

Minutes

Strategic Planning Workshop

The City of Daytona Beach, Florida

Wednesday, August 29, 2018

Minutes of the Strategic Planning Workshop of the City Commission of The City of Daytona Beach, Florida, held on Wednesday, August 29, 2018 at 4:30 p.m., City Hall, Room 149b, 301 S. Ridgewood Avenue, Daytona Beach, Florida.

Attendance.

Commissioner Ruth Trager	Present
Commissioner Aaron Delgado	Present
Commissioner Kelly White	Present
Commissioner Robert Gilliland	Present
Commissioner Dannette Henry	Present
Commissioner Paula Reed	Present
Mayor Derrick Henry	Present

Also Present:

James V. Chisholm, City Manager  
Robert Jagger, City Attorney  
Letitia LaMagna, City Clerk

1. Welcome

Mayor Henry welcomed everyone to the workshop and stated the City Manager will introduce the presenter.

2. Presentations

James V. Chisholm, City Manager, stated he was going to give an overview of the budget and the millage they have established. He gave them a comparison of all the cities and counties millage. There are six cities that have higher millage rates than The City of Daytona Beach. The MLK project is the first project they are going over. It is 2.2 million. It is water distribution, mains, and other infrastructure. We are not moving power utilities. The next project is the First Step Shelter. We are 60 percent complete on site work. The total estimated cost is 5.299 million. We received 2.5 million from Volusia County. The City's estimated share is 2.8 million. There is 1.6 million in the current budget and 1.2 million in the proposed budget.

The Beach Street streetscape is the next project. The design cost is \$279,236.88 that is currently authorized. Phase one is Orange Avenue to Bay Street. The estimated cost is 1.5 million; 460,000 for undergrounding utilities and the total construction cost is 1.96 million.

Commissioner Gilliland stated this is all based on the proposed millage rate of 6.3333.

Mr. Chisholm stated yes.

The Downtown Redevelopment Infrastructure improvements is 7 million in Beach Street Force Main. It will be funded by a FDEP Loan. \$1.085 million for Economic Development incentive; a \$4.5 million infrastructure grant to Brown & Brown was authorized in 2017. It is a reimbursable payment to be made upon project completion. \$1.8 million of the \$4.5 million is budgeted in the 18-19 proposed budget. \$2.7 million may be borrowed in 19-20 and repaid through TIF generated by the Brown & Brown headquarters. Halifax Marina seawall restoration design cost of \$80,000 is unfunded in 18-19. The cost estimate to reconstruct the seawall is \$500,000.

The Riverfront Park Beautification project will remodel and reconstruct the City's Beach Street Riverfront Park. Currently they are working on completion and release of RFP. It is awaiting Governor and Cabinet meeting as Trustees of the Internal Improvement Trust Fund to release waterfront easements. The Seawall restoration design is \$90,000 and construction \$950,000.

Commissioner Trager asked if the Seawall could wait another year.

Mr. Chisholm stated no to the marina. The Beach Street could probably wait another year, but it would impact other things proposed.

Commissioner Gilliland asked if that affect the schedule for the park improvements.

Mr. Chisholm stated he did not know. Typically the design is 12-16 months and then 12 months to construct. East International Speedway Boulevard the City has already approved funding project design cost of \$75,000. Remediation of contaminated property is about \$80,000; demolition of acquired properties would be about \$50,000. Undergrounding electric utilities design would be \$100,000. Construction of underground electric utilities \$850,000.

Commissioner Gilliland stated the DOT's design isn't due until July of next year. He asked for a schedule to go with that. We need to coordinate with them on what they are doing.

Mr. Chisholm stated the budget requests for 18-19 for capital projects come to a total estimated amount of \$7.25 million. His preference is to really stay at the 6.3333 because it gives us better reserves. We do have some reserves built. You can trim it down to 6.200 and we will really have to be careful with the timing of our projects.

### 3. Discussion

Commissioner Gilliland stated to get it down to 6.2000 we need to find 1.3 million to cut. If we got down to 6.0000 that would be only a 3 ½ increase.

(inaudible)

Commissioner Gilliland stated we've gone three percent increase over the last couple of years. He thinks they can stick to that level of increase and still do most of what they want to do. He asked where they were with union contracts.

Mr. Chisholm stated it was the second year of two and two.

Commissioner Gilliland stated that will take us through September 30th of next year.

(inaudible cellphone ringing)

Commissioner Trager stated she prefers not to go to 6.3333. She knows they can't get everything they want.

Commissioner Gilliland stated he would like to delay the non-marina seawall until 2020. He spoke about TPO and FDOT. Widening LPGA is not our responsibility. When it was built they had different rule about how you could build bridges so you could put it at ground level. He stated they couldn't do that anymore because of wildlife and corridors.

Commissioner Trager stated the consensus is that it's Daytona's problem.

Mayor Henry clarified it was not their responsibility.

Mr. Chisholm stated yes.

Commissioner White stated the street and the seawall are being catalyzed by the opportunity that they have someone doing the park. She asked with the timing, what should come first; dig up the park, build the sea wall or redo the road because they're all one big project.

Mr. Chisholm stated they should do the road, because it has a component that includes a trail, and there is trail money still available. He stated the need to conduct it while they're doing the park or before it. He stated the sea wall is a more problematic because they're working on the sea wall in the park to make the correction and it could impact their schedule for the construction.

Commissioner White stated she thought they wouldn't do anything to the park until they fixed the sea wall and both edges of the park. She stated she didn't think the trails were mixed up in this. She stated there is a portion of the Sweetheart Trail is.

Mr. Chisholm stated it's not in the original plan but there is a portion.

Commissioner White asked as part of the sidewalk that it would be compatible with.

Mr. Chisholm replied correct.

Commissioner White asked from a budgetary standpoint from the City, what comes first, the sea wall or the road. She asked if we got into another budget with the construction was there a possibility of moving up and tapping into some other funding.

Commissioner Gilliland stated the timing on the design for the park wouldn't allow for the construction to start until 2020. He stated that with the road a lot of those crews are underground. He stated they are moving forward with the utility related Beach Street improvements and plan on doing the design work for the sea wall in the coming fiscal year with the plan of having to do the construction in the 2020 fiscal year.

Commissioner White stated the design for both the sea wall and the street are very timely, and need to be happening right now. She suggested the sea wall construction happens before the street construction. She stated somewhere in the budget, they may not have to fund the sea wall and the road construction in the next fiscal year, but will have to fund one of them.

Commissioner Gilliland stated they don't want to get too far ahead on the construction because those two things have to happen. He asked if the park is supposed to be done with the design soon between now and the end of the year.

Mr. Chisholm stated sometime around the first of the year.

Commissioner Gilliland stated at that point that they would be in Q2 of the fiscal year before the design is done. He stated it's reasonable to say they have the opportunity to move forward with some related improvements on Beach Street 18-19 fiscal year.

Commissioner White stated she thinks it would be foolish not to fund the construction of both. She stated they leave the possibility of one of them needing to happen because they don't want to jeopardize the park and other improvements because the sea wall couldn't get done.

Mr. Chisholm stated the sea wall has to be done before the park.

Commissioner Gilliland stated the seawall and the park move on one timeline and in an earlier timeline; you have the beach street improvements. He stated with those, it makes sense to start the next calendar year around Q2 or Q3 of the 18-19 fiscal year. He stated a lot those are funded, not through general funds, but through utilities.

Mr. Chisholm stated the utilities stuff, some of it will be loans, and some will be tip and some R&R. He stated some of that is going to impact the road when you start doing utility work. They're going to tear up the road. He stated when you tear up the road; you're going to have deteriorate condition in that area. He stated they would have to sequence that happens.

Mayor Henry stated that's not a good option given the history of what they've had recently with Orange Avenue and the frustration people are going to have. He asked the cost of budgeting for both of them. He stated he doesn't want them to have the problem of not having the resources something and having the road torn up. He stated it's something they have to do; it's just a matter of when.

Commissioner White asked if they had any Redevelopment funds that could be used.

Mr. Chisholm replied, not that he aware of right now. He stated there's funding coming, but it isn't here yet.

Commissioner White stated, that's one of her, you have to spend money to make money pitches. She stated the majority of the improvements are in CRA's, which they enjoy getting the tax revenues at least for the next decade. She stated they could reinvest in the area. She stated this is one of the first budgets she has attended with a millage rate that allows them to make major improvements in areas of the City that hasn't seen any property value increase in decades. She stated she wants to be mindful of that as they look at percentages of the millage rate.

Mr. Chisholm stated that's the reason they are there. This is being free from aggressive and trying to put them in a positive where all the new things that are going to happen downtown, they will have the infrastructure and the improvements to compliment it.

Commissioner Reed asked for the timeline for the Brown & Brown building. She asked about the design and if they have broken ground.

Mr. Chisholm stated they have done the remediation they had to do and the design is done. He asked Shannon where Brown & Brown was on their project.

Shannon Ponitz, Utilities Director, stated, they have been acquiring the property in the surrounding area, and will be submitting a site plan for the budget very soon.

Mr. Chisholm stated if they have site plan that means they have a design concept to put forward. He stated he would look for them to move rather fast because they have a significant number of jobs they're bringing to Daytona and they have a timetable for that. He stated that right now they're putting it into other properties.

Commissioner White stated the last time redevelopment areas had construction was the 1920's and maybe in the 50's. She stated they haven't had a lot of new construction so those property values can only increase so much. She stated they might put a new coffee shop but they're not putting anything that's catalyzing the property value increase. She stated they have the Brown & Brown and the church clock that sold, but somethings going to be built there and it's not going to be a church, so there are going to be property taxes. She stated there's never been property taxes since those churches have been there forever. She stated when she looks at the stuff on ISB, MLK, Beach Street, and some of the private development that's coming into the area; she's not as disciplined as she has been about the millage rate. She stated what the small public improvements are going to catalyze in the private side are going to be beyond what they've seen in the long term.

Commissioner Gilliland stated the church project is a minimum five years out and Brown & Brown is about two and half to three years out. He stated they're talking about a budget for the next 12 months. He stated they're not talking about putting all the project out now. He stated they needed to address the things for this fiscal year.

Commissioner White stated she just couldn't resist being excited about it. She stated going under 6.2 is not it; she's comfortable with staying at 6.2. She stated it would be foolish not to be aggressive.

Commissioner Gilliland stated getting under six would be a major accomplishment for the City. He stated it would show the constituents they are paying attention to their needs and still doing the things they need to do. He stated they want to raise the millage rate to do things for the 19-20 budget years in 2018-19. He stated he thinks they should leave it in 19-20 and pay for them in that budget year. He stated, to him they are being very aggressive by leaving those things in and pulling the two projects. He stated doing the design work for Beach Street and the Sea Wall and gains the construction. He stated their talking about \$1.5 million coming out of the general fund. He stated they're talking about funding the whole thing the next fiscal year even though they won't spend it all. He stated they will fund it to move forward, but they're going to do it to minimize disruption to the businesses located in that area. He stated it's not going to be hard to phase out the funding.

Commissioner White asked if by cutting the 2.5, it would get them to 5.99.

Commissioner Gilliland stated it would get them way below that. He stated they leave \$750 to one million in the beach street funding in hopes of getting some TPO funding. He stated that gives them enough money to get through the fiscal year, with the expectation that they're going to fund the other, that would get them below six.

Mr. Chisholm stated he thinks it's a mistake to go that low. He stated if you go that low, you put in the posture of having to reduce projects.

Commissioner Gilliland stated just the ones they talked about. He suggested they fund the ones in this fiscal year that are going to happen in this fiscal year and don't forward 19-20 year projects with these.

Commissioner Reed stated she'd like to see an integrated schedule. She stated they are guessing on what's going to be done and how it's going to impact something else. She stated she knows time is of the essence but they need to be sure of what to do first. She stated she would like to see a schedule with a collaborative effort so they don't impact businesses and things can be done when they need to be done. She asked could they do that.

Mr. Chisholm replied they could try to do that.

Commissioner Gilliland stated he's not sure they can do that.

Mr. Chisholm stated there are two outside consultants they have to deal with.

Commissioner White suggested, in the meantime they look at the complexity of redoing anything, especially Midtown, Downtown and Beachside projects. She stated there are a lot of unknowns and they can try to guess, but it would not be responsible to take them on without marginal safety. She stated she appreciates the messaging that 5.9 would send, but she doesn't

know anyone is concerned over a percentage or two if it means getting into large capital investments in the core of the City.

Commissioner Gilliland asked if she was talking about people on beachside because the rest of the city doesn't feel that way. He stated because you're talking about jacking up taxes in the other zones to pay for stuff in zone 3. He stated it's something worth pursuing but at this point in time, they don't want to advance fund things off this years' millage. He stated they only want to apply what they're going to do this year.

Commissioner White agreed and stated being specific about what year they are funding them in still may not get them to the 5.99 in millage. She suggested not advance funds on one and maybe get someone else to pay for it, it not an emergency. She stated cutting below the 6.2 might not be good.

Commissioner Gilliland stated we do this dance every year. He stated they come with some giant number, and they dwindle it down to something the people will tolerate.

Mr. Chisholm stated this is different year. He stated they haven't seen it come back with major project. He stated these are major improvements to the community. He stated if they want to move to forward, they have to fund it. He stated if they "gamble" on it, because they don't know the timing necessity to have the funds in place, it might delay other projects. He stated the reality of it, is they don't know exactly what the schedule is.

Commissioner Gilliland stated, that's part of the dance, they come up with big numbers and tell them some horror story and they're supposed to surrender and go with the bigger number.

Mr. Chisholm stated he always try to give them the best number. He stated the he think the best number that gives them assurance to get all things done with a millage rat of 6.2.

Commissioner Trager asked what the anticipated addition was for property coming in.

Mr. Chisholm stated this tax rate takes the properties that have been CO and put on the tax rate.

Commissioner Trager asked if they can anticipate next year, what it takes.

Mr. Chisholm stated they'll have an increase next year, based on the new construction that's been complete during this year. He stated it wouldn't show up in this budget, it would show in future budget. He stated they have two pilot amendments that could substantially limit the revenue in the next budget cycle.

Commissioner Gilliland stated that's a good argument.

Mr. Chisholm stated it's the truth. He stated if you shift the responsibility, they're going to compound their required funding.

Commissioner Gilliland stated if they build 500 homes a year in Margarita Ville, the average house is 250, that's \$125,000,000.

Mayor Henry stated they're not quit building 500.

Commissioner Gilliland stated 400 a year in Margarita Ville and 100 off sites. He stated they're ahead of pace in Margarita Ville. He stated they looked to do three million this year with a construction crew this budget year. He stated that's just the stuff west of 95, it doesn't include any of the equipment.

Mr. Chisholm asked if the average housing was 250. He stated if you do that and they're over 55, they would have reductions in the amount of taxes they pay. It's not totally a win when it comes to those investments.

Commissioner Gilliland stated this 83 million has none of that. He stated a couple are occupied.

Mr. Chisholm stated he doesn't think any of them are in there now because it had to be done before March of last year.

Commissioner Gilliland stated it wouldn't surprise him if the new construction number for next year is 250 dollars.

Mr. Chisholm stated he would love to see the request.

Mayor Henry stated they know what the question is and they have to decide on what they want to do and what that magical number is. He asked Commissioner Gilliland what his point was west of 95 as it relate to this.

Commissioner Gilliland stated thinking about the 19-20 fiscal year.

Mayor Henry stated the possibility they will have less money to take in.

Commissioner Gilliland stated the amendment numbers are what give him concern. He stated that make him want to let go of the six number.

Mayor Henry asked if there were any other questions or comments.

Mr. Chisholm asked if they wanted to have another meeting.

Mayor Henry stated he doesn't need another meeting.

Mr. Chisholm stated he would like to wrap it up so he can get to the meeting.

Commissioner Gilliland suggested they defer the 950 construction to the sea wall to 19-20 and they don't use new millage pay for east ISB improvements, but use redevelopment funds. He stated that gets them down. He stated if they do those two things, they go with whatever rate it comes to.

Commissioner Trager stated the thing with Beach Street would be nice but it's not a necessity.

Commissioner Gilliland stated if they end up with some FDOT money they can take the \$1.5 million they put in Beach Street and reallocate to the general fund and start on other things like the sea wall.

Commissioner White stated that at this point it's not an emergency. The timing, the reason she pushes for it is because they want to do it in conjunction with the park.

Commissioner Trager stated it depends on how far along those plans are.

Commissioner White stated it doesn't hurt to have the design ready in conjunction with theirs. There are a lot of unknowns here.

Commissioner Gilliland stated if not your dumping thousands of dollars... (Inaudible).

Commissioner White thanked Mr. Chisholm for putting it together. She stated it was more projects than she thought they would be looking at.

Mr. Chisholm stated his purpose is to identify what they need to do and end up with a budget that allows them to do what they really want to do.

Commissioner Trager asked about the price of a beach street project.

Mr. Chisholm stated it might be zero. He stated it's going to be a couple of years.

Commissioner Trager stated that is an emergency.

Mr. Chisholm stated it needs to be done; it's not something they can delay.

4. ADJOURNMENT

There being no further discussion or comments the meeting was adjourned at 5:27 p.m.

  
DERRICK L. HENRY  
Mayor

ATTEST:

  
LETITIA LAMAGNA  
City Clerk

Adopted: November 21, 2018

**RECORD REQUIRED TO APPEAL:** In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the City Commission makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript, or you may buy a CD of the meeting for \$2.00 at the City Clerk's office. CDs are only made upon request. The City is not responsible for any mechanical failure of the recording equipment.