

Special City Commission Workshop: FY2023-24 Budget Overview

June 22, 2023

[Video](#) and [Agenda Packet](#)

Mayor Cleveland, Vice-Mayor Harman, Commissioners McGuirk, Martin and Perrine were present.

Public Participation: None

Before the workshop began, City Manager Khalid Resheidat stated that this was the most challenging budget the City has had in a long time due to the massive requests regarding personnel and capital equipment as well as the restoration problems facing the Women's Club and losing \$1M from the state for dredging the canals. The current FY23-24 budget requested indicates the need for a significant millage rate increase. He asked the Commissioners to provide him with a clear picture of their top priorities, as a group, so he knows where to make cuts in the current budget proposal. He added that there are significant personnel shortages, not only in positions but also in staff having the support they need so they can do their jobs. Department heads and staff attended the meeting to answer questions about their requests.

Mayor Cleveland asked what outcome the Commissioners expected from the workshop. Vice-Mayor Hartman stated that he had never seen such a detailed budget, so he needs more time to digest it all. Commissioner McGuirk echoed VM Hartman. The City Manager restated the need for a proposed budget by July 25th as the tentative maximum millage rate needs to be approved at that meeting. Commissioner Martin stated that she sees this as an opportunity to prioritize leading with public safety. Commissioner Perrine agreed with Commissioner Martin about public safety (flooding and stormwater as well as police protection), and the airport as it can offer a big return. Mayor Cleveland agreed with all the Commissioners and VM Hartman, adding that we need to look at bonds and maybe see what can wait as there are millions of storm dollars coming to Volusia County, and we need to be ready to ask for it fast.

Workshop: Finance Director Natalia Eckroth presented an [overview of the FY 2023-24 NSB Budget](#) which is approximately \$23 million more than last year's budget:

Total 2023-2024FY Proposed Budget is \$120,667,992

- Personnel Total - \$33,751,534
- Capital Equipment - \$8,219,427
- Capital Projects - \$18,326,546
- Debt Payments - \$3,522,179 & \$9,643,381 (first one is from 2005 and will be paid off in 2024 which means those funds will no longer be needed; second is from 2018 and will be refinanced in April 2024 and paid off in 2039)

Our current millage rate for property taxes (ad valorem) is 3.9500, but this proposed budget would increase it 0.2220, making it 4.1720.

Personnel:

Increase in personnel was across every department due to growth and open positions remaining unfilled. Overall, there were requests for 24 new positions; eight positions will

be reclassified; and one staff member and five Directors will be given more than the 3% raise due to their salaries being below market value compared to other cities. We need to be both competitive and able to retain staff.

Personnel Requests - General Fund - \$2,291,859

- new employee requests –
 - The Police Department is asking for six new officers, two sergeants and two lieutenants. Chief Eric Feldman pled his case saying that in 1992 we were a city of 17,000 and had 52 police officers, but we are now almost double that number with 58 officers. He went on to say that the department answered approximately 77,000 calls last year, the third highest in the county. He strongly feels that if these new positions are added now, none would be needed next year.
- 2 – reclassification (Compliance Coordinator and Police Admin II)
- 1 – pay grade increase (Police Records Supervisor)

Capital Equipment:

Many vehicles need to be replaced and additional ones are needed, especially police cars and fire trucks. Police Chief Feldman stated that new vehicles would be needed for the new officers, and Fire Chief VanDeMark stated that we are still using two borrowed trucks and are in dire need due to growth and the shape of our aging trucks. This is the time to buy as first, it takes two years to get a truck; second, there will be a mandated 2025 EPA emissions control standard that will cost \$100,000 per vehicle to meet, and the new trucks will already meet those requirements.

Three big Capital Equipment Requests – General Fund - \$5,627,650

- 10 police interceptor cars - \$650,000 (mainly for new officers)
- A 2 Pierce 107' Fire truck - \$2,762,000 (has a 170' ladder that is needed for buildings that are more than 3-4 stories high as well as for the western growth)
- Pierce pumper - \$877,967

Capital Projects:

There are many underway and many more awaiting funds. These projects are funded through the GF, Stormwater, Airport, Parking, FEMA, FFA, FIND, and FDOT, as well as through grants, gas tax, and lines of credit. A few of the more important ones are the following:

- Maintenance Operations Relocation Design and Clearing - \$1,676,468 (New- Line of Credit)
- Turnbull Canal Dredging - \$1,628,228 (New- Stormwater/Grant)
- AOB & North Causeway Phase 1 - \$1,120,000 (New- Parking/FIND grant)
- HMGP- Elevation of 18 Homes (N) - \$1,400,000 (ongoing FEMA Grant/Stormwater/Owner)
- HMGP- Elevation of 15 HOMES (E) - \$1,900,000 (New- FEMA Grant/Stormwater/Owner)
- 27th St. ADA Beach Ramp and Boardwalk - \$988,500 (Ongoing – (GF/FEMA)
- Street Resurfacing - \$1,200,000 (Ongoing- GF/Gas Tax)

The Women's Club Renovation Status: A [presentation](#) was given showing the problems this Two-Phased project has faced and still is facing. There is 80% termite and wood rot framing damage; 50% floor damage between sole plate and rim beam; cracks in the stucco; and possibly more to be revealed. There were two options presented: Continue renovation or raze the building and replace it with a new facility with historic features. The city will forfeit grant monies it has received if the decision is to raze the building.

Background: The project began in 2018, and two grants followed in 2019 and 2020. On October 2, 2021, the Commission approved a design for the renovation, and construction began on June 5th, 2023.

Option 1 - Renovate

Total Costs for Phase I, Phase II, and additional costs - \$2,762,574.17

- Phase 1 Total \$1,217,574.17 (NSB - \$360,074.17; ECHO Grant-\$257,500; State Grant- \$600.000)
- Phase II Total - \$750,000 (NSB)
- Additional Costs - \$518,000

Option 2 – Tear down and Rebuild

Total Costs - \$2,650,000 (includes \$250,000 to satisfy terms of previous contract)

Discussion followed:

- Commissioners agreed that the building had been neglected and should have been inspected long before this, especially before the renovation plans. Mixed emotions were evident as it is considered as an albatross but still has sentimental value to many residents.
- Commissioner Perrine felt that the renovation shouldn't have gone forward as she knew that this would turn into a money pit having refurbished historic homes before. We have buildings that host events and bring in revenue, she does not feel this building would return the cost it will take to renovate it. She suggested that it be sold to a private individual with restrictions on a remodel or rebuild.
- Commissioner McGuirk feels this is a challenging decision, especially since "historic" can be subjective. He thinks residents should have input. The City Manager was directed to set up a Public Meeting to get citizen input.

A discussion regarding the 2023-24 FY Budget ended the workshop. Below are a few comments/ concerns stated by the City Commissioners:

- Mayor Cleveland asked each Commissioner send their comments on the budget to the City Manager, including areas that they feel are important to focus on, especially if they were not stated tonight. The mayor's primary concerns are public safety and recovery. He felt that the \$120 million budget was too high, and there need to be adjustments.
- Commissioner Perrine wants each department to prioritize what they see as the most important so that possible adjustments can be better identified.

- Commissioner Martin would like to see more consistent reporting from the various departments when the next version is presented and thinks that information regarding the houses being raised (flood mitigation) or demolished and the status of those projects should be included.

The City Manager and the Finance Director will clear up Commissioner concerns and will be more detailed and consistent in the next version. The manager asked the Commissioners to email him with comments from the meeting, so he has a starting point. The new budget will be emailed to each of them as soon as possible and prior to the July 25 meeting to approve the maximum millage rate.

Next Budget meeting dates:

- July 25th: City Commission Budget Workshop Meeting to set Maximum General Fund Millage.
- August 17th: All day Department Budget Workshop
- September 13th & 26th: Public Budget Hearings