

1 **MINUTES OF THE WORKSHOP MEETING** of the City Council of the City of Orange City, Florida,
2 held on Thursday, May 28, 2009 at 7:00 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 7:00 p.m. by Mayor Strickland and roll call was taken.

7
8 **ROLL CALL**

9
10 **PRESENT:** Mayor Harley Strickland; Council Members Tom Laputka, Tom Abraham, Don Sherrill,
11 Paul Rasch; Interim City Manager Chester Murray; City Clerk Deborah Renner

12
13 **ABSENT:** Vice Mayor Jeff Allebach; Council Member Jim Mahoney

14
15 Mayor Strickland welcomed all those in attendance and noted that this is an “historic occasion” since this
16 type of meeting has never been held before. He advised that the meeting is a product of the recent
17 Charter amendment.

18
19 **1. BUDGET PROCESS & REVIEW**

20
21 Mr. Murray provided a Power Point presentation (a copy of which is attached and becomes a permanent
22 part of these minutes). He began by noting that the newly adopted Charter requires that the Council and
23 City Manager shall conduct a minimum of one public meeting prior to June 1st of each year to collect
24 information as to what the citizens of the City suggest as a priority for spending in the next fiscal year.

25
26 Mr. Murray advised that his intention this evening is to provide an overview of the budgeting process.
27 He said that he hoped to collect information from the citizenry. He reviewed the budget calendar for the
28 FY 09/10 budget year. Pre-preliminary estimates are expected from the Property Appraiser’s office on
29 June 1st. This information will allow staff to set a recommended millage rate. He briefly went over a list
30 of the City’s revenue sources.

31
32 Next, Mr. Murray discussed expenses, stating that the three main areas are personnel, operating, and
33 capital. He explained that capital expenses are composed of items costing more than \$20,000. Generally,
34 this is items such as automobiles, buildings, etc.

35
36 Mr. Murray provided a “thumbnail sketch” of what is anticipated financially during the next fiscal year.
37 He advised that he is expecting a decline in the property values of between 12% and 20%. The actual
38 number will be confirmed after June 1st. New construction values of about \$15-\$20 million are
39 anticipated to be added to the tax rolls this year. Mr. Murray noted that new commercial construction
40 does not hit the tax rolls until about 18 months after completion.

41
42 Mr. Murray advised that interest rates are “extremely low.” State sales tax and revenue sharing are down,
43 however, because the City is small these sources do not represent a high percentage of the total revenue.

44
45 The City Manager noted that the City engages in a strategic planning process each year. He advised that
46 a handout is available which establishes the priorities for the coming year.

1 Council Member Abraham noted a typographical error on pages 1 and 2 of the “Executive Summary”
2 wherein the center circle reads Orange *County* rather than Orange *City*. Mr. Murray responded that the
3 document was just received today and there had not been an opportunity to proof it and make corrections.
4 Mr. Murray noted that quarterly financial reports covering the first six months of the fiscal year were also
5 available in the back of the room
6

7 In response to a request from Mayor Strickland to clarify the information contained in the financial
8 reports, Mr. Murray said that there have been some “major downturns” in revenue during the year. He
9 explained that the city has an “undesignated fund balance” or reserves and that these are only used to
10 fund one-time expenses. Mr. Murray noted that the City’s revenues are estimated to be down by
11 \$1.1 million. Of that amount, \$500,000 is from the City’s reserves. This means that the actual deficit
12 from “outside sources” is \$600,000. He advised that the City has cut expenditures by \$500,000 leaving
13 a deficit of \$100,000. Mr. Murray expressed his confidence that staff could overcome this amount
14 through careful spending over the next five months. He said this means that the City will not be doing
15 any capital projects such as the road resurfacing program.
16

17 Mr. Murray said that the City had experienced problems in the past by spending done in accordance with
18 inaccurate and inflated revenue projections. He reiterated that he would not do that although some
19 projects may not get completed. Mr. Murray emphasized that the City has adequate reserves to get
20 through any crisis and predicted that this situation would only last another couple of years.
21

22 Mayor Strickland asked Mr. Murray to elaborate on how the Yankee Lake project will affect the budget.
23 Mr. Murray noted that the City owns a water utility company and that the Council acts as the Board of
24 Directors. He advised that the water the utility sells is pumped out of the ground. The State has a Water
25 Management District (WMD) which grants the utilities a “Consumptive Use Permit” (CUP). The WMD
26 limits the City’s capacity to pump water out of the aquifer according to the terms of the CUP agreement.
27 The WMD has mandated that all of the West Volusia cities must stop pumping water from the ground
28 and find an alternate water source within the next five years. Once the five-year deadline is over, CUPs
29 will be reduced by 75%, thereby reducing the City’s capacity from 1.6 million gallons per day (mgd) to
30 about 600,000 mgd. Two projects in the works to create alternate water supplies are the Yankee Lake
31 project being built in Seminole County and the Coquina Coast project which is a desalination plant to
32 make saltwater from the ocean potable. The Coquina Coast project is located in Flagler County and will
33 be ready in ten years while Yankee Lake will be ready in five years.
34

35 Mr. Murray advised that Seminole County expects the City to contribute \$100,000 toward the Yankee
36 Lake project by June 15th followed by another \$1.5 million on October 15th. He said that this will make
37 the City a partner in the design of the pick-up for the water. The plant itself will cost \$500-\$700 million.
38 The City will be guaranteed a draw of 1.5 million gallons of water per day, whether the full amount is
39 needed or not. This capacity will also have to be paid for whether it is used or not. The result to the
40 citizens is that their water bill will increase 400% in the next five years. Mr. Murray stated that the
41 Board of the Utility has implemented a \$4 capital charge plus a charge of 25% of the water usage to
42 begin to build a fund for the capital needed to fund the alternative water source program. He stressed that
43 this money will be needed no matter which alternative water source is chosen. Mr. Murray clarified the
44 difference between the funds in the water utility which is an enterprise fund, and the funds in the general
45 fund which are used to provide City services to the citizens. The water company is owned by the City
46 and the City Council is its Board of Directors.

1 Council Member Laputka noted that some other cities have begun selling their fire/rescue services as an
2 alternative means of generating revenue. Mr. Murray responded that Orange City has made a proposal to
3 provide fire services to a sister city. Council Member Laputka further noted that the Police and Fire
4 Departments are funded by the City. Mr. Murray stated that the City Charter requires that the City
5 provide police, fire and public works services to its citizens. These services cost more than is collected in
6 ad valorem tax revenue.

7
8 Council Member Sherrill noted that there is a major push to conserve water which will mean reduced
9 revenues to the utility company which could also result in increased prices. These reduced revenues will
10 also stress the City's ability to keep up with the infrastructure improvements needed to the aging system.
11 He stated, "This water situation is going to be really serious."

12
13 Mr. Polgar, 585 Montclair, questioned what other counties in the St. Johns River Water Management
14 District are doing about alternative water sources. He said that he wanted documentation that shows
15 whether the programs Volusia County is pursuing are in line with what other counties are doing around
16 the state. He maintained that the water issue is "a Florida problem."

17
18 Mr. Murray responded that staff and the Mayor, along with representatives from the County, DeLand and
19 Deltona met with representatives from SJRWMD yesterday and those same issues raised by Mr. Polgar
20 were discussed. The WMD maintains that the water usage in West Volusia County controls the flow of
21 water coming out of Blue Spring. The east side of the County has not been given any reduction in their
22 CUPs and are not required to secure alternative water sources. Mr. Murray said that the group at the
23 meeting maintained that Blue Spring is a "regional asset", however, the WMD was not willing to
24 consider that point. He said that Lake, Seminole and Brevard counties are all being required to develop
25 alternate water sources. Mr. Murray reiterated that the alternate water supply issue does not affect the
26 general fund budget.

27
28 Mayor Strickland stated his understanding that there are five water districts in the State and there is no
29 uniformity in the rules among the districts. In the case of the St. Johns WMD, the local governments
30 have been told that there is no recourse if they disagree with the mandates of the District.

31
32 Mr. Polgar expressed that Seminole County has a number of different alternatives to the St. Johns such as
33 Lake Jessup. He stated, "To me, it looks like it's just a money deal. Water is supposed to be free." He
34 said that the WMD should not have complete control over the cities.

35
36 Henry Durica, 1510 E. Lansdowne, came forward and requested clarification. Mr. Murray said the WMD
37 is requiring a certain flow, by a certain time in Blue Spring for the preservation of the manatee. He
38 stated, "I will leave it to you to interpret here, what is more important...potable water or the manatee."
39 He clarified that the WMD did not mandate that the City pursue any particular alternate water source, but
40 rather they are requiring that the City get the 1.5mgd it will need from somewhere other than the volusian
41 aquifer for the next 25-30 years. In response to a question from Mr. Durica, Mr. Murray reiterated that
42 the cities on the east side of the County have no restrictions on their water pumping. Mr. Durica
43 suggested that the situation may come to a lawsuit. Mr. Murray concurred and said that discussions will
44 continue among the cities and Volusia County as to how to respond to the demands of the WMD.

45

1 Council Member Rasch's impression of the meeting was that the WMD did "a lot of bending and
2 giving." He said that they appeared, to him, like they wanted to work with the cities and were willing to
3 make some compromises. Mr. Murray said that he didn't necessarily disagree, however, he was talking
4 specifically about the WMD's position on the Yankee Lake project.

5
6 Bill Crippen, 325 N. Volusia Ave., came forward and asked whether Deland, Deltona and Volusia
7 County's CUPs were also being reduced. Mayor Strickland responded, "All four of us." Mr. Crippen
8 asked what effect the reduction in CUPs will have on future development in the west side of the County.
9 Mayor Strickland responded, "It stops it." Mr. Crippen observed that "nobody will want to come to West
10 Volusia County at all with those kind of restrictions in place, let alone pay 350% to 700% increases in
11 their water bill." In conclusion, Mr. Crippen stated, "It is simply not right to be held hostage the way we
12 are and they're basically giving us the brush-off."

13
14 Mayor Strickland said that the parties would be continuing to work on this issue and that another meeting
15 is planned for next week with the Managers and Mayors to address the matter further. He said that he
16 was discouraged that no WMD Board Members were present at the last meeting.

17
18 Mr. Polgar noted that a bottling company has been allowed to withdraw at least 500,000 gallons per day
19 and don't pay a thing for it. He said that the City needs to fight this.

20
21 Ron Saylor, Dixson Street, came forward and suggested that the \$1.5 million be given to the citizens of
22 the City to put wells in rather than to use City water. Mr. Murray responded, "That has been considered."
23 Mayor Strickland noted that the WMD is considering controlling private wells.

24
25 Hugh Strickland, 420 May Street, thanked Council Members Rasch and Laputka for requesting that a
26 water research/resource advisory committee be placed on the agenda for the next meeting. He expressed
27 his confidence that the citizens could find a solution to the problem.

28
29 Council Member Sherrill insisted that this issue is a "state-wide problem" and should be addressed as
30 such. He stated that the Governor should be involved. Council Member Sherrill suggested that the only
31 long-term solution is desalination and that a tax should be assessed to every Florida resident to build
32 desalination plants around the state. He said that the SJRWMD is "threatening us with a \$10,000 a day
33 fine...and they can do it, they've got the power to do it." He said the recent assessment to the water bill
34 is necessary to start planning ahead to address this issue in the future. Council Member Sherrill said that
35 it would be "irresponsible of this Council to do nothing."

36
37 Mr. Polgar said that he would like to see the documentation on the \$10,000 a day fine. The Mayor said
38 that the City Attorney discovered this information in response to a question he posed regarding what
39 recourse the WMD would have if the City doesn't comply. Mr. Polgar said, "If we're going to fight, let's
40 fight for something that's worthwhile and that's the water."

41 42 **2. CITIZENS INPUT ON PRIORITIES FOR FY 09/10**

43
44 Mayor Strickland said that now is a time for the citizens to come forward with their questions, concerns
45 and their recommendations prior to the beginning of the budget process. Mr. Murray said that

1 preliminary revenue projections will begin next week and then two workshops will be held in August,
2 followed by two public hearings in September.

3
4 Jose Valez, 331 W. Graves Avenue, came forward and asked whether Governor Crist has been apprised
5 of the water issues. Mayor Strickland responded that the Governor appoints the members of the
6 SJRWMD Board of Directors and the Board selects the Executive Director. Mr. Valez suggested that
7 everyone present contact the Governor's office.

8
9 Ron Saylor said that he has written to both Senator Cary Baker and the Governor and he received a
10 response that said "Thank you for your letter, we will take it under advisement."

11
12 Mayor Strickland noted that the City Clerk had received a comment from a citizen and asked that she
13 read it into the record. Ms. Renner stated that Ken Allen, an Orange City resident who could not be
14 present tonight but wanted to make a statement, said that the City should not cut the Police or Fire
15 Departments as they are "an essential part of our community."

16
17 Bob Storke, 1122 E. Wisconsin Avenue, came forward and said that he supported a possible move to
18 provide fire services to DeBary, but not so much for the Police department. He suggested that providing
19 services for other jurisdictions may be a viable alternative revenue source.

20
21 Hugh Strickland, 420 May St., came forward and thanked Mr. Murray for doing a "great job" of
22 managing what Mr. Strickland said was "an inflated budget" based on what would happen with the
23 revenue. He said, "He's held it down, he's done a great job." Mr. Strickland noted that there will be no
24 cost of living adjustments for people on social security or pensions. He said that he counted twenty
25 empty businesses around town today. He advised that in Orange City, the unemployed or under
26 employed amounts to one-third of the workforce. Mr. Strickland said that the earning levels reported are
27 from \$29,000 to \$44,000. He said that for the second year in a row, there would be a drop in taxable
28 values. Mr. Strickland noted that if you have owned your home for several years, you may experience a
29 tax increase even though your taxable value has dropped. In order to balance the budget, Mr. Strickland
30 suggested that discontinuing COLA and merit raises should be considered. Because of the loss on
31 investments, the capital base to fund the government, is depleting. He spoke against layoffs, but
32 suggested leaving open positions unfilled to save money. Because of obligations that are salary-based
33 and determined, Mr. Strickland stated that salaries "drive a large part of the way the budget has to be
34 calculated." He stated that the "only way we have control is through realigning salaries." Mr.
35 Strickland suggested that cuts could be done in a way that "hurt some...but keeps people working." He
36 suggested that salaries be "realigned" for the top 19 positions in the City. He said that he would forward
37 to Council information that he received regarding those positions along with a strategy to apply in that
38 area. In conclusion, Mr. Strickland said that he supports Council Members Laputka and Rasch's ideas
39 regarding a "water research committee" to take in all the issues around water.

40
41 Henry Durica, 1310 E. Lansdowne, came forward and suggested that many people who live here, don't
42 work in the City. He suggested that Council consider ways to bring jobs to Orange City so people stay
43 here and spend their money here.

44
45 Bill Crippen, 325 N. Volusia, came forward and stated that a new restaurant that recently opened in
46 DeLand had 600 applications for 30 positions.

1 Brian Johnson, 742 Valencia, came forward and stated that there is “a delicate balance” between salaries
2 and employee morale which must be managed. He said that when more is demanded of people with less
3 pay, diminished services can be a result. Mr. Johnson stated, “I think we have to be careful in how we
4 continue to compensate our City employees so we can keep that morale up and keep the services to the
5 standards we’re accustomed to.” He said that the City needs to focus on companies that will provide
6 jobs for the residents that will improve services and improve the quality of life.
7

8 Eric Orr, 732 N. Volusia, came forward and commended the Police and Fire departments for their high
9 level of service. He said that, as a taxpayer, he is willing to pay to keep those services. Mr. Orr
10 acknowledged that many in the community live on “fixed incomes” but that he hoped people are willing
11 to do what it takes to keep the City as it is now.
12

13 In response to a request from Mayor Strickland, Mr. Murray advised that he would provide the
14 percentage of the budget which goes for public safety. Mr. Murray said that Orange City is a “very lean,
15 frugal, and well-managed city and the numbers bear that out.” He noted the percentage of total budget
16 that some other Volusia cities pay for personnel costs, noting that Orange City, at 58.9% is the lowest.
17 Mr. Murray explained that the City does not have specialized positions as found in other cities and any
18 personnel cuts would be like cutting “muscle and bone.” He noted that the new high school will open
19 soon with 2,500 students and this will require more police officers. He said that City is hoping to get a
20 grant to help with funding these positions for the first four years. Mr. Murray said that he would
21 provide Council with a “very good, workable, viable budget” and that he feels confident with the
22 preliminary numbers, however, he cautioned that “in one year, you can do damage that will take a decade
23 to correct.”
24

25 Council Member Rasch asked about the increase in the number of calls in the police and fire departments.
26 Mr. Murray responded that the police were dispatched to 26,000 calls in 2006 and 42,000 calls in 2008.
27 This was done with the same amount of staff. In addition, the police department absorbed code
28 enforcement and animal control. Chief Hoffman gave an update on the fire department’s activity, stating
29 that it has also increased. He said they responded to over 1,800 calls. The Chief noted that opening the
30 second station helped. In response to a question from Council Member Laputka, Chester advised that the
31 City purchased an additional rescue unit so that it won’t be necessary to take the fire truck to rescue calls,
32 thus saving a considerable amount of money. Mr. Murray said that the City has offered to provide fire
33 service to DeBary for a fee. Council Member Rasch noted that the City’s second station consists of two
34 small rooms and that it is extremely cramped. Mr. Murray noted that the City’s average response time is
35 4.5 minutes. Council Member Laputka noted that the City provides ALS response. Mayor Strickland
36 said that he has heard complaints from some of the east-side cities that response times over there
37 sometimes run 7-8 minutes. Mr. Murray noted that the City has a population of about 10,000 people,
38 however, there is a static population during business hours of about 35,000 people, and a transient
39 population of about 80,000 people on any given day.
40

41 Henry Durica asked whether the \$1.5 million is incorporated at all into the budget. Mr. Murray
42 responded, “No, sir.” He said that the money will probably have to be borrowed.
43

44 Bill Crippen noted that the water issue is of “paramount importance” and asked how the citizens would
45 be kept apprised of the developments. Mr. Murray said that there would be an update at the June 9th
46 Council meeting. Paul Johnson, Public Works Director, stated that, although the city is facing an 80%

1 reduction in its pumpage, projections are that 2 mgd will be needed from an alternative source 25 years
2 into the future. Mr. Johnson advised that Orange City has the smallest CUP of the four utilities in this
3 area and only needs to supplement by a couple of mgd. Deltona has a 13 mgd CUP and will have to find
4 10 mgd from an alternative source, likewise, DeLand will have to find nearly 10 mgd.

5
6 Mike Polgar suggested assessing commercial users with a 50% charge on their bills.

7
8 Bob Storke noted that in 2013 the “river to the sea trail” will be ready and urged the City to allocate
9 funds to participate in that effort. He noted that the City will reap benefits because of the number of
10 people who will come to town to use the trail. Mr. Murray noted that three months ago, the City won a
11 \$112,000 FRDAP grant for the parks and today they received word that the grants had been cancelled
12 statewide.

13 14 **3. COUNCIL DISCUSSION/FEEDBACK**

15
16 Council Member Abraham stated, “I heard a lot today and I am really glad some of them came out today
17 to talk to us. We have listened to them, but as a Council Member, I would like to wait until I hear from
18 the property appraiser about the property value, what millage rate and all that.”

19
20 Council Member Sherrill stated that he felt much good information surfaced tonight. He said that the
21 citizenry needs to be kept better informed and suggested that information be made available on the
22 website and in the newsletter.

23
24 Council Member Laputka said that the workshops and feedback from the citizens is “tremendously
25 valuable.” He noted that there would be discussion at the next Council meeting to discuss citizen
26 participation on the water issue.

27
28 Council Member Rasch stated that it would be nice to have this many people at every meeting.

29
30 Council Member Sherrill suggested that all of the citizens present should send letters and emails on the
31 water issue to the Governor and all other elected officials in the State. He advised that the names and
32 addresses are available in the City Clerk’s office or on the website. He thanked Mr. Blue for the letters
33 he has written to the WMD.

34
35 Mayor Strickland thanked everyone for attending and stated that it is “an historic time since this is the
36 first-ever meeting of this type.” He suggested that those attending come forward at the next Council and
37 provide their feedback on this budget workshop.

38 39 **4. ADJOURN:**

40
41 There being no further business, Mayor Strickland adjourned the meeting at 8:30 p.m.

42
43 **RESPECTFULLY SUBMITTED:**

44
45 Deborah J. Renner, CMC
46 City Clerk

APPROVED ON:

June 09, 2009