

MINUTES OF THE VCOG GOVERNING BOARD

REGULAR MEETING
FEBRUARY 26, 2007

MPO/VCOG/WAV CONFERENCE ROOM
2570 W. INTERNATIONAL SPEEDWAY BLVD., SUITE 120
DAYTONA BEACH, FLORIDA

MEMBERS PRESENT

Commissioner Cassandra Reynolds
Mayor Greg Northrup
Mayor George Coleman
Mayor Robert F. Apgar
Mayor Mike Thomas
Mayor Roland Via
Mayor Mark Shuttleworth
Mayor James Vandergriff
Mayor Albert Erwin
Mayor Fredrick Costello
Mayor James Sowell
Mayor Nancy Epps
Mayor Allen Green
Council-member Art Giles

REPRESENTING

Daytona Beach
Daytona Beach Shores
DeBary
DeLand
Edgewater
Holly Hill
Lake Helen
New Smyrna Beach
Orange City
Ormond Beach
Pierson
Ponce Inlet
Port Orange
Volusia County

Members Absent: Mayor Mulder, Deltona; Mayor Thompson, Oak Hill; Mayor O'Neal, South Daytona; Candace Lankford, Volusia County School Board

NON-VOTING MEMBERS ABSENT: Michael Mellon, Emergency Medical Foundation/EVAC

OTHERS PRESENT

Joni Hunt
Pat Kelly, DeLand Fire Chief
County Council-member Jack Hayman
Jim Cameron
Morgan Gilreath

REPRESENTING

ERAU
Vo. Co. Fire Chief Association
County Council
Daytona Beach/Halifax Chamber
Vo. Co. Property Appraiser

VCOG STAFF PRESENT

Mary Swiderski, VCOG Executive Director
Herbert M. Seely, Chief Financial Officer
Mary Curran, Recording Secretary

CALL TO ORDER/ROLL CALL/DETERMINATION OF A QUORUM

At 5:00 Chairman Vandergriff called the February 26, 2007, regular VCOG Governing Board meeting to order.

The Roll was called and a quorum was declared present. Chairman Vandergriff led the Pledge to the Flag.

PUBLIC COMMENTS/PARTICIPATION

No comments were expressed.

CHAIR'S COMMENTS/RECOGNITION

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PRESENTED TO HERBERT SEELY – Chairman Vandergriff gave recognition to Herbert Seely, who provides financial services for VCOG, the MPO and WAV. Chairman Vandergriff presented him with the GFOA Certificate of Achievement. [This is the nineteenth consecutive year that VCOG has received the Government Finance Officer's Association (GFOA) Award.]

VCOG EXECUTIVE DIRECTOR'S BRIEFING

Mary Swiderski referenced her written report, as distributed, and presented comments on:

- VCOG School Concurrency Summit - VCOG Board approved \$3,000.00 for the School Concurrency Summit; the approximate expenditures were \$2,020. [Summit was held at two locations - January 29, 2007 (west) and January 31, 2007 (east)].
- VCOG Smart Growth Committee - VCOG Smart Growth Committee minutes and recap of February 19, 2007 minutes were attached to Executive Director's report.
- Volusia Day – March 29, 2007 Update – Members planning to attend/participate in Volusia Day Thursday, March 29, 2007 and Florida League of Cities Legislative Day on March 28, 2007 need to make reservations quickly.
- VCOG Smart Growth Summit – Still no date is scheduled; this is pending on availability of the County Council.

CONSENT AGENDA

APPROVAL OF THE REGULAR MEETING MINUTES – JANUARY 22, 2007

Minutes of the January 22, 2007, regular meeting of the VCOG Board had been mailed with Board members' agenda packets.

APPROVAL OF THE TREASURER'S REPORT – MONTH ENDING JANUARY 31, 2007

Treasurer's report covering the period of January 1, 2007 through January 31, 2007, had been mailed with Board members' agenda packets.

APPROVAL TO MOVE THE MAY 2007 VCOG BOARD MEETING FROM TUESDAY, MAY 29TH TO MONDAY, MAY 21ST

The VCOG Executive Committee recommended moving the VCOG Board meeting to one week earlier.

OLD BUSINESS

VCOG SMART GROWTH COMMITTEE UPDATE – MAYOR GREG NORTHRUP

The Committee Chair, Mayor Northrup reported everything is going very well. Committee has had three meetings; so far there's been no dissent with anything Committee has discussed doing. One thing members have all agreed on is Map A needs to stay like it is; with no higher density than exists now. County staff is working with municipal managers to show exact lines on Map A; they anticipate completion in a couple of weeks. Mayor Northrup was confident that the Committee will come up with something that the VCOG Board can agree to and endorse, as well as, the County Council. He remarked that it's been enlightening to see everybody working together.

Mary Swiderski reported on having seen Steve Kintner recently and that he's met with all the municipalities except four (possibly Daytona Beach, Port Orange, DeLand and Deltona).

County Council-member Giles recalled from the February 19th Committee meeting, that members discussed the VGMC and it was mentioned they're working on their vision; the VGMC should be ready to do a presentation to the VCOG Smart Growth Committee on March 26th. Mayor Northrup

explained the Committee thought they would look at the VGMC's visioning first and determine if cities think that is what VGMC would be good for.

Chairman Vandergriff made inquiry on, besides Map A and VGMC, what are other points the Committee is going to cover. Mayor Northrup indicated the Committee has discussed things like land banking but decided those things are going to have to come from the County. The main thing the Committee decided to tackle are most important things like preserving sensitive lands as the voters wanted.

Chairman Vandergriff mentioned reciprocity and agreements between the County and a city. Mayor Northrup pointed out Map B is where areas of influence are going to be decided and that is something the County will work out and bring to VCOG.

Mayor Erwin and Mayor Northrup made brief comments about Map B lands re: annexation and JPAs. County Council-member Giles and Mayor Northrup commented briefly about a Map C re: reciprocal agreements and JPAs.

Mayor Via stated that he serves on myregion.org and the East Central Florida Planning Council and he revealed from its public surveys of growth models mapping (Trend 2050, city centers, transportation, and green space) that the most acceptable are city centers, transportation, and green space. Mayor Via reported the final work product will be available in August. The emphasis is this will not be only from a local standpoint but a regional standpoint also.

County Council-member Giles wanted to clarify on Item 6, of the February 19th Committee meeting Recap, whether it's talking about VGMC making changes or the VCOG Smart Growth Committee making changes to the VGMC. Mayor Northrup stated the VCOG Committee is going to listen to the VGMC vision and then will discuss if it fits in with the VCOG Committee's vision.

Mary Swiderski announced the date of the VCOG Smart Growth Summit is still pending based on availability of entire County Council.

NEW BUSINESS

ENDORSE A BUDGET SUMMIT FOR WEDNESDAY, MAY 30, 2007

Mary Swiderski suggested having summit at two locations – one on the east side and one west side; she realized from the School Concurrency Summit that made it more convenient for people on scheduling.

Mayor Via revealed that he suggested a budget summit; that this was intended to be a budget workshop for the public to comprehend the municipal or county budget process. He had also suggested contacting the Florida League of Cities for a facilitator as the Florida League has an Institute of Elected Municipal Officers.

There were some discussions of possible locations (Embry Riddle, DBCC, or DeLand High School).

MOTION by Mayor Costello and **SECOND** by Mayor Via to schedule a Budget Summit on the east side and the west side; to make arrangements for a big room; and to bring someone in from the Florida League of Cities to facilitate. Discussions ensued on location; recording/filming the budget workshop; on potential dates; and there will be an expense which will be discussed at the March VCOG Board meeting. Mayor Vandergriff mentioned that a lot of jurisdictions have newsletters and once VCOG has the dates, the jurisdictions can get the work out in their respective newsletters to all residents. Chairman Vandergriff called for voice vote and the motion was **CARRIED UNANIMOUSLY**.

PROPOSED PROPERTY TAX SOLUTIONS – MORGAN GILREATH, VOLUSIA COUNTY PROPERTY APPRAISER

Mr. Gilreath did a PowerPoint presentation on "Florida Property Tax Reform Problems & Solutions" and he made brief comments on some property tax problems:

1. **Homestead Cap “Portability”** – Issue of being able to take property cap from one place to another. Young couples cannot move to a larger house and older citizens cannot afford to retire to a lower priced home. Also there’s issue of people coming from out of state to buy first Florida home that they’re going to live in; same circumstance exists for young Floridians wanting to buy first home. This negatively impacts mobility of our citizens, creates untold related business complications and depresses real estate market activity.
2. **Unbearable business tax increases** – Businesses have seen unbearable (for some of them) tax increases; they have borne the brunt of the highest spending increases by local government in Florida’s history. The increases in spending, as well as, the transfer and shift of taxes from Save Our Homes is impacting the viability of doing business. In Morgan’s opinion, this has reached sufficient level to negatively impact businesses decisions to relocate in Florida and some businesses decisions to stay in Florida; making it an economic development issue as well. In 2006, non-homesteaded properties paid 96% of the annual increase in property taxes in Volusia County from 2005-2006.
3. **Incredible increases in government spending** – Over the past seven years, the CPI increased 18.5%. Over the same period, many Volusia taxing authorities increased their spending from 3.7 to 8.6 times the CPI increase. Reality of property taxes or any other taxes is if government spends more one year than the last it raises taxes. In comparison with the 18.5% CPI, governments’ general fund went up 69.3%. Morgan gave several examples of cities that had general fund increases in excess of CPI increase (2000-2006). Between 2005 to 2006: 4 cities increased property taxes from 30 to 38%; 5 increased property taxes from 20 to 29%; and 4 increased property taxes from 14 to 19%.
4. **The statewide property tax base has become so depleted by exemptions** that no matter what solutions are found to our tax problems, Morgan believes taxes are still going to be a large portion of anyone’s budget. His suggestion is that we have to have an infusion of income from another source to supplement the property tax. Morgan discussed a table that showed the tax base in Volusia County with a market value of almost \$59 billion, of which 35% is exempt under the constitution; Homestead and Save Our Homes exemptions totals \$14.7 billion. New exemptions don’t cost governments money, new exemptions simply shift who pays the money.
5. **High (and unequal) property taxes make owning a first home very difficult** whether people are coming from out-of-state or they’re our own children buying their first home. Morgan used, as an analogy that 2000 years ago, when one became a Roman citizen, everybody had the same rights as everybody else. When someone becomes a U.S. citizen, they have the same rights as everybody else. When someone becomes a Florida resident, they have the same rights as everybody else who bought a house in that same year. In Volusia County the average SOH exemption is 40%; that’s the statewide average but it varies from county to county. This means Volusia has an assessment level of 60% ad hoc. To make the system equal for everyone, assess new people at 60%; a one-time, first year adjustment to homesteaded property would insure that they’re equal with everybody else.
6. **Florida’s laws (and governments) need to be forthright in communicating with their public** - Morgan presented his suggestion and he mentioned there is a state bill for governments to put everything (e.g. on a website) re: local government “charges” citizens (impact fees, garbage fees, surcharges, telecommunication fees, etc.); listing the previous year and the current year, with percentage increases and decreases on each; also the total budget showing same percentages (it is called TRIGS – Truth In Government)

The other thing also in a bill is to change the term “roll back” to “*last year’s rate*” – the roll back rate is last year’s rate. The law says government starts with the roll back rate in its budget hearings; the first substantive discussion in budget hearings is where the roll back rate is and how much the proposed budget goes over that and what are the increased taxes.

Mr. Gilreath reported the 2007 Legislature has been engaged with property tax issues. There are two proposals from House of Representatives leadership:

- 1) "Statutory tax relief" - legislators want to enact on this years budget; and
- 2) "Constitution tax reform" – are things that can be solved by constitutional amendment.

"Statutory tax relief" requires an immediate 2007 reduction in spending based on taking ad valorem budgets to 2000-2001 budget levels and indexed forward by CPI for each year. The Legislature is bringing everybody back to the same level. What this would do is result in a statewide property tax reductions of 19 percent; in Volusia County the average composite millage rate would be reduced by 27.4 percent. A lengthy discussion ensued re: roll back rates; not affecting school boards; not affecting bond indebtedness or voter indebtedness; "truth in millage"; and unfunded mandates.

Mr. Gilreath went through "Whips High Points" of the Constitutional Tax Relief.

Mayor Via expressed concern of the point "*Allows a one-year lift of State cap with 2/3 vote of each house*" in so far as the legislature can dictate what happens to cities but have a one year lift for State cap with two-thirds vote.

Mr. Gilreath explained that the legislature must have a 60% vote in both houses for approval; he added that cities or counties with unanimous vote to exceed the cap, and detailed notification, can go over as well.

Chairman Vandergriff interrupted the discussion as some Board members needed to leave and he wanted to assure a quorum was present for the next Agenda Item. He asked Mr. Gilreath to remain a little longer so members could resume discussions on this item.

VCOG BOARD'S POSITION ON PROPOSED PROPERTY TAX LEGISLATION

Chairman Vandergriff requested members to review a drafted letter and provide comments.

Mayor Northrup indicated that this is an opportunity for Volusia jurisdictions to opt out. He mentioned discussions at the mayors' meeting with County Chair Frank Bruno; members agreed a letter be drafted, telling legislators that Volusia officials know some things need to be done. The letter asks legislators not to vote on anything which the State mandates what Volusia cities and the County can do. The letter will be sent out to all members of the Volusia County Legislative Delegation.

County Council-member Giles expressed concerns of what he perceived threatening in the last sentence of paragraph 4. Discussions ensued concerning that content.

Suggestion by Mayor Costello on rewording, "Should you choose to vote otherwise, it will become very difficult for many of our municipal officials to support you in your next election campaign because you have not supported us."

Mayor Via wanted to add an emphasis for "city and county home rule."

Suggestion by Mayor Northrup on wording, "Please join with us in our struggle to keep taxes local and preserve home rule for the cities and the County."

Suggestion by Mayor Via that Mayor Northrup's proposed sentence end at, "...preserve home rule."

MOTION by Mayor Northrup to approve the draft letter with changes as suggested by Mayor Costello. Mary Swiderski read paragraph 4, with that revision: "In order to continue our solid support of your elected position we ask you to vote against legislation which removes responsibility of local spending from local govt. should you choose to vote otherwise it will become very difficult for many of our municipal officials to support you in your next election campaign." Motion died for lack of Second. Further discussions ensued.

Suggestion by Mayor Via that the last sentence in paragraph 4 be eliminated.

Mayor Costello concurred as he wanted all the Board members to be in agreement on the letter.

Following additional Board members' comments, Mary Swiderski reread paragraph 4, with new change: "In order to continue our solid support for your elected position, we ask you to vote against legislation which removes the responsibility of local spending from local government. Please join us in our struggle to keep taxes local and preserve home rule."

MOTION by Mayor Northrup and **SECOND** by Mayor Via to approve the draft letter with recommended final revisions; as there were no further discussions, the motion **CARRIED UNANIMOUSLY** on a voice vote.

Board members' discussions with Morgan Gilreath resumed on:

- 1) Possible scaling back of evaluations in 2007;
- 2) Property Appraiser is required to appraise all property at market value;
- 3) CRAs may be exempted;
- 4) Proposed concepts: value on use [marine-related property]; percentage increase cap [commercial property]; spending cap [local government]

Request by Mayor Via to invite Morgan Gilreath back to give the VCOG Board an update how the legislature's property tax proposals will affect Volusia jurisdictions. He suggested scheduling this for the April VCOG meeting.

Chairman Vandergriff expressed the Board's appreciation to Morgan Gilreath for his presentation and that they look forward to seeing him at the April Board meeting.

BOARD MEMBERS' COMMENTS

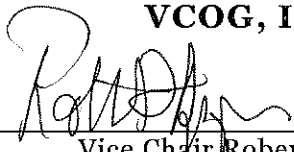
There were no additional comments made by Board members.

ADJOURNMENT

There being no further business to come before the VCOG Board, the meeting was adjourned at 7:00 P.M.


AS SUBMITTED, THE FOREGOING MINUTES OF A REGULAR MEETING OF THE VCOG GOVERNING BOARD WERE APPROVED IN AN OPEN MEETING HELD ON MARCH 26, 2007, IN THE MPO/VCOG/WAV CONFERENCE ROOM AT 2570 WEST INTERNATIONAL SPEEDWAY BOULEVARD, SUITE 120, DAYTONA BEACH, FLORIDA.

VCOG, INC.



Vice Chair Robert F. Apgar

ATTEST:



Recording Secretary