



# TOWN OF PALM BEACH

Town Manager's Office

**TENTATIVE-  
SUBJECT TO  
REVISION**

## **TOWN COUNCIL MEETING**

**EMERGENCY OPERATIONS CENTER (EOC)  
THIRD FLOOR, CENTRAL FIRE-RESCUE STATION  
355 SOUTH COUNTY ROAD**

### **AGENDA**

**TUESDAY, MAY 11, 2010**

**9:30 A.M.**

For information regarding procedures for public participation at Town Council Meetings, please refer to the end of this agenda.

The progress of this meeting may be monitored by visiting the Town's website ([www.townofpalmbeach.com](http://www.townofpalmbeach.com)) and selecting "Live Meeting Audio" under the "Your Government" tab. If you have questions regarding that feature, please contact the Office of Information Systems (561) 227-6315. The audio recording of the meeting will appear within 24 hours after the conclusion of the meeting under "Agendas , Minutes, and Audio."

**No written materials received after 5:00 p.m. on the Thursday immediately prior to a monthly Town Council meeting will be included in the back-up binders distributed to the Mayor and Town Council in preparation for that meeting. Written materials received after 5:00 p.m. on Thursday will be separately distributed to the Mayor and Town Council; however, depending upon the length of the materials, the time of submittal, and other circumstances, the Mayor and Town Council may not be able to read and consider such late submittals prior to acting upon the policy matter(s) which they address.**

- I. CALL TO ORDER AND ROLL CALL
- II. INVOCATION AND PLEDGE OF ALLEGIANCE

Post Office Box 2029 \* 360 South County Road \* Palm Beach, Florida 33480  
Telephone (561) 838-5410 \* Facsimile (561) 838-5411 \* [townmanager@townofpalmbeach.com](mailto:townmanager@townofpalmbeach.com)

III. PRESENTATIONS

- A. Recognition of Stuart Shulman, Recreation Advisory Commission, From April 2004 Through April 2010.
- B. Recognition of Timothy G. Coffield, Recreation Advisory Commission, From April 2003 Through April 2010.
- C. Presentation of Palm Beach Day Academy Scholarship to the Child of a Town Employee. [Dr. Becky van der Bogert, Palm Beach Day Academy]

IV. COMMENTS OF MAYOR JACK McDONALD

V. COMMENTS OF TOWN COUNCIL MEMBERS AND TOWN MANAGER

VI. COMMUNICATIONS FROM CITIZENS- 3 MINUTE LIMIT PLEASE  
**(Another opportunity for communications from citizens will be offered immediately after the lunch break.)**

VII. APPROVAL OF AGENDA

VIII. CONSENT AGENDA

- A. MINUTES: APRIL 13, 2010 Page 9  
APPROVAL OF THE MINUTES OF THE TOWN COUNCIL MEETING
- B. MINUTES: APRIL 14, 2010 Page 27  
APPROVAL OF THE MINUTES OF THE TOWN COUNCIL MEETING
- C. APPROVAL OF MAJOR MATTERS CONSIDERED BY THE ARCHITECTURAL COMMISSION AT ITS MEETING ON APRIL 28, 2010. Page 40
- D. RESOLUTIONS
  - 1. RESOLUTION NO. 52-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Authorizing the Purchase of a Complete Weapons System from B&H Gunrack, Inc., for the Police Department, Sealed Bid 2010-12. [Kirk W. Blouin, Police Chief] Page 63



E. OTHER

- |    |                                                                                                                                                                                                                         |         |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1. | Receipt of Comcast 2010 Rate Filings and Proposed Rate Order.<br>[Thomas G. Bradford, Deputy Town Manager]                                                                                                              | Page 67 |
| 2. | Approval of Request from the City of West Palm Beach for Town Sponsorship of the City's Fourth on Flagler Event.<br>[Thomas G. Bradford, Deputy Town Manager]                                                           | Page 71 |
| 3. | Approval of a New One-Year Lease Agreement Between the Town and Rosarian Academy for the Use of Town Property in Downtown West Palm Beach for Physical Education Programs.<br>[Thomas G. Bradford, Deputy Town Manager] | Page 75 |
| 4. | Approval of Banking Services Selection Committee.<br>[Jane Struder, Director of Finance]                                                                                                                                | Page 89 |
| 5. | Authorization to Accept an Assistance to Firefighters Grant in the Amount of \$218,000 for the Purchase of a Mobile Training Tower.<br>[William Amador, Fire-Rescue Chief]                                              | Page 91 |

IX. COMMITTEE REPORTS

- |    |                                                                                                                         |          |
|----|-------------------------------------------------------------------------------------------------------------------------|----------|
| A. | Water Committee Meeting of April 26, 2010.<br>[David A. Rosow, Town Council President]                                  | Page 93  |
| B. | Ordinances, Rules, and Standards Committee Meeting of April 29, 2010.<br>[William J. Diamond, Town Council Member]      | Page 100 |
| C. | Administrative and Personnel Committee Meeting of May 4, 2010, and May 5, 2010. [Richard M. Kleid, Town Council Member] | Page 107 |

X. BOARD/COMMISSION ANNUAL REPORT

- |    |                                                                                      |
|----|--------------------------------------------------------------------------------------|
| A. | Code Enforcement Board.<br>[Timothy Hoffman, Chair and Kirk W. Blouin, Police Chief] |
|----|--------------------------------------------------------------------------------------|

XI. REGULAR AGENDA

- |    |                                                                                                                   |          |
|----|-------------------------------------------------------------------------------------------------------------------|----------|
| A. | Old Business                                                                                                      |          |
| 1. | Casa Bendita Gazebo-Potential Reconstruction or Demolition.<br>[Jay Boodheshwar, Acting Director of Public Works] | Page 108 |

|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                    |          |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 2.              | <u>RESOLUTION NO. 55-10</u> A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Providing for the Appointment of a County Budget Task Force to Review the Palm Beach County Budget for the 2010/2011 Fiscal Year; to Encourage Fiscal Responsibility by County Officials; and to Make Recommendations to the Town Council; Providing an Effective Date. [Peter B. Elwell, Town Manager]        | Page 118 |
| B. New Business |                                                                                                                                                                                                                                                                                                                                                                                                                                    |          |
| 1.              | Comprehensive Annual Financial Report for FY2009. [Jane Struder, Director of Finance]                                                                                                                                                                                                                                                                                                                                              | Page 124 |
| 2.              | Funding and Scope of Engagement for Forensic Auditing and Administrative Investigation. [Peter B. Elwell, Town Manager]                                                                                                                                                                                                                                                                                                            | Page 271 |
| 3.              | Status Report and Recommendations for Engineering Projects. [Jay Boodheshwar, Acting Director of Public Works]                                                                                                                                                                                                                                                                                                                     | Page 272 |
| a.              | <u>RESOLUTION NO. 50-10</u> A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Increasing the Contract Amount for Dune Restoration Permitting by Applied Technology Management, Inc. [Jay Boodheshwar, Acting Director of Public Works]                                                                                                                                                       | Page 281 |
| b.              | <u>RESOLUTION NO. 53-10</u> A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Awarding a Purchase Order to Kimley-Horn and Associates, Inc., for D-9 Storm Water Pump Station Construction Phase Services, Establishing a Budget for Said Services, and Authorizing the Town Manager to Take Actions Necessary to Complete Said Services. [Jay Boodheshwar, Acting Director of Public Works] | Page 286 |
| 4.              | Preparations for Potential Impacts of Oil Spill in the Gulf of Mexico. [Jay Boodheshwar, Acting Director of Public Works]                                                                                                                                                                                                                                                                                                          | Page 296 |
| a.              | <u>RESOLUTION NO. 56-10</u> Regarding Biological Monitoring for Compliance with Coastal Project Permits. [Jay Boodheshwar, Acting Director of Public Works]                                                                                                                                                                                                                                                                        |          |
| 5.              | Request for Increase in the Par 3 Golf Course Maintenance Labor Contract. [Alan Brown, Acting Director of Recreation]                                                                                                                                                                                                                                                                                                              | Page 297 |

6. Request for Waiver of Townwide Hiring Freeze to Allow the Hiring of Certain Civilian Personnel in the Police Department. [Kirk W. Blouin, Police Chief] Page 300
7. RESOLUTION NO. 54-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Expressing Opposition to the Proposed Palm Beach County 1% Fire Rescue Sales Surtax; Memorializing the Town Council's Decision to Decline Participation in a Proposed Interlocal Agreement with Palm Beach County; Providing an Effective Date. [Peter B. Elwell, Town Manager] Page 303

## XII. ORDINANCES

### A. Second Reading

1. ORDINANCE NO. 10-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Providing for an Amendment to the Town's Comprehensive Coastal Management Project Fund Budget and the General Fund Budget Adopted for the Fiscal Year Commencing October 1, 2009, as Amended March 9, 2010, Providing an Effective Date. [Jane Struder, Director of Finance] Page 311

### B. First Reading

None

## XIII. ANY OTHER MATTERS

## XIV. ADJOURNMENT

### **PLEASE TAKE NOTE:**

- Note 1:** If a person decides to appeal any decision made by this Council with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings. For such purpose, he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.
- Note 2:** Disabled persons who need an accommodation in order to participate in the Town Council Meeting are requested to contact the Town Manager's Office at 838-5410 or through the Florida Relay Service by dialing 1-800-955-8770 for voice callers or 1-800-955-8771 for TDD callers, at least two (2) working days before this meeting.
- Note 3:** Items listed on the Consent Agenda will be approved by one motion of the Town Council, unless the Mayor or an individual Council Member requests that any item(s) be moved to the Regular Agenda and individually considered.
- Note 4:** A summary of the actions taken at Town Council meetings can be viewed on the Town's website after 5 p.m. on the Friday following the Town Council meeting.

### **PROCEDURES FOR PUBLIC PARTICIPATION**

Citizens desiring to address the Town Council should proceed toward the public microphones when the applicable agenda item is being considered to enable the Town Council President to acknowledge you.

#### **PUBLIC HEARINGS:**

Any citizen is entitled to be heard on an official agenda item under the section entitled "Public Hearings," subject to the three minute limitation.

#### **COMMUNICATIONS FROM CITIZENS:**

Any citizen is entitled to be heard concerning any matter under the section entitled "Communications from Citizens," subject to the three minute limitation.

#### **OTHER AGENDA ITEMS:**

Any citizen is entitled to be heard on any official agenda item when the Town Council calls for public comments, subject to the three minute limitation.

Town Council Meetings are public business meetings and, as such, the Town Council retains the right to limit discussion on any issue.

# Town of Palm Beach Meeting Schedule

5/5/10

|                         |                                            |                    |
|-------------------------|--------------------------------------------|--------------------|
| Tue 05/11/2010 09:30 AM | Town Council Meeting                       | EOC                |
| Tue 05/11/2010 06:00 PM | Police Memorial Day                        | Memorial Park      |
| Wed 05/12/2010 09:30 AM | Town Council Meeting (Development Review)  | EOC                |
| Thu 05/13/2010 09:00 AM | Police Officers' Retirement Board          | EOC                |
| Fri 05/14/2010 09:00 AM | General Employee Retirement Board          | EOC                |
| Mon 05/17/2010 09:00 AM | Grievance Resolution Board - (Rafik Elias) | EOC                |
| Tue 05/18/2010 09:30 AM | Planning & Zoning Commission Meeting       | EOC                |
| Wed 05/19/2010 09:30 AM | Landmarks Preservation Commission Meeting  | EOC                |
| Thu 05/20/2010 02:00 PM | Code Enforcement Board Meeting             | EOC                |
| Fri 05/21/2010 09:00 AM | Firefighters' Retirement Board             | EOC                |
| Tue 05/25/2010 09:00 AM | Shore Protection Board Meeting             | EOC                |
| Tue 05/25/2010 09:00 AM | IAFF Negotiations                          | South Fire Station |
| Wed 05/26/2010 09:00 AM | Architectural Commission (ARCOM) Meeting   | EOC                |

|                         |                                                                           |                  |
|-------------------------|---------------------------------------------------------------------------|------------------|
| Fri 05/28/2010 09:00 AM | FOP Negotiations                                                          | EOC              |
| <hr/>                   |                                                                           |                  |
| Fri 05/28/2010 02:00 PM | Investment Advisory Committee Meeting                                     | EOC              |
| <hr/>                   |                                                                           |                  |
| Mon 05/31/2010 04:00 AM | MEMORIAL DAY                                                              | TOWN HALL CLOSED |
| <hr/>                   |                                                                           |                  |
| Wed 06/02/2010 09:00 AM | Administrative & Personnel Committee Hearing (John Fallon)                | EOC              |
| <hr/>                   |                                                                           |                  |
| Tue 06/15/2010 09:30 AM | Planning & Zoning Commission Meeting                                      | EOC              |
| <hr/>                   |                                                                           |                  |
| Wed 06/16/2010 09:30 AM | Landmarks Preservation Commission Meeting                                 | EOC              |
| <hr/>                   |                                                                           |                  |
| Thu 06/17/2010 02:00 PM | Code Enforcement Board Meeting                                            | EOC              |
| <hr/>                   |                                                                           |                  |
| Mon 06/21/2010 09:30 AM | Town Council Meeting-Budget                                               | EOC              |
| <hr/>                   |                                                                           |                  |
| Tue 06/22/2010 09:30 AM | Town Council Meeting (Regular Town Business and Development Review Items) | EOC              |

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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Section of Agenda

Consent Agenda

Agenda Title

MINUTES: APRIL 13, 2010

APPROVAL OF THE MINUTES OF THE TOWN COUNCIL MEETING

Presenter

Joanna Cunningham, Town Clerk

Supporting Documents

- Minutes of the Town Council meeting held on April 13, 2010

**MINUTES OF THE REGULAR TOWN COUNCIL MEETING  
HELD ON TUESDAY, APRIL 13, 2010**

I. CALL TO ORDER AND ROLL CALL

The Town Council Meeting was called to order on Tuesday, April 13, 2010, at 9:31 a.m., at 355 S. County Road, Palm Beach, Florida 33480, in the Central Fire Station, in the Emergency Operations Center (EOC). On roll call, all elected officials were found to be present.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

Town Clerk Cunningham gave the Invocation. President Rosow led the Pledge of Allegiance.

III. PRESENTATIONS

Mayor McDonald introduced the "Mayor for the Day", Ms. Alexandria Sherman, who was a fourth grader at Palm Beach Public School.

A. Recognition of William P. Feldkamp, Architectural Commission, from March 2004 Through March 2010.

Mayor McDonald presented Mr. Feldkamp with a plaque for his service to the Town. Mr. Feldkamp stated that it was a pleasure to serve the Town for six short years, over three hundred projects and he had enjoyed every minute of his service.

B. Recognition of Hazel Rubin, Landmarks Preservation Commission, From April 2005 Through March 2010.

Mayor McDonald presented Ms. Rubin with a plaque for her service to the Town. She thanked the Town Council and the Mayor for the opportunity to serve and would like to serve again in the future when she has more time.

C. Presentations by Applicants for the Code Enforcement Board.

Town Manager Elwell announced that Mr. Richard Raffo had withdrawn his name from consideration.

The following applicants made presentations:

- Mark Conrad



- Harris Fried
- Timothy Hoffman
- Terry Levine
- Stuart Shulman

D. Presentations by Applicants for the Investment Advisory Committee.

The two incumbents were the only two applicants. Town Manager Elwell indicated that their appointments would be ratified under the Consent Agenda.

The applicants were:

- William Mikus
- Bernard Panfel

E. Presentations by Applicants for the Recreation Advisory Commission.

- Kooshe Aiken, sent a letter indicating she would not be able to attend, and Lois Wideman was not present.

The following applicants made presentations:

- Stephen Hall
- Dr. Ellen Howe
- Pamela McIver
- Donald Singer
- Chris Storkerson
- Esther Wing

Council President Rosow encouraged those applicants that were not chosen today, to please reapply in the future.

IV. COMMENTS OF MAYOR JACK McDONALD

There were none.

V. COMMENTS OF TOWN COUNCIL MEMBERS AND TOWN MANAGER

Council Member Diamond attended the Charter Class of “ Inside Palm Beach Government”. He noted that it was an unusual experience and that he highly recommended it. It was modeled after the Palm Beach Police and Fire Academies. He provided a summary of what it entailed. He stated that the Town Council dealt with a lot of paper, Codes and Ordinances, etc, but unless you see how trash is picked up and compacted, the water pumps work and dispose of the water in the Town, or for example, see what the golf course maintenance entails, you have no idea of how

great the people in this Town are that work here, and the complexity and hours it takes to work. He said it was a fantastic experience. He highlighted the schedule that included an afternoon with the Town Hall administrative offices, Planning, Zoning and Building, an afternoon with the Recreation Department and two weeks with the Public Works Department. He suggested adding a tour of the sand transfer plant and learning about coastal protection for future sessions. The Police Foundation supports the Police Academy and he suggested charging a nominal fee of \$100.00 to participate. He was very impressed and it could not have happened without the inspired leadership of Town Manager Elwell.

#### VI. COMMUNICATIONS FROM CITIZENS- 3 MINUTE LIMIT PLEASE

(Another opportunity for communications from citizens will be offered immediately after the lunch break.)

Dr. Eric Gilbertson, 151 Chilean Avenue, commented on former Governor Robert Graham and stated that he had caused the property tax crisis and the homestead cap. He also commented on Town Manager Elwell's pension presentation and noted that he was magnificent.

Laurie Bernstein commented on email she sent to the Town, and the recent vehicle break-ins at the Recreations Center. She suggested having a manned parking attendant.

Police Chief Kirk Blouin commented on the issue and indicated the proximity to the bridge was one of the reasons that the parking lot may have been chosen as a quick getaway point. There had been actions taken to inform the public and installing a camera to deter future crimes.

Council President Pro Tem Coniglio stated that her concern was for the safety of the children and vigilance of the parents to get it back under control. Council Member Diamond asked about using undercover officers. Chief Blouin responded that he also was concerned about the safety of children, and indicated that these crimes were crimes of opportunity.

Patrick Flynn, Palm Beach Theater Guild, provided the Town Council Members and Mayor a book on the history of the Royal Poinciana Plaza and spoke about preserving the Theater and urged the enforcement of the 1979 Agreement.

Madeline Greenberg, co-chair of the Citizen's Association, 3360 S. Ocean Blvd. spoke and submitted her statement into the record:

My name is Madelyn Greenberg and I'm the Co-Chair of the Citizens' Association of Palm Beach. For the record, I reside at 3360 S. Ocean Boulevard in Palm Beach.

In relation to Shore Protection and the Town of Palm Beach's Long Term 10 year Financial Plan, the plan does not appear to allow for the funding of beach restoration. The Citizens' Association needs to do due diligence on this matter. We need to understand the town's financing policies with respect to essential infrastructure projects. We need a copy and we will carefully review the town's 10 year forecast, to learn what has been planned

for and included for essential infrastructure projects such as beach re-nourishment and dune restoration.

The Citizens' Association wants to be put on record asking our Town Council if you plan on financing the shore protection of our island community. Furthermore, we want to know how you are budgeting for beach restoration & maintenance as well as other essential infrastructure projects.

When you reveal your financial plan for beach restoration & maintenance, we need to learn what sources of funds may be available for these essential projects, such as federal, state, county, town monies, and any restrictions on the use of such monies. We feel that this is an extremely important aspect to the town's financial plans, and look forward to learning how you propose to resolve these continual and paramount issues in the most fair and equitable manner for this entire island community. Thank you for your time.

Richard Raffo, 173 E. Inlet Drive, urged the Town Council not to spend any money on the sand search and would reserve further comment until that agenda item.

Jere Zenko, 232 Tangier Ave., went to the Town of Jupiter Island recently and wanted to report what they were doing. She had comments on Agenda Item XI. B.6, Status Report on County Budget Task Force and would reserve further comment until that agenda item.

## VII. APPROVAL OF AGENDA

Council President Rosow announced the **DEFERRAL** of Item XI.A.2 Casa Bendita Gazebo until the May 11, 2010 Town Council Meeting.

**Motion to approve the Agenda as Amended was made by Council Member Diamond, seconded by Council President Pro Tem Coniglio. On roll call, the motion carried unanimously.**

## VIII. CONSENT AGENDA

A. MINUTES: MARCH 9, 2010  
APPROVAL OF THE MINUTES OF THE TOWN COUNCIL MEETING

B. MINUTES: MARCH 10, 2010  
APPROVAL OF THE MINUTES OF THE TOWN COUNCIL MEETING

C. MINUTES: APRIL 6, 2010  
APPROVAL OF THE MINUTES OF THE SPECIAL TOWN COUNCIL MEETING

D. APPROVAL OF MAJOR MATTERS CONSIDERED BY THE ARCHITECTURAL COMMISSION AT ITS MEETING ON MARCH 24, 2010.

E. RESOLUTIONS

1. RESOLUTION NO. 27-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Adopting a Revised Statement of Investment Policy for the General Employee Board of Trustees of the Town of Palm Beach Retirement System Pursuant to Section 82-57(b) of the Code of Ordinances of the Town of Palm Beach and Providing an Effective Date. [Danielle Olson, Director of Human Resources]
2. RESOLUTION NO. 37-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Approving the Expenditure of an Additional \$20,000 from FY10 Budgeted Funds with Panda Consulting to Complete the Subdivision Plat Work for the Town's GIS System and Authorizing the Town Manager to Execute this Purchase on Behalf of the Town.[Thomas G. Bradford, Deputy Town Manager]
3. RESOLUTION NO. 41-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Awarding a Purchase Order to SGM Engineering, Inc., for the Accelerated Capital Improvement Program Street Lighting Design Services for the Town of Palm Beach, Establishing a Design Phase Budget for Said Improvements, and Authorizing the Town Manager to Take Actions Necessary to Complete Said Improvements.[H. Paul Brazil, Director of Public Works]
4. RESOLUTION NO. 42-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Approving Changes to the Strategic Plan and Providing for an Effective Date.[John S. Page, Director of Planning, Zoning and Building]
5. RESOLUTION NO. 43-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Authorizing the Execution of an Agreement Between the City of West Palm Beach and the Town of Palm Beach for Payment of Certain Water Main Improvements Within the Work Area in Connection with the 2010 Town of Palm Beach Water Main Improvements. [H. Paul Brazil, Director of Public Works]
6. RESOLUTION NO. 44-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Awarding a Contract to All Florida Tree and Landscape, Inc. for Trimming of Town Cocconut Palms for the Town of Palm Beach, Sealed Bid Number 2010-10. [H. Paul Brazil, Director of Public Works]
7. RESOLUTION NO. 45-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Awarding a Purchase Order to Corzo Castella Carballo Thompson Salman, P.A. for the D-4 Storm Water Pump Station Design and Construction Administration Services, Establishing a Construction Phase Budget for Said Improvements, and Authorizing the Town Manager to Take Actions Necessary to Complete Said Improvements. [H. Paul Brazil, Director of Public Works]

8. RESOLUTION NO. 46-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Awarding a Purchase Order to AECOM for the A-39 to A-41; and A-41 to A-42 Force Main Design Services for the Town of Palm Beach, Establishing a Design Phase Budget for Said Improvements, and Authorizing the Town Manager to Take Actions Necessary to Complete Said Improvements.[H. Paul Brazil, Director of Public Works]

F. OTHER

1. Approval of Selection Committee for Contractual Project Management Services in the Accelerated Capital Improvement Program. [H. Paul Brazil, Director of Public Works]
2. Approval of Selection Committee for Electrical Contractor.[H. Paul Brazil, Director of Public Works]
3. Investment Advisory Committee Appointments. [Jane Struder, Director of Finance]

**Motion to approve the Consent Agenda was made by Council Member Diamond, seconded by Council Member Kleid. On roll call, the motion carried unanimously.**

IX. BOARD/COMMISSION ANNUAL REPORT

A. Landmarks Preservation Commission. [Eugene Pandula, Chair and John S. Page, Director of Planning, Zoning and Building]

Eugene Pandula, Chairman of the Landmarks Preservation Commission, provided a brief summary of the Commission work from the past year.

Council Member Kleid appreciated the work of the Commission and the time and effort put forth by its members. He stated that he had some philosophical questions that arose from the Sterling application. He asked Chair Pandula if he felt the Town Attorney should be the legal representative for all Boards and Commissions within the Town and, if not, should there be independent counsel for each one of the Boards and Commissions, and budget for them. Chair Pandula responded that his personal opinion was that Town Attorney Randolph should be the representative under most circumstances, but added that there were as many opinions as there were members regarding the question.

Council Member Kleid also asked if Chair Pandula felt that advisory committees should follow the directions of the Town Council or form their own opinions and set their own agendas. Chair Pandula again stated that his personal opinion was that the commission was advisory to the Town Council and should consider the direction of the Town Council. Clearly he was referring to the Royal Poinciana Plaza project, and there was a lot of background noise involved. The

1 essence of the matter was overlooked. Chair Pandula further stated that that the Sterling  
2 application process was taken out of the normal path and the Commission should not be backed  
3 into a corner. There is a defined process for a reason. He urged that if the process is deviated  
4 from again in the future, there should be discussion about it first.

5  
6 Mayor McDonald disagreed with Chair Pandula. He did not feel that Boards and Commissions  
7 were advisory to the Town Council because they can issue Certificates of Appropriateness.  
8 Chair Pandula clarified that the Commission's action are appealable to the Town Council, and  
9 their actions are appealable to the Circuit Court.

10  
11 Mayor McDonald asked for clarification. He noted that Chair Pandula mentioned four properties  
12 were less than fifty years old, and had not been landmarked. He asked if LaRhonda and the  
13 Browning house were two of the four and they were. The Meyer house was the third one, but  
14 neither could recall the fourth one. Chair Pandula thought it may have been 1965 or 1695 N.  
15 Ocean, but Chair Pandula thought it had been demolished. The last two were the Richard Meyer  
16 house, which is still here, and the home at 977 (no street given) and will be before the  
17 Landmarks Preservation Commission next season. There may be an owner request for deferral  
18 on that property. Mayor McDonald stated that this Town Council had an opportunity and denied  
19 the Meyer house application which dismayed him, and they will have an opportunity to decide  
20 on the other home. If this council did not save them, he did not know who would. Chair  
21 Pandula explained how the homes are chosen each year for landmarking.

22  
23 Council President Pro Tem Coniglio thanked the Commission for their hard work. She asked if  
24 the five potential Landmarked homes were on an unprotected list. She asked if there were any  
25 additional homes or collecting lists of properties that Chair Pandula felt should be protected  
26 under a designation process, rather than just on a "hopeful" list. Chair Pandula responded that  
27 they were protected by interpretation and not an actual "fifty year rule". The Commission  
28 reviews the list each year and determines the homes that will be studied for the upcoming year.  
29 Council President Pro Tem Coniglio stated that was a disappointment.

30  
31 Council President Pro Tem Coniglio disagreed with the Mayor's comments and said that the  
32 Commission is an advisory commission based on the fact, that whatever the findings are, they  
33 need to be ratified by the Town Council. She encouraged Chair Pandula to continue working  
34 within the direction of the Ordinance and the Town Council process.

35  
36 No action was taken on this item.

## 37 X. COMMITTEE REPORTS

38  
39 A. Ordinances, Rules, and Standards Committee Meeting of March 29, 2010. [William J.  
40 Diamond, Town Council Member]

*This item was heard after Item XI.2.b.*

**Motion to accept the ORS Report of March 29, 2010 made by Council Member Kleid, seconded by Council President Pro Tem Coniglio. On roll call, the motion carried unanimously.**

**XI. REGULAR AGENDA**

**A. Old Business**

**1. Proposed Donation of Centennial Commission Endorsed Statue of Henry Flagler To Be Placed On Royal Poinciana Way. [Jay Boodheshwar, Director of Recreation]**

Recreation Director Jay Boodheshwar presented the update to the Town Council. The proposed new location of the Henry Flagler Statue would be at the base of the Royal Poinciana Bridge. This would initially be a temporary location until the bridge work begins.

Council Member Wildrick noted that he had read many books on Henry Flagler and agreed that there should be a statue of him in the community, but felt the location was inappropriate. He planned to vote against the current location.

Council Member Diamond asked for clarification of the location and was informed that it would be in the westernmost median which was in front of the eagle and the flag that currently exist.

Council Member Wildrick added that he walked in the area and was concerned that the statue would only be seen by automobiles and not by pedestrians. Council Member Wildrick stated that camel was a horse designed by a committee and that we were Americans first. The statue should not be in front of the flag, and based on what he had read about Mr. Flagler, Mr. Flagler would not have wanted that either, as he was a very modest man.

Council Member Kleid pointed out for the record that the location was seriously considered by the Centennial Commission, which consisted of many Town organizations. He noted it was a unanimous decision. There will be an opening day celebration in December, with the unveiling of the statute. The permanent location would be decided by the aesthetics committee.

Council President Pro Tem Coniglio asked if the gift to the Town was dependent upon its location. Recreation Director Boodheshwar indicated that the donor wanted it to be in that trapezoid area at the base of the bridge. She hoped that the Landmarks Commission could help determine the final location.

Mr. Bill Bone, 322 Pendleton Ave., also read biographies on Henry Flagler, and felt it was an oversight to not have a statue of Mr. Flagler somewhere in Town. He spoke in favor of the existing proposal.

Mayor McDonald questioned the granting of power to the aesthetics committee and that was not his intent when he appointed the committee. He stated that with great respect to Council Member Wildrick, he disagreed with him and felt the statute should go at the base of the bridge. It was up to the people who follow the great leaders as to where the location should be, or to the donor.

Council President Rosow stated that the aesthetics committee was not a permanent committee. He said that the statue should be approved temporarily for the Centennial. The permanent location should be determined by the Landmarks Preservation Commission and the Town Council. Mayor McDonald said the donor may not want to pay to have it made if he did not know where it was going.

Council President Pro Tem Coniglio thought that Landmarks Preservation Commission should be responsible for deciding upon the location.

**Motion to approve the temporary location of the Flagler Statue and referred item back to the Landmarks Preservation Commission for determination of a permanent location, with input from the Aesthetics Committee, made by Council President Pro Tem Coniglio, seconded by Council Member Diamond. On roll call, the motion passed 4-1, with Council Member Wildrick dissenting.**

2. Casa Bendita Gazebo. [H. Paul Brazil, Director of Public Works]

*This item was deferred until the May 11, 2010 Town Council Meeting.*

B. New Business

1. Petition for Underground Utilities For Properties at Via Fontana, Seagrape Circle and South Ocean Boulevard.[Thomas G. Bradford, Deputy Town Manager]

There was no discussion on this item.

**Motion made by Council Member Diamond, seconded by Council President Pro Tem Coniglio, to approve the petition for underground utilities. On roll call, the motion carried unanimously.**

2. Coastal Protection Matters.

TIME CERTAIN: 10:30 A.M.

*This item was heard after item IX.A.*

Public Works Director Paul Brazil presented the two items on behalf of the Shore Protection Board (SPB). He noted that the consultant (Coastal Systems International) and the Chairman of the Shore Protection Board, Llwyd Ecclestone were present to answer any questions.

Chair Llwyd Ecclestone stressed that by doing the sand search now, the Town would not lose a year's worth of work, and by starting the groin analysis now, they also would not lose a year's time in waiting for the next fiscal year's budget.



Council President Pro Tem Coniglio stated that the community knows that hard structures would be the best way to go to save shifting sands. Town Manager Elwell stated that the SPB missed out on funding for this year and it was due to it being the first year of the Shore Protection Board. There was funding available from the general fund balance. In the future, the SPB would not have these types of requests, and the expenditures would occur in the normal budget process.

Council President Pro Tem Coniglio indicated that they have already done part of the groin work with Isiminger & Associates and should continue to work on the groins. She asked if the sand search results would be in compliance with DEP. If the study was not done, she asked what would happen to the Town obligations based on prior permit requirements. Public Works Director Brazil responded that there was an obligation at Mid-town beach to maintain it. He stated that the other alternative was to truck sand in on a large project, which was really not feasible.

Council President Pro Tem Coniglio stated that she was at the SPB meeting and that the County may assist with the search, but there was a possibility that the County or other municipalities may use that same sand since it was in state waters. She felt the sand study is necessary.

Council Member Wildrick asked if the Town identifies the sand, did the town have ownership rights. Public Works Director Brazil indicated that once the sand was located, they would have to apply to the state on the permit application to have that sand.

Council Member Wildrick was opposed to the dredging of sand cost of \$148,519 for a permit to dredge the inlet and use that sand. Town Manager Elwell indicated that is why they were presented as two separate items. Council Member Wildrick questioned the SPB's credibility in asking money for a project that they may never do and added that it cast a shadow on their spending.

Chair Ecclestone responded that they would not do any dredging until they had a permit. He said the Shore Board had not seen the numbers yet and felt there was a problem with the Town's approval process. There were no guarantees. Council Member Wildrick stated that one of the reasons he had concerns was with regard to money. In his opinion, this project was a waste of money. He was for the groins, but wasting \$148,000 on something that may never happen ruined the credibility of the SPB.

Chair Ecclestone stated that the money has not been spent. Town Manager Elwell corrected Chair Ecclestone and informed him he was speaking about the wrong item. Council Member Wildrick asked Chair Ecclestone to withdraw the Resolution 49-10 until the other parties were ready. Chair Ecclestone indicated that he was here today to ask for more money. Council Member Wildrick again informed Chair Ecclestone that the SPB was losing credibility with him and possibly the entire Shore Protection program.

Council Member Diamond said they were nibbling around the edges and was impressed by Ms. Greenberg's comments when she asked when the money would be issued. Council Member Diamond suggested having a special meeting on a discussion of how to provide for sand

1 protection in the future. The project being asked for today would not result in a tax increase to  
2 the residents.

3  
4 Council Member Kleid stated that the when the Town found the borrowed sand site for Reach 7,  
5 they had met the DEP requirements, but the sand was not the quality they would like. He asked if  
6 when they do the sand search this time, would they be looking for better beach compatible sand.  
7 Chair Ecclestone responded that for another million dollars, they can find better sand.

8  
9 Public Works Director Brazil responded that the State Standards have changed since the last sand  
10 search. New areas will be looked at as well as areas that are adjacent to existing borrow areas.

11  
12 Council President Rosow stated this seems like classic chicken and the egg. His concern was that  
13 the sand study was north of Sloan's curve and there would be an expense to pump it south. He  
14 would recommend two phases of the sand search. The town needed to accelerate the permit  
15 process. He would like to spend expeditiously and spend it wisely. He suggested using the  
16 money from the bridge project given by DOT, and using it as a SPB "fund" so that the general  
17 fund reserves do not need to be touched. The balancing issues of the island were to be protected  
18 by structures and sand - he would prefer to do something with groins and that it was not essential  
19 but a sand search was essential.

20  
21 Town Manager Elwell informed the Town Council that it still would take many years before any  
22 actual repairs or structures would be approved.

- 23  
24  
a. ORDINANCE NO. 10-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Providing for an Amendment to the Town's Comprehensive Coastal Management Project Fund Budget and the General Fund Budget Adopted for the Fiscal Year Commencing October 1, 2009, as Amended March 9, 2010, Providing an Effective Date.[Jane Struder, Director of Finance]

25  
26 **Motion made by Council Member Diamond to amend the Ordinance to move the \$1.3**  
27 **million dollars received from the DOT bridge project to a coastal fund was seconded by**  
28 **Council Member Kleid.**

29  
30 Richard Raffo, 173 E. Inlet Drive said the spending of the money is a waste of money. The  
31 placement of sand in the past has not worked and won't work in the future. He said other states  
32 are able to get groins, but not Florida. He urged the Town Council to not allow \$490,000 to be  
33 spent foolishly.

34  
35 Eric Gilbertson, 151 Chilean Ave, said the essential issue is the groins and they were torn out  
36 and then mid-town beach was flooded because the groins were no longer there. He noted that the  
37 savior was Town Attorney Randolph.

38  
39 **On roll call, the motion carried unanimously.**  
40

Town Attorney Randolph read Ordinance No. 10-10 by title, as printed above. He noted that he would add the amendment that was just passed, but would not change the title, for advertising purposes.

Council President Rosow asked when the report would be completed and Public Works Director Brazil and Town Manager Elwell responded that at the May Shore Protection Board Meeting is when the groin analysis would be presented and the June Town Council Meeting would be when the Council would hear the Shore Board's recommendations.

**Motion to add amendment and approve Ordinance No. 10-10 made by Council President Pro Tem Coniglio, seconded by Council Member Kleid. On roll call, the motion carried unanimously.**

b. RESOLUTION NO. 49-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Authorizing the Town Manager to Contract with Coastal Systems International, Inc., for the Lake Worth Inlet Coalition Permitting for Inlet Maintenance Dredging, Establishing a Budget for Said Improvements, and Authorizing the Town Manager to Take Actions Necessary to Complete Said Improvements.[H. Paul Brazil, Director of Public Works]

There was brief discussion on this item. Council President Rosow announced that until there were further negotiations with the County and the Port of Palm Beach, no action would be taken.

Town Manager Elwell inferred that the Resolution would come back to the Town Council for consideration only under one of two circumstances:

- The partners have financially decided to participate
- Some additional time and circumstances have changed and the Shore Protection Board would want you to reconsider the action.

*The next item heard was Item X.A.*

3. Potential Lease of Town Property for Construction Staging and/or Materials Storage for the Flagler Memorial Bridge Replacement Project. [H. Paul Brazil, Director of Public Works]

*The next item heard was Item X.B.1.*

Public Works Director Brazil asked the Town Council for consideration to have the bridge construction contractor have a storage area. The Town has worked with FDOT in the past in different areas. The Town could make some revenue, as much as \$200,000 from this, if staff is directed to negotiate a lease to allow for a nursery for trees, during the construction of the bridge.

Council President Rosow asked if the Rosarian Academy had been notified, and they had not yet. Staff would not recommend that Bradley Park be used for any organized sports, and Quadrille would be used as a debris management site and would be limited usage. The length of the lease would potentially be two to three years.

Five hundred dollars was being requested by staff to obtain an appraisal and funds would come from the existing operating funds.

**Motion to approve the \$500.00 expenditure and potential lease made by Council Member Diamond, seconded by Council Member Wildrick. On roll call, the motion carried unanimously.**

4. Request for Permission to Perform Limited Work in Town Rights-of-Way During the Winter Season for the Accelerated Capital Improvement Program. [H. Paul Brazil, Director of Public Works]

Public Works Director Paul Brazil presented the item and stated that this request was due to the accelerated Capital Improvement Program.

**Motion to approve the limited work during the season was made by Council President Pro Tem Coniglio, seconded by Council Member Diamond. On roll call, the motion carried unanimously.**

5. Selection Committee for External Audit Services.[Jane Struder, Director of Finance]

*This item was heard after Item XI.B.7*

Council President Rosow indicated that he had initially pulled this item from the Consent Agenda, and after reading the back-up materials, had no issues with the item.

**Motion to approve the Selection Committee for External Audit Services was made by Council Member Diamond, seconded by Council President Pro Tem Coniglio. On roll call, the motion carried unanimously.**

6. Status Report on County Budget Task Force.[Richard M. Kleid, Town Council Member]

Council Member Kleid was asked at the February Town Council meeting to look into creating a Citizens Task Force to monitor the County Budget, and form a committee of municipal governments within the County to try to encourage fiscal responsibility.

Council Member Kleid stated that he had spoken to a group of residents, and consulted with the Palm Beach Civic Association Committee that had been created for the same purpose. He also submitted their "White Paper" into the backup. He noted that everyone he spoke to felt something should be done. He also discovered that there was a private group that was in the process of forming a PAC (Political Action Committee) to fund candidates who pledge fiscal responsibility.

His suggestion was to create a seven person committee to operate under the Sunshine Law. Each Town Council Member would appoint one member, and the Mayor would be permitted to appoint two members. They should have as an ex-officio member, a member of the Town Council or the Mayor. The group will need staff assistance and a budget.

Council President Pro Tem Coniglio was concerned about the amount of staff time and money that would be needed. She was approving of Council Member Kleid being the Town representative. She was opposed to working with any PAC as that was not the intent of the Town Council.

Council President Rosow stated that he was aware of the group and said that PAC's did not really work. They are limited to \$500 maximum donations for the recipient. He created a 527 called "Residents for Fair and Honest Taxation" and it allows for advocacy advertising. There might be changes in the State Legislature this session regarding 527's but currently they are permitted to meet and coordinate with candidates as long as the name of the candidate is not used in advertising. He asked the Citizens' Association and the Civic Association each nominate two members to be Board Members to be ex-officio guiding lights in the 527 and to ask the Town Council at a later meeting to come up with individuals that may want to participate. He supported Council member Kleid's efforts.

Council Member Wildrick commented that he felt Council Member Kleid's ideas were good and asked how it would be set up. Council Member Diamond said that under the Town Charter, the Mayor was responsible for contacts with the outside government entities and suggested that the Mayor should be an ex-officio member. He added that the chairman should be a non-voting member.

Jere Zenko, 232 Tangier Avenue., spoke of her recent involvement with the Town of Jupiter Island and the County with their budget negotiations. She mentioned that Jupiter Island had frozen their defined benefit plan as of September 30<sup>th</sup> and are going to a defined contribution plan. They also have reduced salaries ten percent. She added that theoretically the multiplier across the board was three, with everyone handled the same. She stressed the importance of cross-training as well.

**After more discussion, it was decided that each Town Council Member would submit three names each, and the Mayor would submit five names to the Town Manager prior to April 30, 2010. These persons could not already be serving on a Town Board or Commission. The top names would be chosen and presented at a future meeting. Town Attorney Randolph would prepare a Resolution. The Mayor would be the Chair and act as an ex-officio non-voting member.**

7. Discussion of Water Policy. [Jack McDonald, Mayor]

*This item was heard after Item XI.B.4 since the Mayor needed to leave after the item was discussed.*

Mayor McDonald indicated that he was seeking policy direction from the Town Council for the Water Advisory Board to be able to discuss with the City of West Palm Beach. He was renewing that request.

Council President Rosow indicated that there was a Water Committee Meeting at the end of the month and their recommendations would come before the Town Council in May and they would have recommendations then.

*Mayor McDonald and Honorary Mayor Sherman left the dais at 12:15 p.m. and did not return to the meeting.*

8. Code Enforcement Board Appointments. [Kirk Blouin, Chief of Police]

Council President Rosow announced that the following applicants were re-appointed to the Code Enforcement Board: Mr. Timothy Hoffman and Mr. Harris Fried.

**Motion to ratify the Code Enforcement Board Appointments was made by Council President Pro Tem Coniglio, seconded by Council Member Diamond. On roll call, the motion carried unanimously.**

9. Recreation Advisory Commission Appointments.[Jay Boodheshwar, Director of Recreation]

Council President Rosow announced that the following alternates were appointed as Regular Members: Mr. Steve Hall and Mr. Donald Singer. The following applicants were named as Alternate Members: Dr. Ellen Howe and Mr. Chris Storkelson.

**Motion to ratify the Recreation Advisory Commission Appointments was made by Council Member Diamond, seconded by Council President Pro Tem Coniglio. On roll call, the motion carried unanimously.**

XII. ORDINANCES

A. Second Reading

1. ORDINANCE NO. 7-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Amending Chapter 2 of the Town Code of Ordinances Relating to Administration, at Article VIII, Investment Policy, as Amended, so as to Rescind Said Article, as Amended, in its Entirety; Providing for Severability; Providing for Repeal of Ordinances in Conflict; Providing for Codification; Providing an Effective Date. [Jane Struder, Director of Finance]

Town Attorney Randolph read Ordinance No. 7-10, by title, as printed above.

**Motion to approve Ordinance No. 7-10 made by Council Member Diamond, seconded by Council President Pro Tem Coniglio. On roll call, the motion carried unanimously.**

2. ORDINANCE NO. 9-10 An Ordinance of the Town Council of the Town of Palm Beach,

Palm Beach County, Florida, Amending Chapter 82 of the Town Code of Ordinances at Subdivision III, Firefighters, Section 82-90(c), Firefighter Board of Trustees, to Provide for Quarterly Meeting; Amending Section 82-91, Term of Office, to Provide for Staggered Terms; Providing for Severability; Providing for Repeal of Ordinances in Conflict; Providing for Codification; Providing an Effective Date. [William P. Hanes, Administrator for the Firefighter Board of Trustees]

Town Attorney Randolph read Ordinance No. 9-10, by title, as printed above.

**Motion to approve Ordinance No. 9-10 made by Council Member Diamond, seconded by Council Member Wildrick. On roll call, the motion carried unanimously.**

B. First Reading

None

### XIII. ANY OTHER MATTERS

Town Manager Elwell announced that the Town had just learned that there will be a small scale dredging event by the USACOE commencing within the next few days and occur twenty four hours a day. It would be to dredge between 5,000 and 50,000 cubic yards of sand and was consistent with their discussions. They will do a more detailed dredging next winter. The sand would be placed on the near shore and not on the beaches.

### XIV. ADJOURNMENT

There being no further business, the Tuesday, April 13, 2010, Town Council Meeting was adjourned at 12:46 p.m.

APPROVED:

\_\_\_\_\_  
David A. Rosow  
Town Council President

ATTEST:

\_\_\_\_\_  
Joanna Cunningham  
Town Clerk



# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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Section of Agenda

Consent Agenda

Agenda Title

MINUTES: APRIL 14, 2010

APPROVAL OF THE MINUTES OF THE TOWN COUNCIL MEETING

Presenter

Joanna Cunningham, Town Clerk

Supporting Documents

- Minutes of the Town Council meeting held on April 14, 2010

**MINUTES OF THE REGULAR TOWN COUNCIL MEETING  
HELD ON WEDNESDAY, APRIL 14, 2010**

I. CALL TO ORDER AND ROLL CALL

The Regular Town Council Meeting was called to order on Wednesday, April 14, 2010, at 9:35 a.m., in the Emergency Operations Center, 355 South County Road, Palm Beach. On roll call, all of the elected officials were found to be present.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

Town Clerk Cunningham gave the invocation. President Rosow led the Pledge of Allegiance.

III. COMMENTS OF MAYOR JACK McDONALD

There were none.

IV. COMMENTS OF TOWN COUNCIL MEMBERS AND TOWN MANAGER

Gucci Space 4-14-10

Council Member Wildrick commented unfavorably regarding the empty window storefronts in Town. However, he added that Gucci did their storefronts well and suggested that it be used as a prototype for the other vacant storefronts. Council Member Wildrick showed photo examples of the Gucci Windows. John Lindgren, Planning Administrator, noted that rather than \$150.00, the cost of Gucci's vacant storefront treatments were between \$500.00 and \$700.00 per window. Council Member Wildrick suggested this be placed as an Agenda item at next month's Town Council Meeting.

V. COMMUNICATIONS FROM CITIZENS- 3 MINUTE LIMIT PLEASE

**(Another opportunity for communications from citizens will be offered immediately after the lunch break.)**

Jere Zenko, 232 Tangier Avenue, commented on the unattractive, empty Shell service station on Royal Poinciana Way and suggested that a hedge or some type of buffer be placed on the property.

1  
2 Planning, Zoning and Building Director Page indicated that he was expecting a return call from  
3 Attorney Frank Lynch regarding beautification of Testa's property.  
4  
5

6  
7 **VI. APPROVAL OF AGENDA**

8  
9 **DEFERRAL** of Special Exception #4-2010, to the May 12, 2010, Town Council Meeting.

10  
11 **DEFERRAL** of Special Exception #3-2010, to the May 12, 2010, Town Council Meeting.

12 **Motion made by Council Member Diamond, seconded by President Pro Tem Coniglio, to**  
13 **approve the Agenda as amended. On roll call, the motion carried unanimously.**  
14

15 **VII. PUBLIC HEARINGS**

16 Jane Day - Everglades

17 Town Clerk Cunningham administered the oath to all those who would be providing testimony.  
18

19 A. RESOLUTION NO. 38-10 A Resolution of the Town Council of the Town of Palm Beach,  
20 Palm Beach County, Florida, Ratifying and Confirming the Determination of the  
21 Landmarks Preservation Commission that the Property Known as 347 Worth Avenue Meets  
22 the Criteria Set Forth in Ordinance No. 2-84, Also Known as Chapter 54, Article IV of the  
23 Code of Ordinances of the Town of Palm Beach; and Designating Said Property as a Town  
24 of Palm Beach Landmark Pursuant to Ordinance 2-84, Also Known as Chapter 54, Article  
25 IV of the Code of Ordinances of the Town of Palm Beach.[John S. Page, Director of  
26 Planning, Zoning, and Building]  
27

28 Historical Consultant Jane Day provided an overview of the designation of the property.

29 Town Attorney Randolph read Resolution No. 38-10 by title, as printed above.  
30

31 Responding to President Pro Tem Coniglio, Ms. Day agreed that by designating the properties as  
32 landmarked the properties would be protected from being demolished and that if any changes  
33 were proposed, a review by Landmarks Preservation Commission would be required.  
34

35 **Motion made by President Pro Tem Coniglio, seconded by Council Member Diamond, to**  
36 **accept the Designation Report of 347 Worth Avenue as a landmarked property. On roll**  
37 **call, the motion carried unanimously.**

38 **Motion made by President Pro Tem Coniglio, seconded by Council Member Diamond, to**  
39 **approve Resolution No. 38-10, designating property at 347 Worth Avenue as a landmark of**  
40 **the Town of Palm Beach on the basis that it met criteria 1, 3 and 4 of section 54-161 Town**

1 of Palm Beach Code, Landmarks Preservation 2-84. On roll call, the motion carried  
2 unanimously.  
3  
4

B. RESOLUTION NO. 39-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Ratifying and Confirming the Determination of the Landmarks Preservation Commission that the Property Known as 350 Worth Avenue Meets the Criteria Set Forth in Ordinance No. 2-84, Also Known as Chapter 54, Article IV of the Code of Ordinances of the Town of Palm Beach; and Designating Said Property as a Town of Palm Beach Landmark Pursuant to Ordinance 2-84, Also Known as Chapter 54, Article IV of the Code of Ordinances of the Town of Palm Beach.[John S. Page, Director of Planning, Zoning, and Building]

5  
6 Historical Consultant Day provided an overview of the designation of the property.  
7

8 Town Attorney Randolph read Resolution No. 39-10 by title, as printed above.  
9

10 **Motion made by Council Member Diamond, seconded by President Pro Tem Coniglio, to**  
11 **accept the Designation Report of 350 Worth Avenue as a landmarked property. On roll**  
12 **call, the motion carried unanimously.**  
13

14 **Motion made by President Pro Tem Coniglio, seconded by Council Member Diamond, to**  
15 **approve Resolution No. 39-10, designating property at 350 Worth Avenue as a landmark of**  
16 **the Town of Palm Beach on the basis that it met criteria 1, 3 and 4 of section 54-161 Town**  
17 **of Palm Beach Code, Landmarks Preservation 2-84. On roll call, the motion carried**  
18 **unanimously.**  
19  
20  
21

C. RESOLUTION NO. 40-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Ratifying and Confirming the Determination of the Landmarks Preservation Commission that the Property Known as 405 Cocoanut Row Meets the Criteria Set Forth in Ordinance No. 2-84, Also Known as Chapter 54, Article IV of the Code of Ordinances of the Town of Palm Beach; and Designating Said Property as a Town of Palm Beach Landmark Pursuant to Ordinance 2-84, Also Known as Chapter 54, Article IV of the Code of Ordinances of the Town of Palm Beach.[John S. Page, Director of Planning, Zoning, and Building]

22  
23 Historical Consultant Day provided an overview of the designation of the property.  
24

25 Town Attorney Randolph read Resolution No. 40-10 by title, as printed above.  
26

27 **Motion made by Council Member Diamond, seconded by President Pro Tem Coniglio, to**  
28 **accept the Designation Report of 405 Cocoanut Row as a landmarked property. On roll**  
29 **call, the motion carried unanimously.**

**Motion made by President Pro Tem Coniglio, seconded by Council Member Diamond, to approve Resolution No. 40-10, designating property at 405 Cocoanut Row as a landmark of the Town of Palm Beach on the basis that it met criteria 1, 3 and 4 of section 54-161 Town of Palm Beach Code, Landmarks Preservation 2-84. On roll call, the motion carried unanimously.**

**VIII. ORDINANCES**

**A. Second Reading**

None

**B. First Reading**

**1. Royal Poinciana Way Overlay**

**a. ORDINANCE NO. 1-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Amending the Text of the Future Land Use Element (Section I) in the Town of Palm Beach Comprehensive Plan as Last Amended on April 15, 2009, with the Adoption of Ordinance No.6-09, by Adding New Data and Analysis Describing the Royal Poinciana Mixed-use Overlay Area, and Adding Policy 1.5 That Encourages Redevelopment of the Area in a Manner That Is Sustainable, Pedestrian Friendly, and Respectful of the Area's Character, Scale, and Historic Value, and Adding Policy 2.3.8 That Provides General Parameters of Redevelopment Including Uses, Density, Lot Coverage, Parking, and Building Height, Pursuant to Chapter 163, Florida Statutes; Providing for Severability; Repealing All Ordinances or Parts of Ordinances in Conflict Hereof; Providing for Codification; and Providing for an Effective Date. [John S. Page, Director of Planning, Zoning, and Building]**

President Pro Tem Coniglio recused herself, as she owns property on the street; she provided form 8b to Town Clerk Cunningham.

Planning, Zoning and Building Director Page provided an overview of the changes in Ordinance Numbers 1-10 and 2-10, which represented the final recommendations from the Planning and Zoning Commission, acting as the Local Planning Agency, to create a Royal Poinciana Way overlay.

Mr. Page responded to questions and comments by the Town Council. Several of the following issues were discussed:

- 1 • The reduction in the parking requirement, which was 40% over the existing C-TS  
2 requirement, would not be enough if the area was completely built out, per a letter from  
3 Attorney Lynch.
- 4
- 5 • By adopting the Ordinances, Mr. Page indicated that several of the following benefits to  
6 the Town were:
- 7
- 8 1. Many of existing businesses were legal nonconforming and built prior to the current C-  
9 TS zoning regulations and many of them did not have any off street parking.
- 10
- 11 2. The proposed regulations were more flexible in comparison to the existing regulations.
- 12
- 13 3. The zoning regulations were made optional, whether to develop under today's regulations  
14 or the optional regulations.
- 15
- 16 4. Improvement or development of property would require variance approval from the  
17 Council, and would continue even if there was an adoption of the Ordinances.
- 18
- 19 5. The regulations that existed today were not so overwhelming that the property owners  
20 would be incentivized to redevelop their properties.
- 21

22 Mr. Kleid read the following statement into the record:

23  
24 We are faced with a segment of the community who appear opposed to any  
25 material change in the Town. Their mantra is that the Town is beautiful as it is  
26 and change brings more density, traffic and visits from across the bridge to our  
27 paradise. We have witnessed this with respect to the Royal Poinciana Plaza, now  
28 with the Royal Poinciana Way overlay and, I suspect, from the e-mails I have  
29 received to date will be voiced by opponents of a new expanded Publix. I am all  
30 for transparency and debate and procedures.

31  
32 However, I am fearful that what I perceive as a well organized vocal minority is  
33 dictating the evolution or more accurately described non-evolution of Palm  
34 Beach. A town that remains stagnant will eventually decay. Please know that I  
35 am not an advocate of expansive redevelopment, but surely we can make  
36 improvements which fit within the beauty of the Town, but allow revitalization of  
37 decaying areas of the Town and enhance our shopping opportunities.

38  
39 There will also be those who say this town should be run for the residents and not  
40 for the business community. However, many in the business community are  
41 residents of the Town of Palm Beach.

42  
43 I believe that a great number of Palm Beachers espouse a vision of revitalization,  
44 but are apathetic about taking part in the discussion. In my conversation with  
45 several owners in the area, I gleaned that the zoning changes would not encourage

1 them to reinvest in their properties. If the initial thrust of the study was to  
2 revitalize a decaying area, these changes do not do that.

3  
4 We have spent 3 years studying the Royal Poinciana overlay district. John Page,  
5 in his memorandum, chronicles the steps gone through, starting with a public  
6 charette, a Master Plan, Review by ARCOM, Landmarks and Planning and  
7 Zoning, two 1/2 days with advertised meetings at the Breakers, further  
8 modifications by Planning and Zoning, abandonment of the Bonus Provisions and  
9 now what I perceive as a greatly watered down approach to allow and/or prompt  
10 owners to reinvest in their properties. If the initial thrust of the study was to  
11 revitalize a decaying area, these proposed, zoning changes do not, in my opinion,  
12 do that. I therefore question whether we should approve these zoning changes and  
13 thus a Royal Poinciana Way overlay.

14  
15 The following residents were in opposition of Ordinance No's. 1-10 and 2-10:

16  
17 *Town Clerk Cunningham administered the oath to Rachel Lorentzen and Allen Wyett who would*  
18 *be providing testimony.*

- 19
- 20 • Susan Markin
- 21
- 22 • Rachel Lorentzen
- 23
- 24 • Allen Wyett
- 25
- 26 • Ann Pepper
- 27
- 28 • Anita Seltzer
- 29
- 30 • Bobbie Lindsay Buck
- 31

32 President Rosow commented that he had built a village with stores on the bottom and condos on  
33 top and won many awards for its architecture. On Royal Palm Way, there was a variety of very  
34 exquisite looking buildings built within the code. He asked staff to study the elimination of the  
35 turnaround on Royal Poinciana Way. There could be an additional 40 spaces in that area alone.  
36 The existing ordinance will doom the whole area to failure and would not do a thing; there were  
37 six units per acre and Testa's was the only one mentioned. He noted that the area was destined  
38 not to improve and recovery would come and go and would look the way it looks without filling  
39 the stores. The era of mom and pop stores was diminishing. He also addressed that there was  
40 only one service station and what income they made was not enough to sustain them.

41  
42 **Motion made by Council Member Diamond to reject Ordinance No's. 1-10 and 2-10.**  
43 **Council Member Kleid seconded the motion.**  
44

Council Member Kleid noted that the reason he did not vote for the Ordinances was that the street would be subject to decay over the years, and should be improved, but the proposed Ordinances did not do anything in respect to that.

**Upon roll call, the motion carried 4-0, with President Pro Tem Coniglio recused.**

- b. ORDINANCE NO. 2-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Amending Chapter 134, Zoning, by Amending Article I, Section 134-2, Definitions and Rules of Construction, by Amending the Definition of Story and Creating Definitions for Mixed Use, Mixed Use Area, Publicly Accessible Open Space; Amending Article VII, Overlay Districts by Changing the Article Title to the Royal Poinciana Mixed Use Overlay Area and Creating Overlay Regulations for Permitted and Special Exception Uses, Accessory Structures, Outdoor Seating, a Development Review Process, Minimum Lot Area, Width and Depth Requirements, Density, Setbacks, Height and Overall Height, Lot Coverage, Landscape Open Space and Publicly Accessible Open Space, Off-street Parking and a Performance Monitoring and Sunset Provision in the Following Sections: Section 134-1501 Purpose and Intent; Section 134-1502 Essential Development Concepts, Section 134-1503 Permitted Uses; Section 134-1504 Accessory Uses; Section 134-1505 Special Exception Uses; Section 134-1506 Accessory Structures; Section 134-1507 Special Regulation for Stands, Seated Dining Areas and Open Counters for Eating and Drinking; Section 134-1508 General Review Process; Commercial Uses; Site Plan Approval for New Building, New Building Additions or Change in Permitted Uses over Certain Floor Area; Section 134-1509 Lot, Yard and Area Requirements-generally; Section 134-1510 Parking Standards; Section 134-1511 Performance Monitoring; Providing for Repeal of Ordinances in Conflict; Providing for Codification; Providing an Effective Date.[John S. Page, Director of Planning, Zoning, and Building]

**Ordinance No. 2-10 had been denied along with Ordinance No. 1-10 above.**

2. ORDINANCE NO. 3-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Amending the Text of the Infrastructure Element (Section IV) of the Town of Palm Beach Comprehensive Plan as Last Amended on April 15, 2009, with the Adoption of Ordinance 6-09, by Amending Policy 12.3 to Include a 10-year Water Supply Facility Work Plan, Pursuant to Chapter 163.3177(6)(C), Florida Statutes (Water Supply Planning Requirements); Providing for Severability; Repealing All Ordinances or Parts of Ordinances in Conflict Hereof; Providing for Codification; and Providing for an Effective Date. [John S. Page, Director of Planning, Zoning, and Building]

Planning, Zoning and Building Director Page provided an overview of Ordinance No. 3-10.

Planning Administrator John Lindgren indicated that there was a Citizens' Courtesy List for the Comprehensive Plan Amendment, in order that a resident could be notified when the Notice of Intent to adopt the Comp Plan was available. The list was currently available in the meeting.



1 Town Attorney Randolph read Ordinance No. 3-10 by title, as printed above.

2  
3 **Motion made by Council Member Diamond, seconded by President Pro Tem Coniglio, to**  
4 **approve on first reading Ordinance No. 3-10. On roll call, the motion carried unanimously.**  
5  
6

7 IX. DEVELOPMENT REVIEWS

8 A. Appeals

9 None

10 B. Time Extensions & Waivers

- 11 1. Request for Waiver of Section 42-199, Hours of Construction, at 1 Via Mizner (Per Letter  
12 Dated March 9, 2010, From Tim Givens).

13 **Motion made by Council Member Diamond, seconded by Council Member Kleid, to**  
14 **approve the Request for Waiver of Section 42-100, Hours of Construction, at 1 Via Mizner.**  
15 **On roll call, the motion carried unanimously.**  
16

17 C. Variances, Special Exceptions, and Site Plan Reviews

18 1. Old Business- Less Than 15 Minutes

19 None

20 2. New Business- Less Than 15 Minutes

- 21 a. SPECIAL EXCEPTION #4-2010 The application of M. Timothy Hanlon; relative to  
22 property commonly known as 710 South Ocean Blvd.; described as lengthy legal  
23 description on file; located in the R-A Zoning District. Request for Special Exception  
24 approval to permit construction of a 72-foot long tunnel for pedestrian access under South  
Ocean Blvd. to and from the beach parcel for this landmarked property. The applicant  
proposes to close one lane of traffic at a time during construction. [Attorney: M. Timothy  
Hanlon]

*Special Exception #4-2010 was deferred to the May 12, 2010, Town Council Meeting.*

- b. VARIANCE #3-2010 The application of Michael and Gayle Kalisman; relative to property  
commonly known as 146 Dunbar Road; described as Lot 71 of ADAMS ADDITION.

according to the Plat thereof on file in the Office of the Clerk of the Circuit Court in and for Palm Beach County, Florida, recorded in Plat Book 7, Page 68; located in the R-B Zoning District. Request for a Variance to allow construction of a 144 square foot one and two story addition for an elevator and equipment room with: (I) an east side yard setback of 13.66 feet in lieu of the 15-foot minimum required for the two story portion of the addition, and (ii) a cubic content ratio (CCR) of 4.56 in lieu of the 4.4 existing and the 3.9 maximum allowed in the R-B Zoning District. [Attorney: Maura A. Ziska, Esq.][ARCOM Recommendation: Approval of the variance. Carried 7-0.]

Ex-parte communication was declared by:

- Council Member Diamond spoke to Attorney Maura Ziska regarding the application of her client.
- Council Member Kleid spoke to Attorney Ziska, who advocated the position of her client.
- President Rosow spoke to Attorney Ziska, who advocated the position of her client.
- President Pro Tem Coniglio spoke to Attorney Ziska, where she lobbied for her client.

Attorney Ziska, on behalf of Dr. and Mrs. Kalisman, provided an overview of the applicant's request. The adjacent neighbors were in support of the request.

Architect Gene Pandula presented the architectural drawings regarding the request.

**Motion made by President Pro Tem Coniglio that Variance # 3-2010 be granted and found, in support thereof, that all of the criteria applicable to this application as set forth in Section 134-201(a), items 1 through 7 had been met. Council Member Wildrick seconded the motion. On roll call, the motion carried unanimously.**

3. Old Business- More Than 15 Minutes

None

4. New Business- More Than 15 Minutes

- a. SPECIAL EXCEPTION #3-2010 WITH SITE PLAN REVIEW AND VARIANCE The application of Roy Reeves, Restaurant Operator, relative to property commonly known as 219 Worth Avenue; described as Lots 20, 21, 34 and 35, ROYAL PARK ADDITION, according to the Plat thereof, on file in the Office of the Clerk of the Circuit Court in and for Palm Beach County, Florida recorded in Plat Book, Page 1; located in the C-WA Zoning District. Request for Special Exception for a 4,075 square foot upscale American cuisine restaurant which includes site plan review to allow a new entry door and 36 outdoor seats

on the proposed second floor patio within the proposed expansion area. The applicant is requesting umbrellas to cover the outdoor seating. The applicant also proposes to meet all conditions of approval which were granted to the previous restaurant applicant for this tenant space. The variance being requested is to eliminate the four additional off-street parking spaces required for the 74 proposed seats. [Attorney: Maura A. Ziska, Esq.]

***Special Exception #3-2010 was deferred to the May 12, 2010, Town Council Meeting.***

D. Other

A. Proposed Additional Theme for Vacant Storefront Displays - Norton Museum of Art. [John S. Page, Director of Planning, Zoning, and Building]

Council Member Wildrick requested that this item be on next month's agenda. He asked that the Planning Department provide photographs of vacant store fronts in the Town, and requested that 100% of window coverage be a requirement, the same as the Gucci window covering along with a proposed ordinance.

*President Rosow and Town Attorney Randolph briefly left the dais.*

Planning Administrator Lindgren provided a PowerPoint presentation to the Town Council. He noted that ARCOM recommended approval of the proposed theme of the displayed artwork, but not the second proposed theme of pictures of the interior and exterior of the Norton Museum.

President Pro Tem Coniglio noted that, in full disclosure, she had spoken to Kipper Lance, Norton Museum of Art, and expressed her concern at the time, as well as that of the ARCOM recommendations, that it would not appear as an advertisement for the Museum. She added that the complimentary byline would need to be consistent with what had already been done, either from the Preservation Foundation or the Historical Society in order to maintain the look without the logo.

Responding to President Pro Tem Coniglio, Mr. Lindgren noted that giving complimentary recognition to the donors was permitted by ARCOM and that it had to be legible, but the size was not addressed. He indicated that it could be added to the Ordinance. Currently, there were no bylines or logos.

President Rosow suggested using a maximum type size for the bylines, in order to be read.

Council Member Wildrick requested that a prototype be available to view before making a decision.

Council Member Kleid indicated that limiting the size of the logo or advertisement as suggested would be fair and that he would like to get this moving as quickly as possible.

1 **Motion made by Council Member Diamond to approve the Architectural Commission's**  
2 **recommendations, which would not allow art displays of the interior or exterior of the**  
3 **Norton Museum of Art.**

4  
5 Mr. Kleid added that identification of the donor be tastefully done and not overwhelm the  
6 painting.

7  
8 **Maker agreed.**

9  
10 Ms. Lance indicated that examples of the two options would be provided: one with the Norton  
11 Museum logo and a second one that had compliments of the Museum. She added that either one  
12 could be chosen that was tasteful and works within the community.

13  
14 **Council Member Kleid seconded the motion.**

15  
16 President Pro Tem Coniglio said she was not in favor of the logo, and since the Council would  
17 be revisiting the issue, an exact allowable print size could then be identified.

18  
19 **Upon roll call, the motion carried unanimously.**

20  
21 X. ANY OTHER MATTERS

22 There were none.

23  
24 XI. ADJOURNMENT

25  
26 There being no further business, the April 14, 2010, Town Council Meeting was adjourned at  
27 10:56 a.m.

28  
29 Gucci Space 4-14-10

30 Vacant Store Fronts PowerPoint Presentation 4-14-10

31  
32 APPROVED:

33  
34  
35  
36  
37 \_\_\_\_\_  
38 David A. Rosow  
39 Town Council President

40 ATTEST:

41 \_\_\_\_\_  
42  
43

- 1 Joanna Cunningham
- 2 Town Clerk
- 3

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Consent Agenda

## Agenda Title

Approval of Major Matters Considered by the Architectural Commission at its Meeting of April 28, 2010.

## Presenter

John Page, Director of Planning, Zoning, and Building

## Supporting Documents

- Memorandum dated May 4, 2010. from John S. Page, Director of Planning, Zoning and Building
- Minutes of the April 28, 2010, meeting of the Architectural Commission

# **TOWN OF PALM BEACH**

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: John S. Page, Director of Planning, Zoning & Building

Re: Approval of the Architectural Commission Meeting Minutes of April 28, 2010

Date: May 4, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council approve the major items that were approved by ARCOM at the regularly scheduled meeting of April 28, 2010.

## **BOARD OR COMMISSION RECOMMENDATION**

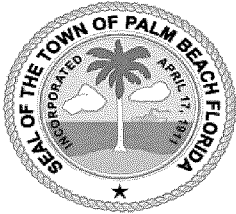
The Architectural Commission recommends that the Town Council approve the major items which were considered at the regularly scheduled meeting of April 28, 2010.

## **GENERAL INFORMATION**

These minutes are submitted to the Town Council for approval pursuant to Chapter 18-177 of the Town of Palm Beach Code of Ordinances.

Attachment

JSP:cmd



## **MINUTES**

### **ARCHITECTURAL COMMISSION AT THE EMERGENCY OPERATIONS CENTER 3<sup>RD</sup> FLOOR, 355 SOUTH COUNTY ROAD**

**WEDNESDAY, APRIL 28, 2010, 9:00 a.m.**

Please be advised that in keeping with a recent directive from the Town Council, the minutes of all Town Boards and Commissions will be “abbreviated” in style. Persons interested in listening to the meeting, after the fact, may access the audio of that item via the Town’s website at [www.townofpalmbeach.com](http://www.townofpalmbeach.com) or may obtain an audio recording of the meeting by contacting Cindy Delp, Secretary to the Architectural Commission at (561) 227-6408. As a point of reference, you will find the recording times listed on these minutes at the beginning of each item.

#### **I. CALL TO ORDER (9:00:00 a.m.)**

Chairman Smith called the meeting to order at 9:00 a.m.

#### **II. ROLL CALL (9:00:00 a.m.)**

Upon roll call, the following members were present: Jeffery W. Smith, Chairman, William J. Strawbridge Jr., Vice Chairman, Members: Leslie C. Diver, Samuel M. Boykin, Nikita Zukov, Robert J. Vila, Ann L. Vanneck (Alternate Member, but voting member today), and Peter I.C. Knowles II (Alternate Member).

Members absent: Kenn Karakul, Member (excused) and Martin D. Gruss, Alternate Member (unexcused). Staff members present were John C. Randolph, Town Attorney, John Page, Director of Planning, Zoning & Building, John Lindgren, Planning Administrator, and Cynthia Delp, Secretary to the Architectural Commission.

Let the record show that a court reporter was present, Robin L. Merker, for the 1100 North Ocean Boulevard item (B6/10).

#### **III. PLEDGE OF ALLEGIANCE (9:00:07 a.m.)**



**IV. PRESENTATION FROM TOWN ATTORNEY JOHN RANDOLPH  
RELATIVE TO SUNSHINE LAW, PUBLIC RECORDS, QUASI-JUDICIAL  
REQUIREMENTS, AND COMMISSION PROCEDURES (9:00:28 a.m.)**

Mr. Randolph recommended that in light of today's heavy agenda, this presentation might be done at another time. He took just a few minutes to briefly review the Sunshine Law, Public Records, and the quasi-judicial nature of ARCOM. He cautioned the members that they are not to impose their own personal taste on others, but instead members are to adhere to the criteria in the code, and base their decisions on the evidence presented.

**V. APPROVAL OF THE MINUTES FROM THE MARCH 24, 2010 MEETING  
(9:05:25 a.m.)**

**MOTION BY MRS. VANNECK FOR APPROVAL OF THE MINUTES.  
MOTION SECONDED BY MS. DIVER.  
MOTION CARRIED UNANIMOUSLY.**

**VI. ADMINISTRATION OF THE OATH TO PERSONS WHO WISH TO  
TESTIFY: (9:05:42 a.m.)**

Mrs. Delp administered the oath at this time and at several other times during the course of the meeting.

**VII. OTHER BUSINESS (9:06:02 a.m.)**

Informal Review: Street Signage Pole Standards for Worth Avenue Improvement  
Project - Thomas G. Bradford, Deputy Town Manager

Deputy Town Manager Tom Bradford introduced Mark Marsh, architect, who provided the presentation for this informal review. Mr. Marsh explained that this proposal is an attempt to reduce the "sign pollution" which currently exists on the avenue. He showed examples of proposed street signage, stop signs, speed limit signs, yield signs, etc. A sign post has been proposed: a black, cast aluminum, fluted post with a finial top and ornamental base. This post type would replace the existing Unistrut type poles on the avenue. Street signage is proposed in black and white, and some type of building signage with a European flair has been contemplated. It should be noted that most sign posts are proposed to hold multiple signs. Mr. Marsh solicited the feedback of the commission.

Commission comments: A previously established sign committee has already stated a preference for the silver metal poles rather than the "Disneysque" poles proposed; read the report of the sign committee: the silver poles disappear; at least do the parking signs on silver poles; ARCOM would like to see each sign, as proposed, including each sign to be placed on each pole; all members agreed that street signs should be black with white letters; return with a mock up of each proposed pole with signage and elevations showing placement of signage on the street; four signs on one pole is confusing; like the European building sign approach, especially at the vias; having European signs at vias is dictating public

policy on private property; no frames on the signs; reduce the number of signs.

The matter will return to the commission for further review.

**VIII. PROJECT REVIEW (9:23:49 a.m.)**

PLEASE BE ADVISED THAT THE PROJECT FOR PUBLIX (B25/10) WILL BE  
HEARD TIME CERTAIN AT 11:00 A.M.

**A. MAJOR PROJECTS - OLD BUSINESS**

B81/09 New Residence, Landscape & Hardscape

Address: 264 Country Club Road

Applicant: JDM Investments, LLC

Architect: Rustem Kupi Architect

Project Description: Construct a new two-story single-family residence with two-car garage, pool and pool area trellis structures, including hardscape and landscape.

This project was deferred from the October meeting to the November meeting for restudy, and was deferred from the November meeting to the December meeting at the request of the property owner. At the December meeting, the project was deferred to the January meeting at the request of the property owner. At the January meeting, the commission deferred the project for re-study. At the February and March meetings, the project was deferred at the owner's request.

Call for disclosure of ex parte communication: Several members made ex parte declarations.

Keith Spina presented the plan revisions for Rustem Kupi, the project architect. He began by giving a brief history of the project to date, and then presented the revisions made since the last meeting that this project was heard. Changes were made to the front elevation (front door/windows/niches/shutters); the rear elevation (windows/doors); changed style of garage door and worked out the slope to the garage; and, the Italian Cypress has been changed to podocarpus. There were no changes to the colors and materials since the previous presentations.

**MOTION BY MR. ZUKOV FOR APPROVAL OF THE HOUSE AS  
PRESENTED.**

**MOTION SECONDED BY MR. STRAWBRIDGE.**

**MOTION CARRIED UNANIMOUSLY.**

**MOTION BY MS. DIVER FOR APPROVAL OF THE LANDSCAPE  
AS PRESENTED.**

**MOTION SECONDED BY MR. ZUKOV.**

**MOTION CARRIED UNANIMOUSLY.**

B2/10 Addition and Demolition

Address: 1342 North Lake Way

Applicant: Joseph Sambuco

Architect: Roger P. Janssen, Dailey Janssen Architects, P.A.

Project Description: Demolition of existing one-story library and loggia; new two-story addition at same location; enclosure of existing second floor balcony; new one-story awning; and, replacement of existing railings and other architectural features

Please note that at the January meeting, there was a motion for approval of the front facade as presented, to include replacement of all cast stone balustrade with metal Chippendale railings, skim-coat the existing cast stone columns with plaster and paint them white, replace the entry door assembly, and add shutters to flank the French doors and the garage window. There was also a second motion for deferral of the west facade. At the February and March meetings, the project was deferred at the architect's request.

Call for disclosure of ex parte communication: There were no ex parte declarations.

Mr. Lindgren stated that he had spoken to the architect by phone this morning. The architect has requested that the remaining items be pulled from the agenda.

**MOTION BY MR. STRAWBRIDGE TO REMOVE THE  
REMAINING ITEMS FROM THE AGENDA.  
MOTION SECONDED BY MS. DIVER.  
MOTION CARRIED UNANIMOUSLY.**

B6/10 Addition

Address: 1100 North Ocean Boulevard

Applicant: 1100 North Ocean Boulevard Trust

Architect: The Lawrence Group Architects

Project Description: A two-story addition with garage space in the basement on the south side of the main house in similar architectural elements as the existing main house.

Please note that at the February meeting, the project was heard and deferred to the March meeting. At the March meeting, the project was deferred to the April meeting at the architect's request.

Call for disclosure of ex parte communication: Several members made ex parte declarations.

Eugene Lawrence, project architect, reviewed the project and the changes made since the last meeting: the addition has been moved almost 30 ft. from the south property line, and as far west as it could be moved; the lanai was extended on the north side to connect with the addition; there is a

roofed connection between the main house and the addition; the stair tower height has been reduced; the chimney was completely eliminated; fenestration changes; east facade simplified; and, other changes as presented. Jeff Blakely, Landscape Architect, described the changes to the landscape, including, but not limited to, increasing the Seagrape buffer between this property and the Castle property to 15 feet.

Mr. Lindgren noted that several letters of objection from various attorneys and the National Trust for Historic Preservation were in the file. These had been read into the record previously. One new letter from the Harpels, 1102 North Ocean Boulevard, in support of the project, was read into the record.

Let the record show that this project was heard at length. The presentations, testimonies, and cross examinations related to this project by the attorneys, both pro and con, the architect, and various witnesses continued up until 11:00 a.m., when the Publix matter was heard, and then resumed after the Publix matter concluded. The summary of the proceedings is as follows. Details of the presentation and testimony of witnesses, etc. can be heard via the meeting audio which is available on the Town's website.

Attorney Paul Rampell and Attorney James Green, representing the Castles (1095 North Ocean Boulevard) spoke in opposition to the project. They focused on the neighbors' right to a view, the physical and financial impact of the project on the neighbors, especially the impact on the historic Castle property (former Kennedy compound), and the alleged "understanding" relative to the required maintenance of open space on the south part of the Karp, then Smith, property when the motion for approval of the original house was made at ARCOM in 1996. Mr. Rampell called the following witnesses: Bruce Helander, Ethel Kinsella, Dr. Marvin Rosenberg, and Sally Gingras (all former ARCOM members who served when the original home was approved in 1996); Robert Moore, former Director of Planning, Zoning & Building, Morgan Wheelock, expert witness (landscape architecture), Thomas Kirchhoff, expert witness (architecture), Phil Holden, expert witness (appraiser), and Gina Borman, neighbor residing at 1086 North Ocean Boulevard. Let the record reflect that a notebook full of Exhibits was submitted into the record including the following: 1) Applicable Laws; 2) Before and After Views; 3) Decrease in Neighborhood Property Values; 4) Coastal Construction Control Line; 5) Alternative Lot Site; 6) Affidavits; (7) Letters; and, 8) Fascination with All Things Kennedy.

The opposing attorney, Greg Young, representing the Karps, provided comments in support of the project and cross examined the witnesses put forth by Mr. Rampell and Mr. Green. Mr. Young called a witness, Robert Deziel, (former ARCOM member when the original house was approved in 1996) to testify as he was the maker of the motion to approve the original house.

Let the record show that the former ARCOM members called to testify by Mr. Rampell were in agreement that there was an "understanding", but no deed restriction placed, to the effect that the south portion of 1100 North Ocean Boulevard was to remain open space. Let the record show that Mr. Deziel, the maker of the 1996 motion for approval of the original house at

1100 North Ocean Boulevard, testified he would not have placed a deed restriction on an architectural element, and would not have made a motion to restrict property.

Commission Comments: The applicant did everything we asked them to do; if the existing house had been presented today, I would not vote to approve the current, existing house...this is not world class architecture...this is not in conformity with good taste...the existing home is not something I want to make bigger and grander; this addition does not appear like it is part of the original structure; it has gotten better, but it is still too high; why introduce the columns between the French doors; I wouldn't approve the house if it was coming before us today, so why approve the addition; this is an expansion of an already massive house which will compromise the aesthetics of the neighborhood; this one area of openness is a very pleasant relief between two very large imposing mansions; the mass is somewhat offensive...it doesn't fit; problems with the massing...the addition does not relate to the house properly...it still looks like it's off to the side...I cannot feel that a house that is wrong, and is driven by the need to put four cars underground is a reason to accept what is frankly ugly; it looks forced...it doesn't fit.

**MOTION BY MR. VILA RECOMMENDING DENIAL OF THE APPLICATION FOR THE ADDITION ON THE GROUNDS THAT THE EXPANSION OF THE HOUSE WOULD BE DETRIMENTAL TO THE AESTHETIC STANDARDS OF THE TOWN AND HAVE A NEGATIVE IMPACT ON THE FORMER KENNEDY ESTATE AND OTHER NEIGHBORING PROPERTIES.**

**MOTION SECONDED BY MS. DIVER.**

Mr. Randolph asked that the motion address a criterion for denial.

**MOTION BY MR. VILA AMENDED TO INCLUDE THAT THE PROJECT IS DENIED BASED ON (1) THE PLAN FOR THE PROPOSED BUILDING OR STRUCTURE IS NOT IN CONFORMITY WITH GOOD TASTE AND DESIGN AND IN GENERAL DOES NOT CONTRIBUTE TO THE IMAGE OF THE TOWN AS A PLACE OF BEAUTY, SPACIOUSNESS, BALANCE, TASTE, FITNESS, CHARM AND HIGH QUALITY.**

**MOTION SECONDED BY MS. DIVER.**

**MOTION CARRIED 6-1, WITH MR. ZUKOV OPPOSING.**

B11/10 Demolition and New Construction

Address: 1191 North Lake Way

Applicant: Mr. and Mrs. Malcolm McCluskey

Architect: SKA Architects/Patrick W. Segraves

Project Description: Demolition of existing two-story structure.

Construction of new two-story Classical style home to be approximately 8,700 square feet. Home will include living room, dining room, family room, four bedrooms, seven and one-half bathrooms, library, laundry, staff quarters and a 3-car garage.

Please note that at the March meeting, there was a motion to approve demolition of the existing home, with the proviso that the property is sodded and irrigated within 15 days. There was also a motion for approval of the project, with the proviso that the applicant returns next month with a revised front door and final landscaping.

Call for disclosure of ex parte communication: None declared

Architect Patrick Segraves returned to the commission with a revised new flat head front door, with added pilasters at the balcony and on the rear, and with the fireplace centered on the back.

**MOTION BY MR. ZUKOV FOR APPROVAL AS PRESENTED.**

**MOTION SECONDED BY MS. DIVER.**

**MOTION CARRIED UNANIMOUSLY.**

Please note that the architect told Mrs. Delp that he will return in the future with the final landscaping.

**B. MAJOR PROJECTS - NEW BUSINESS**

B16/10 Gates/Landscape

Address: 200 S. Ocean Boulevard

Applicant: Julie Heberlein and Robert J. Reveley

Architect: Leslie Divoll

Project Description: Construct two gates (1) a beach access gate of decorative wrought aluminum (7 ft. 8 in. wide x 18 in. high) located in existing hedge; (2) an automated driveway gate of stained pecky cypress (14 ft. wide x 8 ft. high at existing driveway, hung from 24 in. x 24 in. x 6 ft. 8 in. masonry piers. No changes to pavement are planned. Final landscape will be presented.

Call for disclosure of ex parte communication: Several members made ex parte declarations.

Architect Leslie Divoll presented the request on behalf of the applicant. The proposed driveway gate (as described above) will be 18.5 feet back from the property line positioned between two, new, unadorned piers. It will serve to

block views into the property, and will be electronically operated. The existing beach access gate will be removed and hedges planted to fill the void. The new beach access gate (as described above) will be located further to the south, in line with Seabreeze Avenue. The commission was not happy with the style of the beach access gate.

**MOTION BY MS. DIVER TO APPROVE THE DRIVEWAY GATE AND THE LOCATION OF THE BEACH ACCESS GATE, WITH THE INSTRUCTION TO RETURN WITH A DIFFERENT STYLE BEACH ACCESS GATE TO COORDINATE WITH THE CHICKEE HUT.**

**MOTION SECONDED BY MRS. VANNECK.  
MOTION CARRIED UNANIMOUSLY.**

**MOTION BY MS. DIVER FOR DEFERRAL OF THE BEACH ACCESS GATE (TO THE MAY MEETING.)  
MOTION SECONDED BY MR. STRAWBRIDGE.  
MOTION CARRIED UNANIMOUSLY.**

B17/10 New Garage with Guest/Staff Quarters

Address: 313 Clarke Avenue

Applicant: Catherine M. Broderick

Architect: Robert L. Bell

Project Description: Construction of new garage with guest/staff quarters above at rear of property off of alley - minimal landscape and hardscape to be presented

Call for disclosure of ex parte communication: Mr. Vila made an ex parte declaration.

Architect Robert Bell presented this very basic new two-story garage with guest/staff quarters above having details to match the main house. The owner plans to incorporate only minimal landscaping at this time since the property is currently for sale.

**MOTION BY MR. STRAWBRIDGE FOR APPROVAL AS PRESENTED.  
MOTION SECONDED BY MR. ZUKOV.  
MOTION CARRIED 6-1, WITH MRS. VANNECK OPPOSED.**

B18/10 New Residence

Address: 200 La Puerta Way

Applicant: J.B. and Carrie Murray

Architect: The Pandula Architects, Inc.

Project Description: Demolition of existing residence. New one and two-story residence in the British Colonial style, presenting an essentially symmetrical facade to the street. The central portion of the building is two stories with single story wings at each side. The building will be done in a float finish stucco with painted wood trim, aluminum clad windows,

decorative aluminum railings and aluminum shutters at certain windows. The roof will be a flat terra cotta tile and the bay window roofs will be copper. Base Building Paint Color: Dove White; Trim Color: White; Shutter Color: Hunter Green; Roof color: Natural Terra Cotta.

Call for disclosure of ex parte communication: Mr. Vila and Mr. Knowles made ex parte declarations.

Architect Eugene Pandula presented this project, beginning with the demolition of the existing 1939 home for which he presented a demolition report to the satisfaction of the commission.

**MOTION BY MRS. VANNECK APPROVING THE DEMOLITION.  
MOTION SECONDED BY MR. VILA.  
MOTION CARRIED UNANIMOUSLY.**

Mr. Pandula continued with the presentation of the new home with its formal entrance off La Puerta Way and the garage entrance off North Ocean Way. The house is primarily two-stories with some one-story elements. It will be done in a float finish stucco, with white aluminum windows/clear glass, hunter green shutters and a mahogany entrance door, Chinese Chippendale railings, bay windows with copper roofs above, and flat Altusa roof tiles. Site walls and piers will be constructed on La Puerta. Mr. Pandula noted that there is space for a generator in the rear of the property. He reviewed all plans and elevations, and discussed the drainage.

Mr. Strawbridge complimented Mr. Pandula on a well-proportioned house.

**MOTION BY MR. ZUKOV FOR APPROVAL OF THE PROJECT  
AS PRESENTED.  
MOTION DIED FOR LACK OF A SECOND.**

Mr. Lindgren noted that there were three letters of support for the project in the file. He reported that per Martin Gauthier, Town Engineer, there can be no vegetation over 30" in the sight triangle.

Steven West from Parker Yannette presented the landscape/hardscape plan including the retention of select plant material (existing 9 ft. ficus hedge along East property line except for the portion at the north end blocking the sight triangle), some of which will be relocated (Silver Bismarck, a Brazilian Beautyleaf, Foxtail Palm, and Sabal Palm). The remainder of the vegetation will be removed prior to construction. There will be a circular, loose chatahoochee driveway with brick borders, brick aprons, and a brick walkway on La Puerta Way and a brick driveway in a basketweave pattern off North Ocean Way. Cast coquina landings and patios occur at various places on the site. At the front of the house, there is a garden wall with pickets and piers and a gate with piers. Mr. West reviewed the proposed landscape material. Four Cocoanut Palms, 20-24 ft. in height will frame the front facade. Landscape lighting consists of 20 light fixtures (19 for vegetation and one for path lighting). The fixtures will be



low voltage brass fixtures (10-50 watt maximum).

Mrs. Vanneck warned that the Bismarck may be lost after it is relocated into the salt wind. Mr. West responded that the owner is aware of this. She also questioned the salt tolerance of the ficus species proposed. Mr. Knowles cautioned Mr. West to be sure that the relocated plants are properly watered.

**MOTION BY MR. STRAWBRIDGE FOR APPROVAL AS PRESENTED.**

**MOTION SECONDED BY MS. DIVER.**

**MOTION CARRIED UNANIMOUSLY.**

B19/10 Addition

Address: 3000 South Ocean Boulevard, PH 6 South

Architect: The Lawrence Group

Applicant: Diane Wren

Project Description: Addition of an unenclosed roof shade on the Penthouse terrace. Materials are stucco and clay barrel tile matching the form of the existing Penthouse.

Call for disclosure of ex parte communication: There were no ex parte declarations.

Architect Eugene Lawrence presented this request. He explained that this project will require Special Exception approval from the Town Council. The project would provide open air shaded space (560 sq. ft.) to the property owner. He noted that the project has been approved by the condominium board of the Bellaria.

**MOTION BY MR. ZUKOV FOR APPROVAL AS PRESENTED.**

**MOTION DIED FOR LACK OF A SECOND.**

Commission comments: So massive and heavy on top of those little columns; the need for shade is understood; the addition is awkward and strange; how about a colonnade with a peaked roof like on the other side; try two columns at every corner; lighten it up.

**MOTION BY MR. STRAWBRIDGE FOR DEFERRAL (TO THE MAY MEETING).**

**MOTION SECONDED BY MRS. VANNECK.**

**MOTION CARRIED UNANIMOUSLY.**

B20/10 A/C Sight Screening

Address: 333 Sunset Avenue

Applicant: Royal Poinciana South

Architect: Steven Z. Epstein, Architect; Engineering Express

Project Description: Furnish & install A/C sight screening along the entire roof perimeter that will extend six (6) feet in height above the roof tie-beam/parapet

Call for disclosure of ex parte communication: Several members made ex parte declarations.

Mr. Lindgren read a letter into the record from a neighbor at 150 Bradley Place, Neil Aronstam, in opposition to the project.

Mr. Smith stated that the application is incomplete, as architectural drawings showing each of the four elevations (to scale) of the building are required. This was discussed during the pre-meeting with the Chairman and staff relayed that message to the applicant's representatives. The required plans were to be brought to this meeting, but were not. The plans must indicate how the neighboring buildings would be affected by the proposed project.

**MOTION BY MRS. VANNECK FOR DEFERRAL (TO THE MAY MEETING).**

**MOTION SECONDED BY MS. DIVER.**

**MOTION CARRIED UNANIMOUSLY.**

B21/10 New Residence

Address: 1480 North Lake Way

Applicant: Gregory L. and Lisa Wilson

Architect: Clemens Bruns Schaub

Project Description: New 6,619 sq. ft. (air-conditioned) Bermuda style residence with pool, spa, and landscaping (proposed hardscape and planting plans). Two-story CBS residence with white Bermuda concrete tile roof. Colors of building, trim, shutters and roof will be white.

Call for disclosure of ex parte communication: Several members made ex parte declarations.

Mr. Smith requested that the architect specify the under-roof size of the house, rather than just the air-conditioned square footage. Let the record show that the cover sheet of the plans does not show this figure, but the architect stated that there are approximately 10,900 square feet under roof.

Architect Clem Schaub presented this request. He stated that the project requires no variances. The new home, in a white on white color palette, has been done in a Bermuda ramble design (stucco with Bermuda tile roof) with a round pool and a significant amount of outdoor space. There are both one and two story portions of the house, with over half of the house as one-story. Let the record show that Mr. Schaub brought a model of the residence, though the scale of the model was too small.

Commission Comments: Very geometric especially at the pool area; the pool area looks unresolved; nice, innovative project; the gable ends float up in the air supported by columns; very sensitive; the main mass of the house should look original; refreshing; youthful; some of the decorations are not typical Bermuda; the west facade is a problem.

Mr. Lindgren noted that a letter of support had been received from a neighbor.

Mario Nievera of Mario Nievera Design Inc. presented the landscape and hardscape, including the negative edge pool and lakeside spa., the circular drive, the retention and/or relocation of much of the existing landscaping, tabby driveways and cast stone walkways, cocoanut palms on the west facade naturally placed, much lawn area, and a simple landscape palette.

**MOTION BY MR. STRAWBRIDGE TO DEFER THE ARCHITECTURE.  
MOTION DIED FOR LACK OF A SECOND.**

**MOTION BY MS. DIVER FOR APPROVAL AS PRESENTED.  
MOTION SECONDED BY MR. ZUKOV.  
MOTION CARRIED 4-3, WITH MR. STRAWBRIDGE, MRS. VANNECK, AND MR. SMITH OPPOSING.**

B22/10 New Residence

Address: Lot 7 & 8, El Mirasol

Applicant: Mr. and Mrs. Khubani

Architect: Roger Hansrote Architect

Project Description: New two-story single family residence with 8 bedrooms, 10 bathrooms, 2 1/2 bathrooms, (2) two-car garages, and (1) one-car garage, breezeway, porte cochere, and (2) pools. 11,427 sq. ft. A/C

Please note that the attorney for applicant has requested a deferral to the May meeting to allow for completion of a model.

**MOTION BY MRS. VANNECK FOR DEFERRAL TO THE MAY MEETING. (motion made earlier in meeting.)  
MOTION SECONDED BY MS. DIVER.  
MOTION CARRIED UNANIMOUSLY.**

B23/10 Atrium enclosures (In association with Site Plan Review #3-2010 with Variance)

**\*ARCOM TO MAKE RECOMMENDATION REGARDING VARIANCE\***

Address: 7 Sloan's Curve Drive

Applicant: Mr. and Mrs. Alan Adler

Architect: Smith and Moore Architects, Inc.

Project Description: A 135 sq. ft. atrium enclosure, a 49 sq. ft. interior atrium enclosure and window changes in an existing townhouse. A variance to allow two small additions that will enclose the entry feature and an interior atrium thereby increasing the lot coverage to 35.9% in lieu of the 33.7% existing and the 35% maximum allowed in the PUD-B district. The proposed additions will modify a previously approved site plan in a PUD complying with Section 134-688 (b) of the Town's Zoning Code.

Please note that the attorney for the owner has requested deferral to the May meeting, as the variance application must be revised and re-advertised.

**MOTION BY MRS. VANNECK FOR DEFERRAL TO THE MAY MEETING.** (motion made earlier in meeting.)  
**MOTION SECONDED BY MS. DIVER.**  
**MOTION CARRIED UNANIMOUSLY.**

B24/10 New Loggia (In association with Variance #4-2010)  
\*ARCOM TO MAKE RECOMMENDATION REGARDING VARIANCE\*

Address: 151 Via Bellaria

Applicant: Robert J. Tomsich

Architect: Smith and Moore Architects, Inc., Jonathan Moore

Project Description: Construction of a new two-story open loggia to replace smaller existing two-story open loggia. Variance to permit the construction of a new larger two-story open loggia to replace the existing two-story loggia, which will result in a lot coverage of 25.8% in lieu of 24.9% existing and 25.0% maximum allowed.

Call for disclosure of ex parte communication: Mr. Zukov and Ms. Diver made ex parte declarations.

Attorney Tim Hanlon stated that a single variance has been requested for this project for open space. Mr. Hanlon hoped for a favorable response for the variance request as the architecture has been improved in the new loggia and there is no impact on the neighbors. Dan Cahan of Smith & Moore Architects presented the architecture changing the existing semi-circular loggia to a five bay rectangular one providing more covered space.

Commission Comments: the house is fine as is; the "eyebrows" at the balcony are unsuccessful and detract from the house; this solution is not successful.

**MOTION BY MS. DIVER FOR DEFERRAL TO THE MAY MEETING.**  
**MOTION SECONDED BY MR. ZUKOV.**  
**MOTION CARRIED UNANIMOUSLY.**

PLEASE BE ADVISED THAT THE PROJECT FOR PUBLIX (B25.10) WILL BE HEARD TIME CERTAIN AT 11:00 A.M.

B25/10 Demolition and New Construction of Publix Supermarket (In association with Site Plan Review #4-2010 with Special Exception and Variances)

**\*ARCOM TO MAKE RECOMMENDATION REGARDING VARIANCES\***

Address: 265 Sunset Avenue

Applicant: Publix Supermarkets, Inc. & Sunset Avenue Corp.

Architect: Fisher and Associates. LLC

Project Description: Demolition of an existing 33,059 sq. ft. Publix Supermarket and construction of a new 50,870 sq. ft. one-story Publix Supermarket. Final Landscape and Hardscape. Roof material: clay barrel tile; Roof color: Terra cotta; Building color: alabaster; trim color: ivoire. The following variances are being requested to construct the proposed one story grocery store: a) To allow a building length of 245 ft. in lieu of the 150 ft. maximum allowed; b) To allow a front yard setback at the northwest corner of the proposed building of 10 ft. in lieu of the 14 ft. minimum required based on building height; c) To allow a side yard setback for the proposed towers to be 10 ft. in lieu of the 19 ft. minimum required; d) To allow two loading spaces in lieu of the three spaces required by code; e) To allow the proposed building to be a total square footage of 50,870 sq. ft. in lieu of the 15,000 sq. ft. maximum allowed; f) To allow 8 towers in lieu of the two maximum allowed; g) To allow the area of the 8 towers to be 12.2% of the gross floor area of the building in lieu of the 2% maximum allowed; h) To allow the parking lot light poles to be 23 ft. in height in lieu of the 15 ft. maximum allowed; i) To allow the height of the proposed one story grocery store to be 22.66 ft. in lieu of the 15 ft. maximum allowed; j) To allow the overall height of the proposed one story grocery store to be 37 ft. in lieu of the 20 ft. maximum allowed; k) To allow a monument sign at the northwest entrance where no sign is allowed; and, l) To allow a monument sign at the southwest entrance where no sign is allowed.

Call for disclosure of ex parte communication: All members present, except Mr. Boykin, made ex parte declarations.

Attorney Maura Ziska, representing the applicant, listed the names of the members of the design team who were present: Brian Fisher, architect, Harold Smith, Smith & Moore Architects, associate architect, Don Skowron, Morgan Wheelock Landscape Architects, Dan Cahan, Smith & Moore Architects, Adam Kerr, Kimley-Horn, Traffic Engineers, Nelson Ortiz, Civil Engineer, Woody Rayburn and Brigitte O'Connor, Publix real estate division representatives, Peter Shahamad, Development Team, Nick Abuisi, Store Manager, David Rubin, Publix, and Hank Porcher, Development Team. Ms. Ziska explained that they are seeking review of the architecture and a recommendation relative to the requested variances, (which she grouped into four types - variances for building size, variances for the towers, variances for the loading docks, and variances for the parking lot light poles). Ms. Ziska noted that the variances related to monument signs have been removed from the request. She proceeded to briefly describe the need for the variances requested. Ms. Ziska stated that

Publix has been planning a new Palm Beach store for quite some time. Several years ago, a “first floor parking, second floor store” option was presented, but was not favorably received. Since that time, several adjacent properties became available and Publix purchased those properties. [Note: Publix has negotiated for the purchase of the adjacent Wachovia Bank property, but these negotiations have been unsuccessful to date.]

Architect Harold Smith stated that the applicant has spent several weeks meeting with neighbors and civic groups relative to the proposal, and they have attempted to address every concern wherever possible. They have also met with many of the ARCOM members and have attempted to incorporate members’ thoughts and suggestions into the plans. Mr. Smith discussed the site, the neighboring properties, the development of the existing store and subsequent changes and upgrades, and the problems with the existing store, parking lot and site. Publix desires to demolish the existing structure to build a new, larger store in compliance with minimum flood elevation, with an enclosed stand-by generator, with safer vehicular and pedestrian traffic circulation patterns, with reduced noise from mechanical equipment and unloading functions, and with a wider product selection. The proposal includes parking for 218 total vehicles, increased sidewalks (minimum 10 ft.), increased landscape buffers (minimum 10 ft.), a tree-lined pedestrian walkway from Bradley Place through the parking lot directly to the front door, pedestrian paths from the north and south, an improved loading/unloading process, mechanical equipment enclosed in the towers rather than on the rooftop, and an increase in landscaping (more than the code requires). Within the store itself, there will be approximately 10,000 additional square feet of shopping area, wider aisles, a stand-alone larger pharmacy, a greater selection of cheeses, seafood, wines, prepared foods, more Greenwise products, and interior storage of shopping carts.

Architect Brian Smith, of Fisher & Associates Architects, stated that they attempted to design a store to fit in with the Mediterranean Revival flavor of Palm Beach, employing a true barrel tile roof, exterior colors in keeping with the neighborhood, an arcade across the front of the building, fabric awnings, window elements at the second story level, outriggers, cornice pieces, pre-cast coral, glass tiles for mosaics, green tint for the glazing (with white film on back), decorative ornamental railings, etc. The tower elements serve to enclose the mechanical systems which would typically occur on a rooftop.

Don Skowron of Morgan Wheelock Landscape Architects presented the landscape/hardscape plan, explaining that they took a residential approach to the landscaping at this site and attempted to make it consistent with the neighborhood. An existing large Banyan tree on Bradley Place, and existing cocoanut palms at several locations will be retained. Mr. Skowron reviewed other plant species designated for the site, including, but not limited to Clusia hedge, Green Buttonwoods, Royal Palms, Green Island Ficus, vines, and bougainvillea to name a few.

Mr. Lindgren read several letters into the record: 1) "Save our Publix" coupons from Ethel Kinsella, Robert Murray, Sue Strickland, Laura & George Klein, Mercedes Cassidy, and Mari McCormick (all in opposition to the demolition of the existing store; 2) Letter dated April 21, 2010 from Laura H. Klein in opposition to the project; 3) Letter dated April 5, 2010 from Orator Woodward in opposition to the project; 4) Letter dated April 28, 2010 from the Palm Beach Biltmore Condominium Board of Directors expressing several points of concern relative to the project; 5) an e-mail from the Preservation Foundation stating "no major reservations about the Publix demolition and development application," but listing several concerns about greenspace, the Southside wall, and the overall architectural detailing; and, 6) a twelve page letter from Attorney Jeffery A. Rembaum, representing the Palm Beach Hotel Condominium Association, Inc., and strongly objecting to the project.

During Public Comment, the following persons addressed the commission: Rachel Lorentzen, 216 Garden Road, speaking on behalf of the Neighborhood Alliance of Palm Beach, listing the cumulative questions and concerns of that group; Ned Barnes, Palm Beach Civic Association, who provided survey results indicating concerns with traffic congestion and off-island patrons, and, Attorney Jeffrey A. Rembaum and his team representing the Palm Beach Hotel Condominium Association Inc., (requested approximately 20 minutes for their comments in strong opposition to the project). Attorney Rembaum listed several issues of contention, including, but not limited to mass, the relocation of the store and truck unloading area too close to the front door of the Palm Beach Hotel, loss of parking spaces, signage issues, use of public roads to facilitate private purposes, ingress/egress issues, noise concerns, and their opinion that Publix has 100% created every condition for which they are requesting a variance. Michael Sexton, Sexton Engineering, stated the concerns of the Palm Beach Hotel Condominium Association, from his engineering perspective.

Others who spoke under Public Comments: Anne Fairfax, Fairfax & Sammons Architects, 214 Brazilian Avenue, objecting to the scale of the project (read a prepared statement); Christina Kramer, 1511 North Lake Way, in support of the project (read a prepared statement); Allen Wyett, 1145 North Lake Way, in support of the project; Mary Reed, 231 Chilean Avenue, expressing concern over the size of the store and huge amount of asphalt for parking, and making several suggestions to improve the project (more shade, real windows, multiple entrances); Anne Pepper, 333 Seaspray Avenue, read her statement expressing several concerns and making numerous recommendations for a better project; Susan Watts, 455 Worth Avenue, encouraging restoration and renovation rather than demolition and development; and Edward Cooney, 495 North Lake Way, expressing concern regarding the parking lot, landscaping, ingress/egress, and "green" alternative for the roof.

Attorney Maura Ziska responded to several of the comments made thus far.

Commission Comments: Very nice project; more detail needed on three windows above front door; make the arched windows (with wrought iron) dark to create depth; awnings should not be scalloped; detail needed for decorative ironwork; so much asphalt; willing to give up some parking for more lush landscaping; this fits the context; why not build a landmark and build it "green"; the "marketplace" concept is preferable to a "big box"; more of a pedestrian approach on the south facade with axis to certain parts of the store; energy conservation?; more shade needed; Is the Wachovia property for sale or not?; the roof is very large; drainage concerns; light poles are not pleasing; do a better finish on the huge white roof; black awnings must be kept clean; better use of quatrefoils; shade trees needed; cover for the pedestrian walkway?; Royal Palms will drop fronds and casings in the parking lot; perhaps use something other than small Schefflera; great job on the landscape buffers, but increase the landscaping on the interior of the parking lot; landscape must be adequately irrigated and maintained; we need a new Publix which is just for Palm Beach and addresses the needs of Palm Beach; think out of the box; don't shut down the existing store while the new store is being constructed; do not like the parking layout; think about the site plan - try to acquire the other parcel; you are not being a good neighbor to the Palm Beach Hotel; glass mosaics are not appropriate for Palm Beach; prefer renovating and adding to the existing store; the landscaping has always been a problem at this site; find a temporary store location; far more should be done and can be done... this is not for Palm Beach; it starts with massing...the whole store does not need two story elements; the siting of the project is predicated on whether or not the Wachovia property is purchased.

David Rubin, Architect for Publix, discussed the energy efficiency of the proposed store with regard to the roof, insulation, interior materials, mechanical, plumbing and refrigeration equipment, store lighting, water for landscaping, etc. Let the record show that Nelson Ortiz, during commission comments, testified as to the drainage plan for the site.

**MOTION BY MRS. VANNECK FOR DEFERRAL FOR ONE MONTH.**

**MOTION SECONDED BY MR. ZUKOV.**

**MRS. VANNECK CLARIFIED SOME REASONS FOR DEFERRAL: TOO MANY UNANSWERED QUESTIONS; THE SITING OF THE STORE IS A MAJOR PROBLEM; AND MORE PIERCINGS IN THE SHELL WOULD MAKE THE STORE MORE USER FRIENDLY. MR. ZUKOV CALLED FOR RE-DESIGN OF THE BUILDING, AND A DIFFERENT ROOF TREATMENT. HE NOTED THAT THE VARIANCES WOULD PROBABLY ALL BE ACCEPTABLE IF THE COMMISSION LIKED THE BUILDING ARCHITECTURE AND THE SITE PLAN. MR. SMITH CALLED FOR THE RE-STUDY OF THE SITE PLAN, ENCOURAGED THE ACQUISITION OF THE WACHOVIA PROPERTY; RECOMMENDED MORE THAN ONE**



**ENTRANCE INTO THE STORE; RECOMMENDED THE PURSUIT OF THE "SENSE OF COMMUNITY" WITHIN THE STORE...A PLACE TO HAVE COFFEE WITH FRIENDS; STRESSED THE IMPORTANCE OF LANDSCAPING; AND NOTED THAT IT IS TOO EARLY TO EVEN CONSIDER THE VARIANCES.**

Hank Porcher, commented that this project has been studied for two years, and Publix representatives have met with residents and civic groups, and as a result, have made several revisions to the project. He maintained that this store, as designed, is not a typical box, but instead is unique and site specific. He requested specific direction from the commission.

**MRS. VANNECK RE-CLARIFIED THAT IT IS RECOMMENDED THAT THE DESIGN INCLUDE MORE ENTRANCES (BOUTIQUE-LIKE ENTRANCES) INTO SPECIFIC AREAS OF THE STORE TO MAKE IT MORE STREET FRIENDLY; IT IS RECOMMENDED THAT THERE BE WINDOWS ON THE FIRST FLOOR; IT IS RECOMMENDED THAT THERE BE MORE SHADE TREES; AND, IT IS RECOMMENDED THAT THE SITE PLAN BE RE-STUDIED. MR. ZUKOV CALLED FOR MORE WORK ON THE ARCHITECTURE AND THE ROOF; MR. SMITH CALLED FOR RE-STUDY OF THE SITE PLAN, PARKING CIRCULATION AND TRUCK UNLOADING AREA.**

**MOTION CARRIED UNANIMOUSLY.**

*LET THE RECORD SHOW THAT THE MEETING RECESSED FROM 1:35 P.M. TO 2:30 P.M., AT WHICH TIME THE PROJECT FOR 1100 NORTH OCEAN BOULEVARD (B6/10) RESUMED.*

**C. MINOR PROJECTS - OLD BUSINESS**

A2/10 Facade Renovation

Address: 201 Seminole Avenue

Applicant: Mr. Terry (David) and Mrs. Linda Collier

Architect: David J. Gengler, Architect

Project Description: Minor renovation of the South (Main) and East facades of an existing two-story residence: Adding Mediterranean Revival cast stone, balustrade, and railing ornamentation

This project was heard at the March meeting, and was deferred to the April meeting. Please note that the architect has requested a deferral to the May meeting.

**MOTION BY MRS. VANNECK FOR DEFERRAL TO THE MAY MEETING. (motion made earlier in meeting.)**

**MOTION SECONDED BY MS. DIVER.**

**MOTION CARRIED UNANIMOUSLY.**

D. MINOR PROJECTS - NEW BUSINESS

A3/10 Landscape and Terrace

Address: 440 Royal Palm Way

Applicant: Marni Propp, Owner, Palm Beach Park Centre

Architect: Morgan Wheelock Inc.

Project Description: Installation of landscape buffer on south and southwest property line, new employee terrace over existing garage (hardscape approximately 1,100 sq. ft.

Call for disclosure of ex parte communication: There were no ex parte declarations.

Don Skowron of Morgan Wheelock Landscape Architects described an emergency situation at this property (underground garage which was sodded over, but the membrane failed soaking several vehicles underneath it). The sod, turf, and soil has been stripped away, and the drainage found was poor. The applicant plans to re-pour, fix the drainage, re-membrane, and pour a new natural product over the membrane.

Owen Larkin, neighbor, is on the Board of Directors of the condominium at 315 S. Lake Drive. He testified that there was a canopy of trees there previously, not just turf. Because of these problems at the site, the trees have been removed. As such, condo residents have a clear view of the commercial car-washing enterprise in the garage and the employees who smoke there. He maintained that a canopy of green space has been taken away because of shoddy construction.

Mr. Smith, though recognizing that there is a structural problem here, commented that landscaping should be replaced to appease the condo neighbors, and suggested large potted plants as an option. Mr. Skowron stated that the owner's intent is to plant the property line and completely screen out the car washing operation from view. He added that they will do whatever it takes to make the neighbors happy. Mr. Smith suggested that the applicant return with a revised plan which is satisfactory to the neighbors as well.

**MOTION BY MS. DIVER TO DEFER TO THE MAY MEETING.  
MOTION SECONDED BY MRS. VANNECK.  
MOTION CARRIED UNANIMOUSLY.**

A4/10 Facade changes

Address: 110 Wells Road

Applicant: 110 Wells Road LLC/James Pappas

Architect: Brasseur & Drobot Architects PA

Project Description: Add cast stone veneer to entry & stair tower, add balcony & rail to (2) front windows, remove window and door from west side of stair tower, and add windows to rear elevation

Call for disclosure of ex parte communication: Several members made ex parte declarations.

Architect Jeff Brasseur presented facade changes for this home (which had been previously approved by ARCOM and which was the subject of several staff approvals.)

Commission Comments: Questioned the elimination of the sills on the sides of the home (staff approval); it's been staff approved out and needs to return with all of the changes since the original approval...there is no cohesiveness in the house anymore; I don't see what the improvement is; the stonework is not detailed correctly; question the spacing of the windows and the use of metalwork on the windows above; the front elevation was better the way it was; something wrong with the layout of the windows on the south elevation; and, the stone is not executed well.

**MOTION BY MS. DIVER TO DEFER (TO THE MAY MEETING).  
MOTION SECONDED BY MR. STRAWBRIDGE.  
MOTION CARRIED UNANIMOUSLY.**

A5/10 Facade changes

Address: 286 Jamaica Lane

Applicant: Mr. and Mrs. John Raese

Architect: Roger Janssen, Dailey Janssen Architects

Project Description: Removal of balcony, shutters and stucco surrounds.

Addition of cast stone entry surround, window surrounds, belt course and cornice.

Call for disclosure of ex parte communication: There were no ex parte declarations.

Roger Janssen presented this request to simplify an elevation by removing certain architectural elements and replacing these with other architectural elements as listed above.

Commission Comments: This is not an improvement; the embellishments are not in keeping with the simple mass of the house; you are totally changing the style of the house, and the roof is totally wrong for the style you are trying to force on it; and, the massing is wrong.

**MOTION BY MR. STRAWBRIDGE FOR DENIAL.  
MOTION DIED FOR LACK OF A SECOND.**

**MOTION BY MR. ZUKOV FOR DEFERRAL (TO THE MAY MEETING).  
MOTION SECONDED BY MR. VILA.  
MOTION CARRIED UNANIMOUSLY.**

**IX. COMMUNICATIONS FROM CITIZENS (3 MINUTE LIMIT PLEASE)**  
**(4:33:55 a.m.)**

**X. COMMENTS OF THE ARCHITECTURAL COMMISSION AND**  
**DIRECTOR OF PLANNING, ZONING AND BUILDING DEPARTMENT:**  
**(4:33:57 a.m.)**

**XI. ADJOURNMENT:**

**MOTION BY MRS. VANNECK TO ADJOURN THE MEETING AT**  
**APPROXIMATELY 6:00 P.M.**  
**MOTION SECONDED BY MS. DIVER.**  
**MOTION CARRIED UNANIMOUSLY.**

The next meeting of the Architectural Commission will be held on **Wednesday,**  
**May 26, 2010** at 9:00 a.m. in the Emergency Operations Center, 3rd floor, 355  
South County Road, Palm Beach.

Respectfully submitted,

Jeffery W. Smith, Chairman  
**ARCHITECTURAL COMMISSION**

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# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Resolutions

## Agenda Title

RESOLUTION NO. 52-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Authorizing the Purchase of a Complete Weapons System from B&H Gunrack, Inc. for the Police Department, Sealed Bid 2010-12.

## Presenter

Kirk Blouin, Chief of Police

## Supporting Documents

- Memorandum dated April 23, 2010, from Kirk W. Blouin, Police Chief
- Resolution 52-10 Weapons System
- Bid Tabulation Sheet

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Kirk W. Blouin, Chief of Police

Re: Purchase of New Weapons System for Police Officers  
**Resolution No. 52-10**

Date: April 23, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that Town Council approve Resolution No. 52-10, awarding sealed bid 2010-12 to B&H Gunrack, Inc., for the purchase of a new weapons system for police officers. The total purchase price is \$58,434 less trade in value of our current weapons of \$25,925 for a net total cost of \$32,509.

## **GENERAL INFORMATION**

Town Purchasing Staff recently advertised and received bids for the purpose of replacing police officer's current handguns with a new weapons system. The cost of the purchase is covered by a donation from the Palm Beach Police Foundation previously approved by Town Council. The donation is sufficient to cover all costs relating to the transition resulting in no impact on the current or future budgets.

On April 7, 2010, Purchasing received three (3) bids for the weapons system. The lowest bidder was B&H Gunrack, Inc., of Merritt Island, Florida. A copy of the bid tabulation sheet is attached for reference.

## **FUNDING/FISCAL IMPACT**

The donation will cover all related costs associated with the conversion from the current weapon system to the new system with the exception of the salaries paid during officers' actual training time.

KWB:nt

Attachments

**RESOLUTION NO. 52-10**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF  
PALM BEACH, PALM BEACH COUNTY, FLORIDA,  
AUTHORIZING THE PURCHASE OF A COMPLETE  
WEAPONS SYSTEM FROM B&H GUNRACK, INC. FOR THE  
POLICE DEPARTMENT, SEALED BID 2010-12.**

**BE IT RESOLVED BY TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM  
BEACH COUNTY, FLORIDA, as follows:**

Section 1. The Town of Palm Beach Sealed Bid 2010-12 for the purchase of an officer weapons system is hereby awarded to B&H Gunrack Inc, for the net amount of \$32,509.

Section 2. The Purchasing Department is hereby authorized to complete the purchase on behalf of the Chief of Police and the Police Department.

**PASSED AND ADOPTED IN A REGULAR, ADJOURNED SESSION OF THE TOWN  
COUNCIL OF THE TOWN OF PALM BEACH ON THIS 11TH DAY OF MAY, 2010.**

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Town Council President Pro Tem

\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member

COPY 2

Resolution 52-10

## BID TABULATION

## Weapons and Officers Equipment

BID NO. 2010-12

| Vendor:             |                                                                                                                                                                                                               | B&H Gunrack, Inc.           |      | Lawmen's & Shooters' Supply, Inc. |              | Lou's Police Distributors, Inc. |              | Florida Police Products |              |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------|-----------------------------------|--------------|---------------------------------|--------------|-------------------------|--------------|
| Address:            |                                                                                                                                                                                                               | 235 E. Merritt Island Cswy. |      | 7750 9th Street SW                |              | 7815 W. 4th Avenue              |              | 701 NW 36th Avenue      |              |
| Telephone:          |                                                                                                                                                                                                               | Merritt Island, FL 32952    |      | Vero Beach, FL 32968              |              | Hialeah, FL 33014               |              | Miami, FL 33125         |              |
| Fax:                |                                                                                                                                                                                                               | 321-452-8934                |      | 800-562-5697                      |              | 305-416-0000                    |              |                         |              |
| Contact:            |                                                                                                                                                                                                               | 321-452-8683                |      | 772-569-2955                      |              | 305-824-9205                    |              | NO BID                  |              |
|                     |                                                                                                                                                                                                               | Robert Griggs               |      | Gail Walker-Keen                  |              | Linda Riccobono                 |              |                         |              |
| Item                | Description                                                                                                                                                                                                   | Qty                         | Unit | Unit Price                        | Total        | Unit Price                      | Total        | Unit Price              | Total        |
| NEW EQUIPMENT       |                                                                                                                                                                                                               |                             |      |                                   |              |                                 |              |                         |              |
| 1                   | PIN 309700 S&W M&P40 Pistol, 4-1/4 BBL, .40 S&W, front & rear night sight, no magazine safety, three (3) 15 round magazines                                                                                   | 70                          | EA   | \$ 430.00                         | \$ 30,100.00 | \$ 454.09                       | \$ 31,786.30 | \$ 439.00               | \$ 30,730.00 |
| 2                   | PIN 307703 S&W M&P40 Compact Pistol, 3.5" BBL, .40 S&W, front and rear night sight, no magazine safety, three (10) round magazines                                                                            | 17                          | EA   | \$ 430.00                         | \$ 7,310.00  | \$ 454.09                       | \$ 7,719.53  | \$ 439.00               | \$ 7,463.00  |
| 3                   | PIN 39484 S&W M&P 40 Cal Compact Magazine with finger rest - 10 round                                                                                                                                         | 18                          | EA   | \$ 16.50                          | \$ 297.00    | \$ 18.48                        | \$ 332.64    | \$ 19.80                | \$ 356.40    |
| 4                   | PIN 39494 S&W M&P 40 Cal Series Magazine - 15 round                                                                                                                                                           | 24                          | EA   | \$ 16.50                          | \$ 396.00    | \$ 18.48                        | \$ 443.52    | \$ 19.80                | \$ 475.20    |
| 5                   | PIN X300 Surefire Light model X300, attachable to light rail                                                                                                                                                  | 70                          | EA   | \$ 149.40                         | \$ 10,458.00 | \$ 175.30                       | \$ 12,271.00 | \$ 169.98               | \$ 11,898.60 |
| 6                   | PIN 6360-219-81 Safariland ALS Level III with ride UBL, black basket weave, fits S&W M&P 9MM and 40 with Streamlight M3, TLR-1 Surefire X200/X300, ITI SSL-1 or LAS-TAC 2, 4.5" BBL, right and left hand draw | 70                          | EA   | \$ 105.00                         | \$ 7,350.00  | \$ 118.55                       | \$ 8,298.50  | \$ 106.84               | \$ 7,478.80  |
| 7                   | PIN 6378-2192-411 Safariland ALS Paddle Holster, STXX Plain Black, fits S&W M&P, 4" BBL, right and left hand draw                                                                                             | 70                          | EA   | \$ 29.00                          | \$ 2,030.00  | \$ 42.44                        | \$ 2,970.80  | \$ 26.25                | \$ 1,837.50  |
| 8                   | PIN 6378-319-411 Safariland ALS Paddle Holster, STX plain black, fits S&W M&P, 3.5" BBL, right and left hand draw                                                                                             | 17                          | EA   | \$ 29.00                          | \$ 493.00    | \$ 33.32                        | \$ 566.44    | \$ 26.25                | \$ 446.25    |
| TOTAL NEW EQUIPMENT |                                                                                                                                                                                                               |                             |      | \$ 58,434.00                      |              | \$ 64,388.73                    |              | \$ 60,685.75            |              |
| TRADE IN            |                                                                                                                                                                                                               |                             |      |                                   |              |                                 |              |                         |              |
| 9                   | Beretta 96G Centurion, .40 Cal, with and without Crimson Trace laser grips- Operational                                                                                                                       | 88                          | EA   | \$ 250.00                         | \$ 22,000.00 | \$ 200.00                       | \$ 17,600.00 | \$ 250.00               | \$ 22,000.00 |
| 10                  | Beretta 96G Centurion, .40 Cal, with and without Crimson Trace laser grips- Parts only                                                                                                                        | 1                           | EA   | \$ 100.00                         | \$ 100.00    | \$ 25.00                        | \$ 25.00     | \$ 250.00               | \$ 250.00    |
| 11                  | Beretta 8040 Mini Cougar, .40 Cal - Operational                                                                                                                                                               | 17                          | EA   | \$ 225.00                         | \$ 3,825.00  | \$ 200.00                       | \$ 3,400.00  | \$ 225.00               | \$ 3,825.00  |
| TOTAL TRADE IN      |                                                                                                                                                                                                               |                             |      | \$ 25,925.00                      |              | \$ 21,025.00                    |              | \$ 26,075.00            |              |
| TOTAL (NET)         |                                                                                                                                                                                                               |                             |      | \$ 32,509.00                      |              | \$ 43,363.73                    |              | \$ 34,610.75            |              |

Bid opened on Wednesday, April 7, 2010 @ 2:00 PM

Opened by: Lynda V'enneWitnessed by: Adis Pedraza



# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Consent - Other

## Agenda Title

Receipt of Comcast 2010 Rate Filings and Proposed Rate Order.

## Presenter

Thomas G. Bradford, Deputy Town Manager

## Supporting Documents

- Memorandum dated April 23, 2010, from Thomas G. Bradford, Deputy Town Manager
- Exhibit A FCC Form 1240 2010 Rates

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Thomas G. Bradford, Deputy Town Manager

Re: Comcast 2010 Rate Filings and Proposed Rate Order

Date: April 23, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council not engage the services of consultants to conduct a more thorough review of the 2010 FCC filings from Comcast and not issue a formal Rate Order. These filings are FCC Form 1205 and FCC Form 1240. These FCC rate filings set forth Comcast's maximum permitted rates as well as the operator selected rates for the broadcast basic service tier (FCC Form 1240) and permitted and actual equipment and installation charges (FCC Form 1205) in Palm Beach for 2010<sup>1</sup>.

## **GENERAL INFORMATION**

Federal law permits local franchising authorities that have been certified by the FCC to regulate the rates that a cable operator charges for basic subscriber service and equipment. The Town was certified to regulate basic subscriber rates pursuant to 47 C.F.R. 76.910 in 1998. All other tiers of service offered by Comcast are unregulated by the Town pursuant to Federal law. The Town has until approximately April 1, 2011, to make a final determination on the rates recently submitted by Comcast. Comcast may implement the rates before the Town makes a final rate determination.<sup>2</sup>

When reviewing these rates it is recommended that one focus on the maximum permitted rates as opposed to the operator selected rates. This is because the operator (Comcast) is not required to raise their rates even though the operator has selected an operator selected rate that may be higher than what they are currently charging. Also, the case law is unclear on whether an operator can select an operator selected rate and then choose to exceed it during the designated rate period. This specific point has never, as of this writing, been adjudicated by FCC administrative law judges. The only given in this matter is that the operator cannot exceed the maximum permitted rate during the rate period. Hence, that rate should be the one focused upon.

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<sup>1</sup> FCC Form 1205 rates effective 03/01/10. FCC Form 1240 rates effective from 07/01 to 06/30 of each year.

<sup>2</sup> Per 47 C.F.R. 76.933(g)(1) the rates will become effective unless the Town has determined the filing is facially incomplete and notified the operator within 45 days of receipt of the filings. The rate increase, if implemented by Comcast, can be overturned if the Town acts within one year of the rate filing.

Only one of the maximum permitted FCC 1240 rates has risen, based upon the cost data submitted by Comcast, while sixteen of the maximum permitted FCC 1240 rates, such as the Hourly Service Charge, have gone down. One rate category has stayed the same. Comcast is introducing three FCC 1240 rates categories for the first time.

The Basic Broadcast CATV service may increase to as high as \$13.86 per month versus the current \$12.58, a 10.2% increase. Again, it is not a given that Comcast will impose 100% of the rate increase, or any portion thereof. They just cannot exceed \$13.86 per month for Basic Broadcast service. Competition is the best form of rate control and Comcast has its hands full with Direct TV, Dish Network, and AT&T's new U-Verse service all aggressively seeking new customers. This forces a degree of price discipline on the operator just to maintain the current customer base.

As for the current 2010 rate filings of Comcast, I have reviewed the forms (1240 & 1205) and have concluded they are essentially in order and that the proposed rates and charges are reasonable for this market area and also relative to the maximum permitted rates for the projected 2010 rate period.<sup>3</sup> A synopsis of the rate information for Palm Beach appears in the two tables below. FCC Forms 1240 and 1205 may be reviewed in their entirety by requesting the same from me at your convenience.

#### **FCC FORM 1240 for Basic Tier**

| <b>Year<sup>4</sup></b> | <b>Maximum Permitted Rate Per Month</b> | <b>Operator Selected Rate Per Month</b> |
|-------------------------|-----------------------------------------|-----------------------------------------|
| 2005                    | \$10.0675                               | \$10.00                                 |
| 2006                    | \$10.2721                               | \$10.00                                 |
| 2007                    | \$10.7300                               | \$10.00 (effective 01/01/08-\$10.50)*   |
| 2008                    | \$11.29                                 | \$10.50                                 |
| 2009                    | \$12.58                                 | \$12.51                                 |
| 2010                    | \$13.86                                 | \$13.79                                 |

\*Not implemented in accord with FCC rules.

#### **FCC FORM 1205 for Regulated Equipment & Installation Costs (2010)**

See attached Exhibit A.

#### **FUNDING/FISCAL IMPACT**

Any direct funding or fiscal impact to the Town is believed to be de minimis. Franchise fee revenues attributable to CATV and the rates shown herein could be minimally affected by the proposed rate increases.

NTGB\Agenda\2010\Comcast 2010 FCC Rate Filings

<sup>3</sup> Although not reviewed by a rate review specialist, the filings do not appear to be facially incomplete per 47 C.F.R. 76.933(g)(1)

<sup>4</sup> From 07/01 to 06/30 of each year.

**FCC FORM 1205 for Regulated Equipment & Installation Costs (2010)**

|                                                               | 2005                          | 2005[1]                       | 2006                          | 2006[2]                       | 2007[3]                       | 2007[4]                       | 2008[5]                       | 2008[5]                       | 2009[6]                       | 2009[6]                       | 2010[7]                       | 2010[7]                       |
|---------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Equipment &amp; Installations</b>                          | <b>Maximum Permitted Rate</b> | <b>Operator Selected Rate</b> | <b>Maximum Permitted Rate</b> | <b>Operator Selected Rate</b> | <b>Maximum Permitted Rate</b> | <b>Operator Selected Rate</b> | <b>Maximum Permitted Rate</b> | <b>Operator Selected Rate</b> | <b>Maximum Permitted Rate</b> | <b>Operator Selected Rate</b> | <b>Maximum Permitted Rate</b> | <b>Operator Selected Rate</b> |
| Hourly Service Charge                                         |                               |                               | \$44.25                       | \$44.25                       | \$35.18                       | \$35.18                       | \$33.81                       | \$33.81                       | \$33.21                       | \$ 33.21                      | \$31.90                       | \$ 31.90                      |
| Installation- Unwired Home(w/in 125 ft)                       | \$44.59                       | \$39.95                       | \$44.25                       | \$39.95                       | \$47.10                       | \$39.95                       | \$47.12                       | \$47.12                       | \$46.59                       | \$ 46.59                      | \$42.91                       | \$ 42.91                      |
| Installation- Prewired Home (w/in 125 ft)                     | \$33.44                       | \$29.95                       | \$33.19                       | \$29.95                       | \$32.58                       | \$32.58                       | \$32.46                       | \$32.46                       | \$32.92                       | \$ 32.92                      | \$29.57                       | \$ 29.57                      |
| Installation- Additional Connections @ Time of Initial Instal | \$22.30                       | \$19.95                       | \$22.13                       | \$19.95                       | \$17.64                       | \$17.64                       | \$17.75                       | \$17.75                       | \$17.87                       | \$ 17.87                      | \$15.74                       | \$ 15.74                      |
| Installation-Additional Connect Requiring Separate Install    | \$33.44                       | \$29.95                       | \$33.19                       | \$29.95                       | \$27.10                       | \$27.10                       | \$27.72                       | \$27.72                       | \$28.75                       | \$ 28.75                      | \$25.91                       | \$ 25.91                      |
| Other Installation - Relocate Outlet- Initial                 | NA                            | NA                            | \$33.19                       | \$29.95                       | \$21.36                       | \$21.36                       | \$23.49                       | \$23.49                       | \$21.11                       | \$ 21.11                      | \$15.28                       | \$ 15.28                      |
| Other Installation - Relocate Outlet-Separate                 | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | \$22.70                       | \$ 22.70                      |
| Other Installation - Other Upgrade Non-Addressable            | NA                            | NA                            | NA                            | NA                            | \$17.97                       | \$17.97                       | \$17.73                       | \$17.73                       | \$16.58                       | \$ 16.58                      | \$16.13                       | \$ 16.13                      |
| Other Installation - Other Downgrade Non-Addressable          | NA                            | NA                            | NA                            | NA                            | \$14.74                       | \$14.74                       | \$11.94                       | \$11.94                       | \$10.99                       | \$ 10.99                      | \$12.03                       | \$ 12.03                      |
| Other Installation -Upgrade/downgrade (addressable)           | NA                            | NA                            | NA                            | NA                            | \$1.99                        | \$1.99                        | \$1.99                        | \$1.99                        | \$1.99                        | \$ 1.99                       | \$1.99                        | \$ 1.99                       |
| ConnectVCR Initial                                            | NA                            | NA                            | NA                            | NA                            | \$7.66                        | \$7.66                        | \$8.00                        | \$8.00                        | \$10.08                       | \$ 10.08                      | \$8.29                        | \$ 8.29                       |
| Connect VCR Separate                                          | NA                            | NA                            | NA                            | NA                            | \$14.84                       | \$14.84                       | \$14.59                       | \$14.59                       | \$16.76                       | \$ 16.76                      | \$16.16                       | \$ 16.16                      |
| Remote Control (All Units)                                    | NA                            | NA                            | NA                            | NA                            | \$0.25                        | \$0.25                        | \$0.31                        | \$0.31                        | \$0.28                        | \$ 0.28                       | \$0.23                        | \$ 0.23                       |
| Lease of Converter Box (Basic Service Only)                   | NA                            | NA                            | NA                            | NA                            | \$1.13                        | \$1.13                        | \$1.14                        | \$1.14                        | \$1.19                        | \$ 1.19                       | \$0.95                        | \$ 0.95                       |
| Lease of Converter Box (All others Excluding HD)              | NA                            | NA                            | NA                            | NA                            | \$3.74                        | \$3.74                        | \$3.43                        | \$3.43                        | \$3.24                        | \$ 3.24                       | \$2.76                        | \$ 2.76                       |
| Lease of Converter Box (HD& HDDVR)                            | NA                            | NA                            | NA                            | NA                            | \$9.99                        | \$9.99                        | \$9.81                        | \$9.81                        | \$9.28                        | \$ 9.28                       | \$8.02                        | \$ 8.02                       |
| Lease Converter Box (DTA)                                     | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | \$1.73                        | \$ 1.73                       |
| Lease of Cable Card                                           | \$4.15                        | \$1.75                        | \$1.89                        | \$1.75                        | \$2.06                        | \$2.06                        | \$2.05                        | \$2.05                        | \$1.77                        | \$ 1.77                       | \$1.51                        | \$ 1.51                       |
| Customer Trouble Call                                         | NA                            | NA                            | NA                            | NA                            | \$28.91                       | \$28.91                       | \$29.70                       | \$29.70                       | \$30.13                       | \$ 30.13                      | \$28.66                       | \$ 28.66                      |
| Activate Pre-Existing Additional Outlet - Initial             | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | \$10.80                       | \$10.80                       | \$10.17                       | \$ 10.17                      | \$8.76                        | \$ 8.76                       |
| Activate Pre-Existing Additional Outlet - Separate            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | \$17.08                       | \$ 17.08                      |
| Downgrade to Basic                                            | \$44.59                       | \$25.00                       | \$44.25                       | \$25.00                       | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |
| Trip Charge                                                   | \$29.88                       | \$25.00                       | \$29.65                       | \$25.00                       | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |
| Underground Installation                                      | \$78.03                       | \$60.00                       | \$77.44                       | \$60.00                       | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |
| Lease of Remote Control (Addressable & Digital)               | \$0.51                        | \$0.25                        | \$0.40                        | \$0.25                        | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |
| Lease of Converter Box (Digital & Addressable)                | \$7.25                        | \$3.25                        | \$7.74                        | \$5.25                        | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |
| Lease of Converter Box (DVR & HDTV)                           | \$8.50                        | \$7.95                        | \$13.34                       | \$9.70                        | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |
| Charge for Changing Tiers                                     | \$1.99                        | \$1.99                        | \$1.99                        | \$1.99                        | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            | NA                            |

## Key:

[1] Form submission date 11/29/04.

[2] Form submission date 11/25/05

[3]Form submission date 03/01/07.

[4] Form submission date 03/29/07.

[5] Form submission date 02/29/08.

[6] Form submission date 02/27/09.

[7] Form submission date 04/01/10.

FCC Form 1205 Rates Established by Sampling Using Available Prior Data

Rate Increase

Rate Decrease

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Consent - Other

## Agenda Title

Request by the City of West Palm Beach for Town Sponsorship of the City's Fourth on Flagler Event.

## Presenter

Thomas G. Bradford, Deputy Town Manager

## Supporting Documents

- Memorandum dated April 23, 2010, from Thomas G. Bradford, Deputy Town Manager
- CWPB Request for Town Fourth on Flagler Support
- Sponsor Benefits List

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Thomas G. Bradford, Deputy Town Manager

Re: Request by the City of West Palm Beach for Town Sponsorship of the City's Fourth on Flagler Event

Date: April 23, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council authorize the expenditure of \$10,000 from the General Fund Contingency for the Town to become an official sponsor of the City of West Palm Beach's Fourth on Flagler July 4<sup>th</sup> Celebration.

## **GENERAL INFORMATION**

Attached is a letter dated April 23, 2010, from Cinde Martin, Sponsorship Consultant to the City of West Palm Beach for its Fourth on Flagler Celebration, requesting that the Town become an official sponsor of that event. The attachment to Ms. Martin's letter identifies the publicity activities through which the Town's sponsorship would be announced and identifies other benefits of sponsorship.

The Town has previously sponsored this event, including last year for \$10,000. One of the aspects of this event, which the Council has discussed in the past, is the fact that the Town's July 4<sup>th</sup> Celebration at Bradley Park is timed to make it convenient for the people attending the Town's event to also enjoy the Fourth on Flagler fireworks display. This year marks the 22<sup>nd</sup> anniversary of the event. We believe that the Town sponsorship in the amount of \$10,000 would be fair, beneficial, and good intergovernmental relations. Therefore, staff recommends Town Council approval of this request.

## **FUNDING/FISCAL IMPACT**

If Town sponsorship of the Fourth on Flagler event is approved by Town Council, the \$10,000 cost for this sponsorship would be expended from the General Fund Contingency Account.

cc: Jane Struder, Director of Finance  
Jay Boodheshwar, Director of Recreation

*c:\program files\neevia.com\document converter\temp\pdfconvert.6955.1.cwpb request for town sponsorship of fourth on flagler event.docx*

# The City of West Palm Beach



*"The Capital City of the Palm Beaches"*

April 23, 2010

Mr. Tom Bradford  
Town of Palm Beach  
Correspondence via e-mail

Dear Mr. Bradford,

Thanks for returning my calls. And, thank you for the Town's past support of The City of West Palm Beach's 4<sup>th</sup> on Flagler celebration.

This year will mark our 22<sup>nd</sup> Anniversary of 4<sup>th</sup> on Flagler. We are requesting the Town of Palm Beach again serve as a sponsor and donate a minimum of \$ 10,000 (like last year) to the event.

I've attached an outline of the benefits you have historically received. Let me know if we should revisit them. You mentioned that you would put us on the May Agenda. Please let me know the date, approximate time and whether my presence is requested.

We look forward to working with you on this year's 4<sup>th</sup> on Flagler!

Sincerely,

Cinde A. Martin  
Sponsorship Consultant

*"An Equal Opportunity Employer"*



**OFFICIAL SPONSORSHIP**  
**Town of Palm Beach**

**SATURDAY, JULY 4, 2010**

Attendance approximately 150,000

Join the City Of West Palm Beach for South Florida's largest and best Fourth of July Celebration. Celebrating our 22<sup>nd</sup> year, 4<sup>th</sup> on Flagler has become the largest, free community celebration in Palm Beach County. We invite the Town of Palm Beach to join us in providing this community service for all residents.

The celebration is heavily promoted on television on WPTV, , WFLX, WTVX and radio promotion will again be by ClearChannel Radio Group which includes WILD 95.5, KOOL 105.5, 92.1 WRLX, Gator 98.7, WBZT and WJNO with The Palm Beach Post, and La Palma supplying our print ads. WPTV-NewsChannel Five will be running television commercials as well. We feature live entertainment stages, great food and beverage and plenty of good ole' Americana fun.

***Benefits include:***

- Corporate Display Areas; one (1) 10x10 tent on Flagler Drive
- Media Recognition
  - Corporate Inclusion in select print ads to run in The Palm Beach Post
- Website Inclusion
- Collateral Inclusion
  - Corporate Inclusion 2.5K Event Brochures
  - Corporate Inclusion 500 Event Posters
  - Corporate Inclusion 10K Direct Mail Postcards
- Prominent Signage at Event
  - One (1) 8ft banners (company to supply) hung in high traffic area
- VIP Ticket Package for Event
  - 1 VIP Parking Pass
  - 14 Tickets to the VIP Hospitality Area
- Right to pre and post event promotions (with City's prior approval)
- First right of refusal

**PACKAGE VALUE - \$ 25+K ANNUALLY**



# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Consent - Other

## Agenda Title

Approval of a New One-Year Lease Agreement Between the Town and Rosarian Academy for the Use of Town Property in Downtown West Palm Beach for Physical Education Programs.

## Presenter

Thomas G. Bradford, Deputy Town Manager

## Supporting Documents

- Memorandum dated April 23, 2010, from Thomas G. Bradford, Deputy Town Manager
- Proposed Lease Agreement

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Thomas G. Bradford, Deputy Town Manager

Re: Approval of a New One-Year Lease Agreement between the Town and Rosarian Academy for Use of Town Property in Downtown West Palm Beach for Physical Education Programs

Date: April 23, 2010

---

## **STAFF RECOMMENDATION**

Staff recommends Town Council approval of the requested Lease Agreement between the Town and Rosarian Academy from June 1, 2010, through May 31, 2011.

## **GENERAL INFORMATION**

The Town entered a Lease Agreement dated September 17, 2003, with the Bishop of the Diocese of Palm Beach to enable St. Ann School to utilize the Town's property at 300, 312 and 325 6<sup>th</sup> Street in Downtown West Palm Beach as a temporary location for physical education programs while St. Ann School constructed its new gymnasium. The gymnasium construction was eventually completed, but St. Ann School personnel were desirous of having access to open space for the on-going recreational activities of their students. The school was allowed to continue the use on a year to year basis with a 30-day written notice of termination requirement by either party without cause. They were required to come back annually to the Town Council for any extension.

In early 2006, the Diocese of Palm Beach advised the Town that they did not wish to extend the lease, but shortly thereafter Rosarian Academy advised the Town that they would like to enter into a lease agreement with the Town for the same property for the same purpose. The Town Council approved a new lease with Rosarian Academy with the same terms as the previous lease for the premises effective June 1, 2006, that ran through May 31, 2007. The lease was extended by the Town Council for one year in May 2007, May 2008 and June 2009. Rosarian Academy has indicated to Town staff that their organization would like to extend the lease for another year from June 1, 2010, through May 31, 2011. The proposed terms and conditions are the same as the previous lease, except that the termination provision has been modified from the previously required 30 day notice to a 15 day notice in order to facilitate the anticipated FDOT chosen contractor's use of the property as a staging area for the new Flagler Memorial Bridge

construction. The Rosarian Academy has been apprised of this situation and has agreed to this change.

### **FUNDING/FISCAL IMPACT**

There is no direct funding/fiscal impact to the Town by virtue of the recommendation contained herein. The lease agreement allows Rosarian Academy use of this property through a "\$10 per year" lease arrangement, with the Academy assuming all responsibility for property maintenance, compliance with applicable laws, hold harmless to the Town and compliance with insurance requirements through the provision of a certificate of insurance.

The change in the notice period for termination will allow the Town to receive revenue from the bridge contractor for use of this land as a staging area during the upcoming construction project.

### **TOWN ATTORNEY REVIEW**

The original Lease Agreement was prepared by the Town Attorney. The proposed lease agreement is the same, except the dates have been changed and the termination notice requirement dropped to 15 days instead of 30 days.

cc: Jay Boodheshwar, Acting Director of Public Works  
John C. Randolph, Town Attorney  
Karen Temme, Risk Manager

## LEASE AGREEMENT

THIS LEASE is made and entered into this \_\_\_\_\_ day of June, 2010, by and between the TOWN OF PALM BEACH, FLORIDA, a municipal corporation, hereinafter called the "Lessor" or "Town"; and ROSARIAN ACADEMY, INC., a Florida corporation, hereinafter called "Lessee".

### WITNESSETH:

WHEREAS, the Town is the fee simple title holder of a parcel of real property located and situated in Palm Beach County, Florida, described as:

See legal description attached hereto as Exhibit "A", located at 300, 312 and 320, Sixth Street, West Palm Beach Florida, comprising and encompassing .792 acres.

WHEREAS, Lessee desires to occupy and use said premises, to wit for: physical education and athletic team practice and competitions during the term of this lease; and

WHEREAS, Lessor desires to accommodate the needs of Lessee for the purposes stated herein; and

WHEREAS, Lessor and Lessee agree that the proposed use of the subject premises is in the best interest of the Town and the Lessee.

NOW, THEREFORE, for and in consideration of the mutual promises and obligations set forth herein, and for the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### **1. Recitals**

This Lease hereby incorporates and adopts the information contained within the recitals stated above.

**2. Terms and Payments**

- A. The term of this Lease shall be for a period of one (1) year commencing on the first day of June 2010, and ending May 31, 2011. This Lease may be terminated at any time during said term by either party without cause upon fifteen (15) days notice in writing to the other party.
- B. In partial consideration for this Lease, Lessee shall pay the Town as rental for the leased premises the sum of Ten Dollars, said payment to be made by Lessee to Town upon the execution of this Lease.

**3. Improvements and Installation of Equipment**

Notwithstanding the fact that improvements consisting of all fencing, bleachers and recreation equipment remaining on the premises to be leased at the commencement of the lease term shall be removed by lessee upon termination of this lease and removal of said improvements shall be a condition of this lease, the Town hereby consents to and approves the construction and/or installation of appropriate equipment including a perimeter fence with gates on the subject property by Lessee. Further, if in the course of Lessee's business it becomes necessary to improve or install appropriate additional temporary facilities, same may be approved only upon application and approval by the Town prior to Lessee securing all government approvals necessary to be secured for said facilities. Lessee shall be responsible for all costs and expenses relating to the purchase, installation and construction of any and all equipment or improvements connected with the business and express use by Lessee on the subject premises. Further, Lessee shall be responsible for the removal of all such equipment at

its cost, in the event said removal is requested by the Town, upon the termination or expiration of this Lease.

**4. Exclusive Right to Use by Lessee**

It is fully understood and agreed that Lessee's use of the premises shall be exclusive.

**5. Access to Premises**

Town hereby grants to Lessee reasonable vehicular access rights to Lessee's leasehold over other property of the Town. Said right of access shall not include the right to construct any improvements over, on, or under other property of the Town. Any and all improvements permitted hereunder are allowed only on the leased premises described on page 1 hereof.

**6. Indemnification of Town Against Liability**

During the term of this Lease, Lessee will indemnify, defend, save and hold harmless the Town against any and all claims, acts, demands or obligations which may be made against the Town or against the Town's title in the premises, including, but not limited to, any accident, injury or damage to any person or property (including wrongful death) by reason of or in connection with the making of this Lease and Lessee's use or interest in the Lease and the property which is the subject of this Lease, and Lessee will assume all costs and fees relating to the Town's defense in addition to any other sums which Town may be called upon to pay by reason of entry of a judgment against Town in any litigation in which such claim is asserted; and Lessee will cause to be written a policy or policies of insurance in the form generally known as public liability and/or general liability in which Town is named an additional insured and which shall insure

Town against any and all claims and demands made by any person or persons whomsoever for injuries received in connection with the construction, operation, maintenance or use of the premises utilized by Lessee pursuant to the terms of this Lease, or for any other risk insured against by such policy, in amounts not less than Two Million Dollars (\$2,000,000.00) for damages incurred or claimed for personal injury, per person, Five Million Dollars (\$5,000,000.00) per incident, and Five Hundred Thousand Dollars (\$500,000.00) property damage with a Ten Million Dollar (\$10,000,000.00) umbrella. All such policies will name Lessee and Town as their respective interests may appear, as the entities insured by such policy or policies, and a certificate of insurance issued by the insuring company, shall be delivered by Lessee to Town upon execution of this Lease indicating that the policies provided and referenced therein are on an "Occurrence Basis" only. "Claims made" policies will not be accepted by the Town. A thirty (30) day written notice of cancellation, non-renewal or modification of any stipulated insurance shall be mailed to the Town via registered, return receipt requested mail. All insurance policies shall be issued by companies authorized to do business under the laws of the State of Florida.

Lessee shall maintain, at its expense, an appropriate casualty insurance policy or provision contained in the above policy or policies which insures Lessee against loss or damage to any and all personal property which Lessee may bring or maintain upon the premises in order to comply with the terms of this Lease. Further, said policy shall name Town as an additional insured. Said policy shall cover the full insurable value of any property located on such land which is being used by Lessee or included in Lessee's Lease.

It shall be the duty of Lessee to carry appropriate insurance policies, described above, during the entire term of the Lease and to provide Town with evidence of insurance during the term hereof. Lessee shall have the duty to pay all insurance premiums for policies required hereunder.

**7. Maintenance and Repairs**

Lessee shall keep and maintain all portions of the demised premises in a clean and orderly condition and in good repair. Lessee covenants and agrees to maintain the subject premises in good repair, at Lessee's expense.

Town will, if requested by Lessee, cooperate in all reasonable ways to facilitate the installation, improvement and use of the subject premises as contemplated hereunder by Lessee. Such cooperation shall include, but not be limited to, participating in, cooperating with, or authorizing the issuance of governmental approval for the installation of Lessee's equipment and facilities for the use of the premises in the proposed manner by Lessee.

**8. Taxes**

Lessee shall pay to Town any applicable sales tax on the rent, and Town shall be responsible for remitting such tax to the appropriate government entities. Lessee shall pay any personal property taxes assessed on, or any portion of such taxes attributable to the leased premises. Town shall pay when due all real property taxes and all other fees and assessments attributable to the leased premises and any portion thereof. However, Lessee shall pay, as additional rent, any increase in real property taxes levied against the leased premises ( excluding any additional taxes that relate to the period prior to the effective rental date, i.e., roll-back taxes) which is attributable to Lessee's



use of the leased premises, and Town agrees to furnish proof of such increase to Lessee.

**9. Additional Covenants of Lessee**

- A. Lessee covenants and agrees that it will make no unlawful, improper or offensive use of Town's premises.
- B. Lessee covenants and agrees with Town that nothing in the Lease contained shall ever be construed as empowering Lessee to encumber or cause Lessee to encumber the title or interest of Town in the premises.
- C. Lessee covenants and agrees with Town that upon termination of this Lease, Lessee will peaceably and quietly deliver possession of the premises to the Town and all fixed improvements thereon previously existing or installed by Lessee shall be removed by Lessee
- D. In the event of any litigation, including breach, enforcement or interpretation, arising out of this Lease, including appeals, the prevailing party in such litigation, shall be entitled to recover from the non-prevailing party reasonable attorney's fees, costs and expenses.

**10. Covenant of Quiet Enjoyment**

Town covenants and agrees with Lessee that so long as Lessee keeps and performs all of the covenants and conditions by Lessee to be kept and performed, Lessee shall have quiet and undisturbed and continued possession of the premises.

**11. Town's Right of Entry and Termination**

Town, or its agents, shall have the right to enter upon the premises at all reasonable times to examine the condition and use thereof, provided only that such

right shall be exercised in such a manner as not to interfere with the Lessee in the conduct of Lessee's business on such premises.

## **12. Miscellaneous Provisions**

It is mutually covenanted and agreed by and between the parties as follows:

- A. That no waiver of a breach of any of the covenants in this Lease contained shall be construed to be a waiver of any succeeding breach of the same covenant.
- B. That time is of the essence in every particular, and particularly where the obligation to pay money is involved.
- C. That no modification, release, discharge or waiver of any provision hereof shall be of any force, effect or value unless in writing, signed by Town or the duly authorized agent of Town.
- D. That all covenants, promises, conditions and obligations herein contained or implied by law are covenants running with the land and shall attach to and be binding upon the successors, legal representatives and assigns of each of the parties to this Lease.
- E. This Agreement may not be assigned by Lessee without the express written approval to said assignment by the Town.
- F. That this instrument contains the entire agreement between the parties as of this date and that the execution hereof has not been induced by either of the parties by representations, promises or understandings not expressed herein and that there are no collateral agreements, stipulations, promises or understandings whatsoever upon the respective parties in any

way touching the subject matter of this instrument which are not expressly contained in this instrument.

- G. That when either of the parties desires to give notice unto the other in connection with and according to the terms of this Lease, such notice shall be given by certified mail, return receipt requested, and it shall be deemed given when it shall have been received with sufficient postage prepaid thereon to carry it to its addressed destination, and the said notice shall be addressed as follows:

For the Town:  
Town Manager  
Town of Palm Beach  
Post Office Box 2029  
Palm Beach, Florida 33480

For the Lessee:  
Corinne Sanders, OP, Ed.D.  
Principal  
Rosarian Academy  
807 North Flagler Drive  
West Palm Beach, Florida 33401

With a Copy to:

Mark W. Cook  
340 Royal Palm Way  
Suite 101  
Palm Beach, Florida 33480

Where the parties on either side (Town and Lessee) consist of more than one (1) person, notice unto or default by one (1) of the persons on that side shall constitute notice or default by all of the persons on that side.

- H. Town makes no representations whatsoever as to the use to which the premises may now be put, or to which the premises may hereafter be put.

- I. Lessee shall likewise observe and comply with the requirements of all policies of public liability, fire and all other policies of insurance at any time in force with respect to the demised premises.
- J. As used herein, the demised premises shall mean the real property described herein and all improvements now and thereafter located thereon, used by Lessee for its business on Town's property at said location.
- K. The terms "Lessor", "Town" and "Lessee" as used herein shall be construed to mean either the singular or the plural, masculine or feminine, or any person, persons, firm or corporation, collectively or individually, and their respective heirs, legal representatives, successors or assigns, whenever the context so requires or admits.

IN WITNESS WHEREOF, the parties have caused these presents to be signed in their names respectively by officers thereunto duly authorized and their respective corporate seals affixed, the day and year first above written.

Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

TOWN OF PALM BEACH

By \_\_\_\_\_

Its Town Manager

ATTEST:

\_\_\_\_\_  
Town Clerk

ROSARIAN ACADEMY, INC.

\_\_\_\_\_  
Witness

By \_\_\_\_\_

Its \_\_\_\_\_

\_\_\_\_\_  
Witness

N:\TGB\Misc\2010\Property File\Rosarian Academy Lease Agreement.doc

## **EXHIBIT "A"**

### **LEGAL DESCRIPTION**

300 6th Street - Railway Reserve, Lots 7 through 9 inclusive

312 6th Street - Railway Reserve, The east 35 feet of Lot 5 and Lot 6

320 6th Street - Railway Reserve, Lot 4 and the west 15 feet of Lot 5

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Consent - Other

## Agenda Title

Banking Services Selection Committee

## Presenter

Jane Struder, Director of Finance

## Supporting Documents

- Memorandum Dated April 30, 2010, from Jane Struder, Finance Director

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jane Struder, Finance Director

Re: Banking Services Selection Committee

Date: April 30, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council approve the recommended selection committee for the banking services RFP.

## **GENERAL INFORMATION**

The Town's contract with Wachovia expires on September 30, 2010. Staff is recommending the issuance of an RFP for Banking Services.

Staff is recommending the following individuals for the banking services selection committee:

- Robert Wildrick, Town Council Member and Chairman of the Finance and Taxation Committee
- Jane Struder, Finance Director
- Thomas G. Bradford, Deputy Town Manager
- Cheryl Somers, Assistant Finance Director
- Representative from PFM Asset Management (Advisory Capacity)

Once the committee is established, they will meet to review and approve the RFP. The RFP will be advertised and issued in late May. Once the proposals are received, the selection committee will meet to review the proposals and make a recommendation to the Town Council.

We expect to award a contract for banking services at the August Town Council meeting.

jls



# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Consent - Other

## Agenda Title

Approval to Accept an Award from Assistance to Firefighters Grant in the Amount of \$218,000 for the Purchase of a Training Tower.

## Presenter

William Amador, Chief of Fire-Rescue

## Supporting Documents

- Memorandum dated April 26, 2010, from William Amador, Fire-Rescue Chief

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: William Amador, Fire-Rescue Chief

Re: Approval to Accept Grant Funds for the Purchase of a Mobile Training Prop

Date: April 26, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council approve the acceptance of a grant award from the US Department of Homeland Security and FEMA under the Assistance to Firefighters Grant Program for the purchase of a mobile training prop.

## **GENERAL INFORMATION**

The Fire-Rescue Department has applied for and was awarded a total of \$218,000.00 for the purchase of a mobile training prop. The training prop is suited for ladder work and search and rescue training. The portable trainer is designed for first responders and law enforcement agencies. The mobile training unit can be configured to provide various training scenarios including ground ladder operations, aerial operations, search and rescue, confined space training, high rise firefighting, fire hose advancement, and sprinkler and standpipe operations. Police operations include forced entry, search, low visibility operations and more. The self contained portable unit provides on-site training, while keeping personnel available to respond to emergencies in their assigned jurisdiction. The unit can be set up and operational in minutes providing a safe training environment. Frequently our personnel have to rely on structures that are slated for demolition on and off the island that require many hours of preparation to make safe.

The prop will also directly address deficiencies noted in our fire training programs within our most recent ISO evaluation.

## **FUNDING/FISCAL IMPACT**

There is no taxpayer impact for the purchase of this training prop. Matching funds for this purchase will come from the Fire-Rescue Department donations account. There are no recurring costs or maintenance costs that will have a fiscal impact. The training prop will not be replaced; therefore, it will not be listed on the replacement schedule.

WA/bf

cc: Jane Struder, Finance Director  
Lynda Venne, Purchasing Agent

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Committee Reports

## Agenda Title

Water Committee Meeting of April 26, 2010

## Presenter

David Rosow, Town Council President

## Supporting Documents

- Report of the Water Committee Meeting Held on April 26, 2010

**REPORT OF THE WATER COMMITTEE MEETING  
HELD ON MONDAY, APRIL 26, 2010**

I. CALL TO ORDER AND ROLL CALL

The Water Committee Meeting was called to order at 10:30 a.m. on Monday, April 26, 2010 in the Emergency Operations Center, 355 S. County Road, Palm Beach. On roll call, Chair Rosow and Committee Member Coniglio were found to be present. Water Advisory Committee Members Denis Coleman and Terry Levine were also in attendance.

II. PLEDGE OF ALLEGIANCE

Chair Rosow led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

The Agenda was approved as printed.

IV. PLAN FOR IMPROVEMENTS OF THE CITY OF WEST PALM BEACH'S POTABLE WATER SYSTEM. [EDUARDO BALBIS, ASSISTANT CITY ADMINISTRATOR]

Eduardo Balbis, Assistant City Administrator for the City of West Palm Beach provided a Power Point presentation to the Committee. A copy was submitted into the record. He noted that the presentation was also given to the City of West Palm Beach City Commission, Water Advisory Board, and Water Catchment Area Advisory Committee.

Chair Rosow commended Mr. Balbis on his presentation.

Denis Coleman asked how many of the 271 required tasks had been completed and Mr. Balbis responded that the program had been completed with a few ongoing tasks.

Questions and discussion occurred regarding:

- Obtaining the data regarding irrigation, house and pool data usages.
- The City of West Palm Beach new billing software capabilities
- Separate water meters on properties to identify different water usages
- Mr. Balbis said it would be more cost effective if the residents monitored their own usage vs. installing numerous meters.
- Chair Rosow discussed a re-negotiated contract with the Town and possibly the town being a bulk user
- Should Palm Beach pay for the expansion of the West Palm Beach plant if it was not using more water.
- SFWMD Consumptive Use Permit
- The Town pays more to the SFWMD than any other municipality in the county for water.
- Mr. Balbis felt it was reasonable for the Town to reduce consumption by 30-40%.

- The debt rates and increased water rates

Terry Levine, Member of Water Advisory Board, stated that he met with David Hanks on Thursday and electrical bills show annual usage and asked if the new software could show annual usage. He was informed by Mr. Balbis that the new software would provide that usage.

Mr. Levine indicated a more permanent and long-term contract should be negotiated between the City of West Palm Beach and the Town of Palm Beach to ensure the a permanent water supply.

Terry Levine, asked about the rate increase that was built in already for next year. Mr. Balbis indicated that the 2008 Rate Resolution, included tiered rate increases for the next five years.

**Chair Rosow asked Mr. Balbis to provide a copy of the Rate Resolution to Town Manger Elwell for distribution to the Town Council Members.**

V. UPDATE ON PALM BEACH CIVIC ASSOCIATION'S WATER RESOURCES COMMITTEE. [HARVEY L. POPPEL, CHAIRMAN, PALM BEACH CIVIC ASSOCIATION WATER RESOURCES COMMITTEE]

Harvey Poppel, Chairman of the Palm Beach Civic Association for the Water Resources Committee provided an update. He submitted a copy of his comments for the record:

I am Harvey Poppel and I Chair the PBCA Water Resource Committee

Introduction My Talk Today Will Cover 4 Subjects:

- Issues
- A Brief Recap of What We Told This Committee a Year Ago
- What's Happened Since Then -- Special thanks to our Mike Brown & fellow members of the Association's Committee
- Potential Actions

(1) Issue Can Be Simply Divided Into Supply Side and Demand Side

- Taking a long and strategic view, capital outlay for supplying water and hence the cost to consumers will always be a function of satisfying demand,
- Our Committee's initial tasking by David Rosow going back to the fall of 2008 has been to critically examine demand side
- ◆ Estimate future demand
- ◆ Recommend conservation measures

(2) We Presented Our Report A Year Ago To This Committee

(A) Let Me Do A One - Minute Recap Of The 6 Major Findings

1. Average overall use for FY07 = roughly 6mm gallons /day (FY08 now nearly 7 mm gal /day)
- Stand -alone single - family residences =58% of usage
- Median daily use (800 gal.) 4x Florida median ;80 %+ is irrigation
- Multi- residential (condos and townhouses) =23% ;50 % -60% is irrigation

Commercial /government = 1 9%

2. Our water rates are relatively low. In Sarasota, heavy users pay 3x PB; In some Western US areas, users can pay 5x+ PB

3. Usage sensitive to restrictions, rates & conservation practices

4. Five Benefits of irrigation conservation:

- Lowers future capital outlays for the Town
- Saves consumers \$ on monthly bills
- Promotes healthier plant/lawn material
- Reduces polluting runoff
- Conserves an increasingly scarce natural resource

5. Smart Irrigation Technology (SIRT) Can Save 40 %+Smart controller, Rotating sprinkler nozzles, Automatic rain shut -off sensors (mandated by the Town for over 5 years but not effectively enforced) Adjunct irrigation conservation concepts, Drip Monitoring controller and sprinkler malfunctions

6. As of early 2009, SIRT potential untapped in PB

(B) Our 3 Recommendations were to

1. Proceed with a SIRT trial ( "Phase 1") -- Coordinate w/ Public Works to monitor the program
2. Develop program to institutionalize SIRT ( "Phs 2 ")
3. Consider other means of conservation down the road

(3) What's Happened With the First 2 Of These Recommendations Since Last April

(A) Phase 1 Trial Good news and bad news:

(1) Good news Mainly as an outgrowth of public -awareness activities conducted by our Association, SIRT installations are proliferating (based on a recent polling of 6 irrigation contractors):

Stand -alone residences -- Nearly 60 installs or active proposals with roughly 500 new sprinkler heads e.g. Rosow, Poppel, Stein savings 50 %+

Condos and commercial —About 20 installs or active proposals (including 10k+ new sprinkler heads) Remodeled Poincianna Chapel

(2) Bad news Although we have 22 confirmed participants in the trial, we haven't been able to establish a registry with the Town -- to monitor installations and /or measure the outcomes

(B) Phase 2 Institutionalizing SIRT Members of our Committee met with Peter Elwell, Paul Brasil, Jim Bowser and Skip Randolph back in January to consider a program to institutionalize

SIRT

(1) Any program must encompass three sets of stakeholders:

➤ Regulators and Enforcers

- ◆ 2009 State Enacted Florida Statue 373.62 no modifications to date unresolved issue concerning which type(s) of SIRT installations are to be exempted from water restrictions
- ◆ New Town Ordinance being drafted
- ◆ SFWMD Rebate Program suspended because of lack of funds
- ◆ Local administration and enforcement nothing we're of which we are aware to date

➤ Influencers:

- (1) Gardeners
- (2) Irrigation contractors
- (3) Landscape contractors
- (4) Landscape architects
- (5) Property managers

Issues are:

- ◆ Need to educate these parties
- ◆ Means to encourage them to advocate SIRT
- ◆ Potential shortfall of installers

➤ Users (1) Stand -alone residences

- (2) Multi- residential condo & townhouses
- (3) Commercial

Two not - mutually - exclusive options to encourage /force SIRT conversion:

- ◆ Mandatory compliance e.g. with rain gauges
- ◆ Economic incentives /disincentives, e.g. a rate override accruing to the Town
- Raising rates for all say by 5% would raise close to \$600,000 /year enough to fund a combination of:
- ◆ Educational programs for influencers and users
- ◆ Administration of a user registry
- ◆ Enforcement of mandated equipment
- ◆ Some one - one -one advice to users
- ◆ Rebates

Without a source of income, the Town (and especially the Public Works Department) will be hard pressed to allocate the staff necessary to institutionalize this program.

Next Steps -- In terms of further work, our Committee stands ready to assist the Town to move forward with both the Phase 1 and 2 programs.

Chair Rosow thanked Mr. Poppel and the Civic Association. Mr. Coleman agreed and they have done a great deal of research. It was his opinion that the town should now take over the program.

1 It should be a Town policy and the Town should manage the water resource and residents can  
2 pay it as a user fee.

3  
4 Chair Rosow asked Mr. Balbis if the City would participate in the endeavor of a conservation  
5 effort without increasing the Town's rates. Mr. Balbis indicated he would be happy to explore  
6 that concept with Town Manager Elwell.

7  
8 Chair Rosow indicated that one of his concerns was that if the Town reduced its water  
9 consumption, then the rates would increase from the City of West Palm Beach. Chair Rosow  
10 indicated the Town had recently reduced water consumption due to using a new well for  
11 irrigation at the Par 3 Gold Course.

12  
13  
14 VI. DISCUSSION OF POSSIBLE ORDINANCE TO REQUIRE RETROFITTING OF  
15 IRRIGATION SYSTEMS WITH SMART IRRIGATION TECHNOLOGY.

16 Town Manager Elwell answered the question of a mandatory ordinance vs. voluntary  
17 conservation. He heard more consensus today that there should be different rates for Town users,  
18 but have the city bill it. Town Manger Elwell said it appeared to him that the universal  
19 agreement that this (smart irrigation systems) was the right technology for the future.

20 There was discussion of how to implement a requirement vs. a recommendation for water  
21 conservation and the use of data, staff resources, and implementation. Town Manger Elwell  
22 suggested a new ordinance with mandatory participation but have a 5-7 year implementation  
23 period.

24  
25 Committee Member Coniglio thanked Mr. Poppel for his report and all of the work that the Civic  
26 Association had prepared.

27  
28 William Diamond, Town Council Member, asked about immediately adopting an ordinance  
29 requiring smart technology for new construction and 50% or more renovations. He stated it could  
30 be done without having to study rates.

31  
32 **Town Manager Elwell indicated that the recommendation to have a new building code**  
33 **ordinance created could occur within the Water Committee Report at the May Town**  
34 **Council Meeting. If approved, there would be a first reading in June.**

35  
36 Terry Levine spoke about last Thursday's meeting with the City of West Palm Beach and quoted  
37 Mr. Balbis. He also submitted a copy of an email that he had previously sent to Committee  
38 Member Coniglio into the record.

39  
40 Denis Coleman suggested having subsidiary board with members from the Town of Palm Beach,  
41 similar to the ECRWWTF. Mr. Balbis responded that the City of West Palm Beach formed the  
42 Water Advisory Committee. Committee Member Coniglio agreed with Mr. Coleman and felt that  
43 the Town should have a say in the day to day operations, management, policies and oversight of



1 the water that the town pays for. There was a brief discussion regarding the color and taste of the  
2 water and the changes that the City has made in that regard.  
3

VII. UPDATE REGARDING POTENTIAL FOR IMPLEMENTING STRONGER RATE  
INCENTIVES FOR WATER CONSERVATION.[PETER B. ELWELL, TOWN  
MANAGER]

4 *This item was discussed in conjunction with ITEM VI.*  
5

VIII. ANY OTHER MATTERS

6  
7 There were none.  
8

VIX. ADJOURNMENT

9  
10 There being no further business, the Water Committee Meeting of Thursday, April 26, 2010 was  
11 adjourned at 11:55a.m.  
12  
13  
14

15 APPROVED:  
16  
17

18 \_\_\_\_\_  
19 David A. Rosow  
20 Chairman  
21

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Committee Reports

## Agenda Title

Ordinances, Rules, and Standards Committee Meeting of April 29, 2010

## Presenter

William Diamond, Town Council Member

## Supporting Documents

- Report of the Ordinances, Rules and Standards Committee Meeting held on April 29, 2010

1     **REPORT OF THE ORDINANCES, RULES & STANDARDS COMMITTEE MEETING**  
2                     **HELD ON THURSDAY, APRIL 29, 2010**  
3

4     I.    CALL TO ORDER AND ROLL CALL

5     The Ordinance, Rules and Standards Committee meeting was called to order on Thursday, April  
6     29, 2010 at 9:00 a.m. in the Emergency Operations Center, 355 S. County Road, Palm Beach.  
7     On roll call, Chair Diamond and Committee Member Coniglio were present.  
8

9     II.   APPROVAL OF AGENDA

10    **The Agenda was approved as printed.**  
11

12    III.   PUBLIC COMMENT

13    There were none.  
14

15    IV.    REGULAR AGENDA

16    A.    Old Business

17    1.    Ordinance No. 8-10-Amending Chapter 22, Businesses; Article V, Entertainment  
18         Establishments

19    Committee Member Coniglio recused herself from the discussion as she is a business owner that  
20    could be affected by the Ordinance. She left the dais and filed Form 8B with the Town Clerk's  
21    office.

22    Town Attorney Randolph presented a draft Ordinance No. 8-10 and explained the history of the  
23    revision request as it began with noise complaints at 251 Club where the noise emanated from  
24    inside the Club. After further investigation, the zoning parameters were considered and he stated  
25    that any proposed ordinance should not be drafted to restrict one business, as opposed to similar  
26    establishments town-wide. He felt that the Ordinance he has drafted is not what the intent of the  
27    Committee was.

28    Chair Diamond agreed with Town Attorney Randolph and would not place any further burdens  
29    on the establishments. **Chair Diamond requested that it be made clear in the minutes that**  
30    **the Committee had decided not to proceed with Ordinance 8-10 and would recommend to**  
31    **the Town Council not to pursue any changes to the existing Ordinance.**  
32

Chair Diamond indicated that 251 had become a code enforcement problem and asked for a status report regarding the Club.

Sgt. Curtis Krauel provided an update on the status of 251. He indicated he did not have specific data with him. He noted there were a few noise complaints, but nothing out of the ordinary. He would report back next month with specific statistics.

Town Attorney Randolph indicated that Captain Maio had provided documentation since November. Captain Maio responded that the unit owner directly above 251 had complained regarding the noise. Subsequently, an arrest was made as well as involvement of civil activity with regard to 251 had occurred, an injunction since the back-up was provided.

Town Attorney Randolph added that Sgt. Krauel had noticed that there was a small tweak that may need to be made. Rather than in Section 22-274 where the provisions of Section 22-273 say it should not apply to any entertainment establishment, that it should say the provisions of Section 22-273a should not apply to any entertainment establishment. Town Attorney Randolph indicated he would prepare a revision for a subsequent meeting.

## 2. Sec. 42-190 Lawn Maintenance Equipment Noise 20

Deputy Town Manager Thomas Bradford directed the Committee to Section 42-230. He indicated that the Police Department handed out a memorandum at the beginning of the meeting regarding the Lawn Maintenance Equipment Noise. There was discussion about what should be an acceptable decibel level for machinery and what other common noise levels were. It was decided after conferring with Code Enforcement staff, the Town Attorney and the Committee that a level of 75 should be the acceptable and allowable decibel level.

Chair Diamond wanted to have an expert brought in that was not in the landscape business to discuss the hazards and impacts of loud noise levels. Town Attorney Randolph and Deputy Town Manager Bradford indicated that they would locate one. Committee Member Coniglio was opposed to bringing in an expert since it is what the residents can tolerate that counts. The situation was not only an annoyance, but could be a health situation as well, per Chair Diamond. Town Attorney Randolph indicated an expert would not add anything new since there was documented noise levels submitted in the back-up.

**After further discussion, the Committee agreed that they would recommend to the Town Council that the Ordinance be changed to allow the noise level readings be changed to a maximum of 75.**

## 3. Sec. 82-208 Grievance Resolution Board

**There were no recommended staff changes.**

#### 4. Review of Draft Ordinances Incorporating ORS Approved Changes

Town Attorney Randolph indicated that he had compiled the Ordinances for the Committee's information that have been changed thus far.

Committee Member Coniglio suggested removing the secretary from any Board or Commission since the Town provides an employee to do the function.

Town Attorney Randolph indicated that in the past, the Secretary was designated to sign the Approved Minutes. Assistant Director of Planning, Zoning and Building Veronica Close commented that there was a reference to a secretary in the Landmarks Commission Code.

**Deputy Town Manager Bradford indicated that all of the other Boards and Commissions would be checked and any reference to a secretary would be proposed to be deleted before the Committee.**

Chair Diamond was concerned with the dollar amounts permitted for the contracts, in light of a recent Town employee arrest. Town Attorney Randolph explained that the dollar amounts were statutory. Deputy Town Manager Bradford explained that additional steps were being proposed regarding the competitive procurement process, of which sealed bidding is only one alternative. He added that most of the changes are replacing language that put sole reliance on the sealed bid process that allows for other competitive procurement processes such as Design Build and Construction Manager at Risk in addition to sealed bids.

Chair Diamond commented regarding Article I, Sec. 6-8, the hours of sale for off-premises consumption of alcohol and stated that the change would allow Publix to eliminate the Sunday limitation and expand the hours of the sale of alcoholic beverages during the week, which included what was being sold at Publix. Deputy Town Manager Bradford noted that the change would coincide with Palm Beach County's code. The new change in the language of the ordinance would read "...between the hours of 10:00 p.m. and 7:00 a.m. of the following day..."

Committee Member Coniglio stated her continued concerns with the timeframe of abandoned properties and how long it would take for the Town to be able to enforce any action. Captain John Maio indicated that there are currently three foreclosures in Town. No further changes were made.

**The Committee was in agreement with the proposed draft language.**

#### B. New Business

##### 1. Chapter 90, Public Improvements

1 **There were no recommended changes to this chapter.**

2  
3 2. Chapter 94, Sales

4  
5 Assistant PZB Director Veronica Close indicated that this provision was not enforced and  
6 recommended the Committee remove reference to the bond requirement. Both Town Attorney  
7 Randolph and Lead Code Enforcement Officer Walton indicated that in the past, there was an  
8 issue with businesses requesting going out of business sales at the end of the season only to  
9 return the next season, but the Town has not had problems recently.

10  
11 There was also discussion regarding garage sale permits and the fee permit schedule being  
12 referenced.

13  
14 **The Committee accepted the staff recommendations.**

15  
16 3. Chapter 98, Secondhand Goods

17 **The Committee accepted the staff recommendations.**

18  
19 4. Chapter 102, Solid Waste

20 Deputy Town Manager Bradford stated that the Town no longer bills for commercial solid waste  
21 collections. There is a non-ad valorem assessment instead. The cost appears on the non-ad  
22 valorem portion of a tax bill. A lot of the language needed to be changed to reflect that. The  
23 other issue was a reference to a special collection or tax. The language in Section 101-1-3  
24 should be kept in case there are times when they bill for special collections.

25  
26 **Deputy Town Manager Bradford indicated he would bring back revised changes to the**  
27 **Committee, but had wanted to receive Public Works input first.**

28  
29 5. Chapter 106, Streets, Sidewalks, and Other Public Places

30 Staff proposed allowing Segway for Police Department use on the sidewalks. Captain Maio  
31 indicated that the Police Department has applied for a State Grant to obtain a Segway for use in  
32 Commercial Districts.

33  
34 Chair Diamond asked about having bells on bicycles. Captain Maio indicated that State Law  
35 requires an audible signal when passing on the left.

36  
37 **On page 164, Number 4, The Committee suggested changing the words “Mobil Station” to**  
38 **“Northwest Corner of Australian and South County Road”.**

1   **The Committee accepted the staff recommendations.**  
2

3   6.   Chapter 110, Subdivisions

4   **The Committee accepted the staff recommendations.**  
5

6   V.   ANY OTHER MATTERS

7   Town Attorney Randolph indicated that previously, the Committee approved raising Door to  
8   Door Solicitation fees to \$300.00. After researching it, Town Attorney Randolph determined  
9   that any fee in excess of actual costs incurred would be found unconstitutional. Captain Maio  
10   indicated he had developed information on the time and personnel involved to generate the actual  
11   cost of such Town activities. Deputy Town Manager Bradford indicated more research will occur  
12   on the topic and be brought back to the Committee at a future meeting.

13  
14   Deputy Town Manager Bradford indicated that there are six more chapters at the next meeting.  
15   There are also the follow-up items that would be addressed. There should be a May and a June  
16   meeting to conclude the review of the entire Town Code.

17  
18   Deputy Town Manager Bradford announced that the Town Manager had sent out an email  
19   regarding some concerns that former Mayor “Deedy” Marix had with the Code Sections that  
20   pertained to Board attendance. He asked if that should be looked into further. Committee  
21   Member Coniglio noted that the Town Manager has the discretion to make additional allowances  
22   for absences if indicated, above the two unexcused allowable. Chair Diamond wanted the matter  
23   looked into because of the better technology in the new Chambers. He felt that there should be  
24   more leniencies with absences. There should be two types automatic and discretionary. He also  
25   wanted to know if under certain circumstances telephone participation could be permitted at  
26   Town Council, and Board and Commission meetings.

27  
28   Town Attorney Randolph noted that there was a recent discussion regarding that, and it could be  
29   brought again. The State Law is clear that if there is a quorum present, that you can have other  
30   members by telecommunications. But, the Town Council reviewed that, they voted against that,  
31   because they wanted the Members present for presentations, which they could not see on  
32   ARCOM, Landmarks etc. if they are on a telephone call. Committee Member Coniglio was in  
33   agreement.

34  
35   **The Committee directed staff to review the circumstances of allowable absences for Boards**  
36   **and Committees.**  
37  
38  
39  
40

VI. ADJOURNMENT

There being no further business, the Ordinance, Rules and Standards Committee Meeting of Thursday, April 29, 2010, was adjourned at 10:21 a.m.

APPROVED:

\_\_\_\_\_  
William J. Diamond  
Chairman



# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

---

## Section of Agenda

Committee Reports

## Agenda Title

Administrative and Personnel Committee Meeting of May 4, 2010 and May 5, 2010.

THE BACKUP MATERIAL FOR THIS ITEM WILL BE PROVIDED UNDER  
SEPARATE COVER PRIOR TO THE MAY 11, 2010, TOWN COUNCIL MEETING.

## Presenter

Richard M. Kleid, Town Council Member

## Supporting Documents

- NONE

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

---

## Section of Agenda

Regular Agenda - Old Business

## Agenda Title

Casa Bendita Gazebo – Potential Reconstruction Project.

## Presenter

Jay Boodheshwar, Acting Director of Public Works

## Supporting Documents

- Memorandum dated April 29, 2010, from Jay Boodheshwar, Acting Director of Public Works
- Casa Bendita Gazebo Pictures

# **TOWN OF PALM BEACH**

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jay Boodheshwar, Acting Director of Public Works

Re: Casa Bendita Gazebo – Potential Reconstruction Project

Date: April 29, 2010

---

## **STAFF RECOMMENDATION**

Town staff recommends Town Council review the general information below and provide direction to Town staff as necessary.

## **GENERAL INFORMATION**

The Town owns a gazebo within the road right-of-way on Casa Bendita. The gazebo is a remnant of the estate that predated the existing subdivision. The gazebo is in poor condition and requires substantial renovation. Town staff had been developing a project with a possible donor but that offer has been withdrawn.

Town staff hired the firm of Bridges Marsh and Associates, Inc., to perform an evaluation of the Casa Bendita Gazebo to determine a budget estimate for reconstruction. The estimate for construction is \$109,000 with an additional \$12,000 for plans and specifications. As this is a renovation project with unforeseen conditions, an estimated contingency of \$25,000 would be prudent, resulting in a total estimated project cost of \$146,000.

This gazebo was last renovated in the early 1990's, as a joint public/private project with half of the project funded by residents in the immediate neighborhood and local contractors. Attached for reference are pictures of the structure in its current condition. It is important to note that there are no Town funds currently programmed for this project and the Landmarks Preservation Commission does not consider this structure worthy of land-marking.

Three options for consideration are as follows:

1. The Town Council may want to offer this structure to the neighboring residents. Given the isolated location, those neighbors would have the most interest in preserving it.
2. Alternatively, the Town could solicit donations for the restoration. Given its current condition, staff recommends that the project start this summer. Therefore, a deadline of June should be considered. A local contractor may be willing to participate but it is not clear to what extent.

3. Lastly, the Town may consider demolition of the structure. This could be accomplished relatively early this summer.

Individual letters notifying the ten affected neighbors on Case Bendita were hand delivered during the week of April 12, 2010, notifying them that the Mayor and Town Council will discuss the above outlined options for dealing with the gazebo. All residents were invited to attend the May 11, 2010, Town Council meeting to provide feedback and/or to contact Public Works. As of the date of this memo, staff has not received any feedback from the neighbors.

### **FUNDING/FISCAL IMPACT**

The fiscal impacts associated with this possible project will vary based on Council's decision. Full restoration of the structure is estimated to be \$146,000 and would have to be appropriated from the General Fund Contingency. If sufficient funds are donated, there would be very limited impact to the Town. Funds for demolition could be reprogrammed from the existing Capital Improvement Fund (not from the Accelerated Capital Improvement Program).

JB:mrs

Attachments

cc. Eric B. Brown, Assistant Director of Public Works  
Joseph J. Ugi, Facilities Maintenance Manager















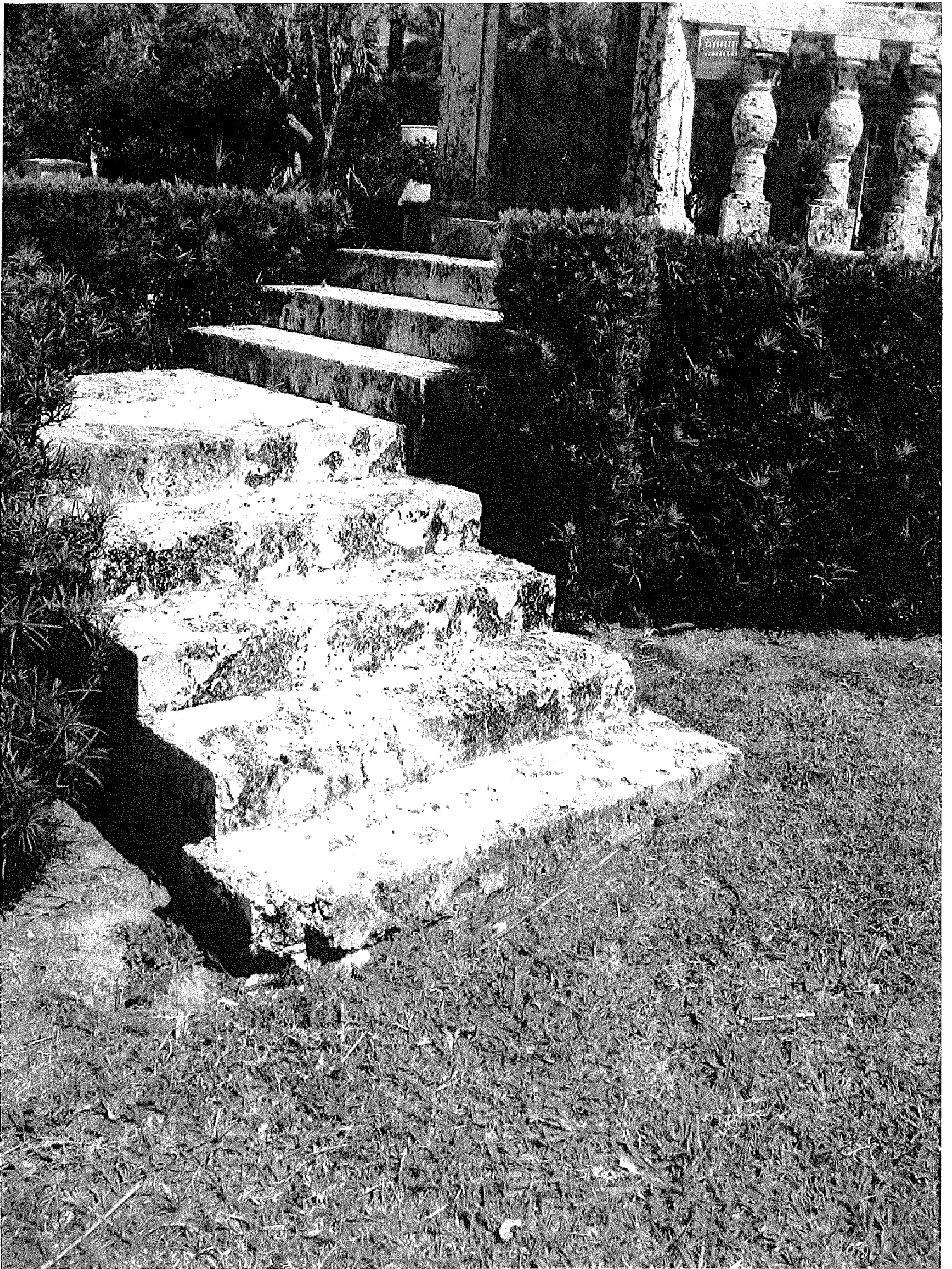












# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - Old Business

## Agenda Title

RESOLUTION NO. 55-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Providing for the Appointment of a County Budget Task Force to Review the Palm Beach County Budget for the 2010/2011 Fiscal Year; to Encourage Fiscal Responsibility by County Officials; and to Make Recommendations to the Town Council; Providing an Effective Date.

## Presenter

Peter B. Elwell, Town Manager

## Supporting Documents

- Memorandum dated May 6, 2010, from Peter B. Elwell
- Resolution No. 55-10

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

From: Peter B. Elwell, Town Manager

Re: County Budget Task Force (CBTF)  
**Resolution No. 55-10**

Date: May 6, 2010

---

## **STAFF RECOMMENDATION**

Town staff recommends adoption of Resolution No. 55-10.

## **GENERAL INFORMATION**

At the February 9, 2010, Town Council meeting Council Member Kleid was asked to research the possibility of creating a County Budget Task Force to monitor the County budget.

At the April 13, 2010, Town Council meeting, Council Member Kleid recommended creating a seven person committee to operate under the Sunshine Law. He suggested the Mayor appoint two Town registered voters as Task Force Members and that each Town Council member appoint one Town registered voter as a Task Force Member. The Town Council agreed with this approach and decided that each Town Council member would submit three names to the Town Manager and the Mayor would submit five names. (The reason for multiple names from each elected official was to ensure that “ties” could be broken if more than one elected official identified the same citizen as their appointee.) The Task Force nominees are as follows:

Stuart Shulman (Appointed by David A. Rosow)  
Bruce McAllister (Appointed by Gail Coniglio)  
Jere Zenko (Appointed by William J. Diamond)  
Bobbi Horwich (Appointed by Richard M. Kleid)  
Erica Elliott (Appointed by Robert N. Wildrick)

Mayor McDonald has informed Town staff that he does not plan to submit nominations in advance of the May 11 Town Council meeting and he will address this matter at that meeting.

At the April 13 meeting, Mr. Kleid stated that the CBTF will need Town staff assistance. He is correct. Deputy Town Manager Tom Bradford will coordinate the staff support for the CBTF and personally act as advisor to the CBTF. Administrative Assistant Anne Boyles from the Town Manager’s Office will act as the Clerk to the CBTF.

### **FUNDING/FISCAL IMPACT**

No out-of-pocket expenses are anticipated in the creation and operation of the CBTF.

### **TOWN ATTORNEY REVIEW**

Resolution No. 55-10 was prepared by the Town Attorney.

Attachments

PBE:cek

cc: Thomas G. Bradford, Deputy Town Manager  
Jane Struder, Director of Finance  
Anne Boyles, Administrative Assistant  
County Budget Task Force Nominees

**RESOLUTION NO. 55-10**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, PROVIDING FOR THE APPOINTMENT OF A COUNTY BUDGET TASK FORCE TO REVIEW THE PALM BEACH COUNTY BUDGET FOR THE 2010/2011 FISCAL YEAR; TO ENCOURAGE FISCAL RESPONSIBILITY BY COUNTY OFFICIALS; AND TO MAKE RECOMMENDATIONS TO THE TOWN COUNCIL; PROVIDING AN EFFECTIVE DATE.**

WHEREAS, approximately 25% of the tax bill of residents of the Town of Palm Beach for fiscal year 2010 is distributed to Palm Beach County for the operation of Palm Beach County government; and

WHEREAS, Town of Palm Beach taxpayers are paying approximately \$58 million to Palm Beach County in fiscal year 2010; and

WHEREAS, the Town Council believes that in Palm Beach County budget governance must be prudent and restrained and elected officials must review past decisions for sustainability without large future tax increases; and

WHEREAS, the Town Council desires to appoint a County Budget Task Force to monitor the Palm Beach County budget and to encourage fiscal responsibility by County officials; and

WHEREAS, the purpose of this task force, in addition to reviewing the Palm Beach County budget and encouraging fiscal responsibility by County officials, will be to advise the Town Council in regard to issues relating to the Palm Beach County budget.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, AS FOLLOWS:

Section 1. The Town Council hereby creates a County Budget Task Force for the purposes of monitoring the Palm Beach County budget and to make recommendations in regard to same.

Section 2. The County Budget Task Force shall consist of not more than seven (7) members. The Mayor may appoint two members and each Council member may appoint one member to the County Budget Task Force. The Mayor shall serve as a non voting ex officio member of the Task Force. Appointees are required to be registered electors in the Town. The initial appointees by this resolution are as follows:

Stuart Shulman (Appointed by David A. Rosow)

Bruce McAllister (Appointed by Gail Coniglio)

Jere Zenko (Appointed by William J. Diamond)

Bobbi Horwich (Appointed by Richard M. Kleid)

Erica Elliott (Appointed by Robert N. Wildrick)

Section 3. The first meeting of the County Budget Task Force shall be held prior to June 11, 2010. At that first meeting the members of the Task Force shall elect from among themselves a Chairman and a Vice Chairman. The Task Force shall meet as frequently as necessary to accomplish their intended purpose. The term of office of the members of the Task Force shall cease and the Task Force shall be dissolved at such time as the Town Council determines that the Task Force has completed its work.



Section 4. This Resolution shall become effective immediately upon passage.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of Palm Beach assembled this 11<sup>th</sup> day of May, 2010.

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Town Council President Pro Tem

\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member

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# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

Comprehensive Annual Financial Report for FY2009.

## Presenter

Jane Struder, Director of Finance

## Supporting Documents

- Memorandum Dated April 30, 2010, from Jane Struder, Finance Director
- FY2009 CAFR

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jane Struder, Finance Director

Re: Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2009

Date: April 30, 2010

---

## **STAFF RECOMMENDATION**

Staff recommends that the Town Council accept the Comprehensive Annual Financial Report and management letter for fiscal year ended September 30, 2009, and accept management's statement of explanation or rebuttal concerning the auditor's management letter comments.

Staff is also seeking direction on whether to produce and distribute the Citizens Annual Report for FY09.

## **GENERAL INFORMATION**

A copy of the Town of Palm Beach Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2009, completed in accordance with Section 11.45 of the Florida Statutes, is being provided to each of you under separate cover and can be obtained on the Town's website at [www.townofpalmbeach.com](http://www.townofpalmbeach.com) under the "Your Government" tab, Departments/Finance Department/Annual Financial Reports.

This document serves as the required annual audit of the Town of Palm Beach. It exceeds the minimum requirements for an annual audit, providing information which staff expects will qualify the Town to receive the Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting for the 22nd consecutive year.

As required by the rules of the Auditor General of the State of Florida, a statement of explanation and response to the auditor's management comments is included.

The completed CAFR will be forwarded to the Auditor General's Office once it is approved, to satisfy the statutory requirements.

The final reported General Fund undesignated fund balance for fiscal year ended September 30, 2009, is \$20,980,277. This amount represents 33% of the FY2010 operating budget expenditures, and exceeds the 25% minimum by \$5,269,902.

Re: Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2009  
April 30, 2010  
Page 2

Mr. Mark Veil, a partner with the firm of Caler, Donten, Levine, Druker, Porter & Veil, P.A. will make a brief presentation regarding the audit results for FY2009 at the Town Council meeting.

*Citizens Annual Report*

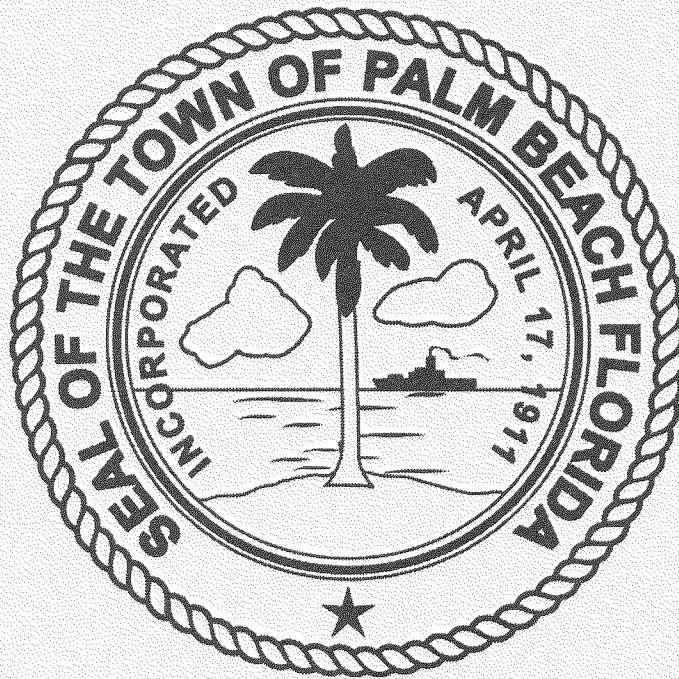
The Citizens Annual Report will be prepared with information from the FY2009 CAFR. Due to the timing of the completion of the report, we expect to mail it to the citizens in the fall. If the Town Council would prefer to eliminate the production and distribution of the report for FY09, the savings would be approximately \$8,800 based upon the cost for the FY08 report.

Attachment

jls

cc: Department Directors  
John C. Randolph, Town Attorney  
Thomas G. Bradford, Deputy Town Manager  
Mark D. Veil, Partner with Caler, Donten, Levine, Druker, Porter & Veil, P.A.

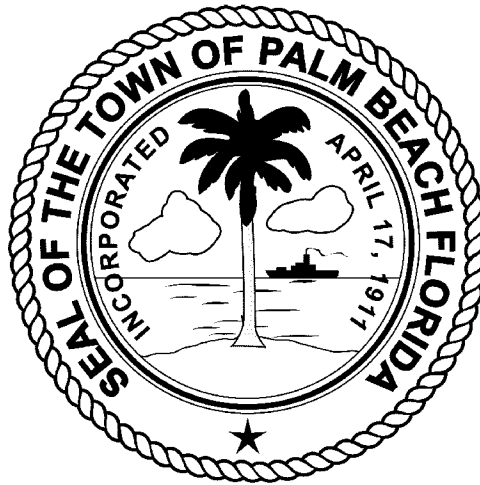
**Town of Palm Beach, Florida  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2009**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**TOWN OF PALM BEACH, FLORIDA**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**



Prepared by the Finance Department

Jane Struder, CPA  
Finance Director

TOWN OF PALM BEACH, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2009

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TOWN OF PALM BEACH, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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TOWN OF PALM BEACH, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

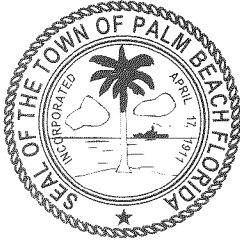
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## INTRODUCTORY SECTION



# TOWN OF PALM BEACH

Finance Department

April 20, 2010

The Honorable Mayor and Town Council  
Town of Palm Beach  
Palm Beach, Florida

The Comprehensive Annual Financial Report for the Town of Palm Beach's fiscal year ended September 30, 2009, is hereby submitted pursuant to Florida Statute 11.45. This document is the official comprehensive publication of the Town's financial position at September 30, 2009. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects. They are reported in a manner designed to present fairly the financial position and results of operations on a government-wide and fund level. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## THE TOWN OF PALM BEACH

The Town of Palm Beach, Florida, incorporated in 1911, is located on a barrier island in the eastern part of Palm Beach County, which ranks as one of the top growth areas in the State. Palm Beach is a unique, internationally famous residential community known for its distinctive architecture and landscaping, gracious homes and apartments, golf courses and clubs, and world famous stores and restaurants. The taxable value of properties within the Town provides appropriate support for the Town's authorized indebtedness.

The Town of Palm Beach services a full-time resident population of 9,797 plus an estimated 15,000 additional seasonal residents (November to May), as well as numerous visitors and other individuals who are employed on the island.

The Town is governed by an elected Mayor and a five-member Council. The Mayor's term is for two years. The five members of the Town Council are elected at large and serve overlapping two-year terms. The Town operates under the Council-Manager form of government. The Town Council appoints the Town Manager who serves as the Town's Chief Administrative Officer and is responsible for implementing the policies established by the Town Council. The Town has 399 employees, including 76 sworn police officers and 75 full-time firefighters.

The Town provides a full range of services. These services include police and fire protection, emergency medical services, sanitation services, recreational activities, the construction and maintenance of streets, storm water collection systems, sanitary sewer collection system and other infrastructure.

### THE REPORTING ENTITY

The financial reporting entity includes all of the funds of the Town of Palm Beach. It includes all governmental organizations and activities for which the Town is considered to be financially accountable in accordance with Governmental Accounting Standards Board Statement No. 14.

### ECONOMIC CONDITIONS AND OUTLOOK

The Town of Palm Beach is primarily a residential community. Commercial activities are restricted primarily to Town-service establishments including banks, retail shops, hotels and restaurants for the Town's permanent population and seasonal residents. There is no industrial development within the Town. Stringent zoning and land use regulations have limited development and over the long term, will preserve the Town's high quality residential character.

The Florida Legislature enacted property tax reform measures in 2007 that limit the growth in millage rates. Millage rate increases are limited to the rolled back rate (the rate that produces the same taxes as the prior year, exclusive of taxes from new construction) plus growth in personal income. Local governments are allowed to override the cap by extraordinary vote, either a 2/3 vote of the Council for up to a 10% increase over the rolled back rate, or a unanimous vote of the Council for an increase in excess of 10%.

The Town's taxable value increased in FY09 by 7.73% to \$13,773,998,042 which helped the Town continue to provide services at a modest tax rate. Recent economic conditions have caused the taxable value for FY10 to decline by 2.23% and further declines are expected for FY11. Measures are being taken by the Town to reduce the impact of the anticipated declines on taxpayers.

Foreclosure activity has severely impacted Florida. The impact to the Town is significantly less than the Florida or national average. The Town's foreclosure rate is 1 in every 594 households, the State of Florida averages 1 in every 165 households and the national average is 1 in every 417 households.

Per capita personal income for the Town of Palm Beach is \$109,219, which is well above the state and national average.

The Town maintains AAA issuer ratings by both Moody's Investor Services and Standard & Poor's.

### MAJOR INITIATIVES AND ACCOMPLISHMENTS

#### *For the Year*

During fiscal year 2009 the following accomplishments occurred:

- The Town-wide storm drainage improvements continued in FY09. A design project for the D-9 Basin/Mediterranean Road to replace all electrical and mechanical equipment and provide standby power generation for this station to maintain existing pumping capacity was completed. A construction project at the D-15 Basin/Lake Drive to replace inoperable tide valves and deteriorated piping to prohibit leakage to the D-6 & D-7 Pump Stations from Lake Worth Lagoon was completed. Also improvements were designed for Pendleton Avenue.

- The renovation of Town Hall began in August 2008. This project is expected to be completed in June of 2010.
- Emergency repairs on Town force mains on Royal Palm Way and South Ocean Blvd were completed. In preparation for the replacement of the Flagler Memorial Bridge, force main replacement was completed in Royal Poinciana Way and Cocoanut Row.
- The first pneumatically operated lift station, E-11 on El Vedado Road with a new pump station wet well and electrically operated, submersible pumps was completed.
- The renovation of the Par 3 golf course which included the renovation of the Golf Course, the installation of an alternative water source and a new irrigation system were completed and the course opened for business in December 2009. The construction of a new club house is planned for the future. The Town committed \$2 million from the Recreation Enterprise Fund and a citizen's committee has raised over \$4.8 million in private monies to fund the project.
- The construction of the Fuel Tank Replacement Project was substantially complete as of late FY09.

#### *For the Future*

Maintenance and expansion of the Town's general infrastructure (such as streets, oceanfront roadway, protective seawalls, sanitary sewer collection system and storm drainage collection system) remains a major concern of the Town. To address this concern, the Town each year prepares a five-year Capital Improvement Program that provides the framework for the development and maintenance of infrastructure to meet current and future needs. The Town has also prepared a 20 year Capital forecast. The Town will be issuing bonds to accelerate capital projects totaling over \$40 million. These projects include:

- Replacement of the Town's aging force main system to allow movement of 100% of Town sewage through a shared force main with the City of West Palm Beach
- Street light and traffic signal projects
- Storm Drainage Projects
- Town's share of a pelletizer for the East Central Regional Wastewater Treatment Facility

Due to declining revenues from property taxes, the Town has also cut 10.41 positions from the FY10 budget and implemented a hiring and wage freeze. These cuts allowed the Town to maintain a stable millage rate.

In order to reduce future potential deficits, the Town is planning to complete a pension benefit review, modifications to the Town's compensation plan, strategically contracting for some services and review other opportunities to reduce staffing and costs without reducing levels of service during FY10.

#### *Financial Policies*

The Town has formally adopted 18 financial policies including reserve policies for all major funds, contingency policies, budgetary control, debt management, and a revenue shortfall plan. The establishment of specific reserve policies is an important part of prudent financial management. Reserve policies reduce ambiguity and guide the creation, maintenance and use of resources for financial stabilization purposes. The reserve and contingency policies set the amounts to be budgeted for contingency and set minimum reserve levels and also restrict the use of reserves.

#### *Long Term Financial Planning*

Since FY2004, Town staff has prepared a Long Term Financial Plan that encompassed a 5 year period and has prepared annual updates to the plan through FY2007. Due to the uncertainty created by State

property tax reform measures, the Town decided to embark on a Comprehensive Review of Town Operations for FY2008. The goal of the review was to identify potential cost savings and non-tax revenue increases with estimates of the impacts of each alternative. The review first identified efficiencies that already exist and efficiencies that can be enacted without reducing the quantity or quality of services that the Town delivers. The review then identified options for the Town Council to consider for reducing costs and staffing levels that require reducing levels of service. In addition, a thorough review of employee benefits with cost savings options was also included in the report. In FY2009, the Town prepared an update of the long term financial plan which included all of the approved cost savings measures and new revenue sources and identified other areas of potential cost savings. An updated plan is expected to be presented in 2010.

## **Financial Information**

Please read the MD&A and the Notes to the Financial Statements for specific financial information.

**Internal Controls:** In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of an internal control system should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management.

**Budgeting Controls:** In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions implied in the annual budget approved by the Town Council. Activities of the General Fund, Debt Service Funds, Capital Projects Funds, Internal Service Funds, and Enterprise Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the Fund level. The Town also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end. Open encumbrances for outstanding purchase orders are re-appropriated as part of the following year's budget.

**Cash Management:** The Town invests its excess reserves primarily in an Evergreen Investments Institutional U.S. Government Money Market Fund, the Florida League of Cities Investment Trust, and with an investment manager, PFM Asset Management. As of September 30, 2009, the investments with the Evergreen Money Market Fund totaled \$38,539,957, the Florida League of Cities Investment Trust balance was \$36,991,833 and the balance with PFM Asset Management was \$10,028,460. The Town generated investment earnings of \$2,683,902 on all funds, excluding trust funds.

**Risk Management:** The Town is self-insured for certain group health, property, liability, and workers' compensation claims. The Risk Management program and the Health Insurance program activities are accounted for in Internal Service Funds.

The Risk Management Program is under the direction of the Town Manager's Office. Responsibility includes administration of the Town's property, liability and worker's compensation coverage and the related safety and loss control programs; claims investigation and administration including litigation strategies; contractual review regarding hold harmless, indemnification and insurance requirements of vendors, contractors, etc.; and comprehensive review of proposed legislation which could impact the Town from a loss control perspective. As part of the Risk Management Program, resources are being accumulated to meet potential losses.

The Health Insurance program consists of medical, dental, life, long-term disability, accidental death and dismemberment, supplemental life insurance, specific reinsurance, aggregate reinsurance, medical conversion, COBRA, network access fees, utilization review, consulting services, flexible spending program and claims administration for active and retired employees. Work in this fund is performed under the direction of the Human Resources Director. In addition, legislation is continually reviewed as it can have either a direct or indirect impact on the program. In FY07, a health insurance trust was established for postemployment health benefits.

### **Proprietary Funds**

**Enterprise Fund:** The Leisure Services Enterprise Fund includes the revenues and expenses relating to the operation of the Town Docks, the Par 3 Golf Course, tennis, and other recreation activities for youth and adults.

**Internal Service Funds:** The Town maintains three internal service funds. Two of these funds account for the Town's risk management activities, while the third internal service fund accounts for the accumulation of resources to be used for the acquisition of major capital equipment and vehicles.

### **Fiduciary Funds**

The Town operates five fiduciary funds. These include the General Employees' Pension Trust Fund covering General and Lifeguard employees, the Police Officers' Retirement System, the Firefighters' Retirement System, the OPEB Trust Fund and the Kreusler Park Agency Fund.

### **Other Information**

**Independent Audit:** State Statutes require an annual audit by independent certified public accountants. The accounting firm of Caler, Donten, Levine, Porter & Veil, P.A., performed this audit for fiscal year 2009. The auditor's report is included in the financial section of this report.

**Awards:** The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Palm Beach for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008. This was the 21<sup>st</sup> consecutive year the Town has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The contents must conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Town believes the current report continues to conform to the Certificate of Achievement Program requirements, and we are therefore submitting this year's report to the GFOA.

The Town also received the GFOA Award for Distinguished Budget Presentation for the Town's budget for the fiscal year ended September 30, 2009.

**Acknowledgements:** The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our genuine appreciation for the contributions made in the preparation of this report. In addition, we acknowledge the efforts of our independent auditors, Caler, Donten, Levine, Porter & Veil, P.A. for their professional work and assistance in producing this report.

We also are grateful to the Mayor and Town Council for their leadership and to the Citizens of Palm Beach for their support in ensuring the financial operations of the Town are conducted in a sound and conservative manner, thus assuring the Town a high level of financial security.

Respectfully submitted,

A handwritten signature in black ink that reads "Peter B. Elwell". The signature is written in a cursive style with a large, stylized 'P' and 'E'.

Peter B. Elwell  
Town Manager

A handwritten signature in black ink that reads "Jane Struder". The signature is written in a cursive style with a large, stylized 'J' and 'S'.

Jane Struder, CPA  
Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Palm Beach  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



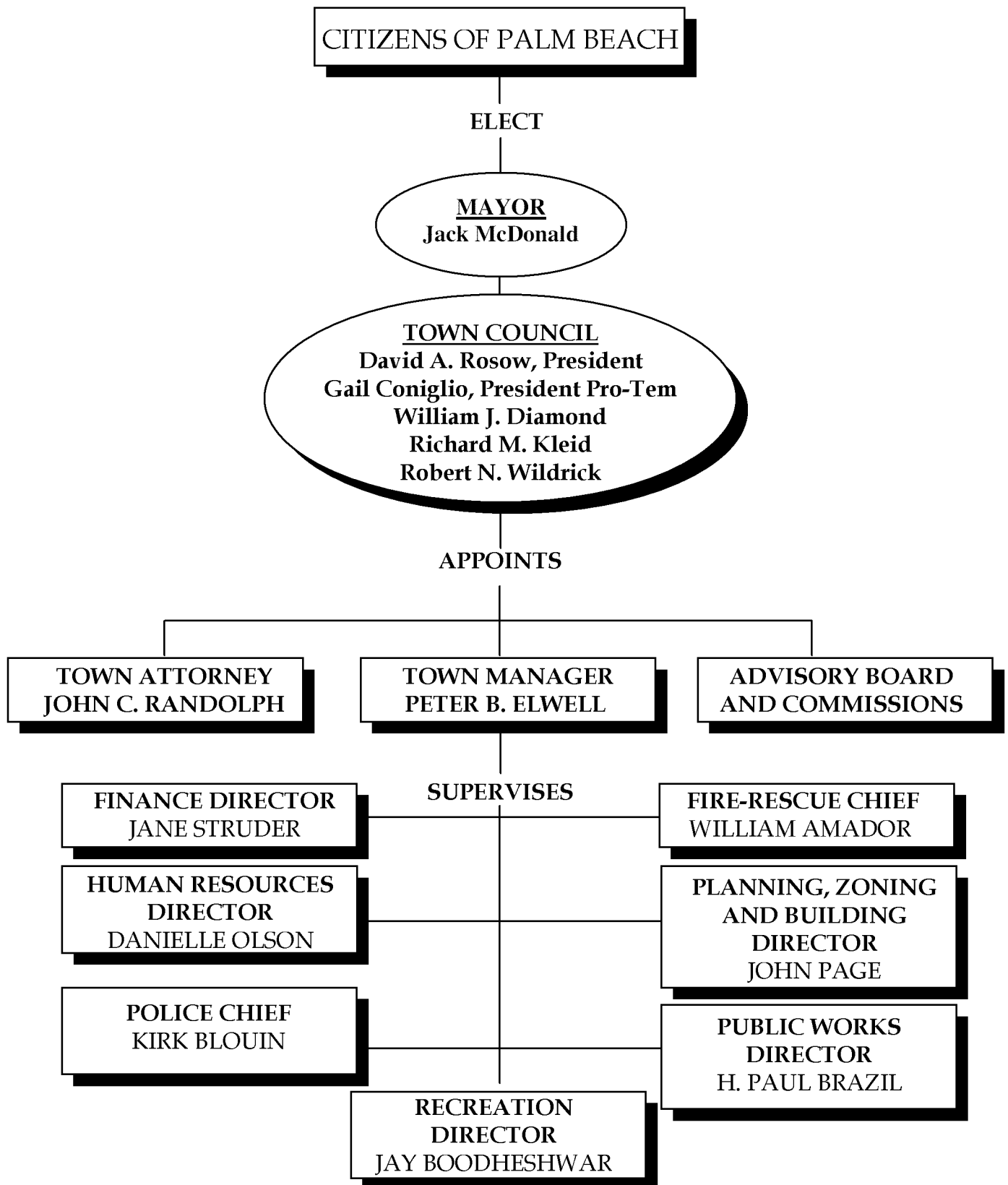
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

# TOWN OF PALM BEACH ORGANIZATIONAL STRUCTURE



Note: Organizational structure as of February 9, 2010

## **FINANCIAL SECTION**



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Honorable Mayor and Members  
of the Town Council  
Town of Palm Beach, Florida  
Palm Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Palm Beach, Florida, as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Palm Beach, Florida. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighters' Retirement System and the Police Officers' Retirement System, two fiduciary funds of the Town, which together represent 57%, 57% and 45%, respectively, of the assets, net assets/fund balance, and additions/revenue of the aggregate remaining fund information of the Town. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighters' Retirement System and the Police Officers' Retirement System, is based on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Palm Beach, Florida, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2010, on our consideration of the internal control over financial reporting of the Town of Palm Beach, Florida, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 59 through 63, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Palm Beach, Florida. The introductory section, combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Calder, Dauter, Levine,  
Porter & Veil, P.A.*

April 20, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Palm Beach, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Palm Beach for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

The information contained within this Management's Discussion and Analysis (MD&A) is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to Financial Statements and the Required Supplementary Information that is provided in addition to this MD&A.

### Financial Highlights

1. The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$192,759,647 (net assets). Of this amount, \$94,043,570 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
2. At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$52,827,221, a decrease of \$9,842,482 in comparison with the prior year. Approximately 40% of the total amount is available for spending at the Town's discretion (unreserved, undesignated fund balance).
3. At the end of the current fiscal year, unreserved fund balance (designated and undesignated) for the general fund was \$30,304,216. The undesignated fund balance is \$20,980,277.
4. The Town's total government-wide revenue was \$74,217,255, while total expenses were \$67,389,594.
5. Governmental Activities generated \$68,158,600 in revenue (excluding transfers) with \$63,723,252 in expenses.
6. Business-type Activities generated \$6,058,655 in revenue (excluding transfers) with \$3,666,342 in expenses.
7. The Town's long-term debt decreased by \$3,479,996 during the current fiscal year.

### Overview of the Financial Statements

The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also includes other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Palm Beach's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Palm Beach's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets

may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, physical environment, transportation, and culture and recreation. The business-type activities include the marina, golf course and recreation programs.

The Town's government-wide financial statements are presented on pages 14-16 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Palm Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Palm Beach can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and *governmental activities*.

The Town of Palm Beach maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general fund, capital improvement fund, beach restoration project fund, and the Town facilities fund all of which are considered major funds. Data for the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of *combining statements* elsewhere in this report.

The governmental fund financial statements can be found on pages 17-20 of this report.

**Proprietary funds.** The Town of Palm Beach maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide

financial statements. The Town of Palm Beach uses an enterprise fund to account for its recreation activities including; the Town Docks, the Par 3 Golf Course, Tennis, and Adult and Youth recreational activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town of Palm Beach's various functions. The Town of Palm Beach uses internal service funds to account for its self-insurance health fund, self-insurance risk fund, and equipment replacement fund. Because these services predominately benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Recreation Enterprise Fund (enterprise fund) and the internal service funds, which are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 21-23 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Palm Beach's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

The Town's fiduciary fund financial statements are presented on pages 24-25.

*Notes to financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 26-58 of this report.

*Other information.* In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information containing a comparison between the Town's adopted budget and actual financial results for the general fund. The required supplementary information can be found on pages 59-63 of this report.

Combining financial statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64-81 of this report.

## **Government-wide Financial Analysis**

**Net assets.** On the following page, is a summary of the fiscal year 2009 Statement of Net Assets found on page 14 and comparative information for fiscal year 2008.



**Town of Palm Beach, Florida**  
**Net Assets**  
**September 30, 2009 and 2008**

|                     | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total                |                      |
|---------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                     | 2009                       | 2008                 | 2009                        | 2008                 | 2009                 | 2008                 |
| <b>ASSETS</b>       |                            |                      |                             |                      |                      |                      |
| Current and         |                            |                      |                             |                      |                      |                      |
| other assets        | \$107,245,969              | \$118,193,753        | \$ 4,364,744                | \$ 7,319,674         | \$111,610,713        | \$125,513,427        |
| Capital assets, net | <u>100,636,194</u>         | <u>90,891,944</u>    | <u>17,120,652</u>           | <u>12,635,374</u>    | <u>117,756,846</u>   | <u>103,527,318</u>   |
| Total assets        | 207,882,163                | 209,085,697          | 21,485,396                  | 19,955,048           | 229,367,559          | 229,040,745          |
| <b>LIABILITIES</b>  |                            |                      |                             |                      |                      |                      |
| Current liabilities | 10,929,433                 | 13,202,690           | 1,214,439                   | 1,534,741            | 12,143,872           | 14,737,431           |
| Long-term           |                            |                      |                             |                      |                      |                      |
| liabilities         | <u>24,268,979</u>          | <u>28,184,604</u>    | <u>195,061</u>              | <u>186,724</u>       | <u>24,464,040</u>    | <u>28,371,328</u>    |
| Total liabilities   | 35,198,412                 | 41,387,294           | 1,409,500                   | 1,721,465            | 36,607,912           | 43,108,759           |
| <b>NET ASSETS</b>   |                            |                      |                             |                      |                      |                      |
| Invested in capital |                            |                      |                             |                      |                      |                      |
| assets, net of      |                            |                      |                             |                      |                      |                      |
| related debt        | 80,983,936                 | 75,658,381           | 17,120,652                  | 12,635,374           | 98,104,588           | 88,293,755           |
| Restricted          | 611,489                    | 1,184,132            |                             | 800,000              | 611,489              | 1,984,132            |
| Unrestricted        | <u>91,088,326</u>          | <u>90,855,890</u>    | <u>2,955,244</u>            | <u>4,798,209</u>     | <u>94,043,570</u>    | <u>95,654,099</u>    |
| Total net assets    | <u>\$172,683,751</u>       | <u>\$167,698,403</u> | <u>\$ 20,075,896</u>        | <u>\$ 18,233,583</u> | <u>\$192,759,647</u> | <u>\$185,931,986</u> |

Net assets may serve over time as a useful indicator of a government's financial position. At September 30, 2009, the Town's assets exceeded liabilities by \$192,759,647. Net assets increased by \$6,827,661 as a result of a \$4,985,348 increase in governmental activities and an increase of \$1,842,313 in business-type activities. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day operations of the Town, totaled \$94,043,570.

Net assets invested in capital assets (e.g., land, buildings, improvements other than buildings, equipment infrastructure and construction in progress) less any related debt used to acquire those assets that is still outstanding and any unspent bond proceeds total \$98,104,588. The Town of Palm Beach uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Palm Beach's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the Town of Palm Beach reported positive balances in all categories of net assets for both governmental and business-type activities.

**Change in Net Assets:** The table on the following page is a summary of the changes in net assets for the year ended September 30, 2009, as compared to September 30, 2008:

**Town of Palm Beach, Florida**  
**Changes in Net Assets**  
**For the Fiscal Years Ended September 30, 2009 and 2008**

|                                    | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total                |                      |
|------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                    | 2009                       | 2008                 | 2009                        | 2008                 | 2009                 | 2008                 |
| <b>Revenue</b>                     |                            |                      |                             |                      |                      |                      |
| Program revenue:                   |                            |                      |                             |                      |                      |                      |
| Charges for services               | \$ 9,343,493               | \$ 12,129,355        | \$ 4,160,010                | \$ 4,523,039         | \$ 13,503,503        | \$ 16,652,394        |
| Operating grants and contributions | 1,283,953                  | 3,231,996            |                             |                      | 1,283,953            | 3,231,996            |
| Capital grants and contributions   | 2,332,741                  | 421,732              | 1,830,934                   | 1,884,649            | 4,163,675            | 2,306,381            |
| General revenue:                   |                            |                      |                             |                      |                      |                      |
| Property taxes                     | 42,887,217                 | 41,457,249           |                             |                      | 42,887,217           | 41,457,249           |
| Local option gas tax               | 324,077                    | 337,785              |                             |                      | 324,077              | 337,785              |
| Franchise fees                     | 2,454,232                  | 2,447,544            |                             |                      | 2,454,232            | 2,447,544            |
| Utility service taxes              | 4,608,088                  | 4,496,507            |                             |                      | 4,608,088            | 4,496,507            |
| Business tax receipts              | 726,239                    |                      |                             |                      | 726,239              |                      |
| Intergovernmental                  | 1,190,409                  | 1,108,340            |                             |                      | 1,190,409            | 1,108,340            |
| Investment earnings                | 2,728,147                  | 2,666,647            | 67,711                      | 169,017              | 2,795,858            | 2,835,664            |
| Miscellaneous                      | <u>280,004</u>             |                      |                             |                      | <u>280,004</u>       |                      |
| Total revenue                      | 68,158,600                 | 68,297,155           | 6,058,655                   | 6,576,705            | 74,217,255           | 74,873,860           |
| <b>Expenses</b>                    |                            |                      |                             |                      |                      |                      |
| General government                 | 11,687,399                 | 14,194,382           |                             |                      | 11,687,399           | 14,194,382           |
| Public safety                      | 30,755,445                 | 29,688,750           |                             |                      | 30,755,445           | 29,688,750           |
| Physical environment               | 17,536,687                 | 19,802,683           |                             |                      | 17,536,687           | 19,802,683           |
| Transportation                     | 1,206,068                  | 1,131,044            |                             |                      | 1,206,068            | 1,131,044            |
| Culture and recreation             | 1,796,409                  | 1,814,544            |                             |                      | 1,796,409            | 1,814,544            |
| Interest on long-term debt         | 741,244                    | 825,899              |                             |                      | 741,244              | 825,899              |
| Recreation                         |                            |                      |                             |                      |                      |                      |
| Enterprise                         |                            |                      | <u>3,666,342</u>            | <u>3,450,003</u>     | <u>3,666,342</u>     | <u>3,450,003</u>     |
| Total expenses                     | <u>63,723,252</u>          | <u>67,457,302</u>    | <u>3,666,342</u>            | <u>3,450,003</u>     | <u>67,389,594</u>    | <u>70,907,305</u>    |
| <b>Increase in Net Assets</b>      |                            |                      |                             |                      |                      |                      |
| <b>Before Transfers</b>            | 4,435,348                  | 839,853              | 2,392,313                   | 3,126,702            | 6,827,661            | 3,966,555            |
| Transfers                          | <u>550,00</u>              | <u>580,000</u>       | <u>(550,000)</u>            | <u>(580,000)</u>     | <u>0</u>             | <u>0</u>             |
| Increase in net assets             | 4,985,348                  | 1,419,853            | 1,842,313                   | 2,546,702            | 6,827,661            | 3,966,555            |
| Net assets at beginning of year    | <u>167,698,403</u>         | <u>166,278,550</u>   | <u>18,233,583</u>           | <u>15,686,881</u>    | <u>185,931,986</u>   | <u>181,965,431</u>   |
| Net assets at end of year          | <u>\$172,683,751</u>       | <u>\$167,698,403</u> | <u>\$ 20,075,896</u>        | <u>\$ 18,233,583</u> | <u>\$192,759,647</u> | <u>\$185,931,986</u> |

The Town's combined net assets increased by \$6,827,661 or 3.7% during 2009. This improvement can be attributed to governmental activities that increased \$4,985,348 or 73% of the total growth in net assets of the Town and business-type activities that increased \$1,842,313 or 27% of the total growth in net assets. The increase in net assets of the governmental activities is attributable to cost saving measures in governmental operations and the increase in net assets of the business-type activity is a result of donations received for the Par 3 renovation project.

## Financial Analysis

**Governmental funds.** The fund financial statements for the governmental funds are provided on pages 17-20. The focus of the Town of Palm Beach's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Palm Beach's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the Town of Palm Beach's governmental funds reported combined ending fund balances of \$52,827,221, which decreased by \$9,842,482 from September 30, 2008. This decrease was primarily due to a decline in permit and grant revenues and an increase in capital outlay expenditures related to the construction of Town Hall and other infrastructure projects.

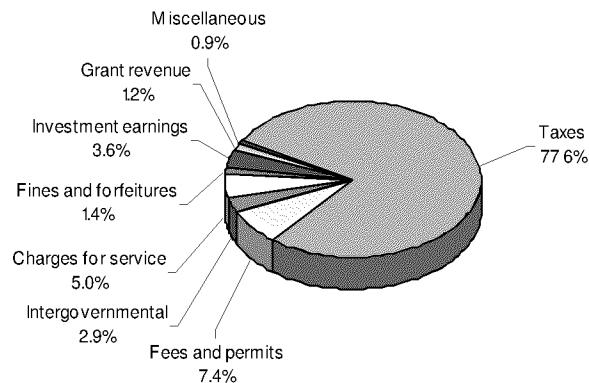
The following schedule presents a summary of all governmental fund revenue for the fiscal year ended September 30, 2009, and the amount and percentage of increases and decreases in relation to prior year revenues:

|                       | <u>Amount</u>        | <u>Percent of<br/>Total</u> | <u>Increase<br/>(Decrease)<br/>from 2008</u> | <u>Percent<br/>Increase<br/>(Decrease)</u> |
|-----------------------|----------------------|-----------------------------|----------------------------------------------|--------------------------------------------|
| <b>Revenue</b>        |                      |                             |                                              |                                            |
| Taxes                 | \$ 50,999,853        | 77.6%                       | \$ 2,260,768                                 | 4.6%                                       |
| Fees and permits      | 4,865,780            | 7.4                         | (2,969,688)                                  | (37.9)                                     |
| Intergovernmental     | 1,937,338            | 2.9                         | (170,589)                                    | (8.1)                                      |
| Charges for services  | 3,277,981            | 5.0                         | 469,683                                      | 16.7                                       |
| Fines and forfeitures | 927,863              | 1.4                         | (266,412)                                    | (22.3)                                     |
| Investment income     | 2,389,974            | 3.6                         | 353,782                                      | 17.4                                       |
| Grant revenue         | 792,662              | 1.2                         | (1,277,673)                                  | (61.7)                                     |
| Miscellaneous         | <u>568,455</u>       | <u>0.9</u>                  | <u>(45,150)</u>                              | <u>(7.4)</u>                               |
| <b>Total Revenue</b>  | <u>\$ 65,759,906</u> | <u>100.0%</u>               | <u>\$ (1,645,279)</u>                        | <u>(2.4)%</u>                              |

The most significant changes in revenue are described below:

- Property taxes increased resulting from an increase in the taxable value and lower millage rate.
- License and permit revenue decreased due to a decline in building permit activity.
- Intergovernmental revenue decreased due to declines in sales tax and State revenue sharing transfers and a reduction in the County 911 reimbursement.
- Charges for services increased due to increases in solid waste revenues and special detail usage.
- Fine and forfeiture income declined due to reduced code enforcement fine revenue.
- Investment income increased due to improved returns on investments.
- Grant revenue decreased due to funding received in FY2008 for FDOT projects and grants received for the Town Hall renovation project.
- Miscellaneous revenue decreased due to one-time payments received in FY08.

## Revenues by Source Governmental Funds



The following schedule presents a summary of all governmental funds expenditures for the fiscal year ended September 30, 2009, and the percentage of increases and decreases in relation to prior year amounts:

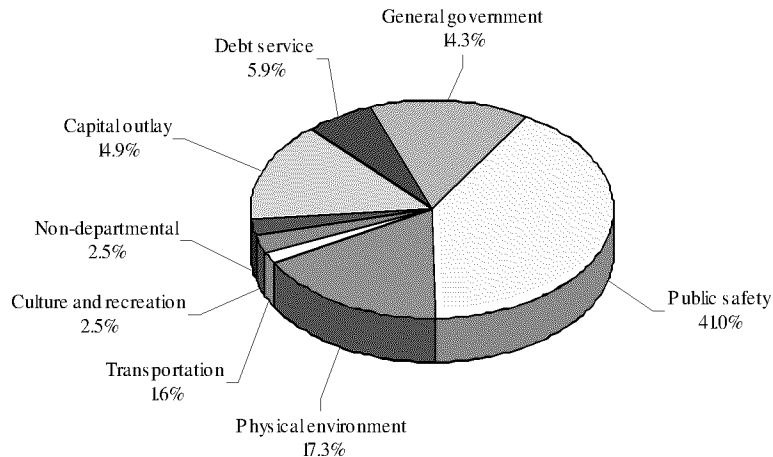
|                           | <u>Amount</u>               | <u>Percent of<br/>Total</u> | <u>Increase<br/>(Decrease)<br/>from 2008</u> | <u>Percent<br/>Increase<br/>(Decrease)</u> |
|---------------------------|-----------------------------|-----------------------------|----------------------------------------------|--------------------------------------------|
| <b>Expenditures</b>       |                             |                             |                                              |                                            |
| <b>Current:</b>           |                             |                             |                                              |                                            |
| General government        | \$ 10,923,177               | 14.3%                       | \$ 936,253                                   | 9.4%                                       |
| Public safety             | 31,367,667                  | 41.0                        | 1,902,960                                    | 6.5                                        |
| Physical environment      | 13,252,050                  | 17.3                        | (1,923,620)                                  | (12.7)                                     |
| Transportation            | 1,248,445                   | 1.6                         | 87,845                                       | 7.6                                        |
| Culture and recreation    | 1,858,634                   | 2.4                         | 29,249                                       | 1.6                                        |
| Non-departmental          | 1,918,051                   | 2.5                         | (496,917)                                    | (20.6)                                     |
| <b>Capital Outlay</b>     | 11,429,915                  | 14.9                        | 3,570,750                                    | 45.4                                       |
| <b>Debt Service:</b>      |                             |                             |                                              |                                            |
| Principal                 | 3,875,000                   | 5.1                         | 63,703                                       | 1.7                                        |
| Interest                  | 650,150                     | 0.8                         | 35,881                                       | 5.8                                        |
| Debt issue costs          | <u>24,303</u>               | <u>0.1</u>                  | <u>(6,197)</u>                               | <u>(20.3)</u>                              |
| <b>Total Expenditures</b> | <u><u>\$ 76,547,392</u></u> | <u><u>100.0%</u></u>        | <u><u>\$ 4,199,907</u></u>                   | <u><u>5.8%</u></u>                         |

The reasons for the major increases and decreases in expenditures are as follows:

- General government expenditures increased due to the implementation of an early retirement incentive and increases in benefit costs.
- Public safety expenditures increased due to the increase in salary and benefit costs.
- Physical environment costs decreased due to a decrease in expenditures for beach restoration and other cost reduction measures.
- Transportation expenditures increased due to accelerated resurfacing projects throughout the Town.
- Culture and recreation expenditures increased due to increases in library funding and increases in salary and benefit costs.
- Non-departmental expenditures represent the cost of insurance paid to the Internal Service Insurance Funds. The decline relates to a decrease in the amounts paid to the Risk Insurance Fund.
- Capital outlay increased due to expenditures related to the Town Hall renovation project.

- Debt service payments increased slightly in FY2009 due to the debt service on the revenue note for the Town Hall renovation project.

## Expenditures by Function Governmental Activities



**General Fund.** The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, *unreserved*, undesignated fund balance of the General Fund was \$20,980,277, while the total fund balance was \$30,782,501. The total fund balance of the General Fund decreased by \$1,591,714 due, in part, to transfers to the Coastal Protection Fund. As a measure of the General Fund's liquidity, it is useful to compare unreserved fund balance to total General Fund expenditures. Unreserved, undesignated fund balance represents 31.5% of total General Fund expenditures including transfers out.

The fund balance of the Capital Improvement Fund decreased from the prior year by \$3,836,503. This decrease resulted from expended funds for appropriated capital projects.

The fund balance of the Beach Restoration Project Fund increased from the prior year by \$2,353,154. This increase is a result of the transfers from the General Fund.

The fund balance of the Town Facilities Fund decreased by \$6,486,294 from the prior year. This decrease is a result of the expenditures for the project in FY2009.

Other governmental funds which include special revenue funds and debt service funds had a decrease in fund balance of \$281,125. This decrease is due to an increase in debt service costs for the Town's outstanding debt.

**Proprietary Funds.** The Town of Palm Beach's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise fund of the Town consists of the Recreation Enterprise Fund.

Unrestricted net assets of the Recreation Enterprise Fund were \$2,955,244 at September 30, 2009. Net assets for this fund increased \$1,842,313, which is attributable to donations received for the Par 3 project.

### General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings and approval of the Town Council. Any amendments that would exceed the original budget at the fund level would require a formal budget

amendment requiring an ordinance and two readings by the Town Council. The General Fund appropriation was amended by ordinance during the year. The FY2009 budget was also increased by the amount of commitments (unpaid purchase orders) from the prior year. Funds were transferred from an appropriated General Fund contingency account to program accounts in the budget to provide for unanticipated expenditures in accordance with specific Town Council authorizations.

Actual revenues were 1.8% more than the final budget due to higher than expected utility tax and interest revenue and the receipt of a FEMA grant. Actual expenditures were 6.0% less than the final budget due to the implementation of a Town-wide hiring freeze, and other cost containment measures implemented in FY09.

## Capital Assets and Debt Administration

### Capital Assets

Capital assets are those assets (capital assets and infrastructure) that are used in the performance of the Town's functions. As of September 30, 2009, net capital assets of governmental activities totaled \$100,636,194 and the net capital assets of the business-type activities totaled \$17,120,652 (both net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress.

A summary of the Town of Palm Beach's capital assets (net of depreciation) can be found below. Additional information on the Town's capital assets can be found in Note C to the financial statements.

#### Town of Palm Beach Capital Assets September 30, 2009 and 2008

|                                   | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total                 |                      |
|-----------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|----------------------|
|                                   | 2009                       | 2008                 | 2009                        | 2008                 | 2009                  | 2008                 |
| Land                              | \$ 9,946,951               | \$ 8,039,238         | \$ 5,623,777                | \$ 5,623,777         | \$ 15,570,728         | \$ 13,663,015        |
| Construction in Progress          | 21,739,998                 | 17,034,864           | 5,061,644                   | 2,072,844            | 26,801,642            | 19,107,708           |
| Buildings                         | 14,778,887                 | 12,126,031           | 2,590,111                   | 1,299,565            | 17,368,998            | 13,425,596           |
| Improvements other than buildings | 455,114                    | 466,060              | 3,531,767                   | 3,530,361            | 3,986,881             | 3,996,421            |
| Equipment                         | 10,019,488                 | 7,885,576            | 313,353                     | 108,827              | 10,332,841            | 7,994,403            |
| Infrastructure                    | <u>43,695,756</u>          | <u>45,340,175</u>    |                             |                      | <u>43,695,756</u>     | <u>45,340,175</u>    |
|                                   | <u>\$100,636,194</u>       | <u>\$ 90,891,944</u> | <u>\$ 17,120,652</u>        | <u>\$ 12,635,374</u> | <u>\$ 117,756,846</u> | <u>\$103,527,318</u> |

Major capital projects completed during the fiscal year included the following:

- The Town-wide storm drainage improvements continued in FY2009. The D-9 Basin/Mediterranean Road design to replace all electrical and mechanical equipment and provide standby power generation for this station to maintain existing pumping capacity and not to expand the existing structure was completed. The D15 Basin/Lake Drive construction project to replace inoperable tide valves and deteriorated piping to prohibit leakage to the D-6 & D-7 pump stations from Lake Worth Lagoon was completed.

- Work was completed on Town force mains on Royal Palm Way and South Ocean Blvd. Force main replacement on Royal Poinciana Way and Coconut Row in preparation for the replacement of the Flagler Memorial Bridge was completed.
- Work was completed on the first pneumatically operated lift station at E11 on El Vedado Road with a new pump station wet well and electrically operated submersible pumps.
- The renovation of Town Hall began in August 2008 and continued through 2009. The first phase of the project was completed in April 2009. The second phase began in May 2009 and was completed in December 2009. The third and final phase began in January 2010 and is expected to be completed in June 2010. Grant funding was received from the State of Florida.
- The renovation of the Par 3 golf course was completed which included a new parking lot and irrigation well. The renovated golf course reopened in November 2009.

### Debt Administration

As of September 30, 2009, the Town had \$9,330,000 in revenue bonds outstanding and \$10,395,004 in revenue notes payable as compared to revenue bonds of \$13,205,000 and a revenue note payable of \$10,000,000 at September 30, 2008, a 15% decrease due to debt retirements in fiscal year 2009, net of draws on a line of credit in the aggregate amount of \$395,004. The debt outstanding as of the end of the fiscal year was secured by all non-ad valorem revenues of the General Fund.

The debt position of the Town is summarized below and more fully explained in Note E to the financial statements.

#### Town of Palm Beach Outstanding Debt September 30, 2009 and 2008

|                      | <u>2009</u>          | <u>2008</u>          |
|----------------------|----------------------|----------------------|
| Revenue Bonds        | \$ 9,330,000         | \$ 13,205,000        |
| Revenue Note Payable | <u>10,395,004</u>    | <u>10,000,000</u>    |
| Total                | <u>\$ 19,725,004</u> | <u>\$ 23,205,000</u> |

The Town of Palm Beach maintains an AAA issuer's rating by both Moody's and Standard & Poor's.

### Economic Factors and Next Year's Budgets and Rates

For FY2010, the Town Council adopted a General Fund budget, including transfers out, of \$66,853,300 representing a .7% decrease from FY2009. The FY2010 budget includes a pay freeze for all employees and a reduction in tax revenue of \$1.2 million. The taxable value decreased by 2.2% in FY2010 and the Town's total millage rate remained constant at 3.2512.

General economic conditions both nationally and in the State of Florida will require the Town to closely monitor revenue and expenditure trends. The Town has prepared a Long Term Financial Plan to forecast the affects on revenues from the economic downturn, and increases in expenditures related to anticipated increases in retirement funding and capital project funding. To reduce projected deficits staff has reviewed pension benefits, health insurance benefits, compensation programs for all Town employees, reductions in staffing, and debt vs. pay as you go financing for capital projects. Implementation of recommendations from the review will be implemented in future budget years beginning in FY11.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning information provided in this report or requests for additional financial information should be directed to:

**Finance Department  
Town of Palm Beach  
360 South County Road  
Palm Beach, FL 33480  
561-838-5444  
[www.townofpalmbeach.com](http://www.townofpalmbeach.com)**



## **BASIC FINANCIAL STATEMENTS**

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2009

|                                                                             | Governmental<br>Activities | Business-Type<br>Activities | Total          |
|-----------------------------------------------------------------------------|----------------------------|-----------------------------|----------------|
| <b>ASSETS</b>                                                               |                            |                             |                |
| Cash and cash equivalents                                                   | \$ 62,688                  | \$ 2,300                    | \$ 64,988      |
| Equity in pooled cash and investments                                       | 81,576,551                 | 4,293,903                   | 85,870,454     |
| Accounts receivable, net of allowance<br>for doubtful accounts of \$809,460 | 728,663                    | 1,000                       | 729,663        |
| Interest receivable                                                         | 48,246                     |                             | 48,246         |
| Due from other governments                                                  | 1,018,583                  | 62,516                      | 1,081,099      |
| Receivable from fiduciary funds                                             | 4,943                      |                             | 4,943          |
| Internal balances                                                           | (5,025)                    | 5,025                       | 0              |
| Inventory                                                                   | 454,035                    |                             | 454,035        |
| Prepays                                                                     | 49,637                     |                             | 49,637         |
| Net OPEB asset                                                              | 14,396,870                 |                             | 14,396,870     |
| Debt issue costs                                                            | 134,784                    |                             | 134,784        |
| Investment in joint venture                                                 | 8,775,994                  |                             | 8,775,994      |
| Capital assets                                                              |                            |                             |                |
| Land                                                                        | 9,946,951                  | 5,623,777                   | 15,570,728     |
| Construction in progress                                                    | 21,739,998                 | 5,061,644                   | 26,801,642     |
| Depreciable capital assets, net                                             | 68,949,245                 | 6,435,231                   | 75,384,476     |
| Total assets                                                                | 207,882,163                | 21,485,396                  | 229,367,559    |
| <b>LIABILITIES</b>                                                          |                            |                             |                |
| Accounts and contracts payable                                              | 3,719,548                  | 555,819                     | 4,275,367      |
| Accrued liabilities                                                         | 4,718,529                  | 44,770                      | 4,763,299      |
| Accrued interest payable                                                    | 96,272                     |                             | 96,272         |
| Due to other governments                                                    | 1,145,232                  |                             | 1,145,232      |
| Customer deposits                                                           |                            | 200,032                     | 200,032        |
| Unearned revenue                                                            | 1,249,852                  | 413,818                     | 1,663,670      |
| Long-term debt                                                              |                            |                             |                |
| Due within one year                                                         | 5,935,189                  | 38,061                      | 5,973,250      |
| Due in more than one year                                                   | 18,333,790                 | 157,000                     | 18,490,790     |
| Total liabilities                                                           | 35,198,412                 | 1,409,500                   | 36,607,912     |
| <b>NET ASSETS</b>                                                           |                            |                             |                |
| Invested in capital assets, net of related debt                             | 80,983,936                 | 17,120,652                  | 98,104,588     |
| Restricted for:                                                             |                            |                             |                |
| Debt service                                                                | 126,750                    |                             | 126,750        |
| Public safety                                                               | 220,637                    |                             | 220,637        |
| Other purposes                                                              | 264,102                    |                             | 264,102        |
| Unrestricted                                                                | 91,088,326                 | 2,955,244                   | 94,043,570     |
| Total net assets                                                            | \$ 172,683,751             | \$ 20,075,896               | \$ 192,759,647 |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2009

| Functions/Programs              | Expenses             | Program Revenue      |                                    |                                  |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                 |                      | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| <b>Governmental activities</b>  |                      |                      |                                    |                                  |
| General government              | \$ 11,687,399        | \$ 5,035,126         | \$ 39,649                          | \$ 1,885,000                     |
| Public safety                   | 30,755,445           | 2,464,558            | 842,282                            | 2,490                            |
| Physical environment            | 17,536,687           | 1,131,884            | 319,781                            | 445,251                          |
| Transportation                  | 1,206,068            | 650,537              | 42,347                             |                                  |
| Culture and recreation          | 1,796,409            | 61,388               | 39,894                             |                                  |
| Interest on long-term debt      | 741,244              |                      |                                    |                                  |
| Total governmental activities   | 63,723,252           | 9,343,493            | 1,283,953                          | 2,332,741                        |
| <b>Business-type activities</b> |                      |                      |                                    |                                  |
| Leisure services                | 3,666,342            | 4,160,010            |                                    | 1,830,934                        |
| Total                           | <u>\$ 67,389,594</u> | <u>\$ 13,503,503</u> | <u>\$ 1,283,953</u>                | <u>\$ 4,163,675</u>              |

**General revenue**

Property taxes  
 Local option gas tax  
 Franchise fees  
 Utility service taxes  
 Business tax receipts  
 Intergovernmental not restricted to specific programs  
 Investment earnings  
 Miscellaneous

**Transfers**

Total general revenue and transfers

Change in net assets

Net assets at October 1, 2008, as originally reported

Prior period adjustment

Net assets at October 1, 2008, as restated

Net assets at September 30, 2009

Net Revenue (Expenses) and  
Changes in Net Assets

| Governmental<br>Activities | Business-type<br>Activity | Total                 |
|----------------------------|---------------------------|-----------------------|
| \$ (4,727,624)             | \$                        | \$ (4,727,624)        |
| (27,446,115)               |                           | (27,446,115)          |
| (15,639,771)               |                           | (15,639,771)          |
| (513,184)                  |                           | (513,184)             |
| (1,695,127)                |                           | (1,695,127)           |
| (741,244)                  |                           | (741,244)             |
| (50,763,065)               | 0                         | (50,763,065)          |
|                            | 2,324,602                 | 2,324,602             |
| (50,763,065)               | 2,324,602                 | (48,438,463)          |
| 42,887,217                 |                           | 42,887,217            |
| 324,077                    |                           | 324,077               |
| 2,454,232                  |                           | 2,454,232             |
| 4,608,088                  |                           | 4,608,088             |
| 726,239                    |                           | 726,239               |
| 1,190,409                  |                           | 1,190,409             |
| 2,728,147                  | 67,711                    | 2,795,858             |
| 280,004                    |                           | 280,004               |
| 550,000                    | (550,000)                 | 0                     |
| 55,748,413                 | (482,289)                 | 55,266,124            |
| 4,985,348                  | 1,842,313                 | 6,827,661             |
| 167,436,888                | 18,233,583                | 185,670,471           |
| 261,515                    |                           | 261,515               |
| 167,698,403                | 18,233,583                | 185,931,986           |
| <u>\$ 172,683,751</u>      | <u>\$ 20,075,896</u>      | <u>\$ 192,759,647</u> |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA  
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2009

|                                                | Major Governmental Funds |                                |                                         |                            |                                |                                |
|------------------------------------------------|--------------------------|--------------------------------|-----------------------------------------|----------------------------|--------------------------------|--------------------------------|
|                                                | General<br>Fund          | Capital<br>Improvement<br>Fund | Beach<br>Restoration<br>Project<br>Fund | Town<br>Facilities<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>ASSETS</b>                                  |                          |                                |                                         |                            |                                |                                |
| Cash and cash equivalents                      | \$ 3,710                 | \$                             | \$                                      | \$                         | \$                             | \$ 3,710                       |
| Equity in pooled cash and investments          | 34,281,907               | 6,295,751                      | 9,736,321                               | 6,257,845                  | 919,266                        | 57,491,090                     |
| Accounts receivable                            | 728,663                  |                                |                                         |                            |                                | 728,663                        |
| Due from other governments                     | 109,731                  | 365,914                        | 542,938                                 |                            |                                | 1,018,583                      |
| Due from other funds                           | 89,522                   |                                |                                         |                            |                                | 89,522                         |
| Inventory                                      | 454,035                  |                                |                                         |                            |                                | 454,035                        |
| Prepaid items                                  | 24,250                   |                                |                                         |                            |                                | 24,250                         |
| <b>TOTAL ASSETS</b>                            | <b>\$ 35,691,818</b>     | <b>\$ 6,661,665</b>            | <b>\$ 10,279,259</b>                    | <b>\$ 6,257,845</b>        | <b>\$ 919,266</b>              | <b>\$ 59,809,853</b>           |
| <b>LIABILITIES AND FUND BALANCES</b>           |                          |                                |                                         |                            |                                |                                |
| <b>LIABILITIES</b>                             |                          |                                |                                         |                            |                                |                                |
| Accounts and contracts payable                 | \$ 1,018,704             | \$ 1,068,469                   | \$ 209,409                              | \$ 707,520                 | \$ 8,567                       | \$ 3,012,669                   |
| Accrued liabilities                            | 1,485,149                |                                |                                         |                            |                                | 1,485,149                      |
| Due to other governments                       | 1,145,232                |                                |                                         |                            |                                | 1,145,232                      |
| Due to other funds                             | 10,380                   | 71,658                         |                                         |                            | 7,692                          | 89,730                         |
| Deferred revenue                               | 1,249,852                |                                |                                         |                            |                                | 1,249,852                      |
| <b>TOTAL LIABILITIES</b>                       | <b>4,909,317</b>         | <b>1,140,127</b>               | <b>209,409</b>                          | <b>707,520</b>             | <b>16,259</b>                  | <b>6,982,632</b>               |
| <b>FUND BALANCES</b>                           |                          |                                |                                         |                            |                                |                                |
| Reserved                                       | 478,285                  |                                |                                         | 3,034,045                  | 611,489                        | 4,123,819                      |
| Unreserved, designated for                     |                          |                                |                                         |                            |                                |                                |
| Subsequent years' expenditures                 | 4,978,800                |                                |                                         |                            |                                | 4,978,800                      |
| Capital projects                               |                          | 5,521,538                      | 10,069,850                              | 2,516,280                  |                                | 18,107,668                     |
| Debt service                                   |                          |                                |                                         |                            | 291,518                        | 291,518                        |
| Other purposes                                 | 4,345,139                |                                |                                         |                            |                                | 4,345,139                      |
| Unreserved, undesignated                       | 20,980,277               |                                |                                         |                            |                                | 20,980,277                     |
|                                                | <b>30,782,501</b>        | <b>5,521,538</b>               | <b>10,069,850</b>                       | <b>5,550,325</b>           | <b>903,007</b>                 | <b>52,827,221</b>              |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 35,691,818</b>     | <b>\$ 6,661,665</b>            | <b>\$ 10,279,259</b>                    | <b>\$ 6,257,845</b>        | <b>\$ 919,266</b>              | <b>\$ 59,809,853</b>           |

See notes to financial statements

TOWN OF PALM BEACH, FLORIDA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

September 30, 2009

|                                                                                                                                                                                                                                                                                                                                                                                            |                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total Governmental Fund Balances</b>                                                                                                                                                                                                                                                                                                                                                    | <b>\$ 52,827,221</b>         |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>                                                                                                                                                                                                                                                                                  |                              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.                                                                                                                                                                                                                                                                    | 95,567,697                   |
| Net OPEB asset created through funding of the employer contribution to the defined benefit OPEB plan is not recognized in the funds.                                                                                                                                                                                                                                                       | 14,396,870                   |
| Investment in joint venture is not a financial resource and, therefore is not reported in the funds.                                                                                                                                                                                                                                                                                       | 8,775,994                    |
| Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.                                                                                                                                                       | 25,318,089                   |
| Premiums, discounts, gains and losses on refundings are reported as "Other Financing Sources and Uses" and debt issue costs are charged to expenditures when debt is issued in the governmental funds. These items, however, are deferred and amortized over the life of the related debt in the government-wide statements. The unamortized amounts at September 30, 2009 are as follows: |                              |
| Debt issue costs                                                                                                                                                                                                                                                                                                                                                                           | 134,784                      |
| Loss on refunding                                                                                                                                                                                                                                                                                                                                                                          | 59,119                       |
| Bond premiums                                                                                                                                                                                                                                                                                                                                                                              | (2,854)                      |
| Bond discounts                                                                                                                                                                                                                                                                                                                                                                             | 16,481                       |
| Long-term liabilities, including accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.                                                                                                                                                                                                                                    |                              |
| Accrued interest payable                                                                                                                                                                                                                                                                                                                                                                   | (96,272)                     |
| Compensated absences                                                                                                                                                                                                                                                                                                                                                                       | (3,677,043)                  |
| Termination benefits                                                                                                                                                                                                                                                                                                                                                                       | (911,331)                    |
| Revenue bonds payable                                                                                                                                                                                                                                                                                                                                                                      | (9,330,000)                  |
| Revenue notes payable                                                                                                                                                                                                                                                                                                                                                                      | (10,395,004)                 |
| <b>Net Assets of Governmental Activities</b>                                                                                                                                                                                                                                                                                                                                               | <b><u>\$ 172,683,751</u></b> |

See notes to financial statements.

## TOWN OF PALM BEACH, FLORIDA

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended September 30, 2009

|                                                             | Major Governmental Funds |                                |                                         |                            |                                | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------|--------------------------|--------------------------------|-----------------------------------------|----------------------------|--------------------------------|--------------------------------|
|                                                             | General<br>Fund          | Capital<br>Improvement<br>Fund | Beach<br>Restoration<br>Project<br>Fund | Town<br>Facilities<br>Fund | Other<br>Governmental<br>Funds |                                |
| <b>Revenue</b>                                              |                          |                                |                                         |                            |                                |                                |
| Taxes                                                       | \$ 50,999,853            | \$                             | \$                                      | \$                         | \$                             | \$ 50,999,853                  |
| Fees and permits                                            | 4,865,780                |                                |                                         |                            |                                | 4,865,780                      |
| Intergovernmental                                           | 1,937,338                |                                |                                         |                            |                                | 1,937,338                      |
| Charges for services                                        | 3,277,981                |                                |                                         |                            |                                | 3,277,981                      |
| Fines and forfeitures                                       | 925,373                  |                                |                                         |                            | 2,490                          | 927,863                        |
| Investment earnings                                         | 1,923,224                | 177,275                        | 222,005                                 | 62,045                     | 5,425                          | 2,389,974                      |
| Grant revenue                                               | 294,720                  | 52,691                         | 217,704                                 | 227,547                    |                                | 792,662                        |
| Miscellaneous                                               | 274,359                  | 15,336                         |                                         | 89,147                     | 189,613                        | 568,455                        |
| Total revenue                                               | 64,498,628               | 245,302                        | 439,709                                 | 378,739                    | 197,528                        | 65,759,906                     |
| <b>Expenditures</b>                                         |                          |                                |                                         |                            |                                |                                |
| Current                                                     |                          |                                |                                         |                            |                                |                                |
| General government                                          | 10,855,934               |                                |                                         |                            | 67,243                         | 10,923,177                     |
| Public safety                                               | 31,184,809               |                                |                                         |                            | 182,858                        | 31,367,667                     |
| Physical environment                                        | 11,335,045               | 1,237,813                      | 677,517                                 |                            | 1,675                          | 13,252,050                     |
| Transportation                                              | 1,248,445                |                                |                                         |                            |                                | 1,248,445                      |
| Culture and recreation                                      | 1,848,377                | 5,693                          |                                         |                            | 4,564                          | 1,858,634                      |
| Non-departmental                                            | 1,918,051                |                                |                                         |                            |                                | 1,918,051                      |
| Capital outlay                                              | 642,681                  | 5,026,000                      | 759,238                                 | 4,965,033                  | 36,963                         | 11,429,915                     |
| Debt service                                                |                          |                                |                                         |                            |                                |                                |
| Principal                                                   |                          |                                |                                         |                            | 3,875,000                      | 3,875,000                      |
| Interest                                                    |                          |                                |                                         |                            | 650,150                        | 650,150                        |
| Debt issue costs                                            |                          | 24,303                         |                                         |                            |                                | 24,303                         |
| Total expenditures                                          | 59,033,342               | 6,293,809                      | 1,436,755                               | 4,965,033                  | 4,818,453                      | 76,547,392                     |
| Revenue over (under) expenditures                           | 5,465,286                | (6,048,507)                    | (997,046)                               | (4,586,294)                | (4,620,925)                    | (10,787,486)                   |
| <b>Other Financing Sources (Uses)</b>                       |                          |                                |                                         |                            |                                |                                |
| Revenue note issued                                         |                          | 395,004                        |                                         |                            |                                | 395,004                        |
| Transfers in                                                | 550,000                  | 1,817,000                      | 3,900,000                               |                            | 4,339,800                      | 10,606,800                     |
| Transfers out                                               | (7,607,000)              |                                | (549,800)                               | (1,900,000)                |                                | (10,056,800)                   |
| Total other financing sources (uses)                        | (7,057,000)              | 2,212,004                      | 3,350,200                               | (1,900,000)                | 4,339,800                      | 945,004                        |
| Net Change in Fund Balances                                 | (1,591,714)              | (3,836,503)                    | 2,353,154                               | (6,486,294)                | (281,125)                      | (9,842,482)                    |
| Fund balances at October 1, 2008,<br>as originally reported | 32,374,215               | 9,096,526                      | 7,716,696                               | 12,036,619                 | 1,184,132                      | 62,408,188                     |
| Prior period adjustment                                     |                          | 261,515                        |                                         |                            |                                | 261,515                        |
| Fund balances at October 1, 2008,<br>as restated            | 32,374,215               | 9,358,041                      | 7,716,696                               | 12,036,619                 | 1,184,132                      | 62,669,703                     |
| Fund balances at September 30, 2009                         | \$ 30,782,501            | \$ 5,521,538                   | \$ 10,069,850                           | \$ 5,550,325               | \$ 903,007                     | \$ 52,827,221                  |

See notes to financial statements

TOWN OF PALM BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2009

**Amounts reported for governmental activities in the statement of  
activities are different because:**

**Net change in fund balances-total governmental funds** \$ (9,842,482)

Governmental funds report capital outlays as expenditures, however,  
in the statement of activities, the cost of those assets is depreciated  
over their estimated useful lives

|                                   |             |
|-----------------------------------|-------------|
| Expenditure for capital assets    | 11,429,915  |
| Less current year depreciation    | (5,853,400) |
| Net book value of asset disposals | (314,212)   |

Revenue in the statement of activities that does not provide current  
financial resources is not reported as revenue in the governmental  
funds

|                                       |           |
|---------------------------------------|-----------|
| Change in investment in joint venture | 654,182   |
| Donations of capital assets           | 1,885,000 |

The issuance of long-term debt provides current financial resources  
to governmental funds, while the repayment of long-term debt  
consumes the current financial resources of governmental funds.  
Neither transaction, however, has any effect on net assets of  
governmental activities.

|                       |           |
|-----------------------|-----------|
| Revenue note issued   | (395,004) |
| Debt issue costs paid | 24,303    |
| Repayments:           |           |
| Revenue bonds payable | 3,875,000 |

Some expenses reported in the statement of activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds

|                                   |           |
|-----------------------------------|-----------|
| Amortization of bond issue costs  | (50,990)  |
| Amortization of loss on refunding | (236,470) |
| Amortization of bond premiums     | 95,090    |
| Amortization of bond discounts    | (794)     |
| Change in accrued interest        | 102,070   |
| Change in compensated absences    | (112,221) |
| Change in net OPEB asset          | 299,000   |
| Change in termination benefits    | 702,496   |

Internal service funds are used by management to charge the costs of  
certain activities to individual funds. The net income of the internal  
service funds is reported with governmental activities

2,723,865

**Change in net assets of governmental activities**

\$ 4,985,348

See notes to financial statements.



TOWN OF PALM BEACH, FLORIDA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

September 30, 2009

|                                                          | Business-type<br>Activities -<br>Recreation<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|----------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------|
| <b>ASSETS</b>                                            |                                                                   |                                                              |
| Current assets                                           |                                                                   |                                                              |
| Cash and cash equivalents                                | \$ 2,300                                                          | \$ 58,978                                                    |
| Equity in pooled cash and<br>investments                 | 4,293,903                                                         | 24,085,461                                                   |
| Accounts receivable                                      | 1,000                                                             |                                                              |
| Interest receivable                                      |                                                                   | 48,246                                                       |
| Due from other funds                                     | 5,025                                                             | 3,917                                                        |
| Due from other governments                               | 62,516                                                            |                                                              |
| Prepaid expenses                                         |                                                                   | 25,387                                                       |
| Total current assets                                     | <u>4,364,744</u>                                                  | <u>24,221,989</u>                                            |
| Noncurrent assets                                        |                                                                   |                                                              |
| Capital assets                                           |                                                                   |                                                              |
| Land                                                     | 5,623,777                                                         |                                                              |
| Construction in progress                                 | 5,061,644                                                         |                                                              |
| Buildings                                                | 3,182,585                                                         |                                                              |
| Improvements other than buildings                        | 5,673,142                                                         |                                                              |
| Equipment                                                | 533,223                                                           | 6,250,876                                                    |
|                                                          | <u>20,074,371</u>                                                 | <u>6,250,876</u>                                             |
| Less accumulated depreciation                            | <u>(2,953,719)</u>                                                | <u>(1,182,379)</u>                                           |
| Total capital assets, net of<br>accumulated depreciation | <u>17,120,652</u>                                                 | <u>5,068,497</u>                                             |
| Total assets                                             | 21,485,396                                                        | 29,290,486                                                   |
| <b>LIABILITIES</b>                                       |                                                                   |                                                              |
| Current liabilities                                      |                                                                   |                                                              |
| Accounts payable                                         | 555,819                                                           | 706,879                                                      |
| Accrued liabilities                                      | 44,770                                                            | 3,233,380                                                    |
| Due to other funds                                       |                                                                   | 3,791                                                        |
| Compensated absences payable                             | 38,061                                                            |                                                              |
| Customer deposits                                        | 200,032                                                           |                                                              |
| Unearned revenue                                         | 413,818                                                           |                                                              |
| Total current liabilities                                | <u>1,252,500</u>                                                  | <u>3,944,050</u>                                             |
| Noncurrent liability                                     |                                                                   |                                                              |
| Compensated absences payable                             | 157,000                                                           | 28,347                                                       |
| Total liabilities                                        | <u>1,409,500</u>                                                  | <u>3,972,397</u>                                             |
| <b>NET ASSETS</b>                                        |                                                                   |                                                              |
| Invested in capital assets                               | 17,120,652                                                        | 5,068,497                                                    |
| Unrestricted                                             | <u>2,955,244</u>                                                  | <u>20,249,592</u>                                            |
| Total net assets                                         | <u>\$ 20,075,896</u>                                              | <u>\$ 25,318,089</u>                                         |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS

Year Ended September 30, 2009

|                                                   | Business-type<br>Activities -<br>Recreation<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------|
| <b>Operating revenue</b>                          |                                                                   |                                                              |
| Golf fees and related revenue                     | \$ 426,904                                                        | \$                                                           |
| Marina fees and related revenue                   | 3,221,024                                                         |                                                              |
| Charges for services                              | 483,473                                                           | 8,482,192                                                    |
| Other operating revenue                           | 28,609                                                            | 130,154                                                      |
|                                                   | <u>4,160,010</u>                                                  | <u>8,612,346</u>                                             |
| <b>Operating expenses</b>                         |                                                                   |                                                              |
| Personal services                                 | 1,962,714                                                         | 246,581                                                      |
| Contractual services                              | 343,566                                                           | 23,403                                                       |
| Repairs and maintenance                           | 132,035                                                           |                                                              |
| Equipment rental                                  | 8,170                                                             |                                                              |
| Materials and supplies                            | 179,819                                                           |                                                              |
| Utilities                                         | 556,028                                                           |                                                              |
| Insurance and claims                              |                                                                   | 5,394,203                                                    |
| Depreciation                                      | 282,593                                                           | 662,688                                                      |
| Other                                             | 84,210                                                            | 74,792                                                       |
|                                                   | <u>3,549,135</u>                                                  | <u>6,401,667</u>                                             |
| Operating income                                  | 610,875                                                           | 2,210,679                                                    |
| <b>Nonoperating revenue (expense)</b>             |                                                                   |                                                              |
| Investment earnings                               | 67,711                                                            | 338,173                                                      |
| Insurance recoveries                              |                                                                   | 175,520                                                      |
| Loss on disposal of capital assets                | (117,207)                                                         | (507)                                                        |
|                                                   | <u>(49,496)</u>                                                   | <u>513,186</u>                                               |
| Income before capital contributions and transfers | 561,379                                                           | 2,723,865                                                    |
| Capital contributions                             | 1,830,934                                                         |                                                              |
| Transfers out                                     | <u>(550,000)</u>                                                  |                                                              |
| Change in net assets                              | 1,842,313                                                         | 2,723,865                                                    |
| Net assets at October 1, 2008                     | <u>18,233,583</u>                                                 | <u>22,594,224</u>                                            |
| Net assets at September 30, 2009                  | <u>\$ 20,075,896</u>                                              | <u>\$ 25,318,089</u>                                         |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended September 30, 2009

|                                                                                         | Business-type<br>Activities -<br>Recreation<br>Enterprise<br>Fund | Governmental<br>Activities -<br>Internal<br>Service<br>Fund |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                                             |                                                                   |                                                             |
| Receipts from customers and users                                                       | \$ 4,133,644                                                      | \$ 8,482,192                                                |
| Payments to employees                                                                   | (1,952,153)                                                       | (234,462)                                                   |
| Payments to suppliers                                                                   | (1,616,865)                                                       | (6,014,290)                                                 |
| Payments to other funds                                                                 |                                                                   | (3,917)                                                     |
| Other receipts                                                                          | 28,609                                                            | 131,193                                                     |
| Net cash provided by operating activities                                               | 593,235                                                           | 2,360,716                                                   |
| <b>NONCAPITAL FINANCING ACTIVITY</b>                                                    |                                                                   |                                                             |
| Transfers to other funds                                                                | (550,000)                                                         |                                                             |
| Net cash used in noncapital financing activity                                          | (550,000)                                                         | 0                                                           |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                         |                                                                   |                                                             |
| Acquisition of property and equipment                                                   | (4,467,319)                                                       | (3,050,720)                                                 |
| Insurance recoveries                                                                    |                                                                   | 175,520                                                     |
| Capital contributions                                                                   | 1,413,175                                                         |                                                             |
| Net cash used in capital and related financing activities                               | (3,054,144)                                                       | (2,875,200)                                                 |
| <b>INVESTING ACTIVITY</b>                                                               |                                                                   |                                                             |
| Investment earnings received                                                            | 67,711                                                            | 289,927                                                     |
| Net cash provided by investing activity                                                 | 67,711                                                            | 289,927                                                     |
| Net decrease in cash and cash equivalents                                               | (2,943,198)                                                       | (224,557)                                                   |
| Cash and cash equivalents at October 1, 2008                                            | 7,239,401                                                         | 24,368,996                                                  |
| Cash and cash equivalents at September 30, 2009                                         | <u>\$ 4,296,203</u>                                               | <u>\$ 24,144,439</u>                                        |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |                                                                   |                                                             |
| Operating income                                                                        | \$ 610,875                                                        | \$ 2,210,679                                                |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                                                                   |                                                             |
| Depreciation                                                                            | 282,593                                                           | 662,688                                                     |
| Changes in operating assets and liabilities:                                            |                                                                   |                                                             |
| Decrease in accounts receivable                                                         | 11,687                                                            |                                                             |
| Increase in due from other funds                                                        | (2,519)                                                           | (2,050)                                                     |
| (Increase) decrease in prepaid expenses                                                 | 2,564                                                             | (25,387)                                                    |
| Increase (decrease) in accounts payable                                                 | (318,619)                                                         | 30,964                                                      |
| Increase (decrease) in accrued liabilities                                              | 7,761                                                             | (519,371)                                                   |
| Decrease in due to other funds                                                          | 0                                                                 | (9,279)                                                     |
| Decrease in customer deposits                                                           | (13,468)                                                          |                                                             |
| Increase in unearned revenue                                                            | 4,024                                                             |                                                             |
| Increase in compensated absences payable                                                | 8,337                                                             | 12,472                                                      |
| Net cash provided by operating activities                                               | <u>\$ 593,235</u>                                                 | <u>\$ 2,360,716</u>                                         |
| <b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |                                                                   |                                                             |
| Contributed services for golf course renovation                                         | <u>\$ 417,759</u>                                                 | <u>\$ 0</u>                                                 |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

September 30, 2009

|                                                                                                                                                 | Trust Funds           | Kreusler<br>Park<br>Agency Fund |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|
| <b>ASSETS</b>                                                                                                                                   |                       |                                 |
| Cash and short-term investments                                                                                                                 | \$ 6,192,681          | \$                              |
| Equity in pooled cash and investments                                                                                                           | 2,663,834             | 37,829                          |
| Accrued interest and dividends receivable                                                                                                       | 118,407               |                                 |
| Due from other funds                                                                                                                            | 1,438                 |                                 |
| Due from State of Florida                                                                                                                       | 103,396               |                                 |
| Due from broker for securities sold                                                                                                             | 2,010,438             |                                 |
| Other receivables                                                                                                                               | 23,874                |                                 |
| Prepaid expenses and other assets                                                                                                               | 21,659                |                                 |
| Investments, at fair value                                                                                                                      |                       |                                 |
| U.S. Government and Agency securities                                                                                                           | 3,961,844             |                                 |
| Domestic common stocks                                                                                                                          | 16,528,940            |                                 |
| Domestic corporate bonds                                                                                                                        | 14,280,428            |                                 |
| Mututal funds                                                                                                                                   | 96,032,921            |                                 |
| Alternative investments                                                                                                                         | 38,351,068            |                                 |
| Total investments                                                                                                                               | <u>169,155,201</u>    | <u>0</u>                        |
| Total assets                                                                                                                                    | 180,290,928           | 37,829                          |
| <b>LIABILITIES</b>                                                                                                                              |                       |                                 |
| Accounts payable                                                                                                                                | 306,608               | 37,829                          |
| Due to other funds                                                                                                                              | 6,381                 |                                 |
| DROP plan liability                                                                                                                             | 950,007               |                                 |
| Total liabilities                                                                                                                               | <u>1,262,996</u>      | <u>37,829</u>                   |
| <b>NET ASSETS</b>                                                                                                                               |                       |                                 |
| Held in trust for pension and retiree health<br>benefits (a schedule of funding progress is<br>presented in Note G for the Pension Trust Funds) | <u>\$ 179,027,932</u> | <u>\$ 0</u>                     |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

Year Ended September 30, 2009

|                                                                                           | <u>Trust Funds</u>           |
|-------------------------------------------------------------------------------------------|------------------------------|
| <b>ADDITIONS</b>                                                                          |                              |
| Contributions                                                                             |                              |
| Employer                                                                                  | \$ 8,533,179                 |
| Employee                                                                                  | 2,704,434                    |
| State                                                                                     | 746,929                      |
| Other                                                                                     | 81,140                       |
| Total contributions                                                                       | <u>12,065,682</u>            |
| Investment income (loss)                                                                  |                              |
| Net depreciation in fair value<br>of investments                                          | (3,839,966)                  |
| Interest and dividend income                                                              | 1,342,490                    |
| Other                                                                                     | 2,299                        |
|                                                                                           | <u>(2,495,177)</u>           |
| Less investment expense                                                                   | 763,458                      |
| Net investment loss                                                                       | <u>(3,258,635)</u>           |
| Total additions                                                                           | 8,807,047                    |
| <b>DEDUCTIONS</b>                                                                         |                              |
| Benefit payments                                                                          | 12,595,664                   |
| Share account distributions                                                               | 125,972                      |
| Refunds                                                                                   | 185,578                      |
| Administrative expense                                                                    | 568,013                      |
| Other                                                                                     | 27,763                       |
| Total deductions                                                                          | <u>13,502,990</u>            |
| Net decrease                                                                              | (4,695,943)                  |
| Net assets held in trust for pension<br>and retiree health benefits at October 1, 2008    | <u>183,723,875</u>           |
| NET ASSETS HELD IN TRUST FOR PENSION<br>AND RETIREE HEALTH BENEFITS AT SEPTEMBER 30, 2009 | <u><u>\$ 179,027,932</u></u> |

See notes to financial statements.

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity: The Town of Palm Beach, Florida, (the "Town") was incorporated as a municipality in 1911. The Town Charter was enacted by the Legislature of the State of Florida by Special Acts 1917, Chapter 7683. Pursuant to authority granted by the Florida Constitution and Florida Statutes Chapter 165, the Town enacted its current charter by Town Ordinance No. 15-78 adopted on December 12, 1978, and approved by referendum held February 6, 1979. The Town is governed by an elected Mayor and Town Council, which appoints a Town Manager. The Town provides the following services: public safety, recreation, sanitation, streets and roads, planning and zoning, and general administrative services.

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision whether or not to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in U.S. generally accepted accounting principles (GAAP). As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no component units to include within the Town's financial reporting entity.

The Town maintains four trust funds: three pension trust funds and one for other postemployment benefits. These trust funds are described as follows:

**Town of Palm Beach General Employees Pension Trust Fund:** The Town administers the Town of Palm Beach General Employees Pension Trust Fund as a single-employer, public employees retirement system. The Plan is for the benefit of all general and lifeguard employees of the Town and is governed by a five member Board of Trustees. The Trustees consist of the Town Manager, two Town residents appointed by the Town Council, and two representatives elected from the general employees and lifeguards.

**Town of Palm Beach Police Officers' Retirement Trust Fund:** The Town administers the Town of Palm Beach Police Officers' Retirement Trust Fund as a single-employer, public employees retirement system. The Plan is for the benefit of Police employees of the Town and is governed by a five member Board of Trustees. The Trustees consist of one Town resident appointed by the Trustees, two Town residents appointed by the Town Council, and two representatives elected from the Police department.

**Town of Palm Beach Firefighters' Retirement Trust Fund:** The Town administers the Town of Palm Beach Firefighters' Retirement Trust Fund as a single-employer, public employees retirement system. The Plan is for the benefit of Fire-Rescue employees of the Town and is governed by a five member Board of Trustees. The Trustees consist of one Town resident appointed by the Trustees, two Town residents appointed by the Town Council, and two representatives elected from the Fire-Rescue department.

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Town of Palm Beach OPEB Trust Fund:** The Town administers the Town of Palm Beach OPEB Trust Fund as a single-employer, defined benefit plan for other postemployment benefits, including health and dental insurance. The Plan is for the benefit of all eligible Town retirees.

The Town is obligated to fund the Plans' costs based upon annual actuarial valuations. The Town Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, although the Town is not the trustee for the Plans, it is financially accountable and obligated for their operation and the Plans are included in the Town's financial reporting entity as fiduciary funds.

The Town participates in the following joint venture:

**East Central Regional Wastewater Treatment Facility ("ECR"):** In September 1992 the Town entered into a joint interlocal agreement (the "Agreement") with Palm Beach County and three municipalities (West Palm Beach, Riviera Beach and Lake Worth) whereby prior separate agreements were consolidated into a single unified agreement to establish rules and procedures for the operation and management of the existing East Central Regional Wastewater Treatment Facility in which each participating entity had a financial interest. ECR was created to receive, treat, and dispose of sewage generated within each municipality and the County. The initial term of the Agreement is for thirty years with a renewable term of thirty years. In the event ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on their reserve capacity as of the date of disposition. As of September 30, 2009, the Town had a 7.8125% interest in ECR. The investment in the ECR joint venture at September 30, 2009 amounted to \$8,775,994.

The Agreement provides for the establishment of a Governing Board (the "Board"), comprised of one representative from each entity participating in the Agreement, to administer ECR. Under the Agreement, the Board has the power to enter into contracts, employ personnel and enter into debt in accordance with Section 163.01(7) of Florida Statutes. In accordance with the Agreement, the City of West Palm Beach operates and manages ECR on behalf of the Board.

All costs of operating the ECR, excluding depreciation, are shared by each of the entities based on actual flows of wastewater. Costs associated with capital projects, renewal and replacement, and debt service are shared among the participating governments based on their pro-rata share of reserve capacity. Under the equity method, the Town recorded its initial investment at cost and records its ongoing financial interest as an adjustment to the investment in joint venture for its share of the following: any income or loss reported by ECR; depreciation and loss on disposal of ECR assets attributable to capital contributions; additional debt assumed for which the entities are obligated to repay; and capital and debt reserve contributions, including revenue earned by ECR on such contributions. The Town does not believe that the joint venture is accumulating significant financial resources or experiencing financial stress that may cause a future benefit or burden to the Town.

The latest available audited financial statements for ECR are for the fiscal year ending September 30, 2008. The Town believes that their investment in ECR, as recorded, is fairly stated. Complete financial statements for ECR may be obtained from the City of West Palm Beach, Finance Department, 200 Second Street, West Palm Beach, Florida 33402. Summarized financial information relating to ECR as of and for the year ended September 30, 2008 is as follows:

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

|                                   |                      |
|-----------------------------------|----------------------|
| <b>Net Assets</b>                 |                      |
| Current and other assets          | \$ 27,720,954        |
| Capital assets, net               | <u>73,353,216</u>    |
| Total assets                      | 101,074,170          |
| Current liabilities               | 3,731,241            |
| Non-current liabilities           | <u>8,893,271</u>     |
| Total liabilities                 | <u>12,624,512</u>    |
| Net assets                        | <u>\$ 88,449,658</u> |
| <b>Change in Net Assets</b>       |                      |
| Charges for services              | \$ 10,258,821        |
| Other                             | <u>1,600,999</u>     |
| Total operating revenues          | 11,859,820           |
| Operating expenses                | <u>16,553,540</u>    |
| Operating loss                    | (4,693,720)          |
| Non-operating revenues, net       | <u>161,329</u>       |
| Loss before capital contributions | (4,532,391)          |
| Capital contributions             | <u>4,934,030</u>     |
| Increase in net assets            | <u>\$ 401,639</u>    |

Based on a "Participatory Agreement" signed by all participants in April 1993, ECR constructed improvements amounting to approximately \$22,377,000, which was financed by the State of Florida, Department of Environmental Protection Revolving Loan Fund. Pledged revenue consisting of all fees and payments received by ECR will be used to repay the debt. As of September 30, 2009, the outstanding balance due to the State Loan Fund was \$8,893,271.

At September 30, 2009, the ECR participants and their respective interest in ECR were as follows:

| <u>Participant</u>      | <u>Reserve<br/>Capacity<br/>Percentages</u> |
|-------------------------|---------------------------------------------|
| City of West Palm Beach | 26.56250%                                   |
| Palm Beach County       | 33.59375%                                   |
| City of Lake Worth      | 19.53125%                                   |
| City of Riviera Beach   | 12.50000%                                   |
| Town of Palm Beach      | <u>7.81250%</u>                             |
| Total                   | <u>100.0000%</u>                            |

For the fiscal year ended September 30, 2009, the Town paid the following amounts to ECR:



TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

|                          |    |                  |
|--------------------------|----|------------------|
| Operations               | \$ | 624,681          |
| Sewer disposal           |    | 264,302          |
| Debt service             |    | 123,120          |
| Renewal and replacement  |    | 300,089          |
| O&M Central Pump Station |    | 103,167          |
|                          | \$ | <u>1,415,359</u> |

Government-wide Financial Statements: The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities and report information on all non-fiduciary activities of the Town. These statements include separate columns for the *governmental activities*, which are normally supported by taxes and intergovernmental revenue, and *business-type activities*, which rely primarily on fees and charges for support. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the Total Column. In the Statement of Activities, interfund services provided and used are not eliminated in the process of consolidation, because elimination of such charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*.

Fund Financial Statements: The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Town are classified into three categories: *governmental*, *proprietary* and *fiduciary*. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

**Governmental Fund Financial Statements** – Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements, to the net assets and changes in net assets presented in the government-wide financial statements. The Town reports the following major governmental funds:

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Improvement Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The *Beach Restoration Project Fund* accounts for the proceeds of the Town's revenue bonds and other Town funds that are to be used for the beach restoration project.

The *Town Facilities Fund* accounts for bond proceeds and other financial resources to be used for the renovation of Town Hall.

**Proprietary Fund Financial Statements** – Proprietary Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenses and Changes in Net Assets, and a Statement of Cash Flows for the Town's major proprietary fund and internal service funds as follows:

The *Recreation Enterprise Fund* is used to account for the Town's enterprise fund which includes the operations of the Town's Par 3 Golf Course, its 88 slip marina, and all recreation programs and facilities.

The *Property, Liability and Workers' Compensation Insurance Fund* and the *Group Health Insurance Fund* are used to account for the Town's internal service funds which provide risk management services to other departments of the Town. In addition, the *Equipment Replacement Fund* is used to account for the Town's internal service fund which provides for the accumulation of resources for the procurement and maintenance of major equipment and vehicles.

**Fiduciary Fund Financial Statements** – Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The Town's Fiduciary Funds are presented in the fund financial statements by type: *trust* and *agency*. Since by definition these assets are being held for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements. The Fiduciary Funds of the Town are as follows:

The *General Employees Pension Trust Fund*, the *Police Officers' Retirement Trust Fund*, and the *Firefighters' Retirement Trust Fund* are used to account for assets held in a trustee capacity for the retirement pensions of all eligible Town employees. The *OPEB Trust Fund* is used to account for assets held in a trustee capacity for retiree healthcare benefits.

The *Kreusler Park Agency Fund* accounts for funds collected on behalf of Palm Beach County at Kreusler Park.

**Measurement Focus and Basis of Accounting:** Financial reporting is based upon all pronouncements of the Governmental Accounting Standards Board (GASB), as well as the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors, including FASB Statements and Interpretations,

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed by the Town in the preparation of its financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary funds and fiduciary funds financial statements. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All franchise fees are based on gross receipts. Agency funds have no measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within 6 months of the end of the current fiscal year, except for property taxes, for which the period is 60 days. Unearned revenue consists primarily of fees for building permits and other fees collected in advance of the year to which they relate. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees (all of which are based on a percentage of gross receipts), charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

Proprietary fund financial statements distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Recreation Enterprise Fund are charges to customers for greens fees, dockage and recreation programs. Operating expenses for the enterprise fund includes the cost of operating and maintaining the golf course and marina, the cost of providing recreation programs, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Tax Calendar: Ad valorem taxes are levied each November 1st based on the assessed property valuations at January 1st as established by the County Property Appraiser. These taxes are payable November 1st, with discounts of one to four percent allowed for payments prior to March 1st of the following calendar year. Ad valorem taxes are due March 31st, and become delinquent and subject to lien on April 1st. Ad valorem taxes are billed and collected by the Palm Beach County Tax Collector and remitted to the Town.

Property Tax Reform: During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

succeeding twelve months. For the fiscal year ending September 30, 2009, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage reduction applied to the prior year (2007/2008) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2003 through 2008.

The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ending September 30, 2009 the Town adopted a millage rate of 3.2512. This millage rate results in a total tax levy of \$44,492,410 for 2009, representing an increase of 3.16%, from the property tax levy of 2008. Beginning in 2009, future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction.

Cash and Cash Equivalents: Cash and cash equivalents are defined as deposits with financial institutions, money market accounts and mutual funds and highly liquid investments which are readily convertible to known amounts of cash and have a maturity when purchased of three months or less.

For purposes of the statement of cash flows, cash and cash equivalents also include each respective fund's equity in pooled cash and investments. Each fund is able to withdraw cash at any time without prior notice or penalty and there is sufficient liquidity to meet the daily cash needs of each fund.

Investments: Investments are stated at fair value. Securities and mutual funds held by the Town and traded on a national exchange are valued at the last reported sales price and transactions are recorded on a trade date basis.

Accounts Receivable: Accounts receivable consists primarily of amounts due from local businesses for franchise and utility taxes, amounts due from individuals for parking fines and ambulance fees, and amounts due from Town residents for solid waste disposal fees. The Town does not require collateral for accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30 days past due to several years past due. Generally, the allowance includes accounts over 90 days past due. Accounts receivable are written off on an individual basis in the year the Town deems them to be uncollectible.

Inventory: Inventory, consisting primarily of expendable materials and supplies, is valued at cost, which approximates fair value, using the first-in, first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses: Payments for insurance premiums and other administrative expenditures/expenses extending over more than one accounting period are accounted for as prepaid expenses and allocated between accounting periods.

Internal Balances: Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the residual amount, which is presented as internal balances.

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net assets. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, fair value at the date of donation. All infrastructure assets are reported in the accompanying government-wide financial statements. Expenses, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the increase in net assets. Depreciation is computed using the straight-line method over the assets' estimated useful lives for all reported capital assets, except land and construction in progress. Estimated useful lives assigned to the various categories of assets are as follows:

|                                   |            |
|-----------------------------------|------------|
| Buildings                         | 40 years   |
| Improvements other than buildings | 3-30 years |
| Equipment                         | 3-20 years |
| Infrastructure                    | 6-50 years |

Bond Issue Costs, Premiums, Discounts and Deferred Losses on Refunding: Expenses incurred in connection with the issuance of long-term debt, as well as bond premiums, discounts and losses on refunding, are deferred and amortized over the term of the related debt in the government-wide financial statements. These amounts are amortized using the straight-line method, which approximates the interest method of amortization.

Net Assets/Fund Balance: The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

*Invested in Capital Assets, Net of Related Debt* – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

*Restricted* – This component of net assets consists of constraints placed on the use of net assets by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net assets consists of net assets that do not meet the definition of *Invested in Capital Assets, Net of Related Debt* or *Restricted*.

The governmental fund financial statements utilize a fund balance presentation. Fund balance is categorized as follows:

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fund balance reserves* indicate the portion of fund balance that is not appropriable for expenditure or is legally segregated by outside parties for a specific purpose.

*Fund balance designations* indicate tentative managerial plans or intent to use financial resources in a future period.

Compensated Absences: The Town accrues accumulated vacation and sick leave time for all permanent, full-time employees, subject to certain limitations. The Town's policy provides that employees shall receive 100% of their accrued vacation and 50% of their accrued sick leave over 320 hours for full-time employees and 160 hours for part-time employees, upon termination of service. Upon retirement, an employee will be paid 50% of all accrued and unused sick leave not to exceed 800 hours for full-time employees and 400 hours for part-time employees. The liability for compensated absences attributable to the Town's governmental funds is recorded in the government-wide financial statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the government-wide financial statements as well as the Enterprise Fund. The Town includes all applicable payroll taxes and benefits in the accrual for compensated absences.

Unearned / Deferred Revenue: Unearned and deferred revenue consists of license fees and charges for services collected at the end of the fiscal year that relate to and will be earned in the subsequent fiscal year.

On-behalf Payments: The Town receives on-behalf payments from the State of Florida to be used for Police and Fire-Rescue pension benefits. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP basis government-wide and General Fund financial statements, but are not budgeted and therefore are not included in the General Fund budgetary comparison schedule. On-behalf payments paid to the Town by the State totaled \$746,929 for the fiscal year ended September 30, 2009.

Interfund Transactions: Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as *Due from Other Funds* and *Due to Other Funds* as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activities are eliminated in the government-wide financial statements.

Recent Accounting Pronouncement: The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2010.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2010.

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The GASB has also issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2011.

Management has not completed its analysis of the effects of these statements, if any, on the financial statements of the Town.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenditures. Actual results could vary from the estimates that were used.

NOTE B - CASH AND CASH EQUIVALENTS, EQUITY IN POOLED CASH AND INVESTMENTS, AND INVESTMENTS

Cash and Cash Equivalents: Cash and cash equivalents at September 30, 2009, excluding amounts held by Fiduciary Funds, include petty cash of \$4,960 and deposits with financial institutions with a carrying value of \$60,028 and a bank balance of \$128,893. Cash and short-term investments of the Fiduciary Funds at September 30, 2009, consist of deposits with financial institutions with a carrying value and book balance of approximately \$5,758,000 and a U.S. Treasury money market mutual fund with a carrying value of \$434,527.

All deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured in accordance with the provisions of GASB Statement No. 3. The money market mutual fund deposits are uninsured and uncollateralized.

Equity in Pooled Cash and Investments: The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Equity in pooled cash and investments." The Town's OPEB Trust and Kreusler Park Agency Funds had equity in pooled cash and investments of \$2,663,834 and \$37,829, respectively, at September 30, 2009. Pooled cash and investments at September 30, 2009 consisted of cash with a carrying value of \$3,063,118 and a bank balance of \$3,081,328. The entire amount of the bank balance is deposited with a financial institution designated as a qualified public depository by the State Treasurer as described under Cash and Cash Equivalents and, accordingly, is considered fully insured in accordance with the provisions of GASB Statement No. 3. The carrying value (fair value) of investments included in pooled cash and investments at September 30, 2009 was as follows:

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS, EQUITY IN POOLED CASH AND INVESTMENTS, AND INVESTMENTS (Continued)

|                                           | <u>Fair Value</u>    |
|-------------------------------------------|----------------------|
| U.S. Government and Agency securities     | \$ 8,968,227         |
| U.S. Government money market mutual funds | 38,541,052           |
| Florida Municipal Investment Trust        | 36,991,833           |
| Domestic corporate bonds                  | <u>1,007,887</u>     |
| Total investments                         | <u>\$ 85,508,999</u> |

The money market mutual fund deposits are uninsured and uncollateralized.

The Florida Municipal Investment Trust (the "Trust") is an external investment pool established in 1993 and administered by the Florida League of Cities, Inc. pursuant to the laws of the State of Florida. The Trust is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. Participants in the Trust are limited to governmental entities in the State of Florida. The Trust operates four portfolios with differing investment goals. The Town invests in the 1-3 Year High Quality Bond portfolio (\$22,110,663 at September 30, 2009) and the Intermediate High Quality Bond portfolio (\$14,881,170 at September 30, 2009). These bond portfolios are designed to provide an investment horizon and yield greater than that of money market instruments. The Trust has adopted GASB Statement No. 31 and the fair value of the Town's position in the Trust is the same as the fair value of the Trust shares. Purchases and redemption of shares in the Trust may only be made on or about the end of each month and the Town must maintain an account balance of at least \$50,000. The investment in the pool is not evidenced by securities that exist in physical or book entry form.

Investments: Florida Statutes and the Town Code authorize the Town to invest in the Florida Municipal Investment Trust; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; obligations of the Federal Farm Credit Banks, Freddie Mac, the Federal Home Loan Association; corporate bonds rated A or higher; and any additional investments specifically authorized by the Town Pension Boards for pension funds. Pursuant to the Town Code, the Town Pension Boards have full power and authority to invest and reinvest subject to the general terms, conditions, limitations and restrictions imposed by Florida Statutes on the investments of public employee retirement systems. In addition to the previously mentioned investments, the Town Pension Boards and the OPEB Trust Fund are also authorized to invest in domestic and international equity securities, corporate bonds, mutual funds, and investment partnerships and other alternative investments within certain limitations established by the Town Code.

The carrying value (fair value) of the Town's Fiduciary Funds' investments at September 30, 2009, were as follows:

|                                       | <u>Fair Value</u> |
|---------------------------------------|-------------------|
| U.S. Government and Agency securities | \$ 3,961,844      |
| Domestic common stocks                | 16,528,940        |
| Domestic corporate bonds              | 14,280,428        |



TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS, EQUITY IN POOLED CASH AND INVESTMENTS, AND INVESTMENTS (Continued)

|                                    | <u>Fair Value</u>     |
|------------------------------------|-----------------------|
| Mutual funds                       |                       |
| Publicly traded                    |                       |
| Equity                             | \$ 26,943,985         |
| Fixed income                       | 7,593,820             |
| Real estate                        | 9,308,977             |
| Not publicly traded – pooled funds |                       |
| Equity                             | 37,114,437            |
| Fixed income                       | 15,071,702            |
| Alternative investments            | <u>38,351,068</u>     |
| Total investments                  | <u>\$ 169,155,201</u> |

At September 30, 2009, approximately 31% of the fiduciary funds' investments were invested in mutual funds consisting of alternative investments in pooled funds that are not publicly traded. These alternative investment funds invest primarily in domestic and foreign equity and debt securities, which themselves are publicly traded. The investments in the underlying funds are generally valued at fair value as determined by the management of the fund by reference to the value of the underlying fund's assets.

At September 30, 2009, approximately 23% of the Town's fiduciary funds' investments were invested in alternative investments. These alternative investment funds invest primarily in domestic and foreign private equity partnerships and other alternative investment equity funds. The investments in the underlying funds are generally valued at fair value as determined by the management of the fund by reference to the value of the underlying fund's assets, if available, or by the valuations of a fund's underlying assets as provided by the general partner or investment manager, if the assets are not publicly traded. The funds may also hold certain investments which may be valued by a single market maker. While the fund managers use their best judgment in estimating the fair values of underlying funds, there are inherent limitations in any estimation technique. Accordingly, the fair values of alternative investment funds have been estimated by the Town's management and investment advisors in the absence of readily ascertainable market values. Therefore, the values of such funds are not necessarily indicative of the amount that could be realized in a current transaction. The fair values may differ significantly from the values that would have been used had a ready market for the underlying funds existed, and the differences could be material. Future confirming events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.

In addition to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk, the alternative investment funds expose the fiduciary funds to certain other risks, including liquidity risks, counterparty risks, foreign political, economic, and governmental risks, and market risk. In addition, these investments may have restrictions for liquidating positions in these funds.

The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities collateralized by mortgage obligations, commercial mortgage backed securities, and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS, EQUITY IN POOLED CASH AND INVESTMENTS, AND INVESTMENTS (Continued)

perception of the issuers and changes in interest rates.

Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Cash equivalents, including U.S. Government money market mutual funds, have a weighted average maturity of ninety days or less, resulting in minimal interest rate risk. The Town's investment policy minimizes interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds are invested primarily in shorter-term securities, money market mutual funds, or similar investment pools. Generally, investments are limited to instruments maturing within five years of purchase. The weighted average maturities of the Town's investments in the Florida Municipal Investment Trust's 1-3 Year High Quality Bond Fund and Intermediate High Quality Bond Fund as of September 30, 2009 were 1.58 years and 3.83 years, respectively. The Town's fiduciary funds' investments consist of a fixed income pooled fund with a carrying value of \$15,071,702 and an effective duration of 3.72 years at September 30, 2009. The table below summarizes the scheduled maturities of all other fixed income investments at September 30, 2009:

| Investment Type                           | Fair Value of Investment Maturities |                      |                     |                        |
|-------------------------------------------|-------------------------------------|----------------------|---------------------|------------------------|
|                                           | Less Than<br>One Year               | One to<br>Five Years | Six to<br>Ten Years | More Than<br>Ten Years |
| <b><u>Pooled Investments</u></b>          |                                     |                      |                     |                        |
| U.S. Government and<br>Agency securities  | \$ 2,887,726                        | \$ 6,080,501         | \$                  | \$                     |
| Domestic corporate bonds                  |                                     | 1,007,887            |                     |                        |
| <b><u>Fiduciary Funds Investments</u></b> |                                     |                      |                     |                        |
| U.S. Government and<br>Agency securities  | 54,758                              | 982,620              | 1,093,554           | 1,830,912              |
| Corporate Bonds                           | 1,660,264                           | 5,556,746            | 1,130,311           | 5,933,107              |
| Fixed income mutual funds                 | <u>2,372</u>                        | <u>1,797,645</u>     | <u>5,793,803</u>    |                        |
| Total                                     | <u>\$ 4,605,120</u>                 | <u>\$ 15,425,399</u> | <u>\$ 8,017,668</u> | <u>\$ 7,764,019</u>    |

**Credit Risk:** Credit risk is the risk that a debt issuer will not fulfill its obligations. The Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. The Town requires that all investments in debt securities be rated A or higher by a NRSRO. The Town's pension plans investment policies address credit risk by limiting investments to bonds or preferred stocks rated investment grade (BBB) or above, unless specifically approved by the Board. Securities which are unrated may be purchased, if in the judgment of the investment manager, they

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS, EQUITY IN POOLED CASH AND INVESTMENTS, AND INVESTMENTS (Continued)

would carry an investment grade rating. No short-term money market instrument shall be purchased which has a rating less than A-1 or P-1. The NRSRO ratings for the Town's investments at September 30, 2009 are summarized below. All other securities are not rated:

| <u>Investment Type</u>                    | <u>NRSRO Rating</u> | <u>Fair Value</u> |
|-------------------------------------------|---------------------|-------------------|
| <u>Pooled Investments</u>                 |                     |                   |
| U.S. Government and Agency securities     | AAA                 | \$ 8,968,227      |
| U.S. Government money market mutual funds | AAA                 | 38,541,052        |
| Florida Municipal Investment Trust        | AAA                 | 36,991,833        |
| Domestic corporate bonds                  | AAA                 | 1,007,887         |
| <u>Fiduciary Funds</u>                    |                     |                   |
| U.S. Government and Agency securities     | AAA                 | 3,961,844         |
| Corporate bonds                           | AAA                 | 762,299           |
| Corporate bonds                           | AA                  | 918,591           |
| Corporate bonds                           | A                   | 6,940,315         |
| Corporate bonds                           | BBB                 | 5,574,377         |
| Corporate bonds                           | Unrated             | 84,846            |
| Fixed income mutual funds                 | AAA                 | 6,822,743         |
| Fixed income mutual funds                 | AA                  | 15,200,951        |
| Fixed income mutual funds                 | A                   | 299,004           |
| Fixed income mutual funds                 | BBB                 | 279,420           |
| Fixed income mutual funds                 | BB                  | 63,404            |

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Town may not recover cash and investments held by another party in the event of a financial failure. The Town and its pension plans require all securities to be held by a third party custodian in the name of the Town. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds, alternative investments, and the Florida Municipal Investment Trust are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The Town does not have any specific policy for concentration of credit risk, although it does provide for diversification to limit the potential losses on individual securities. The Town's pension plans' investment policies provide that no investment manager may purchase an equity or fixed income security in any one issuer that would cause the holding of that one issuer to exceed 5% of the manager's respective equity or fixed income portfolio. In addition, not more than 2% of each investment manager's portfolio shall be invested in the commercial paper of a single issuer or in bank certificates of deposit of a single issuer. Investments in broadly-based index funds, mutual funds, alternative investments, and U.S. Government and Agency securities are excluded from this limitation.

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS, EQUITY IN POOLED CASH AND INVESTMENTS, AND INVESTMENTS (Continued)

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. While there was no direct exposure to foreign currency risk in the Town's investments at September 30, 2009, the Town's fiduciary funds do invest in international equity mutual funds that had a fair value of \$9,416,921 at September 30, 2009.

NOTE C - CAPITAL ASSETS

The capital asset activity for the year ended September 30, 2009 was as follows:

| <u>Governmental Activities</u>              | Balance at<br>Beginning of<br>Year | Increases            | Decreases             | Balance at<br>End of<br>Year |
|---------------------------------------------|------------------------------------|----------------------|-----------------------|------------------------------|
| Capital assets not being depreciated        |                                    |                      |                       |                              |
| Land                                        | \$ 8,039,238                       | \$ 1,907,713         | \$                    | \$ 9,946,951                 |
| Construction in progress                    | <u>17,034,864</u>                  | <u>10,750,270</u>    | <u>(6,045,136)</u>    | <u>21,739,998</u>            |
| Total capital assets not being depreciated  | 25,074,102                         | 12,657,983           | (6,045,136)           | 31,686,949                   |
| Capital assets being depreciated            |                                    |                      |                       |                              |
| Buildings                                   | 20,935,933                         | 3,095,110            |                       | 24,031,043                   |
| Improvements other than buildings           | 1,333,618                          |                      |                       | 1,333,618                    |
| Equipment                                   | 15,234,384                         | 3,917,074            | (1,404,579)           | 17,746,879                   |
| Infrastructure                              | <u>70,952,401</u>                  | <u>2,753,341</u>     | <u>(143,640)</u>      | <u>73,562,102</u>            |
| Total capital assets being depreciated      | 108,456,336                        | 9,765,525            | (1,548,219)           | 116,673,642                  |
| Less accumulated depreciation for           |                                    |                      |                       |                              |
| Buildings                                   | (8,809,902)                        | (442,254)            |                       | (9,252,156)                  |
| Improvements other than buildings           | (867,558)                          | (10,946)             |                       | (878,504)                    |
| Equipment                                   | (7,348,808)                        | (1,690,983)          | 1,312,400             | (7,727,391)                  |
| Infrastructure                              | <u>(25,612,226)</u>                | <u>(4,371,905)</u>   | <u>117,785</u>        | <u>(29,866,346)</u>          |
| Total accumulated depreciation              | <u>(42,638,494)</u>                | <u>(6,516,088)</u>   | <u>1,430,185</u>      | <u>(47,724,397)</u>          |
| Total capital assets being depreciated, net | <u>65,817,842</u>                  | <u>3,249,437</u>     | <u>(118,034)</u>      | <u>68,949,245</u>            |
| Governmental activities capital assets, net | <u>\$ 90,891,944</u>               | <u>\$ 15,907,420</u> | <u>\$ (6,163,170)</u> | <u>\$ 100,636,194</u>        |

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

|                        |            |
|------------------------|------------|
| General government     | \$ 258,476 |
| Public safety          | 822,328    |
| Physical environment   | 4,763,567  |
| Culture and recreation | 9,029      |

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE C - CAPITAL ASSETS (Continued)

Governmental Activities

Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of the assets \$ 662,688

Total depreciation expense – governmental activities \$ 6,516,088

| <u>Business-type Activities</u>              | Balance at<br>Beginning of<br>Year | Increases           | Decreases             | Balance at<br>End of<br>Year |
|----------------------------------------------|------------------------------------|---------------------|-----------------------|------------------------------|
| Capital assets not being depreciated         |                                    |                     |                       |                              |
| Land                                         | \$ 5,623,777                       | \$                  | \$                    | \$ 5,623,777                 |
| Construction in progress                     | <u>2,072,844</u>                   | <u>4,631,231</u>    | <u>(1,642,431)</u>    | <u>5,061,644</u>             |
| Total capital assets not being depreciated   | 7,696,621                          | 4,631,231           | (1,642,431)           | 10,685,421                   |
| Capital assets being depreciated             |                                    |                     |                       |                              |
| Buildings                                    | 1,827,239                          | 1,355,346           |                       | 3,182,585                    |
| Improvements other than buildings            | 6,054,197                          | 287,085             | (668,140)             | 5,673,142                    |
| Equipment                                    | <u>351,837</u>                     | <u>253,847</u>      | <u>(72,461)</u>       | <u>533,223</u>               |
| Total capital assets being depreciated       | 8,233,273                          | 1,896,278           | (740,601)             | 9,388,950                    |
| Less accumulated depreciation for            |                                    |                     |                       |                              |
| Buildings                                    | (527,674)                          | (64,800)            |                       | (592,474)                    |
| Improvements other than buildings            | (2,523,836)                        | (177,974)           | 560,435               | (2,141,375)                  |
| Equipment                                    | <u>(243,010)</u>                   | <u>(39,819)</u>     | <u>62,959</u>         | <u>(219,870)</u>             |
| Total accumulated depreciation               | <u>(3,294,520)</u>                 | <u>(282,593)</u>    | <u>623,394</u>        | <u>(2,953,719)</u>           |
| Total capital assets being depreciated, net  | <u>4,938,753</u>                   | <u>1,613,685</u>    | <u>(117,207)</u>      | <u>6,435,231</u>             |
| Business-type activities capital assets, net | <u>\$ 12,635,374</u>               | <u>\$ 6,244,916</u> | <u>\$ (1,759,638)</u> | <u>\$ 17,120,652</u>         |

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as *Due from Other Funds* and *Due to Other Funds* as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers primarily consist of moving money from one fund to another to be used for a specific purpose within the receiving fund. Transfers from the General Fund to the Capital Improvement Fund and Beach Restoration Project Fund were used to fund various capital projects. Transfers from the General Fund and the Beach Restoration Project Fund to the nonmajor funds were used to fund debt service. Transfers from the Town Facilities Fund to the Beach Restoration Project Fund were used to

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

fund various beach projects. Transfers from the Recreation Enterprise Fund to the General Fund were used to pay for various culture and recreation projects. Transfers within the governmental and business-type activities are eliminated in the government-wide financial statements. Interfund receivables and payables and interfund transfers at September 30, 2009 are summarized as follows:

Due to/from other funds:

| <u>Receivable Fund</u>     | <u>Payable Fund</u>      | <u>Amount</u>    |
|----------------------------|--------------------------|------------------|
| General Fund               | Capital Improvement Fund | \$ 71,658        |
|                            | Nonmajor Funds           | 7,692            |
|                            | Internal Service Funds   | 3,791            |
|                            | Trust Funds              | 6,381            |
| Recreation Enterprise Fund | General Fund             | 5,025            |
| Internal Service Funds     | General Fund             | 3,917            |
| Trust Funds                | General Fund             | <u>1,438</u>     |
|                            |                          | <u>\$ 99,902</u> |

Interfund transfers:

|                                | <u>Transfers In - Reported In</u> |                                 |                                       |                       |                      |
|--------------------------------|-----------------------------------|---------------------------------|---------------------------------------|-----------------------|----------------------|
|                                | <u>General Fund</u>               | <u>Capital Improvement Fund</u> | <u>Beach Restoration Project Fund</u> | <u>Nonmajor Funds</u> | <u>Total</u>         |
| Transfers Out:                 |                                   |                                 |                                       |                       |                      |
| Reported in                    |                                   |                                 |                                       |                       |                      |
| General Fund                   | \$                                | \$ 1,817,000                    | \$ 2,000,000                          | \$ 3,790,000          | \$ 7,607,000         |
| Beach Restoration Project Fund |                                   |                                 |                                       | 549,800               | 549,800              |
| Town Facilities Fund           |                                   |                                 | 1,900,000                             |                       | 1,900,000            |
| Recreation Enterprise Fund     | <u>550,000</u>                    |                                 |                                       |                       | <u>550,000</u>       |
|                                | <u>\$ 550,000</u>                 | <u>\$ 1,817,000</u>             | <u>\$ 3,900,000</u>                   | <u>\$ 4,339,800</u>   | <u>\$ 10,606,800</u> |

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E - LONG-TERM DEBT

Changes in long-term debt for the year ended September 30, 2009 are summarized as follows:

| <i><u>Governmental Activities</u></i>  | Balance at<br>Beginning of<br>Year | Additions           | Retirements           | Balance at<br>End of<br>Year | Amounts<br>Due Within<br>One Year |
|----------------------------------------|------------------------------------|---------------------|-----------------------|------------------------------|-----------------------------------|
| Compensated absences                   | \$ 3,580,697                       | \$ 848,241          | \$ (723,548)          | \$ 3,705,390                 | \$ 723,013                        |
| Termination benefits payable           | 1,613,827                          | 21,196              | (723,692)             | 911,331                      | 797,172                           |
| Revenue bonds payable                  | 13,205,000                         |                     | (3,875,000)           | 9,330,000                    | 4,020,000                         |
| Revenue notes payable                  | <u>10,000,000</u>                  | <u>395,004</u>      |                       | <u>10,395,004</u>            | <u>395,004</u>                    |
| Total long-term debt                   | <u>\$ 28,399,524</u>               | <u>\$ 1,264,441</u> | <u>\$ (5,322,240)</u> | 24,341,725                   | <u>\$ 5,935,189</u>               |
| Unamortized premiums                   |                                    |                     |                       | 2,854                        |                                   |
| Unamortized discounts                  |                                    |                     |                       | (16,481)                     |                                   |
| Unamortized loss on refunding          |                                    |                     |                       | (59,119)                     |                                   |
| Current maturities                     |                                    |                     |                       | <u>(5,935,189)</u>           |                                   |
| Net long-term debt                     |                                    |                     |                       | <u>\$ 18,333,790</u>         |                                   |
| <i><u>Business-type Activities</u></i> |                                    |                     |                       |                              |                                   |
| Compensated absences                   | <u>\$ 186,724</u>                  | <u>\$ 25,360</u>    | <u>\$ (17,023)</u>    | <u>\$ 195,061</u>            | <u>\$ 38,061</u>                  |

The compensated absences liability and liability for termination benefits of the governmental activities are liquidated primarily by the Town's General Fund.

REVENUE BONDS PAYABLE

Town of Palm Beach, Florida, Revenue Refunding Bonds, Series 2003A

In April 2003, the Town issued \$18,385,000 Town of Palm Beach, Florida, Revenue Refunding Bonds, Series 2003A to (1) advance refund the Town's outstanding Revenue Bonds, Series 2000, maturing on January 1, 2006 through and including January 1, 2010 and (2) pay certain costs of issuance related to the Series 2003A Bonds, including the premium for a municipal bond insurance policy and a debt service reserve policy. The Series 2003A Bonds bear interest at rates ranging from 2% to 5%. Principal payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2010. The bonds are special obligations of the Town payable solely from and secured solely by non-ad valorem revenue and any unused bond proceeds and related investment income. A Municipal Bond Insurance Association (MBIA) policy was issued guaranteeing the scheduled payment of principal and interest on the bonds when due. The advance refunding of the Series 2000 bonds by the Town reduced its aggregate debt service payments by approximately \$391,000 over the life of the bonds and produced an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$337,000.

The annual debt service requirements for the Series 2003A bonds are as follows:

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E - LONG-TERM DEBT (Continued)

| <u>Year Ending<br/>September 30,</u> | <u>Interest<br/>Rate</u> | <u>Principal</u>    | <u>Interest</u>  | <u>Total</u>        |
|--------------------------------------|--------------------------|---------------------|------------------|---------------------|
| 2010                                 | 3.45%                    | <u>\$ 3,885,000</u> | <u>\$ 67,069</u> | <u>\$ 3,952,069</u> |

**Town of Palm Beach, Florida, Revenue Bonds, Series 2003B**

In April 2003, the Town issued \$6,130,000 Town of Palm Beach, Florida, Revenue Bonds, Series 2003B to (1) finance the acquisition, construction and equipping of a Fire-Rescue facility with a new emergency operations center, the renovation of the Town Hall facilities, including security upgrades and drainage improvements, and (2) pay certain costs of issuance related to the Series 2003B Bonds, including the premium for a municipal bond insurance policy and a debt service reserve policy. The Series 2003B Bonds bear interest at rates ranging from 2% to 5%. Principal payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2033. The bonds are special obligations of the Town payable solely from and secured solely by non-ad valorem revenue and any unused bond proceeds and related investment income. A Municipal Bond Insurance Association (MBIA) policy was issued guaranteeing the scheduled payment of principal and interest on the bonds when due. The annual debt service requirements for these bonds are as follows:

| <u>Year Ending<br/>September 30,</u> | <u>Interest<br/>Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|--------------------------|------------------|-----------------|--------------|
| 2010                                 | 3.250%                   | \$ 135,000       | \$ 245,221      | \$ 380,221   |
| 2011                                 | 3.500                    | 140,000          | 240,578         | 380,578      |
| 2012                                 | 3.700                    | 145,000          | 235,445         | 380,445      |
| 2013                                 | 3.800                    | 150,000          | 229,913         | 379,913      |
| 2014                                 | 3.800                    | 155,000          | 224,118         | 379,118      |
| 2015                                 | 4.000                    | 160,000          | 217,973         | 377,973      |
| 2016                                 | 4.000                    | 170,000          | 211,373         | 381,373      |
| 2017                                 | 4.125                    | 175,000          | 204,363         | 379,363      |
| 2018                                 | 4.250                    | 180,000          | 196,929         | 376,929      |
| 2019                                 | 4.400                    | 190,000          | 188,924         | 378,924      |
| 2020                                 | 4.375                    | 200,000          | 180,369         | 380,369      |
| 2021                                 | 4.500                    | 210,000          | 171,269         | 381,269      |
| 2022                                 | 4.500                    | 215,000          | 161,706         | 376,706      |
| 2023                                 | 4.625                    | 225,000          | 151,666         | 376,666      |
| 2024                                 | 4.750                    | 240,000          | 140,763         | 380,763      |
| 2025                                 | 4.750                    | 250,000          | 129,125         | 379,125      |
| 2026                                 | 4.750                    | 260,000          | 117,013         | 377,013      |
| 2027                                 | 4.750                    | 275,000          | 104,306         | 379,306      |
| 2028                                 | 4.750                    | 290,000          | 90,888          | 380,888      |
| 2029                                 | 5.000                    | 305,000          | 76,375          | 381,375      |
| 2030                                 | 5.000                    | 320,000          | 60,750          | 380,750      |



TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E - LONG-TERM DEBT (Continued)

| <u>Year Ending<br/>September 30,</u> | <u>Interest<br/>Rate</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|--------------------------------------|--------------------------|---------------------|---------------------|---------------------|
| 2031                                 | 5.000                    | \$ 335,000          | \$ 44,375           | \$ 379,375          |
| 2032                                 | 5.000                    | 350,000             | 27,250              | 377,250             |
| 2033                                 | 5.000                    | <u>370,000</u>      | <u>9,250</u>        | <u>379,250</u>      |
|                                      |                          | <u>\$ 5,445,000</u> | <u>\$ 3,659,942</u> | <u>\$ 9,104,942</u> |

REVENUE NOTES PAYABLE

Town of Palm Beach, Florida, Public Improvement Revenue Note, Series 2008

On June 24, 2008, the Town issued a \$10,000,000 Town of Palm Beach, Florida, Public Improvement Revenue Note, Series 2008 to (1) finance the acquisition, construction, renovation and equipping of various improvements to the Town Hall and other public facilities of the Town and (2) pay certain costs of issuance related to the Series 2008 Note. The Series 2008 Note bears interest at 63.7% of the BBA LIBOR Daily Floating Rate for U.S. Dollar deposits with a one month term (the "BBA LIBOR Rate") plus .715% (.87% at September 30, 2009). Principal and interest payments are due on January 1, April 1, July 1, and October 1, commencing January 1, 2009 for interest and January 1, 2011 for principal, until maturity on July 1, 2028. The Series 2008 Note is a special obligation of the Town payable solely from and secured solely by non-ad valorem revenue and any unused note proceeds and related investment income. The annual debt service requirements for the Series 2008 Note are as follows:

| <u>Year Ending<br/>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|------------------|-----------------|--------------|
| 2010                                 | \$               | \$ 126,750      | \$ 126,750   |
| 2011                                 | 435,000          | 86,054          | 521,054      |
| 2012                                 | 580,000          | 81,323          | 661,323      |
| 2013                                 | 580,000          | 76,277          | 656,277      |
| 2014                                 | 565,000          | 71,264          | 636,264      |
| 2015                                 | 560,000          | 66,381          | 626,381      |
| 2016                                 | 560,000          | 61,509          | 621,509      |
| 2017                                 | 560,000          | 56,637          | 616,637      |
| 2018                                 | 560,000          | 51,765          | 611,765      |
| 2019                                 | 560,000          | 46,893          | 606,893      |
| 2020                                 | 560,000          | 42,021          | 602,021      |
| 2021                                 | 560,000          | 37,149          | 597,149      |
| 2022                                 | 560,000          | 32,277          | 592,277      |
| 2023                                 | 560,000          | 27,405          | 587,405      |
| 2024                                 | 560,000          | 22,533          | 582,533      |
| 2025                                 | 560,000          | 17,661          | 577,661      |

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E - LONG-TERM DEBT (Continued)

| Year Ending<br>September 30, | Principal            | Interest          | Total                |
|------------------------------|----------------------|-------------------|----------------------|
| 2026                         | \$ 560,000           | \$ 12,789         | \$ 572,789           |
| 2027                         | 560,000              | 7,917             | 567,917              |
| 2028                         | 560,000              | 2,741             | 562,741              |
|                              | <u>\$ 10,000,000</u> | <u>\$ 927,346</u> | <u>\$ 10,927,346</u> |

Interest requirements for the Series 2008 Note are calculated using the interest rate effective at September 30, 2009. The interest rate on the Series 2008 Note changes effective with each change in the BBA LIBOR Rate.

**Town of Palm Beach, Florida, Public Improvement Revenue Note, Series 2009**

On June 5, 2009, the Town issued a \$2,000,000 Town of Palm Beach, Florida, Public Improvement Revenue Note, Series 2009 to finance certain improvements to the Worth Avenue Commercial District in anticipation of permanent long-term financing to be secured in the short-term future. The note provides that the Town may, in one or more drawings, borrow up to \$2,000,000 against the note. The outstanding principal plus accrued interest thereon is due when the note matures on May 31, 2010. The interest rate is reset at the beginning of each month and is based on the BBA LIBOR Rate two days prior to the first day of such month plus .97% (1.23% at September 30, 2009). The note is a special obligation of the Town and is payable solely from and secured solely by non-ad valorem revenue and any unused note proceeds and related investment income, as well as proceeds of refunding obligations specifically issued to refund the Series 2009 Note. As of September 30, 2009, the principal outstanding on the note is \$395,004. Interest due during the fiscal year ending September 30, 2010 is \$3,313, which is calculated using the interest rate effective at September 30, 2009. The outstanding principal balance of this note is classified as long-term debt in the accompanying financial statements since the Town has secured permanent long-term financing and has repaid this note in conjunction with the issuance of Public Improvement Revenue and Refunding Bonds, Series 2010A (Capital Improvement Program) on February 25, 2010.

**Annual Requirements**

The annual debt service requirements to maturity, including interest of \$4,657,670 (excluding compensated absences, which have no fixed maturity and termination benefits payable) are as follows:

| Year Ending<br>September 30, | Revenue<br>Bonds | Revenue<br>Notes | Total        |
|------------------------------|------------------|------------------|--------------|
| 2010                         | \$ 4,332,290     | \$ 525,067       | \$ 4,857,357 |
| 2011                         | 380,578          | 521,054          | 901,632      |
| 2012                         | 380,445          | 661,323          | 1,041,768    |
| 2013                         | 379,913          | 656,277          | 1,036,190    |
| 2014                         | 379,118          | 636,264          | 1,015,382    |
| 2015-2019                    | 1,894,562        | 3,083,185        | 4,977,747    |
| 2020-2024                    | 1,895,773        | 2,961,38         | 4,857,158    |

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE E - LONG-TERM DEBT (Continued)

| Year Ending<br>September 30, | Revenue<br>Bonds     | Revenue<br>Notes            | Total                |
|------------------------------|----------------------|-----------------------------|----------------------|
| 2025-2029                    | \$ 1,897,707         | \$ 2,281,108                | \$ 4,178,815         |
| 2030-2033                    | <u>1,516,625</u>     | <u>                    </u> | <u>1,516,625</u>     |
|                              | <u>\$ 13,057,011</u> | <u>\$ 11,325,663</u>        | <u>\$ 24,382,674</u> |

Interest Expense: Total interest costs incurred and paid on all Town debt for the year ended September 30, 2009 totaled \$741,244 and \$650,150 respectively.

Defeased Bonds: The Town has defeased \$17,640,000 of Series 2000 Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The trust account assets and the liability for the defeased Series 2000 bonds are not included in the Town's financial statements. At September 30, 2009 outstanding Series 2000 Revenue Bonds in the amount of \$3,905,000 are considered defeased.

Pledged Revenues: As discussed previously, the Town has pledged future non-ad valorem revenues of the General Fund to repay \$19,725,004 of outstanding revenue bonds and notes. These bonds and notes are payable solely from non-ad valorem revenues and are payable through 2033. Annual principal and interest payments are expected to require less than 21 percent of such revenues. The total principal and interest remaining to be paid on the bonds and notes is \$24,382,674. Principal and interest paid for 2009 on the outstanding revenue bonds and note and total non-ad valorem revenues were \$4,525,150 and \$20,686,781, respectively.

Subsequent Event: In January 2010, the Town Council approved the issuance of \$77,000,000 revenue bonds to advance refund all existing bonds and notes outstanding and to finance certain construction projects throughout the Town. On February 25, 2010, the Town issued Public Improvement Revenue and Refunding Bonds, Series 2010A (Capital Improvement Program) in the amount of \$57,035,000 and Public Improvement Revenue Bonds, Series 2010B (Worth Avenue Commercial Project) in the amount of \$14,770,000.

NOTE F - FUND BALANCES

In the fund financial statements, fund balance of the governmental funds is reserved and designated for various purposes at September 30, 2009 as follows:

|                               | Major Governmental Funds |                                |                                         |                            |                                |
|-------------------------------|--------------------------|--------------------------------|-----------------------------------------|----------------------------|--------------------------------|
|                               | General<br>Fund          | Capital<br>Improvement<br>Fund | Beach<br>Restoration<br>Project<br>Fund | Town<br>Facilities<br>Fund | Other<br>Governmental<br>Funds |
| <b>Reserved Fund Balances</b> |                          |                                |                                         |                            |                                |
| Reserved for inventory        | \$ 454,035               | \$                             | \$                                      | \$                         | \$                             |
| Reserved for prepaid items    | 24,250                   |                                |                                         |                            |                                |

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE F - FUND BALANCES (Continued)

|                                                     | Major Governmental Funds    |                            |                                |                            |                          |
|-----------------------------------------------------|-----------------------------|----------------------------|--------------------------------|----------------------------|--------------------------|
|                                                     | General Fund                | Capital Improvement Fund   | Beach Restoration Project Fund | Town Facilities Fund       | Other Governmental Funds |
| Reserved for capital projects                       | \$                          | \$                         | \$                             | \$ 3,034,045               | \$                       |
| Reserved for debt service                           |                             |                            |                                |                            | 126,750                  |
| Reserved for other purposes                         |                             |                            |                                |                            | 484,739                  |
| <b>Total Reserved Fund Balances</b>                 | <b>478,285</b>              | <b>0</b>                   | <b>0</b>                       | <b>3,034,045</b>           | <b>611,489</b>           |
| <b>Designated Fund Balances</b>                     |                             |                            |                                |                            |                          |
| Designated for:                                     |                             |                            |                                |                            |                          |
| Subsequent years' expenditures                      | 4,978,800                   |                            |                                |                            |                          |
| Capital projects                                    |                             | 5,521,538                  | 10,069,850                     | 2,516,280                  |                          |
| Debt service                                        |                             |                            |                                |                            | 291,518                  |
| Other purposes:                                     |                             |                            |                                |                            |                          |
| East Central Regional Wastewater Treatment Facility | 994,823                     |                            |                                |                            |                          |
| Compensated absences                                | 3,333,243                   |                            |                                |                            |                          |
| Other                                               | 17,073                      |                            |                                |                            |                          |
| <b>Total Designated Fund Balances</b>               | <b>9,323,939</b>            | <b>5,521,538</b>           | <b>10,069,850</b>              | <b>2,516,280</b>           | <b>291,518</b>           |
| <b>Undesignated Fund Balances</b>                   | <b>20,980,277</b>           |                            |                                |                            |                          |
| <b>Total Fund Balances</b>                          | <b><u>\$ 30,782,501</u></b> | <b><u>\$ 5,521,538</u></b> | <b><u>\$ 10,069,850</u></b>    | <b><u>\$ 5,550,325</u></b> | <b><u>\$ 903,007</u></b> |

NOTE G - RETIREMENT PLANS

Plan Descriptions: The Town administers three single employer, defined benefit pension plans. The General Employees Pension Trust Fund covers substantially all full time general employees and lifeguards. The Police Officers' Retirement System covers substantially all full time Police Officers and the Firefighters' Retirement System covers substantially all full time Fire-Rescue personnel.

The Town Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. The contributions and benefits are segregated in the General Employees Plan between general employees and lifeguards.

The Police Officers' Plan and the Firefighters' Plan also receive payments from the State of Florida pursuant to Chapters 185 and 175 of the Florida Statutes for the benefit of Police Officers and Fire-Rescue personnel, respectively. Monies received pursuant to Chapters 185 and 175 can only be used to finance the benefits of participants who are Police Officers or Fire-Rescue employees, respectively. All three plans issue a publicly available financial report that includes financial statements and required supplementary information for the

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G - RETIREMENT PLANS (Continued)

respective Plans. The financial reports may be obtained by writing to the Town of Palm Beach, P. O. Box 2029, Palm Beach, Florida 33480 or by calling (561) 838-5444.

Basis of Accounting: The Plans' financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer and State of Florida contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Funding Policy: The contribution requirements of Plan members and the Town are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual covered salary as described in the following table. The Town is required to contribute at an actuarially determined rate. The contribution rates for the fiscal year ended September 30, 2009, as a percentage of the employees' annual compensation, were as follows:

|                       | <u>Member<br/>Contribution</u> | <u>Town and State<br/>Contribution</u> |
|-----------------------|--------------------------------|----------------------------------------|
| General employees     | 6.47%                          | 17.35%                                 |
| Lifeguard employees   | 7.21%                          | 25.81%                                 |
| Police employees      | 6.98%                          | 36.10%                                 |
| Fire-Rescue employees | 6.82%                          | 48.60%                                 |

Net Pension Obligation: A reconciliation of the Town's beginning and ending net pension obligation to the Plans is presented below.

|                                               | <u>General<br/>Employees</u> | <u>Police<br/>Officers</u> | <u>Firefighters</u> |
|-----------------------------------------------|------------------------------|----------------------------|---------------------|
| Annual required contribution                  | \$ 2,420,128                 | \$ 2,330,352               | \$ 2,709,281        |
| Interest on net pension obligation            | 0                            | 0                          | 0                   |
| Adjustment to annual required contribution    | 0                            | 0                          | 0                   |
| Annual pension cost                           | 2,420,128                    | 2,330,352                  | 2,709,281           |
| Contributions made                            | (2,420,128)                  | (2,330,352)                | (2,709,281)         |
| Increase (decrease) in net pension obligation | 0                            | 0                          | 0                   |
| Net pension obligation, beginning of year     | 0                            | 0                          | 0                   |
| Net pension obligation, end of year           | <u>\$ 0</u>                  | <u>\$ 0</u>                | <u>\$ 0</u>         |

Actuarial Assumptions: The annual pension cost, net pension obligation and required contribution for the fiscal year ended September 30, 2009 were determined as part of the actuarial valuation of the Plans as of September 30, 2007 using the entry age actuarial cost method. Significant actuarial assumptions used in the latest actuarial valuations of the Plans are summarized as follows:

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G - RETIREMENT PLANS (Continued)

|                                                                                                 | General<br>Employees                                                                                                                                                                                                                                                                                                                                    | Police<br>Officers                                                                                                                                                                                                                                                                                                                                      | Firefighters                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date                                                                                  | September 30, 2008                                                                                                                                                                                                                                                                                                                                      | September 30, 2008                                                                                                                                                                                                                                                                                                                                      | September 30, 2008                                                                                                                                                                                                                                                                                                                                      |
| Actuarial cost method                                                                           | Entry Age                                                                                                                                                                                                                                                                                                                                               | Entry Age                                                                                                                                                                                                                                                                                                                                               | Entry Age                                                                                                                                                                                                                                                                                                                                               |
| Amortization method                                                                             | Level Percent of Payroll<br>Closed Amortization                                                                                                                                                                                                                                                                                                         | Level Percent of Payroll<br>Closed Amortization                                                                                                                                                                                                                                                                                                         | Level Percent of Payroll<br>Closed Amortization                                                                                                                                                                                                                                                                                                         |
| Remaining amortization<br>period                                                                | 3-30 years                                                                                                                                                                                                                                                                                                                                              | 3-30 years                                                                                                                                                                                                                                                                                                                                              | 3-30 years                                                                                                                                                                                                                                                                                                                                              |
| Asset valuation method                                                                          | 5-year smoothed market                                                                                                                                                                                                                                                                                                                                  | 5-year smoothed market                                                                                                                                                                                                                                                                                                                                  | 5-year smoothed market                                                                                                                                                                                                                                                                                                                                  |
| Investment rate of return<br>(includes inflation<br>at 5.5%)                                    | 8.0%                                                                                                                                                                                                                                                                                                                                                    | 8.0%                                                                                                                                                                                                                                                                                                                                                    | 8.0%                                                                                                                                                                                                                                                                                                                                                    |
| Projected salary<br>increases (includes<br>inflation and other<br>general increases at<br>5.5%) | 9.8% to 6.2%                                                                                                                                                                                                                                                                                                                                            | 9.8% to 6.2%                                                                                                                                                                                                                                                                                                                                            | 9.8% to 6.2%                                                                                                                                                                                                                                                                                                                                            |
| Cost-of-living<br>adjustments                                                                   | Members who retire<br>after 9/30/68 and prior<br>to 10/1/90 receive an<br>annual 1.0% increase<br>computed on the base<br>benefit. Members<br>retiring after 9/30/90<br>will be increased 2.0%<br>annually based on their<br>total pension benefit,<br>after an initial 3-year<br>deferral period. Other<br>adjustments have been<br>made periodically. | Members who retire<br>after 9/30/68 and prior<br>to 10/1/90 receive an<br>annual 1.0% increase<br>computed on the base<br>benefit. Members<br>retiring after 9/30/90<br>will be increased 2.0%<br>annually based on their<br>total pension benefit,<br>after an initial 3-year<br>deferral period. Other<br>adjustments have been<br>made periodically. | Members who retire<br>after 9/30/68 and prior<br>to 10/1/90 receive an<br>annual 1.0% increase<br>computed on the base<br>benefit. Members<br>retiring after 9/30/90<br>will be increased 2.0%<br>annually based on their<br>total pension benefit,<br>after an initial 3-year<br>deferral period. Other<br>adjustments have been<br>made periodically. |

Annual Pension Cost: Information about the Town's annual pension cost for the last three fiscal years ended September 30<sup>th</sup> is shown below:

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G - RETIREMENT PLANS (Continued)

| <u>Plan / Year</u>       | <u>Annual<br/>Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|--------------------------|------------------------------------------|------------------------------------------|-----------------------------------|
| <u>General Employees</u> |                                          |                                          |                                   |
| 2007                     | \$ 3,266,484                             | 100%                                     | \$ 0                              |
| 2008                     | 2,614,902                                | 100%                                     | 0                                 |
| 2009                     | 2,420,128                                | 100%                                     | 0                                 |
| <u>Police Officers</u>   |                                          |                                          |                                   |
| 2007                     | \$ 2,448,457                             | 100%                                     | \$ 0                              |
| 2008                     | 2,592,527                                | 100%                                     | 0                                 |
| 2009                     | 2,330,352                                | 100%                                     | 0                                 |
| <u>Firefighters</u>      |                                          |                                          |                                   |
| 2007                     | \$ 2,411,101                             | 100%                                     | \$ 0                              |
| 2008                     | 2,875,169                                | 100%                                     | 0                                 |
| 2009                     | 2,709,281                                | 100%                                     | 0                                 |

Funding Progress: The schedule of funding progress presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability. A schedule of funding progress (in thousands) for the last three actuarial plan years ended September 30<sup>th</sup> is shown below.

| <u>Plan / Year</u>       | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)<br/>Entry Age</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>% of<br/>Covered<br/>Payroll</u> |
|--------------------------|------------------------------------------|--------------------------------------------------------------------|------------------------------------|-------------------------|----------------------------|---------------------------------------------------|
| <u>General Employees</u> |                                          |                                                                    |                                    |                         |                            |                                                   |
| 2006                     | \$ 64,608                                | \$ 73,054                                                          | \$ 8,446                           | 88.4%                   | \$ 12,422                  | 68.0%                                             |
| 2007                     | 72,161                                   | 77,632                                                             | 5,471                              | 93.0%                   | 12,697                     | 43.1%                                             |
| 2008                     | 73,732                                   | 83,758                                                             | 10,026                             | 88.0%                   | 12,687                     | 79.0%                                             |
| <u>Police Officers</u>   |                                          |                                                                    |                                    |                         |                            |                                                   |
| 2006                     | \$ 52,614                                | \$ 60,835                                                          | \$ 8,221                           | 86.5%                   | \$ 5,769                   | 142.5%                                            |
| 2007                     | 58,486                                   | 63,742                                                             | 5,256                              | 91.8%                   | 5,334                      | 98.5%                                             |
| 2008                     | 61,668                                   | 68,525                                                             | 6,857                              | 90.0%                   | 5,309                      | 129.2%                                            |

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE G - RETIREMENT PLANS (Continued)

| <u>Plan / Year</u>  | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)<br/>Entry Age</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>% of<br/>Covered<br/>Payroll</u> |
|---------------------|------------------------------------------|--------------------------------------------------------------------|------------------------------------|-------------------------|----------------------------|---------------------------------------------------|
| <u>Firefighters</u> |                                          |                                                                    |                                    |                         |                            |                                                   |
| 2006                | \$ 49,220                                | \$ 64,220                                                          | \$ 14,984                          | 76.7%                   | \$ 5,710                   | 262.4%                                            |
| 2007                | 54,723                                   | 67,027                                                             | 12,304                             | 81.6%                   | 5,573                      | 220.8%                                            |
| 2008                | 57,652                                   | 71,813                                                             | 14,161                             | 80.3%                   | 5,823                      | 243.2%                                            |

NOTE H - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: The Town of Palm Beach Other Postemployment Benefits (OPEB) Plan is a single-employer, defined benefit postemployment healthcare plan that is administered by the Town and covers retired employees of the Town and their dependents. The Plan provides for the payment of a portion of the health insurance premiums for eligible retired employees. The Town Council has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available financial report.

The Plan has 175 retirees receiving benefits and a total of 386 active participants, of which 386 are not yet eligible to receive benefits. As of September 30, 2009, there are 626 dependents of retirees and active participants.

Funding Policy: The contribution requirements of Plan members and the Town, are established and may be amended by the Town Council. These contributions are neither mandated nor guaranteed. The Town has retained the right to unilaterally modify its payment for retiree health care benefits.

Plan members receiving benefits contribute a percentage of the monthly insurance premium. Currently the Plan pays 50% of the retirees' premium, as well as for their dependent coverage. The retiree contributes the premium cost each month, less the Plan subsidy.

The State of Florida prohibits the Town from separately rating retirees and active employees. The Town therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the Town has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan.

Net OPEB Asset: A reconciliation of the Town's beginning and ending net OPEB asset is presented below.



TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

|                                            |                        |
|--------------------------------------------|------------------------|
| Annual required contribution               | \$ 1,663,000           |
| Interest on net OPEB asset                 | (1,128,000)            |
| Adjustment to annual required contribution | <u>815,000</u>         |
| Annual OPEB cost                           | 1,350,000              |
| Contributions made                         | <u>(1,649,000)</u>     |
| Increase in net OPEB asset                 | (299,000)              |
| Net OPEB asset, October 1, 2008            | <u>(14,097,870)</u>    |
| Net OPEB asset, September 30, 2009         | <u>\$ (14,396,870)</u> |

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk and changes in marital status, could result in actual costs being greater or less than estimated.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The most recent actuarial valuation of the Plan was done as of October 1, 2008. The projected unit credit actuarial cost method was used. The actuarial assumptions included an 8% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the Town's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 11% initially, reduced by decrements to an ultimate rate of 5% in the year 2021 and a salary increase assumption of 3.5% per annum. All three rates included a 5.5% inflation assumption. The actuarial value of assets was determined based on the actual fair value of assets as of the valuation date. The UAAL will be amortized over a period of 30 years as a level percentage of projected payroll on an open basis.

Annual OPEB Cost: Three-year trend information about the Town's annual OPEB cost is shown below:

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

| <u>Year Ended</u> | <u>Annual<br/>OPEB<br/>Cost</u> | <u>Actual Employer<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> | <u>Net OPEB<br/>Obligation (Asset)</u> |
|-------------------|---------------------------------|-----------------------------------------|-----------------------------------|----------------------------------------|
| 9-30-07           | \$ 2,289,000                    | \$ 17,209,870                           | 752%                              | \$ (14,920,870)                        |
| 9-30-08           | 2,289,000                       | 1,466,000                               | 64%                               | (14,097,870)                           |
| 9-30-09           | 1,350,000                       | 1,649,000                               | 122%                              | (14,396,870)                           |

Funding Progress: As noted above, the most recent actuarial valuation of the Plan was done as of October 1, 2008. There was only one prior valuation, which was done as of October 1, 2006 to determine the initial funding of the Plan. Since the Plan was initially funded subsequent to October 1, 2006, there was no funding progress information available as of that date. The schedule of funding progress is intended to present information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability. A schedule of funding progress including additional years will be presented beginning with the fiscal year during which the next valuation report becomes available. Funding progress information (in thousands) as of October 1, 2008 is shown below:

| <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>% of<br/>Covered<br/>Payroll</u> |
|------------------------------------------|------------------------------------------------------|------------------------------------|-------------------------|----------------------------|---------------------------------------------------|
| \$ 15,786                                | \$ 26,720                                            | \$ 10,934                          | 59.1%                   | \$ 30,878                  | 35.4%                                             |

The financial statements for the OPEB Trust Fund as of and for the year ended September 30, 2009 are reported below because the Trust does not issue a separate report.

**Statement of Plan Net Assets**

**Assets**

|                                           |                   |
|-------------------------------------------|-------------------|
| Cash and short-term investments           | \$ 22,678         |
| Equity in pooled cash and investments     | 2,663,834         |
| Accrued interest and dividends receivable | 6,182             |
| Due from other funds                      | 1,438             |
| Investments, at fair value                | <u>13,402,252</u> |
| Total Assets                              | 16,096,384        |

**Liabilities**

|                  |                |
|------------------|----------------|
| Accounts payable | <u>197,845</u> |
|------------------|----------------|

|                                                   |                             |
|---------------------------------------------------|-----------------------------|
| <b>Net Assets held in trust for OPEB benefits</b> | <u><u>\$ 15,898,539</u></u> |
|---------------------------------------------------|-----------------------------|

TOWN OF PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Statement of Changes in Plan Net Assets**

**Additions**

|                                               |                  |
|-----------------------------------------------|------------------|
| Contributions                                 |                  |
| Employer                                      | \$ 1,649,000     |
| Employee                                      | 948,344          |
| Other                                         | <u>81,140</u>    |
| Total contributions                           | 2,678,484        |
| Investment income (loss)                      |                  |
| Net depreciation in fair value of investments | (784,903)        |
| Interest and dividend income                  | <u>305,794</u>   |
| Total investment loss                         | (479,109)        |
| Less: investment expense                      | <u>79,786</u>    |
| Net investment loss                           | <u>(558,895)</u> |
| Total additions                               | 2,119,589        |

**Deductions**

|                        |                  |
|------------------------|------------------|
| Benefit payments       | 1,941,781        |
| Administrative expense | <u>65,149</u>    |
| Total deductions       | <u>2,006,930</u> |

|                     |         |
|---------------------|---------|
| <b>Net increase</b> | 112,659 |
|---------------------|---------|

|                                                               |                   |
|---------------------------------------------------------------|-------------------|
| Net assets held in trust for OPEB benefits at October 1, 2008 | <u>15,785,880</u> |
|---------------------------------------------------------------|-------------------|

|                                                                  |                             |
|------------------------------------------------------------------|-----------------------------|
| Net assets held in trust for OPEB benefits at September 30, 2009 | <u><u>\$ 15,898,539</u></u> |
|------------------------------------------------------------------|-----------------------------|

NOTE I - TERMINATION BENEFITS

During fiscal year ended September 30, 2008, the Town approved a one-time early retirement incentive program ("ERIP") for eligible employees. To be eligible, employees were required to 1) meet the age and service conditions for normal retirement or 2) have completed a minimum of ten years of service with the Town effective September 30, 2008, and be within two years of reaching the age and service conditions for normal retirement. Employees who participated in the Town's Deferred Retirement Option Plan ("DROP") on or before September 30, 2008, were also eligible. Department directors were excluded from participation in the ERIP. Employees who took advantage of the ERIP would receive the following incentives under the program:

- Non-DROP - Two years of employee's base salary at 60% paid over 24 months, beginning with the first full bi-weekly payroll period ending after October 1, 2008. Employees were also given the option to have their eligible sick leave, vacation and compensatory leave payout paid over the 24 month period or as a lump sum in conjunction with their final paycheck as an employee.

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE I - TERMINATION BENEFITS (Continued)

- DROP – Four months of base pay at 100% paid out over twelve months, beginning with the first full bi-weekly payroll period ending after October 1, 2008. DROP participants were required to have their eligible sick leave payout paid with their ERIP pay over the twelve month period of time. Accumulated vacation and compensatory leave could be taken over the twelve month period or as a lump sum payment with their final paycheck as an employee.

In addition, under the program the Town agreed to pay 100% of DROP participants' medical insurance premiums only for the twelve month period beginning October 1, 2008. During this period, the retiree would be responsible for his/her dependent medical insurance premiums as established by the Town Council. After this time, the retiree would be allowed to elect medical coverage at the actuarially determined premium rates that are established by the Town Council. Employees meeting the age and service conditions for normal retirement would be eligible to elect medical and dental coverage as a Town retiree paying the actuarially determined rates that are established by the Town Council for retirees and their dependents.

At September 30, 2009, the present value of future incentive payments and estimated insurance premiums reported as a liability in the statement of net assets was \$911,331. A two percent discount rate was used to determine the present value. Expenditures are recognized in the governmental funds as the incentive payments and related insurance benefits are incurred.

The Town funds the plan on a pay-as-you-go basis. A total of 21 employees elected to participate in the ERIP, 5 of which continued employment with the Town for up to one year beyond September 30, 2008, as allowed under the program. The amount of the ERIP incentive for employees who elected continued employment with the Town after their election to participate in the ERIP is the amount that was calculated at the time the election was made. Payment of the ERIP for retained employees commences on the first full bi-weekly payroll period following the employee's separation from service with the Town.

NOTE J - INSURANCE PROGRAM

The Town retains the risk of loss for certain claims related to general liability and property risks, group accident and health, and workers' compensation. These insurance activities are accounted for in the Internal Service Funds. The Internal Service Funds charge departments of the Town for insurance coverage based upon historical claims experience, insurance costs and relative share of total risk. A claims liability of \$3,229,000 is included in accrued liabilities of the Internal Service Funds at September 30, 2009. This liability is based on Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be accrued if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accordingly, the accrued liability for claims includes the estimated future liability on a case-by-case basis for all reported claims and an amount for claims incurred but not reported. The accrued claims liabilities at September 30, 2009 were determined by actuarial valuations performed by Gallagher Benefit Services, Inc. for group health and AMI Risk Consultants, Inc. for general liability, workers' compensation, and property. The insurance coverages and accrued claims liability of the Internal Service Funds at September 30, 2009 are summarized as follows:

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE J - INSURANCE PROGRAM (Continued)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Accrued<br>Claims<br>Liability                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Group Accident and Health:</b> Certain employees and retirees of the Town contribute through payroll deductions or deductions from pension payments to the cost of group benefits. The remainder of the necessary funding is contributed by the Town based on an actuarially determined amount. As of September 30, 2009, these benefits covered 386 active employees, 175 retirees and 626 dependents. Net costs for the year ended September 30, 2009 were approximately \$5,238,000. The Town retains the risk of loss up to \$65,000 per occurrence; and up to 125% of the estimated claims in the aggregate (approximately \$6.7 million maximum plan costs for 2009). Insurance coverage for claims in excess of these specific limits (up to the policy maximum of \$2,000,000 per person, per life-time) has been obtained from a commercial carrier. The Town makes available certain health insurance benefits for its retired employees and their dependents in accordance with State Statute. Retiree health care benefits are accounted for in the Town's OPEB plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$ 751,000                                                                                                                                                                                  |
| <p><b>General Liability, Automobile Liability, Public Official Liability, Workers' Compensation and Property:</b> The Town retains the risk of loss for most exposures and maintains excess insurance coverage above the Town's retained risk of loss of \$100,000 per occurrence for Public Official Liability, \$100,000 per occurrence, \$200,000 aggregate for General Liability and Automobile Liability, and \$350,000 per claim for Workers' Compensation. An aggregate retention (Loss Fund) of \$780,000 applies to each fiscal year. The loss fund does not include the 5% deductible for a "named" windstorm.</p> <p>Excess liability coverage of \$5,000,000 per occurrence, \$10,000,000 aggregate is maintained with commercial carriers for General Liability and Automobile Liability. Public Official Liability coverage of \$5,000,000 per occurrence and \$5,000,000 in the aggregate is also maintained. Excess Workers' Compensation coverage is maintained with commercial carriers at statutory limits and Property coverage is maintained with commercial carriers at \$41,195,301 for buildings and contents with a \$5,000 deductible per occurrence plus a 5% deductible per insured location for a "named" windstorm.</p> <p>Florida Statutes limit the Town's maximum loss for most liability claims to \$100,000 per person and \$200,000 per occurrence. However, under certain circumstances a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in the Florida Statutes do not apply to claims filed in Federal courts.</p> | <div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">2,478,000</div> <div style="border-bottom: 3px double black; padding: 2px 0;">\$ 3,229,000</div> |

The claims activity for the last two fiscal years is summarized as follows:

TOWN OF PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE J - INSURANCE PROGRAM (Continued)

|                                                      | Year Ended<br>September 30,<br>2009 | Year Ended<br>September 30,<br>2008 |
|------------------------------------------------------|-------------------------------------|-------------------------------------|
| Accrued claims liability at beginning of fiscal year | \$ 3,748,000                        | \$ 3,748,000                        |
| Current year claims and changes in estimates         | 3,166,000                           | 3,280,000                           |
| Claim payments                                       | (3,685,000)                         | (3,280,000)                         |
| Accrued claims liability at end of fiscal year       | <u>\$ 3,229,000</u>                 | <u>\$ 3,748,000</u>                 |

The Town is a party to various claims, legal actions and complaints. In the opinion of Town management, all such matters are adequately covered by claim reserves under its insurance program or if not covered, are without merit or involve such minimal amounts that an unfavorable disposition would not have a material effect on the Town's financial position. Settled claims have not exceeded commercial insurance coverages in any of the past three years.

NOTE K - COMMITMENTS AND CONTINGENCIES

Contractual Commitments: The Town has various long-term contractual obligations for construction projects on which work has not been completed. The remaining commitments on these obligations at September 30, 2009 are as follows:

|                            |                     |
|----------------------------|---------------------|
| General Fund               | \$ 8,400            |
| Capital Improvement Fund   | 1,094,130           |
| Beach Restoration Fund     | 1,736,628           |
| Town Facilities Fund       | 4,889,424           |
| Recreation Enterprise Fund | 612,217             |
| Total                      | <u>\$ 8,340,799</u> |

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the Federal government and State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds. As of September 30, 2009, approximately \$961,000 of such amounts to be refunded by the Town is included in "Due to other governments" in the accompanying statement of net assets of the Town's governmental activities.

NOTE L - PRIOR PERIOD ADJUSTMENT

During the current year, management determined that State financial assistance totaling \$261,515 should have been recorded as revenue in the year ending September 30, 2008 when the allowable costs under the grant program were incurred. To correct this error, the beginning fund balance, as originally reported, of the Capital Improvement Fund of \$9,096,526 has been increased to \$9,358,041. In addition, beginning net assets for governmental activities of \$167,436,888, as originally reported, has been increased to \$167,698,403. Had this error not occurred, the net change in fund balance of the Capital Improvement Fund for 2008 would have increased by \$261,515 to \$(1,911,391) and the change in net assets of the governmental activities would have increased to \$1,419,853.

## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2009

|                              | Budgeted Amounts  |                   | Actual            | Variance with    |
|------------------------------|-------------------|-------------------|-------------------|------------------|
|                              | Original          | Final             | Amounts           | Final Budget     |
| Revenue                      |                   |                   |                   | Positive         |
|                              |                   |                   |                   | (Negative)       |
| <b>Taxes</b>                 |                   |                   |                   |                  |
| Ad Valorem                   | \$ 42,543,000     | \$ 42,543,000     | \$ 42,887,217     | \$ 344,217       |
| Local Option Gas Tax         | 341,000           | 341,000           | 324,077           | (16,923)         |
| Franchise Fees               | 2,585,000         | 2,585,000         | 2,454,232         | (130,768)        |
| Utility Service              | 4,117,000         | 4,117,000         | 4,608,088         | 491,088          |
| Business Tax Receipts        | 747,000           | 747,000           | 726,239           | (20,761)         |
|                              | <u>50,333,000</u> | <u>50,333,000</u> | <u>50,999,853</u> | <u>666,853</u>   |
| <b>Fees and Permits</b>      |                   |                   |                   |                  |
| Building Permits             | 4,691,300         | 4,691,300         | 4,701,645         | 10,345           |
| Fees and Other Permits       | 174,600           | 174,600           | 164,135           | (10,465)         |
|                              | <u>4,865,900</u>  | <u>4,865,900</u>  | <u>4,865,780</u>  | <u>(120)</u>     |
| <b>Intergovernmental</b>     |                   |                   |                   |                  |
| State Shared Revenue         | 1,037,500         | 1,037,500         | 1,091,542         | 54,042           |
| Shared Revenue-local         | 150,300           | 150,300           | 98,867            | (51,433)         |
|                              | <u>1,187,800</u>  | <u>1,187,800</u>  | <u>1,190,409</u>  | <u>2,609</u>     |
| <b>Charges for Services</b>  |                   |                   |                   |                  |
| General Government           | 30,700            | 30,700            | 27,618            | (3,082)          |
| Public Safety                | 1,346,900         | 1,346,900         | 1,539,185         | 192,285          |
| Physical Environment         | 1,139,100         | 1,139,100         | 1,131,884         | (7,216)          |
| Transportation               | 641,700           | 641,700           | 579,294           | (62,406)         |
|                              | <u>3,158,400</u>  | <u>3,158,400</u>  | <u>3,277,981</u>  | <u>119,581</u>   |
| <b>Fines and Forfeitures</b> | 1,521,200         | 1,521,200         | 925,373           | (595,827)        |
| <b>Investment Earnings</b>   | 1,201,300         | 1,201,300         | 1,923,224         | 721,924          |
| <b>Grant Revenue</b>         | 73,600            | 73,600            | 294,720           | 221,120          |
| <b>Miscellaneous</b>         |                   |                   |                   |                  |
| Rents and Royalties          | 85,500            | 85,500            | 44,491            | (41,009)         |
| Other Miscellaneous          | 223,800           | 223,800           | 229,868           | 6,068            |
|                              | <u>309,300</u>    | <u>309,300</u>    | <u>274,359</u>    | <u>(34,941)</u>  |
| <b>Total Revenue</b>         | <b>62,650,500</b> | <b>62,650,500</b> | <b>63,751,699</b> | <b>1,101,199</b> |

See notes to budgetary comparison schedule.



TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2009

|                               | Budgeted Amounts  |                   | Actual            | Variance with                          |
|-------------------------------|-------------------|-------------------|-------------------|----------------------------------------|
|                               | Original          | Final             | Amounts           | Final Budget<br>Positive<br>(Negative) |
| <b>Expenditures</b>           |                   |                   |                   |                                        |
| General Government            |                   |                   |                   |                                        |
| Town Manager                  | \$ 3,206,600      | \$ 3,705,693      | \$ 3,271,048      | \$ 434,645                             |
| Human Resources               | 727,600           | 745,960           | 655,427           | 90,533                                 |
| Information Systems           | 2,140,800         | 2,184,376         | 2,139,388         | 44,988                                 |
| Town Clerk                    | 363,400           | 365,297           | 353,158           | 12,139                                 |
| Finance                       | 1,595,460         | 1,607,343         | 1,536,061         | 71,282                                 |
| Planning, Zoning and Building | 678,900           | 744,944           | 657,133           | 87,811                                 |
| Permit Issuance               | 1,262,200         | 1,201,881         | 1,028,898         | 172,983                                |
| Contingency                   | 1,005,024         | 1,604             | 0                 | 1,604                                  |
| Employee Benefits             | 1,649,000         | 1,649,000         | 1,649,000         | 0                                      |
|                               | <u>12,628,984</u> | <u>12,206,098</u> | <u>11,290,113</u> | <u>915,985</u>                         |
| Public Safety                 |                   |                   |                   |                                        |
| Inspection and Compliance     | 1,066,200         | 1,146,256         | 1,142,542         | 3,714                                  |
| Fire-Rescue                   | 12,573,716        | 12,602,740        | 12,457,329        | 145,411                                |
| Police                        | 16,473,200        | 16,617,608        | 16,028,911        | 588,697                                |
| Emergency/Disaster Response   | 82,500            | 1,087,555         | 1,003,768         | 83,787                                 |
|                               | <u>30,195,616</u> | <u>31,454,159</u> | <u>30,632,550</u> | <u>821,609</u>                         |
| Physical Environment          |                   |                   |                   |                                        |
| Administration                | 869,000           | 870,847           | 845,749           | 25,098                                 |
| Sewer and Sanitation          | 8,009,800         | 8,412,045         | 7,332,517         | 1,079,528                              |
| Public Works                  | 3,154,000         | 3,746,786         | 3,170,611         | 576,175                                |
|                               | <u>12,032,800</u> | <u>13,029,678</u> | <u>11,348,877</u> | <u>1,680,801</u>                       |
| Transportation                |                   |                   |                   |                                        |
| Streets and Repairs           | 337,100           | 610,249           | 564,198           | 46,051                                 |
| Traffic Control               | 681,100           | 734,427           | 684,247           | 50,180                                 |
|                               | <u>1,018,200</u>  | <u>1,344,676</u>  | <u>1,248,445</u>  | <u>96,231</u>                          |
| Culture and Recreation        |                   |                   |                   |                                        |
| Recreation                    | 144,500           | 217,558           | 147,406           | 70,152                                 |
| Library                       | 272,400           | 272,400           | 272,400           | 0                                      |
| Parks and Beaches             | 1,518,100         | 1,565,235         | 1,428,571         | 136,664                                |
|                               | <u>1,935,000</u>  | <u>2,055,193</u>  | <u>1,848,377</u>  | <u>206,816</u>                         |

See notes to budgetary comparison schedule.

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2009

|                                       | Budgeted Amounts      |                       | Actual               | Variance with       |
|---------------------------------------|-----------------------|-----------------------|----------------------|---------------------|
|                                       | Original              | Final                 | Amounts              | Final Budget        |
|                                       |                       |                       |                      | Positive            |
|                                       |                       |                       |                      | (Negative)          |
| Non-departmental                      | \$ 1,918,000          | \$ 1,918,092          | \$ 1,918,051         | \$ 41               |
| <b>Total Expenditures</b>             | 59,728,600            | 62,007,896            | 58,286,413           | 3,721,483           |
| <b>Other Financing Sources (Uses)</b> |                       |                       |                      |                     |
| Transfers In                          | 550,000               | 550,000               | 550,000              | 0                   |
| Transfers Out                         | (7,607,000)           | (7,607,000)           | (7,607,000)          | 0                   |
|                                       | <u>(7,057,000)</u>    | <u>(7,057,000)</u>    | <u>(7,057,000)</u>   | <u>0</u>            |
| Revenue and Other Sources Under       |                       |                       |                      |                     |
| Expenditures and Other Uses           | <u>\$ (4,135,100)</u> | <u>\$ (6,414,396)</u> | (1,591,714)          | <u>\$ 4,822,682</u> |
| Fund balance at October 1, 2008       |                       |                       | <u>32,374,215</u>    |                     |
| Fund balance at September 30, 2009    |                       |                       | <u>\$ 30,782,501</u> |                     |

See notes to budgetary comparison schedule.

TOWN OF PALM BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2009

NOTE A - BUDGETARY ACCOUNTING

Budgets: Budgets are legally required to be adopted for the General Fund, the Series 2003 and 2008 Debt Service Funds, and the Capital Projects Funds. All governmental fund budgets are prepared on the modified accrual basis of accounting.

Under the Laws of the State of Florida and the Town Code, the Town Manager submits to the Mayor and Town Council, prior to July 31st, a proposed Annual Budget and Financial Plan for the fiscal year commencing the following October 1st. The Annual Budget and Financial Plan is prepared by fund, function and activity and includes all proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1st, the budget is legally enacted by the Town Council through passage of an ordinance.

Changes or amendments to increase or decrease the total amount of budgeted revenue or expenditures for a given fund must be approved by a majority vote of the Town Council; however, changes, amendments or transfers within the total revenue or expenditures for functions, activities or departments of a given fund may be approved by the Town Manager. During the fiscal year ended September 30, 2009, the Town Council approved supplemental appropriations in the General Fund totaling \$2,279,296.

During the current year, several budget amendments were approved by the Town Council and Town Manager. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget based on legally authorized revisions to the original budgets during the year. Unexpended appropriations lapse at year end.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control. Encumbrances lapse at year end and become obligations of the subsequent year's budget. At September 30, 2009, the Town had commitments related to unperformed contracts, which have been re-appropriated in the 2009-2010 annual budget. These amounts are not included in the current year's expenditures as reported in these financial statements.

NOTE B - BUDGET AND ACTUAL COMPARISONS

The Budgetary Comparison Schedule for the General Fund is required to be prepared under the basis of accounting used in preparing the budget. As indicated in Note A, the modified accrual basis of accounting is used for budgetary purposes. On-behalf payments from the state of Florida for Police and Fire-Rescue pensions are not included in the budget. As a result, General Fund revenue and expenditures reported in the budget and actual statement differ from the corresponding amounts reported on the basis of U.S. generally accepted accounting principles. These differences can be reconciled as follows:

TOWN OF PALM BEACH, FLORIDA  
NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2009

NOTE B - BUDGET AND ACTUAL COMPARISONS (Continued)

|                                                                                                                 | <u>Revenue</u>       | <u>Expenditures</u>  |
|-----------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Budgetary basis                                                                                                 | \$ 63,751,699        | \$ 58,286,413        |
| State on-behalf payments for Police and Fire-Rescue<br>pension contributions not included in budgetary<br>basis | <u>746,929</u>       | <u>746,929</u>       |
| GAAP basis                                                                                                      | <u>\$ 64,498,628</u> | <u>\$ 59,033,342</u> |

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**MAJOR CAPITAL PROJECTS FUNDS  
BUDGETARY COMPARISON SCHEDULES**

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND

Year Ended September 30, 2009

|                                      | Budgeted Amounts    |                      | Actual              | Variance with                          |
|--------------------------------------|---------------------|----------------------|---------------------|----------------------------------------|
|                                      | Original            | Final                | Amounts             | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUE</b>                       |                     |                      |                     |                                        |
| Investment earnings                  | \$ 425,000          | \$ 425,000           | \$ 177,275          | \$ (247,725)                           |
| Grant revenue                        | 1,120,000           | 1,120,000            | 52,691              | (1,067,309)                            |
| Miscellaneous                        | 0                   | 0                    | 15,336              | 15,336                                 |
|                                      | <u>0</u>            | <u>0</u>             | <u>15,336</u>       | <u>15,336</u>                          |
| Total revenue                        | <u>\$ 1,545,000</u> | <u>\$ 1,545,000</u>  | <u>\$ 245,302</u>   | <u>\$ (1,299,698)</u>                  |
| <b>EXPENDITURES</b>                  |                     |                      |                     |                                        |
| Current                              |                     |                      |                     |                                        |
| Physical environment                 | \$ 957,000          | \$ 2,366,410         | \$ 1,237,813        | \$ 1,128,597                           |
| Culture and recreation               | 0                   | 5,783                | 5,693               | 90                                     |
| Capital outlay                       | 2,435,000           | 12,451,699           | 5,026,000           | 7,425,699                              |
| Debt service                         |                     |                      |                     |                                        |
| Debt issue costs                     | 0                   | 0                    | 24,303              | (24,303)                               |
|                                      | <u>0</u>            | <u>0</u>             | <u>24,303</u>       | <u>(24,303)</u>                        |
| Total expenditures - budgetary basis | <u>\$ 3,392,000</u> | <u>\$ 14,823,892</u> | <u>\$ 6,293,809</u> | <u>\$ 8,530,083</u>                    |
| <b>OTHER FINANCING SOURCES</b>       |                     |                      |                     |                                        |
| Revenue note issued                  | \$ 0                | \$ 0                 | \$ 395,004          | \$ 395,004                             |
| Transfers in                         | 1,847,000           | 1,847,000            | 1,817,000           | (30,000)                               |
|                                      | <u>1,847,000</u>    | <u>1,847,000</u>     | <u>1,817,000</u>    | <u>(30,000)</u>                        |
| Total other financing sources        | <u>\$ 1,847,000</u> | <u>\$ 1,847,000</u>  | <u>\$ 2,212,004</u> | <u>\$ 365,004</u>                      |

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - BEACH RESTORATION PROJECT FUND

Year Ended September 30, 2009

|                                       | Budgeted Amounts    |                     | Actual              | Variance with         |
|---------------------------------------|---------------------|---------------------|---------------------|-----------------------|
|                                       | Original            | Final               | Amounts             | Final Budget          |
|                                       |                     |                     |                     | Positive              |
|                                       |                     |                     |                     | (Negative)            |
| <b>REVENUE</b>                        |                     |                     |                     |                       |
| Investment earnings                   | \$ 167,000          | \$ 167,000          | \$ 222,005          | \$ 55,005             |
| Grant revenue                         | <u>1,800,000</u>    | <u>1,800,000</u>    | <u>217,704</u>      | <u>(1,582,296)</u>    |
| Total revenue                         | <u>\$ 1,967,000</u> | <u>\$ 1,967,000</u> | <u>\$ 439,709</u>   | <u>\$ (1,527,291)</u> |
| <b>EXPENDITURES</b>                   |                     |                     |                     |                       |
| Current                               |                     |                     |                     |                       |
| Physical environment                  | \$ 2,565,100        | \$ 2,565,100        | \$ 677,517          | \$ 1,887,583          |
| Capital outlay                        | <u>3,500,900</u>    | <u>5,124,513</u>    | <u>759,238</u>      | <u>4,365,275</u>      |
| Total expenditures - budgetary basis  | <u>\$ 6,066,000</u> | <u>\$ 7,689,613</u> | <u>\$ 1,436,755</u> | <u>\$ 6,252,858</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b> |                     |                     |                     |                       |
| Transfers in                          | \$ 3,900,000        | \$ 3,900,000        | \$ 3,900,000        | \$ 0                  |
| Transfers out                         | <u>(549,800)</u>    | <u>(549,800)</u>    | <u>(549,800)</u>    | <u>0</u>              |
| Total other financing sources         | <u>\$ 3,350,200</u> | <u>\$ 3,350,200</u> | <u>\$ 3,350,200</u> | <u>\$ 0</u>           |



TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - TOWN FACILITIES FUND

Year Ended September 30, 2009

|                                      | Budgeted Amounts      |                       | Actual                | Variance with       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
|                                      | Original              | Final                 | Amounts               | Final Budget        |
|                                      |                       |                       |                       | Positive            |
|                                      |                       |                       |                       | (Negative)          |
| <b>REVENUE</b>                       |                       |                       |                       |                     |
| Investment earnings                  | \$ 230,000            | \$ 230,000            | \$ 62,045             | \$ (167,955)        |
| Grant revenue                        | 245,000               | 245,000               | 227,547               | (17,453)            |
| Miscellaneous                        | 500,000               | 500,000               | 89,147                | (410,853)           |
|                                      |                       |                       |                       |                     |
| Total revenue                        | <u>\$ 975,000</u>     | <u>\$ 975,000</u>     | <u>\$ 378,739</u>     | <u>\$ (596,261)</u> |
|                                      |                       |                       |                       |                     |
| <b>EXPENDITURES</b>                  |                       |                       |                       |                     |
| Capital outlay                       | <u>\$ 9,782,393</u>   | <u>\$ 10,236,012</u>  | <u>\$ 4,965,033</u>   | <u>\$ 5,270,979</u> |
|                                      |                       |                       |                       |                     |
| Total expenditures - budgetary basis | <u>\$ 9,782,393</u>   | <u>\$ 10,236,012</u>  | <u>\$ 4,965,033</u>   | <u>\$ 5,270,979</u> |
|                                      |                       |                       |                       |                     |
| <b>OTHER FINANCING USES</b>          |                       |                       |                       |                     |
| Transfers out                        | <u>\$ (1,900,000)</u> | <u>\$ (1,900,000)</u> | <u>\$ (1,900,000)</u> | <u>\$ 0</u>         |
|                                      |                       |                       |                       |                     |
| Total other financing uses           | <u>\$ (1,900,000)</u> | <u>\$ (1,900,000)</u> | <u>\$ (1,900,000)</u> | <u>\$ 0</u>         |

## **Nonmajor Governmental Funds**

### ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The Town's special revenue funds are as follows:

**State Forfeiture Fund** - To account for Law Enforcement Trust Fund monies.

**Federal Forfeiture Fund** - To account for Federal forfeiture receipts.

**Donation Fund** - To account for monies donated to the Town.

### ***DEBT SERVICE FUNDS***

Debt service funds are used to account for the accumulation of resources for, and the payment of debt principal, interest and related costs. The Town's debt service funds are as follows:

**Series 2003 Debt Service Fund**

**Series 2008 Debt Service Fund**

TOWN OF PALM BEACH, FLORIDA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

September 30, 2009

|                                         | Special Revenue             |                               |                   |
|-----------------------------------------|-----------------------------|-------------------------------|-------------------|
|                                         | State<br>Forfeiture<br>Fund | Federal<br>Forfeiture<br>Fund | Donation<br>Fund  |
| <b>ASSETS</b>                           |                             |                               |                   |
| Equity in pooled cash and investments   | \$ 154,582                  | \$ 66,390                     | \$ 280,026        |
| Total assets                            | <u>\$ 154,582</u>           | <u>\$ 66,390</u>              | <u>\$ 280,026</u> |
| <b>LIABILITIES AND FUND BALANCES</b>    |                             |                               |                   |
| <b>LIABILITIES</b>                      |                             |                               |                   |
| Accounts payable                        | \$ 335                      | \$                            | \$ 8,232          |
| Due to other funds                      |                             |                               | 7,692             |
|                                         | <u>335</u>                  | <u>0</u>                      | <u>15,924</u>     |
| <b>FUND BALANCES</b>                    |                             |                               |                   |
| Reserved:                               |                             |                               |                   |
| Reserved for debt service               |                             |                               |                   |
| Reserved for other purposes             | 154,247                     | 66,390                        | 264,102           |
| Unreserved, designated for debt service |                             |                               |                   |
| Total fund balances                     | <u>154,247</u>              | <u>66,390</u>                 | <u>264,102</u>    |
| Total liabilities and fund balances     | <u>\$ 154,582</u>           | <u>\$ 66,390</u>              | <u>\$ 280,026</u> |

| Debt Service                        |                                     | Total Nonmajor<br>Governmental<br>Funds |
|-------------------------------------|-------------------------------------|-----------------------------------------|
| Series 2003<br>Debt Service<br>Fund | Series 2008<br>Debt Service<br>Fund |                                         |
| \$ 45,854                           | \$ 372,414                          | \$ 919,266                              |
| \$ 45,854                           | \$ 372,414                          | \$ 919,266                              |
|                                     |                                     |                                         |
| \$                                  | \$                                  | \$ 8,567                                |
|                                     |                                     | 7,692                                   |
| 0                                   | 0                                   | 16,259                                  |
|                                     |                                     |                                         |
|                                     | 126,750                             | 126,750                                 |
|                                     |                                     | 484,739                                 |
| 45,854                              | 245,664                             | 291,518                                 |
| 45,854                              | 372,414                             | 903,007                                 |
| \$ 45,854                           | \$ 372,414                          | \$ 919,266                              |

TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2009

|                                     | Special Revenue             |                               |                   |
|-------------------------------------|-----------------------------|-------------------------------|-------------------|
|                                     | State<br>Forfeiture<br>Fund | Federal<br>Forfeiture<br>Fund | Donation<br>Fund  |
| <b>Revenue</b>                      |                             |                               |                   |
| Fines and forfeitures               |                             |                               |                   |
| Seizure deposits                    | \$                          | \$ 2,490                      | \$                |
| Investment earnings                 | 1,037                       | 369                           | 1,217             |
| Contributions                       |                             |                               | 189,613           |
|                                     | <u>1,037</u>                | <u>2,859</u>                  | <u>190,830</u>    |
| <b>Expenditures</b>                 |                             |                               |                   |
| Current                             |                             |                               |                   |
| General government                  |                             |                               | 67,243            |
| Public safety                       | 12,918                      | 4,000                         | 165,940           |
| Physical environment                |                             |                               | 1,675             |
| Culture and recreation              |                             |                               | 4,564             |
| Capital outlay                      | 23,213                      |                               | 13,750            |
| Debt service                        |                             |                               |                   |
| Principal retirement                |                             |                               |                   |
| Interest and fiscal charges         |                             |                               |                   |
|                                     | <u>36,131</u>               | <u>4,000</u>                  | <u>253,172</u>    |
| Revenue over (under) expenditures   | (35,094)                    | (1,141)                       | (62,342)          |
| <b>Other financing sources</b>      |                             |                               |                   |
| Transfers in                        |                             |                               |                   |
|                                     |                             |                               |                   |
| Net change in fund balances         | (35,094)                    | (1,141)                       | (62,342)          |
| Fund balances at October 1, 2008    | <u>189,341</u>              | <u>67,531</u>                 | <u>326,444</u>    |
| Fund balances at September 30, 2009 | <u>\$ 154,247</u>           | <u>\$ 66,390</u>              | <u>\$ 264,102</u> |

| Debt Service                        |                                     | Total Nonmajor<br>Governmental<br>Funds |
|-------------------------------------|-------------------------------------|-----------------------------------------|
| Series 2003<br>Debt Service<br>Fund | Series 2008<br>Debt Service<br>Fund |                                         |
| \$                                  | \$                                  | \$                                      |
| 697                                 | 2,105                               | 2,490                                   |
|                                     |                                     | 5,425                                   |
|                                     |                                     | 189,613                                 |
| <u>697</u>                          | <u>2,105</u>                        | <u>197,528</u>                          |
|                                     |                                     | 67,243                                  |
|                                     |                                     | 182,858                                 |
|                                     |                                     | 1,675                                   |
|                                     |                                     | 4,564                                   |
|                                     |                                     | 36,963                                  |
| 3,875,000                           |                                     | 3,875,000                               |
| 461,178                             | 188,972                             | 650,150                                 |
| <u>4,336,178</u>                    | <u>188,972</u>                      | <u>4,818,453</u>                        |
| (4,335,481)                         | (186,867)                           | (4,620,925)                             |
| <u>4,339,800</u>                    |                                     | <u>4,339,800</u>                        |
| 4,319                               | (186,867)                           | (281,125)                               |
| 41,535                              | 559,281                             | 1,184,132                               |
| <u>\$ 45,854</u>                    | <u>\$ 372,414</u>                   | <u>\$ 903,007</u>                       |

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - SERIES 2003 DEBT SERVICE FUND

Year Ended September 30, 2009

|                                | Budgeted Amounts |              | Actual       | Variance with |
|--------------------------------|------------------|--------------|--------------|---------------|
|                                | Original         | Final        | Amounts      | Final Budget  |
|                                |                  |              |              | Positive      |
|                                |                  |              |              | (Negative)    |
| <b>REVENUE</b>                 |                  |              |              |               |
| Investment earnings            | \$ 1,000         | \$ 1,000     | \$ 697       | \$ (303)      |
| <b>EXPENDITURES</b>            |                  |              |              |               |
| Debt service                   |                  |              |              |               |
| Principal retirement           | \$ 3,875,000     | \$ 3,875,000 | \$ 3,875,000 | \$ 0          |
| Interest and fiscal charges    | 464,700          | 464,700      | 461,178      | 3,522         |
| Total expenditures             | \$ 4,339,700     | \$ 4,339,700 | \$ 4,336,178 | \$ 3,522      |
| <b>OTHER FINANCING SOURCES</b> |                  |              |              |               |
| Transfers in                   | \$ 4,339,800     | \$ 4,339,800 | \$ 4,339,800 | \$ 0          |

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - SERIES 2008 DEBT SERVICE FUND

Year Ended September 30, 2009

|                             | Budgeted Amounts |            | Actual     | Variance with |
|-----------------------------|------------------|------------|------------|---------------|
|                             | Original         | Final      | Amounts    | Final Budget  |
|                             |                  |            |            | Positive      |
|                             |                  |            |            | (Negative)    |
| REVENUE                     |                  |            |            |               |
| Investment earnings         | \$ 14,000        | \$ 14,000  | \$ 2,105   | \$ (11,895)   |
| EXPENDITURES                |                  |            |            |               |
| Debt service                |                  |            |            |               |
| Interest and fiscal charges | \$ 252,000       | \$ 252,000 | \$ 188,972 | \$ 63,028     |



### *INTERNAL SERVICE FUNDS*

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Property, Liability and Workers Compensation Insurance Fund** – To account for the Town's property, liability, and workers compensation insurance activities.

**Group Health Insurance Fund** - To account for the Town's health insurance activities.

**Equipment Replacement Fund** – To account for the accumulation of financial resources to be used for the acquisition of major capital equipment and vehicles.

TOWN OF PALM BEACH, FLORIDA

COMBINING BALANCE SHEET - INTERNAL SERVICE FUNDS

September 30, 2009

|                                                          | Property,<br>Liability and<br>Workers<br>Compensation<br>Insurance Fund | Group Health<br>Insurance<br>Fund | Equipment<br>Replacement<br>Fund | Total         |
|----------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------|----------------------------------|---------------|
| <b>ASSETS</b>                                            |                                                                         |                                   |                                  |               |
| Current assets                                           |                                                                         |                                   |                                  |               |
| Cash and cash equivalents                                | \$ 20,000                                                               | \$ 38,978                         | \$                               | \$ 58,978     |
| Equity in pooled cash and investments                    | 10,079,084                                                              | 2,883,339                         | 11,123,038                       | 24,085,461    |
| Interest receivable                                      | 24,123                                                                  |                                   | 24,123                           | 48,246        |
| Due from other funds                                     |                                                                         | 3,917                             |                                  | 3,917         |
| Prepaid expenses                                         | 100                                                                     | 25,287                            |                                  | 25,387        |
| Total current assets                                     | 10,123,307                                                              | 2,951,521                         | 11,147,161                       | 24,221,989    |
| Noncurrent assets                                        |                                                                         |                                   |                                  |               |
| Capital assets                                           |                                                                         |                                   |                                  |               |
| Equipment                                                | 63,601                                                                  |                                   | 6,187,275                        | 6,250,876     |
| Accumulated depreciation                                 | (6,746)                                                                 |                                   | (1,175,633)                      | (1,182,379)   |
| Total capital assets, net of<br>accumulated depreciation | 56,855                                                                  | 0                                 | 5,011,642                        | 5,068,497     |
| Total assets                                             | 10,180,162                                                              | 2,951,521                         | 16,158,803                       | 29,290,486    |
| <b>LIABILITIES</b>                                       |                                                                         |                                   |                                  |               |
| Current liabilities                                      |                                                                         |                                   |                                  |               |
| Accounts payable                                         | 58,495                                                                  | 341,311                           | 307,073                          | 706,879       |
| Accrued liabilities                                      | 2,480,729                                                               | 752,651                           |                                  | 3,233,380     |
| Due to other funds                                       | 3,791                                                                   |                                   |                                  | 3,791         |
| Total current liabilities                                | 2,543,015                                                               | 1,093,962                         | 307,073                          | 3,944,050     |
| Noncurrent liability                                     |                                                                         |                                   |                                  |               |
| Compensated absences payable                             | 16,505                                                                  | 11,842                            |                                  | 28,347        |
| Total liabilities                                        | 2,559,520                                                               | 1,105,804                         | 307,073                          | 3,972,397     |
| <b>NET ASSETS</b>                                        |                                                                         |                                   |                                  |               |
| Invested in capital assets                               | 56,855                                                                  |                                   | 5,011,642                        | 5,068,497     |
| Unrestricted                                             | 7,563,787                                                               | 1,845,717                         | 10,840,088                       | 20,249,592    |
| Total net assets                                         | \$ 7,620,642                                                            | \$ 1,845,717                      | \$ 15,851,730                    | \$ 25,318,089 |

TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS

Year Ended September 30, 2009

|                                       | Property,<br>Liability and<br>Workers<br>Compensation<br>Insurance Fund | Group Health<br>Insurance<br>Fund | Equipment<br>Replacement<br>Fund | Total                |
|---------------------------------------|-------------------------------------------------------------------------|-----------------------------------|----------------------------------|----------------------|
| <b>Operating revenue</b>              |                                                                         |                                   |                                  |                      |
| Charges for services                  | \$ 1,918,000                                                            | \$ 4,660,663                      | \$ 1,903,529                     | \$ 8,482,192         |
| Other                                 | 15,244                                                                  |                                   | 114,910                          | 130,154              |
|                                       | <u>1,933,244</u>                                                        | <u>4,660,663</u>                  | <u>2,018,439</u>                 | <u>8,612,346</u>     |
| <b>Operating expenses</b>             |                                                                         |                                   |                                  |                      |
| Personal services                     | 137,374                                                                 | 109,207                           |                                  | 246,581              |
| Contractual services                  | 18,038                                                                  | 5,365                             |                                  | 23,403               |
| Insurance and claims                  | 1,020,942                                                               | 4,373,261                         |                                  | 5,394,203            |
| Depreciation                          | 3,566                                                                   |                                   | 659,122                          | 662,688              |
| Other                                 | 10,738                                                                  | 3,584                             | 60,470                           | 74,792               |
|                                       | <u>1,190,658</u>                                                        | <u>4,491,417</u>                  | <u>719,592</u>                   | <u>6,401,667</u>     |
| Operating Income                      | 742,586                                                                 | 169,246                           | 1,298,847                        | 2,210,679            |
| <b>Nonoperating revenue (expense)</b> |                                                                         |                                   |                                  |                      |
| Investment earnings                   | 113,265                                                                 | 16,009                            | 208,899                          | 338,173              |
| Insurance recoveries                  | 175,520                                                                 |                                   |                                  | 175,520              |
| Loss on disposal of capital assets    |                                                                         | (507)                             |                                  | (507)                |
|                                       | <u>288,785</u>                                                          | <u>15,502</u>                     | <u>208,899</u>                   | <u>513,186</u>       |
| Change in Net Assets                  | 1,031,371                                                               | 184,748                           | 1,507,746                        | 2,723,865            |
| Net assets at October 1, 2008         | <u>6,589,271</u>                                                        | <u>1,660,969</u>                  | <u>14,343,984</u>                | <u>22,594,224</u>    |
| Net assets at September 30, 2009      | <u>\$ 7,620,642</u>                                                     | <u>\$ 1,845,717</u>               | <u>\$ 15,851,730</u>             | <u>\$ 25,318,089</u> |

TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF CASH FLOWS -  
INTERNAL SERVICE FUNDS

Year Ended September 30, 2009

|                                                                                         | Property,<br>Liability and<br>Workers<br>Compensation<br>Insurance Fund | Group Health<br>Insurance<br>Fund | Equipment<br>Replacement<br>Fund | Total                |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------|----------------------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>                                                             |                                                                         |                                   |                                  |                      |
| Receipts from customers and users                                                       | \$ 1,918,000                                                            | \$ 4,660,663                      | \$ 1,903,529                     | \$ 8,482,192         |
| Payments to employees                                                                   | (135,966)                                                               | (98,496)                          |                                  | (234,462)            |
| Payments to suppliers                                                                   | (1,576,820)                                                             | (4,377,828)                       | (59,642)                         | (6,014,290)          |
| Payments to other funds                                                                 |                                                                         | (3,917)                           |                                  | (3,917)              |
| Other receipts                                                                          | 16,283                                                                  |                                   | 114,910                          | 131,193              |
| Net cash provided by operating activities                                               | 221,497                                                                 | 180,422                           | 1,958,797                        | 2,360,716            |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                         |                                                                         |                                   |                                  |                      |
| Acquisition of property and equipment                                                   |                                                                         |                                   | (3,050,720)                      | (3,050,720)          |
| Insurance recoveries                                                                    | 175,520                                                                 |                                   |                                  | 175,520              |
| Net cash provided by (used in) capital and related financing activities                 | 175,520                                                                 | 0                                 | (3,050,720)                      | (2,875,200)          |
| <b>INVESTING ACTIVITY</b>                                                               |                                                                         |                                   |                                  |                      |
| Investment earnings received                                                            | 89,142                                                                  | 16,009                            | 184,776                          | 289,927              |
| Net cash provided by investing activity                                                 | 89,142                                                                  | 16,009                            | 184,776                          | 289,927              |
| Net increase (decrease) in cash and cash equivalents                                    | 486,159                                                                 | 196,431                           | (907,147)                        | (224,557)            |
| Cash and cash equivalents at October 1, 2008                                            | 9,612,925                                                               | 2,725,886                         | 12,030,185                       | 24,368,996           |
| Cash and cash equivalents at September 30, 2009                                         | <u>\$ 10,099,084</u>                                                    | <u>\$ 2,922,317</u>               | <u>\$ 11,123,038</u>             | <u>\$ 24,144,439</u> |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |                                                                         |                                   |                                  |                      |
| Operating income                                                                        | \$ 742,586                                                              | \$ 169,246                        | \$ 1,298,847                     | \$ 2,210,679         |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                                                                         |                                   |                                  |                      |
| Depreciation                                                                            | 3,566                                                                   |                                   | 659,122                          | 662,688              |
| Changes in operating assets and liabilities:                                            |                                                                         |                                   |                                  |                      |
| (Increase) decrease in due from other funds                                             | 1,039                                                                   | (3,917)                           | 828                              | (2,050)              |
| Increase in prepaid expenses                                                            | (100)                                                                   | (25,287)                          |                                  | (25,387)             |
| Increase (decrease) in accounts payable                                                 | (11,769)                                                                | 42,733                            |                                  | 30,964               |
| Decrease in accrued liabilities                                                         | (519,371)                                                               |                                   |                                  | (519,371)            |
| Increase (decrease) in due to other funds                                               | 3,791                                                                   | (13,070)                          |                                  | (9,279)              |
| Increase in compensated absences payable                                                | 1,755                                                                   | 10,717                            |                                  | 12,472               |
| Net cash provided by operating activities                                               | <u>\$ 221,497</u>                                                       | <u>\$ 180,422</u>                 | <u>\$ 1,958,797</u>              | <u>\$ 2,360,716</u>  |

FIDUCIARY FUNDS  
COMBINING FINANCIAL STATEMENTS

*TRUST FUNDS*

Trust funds are used to account for the accumulation of resources that are required to be held in trust for the payment of retirement and other postemployment benefits.

**General Employees Pension Trust Fund** - To account for the accumulation of resources to be used for retirement benefits payable to eligible Town general employees and lifeguards.

**Police Officers' Retirement Trust Fund** - To account for the accumulation of resources to be used for retirement benefits payable to eligible Town police employees.

**Firefighters' Retirement Trust Fund** - To account for the accumulation of resources to be used for retirement benefits payable to eligible Town fire-rescue employees.

**OPEB Trust Fund** - To account for the accumulation of resources to be used for Town retiree healthcare benefits.

*AGENCY FUND*

**Kreusler Park Fund** - To account for the funds collected on behalf of Palm Beach County at Kreusler Park.

## TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF PLAN NET ASSETS -  
TRUST FUNDS

September 30, 2009

|                                                                                 | General<br>Employees<br>Pension<br>Trust Fund | Police<br>Officers'<br>Retirement<br>Trust Fund | Firefighters'<br>Retirement<br>Trust Fund | OPEB<br>Trust Fund   | Total                 |
|---------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------|-------------------------------------------|----------------------|-----------------------|
| <b>ASSETS</b>                                                                   |                                               |                                                 |                                           |                      |                       |
| Cash and short-term investments                                                 | \$ 801,003                                    | \$ 3,358,866                                    | \$ 2,010,134                              | \$ 22,678            | \$ 6,192,681          |
| Equity in pooled cash and investments                                           |                                               |                                                 |                                           | 2,663,834            | 2,663,834             |
| Accrued interest and dividends receivable                                       | 7,501                                         | 60,397                                          | 44,327                                    | 6,182                | 118,407               |
| Due from other funds                                                            |                                               |                                                 |                                           | 1,438                | 1,438                 |
| Due from State of Florida                                                       |                                               |                                                 | 103,396                                   |                      | 103,396               |
| Due from broker for securities sold                                             |                                               | 105,000                                         | 1,905,438                                 |                      | 2,010,438             |
| Other receivables                                                               |                                               |                                                 | 23,874                                    |                      | 23,874                |
| Prepaid expenses and other assets                                               | 1,864                                         | 9,020                                           | 10,775                                    |                      | 21,659                |
| Investments, at fair value                                                      |                                               |                                                 |                                           |                      |                       |
| U.S. Government and Agency securities                                           |                                               | 1,643,583                                       | 2,318,261                                 |                      | 3,961,844             |
| Domestic common stocks                                                          | 7,356,621                                     | 4,193,767                                       | 4,978,552                                 |                      | 16,528,940            |
| Domestic corporate bonds                                                        |                                               | 7,607,948                                       | 5,359,680                                 | 1,312,800            | 14,280,428            |
| Mutual funds                                                                    | 52,186,139                                    | 18,318,056                                      | 17,434,718                                | 8,094,008            | 96,032,921            |
| Alternative investments                                                         |                                               | 17,303,766                                      | 17,051,858                                | 3,995,444            | 38,351,068            |
| Total investments                                                               | <u>59,542,760</u>                             | <u>49,067,120</u>                               | <u>47,143,069</u>                         | <u>13,402,252</u>    | <u>169,155,201</u>    |
| Total assets                                                                    | 60,353,128                                    | 52,600,403                                      | 51,241,013                                | 16,096,384           | 180,290,928           |
| <b>LIABILITIES</b>                                                              |                                               |                                                 |                                           |                      |                       |
| Accounts payable                                                                | 38,134                                        | 35,218                                          | 35,411                                    | 197,845              | 306,608               |
| Due to other funds                                                              | 6,381                                         |                                                 |                                           |                      | 6,381                 |
| DROP plan liability                                                             |                                               |                                                 | 950,007                                   |                      | 950,007               |
| Total liabilities                                                               | <u>44,515</u>                                 | <u>35,218</u>                                   | <u>985,418</u>                            | <u>197,845</u>       | <u>1,262,996</u>      |
| <b>NET ASSETS HELD IN TRUST<br/>FOR PENSION AND RETIREE<br/>HEALTH BENEFITS</b> | <u>\$ 60,308,613</u>                          | <u>\$ 52,565,185</u>                            | <u>\$ 50,255,595</u>                      | <u>\$ 15,898,539</u> | <u>\$ 179,027,932</u> |

TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS -  
TRUST FUNDS

Year Ended September 30, 2009

|                                                                                                       | General<br>Employees<br>Pension<br>Trust Fund | Police<br>Officers'<br>Retirement<br>Trust Fund | Firefighters'<br>Retirement<br>Trust Fund | OPEB<br>Trust Fund   | Total                 |
|-------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------|-------------------------------------------|----------------------|-----------------------|
| <b>ADDITIONS</b>                                                                                      |                                               |                                                 |                                           |                      |                       |
| Contributions                                                                                         |                                               |                                                 |                                           |                      |                       |
| Employer                                                                                              | \$ 2,420,128                                  | \$ 2,104,724                                    | \$ 2,359,327                              | \$ 1,649,000         | \$ 8,533,179          |
| Employee                                                                                              | 891,027                                       | 422,170                                         | 442,893                                   | 948,344              | 2,704,434             |
| State                                                                                                 |                                               | 225,628                                         | 521,301                                   |                      | 746,929               |
| Other                                                                                                 |                                               |                                                 |                                           | 81,140               | 81,140                |
| Total contributions                                                                                   | 3,311,155                                     | 2,752,522                                       | 3,323,521                                 | 2,678,484            | 12,065,682            |
| Investment income (loss)                                                                              |                                               |                                                 |                                           |                      |                       |
| Net depreciation in fair value<br>of investments                                                      | (471,559)                                     | (1,479,266)                                     | (1,104,238)                               | (784,903)            | (3,839,966)           |
| Interest and dividend income                                                                          | 64,151                                        | 590,542                                         | 382,003                                   | 305,794              | 1,342,490             |
| Other                                                                                                 | 1,736                                         | 563                                             |                                           |                      | 2,299                 |
|                                                                                                       | (405,672)                                     | (888,161)                                       | (722,235)                                 | (479,109)            | (2,495,177)           |
| Less investment expense                                                                               | 243,332                                       | 242,246                                         | 198,094                                   | 79,786               | 763,458               |
| Net investment loss                                                                                   | (649,004)                                     | (1,130,407)                                     | (920,329)                                 | (558,895)            | (3,258,635)           |
| Total additions                                                                                       | 2,662,151                                     | 1,622,115                                       | 2,403,192                                 | 2,119,589            | 8,807,047             |
| <b>DEDUCTIONS</b>                                                                                     |                                               |                                                 |                                           |                      |                       |
| Benefit payments                                                                                      | 3,617,877                                     | 3,478,322                                       | 3,557,684                                 | 1,941,781            | 12,595,664            |
| Share account distributions                                                                           |                                               |                                                 | 125,972                                   |                      | 125,972               |
| Refunds                                                                                               | 100,068                                       | 85,510                                          |                                           |                      | 185,578               |
| Administrative expense                                                                                | 79,284                                        | 208,665                                         | 214,915                                   | 65,149               | 568,013               |
| Other                                                                                                 |                                               |                                                 | 27,763                                    |                      | 27,763                |
| Total deductions                                                                                      | 3,797,229                                     | 3,772,497                                       | 3,926,334                                 | 2,006,930            | 13,502,990            |
| Net increase (decrease)                                                                               | (1,135,078)                                   | (2,150,382)                                     | (1,523,142)                               | 112,659              | (4,695,943)           |
| Net assets held in trust for pension and<br>retiree health benefits at October 1, 2008                | 61,443,691                                    | 54,715,567                                      | 51,778,737                                | 15,785,880           | 183,723,875           |
| <b>NET ASSETS HELD IN TRUST FOR PENSION<br/>AND RETIREE HEALTH BENEFITS<br/>AT SEPTEMBER 30, 2009</b> | <u>\$ 60,308,613</u>                          | <u>\$ 52,565,185</u>                            | <u>\$ 50,255,595</u>                      | <u>\$ 15,898,539</u> | <u>\$ 179,027,932</u> |

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUND

Year Ended September 30, 2009

|                                          | Balance<br>October 1,<br>2008 | Additions         | Deductions        | Balance<br>September 30,<br>2009 |
|------------------------------------------|-------------------------------|-------------------|-------------------|----------------------------------|
| <b>KREUSLER PARK FUND</b>                |                               |                   |                   |                                  |
| <b>ASSETS</b>                            |                               |                   |                   |                                  |
| Equity in pooled cash and<br>investments | \$ 17,532                     | \$ 295,099        | \$ 274,802        | \$ 37,829                        |
| Due from other funds                     | 0                             | 166,012           | 166,012           | 0                                |
| Total assets                             | <u>\$ 17,532</u>              | <u>\$ 461,111</u> | <u>\$ 440,814</u> | <u>\$ 37,829</u>                 |
| <b>LIABILITIES</b>                       |                               |                   |                   |                                  |
| Accounts payable                         | <u>\$ 17,532</u>              | <u>\$ 445,886</u> | <u>\$ 425,589</u> | <u>\$ 37,829</u>                 |
| Total liabilities                        | <u>\$ 17,532</u>              | <u>\$ 445,886</u> | <u>\$ 425,589</u> | <u>\$ 37,829</u>                 |



## **STATISTICAL SECTION**

# STATISTICAL SECTION

This part of the Town of Palm Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town of Palm Beach's overall financial health.

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| <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>                                                                                      |      |
| Revenue Capacity .....                                                                                                                                                                                                                          | 90   |
| <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>                                                                                                        |      |
| Debt Capacity .....                                                                                                                                                                                                                             | 99   |
| <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>                                          |      |
| Demographic and Economic Information .....                                                                                                                                                                                                      | 105  |
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| <i>These schedules contain information about the Town's operations and resources to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i> |      |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

# Town of Palm Beach, Florida

Net Assets by Component

Last Seven Fiscal Years

Accrual Basis of Accounting

|                                                  | Fiscal Year           |                       |                       |                       |                       |                       |                       |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                  | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  |
| <b>Governmental activities</b>                   |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 51,595,063         | \$ 50,906,153         | \$ 52,423,983         | \$ 70,412,738         | \$ 71,453,781         | \$ 75,658,381         | \$ 80,983,936         |
| Restricted                                       | 0                     | 250,907               | 199,674               | 234,245               | 276,523               | 1,184,132             | 611,489               |
| Unrestricted                                     | 75,213,296            | 80,397,271            | 86,813,836            | 83,756,838            | 94,548,246            | 90,855,890            | 91,088,326            |
| <b>Total governmental activities net assets</b>  | <u>\$ 126,808,359</u> | <u>\$ 131,554,331</u> | <u>\$ 139,437,493</u> | <u>\$ 154,403,821</u> | <u>\$ 166,278,550</u> | <u>\$ 167,698,403</u> | <u>\$ 172,683,751</u> |
| <b>Business-type activities</b>                  |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 8,946,928          | \$ 10,515,063         | \$ 10,679,781         | \$ 10,965,117         | \$ 10,971,879         | \$ 12,635,374         | \$ 17,120,652         |
| Restricted                                       | 0                     | 0                     | 0                     | 0                     | 0                     | 800,000               | 0                     |
| Unrestricted                                     | 2,781,185             | 3,129,161             | 4,091,466             | 4,117,835             | 4,715,002             | 4,798,209             | 2,955,244             |
| <b>Total business-type activities net assets</b> | <u>\$ 11,728,113</u>  | <u>\$ 13,644,224</u>  | <u>\$ 14,771,247</u>  | <u>\$ 15,082,952</u>  | <u>\$ 15,686,881</u>  | <u>\$ 18,233,583</u>  | <u>\$ 20,075,896</u>  |
| <b>Primary government</b>                        |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 60,541,991         | \$ 61,421,216         | \$ 63,103,764         | \$ 81,377,855         | \$ 82,425,660         | \$ 88,293,755         | \$ 98,104,588         |
| Restricted                                       | 0                     | 250,907               | 199,674               | 234,245               | 276,523               | 1,984,132             | 611,489               |
| Unrestricted                                     | 77,994,481            | 83,526,432            | 90,905,302            | 87,874,673            | 99,263,248            | 95,654,099            | 94,043,570            |
| <b>Total primary government net assets</b>       | <u>\$ 138,536,472</u> | <u>\$ 145,198,555</u> | <u>\$ 154,208,740</u> | <u>\$ 169,486,773</u> | <u>\$ 181,965,431</u> | <u>\$ 185,931,986</u> | <u>\$ 192,759,647</u> |

# Town of Palm Beach, Florida

Changes in Net Assets

Last Seven Fiscal Years

Accrual Basis of Accounting

|                                                        | Fiscal Year            |                        |                        |                        |                        |                        |                        |
|--------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                        | 2003                   | 2004                   | 2005                   | 2006                   | 2007                   | 2008                   | 2009                   |
| <b>Expenses</b>                                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                |                        |                        |                        |                        |                        |                        |                        |
| General government                                     |                        |                        |                        |                        |                        |                        |                        |
| Public safety                                          | \$ 8,402,847           | \$ 12,881,165          | \$ 10,541,925          | \$ 10,770,654          | \$ 11,620,148          | \$ 14,194,382          | \$ 11,687,399          |
| Physical environment                                   | 19,803,167             | 22,872,573             | 27,865,411             | 27,115,822             | 30,526,540             | 29,688,750             | 30,755,445             |
| Transportation                                         | 9,307,102              | 11,851,242             | 12,267,718             | 19,746,156             | 15,169,120             | 19,802,683             | 17,536,687             |
| Culture and recreation                                 | 582,376                | 773,122                | 1,042,556              | 1,179,979              | 864,359                | 1,131,044              | 1,206,068              |
| Interest on long-term debt                             | 2,489,073              | 1,561,430              | 1,677,604              | 1,919,405              | 1,854,023              | 1,814,544              | 1,796,409              |
| Culture and recreation                                 | 1,277,118              | 1,590,795              | 1,138,344              | 1,030,985              | 913,297                | 825,899                | 741,244                |
| <b>Total governmental activities expenses</b>          | <u>41,861,683</u>      | <u>51,530,327</u>      | <u>54,533,558</u>      | <u>61,763,001</u>      | <u>60,947,487</u>      | <u>67,457,302</u>      | <u>63,723,252</u>      |
| Business-type activities                               |                        |                        |                        |                        |                        |                        |                        |
| Leisure services                                       | 1,528,543              | 2,935,651              | 3,099,168              | 3,474,250              | 3,546,363              | 3,450,003              | 3,666,342              |
| <b>Total business-type activities expenses</b>         | <u>1,528,543</u>       | <u>2,935,651</u>       | <u>3,099,168</u>       | <u>3,474,250</u>       | <u>3,546,363</u>       | <u>3,450,003</u>       | <u>3,666,342</u>       |
| <b>Total primary government expenses</b>               | <u>\$ 43,390,226</u>   | <u>\$ 54,465,978</u>   | <u>\$ 57,632,726</u>   | <u>\$ 65,237,251</u>   | <u>\$ 64,493,850</u>   | <u>\$ 70,907,305</u>   | <u>\$ 67,389,594</u>   |
| <b>Program Revenues</b>                                |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                |                        |                        |                        |                        |                        |                        |                        |
| Charges for services                                   |                        |                        |                        |                        |                        |                        |                        |
| General government                                     | \$ 5,859,442           | \$ 6,317,510           | \$ 7,094,336           | \$ 6,745,625           | \$ 7,308,586           | \$ 8,016,246           | \$ 5,035,126           |
| Public safety                                          | 2,233,350              | 1,827,503              | 1,551,196              | 1,913,437              | 2,449,825              | 2,330,239              | 2,464,558              |
| Physical environment                                   | 2,707,891              | 869,451                | 925,645                | 1,354,292              | 1,022,063              | 1,041,072              | 1,131,884              |
| Transportation                                         | 398,614                | 433,041                | 393,012                | 410,584                | 540,123                | 657,135                | 650,537                |
| Culture and recreation                                 | 354,790                | 0                      | 0                      | 0                      | 54,004                 | 84,663                 | 61,388                 |
| Operating grants and contributions                     |                        |                        |                        |                        |                        |                        |                        |
| General government                                     | 0                      | 2,378,073              | 3,892,522              | 2,995,182              | 28,427                 | 847,910                | 39,649                 |
| Public safety                                          | 713,611                | 182,917                | 1,394,472              | 963,866                | 1,214,891              | 1,253,809              | 842,282                |
| Physical environment                                   | 722,869                | 60,470                 | 1,612,048              | 9,672,675              | 163,213                | 158,231                | 319,781                |
| Transportation                                         | 0                      | 0                      | 0                      | 78,013                 | 71,204                 | 694,700                | 42,347                 |
| Culture and recreation                                 | 0                      | 177,157                | 32,932                 | 49,728                 | 74,614                 | 15,831                 | 39,894                 |
| Capital grants and contributions                       |                        |                        |                        |                        |                        |                        |                        |
| Public safety                                          | 52,768                 | 478,202                | 68,524                 | 179,952                | 30,837                 | 10,957                 | 1,885,000              |
| Physical environment                                   | 2,567,523              | 607,209                | 0                      | 0                      | 3,154,725              | 672,290                | 2,490                  |
| Culture and recreation                                 | 0                      | 21,791                 | 0                      | 0                      | 0                      | 0                      | 445,251                |
| <b>Total governmental activities program revenues</b>  | <u>15,610,858</u>      | <u>13,353,324</u>      | <u>16,964,687</u>      | <u>24,363,354</u>      | <u>16,112,512</u>      | <u>15,783,083</u>      | <u>12,960,187</u>      |
| Business-type activities                               |                        |                        |                        |                        |                        |                        |                        |
| Charges for services                                   |                        |                        |                        |                        |                        |                        |                        |
| Leisure Services Fund                                  | 3,137,471              | 3,543,090              | 3,786,711              | 3,984,307              | 4,291,969              | 4,523,039              | 4,160,010              |
| Operating grants and contributions                     | 0                      | 0                      | 0                      | 67,183                 | 0                      | 0                      | 0                      |
| Capital grants and contributions                       | 0                      | 0                      | 0                      | 0                      | 0                      | 1,884,649              | 1,830,934              |
| <b>Total business-type activities program revenues</b> | <u>3,137,471</u>       | <u>3,543,090</u>       | <u>3,786,711</u>       | <u>4,051,490</u>       | <u>4,291,969</u>       | <u>6,407,688</u>       | <u>5,990,944</u>       |
| <b>Total primary government program revenues</b>       | <u>\$ 18,748,329</u>   | <u>\$ 16,896,414</u>   | <u>\$ 20,751,398</u>   | <u>\$ 28,414,844</u>   | <u>\$ 20,404,481</u>   | <u>\$ 22,190,771</u>   | <u>\$ 18,951,131</u>   |
| <b>Net (expense)/revenue</b>                           |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                | \$ (26,250,825)        | \$ (38,177,003)        | \$ (37,568,871)        | \$ (37,399,647)        | \$ (44,834,975)        | \$ (51,674,219)        | \$ (50,763,065)        |
| Business-type activities                               | 1,608,928              | 607,439                | 687,543                | 577,240                | 745,606                | 2,957,685              | 2,324,602              |
| <b>Total primary government net expense</b>            | <u>\$ (24,641,897)</u> | <u>\$ (37,569,564)</u> | <u>\$ (36,881,328)</u> | <u>\$ (36,822,407)</u> | <u>\$ (44,089,369)</u> | <u>\$ (48,716,534)</u> | <u>\$ (48,438,463)</u> |

# Town of Palm Beach, Florida

Changes in Net Assets (continued)

Last Seven Fiscal Years

Accrual Basis of Accounting

|                                                  | Fiscal Year   |               |               |               |               |               |               |
|--------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                  | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          |
| General Revenues and Other Changes in Net Assets |               |               |               |               |               |               |               |
| Governmental activities:                         |               |               |               |               |               |               |               |
| Taxes:                                           |               |               |               |               |               |               |               |
| Property taxes                                   | \$ 29,815,341 | \$ 32,778,331 | \$ 35,539,136 | \$ 39,008,774 | \$ 43,096,605 | \$ 41,457,249 | \$ 42,887,217 |
| Local option gas tax                             | 224,517       | 219,755       | 222,226       | 360,210       | 360,853       | 337,785       | 324,077       |
| Franchise fees                                   | 1,726,221     | 1,881,195     | 1,989,980     | 2,433,811     | 2,478,487     | 2,447,544     | 2,454,232     |
| Utility service taxes                            | 4,156,003     | 3,983,261     | 4,160,185     | 4,167,844     | 4,105,957     | 4,496,507     | 4,608,088     |
| Business tax receipts                            |               |               |               |               |               |               | 726,239       |
| Intergovernmental, unrestricted                  | 958,145       | 1,730,628     | 1,192,382     | 1,158,415     | 1,249,609     | 1,108,340     | 1,190,409     |
| Investment earnings                              | 2,285,717     | 1,676,047     | 2,661,913     | 4,709,493     | 4,891,708     | 2,666,647     | 2,728,147     |
| Miscellaneous                                    | 850,582       | 1,905,491     | 0             | 0             | 51,565        | 0             | 280,004       |
| Transfers                                        | 675,000       | (1,251,733)   | (313,789)     | 527,428       | 474,920       | 580,000       | 550,000       |
| Total governmental activities                    | 40,691,526    | 42,922,975    | 45,452,033    | 52,365,975    | 56,709,704    | 53,094,072    | 55,748,413    |
| Business-type activities                         |               |               |               |               |               |               |               |
| Investment earnings                              | 55,287        | 56,939        | 125,691       | 261,893       | 333,243       | 169,017       | 67,711        |
| Transfers                                        | (675,000)     | 1,251,733     | 313,789       | (527,428)     | (474,920)     | (580,000)     | (550,000)     |
| Total business-type activities                   | (619,713)     | 1,308,672     | 439,480       | (265,535)     | (141,677)     | (410,983)     | (482,289)     |
| Total primary government                         | \$ 40,071,813 | \$ 44,231,647 | \$ 45,891,513 | \$ 52,100,440 | \$ 56,568,027 | \$ 52,683,089 | \$ 55,266,124 |
| Changes in Net Assets                            |               |               |               |               |               |               |               |
| Governmental activities                          | \$ 14,440,701 | \$ 4,745,972  | \$ 7,883,162  | \$ 14,966,328 | \$ 11,874,729 | \$ 1,419,853  | \$ 4,985,348  |
| Business-type activities                         | 989,215       | 1,916,111     | 1,127,023     | 311,705       | 603,929       | 2,546,702     | 1,842,313     |
| Total primary government                         | \$ 15,429,916 | \$ 6,662,083  | \$ 9,010,185  | \$ 15,278,033 | \$ 12,478,658 | \$ 3,966,555  | \$ 6,827,661  |

# Town of Palm Beach, Florida

Fund Balances of Governmental Funds

Last Seven Fiscal Years

Modified Accrual Basis of Accounting

|                                     | Fiscal Year          |                      |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 |
|                                     |                      |                      |                      |                      |                      | 2009                 |
| <b>General Fund</b>                 |                      |                      |                      |                      |                      |                      |
| Reserved                            | \$ 918,224           | \$ 2,881,233         | \$ 1,213,317         | \$ 1,379,142         | \$ 2,188,726         | \$ 515,591           |
| Unreserved                          | 20,511,244           | 23,413,449           | 24,761,271           | 23,010,110           | 28,447,330           | 31,858,624           |
| Total General Fund                  | <u>\$ 21,429,468</u> | <u>\$ 26,294,682</u> | <u>\$ 25,974,588</u> | <u>\$ 24,389,252</u> | <u>\$ 30,636,056</u> | <u>\$ 32,374,215</u> |
|                                     |                      |                      |                      |                      |                      | \$ 478,285           |
|                                     |                      |                      |                      |                      |                      | 30,304,216           |
|                                     |                      |                      |                      |                      |                      | <u>\$ 30,782,501</u> |
| <b>All other governmental funds</b> |                      |                      |                      |                      |                      |                      |
| Reserved                            | \$ 8,988,509         | \$ 8,233,283         | \$ 9,932,425         | \$ 4,569,597         | \$ 3,879,869         | \$ 1,184,132         |
| Unreserved, reported in:            |                      |                      |                      |                      |                      |                      |
| Capital Projects funds              | 47,027,447           | 42,062,662           | 35,813,734           | 34,579,119           | 22,254,563           | 29,111,356           |
| Debt Service funds                  |                      |                      |                      |                      |                      | 18,107,668           |
| Total all other governmental funds  | <u>\$ 56,015,956</u> | <u>\$ 50,295,945</u> | <u>\$ 45,746,159</u> | <u>\$ 39,148,716</u> | <u>\$ 26,134,432</u> | <u>\$ 30,295,488</u> |
|                                     |                      |                      |                      |                      |                      | 291,518              |
|                                     |                      |                      |                      |                      |                      | <u>\$ 22,044,720</u> |

## Town of Palm Beach, Florida

*Tax Revenues by Source, Governmental Funds*

*Last Ten Fiscal Years*

| <b>Fiscal<br/>Year</b> | <b>Property<br/>Taxes*</b> | <b>Local Option<br/>Gas Tax</b> | <b>Franchise<br/>Fees</b> | <b>Utility<br/>Service Taxes</b> | <b>Business<br/>Tax Receipts (1)</b> | <b>Total</b>  |
|------------------------|----------------------------|---------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------|
| <b>2000</b>            | \$ 24,401,036              | \$ 334,144                      | \$ 1,693,857              | \$ 3,549,952                     | \$                                   | \$ 29,978,989 |
| <b>2001</b>            | 26,280,565                 | 342,479                         | 2,049,125                 | 3,560,240                        |                                      | 32,232,409    |
| <b>2002</b>            | 27,281,634                 | 351,349                         | 1,716,214                 | 4,022,212                        |                                      | 33,371,409    |
| <b>2003</b>            | 29,815,341                 | 224,517                         | 1,726,221                 | 4,156,003                        |                                      | 35,922,082    |
| <b>2004</b>            | 32,778,331                 | 219,755                         | 1,881,195                 | 3,983,261                        |                                      | 38,862,542    |
| <b>2005</b>            | 35,539,136                 | 222,226                         | 1,989,980                 | 4,160,185                        |                                      | 41,911,527    |
| <b>2006</b>            | 39,008,774                 | 360,210                         | 2,433,811                 | 4,167,844                        |                                      | 45,970,639    |
| <b>2007</b>            | 43,096,605                 | 360,853                         | 2,478,487                 | 4,105,957                        |                                      | 50,041,902    |
| <b>2008</b>            | 41,457,249                 | 337,785                         | 2,447,544                 | 4,496,507                        |                                      | 48,739,085    |
| <b>2009</b>            | 42,887,217                 | 324,077                         | 2,454,232                 | 4,608,088                        | 726,239                              | 50,999,853    |

Change:

|           |       |       |       |       |     |       |
|-----------|-------|-------|-------|-------|-----|-------|
| 2000-2009 | 75.8% | -3.0% | 44.9% | 29.8% | N/A | 70.1% |
|-----------|-------|-------|-------|-------|-----|-------|

\*Property taxes received for both General Fund and Debt Service Fund (debt service taxes ended in FY2005).

(1) In 2009 occupational licenses and business permits were reclassified from charges for services to taxes.

# Town of Palm Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

|                                                          | Fiscal Year          |                     |                     |                     |
|----------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|
|                                                          | 2000                 | 2001                | 2002                | 2003                |
| <b>Revenues</b>                                          |                      |                     |                     |                     |
| Taxes                                                    | \$ 30,029,262        | \$ 32,232,409       | \$ 33,371,408       | \$ 35,323,171       |
| Fees and permits                                         | 7,309,553            | 6,236,113           | 5,503,582           | 5,654,137           |
| Intergovernmental                                        | 2,059,790            | 1,655,313           | 1,874,958           | 3,671,884           |
| Charges for services                                     | 2,131,584            | 2,309,482           | 2,227,358           | 2,560,809           |
| Fines and forfeitures                                    | 601,549              | 781,383             | 566,084             | 1,477,456           |
| Investment earnings                                      | 2,773,177            | 3,981,390           | 2,365,768           | 2,055,825           |
| Grant revenue                                            | 622,278              | 1,260,721           | 492,853             | 2,620,291           |
| Miscellaneous                                            | 490,415              | 1,322,688           | 1,168,307           | 1,034,628           |
| <b>Total revenues</b>                                    | <u>46,017,608</u>    | <u>49,779,499</u>   | <u>47,570,318</u>   | <u>54,398,201</u>   |
| <b>Expenditures</b>                                      |                      |                     |                     |                     |
| General government                                       | 5,177,891            | 5,180,026           | 5,975,712           | 5,610,928           |
| Public safety                                            | 16,426,549           | 17,156,353          | 17,919,096          | 18,716,632          |
| Physical environment                                     | 6,311,150            | 6,676,052           | 7,001,958           | 7,879,102           |
| Transportation                                           | 942,015              | 939,737             | 993,183             | 582,376             |
| Culture and recreation                                   | 1,733,867            | 1,756,614           | 1,953,697           | 2,448,947           |
| Non-departmental                                         | 1,650,768            | 1,948,065           | 2,292,624           | 2,746,915           |
| Capital outlay                                           | 2,750,478            | 7,559,940           | 8,760,344           | 12,360,305          |
| Debt service                                             |                      |                     |                     |                     |
| Principal                                                | 1,936,960            | 770,479             | 766,832             | 765,063             |
| Interest                                                 | 246,722              | 1,468,440           | 1,346,513           | 1,158,641           |
| Bond issue costs                                         | 0                    | 0                   | 0                   | 0                   |
| <b>Total expenditures</b>                                | <u>37,176,400</u>    | <u>43,455,706</u>   | <u>47,009,959</u>   | <u>52,268,909</u>   |
| Revenues over (under) expenditures                       | 8,841,208            | 6,323,793           | 560,359             | 2,129,292           |
| <b>Other financing sources (uses)</b>                    |                      |                     |                     |                     |
| Transfers in                                             | 4,108,419            | 12,402,818          | 10,451,455          | 10,333,656          |
| Transfers out                                            | (3,433,419)          | (11,727,818)        | (9,776,455)         | (9,658,656)         |
| Proceeds from sale of capital assets                     | 0                    | 0                   | 0                   | 0                   |
| Capital lease issued                                     | 0                    | 676,387             | 140,795             | 0                   |
| Bonds/ Notes issued                                      | 23,003,099           | 0                   | 0                   | 6,108,358           |
| Redemption of bonds                                      | 0                    | 0                   | 0                   | (18,936,555)        |
| Proceeds of refunding note                               | 0                    | 0                   | 0                   | 19,016,765          |
| <b>Total other financing sources (uses)</b>              | <u>23,678,099</u>    | <u>1,351,387</u>    | <u>815,795</u>      | <u>6,863,568</u>    |
| Net change in fund balances                              | <u>\$ 32,519,307</u> | <u>\$ 7,675,180</u> | <u>\$ 1,376,154</u> | <u>\$ 8,992,860</u> |
| Debt service as a percentage of non-capital expenditures | <u>6.34%</u>         | <u>6.24%</u>        | <u>5.53%</u>        | <u>4.82%</u>        |



| Fiscal Year   |                |                |               |               |                |
|---------------|----------------|----------------|---------------|---------------|----------------|
| 2004          | 2005           | 2006           | 2007          | 2008          | 2009           |
| \$ 38,862,542 | \$ 41,911,527  | \$ 45,970,639  | \$ 50,041,902 | \$ 48,739,085 | \$ 50,999,853  |
| 6,116,488     | 6,913,397      | 6,473,831      | 7,147,383     | 7,835,468     | 4,865,780      |
| 1,927,469     | 2,072,960      | 2,153,286      | 2,312,236     | 2,107,927     | 1,937,338      |
| 2,054,178     | 2,097,306      | 2,487,444      | 2,448,829     | 2,808,298     | 3,277,981      |
| 1,079,973     | 822,112        | 874,351        | 1,572,285     | 1,194,275     | 927,863        |
| 1,282,245     | 2,119,210      | 3,663,648      | 3,618,646     | 2,036,192     | 2,389,974      |
| 2,720,018     | 5,106,760      | 12,674,928     | 3,313,649     | 2,331,850     | 792,662        |
| 1,185,826     | 781,153        | 495,349        | 567,739       | 613,605       | 568,455        |
| 55,228,739    | 61,824,425     | 74,793,476     | 71,022,669    | 67,666,700    | 65,759,906     |
| 6,647,556     | 7,817,780      | 8,315,398      | 8,932,304     | 9,986,924     | 10,923,177     |
| 21,444,642    | 27,088,862     | 26,417,211     | 28,458,944    | 29,464,707    | 31,367,667     |
| 10,350,736    | 10,928,714     | 18,557,179     | 12,773,809    | 15,175,670    | 13,252,050     |
| 769,745       | 1,043,893      | 1,185,987      | 838,808       | 1,160,600     | 1,248,445      |
| 1,561,430     | 1,678,681      | 1,938,137      | 1,748,780     | 1,829,385     | 1,858,634      |
| 4,822,927     | 2,510,033      | 2,390,000      | 2,220,201     | 2,414,968     | 1,918,051      |
| 7,627,971     | 8,062,746      | 20,270,287     | 8,089,774     | 7,859,165     | 11,429,915     |
| 3,825,289     | 4,135,584      | 3,564,637      | 3,672,904     | 3,811,297     | 3,875,000      |
| 1,372,527     | 1,014,223      | 864,847        | 763,674       | 614,269       | 650,150        |
| 0             | 0              | 0              | 0             | 30,500        | 24,303         |
| 58,422,823    | 64,280,516     | 83,503,683     | 67,499,198    | 72,347,485    | 76,547,392     |
| (3,194,084)   | (2,456,091)    | (8,710,207)    | 3,523,471     | (4,680,785)   | (10,787,486)   |
| 9,761,263     | 11,392,115     | 14,210,192     | 8,602,057     | 7,039,939     | 10,606,800     |
| (9,386,855)   | (13,805,904)   | (13,682,764)   | (8,127,137)   | (6,459,939)   | (10,056,800)   |
| 1,964,879     | 0              | 0              | 0             | 0             | 0              |
| 0             | 0              | 0              | 0             | 0             | 0              |
| 0             | 0              | 0              | 0             | 10,000,000    | 395,004        |
| 0             | 0              | 0              | 0             | 0             | 0              |
| 0             | 0              | 0              | 0             | 0             | 0              |
| 2,339,287     | (2,413,789)    | 527,428        | 474,920       | 10,580,000    | 945,004        |
| \$ (854,797)  | \$ (4,869,880) | \$ (8,182,779) | \$ 3,998,391  | \$ 5,899,215  | \$ (9,842,482) |
| 10.23%        | 9.16%          | 7.00%          | 7.47%         | 6.91%         | 6.99%          |

## Town of Palm Beach, Florida

Historic and Projected General Fund Non-Ad Valorem Revenues

Last Ten Fiscal Years Actual and Next Year Budgeted

|                                      | Actual<br>FY2000     | Actual<br>FY2001     | Actual<br>FY2002     | Actual<br>FY2003     |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Franchise Fees (4)                   | \$ 1,693,857         | \$ 2,049,125         | \$ 1,716,214         | \$ 1,726,221         |
| Utility Service Tax                  | 3,549,952            | 3,560,240            | 4,022,212            | 4,156,003            |
| Occupational Licenses                | 547,441              | 634,645              | 605,737              | 617,974              |
| Building Permits (1)                 | 6,406,102            | 5,158,528            | 4,781,034            | 4,906,964            |
| Other License Fees & Permits         | 245,086              | 219,919              | 116,811              | 129,199              |
| State Shared Revenue (2)             | 872,579              | 833,836              | 903,840              | 846,318              |
| Grants                               | 217,939              | 26,212               | 44,608               | 52,768               |
| Local Shared Revenue                 | 596,487              | 86,922               | 163,871              | 290,620              |
| General Government                   | 34,135               | 28,739               | 30,709               | 36,095               |
| Public Safety                        | 655,934              | 775,900              | 662,763              | 940,784              |
| Physical Environment                 | 829,803              | 893,973              | 907,551              | 892,634              |
| Transportation                       | 343,076              | 340,899              | 351,495              | 398,614              |
| Culture - Recreation (3)             | 268,636              | 269,969              | 274,840              | 292,682              |
| Fines & Forfeitures                  | 600,722              | 758,453              | 550,323              | 863,474              |
| Contributions                        | 0                    | 25,801               | 250                  | 0                    |
| Investment Earnings                  | 1,637,841            | 1,782,377            | 665,828              | 583,091              |
| Rents & Royalties                    | 71,695               | 70,203               | 92,470               | 60,573               |
| Sale of Capital Assets (5)           | 33,041               | 35,014               | 41,923               | 0                    |
| Miscellaneous Other                  | 70,974               | 150,926              | 88,808               | 69,386               |
| <b>Total Non-Ad Valorem Revenues</b> | <b>\$ 18,675,300</b> | <b>\$ 17,701,681</b> | <b>\$ 16,021,287</b> | <b>\$ 16,863,400</b> |

(1) Excludes community service fee (Community Service fee discontinued for FY2003).

(2) Excludes 8th cent motor fuel tax and fuel tax refund.

(3) The Recreation activities were consolidated with the Marina and Golf Fund to create the Leisure Services Enterprise Fund in FY2004.

(4) In FY2002 the Simplified Telecommunications Tax went into effect eliminating franchise fees for cable and telephone companies and combining them into the public service tax for a new simplified tax.

(5) Proceeds from the sale of capital assets were deposited in the Equipment Replacement Fund after FY2002.

| <b>Actual<br/>FY2004</b> | <b>Actual<br/>FY2005</b> | <b>Actual<br/>FY2006</b> | <b>Actual<br/>FY2007</b> | <b>Actual<br/>FY2008</b> | <b>Actual<br/>FY2009</b> | <b>Budgeted<br/>FY2010</b> |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| \$ 1,881,195             | \$ 1,989,980             | \$ 2,433,811             | \$ 2,478,487             | \$ 2,447,544             | \$ 2,454,232             | \$ 2,480,000               |
| 3,983,261                | 4,160,185                | 4,167,844                | 4,105,957                | 4,496,507                | 4,608,088                | 4,458,000                  |
| 697,297                  | 695,544                  | 721,659                  | 740,875                  | 741,535                  | 726,239                  | 720,000                    |
| 5,273,284                | 6,073,756                | 5,628,019                | 6,201,211                | 6,844,875                | 4,701,645                | 4,727,300                  |
| 145,907                  | 144,097                  | 124,153                  | 205,297                  | 249,058                  | 164,135                  | 227,300                    |
| 893,193                  | 954,356                  | 1,029,461                | 1,142,553                | 1,072,734                | 1,081,727                | 1,056,500                  |
| 150,735                  | 165,216                  | 162,824                  | 135,131                  | 71,745                   | 353,590                  | 51,200                     |
| 196,841                  | 207,581                  | 204,636                  | 40,077                   | 24,700                   | 39,997                   | 40,000                     |
| 46,244                   | 49,565                   | 46,062                   | 41,094                   | 34,413                   | 27,618                   | 25,900                     |
| 705,442                  | 729,084                  | 1,065,595                | 908,376                  | 1,146,921                | 1,539,185                | 1,237,600                  |
| 869,451                  | 925,645                  | 991,712                  | 1,022,063                | 1,041,072                | 1,131,884                | 1,176,900                  |
| 433,054                  | 393,012                  | 410,584                  | 477,295                  | 585,892                  | 579,294                  | 547,500                    |
| 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                          |
| 846,677                  | 811,038                  | 770,067                  | 1,541,448                | 1,183,318                | 1,152,807                | 1,149,200                  |
| 150,000                  | 4,035                    | 900                      | 0                        | 10,000                   | 0                        | 10,000                     |
| 527,686                  | 905,025                  | 1,902,793                | 2,287,127                | 1,368,751                | 1,923,224                | 1,540,000                  |
| 72,377                   | 50,460                   | 39,634                   | 80,961                   | 111,320                  | 44,491                   | 88,100                     |
| 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                          |
| 83,894                   | 140,317                  | 243,602                  | 147,348                  | 190,761                  | 158,625                  | 134,000                    |
| <b>\$ 16,956,538</b>     | <b>\$ 18,398,896</b>     | <b>\$ 19,943,356</b>     | <b>\$ 21,555,300</b>     | <b>\$ 21,621,146</b>     | <b>\$ 20,686,781</b>     | <b>\$ 19,669,500</b>       |

## **Description of Certain Major Sources of Non-Ad Valorem Revenues As Defined in Bond Document (Unaudited)**

### **Franchise Fees**

Public utilities operating within the Town of Palm Beach must pay the Town a franchise fee in return for the right to do business within the Town and for the right to use public rights-of-way. Franchise agreements currently in effect include: Florida Public Utilities, Florida Power & Light, BellSouth Telecommunications, and Comcast Cable.

### **Utility Service Tax**

The Town levies a utility tax on the purchase of electricity, metered or bottled gas, water service and telecommunication services. The Town levies this tax at the state allowed maximum of 10% for all services.

### **Occupational Licenses**

Any person engaging in or managing any business, occupation or profession within the limits of the Town of Palm Beach must obtain an occupational license. All licenses must be secured at the time the business begins operation and are renewed thereafter each October 1. The fee for each license is based on the business in which the entity is engaged.

### **Building Permits**

Building permit fees include all building, electrical, mechanical and plumbing permits as well as architectural fees, variance application fees, and landmark application fees. Building permit fees were reduced for FY2008.

### **Other License Fees and Permits**

These revenues include, right of way permits, parking permits and registrations.

### **State Shared Revenue**

Revenues that are distributed from the State of Florida to the Town of Palm Beach are included in this line item. A portion of this revenue is State Revenue Sharing. The current structure of the revenue sharing program has three revenue sources for municipalities: Sales & Use Tax, one-cent Municipal Gas Tax and the State Alternative Fuel Decal Users Fee. Of these sources, the one-cent Municipal Gas Tax (Local Option Gas Tax) is restricted to expenditures for roads and has not been included in the *Historic and Projected Non Ad Valorem Revenue Chart*. Also included in the State Shared Revenue sections are the following distributions from the State of Florida: Alcoholic Beverage License and Sales Tax.

### **Grant Revenue**

Reflected in the grant total for FY2008 is the receipt of funds for criminal justice assistance and bullet proof vests.

### **Local Shared Revenue**

Local shared revenue includes a portion of the Palm Beach County Occupational License fees and a 911 equipment reimbursement.

### **General Government Revenues**

These revenues include charges for copies, meeting tapes, lien search fees, microfiche, certification of copies and sales of maps and code books.

### **Public Safety Revenue**

Public Safety Revenue includes special detail pay for police and fire officers, EMS transport fees, burglar alarm registration and false alarm fees, police ID cards, and Direct Connect Alarm fees. In FY2006 new fire inspection fees were approved by the Town Council. In FY2008, fees were increased for false alarm charges.

**Physical Environment Revenue**

Physical Environment Revenue includes solid waste collection fees, (collected through a non-ad valorem assessment), recycling fees and beach cleaning fees.

**Transportation**

Revenues include parking meter and permit collections. In FY2008, parking meter fees were increased.

**Culture - Recreation**

Recreation fees were transferred to the Leisure Services Enterprise Fund beginning in FY2004.

**Fines and Forfeitures**

Fines and penalties received from traffic violations, parking meter violations, right-of-way violations, and code compliance fines.

**Contributions**

Contributions represent donations by citizens and businesses for various Town projects.

**Investment Earnings**

Represents interest earnings on cash, cash equivalents, and investments.

**Rents and Royalties**

Represents revenue from the rental of public property, pay phone and vending machine commissions.

**Sale of Capital Assets**

Revenue represents proceeds from the sale of capital assets. Sale proceeds have been deposited in the Equipment Replacement Fund since FY2003.

**Miscellaneous Other Revenue**

Revenues include a fee paid to the Town for the administration of Kreusler Park parking lot, fees associated with charitable solicitations, a rebate for Town towing, State highway lighting maintenance, insurance proceeds for hurricane damage and other miscellaneous revenues.

**Outstanding Town Indebtedness**

The Town does not have any general obligation bonds outstanding as of September 30, 2009. In May 2000, the Town issued \$23,530,000 of Non-Ad Valorem Revenue Bonds, which were partially refunded with the Series 2003A bonds, in the amount of \$18,385,000, issued in April 2003. The Series 2003B Bonds were issued in the amount of \$6,130,000. In 2008, the Town issued a \$10 million revenue note for the Town Hall renovation project. Both 2003 series bonds and the 2008 note are special obligations of the Town payable solely from and secured solely by non-ad valorem revenue and any unused debt proceeds and related investment income.

## Town of Palm Beach, Florida

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Other Property | Less: Tax-exempt Property | Total Taxable Value | Total Direct Tax Rate | Total Assessed Value | Assessed Value as a % of Actual Value |
|-------------|----------------------|---------------------|---------------------|----------------|---------------------------|---------------------|-----------------------|----------------------|---------------------------------------|
| 2000        | \$ 4,821,990,971     | \$ 584,752,591      | \$ 515,428          | \$ 187,976,974 | \$ (257,665,350)          | \$ 5,337,570,614    | \$ 4.6452             | \$ 5,595,145,964     | 95%                                   |
| 2001        | 5,400,734,073        | 620,602,412         | 515,428             | 127,148,409    | (203,178,569)             | 5,945,821,753       | 4.5059                | 6,149,000,322        | 97%                                   |
| 2002        | 6,206,528,438        | 713,221,831         | 581,586             | 198,001,569    | (273,176,208)             | 6,845,157,216       | 4.0641                | 7,118,333,424        | 96%                                   |
| 2003        | 8,080,983,466        | 718,908,958         | 582,176             | 191,393,118    | (1,484,871,904)           | 7,506,995,814       | 4.0541                | 8,991,867,718        | 83%                                   |
| 2004        | 8,988,874,192        | 748,443,954         | 582,895             | 216,411,548    | (1,681,379,665)           | 8,272,932,924       | 4.0529                | 9,954,312,589        | 83%                                   |
| 2005        | 9,931,612,775        | 812,906,404         | 584,205             | 213,751,855    | (1,945,418,542)           | 9,013,436,697       | 4.0287                | 10,958,855,239       | 82%                                   |
| 2006        | 11,779,370,251       | 847,044,936         | 613,890             | 246,102,739    | (2,619,553,324)           | 10,253,578,492      | 3.9080                | 12,873,131,816       | 80%                                   |
| 2007        | 14,127,084,784       | 999,659,666         | 750,509             | 283,725,731    | (3,500,257,437)           | 11,910,963,253      | 3.7273                | 15,411,220,688       | 77%                                   |
| 2008        | 14,861,022,194       | 1,067,802,643       | 752,116             | 294,479,830    | (3,605,041,339)           | 12,619,015,444      | 3.3637                | 16,224,056,783       | 78%                                   |
| 2009        | 16,446,919,025       | 1,144,245,693       | 1,283,286           | 319,200,545    | (4,347,624,821)           | 13,564,023,728      | 3.2512                | 17,911,648,549       | 76%                                   |

Assessed value is an annual determination of the just or fair market value of the property, or the value of the homestead property as limited pursuant to State law.

Taxable value is the assessed value of property minus the amount of any applicable exemption provided under State law.

Property in Palm Beach County is reassessed every three years on average by the Palm Beach County Property Appraiser.

## Town of Palm Beach, Florida

### Direct and Overlapping Property Tax Rates

#### Last Ten Fiscal Years

| Fiscal Year | Town Direct Rates |              |              | Overlapping Rates |                   |                          | Total All |
|-------------|-------------------|--------------|--------------|-------------------|-------------------|--------------------------|-----------|
|             | General Fund      | Debt Service | Total Direct | School District   | Palm Beach County | Special Taxing Districts |           |
| 2000        | 4.3000            | 0.3452       | 4.6452       | 9.0430            | 4.9456            | 2.1856                   | 20.8194   |
| 2001        | 4.4019            | 0.1040       | 4.5059       | 8.9180            | 4.9362            | 2.2630                   | 20.6231   |
| 2002        | 3.9757            | 0.0884       | 4.0641       | 8.9780            | 4.9351            | 2.4558                   | 20.4330   |
| 2003        | 3.9706            | 0.0835       | 4.0541       | 8.7790            | 4.8084            | 2.4883                   | 20.1298   |
| 2004        | 3.9768            | 0.0761       | 4.0529       | 8.5710            | 4.7910            | 2.5557                   | 19.9706   |
| 2005        | 3.9594            | 0.0693       | 4.0287       | 8.4320            | 4.7677            | 2.5257                   | 19.7541   |
| 2006        | 3.9080            | 0            | 3.9080       | 8.1060            | 4.7192            | 2.5114                   | 19.2446   |
| 2007        | 3.7273            | 0            | 3.7273       | 7.8720            | 4.4775            | 2.3254                   | 18.4022   |
| 2008        | 3.3637            | 0            | 3.3637       | 7.3560            | 3.9813            | 2.1308                   | 16.8318   |
| 2009        | 3.2512            | 0            | 3.2512       | 7.2510            | 3.9656            | 2.2569                   | 16.7247   |

|                            |                                                                                                                                                                                                                                                                          |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tax rate limits            | - Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).                                                                                                                                                                          |
| Scope of tax rate limit    | - No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes. |
| Taxes assessed             | - January 1                                                                                                                                                                                                                                                              |
| Taxes due                  | - March 31                                                                                                                                                                                                                                                               |
| Taxes delinquent           | - April 1                                                                                                                                                                                                                                                                |
| Discount allowed           | - 4% November; 3% December, 2% January; 1% February                                                                                                                                                                                                                      |
| Penalties for delinquent   | - 2.5% after April 1, increase .5% each ten days; maximum 5%                                                                                                                                                                                                             |
| Tax collector              | - Palm Beach County                                                                                                                                                                                                                                                      |
| Tax collector's commission | - None                                                                                                                                                                                                                                                                   |

## Town of Palm Beach, Florida

*Principal Property Tax Payers*

*September 30, 2009 and Nine Years Ago*

|                               | 2009                         |               |      |                                                 |
|-------------------------------|------------------------------|---------------|------|-------------------------------------------------|
|                               | Taxable<br>Assessed<br>Value | Taxes<br>Paid | Rank | Percentage of<br>Town Taxable<br>Assessed Value |
| Breakers Hotel                | \$ 271,108,504               | \$ 881,428    | 1    | 2.00%                                           |
| Nelson Peltz                  | 95,328,725                   | 309,933       | 2    | 0.70%                                           |
| JV Associates                 | 66,000,000                   | 214,579       | 3    | 0.49%                                           |
| County Road Property LLC      | 65,018,718                   | 211,389       | 4    | 0.48%                                           |
| Dwight Schar                  | 59,250,386                   | 192,635       | 5    | 0.44%                                           |
| 700 North Lake LLC            | 54,094,071                   | 175,871       | 6    | 0.40%                                           |
| Sidney Spiegel                | 44,528,394                   | 144,771       | 7    | 0.33%                                           |
| Sydell Miller                 | 48,670,656                   | 158,238       | 8    | 0.36%                                           |
| Everglades Club               | 41,377,527                   | 134,527       | 9    | 0.31%                                           |
| Edward Falcone                | 39,574,840                   | 128,666       | 10   | 0.29%                                           |
| Worth Avenue Associates LTD   |                              |               |      |                                                 |
| Thirty Eight East Corporation |                              |               |      |                                                 |
| Abraham Gosman                |                              |               |      |                                                 |
| Sydney Spiegel Trust          |                              |               |      |                                                 |
| Mar-a-Lago Club               |                              |               |      |                                                 |
| Sidney Kimmel                 |                              |               |      |                                                 |
| Totals                        | \$ 784,951,821               | \$ 2,552,037  |      | 5.79%                                           |

Source: Palm Beach County Property Appraiser



| 2000                         |             |               |      |                                                 |
|------------------------------|-------------|---------------|------|-------------------------------------------------|
| Taxable<br>Assessed<br>Value |             | Taxes<br>Paid | Rank | Percentage of<br>Town Taxable<br>Assessed Value |
| \$                           | 154,174,852 | \$ 662,952    | 1    | 2.89%                                           |
|                              | 43,413,450  | 186,678       | 3    | 0.81%                                           |
|                              | 47,000,000  | 202,100       | 2    | 0.88%                                           |
|                              |             |               |      |                                                 |
|                              | 30,195,086  | 129,839       | 5    | 0.57%                                           |
|                              | 32,900,000  | 141,470       | 4    | 0.62%                                           |
|                              | 24,814,779  | 106,704       | 7    | 0.46%                                           |
|                              | 23,879,745  | 102,683       | 8    | 0.45%                                           |
|                              | 21,586,747  | 92,823        | 10   | 0.40%                                           |
|                              | 22,156,732  | 95,274        | 9    | 0.42%                                           |
|                              | 24,873,562  | 106,956       | 6    | 0.47%                                           |
| \$                           | 424,994,953 | \$ 1,827,479  |      | 7.97%                                           |

## Town of Palm Beach, Florida

### Property Tax Levies and Collections

Last Ten Fiscal Years

| Fiscal Year | Net Tax Levy* | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Property Tax Collections | Collections as a Percent of Current Levy |
|-------------|---------------|-------------------------|---------------------------|----------------------------|--------------------------------|------------------------------------------|
| 2000        | \$ 25,307,729 | \$ 24,401,036           | 96.42%                    | \$ 19,382                  | \$ 24,420,418                  | 96.49%                                   |
| 2001        | 27,216,139    | 26,280,565              | 96.56%                    | 10,646                     | 26,291,211                     | 96.60%                                   |
| 2002        | 28,188,467    | 27,281,634              | 96.78%                    | 43,368                     | 27,325,002                     | 96.94%                                   |
| 2003        | 31,072,246    | 29,815,341              | 95.95%                    | 14,019                     | 29,829,360                     | 96.00%                                   |
| 2004        | 34,130,901    | 32,778,331              | 96.04%                    | 57,193                     | 32,835,524                     | 96.20%                                   |
| 2005        | 36,908,773    | 35,539,136              | 96.29%                    | 15,151                     | 35,554,287                     | 96.33%                                   |
| 2006        | 40,661,213    | 39,003,587              | 95.92%                    | 5,187                      | 39,008,774                     | 95.94%                                   |
| 2007        | 44,882,990    | 43,028,136              | 95.87%                    | 68,469                     | 43,096,605                     | 96.02%                                   |
| 2008        | 43,129,948    | 41,337,264              | 95.84%                    | 119,985                    | 41,457,249                     | 96.12%                                   |
| 2009        | 44,766,064    | 42,684,473              | 95.35%                    | 202,744                    | 42,887,217                     | 95.80%                                   |

Note: All property taxes are assessed and collected by the Palm Beach County Tax Collector without charge to the Town. Collections are distributed in full as collected.

\* Tax levy, net of allowance for discounts.

## Town of Palm Beach, Florida

*Ratios of Outstanding Debt by Type*

*Last Ten Fiscal Years*

| Fiscal<br>Year | Governmental Activities        |                               |                        |                   |                                | Percentage<br>of Personal<br>Income | Per<br>Capita |
|----------------|--------------------------------|-------------------------------|------------------------|-------------------|--------------------------------|-------------------------------------|---------------|
|                | General<br>Obligation<br>Bonds | Revenue<br>Refunding<br>Bonds | Revenue<br>Bonds/Notes | Capital<br>Leases | Total<br>Primary<br>Government |                                     |               |
| 2000           | \$ 3,080,000                   | \$                            | \$ 23,530,000          | \$ 214,904        | \$ 26,824,904                  | 2.54%                               | \$ 2,772      |
| 2001           | 2,515,000                      |                               | 23,530,000             | 685,812           | 26,730,812                     | 2.53%                               | 2,763         |
| 2002           | 1,935,000                      |                               | 23,530,000             | 639,774           | 26,104,774                     | 2.47%                               | 2,698         |
| 2003           | 1,325,000                      | 18,385,000                    | 6,130,000              | 484,711           | 26,324,711                     | 2.49%                               | 2,719         |
| 2004           | 680,000                        | 18,275,000                    | 6,065,000              | 349,422           | 25,369,422                     | 2.40%                               | 2,626         |
| 2005           |                                | 18,045,000                    | 5,945,000              | 263,838           | 24,253,838                     | 2.30%                               | 2,510         |
| 2006           |                                | 14,685,000                    | 5,825,000              | 179,201           | 20,689,201                     | 1.94%                               | 2,125         |
| 2007           |                                | 11,225,000                    | 5,700,000              | 91,297            | 17,016,297                     | 1.60%                               | 1,746         |
| 2008           |                                | 7,630,000                     | 15,575,000             |                   | 23,205,000                     | 2.17%                               | 2,369         |
| 2009           |                                | 3,885,000                     | 15,840,004             |                   | 19,725,004                     | 1.87%                               | 2,043         |

**Note:** Details about the Town's outstanding debt can be found in the notes to the financial statements.

## Town of Palm Beach, Florida

*Ratios of General Bonded Debt Outstanding*

*Last Ten Fiscal Years*

| Fiscal<br>Year | Less:                          |                                                    | Percentage   |                                                | Per<br>Capita |
|----------------|--------------------------------|----------------------------------------------------|--------------|------------------------------------------------|---------------|
|                | General<br>Obligation<br>Bonds | Amounts<br>Available<br>in Debt<br>Service<br>Fund | Total        | of Assessed<br>Value of<br>Taxable<br>Property |               |
| 2000           | \$ 3,080,000                   | \$ 537,000                                         | \$ 2,543,000 | \$ 0.04%                                       | \$ 273        |
| 2001           | 2,515,000                      | 371,000                                            | 2,144,000    | 0.02%                                          | 222           |
| 2002           | 1,935,000                      | 279,000                                            | 1,656,000    | 0.01%                                          | 171           |
| 2003           | 1,325,000                      | 199,000                                            | 1,126,000    | 0.01%                                          | 116           |
| 2004           | 680,000                        | 111,000                                            | 569,000      | 0.01%                                          | 59            |
| 2005           | 0                              | 0                                                  | 0            | N/A                                            | 0             |
| 2006           | 0                              | 0                                                  | 0            | N/A                                            | 0             |
| 2007           | 0                              | 0                                                  | 0            | N/A                                            | 0             |
| 2008           | 0                              | 0                                                  | 0            | N/A                                            | 0             |
| 2009           | 0                              | 0                                                  | 0            | N/A                                            | 0             |

**Note:** For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

General Obligation Bonds were retired in 2005

## Town of Palm Beach, Florida

Direct and Overlapping Governmental Activities Debt  
September 30, 2009

|                                                                            | Total<br>Outstanding  | Percentage<br>Applicable to<br>Town of<br>Palm Beach <sup>(1)</sup> | Amount<br>Applicable to<br>Town of<br>Palm Beach |
|----------------------------------------------------------------------------|-----------------------|---------------------------------------------------------------------|--------------------------------------------------|
| Direct:                                                                    |                       |                                                                     |                                                  |
| Town of Palm Beach                                                         | \$ 0                  | 100.00%                                                             | \$ 0                                             |
| Overlapping:                                                               |                       |                                                                     |                                                  |
| Palm Beach County                                                          | \$ 270,150,000        | 8.50%                                                               | 22,962,750                                       |
| Palm Beach County School District                                          | 32,835,000            | 8.50%                                                               | 2,790,975                                        |
| Total overlapping debt                                                     | 302,985,000           |                                                                     | 25,753,725                                       |
| <b>Total direct and overlapping debt<br/>payable from ad valorem taxes</b> | <b>\$ 302,985,000</b> |                                                                     | <b>\$ 25,753,725</b>                             |
| Estimated population                                                       |                       |                                                                     | 9,650                                            |
| Total direct and overlapping<br>debt per capita                            |                       |                                                                     | \$ 2,669                                         |

<sup>(1)</sup> Based on 2009 ratio of assessed taxable values.

Source: Finance Department, Town of Palm Beach, Florida  
Palm Beach County Property Appraiser  
School Board of Palm Beach County

## Town of Palm Beach, Florida

### Legal Debt Margin Information

#### Last Ten Fiscal Years

|                                                                      | Fiscal Year           |                       |                       |                       |
|----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                      | 2000                  | 2001                  | 2002                  | 2003                  |
| Debt limit                                                           | \$ 266,878,531        | \$ 297,291,088        | \$ 342,257,861        | \$ 375,349,791        |
| Total net debt applicable to limit                                   | 2,642,603             | 2,143,460             | 1,656,079             | 1,125,981             |
| Legal debt margin                                                    | <u>\$ 264,235,928</u> | <u>\$ 295,147,628</u> | <u>\$ 340,601,782</u> | <u>\$ 374,223,810</u> |
| Total net debt applicable to the limit as a percentage of debt limit | <u>0.97%</u>          | <u>0.72%</u>          | <u>0.48%</u>          | <u>0.30%</u>          |

The Town of Palm Beach has a 5% general obligation debt limit as a percent of taxable value per Section 7.02 of the Town Charter.

| Fiscal Year           |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2004                  | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  |
| \$ 413,646,646        | \$ 450,671,835        | \$ 512,678,925        | \$ 595,548,163        | \$ 630,950,772        | \$ 678,201,186        |
| 568,576               | 0                     | 0                     | 0                     | 0                     | 0                     |
| <u>\$ 413,078,070</u> | <u>\$ 450,671,835</u> | <u>\$ 512,678,925</u> | <u>\$ 595,548,163</u> | <u>\$ 630,950,772</u> | <u>\$ 678,201,186</u> |
| <u>0.14%</u>          | <u>0.00%</u>          | <u>0.00%</u>          | <u>0.00%</u>          | <u>0.00%</u>          | <u>0.00%</u>          |

## Town of Palm Beach, Florida

*Pledged Revenue Coverage*

*Last Eight Fiscal Years*

| Fiscal Year | Non-Ad<br>Valorem<br>Revenue<br>Available<br>for Debt<br>Coverage |            | Current Debt Service |              |              | Current<br>Coverage |
|-------------|-------------------------------------------------------------------|------------|----------------------|--------------|--------------|---------------------|
|             |                                                                   |            | Principal            | Interest     | Total        |                     |
| 2002        | \$                                                                | 16,021,287 | \$ 0                 | \$ 1,211,858 | \$ 1,211,858 | 13.22               |
| 2003        |                                                                   | 16,863,400 | 0                    | 1,211,858    | 1,211,858    | 13.92               |
| 2004        |                                                                   | 16,956,538 | 3,045,000            | 2,203,824    | 5,248,824    | 3.23                |
| 2005        |                                                                   | 18,398,896 | 3,370,000            | 1,884,144    | 5,254,144    | 3.50                |
| 2006        |                                                                   | 19,943,356 | 3,480,000            | 854,485      | 4,334,485    | 4.60                |
| 2007        |                                                                   | 21,720,573 | 3,585,000            | 750,354      | 4,335,354    | 5.01                |
| 2008        |                                                                   | 21,621,146 | 3,720,000            | 612,163      | 4,332,163    | 4.99                |
| 2009        |                                                                   | 20,686,781 | 3,875,000            | 650,150      | 4,525,150    | 4.57                |

The Town's revenue bonds and note are special obligations of the Town payable solely from and secured solely by non-ad valorem revenue and any unused debt proceeds and related investment income. The original revenue bonds were issued in May of 2000 and in April 2003 refunding bonds were issued as well as additional bonds to finance the construction of a new Fire-Rescue facility and renovate Town Hall. In 2008, the Town issued a \$10 million revenue note for the renovation of Town Hall. In 2009, the Town issued a \$2 million revenue note to finance certain improvements to the Worth Avenue Commercial District.



## Town of Palm Beach, Florida

### Demographic and Economic Statistics

#### Last Ten Fiscal Years

| Fiscal Year | Population <sup>(1)</sup> | Estimated Total Personal Income | Per Capita Personal Income <sup>(2)</sup> | Median Age <sup>(2)</sup> | Education Level in Years of Schooling | School Enrollment <sup>(2)</sup> | Unemployment Rate <sup>(3)</sup> |
|-------------|---------------------------|---------------------------------|-------------------------------------------|---------------------------|---------------------------------------|----------------------------------|----------------------------------|
| 2000        | 9,676                     | \$ 1,056,803,044                | \$ 109,219                                | 66.6                      | N/ A                                  | 414                              | 5.7%                             |
| 2001        | 9,676                     | 1,056,803,044                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 4.7%                             |
| 2002        | 9,676                     | 1,056,803,044                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 6.0%                             |
| 2003        | 9,682                     | 1,057,458,358                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 6.4%                             |
| 2004        | 9,662                     | 1,055,273,978                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 5.8%                             |
| 2005        | 9,662                     | 1,055,273,978                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 5.8%                             |
| 2006        | 9,735                     | 1,063,246,965                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 4.7%                             |
| 2007        | 9,744                     | 1,064,229,936                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 4.8%                             |
| 2008        | 9,797                     | 1,070,018,543                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 7.5%                             |
| 2009        | 9,650                     | 1,053,963,350                   | 109,219                                   | 66.6                      | N/ A                                  | 414                              | 9.5%                             |

#### Data Sources:

(1) The population for 2003 through 2009 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2000 through 2002 was obtained from the 2000 U.S. Census Bureau count.

(2) Source: 2000 U.S. Census Bureau

(3) Source: Business Development Board of Palm Beach County. Data is for the West Palm Beach to Boca Raton metropolitan area.

N/ A - Not Available

## Town of Palm Beach, Florida

*Principal Employers*

*September 30, 2009 and Nine Years Ago*

| Employer                   | 2009                     |      |                                                             | 2000      |      |                                              |
|----------------------------|--------------------------|------|-------------------------------------------------------------|-----------|------|----------------------------------------------|
|                            | Employees <sup>(1)</sup> | Rank | Percentage<br>of Total<br>Town<br>Employment <sup>(2)</sup> | Employees | Rank | Percentage<br>of Total<br>Town<br>Employment |
| Breakers Hotel             | 2,581                    | 1    | 17.09%                                                      | N/A       |      | N/A                                          |
| Four Seasons Resort        | 420                      | 2    | 2.78%                                                       | N/A       |      | N/A                                          |
| Town of Palm Beach         | 410                      | 3    | 2.71%                                                       | N/A       |      | N/A                                          |
| Ocean Grand                | 400                      | 4    | 2.65%                                                       | N/A       |      | N/A                                          |
| Everglades Club            | 360                      | 5    | 2.38%                                                       | N/A       |      | N/A                                          |
| Gunster, Yoakley & Stewart | 253                      | 6    | 1.67%                                                       | N/A       |      | N/A                                          |
| Testa's Restaurant         | 221                      | 7    | 1.46%                                                       | N/A       |      | N/A                                          |
| Publix Markets             | 208                      | 8    | 1.38%                                                       | N/A       |      | N/A                                          |
| Café Boulard/Mar-a-Lago    | 200                      | 9    | 1.32%                                                       | N/A       |      | N/A                                          |
| Coldwell Banker/Century 21 | 194                      | 10   | 1.28%                                                       | N/A       |      | N/A                                          |
| Totals                     | 5,247                    |      | 34.72%                                                      | N/A       |      | N/A                                          |

Source: <sup>(1)</sup> Various Town employers

<sup>(2)</sup> Daytime Population Source – Business Development Board of Palm Beach County

N/A - Not Available

## Town of Palm Beach, Florida

Full-time Equivalent Town Government Employees by Function / Program

Last Seven Fiscal Years

|                         | Full-time Equivalent Employees as of September 30, |               |               |               |               |               |               |
|-------------------------|----------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                         | 2003                                               | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          |
| General government      | 83.52                                              | 82.02         | 86.84         | 86.98         | 86.45         | 84.50         | 84.50         |
| Public Safety           |                                                    |               |               |               |               |               |               |
| Building official       | 1.00                                               | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Land development        | 8.40                                               | 8.90          | 8.90          | 10.40         | 10.90         | 10.90         | 10.90         |
| Police officers         | 78.00                                              | 78.00         | 78.00         | 78.00         | 78.00         | 78.00         | 78.00         |
| Firefighters            | 74.00                                              | 77.00         | 77.00         | 79.00         | 80.00         | 80.00         | 80.00         |
| Civilian Police/Fire    | 58.25                                              | 58.20         | 59.20         | 59.20         | 59.20         | 59.20         | 59.70         |
| Physical Environment    |                                                    |               |               |               |               |               |               |
| Sanitation              | 44.26                                              | 44.26         | 44.27         | 44.27         | 44.24         | 44.24         | 44.24         |
| Storm Sewer Maintenance | 15.43                                              | 15.43         | 15.32         | 17.32         | 17.60         | 17.66         | 17.66         |
| Transportation          |                                                    |               |               |               |               |               |               |
| Roads and Streets       | 6.03                                               | 6.03          | 5.91          | 5.91          | 5.61          | 5.61          | 5.61          |
| Culture and Recreation  |                                                    |               |               |               |               |               |               |
| Leisure services        | 29.24                                              | 30.13         | 29.83         | 30.28         | 32.23         | 29.17         | 28.78         |
| <b>Total</b>            | <b>398.13</b>                                      | <b>400.97</b> | <b>406.27</b> | <b>412.36</b> | <b>415.23</b> | <b>410.28</b> | <b>410.39</b> |

# Town of Palm Beach, Florida

Operating Indicators by Function / Program

Last Seven Fiscal Years

| Function                              | Fiscal Year |        |        |        |        |        |        |
|---------------------------------------|-------------|--------|--------|--------|--------|--------|--------|
|                                       | 2003        | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   |
| <b>Public Safety</b>                  |             |        |        |        |        |        |        |
| <b>Police</b>                         |             |        |        |        |        |        |        |
| Physical arrests                      | 1,791       | 1,617  | 2,151  | 2,134  | 1,889  | 1,715  | 2,120  |
| Parking violations                    | 23,948      | 23,591 | 23,060 | 23,328 | 21,835 | 16,832 | 13,514 |
| Traffic violations                    | 4,070       | 4,050  | 6,859  | 4,904  | 4,210  | 4,658  | 4,669  |
| <b>Fire</b>                           |             |        |        |        |        |        |        |
| Number of fire calls                  | 1,101       | 1,471  | 1,853  | 1,220  | 1,364  | 1,373  | 1,175  |
| Number of EMS Calls                   | 1,499       | 1,383  | 1,429  | 1,074  | 1,644  | 1,598  | 1,319  |
| <b>Physical Environment</b>           |             |        |        |        |        |        |        |
| <b>Sanitation</b>                     |             |        |        |        |        |        |        |
| Refuse collected (tons)               | 10,131      | 10,407 | 10,891 | 10,744 | 10,534 | 10,976 | 9,877  |
| Recyclables collected (tons)          | 1,730       | 1,736  | 1,758  | 1,751  | 1,780  | 1,844  | 1,579  |
| <b>Transportation</b>                 |             |        |        |        |        |        |        |
| <b>Roads and Streets</b>              |             |        |        |        |        |        |        |
| Street resurfacing (miles)            | 2           | 2      | 2      | 8      | 7      | 8      | 6      |
| Pot holes repaired                    | 50          | 50     | 50     | 50     | 46     | 61     | 72     |
| <b>Culture and Recreation</b>         |             |        |        |        |        |        |        |
| <b>Leisure Services</b>               |             |        |        |        |        |        |        |
| Youth athletic participants           | N/A         | N/A    | 3,729  | 4,704  | 7,628  | 4,942  | 3,278  |
| Camp program participants             | N/A         | N/A    | 4,567  | 6,339  | 10,089 | 10,243 | 10,626 |
| Youth enrichment participants         | N/A         | N/A    | 5,262  | 5,260  | 6,263  | 9,365  | 6,759  |
| Adult Enrichment/Fitness participants | N/A         | N/A    | 3,729  | 4,704  | 9,202  | 9,201  | 3,447  |
| Special Events Offered                | 5           | 5      | 5      | 5      | 7      | 5      | 5      |
| Special Events participants           | N/A         | 1,175  | 1,233  | 1,450  | 1,461  | 1,438  | 1,950  |
| Tennis Participants                   | N/A         | 28,338 | 31,289 | 35,091 | 35,136 | 29,109 | 29,766 |
| Rounds of Golf                        | 35,426      | 35,468 | 33,875 | 31,118 | 28,952 | 25,275 | 14,226 |
| Range buckets sold                    | 20,717      | 20,258 | 20,456 | 21,080 | 19,180 | 14,746 | 8,313  |
| Annual Marina Leases                  | 81          | 81     | 82     | 82     | 82     | 82     | 78     |
| Seasonal Marina Leases                | 3           | 3      | 2      | 2      | 2      | 2      | 5      |
| Total transient vessels               | 809         | 655    | 785    | 696    | 681    | 626    | 649    |

Sources: Town departments

N/A: Not available.

## Town of Palm Beach, Florida

Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

| Function                      | Fiscal Year |      |      |      |      |      |
|-------------------------------|-------------|------|------|------|------|------|
|                               | 2000        | 2001 | 2002 | 2003 | 2004 | 2005 |
| <b>Public Safety</b>          |             |      |      |      |      |      |
| <b>Police</b>                 |             |      |      |      |      |      |
| Stations                      | 1           | 1    | 1    | 1    | 1    | 1    |
| Patrol Units                  | 22          | 22   | 22   | 22   | 22   | 22   |
| <b>Fire</b>                   |             |      |      |      |      |      |
| Fire Stations                 | 3           | 3    | 3    | 3    | 3    | 3    |
| Fire Trucks                   | 7           | 7    | 7    | 7    | 7    | 7    |
| ALS Rescue Vehicles           | 3           | 4    | 4    | 4    | 5    | 5    |
| <b>Physical Environment</b>   |             |      |      |      |      |      |
| <b>Sanitation</b>             |             |      |      |      |      |      |
| Garbage Trucks                | 17          | 17   | 17   | 17   | 17   | 17   |
| Trash Trucks                  | 12          | 12   | 12   | 12   | 12   | 12   |
| <b>Transportation</b>         |             |      |      |      |      |      |
| <b>Roads and Streets</b>      |             |      |      |      |      |      |
| Street lights                 | 788         | 825  | 826  | 826  | 826  | 826  |
| Lane miles                    | 103         | 103  | 103  | 103  | 103  | 103  |
| <b>Culture and Recreation</b> |             |      |      |      |      |      |
| <b>Leisure Services</b>       |             |      |      |      |      |      |
| Ballfields - lighted          | 1           | 1    | 1    | 1    | 1    | 1    |
| Basketball courts             | 1           | 1    | 1    | 1    | 1    | 1    |
| Multi-purpose fields          | 1           | 1    | 1    | 1    | 1    | 1    |
| Tennis courts                 | 8           | 8    | 11   | 11   | 12   | 12   |
| Dock slips                    | 87          | 87   | 87   | 87   | 87   | 87   |
| Golf courses                  | 1           | 1    | 1    | 1    | 1    | 1    |
| Playgrounds                   | 1           | 1    | 1    | 1    | 1    | 1    |
| Recreation centers            | 1           | 1    | 1    | 1    | 1    | 1    |
| Tennis pro-shops              | 1           | 1    | 2    | 2    | 2    | 2    |
| Parks                         | 9           | 9    | 9    | 9    | 9    | 9    |

Sources: Town departments

Note: Data is not available for general government.

| Fiscal Year |      |      |      |
|-------------|------|------|------|
| 2006        | 2007 | 2008 | 2009 |
| 1           | 1    | 1    | 1    |
| 21          | 21   | 21   | 21   |
| 3           | 3    | 3    | 3    |
| 7           | 7    | 7    | 7    |
| 5           | 5    | 5    | 5    |
| 17          | 17   | 17   | 17   |
| 12          | 12   | 12   | 12   |
| 826         | 878  | 922  | 972  |
| 103         | 103  | 103  | 103  |
| 1           | 0    | 0    | 0    |
| 1           | 1    | 1    | 1    |
| 1           | 1    | 1    | 1    |
| 14          | 14   | 14   | 13   |
| 87          | 88   | 88   | 88   |
| 1           | 1    | 1    | 1    |
| 1           | 1    | 1    | 1    |
| 1           | 1    | 1    | 1    |
| 2           | 2    | 2    | 2    |
| 9           | 10   | 10   | 11   |

**COMPLIANCE REPORT AND  
MANAGEMENT LETTER**



CALER, DONTEN, LEVINE,  
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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards*

To the Honorable Mayor and Members  
of the Town Council  
Town of Palm Beach, Florida  
Palm Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Palm Beach, Florida, as of and for the year ended September 30, 2009, which collectively comprise the basic financial statements of the Town of Palm Beach, Florida, and have issued our report thereon dated April 20, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Town's Firefighters' Retirement Trust Fund and Police Officers' Retirement Trust Fund, two fiduciary funds of the Town, as described in our report on the financial statements of the Town of Palm Beach, Florida. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the internal control over financial reporting of the Town of Palm Beach, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Town of Palm Beach, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting of the Town of Palm Beach, Florida.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in internal control of the Town of Palm Beach, Florida to be a material weakness:



#### (2008-1) Grant Awards / (2007-3) Timely Recording of Grant Reimbursement Requests

As noted in our audits for the years ended September 30, 2008 and 2007, the Town does not have adequate internal controls in place to properly record grant activity, reimbursement requests and related expenditures. Pursuant to the Florida Single Audit Act, a nonstate entity, as defined in the Act, that expends \$500,000 or more of State financial assistance in any fiscal year is required to have a State single audit for that fiscal year in accordance with the Act. The Town incurred approximately \$262,000 of expenditures in the fiscal year ended September 30, 2008 that are eligible for reimbursement under a State grant program. However, these expenditures were not included in the Town's internal grant schedule, which resulted in an incorrect determination by the Town that a single audit was not required for the fiscal year ending September 30, 2008. In addition, grant revenue should be recognized when all eligibility requirements imposed by the provider are met. For reimbursement-type grant programs, the recipient becomes eligible when allowable costs under the grant program are incurred. We noted that the Town recognized grant revenue in the current fiscal year for the amounts that were expended in 2008 under the same program. We recommend that the Town establish procedures to ensure that all grant expenditures are identified in the period to which they relate to avoid incorrect determinations in the future of whether or not a single audit is required. Additionally, the Town should establish procedures to ensure that revenue from reimbursement-type grant programs is recorded in the period during which allowable costs under the program are incurred.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the internal control of the Town of Palm Beach, Florida, to be significant deficiencies:

#### (2009-1) Recording Purchases of Inventory and Supplies

We noted that the Town records purchases of inventory and supplies only after the invoices for such items are submitted by vendors. This could result in the understatement of inventory if vendors do not submit invoices to the Town in a timely manner following the receipt of such items. We recommend that the Town establish procedures for recording inventory and supplies in the period during which they are received.

#### (2009-2) Purchasing Requirements for Construction Projects

The Town's Purchasing Manual requires the purchasing department to obtain sealed bids for purchases exceeding \$25,000 or construction projects exceeding \$100,000. During our cash disbursement testing, we noted a construction project in the amount of \$193,215 for which there did not appear to be competitive sealed bids or any documentation showing that vendor quotes were obtained. A Council Resolution Package was submitted to the Town Council for approval, without submitting the Package through the Purchasing Department as required by the Town's Purchasing Manual. Once the Council approved the Resolution Package, the purchasing department issued a purchase order.

We recommend that the Town obtain sealed bids or vendor quotes as required by the Town's Purchasing Manual. Furthermore, all of the supporting documentation should be submitted through the purchasing department and all necessary approvals should be obtained prior to submitting the package to Council. Purchase orders should not be issued unless the Town's procedures have been followed or there is documentation approved by management or the Council as to why the normal purchasing procedures were not followed.

#### (2008-4) Performance Bonds

Contractors place performance bonds with the Town to assure the completion of a project in accordance with Town specifications. We noted one instance where the Town determined that a project had not been completed in accordance with Town specifications and the performance bond was not refundable. However, the Finance Department was not notified and therefore did not update the accounting records to recognize the bond as revenue. We recommend that the Town establish procedures to ensure that the Finance Department is timely notified when determinations are made that performance bonds are no longer refundable and therefore need to be recognized as revenue.

#### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the financial statements of the Town of Palm Beach, Florida, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of the Town of Palm Beach, Florida in a separate letter dated April 20, 2010.

The responses by management of the Town of Palm Beach, Florida, to the findings identified in our audit are described in their response to the management letter beginning on page 117. We did not audit the responses by the Town of Palm Beach, Florida, and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town Council and management of the Town of Palm Beach, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Cale, Danten, Levine,  
Porter & Veil, P.A.*

April 20, 2010



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

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Management Letter

To the Honorable Mayor and Members  
of the Town Council  
Town of Palm Beach  
Palm Beach, Florida

We have audited the financial statements of the Town of Palm Beach, Florida, as of and for the year ended September 30, 2009, and have issued our report thereon dated April 20, 2010. Other auditors audited the financial statements of the Town's Firefighters' Retirement Trust Fund and Police Officers' Retirement Trust Fund, two fiduciary funds of the Town, as described in our report on the financial statements of the Town of Palm Beach, Florida. This management letter does not include the results of the other auditors' testing.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated April 20, 2010, should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

1. Section 10.551(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. We noted that our recommendations related to comments (2008-2) Proper Recording of Capital Assets, (2008-3) Depreciation Expense, (2008-5) Payroll, (2008-6) Purchasing Cards, (2008-7) Travel Expenditures, (2008-9) Control Procedure Documentation, and (2007-4) Travel Expenditures included in our management letter dated February 18, 2009 were adequately addressed or no longer apply. Comments (2008-1) Grant Awards, (2008-4) Performance Bonds and (2007-3) Timely Recording of Grant Reimbursement Requests have not been completely addressed and are repeated in our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. In addition, the following comments still require the attention of management:

(2008-8) Information Systems

*Access and Security* – Resolved

### *Backups*

Monthly backup tapes are being taken home by Town IS staff. We recommend that the Town secure a safety deposit box in or near the Town to store these monthly backup tapes.

### (2007-5) Information Systems

#### *Physical Facilities*

The Town's server room has a water-based sprinkler system, which would put out any fires, but could destroy or damage the electronic computer equipment. Consideration should be given to replacing the sprinkler system with some type of gas based extinguishing system that would not damage the electronic components.

#### *Data Protection*

The Town's financial data backups are currently not encrypted. We recommend that financial data backups be encrypted to protect the information in the event of theft or loss.

2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such findings.
4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we offer the following comments and recommendations:

### (2009-3) Bank Reconciliations

The Town's policy states that Town bank accounts are reconciled to the general ledger before the end of the subsequent month. However, we noted several instances where the monthly bank reconciliations were dated well after the end of the following month. Bank accounts should be reconciled in a timely manner to allow for the timely detection of unauthorized transactions so that appropriate corrective action may be taken. We recommend that the Town ensure that bank accounts are reconciled within the timeframe prescribed by Town policy.

### (2009-4) Information Systems

#### *Physical Facilities*

The main server room temperature alarm is set to 78 degrees although the room is generally kept under 70 degrees. The alarm should be set much closer to the expected room temperature so that

in the event of an air conditioning failure, much more time would be allowed before the temperature exceeds the acceptable range. Further, the secondary server room does not have a temperature alarm installed. We recommend that one be installed for the secondary server room.

#### *Access and Security*

Individuals using VPN or another form of remote access to connect to the Town's network are currently not required to sign a form acknowledging their understanding of the importance of security and confidentiality. We recommend that the Town obtain signed acknowledgement forms for all individuals authorized to access the Town's network remotely.

#### *Protection and Recovery*

There is only one Domain Controller on the network. We recommend that the Town obtain a second Domain Controller to ensure that the network is not disabled in a server down situation.

#### *Accounting System*

A list of every user in the Finance Department including their specific access to the various functions of the accounting system should be printed out and signed off on by the Finance Director confirming that every user has the minimum access to function as needed.

Special policies and procedures should address all aspects of credit card processing. This includes disposing of any workstations or servers that touch credit card data at any point, a detailed report of how the credit card numbers are transmitted and any use of temporary files or storage in memory.

#### (2009-5) Calculation of Retiree Benefit Amounts for General Retirees

The Town of Palm Beach General Employees Pension Trust Fund provides for annual cost of living increases for members at the following rates: a) one percent of the base benefit for members who retire after September 30, 1968 and prior to October 1, 1990 and b) two percent of their current benefit for members who retire after September 30, 1990. The individual retiree files do not contain a history of the calculation of the increases to the retiree's benefit amounts. While the Town was able to recreate the benefit amounts for the retirees that we selected for testing, we recommend that benefit histories be maintained in each retiree's file to document the calculations and adjustments of monthly benefit amounts.

#### (2009-6) Emergency Purchases

The Town's purchasing manual requires that emergency purchases must affect health, life or the welfare of citizens or employee's; require department head or designee signature/approval; and, the prior approval of the Purchasing Agent and the Town Manager, in certain instances, before the emergency purchase order can be issued. Emergency purchases greater than \$5,000 require the Town Manager's approval. If an item is categorized as an emergency purchase, the purchase is not subject to the Town's requirements for vendor quotes or seal bids, as applicable, depending on the dollar amount of the purchase.

During our review of capital asset additions, we noticed certain capital expenditures made as emergency purchases for which there was no indication or documentation that the purchase met the criteria as an emergency affecting the health, life or welfare of the citizens or employees. We recommend that such documentation be obtained and placed in the purchasing file for each emergency purchase to substantiate that the purchase qualifies as an emergency. If the purchase does not meet the criteria for an emergency purchase, then the purchase should follow the

Town's normal purchasing procedures.

(2009-7) Construction Projects and Kickback Scheme

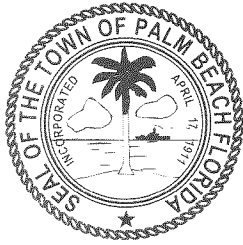
In April 2010, the Town identified a kickback scheme involving its Construction Manager who was selecting vendors to do Town construction projects. Many of these projects were deemed to be "emergency repairs" which allowed the Construction Manager to avoid formal bidding requirements. The Town's initial police investigation cites kickbacks paid to the Construction Manager totaling approximately \$247,500. The police investigation was initiated after the Town received a tip from a confidential informant and is still ongoing as of the date of this management letter.

6. Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note A to the financial statements.
7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2009.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in substantial agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2009. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that this report is intended solely for the information and use of the Town Council and management of the Town of Palm Beach, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Calder, Dauter, Levine,  
Porter & Veil, P.A.*

April 20, 2010



# TOWN OF PALM BEACH

Finance Department

April 20, 2010

Mayor and Town Council  
Peter B. Elwell, Town Manager

Subject: Management Letter responses

The following are comments and recommendations from the Town's auditing firm of Caler, Donten, Levine, Porter & Veil, P.A., that involve matters required to be disclosed under Government Auditing Standards and the Rules of the Auditor General for the State of Florida. The responses by Town staff immediately follow each comment.

## (2008-1) Grant Awards / (2007-3) Timely Recording of Grant Reimbursement Requests

As noted in our audits for the years ended September 30, 2008 and 2007, the Town does not have adequate internal controls in place to properly record grant activity, reimbursement requests, and related expenditures. Pursuant to the Florida Single Audit Act, a non-state entity, as defined in the Act, that expends \$500,000 or more of State financial assistance in any fiscal year is required to have a State single audit for that fiscal year in accordance with the Act. The Town incurred approximately \$262,000 of expenditures in the fiscal year ended September 30, 2008 that are eligible for reimbursement under a State grant program. However, these expenditures were not included in the Town's internal grant schedule, which resulted in an incorrect determination by the Town that a single audit was not required for the fiscal year ending September 30, 2008. In addition, grant revenue should be recognized when all eligibility requirements imposed by the provider are met. For reimbursement-type grant programs, the recipient becomes eligible when allowable costs under the grant program are incurred. We noted that the Town recognized grant revenue in the current fiscal year for the amounts that were expended in 2008 under the same program. We recommend that the Town establish procedures to ensure that all grant expenditures are identified in the period to which they relate to avoid incorrect determinations in the future of whether or not a single audit is required. Additionally, the Town should establish procedures to ensure that revenue from reimbursement-type grant programs is recorded in the period during which allowable costs under the program are incurred.

*Response – The expenditures in question relate to a FDOT grant for street lights. The purchase of the light poles was made in advance of the construction of the project. Finance was not notified that this purchase was a grant-related expenditure. During FY09, the grant reimbursement request was made for the light pole expenditure, as well as the installation.*

*The Finance Department will continue to monitor grant approvals by Town Council. In addition, the Finance Department will work with the Town department responsible for administering each grant to ensure all grant expenditures are reported as single audit expenditures in the year expended.*

#### (2009-1) Recording Purchases of Inventory and Supplies

We noted that the Town records purchases of inventory and supplies only after the invoices for such items are submitted by vendors. This could result in the understatement of inventory if vendors do not submit invoices to the Town in a timely manner following the receipt of such items. We recommend that the Town establish procedures for recording inventory and supplies in the period during which they are received.

*Response – A formal request has been made with the Town’s software vendor to modify the software program to value the inventory at the time of receipt of the items into inventory.*

#### (2009-2) Purchasing Requirements for Construction Projects

The Town’s Purchasing Manual requires the purchasing department to obtain sealed bids for purchases exceeding \$25,000 or construction projects exceeding \$100,000. During our cash disbursement testing, we noted a construction project in the amount of \$193,215 for which there did not appear to be competitive sealed bids or any documentation showing that vendor quotes were obtained. A Council Resolution Package was submitted to the Town Council for approval without submitting the Package through the Purchasing Department as required by the Town’s Purchasing Manual. Once the Council approved the Resolution Package, the purchasing department issued a purchase order.

We recommend that the Town obtain sealed bids or vendor quotes as required by the Town’s Purchasing Manual. Furthermore, all of the supporting documentation should be submitted through the purchasing department and all necessary approvals should be obtained prior to submitting the package to Council. Purchase orders should not be issued unless the Town’s procedures have been followed or there is documentation approved by management or the Council as to why the normal purchasing procedures were not followed.

*Response – The noted project was approved by Town Council on May 13, 2008, as recommended in a memorandum from staff dated April 25, 2008. Since 2008, we have tightened the purchasing policies and updated the purchasing manual. All backup related to a construction matter or large purchase must be approved by the Purchasing Department before it is approved for the Town Council agenda. In addition, internal auditors have been hired to examine our purchasing procedures for construction projects and we expect modifications to the purchasing manual that will further strengthen our purchasing procedures.*

#### (2008-4) Performance Bonds

Contractors place performance bonds with the Town to assure the completion of a project in accordance with Town specifications. We noted one instance where the Town determined that a project had not been completed in accordance with Town specifications and the performance bond was not refundable. However, the Finance Department was not notified and therefore did not update the accounting records to recognize the bond as revenue. We recommend that the Town establish procedures to ensure that the Finance Department is timely notified when determinations are made that performance bonds are no longer refundable and therefore need to be recognized as revenue.

*Response – On a monthly basis, the Finance Department issues a report that identifies all performance bonds. This report is sent to the responsible Directors to determine if there are any outstanding issues with the performance bonds. They sign the report and return it to the Finance Department each month with any comments. We continue to highlight the older bonds and solicit a response from the Departments each month on the status of those projects.*



### (2008-8) Information Systems

#### *Access and Security – Resolved*

##### *Backups*

Monthly backup tapes are being taken home by Town IS staff. We recommend that the Town secure a safety deposit box in or near the Town to store these monthly backup tapes.

*Response – Backups are now placed in a fire/waterproof safe and kept in the Central Fire-Rescue Station, 3<sup>rd</sup> floor, Emergency Operations Center computer room.*

### (2007-5) Information Systems

#### *Physical Facilities*

The Town's server room has a water-based sprinkler system, which would put out any fires, but could destroy or damage the electronic computer equipment. Consideration should be given to replacing the sprinkler system with some type of gas based extinguishing system that would not damage the electronic components.

#### *Data Protection*

The Town's financial data backups are currently not encrypted. We recommend that financial data backups be encrypted to protect the information in the event of theft or loss.

*Physical Facilities Response – During Phase 3 of Town Hall renovations (expected completion date - June 2010), the Town is installing a gas based fire suppression system in the 3<sup>rd</sup> floor computer room. This will replace the water based system.*

*Data Protection – The Office of Information Systems (IS) does not encrypt financial data backups because of the risk involved in not being able to restore from an encrypted tape. In addition, IS believes the cost to implement an encryption system far outweighs the benefit derived from encryption.*

### (2009-3) Bank Reconciliations

The Town's policy states that Town bank accounts are reconciled to the general ledger before the end of the subsequent month. However, we noted several instances where the monthly bank reconciliations were dated well after the end of the following month. Bank accounts should be reconciled in a timely manner to allow for the timely detection of unauthorized transactions so that appropriate corrective action may be taken. We recommend that the Town ensure that bank accounts are reconciled within the timeframe prescribed by Town policy.

*Response – Every attempt is made by staff to finalize bank reconciliations by the end of the subsequent month in order to adhere to policy. During FY2009, due to competing priorities and special projects, it was difficult to complete the reconciliations on a timely basis. A control form will be developed to ensure that each bank reconciliation is completed by the end of the month.*

## (2009-4) Information Systems

### *Physical Facilities*

The main server room temperature alarm is set to 78 degrees although the room is generally kept under 70 degrees. The alarm should be set much closer to the expected room temperature so that in the event of an air conditioning failure, much more time would be allowed before the temperature exceeds the acceptable range. Further, the secondary server room does not have a temperature alarm installed. We recommend that one be installed for the secondary server room.

### *Access and Security*

Individuals using VPN or another form of remote access to connect to the Town's network are currently not required to sign a form acknowledging their understanding of the importance of security and confidentiality. We recommend that the Town obtain signed acknowledgement forms for all individuals authorized to access the Town's network remotely.

### *Protection and Recovery*

There is only one Domain Controller on the network. We recommend that the Town obtain a second Domain Controller to ensure that the network is not disabled in a server down situation.

### *Accounting System*

A list of every user in the Finance Department including their specific access to the various functions of the accounting system should be printed out and signed off on by the Finance Director confirming that every user has the minimum access to function as needed.

Special policies and procedures should address all aspects of credit card processing. This includes disposing of any workstations or servers that touch credit card data at any point, a detailed report of how the credit card numbers are transmitted and any use of temporary files or storage in memory.

*Physical Facilities Response – Both server rooms have a temperature alarm. We will adjust the temperature alarms to 72 degrees which is 2 degrees above the recommended temperature of the room.*

*Access and Security Response – The Office of Information Systems will create a remote access form for Town employees that use remote access to acknowledge the importance of security and confidentiality while using this feature. IS will distribute and obtain signatures on the remote access form.*

*Protection and Recovery Response – During the fall of 2010, the Office of Information Systems will be migrating to a Windows 2008 domain structure and at that time, a redundant Domain Controller will be implemented.*

*Accounting System Response – The Office of Information Systems has obtained a list of all Finance Department users and their access to various functions in the accounting systems. The list has been signed off on by the Finance Director. The purchasing card policy will be modified to include a reference to the disposal of workstations and servers containing credit card data. All disposed PC's and servers are formatted prior to leaving the town's possession.*

#### (2009-5) Calculation of Retiree Benefit Amounts for General Retirees

The Town of Palm Beach General Employees Pension Trust Fund provides for annual cost of living increases for members at the following rates: a) one percent of the base benefit for members who retire after September 30, 1968 and prior to October 1, 1990 and b) two percent of their current benefit for members who retire after September 30, 1990. The individual retiree files do not contain a history of the calculation of the increases to the retiree's benefit amounts. While the Town was able to recreate the benefit amounts for the retirees that we selected for testing, we recommend that benefit histories be maintained in each retiree's file to document the calculations and adjustments of monthly benefit amounts.

*Response – A spreadsheet is sent to Human Resources each year when the calculation and increase are made to the retiree's pension amount. The information on the retirement increase will be filed with the affected retiree file for future reference and to maintain history.*

#### (2009-6) Emergency Purchases

The Town's purchasing manual requires that emergency purchases must affect health, life or the welfare of citizens or employee's; require department head or designee signature/approval; and, the prior approval of the Purchasing Agent and the Town Manager, in certain instances, before the emergency purchase order can be issued. Emergency purchases greater than \$5,000 require the Town Manager's approval. If an item is categorized as an emergency purchase, the purchase is not subject to the Town's requirements for vendor quotes or seal bids, as applicable, depending on the dollar amount of the purchase.

During our review of capital asset additions, we noticed certain capital expenditures made as emergency purchases for which there was no indication or documentation that the purchase met the criteria as an emergency affecting the health, life or welfare of the citizens or employees. We recommend that such documentation be obtained and placed in the purchasing file for each emergency purchase to substantiate that the purchase qualifies as an emergency. If the purchase does not meet the criteria for an emergency purchase, then the purchase should follow the Town's normal purchasing procedures.

*Response – Procedures will be tightened to limit the number of emergency purchases. Documentation justifying the emergency purchase will be required and maintained in the file before the requisition and check is issued for the purchase. In addition, internal auditors have been hired to examine our purchasing procedures and we expect modifications to the purchasing manual that will further strengthen our purchasing procedures.*

#### (2009-7) Construction Projects and Kickback Scheme

In April 2010, the Town identified a kickback scheme involving its Construction Manager who was selecting vendors to do Town construction projects. Many of these projects were deemed to be "emergency repairs" which allowed the Construction Manager to avoid formal bidding requirements. The Town's initial police investigation cites kickbacks paid to the Construction Manager totaling approximately \$247,500. The police investigation was initiated after the Town received a tip from a confidential informant and is still ongoing as of the date of this management letter.

*Response – Law Enforcement is currently conducting a criminal investigation of the matter. The Town is conducting an administrative investigation which includes a forensic audit by an outside auditor.*

If you require any further information or have any questions regarding the audit or the Management Letter please contact me at my extension 4724.

Sincerely,

A handwritten signature in cursive script that reads "Jane Struder".

Jane Struder, CPA  
Finance Director

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

Funding and Scope of Engagement for Forensic Auditing and Administrative Investigation.

THE BACKUP MATERIAL FOR THIS ITEM WILL BE PROVIDED UNDER  
SEPARATE COVER PRIOR TO THE MAY 11, 2010, TOWN COUNCIL MEETING.

## Presenter

Peter B. Elwell, Town Manager

## Supporting Documents

- NONE

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

Status Report and Recommendations for Capital Improvement Projects

## Presenter

Jay Boodheshwar, Acting Director of Public Works

## Supporting Documents

- Memorandum dated May 5, 2010, from Jay Boodheshwar, Acting Director of Public Works
- 2010 Capital Improvement Projects Recommended Changes

# TOWN OF PALM BEACH

## Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jay Boodheshwar, Acting Director of Public Works

Re: Status Report and Recommendations for Capital Improvement Projects

Date: May 5, 2010

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### **STAFF RECOMMENDATION**

Staff recommends that Town Council review the attached Capital Improvement Projects (CIP) status report for 2010, and approve the recommendations outlined for modifying certain project schedules.

### **GENERAL INFORMATION**

Due to the recently discovered criminal activities related to certain past Town capital improvement projects, it is necessary to modify the 2010 CIP program schedule while the investigations into this matter continue. As of the date of this memorandum, professional project management staffing in the Department of Public Works has been temporarily reduced by 50%, which has also created a challenging workload condition.

The recommendations outlined on the attached spreadsheet are based on several variables, including the unknown duration and results of the ongoing criminal investigation of previous construction manager Steve White, the forensic/internal audits, and the administrative investigation. The recommendations include projects on the regular CIP, accelerated CIP, and Coastal initiatives lists. Staff also expects to rely more on project consultants in the short-term to provide additional construction phase inspection services, similar to how Kimley Horn and Associates will support the D-9 pump station improvement project, allowing staff time to determine the best course of action for future projects.

Staff expects that a further revision of the proposed recommendations may take place once the investigations are complete and new procedures/policies related to contract procurement and project management are implemented.

### **FUNDING/FISCAL IMPACT**

The recommended project schedule modifications outlined on the attached spreadsheet will result in a significant under spending of the Accelerated CIP bond proceeds in 2010. Approximately \$4.5 million, which was originally scheduled for expenditure in 2010, will roll over to the 2011 CIP budget.

## **SPECIAL CONSIDERATIONS**

1. We have closed all open purchase orders with Dee Griffin and Chaz Equipment, and will immediately do so with any other contractors who may be implicated in the future. We have also implemented a "clawback" addendum for any new construction contracts we proceed with while the investigation is ongoing. These actions will protect the Town financially while the clawback addendum will allow us to keep the few urgently needed projects moving forward.
  2. The Town is reasonably expected to expend at least eighty-five percent of the proceeds of the Accelerated CIP bond issue within three years, beginning in 2010. If we are unable to accomplish this, we will be required to restrict the investment return on the remaining bond proceeds to the yield on the bonds.
- cc. Jane Struder, Director of Finance  
Eric B. Brown, Assistant Director of Public Works  
Rob Weber, Coastal Coordinator  
Doug Terry, Water Resources Division Manager  
Michael Roach, Project Engineer  
Jeffery Sanon, Project Engineer  
Lynda Venne, Purchasing Agent



## Department of Public Works - 2010 Capital Improvements

| Regular Capital Projects                                                       | Description                                                                                                   | Study/Design | Architect/Engineer                      | Construction                                                               | Contractor                         | Recommendation                                             | Notes                                                                                                                                                    |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------|----------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Town Hall Renovations<br>(360 S. County Rd)                                    | Complete renovation of the historic Town Hall.                                                                | Complete     | Bridges and Marsh                       | Phase 3 of 3 in progress                                                   | Hedrick Brothers                   | Proceed as planned                                         | Expected to finish in June 2010 on time and under budget.                                                                                                |
| Worth Avenue<br>Improvements (Worth Ave, S. Ocean to Cocconut)                 | Renovate streetscape (underground, sidewalks, roadway, and landscaping).                                      | Complete     | Mark Marsh, George Sanchez, Kimley Horn | In Progress                                                                | Burkhart Construction              | Proceed as planned                                         | Work is underway and on schedule, with work progressing on underground utilities.                                                                        |
| Flagler Memorial Bridge<br>(DOT Project) (Adjacent to Flagler Memorial Bridge) | Complete replacement of existing bridge. This is a DOT project.                                               | In Progress  | Kimley Horn & Associates                | Expected to commence in 2011                                               | TBD                                | Town involvement will continue as planned                  | The Town's involvement is limited to assisting the DOT with utility coordination, feedback for aesthetic features, etc.                                  |
| Sub-Aqueous Sewage<br>Force Main (intercoastal, under Lake Worth)              | Replacement of existing force main with alternate route (new subaqueous crossing).                            | In Progress  | Kimley Horn & Associates                | Spring 2011                                                                | TBD                                | Proceed as planned                                         | Collaborating with WPB's water main installation to save costs. In design phase.                                                                         |
| Fuel Tank Replacement<br>(Town wide)                                           | Replacement of underground fuel storage tanks to comply with new regulatory guidelines.                       | Complete     | Kimley Horn & Associates                | Project in final stages of construction. Addressing end of project issues. | Glasgow                            | Proceed as planned                                         | Construction work completed. Tank closure issues are being addressed.                                                                                    |
| Par 3 Golf Course<br>Improvements (Par 3 - S. Ocean Blvd)                      | Renovate golf course, new irrigation system, and deep well water source.                                      | Complete     | Raymond Floyd, Kimley Horn              | Complete                                                                   | QGS, Chaz Equip, Layne Christenson | Proceed as planned for completing permit compliance tasks. |                                                                                                                                                          |
| D9 Pump Station<br>Improvements (west end of Mediterranean)                    | Rehabilitate existing stormwater pump station to replace pumps, electrical equipment, generator and controls. | Complete     | Kimley Horn & Associates                | Construction contract issued. Work to commence in May 2010.                | Murray Logan Construction          | Proceed as planned                                         | A "clawback" addendum has been added to this contract, providing further protection to the Town as the investigation of the Steve White issue continues. |
| Southern Blvd. Traffic<br>Circle Landscaping<br>(Southern Blvd/A1A)            | Improve landscaping, lighting and irrigation system.                                                          | Complete     | Allen Stopek                            | In Progress                                                                | TOPB Staff/<br>Efflorescence       | Proceed as planned                                         | In coordination with the Garden Club of Palm Beach. Completion expected by May 31, 2010.                                                                 |

## Department of Public Works - 2010 Capital Improvements

| Regular Capital Projects                               | Description                                                                                                                        | Study/Design | Architect/Engineer                       | Construction                             | Contractor                | Recommendation                                                                | Notes                                                                                                                                                         |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------|------------------------------------------|---------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D-16 Standby Generator (256 Jungle Rd)                 | Install 125 KW Generator for Storm Station and E-11 Sanitary Station. Existing 100 KW failed due to corrosion.                     | Complete     | Specifications identified by Town staff. | Scheduled for replacement in Summer 2010 | TBD                       | Proceed as planned                                                            | Replacement generator bid expected on June TC agenda.                                                                                                         |
| Pendleton Improvements (Pendleton west of S. County)   | Resolve storm drainage issues, roadway improvements.                                                                               | In Progress  | C3TS                                     | Scheduled for Summer 2010                | TBD                       | Proceed with design. Defer construction until 2011.                           |                                                                                                                                                               |
| D-12 Pump Station - Discharge Pipe (269 Seminole)      | Complete permanent repair of previous spot repair to one of the discharge pipes.                                                   | N/A          | N/A                                      | Summer 2010                              | TBD                       | Proceed as planned                                                            |                                                                                                                                                               |
| Lift Station #22 (NW 23rd St/Tamarind, WPB)            | Install in-line variable speed booster pumps for force main at 23rd St. in WPB.                                                    | Complete     | Kimley Horn & Associates                 | TBD                                      | Murray Logan Construction | On hold pending exploration of alternative through new sub-aqueous force main |                                                                                                                                                               |
| Ibis Isle Bridge Dredging (Ibis Isle Bridge)           | Provide technical and permitting assistance for project to improve water flow at Ibis Isle Bridge.                                 | In Progress  | PW Engineering Staff                     | Anticipated completion was Summer 2010   | TBD                       | Defer until 2011                                                              | Agreement with SFWMD incomplete.                                                                                                                              |
| Annual Milling & Resurfacing (Town wide)               | Complete 2010 plans for multi-year roadway resurfacing program.                                                                    | N/A          | N/A                                      | Summer 2010                              | Community Asphalt         | Proceed as planned                                                            | Milling & resurfacing to include various locations in the Mid-Town area. No micro-surfacing to be done this summer.                                           |
| North Fire Station Windows (300 N. County)             | Replace windows at North Fire Station.                                                                                             | Complete     | Mark Marsh                               | Scheduled for 2010                       | Palm Beach Glass          | Proceed as planned                                                            |                                                                                                                                                               |
| Flashing Beacon for North Fire Station (300 N. County) | Design and install flashing beacon on County Road at the North Fire Station                                                        | In Progress  | American Consulting Engineers            | TBD                                      | TBD                       | Proceed as planned                                                            | Fire Rescue has requested a fully signalized intersection, but grant funding must be secured to help fund this project.                                       |
| Undergrounding FPL Electrical Utilities                | Coordinate FPL undergrounding of electrical utilities with neighborhoods interested in providing private funding to complete work. | In Progress  | Brannon & Gillespie                      | TBD                                      | TBD                       | Proceed as planned                                                            | Currently working with Via Fontana, Everglades Island, Lake Towers, East Inlet Drive, Algoma Rd/Via Palma, which are in different stages of project planning. |

## Department of Public Works - 2010 Capital Improvements

| Accelerated Capital Projects                               | Description                                                                                                                                                      | Study/Design/Permitting | Architect/Engineer       | Construction              | Contractor | Recommendation                                | Notes                                                                                                                                                  |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------|------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Street Lighting Improvements (Various locations Town wide) | Replace existing street lighting with new standard decorative fixtures.                                                                                          | In Progress             | SGM                      | Scheduled for 2012        | TBD        | Proceed as planned with Phase 1 design        | Installation schedule may be accelerated if workload allows.                                                                                           |
| D-4 Pump Station (445 North Lake Way)                      | Rehabilitate and renovate existing stormwater pump station.                                                                                                      | Pending                 | C3TS                     | Scheduled for Summer 2011 | TBD        | Delay design contract until late summer 2010. | Proposal rec'd from design consultant - pending staff review & TC approval to proceed.                                                                 |
| D-10 Pump Station (1060 North Lake Way / Via Marila)       | Replace aging hydraulically driven pumps with electrically driven pumps, upgrading electrical and mechanical systems and correcting any structural deficiencies. | In Progress             | Kimley Horn & Associates | Scheduled for 2012        | TBD        | Proceed as planned                            |                                                                                                                                                        |
| D-15 (D-6 & D-7) Pump Station (420 S. Lake Drive)          | Rehabilitate and renovate of existing stormwater pump station.                                                                                                   | In Progress             | Mock Roos and Associates | Scheduled for 2011-2012   | TBD        | Proceed as planned                            | Preliminary study completed to identify alternatives. Staff will review with neighborhood HOA reps and provide recommendation to T.C. at June meeting. |
| Traffic Signal Upgrades (Various locations Town wide)      | Replace existing loops with video detection cameras.                                                                                                             | N/A                     | N/A                      | Scheduled for 2011-2012   | TBD        | Proceed as planned                            | Project is primarily replacement in existing intersections.                                                                                            |
| "E" Stations (Various locations Town wide)                 | Complete feasibility study on relative costs of electrical pumps vs pneumatic (air) lift stations.                                                               | TBD                     | TBD                      | Scheduled for 2011-2012   | TBD        | Delay study until later summer 2010           |                                                                                                                                                        |
| D-3 Basin Drainage (Tangler)                               | Complete design of stormwater collection system improvements, and other adjacent utilities (sanitary, water, etc.)                                               | Complete                | C3TS                     | Scheduled for Summer 2011 | TBD        | Proceed as planned                            |                                                                                                                                                        |
| D-10 Basin Drainage (North Lake Way/Laurian)               | Complete design of stormwater collection system improvements, and other adjacent utilities (sanitary, water, etc.)                                               | Complete                | Kimley Horn & Associates | Scheduled for Summer 2011 | TBD        | Proceed as planned                            |                                                                                                                                                        |

## Department of Public Works - 2010 Capital Improvements

| Accelerated Capital Projects                             | Description                                                                                                                           | Study/Design/Permitting | Architect/Engineer       | Construction              | Contractor | Recommendation                                                                            | Notes                                                                                                                          |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------|------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| D-4 Basin Drainage (445 North Lake Way)                  | Complete design of stormwater collection system improvements, and other adjacent utilities (sanitary, water, etc.)                    | Complete                | C3TS                     | Scheduled for Summer 2011 | TBD        | Proceed as planned                                                                        |                                                                                                                                |
| E-3 Force Main (1020 North Lake Trail)                   | Complete design of new E-3 force main to replace existing.                                                                            | TBD                     | TBD                      | Scheduled for Summer 2012 | TBD        | Defer design until 2011                                                                   |                                                                                                                                |
| A-42 to A-41 Force Main (3001 - 2478 S. Ocean Blvd.)     | Complete design and install new force main from A-42 to A-41 to replace existing; sizing and capacity to allow flow to north via WPB. | In Progress             | AECOM                    | Scheduled for Summer 2010 | TBD        | Proceed with design. Defer construction until 2011.                                       |                                                                                                                                |
| Par 3 to A-39 Force Main (Par 3 to 2171 S. Ocean Blvd.)  | Complete design and install new force main from Par 3 to A-39; sizing and capacity to allow flow to north via WPB.                    | In Progress             | AECOM                    | Scheduled for Summer 2010 | TBD        | Proceed with design. Defer construction until 2011.                                       |                                                                                                                                |
| A-39 to A-7 Force Main (S. Ocean/S. County at Island Rd) | Complete design and install new force main from A-39 to A-7 to replace existing; sizing and capacity to allow flow to north via WPB.  | In Progress             | Mathews                  | Scheduled for Summer 2010 | TBD        | Proceed with design. Phase 1 construction in 2010. Defer Phase 2 construction until 2011. | The design contract includes Phase I & II design, permitting costs, bidding for phase I & II, and construction administration. |
| A-5 Force Main - Bypass S-2 (9 Lake Tr/Bradley Park)     | Provide by-pass pumping without using S-2 master pump station.                                                                        | TBD                     | TBD                      | Scheduled for Summer 2010 | TBD        | Defer until 2011                                                                          | Project depends upon decision on new force main (subaqueous) and in-line pump station.                                         |
| A-7 Pump Station (S. County / Island)                    | Rehabilitate existing pump station, in conjunction with in-line booster pumps to allow all flow to go north.                          | Pending                 | Kimley Horn & Associates | Scheduled for Summer 2011 | TBD        | Delay design until late summer/fall 2010                                                  | Proposal rec'd from design consultant - pending staff review & T.C. approval to proceed.                                       |
| A-7 In-Line Booster Station (S. County / Island)         | Upgrade existing pump station to install in-line booster pumps to accommodate force main flow from the south.                         | Pending                 | Kimley Horn & Associates | Scheduled for Summer 2011 | TBD        | Delay design until late summer/fall 2010                                                  | Proposal rec'd from design consultant - pending staff review & T.C. approval to proceed.                                       |

## Department of Public Works - 2010 Capital Improvements

| Accelerated Capital Projects                                       | Description                                                                                                   | Study/Design/<br>Permitting | Architect/Engineer | Construction              | Contractor | Recommendation                           | Notes                                                                             |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|---------------------------|------------|------------------------------------------|-----------------------------------------------------------------------------------|
| A-7 Force Main - A-7 to Hammon Ave. (S. County / Island to Hammon) | Install new force main to replace existing; sizing and capacity to allow flow to north via WPB                | TBD                         | TBD                | Scheduled for Summer 2012 | TBD        | Delay design until late summer/fall 2010 |                                                                                   |
| A-42 Pump Station (3001 S. Ocean Blvd.)                            | Rehabilitate and upgrade existing pump station to allow all flow to go via WPB (rather than just Lake Worth). | TBD                         | TBD                | Scheduled for Summer 2011 | TBD        | Delay design until late summer/fall 2010 | Will coordinate with related force main replacement.                              |
| A-43 Pump Station (3400 S. Ocean Blvd.)                            | Rehabilitate and upgrade existing pump station to allow all flow to go via WPB (rather than just Lake Worth). | TBD                         | TBD                | Scheduled for Summer 2011 | TBD        | Delay design until late summer/fall 2010 | Will coordinate with related force main replacement.                              |
| D-4 Pipe Repair (445 North Lake Way)                               | Install lining for existing stormwater piping where excessive inflow & infiltration occur.                    | N/A                         | N/A                | Scheduled for Summer 2010 | TBD        | Defer to 2011                            | Will need to coordinate completion with seasonal concerns vs. rainy season flows. |
| Force Main Design (S. County/Royal Poinciana)                      | Replace force main from Barton Ave to Bradley Park.                                                           | TBD                         | TBD                | Scheduled for Summer 2011 | TBD        | Defer Design until early 2011            |                                                                                   |
| A-4 Force Main (Flagler from Pinewalk at Breakers to Barton)       | Replace force main from Breakers to connection at Barton Avenue.                                              | TBD                         | TBD                | Scheduled for 2011        | TBD        | Defer design until early 2011            |                                                                                   |

## Department of Public Works - 2010 Capital Improvements

| Coastal Projects                        | Description                                                                                                         | Study/Design/<br>Permitting                                 | Consultant/Engineer                   | Construction                                                 | Contractor   | Recommendation                                             | Notes                                                                                                                                                    |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------|--------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sand Transfer Plant Renovation, Phase I | Complete structural restoration and mechanical replacement for sand bypassing plant operations.                     | Complete                                                    | Bridge Design                         | Substantially Complete, April 28, 2010                       | Murray Logan | Proceed as Planned                                         | Project is expected to be completed by May 7, 2010.                                                                                                      |
| FEMA/Dune Enhancement                   | Restore erosional sand losses in Reaches 4, 7, and 8 from T.S. Fay.                                                 | In Permitting                                               | Applied Technology & Management, Inc. | Between November 2010 - February 2011                        | TBD          | Proceed as Planned                                         | Additional funding for permitting effort on May 11 Town Council agenda.                                                                                  |
| Reach 8 Beach Restoration               | Complete sand placement in Reach 8.                                                                                 | Design Complete. Permitting to Begin July 2010              | Coastal Systems International, Inc.   | Projected for November 2011                                  | TBD          | Proceed as Planned, pending further consideration from SPB |                                                                                                                                                          |
| Sand Transfer Plant Upgrades, Phase II  | Improve sand bypassing to benefit downdrift beaches.                                                                | Permitting to Begin June 2010                               | Applied Technology & Management, Inc. | Projected for November 2011                                  | TBD          | Proceed as Planned                                         | Pre-application meeting with DEP will be held prior to commencement of permitting. Gulf of Mexico oil spill may have some impact on permitting schedule. |
| Offshore Sand Search                    | Locate beach compatible sand to support projects within the SPB Plan.                                               | Study to Begin June 2010                                    | Applied Technology & Management, Inc. | Associated with potential upcoming beach projects in FY 2013 | TBD          | Proceed as Planned                                         | Phase II still planned for FY2011.                                                                                                                       |
| Groin Analysis for Groin Rehabilitation | Develop a plan to prioritize a rehabilitation of existing structures to maximize Townwide use of sand supply.       | Study to Begin June 2010                                    | Coastal Technology Corporation, Inc.  | Projected for November 2011                                  | TBD          | Proceed as Planned, pending further consideration from SPB |                                                                                                                                                          |
| Coastal Structure Study for Reach 7     | Preliminary alternative evaluation of structures to potentially complement the next Reach 7 beach project.          | Study in Progress, To Be Complete with Phase I in May 2010  | Taylor Engineering, Inc.              | Projected for November 2012                                  | TBD          | Proceed as Planned, pending further consideration from SPB |                                                                                                                                                          |
| Reach 7 Beach Renourishment             | Sand Placement in Reach 7; Possibly associated with coastal structures.                                             | Awaiting completion of Coastal Structures Study for Reach 7 | TBD                                   | Projected for November 2012                                  | TBD          | Proceed as planned, pending further consideration from SPB |                                                                                                                                                          |
| Reach 8 Coastal Structures              | Develop a long term solution for coastal protection, beyond sand placement, through the use of hardened structures. | Design & EIS in Progress                                    | Palm Beach County ERM                 | TBD                                                          | TBD          | Proceed as Planned, pending further consideration from SPB |                                                                                                                                                          |

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

RESOLUTION NO. 50-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Establishing a Revised Contract Amount for Dune Restoration Permitting.

## Presenter

Jay Boodheshwar, Acting Director of Public Works

## Supporting Documents

- Memorandum dated April 30, 2010, from Jay Boodheshwar, Acting Director of Public Works
- Resolution No. 50-10

# **TOWN OF PALM BEACH**

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jay Boodheshwar, Acting Director of Public Works

Re: Revised Contract Amount for Dune Restoration Permitting  
**Resolution No. 50-10**

Date: April 30, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that Town Council approve Resolution No. 50-10 for an increased contract limit of \$21,929 (from \$69,000 to \$90,929) for an expansion of work associated with the dune restoration permitting services by Applied Technology & Management (ATM).

## **GENERAL INFORMATION**

On June 9, 2009, following Town staff recommendation, Town Council appropriated \$120,000 from the Shore Protection Fund to design and permit a dune restoration project in Reaches 4, 7 and 8. Town Council approved Resolution 70-09 on July 14, 2009, authorizing a not-to-exceed contract to ATM, including a 10% contingency, in the amount of \$69,000. In coming to an understanding on that proposal, Town staff had negotiated this number to be reduced significantly with the notion that Town staff would assist in the preliminary design efforts.

Directly related to the outcome of the Reach 8 Administrative Hearing in March 2009, the Florida Department of Environmental Protection (FDEP) changed their permitting requirements for dune restoration projects to go through the Joint Coastal Permitting (JCP) program, as opposed to the Coastal Construction Control Line (CCCL) program. The primary difference between a JCP and CCCL applications is that the JCP program requires a permit by both the FDEP and the U.S. Army Corps of Engineers, and can include consultation by the U.S. Fish & Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS), while the CCCL program only requires an FDEP permit. This change caused some uncertainty in preparation of a cost proposal to perform the permitting work. The level of input by the federal agencies was unknown, but assumed to be limited based on previous projects.

ATM was issued a purchase order (PO) on August 6, 2009. Town staff did assist ATM in the preliminary design efforts and thorough submittals were made to the regulatory agencies in August 2009. Subsequently, ATM has responded to four (4) state and five (5) federal requests for additional information (RAI), and has responded to public comments received by the USACE from the Surfrider Foundation. In addition, the USFWS determined that two (2) Biological



Opinions (BO) would need to be developed for the dune restoration project; one for Mid-Town and one for Phipps Ocean Park.

Due to the increased attention to the Reach 8 area, the regulatory agencies required detailed modeling of the dune restoration project, similar to what is required during permitting for a beach restoration project. The continued effort was performed as expeditiously as possible in an effort to construct the project before the 2010 sea turtle nesting season. This resulted in work being performed beyond the original scope and approved funding for this engagement.

The cost of the additional work completed by ATM is \$26,510. This includes:

- \$2,205 for an out-of-scope vegetation survey, required to satisfy FDEP RAI #1, dated October 9, 2009 for the Mid-Town permitting. Requests by FDEP related to this matter were satisfied.
- \$14,729 for an out-of-scope SBEACH modeling effort for Reach 8 impact analysis, required to satisfy RAI #2, dated October 23, 2009, for the Reach 7/8 permitting.
- \$9,576 for additional RAI responses, beyond the initial expectations for dune restoration permitting.

ATM suggests, per memorandum from Michael Jenkins (Coastal Engineering Team Leader) that \$5,000 is necessary to complete the permitting process. Therefore, a PO increase of \$31,510 would be necessary to cover 100% of both the expenses that have been incurred as a result of the permitting process being worked on in the absence of the appropriate change orders and the expenses that are anticipated for future permitting work.

Because ATM is accepting partial responsibility for this unfortunate circumstance, ATM has committed to remove their team's billing for work performed responding to the additional RAI's in the amount of \$9,576.

Taking into account both ATM's offer and the remaining funds within the PO, an increase of \$21,929 is requested to cover the unforeseen permitting requirements.

To date, there is another outstanding response to be made to the NMFS, and we are awaiting the USFWS BO. The state permitting is complete, pending receipt of the USFWS BO. ATM has been informed to hold from performing any additional work at this time until this funding matter is resolved.

### **FUNDING/FISCAL IMPACT**

The original budget approved by Town Council was \$120,000. Resolution 50-10 is to authorize the Town Manager to increase the amount of purchase order #901350 from \$69,000 to \$90,929. Therefore, even after this increase of \$21,929, the cost of design/permitting for this project in the amount of \$90,929 will be \$29,071 under budget and will not require appropriation of any additional design/permitting funds.

### **TOWN ATTORNEY REVIEW**

This is a standard resolution in a form previously approved by the Town Attorney for legal form and sufficiency.

JB:mrs

cc: Rob Weber, Coastal Coordinator

**RESOLUTION NO. 50-10**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN  
OF PALM BEACH, PALM BEACH COUNTY, FLORIDA,  
INCREASING THE CONTRACT AMOUNT FOR DUNE  
RESTORATION PERMITTING BY APPLIED TECHNOLOGY  
MANAGEMENT, INC.

\* \* \* \* \*

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH  
COUNTY, FLORIDA, as follows:

Section 1. The Town of Palm Beach project for Dune Restoration Permitting Services is hereby  
increased by \$21,929 for a new not-to-exceed limit of \$90,929.

Section 2. The Town Manager, or his designee, is hereby authorized to increase the purchase  
order to Applied Technology & Management, Inc. on behalf of the Town of Palm Beach for the above  
referenced project up to the revised construction contract limit.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of  
Palm Beach on this 11<sup>th</sup> day of May 2010.

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Town Council President Pro Tem

\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

RESOLUTION NO. 53-10 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Awarding a Purchase Order to Kimley-Horn and Associates, Inc., for D-9 Storm Water Pump Station Construction Phase Services, Establishing a Construction Phase Budget for Said Services, and Authorizing the Town Manager to Take Actions Necessary to Complete Said Improvements.

## Presenter

Jay Boodheshwar, Acting Director of Public Works

## Supporting Documents

- Memorandum dated April 30, 2010, from Jay Boodheshwar, Acting Director of Public Works
- Resolution No. 53-10
- Kimley-Horn Proposal

# **TOWN OF PALM BEACH**

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jay Boodheshwar, Acting Director of Public Works

Re: Award of D-9 Storm Water Pump Station Engineering Services  
**Resolution No. 53-10**

Date: April 30, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that Town Council approve Resolution No. 53-10 approving the award of construction phase services in the amount of \$73,000 to Kimley-Horn and Associates, Inc. (Kimley-Horn) for Engineering Services associated with the D-9 Stormwater Pumping Station Project.

## **GENERAL INFORMATION**

The design of the D-9 Storm Water Pump Station was recently completed and a construction contract has been awarded to Murray Logan Construction. Kimley-Horn will provide construction phase services including construction observation, progress reports (weekly), technical support for shop drawings, submittal reviews, RFI's, final inspection, punchlist preparation, review of pay requests, operating & maintenance manuals, and record drawings.

Kimley-Horn currently has a Professional Services Agreement with the Town dated January 28, 2010. Costs shall be based on actual efforts, not to exceed the total amount authorized. Originally, this phase of work had been expected to cost approximately \$62,000. The scope of services was increased from the original anticipated scope to include additional on-site construction surveillance. This provision for more site visits as well as review of change orders and pay requests, increased the original proposal by about \$11,175 but is deemed prudent to ensure adequate third-party oversight is provided.

## **FUNDING/FISCAL IMPACT**

Funding for this project is fully contained within the FY 2010 Budget, Fund 307, Capital Improvement Program, for the D-9 Pump Station Design/Construction (account 307.50.611.535.60.65.28).

## **TOWN ATTORNEY REVIEW**

The proposed resolution has been reviewed by the Town Attorney and approved for legal form and sufficiency.

JB:nb

## Attachments

cc: Eric Brown, Assistant Director of Public Works/Operations  
Douglas Terry, Water Resources Division Manager  
Mike Roach, Project Engineer  
Lynda Venne, Purchasing Agent

**RESOLUTION NO. 53-10**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AWARDING A PURCHASE ORDER TO KIMLEY-HORN AND ASSOCIATES, INC., FOR D-9 STORM WATER PUMP STATION CONSTRUCTION PHASE SERVICES, ESTABLISHING A BUDGET FOR SAID SERVICES, AND AUTHORIZING THE TOWN MANAGER TO TAKE ACTIONS NECESSARY TO COMPLETE SAID SERVICES.

\* \* \* \* \*

BE IT RESOLVED BY THE TOWN OF COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, as follows:

Section 1. The Town of Palm Beach D-9 Storm Water Pump Station Engineering Services during the construction phase is hereby awarded to Kimley-Horn and Associates, Inc. for a not-to-exceed amount of \$73,000.

Section 2. The Town Council hereby approves a budget for these construction phase services of \$73,000.

Section 3. The Town Manager is hereby authorized and directed to execute a contract change order on behalf of the Town of Palm Beach for D-9 Storm Water Pump Station Engineering Services with Kimley-Horn and Associates, Inc. to include these construction phase services.

Section 4. The Town Manager, or his designee, is hereby authorized and directed to take such further actions as may be necessary to effectuate these services for the D-9 Storm Water Pump Station Improvements.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of Palm Beach on this 11<sup>th</sup> day of May 2010.

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Council President Pro Tem

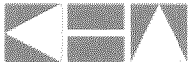
\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member



Kimley-Horn  
and Associates, Inc.

April 29, 2010

■  
4431 Embarcadero Drive  
West Palm Beach, Florida  
33407

Mr. Eric Brown  
Town of Palm Beach  
951 Old Okeechobee Road, Ste. "A"  
West Palm Beach, FL 33401

Re: D-9 Stormwater Pumping Station Construction Phase Engineering Services

Dear Eric,

Kimley-Horn and Associates, Inc. ("CONSULTANT") is pleased to submit this proposal to The Town of Palm Beach ("TOWN" or "CLIENT") for providing professional engineering services related to the construction phase of the D-9 stormwater pump station in the Town of Palm Beach. Our project understanding, scope of services, schedule, and fee follow.

### ***Project Understanding***

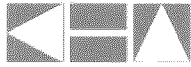
The design of the D-9 stormwater pump station was recently completed and the project is currently in the bidding phase. The Town has requested that KHA provide construction phase services for the project to assist the Town during this phase of the project.

### ***Scope of Services***

KHA will provide construction phase services for the project for the purpose of providing assistance to the Town during construction. KHA will employ the services of an electrical subconsultant to perform the below services as they relate to the electrical improvements that are to be made at the station. The services our team will provide are as follows.

- Attend the Pre-Construction Conference
- Prepare weekly progress reports for the duration of the project (26 total reports for an assumed construction duration of 6 months)
- KHA will visit the site three times per week during the expected 6 month construction duration to observe the construction progress (up to 78 total visits). It is assumed that this level of observation will be appropriate as it is expected that Mike Roach will also be observing the construction to supplement our efforts.





- Make recommendations with respect to defective work.
- Issue clarifications and interpretations.
- Review Shop Drawings and Samples.
- Review Substitutes and "or-equal" requests.
- Review Contractor Applications for Payment and Change Order Requests.
- Review project at the substantial completion date and develop punchlist.
- Review project upon final completion.
- Provide field assistance during start up and testing of the station.
- Review Record Drawings and Operation and Maintenance Manuals prepared by the selected contractor.

A detailed description of each of these services has been included as an attachment to this proposal.

### ***Additional Services***

Any services not specifically provided for in the above scope, as well as any changes in the scope requested by the Town, will be considered additional services to this task and will be performed based on proposals approved prior to performance of the additional services.

### ***Information and Services Provided By the Town***

KHA assumes that all information provided by the Town can be relied upon in the performance of professional services.

### ***Fee and Billing***

KHA will perform the services described in this Scope of Services for the above tasks on an hourly basis in accordance with our Contract with the Town. It is recommended that a budget of \$73,000 be established for this work.

### ***Closure***

In addition to the matters set forth herein, our Agreement shall include and be subject to, and only to, the terms and conditions in the Professional Services Agreement between the Town of Palm Beach and Kimley-Horn and Associates,



Inc., dated January 28, 2010, which are incorporated by reference. As used in the Agreement, the term "CONSULTANT" shall refer to Kimley-Horn and Associates, Inc., and the term "TOWN" or "CLIENT" shall refer to The Town of Palm Beach.

If you concur in all the foregoing and wish to direct us to proceed with the services, please notify us by providing a purchase order for the scope and fees described above.

We appreciate the opportunity to propose these services to you.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read 'K. Schanen', is written over a horizontal line.

By: Kevin Schanen, P.E.  
Project Manager

Attachment

K:\WPB\_Civil\044063056\MIS\D-9 Const Phase Proposal revised.doc

## **Construction Phase Services Attachment**

*Pre-Construction Conference.* Consultant will attend a Pre-Construction Conference prior to commencement of Work at the Site.

*Visits to Site and Observation of Construction.* Consultant will provide on-site construction observation services during the construction phase. Consultant will make visits at intervals as directed by Client in order to observe the progress of the Work. Such visits and observations by Consultant are not intended to be exhaustive or to extend to every aspect of Contractor's work in progress. Observations are to be limited to spot checking, selective measurement, and similar methods of general observation of the Work based on Consultant's exercise of professional judgment. Based on information obtained during such visits and such observations, Consultant will evaluate whether Contractor's work is generally proceeding in accordance with the Contract Documents, and Consultant will keep Client informed of the general progress of the Work.

The purpose of Consultant's site visits will be to enable Consultant to better carry out the duties and responsibilities specifically assigned in this Agreement to Consultant, and to provide Client a greater degree of confidence that the completed Work will conform in general to the Contract Documents. Consultant shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over Contractor's work, nor shall KHA have authority over or responsibility for the means, methods, techniques, equipment choice and usage, sequences, schedules, or procedures of construction selected by Contractor, for safety precautions and programs incident to Contractor's work, nor for any failure of Contractor to comply with laws and regulations applicable to Contractor's furnishing and performing the Work. Accordingly, Consultant neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform its work in accordance with the Contract Documents.

*Recommendations with Respect to Defective Work.* Consultant will recommend to Client that Contractor's work be disapproved and rejected while it is in progress if, on the basis of such observations, Consultant believes that such work will not produce a completed Project that conforms generally to Contract Documents.

*Clarifications and Interpretations.* Consultant will respond to reasonable and appropriate Contractor requests for information and issue necessary clarifications and interpretations of the Contract Documents to Client as appropriate to the orderly completion of Contractor's work. Any orders authorizing variations from the Contract Documents will be made by Client.

*Change Orders.* Consultant may recommend Change Orders to Client, and will review and make recommendations related to Change Orders submitted or proposed by the Contractor.

*Applications for Payment.* Based on its observations and on review of applications for payment and accompanying supporting documentation, Consultant will determine the amounts that Consultant recommends Contractor be paid. Such recommendations of payment will be in writing and will constitute Consultant's representation to Client, based on such observations and review, that, to the best of Consultant's knowledge, information and belief, Contractor's work has progressed to the point indicated and that such work-in-progress is generally in accordance with the Contract Documents subject to any qualifications stated in the recommendation. In the case of unit price work, Consultant's recommendations of payment will include determinations of quantities and classifications of Contractor's work, based on observations and measurements of quantities provided with pay requests.

By recommending any payment, Consultant shall not thereby be deemed to have represented that its observations to check Contractor's work have been exhaustive, extended to every aspect of Contractor's work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Consultant in this Agreement. It will also not impose responsibility on Consultant to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, nor to determine that title to any portion of the work in progress, materials, or equipment has passed to Client free and clear of any liens, claims, security interests, or encumbrances, nor that there may not be other matters at issue between Client and Contractor that might affect the amount that should be paid.

*Shop Drawings and Samples.* Consultant will review and approve or take other appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents. Such review and approvals or other action will not extend to means, methods, techniques, equipment choice and usage, sequences, schedules, or procedures of construction or to related safety precautions and programs.

*Substitutes and "or-equal."* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor in accordance with the Contract Documents, but subject to the provisions of applicable standards of state or local government entities.

*Disagreements between Client and Contractor.* Consultant will, if requested by Client, render written decision on all claims of Client and Contractor relating to the acceptability of Contractor's work or the interpretation of the requirements of the Contract Documents pertaining to the progress of Contractor's work. In rendering such decisions, Consultant shall be fair and not show partiality to Client or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.

*Substantial Completion.* Consultant will, promptly after notice from Contractor that it considers the entire Work ready for its intended use, in company with Client and Contractor, conduct a site visit to determine if the Work is substantially complete. Work will be considered substantially complete following satisfactory completion of all items with the exception of those identified on a final punch list. If after considering any objections of Client, Consultant considers the Work substantially complete, Consultant will notify Client and Contractor.

*Final Notice of Acceptability of the Work.* Consultant will conduct a final site visit to determine if the completed Work of Contractor is generally in accordance with the Contract Documents and the final punch list so that Consultant may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, Consultant shall also provide a notice that the Work is generally in accordance with the Contract Documents to the best of Consultant's knowledge, information, and belief based on the extent of its services and based upon information provided to Consultant upon which it is entitled to rely.

*Limitation of Responsibilities.* Consultant shall not be responsible for the acts or omissions of any Contractor, or of any of their subcontractors, suppliers, or of any other individual or entity performing or furnishing the Work. Consultant shall not have the authority or responsibility to stop the work of any Contractor.

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

4. Preparations for Potential Impacts of Oil Spill in the Gulf of Mexico.

a. RESOLUTION NO. 56-10 Regarding Biological Monitoring for Compliance with Coastal Project Permits.

THE BACKUP MATERIAL FOR THIS ITEM WILL BE PROVIDED UNDER SEPARATE COVER PRIOR TO THE MAY 11, 2010, TOWN COUNCIL MEETING.

## Presenter

Jay Boodheshwar, Acting Director of Public Works

## Supporting Documents

- NONE

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

Authorization to Increase the Par 3 Golf Course Maintenance Labor Contract.

## Presenter

Alan Brown, Acting Director of Recreation

## Supporting Documents

- Memorandum Dated April 29, 2010, from Alan Brown, Acting Director of Recreation

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Alan Brown, Acting Director of Recreation

Re: Authorization to Increase PO 100033 for Contractual Labor Services approved by  
**Resolution No. 98-09**

Date: April 29, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that Town Council approve an increase to Purchase Order (PO) 100033 in the amount of \$ 47,000 for additional contractual labor services at the Palm Beach Par 3 Golf Course for FY2010.

## **GENERAL INFORMATION**

On Thursday, September 10, 2009, the Town Council approved Resolution No. 98-09 authorizing the Town to enter into a contract with Adil Business Systems, Inc. for the provision of contract labor services. The proposed contractual labor services were to be used primarily at the Par 3 Golf Course in lieu of hiring additional Town employees. It was deemed to be more advantageous to procure the necessary labor services from a third party provider, such as Adil Business Systems, instead of hiring additional Town employees for several reasons, including greater flexibility in scheduling, cost savings from benefits, and cost savings associated with staff turnover.

Staff originally budgeted for minimal part time staff to be used in the maintenance area and only part time staff in the operations area of the golf course. The bulk of the maintenance staff required was to be filled by the contractual labor. Staff had originally identified the need for approximately 8,000 hours of annual contracted labor to properly maintain the golf course to its newly defined standards. The proposed FY2010 golf course budget had \$96,000 allocated to fund this service agreement, which was encumbered on PO 100033.

Subsequent to the issuance of the PO and the reopening of the golf course following the renovation, one part time maintenance staff member was not rehired and contracted labor is being used to fulfill these duties as a cost saving measure. Several of the contracted labor personnel have proven to be capable of performing duties on the operational side as well, which has allowed for a reduction in part time staff and savings in direct personnel costs. Additionally, the amount of hand labor required to maintain the course at the appropriate level has proven to be greater than originally anticipated. Tasks such as fly mowing, maintenance of coquina cart paths, and



landscaping have required more time than expected to properly address. For these reasons staff is requesting Town Council's authorization to increase PO 100033 by \$47,000 for additional contractual labor at the Par 3 Golf Course.

### **FUNDING/FISCAL IMPACT**

The Town will not realize an addition to the existing golf course budget as the requested increase of \$ 47,000 will be offset by the budget adjustments identified in the table below.

| ACCOUNT #               | EXPLANATION                                          | DOLLAR AMOUNT     |
|-------------------------|------------------------------------------------------|-------------------|
| 403.75.620.572.10.13.01 | Under spend part time salaries                       | (\$ 18,500)       |
| 403.75.620.572.30.34.10 | Redirect other contracted services to labor services | (\$ 20,000)       |
| 403.75.620.572.50.52.01 | Under spend chemical supplies expenses               | (\$ 5,000)        |
| 403.75.620.572.30.34.02 | Under spend landscape contracted services            | (\$ 3,500)        |
|                         |                                                      | Total (\$ 47,000) |

cc: Jay Boodheshwar, Acting Director of Public Works  
Jane Struder, Director of Finance  
Eric Brown, Assistant Director of Public Works  
Lynda Venne, Purchasing Agent  
Rick Dytrych, Golf Pro/Manager  
Tim Campbell, Superintendent

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

Authorization to Hire Essential Civilian Personnel.

## Presenter

Kirk Blouin, Chief of Police

## Supporting Documents

- Memorandum dated May 6, 2010, from Kirk W. Blouin, Chief of Police

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Kirk W. Blouin, Chief of Police

Re: Request to Waive Hiring Freeze for 2 Civilian Positions

Date: May 6, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council waive the hiring freeze for a Part Time Accreditation Coordinator position and a Parking/Code Enforcement Specialist position and authorize the promotion of the current Parking/Code Enforcement Specialist to the Parking/Code Enforcement civilian manager position.

## **GENERAL INFORMATION**

During the Long Term Financial Plan review process and subsequently at the special Town Council meeting held on April 6, 2010, a staffing reorganization plan was presented to further reduce the Police Department's FY11 Proposed Budget and streamline procedures. The proposed changes will have a positive impact on both cost and operational efficiencies.

In order to implement the proposed reorganization, the department will need to fill 2 civilian positions: a Parking/Code Enforcement Specialist position and Part-time Accreditation Coordinator position.

### *Parking/Code Enforcement*

The Parking/Code Enforcement Specialist position will become vacant upon the promotion of the current PCE Specialist to a newly created civilian Parking/Code Enforcement Manager position (which was included in the LTFP as a replacement for the Parking/Code Enforcement Sergeant position).

This represents a cost savings to the Town of approximately \$56,000 per year.

### *Accreditation*

The Part-time Accreditation Coordinator position (without benefits) is the result of the continued evaluation and reorganization of staff and procedures in an effort to reduce personnel costs and increase operational efficiencies. The part-time Accreditation Coordinator would replace the recently vacated full time Administrative Coordinator position. The duties of the Administrative

Coordinator, which include but are not limited to payroll processing/verification, purchase orders and requisition processing, invoice review/payment, etc. have been and will continue to be absorbed primarily by the Police Planner who is also the current Accreditation Manager. These additional functions blend seamlessly with the current financial duties of the Police Planner (i.e. budget, long term financial planning, etc.) and provide for a better overview and review of department expenses.

The Police Planner is also designated as the department's Accreditation Manager and is tasked with all of the time intensive duties and responsibilities that are associated with accreditation to included policy/standard review, continued self-assessments, preparation for on-site assessments, which verify continued compliance of state and national standards. The Police Planner will remain actively involved in accreditation during the transition process and through the current re-accreditation cycle.

The newly created part-time Accreditation Coordinator would be tasked solely with accreditation related duties which would allow for the constant review of department policy and procedures and the continual preparation of accreditation files which is the most time intensive portion of accreditation and necessary in obtaining satisfactory on-site assessments and accredited status.

This reorganization represents an annual savings of approximately \$35,000.

#### **FUNDING/FISCAL IMPACT**

The estimated annual reduction in salary and benefits (FY10 to FY11) is \$90,000 to \$100,000.

cc: Danielle Olson, Director of Human Resources  
Jane Struder, Director of Finance

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Regular Agenda - New Business

## Agenda Title

RESOLUTION NO. 54-10 A Resolution of the Town of Palm Beach, Palm Beach County Florida, Expressing Opposition to the Proposed Palm Beach County 1% Fire Rescue Sales Surtax; Memorializing the Town Council's Decision to Decline Participation in a Proposed Interlocal Agreement with Palm Beach County; Providing an Effective Date.

## Presenter

Peter B. Elwell, Town Manager

## Supporting Documents

- Memorandum dated April 30, 2010, from Peter B. Elwell, Town Manager
- Resolution No. 54-10
- Letter dated May 6, 2010, from J. Patterson Cooper, Palm Beach Civic Association

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

From: Peter B. Elwell, Town Manager

Re: Opposition to an Interlocal Agreement with Palm Beach County Regarding a Sales  
Surtax for Emergency Fire Rescue Services and Facilities  
**Resolution No. 54-10**

Date: April 30, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council approve Resolution 54-10 opposing the proposed Palm Beach County 1% Fire Rescue Sales Surtax.

## **GENERAL INFORMATION**

The Florida Legislature passed HB 365 and SB1000 which allows a County, through an affirmative referendum vote, to impose a discretionary sales surtax of up to a 1% for Fire-Rescue and Emergency services. The sales tax revenue received must coincide with an offsetting reduction in ad valorem property tax revenues. The sales tax revenues can be distributed to the agencies within the County that provide fire rescue services through one of two formulas: 1) distribution based upon population or 2) distribution based upon the 5 year rolling average expenditures for fire and EMS services. Both the Florida Department of Revenue and Palm Beach County will deduct an administrative fee from the proceeds.

In order to place the issue on the ballot for the August 2010 primary, the County must have a majority of the municipal fire service providers execute an interlocal agreement by June 8, 2010. For the general election in November, the interlocal agreement is due by July 20, 2010. If the referendum is approved, the 1% sales tax would be imposed beginning January 1, 2011.

Sales tax revenue from a 1% tax is estimated to be \$188 million countywide. If the population formula is used, it is estimated that the Town of Palm Beach would receive sales tax revenue of \$1 million. If the 5 year rolling average formula is used, it is unclear at this time how much the Town would receive. This information would not be known until all municipalities and the County complete a form certifying their 5 year fire rescue expenditures. The forms would not be completed until after an affirmative referendum vote and after the governments issue their audited financial statements. If the referendum is approved by the voters in August or November, the cities would submit their expenditure forms in March or April of 2011. At this time we have no way of knowing how much we would receive.

Staff has many concerns regarding the 1% sales tax surcharge. They include:

- Sales tax revenue can be very volatile and unpredictable. This volatility would make it hard to do proper long term financial planning to maintain property tax stability.
- If the referendum is approved, the County will be lowering their Fire Services MSTU millage. Their operating millage will not be affected so there will be no reduction in County property taxes for the citizens of Palm Beach. Only the municipalities that are included in the MSTU will receive a reduction in County property taxes.
- There are no set guidelines for the 5 year average calculation. A community can charge direct and indirect costs for fire services. Direct costs can include salaries and benefits and operating expenditures and capital costs, including equipment and buildings. A community can also charge for debt service for capital expenditures, workmen's compensation and property insurance, retiree health care costs, and dispatch costs. The indirect costs are calculated based on a cost allocation plan. Administration, Human Resources, Finance and any other costs that can be related to fire-rescue services can be included in the formula for indirect costs and added into the 5 year average. In this system, municipalities and the County would have no incentive to reduce their fire service costs, only inflate them.
- There is no clear indication as to whether the County will audit the amounts provided by the municipalities in order to assure that the expenditure amounts are calculated correctly and are reasonable fire rescue related expenditures. If the County audits the municipalities, who will audit the County's records?
- The County and State each can charge up to 2% for administration.
- Since the tax would begin on January 1, 2011, the first year calculation for the reduction in ad valorem revenue for FY12 would include 18 months of sales tax revenues, reducing the millage rate by an exaggerated amount. The following fiscal year, FY13, the formula would have only 12 months of revenues and the difference would have to be made up with an increase in ad valorem taxes.

Due to these concerns listed above, I am recommending the approval of Resolution No. 54-10 which expresses the Town's opposition to the 1% Sales Surtax.

There are 11 municipal agencies that are affected by the tax. The County needs to have 6 of the 11 municipalities adopt the agreement. To date, Tequesta and Palm Beach Shores have voted to oppose the agreement.

jls

**RESOLUTION NO. 54-10**

**A RESOLUTION OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY FLORIDA, EXPRESSING OPPOSITION TO THE PROPOSED PALM BEACH COUNTY 1% FIRE RESCUE SALES SURTAX; MEMORIALIZING THE TOWN COUNCIL'S DECISION TO DECLINE PARTICIPATION IN A PROPOSED INTERLOCAL AGREEMENT WITH PALM BEACH COUNTY; PROVIDING AN EFFECTIVE DATE.**

WHEREAS, at its April 6 meeting, the Palm Beach County Board of County Commissioners voted to place on the August 24, 2010, primary ballot a referendum question which, if approved by County electors, would allow for a one percent county sales surtax to fund Palm Beach County fire rescue services from participating providers; and

WHEREAS, the participation by a majority of all county fire rescue service providers in an interlocal agreement with Palm Beach County for the collection and distribution of said surtax is a condition precedent to the matter being placed before the County electors for consideration; and

WHEREAS, if adopted by the County electors, said surtax would be in lieu of ad valorem taxes and non-ad valorem assessments which are currently collected for fire rescue services; and

WHEREAS, the Town of Palm Beach is a fire rescue service provider, and has, historically, funded its fire rescue services by means of ad valorem levies; and

WHEREAS, numerous issues and questions regarding the proposed surtax exist, including but not limited to the relative volatility of sales tax revenue compared to property tax revenue, the proposed method of surtax collection, and the equity (or lack thereof) of the proposed method of distribution to participating providers; and

WHEREAS, the Town Council having thoroughly studied and discussed the proposed surtax, has determined that its imposition would not be a benefit to the Town; and

WHEREAS, at its May 11, 2010, Council meeting, the Town Council discussed this issue and unanimously agreed that it would not at this time become a party to the requisite Interlocal Agreement with Palm Beach County.



NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, FLORIDA, THAT:

Section 1. The Town Council of the Town of Palm Beach hereby expresses its opposition to the proposal of Palm Beach County to institute a 1% sales surtax for the purpose of funding Palm Beach County fire rescue services.

Section 2. The Town Council of the Town of Palm Beach hereby memorializes its unanimous decision to decline participation in a proposed interlocal agreement with Palm Beach County which a majority of fire rescue providers must execute as a condition precedent to the surtax being considered for approval by County electors.

Section 3. This resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of Palm Beach assembled this 11<sup>th</sup> day of May 2010.

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Jack McDonald, Mayor

---

David A. Rosow, Town Council President

---

Gail Coniglio, Town Council President Pro Tem

---

William J. Diamond, Town Council Member

ATTEST:

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Richard M. Kleid, Town Council Member

---

Joanna Cunningham, Town Clerk

---

Robert N. Wildrick, Town Council Member

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Paul Van der Grift  
James A. Weiner

# Palm Beach CIVIC ASSOCIATION

Improving Life in Palm Beach Since 1944

Phone: 561-655-0820 • Fax: 561-655-1070 • Web: [www.palmbeachcivic.org](http://www.palmbeachcivic.org)  
139 North County Road, Suite 33 • Palm Beach, Florida 33480-3950

May 6, 2010

Mayor and Town Council

Town of Palm Beach

P.O. Box 2029

Palm Beach, Florida 33480

**Re: The Palm Beach Civic Association:**

- Opposes the sales tax referendum to finance fire-rescue services
- Urges the Palm Beach Town Council not to ratify the inter-local agreement required to place the proposed sales tax referendum on the ballot

Dear Mayor and Town Council:

The Palm Beach Civic Association is deeply concerned about the 1 cent sales tax referendum that could appear on the ballot on August 24, 2010. We do not favor a sales tax to fund fire-rescue departments in Palm Beach County. We believe each municipality should determine the services it offers its own citizens and have the ability to decide how it will pay for those services.

We urge the Palm Beach Council not to ratify the inter-local agreement required to place the proposed sales tax referendum on the ballot

## Background

In 2009, the Firefighters union supported legislation at the State level which called for a sales tax to replace ad valorem taxes used to finance fire/rescue services throughout the State. This legislation passed in July 2009 and is only now evident to many citizens in Palm Beach County (the "County") as the Palm Beach County Commission (the "Commission") has indicated it will attempt to place this issue on the 2010 ballot in the primary elections to be held on August 24<sup>th</sup>. Prior to placing this on the ballot, a series of "inter-local agreements" must be executed between the County and the independent services such that a majority agrees to the measure.

#### CHAIRMEN EMERITI

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The Hon. Harold B. Scott

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John D. Mashek Jr., *The Preservation Foundation*  
Jimmy Ryan, *The Citizens' Assn of Palm Beach*  
Dr. Rebecca van der Bogert, *Palm Beach Day Acad*

### **Palm Beach County**

There are eleven independent fire/rescue services in the County in addition to the County's own service. [This includes Palm Beach Shores which is somewhat of a hybrid, as I understand it, and whose inclusion is being debated.] A majority of these independent services (7) would be required to ratify and execute an inter-local agreement with the County in order for the sales tax referendum to be placed on the ballot. The timeframe is short as the deadline, as set by the Supervisor of Elections, for any issue to appear on the August ballot is June 18 – although we were recently informed the date may be as early as June 8<sup>th</sup>. Prior to that, the Commission must have two readings (May 18<sup>th</sup> and June 8<sup>th</sup> are the two regularly scheduled Commission meetings) which suggest there is approximately one month to complete the process of getting responses to the many questions surrounding this proposal and finalizing agreements with the seven municipalities. I frankly believe this is a very aggressive timeframe.

### **Sales Tax Pros and Cons**

The sales tax concept would at first glance appear attractive from a number of points of view, including:

- It would theoretically reduce property taxes by the amount collected from the sales tax proceeds
- It would collect tax from a wider group of citizens (including visitors to the county) not just property owners
- The full increase would be blunted by the “sunset” of the school sales tax of ½% at year end 2010
- It would benefit municipalities that have no other funding options

Many of the above positives are out-weighted by the following issues:

- By raising the sales tax to 7%, the County would have a higher sales tax than either Broward (6%) or Martin (6.5%) counties thereby jeopardizing the County's competitiveness in retail and wholesale commerce
- Sales tax is a volatile revenue source. During the time period the school sales tax has been in effect, revenues have vacillated from \$80 million to \$120 million. This would lead to large reserves being created to make up shortfalls
- A myriad of serious questions have not been addressed including: each municipality's current funding dynamics as a result of demographic differences, accounting assumptions, equipment purchase and maintenance, training levels, insurance ratings, etc. As of now we are being told to ignore these issues and simply have each town or city execute the agreement and certify that its financials are true and accurate.

A fundamental element of municipal governance is a community's ability to choose its own service level through their elected representatives. Elected officials use direct input from its citizens and impose a tax that corresponds to that level. Using a County-wide sales tax to fund fire-rescue services dilutes Town residents' ability to influence the process and severely limits the power of Palm Beach and other municipalities to have effective direct input on decisions being made. To whom does the Town complain when other municipalities begin to compete for a larger portion of the revenue source?

It has taken decades to reach the current level of fire-rescue service enjoyed by the Town of Palm Beach citizenry through prudent and conservative budget allocation. Ultimately, should the County-wide sales tax be placed on the ballot and passed by a majority of County voters – in an election that is expected to see a very low voter turnout – the Town's department will eventually look just like every other department in the County.

Given the available information, the Civic Association strongly recommends that the Palm Beach Town Council not ratify the inter-local agreement for the proposed sales tax referendum. If, at some future point, the many questions and concerns are satisfactorily addressed, the Town Council may want to reconsider the benefits of "opting in" to the sales tax revenue stream.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Patterson Cooper', with a long, sweeping horizontal line extending to the right.

J. Patterson Cooper, Chairman  
Tax and Finance Committee

# TOWN OF PALM BEACH

Town Council Meeting on: May 11, 2010

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## Section of Agenda

Ordinances - Second Reading

## Agenda Title

ORDINANCE NO. 10-10 An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Providing for an Amendment to the Town's Comprehensive Coastal Management Project Fund Budget and the General Fund Budget Adopted for the Fiscal Year Commencing October 1, 2009, as Amended March 9, 2010, Providing an Effective Date.

## Presenter

Jane Struder, Director of Finance

## Supporting Documents

- Memorandum dated April 30, 2010, from Finance Director Jane Struder
- Ordinance No. 10-10
- Exhibits A and B

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jane Struder, Finance Director

Re: Amendment to the Town Budgets for Coastal Expenditures  
**Ordinance No. 10-10**

Date: April 30, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council adopt Ordinance No. 10-10 on second reading, amending the Town's FY2010 budgets for coastal expenditures.

## **GENERAL INFORMATION**

At the April 13, 2010, Town Council meeting, the Town Council approved Ordinance 10-10 on first reading amending the amount of the transfer from the General Fund from \$690,000 to \$1,046,900 (which represents the proceeds from FDOT's taking of Town land in conjunction with the Flagler Memorial Bridge construction project). This amount is shown on the exhibit to the updated Ordinance as a transfer from the General Fund and \$690,000 is shown as an increase to the project budget for the sand search study (\$495,000) and for an analysis of the Town's groins (\$195,000). The balance of the transfer (\$356,900) will be reserved for future projects.

## **FUNDING/FISCAL IMPACT**

The Ordinance will amend the CCMP Fund budget (309) for the cost of a sand search study (\$495,000) and for a Town-wide groin analysis (\$195,000). A total of \$1,046,900 will be transferred from the General Fund to the CCMP Fund.

## **TOWN ATTORNEY REVIEW**

Ordinance No. 10-10 has been reviewed and approved by the Town Attorney for legal form and sufficiency.

jls

cc: Thomas G. Bradford, Deputy Town Manager  
Jay Boodheshwar, Acting Director of Public Works  
John C. Randolph, Town Attorney

**ORDINANCE NO. 10-10**

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN  
OF PALM BEACH, PALM BEACH COUNTY, FLORIDA,  
PROVIDING FOR AN AMENDMENT TO THE TOWN'S  
COMPREHENSIVE COASTAL MANAGEMENT PROJECT  
FUND BUDGET AND THE GENERAL FUND BUDGET  
ADOPTED FOR THE FISCAL YEAR COMMENCING  
OCTOBER 1, 2009, AS AMENDED MARCH 9, 2010,  
PROVIDING AN EFFECTIVE DATE.

\* \* \* \* \*

**WHEREAS**, it was necessary for the Town of Palm Beach to adopt budgets for the fiscal year commencing October 1, 2009; and

**WHEREAS**, The Town Council of the Town of Palm Beach, Florida, deems it necessary and appropriate to amend the Comprehensive Coastal Management Plan Project budget and the Town's General Fund Budget to provide appropriations adequate for the authorization of expenditures necessary for conducting Town operations for the fiscal year ending September 30, 2010; and

**WHEREAS**, this budget amendment is necessary to fund unanticipated costs associated with the Comprehensive Coastal Management Fund; and

**WHEREAS**, funds received from the sale of Town owned property will be transferred from the Town's General Fund; and

**WHEREAS**, the Town Council must take action to put in place an ordinance to amend the budget.

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:**

**Section 1.** The foregoing recitals are hereby ratified and confirmed.

**Section 2.** The Town of Palm Beach Comprehensive Coastal Management Fund Budget and the General Fund Budget for the fiscal year commencing October 1, 2009, and previously amended on March 9, 2010, is hereby amended and adopted pursuant to Exhibit A and B, attached hereto and made a part of this ordinance.

**Section 3.** This ordinance shall take effect immediately upon passage and approval as provided by law.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of Palm Beach on first reading this 13<sup>th</sup> day of April 2010, and for a second and final reading on this 11<sup>th</sup> day of May, 2010.

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Town Council President Pro Tem

\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member



**Town of Palm Beach, Florida**  
**General Fund Revenues and Expenditures**  
**Budget Amendment**  
**October 1, 2009 through September 30, 2010**

|                                          | <b>Adopted<br/>Budget<br/>FY2010</b> | <b>Ordinance<br/>No. 10-10<br/>Amendment</b> | <b>Amended<br/>Budget<br/>FY2010</b> |
|------------------------------------------|--------------------------------------|----------------------------------------------|--------------------------------------|
| <b>Revenues</b>                          |                                      |                                              |                                      |
| Ad Valorem Taxes                         | \$41,326,000                         |                                              | \$41,326,000                         |
| Non Ad Valorem Taxes                     | 7,258,000                            |                                              | \$7,258,000                          |
| Licenses & Permits                       | 5,607,300                            |                                              | \$5,607,300                          |
| Intergovernmental                        | 1,156,700                            |                                              | \$1,156,700                          |
| Charges for Services                     | 2,987,900                            |                                              | \$2,987,900                          |
| Fines and Forfeitures                    | 1,149,200                            |                                              | \$1,149,200                          |
| Investment Earnings                      | 1,540,000                            |                                              | \$1,540,000                          |
| Miscellaneous Revenues                   | 299,400                              | 1,046,900                                    | \$1,346,300                          |
| Interfund Transfers                      | 550,000                              |                                              | \$550,000                            |
| Use of Undesignated Fund Balance         | <u>4,978,800</u>                     | <u>0</u>                                     | <u>\$4,978,800</u>                   |
| <b>Total Revenues</b>                    | <b>\$66,853,300</b>                  | <b>\$1,046,900</b>                           | <b>\$67,900,200</b>                  |
| <b>Expenditures</b>                      |                                      |                                              |                                      |
| <b>Department</b>                        |                                      |                                              |                                      |
| Legislative                              | \$118,700                            |                                              | \$118,700                            |
| General Government                       | 1,372,600                            |                                              | \$1,372,600                          |
| Town Manager                             | 857,600                              |                                              | \$857,600                            |
| Advice and Litigation                    | 402,500                              |                                              | \$402,500                            |
| Human Resources                          | 690,800                              |                                              | \$690,800                            |
| Information Systems                      | 1,900,600                            |                                              | \$1,900,600                          |
| Finance                                  | 1,871,100                            |                                              | \$1,871,100                          |
| Planning/Building/Zoning                 | 3,903,600                            |                                              | \$3,903,600                          |
| Library                                  | 272,400                              |                                              | \$272,400                            |
| Fire-Rescue                              | 12,397,580                           |                                              | \$12,397,580                         |
| Police                                   | 15,569,000                           |                                              | \$15,569,000                         |
| Emergency Disaster Response              | 82,400                               |                                              | \$82,400                             |
| Public Works                             | 14,242,000                           |                                              | \$14,242,000                         |
| Transfer to Other Funds                  | 12,205,420                           | 1,046,900                                    | \$13,252,320                         |
| Contingent Appropriations                | <u>967,000</u>                       |                                              | <u>\$967,000</u>                     |
| <b>Total Expenditures</b>                | <b>\$66,853,300</b>                  | <b>\$1,046,900</b>                           | <b>\$67,900,200</b>                  |
| <b>Revenue over/(under) Expenditures</b> | <b>\$0</b>                           | <b>\$0</b>                                   | <b>\$0</b>                           |

**Town of Palm Beach, Florida**  
**Comprehensive Coastal Management Project Fund**  
**Budget Amendment**  
**October 1, 2009 through September 30, 2010**

|                                    | <b>Adopted<br/>Budget<br/>FY2010</b> | <b>Ordinance<br/>No. 6-10<br/>Amendment</b> | <b>Ordinance<br/>No. 10-10<br/>Amendment</b> | <b>Amended<br/>Budget<br/>FY2010</b> |
|------------------------------------|--------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------------|
| <b>Revenues</b>                    |                                      |                                             |                                              |                                      |
| Investment Earnings                | 120,000                              |                                             |                                              | 120,000                              |
| Transfer from General Fund         | 0                                    |                                             | 1,046,900                                    | 1,046,900                            |
| Transfer from CCMP                 | 944,182                              |                                             |                                              | 944,182                              |
| FEMA/Grant Reimbursements          | 3,013,900                            | 300,000                                     |                                              | 3,313,900                            |
| <b>Total Revenues</b>              | 4,078,082                            | 300,000                                     | 1,046,900                                    | 5,424,982                            |
| <b>Expenditures</b>                |                                      |                                             |                                              |                                      |
| Monitoring                         | 687,480                              |                                             |                                              | 687,480                              |
| Projects                           | 7,095,520                            | 365,000                                     | 690,000                                      | 8,150,520                            |
| <b>Total Expenditures</b>          | 7,783,000                            | 365,000                                     | 690,000                                      | 8,838,000                            |
| Revenues Over/(Under) Expenditures | (3,704,918)                          |                                             |                                              | (3,413,018)                          |
| Beginning Fund Balance             | <u>4,442,796</u>                     |                                             |                                              | <u>4,442,796</u>                     |
| <b>Ending Fund Balance</b>         | <u>737,878</u>                       |                                             |                                              | <u>1,029,778</u>                     |

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

From: Peter B. Elwell, Town Manager

Re: Forensic Auditing Services

Date: May 10, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council authorize the Town Manager to extend the current special engagement with Crowe Horwath LLP for a total contract amount not to exceed \$48,000 for forensic auditing services being conducted within an administrative investigation.

## **GENERAL INFORMATION**

On April 21, 2010, I engaged Crowe Horwath LLP ("Crowe") to provide forensic auditing services for an amount not to exceed \$24,500 to assist in conducting an administrative investigation following the April 14, 2010, arrest of Town Construction Manager Steven White. (This is a special engagement involving different personnel and a different fee schedule than the internal audit services being provided by Crowe through previous Town Council action. The internal audit services continue under the direction of Town Councilmember Robert Wildrick.) The forensic auditing team, through my administrative authority and under the direct supervision of Human Resources Director Danielle Olson, has performed detailed review of financial information, purchasing records, computer data, and organizational and employee information, in addition to conducting interviews with various staff members. Although they have made solid progress on the investigation and are pursuing this matter aggressively, it will not be possible for them to make conclusive findings without further forensic analysis and administrative review. I am requesting Town Council approval to extend the current special engagement with Crowe and to authorize the expenditure of an additional \$23,500. If you approve this request, the total not to exceed cost of this engagement will be \$48,000.

Barring any new and unanticipated developments, I expect Crowe will complete this special forensic engagement in the next few weeks and that the administrative investigation will be completed prior to the June Town Council meeting. Upon completion of the administrative investigation, I will promptly make decisions regarding accountability and corrective action(s) based on the facts as they emerge in the investigation findings.

## **FUNDING/FISCAL IMPACT**

The \$48,000 for this engagement will be expended from the General Fund Contingency account. As of May 10, \$786,460 remains in that account for FY10.

## **SPECIAL CONSIDERATIONS**

There is a possibility that after this engagement, it may be in the Town's best interests to retain Crowe's forensic team for a separate engagement to assist in work being conducted by the Town's Police Department and the State Attorney's Office to confirm the losses incurred by the Town and obtain restitution from the offending parties. The anticipated costs and benefits of such assistance will be reviewed when we have completed the initial forensic engagement, after which we will bring this matter back for further consideration by the Mayor and Town Council, if needed.

The primary emphasis of the initial forensic engagement is to answer the questions "How did this happen?" and "How can we protect the Town from having it happen again?" The answers to these questions will provide me with the facts I need to make determinations about accountability for what has occurred and take corrective action(s) related to Town construction project procurement and management. Those answers also will, almost certainly, lead to additional questions related to Town procurement practices in areas other than construction. For this reason, I anticipate requesting a future expansion of the procurement related scope of work for Crowe's internal audit team. That team's independent review of Town policies and practices will lead to stronger protective measures against both fraud and honest mistakes. We welcome this and believe it is important to take full advantage of the opportunity to have Crowe assist the Town in becoming stronger and better protected for the future.

PBE:

cc: Danielle Olson, Director of Human Resources  
Jane Struder, Director of Finance

# **TOWN OF PALM BEACH**

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jay Boodheshwar, Acting Director of Public Works

Re: Preparations for Potential Impacts of Oil Spill in the Gulf of Mexico  
**Resolution No. 56-10**

Date: May 10, 2010

---

## **STAFF RECOMMENDATION**

Staff recommends that Town Council adopt Resolution No. 56-10, authorizing the Town Manager to enter into an agreement with Tetra Tech EC, Inc., to accelerate the Town's state and federal permit required annual biological monitoring services in preparation for any potential local impact from the oil spill.

## **GENERAL INFORMATION**

### **Deepwater Horizon Oil Spill**

The Deepwater Horizon oil spill is a massive ongoing spill in the Gulf of Mexico that started on April 20, 2010, after a blowout that caused an explosion on the Deepwater Horizon offshore drilling rig. The oil spill currently covers a surface area of at least 2,500 square miles. BP and federal officials are working together to identify methods for containing the spill and mitigating damage to fish and wildlife, and sensitive coastal areas. On May 8<sup>th</sup>, BP encountered a challenge with a dome which had been fabricated to contain the oil discharge. The dome's opening became clogged with hydrates that form when gas and water mix under certain temperatures and pressures. BP is currently evaluating options for successfully reinstalling the dome. BP also continues its efforts to drill a relief well to eliminate the discharge.

Despite the setback regarding the dome, weather conditions remain favorable and the winds/currents continue to keep the plume away from the Florida coast. The loop current, which flows south through the Florida Keys and then north (as the Gulf Stream) along the Palm Beach coastline, is far south of the oil. There is no imminent threat that the oil will be picked up by the loop current. However, Florida continues to make preparations to safeguard the state's shoreline. As of May 9<sup>th</sup>, the 72-hour National Oceanic and Atmospheric Administration (NOAA) trajectory shows no oil landfall in Florida. According to the NOAA oil plume model, the oil spill is 120 miles from Pensacola, 170 miles from Port St. Joe, and 310 miles from St. Petersburg. A light to moderate southeast wind flow will develop Monday night and continue through much of the week. A westerly movement of the oil is expected through the next 36 hours followed by a northwestward movement through 72 hours.

#### Current Situation:

- Unified Command estimates release rate of oil from Deepwater Horizon at 5,000 barrels per day.
- This event has been designated a Spill of National Significance.
- 9,867 personnel are working the on and offshore response, with an additional 2,500+ trained volunteers.
- To date, approximately 3.4 million gallons of an oil-water mix has been recovered.
- There are a total of 335 response vessels in use.
- Dispersant (in gallons): 308,885 deployed/ 515,199 available
- The National Park Service has 2 incident management teams in the Gulf region.
- NOAA expanded the boundaries restricting offshore fishing (more than 20 miles off the coast) in Federal Waters until May 17.

#### Florida Specific:

- Oil Containment Boom (in feet): 121,500 total deployment in Florida
- In accordance with established plans, protective booming is now being deployed in the coastal areas of Bay, Escambia, Okaloosa, Santa Rosa, and Walton Counties. Maintenance on booms already deployed is also being conducted.
- There are 450 BP and contract personnel working on the effort in Florida.
- BP issued a 25 million dollar block grant to Florida; first priority is costs associated with booming.
- The incident command post in the U.S. Coast Guard's Sector St. Petersburg and the virtual planning cell in Sector Key West continue to focus on strategy and planning efforts.

#### Palm Beach County Specific:

Palm Beach County is in the process of developing a Deepwater Horizon Planning Task Force made up of representatives from the U.S. Coast Guard, Florida Department of Environmental Protection (FDEP), Health Department, PBC Division of Emergency Management, U.S. Environmental Protection Agency, PBC Environmental Resources Management, county and municipal fire-rescue hazmat response agencies, the Florida Fish and Wildlife Commission (FWC), PBC Animal Care & Control and the Port of Palm Beach. Mike Galvin, the Town's contracted Emergency Management Coordinator, has been assigned to participate on the Task Force, which provides the Town with a direct link to the regional planning/response effort as the preparations begin.

The Deepwater Horizon Planning Task Force will develop county-specific contingency plans to address mitigation, response and recovery operations. The first meeting will be held at the Palm Beach County Emergency Operations Center on May 17, 2010.

Specific areas which will be addressed include:

- Protection of the county's four inlets
- Availability and cost of booms, if needed
- Environmental preservation
- Potential health concerns
- Wildlife protection
- Available labor and material resource inventories

### **Biological Monitoring**

In addition to the communication with Palm Beach County, Coastal Coordinator Rob Weber has initiated communications with state and federal environmental agencies regarding the potential impact of the oil spill on local shorelines. Mr. Weber has reached out to the Florida Department of Environmental Protection (FDEP), Florida Fish and Wildlife Conservation Commission (FWC), NOAA's National Marine Fisheries Service (NMFS), and the U.S. Fish & Wildlife Service (USFWS).

FDEP staff has advised that there currently are no directives issued to local governments on the east coast of Florida pertaining to the oil spill situation. Town staff continues to monitor FDEP activities should actions relative to our beaches be suggested. FWC has informed staff that no changes in sea turtle nesting monitoring are to take place on the east coast of Florida at this time and sea turtle nests should not yet be moved to higher ground.

Mr. Weber will continue to receive updates from the state and federal environmental agencies as the situation develops.

Out of concern that the oil may enter into the loop current and travel to the east coast of Florida, Mr. Weber suggested that the annual biological monitoring efforts could be accelerated. Both NOAA and the FDEP felt that it would be advantageous to be pro-active in performing the biological monitoring as soon as possible, rather than in August to capture any "pre-impact" conditions to the Town's offshore natural resources should the oil spill make its way to this area. The FDEP may be asking other coastal communities to take a pro-active position similar to staff's recommendation. A proposal from Tetra Tech EC, Inc. has been provided to conduct Mid-Town and Phipps Ocean Park project related permit required a monitoring services and staff recommends approval. Staff will return to Town Council in June 2010 for a proposal to satisfy permit requirements associated with the 0.8 acre artificial reef. The scope of work associated with the 0.8 acre artificial reef may change, based on direction by FDEP, but the cost will not exceed budget expectations.

### **FUNDING/FISCAL IMPACT**

The not-to-exceed time and materials proposal from Tetra Tech EC, Inc. is \$113,757.25. Sufficient funds (\$137,000) in the coastal management fund to complete this monitoring. This is money that would have been spent in August/September for Town compliance with coastal project permit conditions. The recommendation does not involve any additional expenditure, just the acceleration of this expenditure to the May/June timeframe due to the oil spill.

### **TOWN ATTORNEY REVIEW**

This a standard resolution in a form previously approved by the Town Attorney for legal form and sufficiency.

cc. Shore Protection Board  
Department Directors  
Eric B. Brown, Assistant Director of Public Works  
Rob Weber, Coastal Coordinator  
Mike Galvin, Emergency Management Coordinator

## **RESOLUTION NO. 56 - 10**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AWARDING A CONTRACT TO TETRA TECH EC, INC. FOR THE ANNUAL 2010 MID-TOWN AND PHIPPS OCEAN PARK BIOLOGICAL MONITORING SERVICES OF OFFSHORE NATURAL AND ARTIFICIAL RESOURCES, PER FDEP AND USACE PERMIT REQUIREMENT.

\* \* \* \* \*

BE IT RESOLVED BY THE TOWN OF COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, as follows:

Section 1. The Town of Palm Beach contract for Annual Biological Monitoring Services is hereby awarded to Tetra Tech EC, Inc. for a Not-To-Exceed Time and Materials cost in the total amount of \$113,757.25.

Section 2. The Town Manager is hereby authorized and directed to execute a contract on behalf of the Town of Palm Beach for the Annual Biological Monitoring Services contract with Tetra Tech EC, Inc.

Section 3. The Town Manager, or his designee, is hereby authorized and directed to take such further actions as may be necessary to effectuate the completion of the Annual Biological Monitoring Services contract to satisfy Town obligations to the State of Florida Department of Environmental Protection (FDEP Permit Nos. 0165332-006-JC and 0164713-001-JC) and United States Army Corps of Engineers (USACE Permit Nos. SAJ-2000-380 [IP-PLC] and 1199503779 [IP-DEB] as per the Town's Mid-Town and Phipps Ocean Park beach nourishment projects.



PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the  
Town of Palm Beach on this 11th day of May 2010.

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Town Council President Pro Tem

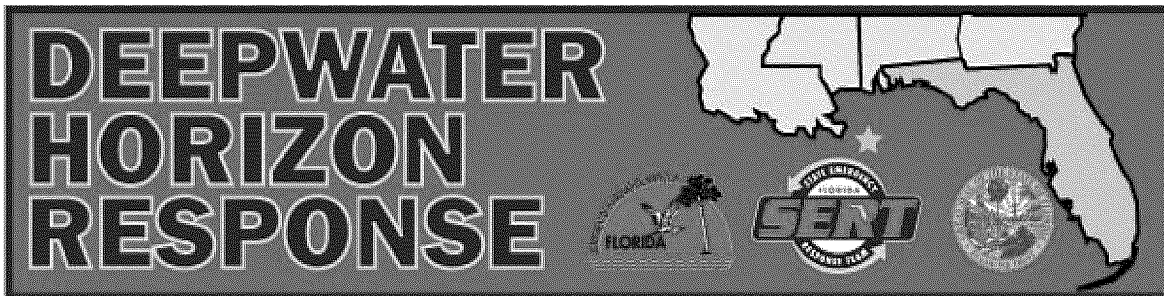
\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member



CHARLIE CRIST  
Governor

SECRETARY MICHAEL W. SOLE  
Florida Department of Environmental Protection

DAVID HALSTEAD  
State Coordinating Officer

**MEDIA ADVISORY: MONDAY, MAY 10, 2010**

**CONTACT: PUBLIC INFORMATION (ESF 14): (850) 921-0217**

## **FLORIDA DEEPWATER HORIZON RESPONSE MAY 10, 2010**

**TALLAHASSEE** – The State Emergency Response Team, in support of the Department of Environmental Protection (DEP) as the lead response agency for the state of Florida, is actively participating in the Deepwater Horizon response.

The following is a summary of state and BP response actions to date, as well as tips for residents and visitors to take precautions both pre and post-landfall.

### **Landfall Predictions:**

- Deepwater Horizon continues to discharge an estimated 5,000 barrels (210,000 gallons) per day.
- On May 8, 2010 BP encountered a challenge with the dome intended to contain the oil discharge. The dome's opening became clogged with hydrates that form when gas and water mix under certain temperatures and pressures. BP is evaluating options for successfully reinstalling the dome.
- BP also continues its efforts to drill a relief well to eliminate the discharge.
- Winds/currents continue to keep the plume away from the Florida coast for at least the next 72 hours.
- The loop current is far south of the oil and there is no imminent threat that the oil will be picked up by the loop current. However, Florida continues to make preparations to safeguard the state's shoreline.
- Floridians and visitors are reminded that the state's beaches and other attractions have not been impacted by the oil spill and remain open for public enjoyment.
- Should any impacts to Florida's coastline occur, these could potentially include tarballs – fragments or lumps of oil weathered into a solid consistency – oil sheen or tar mats – sheets of oil that are thicker than a sheen. Should individuals observe any evidence of oil on Florida's coastline, they should leave the area and report the incident to 1-866-448-5816.

### **State Actions:**

- On May 6, 2010, Governor Charlie Crist sent a letter to President Barack Obama requesting a \$50 million disaster National Emergency Grant from the United States Department of Labor as a part of Florida's response plans to the

Deepwater Horizon incident. The following link provides a copy of the letter:  
[http://www.dep.state.fl.us/deepwaterhorizon/files/05062010\\_letter\\_obama.pdf](http://www.dep.state.fl.us/deepwaterhorizon/files/05062010_letter_obama.pdf).

- On May 5, 2010, the United States Coast Guard (USCG) Sector St. Petersburg, DEP, and BP set up a Unified Command (in support of the Unified Area Command) at the USCG Sector St. Petersburg offices in St. Petersburg. The Joint Information Center for the Unified Command in St. Petersburg has a dedicated media line which can be reached at 727-820-3714.
- The Unified Command will be largely geared toward planning and will grow if it becomes necessary. Sector Key West has also set up a virtual Unified Command that will become operational if necessary.
- Governor Charlie Crist confirmed on May 4, 2010 that Florida will receive a \$25-million block grant from BP for initial state and local preparation and response costs.
- On May 3, 2010, Governor Charlie Crist extended a state of emergency declaration (Emergency Order 10-100) for the coastal counties of Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee and Sarasota.
- On April 30, 2010, Governor Charlie Crist declared a state of emergency (Emergency Order 10-99) for Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf Counties.
- The State Emergency Operations Center remains activated at a Level 2 or Partial activation. Two new support cells have been established to handle supplemental boom requests and alternative technology evaluation.
- The State Emergency Response Team has dozens of team members deployed throughout the anticipated impact region to assist with Deepwater Horizon preparation and response.
- DEP conducted water and sediment sampling to use as a baseline for ongoing monitoring.
- DEP is continuously monitoring air quality data. Statewide air quality monitoring is ongoing in coordination with the U.S. Environmental Protection Agency. The public can view this data at <http://www.airnow.gov/> or <http://www.epa.gov/bpspill/>.
- DEP, the Florida Fish and Wildlife Conservation Commission (FWC), county governments, water management districts and several federal agencies continue to conduct pre-impact assessments, including sampling of water, fish, shellfish and habitats along the Florida coastline and into the Gulf of Mexico.

### **Boom Placement:**

- Approximately 154,315 feet of boom has been placed out of the Pensacola and Panama City staging areas in support of Unified Command.
- As of May 10, 2010, an estimated 145,000 feet of boom has been placed in Florida.
- An additional 17,300 feet is expected to be placed today.
- Currently 5,600 feet of boom is staged in Pensacola with an additional 10,000 feet of boom on order. In Panama City, there is 13,400 feet staged and an additional 40,000 feet of boom on order.

- Placement of boom is based on tides and where the oil is threatening, as well as direction given in each region's area contingency plan.
  - To view the Coast Guard Mobile Area Contingency Plan visit: <http://ocean.floridamarine.org/ACP/MOBACP/StartHere.html>.
  - To view the Coast Guard St. Petersburg Area Contingency Plan visit: [http://research.myfwc.com/features/view\\_article.asp?id=3482](http://research.myfwc.com/features/view_article.asp?id=3482)
- The booming strategy focuses on identified environmentally sensitive areas.
  - Estuaries and inlets are at the top of the list, not the beach areas.
  - This is to protect sensitive habitat that support wildlife and fish.
  - If the oil washes on the beach, the sand can be cleaned.
  - Note that booms are not a failsafe solution. They can become ineffective in high seas, strong winds, or currents over one knot.
- Florida's counties are working through the State Emergency Operations Center. Each county provides input, but the operational decisions are made through the Unified Command. The State Emergency Response Team is working with the counties, BP as well as the federal agencies to maximize protection and minimize impacts.

### **Health Effects:**

- At this time, there are no indications of any health risks to Floridians due to the Deepwater Horizon incident. The Department of Health (DOH) and DEP are closely monitoring health and environmental impacts to Florida's beaches and will notice an advisory if conditions become unsafe.
- Consider the following tips for avoiding negative health impacts from an oiled shoreline:
  - Avoid entering areas where oil can be seen or smelled.
  - Avoid direct skin contact with oil, oil-contaminated water and sediments.
  - Do not swim or ski in areas affected by the oil spill, and if traveling through the area by boat, take precautions when hoisting the boat anchor. If oil makes contact with skin, wash it off with soap and water.
  - Do not fish in oil spill-affected waters.
  - Do not harvest or eat dead fish, fish with oily residue or fish that have a petroleum odor.
  - Avoid boating through oil slicks or sheens.
  - Young children, pregnant women, people with compromised immune systems, and individuals with underlying respiratory conditions should avoid the area.
  - Prevent pets from entering oil-contaminated areas.
- Those near Florida's Gulf Coast may detect an odor because of the oil spill. Some people are more sensitive to these odors and may experience nasal irritation and feelings of nausea. In combination with seasonal allergies, such as sensitivity to pollen or pre-existing respiratory conditions such as asthma, some people may experience more severe symptoms.
- Individuals experiencing symptoms that are aggravated by the odors from the oil spill should consider:

- Staying indoors, in air conditioning, and avoiding strenuous outdoor activity.
- If symptoms do not improve, contact a primary care physician or other health care provider for medical advice.
- Individuals who have pre-existing medical conditions, such as asthma or other respiratory illness should contact their health care provider if feeling symptomatic.

### **Fisheries & Seafood:**

- The fisheries, wildlife and seafood off of Florida's coast in state waters are safe and there are no alerts at this time.
- On May 3, 2010 NOAA restricted fishing for a minimum of ten days in federal waters most affected by the BP oil spill, largely between Louisiana state waters at the mouth of the Mississippi River to waters off Florida's Pensacola Bay. Details can be found here: <http://sero.nmfs.noaa.gov/>.
- Fishermen who wish to contact BP about a claim should call 1-800-440-0858.
- FWC is working with DEP, county governments, water management districts and several federal agencies including NOAA and the U.S. Fish and Wildlife Service to conduct pre-impact wildlife assessments.
- These assessments include samples of water, sediments, fish, shellfish and habitats along the Florida coastline and into the Gulf of Mexico. Assessments are needed to provide baseline information prior to the anticipated impact.
- Examples of the assessments include the following:
  - FWC and the University of South Florida College of Marine Science are designing a multi-day scientific research study to obtain information on fisheries resources and plankton in the Gulf of Mexico near the Florida Panhandle.
  - Aerial surveys also are planned to identify locations of marine mammals.
  - Groups are marking the location of bird and sea turtle nesting sites along the beach. Nests are marked to help prioritize response with real-time information.
  - FWC urges citizens to report oiled wildlife to the Wildlife Distress Hotline at 1-866-557-1401.
- For the safety of the public as well as the safety of animals, rescues should be conducted by trained responders. Untrained rescuers may cause more harm than good.
- Anyone involved in volunteer efforts to clear trash from the beaches should be careful of shorebird nesting areas. If birds in the area are acting agitated, calling or swooping at people, there is a good possibility it is a nesting area. The FWC asks the public and oil spill responders to retreat the way they approached and leave the nesting area. Anyone involved in volunteer efforts to clear trash from the beaches should consider the following:
  - Avoid working in areas where shorebirds are nesting; never enter or approach a posted shorebird area.
  - When near nesting areas, stay below the high tide (wrack) line. Shorebirds nest on the open beach above this line. Nests are scrapes in the sand and

the eggs are small and camouflaged. They easily can be crushed by pedestrians and vehicles.

- Remove only manmade trash. Seaweed and other natural debris are critical to shorebirds.
- Even though the wrack line is important to wildlife, if it becomes oiled it then becomes a death trap for birds and other wildlife and makes removal of oil from the beach more difficult. Timing for removal of beach wrack in oil spill response is critical. It should be left on the beach in areas of active nesting as long as possible but removed immediately prior to beaches becoming oiled. In areas distant from active nesting, cleanup of wrack and other natural debris can be performed to better facilitate future oil removal.
- On some Panhandle beaches, the FWC has installed short, white, PVC tubes in the dunes to track endangered beach mice, and on Perdido Key, small aluminum boxes also are being used. This important equipment should not be removed from the beach.
- Also, sea turtle nests are marked with stakes and orange tape - do not remove these items because they help protect the nests from disturbances.
- Do not place litter above the tide line; this can also interfere or cause harm to nesting birds.
- Do not use equipment such as rakes, shovels or tractors.
- Do not bring dogs onto the beach. Dogs, even when leashed, are very threatening to birds and cause them to panic.
- Seabirds and shorebirds are protected by law. Report anyone harming or harassing these birds or nest disturbances to 1-888-404-FWCC (3922).

### **Closures:**

- Currently there are no Florida State Park or beach closures. For more information about Florida State Parks, visit: [www.floridastateparks.org](http://www.floridastateparks.org).

### **Tourism:**

- Florida's pristine beaches and famed fishing grounds remain open to residents and visitors. Currently, there are no impacts to Florida's 2,276 miles of tidal shoreline and 663 miles of beaches. Florida's shores are clear and open for business.
- If you are planning a trip to the Sunshine State and are concerned about any potential impact from the Deepwater Horizon Oil incident, VISIT FLORIDA, the state's official tourism marketing organization, encourages you to check with local destinations in order to get the most up-to-date information.
- Through [www.VISITFLORIDA.com](http://www.VISITFLORIDA.com), vacationers are able to view live Twitter feeds and read up-to-the-minute information on the status of any city or region in Florida, allowing them to see first-hand whether or not an area is currently affected. The following link also provides helpful local links to check on the status of your Florida destination:  
[http://www.visitflorida.com/florida\\_travel\\_advisory/](http://www.visitflorida.com/florida_travel_advisory/).

- DEP's Florida Park Service would like to remind the public that all of Florida's 160 state parks are open for business and ready for enjoyment, including the 24 state park beaches along the Gulf Coast.
- Florida State Parks are seeing no impacts at this time from the Deepwater Horizon incident and remain great destinations for families to enjoy.
- The Florida State Park website will be updated daily and will list any parks that may be impacted by the Deepwater Horizon Incident: <http://www.floridastateparks.org/>. Visitors with camping or cabin reservations will be notified if their stay will be impacted. If you have any questions, please call 1-850-245-2157.
- Park staff and volunteers have been working diligently at all beach parks this week to be sure that debris is removed. Beach cleanups allow any potential oil cleanups along Florida's shoreline to be more easily facilitated.

#### **Tips for Businesses and Consumers:**

- Florida residents are discouraged from signing any documents provided to them in return for money from BP or anyone else until they know the extent of their loss, which may be significantly higher than the money being paid. These may be fraudulent or premature.
- The Attorney General's fraud hotline is open to receive any reports of fraud or price gouging. The hotline is 1-866-966-7226.
- The Florida Agriculture and Consumer Services Commissioner gas price-gouging hotline is also operational. The toll-free hotline number is 1-800-HELP-FLA (1-800-435-7352).
- Florida's coastal businesses should be prepared to make loss of earnings claims for damages incurred as a result of the Deepwater Horizon oil spill. The Florida Department of Financial Services provides the following suggestions:
  - Take detailed records of cancelled reservations. It is important that when these cancellations occur, the cancelling party is questioned whether the cause is because of the oil spill. If the answer is yes, keep a record of the person's name and contact information, and also the revenues lost as a result of the cancellation.
  - Calculate estimated losses for a six-week period and be able to provide records, sales receipts and documentation to support such a claim. A good idea would be to compare business now to a five-year average of revenues between May and June, which can offer insight as to the damages incurred.
  - Make a detailed list of assets – including non-structural -- and include appropriate records to support the list. For example: if your hotel or restaurant is within walking distance to the beach and that beach has oil reach its shores, the business' assets are damaged even though there is no physical damage to the structure, and it is important to record this depreciation.
  - Be wary of insurance settlement scams. -- For businesses who may have already begun the claims filing process with BP, first, make sure you are dealing with authorized representatives from BP and not scam artists; and be careful not to sign waivers of liability too quickly without getting adequate legal and financial counsel.

- In all circumstances, affected businesses should file a claim with BP via the hotline number – 1-800-440-0858. Additional guidance to help small businesses survive a disaster can be found at [www.MyFloridaCFO.com](http://www.MyFloridaCFO.com) or by calling 1-850-413-3089 or toll-free at 1-877-MY-FL-CFO (1-877-693-5236).

### **Volunteer Opportunities:**

- The Governor’s Commission on Volunteerism and Community Service is encouraging Floridians and visitors to watch for oiled wildlife, vegetation, and beaches by becoming a Coast Watch volunteer.
- The “Coast Watchers” will assist BP, the state of Florida and partnering organizations in identifying beaches that need attention.
- Coast Watchers will work within the coastal communities where they live or visit and commit to do the following:
  - Report injured or oiled animals to the Wildlife Distress Hotline: 1-866-557-1401.
  - Report oiled shoreline to: 1-866-448-5816.
  - Report a change in Air Quality to: <http://www.epa.gov/bpspill/>.
- For information on scheduled beach cleanups and other volunteer opportunities, visit [www.VolunteerFlorida.org](http://www.VolunteerFlorida.org).
- Emergency Support Function 15, Volunteers and Donations, successfully spearheaded pre-impact beach cleanups over the weekend of May 1-2. More than 1,200 volunteers participated in cleanups in Escambia, Santa Rosa and Wakulla counties to minimize the effect of the Deepwater Horizon incident. Volunteer Florida offers guidance for conducting safe pre-impact beach cleanups at [www.volunteerflorida.org](http://www.volunteerflorida.org).
- BP has established a volunteer program and set up a toll-free number for those interested in volunteering. When calling, interested parties should communicate what activities they are volunteering and locations in which they are available to work. In addition, potential volunteers may call this line to learn about the training that is required to work in oil spill clean-up operations. For information on assisting with the response efforts, please contact BP’s community information line at 1-866-448-5816.

### **Learn More About Florida’s Response:**

- DEP launched a Twitter account, [@FLDEPalert](https://twitter.com/FLDEPalert), dedicated to providing updates on Florida’s response to the Deepwater Horizon Oil Spill. Visit [www.Twitter.com/FLDEPalert](https://www.Twitter.com/FLDEPalert).
- The Florida Emergency Information Line is in operation from 8:00 a.m. to 6:00 p.m. until further notice. The number for residents to call is: 1-800-342-3557.
- DEP established an email sign-up for information alerts on its website as well as a resources page containing fact sheets and tips. To view tips and sign up for email updates, visit [www.dep.state.fl.us/deepwaterhorizon](http://www.dep.state.fl.us/deepwaterhorizon).

| <b>Additional Public Information Resources and Hotlines</b> |                |
|-------------------------------------------------------------|----------------|
| Attorney General’s fraud hotline for price gouging.         | 1-866-966-7226 |



|                                                                                                                                                                          |                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Florida Agriculture and Consumer Services Commissioner gas price-gouging hotline.                                                                                        | 1-800-HELP-FLA (1-800-435-7352)<br>1-800-640-0886 TTY                             |
| Fishermen who wish to contact BP.                                                                                                                                        | 1-800-440-0858                                                                    |
| To report tarballs or other evidence of oil on Florida's coastline call the Rapid Response Team.                                                                         | 1-866-448-5816                                                                    |
| Report oiled wildlife to the Joint Information Center.                                                                                                                   | 1-866-557-1401                                                                    |
| Seabirds and shorebirds are protected by law. Report anyone harming or harassing these birds or nest disturbances to Florida Fish and Wildlife Conservation Commission.  | 1-888-404-FWCC (3922)                                                             |
| Florida State Parks camping or cabin reservations                                                                                                                        | 1-850-245-2157                                                                    |
| To file a claim with BP.                                                                                                                                                 | 1-800-440-0858                                                                    |
| Florida Department of Financial Services small business assistance hotline.                                                                                              | 1-850-413-3089 or toll-free at<br>1-877-MY-FL-CFO (1-877-693-5236)                |
| Business Owner Insurance Coverage Hotline                                                                                                                                | 850-413-3100 or toll free<br>1-800-342-2762<br>TDD: 850-410-9700                  |
| Report injured or oiled animals to the Wildlife Distress Hotline.                                                                                                        | 1-866-557-1401                                                                    |
| BP's community information line and volunteer line.                                                                                                                      | 1-866-448-5816                                                                    |
| To register as a consultant, contractor, vendor, or submit information on alternative response technology, services, products, vessels of opportunities, or suggestions. | 1-281-366-5511                                                                    |
| Florida Relay Services, the communications link for people who are Hearing Impaired.                                                                                     | 711                                                                               |
| Florida State Emergency Information Line                                                                                                                                 | 1-800-342-3557<br>1-800-226-4329 TTY                                              |
| Joint Information Center at Unified Area Command in Robert, Louisiana                                                                                                    | 1-985-902-5231<br>1-985-902-5240                                                  |
| Joint Information Center at Unified Command in Mobile, Alabama                                                                                                           | 1-251-445-8965                                                                    |
| Joint Information Center at Unified Command in St. Petersburg, Florida                                                                                                   | 1-727-820-3714                                                                    |
| Joint Information Center Twitter Updates                                                                                                                                 | <a href="http://twitter.com/Oil_Spill_2010">http://twitter.com/Oil_Spill_2010</a> |
| Joint Information Center Facebook                                                                                                                                        | <a href="#">Deepwater Horizon Response</a>                                        |

|                                  |                                                                                        |
|----------------------------------|----------------------------------------------------------------------------------------|
| Updates                          |                                                                                        |
| Joint Information Center website | <a href="http://www.deepwaterhorizonresponse.com">www.deepwaterhorizonresponse.com</a> |

For additional information regarding Florida's response to the Deepwater Horizon incident, visit [www.dep.state.fl.us/deepwaterhorizon](http://www.dep.state.fl.us/deepwaterhorizon), or follow us on Twitter at [www.Twitter.com/FLDEPalert](https://www.Twitter.com/FLDEPalert).

###

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

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To: Mayor and Town Council

From: Peter B. Elwell, Town Manager

Re: Forensic Auditing Services

Date: May 10, 2010

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council authorize the Town Manager to extend the current special engagement with Crowe Horwath LLP for a total contract amount not to exceed \$48,000 for forensic auditing services being conducted within an administrative investigation.

## **GENERAL INFORMATION**

On April 21, 2010, I engaged Crowe Horwath LLP ("Crowe") to provide forensic auditing services for an amount not to exceed \$24,500 to assist in conducting an administrative investigation following the April 14, 2010, arrest of Town Construction Manager Steven White. (This is a special engagement involving different personnel and a different fee schedule than the internal audit services being provided by Crowe through previous Town Council action. The internal audit services continue under the direction of Town Councilmember Robert Wildrick.) The forensic auditing team, through my administrative authority and under the direct supervision of Human Resources Director Danielle Olson, has performed detailed review of financial information, purchasing records, computer data, and organizational and employee information, in addition to conducting interviews with various staff members. Although they have made solid progress on the investigation and are pursuing this matter aggressively, it will not be possible for them to make conclusive findings without further forensic analysis and administrative review. I am requesting Town Council approval to extend the current special engagement with Crowe and to authorize the expenditure of an additional \$23,500. If you approve this request, the total not to exceed cost of this engagement will be \$48,000.

Barring any new and unanticipated developments, I expect Crowe will complete this special forensic engagement in the next few weeks and that the administrative investigation will be completed prior to the June Town Council meeting. Upon completion of the administrative investigation, I will promptly make decisions regarding accountability and corrective action(s) based on the facts as they emerge in the investigation findings.

## **FUNDING/FISCAL IMPACT**

The \$48,000 for this engagement will be expended from the General Fund Contingency account. As of May 10, \$786,460 remains in that account for FY10.

## **SPECIAL CONSIDERATIONS**

There is a possibility that after this engagement, it may be in the Town's best interests to retain Crowe's forensic team for a separate engagement to assist in work being conducted by the Town's Police Department and the State Attorney's Office to confirm the losses incurred by the Town and obtain restitution from the offending parties. The anticipated costs and benefits of such assistance will be reviewed when we have completed the initial forensic engagement, after which we will bring this matter back for further consideration by the Mayor and Town Council, if needed.

The primary emphasis of the initial forensic engagement is to answer the questions "How did this happen?" and "How can we protect the Town from having it happen again?" The answers to these questions will provide me with the facts I need to make determinations about accountability for what has occurred and take corrective action(s) related to Town construction project procurement and management. Those answers also will, almost certainly, lead to additional questions related to Town procurement practices in areas other than construction. For this reason, I anticipate requesting a future expansion of the procurement related scope of work for Crowe's internal audit team. That team's independent review of Town policies and practices will lead to stronger protective measures against both fraud and honest mistakes. We welcome this and believe it is important to take full advantage of the opportunity to have Crowe assist the Town in becoming stronger and better protected for the future.

PBE:

cc: Danielle Olson, Director of Human Resources  
Jane Struder, Director of Finance

## Crowe Horwath.

Crowe Horwath LLP  
Independent Member Crowe Horwath International

One Mid America Plaza Suite 700  
Post Office Box 3697  
Oak Brook, Illinois 60522-3697  
Tel 630.574.7878  
Fax 630.574.1608  
www.crowehorwath.com

May 17, 2010

Mr. Peter Elwell  
Town Manager  
Town of Palm Beach  
360 South County Road  
Palm Beach, FL 33480

### Re: Administrative Investigation

Dear Mr. Elwell:

This letter sets forth our understanding of the consulting services to be provided by Crowe Horwath LLP ("Crowe Horwath") to the Town of Palm Beach ("Palm Beach") in the above referenced matter.

### SERVICES

We understand that we are being engaged to provide assistance to you in your Administrative Investigation regarding the supervision, vendor selection, and approvals of emergency construction bids and change orders as well as the evaluation of vendor selections in those instances where the normal bidding process was not followed for non-emergency construction projects. This engagement is a continuation of the initial phase of the administrative investigation as agreed to in the engagement letter dated April 20, 2010. We will continue to review documents that are made available to us by you. We will continue to assess the sufficiency of the available documentation and records, review activities surrounding the projects noted above and, will complete the work plan as developed and submitted to the Town Counsel on May 11, 2010 which will meet the objectives of the Administrative Investigation, for the work to be performed. Our work in regard to the Administrative Investigation will be directed by Ms. Danielle Olson, Human Resources Director, Town of Palm Beach. We will advise you as soon as possible if additional documents are required. We may conduct interviews of current and former employees, vendors, and other parties as needed to support the investigation; however, no interviews will be conducted without your knowledge and consent. We may perform economic, industry and accounting research to support our analysis or conclusions. We will provide advice as requested on business and financial matters within our expertise.

Mr. Elwell  
May 17, 2010  
Page 2

#### **CONFLICTS OF INTEREST**

Based upon an understanding of the parties to this matter, as you disclosed to us, we will complete an initial review of our files for evidence of conflicts of interest. We are unaware that any exist. If a potential conflict arises, we will bring this to your attention in writing as soon as possible.

#### **WORKPAPERS AND WORK PRODUCT**

Please note that it is our practice to retain e-mails, written drafts of reports or other correspondence between Crowe Horwath, you, and/or any third party working with you in connection with this project. We also retain meeting notes and workpapers. However, some versions of documents may be overwritten and not maintained in original form.

All workpapers or other documents used by us during the course of this engagement will be maintained in segregated files. At the end of the engagement, you will have several options related to the documents or copies of documents that we do not need to retain in our files: (a) have us return all such documents to you; (b) authorize us to destroy them, or (c) direct us to store all or selected workpapers or documents, in which case Palm Beach will pay for storage. At the end of the engagement, please contact us regarding your desired disposition of documents. We reserve the right to destroy or delete the documents if there are no instructions from you within ninety (90) days of the completion of our assignment. If you want us to adopt a different policy or practice with respect to retention of documents please advise us in writing.

#### **PROFESSIONAL STAFF**

Our work in connection with this matter will be directed by Emlyn Neuman-Javornik. She will be assisted by additional professional staff and industry experts, as required. Mari Reidy, engagement partner, will provide oversight and review of Crowe's work in connection with this matter, including any reports issued during the engagement.

#### **FEES**

Fees for the services described above, which are adjusted at least annually, are based on the amount of time expended by our personnel at hourly rates for this type of work plus reasonable expenses as incurred. Travel time between the hours of 8:00 a.m. and 6:00 p.m. will be billed at standard rates. We will work with the Town to ensure the investigation is completed in a timely, cost-effective manner. We will communicate our interim progress and findings to you at least weekly and more frequently as is necessary to monitor fees and expenses incurred. Total billable fees and expenses will not exceed \$23,500 prior to obtaining specific written approval from you.

The work performed will be billed at the hourly billing rates for our professionals, which are currently as follows:

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|                                       |               |
|---------------------------------------|---------------|
| Mari Reidy, Partner                   | \$375         |
| Other Partners                        | \$300 - \$495 |
| Emlyn Neuman-Javornik, Senior Manager | \$275         |
| Other Senior Managers and Managers    | \$190 - \$335 |
| Staff Consultants                     | \$100 - \$185 |
| Paraprofessionals                     | \$75 - \$100  |

Billings for services requested and out-of-pocket expenses incurred will be submitted to you monthly or more frequently as matters dictate, and are due and payable on receipt. Our fees are not contingent for any reason, including the outcome of arbitration or litigation or our approval as experts or acceptance of our testimony by the Court.

We will present our invoices in summary fashion, supported by details of time and expense activity. Services will be suspended until payment is received on invoices not paid timely. All invoiced fees must be paid prior to our issuance of reports or rendering of testimony.

#### **LIMIT OF LIABILITY**

Any liability of Crowe Horwath to Palm Beach shall not include any special, indirect, consequential, incidental, punitive or exemplary damages or loss nor any lost profits, savings, or business opportunity. Further, any liability of Crowe Horwath or its partners or employees to Palm Beach shall be limited to no more than the fees paid Crowe Horwath for this engagement. The provisions of this section establishing a limit of liability will not apply if, as determined in a judicial proceeding, Crowe Horwath is determined to have been grossly negligent, acted in bad faith, or performed their services with willful misconduct. Any dispute arising under this agreement or relating to the services performed or to be performed by Crowe Horwath including, but not limited to, disputes as to fees, the scope of the engagement or professional malpractice, will be first submitted for nonbinding mediation or alternative dispute resolution before litigation is filed.

#### **INDEMNIFICATION FOR THIRD PARTY CLAIMS**

Subject to the limitations of Florida Statute 768.28, in the event of a legal proceeding or other claim brought against Crowe Horwath by a third party, Palm Beach agrees to indemnify and hold harmless Crowe Horwath, its partners and employees against all costs, fees, expenses, damages and liabilities including defense costs and legal fees associated with such third party claim arising from or relating to this engagement. This indemnification will not apply if, as determined in a judicial proceeding, Crowe Horwath performed their services with gross negligence, bad faith or with willful misconduct. This indemnification is not intended to nor does it waive any of the provisions of Florida Statute 768.28. This indemnification shall also apply after termination of this agreement.

#### **RESPONSE TO LEGAL PROCESS**

If Crowe Horwath is requested by subpoena, other legal process, or other proceedings to produce documents pertaining to this matter, or to testify, Palm Beach will reimburse

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Crowe Horwath for its professional time, plus out-of-pocket expenses, as well as reasonable attorneys' fees incurred in responding to such request.

#### **CHOICE OF LAWS AND FORUM AND JURY WAIVER**

This agreement shall be governed by the laws of the State of Illinois and any lawsuit filed with respect to this agreement or engagement shall be filed in the Circuit Court of Palm Beach County, Florida or the U.S. District Court for the Southern District of Florida. The parties agree to waive a jury in the event of litigation.

#### **AFFILIATION WITH CROWE HORWATH INTERNATIONAL**

Crowe Horwath LLP is a member of Crowe Horwath International, a Swiss association (Horwath). Each member firm of Horwath is a separate and independent legal entity. Crowe Horwath LLP and its affiliates are not responsible or liable for any acts or omissions of Horwath or any other member of Horwath and specifically disclaim any and all responsibility or liability for acts or omissions of Horwath or any other member of Horwath. Horwath does not render any professional services and does not have an ownership or partnership interest in Crowe Horwath LLP. Horwath and its other member firms are not responsible or liable for any acts or omissions of Crowe Horwath LLP and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath LLP.

\*\*\*\*\*



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The above specifies the services we will perform and the terms of our engagement. If at any time you have questions regarding our services, please contact me at 630.586.5191 or mari.reidy@crowehorwath.com.

Please acknowledge your agreement with the terms of this letter by signing and dating the enclosed original in the space provided. Please return a signed original of this letter for our files.

We appreciate the opportunity to work with you on this important engagement.

Very truly yours,

Crowe Horwath LLP

By: Mari Reidy  
Mari Reidy  
Partner

APPROVED AND ACCEPTED:

Approved by: Peter Elwell  
Peter Elwell  
Town of Palm Beach

Date: 5/17/10

**MINUTES OF THE ADMINISTRATIVE & PERSONNEL COMMITTEE MEETING  
HELD ON TUESDAY AND WEDNESDAY, MAY 4 AND 5, 2010**

I. CALL TO ORDER AND ROLL CALL

The meeting of the Administrative and Personnel Committee was called to order at 9:00 a.m. on May 4, 2010, in the Emergency Operations Center, 355 S. County Road, Palm Beach. On roll call, Chair Richard M. Kleid and Committee Member Rosow were present.

Attorney Eugene Gibbons represented Mr. Keith Munyan; Attorney Peter Sampo represented the Administrative and Personnel Committee; Attorney John Randolph represented the Town of Palm Beach on May 4, 2010 and Attorney Margaret Cooper represented the Town of Palm Beach on May 5, 2010.

II. APPROVAL OF AGENDA

**The Agenda was approved as printed.**

III. PRESENTATION OF POLICE CHIEF KIRK W. BLOUIN'S CASE [JOHN C. RANDOLPH, ATTORNEY]

Town Attorney John Randolph provided exhibits and noted that he would not make an opening statement. The witnesses were sequestered and ordered not to discuss the case or any matters relating to the case while outside of the hearing. Town Clerk Cunningham administered the oath to those providing testimony.

The following witnesses were called:

- Major Daniel Szarszewski
- Sergeant Jason Vega
- Sergeant Jennifer Sandman
- Chief of Police Kirk W. Blouin
- Paula Salanitri
- Captain Jeffery A. Trylch
- Officer Levente Henter
- Christine Cunningham
- Keith Munyan

1 In addition, Police Chief Exhibits 1-14 were introduced, along with Exhibits 1-33 on behalf of  
2 Mr. Munyan.

3  
4 Attorney Gibbons reserved his opening statements until he presented his case. He was able to  
5 cross examine each witness as they took the stand.  
6  
7

8  
9  
10  
11 IV. PRESENTATION OF KEITH MUNYAN'S CASE [EUGENE GIBBONS, ATTORNEY]

12  
13 Town Clerk Cunningham administered the oath to those providing testimony.

14  
15 The following witnesses were called:

- 16 • Jessica Lin Garcia
- 17 • Police Chief Kirk Blouin
- 18 • Dorothy Harawas

19  
20  
21  
22 *The Administrative and Personnel Committee Meeting recessed at 5:45p.m. on May 4, 2010,*  
23 *until 1:00 p.m. on May 5, 2010.*

24  
25  
26  
27 CALL TO ORDER AND ROLL CALL

28  
29 The meeting of the Administrative and Personnel Committee was called to order at 1:00 p.m. on  
30 May 5, 2010, in the Emergency Operations Center, 355 S. County Road, Palm Beach. On roll  
31 call, Chair Richard M. Kleid and Committee Member David Rosow were present.

32  
33 Attorney Gibbons continued with witness testimony.

34  
35 Office Manager Raychel Houston administered the oath to all those who would be providing  
36 testimony.

37  
38 The following witnesses provided testimony:

- 39 • Major Elmer Gudger (retired)
- 40 • Captain Frederick Hess (participated via telephone)

41  
42 Town Clerk Cunningham administered the oath to all those who would be providing testimony.

- 43 • John R. Munyan
- Sgt. Michael Bates (participated via telephone)
- Katalin Munyan

There were no further witnesses per Attorney Gibbons.

V. REBUTTAL BY POLICE CHIEF KIRK W. BLOUIN [JOHN C. RANDOLPH, ATTORNEY]

Chief Blouin did not re-take the stand due to an objection from Attorney Gibbons. The Committee indicated that they did not need to hear any further testimony from Chief Blouin.

Both sides provided their summations to the Committee.

VI. CONSIDERATION BY THE ADMINISTRATIVE AND PERSONNEL COMMITTEE

Chairman Kleid announced that the Committee would now go into Executive Session to discuss the findings. He asked Attorney Sampo to explain to the Committee what their directive was.

Attorney Sampo instructed the Committee that their charge was to determine, in essence, whether there was just cause for Mr. Munyan's termination from employment. That would require them to make findings that were supported by substantial competent evidence of policy violations as presented by the Police Chief Blouin throughout the course of the proceedings. Attorney Sampo stated that evidence had been presented, by way of hearsay or second-hand information. In a proceeding like this, hearsay could be considered, but it cannot alone serve as the basis for any finding. It could only support other evidence that is considered competent and substantial evidence to support such a finding. If the Committee determined that there was competent substantial evidence to support the allegations of policy violations, then the Committee's next step would be to determine, in their judgment as a Committee, if termination was the appropriate outcome. If the Committee felt there was insufficient evidence, or no evidence of policy violations, the Committee could recommend to the Town Council to reverse the decision. They also have the option of concluding that there were policy violations but that termination was not the appropriate consequence, and instead something else should have happened. The Committee could offer a counter recommendation to the Town Council. At the conclusion of the process, there would need to be written recommendations and findings. Attorney Sampo was informed that Town Clerk Cunningham would prepare a report to present to the Town Council for next week's meeting.

Committee Member Rosow complimented both attorneys for their excellent work over the past two days. Dealing with a person's career and future is not an easy thing to do. From his experience, he had many people work for him during his career. He found that the procedures provided for police officers, and grievances and so forth, are much more than a private businessman would ever tolerate.

Committee Member Rosow stated that he would have fired Mr. Munyan for three reasons:

1. The withholding of driver licenses
2. The obscene note that Mr. Munyan wrote that was part of a "screenplay", was absolutely disgusting and vulgar. Police officers are held to a higher standard.

1 3. The conversation, irrespective of the timing of it, to "get people and to take them down one by  
2 one".

3  
4 As someone who carries a gun, and a taser, just found the threats by a police officer, especially  
5 to a civilian, would be worrisome. The Town expects a level of service above the level of service  
6 in other jurisdictions. We chose to live here because we believed that our men in blue, both fire  
7 and police, are held to a higher standard than they expect from other municipalities. He noted  
8 that Mr. Munyan had been a police officer for sixteen years. Committee Member Rosow trusted  
9 that his police department has his interests at heart. He noted that there was confusing testimony  
10 where Sgt. Vega put words into Officer Henter's mind. Everyone is influenced by words around  
11 them. He has used some of Chairman Kleid's words in Town Council meetings. There was a lot  
12 of effort to obfuscate the fundamental charges.

13  
14 Committee Member Rosow stated that after he read Sergeant Sandman's report, he threw out the  
15 potential child molestation charge and it did not weigh on his mind. He did not correlate that  
16 with the other charges. More than fifty percent of the time was spent listening to that particular  
17 issue, whereas there were a lot of other issues that came to light during the investigation. As a  
18 police officer, you should know that often an investigation will morph into something larger. It is  
19 similar to an attorney taking a deposition and uncovering new information. That was what often  
20 happens during an investigation. He was not impressed that this somehow morphed into  
21 retaliation. While all investigations have flaws, Committee Member Rosow felt the investigation  
22 was fairly conducted.

23  
24 Chairman Kleid also complimented both sides. He stated that he had previously been on several  
25 Administrative Committees, and by profession was an attorney. He felt there was an excellent  
26 presentation on behalf of the Town and an equally vigorous defense of Mr. Munyan.

27  
28 With respect to the allegations, Chairman Kleid found that there was no credible evidence of  
29 sexual misconduct with a minor. He did believe, however, that Mr. Munyan did make  
30 statements to Officer Henter about a relationship with a minor, but in the final analysis felt it  
31 may have been a fantasy remembrance or part of male braggadocio. There was evidence to  
32 support a history of exaggeration by Mr. Munyan.

33  
34 Chairman Kleid stated there was evidence to support a finding of omissions on Mr. Munyan's  
35 job application and being deceptive in his answers to questions asked during the interrogation  
36 process. Particularly troubling to Chairman Kleid was Mr. Munyan's omission to report that he  
37 had applied to the Delray police department when it appeared that application was submitted  
38 only several days prior to his application to Palm Beach. In mitigation of that, there was no  
39 evidence that Mr. Munyan's omissions were deliberate. There was no evidence that any  
40 information that would have been obtained from those omissions, would have impacted hiring or  
41 non-hiring.

42  
43 Chairman Kleid continued that it appeared from the evidence that Mr. Munyan was regarded as a  
44 "good cop". This was, in fact, reiterated when he was promoted to sergeant. Chairman Kleid

1 believed there was evidence to support that Mr. Munyan did, against orders, intervene in the  
2 internal affairs investigation and that he did make threats against individuals in the department.

3  
4 In mitigation, Chairman Kleid felt that the charge of sexual misconduct with a minor did put  
5 great stress on Mr. Munyan and may have accounted for some of his improper behavior. He  
6 believed Chief Blouin's decision to terminate the employment of Mr. Munyan was in some way  
7 colored by the sexual misconduct charge and his prior disciplinary incidences.

8  
9 The charges of untruthfulness and/or deceptive responses during the investigation were  
10 supported by the evidence. The charges of improper interference during the internal affairs  
11 investigation and threats made were supported by the evidence in Chairman Kleid's opinion.  
12 Chairman Kleid had reservations about the discipline that was handed out to Mr. Munyan only a  
13 few days before his pension vested. He did not feel the punishment fit the crime. Perhaps a  
14 demotion in rank, or a suspension without pay for a longer period, might have been more  
15 commensurate with the infraction.

16  
17 However, Chairman Kleid stated that he was reluctant to recommend to the full Town Council  
18 that the termination be overturned. The reason was that it is important that police department  
19 employees work together, and there be harmony within the department. Too much had been said  
20 already, employees of the police department have testified and the Chief has rendered a decision.  
21 If Palm Beach were a larger department, he might have considered a transfer to another borough,  
22 as in the New York City Police Department. The reinstatement of Mr. Munyan would not be  
23 good for a harmonious work force, both for Mr. Munyan and the other employees. He would like  
24 to see a compromise solution worked out between Human Resources and Mr. Munyan.

25  
26 Chairman Kleid proposed the following as a compromise:

- 27
- 28 • Mr. Munyan submit a resignation from the police department effective after the date he
  - 29 was vested to receive his pension.
  - 30 • Enter into an agreement with the Town stating he would not commence any legal actions
  - 31 against any employee, department, or the Town of Palm Beach.
- 32  
33

34 Chairman Kleid announced that there was a difference of opinion on the Committee, but  
35 fortunately there were five people in the Town Council that would hear and make a decision. He  
36 asked Attorney Sampo for instructions as to how to proceed. Committee Member Rosow said  
37 that with other Town Committees, when there were split decisions, both options were provided  
38 and the full Town Council would vote upon each recommendation.

39  
40 Attorney Gibbons indicated that he was not versed in the procedures of the Palm Beach Town  
41 Council and asked if he would be permitted to speak. Chairman Kleid announced that public  
42 comments are permitted up to three minutes at the beginning of the meeting, or you could wait  
43 until that particular agenda item and speak for three minutes then. Chairman Kleid stated that  
44 the Committee will present its report to the town Council and although the Committee agreed on  
45 the findings, they disagreed on the recommendations. Attorney Gibbons indicated that he had no

1 objections to having two recommendations. Attorney Cooper clarified that the Committee  
2 agreed on the termination but disagreed on the settlement. Chairman Kleid re-stated that they  
3 both agreed there were findings based on certain evidence and they also felt the decision of  
4 issuing a punishment was justified. They disagreed on what that punishment should be.

5  
6 *The Committee took a short recess to determine the proper findings to present to the Town*  
7 *Council.*

8  
9 Attorney Sampo reviewed the issue and announced the fact that there were no objections from  
10 either party in the proceedings to have two recommendations within the Committee as to the  
11 ultimate outcome. The Town Council will have to make a determination on the full disposition.

12  
13 Attorney Sampo said they would next put together the findings and have them transcribed into a  
14 report for the Town Council. Committee Member Rosow clarified that the Town Clerk would be  
15 able to also provide the written findings, that then could be verified by the Court Transcript.

16  
17 Based on the deliberations and his study of the record, Attorney Sampo announced the following  
18 findings which were agreed to by both Committee Members:

19  
20 **The Town of Palm Beach Administrative and Personnel Committee Findings**

21  
22 On May 4 and 5, 2010, the Town of Palm Beach's Administrative and Personnel Committee  
23 ("Committee") met and conducted a hearing pursuant to Town of Palm Beach Code of  
24 Ordinances, Chapter 82, Article III for the purpose of resolving the grievance of Keith Munyan  
25 filed March 15, 2010 regarding his termination from employment.

26  
27 Having met and considered the evidence presented at the hearing, as well as argument of  
28 Counsel, the Committee makes the following findings and recommendations:

- 29  
30 1. On July 27, 2009, the Town's Police Department initiated a Professional Standards  
31 Investigation based on allegations about former Sgt. Keith Munyan contained in a  
32 memorandum dated July 24, 2009 from Officer Levente Henter.  
33  
34 2. On December 1, 2009, the complaint against Mr. Munyan was amended to include  
35 additional allegations involving Sections 4-1.4 and 6-6 of the Town of Palm Beach  
36 Employee Personnel Manual and Town of Palm Beach Police Department General Order  
37 IV-4,III,61; General Order IV-4,III,69 and General Order IV-4,III.  
38  
39 3. After an investigation conducted by Sergeant Jennifer Sandman, a report was issued by  
40 the Town's Professional Standards Department dated January 27, 2010. The report  
41 summarized the findings of the investigation with regard to the allegations against Mr.  
42 Munyan and was forwarded to Police Chief Kirk Blouin.  
43  
44 4. Chief Blouin received the information presented in the report and issued a pre-  
45 disciplinary determination notice to Mr. Munyan on February 10, 2010. Thereafter, Chief

Blouin convened a pre-disciplinary determination meeting on February 25, 2010, which was attended by Mr. Munyan and his attorney.

5. Following the conclusion of the pre-disciplinary determination meeting, Chief Blouin issued a Notice of Termination dated March 2, 2010. Pursuant to this notice, Chief Blouin terminated Mr. Munyan's employment for the reasons stated therein including Personnel Manual Section 6-6 (c) (d) (e) (g) and (j); General Order IV- 4.III.61: harassment; and General Order IV-4.III.109: untruthfulness.
6. Prior to his termination from employment, Mr. Munyan had received discipline from the Police Department consisting of a two day suspension in May of 2005 for failure to turn in six Driver Licenses and one Identification Card after lawfully seizing them, and a Level 1 reprimand on December 29, 2009 for failure to report back to training after instructed to do so (Violation of General Order IV-4, III, 38: duty, tardiness (failure to appear). Mr. Munyan also received a commendation in 2008, along with several other employees, for their response to a house fire.
7. Town of Palm Beach Police Department General Order IV-4, III, 109 provides "Untruthfulness. Police Department personnel shall not knowingly make false statements or untrue statements except as authorized in the performance of duties and as necessary for maintaining covert operation during investigation of criminal activities."

With regard to this issue, the Committee finds that Mr. Munyan was untruthful in violation of this General Order with regard to the following issues:

1. With regard to the assertion that Mr. Munyan was untruthful in failing to disclose on his application a prior applications including to Delray Beach Police Department, the Committee finds that Mr. Munyan was untruthful.
2. With regard to the assertion that Mr. Munyan untruthfully denied the conversations with Officer Henter reported in his July 24, 2009 memorandum, the Committee finds that Mr. Munyan was untruthful in denying making the statements.
3. With regard to the assertion that Mr. Munyan was untruthful when he denied disclosing information regarding the ongoing Professional Standards Investigation to Patrol Office Assistant Paula Salantiri, the Committee finds that Mr. Munyan was untruthful.
4. With regard to Mr. Munyan's assertion denying that he had made threats to police department personnel, in a conversation with Patrol Office Assistant Paula Salantrini, the Committee finds that Mr. Munyan was untruthful.

Accordingly, the Committee finds Mr. Munyan violated General Order IV-4, III, 109.



- 1 8. Town of Palm Beach Police Department General Order IV-4, III, 61 provides  
2 "Harassment. Police Department Personnel shall not use their official position to harass  
3 directly or indirectly, threaten or coerce any person." With regard to this issue, the  
4 Committee finds Mr. Munyan did threaten personnel of the police department during the  
5 course of the Professional Standards Investigation.

6  
7 Accordingly, the Committee concludes that Mr. Munyan did, in fact, violate General  
8 Order IV-4, III, 61 harassment.

- 9  
10 9. Town of Palm Beach Employee Personnel Manual Section 6-6 (e) provides for discipline  
11 in the event "the employee has failed to obey any proper and lawful order or directive  
12 given by a superior, or as otherwise been insubordinate".

13  
14 With regard to this issue, the Committee finds Mr. Munyan did violate this provision  
15 when he disclosed information relating to the Professional Standards Investigation  
16 against him while the investigation was pending, in violation of a directive given him  
17 prohibiting such conduct.

18  
19 The Committee finds that Mr. Munyan did violate Employee Personnel Manual Section  
20 6-6 (e).

- 21  
22 10. Town of Palm Beach Employee Personnel Manual Section 6-6 (c)(d)(e)(g)(j).

23  
24 With regard to this issue, the Committee finds Mr. Munyon did violate these sections.

- 25  
26 11. In making its findings, the Committee notes that Mr. Munyan's testimony at the hearing  
27 conflicted with the testimony of other witnesses in a number of instances. These  
28 witnesses included Sergeant Vega, Officer Henter, Patrol Office Assistant Paula Salanitri  
29 and Christine Cunningham. Based on the demeanor of the witnesses, the weight of the  
30 evidence, motive and other factors regarding the witnesses' testimony, the Committee  
31 resolves those credibility determinations against Mr. Munyan and in favor of the  
32 conflicting testimony provided by the other witnesses.

- 33  
34 12. Mr. Munyan's addendum to his grievance claims a violation of due process with regard  
35 to his pre-discipline notice, which identified a charge for untruthfulness "not under  
36 oath". With regard to this issue, the Committee finds that the notice erroneously  
37 identified "not under oath" as the source for the untruthful statements at issue in that  
38 section of the notice, when in fact, the statements at issue were in fact made under oath.  
39 This error was subsequently corrected. However, this Committee finds the error to have  
40 been harmless since it was apparent that through his lawyer, Mr. Munyan addressed each  
41 substantive issue of untruthfulness at the pre-determination hearing notwithstanding the  
42 error.

43  
44 **The Town of Palm Beach Administrative and Personnel Committee**  
45 **Recommendations**

1  
2 A. Based upon these findings, Chairman Kleid concludes there was just cause for  
3 punishment of Mr. Munyan. In mitigation of the charge there were omissions in Mr.  
4 Munyan's application for employment to the police department, that there was no  
5 evidence presented that the omissions were deliberate and that there was no evidence  
6 that any information obtained would have had any influence on his being hired. It  
7 also appeared from the evidence that Mr. Munyan was regarded as a good policeman  
8 and was in fact, promoted to sergeant. With respect to the finding that Mr. Munyan  
9 did, against orders, interfere in the internal investigation and that he did make threats  
10 against individuals in the department, in mitigation, Chairman Kleid believed that the  
11 charge of sexual misconduct with a minor did put great stress on Mr. Munyan and  
12 may account for some of his improper conduct. In mitigation, Chairman Kleid further  
13 believed that Police Chief Blouin's decision to terminate the employment of Mr.  
14 Munyan was in some way colored by the sexual misconduct charge and his past  
15 disciplinary incidents, some of which were found to be unfounded. With respect to  
16 the allegation that Mr. Munyan related to Officer Henter a graphic description of  
17 sexual misconduct with a minor may have been a fantasy remembrance, and/or a  
18 product of male braggadocio. This was supported by testimony to the effect that Mr.  
19 Munyan has a history of exaggeration.

20  
21 Chairman Kleid had reservations about the punishment handed out, namely  
22 termination of employment, days before Mr. Munyan's pension benefits vested. He  
23 did not feel that the punishment fit the crime, perhaps a demotion in rank, or a  
24 suspension in pay would be more commensurate. He proposed an alternative  
25 suggestion and the reason why he has to leave the employment of the Police  
26 Department. However, he was reluctant to recommend to the full Town Council that  
27 the termination be overturned, and that Mr. Munyan be reinstated to the police  
28 department with instructions to impose a different penalty than termination. The  
29 reason for that was that too much has already been said, employees of the department  
30 have testified and the Chief has rendered a decision. The reinstatement of this officer  
31 would not be good for a harmonious work force, both from the perspective of Mr.  
32 Munyan and the department. He therefore would like to see a compromise solution  
33 worked out by Human Resources and Mr. Munyan. He suggested that Mr. Munyan  
34 submit his resignation to be effective after his pension vests, and that he agree to not  
35 bring any lawsuit relevant to this proceeding against any employee of the Town of  
36 Palm Beach, or any department within the Town of Palm Beach, or the Town itself.

37  
38 On the issue of whether the findings constitute just cause for termination, there was a  
39 different recommendation from Committee Member Rosow.

40  
41 B. Committee Member Rosow concludes there was just cause for termination for Mr.  
42 Munyan's employment pursuant to Section 6-6 of the Town of Palm Beach Employee  
43 Personnel Manual. Committee Member Rosow recommends that Chief Blouin's  
44 decision be upheld by the Town Council, based upon the following considerations  
45 and findings:

Committee Member Rosow believed there had been a pattern of infractions which he found to be intolerable:

- Withholding of Driver Licenses and Identification Cards, the subject of the 2005 investigation should have, of itself, been cause for dismissal
- The obscene note which was also discussed in 2005, although determined to be unfounded, in his mind, did not stand the test of an officer in the police department in Palm Beach.
- The threats against members of the police department to “take them down” were dangerous and inexcusable. A police officer must at all time exercise restraint in his actions and words. Mr. Munyan did not exercise restraint in his words.
- The Town of Palm Beach residents expect and deserve to be served by people in our department who understand the importance of their character and how it impacts the lives of all of our residents.

Therefore, Committee Member Rosow recommended the Town Council affirm Chief Blouin’s determination of dismissal.

Attorney Gibbons clarified that one of the recommendations was for just cause for termination and the other, an alternative to that recommendation. Committee Member Rosow indicated the process of how to proceed with the Town Council if he disagreed with any of the proposed settlement.

#### VII. ANY OTHER MATTERS

There were none.

#### VIII. ADJOURNMENT

There being no further business, the Administrative and Personnel Committee Meetings of May 4 and 5, 2010 concluded at 5:35p.m. on May 5, 2010.

APPROVED:

---

Richard M. Kleid  
Chairman

*\*A verbatim transcript is also available from this meeting.*

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 11, 2010

---

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Jay Boodheshwar, Acting Director of Public Works

Re: Preparations for Potential Impacts of Oil Spill in the Gulf of Mexico  
**Resolution No. 56-10**

Date: May 10, 2010

---

## **STAFF RECOMMENDATION**

Staff recommends that Town Council adopt Resolution No. 56-10, authorizing the Town Manager to enter into an agreement with Tetra Tech EC, Inc., to accelerate the Town's state and federal permit required annual biological monitoring services in preparation for any potential local impact from the oil spill.

## **GENERAL INFORMATION**

### **Deepwater Horizon Oil Spill**

The Deepwater Horizon oil spill is a massive ongoing spill in the Gulf of Mexico that started on April 20, 2010, after a blowout that caused an explosion on the Deepwater Horizon offshore drilling rig. The oil spill currently covers a surface area of at least 2,500 square miles. BP and federal officials are working together to identify methods for containing the spill and mitigating damage to fish and wildlife, and sensitive coastal areas. On May 8<sup>th</sup>, BP encountered a challenge with a dome which had been fabricated to contain the oil discharge. The dome's opening became clogged with hydrates that form when gas and water mix under certain temperatures and pressures. BP is currently evaluating options for successfully reinstalling the dome. BP also continues its efforts to drill a relief well to eliminate the discharge.

Despite the setback regarding the dome, weather conditions remain favorable and the winds/currents continue to keep the plume away from the Florida coast. The loop current, which flows south through the Florida Keys and then north (as the Gulf Stream) along the Palm Beach coastline, is far south of the oil. There is no imminent threat that the oil will be picked up by the loop current. However, Florida continues to make preparations to safeguard the state's shoreline. As of May 9<sup>th</sup>, the 72-hour National Oceanic and Atmospheric Administration (NOAA) trajectory shows no oil landfall in Florida. According to the NOAA oil plume model, the oil spill is 120 miles from Pensacola, 170 miles from Port St. Joe, and 310 miles from St. Petersburg. A light to moderate southeast wind flow will develop Monday night and continue through much of the week. A westerly movement of the oil is expected through the next 36 hours followed by a northwestward movement through 72 hours.

#### Current Situation:

- Unified Command estimates release rate of oil from Deepwater Horizon at 5,000 barrels per day.
- This event has been designated a Spill of National Significance.
- 9,867 personnel are working the on and offshore response, with an additional 2,500+ trained volunteers.
- To date, approximately 3.4 million gallons of an oil-water mix has been recovered.
- There are a total of 335 response vessels in use.
- Dispersant (in gallons): 308,885 deployed/ 515,199 available
- The National Park Service has 2 incident management teams in the Gulf region.
- NOAA expanded the boundaries restricting offshore fishing (more than 20 miles off the coast) in Federal Waters until May 17.

#### Florida Specific:

- Oil Containment Boom (in feet): 121,500 total deployment in Florida
- In accordance with established plans, protective booming is now being deployed in the coastal areas of Bay, Escambia, Okaloosa, Santa Rosa, and Walton Counties. Maintenance on booms already deployed is also being conducted.
- There are 450 BP and contract personnel working on the effort in Florida.
- BP issued a 25 million dollar block grant to Florida; first priority is costs associated with booming.
- The incident command post in the U.S. Coast Guard's Sector St. Petersburg and the virtual planning cell in Sector Key West continue to focus on strategy and planning efforts.

#### Palm Beach County Specific:

Palm Beach County is in the process of developing a Deepwater Horizon Planning Task Force made up of representatives from the U.S. Coast Guard, Florida Department of Environmental Protection (FDEP), Health Department, PBC Division of Emergency Management, U.S. Environmental Protection Agency, PBC Environmental Resources Management, county and municipal fire-rescue hazmat response agencies, the Florida Fish and Wildlife Commission (FWC), PBC Animal Care & Control and the Port of Palm Beach. Mike Galvin, the Town's contracted Emergency Management Coordinator, has been assigned to participate on the Task Force, which provides the Town with a direct link to the regional planning/response effort as the preparations begin.

The Deepwater Horizon Planning Task Force will develop county-specific contingency plans to address mitigation, response and recovery operations. The first meeting will be held at the Palm Beach County Emergency Operations Center on May 17, 2010.

Specific areas which will be addressed include:

- Protection of the county's four inlets
- Availability and cost of booms, if needed
- Environmental preservation
- Potential health concerns
- Wildlife protection
- Available labor and material resource inventories

### **Biological Monitoring**

In addition to the communication with Palm Beach County, Coastal Coordinator Rob Weber has initiated communications with state and federal environmental agencies regarding the potential impact of the oil spill on local shorelines. Mr. Weber has reached out to the Florida Department of Environmental Protection (FDEP), Florida Fish and Wildlife Conservation Commission (FWC), NOAA's National Marine Fisheries Service (NMFS), and the U.S. Fish & Wildlife Service (USFWS).

FDEP staff has advised that there currently are no directives issued to local governments on the east coast of Florida pertaining to the oil spill situation. Town staff continues to monitor FDEP activities should actions relative to our beaches be suggested. FWC has informed staff that no changes in sea turtle nesting monitoring are to take place on the east coast of Florida at this time and sea turtle nests should not yet be moved to higher ground.

Mr. Weber will continue to receive updates from the state and federal environmental agencies as the situation develops.

Out of concern that the oil may enter into the loop current and travel to the east coast of Florida, Mr. Weber suggested that the annual biological monitoring efforts could be accelerated. Both NOAA and the FDEP felt that it would be advantageous to be pro-active in performing the biological monitoring as soon as possible, rather than in August to capture any "pre-impact" conditions to the Town's offshore natural resources should the oil spill make its way to this area. The FDEP may be asking other coastal communities to take a pro-active position similar to staff's recommendation. A proposal from Tetra Tech EC, Inc. has been provided to conduct Mid-Town and Phipps Ocean Park project related permit required a monitoring services and staff recommends approval. Staff will return to Town Council in June 2010 for a proposal to satisfy permit requirements associated with the 0.8 acre artificial reef. The scope of work associated with the 0.8 acre artificial reef may change, based on direction by FDEP, but the cost will not exceed budget expectations.

### **FUNDING/FISCAL IMPACT**

The not-to-exceed time and materials proposal from Tetra Tech EC, Inc. is \$113,757.25. Sufficient funds (\$137,000) in the coastal management fund to complete this monitoring. This is money that would have been spent in August/September for Town compliance with coastal project permit conditions. The recommendation does not involve any additional expenditure, just the acceleration of this expenditure to the May/June timeframe due to the oil spill.

### **TOWN ATTORNEY REVIEW**

This a standard resolution in a form previously approved by the Town Attorney for legal form and sufficiency.

cc. Shore Protection Board  
Department Directors  
Eric B. Brown, Assistant Director of Public Works  
Rob Weber, Coastal Coordinator  
Mike Galvin, Emergency Management Coordinator

## **RESOLUTION NO. 56 - 10**

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AWARDING A CONTRACT TO TETRA TECH EC, INC. FOR THE ANNUAL 2010 MID-TOWN AND PHIPPS OCEAN PARK BIOLOGICAL MONITORING SERVICES OF OFFSHORE NATURAL AND ARTIFICIAL RESOURCES, PER FDEP AND USACE PERMIT REQUIREMENT.

\* \* \* \* \*

BE IT RESOLVED BY THE TOWN OF COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, as follows:

Section 1. The Town of Palm Beach contract for Annual Biological Monitoring Services is hereby awarded to Tetra Tech EC, Inc. for a Not-To-Exceed Time and Materials cost in the total amount of \$113,757.25.

Section 2. The Town Manager is hereby authorized and directed to execute a contract on behalf of the Town of Palm Beach for the Annual Biological Monitoring Services contract with Tetra Tech EC, Inc.

Section 3. The Town Manager, or his designee, is hereby authorized and directed to take such further actions as may be necessary to effectuate the completion of the Annual Biological Monitoring Services contract to satisfy Town obligations to the State of Florida Department of Environmental Protection (FDEP Permit Nos. 0165332-006-JC and 0164713-001-JC) and United States Army Corps of Engineers (USACE Permit Nos. SAJ-2000-380 [IP-PLC] and 1199503779 [IP-DEB] as per the Town's Mid-Town and Phipps Ocean Park beach nourishment projects.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the  
Town of Palm Beach on this 11th day of May 2010.

\_\_\_\_\_  
Jack McDonald, Mayor

\_\_\_\_\_  
David A. Rosow, Town Council President

\_\_\_\_\_  
Gail Coniglio, Town Council President Pro Tem

\_\_\_\_\_  
William J. Diamond, Town Council Member

ATTEST:

\_\_\_\_\_  
Richard M. Kleid, Town Council Member

\_\_\_\_\_  
Joanna Cunningham, Town Clerk

\_\_\_\_\_  
Robert N. Wildrick, Town Council Member





CHARLIE CRIST  
Governor

SECRETARY MICHAEL W. SOLE  
Florida Department of Environmental Protection

DAVID HALSTEAD  
State Coordinating Officer

**MEDIA ADVISORY: MONDAY, MAY 10, 2010**

**CONTACT: PUBLIC INFORMATION (ESF 14): (850) 921-0217**

## **FLORIDA DEEPWATER HORIZON RESPONSE MAY 10, 2010**

**TALLAHASSEE** – The State Emergency Response Team, in support of the Department of Environmental Protection (DEP) as the lead response agency for the state of Florida, is actively participating in the Deepwater Horizon response.

The following is a summary of state and BP response actions to date, as well as tips for residents and visitors to take precautions both pre and post-landfall.

### **Landfall Predictions:**

- Deepwater Horizon continues to discharge an estimated 5,000 barrels (210,000 gallons) per day.
- On May 8, 2010 BP encountered a challenge with the dome intended to contain the oil discharge. The dome's opening became clogged with hydrates that form when gas and water mix under certain temperatures and pressures. BP is evaluating options for successfully reinstalling the dome.
- BP also continues its efforts to drill a relief well to eliminate the discharge.
- Winds/currents continue to keep the plume away from the Florida coast for at least the next 72 hours.
- The loop current is far south of the oil and there is no imminent threat that the oil will be picked up by the loop current. However, Florida continues to make preparations to safeguard the state's shoreline.
- Floridians and visitors are reminded that the state's beaches and other attractions have not been impacted by the oil spill and remain open for public enjoyment.
- Should any impacts to Florida's coastline occur, these could potentially include tarballs – fragments or lumps of oil weathered into a solid consistency – oil sheen or tar mats – sheets of oil that are thicker than a sheen. Should individuals observe any evidence of oil on Florida's coastline, they should leave the area and report the incident to 1-866-448-5816.

### **State Actions:**

- On May 6, 2010, Governor Charlie Crist sent a letter to President Barack Obama requesting a \$50 million disaster National Emergency Grant from the United States Department of Labor as a part of Florida's response plans to the

Deepwater Horizon incident. The following link provides a copy of the letter:  
[http://www.dep.state.fl.us/deepwaterhorizon/files/05062010\\_letter\\_obama.pdf](http://www.dep.state.fl.us/deepwaterhorizon/files/05062010_letter_obama.pdf).

- On May 5, 2010, the United States Coast Guard (USCG) Sector St. Petersburg, DEP, and BP set up a Unified Command (in support of the Unified Area Command) at the USCG Sector St. Petersburg offices in St. Petersburg. The Joint Information Center for the Unified Command in St. Petersburg has a dedicated media line which can be reached at 727-820-3714.
- The Unified Command will be largely geared toward planning and will grow if it becomes necessary. Sector Key West has also set up a virtual Unified Command that will become operational if necessary.
- Governor Charlie Crist confirmed on May 4, 2010 that Florida will receive a \$25-million block grant from BP for initial state and local preparation and response costs.
- On May 3, 2010, Governor Charlie Crist extended a state of emergency declaration (Emergency Order 10-100) for the coastal counties of Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee and Sarasota.
- On April 30, 2010, Governor Charlie Crist declared a state of emergency (Emergency Order 10-99) for Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf Counties.
- The State Emergency Operations Center remains activated at a Level 2 or Partial activation. Two new support cells have been established to handle supplemental boom requests and alternative technology evaluation.
- The State Emergency Response Team has dozens of team members deployed throughout the anticipated impact region to assist with Deepwater Horizon preparation and response.
- DEP conducted water and sediment sampling to use as a baseline for ongoing monitoring.
- DEP is continuously monitoring air quality data. Statewide air quality monitoring is ongoing in coordination with the U.S. Environmental Protection Agency. The public can view this data at <http://www.airnow.gov/> or <http://www.epa.gov/bpspill/>.
- DEP, the Florida Fish and Wildlife Conservation Commission (FWC), county governments, water management districts and several federal agencies continue to conduct pre-impact assessments, including sampling of water, fish, shellfish and habitats along the Florida coastline and into the Gulf of Mexico.

#### **Boom Placement:**

- Approximately 154,315 feet of boom has been placed out of the Pensacola and Panama City staging areas in support of Unified Command.
- As of May 10, 2010, an estimated 145,000 feet of boom has been placed in Florida.
- An additional 17,300 feet is expected to be placed today.
- Currently 5,600 feet of boom is staged in Pensacola with an additional 10,000 feet of boom on order. In Panama City, there is 13,400 feet staged and an additional 40,000 feet of boom on order.

- Placement of boom is based on tides and where the oil is threatening, as well as direction given in each region's area contingency plan.
  - To view the Coast Guard Mobile Area Contingency Plan visit: <http://ocean.floridamarine.org/ACP/MOBACP/StartHere.html>.
  - To view the Coast Guard St. Petersburg Area Contingency Plan visit: [http://research.myfwc.com/features/view\\_article.asp?id=3482](http://research.myfwc.com/features/view_article.asp?id=3482)
- The booming strategy focuses on identified environmentally sensitive areas.
  - Estuaries and inlets are at the top of the list, not the beach areas.
  - This is to protect sensitive habitat that support wildlife and fish.
  - If the oil washes on the beach, the sand can be cleaned.
  - Note that booms are not a failsafe solution. They can become ineffective in high seas, strong winds, or currents over one knot.
- Florida's counties are working through the State Emergency Operations Center. Each county provides input, but the operational decisions are made through the Unified Command. The State Emergency Response Team is working with the counties, BP as well as the federal agencies to maximize protection and minimize impacts.

### **Health Effects:**

- At this time, there are no indications of any health risks to Floridians due to the Deepwater Horizon incident. The Department of Health (DOH) and DEP are closely monitoring health and environmental impacts to Florida's beaches and will notice an advisory if conditions become unsafe.
- Consider the following tips for avoiding negative health impacts from an oiled shoreline:
  - Avoid entering areas where oil can be seen or smelled.
  - Avoid direct skin contact with oil, oil-contaminated water and sediments.
  - Do not swim or ski in areas affected by the oil spill, and if traveling through the area by boat, take precautions when hoisting the boat anchor. If oil makes contact with skin, wash it off with soap and water.
  - Do not fish in oil spill-affected waters.
  - Do not harvest or eat dead fish, fish with oily residue or fish that have a petroleum odor.
  - Avoid boating through oil slicks or sheens.
  - Young children, pregnant women, people with compromised immune systems, and individuals with underlying respiratory conditions should avoid the area.
  - Prevent pets from entering oil-contaminated areas.
- Those near Florida's Gulf Coast may detect an odor because of the oil spill. Some people are more sensitive to these odors and may experience nasal irritation and feelings of nausea. In combination with seasonal allergies, such as sensitivity to pollen or pre-existing respiratory conditions such as asthma, some people may experience more severe symptoms.
- Individuals experiencing symptoms that are aggravated by the odors from the oil spill should consider:

- Staying indoors, in air conditioning, and avoiding strenuous outdoor activity.
- If symptoms do not improve, contact a primary care physician or other health care provider for medical advice.
- Individuals who have pre-existing medical conditions, such as asthma or other respiratory illness should contact their health care provider if feeling symptomatic.

### **Fisheries & Seafood:**

- The fisheries, wildlife and seafood off of Florida's coast in state waters are safe and there are no alerts at this time.
- On May 3, 2010 NOAA restricted fishing for a minimum of ten days in federal waters most affected by the BP oil spill, largely between Louisiana state waters at the mouth of the Mississippi River to waters off Florida's Pensacola Bay. Details can be found here: <http://sero.nmfs.noaa.gov/>.
- Fishermen who wish to contact BP about a claim should call 1-800-440-0858.
- FWC is working with DEP, county governments, water management districts and several federal agencies including NOAA and the U.S. Fish and Wildlife Service to conduct pre-impact wildlife assessments.
- These assessments include samples of water, sediments, fish, shellfish and habitats along the Florida coastline and into the Gulf of Mexico. Assessments are needed to provide baseline information prior to the anticipated impact.
- Examples of the assessments include the following:
  - FWC and the University of South Florida College of Marine Science are designing a multi-day scientific research study to obtain information on fisheries resources and plankton in the Gulf of Mexico near the Florida Panhandle.
  - Aerial surveys also are planned to identify locations of marine mammals.
  - Groups are marking the location of bird and sea turtle nesting sites along the beach. Nests are marked to help prioritize response with real-time information.
  - FWC urges citizens to report oiled wildlife to the Wildlife Distress Hotline at 1-866-557-1401.
- For the safety of the public as well as the safety of animals, rescues should be conducted by trained responders. Untrained rescuers may cause more harm than good.
- Anyone involved in volunteer efforts to clear trash from the beaches should be careful of shorebird nesting areas. If birds in the area are acting agitated, calling or swooping at people, there is a good possibility it is a nesting area. The FWC asks the public and oil spill responders to retreat the way they approached and leave the nesting area. Anyone involved in volunteer efforts to clear trash from the beaches should consider the following:
  - Avoid working in areas where shorebirds are nesting; never enter or approach a posted shorebird area.
  - When near nesting areas, stay below the high tide (wrack) line. Shorebirds nest on the open beach above this line. Nests are scrapes in the sand and

the eggs are small and camouflaged. They easily can be crushed by pedestrians and vehicles.

- Remove only manmade trash. Seaweed and other natural debris are critical to shorebirds.
- Even though the wrack line is important to wildlife, if it becomes oiled it then becomes a death trap for birds and other wildlife and makes removal of oil from the beach more difficult. Timing for removal of beach wrack in oil spill response is critical. It should be left on the beach in areas of active nesting as long as possible but removed immediately prior to beaches becoming oiled. In areas distant from active nesting, cleanup of wrack and other natural debris can be performed to better facilitate future oil removal.
- On some Panhandle beaches, the FWC has installed short, white, PVC tubes in the dunes to track endangered beach mice, and on Perdido Key, small aluminum boxes also are being used. This important equipment should not be removed from the beach.
- Also, sea turtle nests are marked with stakes and orange tape - do not remove these items because they help protect the nests from disturbances.
- Do not place litter above the tide line; this can also interfere or cause harm to nesting birds.
- Do not use equipment such as rakes, shovels or tractors.
- Do not bring dogs onto the beach. Dogs, even when leashed, are very threatening to birds and cause them to panic.
- Seabirds and shorebirds are protected by law. Report anyone harming or harassing these birds or nest disturbances to 1-888-404-FWCC (3922).

### **Closures:**

- Currently there are no Florida State Park or beach closures. For more information about Florida State Parks, visit: [www.floridastateparks.org](http://www.floridastateparks.org).

### **Tourism:**

- Florida's pristine beaches and famed fishing grounds remain open to residents and visitors. Currently, there are no impacts to Florida's 2,276 miles of tidal shoreline and 663 miles of beaches. Florida's shores are clear and open for business.
- If you are planning a trip to the Sunshine State and are concerned about any potential impact from the Deepwater Horizon Oil incident, VISIT FLORIDA, the state's official tourism marketing organization, encourages you to check with local destinations in order to get the most up-to-date information.
- Through [www.VISITFLORIDA.com](http://www.VISITFLORIDA.com), vacationers are able to view live Twitter feeds and read up-to-the-minute information on the status of any city or region in Florida, allowing them to see first-hand whether or not an area is currently affected. The following link also provides helpful local links to check on the status of your Florida destination:  
[http://www.visitflorida.com/florida\\_travel\\_advisory/](http://www.visitflorida.com/florida_travel_advisory/).

- DEP's Florida Park Service would like to remind the public that all of Florida's 160 state parks are open for business and ready for enjoyment, including the 24 state park beaches along the Gulf Coast.
- Florida State Parks are seeing no impacts at this time from the Deepwater Horizon incident and remain great destinations for families to enjoy.
- The Florida State Park website will be updated daily and will list any parks that may be impacted by the Deepwater Horizon Incident: <http://www.floridastateparks.org/>. Visitors with camping or cabin reservations will be notified if their stay will be impacted. If you have any questions, please call 1-850-245-2157.
- Park staff and volunteers have been working diligently at all beach parks this week to be sure that debris is removed. Beach cleanups allow any potential oil cleanups along Florida's shoreline to be more easily facilitated.

#### **Tips for Businesses and Consumers:**

- Florida residents are discouraged from signing any documents provided to them in return for money from BP or anyone else until they know the extent of their loss, which may be significantly higher than the money being paid. These may be fraudulent or premature.
- The Attorney General's fraud hotline is open to receive any reports of fraud or price gouging. The hotline is 1-866-966-7226.
- The Florida Agriculture and Consumer Services Commissioner gas price-gouging hotline is also operational. The toll-free hotline number is 1-800-HELP-FLA (1-800-435-7352).
- Florida's coastal businesses should be prepared to make loss of earnings claims for damages incurred as a result of the Deepwater Horizon oil spill. The Florida Department of Financial Services provides the following suggestions:
  - Take detailed records of cancelled reservations. It is important that when these cancellations occur, the cancelling party is questioned whether the cause is because of the oil spill. If the answer is yes, keep a record of the person's name and contact information, and also the revenues lost as a result of the cancellation.
  - Calculate estimated losses for a six-week period and be able to provide records, sales receipts and documentation to support such a claim. A good idea would be to compare business now to a five-year average of revenues between May and June, which can offer insight as to the damages incurred.
  - Make a detailed list of assets – including non-structural -- and include appropriate records to support the list. For example: if your hotel or restaurant is within walking distance to the beach and that beach has oil reach its shores, the business' assets are damaged even though there is no physical damage to the structure, and it is important to record this depreciation.
  - Be wary of insurance settlement scams. -- For businesses who may have already begun the claims filing process with BP, first, make sure you are dealing with authorized representatives from BP and not scam artists; and be careful not to sign waivers of liability too quickly without getting adequate legal and financial counsel.

- In all circumstances, affected businesses should file a claim with BP via the hotline number – 1-800-440-0858. Additional guidance to help small businesses survive a disaster can be found at [www.MyFloridaCFO.com](http://www.MyFloridaCFO.com) or by calling 1-850-413-3089 or toll-free at 1-877-MY-FL-CFO (1-877-693-5236).

### **Volunteer Opportunities:**

- The Governor’s Commission on Volunteerism and Community Service is encouraging Floridians and visitors to watch for oiled wildlife, vegetation, and beaches by becoming a Coast Watch volunteer.
- The “Coast Watchers” will assist BP, the state of Florida and partnering organizations in identifying beaches that need attention.
- Coast Watchers will work within the coastal communities where they live or visit and commit to do the following:
  - Report injured or oiled animals to the Wildlife Distress Hotline: 1-866-557-1401.
  - Report oiled shoreline to: 1-866-448-5816.
  - Report a change in Air Quality to: <http://www.epa.gov/bpspill/>.
- For information on scheduled beach cleanups and other volunteer opportunities, visit [www.VolunteerFlorida.org](http://www.VolunteerFlorida.org).
- Emergency Support Function 15, Volunteers and Donations, successfully spearheaded pre-impact beach cleanups over the weekend of May 1-2. More than 1,200 volunteers participated in cleanups in Escambia, Santa Rosa and Wakulla counties to minimize the effect of the Deepwater Horizon incident. Volunteer Florida offers guidance for conducting safe pre-impact beach cleanups at [www.volunteerflorida.org](http://www.volunteerflorida.org).
- BP has established a volunteer program and set up a toll-free number for those interested in volunteering. When calling, interested parties should communicate what activities they are volunteering and locations in which they are available to work. In addition, potential volunteers may call this line to learn about the training that is required to work in oil spill clean-up operations. For information on assisting with the response efforts, please contact BP’s community information line at 1-866-448-5816.

### **Learn More About Florida’s Response:**

- DEP launched a Twitter account, [@FLDEPAlert](https://twitter.com/FLDEPAlert), dedicated to providing updates on Florida’s response to the Deepwater Horizon Oil Spill. Visit [www.Twitter.com/FLDEPAlert](https://www.Twitter.com/FLDEPAlert).
- The Florida Emergency Information Line is in operation from 8:00 a.m. to 6:00 p.m. until further notice. The number for residents to call is: 1-800-342-3557.
- DEP established an email sign-up for information alerts on its website as well as a resources page containing fact sheets and tips. To view tips and sign up for email updates, visit [www.dep.state.fl.us/deepwaterhorizon](http://www.dep.state.fl.us/deepwaterhorizon).

| Additional Public Information Resources and Hotlines |                |
|------------------------------------------------------|----------------|
| Attorney General’s fraud hotline for price gouging.  | 1-866-966-7226 |

|                                                                                                                                                                          |                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Florida Agriculture and Consumer Services Commissioner gas price-gouging hotline.                                                                                        | 1-800-HELP-FLA (1-800-435-7352)<br>1-800-640-0886 TTY                             |
| Fishermen who wish to contact BP.                                                                                                                                        | 1-800-440-0858                                                                    |
| To report tarballs or other evidence of oil on Florida's coastline call the Rapid Response Team.                                                                         | 1-866-448-5816                                                                    |
| Report oiled wildlife to the Joint Information Center.                                                                                                                   | 1-866-557-1401                                                                    |
| Seabirds and shorebirds are protected by law. Report anyone harming or harassing these birds or nest disturbances to Florida Fish and Wildlife Conservation Commission.  | 1-888-404-FWCC (3922)                                                             |
| Florida State Parks camping or cabin reservations                                                                                                                        | 1-850-245-2157                                                                    |
| To file a claim with BP.                                                                                                                                                 | 1-800-440-0858                                                                    |
| Florida Department of Financial Services small business assistance hotline.                                                                                              | 1-850-413-3089 or toll-free at<br>1-877-MY-FL-CFO (1-877-693-5236)                |
| Business Owner Insurance Coverage Hotline                                                                                                                                | 850-413-3100 or toll free<br>1-800-342-2762<br>TDD: 850-410-9700                  |
| Report injured or oiled animals to the Wildlife Distress Hotline.                                                                                                        | 1-866-557-1401                                                                    |
| BP's community information line and volunteer line.                                                                                                                      | 1-866-448-5816                                                                    |
| To register as a consultant, contractor, vendor, or submit information on alternative response technology, services, products, vessels of opportunities, or suggestions. | 1-281-366-5511                                                                    |
| Florida Relay Services, the communications link for people who are Hearing Impaired.                                                                                     | 711                                                                               |
| Florida State Emergency Information Line                                                                                                                                 | 1-800-342-3557<br>1-800-226-4329 TTY                                              |
| Joint Information Center at Unified Area Command in Robert, Louisiana                                                                                                    | 1-985-902-5231<br>1-985-902-5240                                                  |
| Joint Information Center at Unified Command in Mobile, Alabama                                                                                                           | 1-251-445-8965                                                                    |
| Joint Information Center at Unified Command in St. Petersburg, Florida                                                                                                   | 1-727-820-3714                                                                    |
| Joint Information Center Twitter Updates                                                                                                                                 | <a href="http://twitter.com/Oil_Spill_2010">http://twitter.com/Oil_Spill_2010</a> |
| Joint Information Center Facebook                                                                                                                                        | <a href="#">Deepwater Horizon Response</a>                                        |



|                                  |                                                                                        |
|----------------------------------|----------------------------------------------------------------------------------------|
| Updates                          |                                                                                        |
| Joint Information Center website | <a href="http://www.deepwaterhorizonresponse.com">www.deepwaterhorizonresponse.com</a> |

For additional information regarding Florida's response to the Deepwater Horizon incident, visit [www.dep.state.fl.us/deepwaterhorizon](http://www.dep.state.fl.us/deepwaterhorizon), or follow us on Twitter at [www.Twitter.com/FLDEPalert](https://twitter.com/FLDEPalert).

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**MINUTES OF THE ADMINISTRATIVE & PERSONNEL COMMITTEE MEETING  
HELD ON TUESDAY AND WEDNESDAY, MAY 4 AND 5, 2010**

I. CALL TO ORDER AND ROLL CALL

The meeting of the Administrative and Personnel Committee was called to order at 9:00 a.m. on May 4, 2010, in the Emergency Operations Center, 355 S. County Road, Palm Beach. On roll call, Chair Richard M. Kleid and Committee Member Rosow were present.

Attorney Eugene Gibbons represented Mr. Keith Munyan; Attorney Peter Sampo represented the Administrative and Personnel Committee; Attorney John Randolph represented the Town of Palm Beach on May 4, 2010 and Attorney Margaret Cooper represented the Town of Palm Beach on May 5, 2010.

II. APPROVAL OF AGENDA

**The Agenda was approved as printed.**

III. PRESENTATION OF POLICE CHIEF KIRK W. BLOUIN'S CASE [JOHN C. RANDOLPH, ATTORNEY]

Town Attorney John Randolph provided exhibits and noted that he would not make an opening statement. The witnesses were sequestered and ordered not to discuss the case or any matters relating to the case while outside of the hearing. Town Clerk Cunningham administered the oath to those providing testimony.

The following witnesses were called:

- Major Daniel Szarszewski
- Sergeant Jason Vega
- Sergeant Jennifer Sandman
- Chief of Police Kirk W. Blouin
- Paula Salanitri
- Captain Jeffery A. Trylch
- Officer Levente Henter
- Christine Cunningham
- Keith Munyan

1 In addition, Police Chief Exhibits 1-14 were introduced, along with Exhibits 1-33 on behalf of  
2 Mr. Munyan.

3  
4 Attorney Gibbons reserved his opening statements until he presented his case. He was able to  
5 cross examine each witness as they took the stand.  
6  
7

8  
9  
10  
11 IV. PRESENTATION OF KEITH MUNYAN'S CASE [EUGENE GIBBONS, ATTORNEY]

12  
13 Town Clerk Cunningham administered the oath to those providing testimony.

14  
15 The following witnesses were called:

- 16 • Jessica Lin Garcia
- 17 • Police Chief Kirk Blouin
- 18 • Dorothy Harawas

19  
20 *The Administrative and Personnel Committee Meeting recessed at 5:45p.m. on May 4, 2010,*  
21 *until 1:00 p.m. on May 5, 2010.*

22  
23 CALL TO ORDER AND ROLL CALL

24 The meeting of the Administrative and Personnel Committee was called to order at 1:00 p.m. on  
25 May 5, 2010, in the Emergency Operations Center, 355 S. County Road, Palm Beach. On roll  
26 call, Chair Richard M. Kleid and Committee Member David Rosow were present.

27 Attorney Gibbons continued with witness testimony.

28  
29 Office Manager Raychel Houston administered the oath to all those who would be providing  
30 testimony.

31  
32 The following witnesses provided testimony:

- 33 • Major Elmer Gudger (retired)
- 34 • Captain Frederick Hess (participated via telephone)

35  
36 Town Clerk Cunningham administered the oath to all those who would be providing testimony.

- 37 • John R. Munyan
- 38 • Sgt. Michael Bates (participated via telephone)
- 39 • Katalin Munyan

40  
41 There were no further witnesses per Attorney Gibbons.  
42  
43

V. REBUTTAL BY POLICE CHIEF KIRK W. BLOUIN [JOHN C. RANDOLPH, ATTORNEY]

Chief Blouin did not re-take the stand due to an objection from Attorney Gibbons. The Committee indicated that they did not need to hear any further testimony from Chief Blouin.

Both sides provided their summations to the Committee.

VI. CONSIDERATION BY THE ADMINISTRATIVE AND PERSONNEL COMMITTEE

Chairman Kleid announced that the Committee would now go into Executive Session to discuss the findings. He asked Attorney Sampo to explain to the Committee what their directive was.

Attorney Sampo instructed the Committee that their charge was to determine, in essence, whether there was just cause for Mr. Munyan's termination from employment. That would require them to make findings that were supported by substantial competent evidence of policy violations as presented by the Police Chief Blouin throughout the course of the proceedings. Attorney Sampo stated that evidence had been presented, by way of hearsay or second-hand information. In a proceeding like this, hearsay could be considered, but it cannot alone serve as the basis for any finding. It could only support other evidence that is considered competent and substantial evidence to support such a finding. If the Committee determined that there was competent substantial evidence to support the allegations of policy violations, then the Committee's next step would be to determine, in their judgment as a Committee, if termination was the appropriate outcome. If the Committee felt there was insufficient evidence, or no evidence of policy violations, the Committee could recommend to the Town Council to reverse the decision. They also have the option of concluding that there were policy violations but that termination was not the appropriate consequence, and instead something else should have happened. The Committee could offer a counter recommendation to the Town Council. At the conclusion of the process, there would need to be written recommendations and findings. Attorney Sampo was informed that Town Clerk Cunningham would prepare a report to present to the Town Council for next week's meeting.

Committee Member Rosow complimented both attorneys for their excellent work over the past two days. Dealing with a person's career and future is not an easy thing to do. From his experience, he had many people work for him during his career. He found that the procedures provided for police officers, and grievances and so forth, are much more than a private businessman would ever tolerate.

Committee Member Rosow stated that he would have fired Mr. Munyan for three reasons:

1. The withholding of driver licenses
2. The obscene note that Mr. Munyan wrote that was part of a "screenplay", was absolutely disgusting and vulgar. Police officers are held to a higher standard.

1 3. The conversation, irrespective of the timing of it, to "get people and to take them down one by  
2 one".

3  
4 As someone who carries a gun, and a taser, just found the threats by a police officer, especially  
5 to a civilian, would be worrisome. The Town expects a level of service above the level of service  
6 in other jurisdictions. We chose to live here because we believed that our men in blue, both fire  
7 and police, are held to a higher standard than they expect from other municipalities. He noted  
8 that Mr. Munyan had been a police officer for sixteen years. Committee Member Rosow trusted  
9 that his police department has his interests at heart. He noted that there was confusing testimony  
10 where Sgt. Vega put words into Officer Henter's mind. Everyone is influenced by words around  
11 them. He has used some of Chairman Kleid's words in Town Council meetings. There was a lot  
12 of effort to obfuscate the fundamental charges.

13  
14 Committee Member Rosow stated that after he read Sergeant Sandman's report, he threw out the  
15 potential child molestation charge and it did not weigh on his mind. He did not correlate that  
16 with the other charges. More than fifty percent of the time was spent listening to that particular  
17 issue, whereas there were a lot of other issues that came to light during the investigation. As a  
18 police officer, you should know that often an investigation will morph into something larger. It is  
19 similar to an attorney taking a deposition and uncovering new information. That was what often  
20 happens during an investigation. He was not impressed that this somehow morphed into  
21 retaliation. While all investigations have flaws, Committee Member Rosow felt the investigation  
22 was fairly conducted.

23  
24 Chairman Kleid also complimented both sides. He stated that he had previously been on several  
25 Administrative Committees, and by profession was an attorney. He felt there was an excellent  
26 presentation on behalf of the Town and an equally vigorous defense of Mr. Munyan.

27  
28 With respect to the allegations, Chairman Kleid found that there was no credible evidence of  
29 sexual misconduct with a minor. He did believe, however, that Mr. Munyan did make  
30 statements to Officer Henter about a relationship with a minor, but in the final analysis felt it  
31 may have been a fantasy remembrance or part of male braggadocio. There was evidence to  
32 support a history of exaggeration by Mr. Munyan.

33  
34 Chairman Kleid stated there was evidence to support a finding of omissions on Mr. Munyan's  
35 job application and being deceptive in his answers to questions asked during the interrogation  
36 process. Particularly troubling to Chairman Kleid was Mr. Munyan's omission to report that he  
37 had applied to the Delray police department when it appeared that application was submitted  
38 only several days prior to his application to Palm Beach. In mitigation of that, there was no  
39 evidence that Mr. Munyan's omissions were deliberate. There was no evidence that any  
40 information that would have been obtained from those omissions, would have impacted hiring or  
41 non-hiring.

42  
43 Chairman Kleid continued that it appeared from the evidence that Mr. Munyan was regarded as a  
44 "good cop". This was, in fact, reiterated when he was promoted to sergeant. Chairman Kleid

1 believed there was evidence to support that Mr. Munyan did, against orders, intervene in the  
2 internal affairs investigation and that he did make threats against individuals in the department.

3  
4 In mitigation, Chairman Kleid felt that the charge of sexual misconduct with a minor did put  
5 great stress on Mr. Munyan and may have accounted for some of his improper behavior. He  
6 believed Chief Blouin's decision to terminate the employment of Mr. Munyan was in some way  
7 colored by the sexual misconduct charge and his prior disciplinary incidences.

8  
9 The charges of untruthfulness and/or deceptive responses during the investigation were  
10 supported by the evidence. The charges of improper interference during the internal affairs  
11 investigation and threats made were supported by the evidence in Chairman Kleid's opinion.  
12 Chairman Kleid had reservations about the discipline that was handed out to Mr. Munyan only a  
13 few days before his pension vested. He did not feel the punishment fit the crime. Perhaps a  
14 demotion in rank, or a suspension without pay for a longer period, might have been more  
15 commensurate with the infraction.

16  
17 However, Chairman Kleid stated that he was reluctant to recommend to the full Town Council  
18 that the termination be overturned. The reason was that it is important that police department  
19 employees work together, and there be harmony within the department. Too much had been said  
20 already, employees of the police department have testified and the Chief has rendered a decision.  
21 If Palm Beach were a larger department, he might have considered a transfer to another borough,  
22 as in the New York City Police Department. The reinstatement of Mr. Munyan would not be  
23 good for a harmonious work force, both for Mr. Munyan and the other employees. He would like  
24 to see a compromise solution worked out between Human Resources and Mr. Munyan.

25  
26 Chairman Kleid proposed the following as a compromise:

- 27
- 28 • Mr. Munyan submit a resignation from the police department effective after the date he
  - 29 was vested to receive his pension.
  - 30 • Enter into an agreement with the Town stating he would not commence any legal actions
  - 31 against any employee, department, or the Town of Palm Beach.
- 32  
33

34 Chairman Kleid announced that there was a difference of opinion on the Committee, but  
35 fortunately there were five people in the Town Council that would hear and make a decision. He  
36 asked Attorney Sampo for instructions as to how to proceed. Committee Member Rosow said  
37 that with other Town Committees, when there were split decisions, both options were provided  
38 and the full Town Council would vote upon each recommendation.

39  
40 Attorney Gibbons indicated that he was not versed in the procedures of the Palm Beach Town  
41 Council and asked if he would be permitted to speak. Chairman Kleid announced that public  
42 comments are permitted up to three minutes at the beginning of the meeting, or you could wait  
43 until that particular agenda item and speak for three minutes then. Chairman Kleid stated that  
44 the Committee will present its report to the town Council and although the Committee agreed on  
45 the findings, they disagreed on the recommendations. Attorney Gibbons indicated that he had no

1 objections to having two recommendations. Attorney Cooper clarified that the Committee  
2 agreed on the termination but disagreed on the settlement. Chairman Kleid re-stated that they  
3 both agreed there were findings based on certain evidence and they also felt the decision of  
4 issuing a punishment was justified. They disagreed on what that punishment should be.

5  
6 *The Committee took a short recess to determine the proper findings to present to the Town*  
7 *Council.*

8  
9 Attorney Sampo reviewed the issue and announced the fact that there were no objections from  
10 either party in the proceedings to have two recommendations within the Committee as to the  
11 ultimate outcome. The Town Council will have to make a determination on the full disposition.

12  
13 Attorney Sampo said they would next put together the findings and have them transcribed into a  
14 report for the Town Council. Committee Member Rosow clarified that the Town Clerk would be  
15 able to also provide the written findings, that then could be verified by the Court Transcript.

16  
17 Based on the deliberations and his study of the record, Attorney Sampo announced the following  
18 findings which were agreed to by both Committee Members:

19  
20 **The Town of Palm Beach Administrative and Personnel Committee Findings**

21  
22 On May 4 and 5, 2010, the Town of Palm Beach's Administrative and Personnel Committee  
23 ("Committee") met and conducted a hearing pursuant to Town of Palm Beach Code of  
24 Ordinances, Chapter 82, Article III for the purpose of resolving the grievance of Keith Munyan  
25 filed March 15, 2010 regarding his termination from employment.

26  
27 Having met and considered the evidence presented at the hearing, as well as argument of  
28 Counsel, the Committee makes the following findings and recommendations:

- 29  
30 1. On July 27, 2009, the Town's Police Department initiated a Professional Standards  
31 Investigation based on allegations about former Sgt. Keith Munyan contained in a  
32 memorandum dated July 24, 2009 from Officer Levente Henter.  
33  
34 2. On December 1, 2009, the complaint against Mr. Munyan was amended to include  
35 additional allegations involving Sections 4-1.4 and 6-6 of the Town of Palm Beach  
36 Employee Personnel Manual and Town of Palm Beach Police Department General Order  
37 IV-4,III,61; General Order IV-4,III,69 and General Order IV-4,III.  
38  
39 3. After an investigation conducted by Sergeant Jennifer Sandman, a report was issued by  
40 the Town's Professional Standards Department dated January 27, 2010. The report  
41 summarized the findings of the investigation with regard to the allegations against Mr.  
42 Munyan and was forwarded to Police Chief Kirk Blouin.  
43  
44 4. Chief Blouin received the information presented in the report and issued a pre-  
45 disciplinary determination notice to Mr. Munyan on February 10, 2010. Thereafter, Chief

Blouin convened a pre-disciplinary determination meeting on February 25, 2010, which was attended by Mr. Munyan and his attorney.

5. Following the conclusion of the pre-disciplinary determination meeting, Chief Blouin issued a Notice of Termination dated March 2, 2010. Pursuant to this notice, Chief Blouin terminated Mr. Munyan's employment for the reasons stated therein including Personnel Manual Section 6-6 (c) (d) (e) (g) and (j); General Order IV- 4.III.61: harassment; and General Order IV-4.III.109: untruthfulness.
6. Prior to his termination from employment, Mr. Munyan had received discipline from the Police Department consisting of a two day suspension in May of 2005 for failure to turn in six Driver Licenses and one Identification Card after lawfully seizing them, and a Level 1 reprimand on December 29, 2009 for failure to report back to training after instructed to do so (Violation of General Order IV-4, III, 38: duty, tardiness (failure to appear). Mr. Munyan also received a commendation in 2008, along with several other employees, for their response to a house fire.
7. Town of Palm Beach Police Department General Order IV-4, III, 109 provides "Untruthfulness. Police Department personnel shall not knowingly make false statements or untrue statements except as authorized in the performance of duties and as necessary for maintaining covert operation during investigation of criminal activities."

With regard to this issue, the Committee finds that Mr. Munyan was untruthful in violation of this General Order with regard to the following issues:

1. With regard to the assertion that Mr. Munyan was untruthful in failing to disclose on his application a prior applications including to Delray Beach Police Department, the Committee finds that Mr. Munyan was untruthful.
2. With regard to the assertion that Mr. Munyan untruthfully denied the conversations with Officer Henter reported in his July 24, 2009 memorandum, the Committee finds that Mr. Munyan was untruthful in denying making the statements.
3. With regard to the assertion that Mr. Munyan was untruthful when he denied disclosing information regarding the ongoing Professional Standards Investigation to Patrol Office Assistant Paula Salantiri, the Committee finds that Mr. Munyan was untruthful.
4. With regard to Mr. Munyan's assertion denying that he had made threats to police department personnel, in a conversation with Patrol Office Assistant Paula Salantrini, the Committee finds that Mr. Munyan was untruthful.

Accordingly, the Committee finds Mr. Munyan violated General Order IV-4, III, 109.



- 1 8. Town of Palm Beach Police Department General Order IV-4, III, 61 provides  
2 "Harassment. Police Department Personnel shall not use their official position to harass  
3 directly or indirectly, threaten or coerce any person." With regard to this issue, the  
4 Committee finds Mr. Munyan did threaten personnel of the police department during the  
5 course of the Professional Standards Investigation.

6  
7 Accordingly, the Committee concludes that Mr. Munyan did, in fact, violate General  
8 Order IV-4, III, 61 harassment.

- 9  
10 9. Town of Palm Beach Employee Personnel Manual Section 6-6 (e) provides for discipline  
11 in the event "the employee has failed to obey any proper and lawful order or directive  
12 given by a superior, or as otherwise been insubordinate".

13  
14 With regard to this issue, the Committee finds Mr. Munyan did violate this provision  
15 when he disclosed information relating to the Professional Standards Investigation  
16 against him while the investigation was pending, in violation of a directive given him  
17 prohibiting such conduct.

18  
19 The Committee finds that Mr. Munyan did violate Employee Personnel Manual Section  
20 6-6 (e).

- 21  
22 10. Town of Palm Beach Employee Personnel Manual Section 6-6 (c)(d)(e)(g)(j).

23  
24 With regard to this issue, the Committee finds Mr. Munyon did violate these sections.

- 25  
26 11. In making its findings, the Committee notes that Mr. Munyan's testimony at the hearing  
27 conflicted with the testimony of other witnesses in a number of instances. These  
28 witnesses included Sergeant Vega, Officer Henter, Patrol Office Assistant Paula Salanitri  
29 and Christine Cunningham. Based on the demeanor of the witnesses, the weight of the  
30 evidence, motive and other factors regarding the witnesses' testimony, the Committee  
31 resolves those credibility determinations against Mr. Munyan and in favor of the  
32 conflicting testimony provided by the other witnesses.

- 33  
34 12. Mr. Munyan's addendum to his grievance claims a violation of due process with regard  
35 to his pre-discipline notice, which identified a charge for untruthfulness "not under  
36 oath". With regard to this issue, the Committee finds that the notice erroneously  
37 identified "not under oath" as the source for the untruthful statements at issue in that  
38 section of the notice, when in fact, the statements at issue were in fact made under oath.  
39 This error was subsequently corrected. However, this Committee finds the error to have  
40 been harmless since it was apparent that through his lawyer, Mr. Munyan addressed each  
41 substantive issue of untruthfulness at the pre-determination hearing notwithstanding the  
42 error.

43  
44 **The Town of Palm Beach Administrative and Personnel Committee**  
45 **Recommendations**

1  
2 A. Based upon these findings, Chairman Kleid concludes there was just cause for  
3 punishment of Mr. Munyan. In mitigation of the charge there were omissions in Mr.  
4 Munyan's application for employment to the police department, that there was no  
5 evidence presented that the omissions were deliberate and that there was no evidence  
6 that any information obtained would have had any influence on his being hired. It  
7 also appeared from the evidence that Mr. Munyan was regarded as a good policeman  
8 and was in fact, promoted to sergeant. With respect to the finding that Mr. Munyan  
9 did, against orders, interfere in the internal investigation and that he did make threats  
10 against individuals in the department, in mitigation, Chairman Kleid believed that the  
11 charge of sexual misconduct with a minor did put great stress on Mr. Munyan and  
12 may account for some of his improper conduct. In mitigation, Chairman Kleid further  
13 believed that Police Chief Blouin's decision to terminate the employment of Mr.  
14 Munyan was in some way colored by the sexual misconduct charge and his past  
15 disciplinary incidents, some of which were found to be unfounded. With respect to  
16 the allegation that Mr. Munyan related to Officer Henter a graphic description of  
17 sexual misconduct with a minor may have been a fantasy remembrance, and/or a  
18 product of male braggadocio. This was supported by testimony to the effect that Mr.  
19 Munyan has a history of exaggeration.

20  
21 Chairman Kleid had reservations about the punishment handed out, namely  
22 termination of employment, days before Mr. Munyan's pension benefits vested. He  
23 did not feel that the punishment fit the crime, perhaps a demotion in rank, or a  
24 suspension in pay would be more commensurate. He proposed an alternative  
25 suggestion and the reason why he has to leave the employment of the Police  
26 Department. However, he was reluctant to recommend to the full Town Council that  
27 the termination be overturned, and that Mr. Munyan be reinstated to the police  
28 department with instructions to impose a different penalty than termination. The  
29 reason for that was that too much has already been said, employees of the department  
30 have testified and the Chief has rendered a decision. The reinstatement of this officer  
31 would not be good for a harmonious work force, both from the perspective of Mr.  
32 Munyan and the department. He therefore would like to see a compromise solution  
33 worked out by Human Resources and Mr. Munyan. He suggested that Mr. Munyan  
34 submit his resignation to be effective after his pension vests, and that he agree to not  
35 bring any lawsuit relevant to this proceeding against any employee of the Town of  
36 Palm Beach, or any department within the Town of Palm Beach, or the Town itself.

37  
38 On the issue of whether the findings constitute just cause for termination, there was a  
39 different recommendation from Committee Member Rosow.

40  
41 B. Committee Member Rosow concludes there was just cause for termination for Mr.  
42 Munyan's employment pursuant to Section 6-6 of the Town of Palm Beach Employee  
43 Personnel Manual. Committee Member Rosow recommends that Chief Blouin's  
44 decision be upheld by the Town Council, based upon the following considerations  
45 and findings:

Committee Member Rosow believed there had been a pattern of infractions which he found to be intolerable:

- Withholding of Driver Licenses and Identification Cards, the subject of the 2005 investigation should have, of itself, been cause for dismissal
- The obscene note which was also discussed in 2005, although determined to be unfounded, in his mind, did not stand the test of an officer in the police department in Palm Beach.
- The threats against members of the police department to “take them down” were dangerous and inexcusable. A police officer must at all time exercise restraint in his actions and words. Mr. Munyan did not exercise restraint in his words.
- The Town of Palm Beach residents expect and deserve to be served by people in our department who understand the importance of their character and how it impacts the lives of all of our residents.

Therefore, Committee Member Rosow recommended the Town Council affirm Chief Blouin’s determination of dismissal.

Attorney Gibbons clarified that one of the recommendations was for just cause for termination and the other, an alternative to that recommendation. Committee Member Rosow indicated the process of how to proceed with the Town Council if he disagreed with any of the proposed settlement.

#### VII. ANY OTHER MATTERS

There were none.

#### VIII. ADJOURNMENT

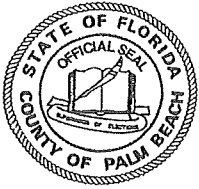
There being no further business, the Administrative and Personnel Committee Meetings of May 4 and 5, 2010 concluded at 5:35p.m. on May 5, 2010.

APPROVED:

---

Richard M. Kleid  
Chairman

*\*A verbatim transcript is also available from this meeting.*



# Palm Beach County

James  
McN  
TC 5/11/10



SUSAN BUCHER  
Supervisor of Elections

240 SOUTH MILITARY TRAIL  
WEST PALM BEACH, FL 33415  
POST OFFICE BOX 22309  
WEST PALM BEACH, FL 33416

TELEPHONE: (561) 656-6200  
FAX NUMBER: (561) 656-6287  
WEBSITE: [www.pbcelections.org](http://www.pbcelections.org)

## CERTIFICATION

I, SUSAN BUCHER, SUPERVISOR OF ELECTIONS, for Palm Beach County, Florida, do hereby certify that 1088 signatures were submitted on the Charter Amendment Petition for the Town of Palm Beach; *Voter Approval Required For Demolition or Withdrawal of Public or Private Group Use landmark Structures.*

Of that total 817 are qualified electors of the Town of Palm Beach, Florida.

Signed, this the 29th day of April, 2010.

*Susan Bucher*

SUSAN BUCHER  
SUPERVISOR OF ELECTIONS  
PALM BEACH COUNTY, FLORIDA

(SEAL)

BRUCE A. McALLISTER  
224 Bahama Lane  
Palm Beach FL 33480

May 9, 2010

Memo to the Mayor and Town Council Members:

Re: Resolution No. 5540

In anticipation of the Council passing the subject Resolution, and, of course grateful for this opportunity to serve, I have the following comments on the Resolution:

I respectfully submit that the mission of the County Budget Task Force (the "Task Force") need not and should not be stated in such a way as to require the application of the Sunshine Law.

While the Resolution calls on the Task Force to "make recommendations" in regard to the County budget, it is not at all clear that the best use of the Task Force is to make recommendations. Rather, it should establish a base-line of agreed data and analyses which the Council will review, and which may be useful in the Town's relationship with the County Commission.

One of the first tasks to which we should turn our attention, after organizational and other administrative matters are attended to, is an examination of the County budget with a view to reporting on certain facts to the Town Council.

I would envision that report as consisting of a series of factual findings. These findings would be based on a) reading, discussing and analyzing various aspects of the budget with each other, informally, by telephone and e-mail, as well as in person; b) discussing those aspects with as many Palm Beach County Commission members and staff, present and former, or other persons, as each of us believes might be helpful. To hold such discussions in any number and with the necessary informality would obviously be impossible under the Sunshine Law.

What "factual findings" might our report contain? Well, for example, we might make any or all of the following:

1. The County budget process is defective, at least in the opinion of a majority of the Task Force, in the following respects:
  - a) \_\_\_\_; b) \_\_\_\_; etc.
2. The County Budget allocates too little (or too much) money to the following departments and activities;

3. There is too little/enough communication between the County Commission (or its staff) and the Town Council (or its staff).

Of course these are limited examples only, but I submit they suffice to illustrate why I think the Task Force should be designated as a “fact-finding” body only. As such, as the following analysis of the Sunshine Law makes clear, the Task Force would not be subject to the Sunshine Law:

“A limited exception to the applicability of the Sunshine Law to advisory committees has been recognized for advisory committees established for fact-finding only. When a committee has been established strictly for, and conducts only, fact-finding activities, *i.e.*, strictly information gathering and reporting, the activities of that committee are not subject to s. 286.011, ES. *Cape Publications, Inc. v. City of Palm Bay*, 473 So. 2d 222 (Fla. 5th DCA 1985). *Accord*, AGO 95-06 (when a group, on behalf of a public entity, functions solely as a fact-finder or information gatherer with no decision-making authority, no board or commission subject to the Sunshine Law is created).

For example, the court in *Bennett v. Warden*, 333 So. 2d 97 (Fla. 2d DCA 1976), held a fact-finding committee appointed by a community college president to report to him on employee working conditions was not subject to the Sunshine Law. Later, in *Wood v. Marston*, 442 So. 2d 934 (Fla. 1983), the Supreme Court approved the holding in *Bennett* that such fact-finding consultations are not subject to s. 286.011 F.S.” (Government-In-The-Sunshine-Manual, 2008 Ed., p. 7).

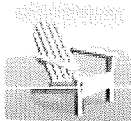
After receiving and reviewing the Task Force report (which will obviously be delivered sooner than if it has to be written under the Sunshine Law), and taking into account such other changes in circumstances which might affect its conclusions, the Town Council might then take whatever actions it deems advisable, including appointing a Commission to develop recommendations based in part on the Task Force’s report, asking the individual members of the Task Force to work with the Council’s Financial Committee to develop recommendations, etc.

If, after the Task Force gets organized and begins its investigations and discussions, but before any report is made, it appears advantageous to designate the Task Force as subject to the Sunshine Law, that can be done at that time. But there is no reason now, unnecessarily, to tie up the Task Force (and the necessary Town staff) in the paralyzing procedures of meeting notification and recording (and prohibition of between-meeting communication) that the Sunshine Law requires.

These observations are based on limited research, but, unless they can be refuted by more extensive research, I strongly recommend that the Task Force not be subjected to the Sunshine Law.

Respectfully submitted,

Bruce A. McAllister



**Fw: Opposition to proposed new local sales tax dedicated to the exclusive use of fire and rescue departments**

Cheryl Kleen to: council  
Cc: jrandolph, Joanna Cunningham

05/11/2010 08:10 AM

----- Forwarded by Cheryl Kleen/PalmBeach on 05/11/2010 08:10 AM -----

From: Jere Zenko <jere.zenko@yahoo.com>  
To: Peter Elwell <pelwell@townofpalmbeach.com>  
Cc: Council <council@townofpalmbeach.com>  
Date: 05/10/2010 08:27 PM  
Subject: Re: FW: Opposition to proposed new local sales tax dedicated to the exclusive use of fire and rescue departments

Good for the Economic Council.

There should be a resolution of support on our agenda for Mayor Frankel who basically told them (the Police I

Good for the Business Forum

The Mayor ( McDonald) wants a team to go and talk to the County..... I suggest we start by playing team ball pass the resolution(2) to reject this sales tax increase, and stop kicking this political football around. Come on boys, (and a girl) it is hardball time..... It's time to play or get out of the game. If we want to lead in these matters, let's lead.

Regards to all, Jere

From:

Subject: FW: Opposition to proposed new local sales tax dedicated to the exclusive use of fire and rescue dep  
To: "jere zenko" <jere.zenko@yahoo.com>  
Date: Monday, May 10, 2010, 6:09 PM

> Subject: Fw: Opposition to proposed new local sales tax dedicated to the exclusive use of fire and rescue de  
> CC: JSkittone@TownofPalmBeach.com; BAmador@townofpalmbeach.com  
> From: PEIwell@townofpalmbeach.com  
> Date: Mon, 10 May 2010 16:05:51 -0400  
>  
>  
> c: M&TC (FYI)  
>  
> ----- Forwarded by Peter B Elwell/PalmBeach on 05/10/2010 04:05 PM -----  
>  
> From: "Mike Jones" <MJones@economiccouncilpbc.org>

> To: <tlynch@plastridge.com>, <irobinson@wpb.org>,  
> <ltropepe@sfrninc.com>, <mo\_thornton@msn.com>,  
> <kmkaleel@bellsouth.net>, <baaronso@pbcgov.org>,  
> <jkoonso@co.palm-beach.fl.us>, <jsantama@co.palm-beach.fl.us>,  
> <kmarcus@co.palm-beach.fl.us>, <ptaylor@pbcgov.org>,  
> <svana@pbcgov.org>, <SAbrams@pbcgov.org>,  
> <andyl@jupiter.fl.us>, "Anne Lyons" <annel@jupiter.fl.us>, "Bob  
> Barcinski" <barcinski@ci.delray-beach.fl.us>, "Bob Weisman"  
> <rweisman@pbcgov.com>, "Carisse LeJeune" <LeJeuneC@bbfl.us>,  
> "Carrie Hill" <chill@sfwmd.gov>, "Charlotte Presensky"  
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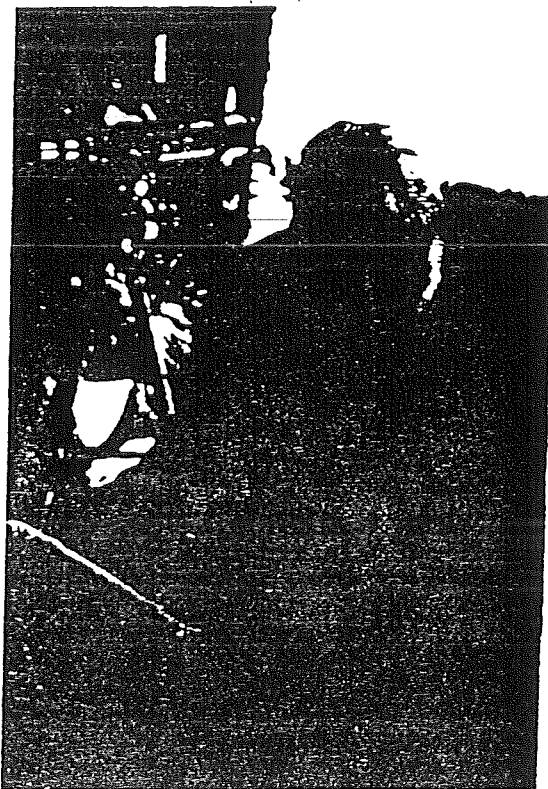
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> Date: 05/10/2010 04:01 PM  
> Subject: Opposition to proposed new local sales tax dedicated to the  
> exclusive use of fire and rescue departments  
>  
>  
>  
> Please be advised that the Business Forum unanimously voted today to oppose  
> a local election on this proposed new surtax.  
> The Business Forum  
> of Palm Beach County  
>  
> (Embedded image moved to file: pic31625.gif)Text Box: American Institute of  
> Architects,  
> Palm Beach Chapter  
> Associated Builders & Contractors,  
> Inc., East Coast Chapter  
> Associated General Contractor,, Inc.  
> Florida  
> East Coast Chapter  
> Business Development Board  
> Chamber of Commerce of the  
> Palm Beaches  
> Community & Economic  
> Development Council, Inc.  
> The Economic  
> Council  
> of Palm Beach County, Inc.  
> Gold Coast Builders Association  
> Greater Boca Raton Chamber  
> of Commerce  
> Greater Boynton Beach Chamber  
> of  
> Commerce  
> Greater Delray Beach Chamber  
> of Commerce

- > Greater Lake Worth
- > Chamber of
- > Commerce
- > The Hispanic Chamber of
- > Palm Beach County, Inc.
- > Housing Leadership Council of Palm
- > Beach County, Inc.
- > The Institute of
- > Real Estate
- > Management
- > Marine Industries Association of
- > Palm Beach County,
- > Inc.
- > Northern Palm Beach County
- > Chamber of Commerce
- > Palm Beach Chamber of
- > Commerce
- > Palm Beach County Hotel & Lodging
- > Association
- > Palms West Chamber
- > of Commerce
- > Realtors® Association of the Palm
- > Beaches, Inc.
- > South Florida
- > Hospital & HealthCare
- > Association
- > Wellington Chamber of Commerce
- > World
- > Trade Center Palm Beach
- >
- > \* \* \* \* \*
- >
- > The position of the Business Forum on
- > an issue does not necessarily represent the position of each organization
- > listed. There may be some organizations that have not taken a position or
- > differ on this particular issue or are waiting approval from their boards
- > or membership. For a detailed position of each organization, please
- > contact the Business Forum or each
- > organization directly.
- > 1555 Palm Beach
- > Lakes Blvd., Suite 950 • West Palm Beach, FL 33401 • Tel: 561-684-1551
- > • Fax: 561-689-7346
- >
- >
- >

- > May 10, 2010
- >
- > League of Cities, City Managers, and Board of County Commissioners
- >
- > We have tremendous respect for the professional fire and rescue personnel
- > in our county and the valuable services rendered by them. We object,
- > however, to a recently proposed new local sales tax dedicated to the
- > exclusive use of fire and rescue departments. Among the reasons:
- >
- > o It is permanent - there is no sunset
- > provision.
- > o There are no limits or caps - whatever is collected
- > from 1% of sales can be spent by Fire/Rescue.
- > o It contains incentives to increase spending,
- > particularly at the city level (e.g. unfunded pensions).
- > o It results in 9 months of double taxation - sales tax
- > starts in January, offsets do not kick in until September of that
- > year.
- > o It is funding essential services with an
- > unpredictable revenue source - ad-valorem taxes can be forecast,
- > sales taxes are subject to swings in economic activity.
- > o There is no guarantee of revenue neutrality in the
- > statute or the proposal - only that the Fire/Rescue portion of
- > ad-valorem taxes be offset, not that property tax will be
- > reduced.
- > o The Fire/Rescue budget needs to be brought under
- > control - the budget grew by 82% in the 6 years that call volume
- > (workload) only increased by 25%
- >
- >
- > We, therefore, respectfully request you spare the taxpayers the unnecessary
- > expense of conducting an election at this time.
- >
- >

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**Voters will choose between two candidates  
for the Group 2 Town Council seat Tuesday.**



Daily News Photo By DORA BOLLARD

**PAUL ILYINSKY**

By SARA TOLLEY  
Daily News Staff Writer

**T**eam work is the key to the next decade of politics in Palm Beach, says Town Council candidate Paul Ilyinsky. "Events may not be happening in Palm Beach, but they are directly related to Palm Beach," said Ilyinsky, who is running for re-election to the Group 2 seat. "I find I spend as much time talking to my [political] peers as I spend talking to town residents. More and more the town is finding it has to work together with other governments."

Countywide problems of increased crime, water shortages and escalating property taxes have more impact on island residents than in previous years, he says. Palm Beach will have to help solve these problems by becoming more involved with regional issues. That's the only way to preserve the town's quality of life, Ilyinsky said.

"The average Palm Beach business a councilman worked on a decade ago was five or six hours a week," Ilyinsky said. "It used to be that time was spent only on town affairs. We find ourselves spending 16 to 20 hours a week on town business with the county. We have to get out there and wave the town flag."

An example of Palm Beach working with neighboring municipalities will be seen in a new effort to save Peanut Island from being included in development plans of the Port of Palm Beach, Ilyinsky said. He said he has spent many hours talking to other government leaders about an effort to protect the island in the middle of the Intracoastal Waterway.

"It's a paradise there," said Ilyinsky, an avid boater who owns D&D Marine in West Palm Beach. "Peanut Island has one

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Daily News Photo By DORA BOLLARD

**ERIK GILBERTSON**

2/4/90  
By SARA TOLLEY  
Daily News Staff Writer

**T**o Erik Gilbertson, escalating property taxes are a plague.

"I look back at what happened in the '80s, and what I see is the tearing up of our roots. People are losing their homes because they can't pay their property taxes," said Gilbertson, who is running for the Town Council Group 2 Seat. "All these increases in assessments are a plague going all over the county. The people are carrying the burden."

Gilbertson, who made two unsuccessful bids for council, again is centering his campaign around controlling property tax assessments. His plan, if elected, is to urge the council to pass a resolution asking state legislators to base assessments on just valuation, or the true value of the property. He thinks the resolution should ask for lower assessments to be retroactive to 1980 or the purchase price of the property. Gilbertson also supports lowering the state's \$25,000 homestead exemption.

"The more votes I get, the more pressure I can put on Tallahassee. I'll have those people [voters] behind me," Gilbertson said. "If I win by a landslide I think leaders in Tallahassee will think twice. They will listen to me."

Gilbertson said voters in 1986 thought he was a heretic because of his suggestions to lower property assessments.

"Four years ago I was a radical. But now everyone is being hit hard and being abused with these higher taxes, and maybe my ideas aren't so radical anymore," Gilbertson said. "I was the only one in 1986 who went to county budget hearings. The council went to hearings this budget year and I think they

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## GILBERTSON

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[council members] are singing my (tax) tune now."

Gilbertson said he still hasn't given up one of his other ideas — Palm Beach creating its own Ocean County. He said Palm Beach should use his idea as a threat to get the county commission and school board to lower their budgets.

"I don't want to secede, but when you're abused you have to stand up," Gilbertson said. "It's been done before. Palm Beach County seceded from Dade County. The town would provide all services, and everyone in Palm Beach County would treat us nicely."

He also wants to stop beach erosion. An avid boater who has a captain's license from the U.S. Coast Guard, Gilbertson blames

town officials for today's eroded beach. He said if the council had not voted to tear out the groins in the mid-1980s, the sand would have stayed on shore.

Town officials said then the groins were a safety hazard that needed to be removed before someone was injured or killed.

Gilbertson, an Air Force veteran, likes the town's plan to renourish the beach by pumping sand onto it from the Palm Beach inlet. To hold the sand, Gilbertson suggests the town install 6-foot jacks or reinforced steel and cement structures at the reef off Barton Avenue. According to Gilbertson, the jacks would collect sand as it washes out to sea. The tide would wash it back to shore.

Public Works Director Al Dusey said jacks are usually used in inlets. They may work in the ocean, Dusey said, adding Palm Beach would need state and federal permits before any structure could be built. Any work the town

does to the beach or in the ocean requires permits from the state and federal governments, Dusey added.

Gilbertson, known as Captain Erik among his friends, first started coming to Palm Beach with his family in the 1930s. His family bought its home at 151 Chilian, which Gilbertson owns and maintains today. He became a full-time resident in 1969. Gilbertson spends most of his summers in Nantucket, Mass.

Gilbertson is a graduate of Boston University with a bachelor's degree in art and a master's degree in education. He was a school teacher for 10 years in Massachusetts and taught sailing at the now-closed Graham-Eckes Palm Beach Academy.

"The Town Council needs a survivor and I'm a survivor. Voters don't need someone who is low-key," Gilbertson said. "I feel I'm the right man at the right time."

## ILYINSKY

from page A1

of the most beautiful beaches in the area. Peanut Island isn't in Palm Beach, but its [development] is directly related to Palm Beach."

Leaders in Palm Beach and the county in the next 10 years also will have to be fiscally responsible, Ilyinsky said. Town Council members, he added, need to lobby the county and school board to reduce their spending and need to find ways to provide the best services at lower costs.

"The town has always managed to have a balanced budget," Ilyinsky said. "But every year the issue of five-day [residential] garbage pickup comes up. Again we need to take a look at its cost effectiveness."

The town began an experimental program in the North End last year, where some residents had their garbage picked up three days a week. Ilyinsky said that although the reduced schedule didn't save the town much money, the issue will be studied again this year.

Ilyinsky believes the town is

being responsive to residents' needs, citing an increase in police patrols last year as an example. The added police enforcement came after a resident proposed installing surveillance cameras at the island's four entrances.

"More police patrols are a better deterrent than television cameras. The cameras can take a picture but they can't chase someone from behind a tree," Ilyinsky said. "If crime figures go down, there will be no question this [patrols] was the best way to go."

Ilyinsky, who has a bachelor's degree in political science from the University of Virginia, was born in England and moved to Palm Beach with his mother in 1934.

He attended the school known today as Palm Beach Day School and later served in the U.S. Marine Corps. He and his wife, the former Angelica Kaufmann, have five children and seven grandchildren. Ilyinsky, whose hobby is collecting toy soldiers and trains, lives in a landmarked, lakefront home on Algoma Road.

A retired professional photog-

rapher, Ilyinsky was elected to the Town Council two years ago after a year's absence from island politics. He was first elected to the council in 1981, winning by 20 votes. He was re-elected two years later without opposition.

Ilyinsky, the son of Grand Duke Dimitri, a member of the last Imperial family of Russia, made an unsuccessful bid for mayor in 1986.

"My goal of the future is to maintain the quality of life we value so high," while remaining ever watchful of ways to minimize the cost," Ilyinsky said.