

**City of South Daytona
City Council Budget Workshop Minutes
Tuesday, August 12, 2025, at 5:00pm**

City Council Chambers, 1672 S. Ridgewood Avenue, South Daytona, Florida
and FaceBook Live (www.facebook.com/CityOfSouthDaytona)

Item A1. Opening. Call to Order: Mayor William C. Hall called the City of South Daytona Budget Workshop to order at 5:01 pm.

Item 2. Roll Call:

Present: Mayor William C. Hall, Vice-Mayor Doug Quartier, Councilman Brandon Young, Councilwoman Lisa O’Neal, Councilman Eric Sander, City Manager James L. Gillis, Jr., City Attorney Wade Vose

Not Present: None

Item B. PRESENTATION – Summary of Fiscal Year 2025/2026 Budget

City Manager Gillis opened the budget workshop by introducing Finance Director Jason Oliva, who would present the proposed budget for the upcoming fiscal year. While Finance Director Jason Oliva prepared his presentation, Mr. Gillis provided introductory remarks, noting that the budget being presented is the result of multiple iterations and thanking the City Council for their engagement and contributions throughout the process. He emphasized that the proposed budget reflects the Council's collective priority to respect taxpayer dollars, especially those of residents on fixed incomes, while continuing vital investments in the city’s stormwater infrastructure.

Mr. Gillis highlighted that the City has maintained the same millage rate since 2019. Despite this consistency, due to rising property values, residents will see a modest tax increase of about \$2.53 per month on average. This slight increase is necessary to sustain progress on stormwater improvement projects. Mr. Gillis then turned the floor over to Finance Director Jason Oliva.

Finance Director Jason Oliva began by outlining the core goals of the proposed budget: maintaining high-quality city services, ensuring safe neighborhoods, advancing infrastructure, especially stormwater, and preserving fiscal health through responsible, debt-free planning. He noted the City's strong financial position, including healthy reserves and a disciplined “pay-as-you-go” model.

Finance Director Jason Oliva presented an overview of the General Fund’s net unassigned balance, which has improved significantly from a deficit in 2016 to about \$3 million in 2022. In alignment with city fiscal policy, reserves exceeding 20% are allocated toward designated uses like disaster recovery. He shared that \$1 million was used this year for stormwater projects, including generators for stormwater pumps, and an additional \$710,000 was used from capital reserves to purchase necessary equipment. This approach demonstrates a commitment to proactive fiscal planning and avoiding debt.

The Utility Service Fund, previously in a deficit of \$1.8 million as recently as 2019, has now rebounded to \$2.1 million, meeting fiscal policy standards. Finance Director Jason Oliva emphasized that no funds from this account would be used in the upcoming fiscal year. Mr. Gillis added that upon his arrival in 2019, the city was receiving warnings from the state due to its poor fiscal condition. The City Council acted quickly to correct these issues, and the fund is now stabilized.

Finance Director Jason Oliva continued with analysis of the 2019 rate study's positive impact and then addressed the Community Redevelopment Agency (CRA), which is projected to receive \$2.159 million in

city contributions and \$1.7 million from external partners by FY 2026. These funds will support continued economic development in key areas.

Turning to the property tax section, Finance Director Jason Oliva reaffirmed that the proposed budget maintains the same millage rate, 7.75 mills, as in recent years. However, the city is not adopting the rollback rate (7.4363 mills), which results in a tax increase of 4.22% over the rollback rate. In comparison, the previous year's tax rate was 8.86% over the rollback rate. The reduced margin this year is due in part to new net additions to the tax roll.

Finance Director Jason Oliva then discussed South Daytona's taxable value trends. Since 2020, taxable value has increased by 61.4%, though the actual dollar amount is under \$500 million, modest compared to cities like New Smyrna Beach, which experienced a similar percentage growth but gained \$3 billion in value. South Daytona had \$48 million in net additions over the past five years, with approximately \$10.3 million of that in 2025, primarily from the Edison Pointe project on Big Tree Road.

Finance Director Jason Oliva also analyzed the percentage of growth from net additions. Daytona Beach saw 45% of its tax roll growth from new additions, while South Daytona's was just over 12%, ranking slightly above Lake Helen and Ponce Inlet. He reviewed just value versus taxable value trends, explaining that the state caps taxable value increases for homesteaded properties at 3%, while just value rises with the market. Due to a large number of homesteaded residential properties in South Daytona, just value has grown faster than taxable value.

Charts demonstrated how 71% of South Daytona's just value is residential, yet only 62% of taxable value is residential. This shift is due to exemptions like Save Our Homes, which reduce taxable values. Commercial properties, on the other hand, make up 16% of just value but 24% of taxable value.

Comparative analysis of this year's tax roll showed a flattening of just value (up only 0.2%) and a 4.81% increase in taxable value due to new construction. Finance Director Jason Oliva presented a breakdown of countywide net new taxable additions, where South Daytona ranked 11th with \$10.3 million, up from \$6.5 million the previous year.

He noted differences among municipalities, such as Daytona Beach Shores, where only 18% of property is not taxable, and Pierson, where 61% is not taxable due to agricultural designations. South Daytona falls in the middle, typical for a primarily residential community.

Finance Director Jason Oliva compared the millage rate options, including rollback and current. At the rollback rate, the city would collect \$7.8 million, only \$44,000 more than last year. At the proposed 7.75 mills, the city would collect \$8.2 million, an increase of \$332,000 over the rollback rate. This would result in a \$303,000 increase for the General Fund and \$54,000 for the CRA. He added that adopting the 7.75 millage rate would require a majority vote and a public notice for a tax increase.

He further explained the effects on homesteaded properties. The average taxable value in South Daytona is \$134,350. A rollback rate would result in a tax bill of \$998.25, roughly \$11.82 less than at the proposed rate, equating to about \$1 per month in savings. Compared to the previous year, the proposed rate would result in a \$30.33 annual increase, or about \$2.50 per month.

Councilman Sander asked about non-homesteaded properties, and Finance Director Jason Oliva clarified that those are not subject to the 3% cap and can increase up to 10%. However, this year's average increase was around 4.81%, so most non-homesteaded properties likely saw an increase closer to 5%.

Finance Director Jason Oliva noted that the overall budget is decreasing by approximately \$5.2 million, or 12%, due to one-time expenses in FY 2025 that are not repeated in FY 2026. The General Fund saw a \$2.8 million reduction, including costs related to Hurricane Milton disaster recovery and a \$1.2 million transfer to the Stormwater Fund.

The CRA budget is increasing by \$1.8 million, as funds previously held in reserve are being rolled into new projects. One major initiative includes replacing Lift Station #1 on South Palmetto Avenue, a critical infrastructure project aimed at improving sewer resilience during severe weather events.

Additional fund changes included:

- A \$733,000 decrease in the Transportation Fund, tied to completed grant-related projects.
- A \$1.25 million reduction in the Capital Projects Fund, due to the timing of ECHO grant-funded improvements at Reed Canal Park.
- A \$1 million decrease in ARPA-funded capital projects, reflecting the completion of the AMI meter program.
- A \$1.3 million decrease in the Stormwater Fund, stemming from completed modeling work and earlier transfers.
- An increase of \$415,000 in the Internal Services Fund to construct a secure building on Segrave to protect equipment investments.

A citywide chart showed the General Fund and Water/Sewer Fund comprise 56% of all funds. The CRA share has grown this year due to the earmarked \$1.8 million for Lift Station #1, while the Stormwater Fund remains relatively small at 5%, prompting consideration of additional revenue sources in the future.

Finance Director Jason Oliva presented a summary of revenue categories per the Florida Department of Financial Services' uniform accounting system. He clarified that the "miscellaneous" category includes items like interest earnings, insurance reimbursements, and asset sales, not just undefined income. This clarification addressed prior concerns from Council about the term's ambiguity and confirmed that the category's use is required by the Government Finance Officers Association (GFOA) standards.

Mr. Gillis clarified that when the term "miscellaneous" is used in future discussions, it will refer to the specific revenue items listed in the budget because it is a regulated GFOA term.

Finance Director Jason Oliva then reviewed the citywide total revenue sources, explaining that the \$306,000 increase, representing a 2.65% rise, was primarily due to ad valorem taxes. He emphasized a conservative approach to projecting revenues, citing economic uncertainty and a reluctance to overestimate growth in sales tax or other revenues. The large decrease in intergovernmental revenue was attributed to fluctuations in grant funding, which naturally vary from year to year. Miscellaneous revenue declined by \$241,000 due to reduced interest earnings, as ongoing capital projects and economic conditions were expected to limit gains. Finance Director Oliva recommended conservative budgeting for interest revenue, with the possibility of mid-year adjustments to fund additional projects or allocating any surplus funds to capital reserves or disaster recovery. Other revenue sources, such as transfers in and from reserves, were lower this year, reflecting reduced reliance on previously set-aside funds.

A pie chart illustrated that 66% of the city's revenue comes from charges for services and taxes. Redevelopment activity slightly increased transfers and reserves, bolstered by \$1.8 million in identified funds. Moving to expenditures by function, Finance Director Jason Oliva explained that a \$1 million decrease in operating expenses was due to the removal of disaster recovery costs, while a \$1.5 million drop in transfers out reflected reduced contributions to reserves. The city continues to set aside 2.5% of water and sewer sales for renewal and replacement, supporting a "pay-as-you-go" philosophy to avoid future debt. The debt service category was marked as "none," reflecting the city's complete elimination of \$19.9 million in debt since FY 2016—a milestone Finance Director Jason Oliva credited to council discipline and staff planning. He noted that the current focus on capital outlay rather than debt service reflects investment in future infrastructure rather than repayment for past projects.

The unassigned fund balance is projected at 26.9% of general fund expenditures, exceeding the 20% policy threshold and allowing surplus amounts to be allocated to capital or disaster recovery. The hurricane reserve stands at \$1.25 million, with \$1.2 million earmarked for capital projects, including a grapple brush truck to aid in disaster response. The utility fund reserve is at 18.1% and trending toward the 20% goal.

Finance Director Jason Oliva then turned to personnel changes, noting that while general employees (non-police and non-fire) received the greater of \$1 per hour or a 3.5% raise, restructuring allowed the city to achieve only a 1.7% overall payroll increase. This was accomplished by reassigning positions to maximize operational efficiency—shifting administrative roles toward more field-based work. The general fund accounts for 65% of payroll, largely due to police and fire staffing. Department-level changes included adding an engineering technician to assist with grant writing, reducing community development staff through consolidation, and adding personnel to water/sewer operations. Position changes included replacing administrative and investigative roles with operational staff, such as equipment operators, a maintenance worker, and an additional patrol officer. Overall, the city now has 104 positions, one more than last year.

Historical personnel costs showed sharp increases from 2020 to 2023 due to minimum wage laws, pandemic impacts, and rising Florida Retirement System (FRS) contributions. Health insurance rates rose slightly this year, while other benefits remained stable.

Reviewing the major funds, Finance Director Jason Oliva noted a \$2.8 million decrease in the general fund, reflecting reduced disaster recovery spending, lower grant revenue, and fewer transfers from reserves. Taxes account for 65% of general fund revenue, followed by intergovernmental sources. On the expenditure side, public safety accounts for 59% of the general fund budget; when parks and transportation transfers are included, the total reaches 75%. Notable operating costs include police vehicle leases, additional license plate readers, fire station sleeping quarter renovations, and street resurfacing transfers. Capital purchases include the grapple brush truck, police vehicles, and fire department rescue tools.

In the redevelopment fund, \$1.8 million from reserves will fund capital projects such as replacing Lift Station #1 on Palmetto Avenue along the economic corridor and continuing utility infrastructure improvements. The transportation fund will dedicate exactly \$291,519, equal to 0.4 mills, for resurfacing projects on multiple streets, as gas tax revenue covers only a fraction of transportation costs. Planned projects include bridge and roadway designs and expanding the traffic camera network.

The ARPA fund will continue to support capital improvements, including replacing Lift Station #5 on Violet Street. The water and sewer fund shows a decrease in transfers from reserves due to completed projects, while charges for services are increasing 4.29% in line with CPI adjustments. Water sales are rising due to irrigation demand, while sewer volumes are slightly lower. Capital outlay is decreasing, reflecting lift station projects carried forward from the previous budget year.

Finance Director Jason Oliva presented the budget overview by function, noting that 66% of expenditures are operating costs, the largest portion being water and sewer purchases from the City of Daytona Beach. Water/sewer operating expenses decreased by \$192,000. The FY 2024–25 budget included a \$202,000 property purchase on Cedar, which is not in the FY 2025–26 budget, resulting in an overall decrease. The budget includes provisions for purchasing additional capacity if necessary, building renovations, replacement of two utility body trucks, annual set-aside funding for a future sewer vac truck (to be purchased in 2027), a trailer-mounted generator, and other equipment investments.

Stormwater fund revenues decreased \$1.2 million due to lower transfers to reserves, while charges for services are increasing with additional ERUs from new development. A 5% increase to the ERU rate is proposed, which would allow \$430,000 in annual capital projects; higher rate options would generate

more funding. Debt service of \$314,000 in FY 2023–24 was eliminated, freeing funds for stormwater improvements. Capital projects include the Melodie Park stormwater pond, backflow preventer replacements, and multiple major pond expansions and stabilizations, many of which are funded largely through grants totaling nearly \$17 million.

City Manager Gillis thanked Council for their input throughout the budget process, noting that all concerns had been addressed in the final proposal.

Item C. COUNCIL COMMENTS

Councilman Sander expressed appreciation for the hard work and stated he learned a great deal from the process.

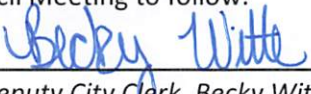
Vice Mayor Quartier commended staff on a job well done.

Mayor Hall stated his satisfaction with the elimination of debt and suggested the possibility of raising the \$1.25 million reserve “Hurricane fund” threshold in the future. He also commended city staff for their dedication, noting that workers continued working during a recent rainstorm to complete tasks.

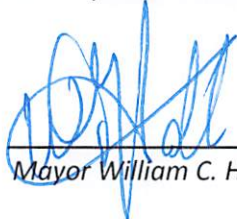
Monday, September 8, 2025, at 6:00 pm will be the first hearing for the budget and millage. Final adoption is set for Tuesday, September 23, 2025, at 6:00pm.

Item D: ADJOURNMENT: Mayor William C. Hall adjourned the City of South Daytona Budget Workshop at 5:53 pm.

City Council Meeting to follow.



Deputy City Clerk, Becky Witte



Mayor William C. Hall