FINANCE & TAXATION COMMITTEE REPORT OF MEETINGS HELD ON

JUNE 28, 1996 AND JULY 1, 1996

I. CALL TO ORDER AND ROLL CALL: The Finance & Taxation Committee meeting was called to order by Chairman Lesly Smith at 10:05 a.m. on June 28, 1996. On roll call, Mrs. Smith, Chairman, and Mr. Leslie Shaw, Committee Member, were found to be in attendance. Other Elected Officials attending for all or part of the meetings were Mayor Paul Ilyinsky (two days); President Pro-Tem Jack McDonald (partially each day); and Councilman Sam McLendon (July 1 meeting only). Also attending were: Town Manager Robert Doney; Finance Director Marie Crozier; Assistant to the Finance Director Cheryl Somers; Assistant Town Manager Peter Elwell; Assistant to the Town Manager David Jakubiak; Fire-Rescue Chief Ken Elmore; Administrative Secretary Belinda Hardy from the Fire-Rescue Department; Police Chief Joseph Terlizzese; Major Frank Croft from the Police Department; Police Planner Lisa Gorman from the Police Department; Information Systems Manager Spencer Wilson; Recreation Director Russell Bitzer; Supervisor Alan Brown from the Recreation Department; Program Coordinators Carla Kneipp and Pam Russell from the Personnel Department; Director of Planning, Zoning & Building Robert Moore; Administrative Aide Wendy Zamecnik from the Planning, Zoning & Building Department; Risk Manager Barbara Martinuzzi; Purchasing Agent Charles Boggs; and Town Clerk Mary Pollitt.

II. APPROVAL OF AGENDA: The agenda was approved as printed.

III. FY97 PROPOSED BUDGETS

A. OVERVIEW AND COMMENTS BY TOWN MANAGER: Mr. Doney reported that the FY96 anticipated expenditures and revenues are based upon approximately eight months of experience. Mr. Doney stated these figures will continue to be reviewed and the estimates will be updated as needed during the upcoming months, until the FY97 Budgets are adopted by the Town Council in early September, 1996.

Mr. Doney said that the Department Heads and he will continue to review the FY97 Proposed Budgets for additional potential expenditure reductions during the next three months, and each item will be evaluated and staff will request the Town Council consideration and action, if any unforeseen needs arise.

Mr. Doney referred to Exhibit B (*Mrs. Crozier passed out a revised Exhibit B to be inserted in the Budget books)* that illustrated dollar and percentage variances, and the personnel complement, both the current and proposed, program by program. Mrs. Crozier also distributed revised Exhibits H, J, and K and an additional Exhibit T, "FY96 Adopted Budget vs. FY97 Proposed Budget (General Fund only) - Dollars and Percent Change."

Mr. Doney requested that Mrs. Crozier explain the revisions to Exhibit B as it relates to budgeting for unit costs related to health insurance and retirement.

Mrs. Crozier explained the revision equates to an approximate $284,000 reduction in the proposed preliminary budget. A budget standard is applied for both health insurance and the retirement fund which is charged for all programs based upon the employees who are covered as a per participant unit cost. Because sixteen new positions have been proposed, the Finance Department could not know at this time if those requests would be approved in whole or in part. Therefore, the standards for health insurance or retirement could not be established. As a result, the preliminary budget had to be overstated or understated at this time until the unit costs are know to perform the necessary calculations. Mrs. Crozier believed it prudent to overstate the preliminary budget so that ultimately the result would be a positive rather than a negative impact to the budgets proposed at this meeting.

Mr. Doney provided an overview with highlighted comments on the FY97 Proposed Budget binder and the List of Exhibits A through S (copy attached).

Mr. Doney referred to page two of his memorandum, dated June 21, 1996, to the Finance & Taxation Committee which reads as follows:

POTENTIAL MAJOR EXPENDITURES FOR THE FY97 PROPOSED GENERAL (OPERATING) FUND BUDGET WHICH ARE NOT INCLUDED AT THIS TIME

The FY97 Proposed Total General (Operating) Fund Budget of $32,885,107 (see page 6 of Exhibit B dated June 21, 1996) is **preliminary** as of this time and does not include a potential general pay increase. As usual, at this point in the budget process there is limited available information regarding proposed general pay increases in our employment market area. Based upon further review of this matter by the Personnel Director, I will attempt to advance my recommendation on a general pay increase at the Special Town Council meeting on August 1st or at the August 13th regular monthly Town Council meeting.

The total personnel complement (full-time equivalent personnel) for the FY97 Proposed General Fund Budget is 364.08. This is a proposed increase of 15.93 positions from FY 96 and each applicable Department Head and I will identify the details of same by Department and Program, as noted on attached Exhibit B, at the Finance and Taxation Committee meetings.

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The FY97 Proposed Budgets represent a continued effort by Staff to provide the Town Council authorized variety and quality of municipal services to the Town taxpayers in the most cost-effective manner. The type and level of municipal services proposed for FY97 are generally the same as they were in FY96. In a few instances, levels of service are proposed to increase, each such proposal will be presented in detail during the Finance and Taxation Committee meetings. If the Finance and Taxation Committee recommends and the Town Council subsequently authorizes other expanded or modified Town services, the Town Staff will need to estimate the cost impacts of same and amend the FY97 Proposed General (Operating) Fund Budget accordingly.

B. OVERVIEW BY FINANCE DIRECTOR ON BUDGET STANDARDS: Mrs. Crozier reported that the Town of Palm Beach continues to maintain a Aaa rating with Moody's Investors Service. The Town was first notified by Moody's that the Town's Bond Rating was given a Aaa rating in September, 1988. The Town of Palm Beach is the only municipality in the State of Florida with a Aaa underlying rating. An Aaa rating reduces the Town's borrowing cost on future bond issues by approximately 10-15%. The rating is based on the percentage of outstanding debt, the tax base, non-ad valorem revenue sources, and financial solvency.

Mrs. Crozier stated that certain budget standards were used throughout all of the programs. Costs for health insurance will remain the same as FY96, and health insurance is charged throughout all departments on a per participant basis. Mrs. Crozier said the unit cost is determined by dividing the number of employees covered into the actual needs for funding. The unit cost changes whenever there is a personnel complement change.

1. Retirement: Mrs. Crozier stated that to accomplish actuarial recommended funding for the retirement system for FY97, the following contributions were required based on assumptions set forth in detail in the Actuarial Report which represents an overall increase of 3.64%:

a. $11,469 was budgeted for each sworn police officer

b. $13,755 was budgeted for each certified firefighter

c. $5,799 was budgeted for each lifeguard

d. $4,753 was budgeted for each general employee.

The overall general employee funding requirement decreased by $97,210 as a result of assumption changes - mortality rate changes, favorable experience with respect to investment income and salary increases being lower than anticipated.

2. **Social Security:** Social security was budgeted at 7.65% (6.20% for social security coverage and 1.45% for mandatory Medicare coverage) of payroll throughout all programs.

3. **Utilities Expenses:** The following items were budgeted throughout all programs based on information received by the various providers:

a.	Electric	3%
b.	Water	4%
c.	Gas	15%
d.	Telephone	0%
e.	Postage	0%

4. **Non Ad-Valorem Revenues/Fees:** Mrs. Crozier reported that non ad-valorem revenues are anticipated to remain essentially the same overall as FY96. Total estimated non-ad valorem revenue for FY97 is $10,205,474.

Mrs. Crozier said that some of the pages in the detailed worksheet portion of the budget documents, contain no data for either current or prior years. Although these programs have been eliminated, a three year history of transactions is maintained by the computer program, and the program will not delete a line item until no transactions are recorded for a period of three years.

Mrs. Crozier noted that in the list of exhibits, Exhibit P on page 2, the word "Commodities" should be inserted between Contractual and Capital Outlay.

Mr. Doney said that he would be handing out a copy of a progress report on the Nolen, Holt, and Miner Reports dated March 22, 1996, regarding the Finance Department and same will be considered later in the meetings.

C. **INSURANCE PROGRAMS OVERVIEW-RISK MANAGER AND PERSONNEL DIRECTOR**: Mrs. Barbara Martinuzzi, Risk Manager, presented the property and casualty portions of the self-insurance fund which are general liability, automobile liability, public officials liability, workers' compensation, and property. Mrs. Martinuzzi explained the Town is self-insured for all exposures and maintains excess insurance coverage above the self-insured retention. The Town carries a self-insurance retention of $200,000 per occurrence applied to automobile and general liability, and a retention of $100,000 for property, workers' compensation, and public officials. Mrs. Martinuzzi pointed out that the Town has a "loss fund" or aggregate retention fund of $775,000 which applies to each fiscal year with a $1 million excess, aggregate through commercial carriers if the loss fund should be exhausted.

Mrs. Martinuzzi reported the Town maintains $10 million in coverage for the areas of general liability, automobile liability, and public officials, statutory limits for workers' compensation benefits, and approximately $32 million for property coverages.

Mrs. Martinuzzi said the Town is purely self-insured and has no excess coverage for environmental impairment liability, roads, bridges, seawalls, and the majority of underground piping and sewers. The current program continues to be marketed on an "as is" basis with no major changes in exposures or operations.

Mrs. Martinuzzi stated the Town is anticipating a rate increase of approximately 15% total for the fixed premium costs, predominantly in the property area, due to the continued insurance industry concerns relative to the windstorm and coastal community aspects.

Mrs. Martinuzzi said that renewal proposals will be presented in detail at the September, 1996, Town Council meeting, as has been done in the past.

Mrs. Martinuzzi said the loss fund would be maintained at $775,000, and the overall claim experience continues to improve. The cost allocation program was implemented in 1996 which allocates the cost of the self-insurance program equitably, based on each program's actual exposure and loss experience. The formula is based on three years past experience, resulting in changes in each department's share.

Responding to a question from Mrs. Smith regarding the $10 million coverage on public officials, Mrs. Martinuzzi responded if the insurance were lowered, the premiums would be reduced. Mrs. Smith requested Mrs. Martinuzzi provide an estimate of any savings on premiums if the coverage were lowered to $5 million for public officials.

During the afternoon session of the Finance & Taxation Committee meeting, Mrs. Martinuzzi reported that reducing the public official liability coverage from $10 million to $5 million, would result in savings of approximately $15,000 to $20,000, annual aggregate per claim.

Mr. Doney requested Mrs. Martinuzzi to show the renewal quotations for the September meeting for both the $10 million and $5 million liability coverage.

The Committee agreed to consider the quotations at the September meeting.

Mr. Doney, reporting on the health insurance program overview, said that the Town's group self-insurance program has been in effect since 1978, and in 1985 the administration of the plan was placed with the Personnel Department.

Mr. Doney reported that the actuarial report for the health care plan for the Town for the year ending September 30, 1995, recommended no increase in the budgeted amount. The State of Florida has approved the plan as being actuarially sound which is a mandated requirement.

Pam Russell stated that the Town's group programs consists of medical which has a separate prescription program, basic life insurance, accidental death and dismemberment, supplemental life insurance (paid fully by the employees who participate in that program), long term disability, dental insurance, specific re-insurance, aggregate re-insurance, medical conversion, COBRA, network access fees, utilization review, consulting services, flexible spending plan administration, and claims' administration. The plan covers all full time employees, and 43% of the employees enroll their dependents in the plan. The entire plan is offered to all full time employees, and medical, dental, and a basic life policy of $5,000 are offered to the retirees.

Mrs. Russell said the Town has 112 retired employees who use the plan with 65 paying for additional dependent coverage. 913 individuals are currently covered under the Town's medical plan. The Town's projected medical claims this year are $1.5 million with 8,500 transactions or claims filed in 1995. The dental, life, and disability insurances are administered by separate carriers.

D. INFORMATION SYSTEMS OVERVIEW-INFORMATION SYSTEMS MANAGER: Spencer Wilson, Information Systems Manager, addressed the Committee and gave an explanation of the justification process that is used to determine the recommended software and hardware budget items for all departments. Mr. Wilson said, using that method, he was able to reduce the hardware costs by $17,725 from the original estimates. Mr. Wilson reported his request is for $83,671 or approximately a $17,000 savings from the original requests.

Mr. Wilson reported that some of the software programs will be written in-house at a cost savings $4,700 from original requests at the April meetings with the Department Heads.

After discussion concerning the amount of memory needed to update various computers and the needs of various users in the Town, **THE COMMITTEE RECOMMENDED A DECREASE OF $6,000 TO INFORMATION SYSTEMS TOTAL BUDGET FROM $438,863 TO $432,863. LINE ITEM 001-125-513-64-04, DATA PROCESSING EQUIPMENT, TO BE REDUCED BY $5,000 TO $25,200. COMPUTER SOFTWARE, TO BE REDUCED BY $1,000 BASED ON ANTICIPATED REDUCED COSTS FOR MEMORY CHIPS.**

E. FIRE-RESCUE DEPARTMENT: Fire-Rescue Chief Ken Elmore, assisted by

Belinda Hardy, presented an overview of the Fire-Rescue Department budget. Chief Elmore reported the Fire-Rescue Department's budget consists of five programs--Administrative, Fire Fighting, Fire Prevention, Emergency Medical Services, and Building Maintenance.

Chief Elmore said the proposed FY97 Fire-Rescue budget of $6,147,392, represents an increase of $141,923 over the approved FY96 budget of $6,005,469. The overall budget is up 1.8%.

Chief Elmore said the major change in the budget includes the proposal to reduce the work week from 50.4 hours to 48.0 hours, and this will bring the Town of Palm Beach's Fire-Rescue Department in line with the majority of the other fire departments in the South Florida area, the Fair Labor Standards Act, and the Town will no longer have to pay overtime or compensatory time for those hours in excess of the exemption for the Fair Labor Standards Act. A reduction of approximately $16,000 that is paid out annually for compensatory time or overtime will be realized as well as the elimination of $20,000 for working out of range pay.

Chief Elmore noted that the Administrative budget increased by approximately $4,200. Two new items of equipment are listed under the Administrative program-- a replacement vehicle (regular five year replacement) and a telephone system at $4,500 for the North Fire Station to replace a ten year old system. The instruments are no longer made for that system. Chief Elmore said the new digital system will replace a system that received numerous lightning strikes.

After discussion of the telephone system including suppliers, costs, back up battery units, lightning protection, and uninterrupted power supply, the electricity costs related to all three fire stations, the purchase of a new vehicle under the State Contract, and the hiring of three new fire fighters, **THE COMMITTEE RECOMMENDED THAT $12,800 FOR BLOOD PRESSURE CUFFS BE REMOVED FROM LINE ITEM 001-415-526-64-03 AND DONATIONS BE SOLICITED FOR THEM. THE COMMITTEE ALSO RECOMMENDED APPROVAL OF THE SHORTER WORK WEEK, THE BUDGET AS PRESENTED, AND SUGGESTED THE LINE ITEM FOR "OTHER SUPPLIES", LINE ITEM 52-12, BE BROKEN DOWN, ESPECIALLY FOR CUMULATIVE ITEMS, I.E. FIRE HOSES.**

THE COMMITTEE REQUESTED THAT ALL DEPARTMENTS BREAK DOWN THE "OTHER SUPPLIES" LINE ITEM 52-12 IN THEIR BUDGETS TO IDENTIFY MAJOR ITEMS WITHIN THAT CATEGORY.

F. RECREATION DEPARTMENT: Russell Bitzer, Director of Recreation, and Alan Brown, Supervisor, explained that the Recreation Department Budget is divided into five programs--the Seaview Park Facility Maintenance, the Tennis Center, Adult Programs, Youth Programs, and the Golf Course. The overall combined FY97 proposed Seaview Park and Recreation Center budget is estimated to be $3,800 or less than 0.5% above the FY96 budget. Proposed increases in revenue will offset 100% of this increase.

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Mr. Bitzer reported that the FY97 proposed Maintenance Management Program Expenditure Budget is approximately $9,500 or 5% above the FY96 approved budget. The primary increase in this budget is the proposed renovation of the baseball field for $5,000 to convert the clay infield to a grass infield for improved safety and less maintenance expense. Additional funds were budgeted for four shade trees for the basketball court at a cost of approximately $2,000, and fixed insurance charges account for approximately $1,500.

Mr. Bitzer said that the FY97 Proposed Tennis Program Expenditure Budget is down approximately $6,000 or 2% below the FY96 approved budget. The reduction is primarily due to an over projection in FY96 tennis-pro lesson commissions.

Mr. Bitzer noted that the FY97 Proposed Adult Program Expenditure Budget is down approximately $600 or 3% from the FY96 approved budget. The FY97 Projected Adult Program Revenues will offset 100% of Adult Program Expenditures.

Mr. Bitzer reported that the FY96 estimated expense for Youth Programs is down approximately $12,000 or 4% compared to the FY96 approved budget due primarily to a vacant position. The FY97 Proposed Youth Program Expenditure Budget shows no appreciable change from the FY96 approved budget.

The FY97 tennis revenues are estimated to be down approximately $13,000 or 8% below the FY94 actual revenue and the FY96 approved revenue budget. Of this decrease, $7,000 is in lessons, and clinic fees for which there is an offsetting decrease in Professional Commission expenditures. The remaining decrease is in court fees which reflects a decline in tennis play nationally.

Mr. Bitzer noted that the FY97 Adult Program revenues are estimated to be up approximately $1,200 or 5% above the FY96 projected revenues. The FY97 Youth Program revenues are estimated to be up approximately $4,150 or 3% above the FY96 approved revenue budget. This increase in revenue is due to an increase in participation in youth programs, and fee increases.

THE COMMITTEE RECOMMENDED THE DAILY NON-RESIDENT ADULT FEE UNDER RECREATION DEPARTMENT FEE SCHEDULES-TENNIS DIVISION, BE RAISED FROM $10.00 TO $12.00 AND CHANGE THE PROPOSED FY97 SIBLING DISCOUNT FEE, 1ST - 5TH GRADE AFTER SCHOOL PROGRAM, YOUTH AND ADULT DIVISION (RECREATION CENTER) FROM $60.00 (AS SHOWN) TO $65.00. THE COMMITTEE RECOMMENDED ELIMINATING $2,000 FOR THE TREES, LEAVING A BALANCE OF $1,000 FOR LINE 311-572-34-02, AND APPROVING THE REMAINDER OF THE BUDGET.

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1. Golf Course Fund

Russell Bitzer and Rick Dytrych addressed the issue of the Golf Course Program. Mr. Bitzer reported that the Golf Course, in FY96, will show a net loss of approximately $50,000. This estimated loss is thought to be the result of several contributing factors: a closure of the course in June to October, 1994 and a record 1995 rainfall resulting in a decrease of many of the regular patrons. Additionally, lost revenue is due to competition from existing and new golf courses with competitive rates and extensive advertising. Historically, the golf course has shown a profit of $75,000-$80,000 yearly, and nearly $1 million has been spent on improvements for the golf course since 1990 at no cost to the Town residents.

After reviewing the reasons for loss of revenue at the Golf Course, **THE COMMITTEE RECOMMENDED APPROVAL OF THE FEE SCHEDULE FOR THE PAR 3 GOLF COURSE AS PRESENTED IN EXHIBIT 5, PAGE 15, (*see attached copy*) OF THE PROPOSED FY97 BUDGET WITH THE NON-RESIDENT GREEN FEE CHANGED FROM $18.00 TO $20.00 ON LINE SIX. ALL OF THE PROPOSED FEES WOULD BE EFFECTIVE AUGUST 1, 1996, AFTER PRESENTATION TO AND SUBSEQUENT APPROVAL BY THE TOWN COUNCIL AT THE JULY 9, 1996, MEETING.**

With the suggestion that the "Other Supplies" line item be broken down, **THE COMMITTEE RECOMMENDED THE APPROVAL OF ADDING BACK THE $25,000 FINANCE SERVICE CHARGE INTO THE BUDGET, EXHIBITS 6 AND 7 (*see attached copies*) FOR THE PAR 3 GOLF COURSE, THE PURCHASE OF THE PROPOSED $13,500 GREENS MOWER, AND THE REMAINDER OF THE RECREATION DEPARTMENT'S BUDGET BE APPROVED.**

For the July 4, 1996, Event at Bradley Park, Mr. Bitzer reported the Recreation Department received $4,000 in donations and in-kind services, plus the $8,000 authorized by the Town Council, will support approximately a $15,000 event. Mr. Bitzer said he will supply an accounting of the event after it is over.

G. TOWN CLERK'S OFFICE: Mary Pollitt presented the Proposed FY97 budget for the Town Clerk's Office. Requested changes in the budget were for an increase from 2.5 persons to 3.0 persons in the department based on a need for additional transcription time for minutes and reports of the Town Council and its boards and commissions. Mrs. Pollitt presented a table for FY96 showing the actual amount of time used to record meetings of the Town Council and its boards and commissions which totaled approximately 147 hours for nine months (*see attached copy*).

Additionally, Mrs. Pollitt requested approval for approximately $3,000 for the purchase of a check writer with additional security features to replace existing equipment over twenty years of age.

After discussion regarding the codification of the Town's ordinances and the need for reducing the number of copies made of reports and minutes, **THE COMMITTEE RECOMMENDED APPROVAL OF THE TOWN CLERK'S BUDGET AS PRESENTED INCLUDING THE CHECK SIGNER AND AN INCREASE OF A HALF-TIME POSITION TO A FULL TIME POSITION.**

H. TOWN MANAGER'S OFFICE:

Law and Policy Review Legislative: Mr. Doney explained that line 40-10, Professional Association Expenses (FY97-Proposed - $2,000) provides a contingency should the Mayor and Town Council wish to attend any seminars or other functions. Mr. Doney noted that line 48-01, Calendar/Annual Report (FY97-Proposed - $12,000) projects an increase of $1,000 over the $11,000 figure anticipated for FY96.

After discussion of the Legislative Expense line and the two aforementioned items, **THE COMMITTEE RECOMMENDED THAT LINE 40-10, PROFESSIONAL ASSOCIATION EXPENSES, UNDER THE FY97 PROPOSED BUDGET BE REDUCED FROM $2,000 TO $1,500, AND LINE 48-01, CALENDAR/ANNUAL REPORT, UNDER FY97 PROPOSED BE REDUCED FROM $12,000 TO $11,000. THE REMAINDER OF THE PROPOSED FY97 BUDGET FOR THE LAW AND POLICY REVIEW PROGRAM 111 WAS APPROVED AS PRESENTED.**

Intergovernmental Relations: Mr. Doney explained that line 31-01, Special Legal, was proposed at $5,000 for FY97 to allow for the need for future potential services of Ron LaFace or some other special legal assistance for a special lobbying effort pertaining to a special law or legislation in which the Town would have interest.

After discussion of line item 49-13, Access to the C-51 Canal; the proposed changes in the audio/visual system in the Town Council chambers, and changing line 64-06 to read, "Audio/Visual" System; and the appraisal of the Town-owned Pike Road property, **THE COMMITTEE RECOMMENDED THAT THE PROPOSED FY97 LINE ITEM 31-03, PBIA-LEGAL ISSUES, BE REDUCED FROM $5,000 TO $2,500; LINE ITEM 31-01, SPECIAL LEGAL, BE REDUCED FROM $5,000 TO $2,500; MISCELLANEOUS TRAVEL, LINE ITEM 40-12, BE REDUCED FROM $1,500 TO $1,000, AND THE REMAINDER OF THE INTERGOVERNMENTAL BUDGET WAS RECOMMENDED FOR APPROVAL AS PRESENTED.**

THE COMMITTEE DIRECTED THAT THE $500 IN THE DONATIONS ACCOUNT ALLOCATED FOR A 4TH OF JULY EVENT BE APPLIED AGAINST LINE 49-20 FOR THE JULY 4, 1996, EVENT.

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Administrative Management: Mr. Doney reviewed the proposed FY97 budget for the Town Manager's office including line 34-10, Other Contracted Labor (changed from Other Contracted Services).

After discussion of the above item and membership dues, **THE COMMITTEE RECOMMENDED APPROVAL OF THE PROPOSED FY97 BUDGET ADMINISTRATIVE MANAGEMENT - TOWN MANAGER'S OFFICE AS PRESENTED.**

Advise and Litigation: Mr. Doney explained that the proposed $200,000 budgeted for FY97 was an increase of $25,000 over the FY96 Budget, based upon experience and the best estimate of legal expenses for FY97.

After discussion of proposed legal counsel services, **THE COMMITTEE RECOMMENDED APPROVAL OF THE PROPOSED FY97 ADVICE AND LITIGATION BUDGET.**

Mr. Doney reported that on page 46 of the detailed line item Budget report, $100,000 is the proposed amount for the Four Arts Library for FY97.

THE COMMITTEE RECOMMENDED APPROVAL OF $100,000 FOR FY97 FOR THE FOUR ARTS LIBRARY.

1. **Office of Information Systems**: Mr. Spencer Wilson noted that Data Processing Hardware on page 14 would be reduced by $6,000 as discussed earlier in the meeting, and the total budget will be increased by 4% in place of 5%.

After discussion of any other budget cuts, and a review of lines 52-11 and 62-04 which included data supplies, the third and final year of the lease payment for the AS400 System, and the costs of maintaining all of the Town's data equipment, **THE COMMITTEE RECOMMENDED APPROVAL OF THE INFORMATION SYSTEMS BUDGET WITH THE CHANGES AS NOTED EARLIER.**

2. **Office of Risk Management:** Barbara Martinuzzi, Risk Manager, reviewed the line items for her area; noting that the majority of the costs are associated with the fixed excess insurance premiums and the claims. The claims line items, 24-02 for Workers' Comp, 45-02 for Liability, and 45-04 for Property, total $775,775 for the Loss Fund that is required actuarially to be maintained annually for the self-insured retentions. Those figures are broken up based on the Town's historical exposure on those categories, and that is distributed through the departments in the

allocations. The fixed premium costs are based upon the excess insurance premiums which include an approximate 15% increase based upon a market study. Additional figures will be provided at the September Town Council meeting.

Mrs. Crozier reported that Workers' Comp, Health portions, Property, and liability programs will be segregated in the FY98 budget report to better track those programs through the departments. Mrs. Crozier noted that adjustments have to be made to the FY97 proposed budget regarding vehicle allowance because of a misunderstanding on her part. Mrs. Crozier specified that line 40-04 in the Risk Management budget, both FY96 anticipated and FY97 proposed budgets, will be $600.

Mrs. Crozier said that account number 49-10, Investment Manager Fees for FY97 for First Union, will be $3,500, although that may be high. A portion of First Union's fee is assigned to Risk Management.

Mrs. Crozier reported the following changes: the State Board of Administration Fees are approximately $35 per month or $250 to date and $400 should be budgeted for FY96 and FY97; Membership Dues - FY97 should be adjusted to $1,000; Publications and Subscriptions - both for FY96(anticipated) and FY97 should be $1,000.

After discussion concerning the salary line, other contracted services, and the above noted changes, **THE COMMITTEE RECOMMENDED APPROVAL OF THE RISK MANAGER'S BUDGET.**

Mr. Shaw requested that the "Other Contracted Services" line item in the Risk Manager's budget be broken out in the future.

The meeting was adjourned at 4:50 p.m.

JULY 1, 1996

The meeting of the Finance and Taxation Committee was reconvened at 9:55 a.m. on July 1, 1996, by Chairperson Lesly Smith.

The remainder of the agenda was approved by the Committee.

I. PERSONNEL DEPARTMENT: Mrs. Carla Kneipp, Mrs. Pam Russell, and Mr. Doney presented an overview of the proposed FY97 Budget for the Personnel Department. Mr. Doney reported that the services provided by the Personnel Department are recruitment and selection, benefit administration, compensation and classification, legal issues, employee relations, policy and procedures, occupational clinic, retirement, and training. Mr. Doney said that two proposed increases were in Salaries/Wages Longevity (line 12-03) and the area of recruitment (lines 34-17 and 34-19). The overall Proposed FY97 Budget for the Personnel Department has a proposed increase of 2%.

THE COMMITTEE RECOMMENDED THE APPROVAL OF THE PROPOSED FY97 BUDGET FOR THE PERSONNEL DEPARTMENT AS PRESENTED.

J. FINANCE DEPARTMENT: Mrs. Marie Crozier, Finance Director, explained the Finance Department included the Purchasing Division, located in West Palm Beach, the Administration of the Finance Department, the Auditing Function within the Finance Department, and the Budgeting Function within the Finance Department. Mrs. Crozier reported that the overall proposed FY97 Budget for the Finance Department is projected to increase 1.4%.

After discussion, **THE COMMITTEE RECOMMENDED THE FOLLOWING CHANGES TO THE PROPOSED FY97 BUDGET FOR THE FINANCE DEPARTMENT:**

1. **LINE ITEM 141-513-14-01, OVERTIME, REDUCED FROM $5,000 TO $2,500;**

2. **LINE ITEM 141-513-31-12, OTHER PROFESSIONAL SERVICES, REDUCED FROM $30,000 TO $25,000 (FY-96 ANTICIPATED) AND FROM $15,000 TO $7,500 (FY-97 PROPOSED);**

3. **LINE ITEM 141-513-40-11, PROFESSIONAL DEVELOPMENT WAS REDUCED FROM $4,000 TO $1,200 DUE TO NON-ATTENDANCE AT CONFERENCES;**

4. **LINE ITEM 141-513-47-01, COPY MACHINE CHARGES, REDUCED FROM $2,000 TO $1,500;**

5. **LINE ITEM 141-513-49-10, INVESTMENT MANAGEMENT SERVICES, REDUCED FROM $10,000 TO $5,000 (FY-96 ANTICIPATED) AND FROM $11,000 TO $7,800 (FY-97 PROPOSED);**

6. **LINE ITEM 141-513-49-12, CHAUFFEUR/LIMOUSINE PERMIT EXPENSE, INCREASE IN THE PERMIT FEES TO INCLUDE STATE MANDATED EXPENSES - FEE INCREASE TO $100;**

7. **LINE ITEM 141-513-51-02, INCIDENTAL OFFICE FURNITURE AND EQUIPMENT, BREAK DOWN AMOUNT;**

8. **LINE ITEM 141-513-49-11, SBOA FEES, REDUCED FROM $1,000 TO $900 (FY-96 ANTICIPATED) AND FROM $1,000 TO $900 (FY-97 PROPOSED);**

9. **LINE ITEM 141-513-52-11, DATA PROCESSING SUPPLIES, REDUCED FROM $4,600 TO $3,000.**

THE COMMITTEE RECOMMENDED APPROVAL OF THE FINANCE DEPARTMENT'S BUDGETS FOR 142, 144, AND 145 AS PRESENTED.

K. PLANNING, ZONING, AND BUILDING DEPARTMENT: Director of Planning, Zoning, and Building, Robert Moore, with the assistance of Wendy Zamecnik, presented the proposed FY97 budget for the department. Mr. Moore reported that the actual budget expenses totaled $1,337,494, which is approximately 2.1% less than the FY96 budget. Mr. Moore said that $7,000 designated for computer equipment, that would have been normally replaced, was handled by using the donated funds received in 1996. Mr. Moore added that the $50,000 (donated funds) was reflected in the FY96 operating expense total or $1,409,678 which is over the budgeted FY96 amount.

Mr. Moore said he requested the Personnel Department in March to review the job assignments in his department because of the accounting procedures initiated in the Planning, Zoning, and Building Department by Mrs. Crozier and the auditors. This accounting program was revised with Mr. Wilson's assistance resulting in the depositing of monies received the same day into the bank. Mr. Moore requested a 5% increase for the clerical/secretarial/accounting positions totaling approximately $7,000. The net result of this request to the proposed FY97 budget would be a reduction of $21,381 instead of $28,381 for the total budget.

After discussion of Other Professional Services, the cost of Landmarking, the costs associated with commission meetings, and the salaries associated with scanning the microfilm for the computer, **IT WAS THE RECOMMENDATION OF THE COMMITTEE TO APPROVE THE PLANNING, ZONING, AND BUILDING DEPARTMENT'S BUDGET AS PRESENTED WITH THE INCLUSION OF THE 5% INCREASE FOR THE CLERICAL/SECRETARIAL/ACCOUNTING POSITIONS AS OUTLINED PREVIOUSLY SUBJECT TO THE REVIEW AND APPROVAL BY THE TOWN MANAGER.**

Mr. Doney replied he was aware that Mr. Crouse had partially reviewed the request by Planning, Zoning, and Building for a 5% increase for those employees. That, and other similar requests, would be studied during the summer (sometime in August) to make a determination for the reallocation or reclassification of personnel that was first justified to the Town Manager with a recommendation to the Town Council after that issue was studied.

L. PUBLIC WORKS DEPARTMENT: Public Works Director Al Dusey presented an overview of his programs, as illustrated in the Public Works Budget Manual, distributed to the Committee. Mr. Dusey reported that his department's proposed FY97 budget is decreased by $33,206.

Mr. Dusey explained the recycling/garbage collection alternatives as outlined in his budget manual on page 2 (*copy attached*). Scheduling changes would result in annualized cost savings of approximately $55,000. Mr. Dusey requested approval for the purchase of an additional recycling vehicle in the FY97 budget at a cost of $76,000. The cost savings would be used to offset the cost of the recycling vehicle. An additional benefit would be the environmental issue--materials would not be filling up the landfill.

Mr. Dusey summarized the list of twenty positions that have been eliminated in the Public Works Department over the last ten years and emphasized the cost savings associated with the changes.

The Committee requested that Mr. Dusey break down the "Other Supplies" line item that totaled $93,000. Mr. Dusey read a list of paint and sign items that represented a large amount of that category.

Mrs. Smith requested that every department in addition to Public Works attempt to control the electric costs for the Town by not leaving equipment or lights on unless needed.

THE COMMITTEE RECOMMENDED APPROVAL OF THE PROPOSED FY97 BUDGET FOR DEPARTMENTS 511 (ADMINISTRATIVE MANAGEMENT-SOLID WASTE CONTROL), 521 (STREET REPAIR AND MAINTENANCE-ROAD & STREET FACILITIES), 522 (STREET CLEANING - ROAD & STREET FACILITIES), 523 (TRAFFIC CONTROL - ROAD & STREET FACILITIES) TO INCLUDE THE ADDITION OF $2,500 TO LINE 64-03, OTHER MACHINERY & EQUIPMENT FOR A CURB SPRAY PAINTER, 524 (STREET LIGHTING - ROAD & STREET FACILITIES), AND 531 (STORM SEWER MAINTENANCE - FLOOD CONTROL). THE RECOMMENDATION INCLUDED THE NEW TRUCK REQUESTED BY MR. DUSEY AND THE CHANGES IN THE GARBAGE/RECYCLING SCHEDULE.

After discussion of the issue of sanitary sewers and the costs related to maintaining the sanitary sewers, **THE COMMITTEE RECOMMENDED REVIEW OF THE POSSIBILITY OF TAKING THE ENTIRE CATEGORY OF SANITARY SERVICES OUT OF THE AD VALOREM MILLAGE BASE AND REAPPLYING IT THROUGH THE USER FEES. EACH RESIDENT WOULD PAY A FLAT FEE AND A SQUARE FOOTAGE FEE FOR COMMERCIAL CUSTOMERS (RESTAURANTS MAY HAVE TO BE ADDRESSED) WOULD BE ASSIGNED. THESE FEES COULD BE ASSESSED THROUGH THE TAX BILL AND WOULD REDUCE THE TAX RATE BY APPROXIMATELY .5 MILLS. IT**

WAS ALSO SUGGESTED THAT SANITARY SEWERS BE SET UP AS AN ENTERPRISE FUND. EXCESS REVENUE GENERATED FROM THIS COULD BE USED TO IMPROVE THE SYSTEM.

Mrs. Smith said the recommendation will be heard by the entire Town Council, but will not be reflected in the FY97 budget. If this recommendation would be adopted, the Town Council would direct that the legalities be investigated in addition to any other requirements for implementation of the fees.

The Committee suggested Mr. Dusey investigate whether commercial customers should pay additional fees if they don't recycle.

THE COMMITTEE RECOMMENDED THE APPROVAL OF THE PUBLIC WORKS FY97 BUDGET AS PRESENTED WITH THE AFOREMENTIONED RECOMMENDATIONS.

1. MARINA FUND: Mr. Dusey reported the replacement of the Australian Dock and the expansion were deferred with the expectation the Town would receive a fairly sizeable grant from the Florida Inland Navigational District. Mr. Dusey said that Mr. Bowser made a presentation last week for a request for $360,000; however, the amount appears in the FY97 budget, although the Town has not been notified if this project made the approved list.

After discussion of the installation of electric meters on the docks for the individual 78 slips and a depreciation reserve account, **IT WAS THE RECOMMENDATION OF THE COMMITTEE TO APPROVE THE MARINA FUND BUDGET AS PRESENTED.**

Mrs. Smith noted that the depreciation issue that relates to more than one of the departments should be addressed by the Finance & Taxation Committee with the staff and auditors after the budgeting process is finished.

THE COMMITTEE RECOMMENDED THAT MESSRS. DUSEY AND MOORE REVIEW THE FEES FOR THE RIGHTS-OF-WAY PERMITS. ADDITIONALLY, THE COMMITTEE RECOMMENDED THE FINANCE DEPARTMENT INCREASE THE LIEN FEE SEARCH TO $20.00

M. CAPITAL IMPROVEMENT FUND: Mr. Dusey said the Capital Improvement Fund reflects the Town's policy on improvements noted over the years. One year is dropped as a new year is added to each fiscal year's budget. Mr. Dusey reported that FY97's plan proposes to spend money on the sanitary sewer system, primarily for gravity and force main replacements and conversion of the ejector system into submersible stations. A large portion of the plan is for drainage improvements including the multi-year Royal Palm drainage system. A very large pipe will be placed in Cocoanut Row between Seaview and Pendleton next year in addition to several pumps.

AFTER DISCUSSION OF REPLACING THE ARM CHAIRS IN THE TOWN COUNCIL CHAMBERS AND THE RENOVATION OF THE LADIES' RESTROOM TO THE REAR OF THE TOWN COUNCIL CHAMBERS, THE COMMITTEE RECOMMENDED ELIMINATION OF THESE TWO ITEMS FROM CONSIDERATION IN THE FY97 PROPOSED BUDGET.

Mr. Bitzer presented the details for a request for two new baseball dugouts at a total cost of $22,000. These dugouts would be located at the Seaview Park baseball field.

Mrs. Smith suggested that donations could be solicited for the dugouts.

THE COMMITTEE RECOMMENDED THE APPROVAL OF THE FY97 PROPOSED CAPITAL IMPROVEMENT PLAN WITH THE FOLLOWING CHANGES:

1. **EXHIBIT M - RECREATION - BASEBALL DUGOUT RENOVATION - CHANGE FY97 PROPOSED AMOUNT TO $18,000 FROM $22,000;**

2. **ADD TO THE CAPITAL IMPROVEMENT PROGRAM $40,000 TO COVER-IRRIGATION COSTS FOR THE GOLF COURSE TO CONTROL THE WATER USAGE ON THE GREENS AND FAIRWAYS AND HELP THE TOWN'S WATER CONSERVATION GOALS AS ADDRESSED IN THE TOWN'S COMPREHENSIVE PLAN.**

Mrs. Smith requested that Mr. Dusey investigate the condition of the drainage system and identify any areas of major concern that should be addressed now and not five years from now.

N. POLICE DEPARTMENT: Police Chief Joseph Terlizzese with the assistance of Major Frank Croft and Police Planner Lisa Gorman presented the FY97 proposed budget for the Police Department. Chief Terlizzese reviewed the Police Budget Bulletin, noting that despite the pro-active efforts of the Police Department, serious Part I Crimes increased by 16% from 1994's statistics with non-violent thefts making up the bulk of the increase. Non-violent thefts made up 76% of the total Part I Crimes in 1995. The 5% increase in less serious Part II Crimes was in part caused by an increase in self-initiated arrests which resulted in more reported crimes. Total 1995 Arrests rose 6%. The Uniform Crime Clearance Rate was 29% for Part I Crimes and 73% for Part II Crimes in 1995.

Chief Terlizzese reported on the 1995 activities of the Patrol Division, the Crime Prevention Unit, the Detective Bureau, the Crime Scene/Evidence Unit, the Beach Rescue Unit, the Marine Unit, and the Parking Control Unit.

Chief Terlizzese said $387,000 will be returned to the General Fund due to the Police Department's cost effectiveness and sound fiscal policies.

Chief Terlizzese outlined the FY97 budget request for twelve additional personnel in the Police Department as shown on page 3 of the Police Budget Bulletin with justification for that request on page 4 in the Bulletin.

After discussion regarding the justification for the additional personnel, **THE COMMITTEE RECOMMENDED APPROVAL OF THE FY97 PROPOSED BUDGET FOR DEPARTMENT 421, ADMINISTRATIVE MANAGEMENT LAW ENFORCEMENT.**

After discussion regarding the new work unit, rental of five vehicles for undercover work, and the break down of the supply line item 52-12, **THE COMMITTEE RECOMMENDED THE APPROVAL OF THE FY97 PROPOSED BUDGET FOR DEPARTMENT 422, ORGANIZED CRIME/VICE/NARCOTICS.**

After reviewing line items for Department 423, Records Information Unit Law Enforcement, **THE COMMITTEE RECOMMENDED THE APPROVAL OF THE PROPOSED FY97 BUDGET.**

After discussion regarding line items: 40-11 (Professional Development); 34-10 (Contracted Services); 45-04 (Property Claims); 52-12 (Other Supplies); and 34-10 (Contracted Services), **THE COMMITTEE RECOMMENDED THE APPROVAL OF THE FY97 PROPOSED BUDGET FOR DEPARTMENT 424, TRAINING/PERSONNEL/PUBLIC INFORMATION UNIT.**

Chief Terlizzese and Major Croft reported that $5,805 will be obtained from Palm Beach County to offset line item 41-04, Radio Repair and Parts. This amount is due to the Town from the 911 calls.

After discussion regarding the increase in the amount for telephone service and new equipment requests, (line items 41-03 and 41-04), **THE COMMITTEE RECOMMENDED THE APPROVAL OF THE FY97 PROPOSED BUDGET FOR PROGRAM 425, COMMUNICATIONS UNIT LAW ENFORCEMENT.**

The Committee considered the budget for the Crime Scene/Evidence Unit and discussed the amount of overtime necessary in this unit. A part time contractual person will be added to the Unit. Major Croft explained a new imaging system in this unit will allow the employees to transfer finger prints and other information electronically. Anticipated savings include 2,000 hours in personnel costs in Program 428.

Chief Terlizzese explained that a line-up can be put together in minutes using new computer technology. He added that $6,000 of the proposed $96,500 (line 64-04) is slated for a bar coding system for evidence and property.

THE COMMITTEE RECOMMENDED THE APPROVAL OF THE FY97 PROPOSED BUDGET FOR DEPARTMENT 426, CRIME SCENE/EVIDENCE UNIT.

The Committee discussed the budget for the Maintenance of Buildings account, including the break down of the supplies line item. After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE FY97 PROPOSED BUDGET FOR DEPARTMENT 427, MAINTENANCE OF BUILDINGS.**

The Committee discussed the budget for the Patrol Services account. Mr. Shaw would like to see the Town consider changing the Town's structure for response notification that comes from alarm companies to be changed from a registration fee to a response service fee. Mr. Shaw suggested these fees could be $25/month or $300/year for each of the 1,637 residents who register alarm systems and $1,000/year for the 23 financial institutions located in the Town. False alarm fees would be waived in perpetuity for the residents. The issue could be re-addressed in one year, perhaps providing discounts for those people who have not had any false alarms in the previous year.

Mrs. Smith said that burglary is one of the main concerns for the residents and steps should be taken by the Town Council to alleviate those concerns, including waiving false alarms for security systems.

AFTER DISCUSSION OF THE PROBLEM OF FALSE ALARMS FROM ALARM SYSTEMS, THE COMMITTEE RECOMMENDED THE FEE STRUCTURE PROBLEM BE ADDRESSED BY THE O.R.S. COMMITTEE WHERE THE FEES COULD BE BROKEN OUT FOR COMMERCIAL, RESIDENTIAL SYSTEMS, ETC. THE FEES WOULD BE CHANGED FOR ALARM SYSTEMS BY A CHANGE IN THE ORDINANCE AND WOULD NOT BE PART OF THE FY97 BUDGETING PROCEDURE.

Chief Terlizzese explained that the price of police vehicles obtained through the State contract has risen significantly (line item 64-01). Five of the oldest police marked unit vehicles are replaced yearly. The Police Department has a total of seventeen cars--13 marked and 4 unmarked. Two additional vehicles are requested for two new employees, and two motorcycles are included for replacement.

THE COMMITTEE RECOMMENDED THAT AN ADDITIONAL BEACH PATROL VEHICLE BE PLACED ON THE "WISH LIST" FOR DONATED FUNDS.

Finance and Taxation Committee Report for Meetings Held on June 28 & July 1, 1996

After discussion of line item 64-03 which included a boat trailer, light bars for the cars, bullet proof shields, laser radars, and VCR's's for the patrol units, **THE COMMITTEE RECOMMENDED APPROVAL OF THE FY97 PROPOSED BUDGET FOR THE PATROL SERVICES PROGRAM.**

The Committee discussed the proposed budget for the Criminal Investigation Unit including a $34,000 request to purchase two Ford Taurus cars to replace two detective cars that are 8 - 10 years old.

Chief Terlizzese responded positively to Mr. Shaw's suggestion that one of the new hires be a parking patrol person who could fill in when needed. After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE FY97 PROPOSED BUDGET FOR THE CRIMINAL INVESTIGATION UNIT, DEPARTMENT 429.**

The Committee discussed the proposed budget for the Parking Control Unit including the issue of the revenue from parking meter tickets going to an enterprise fund and revenue from non-parking meter tickets going to the general fund. Mrs. Crozier replied the Parking Fund was established with the understanding that it would be a self-sufficient operation. Mr. Doney recalled that the Parking Fund was set up to allow the Town Council to expend those funds for specific projects, i.e. the purchase of the Beaumont parking lot.

Mrs. Smith suggested that resident permit parking should be extended at least until 8:00 p.m. past the current 6:00 p.m. limit.

Mrs. Smith said revenue from parking tickets should be together in the same fund to allow the Town Council to make future purchases for property or whatever.

THE COMMITTEE RECOMMENDED THAT THE POLICE DEPARTMENT AND THE FINANCE DEPARTMENT BE DIRECTED TO CONSOLIDATE ALL REVENUE FROM PARKING TICKETS INTO ONE ACCOUNT(THE ENTERPRISE ACCOUNT); THE POLICE DEPARTMENT TO REVIEW THE PARKING SITUATION IN THE TOWN REGARDING INSTALLING METERS WHERE THEY WOULD BE FUNCTIONAL. APPROVAL WAS RECOMMENDED TO ADD ONE PERSON, FUNDED AT 100% IN THE PARKING FUND, THE NEW PUBLIC SAFETY AIDE WOULD BE FUNDED 25% IN POLICE DEPARTMENT 428 (PATROL SERVICES). THE REMAINDER OF THE PROPOSED FY97 PARKING FUND BUDGET, DEPARTMENT 430, WAS APPROVED AS PRESENTED.

Finance and Taxation Committee Report for Meetings Held on June 28 & July 1, 1996

Beach Rescue: Parks and Recreation

Major Croft reported that the beach is guarded 9:00 a.m. to 4:30 p.m. daily.

Chief Terlizzese said eleven confirmed resuces were reported in 1995, including Phipps Ocean Park and the Mid-Town Beach.

After discussion, **THE COMMITTEE RECOMMENDED THE APPROVAL OF THE PROPOSED FY97 BUDGET FOR BEACH RESCUE, DEPARTMENT 432.**

The Committee considered the proposed FY97 budget for Program 433, Special Detail, which is the hiring of off-duty police officers. Mrs. Crozier explained that when expenditures are made from the General Fund those expenditures have to recorded as such. This account has a net zero balance because of off-setting revenues. Mrs. Crozier said she would work out details with the Police Department regarding social security taxes and charges for services for the off-duty police people.

Mrs. Smith questioned if the Town is absorbing costs from this department and suggested all of the deductions should be reviewed and accounted for in the revenue line.

After discussion of the above, **THE COMMITTEE RECOMMENDED APPROVAL OF THE PROPOSED FY97 BUDGET FOR PROGRAM 433, SPECIAL DETAIL.**

Mrs. Smith requested an explanation of the depreciation amount in the Parking Fund.

Mrs. Crozier replied that the amount included equipment, benches, tables, meters, mowers, and other necessary equipment.

Mrs. Smith questioned the $225,000 "transfer of services" item in the same fund?

Mrs. Crozier responded that included all of the Town's services for processing pay checks, recruiting personnel, Risk Management services, bank deposits, and all of the administrative tasks the Parking Fund does not have the employees perform. Mrs. Crozier added that labor and police services are included. Mrs. Crozier explained the amount is higher than the Golf Course Fund because the Golf Course has not paid anything in the past, and the $25,000 fee was an attempt to initiate charges for those services. Mrs. Crozier added that she would bring the charges into agreement with the actual services provided overtime.

After discussion, **THE COMMITTEE RECOMMENDED THE APPROVAL OF THE PROPOSED FY97 BUDGETS FOR DEPARTMENT 434, LAW ENFORCEMENT, AND PROGRAM 441, HURRICANE PREPAREDNESS.**

O. OTHER FUNDS

1. Parking Fund: Mrs. Crozier advised that the figures presented to the Committee will change with respect to personnel services as those changes are made through the Police Department. 1.25 persons will be added to the Parking Fund and that change will be reflected in the General Operating Fund.

Mrs. Crozier explained that line 54-10, Other Contracted Services, decreased from $50,000 to $40,000, and the $40,000 represents the current contract for the maintenance and collection of parking meters. The $50,000 in the FY96 budget included $l0,000 for contracted slurry seal that was put on some of the parking lots.

Mrs. Crozier reported that line item 49-07, Parking Expenses, on page 163, has been decreased significantly because of a service previously used for tracing automobile tag numbers will no longer be used. Automobile tag numbers for unpaid tickets will be sent to Palm Beach County and registrations will be suspended until fines are paid.

Mrs. Crozier confirmed that the entire 430 Fund would merge with the 920 program. Mrs. Crozier stated she will redefine the budget materials for the Parking functions.

After discussion of the Parking Fund, **THE COMMITTEE RECOMMENDED THE ACCEPTANCE OF THE PARKING FUND.**

2. Debt Service Fund: Mrs. Crozier reported the outstanding principal interest will increase approximately $25,000 this year. The outstanding balance for the 1973 issue which was ultimately refunded, will be $5.1 million, and for the 1992 debt service, after the payment for 1997 is made, the outstanding principal balance will be $4.3 million for a total outstanding debt for all issues of $9.460 million. The figures will not be entered into the computer until the millage rate is determined.

After discussion of the Debt Service Fund, **THE COMMITTEE RECOMMENDED THE ACCEPTANCE OF THE DEBT SERVICE FUND.**

3. Retirement Fund: Mrs. Crozier said the expenses for the Retirement Fund will essentially remain the same and are comprised of Retirement Plan Operating Costs which include costs for investment managers, the investment monitor, the actuary, insurance premiums, and whatever the costs are to monitor the fund. The balance of the expenses are for pension payments made to individuals who have retired, retirement contributions that are made by the Town to fund the reserve accounts, and the auditor's expenses related to the Retirement Fund.

Mrs. Crozier reported the Retirement Fund for FY96 is approximately $72 million.

In response to questions from the Committee, Mrs. Crozier explained that the money for accrued vacations and sick time is moved to the long term debt accounts--currently that liability is approximately $1.9 million. This amount is considered an unfunded liability. Mr. Doney added that the Town has historically been able to finance the current portion of that liability through current year's expenditures because of the freqency with which retirements, resignations, and those positions that are left vacant for a period of time occur. Mrs. Smith said this issue is not an issue for the Finance & Taxation Committee at this time.

After discussion, **THE COMMITTEE RECOMMENDED THE ACCEPTANCE OF THE RETIREMENT FUND.**

P. REVENUES: Mrs. Crozier explained that back taxes are collected by the County for those individuals who have not paid on time and the taxes are collected either by the individual paying taxes, through appeals, through the court process, or sales. Mrs. Crozier said an amount is projected from an historical perspective at the time the determination is made regarding the ad valorem needs, although the number is the best estimate.

Mrs. Crozier said she projected a $15,000 increase for the utility service tax, and this was a conservative estimate based on a short historical period. Mrs. Crozier reported that none of the utility taxes are monitored. Companies, such as propane suppliers, pay the taxes directly to the Town.

Mr. Shaw questioned the source of "Architectural Fees" listed on page 2 of Revenues under Building Permits, number 80-00. Mr. Doney replied he thought it was the amount received for Architectural Commission applications.

Mrs. Crozier said she would check with Mr. Moore to clarify the source of revenue for that line item.

The Committee discussed the issue of raising the $5.00 lien search fee that is presently charged by the Finance Department.(Page 4 - item 45-00) **THE COMMITTEE RECOMMENDED THE LIEN SEARCH FEE BE INCREASED TO $20.00 PROVIDING THE FEE IS REVIEWED BY THE TOWN ATTORNEY.**

Mrs. Crozier explained that "Miscellaneous Revenue" (page 8 - line 99-00) is for either refunds for prior year(s) expenses or witness fees, etc. Mrs. Crozier was asked to supply information regarding the $25,000 figure for that account for FY97 for the August 1, 1996, Special Town Council Meeting.

After discussion, **THE COMMITTEE RECOMMENDED THE ACCEPTANCE OF THE REVENUES**.

Ad Valorem Tax Revenue: Mr. Doney reported that the attached copy of a memorandum was received at 10:00 a.m. this morning from Mary C. Bonnell, the Tax Roll Coordinator. Palm Beach County has scheduled budget hearing dates for September 9, 1996, and September 26, 1996. The Palm Beach County School Board scheduled meetings for July 31, 1996, and September 11, 1996. None of these "tentative" dates of public hearings by the School Board and County Commission conflict with the dates the Town Council scheduled for its meeting dates, which are:

Thursday, September 5, 1996, at 5:01 p.m. - First Public Hearing

Tuesday, September 10, 1996, at 5:01 p.m. - Second and Final Public Hearing

Mr. Doney referred to page two of the memorandum which listed the Current Year Adjusted Taxable Value at $4,486,722,829 for Palm Beach. The estimated figure as of May 31, 1996, was $4,495,991,277 which is a decrease of approximately $9 million. Net new construction, line 5, is $25,352,482 for the Town. Mr. Doney said the rolled back millage rate will be provided to the Town Council at the July 9, 1996, Town Council meeting.

Mrs. Crozier advised that the new positions that were adjusted during the budget process would result in the reduction of the unit costs associated with health insurance and retirement resulting in the lowering of all departments' budgets with the possible exception of the Police Department.

Mrs. Smith requested that an explanation be given for the "Intergovernmental Relations Consulting Fee" on page 18 of the Sort Report. Mrs. Crozier replied that particular item should not have been included under the Planning, Building, and Zoning Department but is included under the Town Manager's set of accounts. Mrs. Crozier said that Intergovernmental Relations Fees included the PBIA legal issues and the appraisal of the Pike Road property.

THE COMMITTEE RECOMMENDED THAT ALL DEPARTMENTS TURN OFF ALL ELECTRIC LIGHTS OR MACHINES WHEN NOT IN USE OR WHEN IT IS PRACTICAL

TO CONSERVE ELECTRICITY.

Mr. Doney stated that a Special Town Council Meeting is scheduled for August 1, 1996, at 9:30 a.m. to set the tentative operating millage for the FY97 General Fund.

IV. CONSIDERATION OF NOWLEN, HOLT, AND MINER REPORTS DATED MARCH 22, 1996, REGARDING THE FINANCE DEPARTMENT - PROGRESS REPORT ON IMPLEMENTATION OF WORK PROGRAM: Mr. Elwell proposed that the items that have been addressed and identified on the report be listed as a separate group prior to the July 9, 1996, Town Council meeting. The Staff, the Finance Department, and the Auditors agree that all of this group of items has been addressed.

Mr. Elwell suggested the remaining items on the report be presented to the Town Council for consideration on a one by one basis.

THE COMMITTEE REQUESTED MR. ELWELL PREPARE AN ITEMIZED LIST(PRIOR TO THE 7/9/96 TOWN COUNCIL MEETING) WITH THE ITEMS THAT HAVE BEEN ADDRESSED. THE COMMITTEE WOULD RECOMMEND NO ACTION ON THESE ITEMS AND THE ITEMS THAT WOULD REQUIRE ADDITIONAL ACTION WOULD BE LISTED TO BE DISCUSSED BEFORE THE FULL TOWN COUNCIL.

Mrs. Smith said that the December, 1997, completion date for the procedures manual was in the future.

Mr. Elwell replied those would be the final items for the Finance Department's Policy and Procedures Manual after all of the other items had been addressed, and that amount of time may be necessary to complete all of the work.

Mr. Elwell suggested that the procedures manual be left on the report but not discussed at this time. The procedures manual will encompass all of the results, and it will be the final result.

V. ANY OTHER MATTERS

There were no other matters.

VI. ADJOURNMENT: The meeting was adjourned at 5:45 p.m.

FINANCE & TAXATION COMMITTEE

____
Lesly S. Smith, Chairperson

____
Leslie A. Shaw, Committee Member

Prepared by:

Mary A. Pollitt
Town Clerk

Attachments