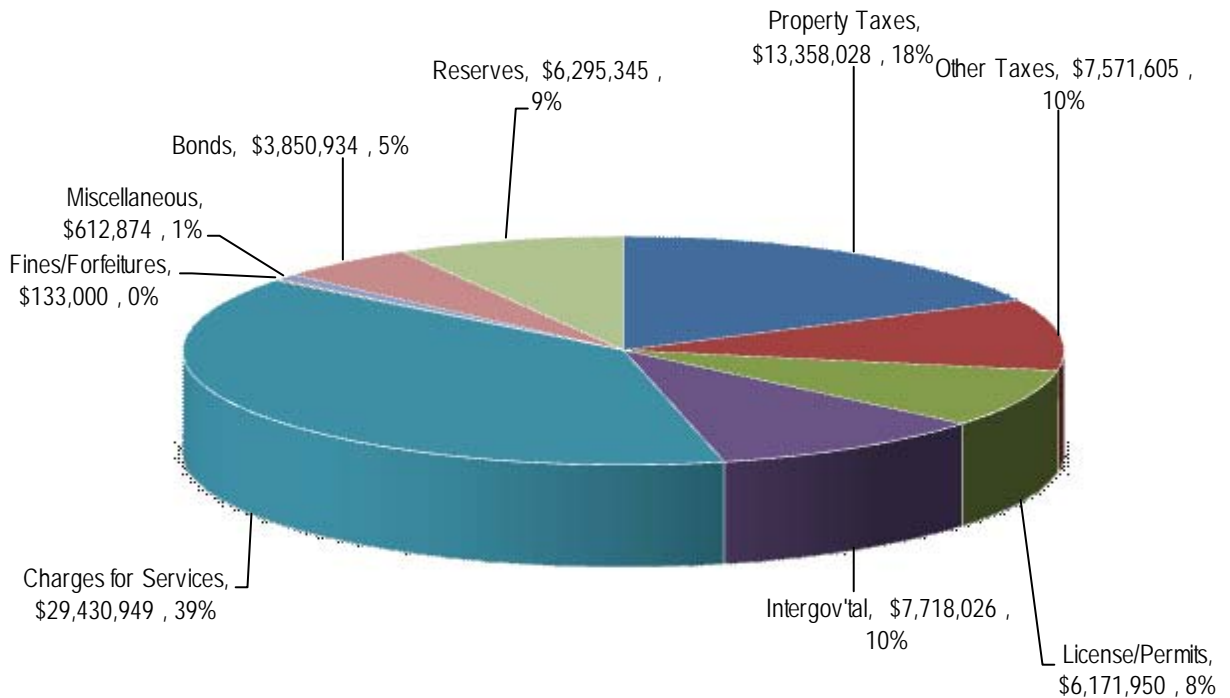
Property Taxes

Volusia Cities' Proposed Operating Millage Rates FY 2017-18



Where the Money Comes From...

FY 2017-18 Proposed Net Revenues —\$75,142,711



Total City revenues are projected to increase by \$1.3 million, or 1.70%, for the FY 2017-18 budget and are primarily attributed to increases in the charges for services.



Property Tax Revenues total \$13.4 million and will increase by approximately

\$226,708 in FY 2017-18 as a result of proposed 6.20% increase above the rolled back rate.



Other Taxes total \$7.6 million and are expected to increase by \$793,405 and represent 10% of the total budgeted funds for FY 2017-18.



Licenses and Permits total \$6.2 million and are expected to increase by \$1.1 million or 22.8%. Licenses and permit revenues total 8% of total revenues for FY 2017-18.



Intergovernmental Revenues total \$7.8 million and are expected to decrease by \$1.3 million or 14%. The change is associated with grant funding for airport projects.



Charges for Services total \$29.4 million and are expected to increase by \$1.4 million. The increase is associated with adjustments to water, sewer and solid waste rates and is reflective of the changes in the ongoing cost to provide these services including capital needs. These revenues represent the largest share of the City's revenue stream at 39%.



Miscellaneous Revenues total \$612,874 reflecting a projected decrease of \$807,960. Miscellaneous revenues comprise 1% of total revenues.



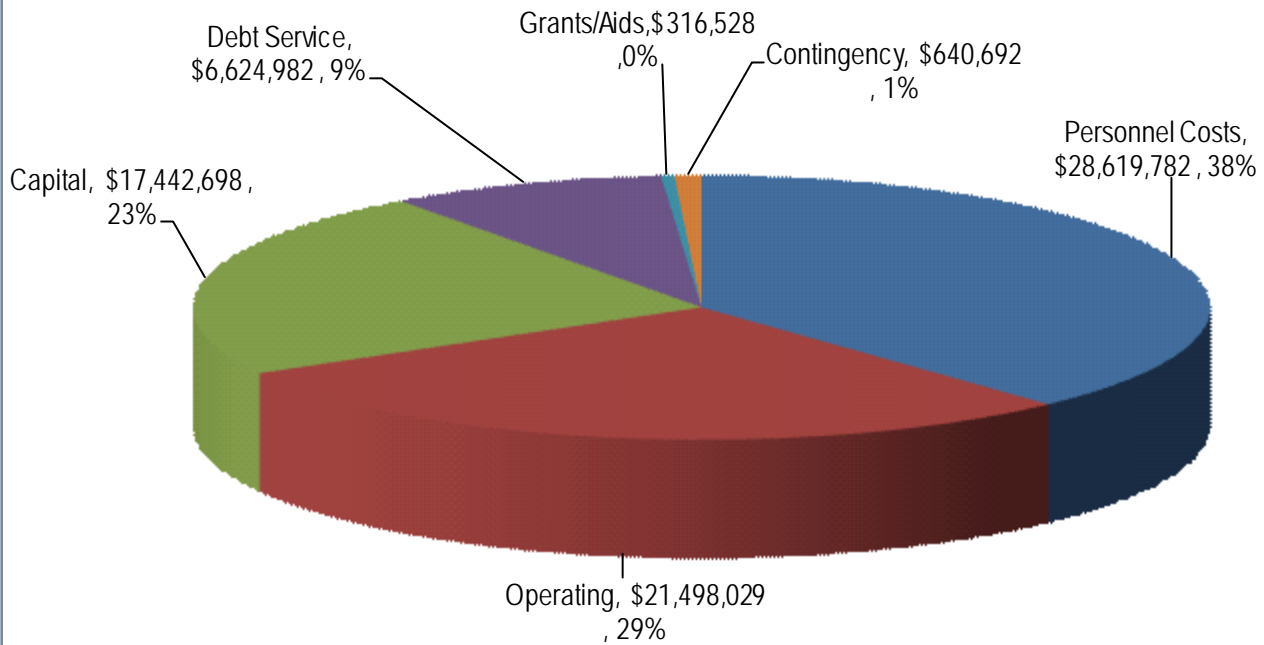
Bonds total \$3.9 million and will primarily be used to fund water and sewer capital projects. Financing is expected to decrease by \$3.3 million or 46%.



Reserves total \$6.3 million and is expected to increase by \$756,297 reflecting an increase in the use of reserves on water and sewer capital projects and stabilization of solid waste rates. Use of reserves represents 9% of budgeted

Where the Money Goes...

FY 2017-18 Proposed Net Expenditures—\$75,142,711



Total City expenses are projected to increase by \$1.3 million, or 1.70%, for the FY 2017-18 budget as primarily attributed to personnel costs.

Personnel Costs total \$28.6 million and make up the largest part of the proposed budget comprising 38% of all expenditures. Total personnel costs are expected to increase by \$1.4 million. Personnel changes include a net increase of two (2) full-time positions.

Operating Expenses total \$21.5 million and represent 29% of the City's total expenditures. These expenses are the general operating costs of doing business and include fuel, oil, and utility payments.



Capital Projects total \$17.4 million and represent 23% of the City's total expenditures for FY 2017-18. These expenditures will decrease by \$400,000 for FY 2017-18.



Debt Service totals \$6.6 million and represents 9% of the City's total expenditures. Debt service on infrastructure improvements (such as water and sewer capital projects) will decrease by \$369,753.



Grants/Aids and Contingencies total less than \$1 million or 1% of the City's total expenditures. Grants/Aids remain consistent and include \$200,000 set aside for property improvement grants in the downtown area. Contingencies will decrease

Capital Improvements

The City's Five-Year Capital Improvement Program (CIP) represents a substantial effort to identify and schedule capital investments for a multi-year period complete with a project description and justification, as well as recommended financing for each project. The CIP reflects projects that are identified as essential to the organization and those that meet the goals and mission of the City of Ormond Beach.

Projects that have been recommended for funding are based upon the necessary or planned maintenance, renovation or construction of an existing facility, piece of equipment or infrastructure; a multi-year commitment previously approved by the Commission; enhancement of the use of an existing facility or City-maintained public area; or projects included in a master plan or conceptual plan that had been previously endorsed or reviewed by the Commission.

Some of the many **Capital Improvement Projects** scheduled for FY 2017-18 are highlighted below:

- **Airport Access Roads Construction** (\$480,000)
Largely funded by FDOT and FAA grants.
- **Rehabilitation and Extend Runway 8/26 Design** (\$435,000) Largely funded by FDOT and FAA grants.
- **Cassen Park Public Dock** (\$844,878 pending grant funding)
- **Cassen Park Parking Lot and Restroom Construction** (\$535,000)
- **Police Department Roof** (\$225,000)
- **Wilmette Avenue Pump Station** (\$280,000)
- **Purchase of P25 Compliant Radios** (\$830,934)
- **Vehicle & Equipment Replacement** (\$924,000)

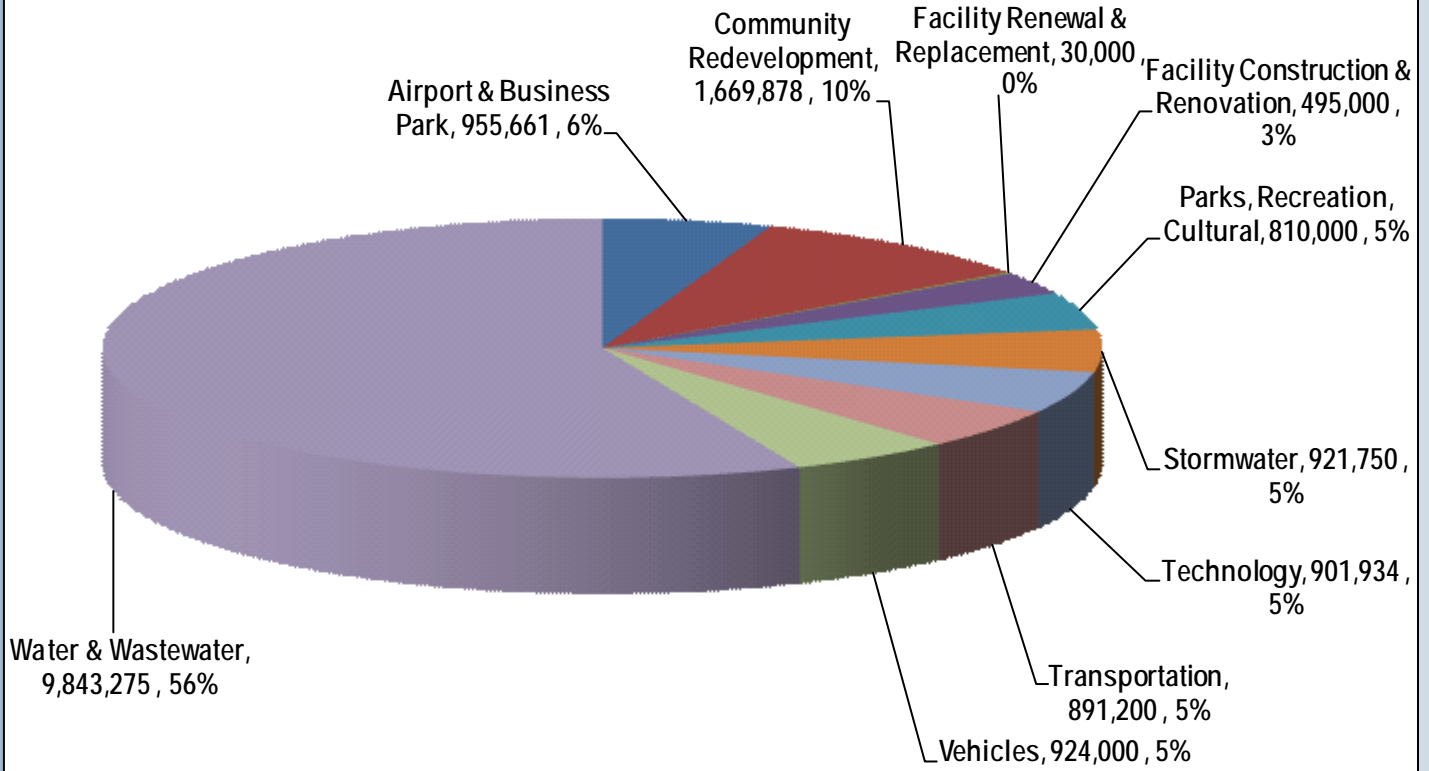
- **Watermain Replacement** (\$1,575,000)
- **South Peninsula Reclaimed Water Extension** (\$3,338,400, 36% grant funded)
- **North Peninsula Water System Improvements** (\$562,000)
- **City-wide Meter Replacement** (\$243,000)
- **Deer Creek Reclaimed Water Connection** (\$55,000)
- **General Rehabilitation** (\$200,000)
- **Lift Station Rehabilitation** (\$400,000)
- **North US1 Utility Improvements Design and Construction** (\$2,603,775)
- **Sanitary Sewer Inflow Infiltration** (\$250,000)
- **Secondary Raw Water Main** (\$2,400,000)
- **WTP Sludge Dewatering** (\$1,560,000)
- **WTP Lime Slaker Unit Replacement** (\$350,000)
- **OBSC Girl's Softball Field** (\$810,000)

Funding Sources for capital projects will be from a variety of revenues including the following:

- **Water, Sewer and Stormwater Fees** — 49.13% (\$8,569,900)
- **Property Taxes** — 9.73% (\$1,696,819)
- **Grants** — 14.31% (\$2,496,613)
- **Local Option Gas Taxes** — 3.38% (\$590,000)
- **Reserves**—1.27% (\$221,600)
- **Bond Proceeds**—22.08% (\$3,850,934)
- **Capital Project Reserves** — .10% (\$16,832)

Capital Improvements

Capital Improvements by Category



Capital Improvements by Category

Category	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
Airport & Airpark	\$955,661	\$6,700,000	\$370,000	\$2,205,000	-	\$10,230,661
Beautification	-	\$1,000,000	-	-	-	\$1,000,000
Community Redevelopment	\$1,669,878	\$940,000	\$100,000	\$666,500	-	\$3,376,378
Facility Renewal & Replacement	\$30,000	-	-	-	-	\$30,000
Facility Construction & Renovation	\$495,000	\$140,000	-	-	-	\$635,000
Parks, Recreation, Cultural	\$810,000	\$515,000	\$55,000	\$500,000	-	\$1,880,000
Stormwater	\$921,750	\$1,145,300	\$650,000	\$500,000	\$500,000	\$3,717,050
Technology	\$901,934	\$504,000	-	\$13,500	\$13,500	\$1,432,934
Transportation	\$891,200	\$1,216,200	\$1,699,330	\$611,000	\$547,550	\$4,965,280
Vehicles	\$924,000	\$1,184,400	\$376,000	\$231,000	\$150,000	\$2,865,400
Water & Wastewater	\$9,843,275	\$1,527,000	\$3,172,000	\$1,907,500	\$7,300,000	\$23,749,775
Total	\$17,442,698	\$14,871,900	\$6,422,330	\$6,634,500	\$8,511,050	\$53,882,478

Personnel Costs

Personnel costs for the City of Ormond Beach represent 39% of the City's total expenditures. For FY 2017-18, personnel costs are projected to be \$28.6 million, an increase of \$2.2 million.

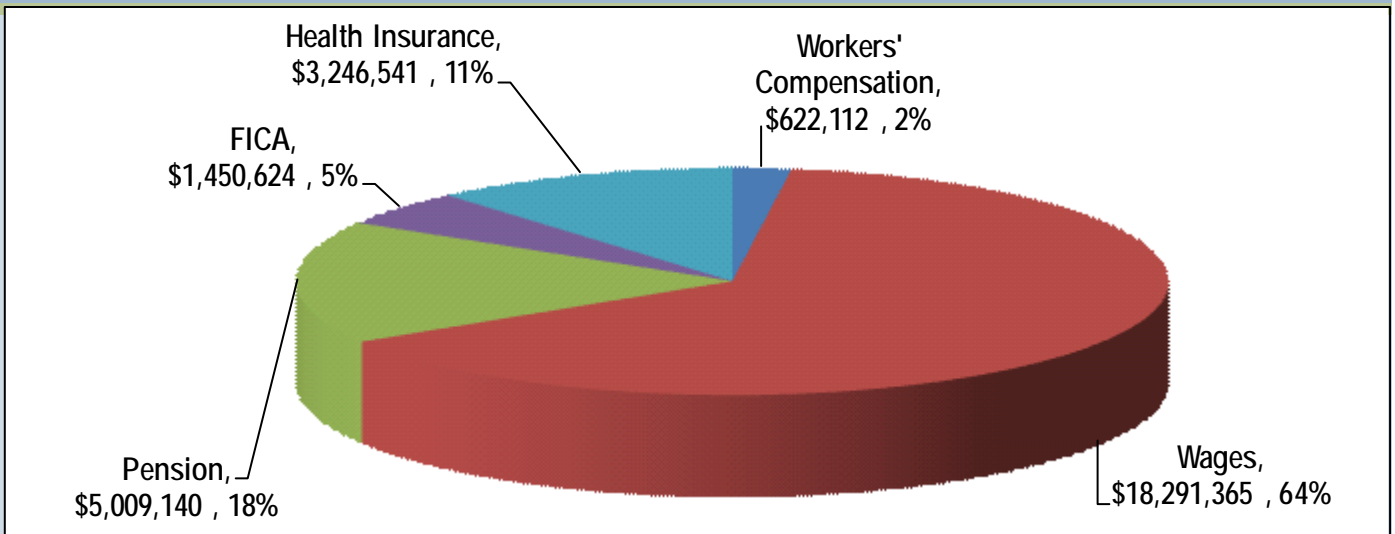
Wages increased \$685,847. Health insurance premiums are expected to increase by \$204,549. The City's required pension contributions increased \$309,779. Contributions to the City's Workers' Compensation Fund remained the same at \$622,112.

The following personnel changes are proposed in the FY 2017-18 Budget:

- Environmental Discover Center Coordinator-Full-Time
- Utilities Engineer-Full-Time

Authorized Position Count

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u># Change from 2016-17 to 2017-18</u>	<u>% Change from 2016-17 to 2017-18</u>
Full-Time	324	322	322	324	324	326	2	0.61%
Part-Time	38	37	40	40	43	43	0	0%
Total	362	359	362	364	367	369	2	0.61%



Budget Public Hearing Meeting Dates

Public Hearings on the City of Ormond Beach Proposed FY 2017-18 Budget will be held in the City Commission Chambers on the following dates:

Tuesday, September 5th, at 7:00 p.m. - First Hearing

Tuesday, September 19th, at 7:00 p.m. – Second and Final Hearing