

1 **MINUTES** of the City Council of the City of Orange City, Florida **SPECIAL**
2 **MEETING/PUBLIC HEARING** on the Fiscal Year 2007/2008 budget, held on Wednesday,
3 September 12, 2007 at 6:00 p.m. in Council Chambers, 201 N. Holly Avenue, Orange City.
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5 **CALL TO ORDER**
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7 The Meeting was called to order at 6:00 p.m. by Mayor Erwin and roll call was taken.
8

9 **ROLL CALL**
10

11 **PRESENT:** Mayor Albert T. Erwin; Vice Mayor Anthony R. Yebba; Council Members; Donald
12 C. Sherrill, Joelle DeVane, Jim Mahoney, Jeff H. Allebach; Robert A. Storke; City
13 Manager John McCue; City Attorney William Reischmann; City Clerk Deborah
14 Renner
15

16 The City Council and the audience joined in the Pledge of Allegiance to the Flag.
17

18 Mayor Erwin advised anyone wishing to address council to complete a "Speaker Request" form.
19

20 **1. MAYOR'S OPENING COMMENTS:**
21

22 Mayor Erwin read the following statement into the record: "The City of Orange City intends
23 to adopt a budget and millage rate for Fiscal Year 2007/2008. The proposed millage rate is
24 4.38237 mills which represents the rollback rate as certified by the Property Appraiser of
25 Volusia County and is the maximum millage rate the City of Orange City may levy by a
26 majority vote for the 2007-2008 fiscal year."
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28 **2. PUBLIC HEARING - FIRST READING**
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30 **A. ORDINANCE NO. 325:** An ordinance of the City of Orange City, Florida,
31 certifying the millage rate for fiscal year 2007-2008 on all taxable property located
32 within the City of Orange City, Volusia County, Florida; containing a repealer
33 provision; a severability clause and providing for an effective date.
34

35 Mayor Erwin read the title of Ordinance No. 325 into the record.
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37 **B. ORDINANCE NO. 326:** An ordinance of the City of Orange City, Florida,
38 adopting the annual budget for the 2007-2008 fiscal year beginning October 1, 2007,
39 and ending September 30, 2008; authorizing subsequent amendments by resolution;
40 repealing all inconsistent ordinances or parts thereof; and providing for an effective
41 date
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43 Mayor Erwin read the title of Ordinance No. 326 into the record.
44

45 **C. STAFF PRESENTATIONS**
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2 Mr. McCue announced that this is the first of two mandated public hearings on the FY 2007/2008
3 budget. He explained how the budget was developed and stated that it funds the maintenance of the
4 current level of services provided to Orange City citizens. He said no new projects are proposed for
5 this fiscal year.

6

7 Christine Davis, Finance Director, came forward and provided a power point presentation (a copy of
8 which is attached and becomes a permanent part of these minutes). Ms. Davis began by discussing
9 the budget timeline. She implied that the budget policy is the result of the strategic planning and
10 goal setting workshops held in March. Ms. Davis explained that the strategic plan is a compilation
11 of issues discussed at these workshops and that the 2008/2009 Strategic Plan would be published
12 some time in the fall. She reported that the City Council held a citizen budget workshop in August
13 and that this was the first of two public hearings before adopting the budget. Ms. Davis said that the
14 proposed budget is adopted in September and would become effective October 1st.

15

16 Ms. Davis outlined the steps taken to determine the ad-valorem tax. She said that the property
17 appraiser establishes the tax roll by January 1st and certifies the ad-valorem tax amount by July 1st.
18 Ms. Davis advised that the City Council establishes the tentative millage rate at a public hearing
19 prior to August 4th.

20

21 Referring to the budget timeline, Mr. McCue stated that it is important to recognize the relationship
22 between the strategic planning process and budget development. He said that staff prepares the
23 budget based on the strategic plan initiatives identified by Council and that revenue and expenditure
24 projections for these initiatives are completed 18 months in advance. He cautioned that these
25 projections might change due to county, state or federal mandates etc. but that these expenses could
26 be absorbed in the budget. Mr. McCue explained that Council approves these changes by budget
27 amendments.

28

29 Ms. Davis pointed out the various types of revenues. She said that the General Fund contains both
30 restrictive and non-restrictive revenues. The restricted revenues include impact fees which can be
31 used for Police and Fire services and grant funds which are used for a stated purpose or specific one-
32 time projects. Ms. Davis explained that many of these fees are recurring, excluding the impact fees.
33 She said the impact fees are dependent on growth and development. Mr. McCue commented that
34 funds expended for one-time projects are non-recurring.

35

36 Ms. Davis discussed the various types of revenues generated. She said there are five revenue
37 classifications such as taxes (ad valorem), licenses and permits (Local Business Taxes and
38 construction permits), charges for services provided, and revenue from intergovernmental
39 relationships (State sales tax, state revenue sharing, gas tax, and fines and forfeitures). Ms. Davis
40 said that user fees are charged to generate revenue from the issuance of licenses, permits, recreation
41 services and storm water control and that new construction projects pay impact fees.

42

43 Ms. Davis stated that personnel expenses are the largest recurring line item in the budget. She said
44 that operating expenses include utilities, office supplies, etc. and are recurring. The capital outlay
45 expenses are non-recurring and are used to pay for roads and sidewalks maintenance. Referring to
46 the power point presentation, Ms. Davis provided a five year summary of capital expenses for the

1 city. She said that over the last five years the city had invested over \$3 million dollars in capital
2 projects but did not incur debt. Mr. McCue concurred and emphasized that over the past five years
3 the city had invested in capital assets. He pointed out that as a result, a fleet and equipment
4 replacement program had been developed, an information technology coordinator had been hired
5 and numerous capital improvement projects such as renovation of the utility plant, town hall, police
6 and fire departments, and updating the computer network with fiber optic wiring, etc. were
7 completed without incurring debt.

8
9 Mr. McCue said that in 1992 the taxation rate established by the City Council was 5.6 mills and
10 noted that it has consistently declined and is now projected at 4.3 mills. He remarked that while
11 strategically reducing property taxes, the city has been able to accomplish many of its capital
12 projects without obtaining loans. Mr. McCue recalled that 6 years ago, 70% of the property taxes
13 were generated by commercial properties, but that figure has been reduced to approximately 65%.
14 He felt that was due to residential development and implied that as the residential growth continues
15 that balance might change. He announced that for the first time in seven years, the city is borrowing
16 money to fund the \$750,000 for the extension of Rhode Island to the new high school.

17
18 Mr. McCue detailed the Fund Balance. He said it is a government savings account and that a portion
19 is held in reserve for emergency expenditures. The Fund Balance increased from \$500,000 to a little
20 over \$3 million over the last ten years. He expressed pride that while the tax rate had decreased, the
21 city was able to fund capital projects without applying an additional tax burden on the residents and
22 or acquiring debt.

23
24 Ms. Davis explained the breakdown of the property tax bill. Referencing the power point
25 presentation, she said that the slide exemplifies a house with a taxable value of \$150,000 and a
26 \$25,000 homestead exemption. She stated in this example, 40.9% of the tax bill would be disbursed
27 to the school board, 25.8% to Volusia County, and 24% to Orange City (that percentage would
28 calculate to \$548 in property taxes to the city), 6.9% to the hospital fund and 2.4% to other taxing
29 districts. Mr. McCue commented that \$548 in ad-valorem taxes a year calculates to a little over
30 \$1.25 per day and listed the essential services available to Orange City residents for that amount.

31
32 Mr. McCue began his budget presentation. He stated that the FY 2007/2008 budget was
33 strategically designed to maintain the current level of services and to make certain that the city is
34 prepared for the legislative changes expected in January. He said the adopted millage rate was 4.3
35 mills, which is the amount identified by the State as appropriate for Orange City. He remarked that
36 there are no new additions to the operating budget and that the discussion tonight would focus on
37 capital expenses.

38
39 Ms. Davis listed the expense line items and the departments requesting capital equipment purchases.
40 Mr. McCue commented that the total cost of the Capital Improvement program in 2006/2007 was
41 \$1,216,450 and noted that has been reduced to \$496,600 in the 2007/2008 budget. He implied that
42 was a direct result of the recent tax reform and restrictions that have been placed on municipal
43 revenues. Mr. McCue concluded by stating that he felt the FY 2007/2008 budget, as presented,
44 would accomplish the Council's stated goals and objectives.

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D. PUBLIC HEARING

1
2 Mayor Erwin opened the public hearing by asking if anyone wished to speak in favor of or in
3 opposition to Ordinances No. 325 and 326.

4
5 Hugh Strickland, 420 May Street came forward and voiced his opinion about the recent tax reforms
6 and “runaway growth patterns” in Florida. He said that it was a wise decision of the Council to
7 “step back” from the current millage rate and suggested that in addition, freezing positions other
8 than police and fire, and waiting until after the January election before moving ahead is a
9 conservative and reasonable approach in this unstable time.

10
11 Michelle Polgar, 585 Montclair Avenue came forward and inquired about the format of the Fund
12 Revenue Detail Forms in the budget. Mr. McCue explained the purpose of the columns and
13 headings on the form. He said that this format gives the Council a snapshot view of past and future
14 budgeting trends. Once adopted, Finance adds the adopted column and changes proposed to final.
15 Ms. Davis remarked that bound copies of the final budget would be available in November or
16 December. Ms. Polgar expressed concerns that the budget does not provide all current revenues.
17 She suggested that an adopted column might provide a clearer up to date picture. Ms. Davis said
18 that the Amended column represents any changes to the adopted budget line items.

19
20 Ms. Polgar asked about the total cost of consultant fees for the FY 06/07 budget. Mr. McCue replied
21 that would be difficult to answer tonight and advised Ms. Polgar to call his office and he would
22 provide that information.

23
24 In response to a question from Ms. Polgar, Ms. Davis said that \$154,000 of grant revenue was
25 awarded to the city in FY 06/07. Mr. McCue commented that there were equipment donations that
26 are not included in that total.

27
28 Ms. Polgar asked about the completion of the Coleman Park softball field. In response to a question
29 from Ms. Polgar, Mr. McCue said that the \$80,000 capital outlay line item for Valentine Park is the
30 cost for installing lighting for the softball field in the park. He explained that a girls little league is
31 playing on the field and in keeping with the City Council’s commitments to have youth oriented
32 recreation programs the city has committed to fund the lighting installation in Valentine Park. He
33 said that the league parents and the business community would donate their time and materials to
34 relocate the old basketball court and to design and install a softball field. Mr. McCue advised that
35 because the project is not under the control of Orange City he could not give a firm date but he said
36 the expected completion date is in the spring of 2008.

37
38 Ms. Pulgar suggested separating the travel and training and education budget line item. Mr. McCue
39 replied that budget line items are mandated by the State and that the Auditor General Chart of
40 Accounts does not separate travel and training from education.

41
42 Peg Terbeek, 3-B Eucalyptus Drive, came forward, stated that she is a resident of John Knox Village
43 (JKV). She expressed pride at being a “JKV villager” and recalled the circumstances of the
44 annexation. She said that despite the obstacles, JKV annexed into the city and now with five
45 hundred residents has become its third largest source of tax revenue. Ms. Terbeek said, “I am
46 impressed” with the City Council, the Mayor and the City Manager. She said, “I highly commend

1 you for all that you've done.

2
3 John Kent, 541 Heather Lane, came forward. He stated that he was a board member on the Orange
4 City Little League. Mr. Kent asked Council to approve the funds earmarked for the lighting of the
5 softball field in Valentine Park. He said that the Little League has been working very hard to
6 complete the construction of the field.

7
8 Mayor Erwin closed the public hearing.

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10 **E. FORMAL ACTION BY COUNCIL**

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12 (1) Millage Ordinance is voted on

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14 **Council Member Allebach move to adopt Ordinance No. 325**
15 **on first reading, seconded by Vice Mayor Yebba and passed by**
16 **a 7/0 roll call vote of the Council.**

17
18 Mayor Erwin commented that one of the speakers mentioned a 4% reduction from the millage rate
19 but that he failed to specify where he wanted the reductions.

20
21 Vice Mayor Yebba remarked that depending on who you listen to, the impending property tax
22 reform is a "shoe in". He said that he read an article in the newspaper that the plan was in "deep
23 trouble" because only 41% of the people support it and that 60% is needed for it to pass. He said it
24 could change but it does not look as if the reform is going to pass.

25
26 Mayor Erwin said the Orange City was one of fifty cities in the State of Florida that are not required
27 to roll back beyond the rollback rate. He said that "being one of fifty cities who were not penalized
28 seems to me we are in good company."

29
30 (2) Budget Ordinance is voted on

31
32 **Vice Mayor Yebba moved to adopt Ordinance No. 326 on first**
33 **reading, seconded by Council Member Stork and passed by a**
34 **7/0 roll call vote of the Council.**

35
36 Mayor Erwin commented that again a speaker asked Council to consider a reduction in the millage
37 rate but did not specify where he wanted the reductions. He said you have to tell us where you want
38 those cuts.

39
40 Mayor Erwin said that he feels this budget is fair and the Council and staff have tried to ensure the
41 same level of service as last year.

42
43 Council Member Allebach inquired how much the City is borrowing for the Rhode Island Project.
44 Mr. McCue explained that the city would borrow about \$400,000 and the plan is to offset the other
45 half of the cost with road impact fees generated locally.

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1 Council Member Storke remarked that he would have loved to see more sidewalk projects.

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F. ANNOUNCEMENT OF PROPOSED MILLAGE RATE.

Mayor Erwin read the following statement into the record.

“The proposed millage rate for the City of Orange City for Fiscal Year 2007-2008 is 4.38237 mills which represents the rollback rate as certified by the Property Appraiser of Volusia County and is the maximum millage rate the City of Orange City may levy by a majority vote for the 2007-2008 fiscal year.”

H. ANNOUNCEMENT OF THE DAY, DATE, TIME AND PLACE OF THE SECOND PUBLIC HEARING AND FINAL ADOPTION OF ABOVE ORDINANCES

Mayor Erwin read the following statement into the record.

“Second Reading and Public Hearings for Ordinance No.’s 325 and 326 will be held during the second regular City Council Meeting for the month of September 2007 on Tuesday, September 25, 2007 at 7:00 p.m. in Council Chambers at 201 N. Holly Avenue, Orange City, FL.”

11. ADJOURN

There being no further business, Mayor Erwin adjourned the meeting at 8:20 p.m.

RESPECTFULLY SUBMITTED:

APPROVED ON

Gloria J. Williams
Deputy City Clerk

9/25/07