

1 **MINUTES OF THE WORKSHOP MEETING OF THE CITY COUNCIL OF THE CITY OF**  
2 **ORANGE CITY**, held on Tuesday, March 11, 2008 at 6:00 p.m. in Council Chambers, 201 N. Holly  
3 Avenue, Orange City.

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5 **CALL TO ORDER**

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7 The Meeting was called to order at 6:00 p.m. by Mayor Strickland and roll call was taken.  
8

9 **ROLL CALL**

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

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15 **ABSENT:** Council Member Jim Mahoney  
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17 **1. Staff Presentation**

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19 Mr. McCue began his presentation by stating that he felt it was important for everyone to have “a  
20 similar foundation of understanding” in regard to the budget process. He said that he would also be  
21 highlighting some of the issues the City will be facing as budget development begins.  
22

23 Christine Davis, Finance Director, came forward and stated that she was going to review the City’s  
24 budget process, revenue sources, current influential factors, and expenditures. Ms. Davis said that the  
25 work environment in the City is constantly changing. Mr. McCue noted that the same can be said of  
26 the budget which accounts for the need for amendments periodically.  
27

28 Ms. Davis provided a power point presentation on the budget process (a copy of which is attached and  
29 becomes a permanent part of these minutes.) She began her presentation by showing an increase in  
30 population (based on the 2000 census data) from 5,347 in 1990 to 9,617 in 2007. The City’s tax base  
31 increased from \$148,839,692 in 1990 to \$729,050,478 in 2007 and remains 68% commercial and 32%  
32 residential. Mr. McCue noted that the increase is attributed to new construction and increased  
33 property values. Ms. Davis advised that the millage rate has decreased from \$5.7 in 1990 to \$4.3827  
34 in 2007. She stated that the fund balance has increased from \$508,865 in 1990 to \$4,106,048 in 2007,  
35 representing 25% of expenditures. Ms. Davis explained that the fund balance represents cash in the  
36 bank and said that it is “a nice, healthy reserve.” Mr. McCue clarified that the fund balance figures  
37 reported are undesignated reserves. He advised that there is an additional \$4 million in an account that  
38 can not be spent. Mr. McCue stressed that the City’s policy has been not to fund ongoing operating  
39 expenses with one-time revenues. He said that the undesignated reserves are generally used to fund  
40 capital purchases and that he only appropriates about \$1 million of that fund for that purpose. Mr.  
41 McCue stated, “Even when I say we use some of that money, I never drain that, ever, because that is  
42 your ability to succeed if all the banks closed today and you don’t have any more tax payments.  
43 That’s the money you’re going to rely on.”  
44

45 Ms. Davis noted that in the past, capital purchases such as vehicles were financed. She stated that at  
46 the close of 2007, the City had no debt. Mr. McCue listed some capital projects that were paid for in

1 cash without incurring any debt.

2  
3 Council Member Laputka said that an example of that would have been the cleanup after the  
4 hurricanes. Mr. McCue responded that that money was in the City's "savings account." He noted that  
5 had the City not had sufficient money in savings, it would have been necessary to borrow the funds as  
6 many other cities did.

7  
8 Ms. Davis reviewed the budget preparation/approval cycle. Mr. McCue advised that there are two  
9 public workshops scheduled for August and two public hearings to be held in September. He noted  
10 that much of the budget preparation will be based on projections of revenues for the coming year. Ms.  
11 Davis advised Council that once they have set the tentative millage rate, it can be lowered, but not  
12 increased. Mr. McCue said that staff would not recommend a budget that requires a property tax  
13 increase. He said that some people believe that if the City does not adopt the roll back rate, they have  
14 increased taxes. Mr. McCue did not agree. He stated that the property appraiser has increased their  
15 taxes because he has increased the assessed value of their homes.

16  
17 Mr. McCue said that a survey is being sent out with the newsletter to ask the citizens what their  
18 priorities are in regard to services. He said that Council will be provided with a copy shortly and  
19 asked that they provide their feedback to him as soon as possible so the newsletter can be mailed out.

20  
21 Ms. Davis turned the discussion to revenues. She said that the State has already lowered some of their  
22 original revenue projections.

23  
24 Council Member Sandford asked for a percentage breakdown of the various revenue categories. Ms.  
25 Davis responded that she could provide that to him. She said that it is routinely provided as part of the  
26 budget document. Council Member Sandford requested information regarding the actual budget  
27 figures from 1997 to 2007. Mr. McCue asked Council Member Sandford to clarify his request.  
28 Council Member Sandford responded that he would like to see a slide that shows the fluctuation in the  
29 City budget during that period of time. Mr. McCue responded that he would get that information.  
30 Vice Mayor Allebach said that the comparison could be misleading as in recent years, the City  
31 received one-time revenues in the form of grants for equipment which must be spent when they are  
32 received. The Vice Mayor stated, "The budget goes up and everybody goes, oh look....you raised the  
33 budget. Well, no we didn't, we just got stuff for free." Ms. Davis said that she would provide Council  
34 Member Sandford with the information.

35  
36 Ms. Davis reported that staff is projecting a decline in the revenue from State Revenue Sharing and  
37 building permits among other items. Mr. McCue discussed the difficulty in projecting these revenues  
38 as the City does not have access to all of the necessary information. He noted that the recent budget  
39 problems publicized on the news about the State are what is filtering down and causing shortfalls in  
40 State revenues passed down to the City. Council Member Sandford noted that the State budget still  
41 increased by \$6 billion between 2004 and 2006.

42  
43 Ms. Davis discussed factors eroding the City's ad valorem tax base such as the additional senior  
44 homestead exemption, legislative acts in 2007 capping budget increases, and the effects of  
45 Amendment 1. Mr. McCue explained that the difference between Orange City and most of the  
46 surrounding communities facing severe cuts is that those communities have a predominantly

1 residential tax base and Orange City doesn't. The City's tax base is 68% commercial. Mr. McCue  
 2 said that ad valorem taxes contribute approximately \$3 million toward the City's \$11 million budget.  
 3 Ms. Davis noted that the average resident will save about \$267 on their tax bill as a result of  
 4 Amendment 1. Of this amount, \$107 comes from savings on City property taxes. Mr. McCue pointed  
 5 out that 40% of the tax bill is for school funding. This amount has been increasing because the State is  
 6 shifting more of that burden to local governments.

7  
 8 Ms. Davis continued her presentation stating that the average resident pays approximately \$1.50 per  
 9 day for all of the essential services they receive from City government such as police, fire, road  
 10 maintenance, parks, etc. That same service in 1990 cost \$1.95 per day.

11  
 12 Mr. McCue discussed revenues from other sources, noting that most of them are decreasing. He  
 13 attributed this to changes in state statutes which appropriate more of the revenues collected for things  
 14 such as traffic fines to the County and less to the City. In other cases, the declining economy is  
 15 having a ripple effect on the City's revenues. Mr. McCue observed that things are picking up and that  
 16 Orange City is "much faster ahead of everybody else in Volusia County on our local economy right  
 17 now." Mr. McCue noted that the budget can be eroded by financial declines, but increased demands  
 18 for services also has an effect. To illustrate this, Mr. McCue discussed the effect this increased  
 19 demand has had on various City departments. He pointed out that, in spite of this, the City has been  
 20 able to continue to respond while improving and enhancing the ability to deliver these services.

21  
 22 In the development services department, demand for services has increased 124% between 2001 and  
 23 2006, and the City has been able to respond to that demand without increasing the number of staff in  
 24 the department. He said that the City is "not really losing ground on our economy."

25  
 26 Mr. McCue advised that expenses such as health insurance are going up. He reported that the City's  
 27 worker's comp premiums have declined due to a favorable claim history and this savings has been  
 28 able to fund the increase in health insurance for the present time.

29  
 30 Mr. McCue and Ms. Davis discussed alternative forms of revenue. Mr. McCue said that the City has  
 31 been very successful in getting grants. The police department has received five free, fully-equipped  
 32 vehicles through grants. In addition, \$100,000 was received from a grant toward the cost of the Town  
 33 Hall restoration. An ECHO grant was just received for \$80,000 for Valentine Park improvements.  
 34 Mr. McCue said that grant money is drying up as the State adjusts to revenue shortfalls.

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 36 Mr. McCue thanked staff for their assistance with the presentation.

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 38 **2 Adjourn**

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 40 There being no further business, the meeting was adjourned at 6:57 p.m.

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 42 Respectfully Submitted

Approved on

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 45 Deborah J. Renner, CMC, City Clerk

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