

**MINUTES
CITY OF ORMOND BEACH
OPERATING BUDGET WORKSHOP**

July 23, 2024

5:30 p.m.

City Commission Conference Room

I. CALL TO ORDER

Mayor Bill Partington called the meeting to order at 5:32 p.m.

Present: Mayor Bill Partington, Commissioners Lori Tolland, Travis Sargent, Susan Persis, and Harold Briley, City Manager Joyce Shanahan, Assistant City Manager Shawn Finley, City Attorney Randy Hayes, Finance Director Kelly McGuire, and Assistant Finance Director Chris Byle.

II. DISCUSSIONS

Ms. Joyce Shanahan, City Manager, thanked the Budget Advisory Board members for attending. She stated the budget was based upon the Commissions Strategic Plan and noted a new Strategic Plan would be created in early 2025. She noted staff would need direction on the millage rate, and explained the tentative millage rate would be set at the Commission meeting that night and could be finalized at a lower rate at the September meetings, but could not be higher.

Ms. Kelly McGuire, thanked the Commission for their review of the budget. She reviewed the overall budget, the expenditures, and how the Strategic Plan goals were included by category. She discussed the annual projects, dedicated millage, and upcoming fiscal year project for all Strategic Plan categories including Transportation and Community Development, Economic Development, Governance, Public Safety, Quality of Life, and Water Quality and Environment. She stated the Telecommunications project was funded through borrowing, and explained there would be a future agenda item for the Commission to approve the borrowed funding.

Ms. Shanahan noted the importance of the Telecommunications project, referencing issues that occurred during Hurricane Ian.

Mr. Shawn Finley, Assistant City Manager, reviewed the Halifax River Utility Crossing Design project and funding.

Ms. McGuire discussed where funding for the budget came from, including the millage for property taxes, licenses and permits, intergovernmental revenue, charges for services, fines and forfeitures, miscellaneous revenue, transfers, and other sources. She discussed the proposed tax rates and the comparison of the proposed rates of surrounding municipalities. She compared the prior fiscal year budget to the proposed budget, noting the Collective Bargaining Agreement (CBA) for the police rate adjustment was higher than anticipated and explained the funds would need to be made up from either an increase in millage or funding from the workers' compensation fund which was over-funded. She indicated there were several position requests from staff that were not included in the budget for the Commission to consider including. She explained there were two projects brought up by Commissioners during the individual meetings which included funding for the PACE Center for Girls and the Championship Stadium partnership with Volusia County

Schools (VCS). She expressed the importance of staff being involved when it came to interlocal partnerships due to funding and expectations from each partner. She reviewed potential funding options for the two Commissioner requests as well as potential tax rates if the Commission wished to include the new positions and CBA rate adjustments in police pay.

Commissioner Briley inquired if \$100,000 could be deferred from the current fiscal year and \$100,000 from the upcoming fiscal year; whereby, Ms. Shanahan clarified he meant \$100,000 from the 2024-2025 budget and another \$100,000 from the 2025-2026 budget.

Ms. McGuire stated that could be done as it would be funded from the Leisure Services fund and noted if split, the deferral would cause the Nova Field 1 project to be pushed until fiscal year 2026-2027.

Commissioner Briley noted for the Championship Stadium partnership, he would prefer the \$250,000 deferral and the \$750,000 from the Recreation Impact Fees.

Ms. McGuire stated staff was not looking for the Commission to commit the funds for the PACE Center for Girls funding or the Championship Stadium partnership but was providing funding options.

Commissioner Persis inquired about the city's reserves; whereby, Ms. McGuire stated there was a little over \$5,000,000 in reserves and after planned projects it would be at 11.3 percent, noting the Commission had a benchmark set for 15 percent.

Commissioner Sargent inquired what the city's current contribution was to First Step Shelter noting they were looking to make changes to their structure; whereby, Ms. McGuire stated it was \$82,000.

Mayor Partington inquired about the Championship Stadium partnership; whereby, Ms. Shanahan stated there was talk of building the stadium at the Sports Complex for Seabreeze High School noting she believed there were left over funds from Tomoka Elementary School. He expressed concerns regarding the partnership, requesting further information before he discusses funding.

Commissioner Tolland stated the Leisure Services Advisory Board was discussing the Championship Stadium and potential partnership, noting it was being discussed so the city would not lose the opportunity if presented by VCS. She clarified she would be willing to entertain the partnership if there was a commitment by the Volusia County School Board with no more than 50 percent of funding by the city for the project; whereby, Ms. Shanahan stated there should be a "not to exceed" price as well.

Commissioner Sargent expressed concerns for future upkeep costs.

Commissioner Persis supported the project with an interlocal agreement.

Mayor Partington expressed concerns regarding revenues, infrastructure costs, and ongoing maintenance.

Commissioner Sargent inquired if other organizations would be allowed to utilize the fields; whereby, Commissioner Briley indicated if other organizations did the School Board may require the city to maintain the field.

Mayor Partington noted VCS had millions in their reserves fund.

Ms. Shanahan discussed the funds from VCS.

Mayor Partington explained he was not interested in funding the CBA rate increases for the fiscal year and was supportive of utilizing the workers compensation funds. He noted he didn't hear there was a need for the new positions and was unsure if the funding was needed for the upcoming fiscal year.

Ms. Shanahan explained the requested positions were vetted by the department managers and upper management before being brought before the Commission.

Commissioner Briley stated he heard from residents, regarding the need for additional staff within the leisure services department.

Mayor Partington mentioned the dedicated millage for the leisure services department; whereby, Commissioner Briley stated that millage helped with the maintenance but did not address staffing needs.

Commissioner Tolland compared current staffing to 2005 and expressed support of the new staffing positions.

Commissioner Persis expressed support of a higher tax rate, noting the city was still set to be the second lowest in the county in the millage rate.

Commissioner Briley supported the proposed rate with the additional staffing positions.

Mayor Partington discussed the PACE funding request, noting it was the county who planned to fund their project originally and the city's prior contributions. He requested City Attorney Randy Hayes look into if the city could contribute. He noted he did not want to defer any planned projects for the additional requests.

Commissioner Sargent expressed concerns with city funds being donated to PACE; whereby, Commissioner Briley agreed, noting the city charged a dollar rent and would hope the minimal rent would offset the \$250,000 donation request.

Commissioner Tolland indicated support of the PACE program, noting she was supportive of two \$100,000 donations with one donation per fiscal year.

Commissioner Sargent inquired if the city was legally allowed to contribute to the non-profit; whereby, Mr. Randy Hayes, City Attorney, believed with the other municipalities it may qualify as a quasi-public entity, noting an interlocal agreement or other form of agreement for the donation would be in the best interest of the city. Mr. Hayes stated there were thresholds that needed to be met when donating to private entities, but believed PACE would not fall into the category.

Commissioner Briley expressed support of PACE, indicating the two donations plus low rent would show the city's support.

Mayor Partington discussed the location of the property and areas the school served.

Ms. Shanahan explained the PACE Center was a school but fell under the Department of Justice, not the Volusia County Schools system.

Commissioner Tolland inquired if the city could make one \$100,000 donation and leave the second open for discussion during the next budget; whereby, Ms. Shanahan stated that could be done but would look to Mr. Hayes to confirm.

Mayor Partington inquired if the \$100,000 could be paid from the current reserves; whereby, Ms. McGuire asked if the intent was to make the first donation during the current fiscal year. Mayor Partington, Commissioner Briley, Commissioner Tolland, and Commissioner Persis all agreed.

Ms. Shanahan noted the funds could be earmarked from the current fiscal year reserves but requested further time for Mr. Hayes to look into an agreement on funding.

Ms. McGuire noted the funds would be notated as different fiscal years but would be pulled during the same fiscal year. She explained she would bring back a revised proposed budget with the funds accounted for PACE and if the Commission decides against providing the donation, the funds could remain in reserves.

Mayor Partington stated it would be good to know how much the city has paid to PACE over the last few years and what the real rental value was. He agreed with Commissioner Briley, stating the budget should include the rate as proposed plus the new positions.

Commissioner Briley clarified the Commission liked the staff recommendation of column two which included the millage rate as proposed with the new positions, as well as option one for the Championship Stadium which included the deferral and advancement of funds plus funds from the Recreation Impact Fees; whereby, the entire Commission agreed.

Ms. McGuire explained the next steps to the budget process, PACE donations, and Championship Stadium agreement.

III. ADJOURNMENT

The meeting was adjourned at 6:28 p.m.

Prepared by: Taylor Lochert