PORT ORANGE CITY COUNCIL WORKSHOP

Council Chambers

Tuesday, January 24, 2023 @ 5:30 PM

WORKSHOP AGENDA

Pursuant to Section 3.06 of the Charter of the City of Port Orange, the Mayor has called a **Workshop** of the City Council to be held for the following purposes:

OPENING

1. Silent Invocation
2. Pledge of Allegiance
3. Roll Call

DISCUSSION ITEMS

4. Overview of the Parks Bond Referendum Process
5. Update on the REC Center
6. Fiscal Year 2022 - 2023, First Quarter Financial Report
7. American Rescue Plan Act (ARPA) Update

ADJOURNMENT

ANY INVOCATION THAT IS OFFERED BEFORE THE OFFICIAL START OF THE CITY COUNCIL MEETING SHALL BE THE VOLUNTARY OFFERING OF A PRIVATE PERSON, TO AND FOR THE BENEFIT OF THE CITY COUNCIL. THE VIEWS OR BELIEFS EXPRESSED BY THE INVOCATION SPEAKER HAVE NOT BEEN PREVIOUSLY REVIEWED OR APPROVED BY THE CITY COUNCIL OR THE CITY STAFF, AND THE CITY IS NOT ALLOWED BY LAW TO ENDORSE THE RELIGIOUS BELIEFS OR VIEWS OF THIS, OR ANY OTHER SPEAKER. PERSONS IN ATTENDANCE AT THE CITY COUNCIL MEETING ARE INVITED TO STAND DURING THE OPENING INVOCATION AND PLEDGE OF ALLEGIANCE. HOWEVER, SUCH INVITATION SHALL NOT BE CONSTRUED AS A DEMAND, ORDER, OR ANY OTHER TYPE OF COMMAND. NO PERSON IN ATTENDANCE AT THE MEETING SHALL BE REQUIRED TO PARTICIPATE IN ANY OPENING INVOCATION THAT IS OFFERED. A PERSON MAY EXIT THE CITY COUNCIL CHAMBERS AND RETURN UPON COMPLETION OF THE OPENING INVOCATION IF A PERSON DOES NOT WISH TO PARTICIPATE IN OR WITNESS THE OPENING INVOCATION.

CITY COUNCIL AGENDA ITEM

COUNCIL MEETING DATE 1/24/2023

SUBJECT: (4) Overview of the Parks Bond Referendum Process

DEPARTMENT: Parks & Recreation

GOAL: 3 - Quality of Life

RECOMMENDED MOTION: Discussion only. No motion needed.

SUMMARY: Staff will discuss the process for the city to place an item on the 2024 election ballot asking residents to approve a General Obligation Bond to fund parks and recreation improvements. The presentation will include an overview of essential tasks, timelines, and potential costs for these services if the council wishes to move forward. A general outline of the possible process is provided below:

Phase 1 Research:

- Identify proposed improvements
- Focus groups
- Public Opinion Poll

If research reveals there appears to be support for the item, Council direction would be needed for an August or November 2024 vote.

- If it is placed on the August 2024 ballot, an education campaign could begin in early summer 2024.
- If it is placed on the November 2024 ballot, an education campaign could begin in early fall 2024.

If research reveals there isn't sufficient support:

- Consider working with the public more and building public support for priority projects or
- Do not move forward.

Phase 2 Public Education

- Pre-campaign- logistics planning
    - Develop campaign brand
    - Develop campaign website

    - Develop campaign materials
    - Develop social media outreach strategy
    - Plan meetings/events
- Execute campaign.

PRESENTER: Susan Lovallo, John McKinney

ATTACHMENTS:

Robin Fenwick	Created/Initiated - 1/12/2023
Susan Lovallo	Approved - 1/18/2023
Wayne Clark	Approved - 1/20/2023
Robin Fenwick	Final Approval - 1/20/2023

CITY COUNCIL AGENDA ITEM

COUNCIL MEETING DATE 1/24/2023

SUBJECT: (5) Update on the REC Center

DEPARTMENT: Parks & Recreation

GOAL: 3 - Quality of Life

RECOMMENDED MOTION: Discussion only. No motion needed.

SUMMARY: Staff will provide an update on the REC Center project.

PRESENTER: Susan Lovallo

ATTACHMENTS:

Robin Fenwick	Created/Initiated - 1/18/2023
Susan Lovallo	Approved - 1/18/2023
Wayne Clark	Approved - 1/20/2023
Robin Fenwick	Final Approval - 1/20/2023

CITY COUNCIL AGENDA ITEM

COUNCIL MEETING DATE 1/24/2023

SUBJECT: (6) Fiscal Year 2022 - 2023, First Quarter Financial Report

DEPARTMENT: Finance

GOAL: 5 - Fiscal Sustainability

RECOMMENDED MOTION: Discussion Only. No motion needed.

SUMMARY: The quarterly financial reports provide a comprehensive review of the City's primary operating funds, the General, Water / Wastewater, Solid Waste and Stormwater Funds, with graphical presentations of the City's major revenue sources with comparisons to prior year actual results and current year budget projections. The report also provides information on the ending fund balance and cash position, debt, grant activity, capital projects, and financial statements for all City funds.

Staff will also review the fiscal year-to-date budget amendment requests from the departments for additional funding for operations, capital, and CIP. These items are proposed for Council consideration as part of the February 7, 2023 budget amendment.

Finally, staff will discuss the proposed Fiscal Year 2023 - 2024 Budget Calendar.

PRESENTER: John McKinney

ATTACHMENTS:

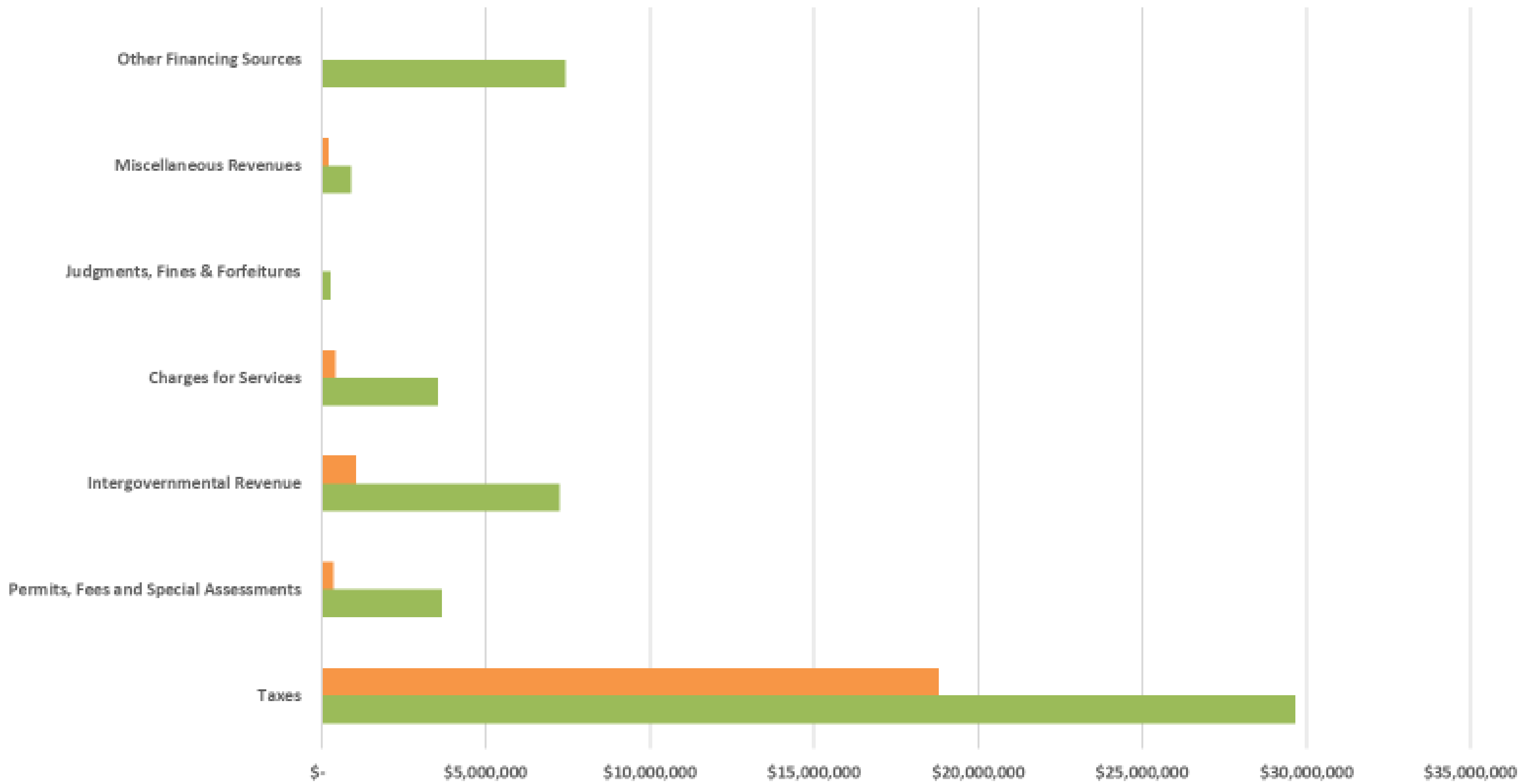
1.	12.31.22 Quarterly Presentation Revised 1.20.23 Final (002)	12.31.22 Quarterly Presentation Revised 1.20.23 Final (002).pptx

Robin Fenwick	Created/Initiated - 1/12/2023
John McKinney	Approved - 1/13/2023
Wayne Clark	Approved - 1/20/2023
Robin Fenwick	Final Approval - 1/20/2023

CITY OF Port Orange, fl

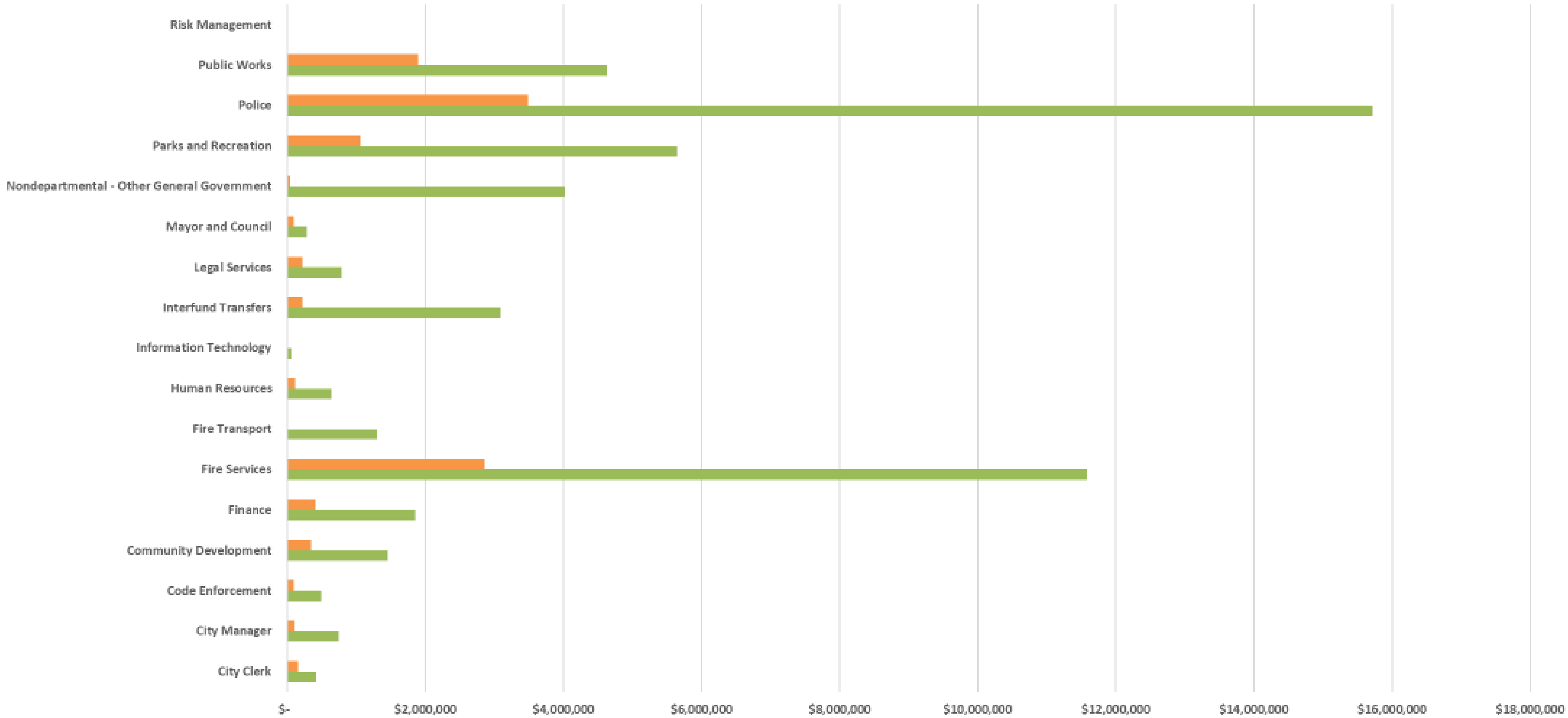
1st Quarter financials
as of December 2022

General Fund Revenues



	Taxes	Permits, Fees and Special Assessments	Intergovernmental Revenue	Charges for Services	Judgments, Fines & Forfeitures	Miscellaneous Revenues	Other Financing Sources
YTD Revenues	$18,796,221	$363,226	$1,060,540	$422,843	$37,412	$215,989	$0
Amended Budget	$29,667,115	$3,653,000	$7,250,374	$3,537,539	$285,000	$888,500	$7,436,838

General Fund Expenses

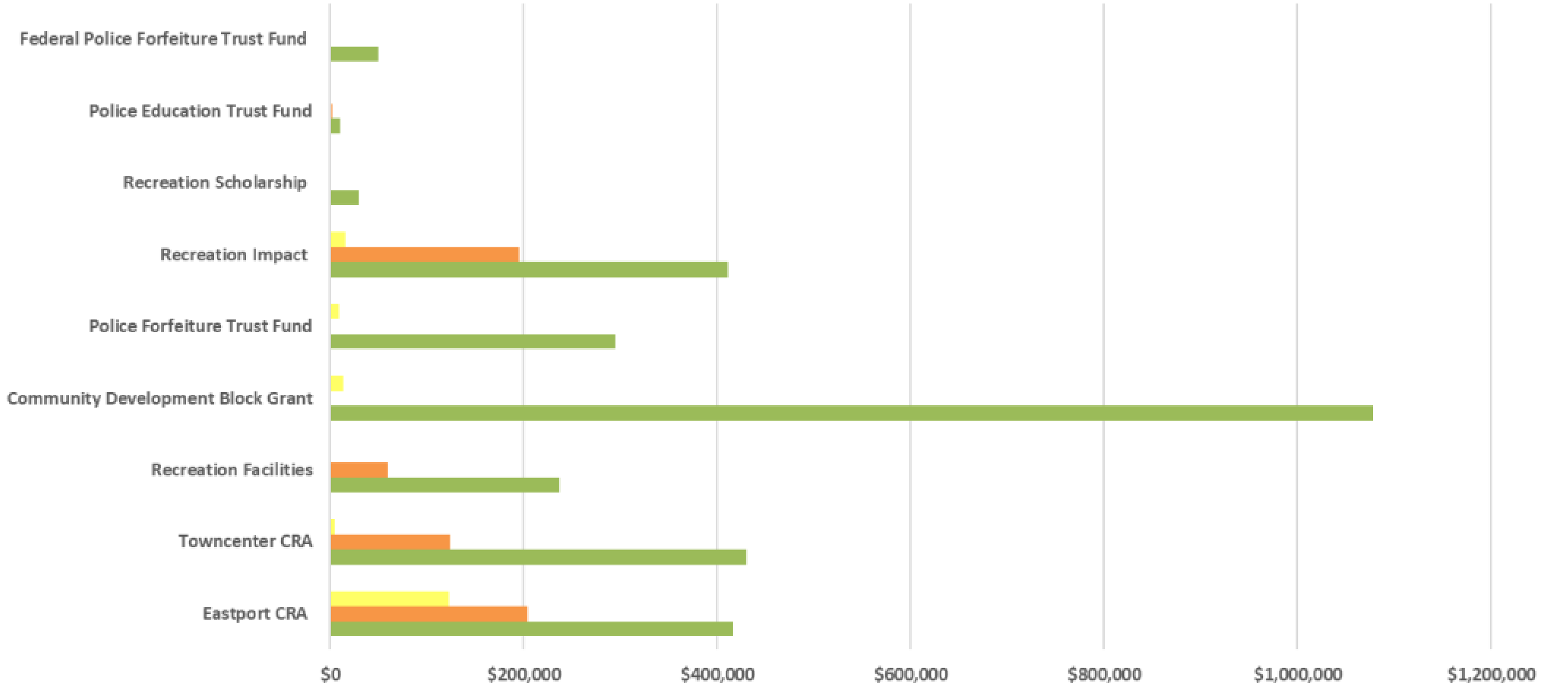


	City Clerk	City Manager	Code Enforcement	Community Development	Finance	Fire Services	Fire Transport	Human Resources	Information Technology
YTD Expenses	$153,491	$108,614	$93,092	$342,823	$405,566	$2,862,913	$0	$111,869	$0
Amended Budget	$417,366	$747,567	$488,935	$1,457,800	$1,849,194	$11,580,303	$1,297,390	$635,390	$60,000

	Interfund Transfers	Legal Services	Mayor and Council	Nondepartmental - Other General Government	Parks and Recreation	Police	Public Works	Risk Management
YTD Expenses	$223,532	$213,809	$93,137	$38,355	$1,057,333	$3,486,586	$1,893,934	$1,004
Amended Budget	$3,093,114	$786,092	$284,747	$4,024,247	$5,649,354	$15,720,367	$4,626,500	$0

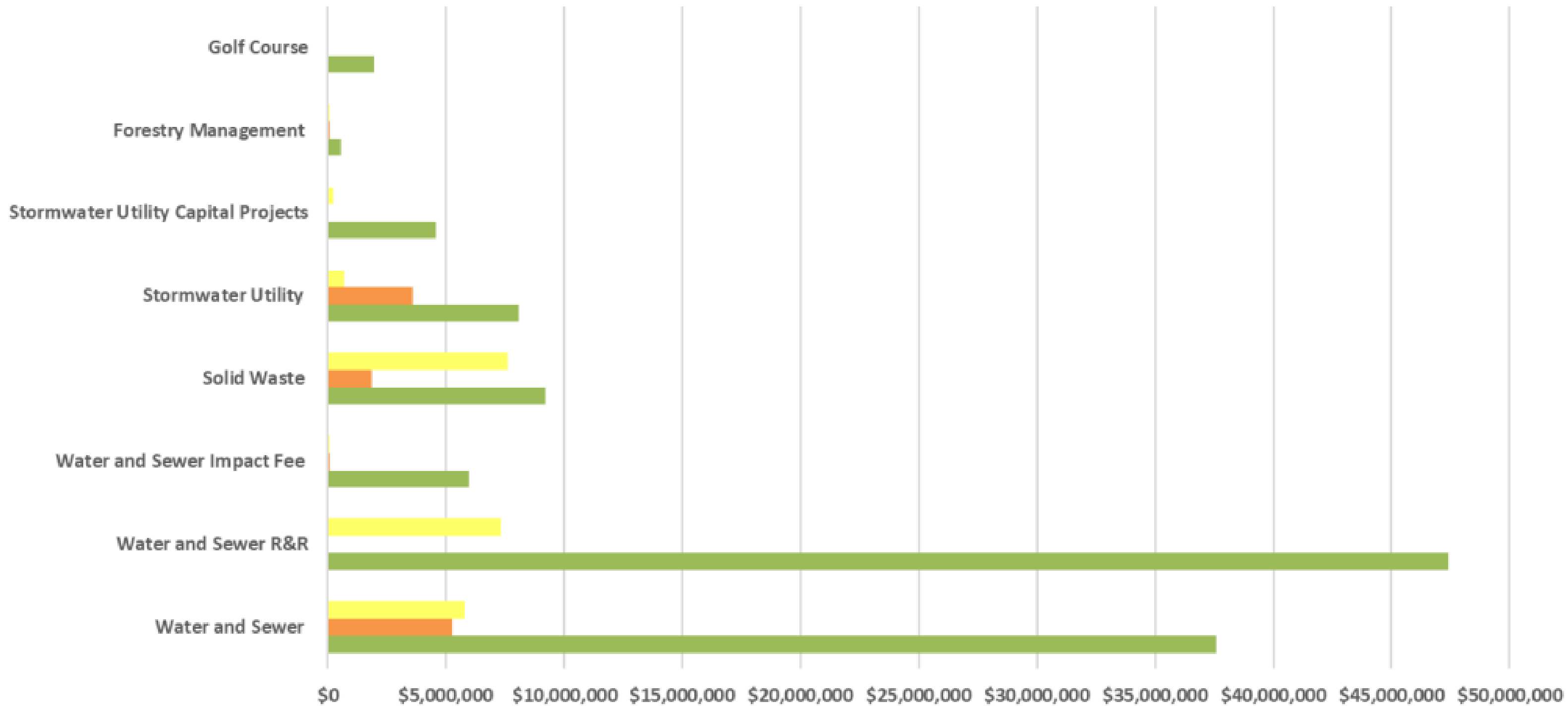
3

Special Revenue Fund



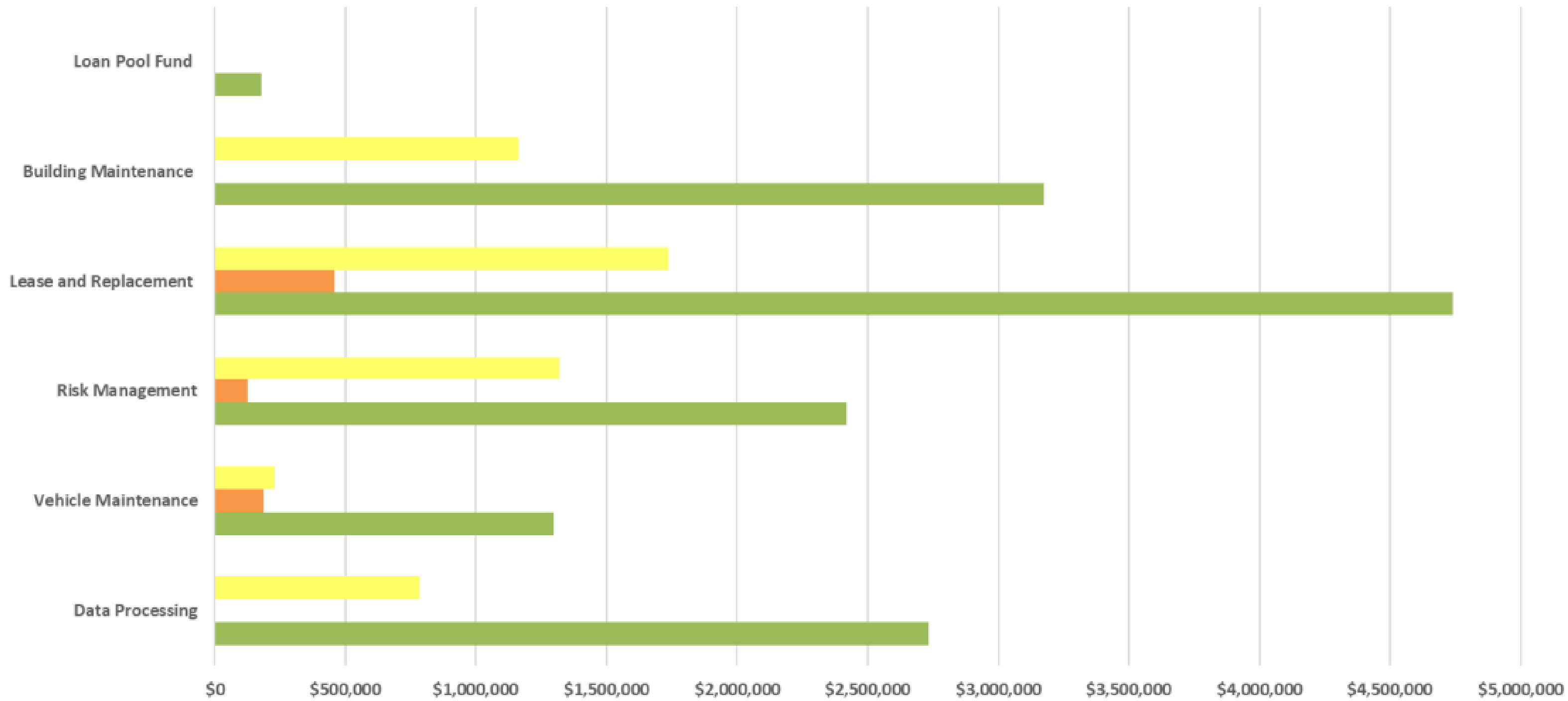
	Eastport CRA	Towncenter CRA	Recreation Facilities	Community Development Block Grant	Police Forfeiture Trust Fund	Recreation Impact	Recreation Scholarship	Police Education Trust Fund	Federal Police Forfeiture Trust Fund
YTD Expenses	$123,108	$5,304	$0	$13,578	$9,535	$16,158	$0	$0	$0
YTD Revenues	$204,125	$123,656	$59,135	$70	$1,092	$195,293	$101	$1,414	$52
Amended Budget	$416,282	$430,819	$236,912	$1,077,846	$294,772	$411,462	$29,600	$10,000	$50,000

Enterprise Fund



	Water and Sewer	Water and Sewer R&R	Water and Sewer Impact Fee	Solid Waste	Stormwater Utility	Stormwater Utility Capital Projects	Forestry Management	Golf Course
YTD Expenses	$5,807,425	$7,343,738	$62,786	$7,622,620	$704,791	$229,437	$78,827	$55,745
YTD Revenues	$5,251,115	$9,414	$93,935	$1,849,932	$3,609,692	$0	$96,215	$5,914
Amended Budget	$37,570,902	$47,398,201	$5,995,838	$9,187,000	$8,094,675	$4,578,436	$532,004	$1,940,837

Internal Service Fund



	Data Processing	Vehicle Maintenance	Risk Management	Lease and Replacement	Building Maintenance	Loan Pool Fund
YTD Expenses	$783,333	$227,686	$1,322,109	$1,739,030	$1,162,269	$0
YTD Revenues	$390	$188,358	$125,860	$458,895	$580	$15
Amended Budget	$2,735,308	$1,296,831	$2,419,833	$4,740,360	$3,175,205	$179,509

Outstanding Debt

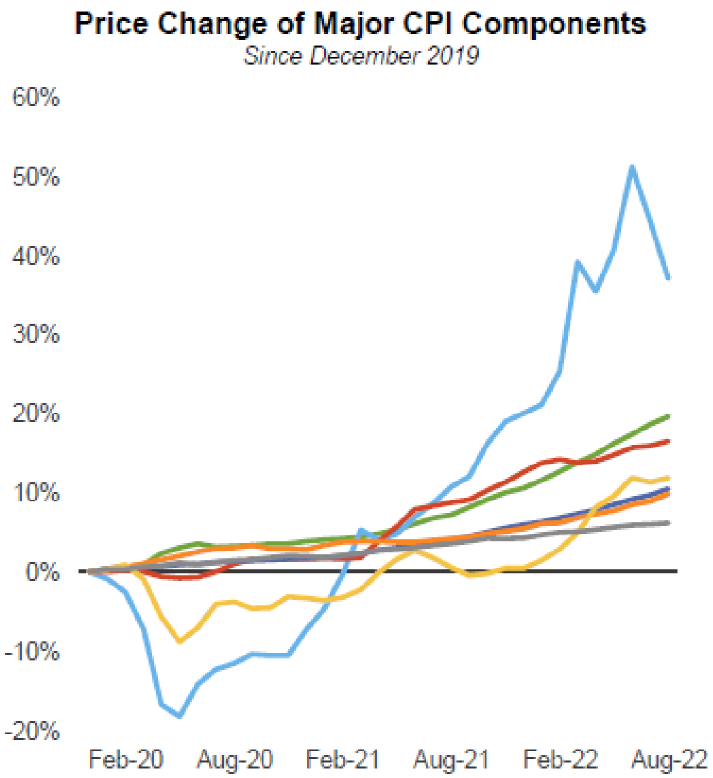
Debt	Outstanding FY23	FY P&I
General Obligation Note, Series 2016 (G)	$ 9,815,000	$ 899,119
Capital Improvement Revenue Bonds, Series 2014 (G)	11,530,000	1,149,775
Tax Increment Note, Series 2006 (Eastport) (G)	450,000	236,865
Tax Incr Rev Bonds, Series 2007 (Town Center) (G)	3,900,000	401,859
Stormwater Utility Revenue Bonds, Series 2005 (B)	4,965,000	222,935
State Revolving Fund Loan (SRF) 5150 (B)	2,016,538	475,319
State Revolving Fund Loan (SRF) 3030 (B)	1,377,755	295,477
State Revolving Fund Loan (SRF) 513P (B)	894,421	914,135
State Revolving Fund Loan (SRF) 514S (B)	1,837,688	489,369
Total	$ 36,786,402	$ 5,084,853

Investments

Current Market Themes

- The U.S. economy is characterized by:
  - Persistent high inflation
  - A deteriorating housing market
  - Continued personal consumption that is impacting household savings and balance sheets
  - Worsening economic outlook that is propped up by a strong labor market
- The Federal Reserve has committed to a heavy-handed policy
  - Expectations have shifted from a soft landing to a moderate/hard landing, with increased recession risks
  - Short-term fed funds rate projected to reach 4.25% to 4.50% by year end
  - Increased pace of quantitative tightening
- Rapidly rising rates negatively impacting valuations and inducing market volatility
  - Yields across curve reached their highest levels in 14 years
  - Treasury yield curve remains inverted
  - Elevated volatility across all major asset classes

Headline Inflation Remains Elevated Despite Recent Reduction in Energy Prices



CPI Component	12-mo. Change	Weight[1]	Contribution to YoY CPI
Energy	23.8%	8.8%	1.7%
Food	11.4%	13.5%	1.5%
Goods	7.1%	21.2%	1.5%
Transportation	11.3%	5.9%	0.6%
Shelter	6.2%	32.2%	2.1%
Medical Services	5.6%	6.8%	0.4%
Other Services[2]	3.4%	11.6%	0.4%

Detail may not add to total due to rounding.

Source: Bloomberg, Bureau of Labor Statistics as of August 2022.
[1]Index weights are as of July 2022 as they are published on a one-month lag.
[2]Other services is a weighted blend of Water/Sewer/Trash, Household Operations, Recreation, Education, Communication Services, and Other Personal Services.

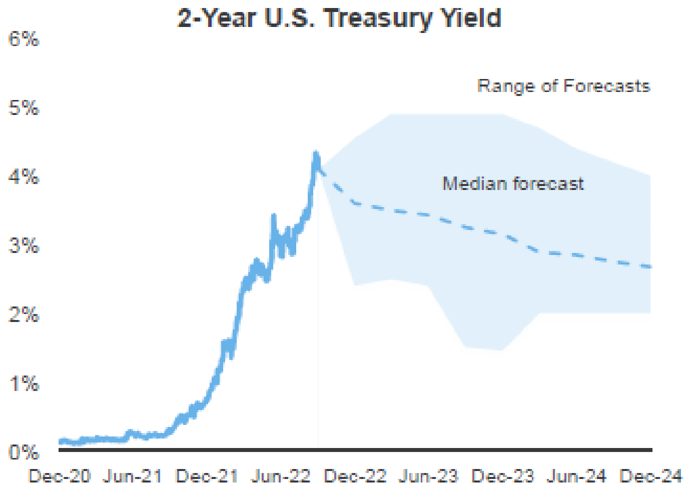
Fed Makes Aggressive Stance Clear But Market Uncertainty Persists

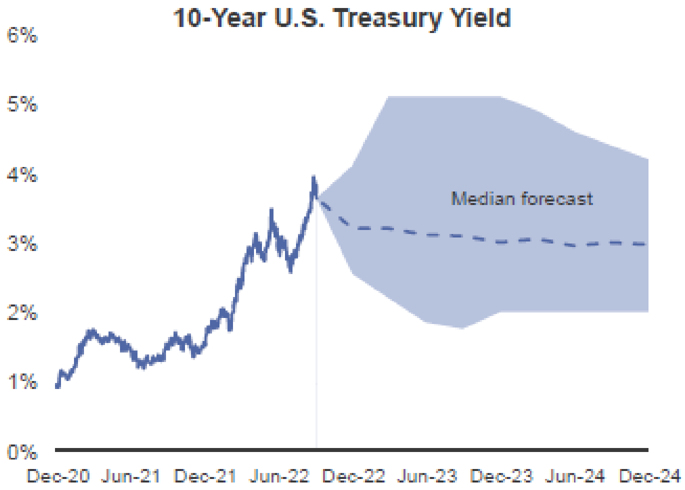
From the September 2022 FOMC Meeting Press Conference

"Without price stability, the economy does not work for anyone."

"We are moving our policy stance purposefully to a level that will be sufficiently restrictive to return inflation to 2%."

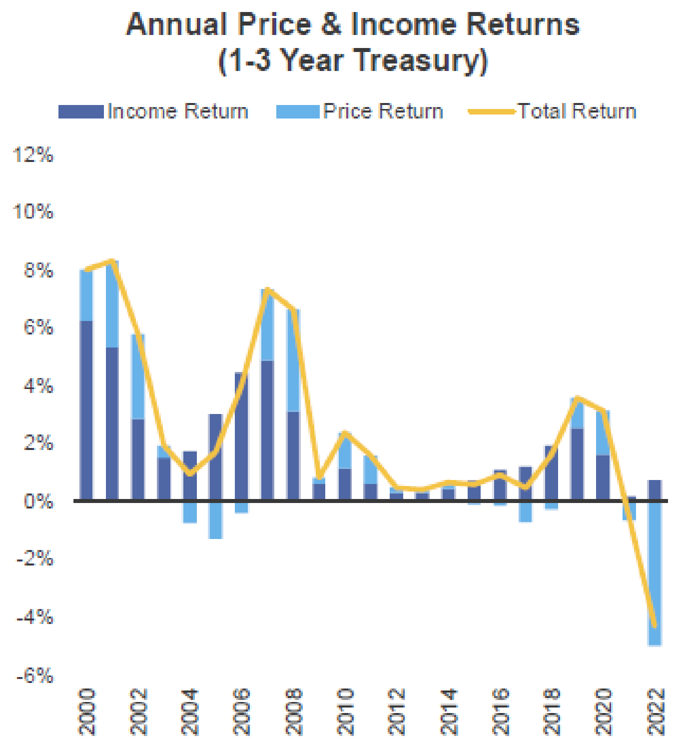
"No one knows whether this process will lead to a recession or if so, how significant that recession would be."

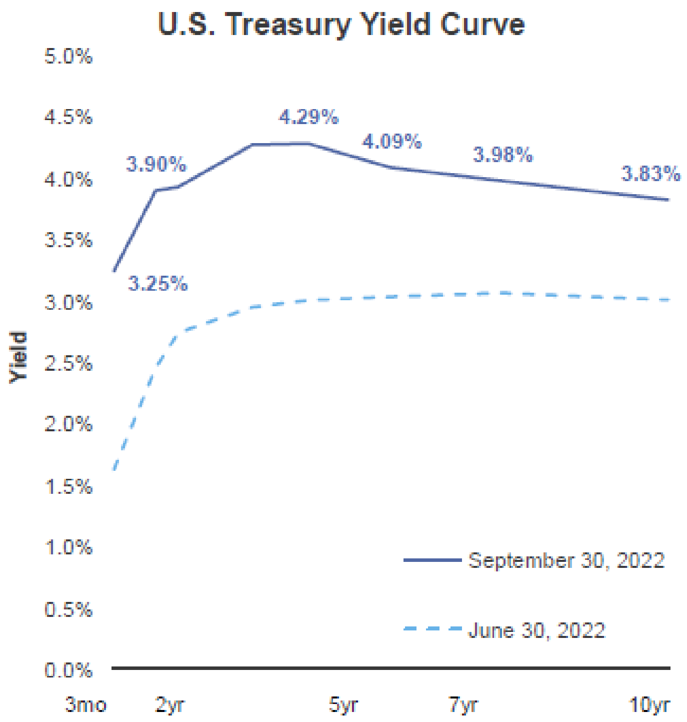




Source: Federal Reserve, Bloomberg, Bloomberg Economist Forecasts as of September 30, 2022.

The Pros and Cons of Rising Rates: Lower Market Values and Stronger Income Potential





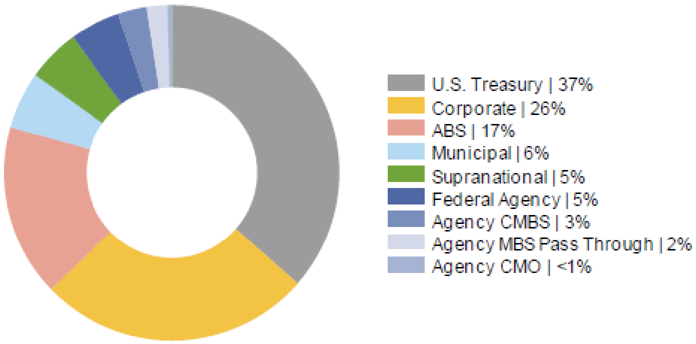
Source: ICE BofAML Indices via Bloomberg, as of September 30, 2022; PFMAM calculations. 2022 Price, income, and total return is YTD as of September 30, 2022. Income return is based on the starting yield from the prior year ended December 31, 20xx. Price return is calculated as the difference between the total return and calculated income return for each period.

Portfolio Snapshot - CITY OF PORT ORANGE[1]

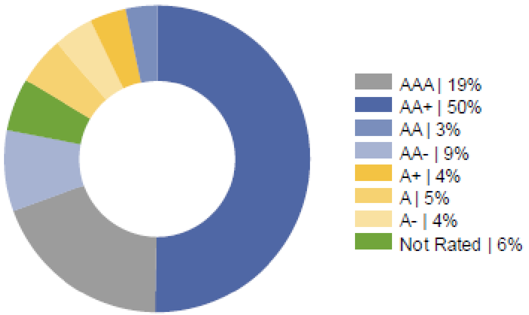
Portfolio Statistics

Total Market Value	$38,161,110.30
Securities Sub-Total	$37,519,783.90
Accrued Interest	$133,218.84
Cash	$508,107.56
Portfolio Effective Duration	1.71 years
Benchmark Effective Duration	1.76 years
Yield At Cost	1.86%
Yield At Market	4.35%
Portfolio Credit Quality	AA

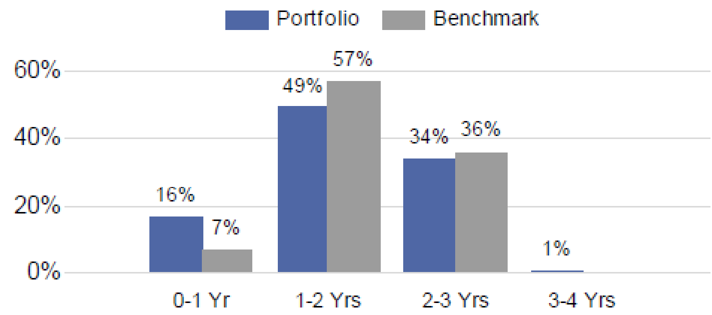
Sector Allocation



Credit Quality - S&P

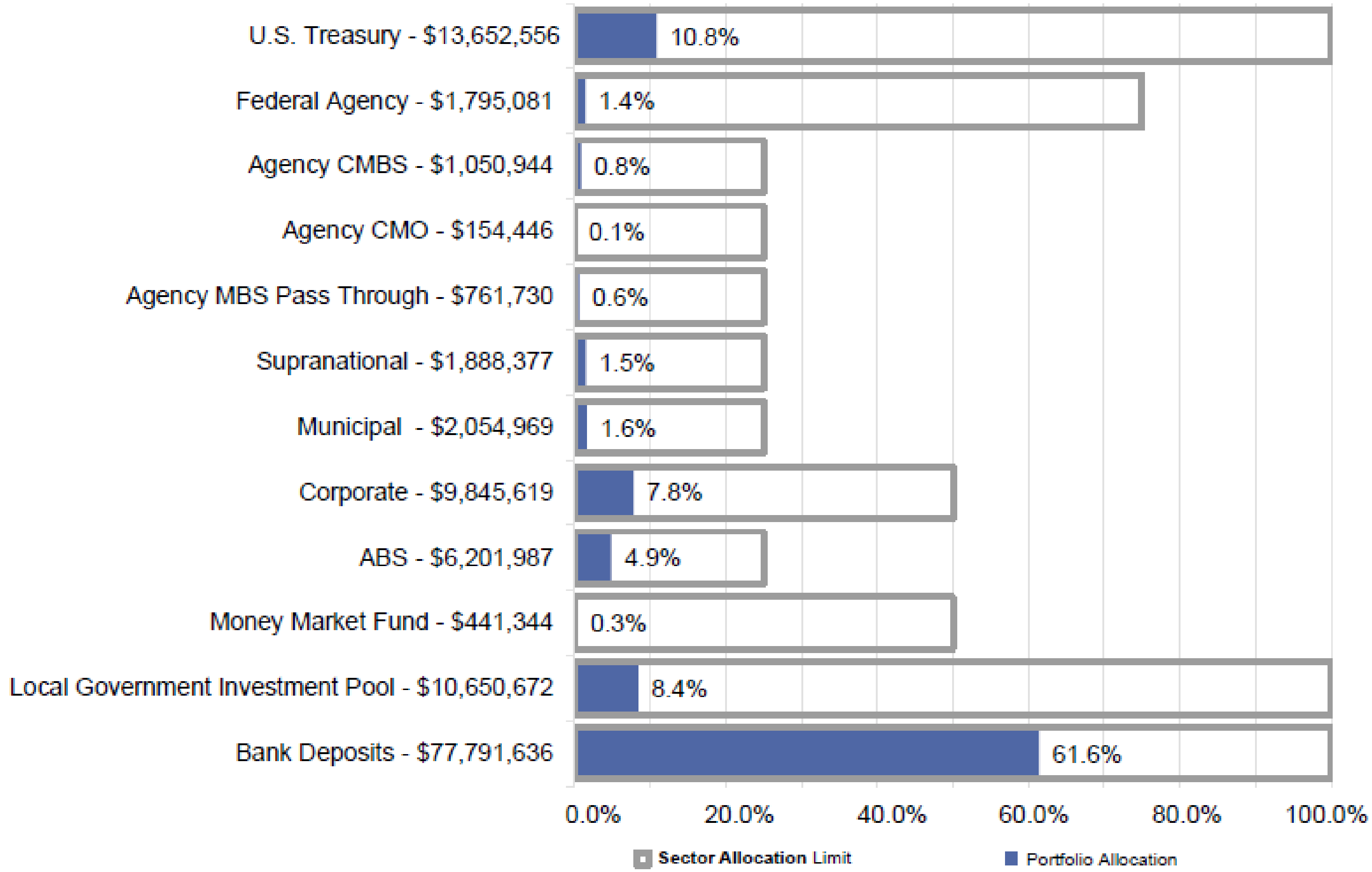


Duration Distribution



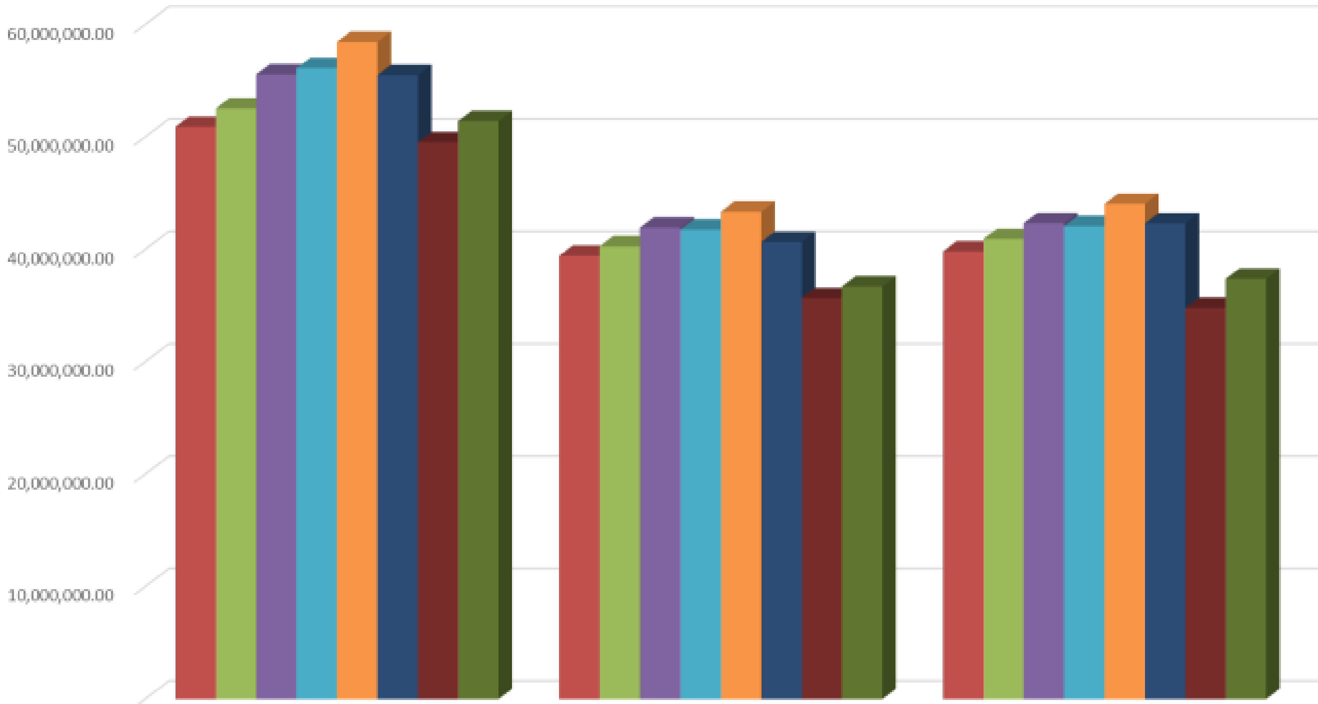
1. *Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.*

Sector Allocation Analytics



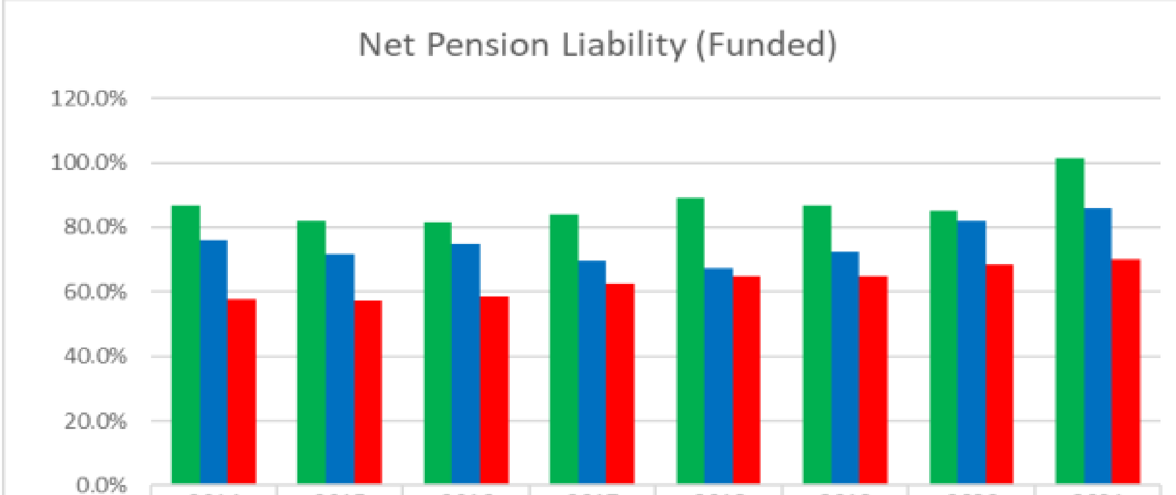
For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.
**Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

Historical Pension Market Values



	Police	Fire	General Employee
12/31/2020	50,911,554.04	39,440,194.50	39,828,476.29
3/31/2021	52,549,139.65	40,276,511.57	40,922,757.18
6/30/2021	55,567,147.78	41,938,899.50	42,335,159.59
9/30/2021	56,130,549.78	41,773,138.02	42,068,364.76
12/31/2021	58,475,607.76	43,357,240.42	44,050,705.26
3/31/2022	55,510,389.65	40,658,320.73	42,322,759.51
6/30/2022	49,532,329.33	35,672,400.35	34,805,211.64
12/31/2022	51,435,052.00	36,708,587.76	37,389,489.00

Note: Pensions are overseen by the three separate pension boards and the City has no direct responsibility of the pension plans.



	2014	2015	2016	2017	2018	2019	2020	2021
GE	86.7%	81.9%	81.6%	84.1%	89.0%	86.9%	85.0%	101.4%
Police	76.1%	71.7%	74.6%	69.7%	67.1%	72.3%	81.8%	86.1%
Fire	57.7%	57.5%	58.4%	62.3%	64.8%	64.9%	68.5%	70.1%

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GE	13.6%	12.7%	16.6%	16.5%	17.3%	21.3%	23.1%	24.8%	21.7%	15.1%
Police	67.6%	63.8%	61.7%	59.0%	64.6%	57.9%	57.9%	55.5%	52.5%	43.0%
Fire	113.1%	97.1%	86.9%	85.9%	90.0%	79.9%	76.0%	72.0%	75.5%	79.7%

Note: Pensions are overseen by the three separate pension boards and the City has no direct responsibility of the pension plans.

Funding Request

General Fund 001

➢ ARPA Funding Police Incentives	$289,500
➢ Special Election	$ 50,000
➢ Professional Consulting Services	$ 37,500

National Opioid Litigation Settlement Fund 019

➢ Contractual Services	$ 37,903

General Construction Fund 317

➢ Rec Center Insurance Reimbursement	$180,000

Water and Sewer Fund 401

➢ Lab Refrigerator – Utilities Lab (R)	$ 5,000
➢ Bypass Pump – Wastewater (A)	$ 80,000
➢ HDPE Flushing Machine – Wastewater (A)	$ 30,000
➢ ATV – Wastewater (A)	$ 12,000
➢ Portable Generator for Lift Stations – Wastewater (R)	$ 60,000
➢ Storage Building - Wastewater (A)	$ 25,000
➢ Waste Pumps (2) - Wastewater (R)	$ 40,000
➢ Samplers (4) – Wastewater (R)	$ 45,000
➢ Ragless Impellers (2) – Wastewater (R)	$ 30,000
➢ Polymer Makeup System – Wastewater (R)	$ 12,000
➢ Office Building Roof Replacement – Water Production (R)	$ 20,000
➢ Mower – Water Production (A)	$ 13,000
➢ Trailer replacement for mower – Water Production (R)	$ 6,000
➢ Chlorine Analyzer – Water Production (R)	$ 30,000
➢ RF Locator – Water/Sewer (A)	$ 12,000
➢ 2" Bore Mole – Water/Sewer (A)	$ 7,500

Stormwater Utility Fund 412

➢ Hydraulic Hammer Attachment for Excavator (A)	$ 8,000
➢ Trailer (A)	$ 18,000
➢ Pump with Skid Mount (A)	$ 50,000

Forestry Management Fund 420

➢ Lime Spreader – Water and Sewer (A)	$ 14,000

Next Steps for City Council

- Budget Workshops:
  - Budget Parameters, Fleet, CIP, Capital Outlay – May 23rd , 5:30 p.m.
  - Operating & Capital Budgets, Preliminary Revenue Projections – July 11th 5:30 p.m.
  - Open – August 22nd, 5:30 p.m.
- Meetings for Action Items:
  - Special Council Meeting to Set Maximum Millage – July 18th , 5:30 p.m.
- Public Hearings:
  - Tentative Budget and Millage Rates – September 6th, 5:30 p.m.
  - Final Budget and Millage Rates – September 20th, 5:30 p.m.

CITY COUNCIL AGENDA ITEM

COUNCIL MEETING DATE 1/24/2023

SUBJECT: (7) American Rescue Plan Act (ARPA) Update

DEPARTMENT: Finance

GOAL: 2 - Infrastructure
5 - Fiscal Sustainability

RECOMMENDED MOTION: Discussion only. No motion needed.

SUMMARY: On March 11, 2021, the President signed the American Rescue Plan Act (ARPA). This Act provides substantial funding for state, county, municipal, and tribal entities. The ARPA allocation for the City is $9,981,987. All funding must be fully spent no later than the summer of 2026 to comply with all requirements of ARPA.

On January 6, 2022, the U.S. Department of the Treasury (Treasury) adopted a final rule implementing the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The final rule responds to comments received on the interim final rule and took effect on April 1, 2022. The U.S. Treasury permits recipients to determine the amount of revenue lost due to the pandemic either according to a formula or by claiming a standard allowance of up to $10 million, not to exceed their total award allocation. A recipient that plans to use the standard allowance will make a one-time election and report it to the Treasury through regular programmatic reporting. This standard allowance was made in March 2022. A recipient may use up to $10 million of SLFRF funds for government services.

In March of 2022, the City engaged James Moore to assist staff with ensuring compliance with the applicable sections of the Social Security Act in order to receive and use the ARPA funds. Staff, with the assistance of James Moore, are responsible for submitting the required reports and making sure the funds are spent on eligible expenditures.

With the use of federal monies for construction projects, there are several factors that increase the overall cost of the project. This is for the required oversight, wages in compliance with the Davis-Bacon Act and the new Build America, Buy American Act (BABAA). The BABAA requires all federal agencies, including FEMA, to ensure that no federal financial assistance for "infrastructure" projects is provided "unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States." All of these federal requirements can increase the overall cost of a project by 15-20% and could delay the completion of the project impacting compliance with the timeframe required for the ARPA funding.

The final rule and standard allowance allow significant government flexibility for the use of ARPA funds under $10M and staff will discuss options that may be more efficient than funding capital infrastructure projects where the city can ensure timely expenditure and maximum use of the funds.

Staff will discuss with Council the reporting of expenditures under the standard allowance for our entire ARPA allocation and utilization of general revenues for the previously approved projects.

PRESENTER: John McKinney

ATTACHMENTS:

Robin Fenwick	Created/Initiated - 1/12/2023
John McKinney	Approved - 1/13/2023
Wayne Clark	Approved - 1/20/2023
Robin Fenwick	Final Approval - 1/20/2023