

1 **MINUTES OF THE BUDGET WORKSHOP** of the City Council of the City of Orange City, Florida,
2 held on Thursday, May 27, 2010 at 6:00 p.m. in Council Chambers, 201 N. Holly Avenue, Orange City.

3
4 **CALL TO ORDER**

5
6 The meeting was called to order at 6:00 p.m. by Mayor Strickland and roll call was taken.

7
8 **PRESENT:** Mayor Harley Strickland; Vice Mayor Tom Laputka; Council Members; Tom Abraham,
9 Anthony J. Pupello, Gary A. Blair, O. William (Bill) Crippen; City Attorney William Reischmann; City
10 Manager Jamie Croteau, City Clerk Deborah Renner

11
12 **ABSENT:** Council Member Jeff Allebach

13
14 **1. BUDGET OVERVIEW**

15
16 Christine Davis, Finance Director, came forward to discuss the objectives for tonight's meeting. She
17 noted that as mandated by the City Charter, at least one public meeting must be conducted prior to June
18 1st of each year to seek input from the citizens regarding spending priorities for the next fiscal year. She
19 utilized a PowerPoint presentation (a copy of which is attached and becomes a permanent part of these
20 minutes).

21
22 Ms. Davis said the nature of city government is to provide services to its citizenry. She defined the
23 budget as a plan that includes estimates, forecasts and which considers service levels. The level of
24 services required is evaluated based on demographics, population and the tax base. Throughout the
25 year, staff gathers the information necessary to develop the budget. From January to April strategic
26 planning and goal setting workshops are conducted. The property appraiser's office sets the tax roll on
27 January 1st. By June 1st, "pre-preliminary" revenue estimates are delivered and the "preliminary"
28 estimates are delivered on July 1st. These are the numbers used to prepare the budget. During the
29 months of April to July the internal work to compile the budget begins. From July to September the
30 tentative tax roll and millage rate are developed and on August 1st the proposed budget is presented to
31 Council. Workshops between staff and Council, as well as two public hearings are conducted in August
32 and September.

33
34 Ms. Davis provided a chart of Orange City's population from 2000 to 2009. She said the State released
35 historical data that shows the City's population grew at an average of 5.6% from 2000 to 2008. It is
36 anticipated the City's population will increase by 6.77% from 2008 to 2009, making Orange City the
37 26th fastest growing city in Florida. She remarked that no other city in Volusia County had experienced
38 a growth rate over 2% in 2009. In response to a query from Mayor Strickland, Ms. Davis advised that
39 Morgan Gilreath, Volusia County Property Appraiser, released some early forecasts and estimations
40 prior to June 1st and as a result, staff was able use that information in the preparation on the FY 10/11
41 budget. Ms. Davis continued by stating that the City must notify the property appraiser of the tentative
42 millage rate by August 4th. Staff will recommend a tentative millage rate to Council in July and then a
43 series of workshops and public hearings will be conducted in August and September.

44
45 Next, Ms. Davis discussed the budget cycle. She said the fiscal year begins October 1st and runs through
46 September 30th. During the period January to April, strategic planning and goal setting workshops are
47 conducted. There are three different dates that are important to the City, January 1st the tax role is
48 established, June 1st a pre-preliminary set of numbers are provided to the City and on July 1st the

1 preliminary numbers are provided. The July 1st assessment numbers are what the City uses to prepare
2 the budget. From April to July the internal budget work is developed. From July to September the
3 tentative tax roll arrives and a tentative millage is developed, and on August 1st the proposed budget is
4 presented to Council. Workshops are held in August between staff and Council and public hearings are
5 held in August and September.

6
7 Ms. Davis displayed a chart of the City's Funds and the sources of revenue that support those funds.
8 She listed the funds as the General, Enterprise, Special Revenue (Impact Fee, Forfeiture, Solid Waste
9 and Sparkman Ridge) and Capital Improvement Funds. The largest share of revenue comes from the ad
10 valorem tax. Sales tax, state and revenue sharing and utility tax on public services, franchise fees, gas
11 tax, impact fee assessments and user fees are other sources. Ms. Davis pointed out the Enterprise fund is
12 funded solely through user and impact fees. She provided a detailed breakdown of the fund sources as
13 36% from ad valorem taxes, 31% from other taxes; 12 % from intergovernmental; 11% from the Debary
14 fire and public works contracts; 4% from licenses/permits; 3% miscellaneous; 2% fines and forfeitures
15 and 1% from charges for services provided. Ms. Davis noted that revenue from "charges for services"
16 has declined due to the lack of new development.

17
18 Ms. Davis provided a brief history of the Truth in Millage (TRIM) legislation. She said it was adopted
19 in 1980 and established uniform requirements for all taxing authorities. TRIM notices are issued to all
20 property taxpayers in late August by the property appraiser. It indicates what a property owner paid the
21 previous year, the amount required if a rollback rate was adopted and the amount required with the
22 millage rate the City is proposing. In addition, it gives the date, time and place of the first public
23 hearing. She advised that the City may levy up to 10 mills by State law, noting that the current rate is
24 5.1953. She discussed the various exemptions allowed such as homestead, an additional homestead that
25 was enacted several years ago, senior, widow and disability exemptions.

26
27 Next, Ms. Davis discussed the rollback rate. She defined it as the millage rate that will produce the
28 same amount of revenue as the City received in the previous year. She classified it as "revenue neutral."
29 The calculation of the millage is one dollar for every \$1,000 worth of assessed value. In 2009, the
30 average single family homestead value was \$64,344 which generated average tax revenue of \$334
31 annually or \$27.83 monthly. She displayed a chart of the City's taxable value and the ad valorem
32 revenue for the last four years. She said in 2006 the average tax payer was paying \$34 a month and in
33 2009 that amount was reduced to \$28. In 2008 the City's ad valorem levy was below the roll back rate,
34 which provided a decrease in the ad valorem. The following year, the rollback rate was levied but due
35 to new construction that resulted in a decrease from the prior year.

36
37 Ms. Davis noted the City levied the rollback rate last year which resulted in a levy of approximately \$28
38 a month for the average taxpayer. She noted that based on the data the property appraiser provided, if
39 the City were to levy the same rate this year, it would generate just under \$23 providing a \$5 monthly
40 decrease. She detailed all the factors involved noting the exemptions, CPI index, and any improvements
41 to a property are considered when determining the taxable value of a property.

42
43 Ms. Davis discussed the categories of expenditures; personnel services, operating expenses, and capital
44 purchases and debt service. Personnel Services at 58% of total expenditures is the largest expense.

45
46 Ms. Davis discussed "unfunded mandates" which create obligations for the City with no additional
47 revenue to pay for them. In addition, there are increases in routine operational expenditures.

1 Ms. Davis discussed the “Tier One” and “Tier Two” priorities developed by the Council during their
2 goal setting workshop (a copy of which is attached and becomes a permanent part of these minutes).

3
4 Mayor Strickland asked Ms. Davis to discuss “cost drivers.” Ms. Davis said that the cost increases that
5 are driving up costs for the City are things which are not controlled by the City such as retirement rates
6 and insurance premiums. Mayor Strickland clarified that a cost driver is any expense that’s increasing
7 and the City has no control over the increase.

8
9 Ms. Croteau noted that no decisions have been made regarding the budget as yet, nor does it mean the
10 City is planning to adopt the roll back rate. She emphasized that the roll back rate is revenue neutral.
11 Ms. Croteau further emphasized that the City has no control over the Volusia County taxes or the School
12 taxes. She stated, “I think people just need to be aware of the portion that the City actually gets.” Ms.
13 Croteau noted that the revenue collected from ad valorem is not enough to pay for police and fire
14 services.

15
16 Ms. Croteau discussed efforts in Tallahassee to enact a “TABOR” or “Tax Payer Bill of Rights” law
17 which would require that the City remain revenue neutral from a certain point forward. She said that in
18 Colorado and other states where this has been tried it has created disastrous results. Ms. Croteau
19 explained that if TABOR is enacted, whatever rate the City sets this year will be the tax rate for years to
20 come. She stated, “You could be stuck at a lower level than what you want or what your service level
21 that’s requested by the citizens needs to be supported.”

22
23 Council Member Blair noted that School Board taxes account for 42% of the tax bill.

24 25 **2. CITIZEN INPUT ON SPENDING PRIORITIES FOR FY 2010/11**

26
27 The Mayor noted that several written communications were received by Council (copies of which are
28 attached and become a permanent part of these minutes). Letters from Romane Casteel, Michelle
29 Polgar, and Gina Holmes were read into the record.

30
31 Henry Durica, 1310 E. Lansdowne, came forward and questioned if there was a way to determine how
32 many times the police or fire respond to calls involving people who are not residents of the City. He
33 suggested that this has contributed to an increase in cost for these services. Mr. Durica suggested that
34 many if not most calls are for incidents at retail outlets or traffic incidents on 17-92 and stated that
35 Orange City residents should not have to bear the cost along. He suggested increasing revenue by
36 instituting “speed traps” on 17-92 and Graves, or by implementing a noise ordinance to outlaw “boom
37 boxes.” Ms. Croteau said that a noise ordinance would not generate revenue.

38
39 Council Member Abraham recalled that Council had previously received a letter from David Seaman
40 expressing his thoughts on the budget.

41
42 Hugh Strickland, 420 May Street, came forward and advised that there is a 1937 fire truck parked
43 behind the Fire Department. He said that the truck was built in Orange City. Mr. Strickland said that
44 there was a “majority opinion” at the citizen’s goal setting workshop that the people want to see 17-92
45 improved and they want to attract new small businesses to the community, but that they didn’t want to
46 pay more money. Mr. Strickland stated, “In closing, I’d just like to tell you about somebody who
47 tonight is sitting at home. She doesn’t run her air conditioning and she won’t watch TV tonight....and
48 she won’t listen to the radio. Because she’s decided that what she can afford is a refrigerator. That’s all

1 she can afford. So there are people out there that are not like us.....beyond the issue of cable TV They
2 can't even turn on a radio at night. So they sit in the dark without a fan. It's more than one person. I
3 just happen to know of a few. And they have to be considered too. They're not cheap, they're poor."
4 He said that it is important to consider those in the community who will be affected by even a \$5 per
5 month increase.

6
7 Bob Storke, 1122 E. Wisconsin, came forward and spoke in support of maintaining the current level of
8 service. He noted the increases the City has had in various areas, along with the increased demand for
9 service related to the high school. Mr. Storke suggested forming work groups in City departments to
10 look for ways to increase efficiency such as resource sharing between departments, delayed replacement
11 of non-critical equipment, and additional regionalization of services for West Volusia communities. He
12 suggested applying for grants to fund sidewalks and traffic safety projects. Matching requirements are
13 being lowered for some grants. Mr. Storke also suggested exploring a special taxing district for safety
14 services to provide a more equitable distribution of the costs.

15 16 **3. COUNCIL DISCUSSION**

17
18 Council Member Abraham asked staff to tell the audience whether the property appraiser is reaching a
19 proper assessment and what method he is using. Ms. Croteau responded that while some of the
20 commercial properties in the City decreased in value by over 30%, values went down 17.8% overall in
21 the City. She said that the Property Appraiser indicated that he anticipated another drop in commercial
22 values next year. The decline in values overall equates to about a \$500,000 decrease in ad valorem
23 revenue. In response to a further question from Council Member Abraham, Ms. Davis said that the
24 Property Appraiser establishes the tax roll on January 1st of each year which includes all new
25 construction from the previous year. The pre-preliminary tax roll is established July 1st for the purpose
26 of establishing a millage rate for the coming year. Council Member Abraham said that he tried to reach
27 Mr. Gilreath today, but he was not available. He said that he was told that Florida does not have a
28 "common valuation" method. Ms. Croteau concurred and said that it is up to the Property Appraiser to
29 set the values. Council Member Abraham stated that the citizens have a right to appeal the taxable
30 value set by the Property Appraiser.

31
32 Vice Mayor Laputka said that he found information regarding the actual daily cost for services to be
33 very helpful. In response to a question from the Vice Mayor, Ms. Croteau said that the City could also
34 appeal property values. The land value for Wal-Mart was cut by 40%.

35
36 Council Member Pupello said that Council has a responsibility to show "good stewardship" of the
37 people's money. He stated, "We need to encourage the most efficient use of the people's money in all
38 the departments." He encouraged staff to find ways to increase efficiency.

39
40 Council Member Crippen concurred with Council Member Pupello. He said that the changes suggested
41 previously by Mr. Miller were "not based on a whimsy." He stated his understanding that the
42 department heads concurred with the recommended changes. Council Member Crippen projected that
43 more cuts may be needed in the years ahead. He stressed the need to preserve the most critical services
44 such as public safety.

45
46 Council Member Blair expressed his confidence that Ms. Croteau will "go through the budget with a
47 fine tooth comb." He thanked Ms. Davis for her presentation and thanked the citizens who were in
48 attendance.

1
2 Mayor Strickland said that Ms. Davis' presentation was "helpful." He stated that audio from the
3 meeting would be available on the website. He discussed the fact that changes lie ahead, and he urged
4 staff to understand that times are different and a new approach will be necessary in these difficult times.
5

6 Ms. Croteau responded to Mr. Storke and Mr. Durica stating that the Fire Department responds to about
7 80% medical or non-fire calls and 20% fire calls. She said that discussions have taken place regarding
8 the implementation of a fire fee which will assess the fee based on where incidents have taken place.
9 She observed that this process is time-consuming and could not be implemented until 2012.
10

11 Ms. Croteau announced that there will not be a Friday Letter tomorrow. She said that staff would try to
12 produce the letter to every other week and keep it to a single item report. She said that eventually, she
13 would like to either discontinue the report or make it monthly.
14

15 Council Member Crippen said that he hoped some of the items from the goals report could be
16 accomplished. He noted that the water line on Montclair was completed and the residents there are
17 "jumping up and down for joy." He said that the business owners on 17-92 are beginning to get
18 enthused about being able to keep their signs. Council Member Crippen expressed his confidence that
19 Ms. Croteau would produce a budget that is as "lean" as possible.
20

21 Ms. Croteau stated that she would be bringing newly reduced garbage rates forward.
22

23 Mayor Strickland noted that Council Member Allebach is serving as President of the Volusia League of
24 Cities and that he was presiding at the awards banquet this evening. He noted that no one from Orange
25 City has been recognized by the League and said that it was his goal that is changed next year.
26

27 **4. ADJOURN**

28
29 There being no further business, Mayor Strickland adjourned the meeting at 7:07 p.m.
30

31 Respectfully Submitted:

Approved on:

32
33
34
35 Gloria Williams Thomas, CMC
36 Deputy City Clerk

June 08, 2010