

1 **MINUTES OF THE WORKSHOP MEETING** of the City Council of the City of Orange City,
2 Florida, held on Monday, August 18, 2008 at 6:30 p.m. in Council Chambers, 201 N. Holly Avenue,
3 Orange City.

4
5 **CALL TO ORDER**

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7 The Meeting was called to order at 6:30 p.m. by Mayor Strickland and roll call was taken.
8

9 **ROLL CALL**

10
11 **PRESENT:** Mayor Harley Strickland; Vice Mayor Jeff Allebach; Council Members Tom Laputka,
12 Tom Abraham, Don Sherrill, Jim Mahoney; City Attorney William Reischmann; City
13 Manager John McCue, City Clerk Deborah Renner

14
15 **ABSENT:** Council Member Donald Sandford
16

17 **1. PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEAR 08/09**

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19 Mr. McCue stated that the purpose of the budget workshop is to seek citizen comments and suggestions
20 with regard to the proposed FY 08/09 budget. He said that if directed by Council, staff would formalize
21 and present suggestions to the Council for consideration at the Budget Workshop scheduled for August
22 25th.
23

24 **2. CITIZEN COMMENTS/QUESTIONS**

25
26 Michelle Polgar, 585 Montclair Avenue, came forward and recommended that the City Council have a
27 complete audit of the City done. She stated that many of the newly elected Council Members
28 campaigned on the promise that a complete audit would be conducted if they were elected. Ms. Polgar
29 suggested that additional benches be placed in Veteran’s Park near the splash pad so that parents can sit
30 and watch their children as they play. In addition, she recommended that the City consider hosting
31 another program honoring volunteers. She recalled previous volunteer programs and stated, “It was just
32 an amazing activity that brought a lot of community involvement and was a positive thing for the City.”
33

34 John Fair, 1280 S. Volusia Avenue, came forward and asked if there would be a presentation on the
35 budget. Mr. McCue advised that the budget was published on August 1st and was placed on the City
36 website at that time. A tentative millage rate was then set during a public hearing. He gave an overview
37 of the budget advising that the City was provided with the roll back rate, which is the rate that would
38 generate the same amount of revenue as last year. Mr. McCue explained that, typically, the rollback rate
39 is lower than the current year rate, however, the millage rate for the current year is 4.3 mills and the
40 rollback rate is 4.7. He noted that Council has no control over the property value assessments provided
41 by the property appraiser’s office. Mr. McCue reminded everyone that City taxes are a small portion of
42 the overall tax bill.
43

44 Mr. McCue said that the proposed budget maintains the current level of services. In response to a
45 question from Mr. Fair, Mr. McCue said that most cities have lost money and are reducing services. He
46 said the Orange City has a healthy reserve. He attributed that to the City’s budgeting approach which
47 does not allow the use of one time revenues for recurring expenses. He said the City has not incurred
48 any debt as a result of its capital projects.

1 Next, Mr. Fair questioned if the garbage assessment had increased, Mr. McCue responded in the
2 negative. Mr. Fair said that most of the municipalities in Volusia County are charging 5% for
3 commercial franchise fees for solid waste haulers and that 20% seems high. Mr. McCue said that most
4 cities combine their commercial with their residential garbage franchises and, therefore, the commercial
5 residents will never know what they are being charged. Commercial establishments in Orange City can
6 choose the vendor they want to use, but in many other cities it is the same hauler for both commercial
7 and residential franchises.

8
9 Robert Miller, 7A Azalea Drive, came forward and asked whether there was funding in the budget for
10 the alternative water system that will be required by the Saint John's River Water Management District
11 (SJRWMD). Mr. McCue advised that expenses are budgeted for the City's participation in SJRWMD
12 regional projects. The funds would be used for initial studies to examine the plans and development of
13 alternative water sources. Mr. McCue cautioned that if the SJRWMD accomplishes their objective of
14 establishing an alternative water plant, there would be a significant cost increase to water customers
15 which he predicted would cause "an uproar at the local level". He detailed the issues surrounding the
16 development of an alternative water plant. He said that four years ago, the costs associated with a river
17 plant were \$500 million dollars noting that cost has increased significantly over the years. He said the
18 City could not afford such a project on its own. The membership of the SJRWMD has successfully
19 pushed for an economic impact analysis for building an alternative water source plant. The impact
20 study will evaluate the rate structures of the varying cities and communities, the capital costs associated
21 with building a new plant, as well as customer rate increases to cover those expenses. Paul Johnson,
22 Public Works Director stated that the study is well underway and the results should be available by mid-
23 October.

24
25 Hugh Strickland, 420 May Street, came forward and discussed the proposed tax increase. He said that
26 he was thankful that the proposed budget is available on the City web page. He said that he read it
27 several times. He spoke about the additional \$25,000 homestead exemption that taxpayers received
28 noting that there are many people whose homes are not worth \$100,000 and they did not receive a tax
29 benefit. He said if the rollback rate is increased from 4.38 mills to 4.75 mills those individuals would
30 receive a tax increase. Mr. Strickland noted the difference between increases in the taxable value as
31 opposed to the market value of property. He said if a property owner has a homestead exemption, the
32 fair market value may decrease but the taxable value might increase. Mr. Strickland stated, "So when
33 you add the taxable value going up 4% and an 8% increase in the rate against it, you just passed along a
34 tax increase."

35
36 Mr. Strickland said that this area is identified as being in a recession. The job market is very slow and
37 franchise fees have increased to generate more revenue. Mr. Strickland advised that "it's tough out there
38 for business".... He predicted that it is unlikely to get better for several years." He suggested that a
39 change in thinking is needed. Mr. Strickland maintained that the millage rate should be at or below last
40 year. He urged Council to consider that "times are tough and they likely will be getting tougher."

41
42 Mr. McCue advised that as has been the practice for the past five years, the budget was prepared to
43 maintain the current level of services. He suggested that because of that approach to budgeting, the
44 current level of staffing is appropriate for the services provided to Orange City residents. Mr. McCue
45 said staffing is the largest component of the budget and reducing staffing would result in a reduction in
46 the level of services.

47
48 Council Member Mahoney said that he requested a spreadsheet combining all department line items be
49 distributed to Council (a copy of which is attached and becomes a permanent part of these minutes).

1 Council Member Mahoney said that the largest cost to deliver services is in people. Council Member
2 Mahoney said he agreed with Mr. McCue, the only way to make significant reductions in the budget is
3 to consider removing services. He observed that in order to reduce the budget it would be necessary to
4 cut back on staff and the benefits and requirements associated with paying for staff. Council Member
5 Mahoney advised that eliminating small expenditures would not have an impact on the budget, that if
6 Council is trying to lower the budget by “hundreds of thousands of dollars,” the only way to accomplish
7 that is to eliminate staff.

8
9 Mr. McCue advised there are one time expenses that could be removed which would reduce the overall
10 budget but would have no impact on the tax rate. He cautioned that if the Council wanted to reduce
11 services, the revenue stream associated with that service must be reduced. Council Member Mahoney
12 agreed.

13
14 Mr. McCue advised Ms. Polgar that funds for picnic tables for Veteran’s Park and a volunteer program
15 have been allocated in the proposed budget.

16
17 Council Member Laputka questioned what the next step would be. He questioned whether the method
18 should be to choose a millage rate and then begin adjusting the budget to fit the revenue. Council
19 Member Mahoney said that he was trying to identify what needs to be looked at in order to reduce the
20 millage rate. Mr. McCue explained the term “budgeting by calculator” which is making a certain
21 percentage cut across the board. He warned against using this technique because it causes a disconnect
22 between funding and service levels. He advised that cuts should never be made arbitrarily without
23 analyzing the impact it is going to have on the delivery of services. Mr. McCue stressed that the budget
24 should reflect the goals and objectives of the Strategic Plan set by the Council. He maintained that the
25 budget is fiscally sound and predominately does not increase taxes.

26
27 Council Member Laputka clarified that if Council desires to lower the millage rate, they should inform
28 Mr. McCue that they would like to see an optional budget based on a reduced millage. Mr. McCue said
29 that should Council direct him to revise the budget and millage rate, it should be with the understanding
30 that it is to have as little impact on services as possible. He stressed the importance that the budget
31 should reflect the ability to accomplish the goals and objectives within the strategic plan. Mr. McCue
32 stated, “If you’re looking for a budget that’s going to be reduced, that will actually reduce the tax burden
33 to the commercial and residential properties, that’s a whole different arena than what we went through.”

34
35 Mayor Strickland spoke in support of such a budget review. He discussed the importance of evaluating
36 the City’s options. He stated, “I think for us to say these are hard times but we’re not going to tighten
37 our belt, we’re not going to do anything” is not acceptable. Mr. McCue said the budget was prepared to
38 maintain the current level of services without considering reductions. He stressed that there is only \$3
39 million of discretionary spending in the budget, but said that he would examine the budget for possible
40 reductions and try to get the information to the Council prior to the meeting on Monday.

41
42 Vice Mayor Allebach pointed out that the proposed budget reduces staffing by 1.5 positions. Council
43 Member Mahoney questioned if the positions were vacant. Mr. McCue said that they were and it did
44 not represent a reduction in services. Vice Mayor Allebach disagreed, he maintained the positions were
45 funded and removing them would reduce that line item and ultimately the service that the positions
46 provided. He spoke against staff reductions, he stated, “Yes, it is politically expedient and it sounds
47 great, and government is such a terrible function in the United States of America and it is so wonderful
48 to constantly have the capacity and the opportunity to stand up and always berate government as never
49 being anything worthwhile. That’s what’s great about this country. But then we struggle and we

1 complain that there's not enough cops on the street, there's not enough firemen out there, that the roads
 2 are busted up, that the parks look like crap because there is not enough people paid for to provide that.
 3 So we get to complain all year around. Nobody wants to pay extra for stuff and nobody has an
 4 unlimited budget, but that's the issues."
 5

6 Vice Mayor Allebach noted that a millage rate of 4.75 mills on a \$50,000 assessment equates to about
 7 \$237.50 per year in taxes which equals \$20 per month. He said that at 4.75 mills, some people would be
 8 required to pay an additional \$3 per month. Council Member Mahoney stated, "The people who benefit
 9 from it the most are the ones who need it the least." The Vice Mayor discussed the improvements the
 10 City has been able to make to various locations in the City, such as a new splash pad in Veteran's
 11 Memorial Park, cleaning up Valentine Park and adding lighting to the new softball field, improvements
 12 to Coleman Park, etc. He said these are a few examples for the "folks" that may have to pay a slightly
 13 higher tax bill for the City. He stated, "We have hopefully saved them more than \$2 a month by having
 14 these recreational opportunities." Addressing the audience, Vice Mayor Allebach stated, "If you guys
 15 can see something more in the budget where this City, this Council, is throwing money away, giving
 16 away dollars out the door, some special audit that feels like it's all going in the wrong direction, we need
 17 some help with specifics, I've been going over it trying to find it."
 18

19 Council Member Mahoney remarked that he received his tax notice today noting that overall his taxes
 20 were lower and the Orange City contribution went from about \$430 to \$380. He noted that this does
 21 not address the people whose values are not high enough to enjoy the tax benefit.
 22

23 Addressing Mr. McCue, Mayor Strickland summarized by stating the Council's desire to see various
 24 scenarios of the budget that include possible reductions and the impact those reductions may have on
 25 level of services the City provides.
 26

27 McCue stated, "I don't want employee morale to go down, I don't want people to willy, nilly loose their
 28 jobs. I don't want the police or the fire department to feel that there's this new kind of regime around
 29 that's going to start putting the fear into them to where they're going to start looking for unionization
 30 and stuff. I appreciate what the needs of the community are and maybe I can and maybe I can't
 31 accomplish it, but I'll give it a shot."
 32

33 Vice Mayor Allebach stated, "There are things, I believe, that we've done that are worth more than \$2
 34 bucks to people a month."
 35

36 **ADJOURN**

37
 38 Mayor Strickland adjourned the meeting at 7:19 p.m.
 39

40 **RESPECTFULLY SUBMITTED:**

APPROVED ON:

41
 42
 43
 44 Deborah J. Renner, CMC
 45 City Clerk

September 23, 2008

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