

1 **MINUTES OF THE WORKSHOP MEETING** of the City Council of the City of Orange City, Florida,
2 held on Tuesday, August 07, 2007, at 6:30 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 6:30 p.m. by Mayor Erwin and roll call was taken.

7
8 **ROLL CALL**

9
10 **PRESENT:** Mayor Albert T. Erwin; Vice Mayor Anthony R. Yebba; Council Members Bob Storke, Jeff
11 H. Allebach, Donald C. Sherrill, Joelle R. DeVane, Jim Mahoney, City Manager John J.
12 McCue; City Clerk Deborah Renner

13
14 **PLEDGE OF ALLEGIANCE**

15
16 The Mayor stated that the meeting would start with a presentation from the City Manager and the Finance
17 Director; followed by a staff report on revenue; Council question and remarks; input from the public;
18 discussion of expenditures by department; and conclude with the discussion of specialized accounts such as
19 the Enterprise Fund, and the Capital Improvement Fund. He advised anyone wishing to address the
20 Council to raise their hand.

21
22 Mayor Erwin spoke about the recent tax reform efforts and the roll back rate. He said that all
23 municipalities in the State are affected by the roll back rate, and that Orange City is fortunate to be one of
24 two cities in Volusia County that were not required to roll back taxes beyond the 2006-2007 tax year.
25 Mayor Erwin said that the State has determined that over the last 5 years, the city is "doing a pretty good
26 job as far as our taxpayers getting the most for their tax dollars."

27
28 **1. REVIEW PROPOSED BUDGET FOR FISCAL YEAR 2007/2008**

29
30 Christine Davis, Finance Director, came forward and provided a "Budgeting 101" presentation. (a copy of
31 which is attached and becomes a permanent part of these minutes). She stated that her objective is to
32 inform the citizens of the process involved in developing a municipal budget.

33
34 Ms. Davis said that city government provides services to its citizens. Referring to the power point
35 presentation, she showed a comparison of population, taxable value and per capita taxable value of cities in
36 Volusia County. She said that per capita taxable value is an excellent indication of the economic health of
37 a city. Orange City's per capita value of \$79,713 is comparable with Volusia County, which is just over
38 \$80,000.

39
40 Ms. Davis stated that a municipal budget is a plan developed from estimates and forecasts and that it shows
41 a balance between the demand and the resources for services of a municipality. She gave a description of
42 budgeting terms, and budget types and stated that the Orange City budget is prepared with line items and
43 performance indicators. She said there are several funds included such as the General Fund; Enterprise
44 Fund; Capital Improvement Fund; and Special Revenue Funds such as Impact Fee, Forfeiture, Excise Tax,
45 and Assessment Fund (used for the Commercial Streetlighting District and the Solid Waste Tax
46 Assessment).

47

1 Ms. Davis discussed the municipal budgeting cycle, noting that the fiscal year is October 1 through
2 September 30. She said from January to April an independent auditor presents the Council with the
3 previous year's annual audit; strategic planning and goal setting workshops are scheduled; and the tax roll
4 is set. During April to July staff begins developing the proposed budget. Workshops and public hearings
5 are held on the tentative tax roll and a millage rate is set. Ms. Davis remarked that the tentative millage for
6 the 06/07 fiscal year has been set at 4.5 mills. She announced there would be a budget workshop in August
7 and a budget hearing in September and citizen input is welcome. Other opportunities for citizen
8 participation are the strategic planning and goal setting workshops, budget workshops and the public
9 hearing.

10
11 Ms. Davis defined the various types of revenues in a municipal budget, general; restricted; recurring and
12 non-recurring and spoke about the regulatory requirements for each. She explained the property tax and
13 gave a brief history of the Truth in Millage (TRIM) Legislation. She said that TRIM established statutory
14 requirements for all taxing authorities and noted that by August 24 municipalities are required to send out
15 TRIM notices to the taxpayer. These notices must show the proposed millage, and the date, time and place
16 of the first public hearing. She talked about the rollback rate and said that it represents the millage rate that
17 would produce the same level of revenue as the prior year and that this calculation would exclude new
18 developments, annexations and additions to existing buildings. Ms. Davis stated that the State monitors
19 property taxes and has mandated that cities may levy up to 10 mills. She spoke about the exemptions and
20 explained that the homestead, and senior exemptions are currently \$25,000, and that the Widow and
21 Disability exemptions are \$500. Ms. Davis outlined a number of different initiatives either currently under
22 way or being discussed in Tallahassee related to lowering ad valorem taxes.

23
24 Ms. Davis said that one mill is equal to one dollar per one thousand dollars of property value. She said the
25 property appraiser determines the value of homes and the municipality determines the amount of millage
26 levied.

27
28 Ms. Davis said that the "Other Revenue" sources include state sales tax, municipal revenue sharing, utility
29 tax and franchise fees. Mr. McCue added that the State no longer allows cities to collect a franchise fee for
30 cable television service.

31
32 Ms. Davis advised restricted revenues include gas taxes, impact fees, assessments and grants. Mr. McCue
33 explained that gas tax revenue and impact fees may only be used for specific purposes. He said assessment
34 revenues are new to the Orange City budget and the proposed use is for the Residential Franchise for Solid
35 Waste Collection and the Commercial Street Lighting District projects.

36
37 Ms. Davis discussed the revenue generated through various types of fees. She said that user fees are
38 charged for things such as licenses, permits, recreation and storm water control to generate revenue. She
39 explained that new developments pay impact fees and that these fees are used to offset the cost of growth.
40 The city expends these fees for Police and Fire services; transportation and parks. Mr. McCue commented
41 that revenue generated from impact fees must used on new development. Chester Murray came forward
42 and described the process for the collection of impact fees.

43
44 Ms. Davis and Mr. McCue discussed the process for imposing special assessments.

45
46 Ms. Davis explained budget expenditure categories and functions, budget line items, and the factors that
47 drive these costs. She remarked that these line items are similar to items an individual may have in their
48 personal budget. Ms. Davis discussed "Unfunded Mandates" which are increased funding burdens imposed

1 upon the City by the State with no funding included to pay for the additional expense. Mr. McCue noted
2 that recently the state increased local government worker's comp premiums, specifically for police and fire
3 positions. He said that would increase Orange City's contribution from 15 to 20% and commented it's like
4 a "double whammy" for municipalities; at the same time the state is telling cities to roll back property
5 taxes, it has increased the municipal contribution to workers comp insurance.
6

7 Ms. Davis said that governments generally issue debt through bonds or bank financing. She said that the
8 Orange City Utility has used revenue pledges (bonds) to finance the construction of the South water
9 treatment system, but the General Fund is debt free. Ms. Davis warned that it would not remain debt free
10 because of the upcoming special assessment projects, and the repayment of the city's contribution to the
11 transportation project on Rhode Island.
12

13 In response to a question from Mayor Erwin, Mr. McCue described the differences between the General
14 fund and the Enterprise fund. He said the Enterprise fund is self-supporting and runs as a business with
15 revenues generated from the sale of water services and products.
16

17 Ms. Davis said that at the close of 2006 the undesignated fund balance was 3.2 million and that the current
18 year's budget allocated up to \$800,000 for one time capital improvement projects. Staff anticipates closing
19 this year with roughly \$2.5 million dollars in the fund balance, which represents about 25% of the
20 anticipated 2007/08 operating budget.
21

22 Ms. Davis explained that the City Council hires and retains a Certified Public Accounting firm to do an
23 audit at the end of the fiscal year. The purpose of the audit is to assure that the financial statements are
24 accurate.
25

26 Mr. McCue began his presentation by stressing that the budget is based on maintaining the current level of
27 services. Mr. McCue also explained that the budget also contains a column showing what the Department
28 Heads have requested, most of which will not be funded due to the cuts in ad valorem taxes. He advised
29 that most of the requests for computers will not be funded in the proposed budget. The same is true of
30 replacing cars in the City's fleet. He warned that the staff presentations on the budget would be limited
31 because there is no money for major projects during the coming year.
32

33 Vice Mayor Yebba suggested entertaining questions from the audience at this time. No one in attendance
34 wished to be recognized now.
35

36 Mr. McCue explained the budget format and the methodology used in its development. He said that
37 conservative revenue projections and proposed expenses were used and noted that if there is a balance left
38 after the expense, those funds can be used to for one-time capital expenses. He commented that in the prior
39 years, the city had been able to fund capital projects using a combination of operating revenue and the
40 budget reserve. This year the city does not have that capability and all expenses incurred from capital
41 improvement programs will be taken from impact fees.
42

43 Ms. Davis noted that ad-valorem taxes account for 33% of current revenues. She said that the budget is
44 presented to Council funded at the roll back rate and stated that Council has set the tentative roll back rate
45 at 4.5 mills which allows the ability to fund other projects if needed. She said that the ad-valorem taxes are
46 estimated to bring in \$3,335,000 in revenue. The franchise fees collected from electric, commercial and
47 solid waste providers comprise 11.5% of general fund revenues. The utility service tax is collected from
48 electric and the gas purchases and is 8.6% of the general revenues. She said that currently the city levies a

1 5% utility tax on residential and 10% on commercial and noted that staff has indicated to Council that the
2 residential tax could be increased to 10% if needed based on the upcoming legislative amendments.

3
4 In response to a question from Council Member Mahoney, Ms. Davis stated that the utility tax for the
5 proposed 2008 budget is at the current rate. She explained that the increase would be a viable option for
6 the 2009 budget if the amendment passed in January.

7
8 Ms. Davis said that in 2001 the State removed the communication services tax from the local level. Since
9 then, Orange City has seen a decline in the revenue from this tax and implied that was due to deregulation
10 and lower bills. She remarked that staff requested an audit of Verizon's tax payments which have
11 decreased dramatically.

12
13 Council Member Mahoney inquired if the State estimation approach had changed and whether the decrease
14 in this budget line item had been double counted. Mr. McCue responded that the State has changed its
15 approach to estimating. He stated that the decreased revenue is due to the administrative fee the State
16 retains for collecting this tax and noted that it increases every year. Mr. McCue said staff is being
17 conservative but not overly conservative. In response to a question from Council Member Storke, Ms.
18 Davis said that the new cable franchise is part of the simplified tax act and that it is not collected at the
19 local level any more. She said the communication services tax makes up 6% of the general fund revenues.

20
21 Ms. Davis discussed licenses and permits. She said it includes occupational licenses, building and sign
22 permits and noted that building permits is the largest component. She stated the city contracts with
23 Independent Inspections for the building permits and that the city receives money back on a sliding scale of
24 10-20%.

25
26 Ms. Davis reported that intergovernmental revenue accounts for 10.2% of the general fund revenue and that
27 the largest items are the State Revenue Sharing and the Half-Cent Sales Tax.

28
29 Council Member Mahoney asked if the 17-92 Beautification project would continue if the transportation
30 grant is not received. Mr. McCue responded that the State has already awarded the grant. He said that
31 there would be a bid opening for Phase I of the project on Friday. He felt that it is highly unlikely that the
32 city would spend the money and not receive reimbursement.

33
34 State Revenue sharing is estimated at \$233,500 and sales tax at \$563,000 for the proposed budget year.
35 These numbers are provided by the Florida Committee on Intergovernmental Relations.

36
37 Ms. Davis said that the Charges for Services line items are relatively small at 1.1% of the operating budget
38 but that this line item is significant because it is an indicator of development in the city. She said that Fines
39 and Forfeitures, which includes traffic citations, make up 1.4% of the revenues. Mr. McCue interjected
40 that less than 50% of the fine associated with a traffic violation comes back to the City. The majority of it
41 stays with the Clerk of the Court. Mr. McCue predicted that this revenue stream would continue to decline.

42
43 Ms. Davis discussed the Miscellaneous Revenue, stating that it includes investment income, and the
44 Transfer-In line item includes things such as the Excise tax. Ms. Davis explained that the Utility transfers
45 are to reimburse the City for administrative costs. Ms. Davis concluded her presentation by stating that the
46 city would fund the Rhode Island Project by transferring \$300,000 from the Transportation Impact fees
47 coupled with a \$500,000 loan.

1 Council Member Mahoney said that he recently read that it would cost the city \$80,000 in principal and
2 interest for the Rhode Island Project and recalled that the total cost of the project would be \$800,000. Mr.
3 McCue clarified that the actual cost of the project \$750,000 and that the additional \$50,000 would be used
4 to cover the debt service used to fund the project. Ms. Davis said that the amount is pro-rated and that the
5 loan would be for \$500,000. Mr. McCue said this budget plans for a \$300,000 use of existing revenues and
6 a \$500,000 loan. Council Member Mahoney said that he did not see that \$300,000 in the Fund Balance
7 Summary, Ms. Davis said that the total amount transferred in should be \$420,000. She apologized and said
8 that the \$300,000 mistakenly was not included but that she would provide Council with a corrected Fund
9 Balance Summary.

10
11 Council Member Allebach remarked that many cities have decided not to accept the State mandated
12 roll-back rate so that they do not have to reduce services and can continue with planned capital projects.
13 Mr. McCue responded that, as Mayor Erwin stated previously, Orange City has taken a fiscally sound
14 approach to doing business and as such have not been penalized.

15
16 Council Member Sherrill asked what would be some of the consequences of ignoring the State mandates.
17 Mr. McCue said that the City Council could adopt the State's roll back rate by a majority vote. To retain
18 the current millage rate requires a unanimous vote, and to go above it requires a voter referendum. There
19 are no penalties for exceeding the rate other than voter dissatisfaction.

20
21 Mayor Erwin asked staff to review their department budgets, and discuss only the major changes from last
22 year. Mr. McCue concurred and said that staff would concentrate on capital projects because these projects
23 are only major changes made to this year's budget.

24 25 City Council

26
27 Debbie Renner, City Clerk, said that the budget remains the same as last year. She said the only item
28 requested was a replacement recording system. She said that the other lines are the same with minor
29 increases due to inflation.

30 31 Administration

32
33 Mr. McCue reported no changes in the Administration budget. He said that administration is continuing to
34 move forward with regional partnerships and economic development strategies. He said that Human
35 Resources is doing a complete revamping of the Policy and Procedures manual. Staff will be active in the
36 State Legislative Session again this year.

37 38 City Clerk

39
40 Ms. Renner said the only major increase to the City Clerk budget is the elections line item. She said that is
41 due to fact that there was no election during this fiscal year, but that the expenses for the election will be in
42 October and November, which will be in the 07/08 fiscal year.

43
44 Council Member Mahoney felt that Elections line item for the projected budget should have decreased
45 instead of increased. Ms. Davis said that was an automatic formula. Since elections are held every two
46 years, it was decided that the elections line item for 08/09 be reduced from \$12,480 to \$4,000.

47 48 Finance

1
2 Ms. Davis said there were no capital projects for the Finance department. She noted there is a \$2,000
3 increase and that it is due to support of the expanded budgeting software. Ms. Davis said there are slight
4 increases in the operating budget.
5

6 **Development Services Planning & Zoning/Building Division**

7
8 Chester Murray came forward and stated there were no capital projects for Development Services and that
9 there is a \$500 increase in the operating expenses.
10

11 Mr. Murray said the Building Department budget has minor increases in the payroll and a reduction in the
12 operating expenses. There are no capital projects.
13

14 In response to a question from a citizen, Mr. McCue explained that there are two types of Engineering
15 Services included in that budget line item, he said that one type is a pass-through expense that is paid by the
16 development community and the other are expenses incurred by the City for consulting engineering
17 services for its projects.
18

19 **General Government**

20
21 Mr. McCue reported that the General Government budget contains expenses related to general operations
22 that apply to all city departments such as attorney fees, COLA increases, etc. He said that in FY 06/07
23 \$1,079,000 was budgeted and that staff is projecting a decrease of approximately \$200,000 for FY 07/08.
24

25 TAPE 2A

26
27 Council Member Mahoney asked about the salary adjustments in the proposed budget. Mr. McCue
28 responded that funding for COLA and performance increase for the entire City are contained in the line
29 item. Council Member Mahoney asked where in the budget vacant positions would be reflected. Mr.
30 McCue said that it is a number that changes daily and, therefore, it can not be found in the budget. He
31 advised that most positions are filled immediately because the City has minimal staffing in most
32 departments.
33

34 In response to a question from Donald Sandford, Mr. McCue stated that the City Attorney works for the
35 City on a retainer basis.
36

37 **Police Department**

38
39 Chief Baskoff came forward and reported that he is requesting funding for two vehicles and computers. He
40 said that this budget maintains the current level of service. The Chief stated that there is a slight increase in
41 travel and training and noted that is due to employees taking advantage of the tuition reimbursement
42 program.
43

44 Council Member Allebach noted that two police vehicles are budgeted and asked how many the city would
45 have purchased without reduced funding. Mr. McCue responded, "five". Chief Baskoff said the city
46 mechanic evaluated the current cars and has assured him that the cars are still maintainable and running
47 well.
48

1 Council Member Allebach commented that because of the city maintenance program vehicles are lasting
2 longer on the road. Mr. McCue explained the fleet rotation program. He said that the city mechanic has
3 examined all city vehicles and has recorded its maintenance history in a database. He explained that a
4 police vehicle with 70,000 miles equates to any other vehicle that has 150,000 miles and that it is difficult
5 to obtain an extended warranty. Mr. McCue said that the rotation for the fleet replacement program is
6 approximately five years. After that period the vehicle is removed from the active fleet, and assigned to
7 another department or program with less critical needs such as the VIPS and the Public Works fleet.

8
9 In response to a question from Council Member Storke, Mr. McCue said that the vehicles are part of the
10 Capital Improvement Program.

11
12 Donald Sandford inquired about the Contracted Services budget line item. Chief Baskoff responded that is
13 for the Volusia County dispatch.

14 Fire Department

15
16
17 Herb Hoffman, Fire Chief came forward and reported that the Fire department budget is the same as last
18 year and that there are no capital requests. He said during FY 06/07 the department purchased a new truck
19 and refurbished the E68 truck. Mr. McCue commented that the Fire department has submitted grants for a
20 brush truck and fire fighter gear.

21
22 In response to a question from Mayor Erwin, Mr. McCue said that the city established the second fire
23 station during the current fiscal year. He cautioned that if the level of reserves and volunteers falls off, thus
24 increasing overtime, the Fire Department may be underfunded.

25
26 Vice Mayor Yebba asked the Chief if he was happy with the contracted Dispatch service. Chief Hoffman
27 responded that he was.

28
29 Mayor Erwin questioned whether Deltona had hired a certified paramedic to be part of the dispatch team.
30 Chief Hoffman said that he was not sure.

31
32 Council Member Mahoney asked Chief Baskoff if his department was pleased with the County Dispatch.
33 The Chief responded, "Yes".

34
35 Vice Mayor Yebba asked whether tuition reimbursement was funded in the travel and training line item.
36 Mr. McCue responded in the affirmative advising that eight or nine employees were seeking degrees at this
37 time.

38
39 Mayor Erwin recessed the meeting at 8:20 p.m., reconvening at 8:30.

40 Public Works

41
42
43 Paul Johnson, Public Works Director said that the major change in the Public Works budget is the
44 professional services line item, explaining that line item is for the consultant who prepared the design for
45 the proposed Storm Water project. Mr. Johnson reported that due to the Rhode Island Extension Project,
46 the anticipated cost would be less. He said the original estimate was roughly \$4 million and that it included
47 running a pipe down 17-92; however, this project could tie into the pipes installed for Rhode Island.

1 Mayor Erwin commented that funds were available from the St. John's Water Management for the storm
2 water project. Mr. McCue said that originally, the cost estimation for this project was in the millions, but
3 that now staff does not believe that would be the case. He said given the entities involved, the city's pro-
4 rata share would be minimal. In addition, when the project is completed the county would purchase water
5 from the city.

6
7 Mr. Johnson reported a \$21,000 Capital Equipment line item and explained that it includes the cost of a
8 replacement tractor used to mow the right of way on 17-92 and \$1,300 for a computer for the Chief
9 Mechanic. Mr. McCue said staff is requesting a replacement tractor but that the current tractor would not
10 be taken out of service. He remarked the city would double its mowing capacity.

11
12 Mayor Erwin asked for a breakdown of the \$175,000 in the Capital Outlay line item for the Public Works
13 department. Mr. Johnson said that includes projects scheduled for completion by the end of this fiscal year
14 and the road resurfacing and drainage improvements projects. He said the Public Works Superintendent
15 has been conducting a survey of city roads in need of resurfacing and improvement, but that had not been
16 completed. Mr. McCue remarked that staff would present the details of this project to Council once the
17 survey is completed. He said that this line item is an estimate and a little over 50% of the money requested
18 is for road resurfacing. He remarked this is not a project-driven number. Mayor Erwin stated that felt
19 uncomfortable approving a \$175,000 expense without the necessary details.

20
21 Vice Mayor Yebba said that he is in favor of leaving this line item in the budget with the stipulation that
22 when the survey is completed, the planned projects are be brought before the Council prior to expensing the
23 money. Mr. McCue assured the Council a plan similar to the sidewalk program would be presented to
24 Council.

25
26 Mr. Johnson reported the sidewalk program would be funded from Transportation Impact fees.

27
28 In response to a citizen inquiry, Mr. Johnson said that trees are budgeted in the Facilities Maintenance
29 budget under the Streetscape program. Mr. McCue advised that city does not do a lot of planting. He said
30 the land development codes require private development to accomplish that objective.

31
32 In response to a citizen inquiry, Mr. Johnson stated that the professional services line item includes the
33 consultant cost for the engineering and design of the Storm Water Reuse Program.

34 **Facilities Maintenance**

35
36
37 Mr. Johnson said that anticipated increases are included in the cost of fuel and electric service. He said the
38 budget line item Streetscape Maintenance is usually \$10,000 and that this year it is a \$49,000 line item,
39 which includes \$40,000 from a DOT grant for phase I of the 17-92 landscaping. The \$170,000 allocated
40 for next year includes the \$10,000 that is normally budgeted plus \$160,000 that will come from the DOT
41 for phase II of the 17-92 landscaping.

42
43 Mayor Erwin remarked that there will be a lot more planning in next year's budget and that most of that is
44 coming from the DOT.

45 **Parks Maintenance and Leisure Services**

46
47

1 Mr. Johnson reported this budget is the same as last year and maintains the current level of service. He said
2 that the \$80,000 CIP item is for the installation of lights for the ball field at Valentine Park.

3
4 Council Member DeVane recalled that the Orange City football league moved to Deland and asked if there
5 was a replacement. James Moltz, Parks and Recreation Superintendent, came forward and said the city is
6 considering a local group that plays flag football. He said this group is co-ed and for all ages groups. They
7 have four seasons throughout the year and can play three games on one field a day. Mr. Moltz implied that
8 the city could get a lot more use out of the park. In addition, this group's philosophy is about progress and
9 sportsmanship.

10
11 Mayor Erwin reiterated this would be a recreationally oriented program rather than highly competitive and
12 selective. Council Member DeVane expressed her support. She said that these types of programs keep the
13 kids active and off the streets, and helps them interact with other students outside of the classroom.

14 **Enterprise Fund**

15
16
17 Mr. Johnson announced that the two positions requested in this budget are a result of the revenue rate study
18 enacted a year ago.

19
20 Mayor Erwin made a statement about the revenues from water and wastewater. Referring to Enterprise
21 Fund, he said that it appears as if wastewater is more expensive than the water. The Mayor explained that
22 there are 5,000 water customers and fewer than 1,000 wastewater customers and noted that would account
23 the higher cost.

24
25 Mr. Johnson reported a slight increase in the salaries line item of this year's budget and noted that was due
26 to the two additional positions requested.

27
28 In response to a question from Mayor Erwin Mr. McCue said the new wells would be operational in FY
29 07/08. The Mayor said these wells will increase the city's pumping capacity by about 600,000 gallons per
30 day and that the city intends to sell most of that to the County. He remarked that depending on what
31 happens that could make considerable difference in the revenue. Mr. McCue said that once the wells are
32 operational and the city enters into an agreement with the County to purchase the water, staff would make
33 the estimations and bring amendments back to the Council. He said that this revenue would assist with the
34 city renewal and replacement program.

35
36 Mr. Johnson reported that operating expenses are in line with last year's expenses. He said the major
37 increase is in salaries as a result of two new positions. He said there is an increase in the wastewater
38 service and that is a result of the addition of new customers.

39
40 Council Member DeVane inquired about the drop in the Dues and Publications line item. Mr. Johnson said
41 that was a result of membership in WAV. He said that line item is dropping and the city may not have any
42 dues this year.

43
44 In response to a question from Council Member Storke, Mr. Johnson said that the cost of the chemicals has
45 increased and that is the reason that line item has nearly doubled.

46
47 Mr. Johnson explained the Water and Wastewater Impact Fee detail. He said that this line item includes
48 major projects for the utility in addition to the Renewal and Replacement Project. He said the projects

1 planned include construction of the new storage tank at the south treatment plant, the necessary piping and
2 pumps to connect that tank to Wells 8 & 9. In addition, \$600,000 is included for the Rhode Island Project.

3
4 Mr. McCue advised Council that the St. Johns Water Management District mandates the alternate water
5 supply project. He said that this project would be about \$150-\$200 million or more. Orange City's cost is
6 35%. By 2025, eighty percent of the water that the Utility provides to residents will come from the river.
7 He remarked that the quality of the water would change which will require additional processing and will
8 increase the cost. He said that this is a massive project and that it will be a devastating hit to the utility.
9 Mr. McCue said that Orange City might have to get out of the utility business. Mayor Erwin agreed that
10 the cost of providing water to Orange City residents will increase tremendously.

11
12 Mr. McCue explained the budgeting detail for the miscellaneous funds. He said that the Impact Fee Fund
13 includes projected revenues that the city expects to receive. He said the Forfeiture Fund is a separate fund.
14 The Special Assessment funds are the assessments to be levied for Solid Waste and Streetlighting. Ms.
15 Davis remarked that Street Lighting figures were not available but would be determined later.

16
17 In response to a question from Council Member Mahoney, Ms. Davis explained the details of the financing
18 the of Solid Waste Assessment.

19
20 Council Comments

21
22 Vice Mayor Yebba commented that it does not appear that the budget has changed much at the roll back
23 rate and spoke in support of adopting the rollback rate.

24
25 Mayor Erwin reminded everyone that at the strategic planning meeting there was a general agreement to
26 use a cautious approach to this year's budget. He felt that depending on what happens in January it could
27 have a big effect on how the city does business and stated that he happy with the proposed roll back rate.
28 The Mayor stated, "I feel very comfortable with what we have and that it reflects the intent of the
29 legislative action and reflects the needs and desires of the taxpayer public."

30
31 Council Member Allebach agreed and spoke in support of adopting the roll back rate. He remarked that the
32 County is going to save a few taxpayer dollars by cutting resources and firing schools employees while
33 Orange City does not need to do that.

34
35 Council Member DeVane commented that this was a good budget, recognizing staff for their efforts.
36 Council Member DeVane thanked staff for their work.

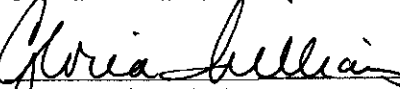
37
38 **2. ADJOURNMENT**

39
40 There being no further business, Mayor Erwin adjourned the meeting at 10:20 p.m.

41
42
43 **RESPECTFULLY SUBMITTED:**

APPROVED ON

44
45 Gloria Williams

46 
47 Deputy City Clerk
48