

## **City Commission Special Meeting (Turnbull Creek and Line Item Budget Workshop)**

### **July 23, 2019**

All Commissioners were present. There was no public participation for this workshop.

### **Budget Workshop:**

First on the agenda was a presentation and discussion led by Mark Galvin, financial advisor to the city, on the financial aspects regarding the issuance of up to \$15 million for land conservation that was approved by the voters in NSB last November. There are two options available:

- Issue the \$9.5 million to purchase the Turnbull Creek Watershed property
- Issue the entire \$15 million as approved by the voters

There are two methods of sale consideration in acquiring the funds for financing either option. The monetary examples provided were only for the \$9.5m with the pros and cons listed below:

- **Private Placement** - buying bonds through a bank (bond issue loan).  
Some Pros:
  - Low interest rate that can be fixed and negotiated for rate and length of loan
  - Low cost of issuance (approximately \$55, 000)
  - Pre-payment flexibilitySome Cons:
  - Shorter amortization
  - Locked interest for 15 years or less
  - May include tax risks and may increase interest rates
- **Public Offering** - bonds that are sold through underwriters via capital markets.  
Some Pros:
  - Very competitive
  - Interest rates locked- no rate adjustment
  - Bond holders assume all tax risks
  - Amortization can be longerSome Cons:
  - Limits ability to pre-pay
  - Higher cost of issuance (approximately \$106,000)
  - Annual disclosure required
  - Limits ability to pre-pay

Mayor Owen felt that going private will give the city more power to negotiate and pre-pay down the road. Mr. Gavin agreed, and that was his recommendation. He had a list of banks ready to approach.

Discussion followed on whether to finance the full \$15 million now, or just the \$9.5 needed for the Turnbull property purchase. The City will receive a grant of up to \$3.6M from the Florida Community Trust on the purchase price of the Turnbull Creek property at \$9M. Commissioner Kolody asked if we should use the grant monies to pay down the

debt or use it to buy more land. After some discussion the Commissioners decided to finance only the \$9.5M needed at this time. It is estimated that it will take 6 months to obtain the grant money from the state and there isn't a list of definitive properties to buy now. This issue will be revisited in August at the next Budget Workshop.

Before the line item Budget was introduced, Commissioner Sachs had a concern about our overall spending and why our taxes were going up if we are collecting more due to growth. Khalid Resheidat responded that more people require more services and personnel (three firefighters, four police officers, one financial advisor); plus, more money is needed for things like more police cars, fuel and personnel raises. Also, capital improvements and paying down our debt is being built into our budget. Financial Director, John McKinney, also mentioned that new projects are being proposed like the mooring field.

Mr. McKinney then presented the Line Item Budget Overview which was based on the millage rate of \$3.8416. Mr. McKinney noted that the golf course, Brannon Civic Center and Live Oak Center expenses were included in the General Fund. A brief overview of the FY 2019-2020 proposed Budget follows:

- The citywide total Budget is proposed to be \$64,198, 725.
- Salaries and Benefits are dependent upon negotiations with all Collective Bargaining Units on proposed raises for all employees.
- Expected insured health insurance to increase 4.5% from current budget
- City Debt is \$35,417,702
- Waste Pro contract to increase 3%

You can find important budget detail and graphs at: [Proposed City Budget Presentation](#)

McKinney recommended the following millage rates be adopted at the meeting to follow:

- General Fund Proposed Operating Millage –3.8416 (7.21% over the current roll back rate of 3.5832)
- Debt Service 2005 Millage - .2981 (12% reduction when compared to FY2018-019)
- Debt Service 2018 Millage - .1800 (Turnbull Creek)
- Total City Millage of 4.3197 (current total millage 4.1755 FY2018-2019)

Mr. McKinney concluded showing the Next Steps:

- August 20th at 9:00am -City Commission Budget Workshop – Departmental Presentation of their individual budgets
- September 11th at 6:30 – First Public Hearing - Tentative millage and budget
- September 24th at 6:30 – Second Public Hearing - Final Millage and budget

The FULL Line Budget, along with tax levies and losses, taxable values especially compared to residential vs. commercial, as well as comparisons between us and other cities in Volusia County can be found using the following link: [July 23 Budget presentation](#)

The live-streamed meeting can be found here:

<https://www.youtube.com/watch?v=LcgiAE9oh24&t=55s>