

1 **MINUTES OF THE WORKSHOP MEETING OF THE ORANGE CITY COUNCIL**, held on  
2 Monday, August 23, 2010 at 6:30 p.m. in Council Chambers, 201 N. Holly Avenue, Orange City.

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4 **CALL TO ORDER**

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

7  
8 **ROLL CALL**

9  
10 **PRESENT:** Mayor Harley Strickland; Vice Mayor Tom Laputka; Council Members; Jeff Allebach,  
11 Tom Abraham, Anthony Pupello, Gary A. Blair, O. William Crippen; City Attorney  
12 William Reischmann; City Manager Jamie Croteau, City Clerk Deborah Renner

13  
14 1. Presentation of Proposed Budget for Fiscal Year 10/11

15  
16 Jamie Croteau, City Manager, stated that the budget was funded with a millage rate of 6.1487 which is  
17 below roll back. She noted that a 26% decrease in property values and falling revenues in other areas  
18 made it difficult to balance this year's budget. She recalled that there were layoffs this year. Ms.  
19 Croteau noted that the City only collects \$334 annually from each household which equates to about  
20 92¢ per household per day.

21  
22 Christine Davis, Finance Director, made a power point presentation on the budget (a copy of which is  
23 attached and becomes a permanent part of these minutes). Ms. Davis provided an overview of the  
24 steps leading up to the creation of the budget. Ms. Davis noted that the two required public hearings  
25 on the budget are scheduled for September 14<sup>th</sup> and September 28<sup>th</sup>. She advised that the core fund  
26 balance is about \$5 million at present. She discussed declining revenues, noting that grant funding is  
27 becoming non-existent. Ms. Davis noted that costs such as the cost of insurance and electricity are  
28 increasing.

29  
30 Ms. Davis advised that the millage rate used to fund the proposed budget is 6.1487. The rollback rate  
31 is 6.5487 which leaves a difference of .4000 of a mill or \$199,350 above the spending proposed in the  
32 budget. She noted the steep decline in property values over the past three years and pointed out that ad  
33 valorem along with all other revenues is declining.

34  
35 Ms. Davis briefly discussed the operational changes made city-wide in order to reduce expenses. The  
36 first is a reduction in the number of take-home vehicles which created a \$9,500 reduction in expenses.  
37 Changes to the cell phone calling plan resulted in a savings of \$15,000. Overtime reductions saved  
38 \$10,000. The reduction in force resulted in a \$340,000 reduction in spending. The proposed budget  
39 reflects an 11.6% decrease over last year. That decrease is 13.7% when financial transactions related  
40 to the City of DeBary are taken out. The average taxable value of a home in Orange City decreased by  
41 100% from \$101,291 in 2007 to \$51,285 in 2010. This taxable value represents an average cost per  
42 month of \$26 per household.

43  
44 The proposed budget reflects an 11.6% reduction over the previous year. Without including the  
45 figures for services to DeBary, there is a 13.7% net reduction. Ms. Davis noted that proposed  
46 expenses have decreased \$1 million since fiscal year 07/08. The average cost per month for city

1 taxes amounts to an average of \$26/month per household for FY 2010/2011. Ms. Davis contrasted  
2 that with a cost of \$37/month in 2007.

3  
4 Ms. Davis noted that the tax bill is comprised of assessments from a number of different taxing  
5 authorities and that the city's proportionate cost is 86¢ per day. Compared with other west side cities,  
6 Orange City's "cost per day" for all city services is second after Deltona as compared to DeLand,  
7 Deltona and unincorporated west side areas.

8  
9 Ms. Davis stated that the budget is balanced at 6.1487 which will generate \$3,068,250 in ad valorem  
10 revenue which is less than revenue in FY 2007/2008. Police and Fire costs are \$3.8 million of the  
11 total budget. The budget includes funding to address Council's strategic planning (Tier 1 and Tier 2  
12 items). In addition, funding is included for "best practices," economic development and stormwater.  
13 The budget also includes a \$150,000 stabilization fund. This fund is being set aside to cover the  
14 anticipated 15% reduction in property values. In response to a question from Council Member Blair,  
15 Ms. Davis said that "best practices" encompasses items such as training and compensation plan  
16 review. CIP funding is \$383,610 in the proposed year which is a reduction from the \$1.4 million  
17 budgeted for the current year. \$20,000 has been included in the budget for enhanced parks programs  
18 along with \$15,000 in additional funding for the Senior Center.

19  
20 Ms. Davis identified a list of items which were not included in the budget such as a cost-of-living  
21 adjustment, merit increase, or sick bonus. Other reductions which are not personnel-related are  
22 stormwater and a community improvement fund. Ms. Davis advised that Orange City has the lowest  
23 annual per capita cost per citizen at \$73.38 as compared to DeLand, Deltona, DeBary and  
24 unincorporated Volusia County.

25  
26 Items which will be returning to Council for future action are (1) approving the suspension of the  
27 annual step plan, (2) approving the suspension of the annual merit raise, and (3) approving the  
28 suspension of the annual sick bonus program.

29  
30 In conclusion, Ms. Davis displayed a chart listing the items which were cut from the budget, but that  
31 could be added back in (wish list items). Ms. Croteau noted that the budget was balanced below the  
32 roll back rate at 6.1.

33  
34 2. Discussion

35  
36 Ms. Croteau discussed the "wish list" items and associated millage increases. She noted that there are  
37 some drainage issues in the City which need to be addressed at a cost of \$50,000. Also included in  
38 the budget is money for a study to explore the imposition of a stormwater utility fee. She noted that  
39 Deltona, DeLand and DeBary all charge a stormwater fee. A "community improvement fund" can be  
40 added to the budget which would provide about \$100,000 annually for projects such as the Seth  
41 French House, streetscaping, or sidewalks. One of the larger items is the paving of Thorpe Avenue at  
42 \$350,000 over three years. Council Member Blair suggested that \$350,000 would not be enough to  
43 pay for the paving because of the drainage issues in the area. Mr. Johnson said that the project has  
44 been designed and that an exfiltration system was proposed for the area using underground perforated  
45 pipes at a relatively minimal cost. In conclusion, Ms. Croteau said that staff feels "very strongly"  
46 about doing the stormwater projects and the community improvement projects. In addition \$56,525 in

1 funding is currently in the budget for a fire fee study. She suggested that this may be delayed for a  
2 year or two in lieu of the study on stormwater fees. Ms. Croteau noted that the corresponding increase  
3 in the millage is noted beside each of the “wish list” items in the handout provided to Council.  
4

5 Vice Mayor Laputka referenced the “stabilization” fund and suggested that this is a “pre-tax” for next  
6 year. Ms. Croteau responded that staff attempted to look at two years when creating the budget. She  
7 said that she anticipates an additional 15% reduction in property tax next year. She said that some of  
8 this money would be used to offset the shortfall. Ms. Croteau said that she anticipates about a  
9 \$400,000 shortfall next year. Vice Mayor Laputka maintained that the fund is the equivalent of  
10 “taxing into next year.” Ms. Croteau said that it is being added to the “rainy day fund.” Vice Mayor  
11 Laputka said that the issue is whether or not it is the right thing to do. He stated, “I just want to define  
12 it accurately and ask you as a Council to understand what it means.” Council Member Crippen said  
13 that he wanted to keep some flexibility associated with the money. Council Member Blair suggested  
14 that the “stabilization money” could be used on the Seth French house next year if needed. Ms.  
15 Croteau cautioned against using it for any type of recurring expense.  
16

17 Vice Mayor Laputka referenced Page 9 of the proposed budget which addresses funding for consulting  
18 services for \$55,000 for a rate study. He asked when the last rate study was done. Ms. Davis  
19 responded that it was in 2006 and the City is in the last year of the study now. She said that the study  
20 recommended that it be revisited on a bi-annual basis to ensure the accuracy of the projections. In  
21 response to a question from Vice Mayor Laputka, Ms. Croteau explained that the purpose of the study  
22 is to evaluate the City’s renewal and replacement needs and project what level of funding is required  
23 to meet those needs and it builds a financial model based on future capital needs as well as operating.  
24 She suggested that the City’s rates are probably a bit low. Vice Mayor Laputka said that he  
25 understood that funding under the last increase was a bit greater than needed. He again questioned the  
26 purpose of the rate study. Council Member Allebach said that adequate rates will ensure the City’s  
27 ability to obtain funding for future improvements to the system. Mayor Strickland said that he would  
28 like to see an updated water system during his lifetime. He said that he would like to have the project  
29 “shovel-ready” in the event that more stimulus funding becomes available. The Mayor noted that  
30 several other Volusia cities are struggling with the same issues in their water system. Ms. Croteau  
31 said that the water system should be self-supporting. She discussed the reasons that the rates need to  
32 be revisited every five years. In response to a question from Council Member Pupello, Ms. Croteau  
33 said that the rate study loses validity after five years. In response to an inquiry from Council Member  
34 Crippen, Ms. Croteau said that the study examines operating costs and then reviews needs for the  
35 future including capital needs. The information is then sent to a firm that will create a financial model  
36 to provide adequate funding.  
37

38 Council Member Laputka asked Ms. Croteau to elaborate on merit pay, noting that it had been deleted  
39 from the budget. Ms. Croteau confirmed that both merit and cost of living (COLA) increases were  
40 removed from the budget. She said that a 2% COLA effective April 1 is on the wish list if Council  
41 wished to implement it at a cost of about \$37,500. Ms. Croteau said that Orange City’s salaries are  
42 “relatively low,” and noted that most other Volusia cities are not providing merit increases this year.  
43

44 Council Member Blair thanked staff for explaining the budget. He noted the reduction in spending for  
45 road and drainage construction and asked why it couldn’t be funded with CDBG funding. Ms. Davis  
46 explained that the City applied to use the money for parks enhancement. Council Member Blair stated

1 that he felt the drainage projects were important.

2

3 Mayor Strickland asked what happens to the money gained by the sale of surplus property. Ms.  
4 Croteau responded that the anticipated returns will be minimal and might be enough to purchase the  
5 bunker gear.

6

7 Council Member Allebach noted that the City has been very frugal with its spending over the past two  
8 years. He suggested that it is not wrong to ask the citizens to invest “92¢ per day” in their city. He  
9 noted that it is the same amount as they paid last year. Council Member Allebach spoke in support of  
10 the projects he felt should remain in the budget and those which should be dropped.

11

12 Council Member Blair said that his issue is that nine people are out of work, yet the City continues to  
13 fund projects like community improvement and dog costume parties. He said, “92¢ may not seem like  
14 a lot to you, to someone else it does....and that’s my point.”

15

16 Mayor Strickland acknowledged that this was the first time since he’s been Mayor that he’s “felt like  
17 he had a handle on the budget.” He said that he felt that his discussions about the budget with the City  
18 Manager had been helpful.” The Mayor said that he had not felt like he had any choices about the  
19 budget in the past. He stated his support in funding some of the items in support of “the future life of  
20 the city.” He said that it is essential to deal with the “important” things like a stormwater project  
21 while giving up things like holiday banners. He expressed his support for funding the senior center at  
22 its current rate with no increase. Mayor Strickland suggested going down the list and voting on the  
23 optional items to see if there is agreement amongst the Council.

24

25 Council addressed the “wish list” items which were passed out at the meeting, beginning with the  
26 “Deletions”

27

28 **It was the consensus of Council to eliminate funding for a Fire Fee Study.**

29

30 **It was the consensus of Council to continue to provide funding for the**  
31 **Council on Aging in the amount of \$15,000 for programming at**  
32 **Wava’s Hall.**

33

34 **It was the consensus of Council to provide funding for Document**  
35 **Imaging Software in the amount of \$15,000.**

36

37 **It was the consensus of Council to provide funding for the sidewalk**  
38 **program in the amount of \$50,000.**

39

40 Mr. Johnson noted that the two vehicles being replaced will still be in active service in the city and  
41 will be used either by the VIPS or by Public Works. Chief Ross stated that he had requested six  
42 vehicles this year. The Chief noted that in the future, the SUV’s will be replaced with sedans because  
43 they are cheaper and better on gas mileage.

44

45 **It was the consensus of Council to provide funding for two new police**  
46 **vehicles.**

1 Ms. Davis advised that these changes reduced the millage to 6.0357.

2

3 Council Member Allebach spoke in support of funding for the completion of drainage improvements  
4 to the Blue Springs and Carpenter area and on Holly Avenue in front of the Police Department and  
5 Council Chambers.

6

7

**It was the consensus of Council to include \$50,000 in funding for  
8 drainage improvements.**

9

10 Council decided to vote in succession on each of the items listed in "Additions" on the handout  
11 distributed at the meeting by Ms. Davis. Council Member Pupello suggested that Items 4 (Community  
12 Center) and 5 (Christmas Banners) could be included with Item 2, "Community Improvement Fund."

13

14

**It was the consensus of Council to include funding in the amount of  
15 \$100,000 as proposed for a "Community Improvement Fund."**

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17

18 Council Member Pupello noted that with the current changes, the millage rate stands at 6.3357. Ms.  
19 Davis reminded Council that they cannot go over the tentative millage rate set previously at 6.5487.

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21

**It was the consensus of Council that the following items not be funded  
22 in the budget: COLA, Community Center, Christmas Banners,  
23 Thorpe Paving, Emergency Generator at Public Works, Bunker Gear  
24 for the Fire Department, Sick Bonus, and increase in funding for  
25 senior center operations in the amount of \$17,000.**

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Ms. Davis announced that the millage rate currently stands at 6.3445 which is .2043 below the rolled  
back rate.

Ms. Croteau thanked Christine Davis and the finance department for their work on the budget, as well  
as the other department heads.

Council Member Crippen thanked everyone involved in developing the budget. He said that he also  
appreciates efforts to look ahead to the coming year as well.

The Mayor advised that there would be a recess during the regular Council meeting tomorrow to  
review the election results.

3. Adjourn

There being no further business, the meeting was adjourned at 7:58 p.m.

Respectfully Submitted

Approved on

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Deborah J. Renner, CMC, City Clerk

September 14, 2010