



TOWN OF PALM BEACH

Town Manager's Office

**TENTATIVE-
SUBJECT TO
REVISION**

SPECIAL TOWN COUNCIL MEETING

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

AGENDA

APRIL 6, 2010

1:30 P.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) 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. PLEDGE OF ALLEGIANCE

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III. APPROVAL OF AGENDA

IV. 2010 LONG TERM FINANCIAL PLAN

- A. Overview [Peter B. Elwell, Town Manager]
- B. Detailed Forecast Through FY20 [Jane Struder, Director of Finance]
- C. Health Insurance Update [Danielle Olson, Director of Human Resources]
- D. Proposed Reorganization of Some Police Department Functions
[Kirk W. Blouin, Police Chief]
- E. Proposed Reorganization/Privatization of Some Public Works Department
Functions. [H. Paul Brazil, Director of Public Works]

V. 2010 RECREATION ENTERPRISE FUND BUSINESS PLAN
[Jay Boodheshwar, Director of Recreation]

VI. TOWN MANAGER'S PENSION RECOMMENDATIONS
[Peter B. Elwell, Town Manager]

VII. ANY OTHER MATTERS

VIII. ADJOURNMENT

Note: 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.

Town of Palm Beach Long Term Financial Plan FY2010 - FY2020



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Introduction



Long Term Financial Plan Overview

The National Advisory Council on State and Local Budgeting (NACSLB) recommends that governments establish a financial planning process that assesses the long-term financial implications of current and proposed policies, programs, and assumptions, and that develops appropriate strategies to achieve its goals.

The Town of Palm Beach has prepared a Long Term Financial Plan every year since 2003 except in 2008, when a more intensive Comprehensive Review of Town Operations (CRTO) was completed. The Long Term Financial Plan (LTFP) is intended to serve as a tool, providing the Mayor, Town Council and staff with the insight required to address issues impacting the Town's financial condition. This plan consists of the following sections:

- Introduction
- Current Financial Condition
- Reserve Analysis
- Forecast Summary
- Forecast Details

Financial planning expands a government's awareness of potential problems and opportunities, and of options for addressing them. The long-term revenue, expenditure and service implications of continuing or ending existing programs or adding new programs, services and debt can be identified. The financial planning process helps shape decisions and permits necessary and corrective action to be taken before problems become more severe.

A financial plan does not state what is certain to happen. Rather, it highlights significant issues or problems that must be addressed if goals are to be achieved and provides forecasts of results expected if certain actions are taken.

The emphasis of this document is on the Town's General Fund. Forecast information on the Recreation Enterprise Fund is included in the Recreation Enterprise Fund Business Plan that is being released simultaneously with this plan.

Other documents included in this booklet include a status report on changes made in 2009 to the Town's health insurance programs, a plan for reorganizing certain functions in the Police Department, and a plan for privatizing and/or reorganizing certain functions in the Public Works Department.

This LTFP will be presented along with the Recreation Enterprise Fund Business Plan and the Town Manager's pension recommendations at a special Town Council meeting on April 6, 2010 at 1:30PM in the Town's Emergency Operations Center (EOC).

Current Financial Condition



Current Financial Condition

The FY10 budget maintained levels of services while lowering taxes and avoiding fee increases. Cost reductions were made in employee health insurance and employee salaries were frozen.

For the last year staff has been working on plans to reduce future Town expenditures, in accordance with the action plan included in the FY10 budget:

- Review pension benefits
- Additional review of the health insurance program
- Review Town employee compensation program
- Review contracting of Town services
- Review other opportunities for staff reduction without layoffs
- Review Debt vs. PAYGO for capital project financing
- Review methods for funding coastal projects

The results of these efforts are contained in the forecast summary of this document.

General Fund FY10 Status

Staff has been monitoring the FY10 budget very closely. Monthly updates have been sent to the Mayor and Town Council detailing the status of the General Fund revenues and expenditures.

General Fund Revenues

Several of the budgeted revenues for FY10 are under the budget standard through February. These include state revenue sources as well as other fees. Revenues received from the State such as fuel taxes, state shared revenues and state sales tax are all below the budget standard. Fuel taxes are only 1.32% below the budget standard, state revenue sharing is less than one percent below the budget standard, and state sales tax are 2.9% below the budget standard. Building permit revenue to date is under the budget standard by 15%. If this trend continues, these revenues could end the year significantly under budget. Franchise Fees are under the budget standard due to the timing of the collection of the gas franchise fee in July. Other Licenses, Fees and Permits are under budget. Parking meter revenues are under budget due to the seasonal nature of these fees. Collections are expected to increase when warmer weather brings more users to the Town's public beaches. Parking ticket fines and penalties and right of way fines are 1.9% under the budget standard. Interest income is under the budget standard due to lower returns and the delay in posting February results.

Revenues that are exceeding expectations include utility taxes, public safety fees, business tax receipts, the non ad valorem assessment for solid waste fees, and property taxes. Business tax receipts, property taxes and the non ad valorem revenues for solid waste are received early in the fiscal year. Other Charges for services are over budget due to improved collections of lien search fees. Rents and Royalties are over budget due to the timing of the roof top lease payments. These revenue sources are expected to finish the

Current Financial Condition



year at or above the budget standard. Utility taxes are higher than the budget because revenues received from telecommunications and water utility taxes are higher than anticipated. Public safety fees are seasonal and should finish the year above the budget standard.

Overall, current estimates indicate total revenues to finish the year close to the budget standard, unless building permit revenue does not improve.

General Fund Expenditures

Through February, expenditures for most departments were below the budget standard. General Government, Information Systems, Library Services and Debt Service are above the standard. General Government is over budget due to the annual payout for the vacation buy-out program. Information Systems is over budget due to maintenance charges and software purchases made early in the fiscal year. Library Services is over budget due to the semi-annual payment to the Four Arts Library. Debt Service represents the bond payments due on January 1. All of the variances are due to seasonal factors; all departments are on trend to stay within budget for the year.

We expect to finish the year well under the budgeted expenditures due to the hiring freeze and additional reductions in expenditures where ever possible. Any anticipated revenue shortfall will be offset by reductions in expenditures. Unless the revenue status significantly worsens, or if we experience a major storm event during the summer, we should end the year with a small budget surplus.

A report on General Fund Revenues and Expenditures through February 2010, can be found on the following page.

Town of Palm Beach, Florida
General Fund Revenue and Expenditure Report
As of February 28, 2010

	<u>Budget</u> <u>FY2010</u>	<u>YTD Actual</u> <u>2010</u>	<u>% Budget</u> <u>vs Actual</u>	<u>Budget</u> <u>FY2009</u>	<u>YTD Actual</u> <u>2009</u>	<u>%</u> <u>Budget</u>	<u>Actual</u> <u>2009</u>	<u>% Budget</u> <u>vs Actual</u>
Revenues								
Ad Valorem Taxes	41,326,000.00	35,056,705.58	84.83%	42,543,000.00	36,373,096.18	85.50%	42,887,216.43	100.81%
Sales, Use and Fuel Taxes	320,000.00	129,132.20	40.35%	341,000.00	130,682.97	38.32%	324,077.48	95.04%
Utility Services Taxes	4,458,000.00	2,116,263.28	47.47%	4,117,000.00	1,805,182.96	43.85%	4,608,087.94	111.93%
Business Tax Receipts	720,000.00	595,073.52	82.65%	747,000.00	613,718.09	82.16%	726,586.39	97.27%
Building Permits	4,727,300.00	1,261,253.99	26.68%	4,691,300.00	1,578,713.74	33.65%	4,701,645.23	100.22%
Franchise Fees	2,480,000.00	879,143.99	35.45%	2,585,000.00	862,214.62	33.35%	2,454,231.94	94.94%
Other Licenses, Fees and Permits	227,300.00	82,238.03	36.18%	254,400.00	91,243.00	35.87%	164,135.00	64.52%
Federal Grants	1,200.00	9.22	0.77%	23,600.00	0.00	0.00%	294,720.03	1248.81%
State Shared Revenues	1,065,500.00	367,205.10	34.46%	1,147,800.00	377,015.41	32.85%	1,091,541.11	95.10%
Grants From Other Local Units	50,000.00	0.00	0.00%	50,000.00	16,861.25	33.32%	58,870.32	117.74%
Shared Revenue From Other Local Units	40,000.00	11,461.04	28.65%	40,000.00	28,333.51	70.83%	39,996.95	99.99%
Public Safety	1,237,600.00	579,335.58	46.81%	1,346,600.00	605,292.25	44.95%	1,539,185.06	114.30%
Physical Environment	1,176,900.00	789,955.87	67.04%	1,139,100.00	788,146.23	69.19%	1,131,884.12	99.37%
Transportation	547,500.00	195,898.92	35.78%	641,700.00	189,438.42	29.52%	579,292.22	90.27%
Other Charges for Services	25,900.00	12,252.80	47.31%	30,700.00	9,956.73	32.43%	27,618.29	89.96%
Judgments and Fines	739,200.00	293,842.71	39.72%	996,200.00	299,512.23	30.07%	800,754.86	80.36%
Violations of Local Ordinances	410,000.00	34,016.92	8.30%	525,000.00	283,398.72	53.98%	352,052.22	67.06%
Interest and Other Earnings	1,540,000.00	344,129.24	22.35%	1,201,300.00	874,207.09	72.77%	1,923,224.28	160.10%
Rents and Royalties	88,100.00	43,769.26	49.68%	85,800.00	877.43	1.02%	44,490.85	51.85%
Contributions/Donations from Private Sou	10,000.00	0.00	0.00%	10,000.00	0.00	0.00%	0.00	0.00%
Other Miscellaneous Revenues	134,000.00	67,508.06	50.38%	134,000.00	40,719.79	30.39%	158,624.78	118.38%
Interfund Transfer	6,846,752.98	229,165.00	3.35%	6,977,859.00	229,165.00	3.28%	550,000.00	7.88%
Total Revenues	68,171,252.98	43,086,987.31	63.20%	69,628,359.00	45,197,575.62	64.91%	64,457,887.30	92.57%
Expenditures								
Legislative	133,073.40	46,500.66	34.94%	186,559.59	29,681.98	15.91%	121,619.18	65.19%
General Government	1,611,375.67	957,971.71	59.45%	2,156,894.90	882,970.79	40.94%	1,849,133.94	85.73%
Administrative Management	858,797.40	304,918.57	35.51%	856,157.70	349,027.11	40.77%	824,985.17	96.36%
Advice & Litigation	402,500.00	126,332.28	31.39%	506,080.38	150,878.79	29.81%	475,308.40	93.92%
Information Systems	1,926,532.88	969,061.47	50.30%	2,184,375.60	1,340,690.59	61.38%	2,139,387.88	97.94%
Human Resources	696,924.45	226,402.19	32.48%	745,959.71	281,852.38	37.78%	655,428.79	87.86%
Finance	1,877,423.77	749,623.93	39.93%	1,972,639.21	798,655.14	40.49%	1,889,220.00	95.77%
Planning/Zoning/Building	4,064,334.75	1,527,471.55	37.58%	4,209,896.21	1,631,666.73	38.76%	3,800,958.24	90.29%
Library Services	272,400.00	136,200.00	50.00%	272,400.00	136,200.00	50.00%	272,400.00	100.00%
Fire-Rescue	12,502,001.94	5,179,931.77	41.43%	12,159,840.16	5,012,348.32	41.22%	12,027,638.17	98.91%
Police	15,631,301.83	6,393,491.53	40.90%	16,174,710.04	6,533,146.53	40.39%	15,633,613.63	96.65%
Public Works	15,086,763.13	5,404,416.26	35.82%	15,939,586.77	5,757,896.54	36.12%	14,025,892.25	87.99%
CIP	4,828,957.00	2,012,065.00	41.67%	3,817,000.00	757,085.00	19.83%	3,817,000.00	100.00%
Debt Service Fund (203/204)	3,922,000.00	3,922,000.00	100.00%	3,790,000.00	3,790,000.00	100.00%	3,790,000.00	100.00%
Retiree Health Funding	1,550,000.00	645,833.00	41.67%	1,648,000.00	687,085.00	41.67%	1,649,000.00	100.00%
Risk-WC, Liab. Prop. (501)	1,904,463.00	793,526.00	41.67%	1,918,000.00	799,165.00	41.67%	1,918,000.00	100.00%
Emergency/Disaster Response	115,943.76	35,366.96	30.52%	1,087,554.74	14,927.47	1.37%	1,003,767.57	92.30%
Contingent Appropriations	786,460.00	0.00	0.00%	1,604.00	0.00	0.00%	0.00	0.00%
Total Expenditures	68,171,252.98	29,430,564.01	43.17%	69,628,359.01	28,953,277.37	41.58%	65,893,408.59	94.64%
Revenue over/under Expenditures for General Fund	0.00	13,656,423.30	(0.01)	(0.01)	16,244,298.25		(1,435,521.29)	
% of Fiscal Year Completed: 41.67%								

Reserve Status



Town of Palm Beach Reserves

The Town Council has adopted eighteen financial policies, fifteen of which address reserves. The reserve policies serve to safeguard the Town's financial resources and ensure fiscal stability. The size of a municipality's fund balance can affect its ability to withstand financial emergencies. Reserves can also be used to accumulate funds for capital purchases or capital projects without having to borrow.

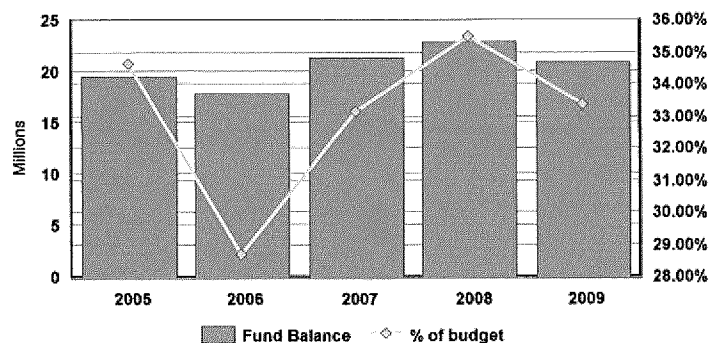
Undesignated Fund Balance - General Fund

Pursuant to adopted policy, the undesignated fund balance for the General Fund is to be maintained at a minimum level of 25% of current year General Fund budgeted expenditures. This minimum

level is to be maintained to protect the Town against economic downturns, temporary revenue shortfalls, unpredicted one-time expenditures, and for tax rate stabilization purposes. Twenty-five percent of the FY10 General Fund operating budget of \$62,841,500 is \$15,710,375. At the end of

FY09, the Undesignated Fund Balance for the General Fund was \$20,980,277. This amount represents 33% of FY10 budgeted operating expenditures or \$5,269,902 over the required minimum level of 25%.

**General Fund Undesignated Fund Balance
FY2005 - FY2009**



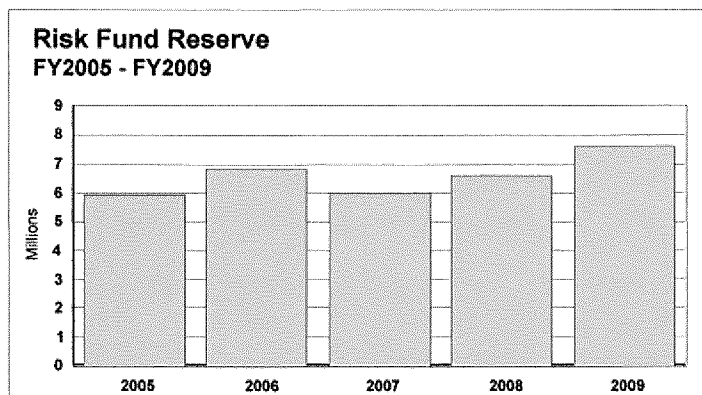
The General Fund Undesignated Fund Balance has consistently exceeded the required minimum level of 25%. The chart details the General Fund Undesignated Fund Balance and the percent of budgeted expenditures the balance represents. Transfers that have been reserved from fund balance for the FY10 budget total \$4,978,800 and include: the contingency reserve (\$967,000), the second year of the early retirement buyout (\$908,000), compensated absence payouts (\$343,800), public safety software (\$160,000) and additional funding for CIP projects (\$2,600,000). We also anticipate that for FY11 we will need approximately \$1,100,000 from fund balance reserves for contingency funding and the final payment on the 2008 early retirement buyout.



Reserve Status

Reserves - Risk Fund

The total reserve balance for the risk fund is \$7,620,642 as of September 30, 2009. Out of this reserve balance the Reserve for Catastrophic Exposures/Emergencies - Risk Fund is funded in the amount of \$2,500,000. The trend for the Risk Fund Reserve is shown in the table.

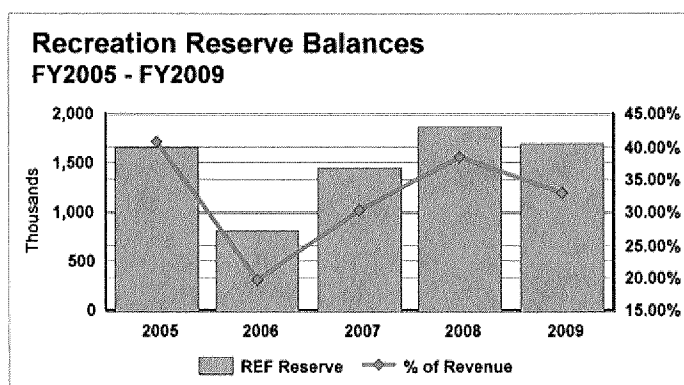


Reserve for Catastrophic Exposures/Emergencies - Risk Fund

The Reserve for Catastrophic Exposures/Emergencies for the Risk Fund is funded at a minimum of \$2,500,000. This reserve was established to set aside emergency funds to protect the Town against the potentially disastrous financial impacts of response to and recovery from a man-made or natural emergency situation or large judgments in excess of insurance coverage. This reserve is funded from the Net Assets of the Risk Fund.

Enterprise Fund Reserves

The Enterprise Fund reserve is to be maintained at a minimum level of 25% of budgeted revenues totaling \$1,284,050 for FY10. The purpose of the reserve is to provide an adequate level of net assets for unanticipated financial impacts as well as to provide for one-time expenditures to improve the facilities.



The Town's enterprise fund includes the operations of the Town Dock, the Par 3 Golf Course, tennis activities and youth and adult recreation programs.

At the end of FY09, the unrestricted net asset balance for the Recreation Enterprise Fund (REF) is \$2,955,244. Of the \$2,955,244 in estimated unrestricted net assets, \$196,718 has been set aside in the Dock Replacement Reserve. A portion of this



Reserve Status

reserve (\$1,740,844) was used to finance the Town's portion of the Par 3 renovation. These funds have been replenished with the 2010A bond issue and the FY10 year end balance will reflect the replenished reserves. The Dock Replacement reserve was created to fund the replacement cost of the construction of the Town's docks whenever it is determined they must be replaced. The replacement reserve is to be maintained at 100% of accumulated depreciation plus accumulated interest earned on the reserve.

The Par 3 Golf Course charges an additional \$2 per round to fund a maintenance and improvement reserve. This reserve of for maintenance and improvements at the end of FY08 was \$223,752. These funds as well as funds collected in FY09 of \$35,402 for a total of \$259,156 were used for the Par 3 golf course renovation.

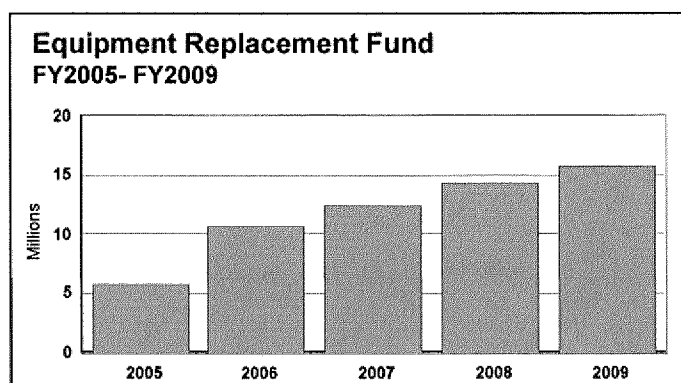
The Recreation Enterprise Fund established an equipment replacement reserve in FY2006. This fund allows for the purchase of capital equipment and is funded with an initial transfer of the total accumulated depreciation from Recreation Net Assets. The annual funding is calculated using replacement cost depreciation and transferred from the REF to a separate equipment replacement fund. The balance in the REF Equipment Replacement Fund is \$351,468 as of September 30, 2009.

After reducing the unrestricted net assets for the dock replacement reserve, the equipment replacement reserve, and the reserve for encumbrances the balance is \$1,699,063. This amount represents 33% of FY10 operating revenues or \$466,375 over the required minimum level of 25%.

Equipment Replacement Fund

The Townwide Equipment Replacement Fund was established with a transfer of \$4,386,910 from the General Fund Undesignated Fund balance in the FY2002 budget. The amount represented the accumulated depreciation of the Town's fixed assets through FY2002. This reserve is intended to fund the replacement cost of existing equipment, vehicles and computers when they reach the

end of their useful life. This reserve significantly reduces the budgetary fluctuations due to purchases of large pieces of equipment and ensures compliance with the fixed asset inventory and depreciation schedule required by GASB34.





Reserve Status

The Town Council approved a change in FY06 from depreciation based on acquisition cost to depreciation based upon replacement value. This will ensure sufficient reserves to replace large capital items with long useful lives such as fire-rescue trucks and public works vehicles.

The balance in the equipment replacement fund for year end FY09 is \$15,851,730. For FY10 the income including the depreciation transfer will total \$2,483,700 and expenditures for capital equipment are budgeted at \$976,350.

Designation of General Fund Balance for Payment of Liability Related to Compensated Absences Leave Balances

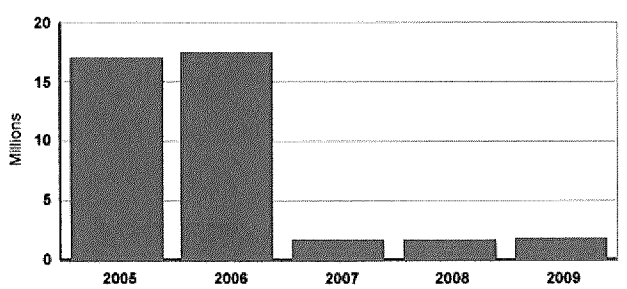
The Town Council approved the establishment of a Reserve for Compensated Absences in the FY05 budget. This reserve reduces the budgetary fluctuations due to the payout of accrued leave time to employees when they leave Town service. This reserve is funded at a rate of 100% of the fiscal year end accrued leave balances. Funds are appropriated annually from this reserve based upon estimates of pay-outs of eligible accrued vacation, sick and compensatory time and the related payroll tax liability. The appropriation for the pay-out of eligible accrued vacation, sick and compensatory time for FY10 from this reserve is \$343,800. The balance in the reserve as of September 30, 2009 is \$3,677,042.

Health Insurance Reserve

The Health Insurance Fund had a significant reserve balance that was accrued in anticipation of the issuance of a policy from the Government Accounting Standards Board (GASB). GASB has issued statements 43 and 54 relating to accounting standards for post employment benefits, which required the establishment of a liability for

actuarially determined costs of retiree health benefits. As of October 1, 2006, a trust fund was created using \$16,000,000 from the Health Insurance Fund reserves to provide for post employment benefits. The Town is well ahead of other government agencies in the funding of this liability due to the reserves that had been accumulated in this fund. The balance of the reserve in the Health Fund, at the end FY09 is \$1,845,717. These reserves guard against any deficiencies in the Town's self insurance health fund.

**Health Fund Reserves
FY2005 - FY2009**



OPEB (Other Post Employment Benefits) Trust

As mentioned in the above section, an OPEB trust was established to fund the

Reserve Status



liability for post employment benefits. The OPEB trust funds are overseen by the Town's Investment Advisory Committee. The balance in this trust is \$15,898,539 as of September 30, 2009. The actuarially determined transfer from the General Fund for the OPEB liability for FY10 is \$1,550,000.

Contingency Reserves

Contingency reserves were established for the General Fund, Capital Fund, Leisure Services Enterprise Fund, Leisure Services Enterprise Fund - Capital Fund, Risk Insurance Fund and Health Insurance Fund to provide for unanticipated unbudgeted expenditures of a nonrecurring nature. The amount of the General Fund Contingency has been funded at 1.5% of the FY09 budget. The Capital Fund Contingency is appropriated at 10% of the capital budget, the Risk and Health Contingency Reserves are appropriated at \$500,000. The Recreation Enterprise Fund Contingency is funded at 5% of the operating expenses as is the Recreation Enterprise Capital Fund Contingency. The Equipment Replacement Fund contingency is appropriated at \$500,000. The table below identifies the contingency balances appropriated in the FY09 budget and the FY10 budget:

Contingency Reserves FY2009 and FY2010

Fund	FY2009 Budget	FY2010 Budget
General Fund	\$1,005,024	\$967,000
Capital Fund	\$241,600	\$432,500
Equipment Replacement Fund	\$100,000	\$500,000
Risk Fund	\$500,000	\$500,000
Health Fund	\$500,000	\$500,000
Recreation Enterprise Fund	\$217,350	\$253,300

Undesignated Fund Balance/Retained Earnings Summary

All reserves are at or over the policy established minimum. The financial strength of the Town can be measured by the health of its reserves. The rating agencies look closely at the fund balance levels and the financial policies in place when rating a municipality. Recently the rating agencies reviewed the Town's credit ratings, in preparation for the issuance of the 2010 Bonds. They cited the Town's healthy reserves, solid fiscal policies, and conservative management practices as some of

Reserve Status



the reasons for our exceptional bond ratings. Moody's Investors Service gave the Town a Aa1 for the 2010 Revenue Bonds and confirmed the Town's Aaa issuer credit rating. Standard and Poor's issued a AA+ credit rating on the 2010 Revenue bonds confirmed the Town's issuer credit rating of AAA. These Revenue Bond ratings and issuer credit ratings are the highest ratings these two services issue and represent the highest quality investment grade debt.

The table below summarizes the trend of the undesignated fund balance, net asset balances, compensated absence, and replacement reserve balances for FY05 through FY09.

Reserve Balances Fiscal Years 2005 - 2009

Fund	2005	2006	2007	2008	2009
General Fund	19,580,424	17,985,964	21,346,801	23,005,185	20,980,277
Compensated Absence (GF)	2,795,916	2,972,258	3,242,924	2,962,197	3,333,242
Equipment Replacement Fund	5,784,030	10,765,871	12,492,176	14,343,984	15,851,730
Recreation Ent Fund	1,661,465	814,569	1,449,420	1,868,076	1,699,063
Recreation ERF	0	249,553	288,267	321,863	351,468
Dock Replacement	1,460,517	1,534,824	1,620,173	1,772,062	196,718
Par 3 M&I Reserve	76,109	120,488	176,067	223,753	0
Health Fund	17,046,436	18,369,182	1,740,326	1,660,969	1,845,717
Risk Fund	5,957,681	6,840,190	6,013,314	6,589,271	7,620,642
Health - OPEB Trust	0	0	17,401,883	15,785,880	15,898,539
Pension Funds	<u>160,203,485</u>	<u>172,045,119</u>	<u>198,737,626</u>	<u>167,937,995</u>	<u>163,129,393</u>
Total	214,566,063	231,698,018	264,508,977	236,471,235	230,906,789

Forecast Summary



Long Term Financial Plan Forecast Summary

Financial forecasts are the foundation of a long term financial plan. These forecasts provide the Mayor, Town Council and staff with information they need to more effectively determine future levels of service.

In past years, the Long Term Financial Plan included the current budget year and a forecast for 4 years. This year we have included the current budget year and a forecast for 9 years. The forecast of General Fund revenues and expenditures includes FY11 through FY20. The summary details of the forecast can be found behind the *Forecast Details* tab.

Assumptions

The forecast for the first 2 - 3 years is based upon recent trends and specific expectations. The forecast for the remaining 7 - 8 years is very conservative and based upon estimates by actuaries, long term inflation expectations, and staff's recommendations for future personnel changes.

The major assumptions that were used to prepare the forecast are as follows:

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Ad Valorem Tax Increase	0.0%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
General Inflation	1.8%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Salaries & Wages	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Health Insurance	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Other Employee Benefits	2.1%	3.4%	4.1%	4.4%	4.8%	4.6%	5.0%	5.1%	5.3%	5.4%
Property Insurance	5.0%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Liability Insurance	5.0%	10%	10%	10%	10%	10%	10%	10%	10%	10%
W/C Insurance	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Revenue Forecast Assumptions

Property Tax Revenue

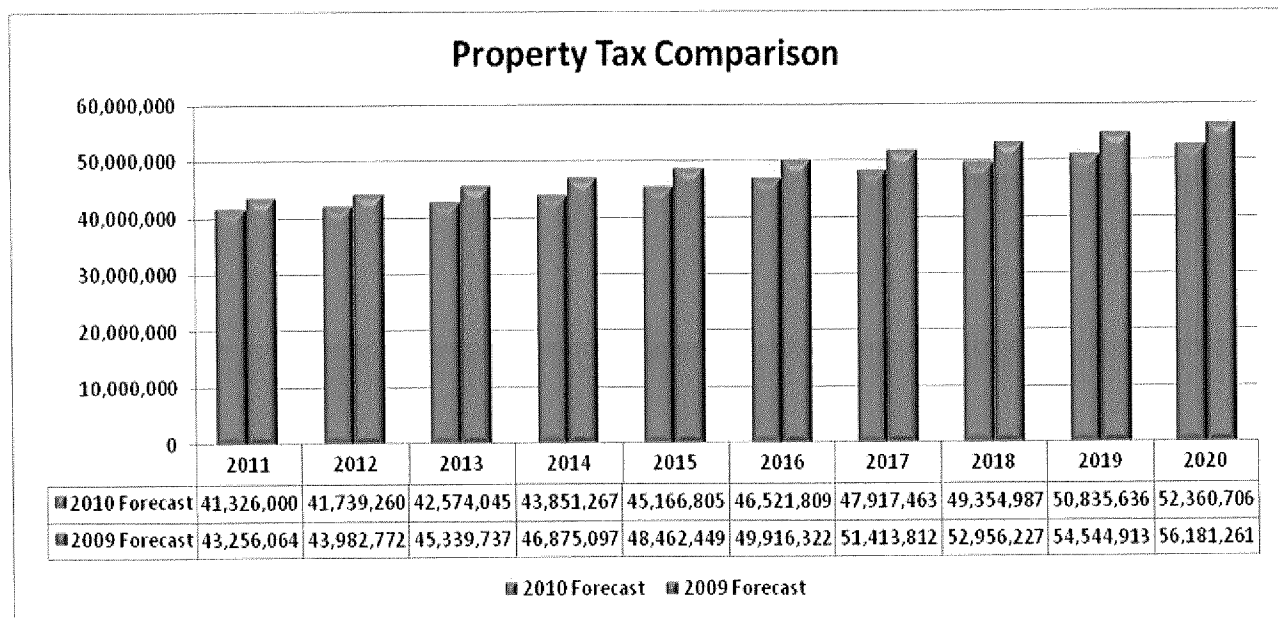
We simplified the ad valorem revenue projections due to the uncertainty surrounding taxable values and the housing market. Rather than using a complex formula anticipating



Forecast Summary

taxable value and personal income growth, we decided to forecast the increase in ad valorem revenues based upon a basic percentage increase estimate. For FY11 we maintained ad valorem revenue at FY10 amounts and we increased revenue by 1% for FY12, 2% for FY13, and then 3% for each year thereafter.

The chart below compares the property tax revenue from the original 2009 forecast to the new 2010 LTFP forecast.



The 2010 forecast lowers the property tax revenue in each year compared to the 2009 forecast. Nevertheless, as you will see later in this report, staff was able (through expenditure cuts) to eliminate the deficit that had been projected for FY12 through FY17.

Non Ad Valorem Revenues

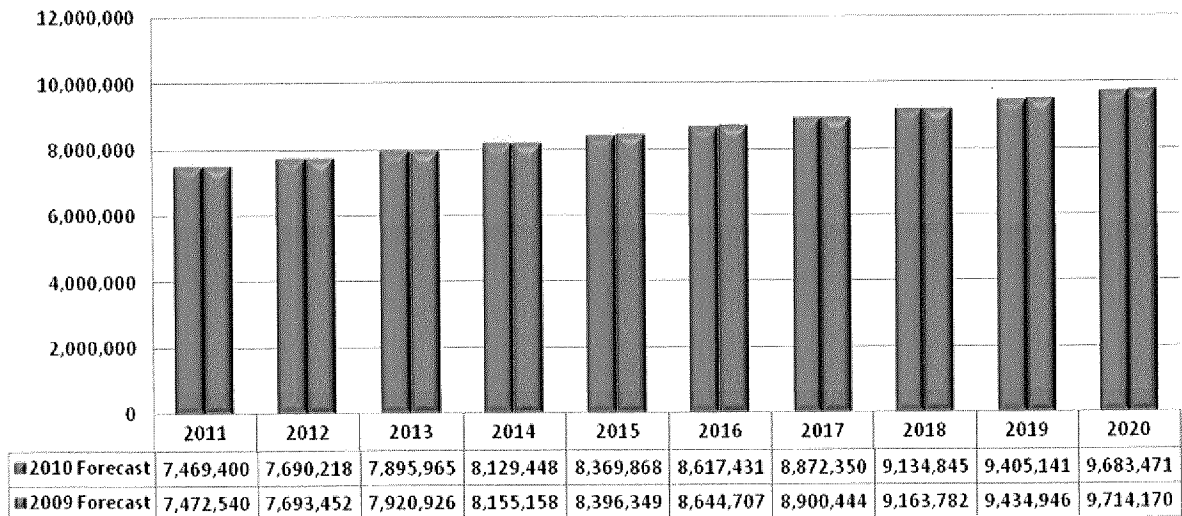
Revenue from non ad valorem taxes which include franchise fees, utility service taxes and local option gas taxes are expected to increase by approximately 3% for each year. This is slightly less than the average 10 year trend for these revenue sources. The trend information has been consistent for these sources of revenue and our past estimates have been very close to the actual amounts received.

The chart on the following page shows the comparison of non ad valorem revenues from the 2009 forecast to the current 2010 forecast. The forecast for both is virtually the same for all years.



Forecast Summary

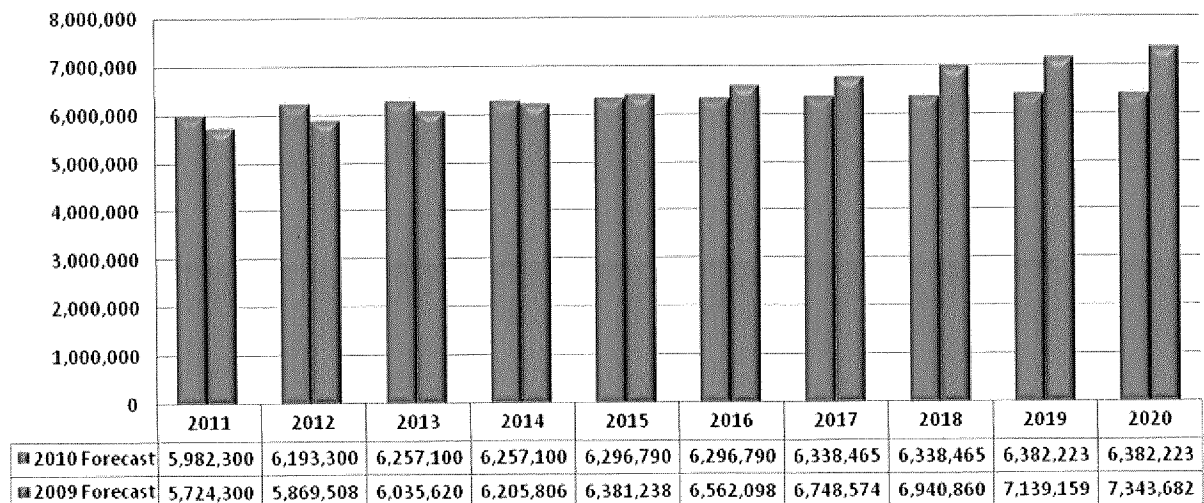
Non Ad Valorem Tax Comparison



License and Permit Revenue

Building permit revenue can be very volatile and is budgeted conservatively. The current FY10 budget represents a 1.16% increase from the FY09 actual results. The forecast for FY11 represents an increase of about 6.7% based on the two new proposed revenues, a permit revision fee and a flood plain management permit fee. These revenue proposals will be discussed in more detail at a future Town Council meeting. Most of the other revenues that are in this category are budgeted at the same level as FY10. The forecast for FY12 - FY20 has revenues remaining level with slight variations. This represents a very conservative forecast for these revenue sources.

License and Permit Comparison

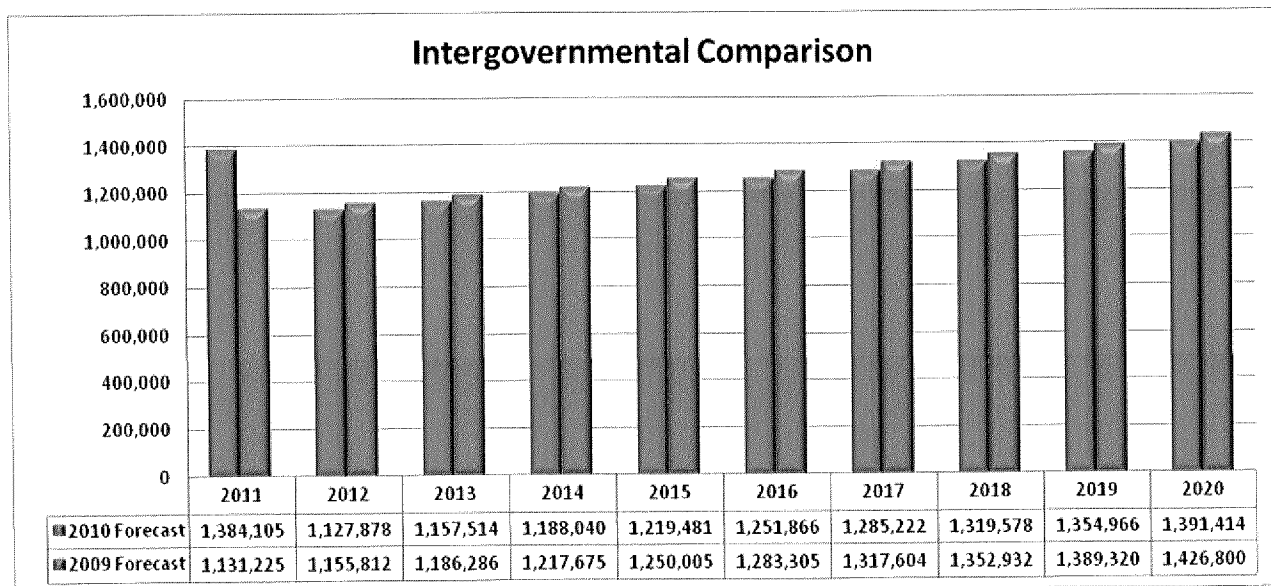




Forecast Summary

Intergovernmental Revenue

Intergovernmental revenues represent revenues received from the State, grant funds, and county sources. The forecast for FY11 represents an increase due to the forecast of grant revenues for the north fire-rescue station traffic light. For FY12 - FY20, the revenues are conservatively forecasted to increase by less than 2% per year.

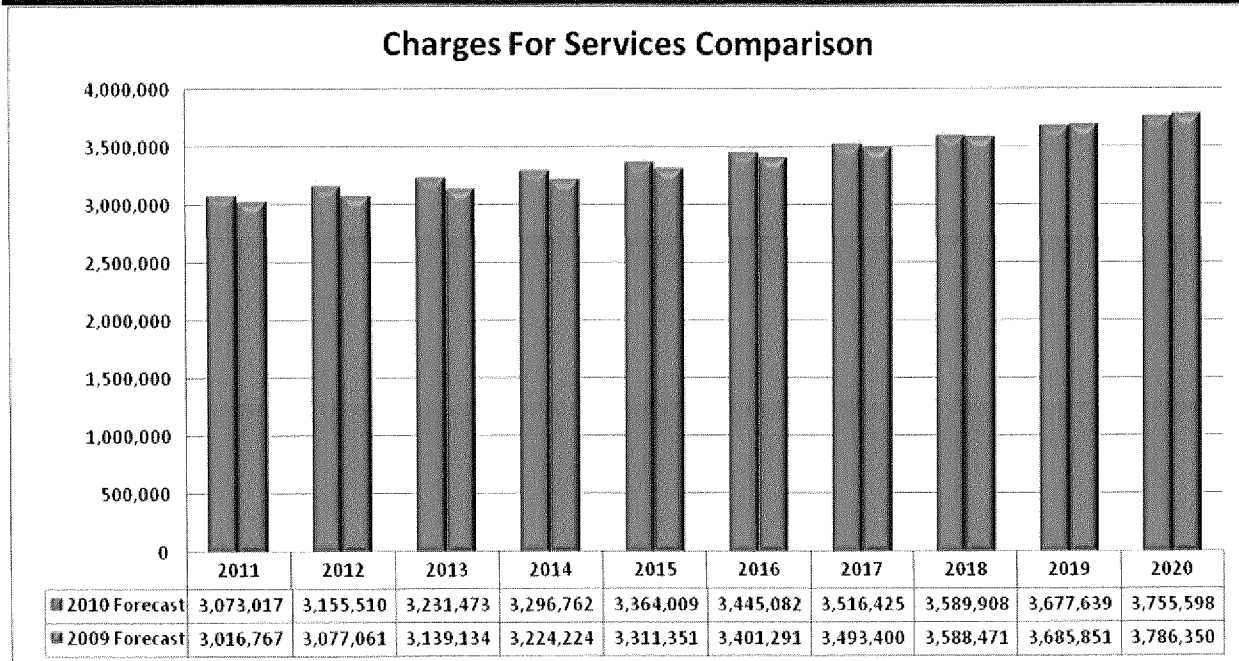


Charges for Services

Charges for services represent public safety charges such as special assignment overtime, fire prevention fees, false alarm charges, EMS service fees, commercial solid waste charges, parking meter collections, lien search fees and copy charges. For FY11 - FY20 we conservatively anticipate increases of between 2% and 2.4% each year due either to fee increases or anticipated future economic improvement.

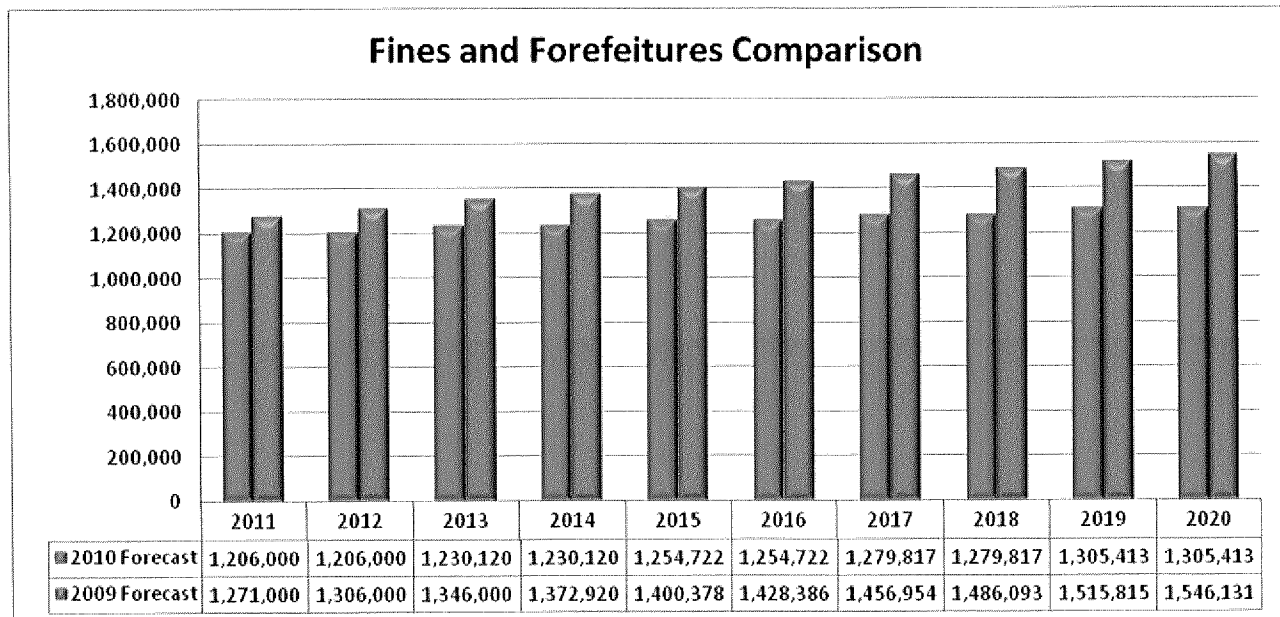
The chart on the following page shows the comparison for these revenue sources from the 2009 forecast and the 2010 forecast. These revenue sources are virtually the same as had been projected in the prior forecast.

Forecast Summary



Fine and Forfeiture

Fine and Forfeiture revenue includes parking ticket fines and penalties, code enforcement fines, right of way violations and moving violations. For FY11 through FY20, we estimated the revenues to increase by 0 to 2% per year due to fee increases in some of the years.



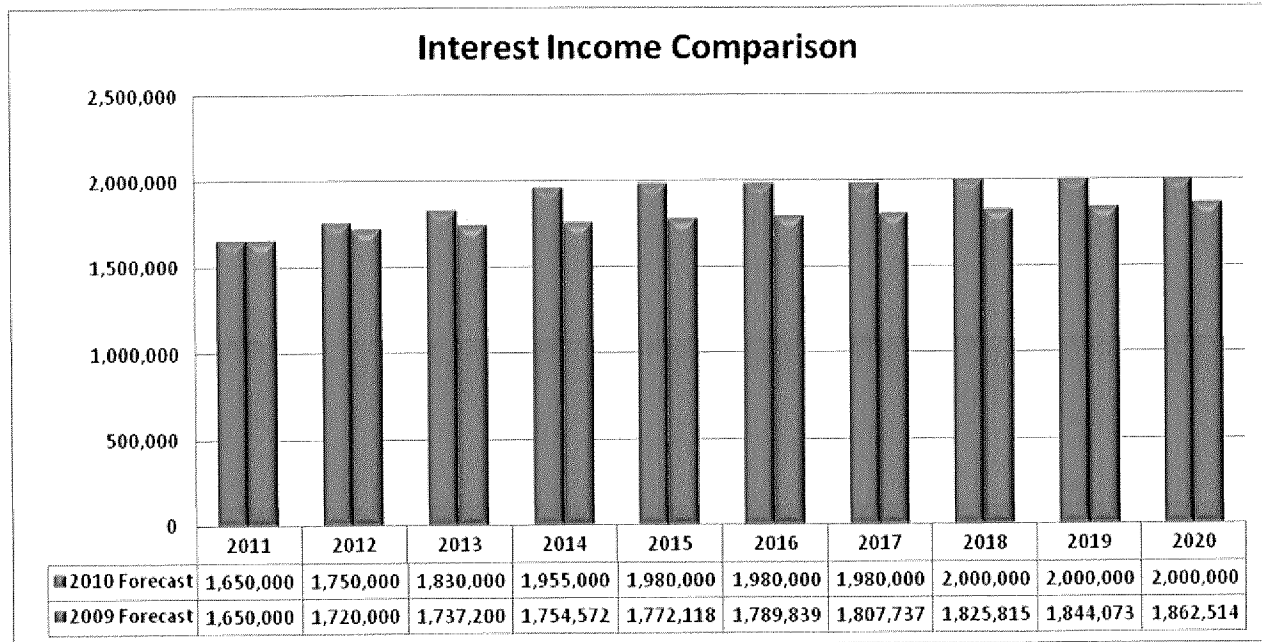
The revenues in the 2010 forecast for fines and forefeitures are less than the 2009 forecast. Code Enforcement revenues were revised downward based upon recent collections.



Forecast Summary

Interest Income

Short term investment yields are anticipated to increase slightly in for FY11 through FY14, then for FY15 – FY20 the forecast remains virtually constant.



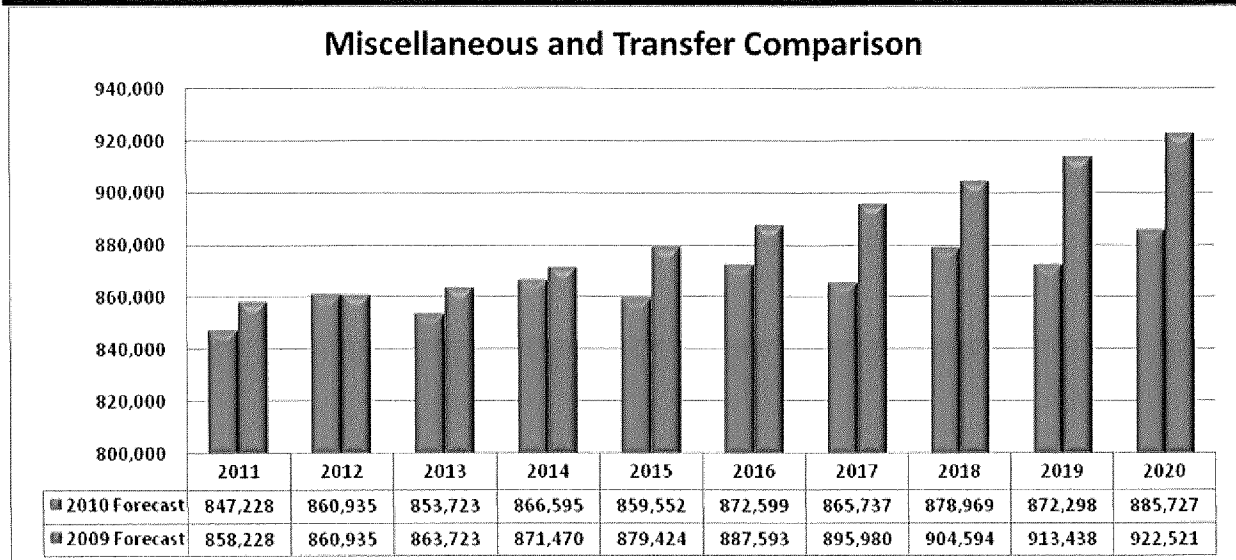
The forecast for interest income was revised upward from the prior forecast based upon recent trends in interest income for the past 4 years.

Miscellaneous and Transfers

This revenue source includes rooftop lease revenue, Kreusler Park administrative fees, state highway lighting maintenance revenues, charitable solicitation revenue, donations for Ibis Isle Park maintenance, transfers from the Recreation Enterprise Fund and other miscellaneous revenues.

The growth in this revenue source is based upon the annual increases for the roof top leases and the expectation of donations on a bi-annual basis for maintenance of the Ibis Isle park.

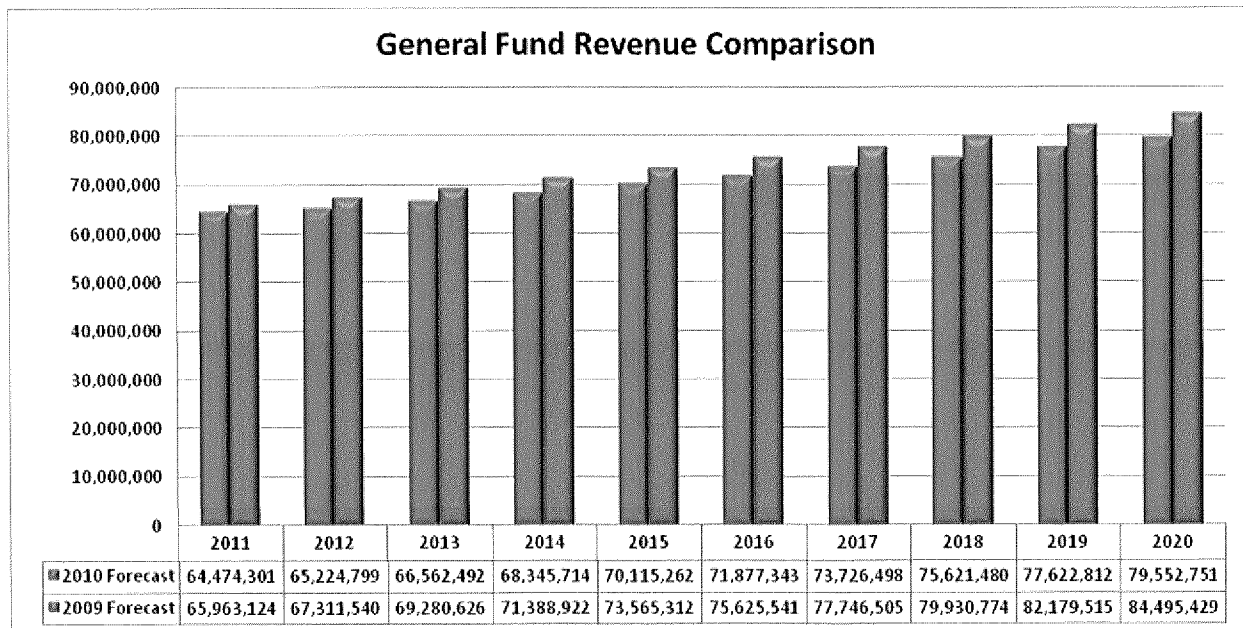
Forecast Summary



The 2009 forecast anticipated growth in receipts from the State and from charitable solicitation fees. The 2010 forecast keeps these revenues constant.

Total General Fund Revenues

The total General Fund Revenue forecast anticipates an approximate 2.3% annual increase in total revenues. The original forecast anticipated a 2.8% annual increase in revenues. The revenue projections in the current forecast are very conservative.



Because the revenue forecast is conservative, we expect to collect more revenue than is shown in the forecast. Our financial plan will improve if revenues are better than expected



Forecast Summary

and the later year deficits that are forecasted may be reduced or eliminated even without further expenditure cuts. If the revenue forecast was the same as presented in 2009, for instance, no deficits would have been shown in the later years of the forecast.

Expenditure Forecast Assumptions

General inflationary increases ranging from 1.8% to 2.4% per year were used to forecast commodities, contractual and depreciation expenditures. The *Livingston Survey* from the Federal Reserve Bank of Philadelphia forecasts inflation for 2011 at 1.8%. Their forecast for long term inflation indicates that inflation is predicted to average 2.4% over the next 10 years, which is slightly lower than the forecast of 2.5% reported in the prior surveys.

Salary and Wages

Salary and Wage increases were based upon anticipated modifications to the Town's employee pay policies and reductions in personnel through the forecast period. Past assumptions for salary and wage increases had been 5.5%. This forecast contains anticipated growth rates of 2% - 3%.

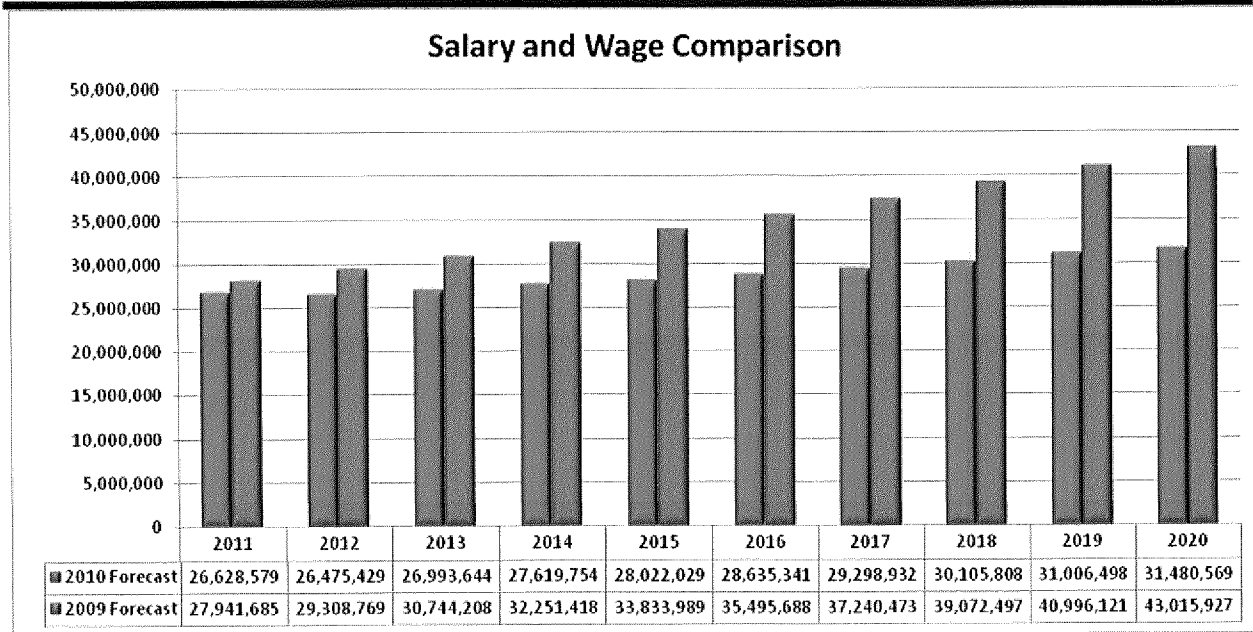
Between FY01 and FY09, Town salaries increased at an average rate of over 6% per year – more than double the average annual rate of inflation for the same period. Future salary growth needs to be reduced to an average of 3% per year or less. The Town is not alone. Most public employers in Palm Beach County will no longer be giving raises on both October 1 (as an across the board adjustment) and employees' anniversary dates (as an individual merit pay or step increase). Many will continue to completely freeze pay (or reduce it) for at least one more year. After that, some will provide only October 1 raises and others will provide only anniversary date raises. Staff's recommendation is that the Town provide pay-for-performance raises or step increases on each employee's anniversary date and that the Town no longer provide across the board pay increases on October 1. It is anticipated that pay ranges (but not actual pay) will increase on October 1 when the market warrants such increases in the future (thereby increasing employees' long-term earning potential), but we don't expect prevailing market wages to increase for FY11 and they may not increase in FY12 or even beyond that. Therefore, it is staff's belief that this change in the Town's pay policy will have no negative impact upon the Town's competitive position in the Palm Beach County market for public sector employees.

The Police Department is proposing reorganization of some functions and the Public Works Department is proposing reorganization and/or privatization of some functions. The details of the proposed personnel changes in the Police and Public Works Departments can be found later in this booklet. Police Chief Kirk Blouin and Public Works Director Paul Brazil will present their recommendations at the April 6, 2010, special Town Council meeting.

There are other areas besides Police and Public Works where smaller scale staff reductions are planned. Additional details will be provided during the FY11 budget process once the plans have been finalized. All staff reductions are proposed to occur by attrition, maintaining the Town's longstanding commitment to avoid layoffs of any Town employees.

The chart on the following page compares the FY09 Forecast (in red) to the new FY10 LTFP Forecast (in blue).

Forecast Summary



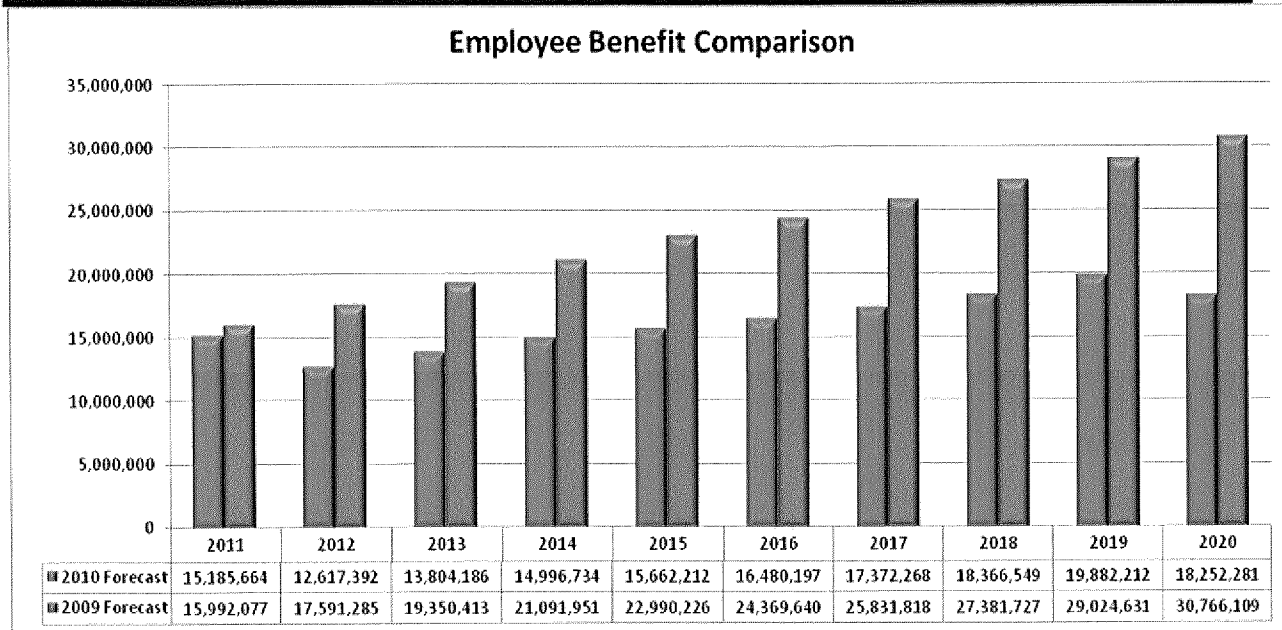
The proposed modifications to the pay structure made a large impact on the expenditures for this category, saving over \$12 million in 2020.

Employee Benefits

The employee benefit forecast has been modified this year. It is broken down between pension and other employee benefits which include health insurance. We anticipated health insurance increases at 8% per year and other employee benefits, including FICA, longevity, incentives, and allowances to increase at a much lower rate of less than 2%. The pension estimate is based upon the Town Manager's recommendation in his pension report to the Mayor and Town Council which is being released simultaneously with this plan. The numbers included in the pension forecast were calculated by the actuary. It is anticipated that the savings from the pension changes will not take effect until the FY12 budget.

The chart on the following page illustrates the difference between the 2009 Forecast and the 2010 LTFP.

Forecast Summary



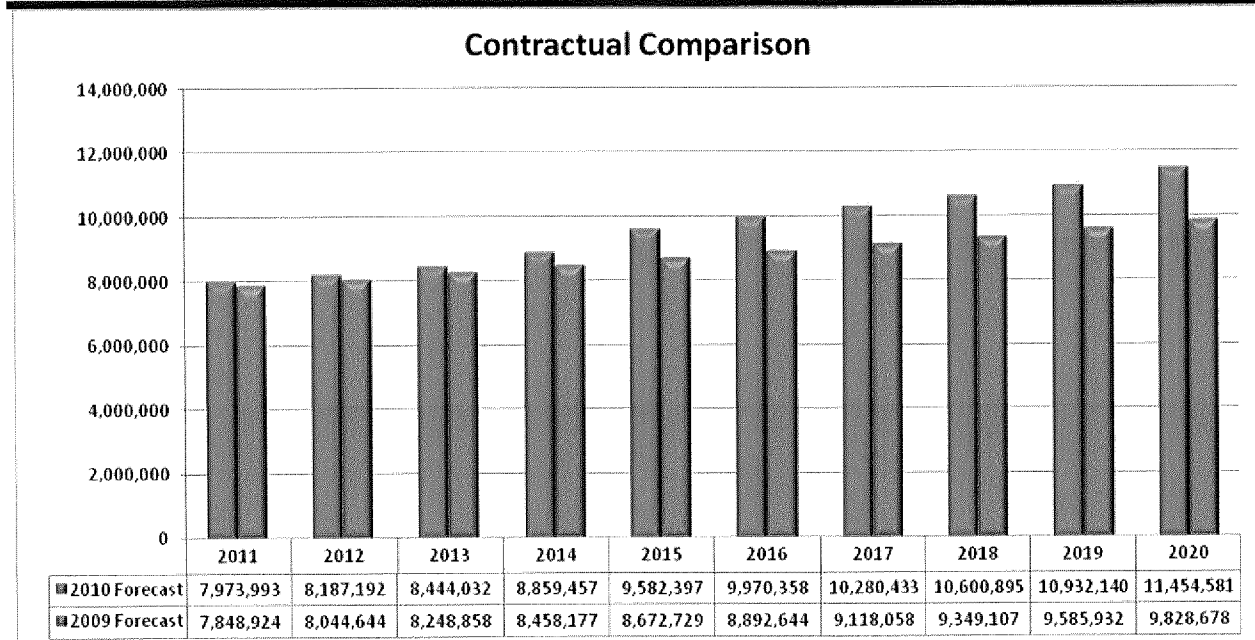
The savings from the 2009 forecast is due to the proposed changes in the pension program and savings in FICA and longevity due to lower salaries. These modifications have significantly brought down the costs of benefits. The total savings in FY20 is over \$12.5 million.

The proposed changes in salaries and benefits are subject to collective bargaining and review and consideration by the Mayor and Town Council. The forecast reflects the Town Manager's recommendations.

Contractual

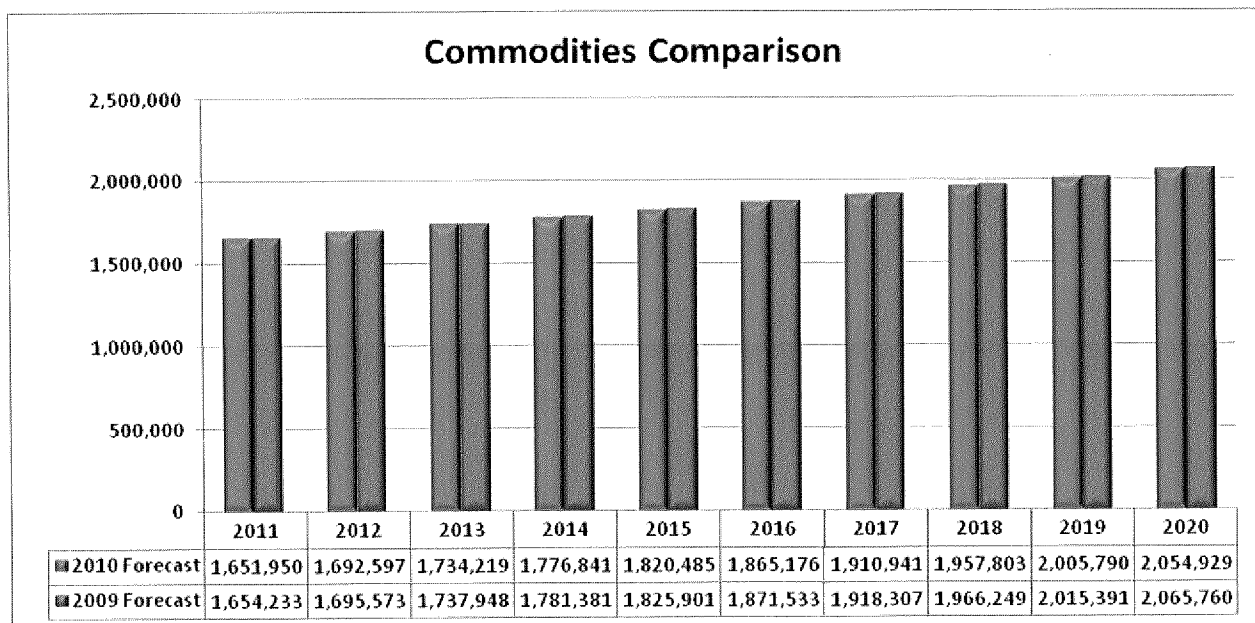
Contractual expenditures are forecasted to increase by the rate of inflation. In certain years, contractual expenditures increased more than that, due to a plan for contracting certain services that are currently performed by employees. Most of these changes occurred in Public Works. Details of the Public Works plan can be found later in this document.

Forecast Summary



Commodities

The commodity forecast was based upon inflation assumptions. The current forecast shows very little change from the original projection.



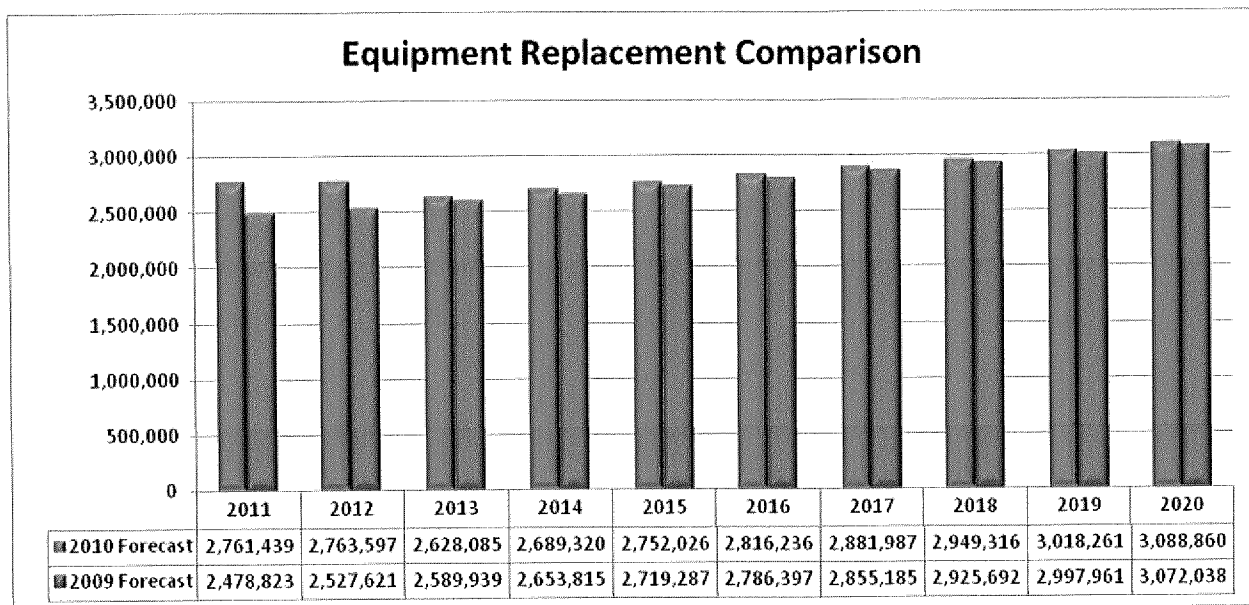
Equipment Replacement/Capital Outlay

The Equipment Replacement and Capital Outlay forecasts are only slightly different than the original forecast. The majority of the cost is depreciation on Town vehicles and equipment



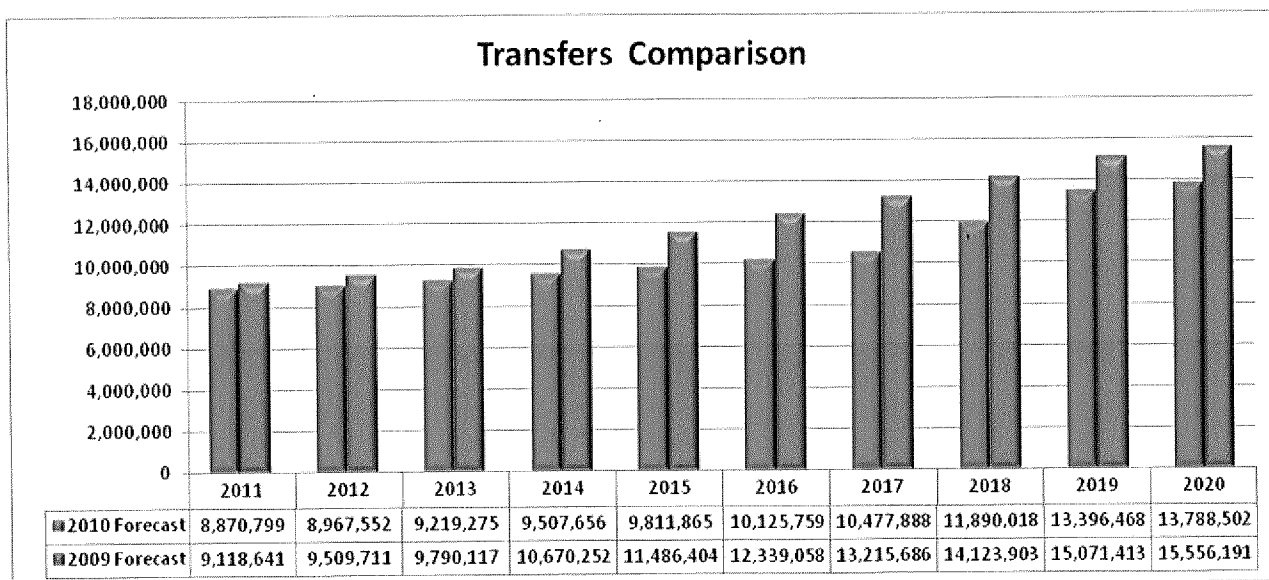
Forecast Summary

that is charged to the departments and transferred to the Equipment Replacement Fund. In addition to the depreciation charges, the Fire Rescue Department forecasts the cost of a traffic signal at the North Fire Station in FY11. Most of the cost of this expenditure is offset by Grant Revenue. The FY12 increase is due to the purchase of a special operations vehicle in Fire Rescue. These items are included as "place holders" for conservative forecasting; they may or may not ultimately be included in staff's proposed budgets for FY11 and FY12.



Transfers

The Transfers category includes transfers to the Capital Improvement Program, Debt Service Fund, Risk Insurance Fund and Retiree Health Insurance Trust. It also includes the annual contingency allocation.





Forecast Summary

The major savings in this area is due to the change from a PAYGO Capital Improvement Program (CIP) to a program financed by Debt service. In FY10 the Town issued bonds for approximately \$43 million for the first phase of the 20 year CIP. This factor alone generated savings in each year of the forecast period. The average annual savings is almost \$1 million and these savings peak at over \$2 million in FY17. The second phase of debt for the 20 year CIP is projected for FY18. Even with the additional debt for FY18 through FY20, the savings from the original PAYGO plan continue at over \$1 million per year.

The forecast includes \$1 million per year for small scale or short life Capital Projects (such as the Town's annual road paving program).

Risk insurance premiums have been estimated as follows: Property Insurance 5% for FY11 and 10% per year for the rest of the forecast period, Liability Insurance 5% for FY11 and 10% per year for the rest of the forecast period, Worker's Compensation 3% per year throughout the forecast period.

Retiree Health Insurance is based upon a forecast prepared by the Town's actuary. This forecast reflects the changes made in FY10 to the retiree health contribution and the health insurance program.

The General Fund contingency appropriation has been estimated to be 1.5% of the forecasted expenditures as required by Town policy. The General Fund contingency is funded from fund balance rather than through operating revenues.

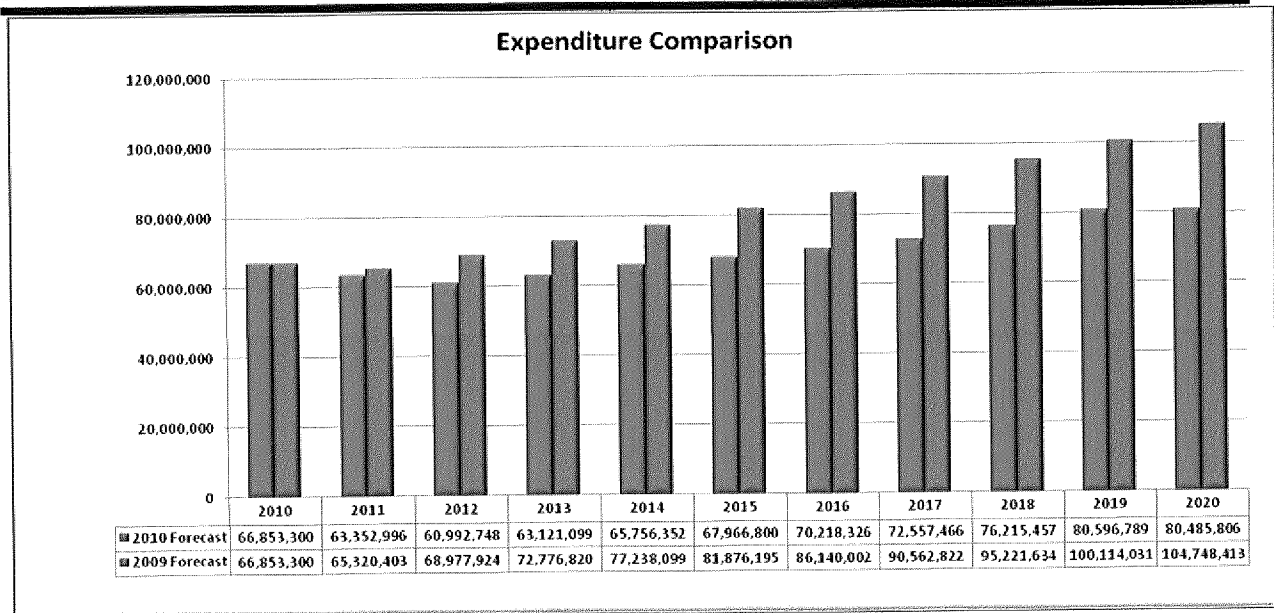
The Town's contribution to the Four Arts Library is forecasted to increase by 3% per year. This is reduced from the past practice of 5% per year.

The forecast does not include funding for coastal projects. The projected surplus amounts provide an opportunity to partially fund the coastal program. The coastal program budget is being developed by the Shore Protection Board, which is considering a proposal for approximately \$4.9 million in FY11. The average annual forecast for coastal expenditures for FY12 through FY15, could range from \$4.7 million to \$19.2 million.

Total General Fund Expenditures

The chart on the following page shows the comparison of the 2009 and 2010 forecasts for total General Fund Expenditures.

Forecast Summary



Total expenditure growth has declined to an average annual growth rate of 1.9% from the original forecasted amount of 4.6%.

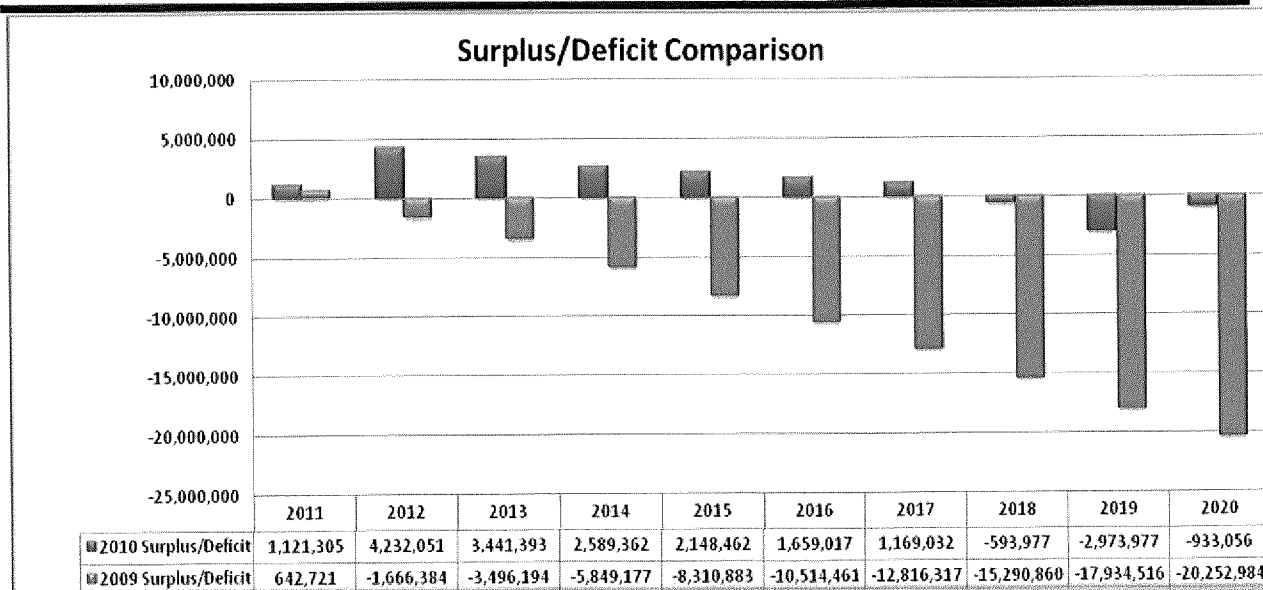
In Summary

Since the FY09 forecast was presented in March 2009, staff has developed plans to reduce the growth in expenditures and eliminate the deficits previously projected for FY12 through FY17. The deficits still projected for FY18 through FY20 (if the Town issues a second round of CIP bonds in 2017, as currently planned) will be eliminated by additional actions the Town will take during the next few years. The cuts that are being proposed eliminate a total of approximately \$142 million in previously projected expenditures during the 10 year forecast period.

The chart on the following page illustrates the deficits that were projected in FY09 in red and the 2010 forecast is shown in blue. The FY20 deficit was cut from over \$20 million to approximately \$900,000.



Forecast Summary



This plan will ensure the Town remains in a strong financial position to be able to endure the current economic climate and provide high levels of service for years to come.

Planning for the FY11 Budget

The Long Term Financial Plan is a baseline forecast. It is not a budget. During the next few months, staff will be preparing the FY11 proposed budget to reflect exact needs and specific proposals. The departments have been instructed to submit proposed budgets that are less than the FY11 LTFP amounts.

We look forward to continuing to work with the Town Council to effectively address the Town's short-term and long-term financial needs.

**Town of Palm Beach
Revenue and Expenditure Forecast**

	FY10 Budget	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Revenues											
Ad Valorem Taxes	41,326,000	41,326,000	41,739,260	42,574,045	43,851,267	45,166,805	46,521,809	47,917,463	49,354,987	50,835,636	52,360,706
Non Ad Valorem Taxes	7,258,000	7,469,400	7,690,218	7,895,965	8,129,448	8,369,868	8,617,431	8,872,350	9,134,845	9,405,141	9,683,471
Licenses & Permits	5,607,300	5,982,300	6,193,300	6,257,100	6,257,100	6,296,790	6,296,790	6,338,465	6,338,465	6,382,223	6,382,223
Intergovernmental	1,156,700	1,384,105	1,127,878	1,157,514	1,188,040	1,219,491	1,251,866	1,285,222	1,319,578	1,354,966	1,391,414
Charges for Services	2,987,900	3,073,017	3,155,510	3,231,473	3,296,762	3,364,009	3,445,082	3,516,425	3,589,908	3,677,639	3,755,598
Fines and Forfeitures	1,149,200	1,206,000	1,206,000	1,230,120	1,230,120	1,254,722	1,254,722	1,279,817	1,279,817	1,305,413	1,305,413
Investment Earnings	1,540,000	1,650,000	1,750,000	1,830,000	1,955,000	1,980,000	1,980,000	1,980,000	2,000,000	2,000,000	2,000,000
Miscellaneous and Transfers	849,400	847,228	860,935	853,723	866,595	859,552	872,599	865,737	878,969	872,298	885,727
Total Revenues	61,874,500	62,938,050	63,723,101	65,029,940	66,774,332	68,511,237	70,240,299	72,055,479	73,896,569	75,833,316	77,764,552
Transfers from Fund Balance	4,978,800	1,536,251	1,501,698	1,532,551	1,571,383	1,604,034	1,637,045	1,671,020	1,724,912	1,789,496	1,788,199
Expenditures											
Salaries and Wages	27,208,500	26,628,579	26,475,429	26,993,644	27,619,754	28,022,029	28,635,341	29,298,932	30,105,808	31,006,498	31,480,569
Pension Benefits	7,285,500	7,971,794	5,181,666	6,062,549	6,911,306	7,193,979	7,625,617	8,083,155	8,608,560	9,609,735	7,447,545
Other Employee Benefits	7,083,440	7,213,869	7,435,726	7,741,636	8,085,428	8,468,233	8,854,580	9,289,113	9,757,989	10,272,477	10,804,737
Contractual	7,659,440	7,973,993	8,187,192	8,444,032	8,859,457	9,582,397	9,970,358	10,280,433	10,600,895	10,932,140	11,454,581
Commodities	1,613,900	1,651,950	1,692,597	1,734,219	1,776,841	1,820,485	1,865,176	1,910,941	1,957,803	2,005,790	2,054,929
Capital Outlay	2,557,700	2,761,439	2,763,597	2,628,085	2,689,320	2,752,026	2,816,236	2,881,987	2,949,316	3,018,261	3,088,860
Library Services	272,400	280,572	288,989	297,659	306,589	315,786	325,260	335,018	345,068	355,420	366,083
Transfer to Capital Improvement	4,828,957	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Debt Service	3,922,000	3,496,000	3,497,500	3,491,275	3,494,700	3,499,775	3,493,650	3,500,850	4,521,964	5,598,201	5,594,711
Retiree Health	1,550,000	1,532,595	1,622,120	1,718,252	1,821,535	1,932,608	2,051,981	2,180,379	2,318,560	2,467,253	2,627,373
Transfer to Risk Insurance Fund	1,904,463	1,905,953	1,946,234	2,077,197	2,20,038	2,375,448	2,543,083	2,725,639	2,924,582	3,141,519	3,378,220
Contingency	967,000	936,251	901,698	932,551	971,383	1,004,034	1,037,045	1,071,020	1,124,910	1,189,496	1,188,199
Total Expenditures	66,853,300	63,352,995	60,992,748	63,121,099	63,756,351	67,966,800	70,218,327	72,557,467	76,215,455	80,596,790	80,485,807
Surplus/(Deficit)	-	1,121,306	4,232,051	3,441,392	4,589,364	2,148,471	1,659,017	1,169,032	(593,974)	(2,973,978)	(933,056)

Minor differences in totals due to rounding

**Town of Palm Beach
Revenue Analysis**

Analysis of Revenues by Category		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue Sources		Budget	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Ad Valorem Revenues		41,326,000	41,326,000	41,739,260	42,574,045	43,851,267	45,166,805	46,521,809	47,917,463	49,354,987	50,835,636	52,360,706
% Increase			0.00%	1.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
\$ Increase			0	413,260	834,785	1,277,221	1,315,538	1,355,004	1,395,654	1,437,524	1,480,650	1,525,069
Non Ad Valorem Taxes		7,258,000	7,469,400	7,690,218	7,895,965	8,129,448	8,369,868	8,617,431	8,872,350	9,134,845	9,406,141	9,683,471
% Increase			2.91%	2.96%	2.66%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%
\$ Increase			211,400	220,818	205,747	233,483	240,420	247,563	254,919	262,495	270,296	278,330
Licenses and Permits		5,607,300	5,982,300	6,193,300	6,257,100	6,257,100	6,296,790	6,296,790	6,338,465	6,338,465	6,382,223	6,382,223
% Increase			6.69%	3.53%	1.03%	0.00%	0.63%	0.00%	0.66%	0.00%	0.69%	0.00%
\$ Increase			375,000	211,000	63,800	0	39,690	0	41,675	0	43,758	0
Intergovernmental Revenue		1,156,700	1,384,105	1,127,878	1,157,514	1,188,040	1,219,481	1,251,866	1,285,222	1,319,578	1,354,966	1,391,414
% Increase			19.66%	-18.51%	2.63%	2.64%	2.65%	2.66%	2.66%	2.67%	2.68%	2.69%
\$ Increase			227,405	-256,227	29,636	30,525	31,441	32,384	33,356	34,357	35,387	36,449
Charges for Services		2,987,900	3,073,017	3,155,510	3,231,473	3,296,762	3,364,009	3,445,082	3,516,425	3,589,908	3,677,639	3,755,598
% Increase			2.85%	2.68%	2.41%	2.02%	2.04%	2.41%	2.07%	2.09%	2.44%	2.12%
\$ Increase			85,117	82,493	75,963	65,289	67,248	81,073	71,343	73,483	87,731	77,958
Fines and Forefeitures		1,149,200	1,206,000	1,206,000	1,230,120	1,230,120	1,254,722	1,254,722	1,279,817	1,279,817	1,305,413	1,305,413
% Increase			4.94%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%
\$ Increase			56,800	0	24,120	0	24,602	0	25,094	0	25,596	0
Interest Income		1,540,000	1,650,000	1,750,000	1,830,000	1,955,000	1,980,000	1,980,000	1,980,000	2,000,000	2,000,000	2,000,000
% Increase			7.14%	6.06%	4.57%	6.83%	1.28%	0.00%	0.00%	1.01%	0.00%	0.00%
Miscellaneous and Transfers		849,400	847,228	860,935	853,723	866,595	859,552	872,599	865,737	878,969	872,298	885,727
% Increase			-0.26%	1.62%	-0.84%	1.51%	-0.81%	1.52%	-0.79%	1.53%	-0.76%	1.54%
\$ Increase			-2,172	13,707	-7,212	12,872	-7,042	13,047	-6,862	13,232	-6,671	13,429
Transfers from Fund Balance		4,978,800	1,536,251	1,501,698	1,532,551	1,571,383	1,604,034	1,637,045	1,671,020	1,724,912	1,789,496	1,788,199
% Increase			-69.14%	-2.25%	2.05%	2.53%	2.08%	2.06%	2.08%	3.23%	3.74%	-0.07%
\$ Increase			-3,442,549	-34,553	30,853	38,832	32,651	33,011	33,975	53,892	64,584	-1,297
Total Revenues		66,853,300	64,474,301	65,224,799	66,562,492	68,345,714	70,115,262	71,877,343	73,726,498	75,621,480	77,622,812	79,552,751
% Increase			-3.56%	1.16%	2.05%	2.63%	2.59%	2.51%	2.57%	2.57%	2.65%	2.49%
\$ Increase			-2,378,999	750,498	1,337,693	1,783,222	1,769,548	1,762,082	1,849,154	1,894,983	2,001,332	1,929,938

Town of Palm Beach Expenditure Analysis

Analysis of Expenses by Category Expenditure Categories	2010 Budget	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
		Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Salaries/Wages	27,208,500	26,628,579	26,475,429	26,993,644	27,619,754	28,022,029	28,635,341	29,298,932	30,105,808	31,006,498	31,480,569
% Increase	-0.50%	-2.13%	-0.58%	1.96%	2.32%	1.46%	2.19%	2.32%	2.75%	2.99%	1.53%
\$ Increase	-138,057	-579,921	-153,151	518,215	626,111	402,275	613,312	663,590	806,876	900,689	474,072
Pension Benefits	7,285,500	7,971,794	5,181,666	6,062,549	6,911,306	7,193,979	7,625,617	8,083,155	8,608,560	9,609,735	7,447,545
% Increase	6.05%	9.42%	-35.00%	17.00%	14.00%	4.09%	6.00%	6.00%	6.50%	11.63%	-22.50%
\$ Increase	415,885	686,294	-2,790,128	880,883	848,757	282,672	431,639	457,537	525,405	1,001,175	-2,162,190
Other Employee Benefits	7,083,440	7,213,869	7,435,726	7,741,636	8,085,428	8,468,233	8,854,580	9,289,113	9,757,989	10,272,477	10,804,737
% Increase	49.06%	1.84%	3.08%	4.11%	4.44%	4.73%	4.56%	4.91%	5.05%	5.27%	5.18%
\$ Increase	6,822,692	130,429	221,856	305,911	343,792	382,805	386,346	434,533	468,876	514,488	532,260
Contractual	7,659,440	7,973,993	8,187,192	8,444,032	8,859,457	9,582,397	9,970,358	10,280,433	10,600,895	10,932,140	11,454,581
% Increase	-12.12%	4.11%	2.67%	3.14%	4.92%	8.16%	4.05%	3.11%	3.12%	3.12%	4.78%
\$ Increase	-1,056,467	314,553	213,199	256,839	415,426	722,939	387,961	310,076	320,462	331,245	522,441
Commodities	1,613,900	1,651,950	1,692,597	1,734,219	1,776,841	1,820,485	1,865,176	1,910,941	1,957,803	2,005,790	2,054,929
% Increase	-8.02%	2.36%	2.46%	2.46%	2.46%	2.46%	2.45%	2.45%	2.45%	2.45%	2.45%
\$ Increase	-140,757	38,050	40,647	41,622	42,621	43,644	44,692	45,764	46,863	47,987	49,139
Equipment Replacement	2,557,700	2,761,439	2,763,597	2,628,085	2,689,320	2,752,026	2,816,236	2,881,987	2,949,316	3,018,261	3,088,860
% Increase	-6.09%	7.97%	0.08%	-4.90%	2.33%	2.33%	2.33%	2.33%	2.34%	2.34%	2.34%
\$ Increase	-166,001	203,739	2,158	-135,512	61,235	62,705	64,210	65,751	67,329	68,945	70,600
Library Services	272,400	280,572	288,989	297,659	306,589	315,786	325,260	335,018	345,068	355,420	366,083
% Increase	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
\$ Increase	0	8,172	8,417	8,670	8,930	9,198	9,474	9,758	10,051	10,352	10,663
TRANSFER TO OTHER FUNDS											
CAPITAL IMPROV. FUND (307)	4,828,957	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
COASTAL PROTECTION FUND (309)	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE FUND (203)	3,922,000	3,496,000	3,497,500	3,491,275	3,494,700	3,499,775	3,493,650	3,500,850	4,521,964	5,598,201	5,594,711
RETIREE HEALTH INS.(OPEB) (610)	1,550,000	1,532,595	1,622,120	1,718,252	1,821,535	1,932,608	2,051,981	2,180,379	2,318,560	2,467,253	2,627,373
RISK-W/C LIAB PROP. (501)	1,904,463	1,905,953	1,946,234	2,077,197	2,220,038	2,375,448	2,543,083	2,725,639	2,924,582	3,141,519	3,378,220
CONTINGENT APPROP.	967,000	936,251	901,698	932,551	971,383	1,004,034	1,037,045	1,071,020	1,124,912	1,189,496	1,188,199
Total Transfers and Other	13,172,420	8,870,799	8,967,552	9,219,275	9,507,656	9,811,865	10,125,759	10,477,888	11,890,018	13,396,468	13,788,502
% Increase	17.88%	-32.66%	1.09%	2.81%	3.13%	3.20%	3.20%	3.48%	13.48%	12.67%	2.93%
\$ Increase	1,998,420	-4,301,621	96,753	251,723	288,382	304,209	313,893	352,130	1,412,129	1,506,451	392,034
Total Expenditures	66,853,300	63,352,996	60,992,748	63,121,099	65,756,352	67,966,800	70,218,326	72,557,466	76,215,457	80,596,789	80,485,806
% Increase	1.46%	-5.24%	-3.73%	3.49%	4.17%	3.36%	3.31%	3.33%	5.04%	5.75%	-0.14%
\$ Increase	959,947	-3,500,304	-2,360,249	2,128,351	2,635,254	2,210,448	2,251,526	2,339,140	3,657,991	4,381,332	-110,983

TOWN OF PALM BEACH

Information for Special Town Council Meeting on: April 6, 2010

To: Mayor and Town Council

Via: Peter B. Elwell, Town Manager

From: Danielle Olson, Director of Human Resources



Re: Status of 2009/2010 Health Plan Changes and Plans for Additional Cost Savings

Date: March 22, 2010

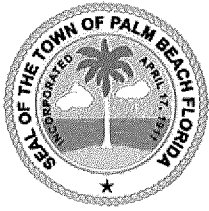
In April 2009, the Department of Human Resources provided a summary of \$1,055,604 in projected savings related to medical plan changes implemented, in progress, and under review for FY09. Updated projections totaling \$1,304,166 in savings are provided within Exhibit A. Cost savings initiated in FY09 and ongoing for FY10 include the dependent audit, plan changes, opt out incentive, retiree sliding premium scale, and PPO buy up for active employees. These initiatives result in short and long-term savings as they provide a reduction in total member participation and claim costs.

This year the Human Resources Department will be working with Gallagher Benefit Services and the Purchasing Department to generate requests for proposal (RFP) for the medical, prescription and dental plans with implementation targeted for January 1, 2011. The RFP will seek to mirror the existing plans as closely as possible. Reasonable alternatives to existing plan designs, such as an alternative dental option and HMO plan, will be evaluated based on claims experience and other features. We are monitoring the potential impact of changes in the federal law and the healthcare system nation-wide and will continue to do so to ensure the alignment of any such changes with both the substance and timing of the Town's RFPs.

The Human Resource Department has reduced staff in the department by 25% resulting from the elimination of one non-exempt Human Resource Assistant position. Detailed analysis of department operations identified the possibility of the position elimination and resulting savings due to outsourcing benefit administration. The consolidated electronic submission of benefit change forms and reconciliation of enrollment to invoices managed by a third-party vendor would reduce labor costs while avoiding decreased services to employees. The salary midpoint of \$48,886 plus 40% for benefits for the non-exempt Human Resource Assistant is \$68,440. Current estimates from vendors who would utilize an online eligibility database to manage the eligibility for all of the various benefit plans and COBRA continuation of coverage, in addition to monthly bill reconciliation, average \$37,000 per year. This results in a savings of approximately \$31,000 per year. Currently the Department is working with Gallagher Benefit Services to review proposals in consideration of a July 1, 2010 implementation providing service for the remaining six months of the plan year.

Attachments

cc: Department Directors



Updated Projected Savings for Health Plans Special Town Council Meeting – April 6, 2010

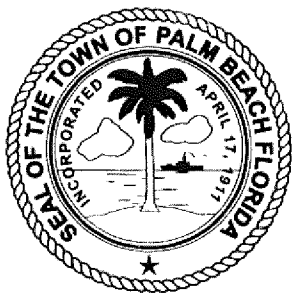
	<u>Projected Savings</u>	<u>Actual Savings</u>
1) Medical Plan Changes for 2009		
a. Reduction of Administrative Service Fee (ASO)	\$ 18,700	\$21,632
i. Reduction of the ASO provides a savings of \$2.95 per primary covered member per month.		
b. PPO 702 plan changes	\$ 206,000	\$247,280
i. Deductible change from \$100 to \$200		
ii. Office visit co-pay increased to \$20 for primary physician and \$30 for specialist		
iii. Prescription co-pay increased to \$10 Generic, \$20 Preferred and \$30+50% for Non-Preferred		
c. PPO 719 plan changes		
i. Office visit co-pay increased to \$25 for primary physician and \$35 for specialist		
ii. Prescription co-pay increased to \$10 Generic, \$25 Preferred and \$40+50% for Non-Preferred		
d. HMO plan changes		
i. Office visit co-pay increased to \$15 for primary physician and \$30 for specialist		
ii. Prescription co-pay increased to \$10 Generic, \$20 Preferred and \$30+50% for Non-Preferred		
iii. Inpatient hospital increased to \$500 co-pay per admission		
iv. Emergency room increased to \$100 co-pay per admission		
2) Dental Plan Changes for 2009	\$ 60,000	\$20,404
a. Conversion from fully insured to self insured provided a plan balance of \$20,404 for FY09.		
3) Implementation of a Retirement Health Savings Plan (RHSP) <i>(Actual savings reflects FY10 to date contributions)</i>	7.65% <i>of contributions</i>	\$6,354

Exhibit A - Updated Projected Savings
Special Town Council Meeting, April 6, 2010

4) Adjustment to Stop Loss Coverage	\$186,904	\$273,435
a. Change to Specific Deductible Level from \$65,000 to \$100,000 as of October 1, 2009. Actual savings reflect difference in renewal of premium between coverage levels.		
5) Enrollment of Medicare eligible retirees	\$5,618	\$3,745
a. The Human Resources Department provided retirees with necessary information for Medicare enrollment. One retiree remains without Medicare Part A and B coverage.		
6) Receipt of Medicare Part D subsidy dollars	\$70,000	\$51,719
a. Subsidy payments received for Medicare Part D drugs used by retirees and defined in 42 C.F.R. 423.100. (FY08 was \$61,905)		
7) Dependent Audit of Health Plans (Original estimate of potential savings between \$84,000 and \$168,000)	\$84,000	\$85,832
8) Gallagher Benefit Services Inc. Reduction to Stop Loss Coverage commission	\$37,840	\$41,015
9) PPO Buy Up Option (effective January 1, 2010)	\$386,542	\$ 314,621
a. The Town contribution toward employee premium coverage is 100% for the PPO 719 (\$500 deductible plan) and the HMO plan; employees may buy up by contributing toward the premium for the PPO 702 (\$200 deductible plan) if so desired.		
10) Retiree Sliding Scale ¹	\$58,018	\$ 162,673
a. Based on maximum allowable premium charges per state statute, enrollment changes, and shift in the premium cost sharing the Town reduced its monthly premium contribution for retiree benefits by \$13,556		
11) Opt Out Incentive ²	\$62,880	\$75,456
a. Upon election and proof of alternative coverage, employees receive \$175 per month for opting out from medical insurance coverage. Original estimated savings of \$524 per person per month.	(10 ees)	(12 ees)
Total	\$ 1,176,502	\$1,304,166

¹Original projections provided in April 2009 did not include the Retiree Sliding Scale approved in June 16, 2009.

²Original projections provided in April 2009 did not include the Opt Out Incentive approved in June 16, 2009.



TOWN OF PALM BEACH

MEMORANDUM

TO: Peter B. Elwell, Town Manager
FROM: Kirk W. Blouin, Chief of Police 
SUBJECT: Multi-year Review and Proposed Cost Savings
DATE: March 18, 2010

Attached for your review and consideration are many organizational and personnel level changes within the Police Department. These changes would create both immediate and future costs savings to the Town of Palm Beach. I believe the implementation of these measures will not compromise the high levels of service which has come to be expected by residents, business owners, and visitors to the Town of Palm Beach.

Much consideration and discussion has been given to these options and other cost saving ideas. I feel confident that the implementation of these changes will lead us to more effective management of our resources, both equipment and personnel, and provide continued cost savings to the Town. The police department is committed to an on going evaluation of best practices to ensure efficient departmental operations are provided in the most cost effective manner.

KWB/lsg

Program 424 Business and Community Relations Unit

Description of Function

This program provides crime prevention education to the residential and business community, maintains employee training and certification records, provides public information to the media and other public entities, administers the Palm Beach Crime Watch Inc., a non-profit crime prevention organization, and coordinates numerous programs for the community including the Citizen and Teen Police Academies. The unit also coordinates the Volunteers in Policing (VIPS) Program, which has been a tremendous asset to the community using the talents of volunteers to perform a variety of tasks at no cost to the taxpayer.

In recent years, the new financial software, Eden, which was purchased by the Town resulted in greater efficiency by the reduction and elimination of paper flow relating to training requests, expenses, and reimbursements. The Human Resource module should also help reduce the new hire processing and tracking tasks.

The reclassification of the training coordinator position in 2008 to a training sergeant, reporting to a patrol captain, resulted in more training being developed in-house, resulting in fewer outside training expenses. The administrative support for the training sergeant is still provided by the unit's administrative assistant. The BCR unit has a current authorized budget of 1 Civilian Manager, 1 Crime Prevention Specialist and an Office Assistant II.

Cost Savings

Eliminate the Business and Community Relations Civilian Manager position. The civilian manager position would be eliminated upon the current manager's retirement and the management responsibilities would be transferred to the Administrative Sergeant. Current responsibilities for the Administrative Sergeant include but are not limited to: issuance and tracking of uniforms and equipment, building maintenance issues, fixed asset inventory, supervision of the Communications Unit Manager and Fleet Maintenance personnel, as well as the coordination of Special Assignment Overtime. Responsibilities of the BCR unit and Administrative Sergeant would be distributed among the current Administrative Captain, the Crime Prevention Specialist, the Office Assistant II and the newly formed BCR/Administrative Sergeant position. The Business and Community Relations Manager's salary range is as follows:

BCR Civilian Manager	\$ 51,180 - \$ 78,432
Longevity at 0% to 10%	\$ 0 - \$ 7,843
Other benefits*	\$ 1,750 - \$ 1,750
Benefits at 43%	\$ 22,760 - \$ 38,851
Total Savings Range	\$ 75,690 - \$126,876

*Other benefits for this position include a clothing allowance of \$550 and a cell phone stipend of \$50 per month. Because this position is currently staffed by a civilian, education incentive is not applicable.

Program 425 - Communications

Description of Function

The Communications Unit receives all emergency and non-emergency telephone calls for police, fire, and emergency medical assistance, and coordinates the appropriate response of public safety services.

Cost Savings

Eliminate Supervisor Relief position and replace with **Relief Telecommunicator (this was implemented in October 2009).**

	<u>TC Relief Supervisor</u>	<u>TC Relief</u>
Salary Range	\$45,142 - \$ 69,178	\$38,192 - \$58,528
Longevity at 5%	\$ 2,257 - \$ 3,459	\$ 1,910 - \$ 2,926
Benefits at 43%	\$20,382 - \$ 31,234	\$17,244 - \$26,425
Total Salary Range	\$67,781 - \$103,871	\$57,346 - \$87,879
Total Savings Range	\$10,435 - \$ 15,992	

Additionally, internally one Communication's Training supervisor designation has been eliminated saving \$2,400 annually.

Program 426 Crime Scene/Evidence Unit

Description of Function

The Crime Scene/Evidence Unit is a specialized unit which is responsible for the forensic investigation of all crime scenes of a serious nature and the collection, preservation and analysis of all physical evidence. The unit also serves as the evidence and property custodian function for the department, and is responsible for recording, maintenance, and disposition of all evidence and property in accordance with state and local laws.

Additional services provided to the community include issuance of identification cards through the Town Voluntary Identification Card Program, providing copies of photographs, audio and video tapes necessary for court purposes, and the fingerprinting of residents and business members of the

community for various business and other purposes. Additional identification cards are provided for bank security purposes and Town employees.

Cost Savings

Replace the sworn Crime Scene Evidence Unit Manger position with a civilian employee upon the retirement of the current sworn manager **which is anticipated to be at least 4 years**. This would allow for a lower pay range, reduced benefits (43% compared to 54%) and the potential for longer tenure since retirement criteria for general employees is 30 years. **A new salary range would have to be determined by Human Resources depending on surrounding areas but for sample purposes the salary range was reduced by \$5,000 at both ends of the pay scale.**

	<u>Sworn CSEU Mgr.</u>	<u>Civilian CSEU Mgr.</u>
Salary Range	\$54,299 - \$ 80,376	\$49,299 - \$ 75,376
Longevity at 5% & 0%	\$ 2,715 - \$ 4,019	\$ 0 - \$ 0
Other benefits*	\$ 1,250 - \$ 2,810	\$ 1,150 - \$ 1,150
Benefits at 54%/43%	\$31,463 - \$ 47,091	\$21,693 - \$ 32,906
Total Salary Range	\$89,727 - \$134,296	\$70,498 - \$109,432
Total Savings Range	\$19,229 - \$ 24,864	

**Other benefits* for this position include a clothing allowance of \$550, a cell phone stipend of \$50 per month, and shoe allowance of \$100 and education incentive of up to \$1,560 for the sworn position.

Program 428 Patrol

Description of Function

This division exists to protect life and property, prevent and suppress crime, preserve the public order and apprehend violators of laws and ordinances in order to create an environment where citizens feel safe and secure.

Motorcycle Patrol Unit (MPU)

The Motorcycle Patrol Unit was created to provide a highly mobile, highly visible patrol, able to rapidly respond to special problem situations within the community during peak problem times. This unit's purpose is to prevent crime and apprehend criminals. The unit provides deterrence and vigilant protection for the residents and businesses in Palm Beach. The unit has a current budgeted staffing level of one sergeant and 5 officers. Currently there are no training cost other than personnel time associated with motorcycle officers since they are trained by West Palm Beach Police Department staff members.

Cost Savings

Reorganize and reduce the Motorcycle Patrol Unit by eliminating the MPU Sergeant position. The five (5) MPU officers would be redistributed to Teams 1 & 3 and supervised by Patrol Sergeants and Captains. The current salary for a MPU sergeant is as follows:

MPU Sergeant	\$ 74,492 - \$ 94,256
Other benefits*	\$ 4,460 - \$ 4,460
Benefits of 54%	\$ 42,634 - \$ 53,307

Total Salary Range \$121,586 - \$152,023

Total Savings Range \$121,586 - \$152,023

**Other benefits* received by a MPU sergeant is \$2,200 per year MPU incentive, issued and cleaned uniforms, and a shoe allowance of \$100 and a possible education incentive up to \$1,560 per year. The sergeant also receives a \$50 per month cell phone stipend.

Program 216/430 Code & Parking Enforcement Units

Description of Functions

Code Enforcement

The Code Enforcement Unit is tasked with the responsibility of the enforcement of Town ordinances. This includes the enforcement done by the members of the Code Enforcement Unit and the police officers, as well as the coordination of ordinance enforcement that is handled by the Planning, Zoning and Building Department, the Public Works Department, and the Fire-Rescue Department. Between the code enforcement officers and the police officers, complaints are received and dealt with 24 hours a day, seven days a week. Enforcement activities include receiving complaints, warning notices, violation notices, followup inspections, and presenting cases before the Code Enforcement Board or the County Court System.

The code enforcement function was transferred from the Planning, Zoning and Building Department on March 1, 2007. One full-time and one half-time employee were also transferred to the Police Department. Additionally, a vacant full-time position was transferred. That position was filled in April 2007. However, the clerical support which had been available in Planning, Zoning and Building was not transferred. A vacant position in Parking Enforcement was designated as a Code/Parking Specialist and split between code and parking enforcement functions. Additionally,

the unit was staffed with a captain and a sergeant who are also split between code and parking enforcement units.

With the previously mentioned addition of clerical support for the code enforcement function, the trained code enforcement officers are able to spend more time on the street, following up on complaints, inspecting properties, and working with violators to bring them into compliance. The officers also have more time for proactive activities. Therefore, some violations can be dealt with before a complaint is received. The Unit recommended changes to certain ordinances which, coupled with continued training, will allow increased involvement by police officers in enforcing Town ordinances.

Additionally, the Director of Public Works has authorized all police, code, and parking enforcement officers to issue violation notices for right-of-way violations. This has resulted in a more effective and efficient means of dealing with construction parking issues.

Revenues for the Code Enforcement function one year prior to the unit's transfer to the Police Department and subsequent years is as follows:

Year	Right of Way Permits	Code Compliance	Code Compliance Administrative Fee
2006	\$109,088	\$110,767	\$ 3,792
2007	\$144,877	\$828,182	\$21,403
2008	\$170,978	\$377,400	\$25,130
2009	\$100,285	\$337,997	\$14,055

Note: Code Enforcement moved to the police department on March 1, 2007.

Parking Enforcement

The Parking Enforcement Unit handles parking complaints and violations. This includes routine patrol in specific areas of Town, as well as response to complaints about parking violations. Certain officers are assigned to Kreusler Park exclusively. Parking Enforcement Officers issue warnings and citations, as appropriate. Additionally, they attend hearings in County Court for parking violations. A further responsibility for the officers is serving as school crossing guards. During the nine months of the school year, the officers staff posts during morning and afternoon hours to assist with pedestrian traffic.

The Parking Enforcement Unit had seven full-time and two part-time civilian officers. In previous cost saving measures and in anticipation of a reduction in personnel needs due to the acquisition of parking kiosks and "electronic chalking," a parking enforcement officer position was reassigned as code/parking enforcement specialist, the manager position was eliminated and Parking Enforcement Officer was designated as the "Lead", and one part-time position was converted to full-time upon the retirement of the part-time employee.

As a result of the previous cost saving measures, the Code and Parking Enforcement Units has a current authorized budget of 1 Captain, 1 Sergeant, 1 Code/Parking Specialist, 2.5 CEO positions, (one of which is designated as the Lead CEO) and 8.5 Parking Enforcement Officers (1 of which is designated as the Lead PEO).

Cost Savings

Reorganize the Code and Parking Enforcement Units by eliminating a Sergeant position and converting it to a civilian manager position.

Sergeant Salary (entry level)	\$ 74,492	Parking/Code Manager (10%)	\$48,781
Longevity at 5%	\$ 3,724	Longevity 0%	\$ 0
Other benefits*	\$ 2,160	Other Benefits	\$ 550
54% for benefits	\$ 43,403	43% for benefits	\$21,212
Total Salary	\$123,779		\$70,543

Total Savings \$ 53,236

**Other benefits* related to a sergeant position include education incentive up to \$1,560 per year, a \$50 per month cell phone stipend, and uniform issuance and cleaning. Other benefits related to the manager position include a clothing allowance equal to other managers of \$550.

Upon the retirement of the current “Lead” Code Enforcement Officer (CEO) (approximately 4/5 years) the “Lead” designation would be reduce to a lower level supervisor salary approximately \$2,000 - \$4,000 above a CEO instead of the current \$8,451 above the entry level salary of a CEO.

Lead CEO	\$46,333 - \$ 71,004	Supervisor CEO	\$40,000 - \$60,000
Other benefits	\$ 0 - \$ 0	Other benefits	\$ 0 - \$ 0
Benefits of 43%	\$19,923 - \$ 30,532	Benefits of 43%	\$17,200 - \$25,800
Total Salary	\$66,256 - \$101,536		\$57,200 - \$85,800

Total Savings Range \$ 9,056 - \$15,736

Note: The above Parking/Code Enforcement Manager and Code Supervisor position salary ranges may need to be evaluated by the Human Resource Department based on a surrounding area comparison.

In the Parking Enforcement Unit, **as turnover occurs, 4 current full time Parking Enforcement Officer (PEO) positions will be converted to 8 part-time PEO positions.** Cost savings are based on entry level salary:

4 PEO	\$118,272 - \$181,244	8 Part-time PEO	\$118,272 - \$181,244
Other benefits	\$ 1,800 - \$ 1,800	Other benefits	\$ 1,800 - \$ 1,800

Benefits of 43%	\$ 51,631 - \$ 78,709	Benefits of 7.65%	\$ 9,186 - \$ 14,003
Total Salary	\$171,703 - \$261,753		\$129,258 - \$197,047
Total Savings	\$ 42,445 - \$ 64,706		

The part-time positions reduce the total compensation amount by the cost of retirement and insurance benefits but not the cost of social security or mandatory medicare taxes which are 7.65% of salary or clothing allowance cost in the amount of \$550 for full-time or \$225 for each part-time position.

For clarification, once all of the organizational changes have occurred in the Code and Parking Enforcement Units, the staffing level will be as follows: 1 Admin. Captain; 1 Civilian Manager; 1 Code/Parking Specialist; 2 F/T CEO; 1 P/T CEO; 1 Lead PEO; 2 F/T PEOs; and 10P/T PEOs.

IN SUMMARY

Based on all of the above recommendations, both immediate and future, the police department anticipates a **potential yearly cost savings in the range of \$331,667 - \$453,433.**

A summary of the organizational changes that would occur are as follows and are presented in the order of this report:

<u>Position</u>	<u>FTEP Change</u>	<u>Time Frame</u>
Civilian BCR Manager	- 1.00	June 2010
Sworn CSEU Manager	- 1.00	4/5 years
Civilian CSEU Manager	+1.00	4/5 years
Motorcycle Patrol Sergeant	- 1.00	Immediate
Sergeant Code/Parking Unit	- 1.00	Immediate
Civilian Manager Code/Parking	+1.00	Immediate
Lead CEO Full Time	- 1.00	4/5 years
Supervisor CEO Full Time	+1.00	4/5 years
Parking Enforcement Officer F/T	- 4.00	4/5 years
Parking Enforcement Officer P/T (8)	+4.00	4/5 years
Net FTEP Sworn	- 3.00	
Net FTEP Civilian	+1.00	
Net FTEP	- 2.00	

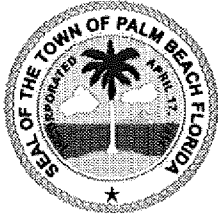
FLEET REVIEW

In addition to the above, the department fleet has been reviewed. It is recommended that if a reduction is deemed necessary, one motorcycle and two parking scooters be eliminate. With regard to the scooters, the oldest two scooters would be eliminated, however monies would be needed to

transfer equipment from the old scooters to the newer scooters. If possible, the revenue received by selling the scooters at auction could cover the cost of transferring the equipment.

The above vehicles are owned by the Town and have been fully depreciated. The impact of eliminating the above vehicles would be the revenue that is acquired by selling the vehicles at auction plus cost of maintenance if they were retained. The department has already implemented a cost savings program by extending the life of department vehicles, where possible, past their current depreciation schedule.

If appropriate, these adjustments can be discussed and reflected in the depreciation account for vehicles still being depreciated. Additionally, the department has extended the turnover of the boat engines from every year to every two years (which is consistent with 2 year warranties that they hold) and this should be reflected in the depreciation account. The maintenance costs associated with this change will be evaluated.



TOWN OF PALM BEACH

TOWN OF PALM BEACH

MAR 19 2010

Town Manager's Office

MEMORANDUM

TO: Peter B. Elwell, Town Manager

FROM: H. Paul Brazil, P.E., Director of Public Works *HPB*

RE: Short & Long Term Goals for Reorganization of the Public Works Department

DATE: March 19, 2010

The purpose of this report is to establish short and long term goals for reorganization of the Public Works Department. We have reduced our staff from 125 employees in 1986 to the current 98. We have done this through more efficient use of manpower, better equipment, and contracting many services. We have also done this through attrition only. More opportunities for privatization will exist in the future and we have outlined some of them in the following pages.

Assumptions

This plan is based on the following assumptions:

- Reductions will occur through attrition only (no layoffs)
- Scope of services to remain the same (no decrease or increase)
- Most staff will consider retirement between 55 to 65 years of age and 25 to 30 years of service.

We anticipate the following:

- 17 people will be eligible for retirement in the next 5 years.
- 8 people will be eligible for retirement in the next 6 to 10 years.
- 12 people will be eligible for retirement in the next 11 to 15 years.

Many of our jobs are physically demanding but some are not, therefore, not all work groups will have the same longevity. We have developed these estimates based on our understanding of our workforce and the services we provide. If a more aggressive schedule is desired, a targeted buyout may be considered.

Implementation of this program will be challenging. Positions will be phased out as people retire, but it will take several years for an entire program to be phased out. Reprogramming existing employees into other work groups is not always possible due to experience or education requirements for some positions. We have taken these challenges into consideration when estimating the timing and impacts of the proposed changes, but adjustment probably will be required as implementation occurs.

Promotions will be necessary as vacancies occur. Typically the more senior employee holds the higher level position. As the senior staff retires, their job functions will still be necessary. As an example, when a trash crew crane operator retires, a truck driver will be promoted because the operation cannot continue without the crane. A laborer would be promoted to replace the truck driver and a laborer vacancy would be created. Outsourcing a laborer position is not difficult, but outsourcing the position of crane operator is not practical because of the specialized skills involved. Several other instances like this exist in our department and this plan takes those into account.

Not all functions can, or should, be privatized. Several of our functions require specialized training and on-call response. As an example, the Water Resources Division operates and maintains the storm and sanitary sewer systems for the Town. This is a critical function that requires first hand knowledge of the existing infrastructure that an outside vendor does not have. Another example is our unique residential garbage collection. Resident input has been consistent with their desire to have Town employees provide this service.

Privatization of some programs may impact service levels. As an example, Town electricians respond to traffic signal malfunctions the same day (24 hours a day, 7 days a week). Most vendors will not send a technician out for evenings or weekend service calls. Those who will respond to such calls will charge a substantial premium and not respond as promptly as on-call Town staff, resulting in an increased cost for a reduced level of service. For these and other reasons, we do not recommend privatizing the Town's Electrical Bureau operations.

Lastly, there are services that could be privatized but where further study is needed to determine whether it would be in the best interest of the community to do so. Our Yard Trash program includes 22 employees, 3 cranes, 12 large trucks, and miscellaneous support equipment. We also manage 2 vegetative solid waste landfills. These crews remove vegetative debris from all residential streets as well as from "stash areas" 5 days per week (5 routes). The "stash areas" are off road bulk piles generated from non-single family facilities such as golf courses and condominiums.

The benefit of privatizing this service is eventual elimination of personnel, avoiding the replacement expense of equipment, and minimizing the associated in-house mechanical repair/maintenance effort. However, privatizing this function will impact the residents. Similar to residential sanitation, our yard trash crews operate heavy equipment on narrow residential streets on a daily basis. Residents have expressed concern that contracted crews would not use the same care that Town forces do when interacting with traffic, cyclists, and pedestrians. The Town could outsource the "stash area" route (which functions more like our commercial sanitation operation) and continue serving the residential routes with Town staff. This is proposed in both this plan and the Town's Long Term Financial Plan between FY 2011 and FY 2020 and may be accomplished through attrition only. We anticipate that additional attrition will occur after 2020 that may allow for privatization of additional routes. At some point in the future, a policy decision will need to be made about how far to go with privatization of this function.

Reorganization Plan

The Public Works Department is responsible for a very diverse set of services that are currently divided into 24 programs. The department consists of 6 Divisions with a total of 8 Bureaus. We are also responsible for:

Program 307 - Capital Improvement Program

Programs 308/309 - Comprehensive Coastal Management Program

Program 310 - Town Facilities Project Fund

Program 403 - Recreation Enterprise Fund Capital Improvement Program

The following reorganization is recommended for each of our programs:

Program 511 – Administrative Management

Current Staff size – 8

Eventual Staff size - 7

- Downgrade the System Specialist position to Office Assistant II and have the new position report to the Office Manager. Eliminate current Town Engineer position. Assistant Director, Engineering to become Town Engineer. Savings partially offset by staffing increase in Coastal Management program 581. We have relied more heavily on outside consultants but will need additional resources to replace the Town Engineer's participation in the Coastal Program.

Program 521 – Street Repair & Maintenance

Current Staff size – 2

Eventual Staff size - 0

- Consolidate this program with Landscape Maintenance program. Eliminate one supervisory position and one equipment operator position. Budget for signs to be included in Traffic Control program 523. Paving program to be administered by Engineering program 561. Landscape maintenance crews will assist with minor repairs. All other repairs to be contracted.

Program 523 - Traffic Control

Current Staff size - (4 Shared with Program 524)

Eventual Staff size – (4 Shared with Program 524)

- No change proposed. Program staffed by Electrical Bureau who also participate in the operation and maintenance of the storm and sanitary sewer systems (programs 531 and 532). Two retirements anticipated within the next 5 years. Recommend filling these positions and maintaining a staff size of 4.

Program 524 - Street Lighting

Current Staff size – (4 Shared with Program 523)

Eventual Staff size – (4 Shared with Program 523)

- No change proposed. See Program 523 notes.

Program 531 – Storm Sewer Maintenance

Current Staff size – (15 Shared with Program 532)

Eventual Staff size – (14 Shared with Program 532)

- Eliminate existing vacant laborer position. Operation and maintenance of the Town's storm and sanitary sewer systems is critical to the health and safety of the residents. Recommend filling any future vacancies and maintaining staff size.

Program 532 - Sanitary Sewer Maintenance

Current Staff size – (15, Shared with Program 531)

Eventual Staff size – (14, Shared with Program 531)

- See program 531 notes.

Program 533 - Sanitary Sewage Treatment

Current Staff size – 0

Eventual Staff size - 0

- No change proposed.

Program 541 - Residential Collection

Current Staff size – 12

Eventual Staff size - 12

- It is recommended that this program continue. Restructure to include residential recycling with no increase in staff size. Routes will change and work hours will be extended. Additional seasonal overtime is to be expected. Transfer Commercial Collection and Trash Bureau personnel to fill any vacancies.

Program 542 - Commercial Collection

Current Staff size – 6

Eventual Staff size - 0

- Contract all commercial collection work. Individual routes can be contracted out as vacancies occur. Transfer of personnel to Program 541 will accelerate privatization.

Program 543 - Refuse Disposal

Current Staff size – 0

Eventual Staff size - 0

- No change proposed.

Program 544 - Yard Trash Collection

Current Staff size – 22

Eventual Staff size - 6

- Contract "stash area" yard trash collection first. Additional routes can be contracted out as more vacancies occur, if that is acceptable to Town Council and the community. Transfer of personnel to Program 541 will accelerate privatization. Program costs

anticipated to increase due to disposal fees if use of existing landfill sites is discontinued. Impacts to residential streets may limit privatization of this program.

Program 545 – Recycling

Current Staff size – 1

Eventual Staff size - 0

- Contract all commercial recycling. Residential recycling to be completed by residential sanitation staff.

Program 546 - Beach Cleaning

Current Staff size – 1

Eventual Staff size - 0

- Contract all beach cleaning.

Program 551 – Landscape Maintenance

Current Staff size – 10

Eventual Staff size - 5

- Combine with Street Repair and Maintenance program 521. Contract additional landscaping and maintenance functions.

Program 554 - Facility Maintenance

Current Staff size – (4, Shared with Program 558)

Eventual Staff size – (3, Shared with Program 558)

- Contract additional services such as painting and street signs.

Program 558 – Meter Maintenance and Collection

Current Staff size - (4, Shared with Program 554)

Eventual Staff size – (3, Shared with Program 554)

- See Program 554 notes.

Program 561 – General Engineering Services

Current Staff size – 4

Eventual Staff size - 4

- The Town's annual Capital Improvement Program budget will increase from approximately \$3 million to \$13 million in one year. We will need additional resources to manage the program and propose to use an outside consulting firm. Reduction in staff size is not recommended.

Program 565 - Right of Way Inspections

Current Staff size – 1

Eventual Staff size - 1

- No change proposed.

Program 571 - Equipment Operation & Maintenance

Current Staff size – 6 (includes 1 part time and 1 vacancy)

Eventual Staff size – 4 full-time, 1 part-time

- Eliminate vacant position. Anticipate reduction of one position during the time frame of this study. Staff size may be further reduced after other programs have been outsourced.

Program 581 - Coastal Management

Current Staff size – 1

Eventual Staff size - 2

- Reprogram and downgrade Town Engineer position. Establish new project manager position within the Coastal program. Existing Coastal Coordinator to assume additional supervisory duties. The Town Engineer has more than 20 years experience with the Town's coastal program. He currently spends ½ to 2/3 of his time in this program. We have increased our reliance on outside consultants but this will not replace the resource currently provided by the Town Engineer.

Personnel Complement

	FY1986	1996	FY2006	FY2010	2015 (est.)	2020 (est.)	2025 (est.)
Full Time Equivalent Employees	125.0	110.5	101.88	98	83	78	66

The following 4 attachments illustrate the existing structure of Public Works (A-1), as well as our 5, 10, and 15 year projections (A-2, A-3, A-4 respectively).

TOWN OF PALM BEACH PENSION PLANS
TOWN MANAGER'S REPORT AND RECOMMENDATIONS



FOR CONSIDERATION AT
THE SPECIAL TOWN COUNCIL MEETING
ON APRIL 6, 2010

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EXECUTIVE SUMMARY

This report contains recommendations to significantly reform the Town of Palm Beach's employee pension plans. If the recommendations are approved, the long term cost of these plans to Town taxpayers will be reduced by more than 50% while the plans will continue to provide financial security to Town employees and their families.

The Town began to consider pension system reform in late 2008, as the stock market was dropping precipitously and the national financial system nearly collapsed. Although it was widely recognized that substantial reform would be needed, it also was agreed by the Town's elected officials and staff that rushing to act could do more harm than good. Given the significance of pensions, both in terms of cost to the taxpayers and value to the employees, it was important to take a deliberate, thoughtful, well informed approach to pension reform. Throughout the spring of 2009, this issue was examined by citizens, elected officials, pension board members, and Town employees. In early summer, the Town completed a national competitive selection process by hiring the Cavanaugh Macdonald Consulting, LLC, to provide expert advice and assistance in this effort. In October, Cavanaugh Macdonald issued its independent report, which contained a menu of more than 50 different options for modifying Town pensions. That report was reviewed in public meetings of the Town's three pension boards during November. On December 3, 2009, the Mayor and Town Council reviewed the Cavanaugh Macdonald report and received public input at a special Town Council meeting. At that meeting, they assigned to me as Town Manager the responsibility for making specific recommendations (with alternatives) for Town Council consideration. Input from citizens and employees has been invited and considered throughout the process of reviewing and planning to reform Town pensions.

In addition to enabling thoughtful and well informed action on this issue, the Town's deliberate approach to pension reform has allowed elected officials and staff to address pensions in the fuller context of the Town's Long Term Financial Plan. Although pension reform is perhaps the single most important aspect of ensuring the Town's continued financial health and avoiding budget deficits that had been projected for FY12 and beyond, it is not and can not be the only action taken by the Town to ensure long term financial strength. Therefore, as described more fully in the 2010 Long Term Financial Plan that is being released simultaneously with this pension report, the Town also is restructuring our salary systems, reviewing and refining other employee benefits, planning to privatize the provision of certain services, and achieving operational efficiencies in a variety of Town operations.

My recommendations for pension reform include the following:

- **Retain a defined benefit (DB) plan**, since that is the form of pension benefit offered by the overwhelming majority of public sector employers.
- **Offer a defined contribution (DC) plan as an option**, since employees who choose that option as preferable for their own personal circumstances will also provide additional long term cost savings to the Town.
- **Freeze the current DB plan for all existing employees**, so they will receive the value of the benefit they have earned, expected, and “own” (calculated as if they were separating from Town employment immediately and then frozen until they are eligible to retire). Payment of this portion of each employee’s pension would occur in accordance with all eligibility and post retirement rules as they exist today. (Post retirement health insurance benefits would remain subject to future changes that may be imposed by government regulations or Town Council actions, just as always has been true in the past.)
- **Modify the current DB plan going forward** (for all existing and future employees) in accordance with the following principles:
 - The value of a pension should reflect the market value of the applicable job. Therefore, average final compensation for pension purposes should reflect each employee’s base earnings and should not include additional compensation such as bonus pay or unlimited overtime pay.
 - Multipliers should return to 1990s levels. Multipliers for public sector employees got unsustainably high (just as housing “values” did in the broader economy) during the exuberance of the late 1990s and 2000s.
 - The pension relationship is between the Town and the Town’s employees so the standard pension benefit should be a life annuity (a monthly benefit paid to the retired employee for the remainder of their life). Some Town employees are single and some are from two-career couples, so not all need the automatic 75% survivor benefit that is extremely costly to the Town’s current pension plans and is more generous than most other public sector (and virtually all private sector) pension plans. Employees should be allowed to purchase protection for a surviving spouse (or other beneficiary) by reducing their monthly pension benefit upon retirement, as is common in other public and private DB plans.
 - Employees will need to work longer and/or receive pensions later for the plan to remain sustainable. Just as noted above regarding multipliers, this is not an arbitrary modification but reflects the unsustainability of benefit enhancements that occurred during the overheated municipal employment market of the late 1990s and 2000s.

- Withdraw from the State pension subsidy program provided under Florida Statutes Chapter 175 (for firefighters) and Chapter 185 (for police officers).** This will cause the Town to decline a projected \$575,582 State subsidy for FY12 and comparable amounts in future years, but it will free the Town from the extensive conditions and controls the State of Florida imposes upon local pension plans that accept “175/185 monies” and will allow the Town Council now and in the future to make local decisions about what is best for the Town’s residents and employees. (Note: Changes to Chapters 175 and 185 have been proposed for consideration during the current State Legislative Session. The Town will closely monitor that legislation. I may modify my recommendation to withdraw if it becomes possible for the Town to continue receiving “175/185 monies” without having to provide a State mandated level of benefits and comply with other pension-related State conditions and controls.)

If implemented later this year, these recommendations are projected to reduce the taxpayers’ FY12 funding requirement for Town employee pensions from \$9.8 million to \$5.4 million (45%). At the end of the current financial planning period, they would reduce the FY20 taxpayer funding requirement from \$14.8 million to \$8.2 million (45%). And at the end of the 30-year period for projecting future pension costs, they would reduce the FY39 taxpayer funding requirement from \$39.3 million to \$16.8 million (57%). (All projections of costs and savings have been calculated by Cavanaugh Macdonald.)

Because the Town is addressing the need for pension reform sooner than most of the other public sector employers in South Florida, we will experience a short term reduction in the strength of our competitive position for recruiting and retaining top quality employees. However, it is inevitable that other public sector employers in our area will be reforming their employee pension plans. Failure to do so will cause either enormous tax increases or widespread service reductions, either of which will almost certainly be unacceptable to their local taxpayers given the substantially greater financial security provided by public employee pensions compared to those provided by most private sector employers. During the transitional period (estimated to be the next 2 to 5 years) in which this employment market will adjust and our neighboring public employers will be reducing the cost and value of their employee pension systems, it is expected that public sector staffing will continue to decline. Even if hiring increases toward the end of this transitional period, such increases in staffing would likely be slow and incremental and would occur near the end of the market recalibration. It will continue to be a “buyer’s market.” Therefore, I believe the recommendations in this report will not materially reduce the Town’s strong competitive position within the marketplace for public sector employees in Palm Beach County.

Please note that the recommendations contained in this report are solely my own. In arriving at these recommendations (and deciding not to recommend the alternatives that also are presented herein) I have considered the large volume of suggestions and information received from residents, elected officials, Town employees, and others, as well as what I have read in literally hundreds of articles about the response to the pension funding crisis elsewhere in Florida and throughout the United States. I have been ably assisted by Jose Fernandez of Cavanaugh Macdonald, actuary Brad Armstrong, and attorneys David Kornreich and Jim Linn. I have conferred with individual elected officials and with the Town's department directors as I was refining the alternatives and making my decisions. However, none of those who have assisted me in this effort are responsible for what is proposed. These recommendations represent my best professional advice to the Mayor and Town Council about how to ensure the long term sustainability of this important employee benefit in the manner that I believe is in the best collective interests of Town residents and Town employees.

A handwritten signature in black ink, reading "Peter B. Elwell". The signature is written in a cursive, flowing style.

Peter B. Elwell
Town Manager
Town of Palm Beach
March 22, 2010

BACKGROUND INFORMATION

How Did We Get Here?

The Town of Palm Beach's employee pension plan was created in 1947 and enjoyed a long and stable history through its first 50 years. Contribution rates occasionally fluctuated due to especially strong or weak investment performance, but those variations were mild compared with the late 1990s and 2000s. Small adjustments were made over the years in the value of the benefit, primarily in response to employment market influences.

The funds were overseen by a single Retirement Board of Trustees until 1999. The board included citizens appointed by the Town Council, and police officer, firefighter, and general employee representatives elected by their respective peers. The Mayor, Town Council President, and Town Manager served ex officio. Following action during the 1999 Legislative Session by which the State Legislature authorized police officers and firefighters to more independently oversee their pension funds (if their local plan was receiving the Chapter 175/185 subsidy), the Town's single board was divided into a General Employees' Retirement Board of Trustees and a Public Safety Retirement Board of Trustees. The former includes two employees elected by their peers, two citizens appointed by the Town Council, and the Town Manager serving ex officio. The latter included a police officer and a firefighter each elected by their peers, two citizens appointed by the Town Council, and a fifth member selected by the first four. It was always the case (although it was not required) that the fifth member was another Town citizen. In 2004, the Public Safety Retirement Board of Trustees further divided into a Police Officers' Retirement Board of Trustees and a Firefighters' Retirement Board of Trustees. Each of those boards is structured the same as described above for the Public Safety Board, except the Police Officers' Board includes two police officers and the Firefighters' Board includes two firefighters. It continues to be true that the fifth member of each board has always been a Town citizen. (In addition to allowing the Town Council to exercise unfettered local control over the form and value of the pension benefits offered by the Town, withdrawal from the Chapter 175/185 program would allow the Town to consolidate the three boards back into either one or two boards, if the Town Council so desires.)

In the early 1990s, the general employees' multiplier was 2.4% per year of service and the public safety employees' multiplier was 2.75%. During that decade, investment returns were far stronger than normal and employment market pressures led to improvements in the pension

benefits offered by the Town. In 1995, the public safety employees' multiplier was increased to 3.0%. In 1997, the minimum retirement age for general employees was reduced (for vested employees with fewer than 30 years of service) from 60 to 55 years old.

By 2000, due to several years of outstanding investment performance, the Town's pension funds were "overfunded" (i.e. they had higher asset balances than what was actuarially determined to be the amount needed to pay for the accrued liabilities of each fund). That favorable financial position and very strong employment market pressures led to further increases in the value of the benefit and, therefore, in the cost to Town taxpayers. In 2001, the general employees' multiplier was increased to 2.75%, the public safety employees' multiplier was increased to 3.25%, and the minimum years of service required for public safety pension eligibility was reduced from 25 years to 20 years. The public safety employees' multiplier was increased again in 2005 to 3.5% per year of service.

The impact of the 2001 and 2005 benefit improvements combined with severe investment losses in 2001-2002 and 2008-2009 caused Town taxpayers' costs for the employee pension funds to increase by over 600%, from \$1.1 million in FY02 to \$7.5 million in FY10. The precipitous stock market decline of 2008-2009 was accompanied by the longest and deepest international economic crisis since the Great Depression. Pension funds and endowment funds (broadly grouped as "long term institutional investors") suffered record setting losses all over the United States. The Town's pension funds were no exception. Although most funds, including the Town's, have experienced strong recovery off the bottom, values remain well below where they peaked before the decline (the Dow, for instance, remains almost 25% below its October 2007 peak). Since payment of future benefits depends not only on recovery back to pre-decline levels but on annual growth above and beyond those levels, pension benefits as currently designed have become unsustainable by any reasonable forecast.

Early projections of how the nationwide pension crisis might impact the Town were reviewed at a December 16, 2008, meeting of the Town Council's Finance and Taxation Committee. Those projections were updated for Finance and Taxation Committee meetings held on March 16 and April 27, 2009. The expected increases in the cost of Town pensions (from \$7.5 million in FY10 to \$18.5 million in FY20), other increasing Town costs, and constraints on future growth of Town revenue caused the projection of operating budget deficits starting in FY12 and increasing to over \$20 million by FY20.

During March and April of 2009, seven citizen advisors assisted the Finance and Taxation Committee and Town staff in identifying ways to reduce the Town's operating budget and avoid the projected deficits. Al Parven, who is now the Chairman of the Town's General Employees' Retirement Board of Trustees, was the citizen advisor who reviewed the pension situation. He recommended that a nationally respected consultant be hired to provide expert advice and guidance, due to both the complexity and the importance of this matter. Town staff and the Finance and Taxation Committee supported this recommendation and the full Town Council approved it. A request for proposals was published, multiple firms applied, and Cavanaugh Macdonald Consulting, LLC, was selected in July of 2009.

Cavanaugh Macdonald solicited input from Town residents and employees, surveyed the marketplace, completed an independent study of the Town's pension plans, and identified the potential cost savings related to literally dozens of separate options. Cavanaugh Macdonald provided a written report at the end of October, and a series of public meetings were held to review the Cavanaugh Macdonald report in November and December. At the last of those meetings, on December 3, 2009, the Town Council directed that I prepare a specific recommendation for action (with alternatives) for Town Council consideration. I have completed that assignment by considering the options identified by Cavanaugh Macdonald, the input received from residents and employees, and other relevant information (e.g. other cost savings measures being implemented by the Town and reports of pension reform actions being taken by other governments).

Two Goals: Financial Sustainability & Continued Competitiveness

The recommended plan had to maximize the balance between two directly competing goals: it had to save enough money to help the Town avoid the budget deficits that had been projected to begin in FY12 and grow in the years thereafter and it had to retain enough value to ensure the Town can continue to attract high quality employees.

The first criterion is quantifiable. The end of the current planning period is FY20. After considering the projected savings expected from the variety of other strategies the Town is implementing to reduce the cost of Town operations, our goal for pension cost reduction was to save a minimum of \$6.1 million (41%) in FY20. The recommended plan will reduce the projected cost in all years going forward and is estimated to save \$6.6 million (45%) in FY20.

The second criterion is more subjective. Among public sector employers in Palm Beach County, the Town is at the top of the market for pension value by some measures and in the top half by almost all others. We know that in the short term, the proposed changes will drop the Town into the bottom half by most measures. However, if we can reasonably expect that as the market recalibrates the Town will return to the top half (hopefully to the top quartile) by most measures, then we will have retained a strong competitive position, especially in combination with Town pay levels and other considerations. I believe the recommended plan will achieve this goal.

Some alternatives would save more money, but they would reduce the value of pension benefits (and, therefore, the Town's competitive position) so severely that I could not foresee the Town returning to a favorable competitive position after the transition to new market norms during the next two to five years. Other alternatives fully grandfathered existing employees so they would see no change in pension benefits for as long as they continue their Town employment, but those options did not save enough money to avoid projected budget deficits and ensure the long term sustainability of the Town's pension plans. This ended up a bit like the children's story of Goldilocks and the Three Bears. Some alternatives were "too harsh" and some were "too generous." I am recommending the plan that I believe is "just right." It will be fair to existing Town employees, maintain future competitiveness in the broad best interests of the Town, and save Town taxpayers millions of dollars each year.

Please note that some elements of the recommended plan are included in the other alternatives, as well. These represent either the "low hanging fruit" (such as eliminating hurricane bonus pay from average final compensation calculations and eliminating the supplemental distribution benefit which has never been paid and probably never would be for decades into the future) or elements that I believe are fundamental to the Town controlling the future cost and value of these benefits for the short and long term (such as maintaining the vesting period at 10 years and withdrawing from the Chapter 175/185 State subsidy program).

All of the alternatives include freezing the Town's current pension plans as of a future effective date that has yet to be determined. By freezing and modifying the current plan, we will comply with all applicable State and Federal laws and provide the most cost effective means of transitioning to the modified plan with full local control. Closing the existing plan either to start a new local plan or to switch to the Florida Retirement System (FRS) would be far more expensive and legally more complex. The FRS alternative also would result in loss of local control over future decisions affecting the cost of the plan to Town taxpayers and the value of the plan to Town employees.

Finally, Cavanaugh Macdonald's calculations for all alternatives include a reduction in the actuarial assumption for future salary growth from 5.5% to 4.5% per year. During the past decade, the annual rate of growth for Town employee salaries exceeded 6%. In the future, due to changes staff is proposing in the method and timing of employee pay raises (as described in the 2010 Long Term Financial Plan), we expect the annual rate of growth of Town employee salaries to be less than 3%. No other changes are proposed for the actuarial assumptions that apply to the Town's pension plans and Cavanaugh Macdonald's calculations for all alternatives (except the FRS Match) assume that employee contribution rates will remain as they are today.

Where Do We Go From Here?

On April 6, 2010, beginning at 1:30 p.m. and continuing into the evening, the Mayor and Town Council will hold a special Town Council meeting to consider the 2010 Long Term Financial Plan, the 2010 Recreation Enterprise Fund Business Plan, and this pension report. After hearing presentations of these documents, the elected officials will hear comments from citizens and employees. The elected officials will then discuss these matters and provide direction, as needed. No final action is anticipated, but some Town Council direction may be given to assist staff in preparation of the FY11 Town budget.

After the April 6 special Town Council meeting, staff will engage in good faith negotiations regarding pensions (and will continue to have good faith negotiations regarding other matters) with the unions representing Town police officers and firefighters. When we have either reached agreement or arrived at impasse (not only regarding pensions, but regarding all matters being negotiated), staff will return to the Town Council for action on pension plan changes for both public safety and general employees. The projected savings shown in this report and in the 2010 Long Term Financial Plan anticipate FY11 pension funding based on the existing plans and FY12 pension funding based on the proposed changes.

A Note About the Alternatives for Action and the Tables Presented with Each Alternative

My specific recommendations for Town of Palm Beach pension reform appear on pages 13 and 14. The alternatives that I do not recommend begin on page 16. For my recommendations, the

“grandfather” alternative, the deeper cut DB alternative, and the hybrid alternative, a narrative listing of plan changes is followed by a chart showing the costs/savings of that alternative compared with the prior forecasts and targeted savings through FY20. The next page after that for each of those alternatives is a chart prepared by Cavanaugh Macdonald showing costs/savings compared with the current plan projections through FY39. For the “Match FRS for Public Safety” alternative, only the Cavanaugh Macdonald chart is shown. We did not generate a targeted savings chart for that alternative since it involves only police officers and firefighters. Also, since the savings for police officers and firefighters in that alternative is far less than in my recommendations, I judged “Match FRS” to provide insufficient savings and to not be a viable alternative.

For the alternatives that include both a targeted savings chart and a Cavanaugh Macdonald chart, you may notice that the annual costs identified in the two charts are not identical. That is because (1) the Cavanaugh Macdonald charts do not include the cost of lifeguards’ pensions, while the targeted savings charts do include lifeguards, along with public safety and general employees, and (2) all the data in the targeted savings charts has been pushed out one year as compared with the Cavanaugh Macdonald charts because the effective date of pension reforms ultimately approved by Town Council will be after this year’s actuarial report is issued for FY11 budget purposes. The targeted savings charts provide the most complete and accurate information about total plan costs and savings conservatively projected through FY20, and the data in the targeted savings chart for my recommendations matches the pension data in the Town’s 2010 Long Term Financial Plan. The Cavanaugh Macdonald charts are included to provide a police/fire/general employee breakdown and a longer term perspective on the order of magnitude for anticipated savings.

RECOMMENDATIONS

FOR PAST SERVICE (up to a future date that has not yet been determined)

Freeze the existing plan for all existing employees:

Calculate average final compensation in accordance with existing rules as if separation from employment were occurring on the effective date of the new rules.

Employee eligibility to begin collecting earned benefits is based on existing rules.

Post retirement adjustments will occur in accordance with existing rules.

This would cause immediate vesting of employees with less than 10 years of service, making them eligible to receive pension benefits for the accrued value of their past service. Such employees would still need to attain 10 years of total Town service to qualify for pension benefits under the modified rules for future service.

FOR FUTURE SERVICE (after a future date that has not yet been determined)

Reduce multiplier to pre-2001 levels for existing employees:

3.0% for public safety (firefighters and police officers)
Currently 3.5%

2.5% for lifeguards
Currently 2.85%

2.4% for existing general employees
Currently 2.75%

Allow all existing employees the option of retaining their current multiplier by purchasing that enhanced benefit through an actuarially equivalent increase of their employee contribution.

Reduce multiplier to 2.25% for future general employees.

Eliminate all bonus pay and special assignment overtime pay from average final compensation.
Average final compensation currently includes bonus pay and special assignment OT pay.

Cap (at 100 hours per year) regular overtime pay eligible for average final compensation.
Overtime currently is not capped in calculating average final compensation.

Increase average final compensation period to 5 years (average of top 5 earning years).
Average final compensation period currently is highest 2 years of the final 5 years.

Eliminate "Rule of 65" that allows vested public safety employees and lifeguards to retire when the sum of their age and years of service equals or exceeds 65.

Minimum 50 years old after 25 or more years of service for public safety and lifeguards
*Currently eligible after 20 years of service (police officers and firefighters)
or 25 years of service (lifeguards), regardless of age*

Minimum 55 years old for between 10 and 25 years of service for public safety and lifeguards
Currently eligible at 50 years old for between 10 and 20 years of service

Minimum 55 Years old after 30 or more years of service for general employees
Currently eligible after 30 years of service, regardless of age

Minimum 60 years old for between 10 and 30 years of service for general employees
Currently eligible at 55 years old for between 10 and 30 years of service

Keep 10-year vesting period.

Normal form of benefit: straight life annuity
Currently provide this for employee and 75% for surviving spouse without “buy down”

Allow purchase of survivor benefit via actuarially equivalent “buy down” of monthly pension.

2% annual COLA beginning at age 65
Currently 2% annual COLA begins 3 years after retirement.

No changes to DROP program

OTHER:

Eliminate supplemental distribution benefit.

Withdraw from Chapter 175/185 participation.

THIS OPTION’S PROJECTED COSTS & SAVINGS THROUGH FY20 (includes lifeguards):

Fiscal Year	Spring 2009 Forecast	Cavanaugh MacDonald Forecast	Target to Balance Budget	Cost of Proposed Plan	Difference Target vs. Proposed	Difference Forecast vs. Proposed
2011	8,920,000	8,798,808	9,206,119	8,798,808	407,311	0
2012	10,220,000	9,772,664	10,215,008	5,383,016	4,831,992	4,389,649
2013	11,500,000	10,901,086	10,290,793	6,388,721	3,902,072	4,512,365
2014	12,800,000	12,041,891	10,202,736	7,320,637	2,882,099	4,721,254
2015	14,100,000	12,533,886	10,070,623	7,639,324	2,431,299	4,894,562
2016	14,900,000	13,383,765	9,894,273	8,229,837	1,664,436	5,153,928
2017	15,700,000	14,269,610	9,830,474	8,784,802	1,045,672	5,484,808
2018	16,600,000	15,221,663	9,493,647	9,384,876	108,771	5,836,786
2019	17,500,000	16,664,731	9,067,969	10,482,189	-1,414,220	6,182,541
2020	18,500,000	14,810,206	8,748,998	8,212,749	536,249	6,597,457

**Town of Palm Beach
Proposed Pension Costs - Option A**

Fiscal Year	General			Police			Fire			Total		
	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)
2010	2,507,000	2,507,000	-	2,262,000	2,262,000	-	2,647,000	2,647,000	-	7,416,000	7,416,000	-
2011	3,065,000	1,052,000	2,013,000	2,600,000	1,419,000	1,181,000	3,006,000	2,003,000	1,003,000	8,671,000	4,474,000	4,197,000
2012	3,423,000	1,360,000	2,063,000	2,866,000	1,663,000	1,203,000	3,362,000	2,293,000	1,069,000	9,651,000	5,316,000	4,335,000
2013	3,846,000	1,730,000	2,116,000	3,234,000	1,940,000	1,294,000	3,699,000	2,590,000	1,109,000	10,779,000	6,260,000	4,519,000
2014	4,359,000	2,183,000	2,176,000	3,541,000	2,181,000	1,360,000	4,021,000	2,831,000	1,190,000	11,921,000	7,195,000	4,726,000
2015	4,515,000	2,208,000	2,307,000	3,735,000	2,346,000	1,389,000	4,170,000	2,971,000	1,199,000	12,420,000	7,525,000	4,895,000
2016	4,754,000	2,344,000	2,410,000	3,977,000	2,547,000	1,430,000	4,536,000	3,221,000	1,315,000	13,257,000	8,112,000	5,155,000
2017	5,058,000	2,527,000	2,531,000	4,209,000	2,706,000	1,503,000	4,886,000	3,435,000	1,451,000	14,153,000	8,668,000	5,485,000
2018	5,384,000	2,720,000	2,664,000	4,446,000	2,884,000	1,562,000	5,275,000	3,664,000	1,611,000	15,105,000	9,268,000	5,837,000
2019	5,936,000	3,115,000	2,821,000	4,857,000	3,214,000	1,643,000	5,752,000	4,031,000	1,721,000	16,545,000	10,360,000	6,185,000
2020	5,036,000	2,095,000	2,941,000	4,274,000	2,468,000	1,806,000	5,403,000	3,564,000	1,839,000	14,713,000	8,127,000	6,586,000
2021	5,373,000	2,269,000	3,104,000	4,615,000	2,649,000	1,966,000	5,858,000	3,854,000	2,004,000	15,846,000	8,772,000	7,074,000
2022	5,019,000	1,769,000	3,250,000	4,512,000	2,433,000	2,079,000	5,746,000	3,636,000	2,110,000	15,277,000	7,838,000	7,439,000
2023	8,182,000	4,578,000	3,604,000	4,750,000	2,480,000	2,270,000	5,990,000	3,650,000	2,340,000	18,922,000	10,708,000	8,214,000
2024	8,592,000	4,761,000	3,831,000	5,129,000	2,625,000	2,504,000	6,023,000	3,548,000	2,475,000	19,744,000	10,934,000	8,810,000
2025	9,029,000	4,957,000	4,072,000	5,505,000	2,838,000	2,667,000	6,650,000	3,929,000	2,721,000	21,184,000	11,724,000	9,460,000
2026	9,484,000	5,164,000	4,320,000	5,825,000	2,943,000	2,882,000	7,059,000	4,053,000	3,006,000	22,368,000	12,160,000	10,208,000
2027	9,773,000	5,198,000	4,575,000	6,313,000	3,183,000	3,130,000	7,457,000	4,204,000	3,253,000	23,543,000	12,585,000	10,958,000
2028	10,271,000	5,421,000	4,850,000	6,930,000	3,567,000	3,363,000	8,122,000	4,550,000	3,572,000	25,323,000	13,538,000	11,785,000
2029	10,810,000	5,659,000	5,151,000	7,569,000	3,986,000	3,583,000	9,111,000	5,195,000	3,916,000	27,490,000	14,840,000	12,650,000
2030	11,182,000	5,733,000	5,449,000	8,537,000	4,658,000	3,879,000	10,183,000	5,878,000	4,305,000	29,902,000	16,269,000	13,633,000
2031	11,764,000	5,980,000	5,784,000	9,409,000	5,249,000	4,160,000	11,227,000	6,521,000	4,706,000	32,400,000	17,750,000	14,650,000
2032	12,394,000	6,244,000	6,150,000	10,042,000	5,627,000	4,415,000	12,489,000	7,336,000	5,153,000	34,925,000	19,207,000	15,718,000
2033	12,851,000	6,338,000	6,513,000	10,319,000	5,653,000	4,666,000	12,664,000	7,210,000	5,454,000	35,834,000	19,201,000	16,633,000
2034	11,542,000	4,847,000	6,695,000	9,680,000	4,745,000	4,935,000	11,705,000	6,076,000	5,629,000	32,927,000	15,668,000	17,259,000
2035	11,937,000	4,854,000	7,083,000	9,960,000	4,747,000	5,213,000	11,829,000	5,893,000	5,936,000	33,726,000	15,494,000	18,232,000
2036	12,060,000	4,605,000	7,455,000	9,973,000	4,442,000	5,531,000	11,731,000	5,484,000	6,247,000	33,764,000	14,531,000	19,233,000
2037	12,234,000	4,386,000	7,848,000	9,951,000	4,058,000	5,893,000	10,892,000	4,420,000	6,472,000	33,077,000	12,904,000	20,173,000
2038	13,063,000	4,714,000	8,349,000	10,611,000	4,420,000	6,191,000	11,437,000	4,590,000	6,847,000	35,111,000	13,724,000	21,387,000
2039	14,585,000	5,629,000	8,956,000	11,771,000	5,186,000	6,585,000	12,788,000	5,410,000	7,378,000	39,144,000	16,225,000	22,919,000
Reflects change in pay scale and payroll growth to 4.5% per year, and does not include State premium tax offset to Town contributions for Police and Fire.												
Savings/(Cost) amounts estimated based on GPS payroll projections for Option A and projected payroll assuming 5.5% pay growth under current plans.												

ALTERNATIVES (Not Recommended)

“Grandfather” Alternative

(Not Recommended)

All existing Town employees would continue to accrue and receive pension benefits in accordance with the current rules that apply to their applicable classification (i.e. firefighter, lifeguard, general employee, or police officer).

For all employees hired on or after a future date that has not yet been determined

Reduce multiplier to 3.0% for public safety.

Currently 3.5%

Reduce multiplier to 2.5% for lifeguards.

Currently 2.85%

Reduce multiplier to 2.25% for general employees.

Currently 2.75%

Eliminate all bonus pay and special assignment overtime pay from average final compensation.

Average final compensation currently includes bonus pay and special assignment OT pay.

Cap (at 100 hours per year) regular overtime pay eligible for average final compensation.

Overtime currently is not capped in calculating average final compensation.

Increase average final compensation period to 5 years (average of top 5 earning years).

Average final compensation period currently is highest 2 years of final 5 years.

Keep 10-year vesting period

Eligible to retire after 25 years of service for public safety and lifeguards, regardless of age

*Currently eligible after 20 years of service (police officers and firefighters)
or 25 years of service (lifeguards), regardless of age*

Minimum 55 years old for between 10 and 25 years of service for public safety and lifeguards

Currently eligible at 50 years old for between 10 and 20 years of service

Eliminate “Rule of 65” that allows vested public safety employees and lifeguards to retire when the sum of their age and years of service equals or exceeds 65.

Maintain eligibility to retire after 30 years of service for general employees, regardless of age.

Minimum 60 years old for between 10 and 30 years of service for general employees
Currently eligible at 55 years old for between 10 and 30 years of service

Normal form of benefit: straight life annuity
Currently provide this for employee and 75% for surviving spouse without "buy down"

Allow purchase of survivor benefit via actuarially equivalent "buy down" of monthly pension.

2% annual COLA beginning at age 65
Currently 2% annual COLA begins 3 years after retirement.

No changes to DROP program

OTHER:

Eliminate supplemental distribution benefit.

Withdraw from Chapter 175/185 participation.

THIS OPTION'S PROJECTED COSTS & SAVINGS THROUGH FY20 (including lifeguards):

Fiscal Year	Spring 2009 Forecast	Cavanaugh MacDonald Forecast	Target to Balance Budget	Cost of Grandfather Alternative	Difference Target vs. Grandfather	Difference Forecast vs. Grandfather
2011	8,920,000	8,798,808	9,206,119	8,798,808	407,311	0
2012	10,220,000	9,772,664	10,215,008	8,784,360	1,430,648	988,304
2013	11,500,000	10,901,086	10,290,793	9,659,197	631,596	1,241,889
2014	12,800,000	12,041,891	10,202,736	10,544,463	-341,727	1,497,428
2015	14,100,000	12,533,886	10,070,623	10,662,642	-592,019	1,871,244
2016	14,900,000	13,383,765	9,894,273	10,986,646	-1,092,373	2,397,119
2017	15,700,000	14,269,610	9,830,474	11,388,341	-1,557,867	2,881,269
2018	16,600,000	15,221,663	9,493,647	11,842,711	-2,349,064	3,378,951
2019	17,500,000	16,664,731	9,067,969	12,775,968	-3,707,999	3,888,763
2020	18,500,000	14,810,206	8,748,998	10,393,990	-1,644,992	4,416,216

Proposed Pension Costs - Grandfather Existing

Fiscal Year	General			Police			Fire			Total		
	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)
2010	2,507,000	2,507,000	-	2,262,000	2,262,000	-	2,647,000	2,647,000	-	7,416,000	7,416,000	-
2011	3,065,000	2,611,000	454,000	2,600,000	2,396,000	204,000	3,006,000	2,948,000	58,000	8,671,000	7,955,000	716,000
2012	3,423,000	2,901,000	522,000	2,866,000	2,580,000	286,000	3,362,000	3,194,000	168,000	9,651,000	8,675,000	976,000
2013	3,846,000	3,256,000	590,000	3,234,000	2,920,000	411,000	3,699,000	3,460,000	239,000	10,779,000	9,539,000	1,240,000
2014	4,359,000	3,694,000	665,000	3,541,000	3,050,000	491,000	4,021,000	3,681,000	340,000	11,921,000	10,425,000	1,496,000
2015	4,515,000	3,707,000	808,000	3,735,000	3,136,000	599,000	4,170,000	3,709,000	461,000	12,420,000	10,552,000	1,868,000
2016	4,754,000	3,832,000	922,000	3,977,000	3,231,000	746,000	4,536,000	3,811,000	725,000	13,267,000	10,874,000	2,393,000
2017	5,058,000	4,004,000	1,054,000	4,209,000	3,313,000	896,000	4,886,000	3,958,000	928,000	14,153,000	11,275,000	2,878,000
2018	5,384,000	4,183,000	1,201,000	4,445,000	3,377,000	1,069,000	5,275,000	4,169,000	1,106,000	15,105,000	11,729,000	3,376,000
2019	5,936,000	4,568,000	1,368,000	4,857,000	3,573,000	1,284,000	5,752,000	4,517,000	1,235,000	16,545,000	12,658,000	3,887,000
2020	5,036,000	3,550,000	1,486,000	4,274,000	2,762,000	1,512,000	5,403,000	3,993,000	1,410,000	14,713,000	10,305,000	4,408,000
2021	5,373,000	3,738,000	1,635,000	4,615,000	2,947,000	1,668,000	5,858,000	4,230,000	1,628,000	15,846,000	10,915,000	4,931,000
2022	5,019,000	3,252,000	1,767,000	4,512,000	2,714,000	1,798,000	5,746,000	3,950,000	1,796,000	15,277,000	9,916,000	5,361,000
2023	8,182,000	6,087,000	2,095,000	4,750,000	2,745,000	2,005,000	5,990,000	3,978,000	2,012,000	18,922,000	12,810,000	6,112,000
2024	8,592,000	6,298,000	2,294,000	5,129,000	2,919,000	2,210,000	6,023,000	3,862,000	2,161,000	19,744,000	13,079,000	6,665,000
2025	9,029,000	6,522,000	2,507,000	5,505,000	3,133,000	2,372,000	6,650,000	4,196,000	2,454,000	21,184,000	13,851,000	7,333,000
2026	9,484,000	6,754,000	2,730,000	5,825,000	3,260,000	2,565,000	7,059,000	4,335,000	2,724,000	22,368,000	14,349,000	8,019,000
2027	9,773,000	6,812,000	2,961,000	6,313,000	3,546,000	2,767,000	7,457,000	4,496,000	2,961,000	23,543,000	14,854,000	8,689,000
2028	10,271,000	7,062,000	3,209,000	6,930,000	3,954,000	2,976,000	8,122,000	4,872,000	3,250,000	25,323,000	15,888,000	9,435,000
2029	10,810,000	7,326,000	3,484,000	7,569,000	4,392,000	3,177,000	9,111,000	5,557,000	3,554,000	27,490,000	17,275,000	10,215,000
2030	11,182,000	7,432,000	3,750,000	8,537,000	5,136,000	3,401,000	10,183,000	6,300,000	3,883,000	29,902,000	18,868,000	11,034,000
2031	11,764,000	7,708,000	4,056,000	9,409,000	5,796,000	3,613,000	11,227,000	7,014,000	4,213,000	32,400,000	20,518,000	11,882,000
2032	12,394,000	8,013,000	4,381,000	10,042,000	6,206,000	3,836,000	12,489,000	7,913,000	4,576,000	34,925,000	22,132,000	12,793,000
2033	12,851,000	8,151,000	4,700,000	10,319,000	6,253,000	4,066,000	12,664,000	7,819,000	4,845,000	35,834,000	22,223,000	13,611,000
2034	11,542,000	6,713,000	4,829,000	9,680,000	5,375,000	4,305,000	11,705,000	6,705,000	5,000,000	32,927,000	18,793,000	14,134,000
2035	11,937,000	6,781,000	5,156,000	9,960,000	5,395,000	4,565,000	11,829,000	6,549,000	5,280,000	33,726,000	18,725,000	15,001,000
2036	12,060,000	6,605,000	5,455,000	9,973,000	5,129,000	4,844,000	11,731,000	6,185,000	5,546,000	33,764,000	17,919,000	15,845,000
2037	12,234,000	6,451,000	5,783,000	9,951,000	4,807,000	5,144,000	10,892,000	5,166,000	5,726,000	33,077,000	16,424,000	16,653,000
2038	13,063,000	6,857,000	6,206,000	10,611,000	5,149,000	5,462,000	11,437,000	5,350,000	6,087,000	35,111,000	17,356,000	17,755,000
2039	14,585,000	7,842,000	6,743,000	11,771,000	5,960,000	5,811,000	12,788,000	6,201,000	6,587,000	39,144,000	20,003,000	19,141,000

Reflects change in pay scale and payroll growth to 4.5% per year, and does not include State premium tax offset to Town contributions for Police and Fire.

Deeper Cut Defined Benefit Alternative

(Not Recommended)

FOR PAST SERVICE (up to a future date that has not yet been determined)

Freeze existing plan for all existing employees:

Calculate average final compensation in accordance with existing rules.

Each employee is eligible to begin collecting in accordance with existing rules.

Post retirement adjustments occur in accordance with existing rules.

FOR FUTURE SERVICE AND ALL NEW EMPLOYEES (after a future date not yet determined)

Reduce multiplier to 2.5% for public safety.

Currently 3.5%

Reduce multiplier to 2.25% for lifeguards.

Currently 2.85%

Reduce multiplier to 2.0% for general employees.

Currently 2.75%

Allow all existing employees the option of retaining their current multiplier by purchasing that enhanced benefit through an actuarially equivalent increase of their employee contribution.

Eliminate all bonus pay and overtime pay from average final compensation.

Average final compensation currently includes bonus pay and OT pay.

Increase average final compensation period to 5 years (average of top 5 earning years).

Average final compensation period currently is highest 2 years of final 5 years.

Minimum 55 years old (regardless of years of service) for public safety and lifeguards

Currently eligible after 20 years of service (police officers and firefighters)

or 25 years of service (lifeguards), regardless of age,

or at age 50 with 10 or more years of service (police officers, firefighters, and lifeguards)

Eliminate "Rule of 65" that allows vested public safety employees and lifeguards to retire when the sum of their age and years of service equals or exceeds 65.

Minimum 62 years old (regardless of years of service) for general employees

Currently eligible after 30 years of service, regardless of age

or at age 55 with 10 or more years of service

Eliminate COLA

Currently 2% COLA begins 3 years after retirement.

Keep 10-year vesting period.

Normal form of benefit: straight life annuity

Currently provide this for employee and 75% for surviving spouse without "buy down"

Allow purchase of survivor benefit via actuarially equivalent "buy down" of monthly pension.

No changes to DROP program

OTHER:

Eliminate supplemental distribution benefit.

Withdraw from Chapter 175/185 participation.

THIS OPTION'S PROJECTED COSTS & SAVINGS THROUGH FY20 (including lifeguards):

Fiscal Year	Spring 2009 Forecast	Cavanaugh MacDonald Forecast	Target to Balance Budget	Cost of Deeper Cut Alternative	Difference Target vs. Deeper Cut	Difference Forecast vs. Deeper Cut
2011	8,920,000	8,798,808	9,206,119	8,798,808	407,311	0
2012	10,220,000	9,772,664	10,215,008	4,214,468	6,000,540	5,558,196
2013	11,500,000	10,901,086	10,290,793	5,183,659	5,107,134	5,717,428
2014	12,800,000	12,041,891	10,202,736	6,067,527	4,135,209	5,974,364
2015	14,100,000	12,533,886	10,070,623	6,335,500	3,735,123	6,198,385
2016	14,900,000	13,383,765	9,894,273	6,863,517	3,030,756	6,520,247
2017	15,700,000	14,269,610	9,830,474	7,364,445	2,466,029	6,905,165
2018	16,600,000	15,221,663	9,493,647	7,906,485	1,587,162	7,315,177
2019	17,500,000	16,664,731	9,067,969	8,951,891	116,078	7,712,840
2020	18,500,000	14,810,206	8,748,998	6,618,955	2,130,043	8,191,252

Proposed Pension Costs - Option B

[illegible]

Hybrid Alternative

(Not Recommended)

(Note: This is simply a repeat of the Hybrid Option that was contained in the October 2009 Cavanaugh Macdonald Report. It is not considered a competitive option for the Town to consider now or in the foreseeable future. It is presented here for informational purposes. If any future consideration is given to creation of a hybrid plan, additional consideration should be given to the particular components of that plan and a new actuarial analysis should be done at that time to ensure accurate projections of short and long term costs.)

All existing Town employees would be “grandfathered” and continue to accrue and receive pension benefits in accordance with the current rules that apply to their applicable classification (i.e. firefighter, lifeguard, general employee, or police officer).

For all employees hired on or after a future date that has not yet been determined:

Add a Defined Contribution Plan

2% annual contribution by Town

4% annual contribution by employee

Modify the Defined Benefit Plan

Reduce multiplier to 1.5% for public safety.

Currently 3.5%

Reduce multiplier to 1.25% for lifeguards.

Currently 2.85%

Reduce multiplier to 1.25% for general employees.

Currently 2.75%

Eliminate all bonus pay and special assignment overtime pay from average final compensation.

Average final compensation currently includes bonus pay and special assignment OT pay.

Cap (at 100 hours per year) regular overtime pay eligible for average final compensation.

Overtime currently is not capped in calculating average final compensation.

Increase average final compensation period to 5 years (average of top 5 earning years).

Average final compensation period currently is highest 2 years of final 5 years.

Eligible to retire after 25 years of service for public safety and lifeguards, regardless of age

Currently eligible after 20 years of service (police officers and firefighters)

or 25 years of service (lifeguards), regardless of age

Minimum 55 years old for between 10 and 25 years of service for public safety and lifeguards

Currently eligible at 50 years old for between 10 and 20 years of service

Eliminate “Rule of 65” that allows vested public safety employees and lifeguards to retire when the sum of their age and years of service equals or exceeds 65.

Minimum 60 years old after 30 or more years of service for general employees
Currently eligible after 30 years of service, regardless of age

Minimum 65 years old for between 10 and 30 years of service for general employees
Currently eligible at 55 years old for between 10 and 30 years of service

Normal form of benefit for public safety and lifeguards:
Guaranteed 10 years, then straight life annuity
Currently provide this for employee and 75% for surviving spouse without “buy down”

Normal form of benefit for general employees: Straight life annuity
Currently provide this for employee and 75% for surviving spouse without “buy down”

Allow purchase of survivor benefit via actuarially equivalent “buy down” of monthly pension.

Eliminate COLA.
Currently 2% COLA begins 3 years after retirement.

Keep 10-year vesting period.

No changes to DROP program

OTHER:

Eliminate supplemental distribution benefit.

Withdraw from Chapter 175/185 participation.

THIS OPTION’S PROJECTED COSTS & SAVINGS THROUGH FY20 (including lifeguards):

Fiscal Year	Spring 2009 Forecast	Cavanaugh MacDonald Forecast	Target to Balance Budget	Cost of Hybrid Alternative	Difference Target vs. Hybrid	Difference Forecast vs. Hybrid
2011	8,920,000	8,798,808	9,206,119	8,798,808	407,311	0
2012	10,220,000	9,772,664	10,215,008	8,587,915	1,627,093	1,184,749
2013	11,500,000	10,901,086	10,290,793	9,380,363	910,430	1,520,723
2014	12,800,000	12,041,891	10,202,736	10,180,764	21,972	1,861,127
2015	14,100,000	12,533,886	10,070,623	10,201,636	-131,013	2,332,250
2016	14,900,000	13,383,765	9,894,273	10,395,390	-501,117	2,988,375
2017	15,700,000	14,269,610	9,830,474	10,665,169	-834,695	3,604,441
2018	16,600,000	15,221,663	9,493,647	10,983,604	-1,489,957	4,238,059
2019	17,500,000	16,664,731	9,067,969	11,772,193	-2,704,224	4,892,538
2020	18,500,000	14,810,206	8,748,998	9,231,779	-482,781	5,578,428

**Town of Palm Beach
Proposed Pension Costs - Hybrid Plan New Hires (Option 6b from 11/2009)**

Fiscal Year	General			Police			Fire			Total		
	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)
2010	2,507,000	2,507,000	-	2,262,000	2,262,000	-	2,647,000	2,647,000	-	7,416,000	7,416,000	-
2011	3,065,000	2,586,000	479,000	2,600,000	2,356,000	244,000	3,006,000	2,898,000	108,000	8,671,000	7,840,000	831,000
2012	3,423,000	2,848,000	575,000	2,866,000	2,518,000	348,000	3,362,000	3,115,000	247,000	9,651,000	8,481,000	1,170,000
2013	3,846,000	3,174,000	672,000	3,234,000	2,730,000	504,000	3,699,000	3,357,000	342,000	10,779,000	9,261,000	1,518,000
2014	4,359,000	3,578,000	781,000	3,541,000	2,933,000	608,000	4,021,000	3,551,000	470,000	11,921,000	10,062,000	1,859,000
2015	4,515,000	3,552,000	963,000	3,735,000	2,991,000	744,000	4,170,000	3,549,000	621,000	12,420,000	10,092,000	2,328,000
2016	4,754,000	3,639,000	1,115,000	3,977,000	3,047,000	930,000	4,536,000	3,598,000	938,000	13,267,000	10,284,000	2,983,000
2017	5,058,000	3,767,000	1,291,000	4,209,000	3,083,000	1,126,000	4,886,000	3,703,000	1,183,000	14,153,000	10,553,000	3,600,000
2018	5,384,000	3,898,000	1,486,000	4,446,000	3,097,000	1,349,000	5,275,000	3,876,000	1,399,000	15,105,000	10,871,000	4,234,000
2019	5,936,000	4,228,000	1,708,000	4,857,000	3,239,000	1,618,000	5,752,000	4,188,000	1,564,000	16,545,000	11,655,000	4,890,000
2020	5,036,000	3,154,000	1,882,000	4,274,000	2,376,000	1,898,000	5,403,000	3,616,000	1,787,000	14,713,000	9,146,000	5,567,000
2021	5,373,000	3,285,000	2,088,000	4,615,000	2,515,000	2,100,000	5,858,000	3,801,000	2,057,000	15,846,000	9,601,000	6,245,000
2022	5,019,000	2,743,000	2,276,000	4,512,000	2,245,000	2,267,000	5,746,000	3,473,000	2,273,000	15,277,000	8,461,000	6,816,000
2023	8,182,000	5,515,000	2,667,000	4,750,000	2,224,000	2,526,000	5,990,000	3,448,000	2,542,000	18,922,000	11,187,000	7,735,000
2024	8,592,000	5,666,000	2,926,000	5,129,000	2,345,000	2,784,000	6,023,000	3,286,000	2,737,000	19,744,000	11,297,000	8,447,000
2025	9,029,000	5,825,000	3,204,000	5,505,000	2,511,000	2,994,000	6,650,000	3,555,000	3,095,000	21,184,000	11,891,000	9,293,000
2026	9,484,000	5,991,000	3,493,000	5,825,000	2,587,000	3,238,000	7,059,000	3,631,000	3,428,000	22,368,000	12,209,000	10,159,000
2027	9,773,000	5,984,000	3,789,000	6,313,000	2,823,000	3,490,000	7,457,000	3,733,000	3,724,000	23,543,000	12,540,000	11,003,000
2028	10,271,000	6,165,000	4,106,000	6,930,000	3,182,000	3,748,000	8,122,000	4,041,000	4,081,000	25,323,000	13,388,000	11,935,000
2029	10,810,000	6,362,000	4,448,000	7,569,000	3,566,000	4,003,000	9,111,000	4,670,000	4,441,000	27,490,000	14,598,000	12,892,000
2030	11,182,000	6,393,000	4,789,000	8,537,000	4,252,000	4,285,000	10,183,000	5,354,000	4,829,000	29,902,000	15,999,000	13,903,000
2031	11,764,000	6,602,000	5,162,000	9,409,000	4,855,000	4,554,000	11,227,000	6,096,000	5,221,000	32,400,000	17,463,000	14,937,000
2032	12,394,000	6,827,000	5,567,000	10,042,000	5,211,000	4,831,000	12,489,000	6,839,000	5,650,000	34,925,000	18,877,000	16,048,000
2033	12,851,000	6,895,000	5,956,000	10,319,000	5,200,000	5,119,000	12,664,000	6,679,000	5,985,000	35,834,000	18,774,000	17,060,000
2034	11,542,000	5,374,000	6,168,000	9,680,000	4,268,000	5,412,000	11,705,000	5,504,000	6,201,000	32,927,000	15,146,000	17,781,000
2035	11,937,000	5,364,000	6,573,000	9,960,000	4,241,000	5,719,000	11,829,000	5,291,000	6,538,000	33,726,000	14,896,000	18,830,000
2036	12,060,000	5,115,000	6,945,000	9,973,000	3,928,000	6,045,000	11,731,000	4,873,000	6,858,000	33,764,000	13,916,000	19,848,000
2037	12,234,000	4,877,000	7,357,000	9,951,000	3,560,000	6,391,000	10,892,000	3,800,000	7,092,000	33,077,000	12,237,000	20,840,000
2038	13,063,000	5,202,000	7,861,000	10,611,000	3,856,000	6,755,000	11,437,000	3,925,000	7,512,000	35,111,000	12,983,000	22,128,000
2039	14,585,000	6,100,000	8,485,000	11,771,000	4,621,000	7,150,000	12,788,000	4,776,000	8,062,000	39,144,000	15,447,000	23,697,000
Reflects change in pay scale and pay/oil growth to 4.5% per year, and does not include State premium tax offset to Town contributions for Police and Fire.												
Savings/(Cost) amounts and contribution amounts estimated based payroll projections for Hybrid plan option and projected payroll assuming 5.5% pay growth under current plans.												

Match FRS for Public Safety

(Not Recommended)

Because the Florida Retirement System (FRS) provides a benefit that is competitive for police officers and firefighters in the South Florida employment market, we obtained actuarial estimates of what it would cost to duplicate that benefit and offer it as a locally administered plan to Town of Palm Beach police officers and firefighters. If the financial projections had been favorable, this alternative could have been used alongside any of the other alternatives for general employees. However, the FRS match would not provide sufficient future cost savings for it to be viable as part of the Town's pension reform. This alternative actually would increase the cost of police officer and firefighter pensions in the first 6 years and would provide substantially less savings than other alternatives in the out years.

The Florida Legislature is considering changes that have been proposed for the FRS. If the Legislature adopts FRS changes during the current Legislative Session, we will analyze those changes to see if they might provide enough additional savings to make it worthwhile for the Town to consider this alternative further.

Cavanaugh Macdonald's full 30-year projection of costs for this alternative is shown on the next page.

**Town of Palm Beach
Proposed Pension Costs - FRS for Police and Fire Administered by Town of Palm Beach**

Fiscal Year	Police			Fire			Total		
	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)	Current Plan	New Plan	Savings/(Cost)
2010	2,262,000	2,262,000	-	2,647,000	2,647,000	-	4,909,000	4,909,000	-
2011	2,600,000	2,906,000	(306,000)	3,006,000	3,505,000	(499,000)	5,606,000	6,411,000	(805,000)
2012	2,866,000	3,131,000	(265,000)	3,362,000	3,800,000	(438,000)	6,228,000	6,931,000	(703,000)
2013	3,234,000	3,423,000	(189,000)	3,699,000	4,114,000	(415,000)	6,933,000	7,537,000	(604,000)
2014	3,541,000	3,696,000	(155,000)	4,021,000	4,384,000	(363,000)	7,562,000	8,080,000	(518,000)
2015	3,735,000	3,833,000	(98,000)	4,170,000	4,467,000	(297,000)	7,905,000	8,300,000	(395,000)
2016	3,977,000	3,979,000	(2,000)	4,536,000	4,626,000	(90,000)	8,513,000	8,605,000	(92,000)
2017	4,209,000	4,127,000	82,000	4,886,000	4,833,000	53,000	9,095,000	8,960,000	135,000
2018	4,446,000	4,256,000	190,000	5,275,000	5,104,000	171,000	9,721,000	9,360,000	361,000
2019	4,857,000	4,516,000	341,000	5,752,000	5,513,000	239,000	10,609,000	10,029,000	580,000
2020	4,274,000	3,777,000	497,000	5,403,000	5,070,000	333,000	9,677,000	8,847,000	830,000
2021	4,615,000	4,029,000	586,000	5,858,000	5,388,000	470,000	10,473,000	9,417,000	1,056,000
2022	4,512,000	3,865,000	647,000	5,746,000	5,185,000	561,000	10,258,000	9,050,000	1,208,000
2023	4,750,000	3,967,000	783,000	5,990,000	5,299,000	691,000	10,740,000	9,266,000	1,474,000
2024	5,129,000	4,221,000	908,000	6,023,000	5,271,000	752,000	11,152,000	9,492,000	1,660,000
2025	5,505,000	4,518,000	987,000	6,650,000	5,708,000	942,000	12,155,000	10,226,000	1,929,000
2026	5,825,000	4,734,000	1,091,000	7,059,000	5,950,000	1,109,000	12,884,000	10,684,000	2,200,000
2027	6,313,000	5,116,000	1,197,000	7,457,000	6,214,000	1,243,000	13,770,000	11,330,000	2,440,000
2028	6,930,000	5,622,000	1,308,000	8,122,000	6,704,000	1,418,000	15,052,000	12,326,000	2,726,000
2029	7,569,000	6,158,000	1,411,000	9,111,000	7,502,000	1,609,000	16,680,000	13,660,000	3,020,000
2030	8,537,000	7,007,000	1,530,000	10,183,000	8,365,000	1,818,000	18,720,000	15,372,000	3,348,000
2031	9,409,000	7,774,000	1,635,000	11,227,000	9,201,000	2,026,000	20,636,000	16,975,000	3,661,000
2032	10,042,000	8,296,000	1,746,000	12,489,000	10,221,000	2,268,000	22,531,000	18,517,000	4,014,000
2033	10,319,000	8,456,000	1,863,000	12,664,000	10,252,000	2,412,000	22,983,000	18,708,000	4,275,000
2034	9,680,000	7,697,000	1,983,000	11,705,000	9,273,000	2,432,000	21,385,000	16,970,000	4,415,000
2035	9,960,000	7,790,000	2,170,000	11,829,000	9,182,000	2,647,000	21,789,000	16,972,000	4,817,000
2036	9,973,000	7,622,000	2,351,000	11,731,000	8,909,000	2,822,000	21,704,000	16,531,000	5,173,000
2037	9,951,000	7,399,000	2,552,000	10,892,000	8,004,000	2,888,000	20,843,000	15,403,000	5,440,000
2038	10,611,000	7,855,000	2,756,000	11,437,000	8,303,000	3,134,000	22,048,000	16,158,000	5,890,000
2039	11,771,000	8,782,000	2,989,000	12,788,000	9,276,000	3,512,000	24,559,000	18,058,000	6,501,000
Reflects change in pay scale and payroll growth to 4.5% per year, and does not include State premium tax offset to Town contributions for Police and Fire.									
Savings/(Cost) amounts and contribution amounts estimated based payroll projections for FRS plan option and projected payroll assuming 5.5% pay growth under current plans.									
FRS option reflects 0% member contribution rate.									

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3/16/2010

SUPPLEMENTAL FIGURES AND TABLES

Market Survey and Prospective Competitive Position

Firefighters

Town of Palm Beach Firefighters Pension Survey - Comparative Rankings

Ranking	Defined Benefit Formula Multiplier	Max %	Eligibility for Unreduced Service Pension	Vested Eligibility	Final Average Pay Period	Annual Retiree Cola	Normal Married Form of Benefit	Employee Contribution
1	WPB 4.0%	LW None	PB 20 & Out/ 50 & 10/ Rule of 65	BB 5 Years	WPB 2 Years	FRS 3%	WPB 75% JS	FRS None
2	LW 3.75% / 3.50% + Adj	PBC None	BR 20 & Out/ 55 & 10	G 6 Years	PB 2 Years	PBC 3%	PB 75% JS	PBC None
3	PB 3.5%	G None	DB 20 & out/ 55 & 10	FRS 6 Years	LW 2 Years	G 3%	DB 60% JS	NPB 2.00%
4	BR 3.4% + Sppl	BB None	LW 20 & Out/ 55 & 10/ Rule of 75	T 6 Years	BR 2 Years	BR 3%/2%	LW 10 YCL	G 4.00%
5	DB 3.0% / 3.5%	RB None	PBC 20 & Out / 55 & 10	PBG 5 Year Partial	RB 2 Years	NPB CPI	BR 10 YCL	T 5.00%
6	TMR 3.0	NPB None	RB 20 & Out/ 55 & 10	PBC 10 Years	DB 3 Years	PBG 1% / 2% / 3% Age 53, Age	PBC 10 YCL	DB 6.00%
7	FRS 3.0%	FRS 100%	G 25 & Out/ 55 & 6	WPB 10 Years	TMR 5 Years	PB 1% / 2% Deferred 3 Years	G 10 YCL	PB 6.98%
8	PBC 3.0%	T 100%	PBG 25 & Out/ 52 & 10	LW 10 Years	DCA 5 years	BB 2% Deferred 5 Years	PBG 10 YCL	TMR 6.98%
9	G 3.0%	BR 100%	BB 25 & Out/ 55 & 10	PB 10 Years	FRS 5 Years	TMR 2% at 65	BB 10 YCL	DCA 6.98%
10	PBG 3.0%	PBG 99%	TMR 50 & 25 / or 55 & 10	TMR 10 Years	PBC 5 Years	DB 1%	RB 10 YCL	PBG 6% - 8%
11	BB 3.0%	WPB 92%	NPB 52 & 25/ 55 & 0	DCA 10 Years	G 5 Years	WPB Plan Gain	T 10 YCL	RB 8.00%
12	RB 3.0%	PB 87.5%	FRS 52 & 25/ 55 & 6	BR 10 Years	PBG 5 Years	LW Plan Gain	NPB 10 YCL	BR 9.20%
13	T 2.90%	TMR 87.5%	T 52 & 25/ 55 & 6	DB 10 Years	BB 5 Years	DCA None	TMR Life	LW 11.25%
14	DCA 2.5%	DCA 87.5%	WPB 26 & Out/ 55 & 10/ 50 & 15	RB 10 Years	T 5 Years	RB None	DCA Life	BB 12%
15	NPB 2.5%	DB 87.5%	DCA 55 & 10	NPB 10 Years	NPB 5 Years	T None	FRS Life	WPB 19.20%

Legend

FRS = Florida Retirement System (includes PBSO, local public colleges & universities, public agencies such as SFWMD and SWA and several
PB = Town of Palm Beach
WPB = City of West Palm Beach
BR = City of Boca Raton
PBG = City of Palm Beach Gardens
DB = City of Delray Beach
BB = City of Boynton Beach
RB = City of Riviera Beach
LW = City of Lake Worth
T = Village of Tequesta
NPB = Village of North Palm Beach
G = Village of Greenacres
PBC = Palm Beach County (Lantana Firefighters)
TMR= Town Manager's Recommendation
DCA= Deeper Cut DB Alternative

	BLUE = Current Plan
	YELLOW = Town Manager's Recommendation
	RED = Deeper Cut DB Alternative
	YELLOW/RED = TM Recommendation and Deeper Cut DB Alternative
	PURPLE = Current, TM Recommendation and Deeper Cut DB Alternative

Source: Cavanaugh Macdonald Consulting, LLC

Police

Town of Palm Beach Police Pension Survey - Comparative Rankings

Ranking	Defined Benefit Formula Multiplier	Max %	Eligibility for Unreduced Service Pension	Vested Eligibility	Final Average Pay Period	Annual Retiree Cola	Normal Married Form of Benefit	Employee Contribution
1	PBG 3.5%	J None	PB 20 & Out/ 50 & 10/ Rule of 65	BB 5 Years	BR 2 Years	FRS 3%	PB 75% JS	FRS None
2	BB 3.5%	WPB None	J 55 & 10/ Age 60 / Rule of 65	G 6 Years	PB 2 Years	PBC 3%	WPB 66% JS	PBC None
3	BR 3.5% + Sppl	LW None	PBG 20 & Out/ 52 & 10	FRS 6 Years	RB 2 Years	G 3%	DB 60% JS	NPB 2.00%
4	PB 3.5%	RB None	BB 20 & Out/ 55 & 10/ 50 & 15	PBC 6 Years	LW 2 Years	BR 3%/2%	PBG 10 YCL	G 4.00%
5	TMR 3.0	G None	BR 20 & Out/ 55 & 10	T 6 Years	DB 3 Years	WPB CPI	BB 10 YCL	T 5.00%
6	DB 3.0%	NPB None	DB 20 & out/ 55 & 10	PBG 5 Year Partial	J 3 Years	NPB CPI	BR 10 YCL	DB 6.00%
7	J 3.0%	PBG 100%	LW 20 & Out/ 55 & 10/ Rule of 75	PB 10 Years	WPB 3 Years	PB 1% / 2% Deferred 3 Years	J 10 YCL	PB 6.98%
8	LW 3.0%	BB 100%	RB 20 & Out/ 55 & 10	TMR 10 Years	TMR 5 Years	TMR 2% at 65	LW 10 YCL	TMR 6.98%
9	RB 3.0%	T 100%	WPB 25 & Out/ 55 & 10/ 50 & 20	DCA 10 Years	DCA 5 years	DB 1%	RB 10 YCL	DCA 6.98%
10	FRS 3.0%	FRS 100%	G 25 & Out/ 55 & 6	BR 10 Years	PBG 5 Years	PBG Plan Gain	G 10 YCL	BB 7%
11	PBC 3.0%	PBC 100%	TMR 50 & 25 / or 55 & 10	DB 10 Years	BB 5 Years	J Suppl	T 10 YCL	LW 7.06%
12	G 3.0%	PB 87.5%	NPB 52 & 25/ 55 & 0	J 10 Years	G 5 Years	LW \$2.50 Per Year	NPB 10 YCL	J 7.56%
13	WPB 3.0%	TMR 87.5%	FRS 52 & 25/ 55 & 6	LW 10 Years	FRS 5 Years	DCA None	TMR Life	RB 8.00%
14	T 2.90%	DCA 87.5%	PBC 52 & 25/ 55 & 6	RB 10 Years	PBC 5 Years	BB None	DCA Life	PBG 8.60%
15	DCA 2.5%	BR 87.5%	T 52 & 25/ 55 & 6	WPB 10 Years	T 5 Years	RB None	FRS Life	BR 9.20%
16	NPB 2.5%	DB 87.5%	DCA 55 & 10	NPB 10 Years	NPB 5 Years	T None	PBC Life	WPB 11.00%

Legend

FRS = Florida Retirement System (includes PBSO, local public colleges & universities, public agencies such as SFWMD and SWA and several
PB = Town of Palm Beach
WPB = City of West Palm Beach
BR = City of Boca Raton
J = Town of Jupiter
PBG = City of Palm Beach Gardens
DB = City of Delray Beach
BB = City of Boynton Beach
RB = City of Riviera Beach
LW = City of Lake Worth
T = Village of Tequesta
NPB = Village of North Palm Beach
G = Village of Greenacres
PBC = Palm Beach County
TMR= Town Manager's Recommendation
DCA= Deeper Cut DB Alternative

	BLUE = Current Plan
	YELLOW = Town Manager's Recommendation
	RED = Deeper Cut DB Alternative
	YELLOW/RED = TM Recommendation and Deeper Cut DB Alternative
	PURPLE = Current, TM Recommendation and Deeper Cut DB Alternative

Source: Cavanaugh Macdonald Consulting, LLC

General Employees

Town of Palm Beach General Employees Pension Survey - Comparative Rankings

Ranking	Defined Benefit Formula Multiplier	Max %	Eligibility for Unreduced Service Pension	Vested Eligibility	Final Average Pay Period	Annual Retiree Cola	Normal Married Form of Benefit	Employee Contribution
1	BB 3%	FRS None	LW 20 & out / R75	DB 5 years	PB 2 years	FRS 3%	PB 75% J&S	FRS None
2	BR 3%	WPB None	PB 30 & out / 55 & 10	BB 5 years	DB 2 years	J 3%	DB 60% J&S	J None
3	RB 3%	BR None	RB 50 & 20 / 55 & 10	NPB 5 years	RB 2 years	NPB3%	WPB 50% J&S	PBC None
4	LW 3%	LW None	WPB 30 & out / 60 & 0	FRS 6 years	LW 2 years	PBC 3%	PBG 10 YCL	NPB 0% to 4%
5	PB 2.75%	NPB None	TMR 55 & 30 or 60 & 10	WPB 6 years	WPB 3 years	PB 2%	T 10 YCL	DB 2.5%
6	DB 2.5%	PBC None	BB 30 & out / 62 & 5	J 6 years	PBG 3 years	WPB 2%	BR 5 YCL	T 5%
7	PBG 2.5%	PBG 100%	FRS 30 & out / 62 & 6	T 6 years	TMR 5 years	TMR 2% deferred to 65	TMR Life	WPB 5.5%
8	NPB 2.5%	T 100%	J 30 & out / 62 & 6	PBC 6 years	DCA 10 years	LW \$2.50/year + CPI	DCA Life	PBG 6%
9	TMR 2.4% Curr. / 2.25% New	J 100%	T 30 & out / 62 & 6	RB 8 years	FRS 5 years	BB Suppl	FRS Life	RB 6%
10	WPB 2.2%	PB 82.5%	PBC 30 & out / 62 & 6	PB 10 years	BR 5 years	DCA None	J Life	PB 6.47%
11	DCA 2%	TMR 82.5%	DB 30 & out / 62 & 10	TMR 10 years	J 5 years	BR None	BB Life	TMR 6.47%
12	T 2%	DCA 82.5%	PBG 62 & 0	DCA 10 years	BB 5 years	PBG None	RB Life	DCA 6.47%
13	FRS 1.6%	DB 75%	NPB 62 & 9	BR 10 years	T 5 years	DB None	LW Life	BB 7%
14	J 1.6%	BB 75%	BR 55 & 20 / 53 & 30	PBG 10 years	NPB 5 years	RB None	NPB Life	LW 7.8%
15	PBC 1.6%	RB 70%	DCA 62 & 10	LW 10 years	PBC 5 years	T None	PBC Life	BR 5% to 8.65%
16	G None	G None	G None	G None	G None	G None	G None	G None

Legend

FRS = Florida Retirement System (includes PBSO, local public colleges & universities, public agencies such as SFWMD and SWA and several municipalities)
PB = Town of Palm Beach
WPB = City of West Palm Beach
BR = City of Boca Raton
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PBC = Palm Beach County
TMR= Town Manager's Recommendation
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	BLUE = Current Plan
	YELLOW = Town Manager's Recommendation
	RED = Deeper Cut DB Alternative
	YELLOW/RED = TM Recommendation and Deeper Cut DB Alternative
	PURPLE = Current, TM Recommendation and Deeper Cut DB Alternative

Source: Cavanaugh Macdonald Consulting, LLC

Summary of Pension Reform Alternatives

TOWN OF PALM BEACH PENSION REFORM ALTERNATIVES

	GRANDFATHER EXISTING	RECOMMENDED	DEEPER CUT DB ALTERNATIVE	HYBRID ALTERNATIVE
Supplemental Distribution	Eliminate	Eliminate	Eliminate	Eliminate
175/185 Monies	Eliminate	Eliminate	Eliminate	Eliminate
5.5% Salary Assumption	Drop to 4.5%	Drop to 4.5%	Drop to 4.5%	Drop to 4.5%
Multiplier (%)				
Existing Employees	3.5 or 2.75	3.0 or 2.4	2.5 or 2.0	Optional (most
Exist. Emp. Option	N/A	Buy Up to Current	Buy Up to Current	would keep DB)
New Employees	3.0 or 2.25	3.0 or 2.25	2.5 or 2.0	1.5 or 1.25
Special Assign't OT in AFC				
Existing Employees	Yes	Eliminate	Eliminate	No
New Employees	No	No	No	No
All Other OT in AFC				
Existing Employees	No Cap	100 Hour Cap	Eliminate	100 Hour Cap
New Employees	100 Hour Cap	100 Hour Cap	No	
Longevity/Bonus in AFC				
Existing Employees	Yes	Eliminate	Eliminate	No
New Employees	No	No	No	No
All Other Bonus Pay in AFC				
Existing Employees	Eliminate	Eliminate	Eliminate	No
New Employees	No	No	No	No
Vesting Period				
Existing Employees	10 years	10 years	10 years	10 years
New Employees	10 years	10 years	10 years	10 years

TOWN OF PALM BEACH PENSION REFORM ALTERNATIVES

	GRANDFATHER EXISTING	RECOMMENDED	DEEPER CUT DB ALTERNATIVE	HYBRID ALTERNATIVE
COLA Existing Employees New Employees	2% begins in 3 yrs 2% begins at 65	2% begins at 65 2% begins at 65	Eliminate No	No
Minimum Years of Service Existing Employees New Employees	20 or 30 25 or 30	25(50) – 30(55) 25(50) – 30(55)	25(55) – 30(62) 25(55) – 30(62)	25 or 30(60)
Minimum Age (if vested) Existing Employees New Employees	50 or 55 55 or 60	55 or 60 55 or 60	55 or 62 55 or 62	55 or 65
AFC Period Existing Employees New Employees	2 years 5 years	5 years 5 years	5 years 5 years	5 years
Survivor Benefit Existing Employees New Employees	75% Buy Down	Buy Down Buy Down	Buy Down Buy Down	10 yrs / Buy Down
DROP Plan	No Change	No Change	No Change	No Change
DC Contribution	N/A	N/A	N/A	2% by Town 4% by Employee

Also:
ALTERNATIVE TO MATCH FRS
FOR PUBLIC SAFETY
(but with Town administration)
&
OFFER DC OPTION WITH
ALL ALTERNATIVES

Summary of Current Pension Benefits Provided to Town Employees

General Employees:

Normal Retirement:

Eligibility

- a) *General:* 30 or more years of service, regardless of age; or age 55 with 10 or more years of service
- b) *Lifeguards:* Age 50 with 10 or more years of service. Members with at least 10 years of service who retire after February 9, 1993 are eligible when the individual's age plus credited service totals 65 years or more.

Pension Amount

- a) *General:* Average final compensation times the sum of a) 2.75% for service earned after September 30, 1990, to a maximum of 82.5%, plus 2.35% for service earned on or before September 30, 1990 for the first 30 years of service, plus, b) 1.0% for service in excess of 30 years.
- b) *Lifeguards:* Average final compensation times the sum of a) 2.85% for the first 25 years of service with a maximum of 71.25% of AFC, plus, b) 1.0% for service in excess of 25 years.

The normal form of pension is a pension payable for life. Also, see Automatic Death Benefit After Retirement heading.

Final Average Compensation:

Highest 2 consecutive years within the member's last 5 years of credited service.

DROP Retirement:

Eligibility - Same as Normal Retirement, election must be made within 7 years of the date the member first reaches general retirement eligibility.

Pension Amount - 98% of member's accrued benefit at the date of election to participate in DROP.

Early Retirement (General):

Eligibility - Age 50 with 10 or more years of service.

Pension Amount - Computed as a normal retirement benefit but reduced 6/10 of 1% (3/10 of 1% if service credit is 20 or more years) for each month early retirement precedes the member's normal retirement date.

Deferred Retirement (Vested Termination Benefit):

Eligibility - 10 or more years of service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit.

Pension Amount - Computed as for normal retirement, based upon service and average final compensation at time of termination.

Summary of Current Pension Benefits Provided to Town Employees

Duty Disability Retirement:

Eligibility - No age or service requirements.

Pension Amount - To earliest normal retirement eligibility date: Computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. Minimum benefit is 60% of average final compensation. At earliest normal retirement date: computed as a regular retirement. The minimum shall be applicable for at least 5 years if the member attains such age for retirement less than 5 years after duty disability benefits commence.

Non-Duty Disability Before Retirement:

Eligibility - 10 or more years of service.

Pension Amount - Computed as for normal retirement.

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Pension Amount - A pension to each surviving child of 25% of the member's average final compensation not to exceed 50% or equal share of 75% of the member's AFC when there are 4 or more surviving children being paid. A pension to the widow of the difference, if any, between 75% of the retirant's AFC and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement:

Eligibility - 10 or more years of service

Pension Amount - 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving unmarried children under 18.

Automatic Death After Retirement Pension:

To Surviving Child(ren): 25% of the retirant's pension payable to age 18, not to exceed an equal share of 75% of the retirant's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable.

To Surviving Spouse: The difference, if any, between 75% of the deceased retirant's pension and the aggregate amount paid to any surviving children for the month.

Post-Retirement Cost-of-Living Adjustments:

Members who retire after September 30, 1968 and prior to October 1, 1990 receive an annual 1.0% increase computed on the base benefit. Other adjustments have been made periodically. Pensions effective after September 30, 1990 will be increased 2.0% annually based on the total pension payable subsequent to an initial 3 year deferral period.

Supplemental Pension Distribution:

Amount determined on investment return, if any, after expenses, between 8.0% and 10.0% of assets, subject to accumulated gains/(losses) limitation.

Summary of Current Pension Benefits Provided to Town Employees

Police Officers and Firefighters:

Normal Retirement:

Eligibility - 20 or more years of service, regardless of age; or, age 50 with 10 or more years of service; or, members with at least 10 years of service who retire after September 30, 1990 are eligible when the individual's age plus credited service totals 65 years or more.

Pension Amount - Average final compensation multiplied by the sum of

- a) 3.5% per year of credited service to a maximum of 87.5 percent, plus
- b) 2.0% per year of credited service, if any, in excess of 43.75 years.

The normal form of pension is a pension payable for 10 years certain. Also, see Automatic Death Benefit After Retirement heading.

Final Average Compensation:

Highest 2 consecutive years within the member's last 5 years of credited service.

DROP Retirement:

Eligibility - Same as Normal Retirement, election must be made within 7 years of the date the member first reaches retirement eligibility.

Pension Amount - 100% of the member's accrued benefit at the date of election to participate in DROP.

Deferred Retirement (Vested Termination Benefit):

Eligibility - 10 or more years of service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit.

Pension Amount - Computed as for normal retirement, based upon service and average final compensation at time of termination.

Duty Disability Retirement:

Eligibility - No age or service requirements.

Pension Amount - Computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. Minimum benefit is 60% of average final compensation.

Non-Duty Disability Before Retirement:

Eligibility - 10 or more years of service.

Pension Amount - Computed as for normal retirement.

Supplemental Pension Distribution:

Amount determined on investment return, if any, after expenses, between 8.0% and 10.0% of assets, subject to accumulated gains/(losses) limitation.

Summary of Current Pension Benefits Provided to Town Employees

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Pension Amount - A pension to each surviving child of 25% of the member's average final compensation not to exceed 50% or an equal share of 75% of the member's AFC when there are 4 or more surviving children being paid. A pension to the widow of the difference, if any, between 75% of the retirant's AFC and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement:

Eligibility - 10 or more years of service.

Pension Amount - 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving unmarried children under 18.

Automatic Death After Retirement Pension:

To Surviving Child(ren): 25% of the retirant's pension payable to age 18, not to exceed an equal share of 75% of the retirant's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable.

To Surviving Spouse: The difference, if any, between 75% of the deceased retirant's pension and the aggregate amount paid to any surviving children for the month.

Post-Retirement Cost-of-Living Adjustments:

Members who retire after September 30, 1968 and prior to October 1, 1990 receive an annual 1.0% increase computed on the base benefit. Other adjustments have been made periodically. Pensions effective after September 30, 1990 will be increased 2.0% annually based on the total pension payable subsequent to an initial 3 year deferral period.

Firefighter Individual Chapter Share Accounts:

Available tax revenues received pursuant to Chapter 175 Florida Statute which have not been otherwise committed for members. Individual member accounts maintained in each member's name effective on or after 10/1/98.

Prior Governmental Service Elsewhere:

During the first five years of employment by the Town, the years or fractional parts of years that a member previously served for any other municipal, county, or state government or district may be added to years or fractional parts of years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

Purchase of Service Credit:

A vested member who has not purchased service credit under Prior Governmental Service elsewhere may purchase years or fractional parts of years of services to be added to years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

GLOSSARY

Accrued Benefit

The benefit earned by a member based on the member's service and pay as of a given date and reflecting the retirement eligibility rules and COLA benefits as of such date.

Actuarial Equivalent

A benefit or amount of equal value to another benefit based on factors including, but not limited to, life expectancy and future investment earnings.

Average Final Compensation

The compensation used in determining the retirement benefit payable from a defined benefit plan. The definition of compensation and the averaging period used vary by plan.

Chapter 175 (firefighters) and Chapter 185 (police officers) of Florida Statutes

Establishes minimum benefits and standards for municipal pension plans covering firefighters and police officers. If a plan complies with Chapters 175 and 185, the State will distribute certain insurance premium tax funds to offset the municipalities' pension contributions and/or to provide extra pension benefits.

COLA (Cost of Living Adjustment)

A benefit increase after retirement reflecting increases in the cost of living.

DROP (Deferred Retirement Option Program)

An elective program which allows an eligible member to start pension payments while he or she continues to work and receive pay and benefits as an active employee. DROP employees do not accrue any additional pension benefits while participating in the DROP. Nor are any additional payments made into the applicable pension fund by DROP employees or by the Town on their

GLOSSARY (continued)

behalf. Participating employees accumulate retirement benefits in an investment account. When the DROP period concludes (in the Town this is after a maximum DROP period of 5 years), the employee must terminate employment, receive their accrued DROP benefits, and begin receiving a monthly retirement check.

Defined Benefit (DB) Plan

An employer-sponsored retirement plan in which the benefit is based on a set formula. The formula is normally based on a percent of earnings that reflects years of service. For public sector defined benefit plans, the cost of the plan is usually paid by the employer and employees. Normally, the employee contribution is a fixed percent of pay. The employer contributions are actuarially determined to fund the plan on a sound financial basis.

Defined Contribution (DC) Plan

An employer-sponsored retirement plan under which contributions are made by the employee, employer, or both to individual member accounts. The amount of the benefit ultimately paid to each member is based on contributions and investment gains/losses associated with their account.

Florida Retirement System (FRS)

A retirement system established in December 1970 to consolidate existing retirement plans and provide a retirement, disability, and survivor benefit program for participating state and local government employees in the State of Florida. Today, the Florida Retirement System is a single retirement system consisting of two primary retirement plans—the FRS Pension Plan (a defined benefit plan) and the FRS Investment Plan (a defined contribution plan).

Hybrid Plan

A pension program that combines a defined benefit plan and defined contribution plan.

GLOSSARY (continued)

Multiplier

The percentage accrued for each year of service that is multiplied against a member's average final compensation in the formula that determines each member's pension benefits in a defined benefit plan.

Normal Form of Payment

The method of benefit distribution (pension payment) that will be used if no optional form is elected by the member at retirement.

Retirement eligibility

The minimum age, years of service, or combination of age and service, required for members to begin receiving pension benefits.

Survivor benefit

A retirement benefit payout that allows a retiree to receive a benefit during his or her life and also provides a percent of the retiree's benefit to a designated beneficiary, payable at the death of the retiree for the remaining life of the beneficiary. This is often offered as an option, whereby the benefit payable to the retiree is decreased to provide actuarial equivalency between a straight life pension to the employee and the combined employee/beneficiary pension under the survivor benefit.

Vesting

The minimum period of service needed to qualify for a future retirement benefit under a plan.

Town of Palm Beach

Recreation Enterprise Fund

BUSINESS PLAN REPORT Fiscal Year 2009/2010



Prepared for:

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David A. Rosow, Town Council President
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Submitted by:

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Recreation Center

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BUSINESS PLAN REPORT SUMMARY

Overall, the Recreation Department and its enterprise fund have experienced a relatively successful year as it relates to participation and revenue. A reliance on research and industry practices led to new initiatives and modified department policies and procedures as the department tackled, and continues to tackle, the challenge of ensuring efficiency and effectiveness in the delivery of recreational services during very difficult economic conditions.

The Recreation Department regularly reviews its marketing and advertising strategies for programming trends, overall effectiveness, and target market appropriateness. In light of the economic conditions, the Recreation Department has put special emphasis on its near and long-term strategies, particularly at the Town Docks and the Par 3 Golf Course, as people are not traveling as much and have less discretionary income to spend.

Although the enterprise fund did not achieve projected revenue goals in FY2009 for its program budgets, all of the program areas were able to successfully minimize expenses to meet cost recovery goals. Although the retained earnings balance decreased due to the renovation of the golf course, the fund was able to realize over \$990,000 in operating profits.

As expected, participation was down in golf in FY2009 (due to the renovation of the Par 3). Recreation Center programs and events participation also decreased, but tennis was up 2% over FY2008. Continuing last year's trend when the docks struggled to achieve 100% occupancy, it has not yet achieved 100% occupancy this fiscal year, with 94% as of March 1, 2010. National trends and local market changes point to a flattening of participation for the near future.

Staff continued to refine data collection techniques to achieve the most accurate and detailed participation data. The following table provides a summary of estimated participation levels for FY2009. Participation is defined as the number of visits to a particular program, facility or event. It provides information relative to usage levels and interest in our programs and/or facilities.

Recreation Participation	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual
Marina Participation Estimate	52,200	52,500	52,400	46,508
Par 3 Golf Course Participation	48,991	45,664	36,334	17,783*
Tennis Participation	35,091	35,479	29,109	29,766
Recreation Center Programs & Events Participation	28,359	43,343	43,889	35,708
Seaview Park Tot Lot Drop-in Estimate	40,500	45,000	55,000	48,064
Day Academy Use of Field Estimate	47,900	47,900	56,280	54,630
Public School Use of Field Estimate	25,400	28,800	34,800	51,192
Total Department Participation Estimate	278,441	298,686	307,812	283,651

*Par 3 Golf Course closed for restoration April 3 – December 9, 2009

The table below provides registration percentages for residents and nonresidents in FY2009. Registration, defined as individuals who sign up for an activity or annual pass, continues to be predominantly residents. While the majority of youth program participants are residents, nonresidents provide an important element for the success of the youth programs. Without nonresident participants there would be an increase in cancellation rates, as minimum program participation numbers are required to hold most activities.

	Recreation Center		Tennis Facilities		Par 3 Golf Course	
Residents	Youth Programs	52%	Daily Play	72%	Annual/Summer Passes	60%
	Adult Programs	84%	Annual Passes	82%		
Nonresidents	Youth Programs	48%	Daily Play	28%	Annual/Summer Passes	40%
	Adult Programs	16%	Annual Passes	18%		

The following report provides important highlights from FY2009 and areas of focus for FY2010 and beyond for each of the five (5) program areas included in the Enterprise Fund, including Administration, Town Docks, Golf Course, Tennis, and Recreation Center.

Respectfully,



Jay Boodheshwar
Director of Recreation
 March 26, 2010

THE ORGANIZATION PLAN



DEPARTMENT/ENTERPRISE FUND OVERVIEW

The mission of the Recreation Department is to provide outstanding programs, facilities and services that enhance the quality of life of our residents and visitors. The department is comprised of five (5) program areas: Administration, Town Docks, Par 3 Golf Course, Tennis Programs and Facilities, and the Recreation Center. A Town Council appointed Recreation Advisory Commission provides resident feedback, advice, and support for Department programs and facilities.

The Recreation Department functions as an enterprise operation, with no tax subsidy from the General Fund. In 2003, the Town Council combined the Golf Course and Town Docks enterprise funds into one and created the Leisure Services Enterprise Fund (later re-named the Recreation Enterprise Fund). At that time, recreation administration, facility maintenance, recreation programming, and tennis operations were also removed from the General Fund and placed in the new enterprise fund, saving the General Fund approximately \$1,000,000 annually. In addition to being self sustaining, \$550,000 of enterprise fund profits is currently transferred to the General Fund each year.

The Palm Beach Recreation Department is the primary provider of public recreation activities and facilities on the Island. Palm Beach has a bounty of opportunities for golf, tennis, and other recreational/social experiences. However, most of these opportunities are member based and quite costly. The Recreation Department provides a very important alternative and/or supplement to the private clubs, with high quality facilities and programs through its community recreation center, tennis facilities, the Par 3 Golf Course, and the Town Docks. Although down from previous years, more than 280,000 visits to Recreation Department facilities took place in FY2009.

Fund Program: Administration

Administrative management responsibilities include providing leadership and organizational management of all Recreation Department operations. The administrative management team is responsible for budget development and control, business plan reports, department policies and procedures, action planning, record keeping, recruitment, training and development of staff, payroll processing, coordinating/processing work requests, requisitions and contracts.

Administration duties also include complaint management and conflict resolution, risk management, enforcement of ordinances, rules and regulations at all recreation facilities, and the ongoing assessment and evaluation of Recreation Department facilities, programs and services offered to the community. Department administration is responsible for the coordination, facilitation, and support of Recreation Advisory Commission meetings and its members. Administrative staff also coordinates all departmental communications to the Town Manager, and to the Mayor and Town Council.

The administrative management team consists of the Director of Recreation, Assistant Recreation Director/Tennis, Assistant Recreation Director/Recreation Center, and the Office Manager.

Full Time Equivalent Employees	FY2007	FY2008	FY2009	FY2010
Director of Recreation	1.00	1.00	1.00	1.00
Assistant Director of Recreation	2.00	2.00	1.00	1.00
Recreation Office Manager	1.00	1.00	1.00	1.00
Recreation Maintenance Worker	0.50	0.50	0.00	0.00
Part Time Equipment Operator	0.75	0.30	0.00	0.00
Public Works Employees	0.45	0.39	0.00	0.00
TOTAL	5.70	5.19	3.00	3.00

Fund Program: Town Docks

The Town Docks, located at Lake Drive Park, has three main piers with a total of 88 slips. The slips range in length from 50 feet to 262 feet. Slips are leased annually, seasonally, or daily. As part of the property and amenities, there are three buildings (containing electrical terminals, restrooms, showers, and office space), cable television, Wi-Fi, fire protection, a waste oil collection site, electrical service panels for all vessels, sewage pump-out system at each slip, and three parking lots. The main office is located at the Australian Docks. The Town Docks also provides docking assistance and on-site contractual security, all located in a park environment and within walking distance to the heart of Palm Beach and its world famous amenities.

The Dock Master is responsible for daily supervision of an Assistant Dockmaster and two part time employees, slip assignments, safety, and the daily collection of revenues in accordance with established policies.

The cost recovery goal for the Town Docks is 330%. Revenue is generated primarily through annual and seasonal leases and transient business.

Full Time Equivalent Employees	FY2007	FY2008	FY2009	FY2010
Dockmaster	1.00	1.00	1.00	1.00
Assistant Dockmaster	1.00	1.00	1.00	1.00
Seasonal Dock Attendant	1.53	1.45	1.45	1.45
Public Works Employees	0.33	0.33	0.18	0.18
TOTAL	3.86	3.78	3.63	3.63

Fund Program: Golf Course

The Par 3 Golf Course is a scenic and challenging facility. The recently restored golf course features six holes with sweeping views of the Atlantic Ocean and three holes on the Intracoastal Waterway. Holes range up to 211 yards and include rolling terrain, native landscaping, and new lakes. The clubhouse, located across from the first tee and near the full length driving range and putting green, has a pro shop which sells snacks, beverages, apparel, golf balls and other accessories. The Par 3 offers riding carts, pull carts, and club rentals but there are no restrictions on walking. There is a staff of fully qualified PGA instructors who conduct adult and junior clinics, as well as private lessons for people of

all skill levels. The Par 3 also hosts outings and tournaments, and encourages league play. The maintenance building, located on the west side of South Ocean Blvd., stores all the maintenance equipment needed to groom the golf course.

The Head Pro/Manager is responsible for daily overall supervision of the golf course with the assistance of the Superintendent, Facility Supervisor and a variety of full, part-time and contractual labor service employees. The Pro/Manager also hires and compensates PGA Professionals to provide teaching services.

The cost recovery goal for golf is 100%. Revenues are generated through green fees, cart rentals, club rentals, practice range, and Golf Pro fees.

Full Time Equivalent Employees	FY2007	FY2008	FY2009	FY2010
Pro-Manager	1.00	1.00	1.00	1.00
Golf Course Superintendent	1.00	1.00	1.00	1.00
Golf Course Facility Supervisor	1.00	1.00	1.00	1.00
Registration Clerk II	1.00	0.25	0.00	0.00
Golf Mechanic	1.00	1.00	1.00	1.00
Equipment Operators	1.00	1.00	0.75	0.00
Golf Laborer	0.54	0.54	0.54	0.25
Registration Clerk	2.08	2.04	2.54	3.42*
Part-time Equipment Operator	0.41	0.45	0.75	0.75
Public Works Employees	0.13	0.14	0.14	0.17
TOTAL	9.16	8.42	9.07	8.59

*Part-time staff was increased to improve service levels.

Fund Program: Tennis Facilities/Programs

The Tennis program offers drop-in play, lessons, clinics, mixers, tournaments, special events, and league play for children and adults throughout the year. A total of thirteen (13) Hydrogrid Hartru tennis courts are provided at the Seaview Park (seven courts) and Phipps Ocean Park (six courts) Tennis Facilities. A contractual Head Tennis Professional coordinates the teaching services at both facilities, as well as the retail concession for tennis related merchandise. Assistant tennis instructors are hired and compensated by the Head Professional.

The tennis program is supervised by the Assistant Recreation Director/Tennis. Daily operations are managed by two Facility Supervisors, a Facility Assistant and part time staff. Recreation maintenance personnel provide routine tennis court maintenance services.

The current tennis program cost recovery goal is 30% of expenses through a variety of revenue sources, including court usage fees, annual passes, Tennis Pro fees, tournaments, and special event registrations.

Full Time Equivalent Employees	FY2007	FY2008	FY2009	FY2010
Assistant Director	0.00	0.00	0.50	0.50
Tennis Pro-Manager	1.00	0.00	0.00	0.00
Tennis Facility Supervisor	2.00	2.00	2.00	2.00
Tennis Maintenance Worker	1.00	1.00	1.00	1.00
Facility Assistant	1.00	1.00	1.00	1.00
General Maintenance Worker	0.20	0.20	0.20	0.20
Tennis Attendants	1.80	1.80	1.60	1.60
Public Works Employees	0.13	0.13	0.10	0.10
TOTAL	7.13	6.13	6.40	6.40

Fund Program: Recreation Center

The Recreation Center offers enrichment, athletic, and recreational programs and events to the residents of Palm Beach, ages 2 months through the golden years. The Recreation Center also manages the maintenance of the Seaview Park amenities (except for the tennis facility). This includes the coordination, monitoring, and oversight of daily maintenance, preventative maintenance, and special projects.

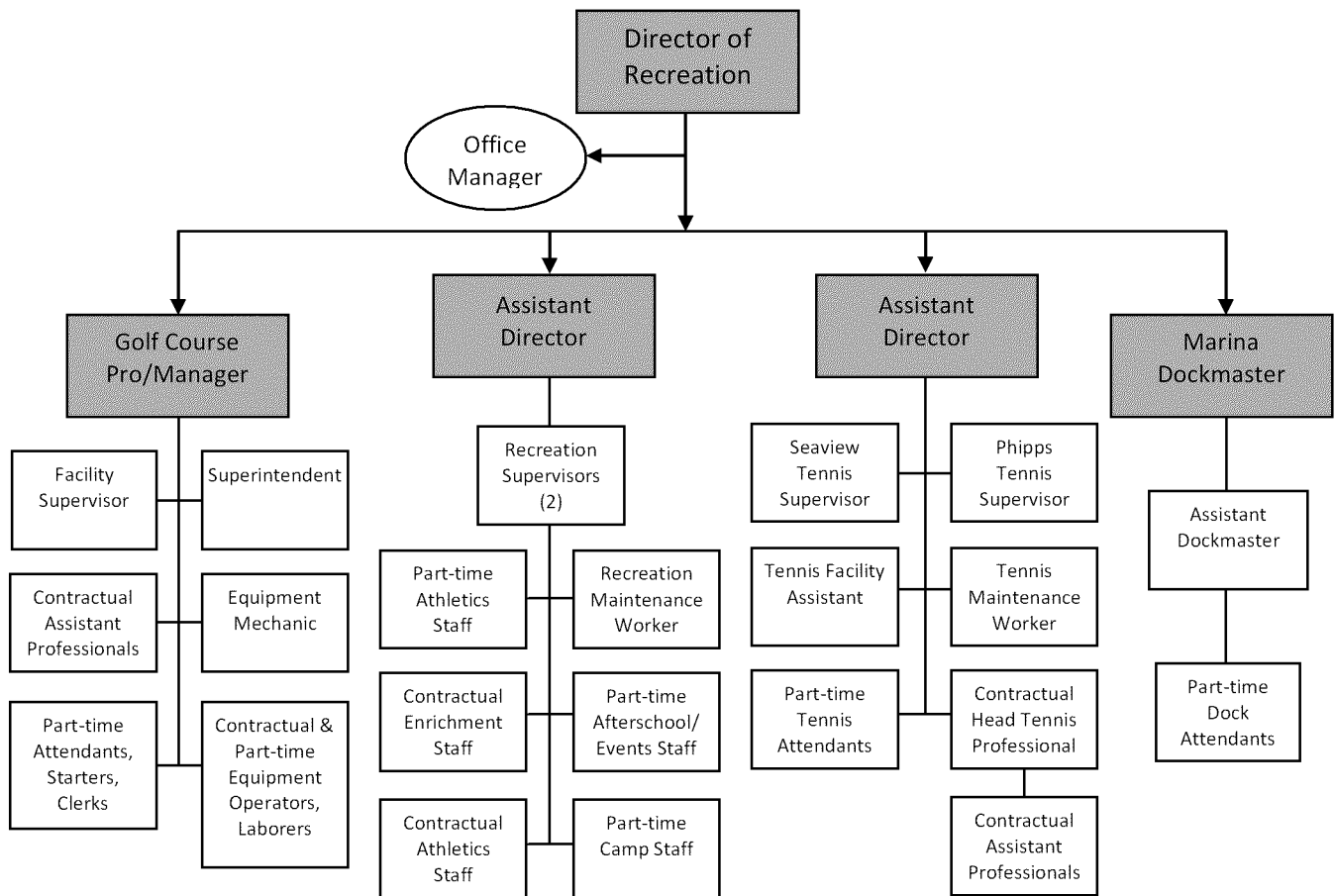
The Recreation Center, situated between the only schools on the island, is the hub of after-school activity. It hosts a fully supervised after-school program for Kindergarten through fifth grade, enrichment classes and sports for children and enrichment/fitness programs for adults. When school is not in session, the recreation staff provides holiday and summer camps and four (4) seasonal special events. Maintenance duties performed by staff include turf care, janitorial duties, litter control, minor building repairs and equipment maintenance and repair. The coordination and management of special projects is completed in conjunction with other department staff and the Public Works Department.

The Assistant Recreation Director/Recreation Center, in coordination with two Recreation Supervisors and a variety of part-time and contractual staff plan, implement, and evaluate the programs and events.

The current cost recovery goal for the Recreation Center is 40% of all costs and 100% of direct costs, including class supplies and contractual instructors.

Full Time Equivalent Employees	FY2007	FY2008	FY2009	FY2010
Assistant Director	0.00	0.00	0.50	0.50
Recreation Supervisor	2.00	2.00	2.00	2.00
Recreation Maintenance Worker	0.30	0.30	0.80	0.80
Bus Driver	0.48	0.26	0.26	0.26
Activity Leader	3.44	3.44	3.44	3.44
Registration Clerk I	0.16	0.00	0.00	0.00
Public Works Employees	0.00	0.00	0.30	0.30
TOTAL	6.38	6.00	7.30	7.30

ORGANIZATIONAL STRUCTURE



Total Department Staffing Levels

	FY2007	FY2008	FY2009	FY2010
Total Full Time Equivalent Employees	32.23	29.52	29.40	28.92

DEPARTMENT ADMINISTRATION



DEPARTMENT ADMINISTRATION

Organizational changes that resulted from the department self-assessment in 2006 continue to provide a variety of department-wide efficiencies. These operational improvements include the continued redistribution of responsibilities, high standards for budget management, refinement of policies and procedures, and emphasis on customer satisfaction.

The internal Budget Management Program continues to provide benefits in the improved monitoring of expenditures and revenues for the Enterprise Fund throughout the year. Key staff members from each department program participate in quarterly review sessions and will continue to do so in each fiscal year, helping to ensure projected goals are being met or are within reach.

Customer Satisfaction Results

The Recreation Department continually strives to enhance its programs and services through a critical evaluation process. Customers have a high expectation for service, and the results of the satisfaction survey reflect the Department's commitment to quality programs and facilities. Customer satisfaction surveys are available at all times in any of the department's facilities, with an annual push following the winter sessions at the Tennis facilities and Recreation Center, while the Par 3 Golf Course conducts "on the spot" surveys. The combined rating for all activities and facilities in FY 2009 was 100% as good and/or excellent. This compares to the combined FY2008 rating of 91%. Please note however, most of the negative responses in FY2008 addressed the quality of the facility where the particular activity took place (such as facilities in Seaview Park and the Par 3 Golf Course), which have since been upgraded.

Action Plan

The Action Planning initiative provides an annual opportunity for staff at all levels to have input in the development of measurable objectives to include in the departmental work plan. The results of the FY2009 Action Plan were successful, with 88.50% of the 70 items addressed.

With regard to the specific area of Administration, ten (10) tasks were identified for completion in Fiscal Year 2009. As of September 30, 2009, eight (8) tasks were addressed or in progress.

DEPARTMENT ADMINISTRATION		Status	Completed
	Planning		
1	Re-evaluate the CRTO to explore additional efficiencies	Completed	December 09
2	Research vending companies for FY2010	In Progress	
	Personnel		
1	Update/Review General Employee Handbook		
2	Implement PT Staff evaluation system	In Progress	
	Policies & Procedures		
1	Create a general department policies and procedures manual	In Progress	
2	Create storm preparedness and staff assignment policy	In Progress	
3	Establish office and opening/closing procedures in writing for all facilities	In Progress	
4	Create a comprehensive equipment inventory list for all facilities		
5	Create key distribution/monitoring policy for all facilities	In Progress	
6	Evaluate, review and modify cash handling procedures if needed	In Progress	

The FY2010 Action Plan has identified 47 tasks for completion. The plan consists of measurable objectives, of which over 60% have already been completed or are in progress by the end of the first quarter, and will serve as the department's work guide in the upcoming year.

For Administration, thirteen (13) tasks were identified for completion in Fiscal Year 2010.

DEPARTMENT ADMINISTRATION		Status	Completed
	Planning		
1	Re-evaluate the CRTO to explore additional efficiencies	In Progress	
2	Research vending companies for FY2010	In Progress	
	Personnel		
1	Update/Review General Employee Handbook	Completed	May 09
2	Review current organizational structure and make revisions as needed	Completed	February 09
3	Implement PT Staff evaluation system	In Progress	
	Policies & Procedures		
1	Create a general department policies and procedures manual	In Progress	
2	Create comprehensive emergency evacuation plans for all facilities		
3	Create storm preparedness and staff assignment policy	In Progress	
4	Establish office and opening/closing procedures in writing for all facilities	In Progress	
5	Review written policy and procedure for pro-rated program registration	Completed	January 09
6	Create a comprehensive equipment inventory list for all facilities		
7	Create key distribution/monitoring policy for all facilities	In Progress	
8	Evaluate, review and modify cash handling procedures if needed	In Progress	

TOWN DOCKS



TOWN DOCKS

The Town Docks had a very challenging year in FY2009 reaching its goal of 100% occupancy and is experiencing an even more challenging environment in FY2010. Market conditions, as described below, have had a significant impact upon this program area. But several positive things did occur to enhance the Town Docks and the services it provides. For the eighth year the Town Docks earned a credit on its state submerged land lease fees by continuing to remain in the Florida Department of Environmental Protection's (FDEP) Clean Marina Program. This year's credit of 10% is valued at \$8,359. The Town Docks are inspected annually by FDEP for adherence to their best management practices. Also, the annual Owner/Captain meeting was held in February, 2010, continuing the focus of enhancing customer relations.

The face docks of the Australian and Peruvian docks have had upgrades to their electric services, funded completely through donations by two annual leaseholders. These configuration upgrades are far more common in the mega yacht market and will allow the Town Docks to serve larger yachts in these slips in the future.

Market Conditions

The economic downturn and recession have changed the marina climate very quickly. Most notable is the change in available slip space, slip mixes and slip rates in South Florida. Three years ago slip space was very short, demand was high, marina rates were rapidly on the rise, and area marinas were investing millions of dollars upgrading and expanding facilities to meet future demand. Mega yacht build orders were increasing rapidly and the charter industry was very busy while new marina configurations came to meet the growing mega yacht market.

As reported last year, the Town Docks were fortunate to attain 100% occupancy and fell short of projections only slightly by 1.5%. Area marinas did not reach 100%. Last year, staff toured area marinas on three (3) occasions for three (3) consecutive months, and occupancy averages were estimated at 20% to 60%. Staff did the same thing this year and the numbers are approximately the same. Transient numbers fell short and it was clear that the number of boats traveling to Florida was significantly behind previous years. That same trend continues today.

As expected, the challenge to attain 100% occupancy increased in FY2010. As of March 1, 2010, the Town Docks is 94% leased while our seasonal leases have increased from five (5) to eight (8). Our competitors continue to cut rates and shorten lease periods as we all compete for the same customers. Trends indicate that more customers are searching price over location.

Yacht usage continues to ebb as the economy continues to lag. Many charter and private yachts continue to be "mothballed" with skeleton crews while waiting to be sold or for the charter market to improve. Those that are chartering are drastically reducing prices to draw business. With some launchings continuing, yacht builders are reaching the end of their backlogs; according to one renowned builder, new orders have been virtually nonexistent for the last 20 months. Some builders reported clients have walked away during builds, unable to fund the remainder of the project. Many expect the slide in yacht prices to continue due to an urgency to sell and the lack of sales. Staff polled marina managers and business owners in Ft. Lauderdale and found that rates have dropped 50% with

occupancy dropping to 70% or so. Some repair facilities are busy while others have shut their doors. Stuart area marinas have reduced rates to 25% of Palm Beach area rates.

Three marinas within six (6) miles of the Town Docks have completed upgrades and expansions. They are Rybovich, Palm Harbor and Old Port Cove. Before their expansions, staff estimated approximately 75 slips of 80 feet and larger. After the expansions, the new estimate is around 200. All three of these marinas have added amenities such as exercise facilities, swimming pools, lounges, concierge services, and ship stores. They are marketing heavily with print advertising, boat show participation, internet advertisements and their own websites. Rybovich has shown the largest increase in occupancy with flexible contract periods and greatly reduced rates. They have also boosted occupancy by hosting two very well attended events: The Boys and Girls Club Rendezvous (each November) and the Yacht Hop (a charter boat show) which ran simultaneously with Palm Beach's Ferrari week. According to their business manager they are not seeking to reach 100% occupancy per se, but rather leave a percentage of slips available for service work.

Transient Business

Transient business is substantially down after the first quarter of FY2010. Revenues are down 28% compared to the same period last year while visiting vessels are down 17%. The economic climate is driving two primary reasons for the shortfall - and the winter weather is a negative factor as well. First, new annual contracts once were willing to pay transient rates during the months of October and November while waiting for the commencement date of their annual lease to come (December 1). In FY2010, of the 12 new annual lease customers we have, one (1) paid a month of transient fees, eight (8) delayed their arrival date until December 1 in order to avoid transient fees, three (3) were leased after December 1, and the last has not brought the boat in yet. Second, transients are still visiting, but the length of stay is shorter. The persistent cold and windy weather associated with almost weekly strong cold fronts has also taken a toll.

In a February 22, 2010, Palm Beach Post article titled "Palm Beach County tourism off to its worst start since 2001", it was reported that hotel revenues have declined to their post 9/11 figures. Docks staff compared transient revenue statistics to that of area hotels in the article. Statistics at the Town Docks are remarkably similar. For example, it was reported that hotel revenues were down 27% since December 2005, while Town Docks transient revenues have fallen 26% for the same four year period.

Future Improvements

Several years ago the Army Corps of Engineers announced their intent to dredge the Intracoastal Waterway from the Port of Palm Beach turning basin to the Town Docks and were looking for funding assistance from area marinas which would benefit. The Intracoastal was never dredged, however staff has learned that a permit has recently been issued by the Florida Department of Environmental Protection to Palm Harbor Marina to complete the job and Florida Inland Navigation District has pledged to fund the project. The deepening of the Intracoastal Waterway presents an opportunity for the Town Docks to accommodate longer, deeper draft vessels which historically were hesitant to visit due the shallow water north of the Flagler Memorial Bridge. Larger vessels with 10' to 11' draft are occasionally able to visit, but are restricted by tidal cycles and bring risks that vessel owners and captains are not willing to accept. The finished mean low water depth will be 10' which is ample for vessels over 200 ft. Larger boats bring enhanced revenue opportunities, but require larger electrical service and voltage along with taller piling. These upgrades to Australian Dock are being researched as to feasibility and cost.

New Website

In an effort to enhance market exposure and further separate the Town Docks from competition, staff has researched advertising on commercial websites, but has found that having its own website is more economical and offers greater flexibility with content and changes. The website is planned to showcase the Town Docks as the only public marina on the island of Palm Beach.

One tagline will be, “Why drive to Palm Beach when you can walk?” The website will feature photos of the docks, on-island attractions, landscape, architecture, fine dining, guarded beaches, tennis and golf. The site will also highlight the safety, serenity and cleanliness of the Town Docks and the Town itself with the tagline such as, “a respite from the shipyard or busy downtown”. Our marketing efforts will reiterate why Palm Beach is, and will remain, the prestigious first choice for dockage in the area; and will be focused on separating ourselves from our competitors.

Pricing Strategies

In the preparation of the FY2011 budget, staff does not expect to recommend any increases to annual, seasonal or transient rates for the coming fiscal year. The Town Docks did not attain 100% occupancy in FY2010. Transient revenues for the Town Docks are also behind last year and data shows fewer transient visitors and shorter vessel stays. Area competition has already dropped their rates, and it is not expected that area rates will increase for the coming year, but rather an advertised reduction of rates is expected. Area rates are not expected to increase until occupancy percentages increase.

With annual and seasonal vacancies, the opportunity to offer winter monthly rates is here. The winter monthly rate is very common in the industry. The rate would be placed between the winter daily rate and the seasonal rate and is expected to be recommended in the FY2011 budget. This rate is designed to attract the long term transient or a short term seasonal vessel.

Participation Data (Transient Vessel Days)

Monthly Transient Vessel Days	FY2007	FY2008	FY2009	Variance (FY08/FY09)
October	266	206	109	-47.09%
November	446	408	348	-14.71%
December	371	362	210	-41.99%
January	407	371	429	15.63%
February	386	361	289	-19.94%
March	346	427	310	-27.40%
April	321	371	231	-37.74%
May	353	368	291	-20.92%
June	220	236	145	-38.56%
July	185	132	171	28.55%
August	123	119	147	23.53%
September	85	125	125	0.00%
Totals	3,509	3,486	2,805	-19.54%

Action Plan

The Town Docks had ten (10) tasks identified for completion by the end of Fiscal Year 2009. As of September 30, 2009, nine (9) tasks were addressed or in progress.

TOWN DOCKS		Status	Completed
	Maintenance and Improvements		
1	Complete Brazilian Lot lighting upgrade	Completed	December 08
2	Screen Peruvian transformers	Deleted	
3	Install new awning and benches	Completed	January 09
4	Complete necessary concrete bent repairs	Hold	
5	Paint mailboxes –green	Completed	July 09
6	Update planters/plants	Completed	October 08
7	Fumigate Australian Dock Office	Completed	June 09
	Operations		
1	Maintain Clean Marina Status – year 7	Completed	February 09
2	Certify entire staff with CPR/AED	In Progress	
3	Obtain new contract or extend existing agreement for Docks security services	Completed	August 09

For Fiscal Year 2010, the Docks have nine (9) tasks identified for completion.

TOWN DOCKS		Status	Completed
	Maintenance and Improvements		
1	Create dedicated web-site		
2	Replace fire line – Australian Dock		
3	Evaluate and re-seal parking lot(s)		
4	Complete necessary concrete bent repairs	Hold	
5	Enhance facilities (rest-rooms and offices)		
6	Evaluate Dock staff uniform		
7	Review and enhance marketing plan		
	Operations		
1	Certify entire staff with CPR/AED	In Progress	
2	Evaluate and re-bid agreement for Docks security services		

Work Load Indicators

Workload Indicators	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual
Annual and Seasonal Occupancy %	100%	100%	100%	100%
Annual Occupancy %	94%	98%	98%	94%
Total Transient Vessels	785	681	626	649

GOLF COURSE



PAR 3 GOLF COURSE

Fiscal Year 2009 was a year of positive changes at the Par 3 Golf Course. Along with its much needed renovation, a variety of initiatives were set into motion, all in an effort to improve operation and maintenance standards at the golf course. Positioning for the future, with a goal of long-term sustainability, is the focus of the Par 3 in FY2010.

Course Restoration

A group of Palm Beach citizens, led by legendary golfer Raymond Floyd, who offered his services and expertise in many aspects of the renovation on a pro bono basis, came together to raise funds and plan and prepare for the renovation. This was achieved through a public and private community partnership. The Town of Palm Beach contributed \$2 million with almost \$3 million contributed by private citizens.

The Par 3 Golf Course began its restoration in April 2009. Leading up to the commencement of the construction, the challenge was to maintain the course to an acceptable level without incurring unnecessary longer term maintenance costs, knowing that the entire course would be closed and completely renovated. Only the course mechanic, a part-time laborer, and the superintendent kept a full schedule during the construction and were involved in every part of the preparation and construction phase of the restoration work.

The construction proceeded in three phases:

1. The west side of the course. The major part of this phase was the new drainage required and the expansion of the lake. No substantive changes were made to the maintenance building, (however, exterior painting of the maintenance building was completed during the last phase of the project) although new bays were constructed to house course maintenance materials. All aspects of Phase 1 were completed on time.
2. The southeast portion of the course. The deconstruction of this part of the course went smoothly. New holes, #10, #11, and #12, were constructed with new drainage and contouring and prepared for grassing and installation of new landscaping. The driving range was deconstructed and served as a staging area for equipment, trees and construction supplies. The permits required for work on the dune holes, #13 and #14, were somewhat delayed but the work was completed by the end of July (except for the range, which was completed last).
3. The northeast portion of the course. This portion of the course received the most extensive renovation with the expansion of the east lake and the drilling of the new well. All of the existing holes were reconfigured to the new layout and extensive construction was undertaken to build the lake retaining wall, the peninsulas and the new holes. The efforts to retain some of the significant trees, like the large banyan in the northeast quadrant were successful, as was the total re-contouring of the area just west of the dunes. The construction of the new drainage for this quadrant was a challenge to complete because of permitting issues, and the installation of the new grass was delayed making it necessary to rely more on sod rather than sprigging. Phase 3 was completed by the first week in September 2009.

The positive impact of having the new well cannot be overstated. For the first time, irrigation of the course is possible without incurring the cost of potable water. By installing salt and drought tolerant Paspalum grass, the course can be fully irrigated from the well. Only in the most extreme circumstances will it be necessary to “flush” the turf with potable water. This benefit carries great potential for sustainable course conditions into the future.

As the course itself was renovated, significant changes were also made to the parking lot on the east side, and the driving range and the putting green area around the clubhouse. The parking lot was deconstructed and elevated to accommodate the new elevation of the course and in preparation of the new clubhouse. Drainage was installed along with lighting and a new parking configuration. The driving range was entirely rebuilt, with elevated greens and a new tee box. The putting green adjacent to the existing clubhouse was enlarged and reconstructed to current USGA standards, and a new practice bunker was installed.

The clubhouse exterior was repainted by staff and the interior was given a facelift with new carpeting and repositioning of fixtures. The biggest change to the clubhouse was the addition of the range ball dispenser to the patio, allowing for expanded space inside the clubhouse. New table and furnishings were added to make the clubhouse more attractive without expending significant funds. The patio was pressure cleaned and repairs were made to the interior restroom walls. Over the course of the renovation, signage and course accessories were researched for price and quality comparison, ordered and tracked. New signs were delivered on time and course benches, new trash receptacles, and other course accessories were installed in the final weeks before the reopening. The process of researching and ordering the course accessories was accomplished in FY2009, with delivery and installation accomplished in FY2010.

Catering Contract

Research was conducted to engage a professional catering service for the renovated Palm Beach Par 3 Golf Course. Through the RFP selection process, a contracted caterer was selected to provide a menu of options and prices for various golf and non-golf related events at the Par 3. The selected caterer, Aaron's Catering of the Palm Beaches, can provide food and beverage as well as tents, tables, chairs and everything required for outings and other events, with potential for expanding beyond golf outings.

Market Conditions

In addition to the economic impact being felt across the country, golf play has decreased in FY2010 due to the record breaking cold weather conditions in South Florida. This has certainly been the case in Palm Beach County for the last four months. Unseasonably cold weather, high winds and uncharacteristic rain have kept the players off courses all over Palm Beach County. While the "weather effect" can be seen as temporary in nature, the overall economic conditions have had a much more lasting effect on golf as a recreational activity. The response to these conditions from many courses is to lower prices and attempt to make up lost revenue in volume discount rates. This is not a new concept and many courses have traditionally tried to boost play in their off seasons with hyper-competitive rates only to re-discover that players are willing to sacrifice loyalty and golf conditions when the courses engage in price wars. Maintenance and course conditions are significantly compromised when the course is opened to masses of discount players who hold no special allegiance to any course.

As the housing market has plummeted and new construction is at an all time low, the construction of golf courses around residential communities is losing favor. Existing golf communities are finding that members are less willing to pay exorbitant annual dues to support extravagant clubhouses in order to play long courses that may be too difficult for the average golfer. As the overall economy continues to delay stabilization and recovery, many players find themselves with less leisure time and four or five hour rounds of golf no longer serve their recreational interests. All these conditions bode well for the Par 3 when the economy shows the beginnings of recovery and beyond. As a municipal course, the fees are more reasonable, the short course offers more playability to the average golfer and the play time is more in keeping with available leisure time.

With closing of more and more courses in South Florida, both private and municipal, the opportunities for the Par 3 increase. The location on the ocean in Palm Beach is unparalleled and as a short course, the Par 3 is uniquely situated to offer the kind of golf most attractive to current and future players. When the skiing industry was brought to the brink, they underwent a radical transformation with the introduction of snowboarding - same facility, a new, more popular and more profitable usage. The Par 3 can be seen as the "snowboarding" option for golf in South Florida. The nationally recognized Hook-A-Kid on golf program is in the pre-implementation stages at the Par 3, which brings further exposure to the golf course. Bringing young people into the game is important, but not enough. Bringing fun into the game for players of all ages is the key; and with our newly redesigned course the Par 3 is more than ready to serve as a fresh model for golf. The new course was not designed from the back tee with only the best golfers in mind. From any of our tees, the Par 3 offers an enjoyable challenge and a reason for players to return.

Another positive available at the Par 3 is that it functions as an exceptional teaching facility. Private clubs concentrate on course play and range only facilities do not offer the all encompassing atmosphere of a course with a teaching and practice range. The Par 3 already enjoys a solid reputation as an outstanding teaching facility and this will only become more important and more valuable in the years ahead.

Programs and Advertising

A more comprehensive and methodical approach to marketing and advertising is one of the keys to the Par 3's long-term success. Newspaper advertising has been refocused to attract local players more likely to use the course in the off-season. Palm cards and flyers are being used to promote the golf course to specific professional markets, including doctors, attorneys, etc., as well as focusing an effort to increasing league and outing play.

Also, newly instituted was a hotel partnership program, allowing hotels in the area to partner with the Par 3 Golf Course, offering their guests preferred rates and tee times. This program was developed, marketed, and implemented prior to re-opening. Currently there are 14 hotel partners. Concierges now phone the Par 3 on a daily basis to reserve tee times. The Par 3 is listed on their hotel web sites and their properties are linked on the Par 3's recently re-designed website www.golfontheocean.com. Some hotels have even put together packages featuring golf at the Par 3 along with special room rates. Originally, the plan was to have fewer partners, but the program is so successful it has become sought after by other hotels in the area. This expansion has been very beneficial to both the hotels and the Par 3.

Having an established caterer for the Par 3, an opportunity to increase the number of outings and present the Par 3 as a destination suitable for upscale events is now available. The Par 3 now offers an outing package for tournament and event coordinators. The goal is to provide outings coordinators a menu of staffing and scoring options for different kinds of amateur tournaments. The Par 3 provides a planning time line which assists in securing sponsors, extra carts, catering, signage, contests etc. A deposit is made at the time an outing is booked to reserve the time on the course.

Leagues and tournaments that have patronized the Par 3 in the past have returned to the course and private clubs are now utilizing the Par 3 on newly instituted travel days where, for example, ladies who play during “Ladies Day” at their home courses are now using the Par 3 as an optional venue.

In a further effort to re-introduce the Par 3 to the broader Palm Beach community, the Town is hosting the 2010 Town of Palm Beach Match Play Golf Championship. This tournament is open to Town residents only, with both men’s and ladies’ divisions. The format for the tournament is match play in flights and should be a fun, convenient opportunity for residents to reacquaint themselves with their Par 3.

The goal is to fill available tee times at the highest rates, employing specials where necessary to fill less popular tee times and in the off-season. The challenge is to balance the green fees with maintenance costs and the ability to offer the highest quality course conditions and pace of play making the Par 3 an attractive choice for golfers. Having a spectacular new course, as well as improved technology in both the maintenance and golf operations, allows the opportunity to continue our emphasis on the one aspect of the Par 3 that has not changed - the customers and the high level of personal service and standards. While so much of the Par 3 has improved, staff is aware and continues to celebrate what has always been the friendly and exceptional personal aspect of the golf experience at the Palm Beach Par 3 Golf Course.

Golf Course Maintenance

Maintenance standards were elevated. For example, such things as having the greens mowed every day with hand mowers have proved to be very effective. Although more time consuming, hand mowing allows for a closer cut and smoother surface and keeping big tire machines off the greens alleviates accelerated wear and tear. A full range of the most modern maintenance equipment designed to care for the new turf has been purchased.

Also new this year is the practice of using different color flags to indicate where on the green the cup is located. This allows the golfer to better know where the cup is and aids in club selection, better pace of play, a more enjoyable experience, and a more professionally set-up golf course.

Contract maintenance staffing has been established. The only full-time maintenance employees are the superintendent and the course mechanic. This allows greater flexibility in scheduling and significant cost reduction in employee benefits, while still being able to keep the new course maintained to high standards.

Irrigation costs and sustaining the new turf is greatly enhanced by using water from the new well. The superintendent can now also operate the irrigation system from remote locations, if necessary, translating to a quicker response to any problems that may arise.

Golf Operations

Changes to the golf operations revolve around the new tee time and point of sale system. The system allows for a more orderly and professional way of starting players without significant waiting times. Staff was trained in the new systems, which will also better track player information and play statistics. Moving forward it is expected that this information will translate into increased pace of play and as a result increased customer satisfaction. The Par 3 is also able to better schedule part time employees to provide more consistent assistance rather than dealing with "peaks and valleys" of player demand. The new automated range ball dispenser frees up a part time staff member to assist the starter in helping customers as they arrive. This improvement is beneficial to our standards of customer service, as well as simplifying and improving the flow of players from check-in to the first tee.

Some of the challenges facing the Par 3 as FY2010 continues include competing with deep discounts offered by other courses during the summer, balancing the cost/benefit of reduced rates, recovering the turf following the record cold winter, recovering revenues lost to the cold weather in December, January, and February, providing consistent excellence in customer service, and continuing our push to re-establish the Par 3 as a well regarded recreational opportunity among Town Residents.

Pricing Strategies

Evolving from the FY2009 out-of-state fee, a three tiered fee schedule has been developed, an element of which provides discounts to Town residents and their guests. Through a partnership with hotels, guests who book through the hotel also receive a preferred rate. The hotel fees are an important element in the overall revenue growth strategy, as it focuses directly on the tourist market during the peak season. Along with the Par 3's unique location, the golf course's layout and conditioning has commanded a more competitive rate and staff believes that the golf course should be compared to upscale public course when fees are surveyed. In FY2010, staff received Town Council authorization to modify fees and offer specials, when necessary, to maximize play during under-used tee times and to promote new play.

Participation Data (Rounds of Golf)

Monthly Rounds of Golf	FY2007	FY2008	FY2009	Variance* (FY08/FY09)
October	1,768	1,034	1,076	4.06%
November	2,113	2,176	1,720	-20.96%
December	2,398	2,564	2,058	-19.73%
January	3,550	2,759	2,882	4.46%
February	3,862	3,739	3,168	-15.27%
March	4,537	3,703	3,322	-10.29%
April	3,276	2,947	N/A	N/A
May	1,975	1,783	N/A	N/A
June	1,510	1,433	N/A	N/A
July	1,544	1,348	N/A	N/A
August	1,313	976	N/A	N/A
September	1,106	813	N/A	N/A
Totals	28,952	25,275	14,226	-10.29%

*Golf Course closed for renovation beginning April 3, 2009

Action Plan

The Golf Course, in preparation for the renovated course, had developed twenty-four (24) tasks for completion. As of September 30, 2009, twenty-one (21) tasks were addressed or in progress.

GOLF COURSE		Status	Completed
	Golf Course Maintenance		
1	Develop written standards and procedures for all maintenance tasks	In Progress	
2	Hire, train and organize maintenance staff	Completed	September 09
3	Manage installation and become thoroughly familiar with irrigation system	Completed	September 09
4	Manage the Grow-in according to the established guidelines	Completed	September 09
5	Recommend purchase of new equipment	Completed	June 09
6	Prepare maintenance building for new equipment	In Progress	
7	Arrange for painting of maintenance building in house	Completed	September 09
8	Develop and implement safety program	In Progress	
9	Create an equipment inventory list	In Progress	
10	Develop maintenance schedules for equipment	In Progress	
	Golf Course Service		
1	Create a package of proposals for tee signs, markers and accessories	Completed	July 09
2	Research companies for best pricing on uniforms	Completed	August 09
3	Research driving range equipment and supplies	Completed	July 09
	Clubhouse/Restaurant/Pro-Shop		
1	Gather information and prices of pro shop fixtures and furniture		
2	Assist in research and purchase of restaurant furniture and food service equipment	In Progress	
3	Assist in golf cart paths positioning and material	Completed	September 09
	Operations		
1	Prepare for expanded clubhouse staff and duties	Completed	September 09
2	Prepare outings contract	In Progress	
3	Develop expanded junior program	In Progress	
4	Develop a golf cart lease ready for new clubhouse/cart operation	In Progress	
5	Develop traffic patterns for flow of players	Completed	September 09
6	Assist in developing marketing/advertising/promotion of new facility	In Progress	
7	Begin development of maintenance program for new clubhouse		
8	Develop pace of play program		

For Fiscal Year 2010, the Par 3 Golf Course, has identified thirteen (13) tasks identified for completion.

GOLF COURSE		Status	Completed
	Golf Course Maintenance		
1	Develop written standards and procedures for all maintenance tasks	In Progress	
2	Prepare maintenance building for new equipment	In Progress	
3	Develop and implement safety program	In Progress	
4	Create an equipment inventory list	In Progress	
5	Develop maintenance schedules for equipment	Completed	December 09
	Clubhouse/Restaurant/Pro-Shop		
1	Gather information and prices of pro shop fixtures and furniture		
2	Assist in research and purchase of restaurant furniture and food service equipment	In Progress	
	Operations		
1	Prepare outings contract	In Progress	
2	Develop expanded junior program	In Progress	
3	Develop a golf cart lease for new clubhouse/cart operation	In Progress	
4	Assist in developing marketing/advertising/promotion of new facility	In Progress	
5	Begin development of maintenance program for new clubhouse		
6	Develop pace of play program	Completed	December 09

Work Load Indicators

Workload Indicators	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual*
Total lessons/clinics taught	2,068	2,327	2,121	1,060
Leagues hosted	5	5	5	0
Special events/outings	34	32	28	12
Range buckets sold	21,080	19,180	14,746	8,313
Total Rounds of Golf	31,118	28,952	25,275	14,226

*Golf Course closed for renovation from April 3 to December 9, 2009.

TENNIS PROGRAMS & FACILITIES



TENNIS PROGRAMS AND FACILITIES

Developing long-term pricing strategies and the search for a new contractual head teaching professional were top priorities in FY2009. Along with the Phipps Tennis Center, the recently renovated Seaview facility also received a USTA Outstanding Facility Award and the Har-Tru courts at both sites continue to hold up well and deliver on their promise of a quick rebound from inclement weather. Play is down from historic averages, although cost recovery goals were met. Staff has implemented many new programs to help grow participation, from expanded league play opportunities to classes like cardio-tennis, which have been met with enthusiasm.

Market Conditions

The current economic climate and recession has had an adverse impact on the tennis industry. Tennis participation numbers on Town courts are down from historical averages for the last two fiscal years. The drop in play has been most apparent at the Phipps facility, located in the southern end of town. Participants at that facility are primarily seasonal residents, which suggest that many have chosen not to come down this year, shortened their stay, and/or are cutting back on their discretionary spending on items such as tennis fees. There has also been a drop in the purchase of annual passes which may reflect a resistance to making a large single payment for advance play. It is apparent, at least in the current economy, that we have reached the threshold point on pricing for tennis fees. It will be recommended in the FY2011 budget that the Town hold annual and daily tennis fees at their current levels. Participation levels and revenues will need to be monitored closely over the next fiscal year to determine the continued impact of the current economic situation. As part of the FY2011 budget preparation, a market survey will be conducted to compare our position in the market as well as to check the pricing strategies of surrounding facilities.

Pricing Strategies

Annual fees were increased in FY2009 after the renovation of the Seaview facility, to position the Town at or near the top of the market for municipal tennis facilities in our area. Total revenues increased in FY09 with a small drop in annual pass purchases and a large increase in daily play fee revenue. Some decrease in annual pass sales was expected with the Seaview facility being closed for 6 months for the renovations. However, early indications in FY2010 show a continued drop in annual pass sales, which is indicative of the impact the economy has had on discretionary income.

A maintenance and improvement fee has been added to the FY2010 fee schedules for tennis. This rate is consistent with the current fee in place at the Palm Beach Par 3 Golf Course. The revenues from these fees will be placed in a separate sinking fund to be used in future years for any renovation or beautification projects to the tennis facilities.

A 12 Play Pass rate is being offered at the tennis facilities, comparable to the one in place at the Par 3 Golf Course. The program at the golf course has proved to be very popular from a revenue and marketing standpoint. This rate will be used to incentivize tennis players who do not purchase annual passes to make a short-term commitment to our public courts. The proposed program offers an option that may be very attractive to both our year round residents who play infrequently and vacationing visitors who are only here for a short time.

Teaching Services

A comprehensive search for a new contractual head tennis professional was conducted in FY2009, concluding with the hiring of NetResults Tennis, LLC to provide contractual tennis services to the Town. A mutually agreeable contract was negotiated, signed and approved by the Town Council in May 2009. The compensation package agreed to in the contract should net the Town, based on similar gross revenues from previous years, approximately \$10,000 more than previous contracts. Should the new tennis professional expand the teaching program and add new events as expected, the Town could realize significantly more revenue going forward, thus further reducing the subsidy rate for the overall tennis program.

The new head tennis professional will continue to focus efforts on increasing low cost social activities such as mixers, pass holder/guest events, etc. to increase participation levels. He will also be compiling and using an e-mail database of current customers for email blasts of upcoming events and program information. Conversations are also underway with the Palm Beach Day Academy to offer tennis services as part of their daily PE programs.

As part of their agreement with the Town, NetResults has created and launched a dedicated tennis website that has been linked to the existing Town and Palm Beach Par 3 Golf Course websites. palmbeachtennis.us, provides facility information, program opportunities and contact information for the two Town tennis facilities.

League Play

In FY2009 we hosted two Women's league teams at Seaview (A1 and A2) and three senior teams at the Phipps facility (Men's Level 1 and 4 and Women's Level 1). The teams finished the season mostly strong with the Men's Level 4 and Women's Level 1 Senior teams being champions in their divisions. Currently there are four (4) senior leagues (Men's level 1, 3, and 5, and Women's Super 1) and two (2) women's tennis association teams (A1 and A2) playing on Town facilities. The Ladies A2 team at Seaview has shown great improvement under the direction of our new pro and moved up 6 spots in their division. We have also added a Palm Cup Doubles and Singles team to the lineup this year as well and hope to continue with teams in this new format in the future. Demand for competitive social activities has increased and staff is looking to add an A3 ladies team at Seaview as well.

Junior Programs

We had a significant decline in our junior participation in the fall of FY09 primarily in our younger age groups. This decline is partially attributable to the renovation of the Seaview facility which is the primary hub for all our junior programs due to its proximity to the area schools and single family neighborhoods. The temporary relocation of junior programs to the Phipps facility presented difficulties for many parents who were unwilling or unable to transport their children there for afternoon programs. Many of our junior participants walk to the Seaview facility directly from school. Numbers have risen significantly since the Seaview facility reopened and we moved to a new format under our new head professional. We have received excellent feedback on the new teaching style and we have added winter and spring break mini camps that have been well attended. We will also be hosting a USTA Junior tournament in the spring which will give our players a chance to compete against strong players from the surrounding communities.

Participation Data

Monthly Tennis Participation	FY2007	FY2008	FY2009	Variance* (FY08/FY09)
October	3,190	2,363	1,907	-19.30%
November	3,501	2,603	3,234	24.24%
December	3,219	2,877	3,671	27.60%
January	4,108	3,868	3,706	-4.19%
February	4,128	3,718	3,778	1.61%
March	4,328	3,714	2,984	-19.66%
April	3,771	3,706	3,071	-17.13%
May	2,393	2,305	1,498	-35.01%
June	1,852	1,007	1,417	40.71%
July	1,797	1,076	1,496	39.03%
August	1,296	882	1,292	46.49%
September	1,553	990	1,712	72.93%
Totals	35,136	29,109	29,766	2.26%

*Seaview Facility closed for renovation June through end of Fiscal Year 2008 (re-opened November 3, 2008).

Action Plan

The Tennis Programs and Facilities division had twelve (12) tasks identified for completion by the end of Fiscal Year 2009. As of September 30, 2009, ten (10) tasks were addressed or in progress.

TENNIS FACILITIES/PROGRAMS		Status	Completed
Operations			
1	Rewrite participation data sheets to better track meaningful statistics	Completed	July 09
2	Develop and issue RFP for Head Tennis Pro	Completed	March 09
3	Transition to EDEN cashiering system at both facilities	Completed	February 09
4	Review equipment at Phipps	Completed	September 09
Programs/Services			
1	Improve junior tennis program	In Progress	
2	Institute community ladder tournament	Completed	January 09
Facility Maintenance			
1	Develop PM program for facilities and equipment	Deleted	
2	Develop procedure for monitoring water usage	In Progress	
3	Develop written maintenance procedure book		
Capital Improvements/Equipment			
1	Develop plan for installation of security/after hours maintenance lighting at Phipps		
2	Install security camera in Seaview Pro Shop	Completed	September 09
3	Install merchandise display wall in Seaview Pro Shop	Completed	March 09

The Tennis Programs and Facilities division has four (4) tasks identified for completion in Fiscal Year 2010.

TENNIS FACILITIES/PROGRAMS		Status	Completed
	Programs/Services		
1	Improve junior tennis program	In Progress	
	Facility Maintenance		
1	Develop procedure for monitoring water usage	In Progress	
2	Develop written maintenance procedure book		
	Capital Improvements/Equipment		
1	Develop plan for installation of security/after hours maintenance lighting at Phipps		

Work Load Indicators

Workload Indicators	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual
Annual passes	278	260	257	217
Tournaments	5	5	4	4
Special events	7	7	6	6
League teams	7	8	4	5
Lesson hours	2,572	3,008	2,766	2,328
Clinic hours	1,490	1,138	600	1,324
Daily Youth Participation	5,424	6,327	3,415	2,900
Daily Adult Participation	29,667	29,152	25,694	26,866
Total Tennis Participation	35,091	35,479	29,109	29,766

RECREATION CENTER



RECREATION CENTER

Fiscal Year 2009 was a challenging year for the Recreation Center programs. In an effort to attract additional participants, several new and enhanced programs were offered along with the exploration of new methods of service delivery. Participation levels were down due to the impact of the ailing economy, but cost recovery goals were reached. More new or enhanced programs are currently being offered or are scheduled to be implemented this fiscal year.

The Recreation Center facility celebrated its 25th anniversary in December 2009 in conjunction with the annual Winter Family Fest with carnival games, music, dancing and other activities. A reunion of the Palm Beach Follies performers, planners, and donors was held in conjunction with the 25th anniversary celebration. The Follies hosted two productions, in 1982 and 1984, to raise awareness and money for the construction of the Recreation Center. This group had a tremendous turn-out and a great time, seeing a few performances, reminiscing with old friends, and reliving old times.

Market Conditions

The Recreation Center continually strives to enhance its programs and services through a critical evaluation process, enhanced by conducting Customer Satisfaction Surveys, the Action Plan, and quarterly budget meetings, among other items. While operation of other municipalities are very similar, the Town is unique in that it is "Palm Beach", and the standard expectation of the customer is much higher.

Youth enrichment, athletics and adult enrichment/fitness participation are down, reflecting the reduction in spending of discretionary funds. Participation is up in the camps/after-school program offerings, possibly indicating the consumer is spending their money where they need to. To address the decline of enrichment, athletic, and fitness programs, staff is researching potential new revenue streams; the Recreation Center is exploring partnership and/or program delivery methods in an effort to offer programs to more residents in new ways. This summer is expected to be such an example as we will be offering a sports camp for one week in partnership with a contracted instructor.

Each program has a life of its own, as programs and events become popular, peak, and slowly decline. However, there are "core" programs, that can be modified for the clientele over time, but continue to bring in participants for the long term. It is a combination of these consistent and newer programs that provide a steady flow of participants and where the marketing efforts can be concentrated. Through the consistent and coordinated use of press releases, flyers, newspaper articles, brochures, mailings, web site updates, and word-of-mouth our programs remain in the public eye, new and old alike.

Staff will continue to critically analyze our program offerings to ensure that the needs and interests of the community are being met with knowledge and understanding that discretionary spending is subject to much greater scrutiny than in the past.

Participation and Program Fees

Overall, participation decreased from FY2008 to FY2009, however, program revenue adjustments allowed the program revenue projections to be met. And in FY2010, with only modest program fee increases, and with the economy as it is, the Recreation Center programs continue to hold steady so far. The recent restructuring of staff should allow the Recreation Center program to maintain its ability to offer quality programs without compromising the budget.

Due to the fact that nonresident participants are important for the success of many activities, charging rates too far above the market could decrease involvement, causing an increase in cancellation of activities or a lesser quality experience for residents. With this in mind and following a review of program costs, a modest increase in program fees has kept the programs near the top of the market. Staff decided to not increase the nonresident differential in fees for activities at the Recreation Center, keeping it at 15% for most programs. Strategic and aggressive increases in prior fiscal years had already taken our rates to the top of the market. Any increase in program fees in the near future would be modest or strategic to a particular program.

Action Plan

The Recreation Center division had eleven (11) tasks identified for completion by the end of Fiscal Year 2009. As of September 30, 2009, all eleven (11) tasks were addressed or in progress.

RECREATION CENTER		Status	Completed
	Program Development/Enhancement		
1	Review the need for additional teen programs	Completed	February 09
2	Continue in-service training for part-time staff	Completed	August 09
3	Evaluate the Auditorium sound system and replace if necessary	In Progress	
4	Implement final roll-out of NAYS Start Smart Program (Golf)	Completed	March 09
	Program Evaluation		
1	Re-Evaluate Program Reports to include more specific detail	Completed	March 09
	Facility Maintenance/Updates		
1	Repair/secure outside air-conditioning/generator area	In Progress	
2	Complete basketball court repairs (pads replaced and hoops mechanism repaired)	In Progress	
3	Repair baseball field fencing material	In Progress	
	Capital Improvements		
1	Assist in final punch-list items related to the renovation of Seaview athletic field	Completed	August 09
2	Research cost of building storage cabinets in Meeting Room "B"	Deleted	
3	Transfer/Auction 15 Passenger Van	In Progress	

The Recreation Center division has identified eleven (11) tasks for completion in Fiscal Year 2010.

RECREATION CENTER		Status	Completed
	Program Development/Enhancement		
1	Research potential new revenue stream(s)	In Progress	
2	Explore partnership and/or program delivery methods	In Progress	
	Program Evaluation		
1	Evaluate drop-in facility participation estimates		
2	Review Customer Satisfaction Surveys		
	Facility Maintenance/Updates		
1	Repair/secure outside air-conditioning/generator area	Completed	November 09
2	Complete basketball court repairs (pads replaced if necessary/hoops mechanism repaired)	Completed	November 09
3	Repair baseball field fencing material	Completed	October 09
4	Replace HVAC system(s) in Recreation Center	Completed	December 09
	Capital Improvements		
1	Develop plan to rectify issues related to field construction from summer 2008		
2	Research upgrades to kitchen		
3	Transfer/Auction 15 Passenger Van	In Progress	

Work Load Indicators

Workload Indicators	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual
Family Special Events Offered	6	7	6	5
Special Events Participation Estimate	1,450	1,461	1,438	1,950
Youth Enrichment Participation	5,260	6,263	9,365	6,759
Youth Athletics Participation	4,704	7,628	4,942	3,278
Youth Camps/After School Participation	6,339	10,089	10,243	10,626
Adult Enrichment/Fitness Participation	3,406	9,202	9,201	3,447
Recreation Center Drop in Estimate	7,200	8,700	8,700	9,648
Recreation Center Total	28,359	43,343	43,889	35,708

LONG TERM FINANCIAL PLAN



FINANCIAL PLAN OVERVIEW

Financial forecasts are the foundation for a long term financial plan. These forecasts provide the Mayor, Town Council, and staff with information needed to more effectively measure program success and determine future levels of service.

In past years, the Long Term Financial Plan included the current budget year, the three preceding years, and a forecast for the next four years. This report includes the current budget year, one preceding year, and a forecast for the next nine years. The spending forecast for the first 3 years is based upon recent trends and specific expectations. The forecast for the remaining 7 years is conservative and based upon estimates by actuaries, long term expectations, and staff's recommendations for future personnel changes.

The following table provides revenue and expense assumptions used in the preparation of the long-term financial plan for all program areas of the Recreation Enterprise Fund for FY2011 through FY2020. The individual program budget projections are included on the following pages.

Revenue Assumptions	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Recreation Center	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Tennis	3.0%	3.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Marina	0.0%	1.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	4.0%
Golf Course	3.0%	5.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Expense Assumptions	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Salary Increases	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pension Benefits	9.4%	-35.0%	17.0%	14.0%	4.1%	6.0%	6.0%	6.5%	11.6%	-22.5%
Other Employee Benefits	2.1%	3.4%	4.1%	4.4%	4.8%	4.6%	5.0%	5.1%	5.3%	5.4%
Contractual/Commodities	1.8%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%

Revenue Assumptions

Although signs point to a recovering economy, it is expected to be slow for the foreseeable future. With this in mind, staff has taken a very conservative approach to projecting revenue. Growing participation will be the focus in the next couple of years, which will result in overall revenue increases for the enterprise fund. As the economy improves, staff will continue to use fee schedule surveys to assist in recommending the appropriate fees for recreational facilities.

Expense Assumptions

Along with modifications to the employee benefit programs, a further reduction of the total FTE count will take place between FY2011 and FY2020, through normal retirement. Although not all of these positions will be eliminated, staff expects to realize significant savings from salaries and benefits from the ones that are. These reductions are represented in the program budgets in various years with decreases in the budget estimates for salaries/wages, pension benefits, and other employee benefits. Cost recovery goals for all program areas are fully met in the long-term financial plan and in most cases, they are drastically surpassed, resulting in a more rapid rate of increase in fund balance.

Administration (403.311)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Expenses												
Salaries/Wages	238,289	266,500	271,830	277,267	282,812	248,691	256,152	263,837	271,752	279,904	288,301	296,950
Pension Benefits	31,500	35,600	38,946	25,315	29,619	28,138	29,292	31,050	32,913	35,052	39,118	30,316
Other Employee Benefits	63,014	62,200	63,506	65,665	68,358	67,105	70,326	73,562	77,240	81,179	85,481	90,097
Contractual	11,450	13,800	14,048	14,386	14,731	15,084	15,446	15,817	16,197	16,585	16,983	17,391
Commodities	1,736	4,100	4,174	4,274	4,377	4,482	4,589	4,699	4,812	4,928	5,046	5,167
TOTAL EXPENSES	345,989	382,200	392,505	386,907	399,896	363,501	375,806	388,964	402,913	417,648	434,930	439,922
		10%	3%	-1%	3%	-9%	3%	4%	4%	4%	4%	1%

Town Docks (403.509)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Revenues												
Annual Leases	2,377,919	2,510,000	2,510,000	2,535,100	2,585,802	2,637,518	2,690,268	2,744,074	2,826,396	2,911,188	2,998,523	3,118,464
Seasonal Leases	126,324	152,500	152,500	154,025	157,106	160,248	163,453	166,722	171,723	176,875	182,181	189,468
Transient	617,460	600,000	600,000	606,000	618,120	630,482	643,092	655,954	675,633	695,901	716,779	745,450
Electricity	99,322	75,000	75,000	78,000	78,000	81,000	81,000	81,000	85,000	85,000	85,000	85,000
Ice Sales	67	300	300	303	309	315	322	328	338	348	358	373
Sales Tax Commissions -Other	394	400	400	404	412	420	429	437	450	464	478	497
Misc Revenue Docks	374	400	400	404	412	420	429	437	450	464	478	497
TOTAL REVENUES	3,221,860	3,338,600	3,338,600	3,374,236	3,440,161	3,510,404	3,578,992	3,648,952	3,759,990	3,870,240	3,983,797	4,139,749
Expenses												
Salaries/Wages	201,077	202,100	206,142	210,265	214,250	220,428	226,790	233,594	240,602	247,820	255,255	261,984
Pension Benefits	38,100	43,100	47,151	30,648	35,859	40,879	42,555	45,108	47,815	50,923	56,830	44,043
Other Employee Benefits	44,273	56,700	57,891	59,859	62,313	65,055	68,178	71,314	74,879	78,698	82,869	87,344
Contractual	599,183	606,600	617,519	632,339	647,515	663,056	678,969	695,264	711,951	729,038	746,534	764,451
Commodities	7,446	12,800	13,030	13,343	13,663	13,991	14,327	14,671	15,023	15,384	15,753	16,131
TOTAL EXPENSES	890,079	921,300	941,733	946,455	973,601	1,003,409	1,030,819	1,059,951	1,090,270	1,121,862	1,157,241	1,173,954
Operating Revenues over/(under) Expenses	2,331,781	2,417,300	2,396,867	2,427,781	2,466,560	2,506,995	2,548,173	2,589,000	2,669,721	2,748,378	2,826,556	2,965,796
Cost Recovery %	362%	362%	355%	357%	353%	350%	347%	344%	345%	345%	344%	353%

Par 3 Golf Course (403.620)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Revenues												
Golf Pro Administrative Fee	6,000	12,000	12,000	12,000	14,400	14,400	14,400	15,600	15,600	15,600	15,600	15,600
Golf Resident Pass Fees	6,861	41,400	41,814	43,068	44,360	45,691	47,062	48,945	50,902	52,938	55,056	57,258
Golf Non-Res. Pass Fees	2,460	38,800	39,188	40,364	41,575	42,822	44,106	45,871	47,706	49,614	51,598	53,662
Golf 12 Play Passes	25,225	60,700	61,307	63,146	65,041	66,992	69,002	71,762	74,632	77,617	80,722	83,951
Greens Fees	223,347	665,500	672,155	692,320	713,089	734,482	756,516	786,777	818,248	850,978	885,017	920,418
Golf Riding Cart Rental	59,507	106,200	107,262	110,480	113,794	117,208	120,724	125,553	130,575	135,798	141,230	146,880
Golf Pull Cart Rental	20,863	28,100	28,381	29,232	30,109	31,013	31,943	33,221	34,550	35,932	37,369	38,864
Golf Driving Range	51,359	135,700	137,057	141,169	145,404	149,766	154,259	160,429	166,846	173,520	180,461	187,679
Golf Maint & Improve Fee	35,403	98,600	99,586	102,574	105,651	108,820	112,085	116,568	121,231	126,080	131,124	136,368
Club Rentals	10,419	23,000	23,230	23,927	24,645	25,384	26,146	27,191	28,279	29,410	30,587	31,810
Golf Teaching Services	7,374	14,000	14,280	14,566	14,857	15,154	15,457	15,766	16,082	16,403	16,731	17,066
Golf Merchandise	0	0	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101	4,183
Golf Catering Revenue	0	0	18,000	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725
Vending Machine Comm Golf	697	2,600	2,626	2,652	2,679	2,706	2,733	2,760	2,788	2,815	2,844	2,872
Sales Tax Commissions - Golf	172	300	309	318	328	338	348	358	369	380	391	403
Misc Revenue - Golf	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	449,687	1,226,900	1,260,695	1,324,386	1,365,473	1,405,307	1,446,324	1,503,375	1,561,433	1,621,785	1,684,522	1,749,739
		173%	3%	5%	3%	3%	3%	4%	4%	4%	4%	4%
Expenses												
Salaries/Wages	365,044	393,600	401,472	429,501	438,036	451,129	464,613	478,552	492,908	507,696	522,926	538,349
Pension Benefits	48,200	46,600	63,984	41,590	48,660	55,473	57,747	61,212	64,884	69,102	77,118	59,766
Other Employee Benefits	91,384	93,700	88,565	91,576	95,331	99,525	104,302	109,100	114,555	120,397	126,779	133,625
Contractual	232,718	266,700	271,501	278,017	284,689	291,522	298,518	305,683	313,019	320,531	328,224	336,101
Commodities	103,038	133,900	136,310	139,582	142,932	146,362	149,875	153,472	157,155	160,927	164,789	168,744
TOTAL EXPENSES	840,383	934,500	961,832	980,265	1,009,648	1,044,010	1,075,055	1,108,018	1,142,522	1,178,653	1,219,836	1,236,585
		11%	3%	2%	3%	3%	3%	3%	3%	3%	3%	1%
Operating Revenues over/(under) Expenses	(390,697)	292,400	298,863	344,120	355,825	361,298	371,268	395,357	418,911	443,132	464,686	513,154
Cost Recovery %	54%	131%	131%	135%	135%	135%	135%	136%	137%	138%	138%	141%

Tennis Programs & Facilities (403.312)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Revenues												
Tennis Tournament	6549.82	6,200	6,386	6,578	6,775	6,978	7,187	7,403	7,625	7,854	8,090	8,332
Tennis Daily Court Fees	54,285	46,000	47,380	48,801	50,265	51,773	53,327	54,926	56,574	58,271	60,020	61,820
Tennis Annual Pass Fees	80,370	97,500	100,425	103,438	106,541	109,737	113,029	116,420	119,913	123,510	127,215	131,032
Tennis Pro Admin Fees	11,633	12,000	12,000	12,000	14,400	14,400	14,400	15,600	15,600	15,600	15,600	15,600
Tennis Maintenance & Imp Fee	0	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	12,095
Tennis Merchandise	0	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	2,688
Tennis Teaching Services	21,482	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	40,317
TOTAL REVENUES	174,320	202,700	208,421	214,314	222,783	229,035	235,474	243,306	250,137	257,173	264,420	271,885
		16%	3%	3%	4%	3%	3%	3%	3%	3%	3%	3%
Expenses												
Salaries/Wages	285,220	274,100	279,162	284,745	290,330	256,385	230,601	237,519	244,644	251,984	256,643	263,812
Pension Benefits	50,400	57,000	62,358	40,533	47,423	48,431	38,692	41,014	43,475	46,300	51,671	40,045
Other Employee Benefits	84,582	81,400	83,109	85,935	89,458	89,135	87,821	91,861	96,454	101,373	105,541	111,240
Contractual	45,440	52,100	53,038	54,311	55,614	56,949	58,316	59,715	61,148	62,616	64,119	65,658
Commodities	16,249	13,200	13,438	13,760	14,090	14,429	14,775	15,129	15,492	15,864	16,245	16,635
Capital Outlay	18,073	5,000										
TOTAL EXPENSES	499,964	482,800	491,105	479,284	496,916	465,328	430,204	445,238	461,214	478,137	494,219	497,390
		-3%	2%	-2%	4%	-6%	-8%	3%	4%	4%	3%	1%
Operating Revenues over/(under) Expenses	(325,644)	(280,100)	(282,684)	(264,970)	(274,133)	(236,293)	(194,731)	(201,932)	(211,077)	(220,964)	(229,799)	(225,505)
Cost Recovery %	35%	42%	42%	45%	45%	49%	55%	55%	54%	54%	54%	55%

Recreation Center (403.313)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Revenues												
Youth Program Fees	257,586	262,600	270,478	278,592	286,950	295,559	304,425	313,558	322,965	332,654	342,633	352,912
Adult Program Fees	27,774	32,900	33,887	34,904	35,951	37,029	38,140	39,284	40,463	41,677	42,927	44,215
Facility Rental Fees	0	500	515	530	546	563	580	597	615	633	652	672
Seaview Park Concession	1,915	1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349	2,419
Promotional Merchandise	1,880	200	206	212	219	225	232	239	246	253	261	269
TOTAL REVENUES	289,155	298,000	306,940	316,148	325,633	335,402	345,464	355,828	366,502	377,497	388,822	400,487
Expenses												
Salaries/Wages	311,521	295,800	301,716	307,750	313,685	322,896	331,123	341,056	351,288	361,827	363,082	367,144
Pension Benefits	41,300	43,100	47,151	30,648	35,859	40,879	42,555	45,108	47,815	50,923	56,830	44,043
Other Employee Benefits	68,808	66,900	68,305	70,627	73,523	76,758	80,442	84,143	88,350	92,856	92,956	97,976
Contractual	220,825	237,200	241,470	247,265	253,199	259,276	265,499	271,871	278,395	285,077	291,919	298,925
Commodities	35,047	42,500	43,265	44,303	45,367	46,455	47,570	48,712	49,881	51,078	52,304	53,559
TOTAL EXPENSES	677,501	685,500	701,907	700,594	721,633	746,264	767,189	790,890	815,729	841,760	857,090	861,647
Operating Revenues over/(under) Expenses	(388,346)	(387,500)	(394,967)	(384,446)	(396,000)	(410,863)	(421,725)	(435,062)	(449,227)	(464,263)	(468,268)	(461,160)
Cost Recovery %	43%	43%	44%	45%	45%	45%	45%	45%	45%	45%	45%	46%

Summary of Revenue

	2009 Actual	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget
Youth Program Fees	257,586	262,600	270,478	278,592	286,950	295,559	304,425	313,558	322,965	332,654	342,633	352,912
Adult Program Fees	27,774	32,900	33,887	34,904	35,951	37,029	38,140	39,284	40,463	41,677	42,927	44,215
Facility Rental Fees	0	500	515	530	546	563	580	597	615	633	652	672
Seaview Park Concession	1,915	1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349	2,419
Promotional Merchandise	1,880	200	206	212	219	225	232	239	246	253	261	269
Tennis Tournament	6,550	6,200	6,386	6,578	6,775	6,978	7,187	7,403	7,625	7,854	8,090	8,332
Tennis Daily Court Fees	54,285	46,000	47,380	48,801	50,265	51,773	53,327	54,926	56,574	58,271	60,020	61,820
Tennis Annual Pass Fees	80,370	97,500	100,425	103,438	106,541	109,737	113,029	116,420	119,913	123,510	127,215	131,032
Tennis Pro Admin Fees	11,633	12,000	12,000	12,000	14,400	14,400	14,400	15,600	15,600	15,600	15,600	15,600
Tennis Maintenance & Imp Fee	0	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	12,095
Tennis Merchandise	0	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	2,688
Tennis Teaching Services	21,482	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	40,317
Annual Leases	2,377,919	2,510,000	2,510,000	2,535,100	2,585,802	2,637,518	2,690,268	2,744,074	2,826,396	2,911,188	2,998,523	3,118,464
Seasonal Leases	126,324	152,500	152,500	154,025	157,106	160,248	163,453	166,722	171,723	176,875	182,181	189,468
Transient	617,460	600,000	600,000	606,000	618,120	630,482	643,092	655,954	675,633	695,901	716,779	745,450
Electricity	99,322	75,000	75,000	78,000	78,000	81,000	81,000	81,000	85,000	85,000	85,000	85,000
Ice Sales	67	300	300	303	309	315	322	328	338	348	358	373
Sales Tax Commissions -Other	394	400	400	404	412	420	429	437	450	464	478	497
Misc Revenue Docks	374	400	400	404	412	420	429	437	450	464	478	497
Golf Pro Administrative Fee	6,000	12,000	12,000	12,000	14,400	14,400	14,400	15,600	15,600	15,600	15,600	15,600
Golf Resident Pass Fees	6,861	41,400	41,814	43,068	44,360	45,691	47,062	48,445	50,902	52,938	55,056	57,258
Golf Non-Res. Pass Fees	2,460	38,800	39,188	40,364	41,575	42,822	44,106	45,471	47,706	49,614	51,598	53,662
Golf 12 Play Passes	25,225	60,700	61,307	63,146	65,041	66,992	69,002	71,762	74,632	77,617	80,722	83,951
Greens Fees	223,347	665,500	672,155	692,320	713,089	734,482	756,516	786,777	818,248	850,978	885,017	920,418
Golf Riding Cart Rental	59,507	106,200	107,262	110,480	113,794	117,208	120,724	125,553	130,575	135,798	141,230	146,880
Golf Pull Cart Rental	20,863	28,100	28,381	29,232	30,109	31,013	31,943	33,221	34,550	35,932	37,369	38,864
Golf Driving Range	51,359	135,700	137,057	141,169	145,404	149,766	154,259	160,429	166,846	173,520	180,461	187,679
Golf Maint & Improve Fee	35,403	98,600	99,586	102,574	105,651	108,820	112,085	116,568	121,231	126,080	131,124	136,368
Club Rentals	10,419	23,000	23,230	23,927	24,645	25,384	26,146	27,191	28,279	29,410	30,587	31,810
Golf Teaching Services	7,374	14,000	14,280	14,566	14,857	15,154	15,457	15,766	16,082	16,403	16,731	17,066
Golf Merchandise	0	0	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101	4,183
Golf Catering Revenue	0	0	18,000	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725
Vending Machine Comm Golf	697	2,600	2,626	2,652	2,679	2,706	2,733	2,760	2,788	2,815	2,844	2,872
Sales Tax Commissions - Golf	172	300	309	318	328	338	348	358	369	380	391	403
Misc Revenue - Golf	0	0	0	0	0	0	0	0	0	0	0	0
Fema Hurricane Reimburse	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Revenue	24,990	0	0	0	0	0	0	0	0	0	0	0
Bond Proceeds	0	1,740,844	0	0	0	0	0	0	0	0	0	0
Interest on Investments	67,710	70,000	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
Par 3 Donations	1,830,935	0	0	3,000,000	0	0	0	0	0	0	0	0
TOTAL REVENUES	6,058,657	6,877,044	5,214,656	8,332,083	5,460,139	5,589,420	5,718,804	5,867,388	6,057,468	6,249,683	6,448,239	6,692,338
		14%	-24%	60%	-34%	2%	2%	3%	3%	3%	3%	4%

Summary of Expenses

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Salaries/Wages	1,401,152	1,432,100	1,460,322	1,509,528	1,539,114	1,499,528	1,509,279	1,554,558	1,601,194	1,649,230	1,686,207	1,728,240
Pension Benefits	209,500	225,400	259,592	168,735	197,419	213,799	210,841	223,491	236,901	252,299	281,566	218,214
Other Employee Benefits	352,061	360,900	361,376	373,663	388,983	397,578	411,070	429,979	451,478	474,503	493,626	520,282
Contractual	1,109,617	1,176,400	1,197,575	1,226,317	1,255,749	1,285,887	1,316,748	1,348,350	1,380,710	1,413,847	1,447,780	1,482,526
Commodities	163,515	206,500	210,217	215,262	220,429	225,719	231,136	236,683	242,364	248,180	254,137	260,236
TOTAL OPERATING EXPENSES	3,235,844	3,401,300	3,489,082	3,493,505	3,601,693	3,622,511	3,679,074	3,793,061	3,912,647	4,038,061	4,163,316	4,209,498
Operating Revenues		5%	3%	0%	3%	1%	2%	3%	3%	3%	3%	1%
over/(under) Expenses	2,822,813	3,475,744	1,725,574	4,838,578	1,858,446	1,966,909	2,039,730	2,074,326	2,144,821	2,211,622	2,284,923	2,482,839
Capital Expenses	(4,467,320)	(341,500)	(199,000)	(3,476,000)	(187,000)	(260,000)	(49,000)	(207,000)	(105,000)	(77,000)	(110,000)	(48,000)
Depreciation*	(282,593)	(368,100)	(434,000)	(434,000)	(502,000)	(502,000)	(502,000)	(502,000)	(502,000)	(502,000)	(502,000)	(502,000)
Depreciation (Credited to show cash)	282,593	368,100	434,000	434,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000
Transfer to General Fund	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)
Debt Service		(160,700)	(117,200)	(116,100)	(114,863)	(113,350)	(116,625)	(114,825)	(117,788)	(115,350)	(117,650)	(114,850)
Contingency		(253,300)	(174,454)	(174,675)	(180,085)	(181,126)	(183,954)	(189,653)	(195,632)	(201,903)	(208,166)	(210,475)
TOTAL REVENUES												
OVER/(UNDER) EXPENSES	(2,194,507)	2,170,244	684,920	521,803	826,499	862,434	1,140,151	1,012,848	1,176,401	1,267,369	1,299,107	1,559,514

Unrestricted Net

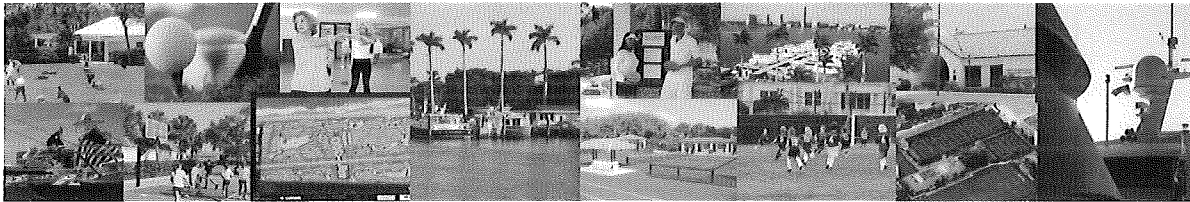
Asset Balance** **2,603,702** **4,773,946** **5,458,866** **5,980,669** **6,807,168** **7,669,602** **8,809,753** **9,822,601** **10,999,002** **12,266,371** **13,565,478** **15,124,993**

* Includes depreciation on assets, as well as transfer of funds into the Equip Replacement, Dock Replacement, and the Golf & Tennis reserves

** Includes balances in the reserve funds Dock Replacement, and the Golf

Town of Palm Beach

Recreation Enterprise Fund



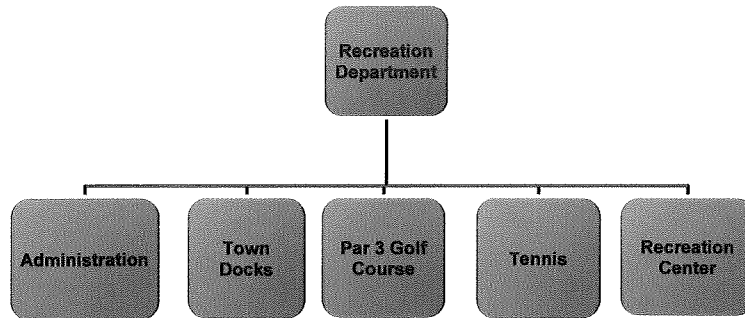
Enterprise Fund

- The Recreation Department functions as an enterprise operation, with no tax subsidy from the General Fund.
- In 2003, the Town Council combined the Golf Course and Town Docks enterprise funds into one and created the Recreation Enterprise Fund.
- Recreation administration, facility maintenance, recreation programming, and tennis operations were removed from the General Fund and placed in the new enterprise fund, saving the General Fund approximately \$1,000,000 annually since 2003.
- In addition to being self sustaining, \$550,000 of enterprise fund profits are transferred to the General Fund each year.

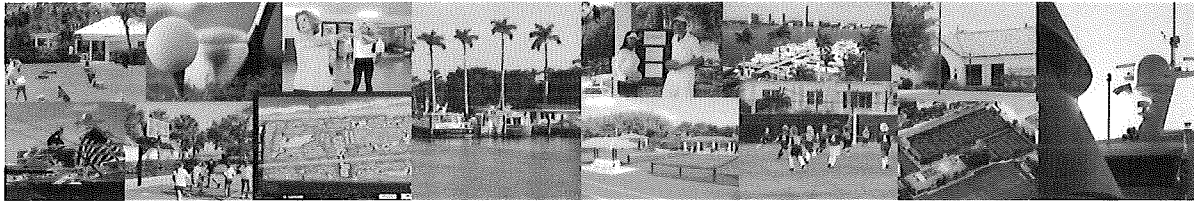


Organizational Structure

The Recreation Department is comprised of five (5) programs:



	FY2007	FY2008	FY2009	FY2010
Total Full Time Equivalent Employees	32.23	29.52	29.40	28.92



Fiscal Year 2009

Marina

Cost Recovery Goal = 330% : Actual = 362%

Market Conditions * Pricing Strategies

Par 3 Golf Course

Cost Recovery Goal = 100% : Actual = 54%

Restoration Project * Programs and Advertising

Tennis

Cost Recovery Goal = 30% : Actual = 35%

Teaching Services * USTA Award

Recreation Center

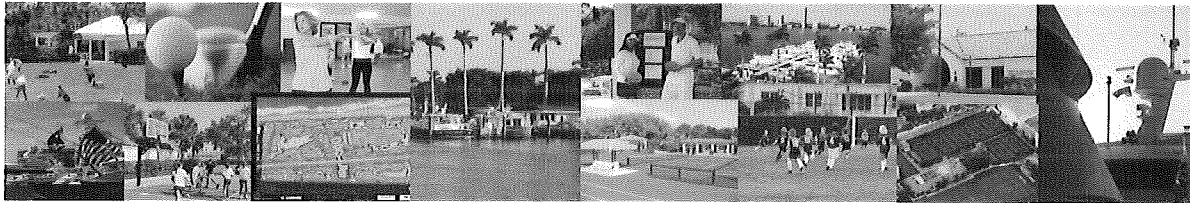
Cost Recovery Goal = 40% : Actual = 43%

Market Conditions * 25th Anniversary



Participation

Recreation Participation	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual
Marina Participation Estimate	52,200	52,500	52,400	46,508
Par 3 Golf Course Participation	48,991	45,664	36,334	17,783*
Tennis Participation	35,091	35,479	29,109	29,766
Recreation Center Programs & Events Participation	28,359	43,343	43,889	35,708
Seaview Park Tot Lot Drop-in Estimate	40,500	45,000	55,000	48,064
Day Academy Use of Field Estimate	47,900	47,900	56,280	54,630
Public School Use of Field Estimate	25,400	28,800	34,800	51,192
Total Department Participation Estimate	278,441	298,686	307,812	283,651



Long-Term Financial Plan

FY2009 Financial Condition

Net Income: (\$2,194,507)*

Ending Retained Earnings: \$2,603,702

* Par 3 capital improvements, Seaview Tennis improvements

FY2010 Budget

Estimated Net Income: \$2,136,649*

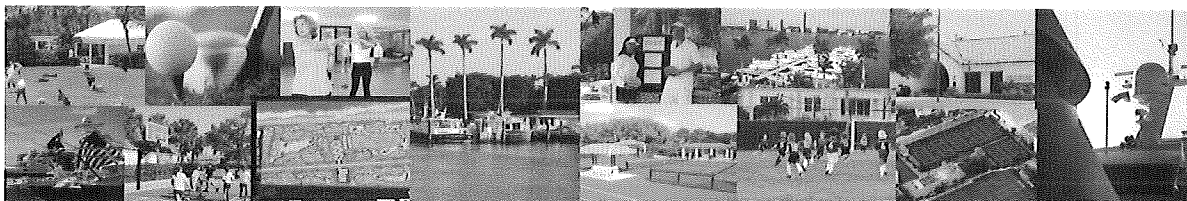
Estimated Retained Earnings: \$4,773,946

* Repayment to Fund through bond proceeds (\$1,741,000)

Forecast for FY2011 – FY2020

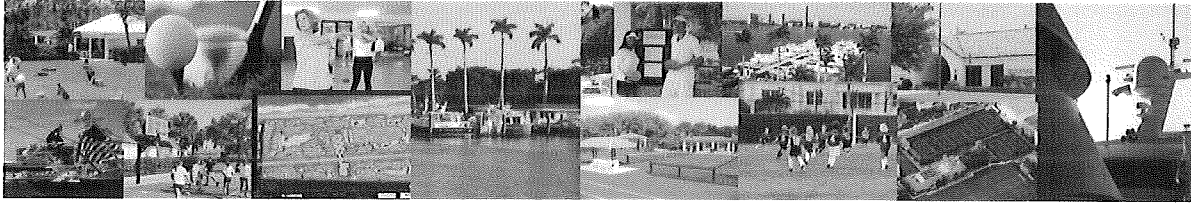
Estimated Net Income Range: \$521,800 to \$1,560,000 each year

Estimated Retained Earnings at the End of FY2020: \$15,125,000



Long-Term Financial Plan

Budget Program Area	FY2011-2020 Revenue	FY2011-2020 Expenses	Cost Recovery Goal	FY2011-2020 Cost Recovery Estimate
Administration	N/A	- 9% to 4%	N/A	N/A
Town Docks	0% to 4%	1% to 3%	330%	344% to 357%
Golf Course	3% to 5%	1% to 3%	100%	131% to 141%
Tennis	3% to 4%	- 8% to 4%	30%	42% to 55%
Recreation Center	3%	0% to 3%	40%	44% to 46%



Proposed Department Reorganization and Cost Savings Measure

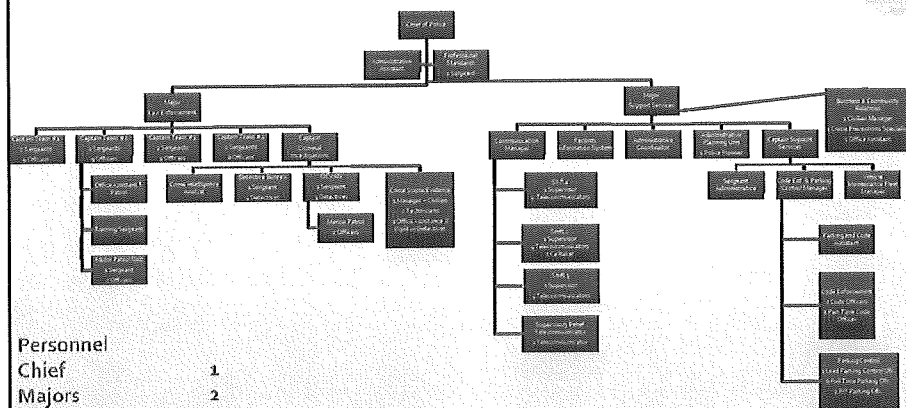
Palm Beach Police
April 6, 2010



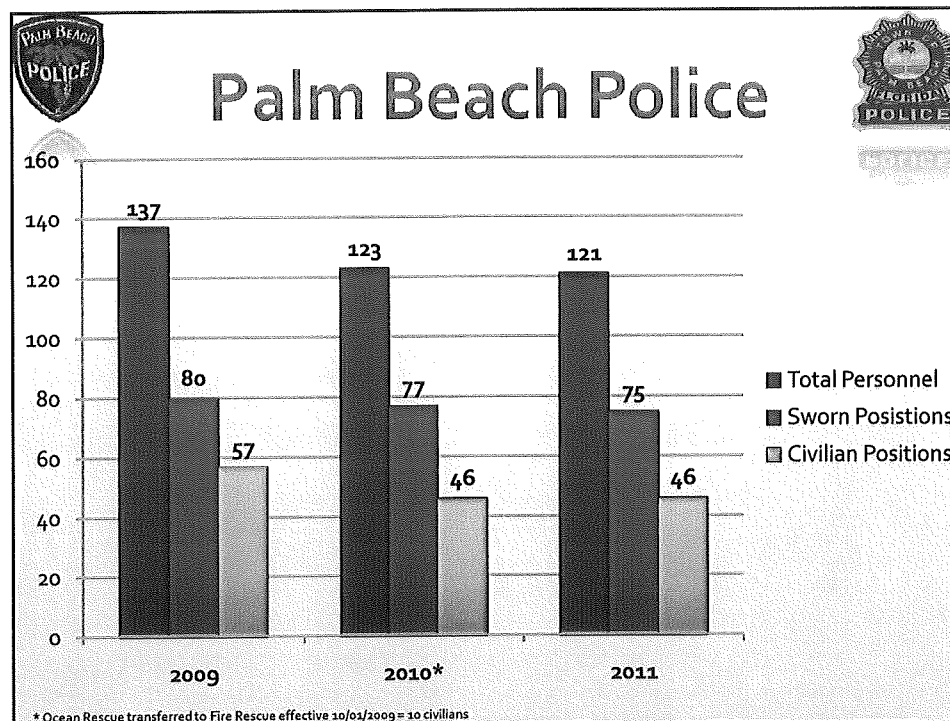
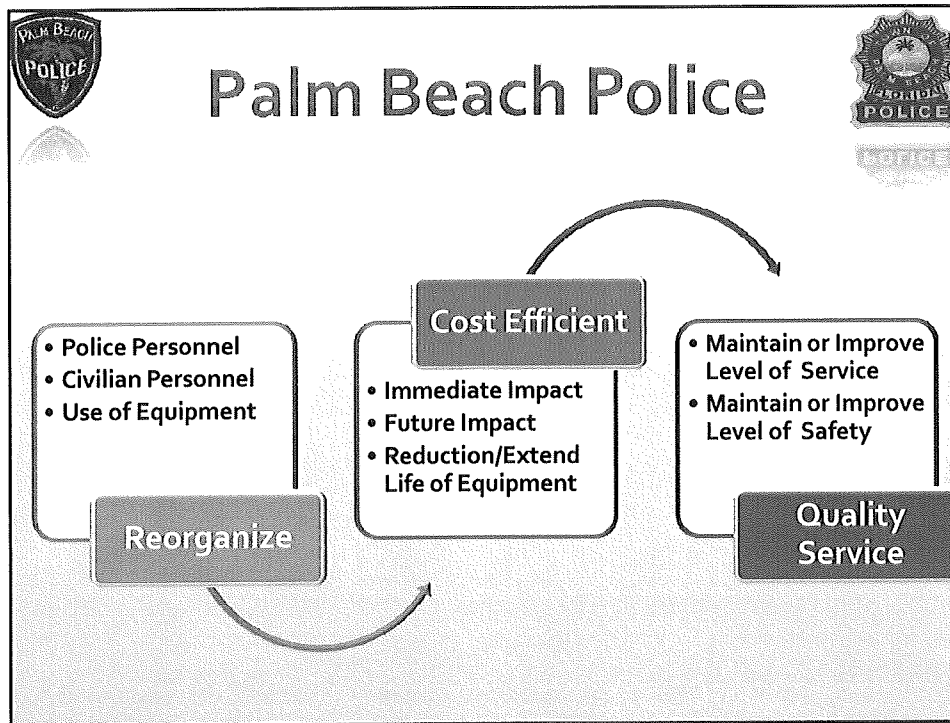
Chief Kirk Blouin
Town of Palm Beach Police Department



Palm Beach Police



Personnel	
Chief	1
Majors	2
Captains	6
Sergeants	15
Police Ofc.	53
Total Sworn	77
Civilian	46





Palm Beach Police

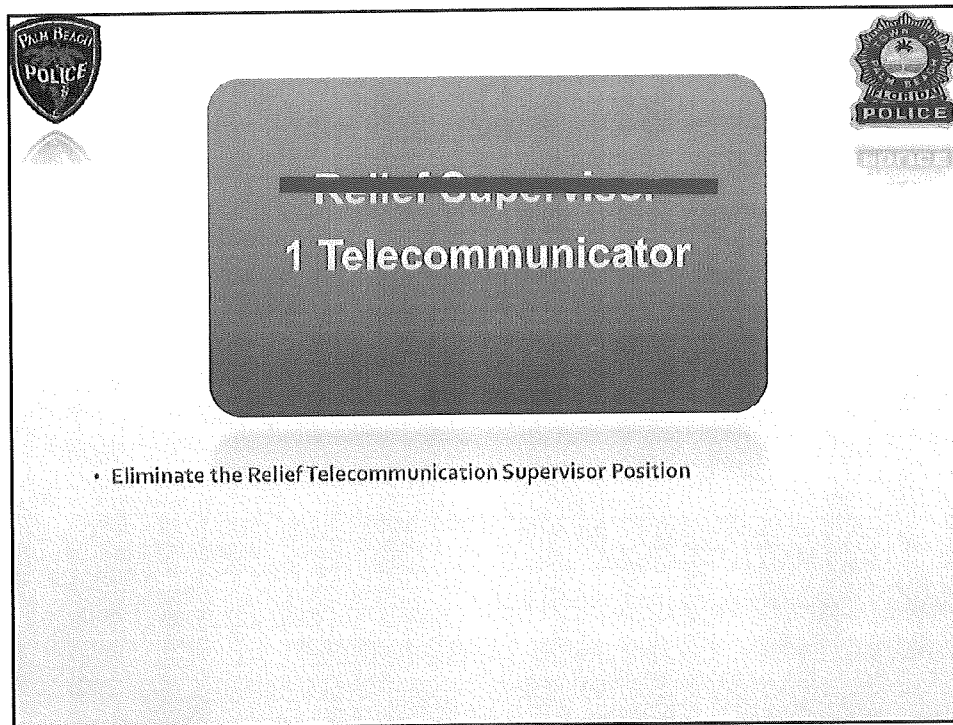
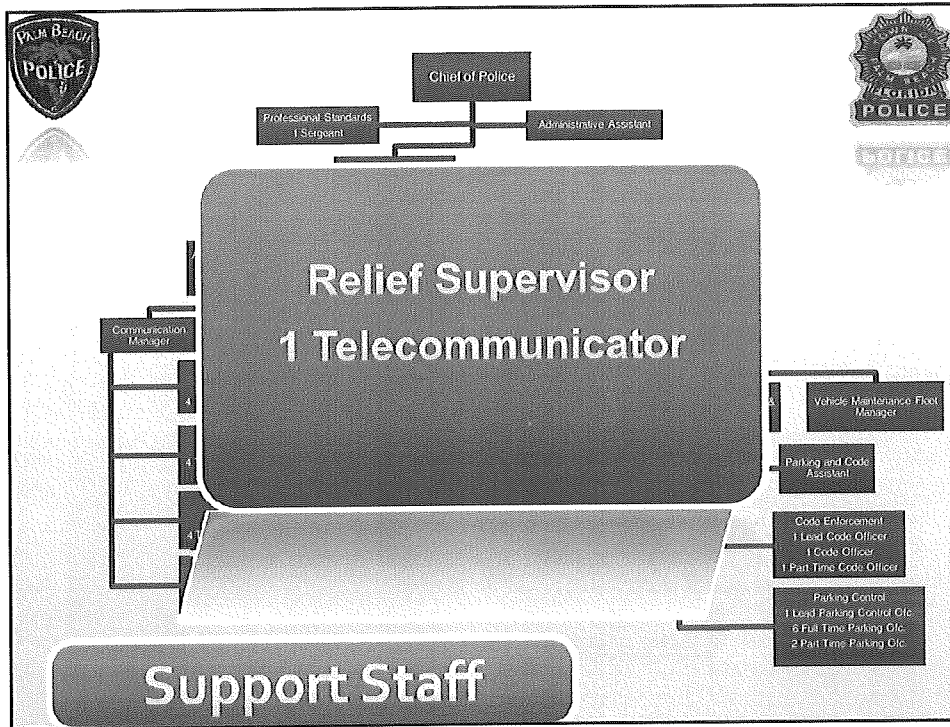
Business & Community Relations

~~1 Civilian Manager~~
1 Crime Prevention Specialist
1 Office Assistant

- Eliminate the Civilian Manager Position Upon Retirement (April of 2010)
- BCR Civilian Manager

	\$ 51,180 - \$ 78,432
Longevity at 0% to 10%	\$ 0 - \$ 7,843
Other benefits*	\$ 1,750 - \$ 1,750
Benefits at 43%	\$ 22,760 - \$ 38,851

Total Savings Range \$75,690 - \$126,876



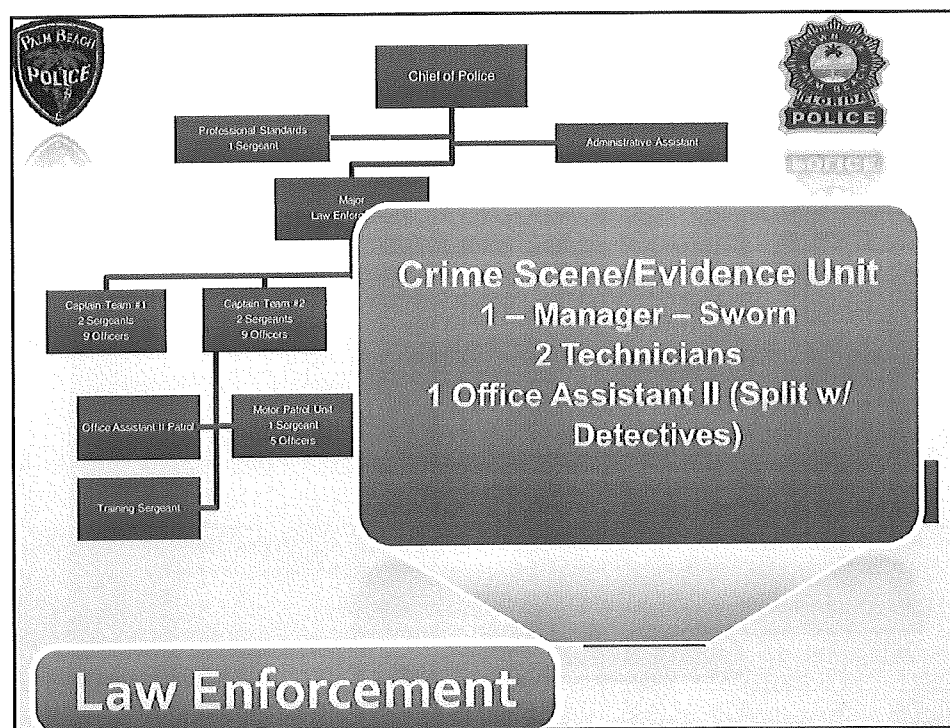



Relief Telecommunicator

- Replace with a Relief Telecommunicator

	TC Relief Supervisor	TC Relief
Salary Range	\$45,142 - \$ 69,178	\$38,192 - \$58,528
Longevity at 5%	\$ 2,257 - \$ 3,459	\$ 1,910 - \$ 2,926
Benefits at 43%	\$20,382 - \$ 31,234	\$17,244 - \$26,425
Total Salary Range	\$67,781 - \$103,871	\$57,346 - \$87,879

Total Savings Range \$10,435 - \$15,922






Crime Scene/Evidence Unit

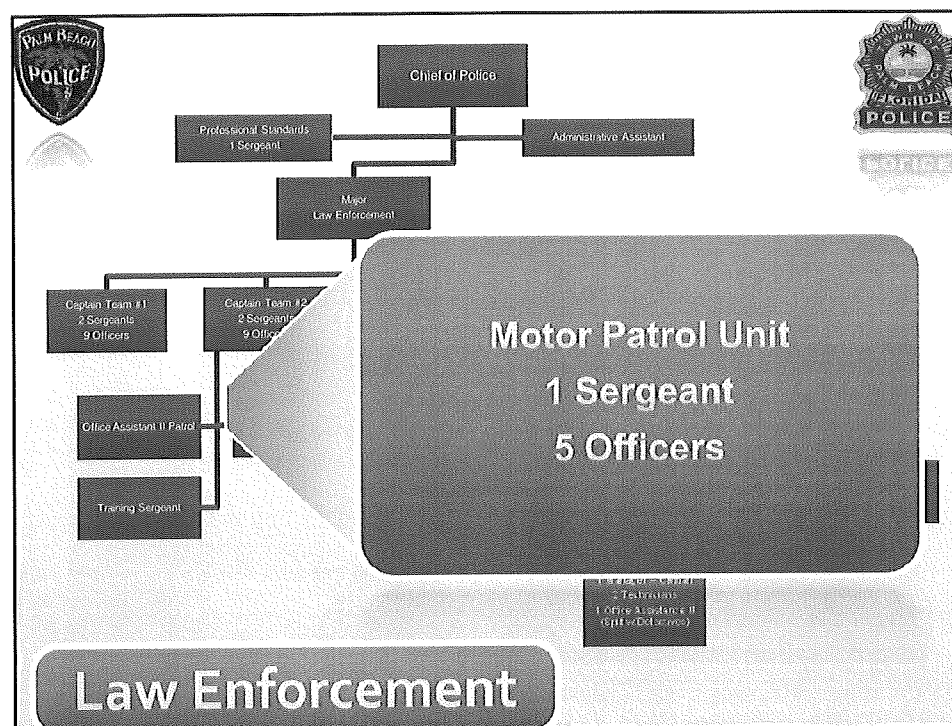
1 – Manager – ~~Sworn~~

2 Technicians

1 Office Assistant II (Split w/
Detectives)

	Sworn CSEU Mgr.	Civilian CSEU Mgr.
Salary Range	\$54,299 - \$ 80,376	\$49,299 - \$ 75,376
Longevity at 5% & 0%	\$ 2,715 - \$ 4,019	\$ 0 - \$ 0
Other benefits*	\$ 1,250 - \$ 2,810	\$ 1,150 - \$ 1,150
Benefits at 54%/43%	\$31,463 - \$ 47,091	\$21,693 - \$ 32,906
Total Salary Range	\$89,727 - \$134,296	\$70,498 - \$109,432

Total Savings Range \$19,229 - \$24,864






Motor Patrol Unit

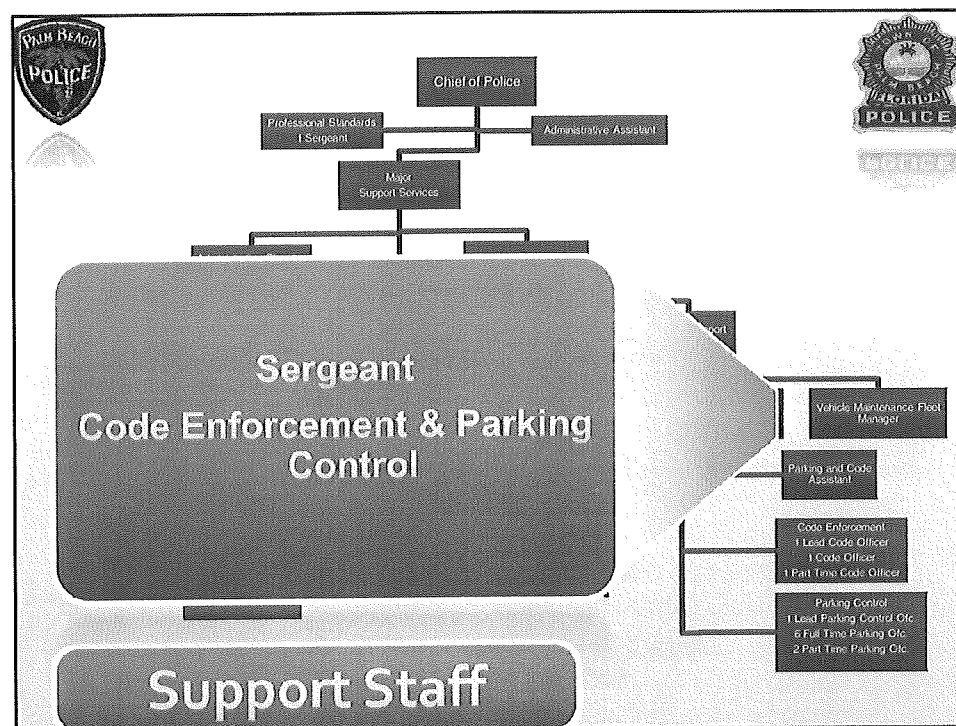
~~1 Sergeant~~

5 Officers

- Eliminate the Motor Patrol Sergeant Position

MPU Sergeant	\$ 74,492 - \$ 94,256
Other benefits*	\$4,460 - \$4,460
Benefits of 54%	\$ 42,634 - \$ 53,307
Total Salary Range	\$121,586 - \$152,023

Total Savings Range \$121,586 – 152,023







Sergeant

Code Enforcement & Parking Control

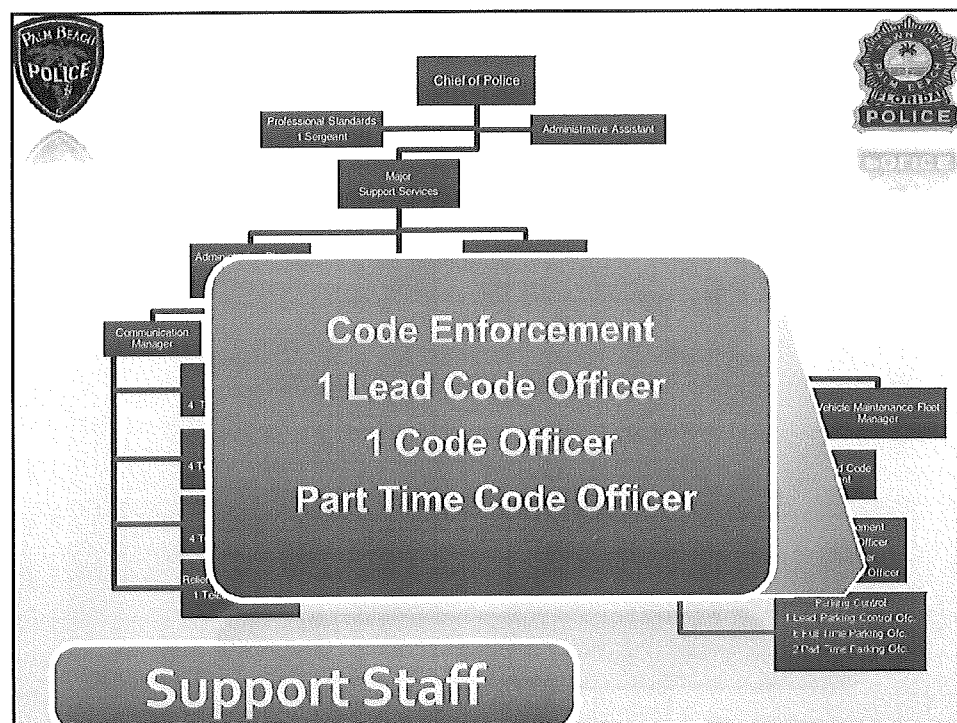
Civilian Manager



- Eliminate the Code and Parking Enforcement Unit Sergeant position and convert the to a Civilian Manager position

Sergeant Salary (entry level)	\$ 74,492	Parking/Code Manager (10%)	\$48,781
Longevity at 5%	\$ 3,724	Longevity 0%	\$ 0
Other benefits*	\$ 2,160	Other Benefits	\$ 550
54% for benefits	\$ 43,403	43% for benefits	\$21,212
Total Salary	\$123,779		\$70,543

Total Savings Range \$53, 236






Code Enforcement

Supervisor Code Officer

~~1 Lead Code Officer~~

1 Code Officer

Part Time Code Officer

• Upon the retirement of the current "Lead" Code Enforcement Officer (CEO) (approximately 4 1/2 years) the "Lead" designation would be reduce to a lower level supervisor salary

Lead CEO	\$46,333 - \$ 71,004	Supervisor CEO	\$40,000 - \$60,000
Other benefits	\$ 0 - \$ 0	Other benefits	\$ 0 - \$ 0
Benefits of 43%	\$19,923 - \$ 30,532	Benefits of 43%	\$17,200 - \$25,800
Total Salary	\$66,256 - \$101,536		\$57,200 - \$85,800

Total Savings Range \$9,056 - \$15,736




Parking Control

1 Lead Parking Control Officer

6 Fulltime Officers

2 Part Time Officers

Chief of Police

Professional Standards 1 Sergeant

Administrative Assistant

Major Support Services

Communication Manager

4 T

4 T

4 T

Police 1 T

Vehicle Maintenance Fleet Manager

Code

Int

Lead Ofc

1 Part Time Parking Ofc

2 Part Time Parking Ofc

Support Staff





Parking Control

1 Lead Parking Control Officer

~~2 Full Time Officers~~

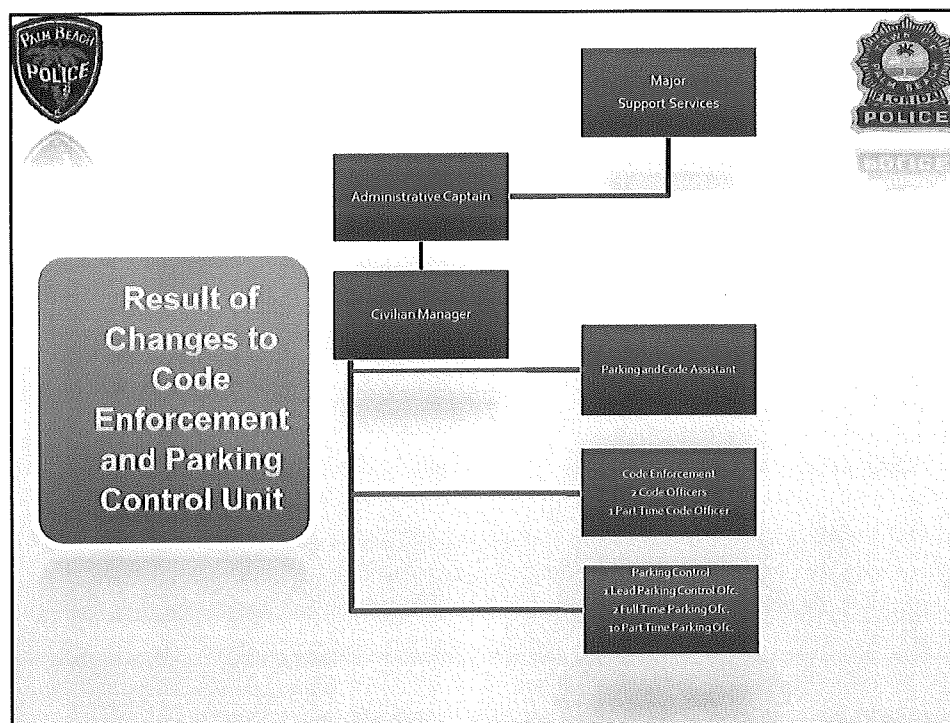
2 Part Time Officers

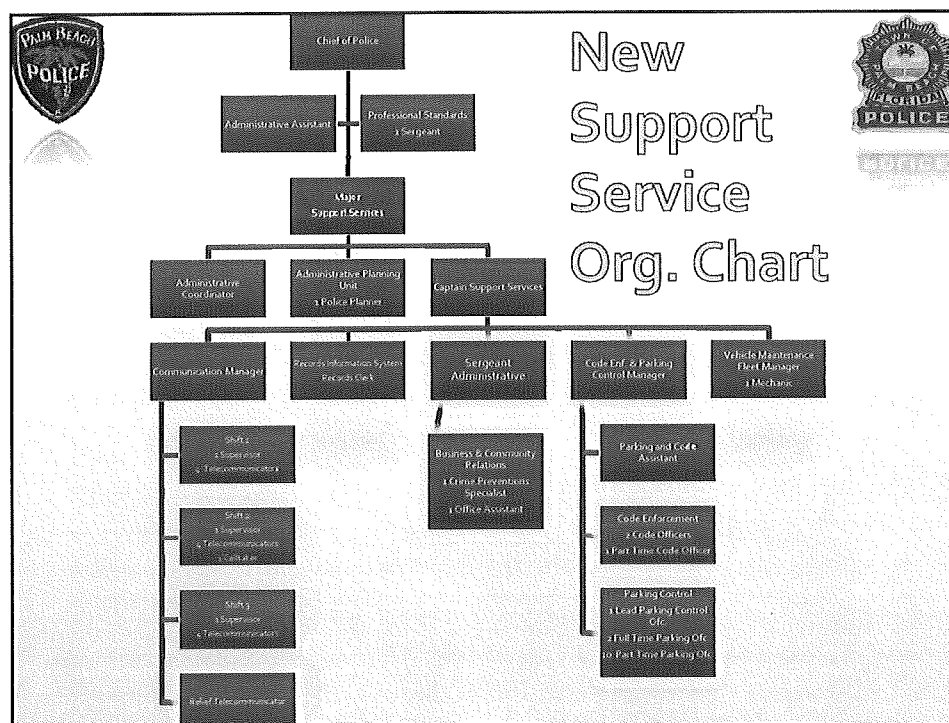
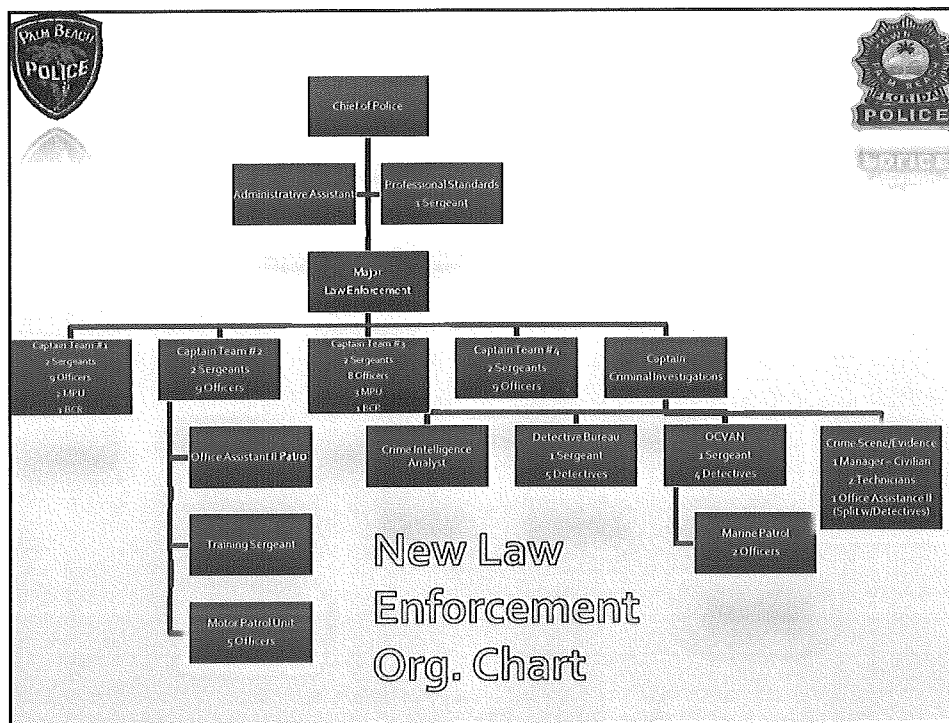
8 Part Time PEO Positions

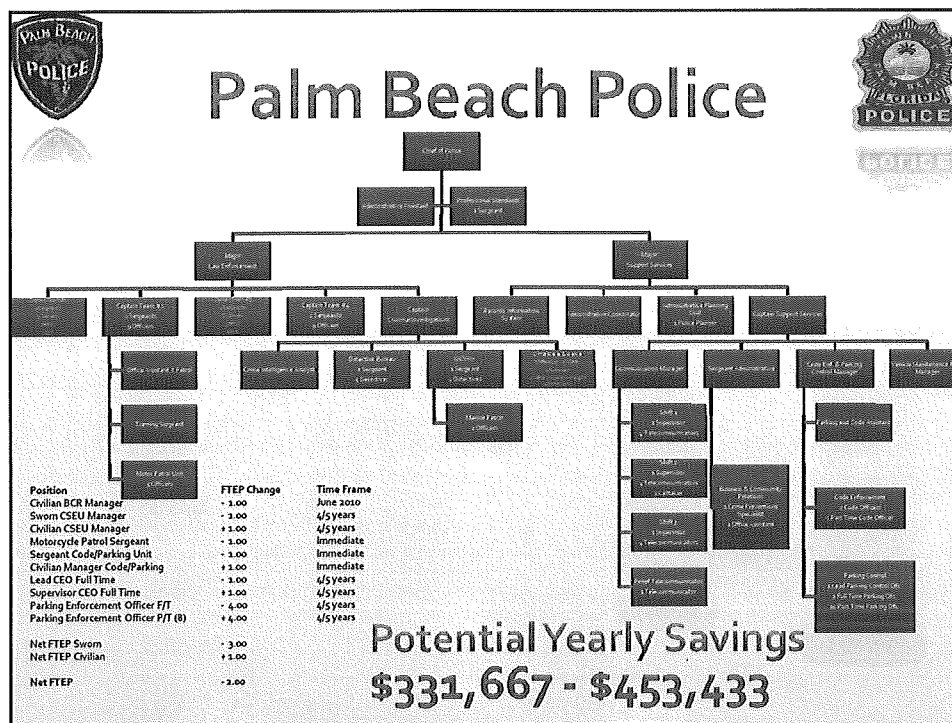
• In the Parking Enforcement Unit, as turnover occurs, 4 current full time Parking Enforcement Officer (PEO) positions will be converted to 8 part-time PEO positions.

4 PEO	\$118,272 - \$181,244	8 Part-time PEO	\$118,272 - \$181,244
Other benefits	\$ 1,800 - \$ 1,800	Other benefits	\$ 1,800 - \$ 1,800
Benefits of 43%	\$ 51,631 - \$ 78,709	Benefits of 7.65%	\$ 9,186 - \$ 14,003
Total Salary	\$171,703 - \$261,753		\$129,258 - \$197,047

Total Savings Range \$42,445 - \$64,706







REORGANIZATION OF THE PUBLIC WORKS DEPARTMENT

Reduced our staff from 125 employees in 1986 to the current 98

- Attrition only
- Better equipment
- Contracting many services.
- More efficient use of manpower

More opportunities to privatize will be available in the future

Assumptions:

1. Reduction will occur through attrition only.
2. Scope of Services to remain the same.
3. Most staff will consider retirement between 55 to 65 years of age and 25 to 30 years of service.

We anticipate the following:

Within the next 15 years there will be 37 employees eligible for retirement.

- 17 within the first 5 years
 - 8 within the next 6 to 10 years
 - 12 within the next 11 to 15 years
- Reprogramming existing employees into other work groups is not always possible.
 - Promotions will be necessary as vacancies occur.
 - Outsourcing positions where specialized training and on-call response is required is not practical because of the specialized skill that is involved.

Reorganization Plan

The Public Works Department is responsible for a very diverse set of services that are currently divided into 24 programs. The department consists of 6 Divisions with a total of 8 Bureaus.

We are also responsible for:

1. Program 307 - Capital Improvement Program
2. Programs 308/309 - Coastal Management Program
3. Program 310 – Town Facilities Project Fund
4. Program 403 - Recreation Enterprise Fund Capital Improvement Program

The following reorganization is recommended for each of our programs:

1. Program 511 - Administrative Management

Current Staff size – 8 / Eventual Staff size – 7

- Downgrade the System Specialist position to Office Assistant II and have the new position report to the Office Manager.
- Eliminate current Town Engineer position.
- Assistant Director, Engineering to become Town Engineer.
- Savings partially offset by staffing increase in Coastal Management program 581. We have relied more heavily on outside consultants but will need additional resources to replace the Town Engineer's participation in the Coastal Program.

2. Program 521 - Street Repair & Maintenance **Current Staff size – 2 / Eventual Staff size – 0.**

- Consolidate this program with Landscape Maintenance program.
- Eliminate one supervisory position and one equipment operator position.
- Budget for signs to be included in Traffic Control program 523.
- Paving program to be administered by Engineering program 561.
- Landscape maintenance crews will assist with minor repairs.
- All other repairs to be contracted.

3. Program 523 - Traffic Control **Current Staff size - (4 Shared with Program 524)** **Eventual Staff size - (4 Shared with Program 524)**

- No change proposed.
- Program staffed by Electrical Bureau who also participate in the operation and maintenance of the storm and sanitary sewer systems (programs 531 and 532).
- Two retirements anticipated within the next 5 years. Recommend filling these positions and maintaining a staff size of 4.

4. Program 524 - Street Lighting

Current Staff size- (4 Shared with Program 523)

Eventual Staff size - (4 Shared with Program 523)

- No change proposed. See Program 523 notes.

5. Program 531 - Storm Sewer Maintenance

Current Staff size - (15 Shared with Program 532)

Eventual Staff size - (14 Shared with Program 532)

- Eliminate existing vacant laborer position.
- Operation and maintenance of the Town's storm and sanitary sewer systems is critical to the health and safety of the residents.
- Recommend filling any future vacancies and maintaining staff size.

6. Program 532 - Sanitary Sewer Maintenance

Current Staff size - (15, Shared with Program 531)

Eventual Staff size - (14, Shared with Program 531)

- See program 531 notes.

7. Program 533 - Sanitary Sewage Treatment

Current Staff size - 0

Eventual Staff size - 0

- No change proposed.

8. Program 541 - Residential Collection

Current Staff size - 12

Eventual Staff size - 12

- It is recommended that this program continue.
- Restructure to include residential recycling with no increase in staff size.
- Routes will change and work hours will be extended.
- Additional seasonal overtime is to be expected.
- Transfer Commercial Collection and Trash Bureau personnel to fill any vacancies.

9. Program 542 - Commercial Collection

Current Staff size - 6

Eventual Staff size – 0

- Contract all commercial collection work. Individual routes can be contracted out as vacancies occur.
- Transfer of personnel to Program 541 will accelerate privatization.

10. Program 543 - Refuse Disposal

Current Staff size - 0

Eventual Staff size - 0

- No change proposed.

11. Program 544 - Yard Trash Collection

Current Staff size - 22

Eventual Staff size – 16, 10, ?

- Contract "stash area" yard trash collection first. Additional routes can be contracted out as more vacancies occur, if that is acceptable to Town Council and the community.
- Transfer of personnel to Program 541 will accelerate privatization. Program costs anticipated to increase due to disposal fees if use of existing landfill sites is discontinued.
- Impacts to residential streets may limit privatization of this program.

12. Program 545- Recycling

Current Staff size - 1

Eventual Staff size - 0

- Contract all commercial recycling.
- Residential recycling to be completed by residential sanitation staff.

13. Program 546 - Beach Cleaning

Current Staff size - 1

Eventual Staff size - 0

- Contract all beach cleaning.

14. Program 551 - Landscape Maintenance

Current Staff size - 10

Eventual Staff size - 5

- Combine with Street Repair and Maintenance program 521.
- Contract additional landscaping and maintenance functions.

15. Program 554 - Facility Maintenance

Current Staff size - (4, Shared with Program 558)

Eventual Staff size - (3, Shared with Program 558)

- Contract additional services such as painting and street signs.

**16. Program 558 - Meter Maintenance and Collection
Current Staff size - (4, Shared with Program 554)
Eventual Staff size - (3, Shared with Program 554)**

- See Program 554 notes.

**17. Program 561 - General Engineering Services
Current Staff size - 4
Eventual Staff size - 4**

- The Town's annual Capital Improvement Program budget will increase from approximately \$3 million to \$13 million in one year.
- We will need additional resources to manage the program and propose to use an outside consulting firm.
- Reduction in staff size is not recommended.

**18. Program 565 - Right of Way Inspections
Current Staff size - 1
Eventual Staff size - 1**

- No change proposed.

19. Program 571 - Equipment Operation & Maintenance

Current Staff size - 6 (includes 1 part time and 1 vacancy)

Eventual Staff size - 4 full-time, 1 part-time

- Eliminate vacant position.
- Anticipate reduction of one position during the time frame of this study.
- Staff size may be further reduced after other programs have been outsourced.

20. Program 581 - Coastal Management

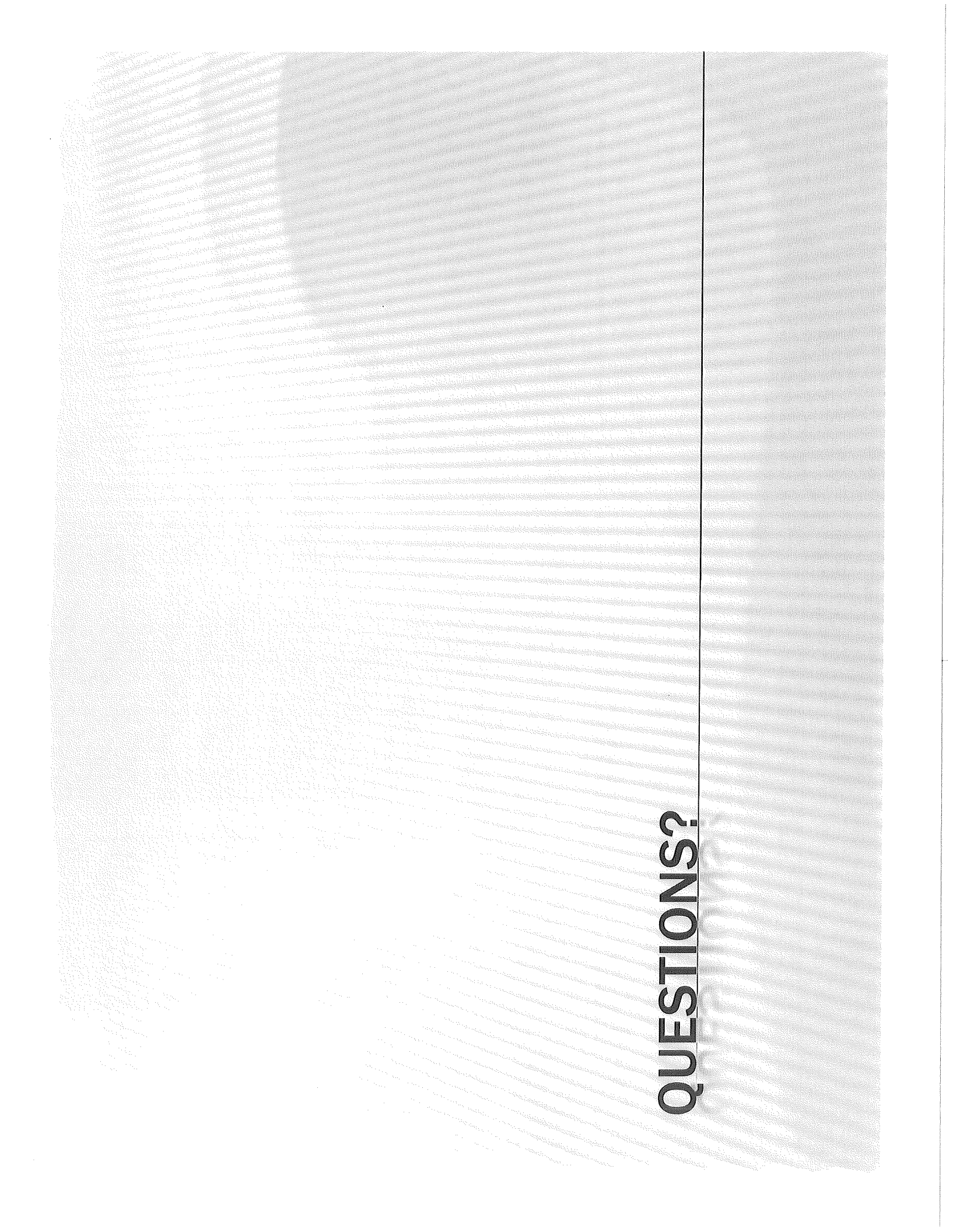
Current Staff size - 1

Eventual Staff size - 2

- Reprogram and downgrade Town Engineer position.
- Establish new project manager position within the Coastal program. Existing Coastal Coordinator to assume additional supervisory duties. The Town Engineer has more than 20 years experience with the Town's coastal program. He currently spends 1/2, to 2/3 of his time in this program. We have increased our reliance on outside consultants but this will not replace the resource currently provided by the Town Engineer.

Personnel Complement

	FY 1986	FY 1996	FY2006	FY2010	2015 (est.)	2020 (est.)	2025 (est.)
Full Time Equivalent Employees	125.0	110.5	101.88	98	83	78	66



QUESTIONS?

TOWN OF PALM BEACH PENSION PLANS



Town Manager's Report and Recommendations

Discussion Points

- ☐ How Did We Get Here?
- ☐ Two Goals
- ☐ Recommendations
- ☐ Alternatives
- ☐ Where Do We Go From Here?

How Did We Get Here?

- Pension Plan Created in 1947
- Single Board until 1999
- Two Boards from 1999-2004
 - General Employees
 - Public Safety
- Three Boards since 2004
 - General Employees
 - Police Officers
 - Firefighters

How Did We Get Here? (Cont.)

- Expense History
 - Stable for 40+ Years
 - Unprecedented Investment Returns in 1990's
 - Plans "Overfunded" in 2000
 - Robust Public Employee Market in South Florida, 2000-2008
- Benefit Improvements & Investment Losses Since 2001 Caused...

How Did We Get Here? (Cont.)

- Town Contributions

2002	2010
\$1,102,026	\$7,525,246

- As of % of Total Town Budget

2002	2010
2.3%	11.3%

- This will Continue to Increase if no Changes are Made

How Did We Get Here? (Cont.)

- Recent Pension Modification History
 - General Employee Multiplier 2.4% in early 1990s
 - Minimum Retirement Age Reduced from 60 to 55 in 1995
 - Multiplier Increased to 2.75% in 2001
 - Public Safety Multiplier 2.75% in early 1990s
 - Multiplier Increased to 3% in 1995
 - Multiplier Increased to 3.25% in 2001
 - Multiplier Increased to 3.5% in 2005
 - Minimum Years of Service Reduced from 25 to 20 years in 2001
 - “Share Plan” Implemented for Firefighters in 2003

Two Goals

- **Financial Sustainability**

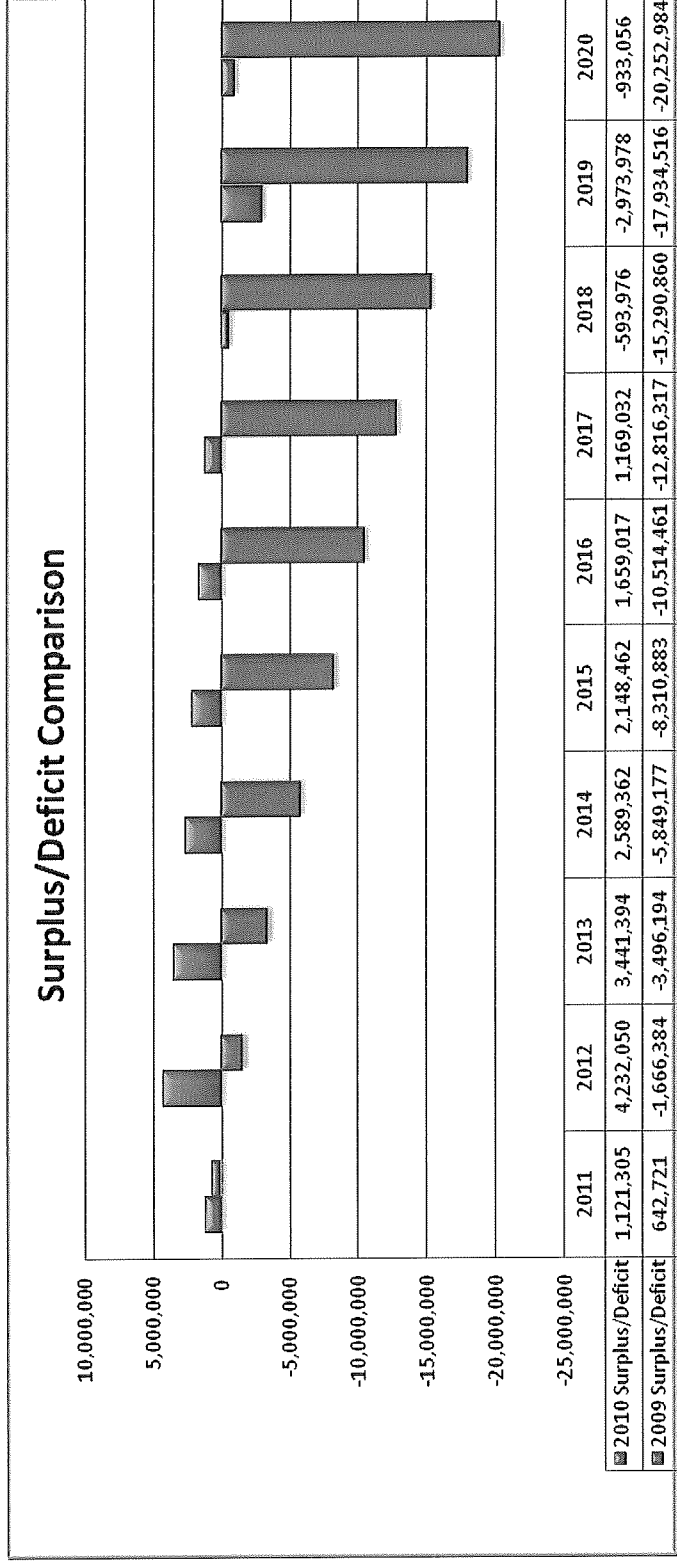
- To Pay the Promised Benefits
- To Restore Pensions to Appropriate Magnitude
as a Percentage of Total Town Budget

- **Competitiveness**

- To Attract and Retain Top Quality Employees
- This is Important to Employees and Residents

Two Goals (Cont.)

- Financial Sustainability
- Reduce Costs to Help Eliminate Deficits



Two Goals (Cont.)

- Continued Competitiveness
 - Changes Occurring Nationally
 - for Public Employee Pension Plans
 - Palm Beach County is the Market
 - for Town of Palm Beach

Two Goals (Cont.)

Defined Benefit Formula Multiplier			
Ranking	GENERAL	POLICE	FIRE
1	BB 3%	PBG 3.5%	WPB 4.0%
2	BR 3%	BB 3.5%	LW 3.75% / 3.50% + Adj
3	RB 3%	BR 3.5% + Sppl	PB 3.5%
4	LW 3%	PB 3.5%	BR 3.4% + Sppl
5	PB 2.75%	TMR 3.0	DB 3.0% / 3.5%
6	DB 2.5%	DB 3.0%	TMR 3.0
7	PBG 2.5%	J 3.0%	FRS 3.0%
8	NPB 2.5%	LW 3.0%	PBC 3.0%
9	TMR 2.4% Curr. / 2.25% New	RB 3.0%	G 3.0%
10	WPB 2.2%	FRS 3.0%	PBG 3.0%
11	DCA 2%	PBC 3.0%	BB 3.0%
12	T 2%	G 3.0%	RB 3.0%
13	FRS 1.6%	WPB 3.0%	T 2.90%
14	J 1.6%	T 2.90%	DCA 2.5%
15	PBC 1.6%	DCA 2.5%	NPB 2.5%
16	G None	NPB 2.5%	

Two Goals (Cont.)

Final Average Pay Period			
Ranking	GENERAL	POLICE	FIRE
1	PB 2 years	BR 2 Years	WPB 2 Years
2	DB 2 years	PB 2 Years	PB 2 Years
3	RB 2 years	RB 2 Years	LW 2 Years
4	LW 2 years	LW 2 Years	BR 2 Years
5	WPB 3 years	DB 3 Years	RB 2 Years
6	PBG 3 years	J 3 Years	DB 3 Years
7	TMR 5 years	WPB 3 Years	TMR 5 Years
8	DCA 10 years	TMR 5 Years	DCA 5 years
9	FRS 5 years	DCA 5 years	FRS 5 Years
10	BR 5 years	PBG 5 Years	PBC 5 Years
11	J 5 years	BB 5 Years	G 5 Years
12	BB 5 years	G 5 Years	PBG 5 Years
13	T 5 years	FRS 5 Years	BB 5 Years
14	NPB 5 years	PBC 5 Years	T 5 Years
15	PBC 5 years	T 5 Years	NPB 5 Years
16	G None	NPB 5 Years	

Two Goals (Cont.)

Eligibility for Unreduced Service Pension			
Ranking	GENERAL	POLICE	FIRE
1	LW 20 & out / R75	PB 20 & Out/ 50 & 10/ Rule of 65	PB 20 & Out/ 50 & 10/ Rule of 65
2	PB 30 & out / 55 & 10	J 55 & 10/ Age 60 / Rule of 65	BR 20 & Out/ 55 & 10
3	RB 50 & 20 / 55 & 10	PBG 20 & Out/ 52 & 10	DB 20 & out/ 55 & 10
4	WPB 30 & out / 60 & 0	BB 20 & Out/ 55 & 10/ 50 & 15	LW 20 & Out/ 55 & 10/ Rule of 75
5	TMR 55 & 30/ 60 & 10	BR 20 & Out/ 55 & 10	PBC 20 & Out / 55 & 10
6	BB 30 & out / 62 & 5	DB 20 & out/ 55 & 10	RB 20 & Out/ 55 & 10
7	FRS 30 & out / 62 & 6	LW 20 & Out/ 55 & 10/ Rule of 75	G 25 & Out/ 55 & 6
8	J 30 & out / 62 & 6	RB 20 & Out/ 55 & 10	PBG 25 & Out/ 52 & 10
9	T 30 & out / 62 & 6	WPB 25 & Out/ 55 & 10/ 50 & 20	BB 25 & Out/ 55 & 10
10	PBC 30 & out / 62 & 6	G 25 & Out/ 55 & 6	TMR 50 & 25 / or 55 & 10
11	DB 30 & out / 62 & 10	TMR 50 & 25 / or 55 & 10	NPB 52 & 25/ 55 & 0
12	PBG 62 & 0	NPB 52 & 25/ 55 & 0	FRS 52 & 25/ 55 & 6
13	NPB 62 & 9	FRS 52 & 25/ 55 & 6	T 52 & 25/ 55 & 6
14	BR 55 & 20 / 53 & 30	PBC 52 & 25/ 55 & 6	WPB 26 & Out/ 55 & 10/ 50 & 15
15	DCA 62 & 10	T 52 & 25/ 55 & 6	DCA 55 & 10
16	G None	DCA 55 & 10	

Two Goals (Cont.)

Annual Retiree Cola			
Ranking	GENERAL	POLICE	FIRE
1	FRS 3%	FRS 3%	FRS 3%
2	J 3%	PBC 3%	PBC 3%
3	NPB3%	G 3%	G 3%
4	PBC 3%	BR 3%/2%	BR 3%/2%
5	PB 2%	WPB CPI	NPB CPI
6	WPB 2%	NPB CPI	PBG 1% / 2% / 3% Age 53, Age
7	TMR 2% at 65	PB 1% / 2% Deferred 3 Years	PB 1% / 2% Deferred 3 Years
8	LW \$2.50/year + CPI	TMR 2% at 65	BB 2% Deferred 5 Years
9	BB Suppl	DB 1%	TMR 2% at 65
10	DCA None	PBG Plan Gain	DB 1%
11	BR None	J Suppl	WPB Plan Gain
12	PBG None	LW \$2.50 Per Year	LW Plan Gain
13	DB None	DCA None	DCA None
14	RB None	BB None	RB None
15	T None	RB None	T None
16	G None	T None	

Two Goals (Cont.)

Normal Married Form of Benefit			
Ranking	GENERAL	POLICE	FIRE
1	PB 75% J&S	PB 75% JS	WPB 75% JS
2	DB 60% J&S	WPB 66 $\frac{2}{3}$ % JS	PB 75% JS
3	WPB 50% J&S	DB 60% JS	DB 60% JS
4	PBG 10 YCL	PBG 10 YCL	LW 10 YCL
5	T 10 YCL	BB 10 YCL	BR 10 YCL
6	BR 5 YCL	BR 10 YCL	PBC 10 YCL
7	TMIR Life	J 10 YCL	G 10 YCL
8	DCA Life	LW 10 YCL	PBG 10 YCL
9	FRS Life	RB 10 YCL	BB 10 YCL
10	J Life	G 10 YCL	RB 10 YCL
11	BB Life	T 10 YCL	T 10 YCL
12	RB Life	NPB 10 YCL	NPB 10 YCL
13	LW Life	TMIR Life	TMIR Life
14	NPB Life	DCA Life	DCA Life
15	PBC Life	FRS Life	FRS Life
16	G None	PBC Life	

Recommendations

- ☐ Retain Defined Benefit (DB) Plan
- ☐ Offer a Defined Contribution (DC) Plan
- ☐ Freeze Current DB plan
- ☐ Modify DB Plan Going Forward
 - ☐ Lower Multipliers
 - ☐ Extend Minimum Retirement Age & Years of Service
 - ☐ AFC – Base Earnings & Limited OT
 - ☐ Eliminate Automatic Survivor Benefit
- ☐ Withdraw from Section 175/185 Programs

Freeze the Current DB Plan

Effective Date
of Changes

Pension A

- ☐ Calculated and Paid According to Current Rules

Pension B

- ☐ Calculated and Paid According to New Rules

Proposed Plan

- Multiplier
 - 3% for Public Safety – Currently 3.5%
 - 2.5% for Lifeguards – Currently 2.85%
 - 2.4% for General Employees – Currently 2.75%
 - Future General Employees – 2.25%
 - Allow Existing Employees Option to “Purchase” Current Multiplier
- Average Final Compensation (AFC)
 - Exclude all Bonus Pay and Special Assignment OT Pay
 - Increase AFC Calculation Period (from 2 years) to 5 years
 - Cap OT at 100 Hours per year

Proposed Plan (Cont.)

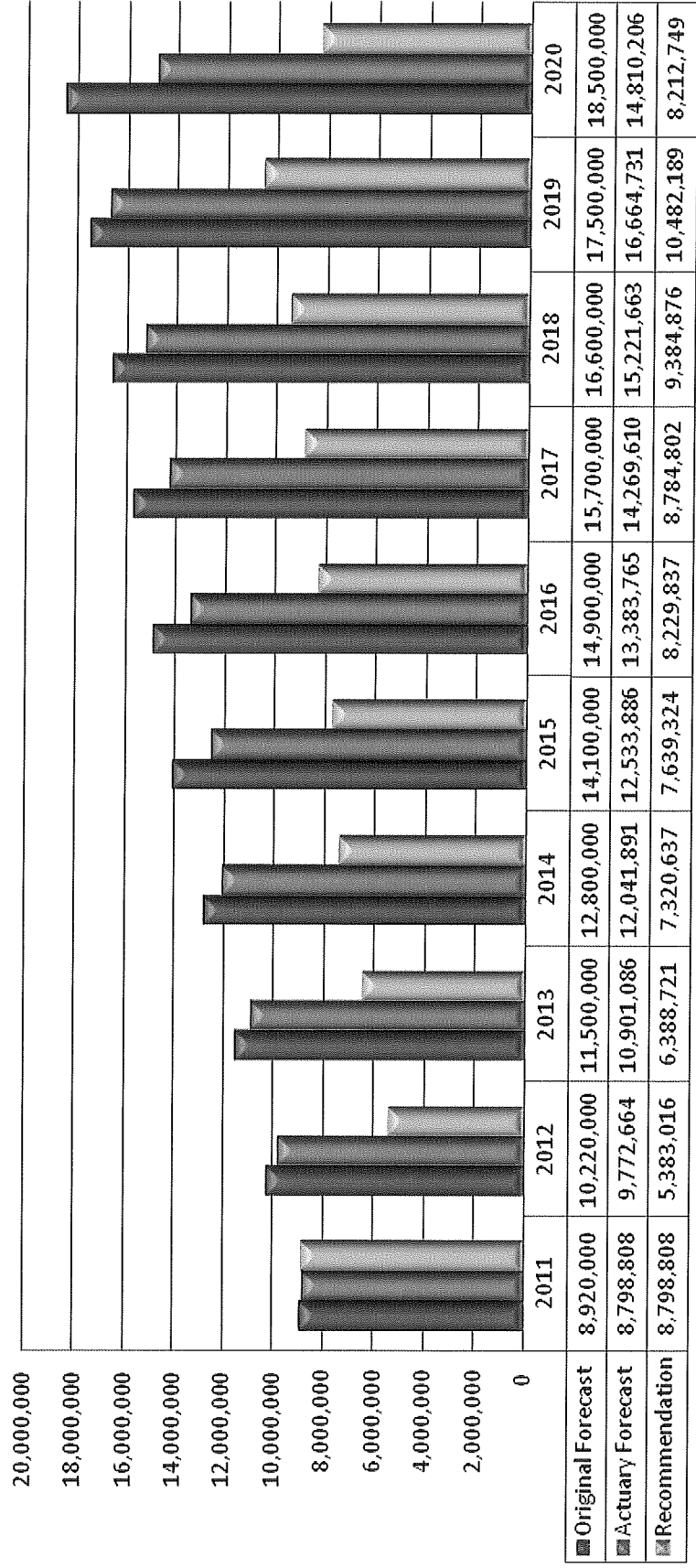
- Retirement Age/Service Eligibility
 - Public Safety
 - 50 Years Old After 25 or More Years of Service
 - 55 Years Old for Between 10 and 25 Years of Service
 - Currently No Age Requirement After 20 Years of Service
 - Currently 50 Years Old for Between 10 and 20 Years of Service
 - Lifeguards
 - 50 Years Old After 25 or More Years of Service
 - 55 Years Old for Between 10 and 25 Years of Service
 - Currently No Age Requirement After 25 Years of Service
 - Currently 50 Years Old for Between 10 and 20 Years of Service
 - General Employees
 - 55 Years Old After 30 or More Years of Service
 - 60 Years Old for Between 10 and 30 Years of Service
 - Currently No Age Requirement After 30 Years of Service
 - Currently 55 Years Old for Between 10 and 20 Years of Service

Proposed Plan (Cont.)

- Straight Life Annuity
 - w/Buy Down for Survivor Benefit
 - Currently 75% for Surviving Spouse Without Buy Down
 - 2% Annual COLA Beginning at Age 65
 - Currently 2% Annual COLA
 - Begins 3 Years After Retirement
- Eliminate “Rule of 65”
- Keep 10 Year Vesting
- Eliminate Supplemental Distribution

Savings

Pension Costs



Alternatives

- ☐ Grandfather
- ☐ Deeper Cut Defined Benefit
- ☐ Hybrid
- ☐ Match FRS for Public Safety

Were Do We Go From Here?

- ☐ Good Faith Negotiations
- ☐ FY11 Budget

Questions and Discussion

**MADELYN GREENBERG REMARKS
SPECIAL TOWN COUNCIL MEETING RE: LONG TERM FINANCIAL PLAN
APRIL 6, 2010**

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.

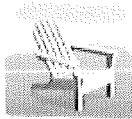
The Citizens' Association wants to be put on record asking our Town Council if you plan on financing the shore protection of our island community.

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.



Fw: Khooshe Aiken application for Recreation Advisory Commission

Cheryl Kleen for council

04/12/2010 12:15 PM

Cc: Jay Boodheshwar, Peter B Elwell, jrandolph, Joanna Cunningham

----- Forwarded by Cheryl Kleen/PalmBeach on 04/12/2010 12:15 PM -----

From: "Missy Agnello" <missyagnello@comcast.net>
To: <council@townofpalmbeach.com>
Date: 04/12/2010 10:49 AM
Subject: Khooshe Aiken application for Recreation Advisory Commission

Dear Council Members,

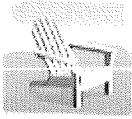
I am contacting you in support of Khooshe Aiken's application for Recreation Advisory Commission. I was a former member of the Commission, serving from Nov. 2001- April 2009 and was the Chairperson for the Commission my final year. Ms. Aiken possess all the qualities that make her an ideal candidate. She has been involved with the Recreation facilities and programs for many years and is currently playing on the A-1 tennis team.

Additionally, I am Chairperson for the Allocation Committee for the Town of Palm Beach United Way, of which Ms. Aiken is a member of the Committee. She attends all the meetings, is well prepared and always participates fully. I know, if appointed, she will also be just as dedicated to the Recreation Advisory Commission.

I believe that appointing Ms. Aiken would be not only beneficial for the Commission but also the Town of Palm Beach.

Thank you,

Missy Agnello
208 Bermuda Lane
Palm Beach, FL 33480



Fw: Patriotic statement

Cheryl Kleen for council

Cc: jrandolph, Joanna Cunningham

04/12/2010 02:23 PM

----- Forwarded by Cheryl Kleen/PalmBeach on 04/12/2010 02:23 PM -----

From: John Blades <johnblades@flaglermuseum.us>
To: council@townofpalmbeach.com
Cc: Boodheshwar/PalmBeach@PalmBeach, PEIwell@townofpalmbeach.com
Date: 04/12/2010 02:19 PM
Subject: Re: Patriotic statement

Dear Town Council Members -

While I appreciate the fact that Mr. Dowell is a proud ex-Marine, his concerns are unfounded.

The statue will honor a man who believed to his core in America, and invested much of his personal fortune in making America great and Florida one of the largest and most influential states in the Union. In fact, so great was Henry Flagler's belief in America's and Florida's futures that he invested far more during his life in the development of Florida than did the Federal Government. And, when America went to war with Spain, Flagler lent his personal yacht for military service, as the USS Hornet, which was credited with sinking an enemy ship.

And, ironically, it is a highly-decorated retired marine fighter pilot (who flew more than 200 combat missions and was awarded the Distinguished Flying Cross) who is underwriting the cost of the Statue.

Clearly, no one has a corner on patriotism.

Placing a statue of Henry Flagler at the bridge will honor a great American and Floridian - at the Town's historic entrance that he created, at the bridge named for him, and on the street that once bore his name.

What could be more appropriate than that? Renaming the Town after him would be. But then, in spite of all he invested in this town and all we owe him, we know that's not what he would have wanted - because he objected when Miami tried to do just that, even though Miami owes much less to Henry Flagler than Palm Beach does.

Let's not let Henry Flagler's modesty, or anyone else's immodesty, divert our attention during the Town's Centennial Year from appropriately honoring Henry Flagler's enormous and lasting contribution to this wonderful Town - a place he loved dearly and in which he invested more of himself than anywhere else on earth.

Thank you,

John Blades
Executive Director
Flagler Museum
P.O. Box 969
One Whitehall Way
Palm Beach, FL 33480

A National Historic Landmark
Accredited by the American Association of Museums
Phone (561) 655 2833
Fax (561) 655 2826

<http://www.flaglarmuseum.us>
<http://www.grand-tour.org>

>From: "W. Dowell" <adowell936@aol.com>
>To: Town of Palm Beach <council@townofpalmbeach.com>
>Date: 04/09/2010 03:06 PM
>Subject: Patriotic statement
>
>
>
>Council members:
>
>As an ex-Marine I feel the Golden Eagle and the American Flag should
>be the first things visitors see when they cross the North Bridge--
>stand proud and make a statement.
>
>Tony Dowell



Fw: Casa Bendita Gazebo - deferral request

Peter B Elwell to:

04/12/2010 02:42 PM

Cc: Paul Brazil, Joanna Cunningham, John Page, Kirk Blouin, Thomas
G. Bradford, Cheryl Kleen

M&TC -

For the reason cited by Paul Brazil below, staff requests a one month deferral of the Casa Bendita matter to be heard at the May 11 TC meeting.

We will ask for this under "Approval of the Agenda" tomorrow.

- Peter

----- Forwarded by Peter B Elwell/PalmBeach on 04/12/2010 02:41 PM -----

From: Paul Brazil/PalmBeach
To: Peter B Elwell/PalmBeach@PalmBeach
Date: 04/12/2010 02:30 PM
Subject: Casa Bendita Gazebo - deferral request

Peter,

I would ask that the Casa Bendita Gazebo item be deferred to next month's regular Town Council meeting. It was my intent to have the agenda item delivered to each home on the street by Friday (4/9). This was not possible and the residents have received their copy today. I do not believe that this allows sufficient time for the residents to review the item and participate in the meeting.

I apologize for the inconvenience. Please let me know if you need any further information.

H. Paul Brazil, P.E.
Director of Public Works
Town of Palm Beach



Patriotic statement

W. Dowell o Town of Palm Beach
:

Elwell
Cunningham
Randolph

04/09/2010 03:06 PM

History: This message has been forwarded.

Council members:

As an ex-Marine I feel the Golden Eagle and the American Flag should be the first things visitors see when they cross the North Bridge--stand proud and make a statement.

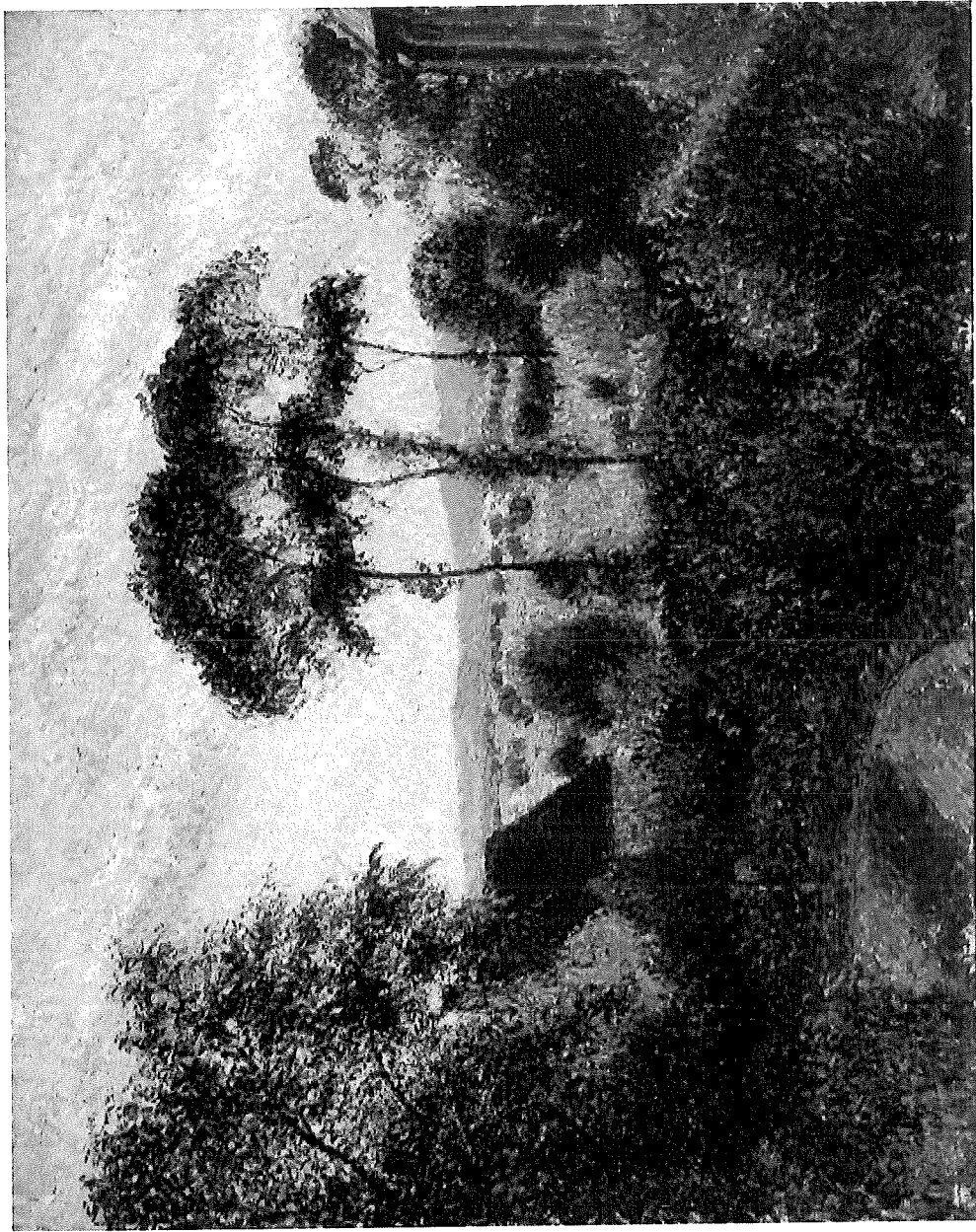
Tony Dowell



Edward
Hopper



Claude
Monet



Camille Pissarro



Jane Peterson



Henri



Cassatt



Bellows



Cox



Seghers



Van Haecht



Curran



Van Ravesteyn



