

1 **MINUTES OF THE BUDGET WORKSHOP MEETING** of the City Council of the City of Orange
2 City, Florida, held on Monday, August 10, 2009 at 6:30 p.m. in Council Chambers, 201 N. Holly
3 Avenue, Orange City.

4

5 **CALL TO ORDER**

6

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

8

9 **ROLL CALL**

10

11 PRESENT: Mayor Harley Strickland; Vice Mayor Jeff Allebach; Council Members; Tom Laputka,
12 Tom Abraham, Don Sherrill, Paul Rasch, Jim Mahoney; City Attorney William Reischmann; Interim
13 City Manager Chester Murray, City Clerk Deborah Renner

14

15 **1. PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEAR 09/10:**

16

17 Mayor Strickland began by discussing the format of the meeting. He noted that as required by the new
18 Charter, a meeting had been held to receive citizen input on the budget. The purpose of tonight's
19 meeting is for staff to present the proposed budget to Council. The Mayor advised that after
20 presentation of the budget and an opportunity for discussion and questions by the Council, he would
21 allow citizen comments. He asked that those wishing to speak turn in a request form to the City Clerk.

22

23 **2. DISCUSSION:**

24

25 Mr. Murray provided a power point presentation regarding the proposed budget and the City's current
26 financial status (a copy of which is attached and becomes a permanent part of these minutes). He said
27 Orange City is one of seventeen cities in Volusia County and advised that the current estimated
28 population is in excess of 10,000. The City currently has approximately 5,000 water and sewer
29 customers. The current ad valorem tax base is split into 76% non-residential and 24% residential. He
30 attributed the increase in commercial to the decline in home values. He said that this figure exceeds
31 the City's goal of 70%/30%. Staff is proposing to fund the budget with a millage rate of 5.35, which is a
32 2.98% increase over the roll-back rate of 5.1953. Mr. Murray advised that general revenues are down
33 \$90,000 and operating expenses in the proposed budget have been reduced by \$581,000. General
34 expenses are down 10% to \$750,000. The capital improvement budget includes continuation of the
35 vehicle replacement schedule. Mr. Murray said that the unrestricted fund balance is estimated to be \$3.8
36 million as of the beginning of the 10/11 fiscal year. This far exceeds the goal of 25% of the total budget
37 as reserves.

38

39 Mr. Murray noted that the employee health care benefits have been reduced which has saved the City
40 \$188,000. Worker's Compensation rates have dropped and other employee insurances have been
41 adjusted to save an additional \$18,000. A decrease in staffing of .5 full time equivalents (FTE) is
42 proposed.

43

44 Mr. Murray noted that assessed values nationwide and in Florida have decreased significantly. Orange
45 City values have fallen \$100 million. He advised that this is the first time he has seen the roll back rate
46 become an increase. Mr. Murray clarified that the roll back rate is the amount of millage that it takes to
47 generate the same amount of money as the previous year. He pointed out that proceeds from taxes will
48 reach \$3.2 million this year. Mr. Murray advised that state law requires the City to budget 95% of the
49 amount of ad valorem revenue projected to be collected by the tax assessor's office.

50

1 Mr. Murray discussed the effect that various options to the millage rate would have on revenues, noting
2 that the tentative millage rate would create a surplus of \$427,303, while the rolled back rate of 5.1953
3 would result in a \$94,569 shortfall, the recommended rate of 5.35 would be break even and the 2008
4 rate of 4.48 would create a deficit of \$531,835.

5
6 Mr. Murray explained that the proposed budget includes \$643,450 for capital purchases as opposed to
7 \$790,557 in the current year. He advised that due to the uncertainty of the flow of revenue into the city
8 during the current year, staff stopped all but essential spending. This means that only about \$150,000 of
9 the \$790,000 budgeted will be spent, requiring the shifting of items into the next fiscal year. He
10 expressed his confidence that the flow of revenue has stabilized.

11
12 Mr. Murray noted that an additional budget workshop is scheduled for August 25th, followed by two
13 public hearings on September 8th and 23rd. Final adoption of the budget for FY 09/10 will take place
14 September 23rd.

15
16 Mr. Murray asked Christine Davis, Finance Director, to come forward. Mr. Murray explained that the
17 revenue projections are found on page 21 of the proposed budget. The figure used for ad valorem is
18 based on the property value estimates provided by the property appraisers office and cannot be adjusted.
19 The remaining line items are developed by Ms. Davis based on a five-year trend along with pertinent
20 factors in the economy. Ms. Davis reiterated that the City must, by law, budget for 95% of the projected
21 ad valorem revenue for the upcoming year. Mr. Murray noted that even though businesses are closing
22 in the City, others are opening in their place.

23
24 In response to an observation from Council Member Laputka regarding building permit revenues, Mr.
25 Murray remarked that the City is in good position now that building activity has dropped because it
26 doesn't have any fixed overhead to pay in the Building department.

27
28 In response to a request for clarification from Council Member Mahoney, Ms. Davis said that the City
29 has received 95% of the amended budgeted revenue. He asked if each line item were adjusted and
30 projected whether the City would be positive or negative regarding the bottom line number of \$8+
31 million. Ms. Davis stated that of the \$955,000 the City was going to take from the fund balance, only
32 \$150,000 to \$200,000 will be used this year which means that the \$7.8 million in reoccurring revenues
33 is going to fall short by \$150-\$200,000. She advised that she expects to be very close to the amended
34 budget figures.

35
36 In response to a request from Council Member Rasch, Ms. Davis stated that a mil is equal to 1/1000th of
37 a dollar.

38
39 Mr. Murray said that staff is projecting about \$900,000 less in revenue in the coming year than the
40 current year.

41
42 Vice Mayor Allebach noted that the City has been very conservative with its money over the past few
43 years and has created a nice savings account. Mr. Murray advised that in the ten years he has been with
44 the City, this is the first year that money was not returned to the fund balance. Vice Mayor Allebach
45 observed that other cities are laying off employees. Mr. Murray noted that Orange City's ad valorem
46 revenue is down about 12% while other nearby cities have lost 25-28%. Most capital purchases were
47 delayed because of the "wild swings" in the revenue projections. However, Mr. Murray stressed the
48 importance of not delaying these purchases any longer.

49

1 Council Member Mahoney noted the revenue decreases seen throughout the budget and noted that they
2 are the “drivers” behind the delay of purchases. Ms. Davis noted that excise tax funds were no longer
3 required as the City’s USDA debt obligations were paid off. Therefore, this line item has been
4 eliminated and the revenue goes directly to the general fund. Council Member Mahoney noted that the
5 fund balance transfer is \$400,000 in the proposed budget.
6

7 Mr. Murray noted that the 2.9% increase above the roll back rate only generates \$95,000. The
8 remainder of the increase is a result of growth. The tax roll increased by \$24 million in the proposed
9 budget year.
10

11 In response to a request for clarification from Mayor Strickland, Council Member Mahoney said that the
12 “drivers” in the budget are the large balances that are swings from one year to the next. He noted that
13 when revenues are lost from a source such as grants, they must be replaced by another source in order to
14 maintain the level of service.
15

16 Council Member Abraham stated that he would like to ask a basic question and asked, “What exactly is
17 our financial policy during this fiscal year, during this recession year, is it in any way different from the
18 past years?” Council Member Abraham noted that the fundamental basis of revenues are equal to
19 expenditures is not possible in certain years such as the coming fiscal year. Mr. Murray disagreed and
20 stated that he has presented a balanced budget. He said that he has taken a conservative approach to
21 revenue projections and that he felt revenues would exceed the budgeted amounts.
22

23 Mayor Strickland stated his understanding that Mr. Murray, in light of the current economic climate,
24 decided to make certain decisions regarding capital expenditures and those decisions have had a positive
25 effect on the City’s financial standing.
26

27 Council Member Abraham discussed budgeting philosophies. Mayor Strickland said that Mr. Murray
28 balanced the budget by not making or delaying capital expenditures. Mr. Murray recalled that at the end
29 of the first quarter of the current fiscal year, he had put constraints on expenditures in response to the
30 uncertainty of the economy. He said that at this point in the year, about \$175,000 out of reserve funds
31 will be spent as opposed to the \$900,000+ that was budgeted. He said that rather than spending the
32 money during the final quarter of the year, he has rolled the expenditures into next fiscal year.
33

34 Mr. Murray stressed that it is the policy of the City not to spend reserve funds on reoccurring expenses.
35 They are used strictly for one-time expenditures. He further reiterated that the City’s staffing is very
36 “slim” and very efficient. He stated, “If you cut here, you quickly get into muscle.” In summary, Mr.
37 Murray stated, “I do not think we are anywhere close to a panic situation. We’re in good financial
38 health, good fiscal health. I’m in a unique position in that I get to talk to people who are planning things
39 and I know a lot of things that are coming down the pike. The timing may be a little uncertain, but
40 they’re coming, they’re not going away. And this City does not need to dismantle itself over a two-year
41 deal.” He noted that in the last two years, the City has experienced a 3.5% reduction in personnel. The
42 proposed budget eliminates one half of a position. Mr. Murray advised that he has removed funding for
43 his position from the Development Services department and that he is currently funded 100% from the
44 City Manager’s budget. He said that he budgeted fifteen months of salary for his position in the event
45 the new Manager chooses to keep him on for three months.
46

47 Mayor Strickland stated, “It seemed to me to be really important that you’re bringing forward a budget
48 where we’re not cutting staff. And I think that’s really good.”
49

1 Council Member Abraham noted the budget summary on page 16 and asked whether this was final. Ms.
2 Davis responded that provided the budget is not changed during the workshops, this would be part of the
3 final budget summary that is published in the newspaper as part of the City's TRIM compliance.
4 Council Member Abraham questioned why the Enterprise Fund was not included in the budget
5 summary. Ms. Davis responded that it could be added. Council Member Abraham stated, "That's what
6 I would like to see." Mr. Murray advised that the Enterprise Fund is kept separately from the General
7 Fund.

8
9 Council Member Laputka requested that the Capital Improvements (CIP) budget be reviewed next. He
10 referenced the line item for police cars and noted that they should have been purchased last year. Mr.
11 Murray responded that former Manager, Eugene Miller had implemented a routine replacement program
12 for vehicles. He said that each year the City's mechanic provides a list of the current condition of all
13 city vehicles. He said that this year seven vehicles were requested. Mr. Murray said that he authorized
14 six new Crown Victorias, of which five will go directly into patrol in the police department. The cars
15 they are replacing will be transferred elsewhere for use in the City. One of the new cars will go to the
16 new Community Service Officer requested in the police department. This is an expansion of service and
17 is the only new position being recommended for the coming year. Council Member Laputka noted that
18 this proposed expenditure should have been made during the current fiscal year. He further noted that
19 purchase of the police vehicles was the largest proposed expenditure in the capital budget.

20
21 Mr. Murray noted that the CIP budget continues the City's sidewalk program. It includes \$150,000 in
22 road improvements and funding for computer replacement. Vice Mayor Allebach noted the issue of
23 reliability in police vehicles.

24
25 In response to a question from Council Member Abraham, Mr. Murray responded that police department
26 vehicles are on a four to five year replacement cycle. Council Member Abraham questioned how this
27 compares to other cities. Mr. Murray responded that he knew of cities where they are replaced every
28 three years. He said that it depends on the mileage. In Orange City, an extended warranty for five
29 years/75,000 miles is purchased on new cars. At the end of that period they are transferred to a less
30 stressful use. Council Member Laputka asked whether five cars is enough. Mr. Murray responded,
31 "Yes, sir." Council Member Abraham asked whether there were any insurance requirements which
32 affected the replacement schedule. Mr. Murray responded in the negative. He said that the current
33 vehicles will be transferred to the VIPS program and the current VIPS cars will become surplus when
34 the new vehicles are received. The purchase of a new truck for the Public Works Director is budgeted in
35 the Enterprise Fund.

36
37 Council Member Abraham asked whether the same policy applies to vehicles for the Fire Department.
38 Mr. Murray advised that one vehicle in the Fire Department had to be replaced early because it had
39 become unreliable. It will be passed down to the maintenance department to replace their Crown
40 Victoria.

41
42 Council Member Mahoney requested that consideration be given to providing the new City Manager
43 with a vehicle as opposed to a car allowance since the City is obligated to factor the allowance into the
44 wages for purposes of the Florida Retirement System (FRS).

45
46 Council Member Abraham questioned why Orange City does not use motorcycles for police officers.
47 Mr. Murray responded that the Chief does not favor motorcycles because it limits the response ability of
48 the officer. In addition, when there is inclement weather, it takes the officer off the road. Finally, when
49 an arrest is made, time is lost while the officer must wait for a car to come and transport the offender to
50 jail. Commander Pete Thomas came forward and observed that one of the City's officers has a K-9 and

1 the other is a homicide investigator who must carry a lot of equipment with him, noting that neither of
2 these would be suitable for a motorcycle. Mr. Murray said that in order to utilize motorcycles
3 efficiently, it would require a larger force with more specialty units.
4

5 Mayor Strickland expressed his concern about the potential for increases in the required contributions to
6 FRS. He noted that each time an employee gets an increase, it is also an increase in the City's
7 contribution. Council Member Mahoney reiterated his previous suggestion that the new Manager be
8 provided with a car rather than a vehicle allowance for this very reason.
9

10 Vice Mayor Allebach stated that he is pleased with the budget as presented. He stated, "Everybody
11 wants it for free, but as we found out after the last three years, there's no free lunch."
12

13 Council Member Sherrill recalled that when he was first elected to Council the City's population was
14 about 6,000. He observed that it has since nearly doubled. He said that when he was first elected the
15 Police force consisted of about 17 officers. Council Member Sherrill noted that on any given day there
16 are about 40,000 people employed in the City. He stated, "We are slap working our police officers to
17 death." He spoke in support of more money being added to the Police department's budget to hire
18 extra personnel. He expressed the same thing about the Fire department. Council Member Sherrill
19 recalled that a few years ago, the city's attrition rate was 30% per year. He attributed this to the fact
20 that the City could not afford to pay the same wages as surrounding cities. Council Member Sherrill
21 noted that Orange City has its own police force while Deltona contracts with the County for their police
22 protection. He expressed his belief that the citizens want to keep the police and fire departments and
23 said that it is important to set a budget that will compensate them adequately. Mr. Murray advised that
24 the only increase in staff requested is in the Police department. He said that the City is proposing to hire
25 a "Community Service Aid" in the form of a non-sworn person who would be available to take reports
26 to allow officers to get back on the streets. An application has been made for a COPS grant which
27 would fund a position for the first four years. Mr. Murray noted that in order to fill a full time officer
28 position, it takes three people to cover a twenty-four hour shift.
29

30 Council Member Laputka questioned whether the City has the vehicles to support new positions. Mr.
31 Murray said that they could be paid for by impact fees since it is an increase in service. Council
32 Member Sherrill suggested that an additional three officers are needed on top of the community service
33 officer.
34

35 Council Member Abraham concurred with Council Member Sherrill that more police officers are
36 needed. He questioned how Orange City's salaries compare with those in other cities. Council Member
37 Abraham stated, "Does this Council have full information about the salary of the Officers here and do
38 they compare with the salary of an officer in another city? I have done that already. I don't have that
39 information about the Orange City officer's salary.....how many sets of uniforms they have...and so
40 many other details I, as a Council Member, don't have. If I send an email to some officials here, I don't
41 get a response. So unfortunately today, I have to speak out." Council Member Abraham said that
42 Council is lacking information. Mr. Murray responded that the city has a step plan which sets a pay
43 scale for every position in the City. He said that he would be happy to provide a copy of it.
44 Commander Thomas said that the last time he compared the City's starting salary, it was "a little lower
45 than middle." He told Council Member Abraham that the City starts officers at a little over \$31,000.
46

47 In response to a question from Mayor Strickland, Commander Thomas stated that he could not
48 recommend any decreases in personnel in the police department. He said that increases in staffing are
49 warranted, but the City can only do what the budget allows. He advised that the Community Services
50 Officer will carry 80% of an Officer's duties. Mr. Murray acknowledged that the Police Department

1 needs more sworn officers, but noted that the cost to hire three to cover a 24-hour period would run a
2 minimum of \$150,000 in personnel costs plus equipment. He advised that the 2.98% millage increase
3 he is recommending will only generate \$94,000. The millage would have to increase another .035/10^{ths}
4 of a mill to generate the needed revenue.
5

6 Council Member Rasch stated, "I don't know where Mr. Abraham is pulling his numbers from, but for
7 \$31,000 to put my life on the line every day...that's a pretty good deal."
8

9 Mr. Murray stated that every departmental budget in the City is down this year, with the exception of
10 Parks.
11

12 Council Member Laputka questioned whether the City is adequately funding public safety. Mr. Murray
13 responded that ad valorem taxes alone do not fund the required services of Police, Fire, and Public
14 Works. He stated, "I won't speculate on whether we're doing enough...I'm telling you we can make
15 the budget work with what I've presented you all tonight."
16

17 Vice Mayor Allebach recalled Council Member Abraham's previous question about "what is the
18 financial policy of the city." He stated that the policy is directed by the City Council. He said that if the
19 economic situation was like in previous years, he would not hesitate to hire additional police and fire
20 personnel. Unfortunately, given the reality of shrinking property values, Council may need to set a
21 policy not to lose any staff which could result in a tax increase, or they could decide to hold the line on
22 taxes and the level of services will have to be reduced. He stated, "That's what we should be discussing,
23 not whether a cop's worth \$31,000 a year."
24

25 Council Member Rasch noted a decrease in both the police and fire department's budgets. He asked,
26 "What is everybody complaining about?"
27

28 Mr. Murray advised that the proposed FY 09/10 budget has been reduced by \$580,955 over the
29 FY 08/09 budget which represents a full 25% reduction.
30

31 Council Member Mahoney noted that the budget contains "a little bit of pain" for everyone. Taxpayers
32 who have been in their homes for an extended period of time will pay more in taxes despite the huge
33 decline in values. He noted that the proposed increase in the ad valorem assessment equals 3% over the
34 roll back rate which would generate \$100,000 in revenue from the increase. He explained, "It's not the
35 City's revenues that are up 20%, it is the erosion of the subsidy that I received." Council Member
36 Mahoney stated, "It's not the millage rate that is driving people's taxes, it is 'Save Our Homes'."
37 Council Member Mahoney noted that the budget proposes COLA and merit increases for employees.
38 He attributed the large savings in the budget to reductions in insurance. He stated, "So there's some
39 pain in this for everybody." He expressed concern that the proposed millage rate will generate the
40 projected amount of revenue.
41

42 Mayor Strickland said that he would begin taking public comment at this point. He stated that
43 comments would be limited to three minutes.
44

45 Al Blue, 447 N. Oak, came forward and stated that he owns two vehicles, one of which is twenty-three
46 years old and the other is nine years old. He stated, "I wouldn't hesitate to go out of state with either
47 one of them. They're properly maintained...they'll take me where I want to go." Mr. Blue stated that
48 he felt the citizens had not been represented this evening. He said that he was not recommending a
49 reduction in force for City staff, however, he felt that the citizens have experienced that. Mr. Blue noted
50 that there are fourteen unoccupied houses within two blocks of his home and at least two of them are in

1 foreclosure. He said that he did not feel any increases in taxes or any new equipment was needed at this
2 time. Mr. Blue concluded by stating that he found it “interesting” that the person on the Council who
3 does not own property or pay property taxes is in support of the increase.
4

5 Anthony Pupello, 425 Howard, came forward and thanked staff for the opportunity to comment tonight.
6 He thanked the police and fire departments for their service. He stated, “I’m proud to live here.” Mr.
7 Pupello said that he had “an issue” with the budget, specifically, pay increases. He suggested that the
8 purpose of the millage rate increase is to fund raises for staff. Mr. Pupello asked, “Why, in this type of
9 economic times, is it appropriate to get a pay increase?” He noted that many people feel lucky to have a
10 job and said that “it doesn’t make sense” to give increases at this time.
11

12 Henry Durica, 1310 E. Lansdowne, came forward and noted that an invocation is given prior to each
13 Council meeting. He stated that the citizens want “a Council with a conscience.” Mr. Durica stated, “It
14 is sad that you don’t know how many are collecting unemployment, and how many are losing their
15 homes, but you want to raise taxes. It is amazing Council finds the money for \$750,000 Sparkman
16 Ridge Loan, \$100,000 for Staples traffic light, \$300,000+ to buy out Mr. McCue’s golden parachute,
17 then comes to the citizens he wants more for trash and water. Council worries about the city employees
18 morale, how about the citizens morale?” Mr. Durica told Council that adopting an increase in the
19 millage is the “sure way to commit political suicide.”
20

21 Jennifer Curry, came forward and stated that she has been a City employee for the past five years. She
22 said that her kids qualify for free lunch at school which means that she lives at poverty level. Ms. Curry
23 stated, “We’re still struggling just like every other citizen...”
24

25 Council Member Rasch clarified that the increases in question are 3% for cost of living (COLA) and 3%
26 for merit and that not everyone would get the entire 6%.
27

28 Cathy Hurd, came forward and stated that she is “a proud city employee” and a “very proud citizen of
29 Orange City.” Ms. Hurd praised staff for the preparation of the budget during a difficult year. Ms. Hurd
30 related that a copy of an email had been delivered to her doorstep which talked about the Interim City
31 Manager in a negative way. It also discussed whether the employees were worth a 6% increase. Ms.
32 Hurd said that she found this to be very hurtful. She said that her family struggles to make ends meet as
33 well as many of the employees of the City and that the 6% increase would go a long way toward making
34 ends meet for them.
35

36 Bill Crippen, 325 N. Volusia, came forward and concurred with Mr. Pupello’s comments. He advised
37 that he had been a state employee for 30 years and that when economic times were “hard,” either no
38 raise was given or a 1%. He stated, “...but we were able to keep our jobs.” Mr. Crippen stated that
39 “raising taxes for everybody is not the answer.” He said that he did not feel that a pay increase was
40 “appropriate” in these economic times.
41

42 Hugh Strickland, 420 May St., came forward and praised the St. Johns River Water Management
43 District (SJRWMD) for adopting a tax rate below the roll back. He said that their sole rationale was that
44 “times are too tough, people are suffering.”
45

46 Council Member Mahoney acknowledged that many people are either unemployed or underemployed,
47 but that there is still a demand for services. He noted that 6% in raises is being proposed for the
48 employees, however, this is countered by cuts in the medical coverage. Council Member Mahoney
49 noted that health care costs were being cut by \$188,000. He noted that the employees are bearing the
50 cost of that. Mr. Murray advised that there is an employee who is pregnant and he said that if the baby

1 is born before October 1, she will have out of pocket expenses of \$250. If the baby comes in October,
2 the out of pocket expense will be \$1500 plus \$250. Mr. Murray said that her COLA will be a total of
3 about \$600-\$700.

4

5 Council Member Mahoney noted that the Sparkman Ridge expense is to be borne by a special
6 assessment district and the repayment of the loan does not come from the general fund, but from the
7 special assessment. He predicted that there would be an increase in the demand for police services in
8 the coming year.

9

10 Council Member Rasch concurred with Council Member Mahoney. He said that the actual
11 unemployment rate in the City is unknown because it is not tracked below the county-wide level. He
12 advised that the county-wide rate including figures for the “under-employed” is around 19%.

13

14 Council Member Laputka noted that the City sponsored a “night out” last week. He said that thousands
15 of people were in attendance. Council Member Laputka advised that by the next morning, the park was
16 entirely cleaned up. He said that only two employees were paid to be there that night and that everyone
17 else were volunteers. Council Member Laputka stated, “So people that don’t get out and go to these
18 events and realize the support that our City staff gives us on their own time. I personally see that all the
19 time because I am out and about.”

20

21 Council Member Sherrill stated, “There was a comment made about the roll back and ad valorem taxes
22 with DeBary. Remember, Orange City does not have a Progress Energy to take care of their taxes for
23 them...DeBary does.”

24

25 Council Member Abraham stated that he sees budget cuts all over Florida. He said that there is
26 uncertainty today. Council Member Abraham said that a pay increase cannot be considered during a
27 recession. He stated, “We have to be really tough about this if we really love Orange City.” He said
28 that he works in the medical profession and that he and his co-workers do not get a merit increase every
29 year. Council Member Abraham stated that there are medical doctors working at the hospital for less
30 than \$50,000 per year while at least ten or fifteen employees of the City make more than that. He stated,
31 “And they want a pay increase?”

32

33 Vice Mayor Allebach said that if people wish to call him to have “an intelligent discussion about the
34 budget” they should do so. He stated, “But I ask, whoever called my house and screamed at my wife
35 into the phone about vote ‘no’ on the budget, and when she said ‘who is this, who would you like to talk
36 to?’, screamed again. My wife did not run for elected office in Orange City. She wants no part of it.
37 And I would ask your respect that you don’t force her to have to deal with that in that inappropriate
38 manner.”

39

40 Council Member Mahoney noted that \$3 out of every \$4 of ad valorem revenue comes from a
41 commercial base. He suggested that Mr. Murray consider a larger transfer from the fund balance for
42 some of the capital items in order to offset the pay increases, thus eliminating the need for a millage
43 increase. Mr. Murray responded that his recommended increase would generate \$94,000. Council
44 Member Mahoney suggested that the issue is what is the appropriate level for the fund balance?

45

46 Mr. Murray said that if staff is to make any changes to the budget, it must be at the direction of Council.

47

48 Mayor Strickland said that he has listened to the discussion tonight and that the issue is complex. He
49 said that he is not really comfortable with the 2.89% increase over the roll back rate. The Mayor said
50 that he believes it is important to keep staff working but that the increase does not feel comfortable to

1 him. He said that he sees staff on one side of the issue and the citizens on the other with different needs
2 and demands while the issue is how to address the needs of the City and try to do the best thing for
3 everybody, noting that it is not easy. The Mayor stated, "That's my concern...that we leave here with
4 some sense of how do we address the concerns of all the folks here that are all folks of Orange City, so
5 that it doesn't appear that somehow, one group is winning or losing because everybody is losing. And I
6 think your phrase Mr. Mahoney about all of us have pain in this is true. So that whatever we decide and
7 direct our Manager, that's where I'm personally coming from. So I just want to acknowledge that."

8
9 Council Member Rasch stated, "You're talking about the citizens of Orange City don't want this...the
10 citizens of Orange City aren't willing to pay this increase...blah, blah, blah. First of all, it's going to
11 amount to about \$1.25 a month. We've got about eight people out here who come every meeting and
12 complain about everything... Where is the rest of the City that's supposedly complaining about all this
13 and hates it? I don't see those people complaining. I've gotten two emails; one from somebody
14 complaining, and one from somebody who said, you know what? The City workers are under paid and
15 under appreciated." Council Member Rasch concluded by stating, "I want to see the best for Orange
16 City, not the best for a handful of people that sit there and complain."

17
18 Vice Mayor Allebach noted that the purpose of workshops is to come up with ideas to bring back for
19 discussion at a subsequent workshop. He advised that voting on the proposed budget does not take
20 place until September.

21
22 Council Member Mahoney suggested that direction be given that staff prepare a revised budget based on
23 the roll back rate with an additional transfer from the fund balance to the general fund to cover it. He
24 reiterated that it is important to consider what is considered a "healthy" amount in the fund balance.

25
26 Mr. Murray noted that the Miller Lake project will be coming up for consideration in the near future and
27 that the City could be asked to contribute \$750,000 to the project. He said that would shrink reserves to
28 the 25% range. He said that \$150,000 worth of public works problems could be put on hold if Council
29 chooses. Mayor Strickland stated, "But then we're moving backwards and not being prepared in going
30 where the City needs to be."

31
32 Council Member Mahoney said that the fund balance exists for a rainy day and he asked, "What
33 constitutes a rainy day? Some would argue that these times do and still adhere to our policy of one-time
34 non-recurring expenditures."

35
36 Mr. Murray summarized his direction from Council by stating, "I think what I'm hearing is to do away
37 with the 2.89% increase." Mayor Strickland responded, "We'd like to see what that looks like." Mr.
38 Murray stated, "We'll do that, but it will take your contribution from the fund balance from \$400 to
39 \$492,000 and that will leave you next September 30 a very close approximate number of \$3.3 million in
40 your fund balance."

41 **3. ADJOURN**

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44 There being no further business, Mayor Strickland adjourned the meeting at 8:38 p.m.
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RESPECTFULLY SUBMITTED:

APPROVED ON:

Deborah J. Renner, CMC
City Clerk
