

## **City Commission Budget Workshop**

July 10, 2025

Video, Agenda Packet, and PowerPoint: [Part 1](#) and [Part 2](#)

(Note: the PowerPoint includes figures that have been updated since the agenda was published.)

Mayor Cleveland, Vice Mayor Martin and Commissioners Perrine, McGuirk and Ashley were present. There was no public participation.

City Manager Kevin Cowper provided an overview of the budget preparation process. He emphasized that the process has been team-based and collaborative. Finance staff have met with all departments so they can better understand what it is that each department does. His goal is to create high performing teams across departments. The proposed budget was created to align and connect with the nine strategic priorities outlined in March. While the budget touches on all the priorities, themes 1 (Build a transparent, high performing, customer focused organization), 2 (Maintain the health and safety of neighborhoods), and 8 (Improve the function and appearance of existing infrastructure) receive special focus. Finance Director Jo-Anne Drury presented the proposed FY 2026 budget. Zero-based budgeting for operating and capital expenses is used. The budget is built on the following assumptions:

- Property value increase of 7.58% - \$532 million increase to \$7.55 billion.
- Same millage rate as FY 2025 – 4.6370 mills.
- 3% increase in other revenues.
- 15% increase in insurance premiums for workers comp, property and casualty.
- 3% increase in employee benefits.
- Increase in wages as a placeholder for implementation of compensation study and new union contract.
- Budgeted for attrition in the Police Department.
- Reduced allocated overhead from \$2.3 million to \$1.3 million and changed methodology.

Mr. Cowper stressed that not only does a budget have to be balanced, but it must also be structurally balanced; that is, recurring revenues should be sufficient to cover recurring expenses, and one-time revenues should be used for non-recurring expenses. He also noted that from now on, reserves will be shown in the budget, making for greater transparency. We are budgeting permanent reserves for the first time, ensuring that we will be ready to withstand downturns in revenues.

### **Proposal Highlights**

- Total budget - \$199,490,699 (This reflects updated information, an increase of \$18,163,466, from the earlier draft).
- NSB has 4<sup>th</sup> lowest millage rate in Volusia County.
- Budget includes seven new positions which support strategic priorities 1,2 and 8.
- Public safety (50%) is highest general fund expenditure -\$25,739,576.
- General fund capital budget - \$9,089,961
- Stormwater proposed budget of \$729,541 is based on a 20% increase.
- Solid waste rates will increase by approximately 4% (per contract).
- Capital project funds: An impact fee study is underway to evaluate rates (includes police, fire, recreation, and transportation impact fee funds).

- Turnbull Creek GO Bond matures in 2039 with an annual debt service of \$ 610,000. The voted millage rate is .0895. An additional \$ 5.5 million is left to be borrowed. This will add \$420,000 to annual debt service, a millage increase of .0594.

### **Future budget considerations**

- City Manager Cowper suggests consideration of a “fire assessment” in future years. It would be based on benefit to property, not property value. In Volusia County, Edgewater (\$ 50 per residential unit) and lake Helen (\$ 336.29 per unit) assess this fee. A fire assessment study will be conducted in Fall 2025 with a potential resolution to adopt by January 10, 2026.
- Current solid waste contract expires in 9/26. We will have to re-negotiate or issue RFP in Fall 2025. All aspects of service should be reevaluated. Rates are expected to increase.
- A study to evaluate golf course operations and infrastructure is planned. All options (retain, invest, repurpose, divest) will be considered. The goal is to identify long term cost-effective use of the property.

### **Some Discussion Highlights**

- The mayor asked if a rollback was considered given that property tax revenues were now projected to be up 7.5% rather than the 6% projected in the preliminary process. Mr. Cowper noted that while he is not opposed to rollbacks, the city continues to grow and there are significant deficiencies in certain service areas that must be addressed.
- The Commission requested more information at a later date on the potential of raising rates at the Marina.
- The city is phasing in bringing street sweeping back in-house over several years (it is currently contracted out). A small sweeper and a new position are in the proposed budget.
- Commissioners were in favor of the new proposed natural resources manager position. Among the responsibilities of this position will be to make sure the conservation lands we are purchasing are maintained.
- The city will do a full analysis on recycling (as part of the solid waste negotiations). The mayor noted the “theater of recycling,” that is, while residents think they are doing good, most of the material actually ends up in the landfill. Is it time to end recycling? We need to have good communication with citizens around this.
- The Commissioners thanked Mr. Cowper, Ms. Drury and the entire staff for the excellent presentation and a very effective budgeting process. The new methodologies being employed provide a more accurate representation. The mayor noted the importance of having a good communication plan with the citizens, so everyone understands what is being proposed and why.

### **Important upcoming dates**

- July 22, 2025: Set maximum tentative millage rates; First public hearing on the non-ad valorem stormwater fee.
- August 6, 2025: Second budget workshop
- September 10, 2025: First public hearing on the millage rate and budget; Second public hearing on the non-ad valorem stormwater fee.
- September 23, 2025: Second public hearing on the millage rate and budget.
- October 1, 2025: FY 2026 Fiscal Year Begins