

1 **MINUTES OF THE BUDGET WORKSHOP** of the City Council of the City of Orange City,
2 Florida, held on Tuesday, August 25, 2009 at 6:00 p.m. in Council Chambers, 201 N. Holly Avenue,
3 Orange City.

4
5 **CALL TO ORDER**

6
7 The meeting was called to order at 6:00 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 Don Sherrill, Paul Rasch, Jim Mahoney; City Attorney William Reischmann; Interim City Manager
13 Chester Murray, City Clerk Deborah Renner

14
15 **ABSENT:** Council Member Tom Abraham

16
17 **1. CONTINUED DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR 09/10:**

18
19 Mayor Strickland stated that the meeting is a budget workshop and he asked anyone who wished to
20 speak to complete a Speaker Request form. Mayor Strickland asked that Council Members listen to
21 speaker comments and not respond at this time.

22
23 Mr. Murray recalled that at the previous budget workshop held on August 10th Council had directed
24 staff to revise the budget to the roll back rate. He noted that the original budget submission was
25 based on a 2.98% increase in the millage rate. Mr. Murray advised that the \$95,163 lost by lowering
26 the millage rate was made up by an increase in the transfer from the fund balance. He stated that this
27 was the only change made to the original proposed budget. In response to a question from Council
28 Member Laputka, Mr. Murray stated that the total transfer from the fund balance is now \$495,163.
29 He noted that the roll back rate is 5.1953 as opposed to the proposed millage of 5.35.

30
31 Anthony Pupello, 425 Howard Avenue came forward and expressed his opposition to the proposed
32 pay increase for employees. He cited several newspaper stories of other cities where government
33 employees, as well as social security recipients, were either getting no raise or very small raises. He
34 reiterated his opposition to a 6% raise, especially for the people in the top pay grades.

35
36 Henry B. Durica, 1310 E. Lansdowne Avenue came forward and stated he had questions and asked
37 how he could get them answered. Mr. Murray responded that two budget hearings would be held
38 next month and that citizens would have an opportunity to ask questions at that time. Mr. Durica
39 said that he would hold his questions until the public hearings. He distributed copies of articles from
40 various sources regarding budget cuts in government agencies for Council's perusal (a copy of
41 which is attached and becomes a permanent part of these minutes.)

42
43 Bill Crippen, 325 N. Volusia Avenue came forward and expressed his opposition to the proposed
44 increase in employee pay for those in the top salary range. Regarding replacement of police
45 vehicles, he said that the former City Manager was provided with a report two years ago which said
46 that the longevity of the police vehicles should be increased to 120,000 miles. He suggested

1 purchasing two cars now and staggering the purchase of the remaining cars to ensure that funds are
2 available. He recommended that the City not take money from its reserves for the purchase.

3
4 Sally Long, 2962 Bond Street, Deltona came forward and stated that she is an employee of the City.
5 She read a statement into the record, (a copy of which is attached and becomes a permanent part of
6 these minutes.) Ms. Long said the employees need a pay raise as they too are affected by the current
7 state of the economy. She discussed the role of the employees in keeping the City going. When
8 departments were asked to cut spending, staff worked as a team to keep costs down and even
9 brought items from home to maintain the level of services provided. Ms. Long said that she
10 understands the issues regarding retirement because her husband is retired and receives social
11 security. She asked Council to consider the employees and their families when considering this
12 budget.

13
14 Council Member Laputka questioned whether the purchase of six police vehicles would be enough.
15 Mr. Murray commented the police vehicle longevity is capped at 75,000 miles because that is when
16 the warranty runs out. He discussed the extreme conditions that the patrol vehicles are subjected to
17 while in service. He said staff is not proposing to “junk” the vehicles. Instead, the vehicles would
18 be dropped down to the next tier of the City’s vehicle replacement program. The next tier includes
19 the Volunteers in Police Service (VIPS), and pool cars that are used around the City. Vehicles with
20 higher miles are put on a surplus list or transferred to another government. Chief Baskoff came
21 forward and said that six vehicles would be adequate. He agreed with Mr. Murray noting that
22 sometimes the older vehicles are used in surveillance. He emphasized that the cars being replaced
23 are not being discarded, they will be utilized, but not as patrol cars.

24
25 Council Member Rasch referenced an article that Council received from the Mayor, which talks
26 about the average salary increase being 0-2%. He disagreed noting that the City is in good financial
27 shape and the employees should not be penalized like staff from other cities which have not
28 managed as well.

29
30 Council Member Mahoney pointed out that the health care burden is shifting to the employees. He
31 stated, “It is not that they are getting all of this lavish pay, big increases. They are assuming
32 responsibility for utilization, it works both ways.”

33
34 Council Member Sherrill recalled that the City’s attrition rate used to be 30%. He said the City
35 could not pay its employees enough to keep them. Orange City was known as the training grounds
36 for the County and the larger cities. The City began paying its employees comparable pay and the
37 retention rate improved. He stated, “For heaven’s sakes, I don’t want to see this City go
38 backwards.” Council Member Sherrill said that he understands everyone’s concerns however staff
39 are now being required to pay more for medical benefits.

40
41 Vice Mayor Allebach noted that a number of employees have been with the City for a very long time
42 and are making more salary as a result. He said the City put reserves aside for a “rainy day.”
43 Seventy six percent of ad valorem revenue comes from commercial entities in the City. If their tax
44 rate is cut, prices do not go down. Vice Mayor Allebach said that according to CNN the Consumer
45 Confidence Index (CCI) went up from 47.4% to 54.1% this month. He suggested that things “might
46 be turning around.” The CCI also noted that housing prices went up in the second quarter, and

1 analysts are saying that the market is “bottoming out.” Foreclosures are not a function of the local
2 government tax liability. The Vice Mayor said that he understands everyone’s concerns. He said his
3 income went down, but he does not begrudge the employees a small raise. The City prepared for
4 this downturn of the economy by having commercial properties as its largest tax base.

5
6 Council Member Mahoney noted that people who have been residents for a long time, under the
7 proposed rate, would pay slightly more in taxes this year than last, but comparable to the year before.
8 People who just bought their homes and are upside down on their mortgages are enjoying the benefit
9 of a tax reduction because of the drop in value. The large subsidy under save our homes that long
10 time residents enjoyed over many years, is gone or is going away. He noted that the City had not
11 squandered money on new facilities, which is one of the reasons the City’s situation differs from
12 other municipalities.

13
14 Council Member Rasch pointed out that the proposed raise would be given out in increments; a 3%
15 for cost of living adjustment (COLA) for everyone and a 3% merit increase if the employee
16 qualifies. Mr. Murray noted that an annual review is done on all employees on their anniversary
17 date. He said 50% of the employees would have the potential to get a merit increase in the budget
18 year. Council Member Rasch remarked that over half of the foreclosures in the County have
19 negative equity. He said that suggests the loans should never been given and that is part of the
20 problem.

21
22 In response to an inquiry from the Mayor, Mr. Murray noted that the budget approval cycle would
23 begin on September 8th. He said that staff will go forward based on the revised budget provided
24 Council tonight.

25
26 Mayor Strickland commented that Orange City is in a unique place and is not faced with many of
27 issues its sister municipalities are. He said employees at a number of other municipalities have not
28 had a raise in several years. The Metropolitan Planning Organization board voted down a pay raise
29 even though the funds were available. The Mayor expressed his concern that a new City Manager
30 will be starting and there will be implications because several employees already make more than
31 the pay range the City is considering for the manager. He stated, “As I am looking at this budget, we
32 clearly are in the “cat bird seat” as far as other municipalities who are experiencing budget cuts and
33 layoffs”. He commended Mr. Murray for his management of the current year’s budget.

34
35 Referring to a previous comment by the Mayor, Council Member Mahoney said that Orange City
36 citizens are in the “cat bird seat” ~~relevant~~ reflective to citizens in surrounding cities because the
37 City’s ad valorem tax base is 75% commercial and 25% residential. For example, he said the
38 property taxes Wal-Mart pays to Orange City is reflected in its pricing and the customer base of
39 Wal-Mart is not exclusively Orange City citizens. Residents who do not live in the City and who
40 shop at Wal-Mart subsidize the City’s services. He stated, “Orange City’s position is enviable.”

41 *Corrected 9/08/09*

42
43 Mr. Murray said that Orange City has a “very lean” staff and that is what has kept the City viable.
44 Citizens should feel pride with what the City has been able to accomplish with such a small staff.
45 Mr. Murray observed that this crisis will pass. The commercial community anticipates things will
46 turn around soon. He stated, “That is what I see for the future.”

47

1 Council Member Rasch discussed his thoughts on employee compensation. Addressing the issue of
2 having employees that make more than the City Manager does, he said that if the Council makes the
3 right choice, the candidate would be a professional who understands that that is part of life. He said
4 that he had worked with people who made more than he did, but he did not have a problem with that
5 because those employees were doing the work and made him look like a champion. Mr. Murray said
6 that the City routinely does a salary survey to make sure that salaries are remaining competitive in
7 the market.

8
9 Council Member Sherrill said that he agreed with Council Member Mahoney’s comments about the
10 tax base of the City. He noted that Deltona is the largest City in Volusia County with a 95%
11 residential and a 5% commercial tax base. Their residential taxes are significantly higher than
12 Orange City. Council Member Sherrill noted that the City Council has consistently worked toward
13 doing what is best for the City. He recalled that some time ago, the City was \$400,000 in the red and
14 now the City has \$4 million in reserves. Council Member Sherrill said that when he became a
15 Council Member the water situation for the City was deplorable. He suggested that was due to the
16 previous Council refusing to increase taxes and as a result upgrades to the water system were not
17 funded. He said the water system “fell apart.” The City could not borrow money to do the upgrades.
18 Council Member Sherrill stated, “We have the finest water coming out of any place around the
19 state.” The water plant sits right on top of the main aquifer where we get our water supply and it has
20 won awards at state fairs.” The problem is that the water lines have been in the ground for 75 years
21 or longer and need to be replaced. Council Member Sherrill said the Council wants to do what is
22 best for the City. Orange City residents should consider themselves fortunate compared to
23 neighboring communities. Council Member Sherrill concluded by stating, “If you stick with what
24 you see here on this Council, you will see it continue to go that way.”

25
26 2. ADJOURN:

27
28 There being no further business, Mayor Strickland adjourned the meeting at 6:53 p.m.

29
30 RESPECTFULLY SUBMITTED: APPROVED ON:

31
32
33 As corrected

34
35
36 Gloria Williams, CMC
37 Deputy City Clerk September 08, 2009