REPORT OF THE FINANCE & TAXATION COMMITTEE
MEETING HELD ON JUNE 10, 1999

I. CALL TO ORDER AND ROLL CALL

Chairman Lesly Smith called the Finance & Taxation Committee meeting to order at 10:05 a.m. on Thursday, June 10, 1999, in the Town Council chambers.

Town Clerk Mary Pollitt called the roll. Chairman Smith and Committee Member Leslie Shaw were in attendance. Elected Officials in attendance during the meeting were Councilmen Sam McLendon and Allen Wyett. Also attending the meeting were: Town Manager Robert Doney; Assistant Town Manager Peter Elwell; Finance Director Jane Skittone; Assistant Finance Director Cheryl Somers; Purchasing Agent Charles Boggs; Public Works Director Al Dusey; Assistant Public Works Director Leonard Greene; Town Engineer Jim Bowser; Services Division Manager Lloyd McCoy; Water Resources Division Manager Larry Plimpton; Facility Maintenance Division Manager Joe Ugi; Recreation Director Russ Bitzer; Recreation Supervisor II Alan Brown; Director of Planning, Zoning & Building Robert Moore; PZ&B Administrative Aide Wendy Zamecnik; Police Chief Frank Croft; Assistant Police Chief Michael Reiter; Police Planner Lisa Gorman; Personnel Director William Crouse; Personnel Analyst Pam Russell; Fire-Rescue Chief Ken Elmore; Assistant Fire-Rescue Chief Kent Koelz; Fire-Rescue Administrative Secretary Belinda Hardy; Information Services Manager Spencer Wilson; Risk Coordinator Karen Temme; and Town Clerk Mary Pollitt.

II. APPROVAL OF AGENDA

The agenda was approved; however, the departments were not presented in the order as indicated on the written agenda but were presented in the order as noted in this report.

III. FY2000 PROPOSED BUDGETS

A. OVERVIEW AND COMMENTS BY TOWN MANAGER

Town Manager Doney, referred to his June 3, 1999, memorandum and pointed out the following hi-lights:

- Increase of 3.14 full time, equivalent personnel
- Total Preliminary Taxable value of property in Palm Beach is $5,411,423,387
- Recommend a General Pay Increase (later)
- Recommend a General Contingency Fund for FY2000
- Two outstanding bond issues, FY92 and FY93, have final payments on 7/1/2000 and July 1,2005, respectively, for a total bond indebtedness of $4,810,000.

Mr. Doney referred to his June 3, 1999, memorandum regarding his recommendation for automobile allowances which will be addressed under the respective departmental budgets for the Town Clerk, the Personnel Director, the Recreation Director, the Finance Director and the Assistant Town Manager. Mr. Doney said he felt the automobile allowances were important from an operational and competitive internal equity perspective and should be included in the FY2000 Operating Budget.

Mrs. Smith mentioned that she would like to move the scheduled September 7th meeting back since that was the day after Labor Day.

Mr. Doney responded that could be changed once the dates for the County and School Board meetings are announced.

B. OVERVIEW BY ACTING FINANCE DIRECTOR ON BUDGET STANDARDS

Assistant Finance Director Cheryl Somers reviewed the Benefit Budget Standards for Retirement Costs for individuals which includes four retirement classifications:

General Employees	$ 4,501	per employee
Police Officers	$11,594	per employee
Fire Fighters	$12,647	per employee
Lifeguards	$ 5,729	per employee

Mrs. Somers noted that employees who elected to be part of the "drop" program were not included for the FY2000 proposed budget.

The Health Insurance Budget for each employee was projected at $6,250, and the Town will contribute approximately $3.033 million to the Health Insurance Fund, and the balance to make up the $3.7 million will come from the employees' contributions for dependent coverage. FICA was budgeted at 7.65%-- 6.2% related to Social Security and 1.45% related to Medicare.

Other Budget Standards related to utilities:

Water	10% increase
Electricity	3% decrease
Telephone & Postage	0% change
Gasoline	15% increase

C. INSURANCE PROGRAMS OVERVIEW - ASSISTANT TOWN MANAGER, RISK COORDINATOR, AND PERSONNEL DIRECTOR

Assistant Town Manager Peter Elwell noted that a change was made in the proposed FY2000 Budget regarding the methodology used to fund the General Fund transfer to the Self Insurance Fund for the property, liability, and workers' compensation programs. The cost allocation program used for the past several years negatively affected the ability to assess trends in expenditures from program to program, year to year. Previously, although the cost allocation program was a valid way to spread costs of the insurance programs based on the variable levels of risk in the organization, the result, from a budgetary point of view, was to make it more difficult to track changes in the overall costs of Town operations. Mr. Elwell noted that the Town Council concurred with this proposal for the proposed FY2000 Budget at the July, 1998, Town Council meeting. Therefore, the General Fund will have one line item, Program 623, to transfer all of the necessary funds for property, liability, and workers' compensation programs. Mr. Elwell pointed out that because of this change, most of the Program Budgets appear to be down, but in future years, the funding and levels of service will be easier to track.

Mr. Elwell said $1,650,768 is projected to be transferred to the Self Insurance Fund, or approximately a $55,000 decrease from the approximately $1,705,000 needed to fund the FY99 Budget for all of the departments.

Risk Coordinator Karen Temme said the Town's insurance coverages are anticipated to be renewed as they expire, and the premiums are based on current market conditions. A total fixed-cost premium of $800,843 has been projected by the Town's broker, Arthur J. Gallagher. This represents a 10% increase over the FY99 Budget. Also, the brokers have advised the Town to budget $775,000 for the Loss

Fund for the proposed FY2000 Budget. Ms. Temme said she would report at the September Town Council meeting and hoped that the insurance policies will be able to be renewed at less than the anticipated premiums.

Personnel Director Bill Crouse addressed the proposed FY2000 Budget for the Group Health 502 account projected to remain at the current level of $3.7 million. The Town's portion of the $3.7 million is approximately $3 million with the remainder coming from the premiums from participants in the dental programs. Mr. Crouse reported that the Group Health contribution structure with reserves for FY99 is actuarially sound. He said that 10,000 claims were filed in 1998 with approximately $4.2 million billed and discounts of approximately $1.2 million. The total reserves for the period ending September 1998 were $11,790,019; however, the 1997 actuarial report recommended $17 million as a reserve figure as of that date due to the impact of the retirees on the Group Health system.

Mr. Crouse reported that during the first seven months of FY99, the Town has been billed for over $3.1 million which projects to $5.5 million if the trend continues. He stated he did not believe that trend would continue, and the discounts continue to work for the Town at a rate of 48%. He indicated that if the predicted projections work out, approximately $1.5 million will be carried over to the reserves at the end of FY99.

Mr. Crouse said an increase in the number of claims is expected for FY2000 due to a general national trend increase for claims and the large increase in prescription drugs, although a mail order program is in place to reduce the cost of prescriptions.

Mr. Crouse said that Canada Life bought out North American, the company that covered the Town for such items as the specific rate, the aggregate, dental premiums, life insurance, and long term disability. Canada Life does not want the business and has increased the premiums significantly. Mr. Crouse said that Gallagher Bassett is currently attempting to market the insurance needs of the Town, and Mr. Shell from Gallagher Bassett reported he thought the Town will be able to find rates that are similar to the current rates with a two year guarantee.

D. INFORMATION SYSTEMS OVERVIEW - INFORMATION SYSTEMS MANAGER

Information Services Manager Spencer Wilson reported he met with all of the department heads to determine the overall needs for the Town as presented in Exhibit M in the proposed FY2000 Budget.

Mr. Wilson outlined the plan for FY2000 to implement the needed changes for equipment and software. He said the total dollar figure for hardware for the projected FY2000 Budget is $123,450 and the software total is $42,360. He said some of the major items included an interactive Web server for the Town, twenty-three personal computers, writing machines for parking tickets, twelve printers, memory upgrades, and replacement monitors.

After discussion with Mr. Wilson, Mr. Shaw requested that he look into the cost of a full T-1 to comprise both the Internet and long distance phone service.

THE COMMITTEE RECOMMENDED APPROVAL OF THE INFORMATION SYSTEMS BUDGET WITH THE INCLUSION OF MR. WILSON'S REPORT ON THE COST OF A FULL T-1 SYSTEM AS DISCUSSED AND THE ACKNOWLEDGMENT OF THE INTERNET.

Q. PUBLIC WORKS DEPARTMENT (PROGRAMS 511-571)

Public Works Director Al Dusey noted that one full time equipment operator position in the Streets Bureau was eliminated. In lieu of that position, small amounts of money have been budgeted in other areas for part-time laborers to help out as needed. Mr. Dusey said that $25,000 was added in the Proposed FY2000 Budget for the 551 Maintenance Program for the maintenance of specimen trees. $15,000 was budgeted for repairs on Memorial Fountain in Program 551.

Mr. Dusey said he proposed that the cardboard recycling program be eliminated, because it operated at a loss, and a much needed replacement vehicle would cost approximately $50,000 to $60,000.

THE COMMITTEE RECOMMENDED THE ELIMINATION OF THE CARDBOARD RECYCLING PROGRAM.

Mr. Shaw requested that, for budgeting and analysis points, the residential condominium portion of the commercial solid waste collection fees should be broken out because the results are skewed. Mr. Shaw agreed with Mr. Dusey that this could be done in the next budget year.

Mr. Shaw mentioned that Exhibit H showed a recycling program where a grant had been obtained. The grant has dropped off since 1995, and questioned if any subsidies were available in the future? Mr. Dusey replied that approximately $2,000 worth of supplies were received yearly as reimbursement for participation in the program.

Mr. Dusey noted that grant money is still available, but Palm Beach County receives most of the grant money.

After discussion regarding the proposed vehicle expenses, the proper location in the budget for the hand held ticket writers, and the Holiday trees, **THE COMMITTEE APPROVED THE PUBLIC WORKS BUDGET (PROGRAMS 511 - 571) WITH THE FOLLOWING:**

REMOVE $8,825 FROM THE TOWN COUNCIL (112-49-19) BUDGET FOR REPLACEMENT OF THE HOLIDAY TREE ON WORTH AVENUE; ***(see page 20)***

ADJUST THE ESTIMATE FOR WATER USED BY THE TOWN (25%) PENDING THE OUTCOME OF THE WATER AGREEMENT;

REDUCE THE 533 PROGRAM, SANITARY SEWERS, LINE ITEM 43-05, BY $40,000;

INCREASE PROGRAM 511 BY $13,000 FOR CONVERSION OF A HALF-TIME PERSON TO A FULL TIME EMPLOYEE;

INCLUDE THE AMOUNT BUDGETED FOR LINE ITEM 34-02 FOR MAINTENANCE OF HISTORIC & SPECIMEN TREES.

1. **Capital Improvement Fund (Including 5-year Capital Improvement Program)**

Mr. Dusey said the Coastal Management Section of the Capital Improvement Program is in two parts–Implementation of the Coastal Management Plan is one. The State has budgeted for the refurbishment of beach reaches between Los Incas and Banyan Road and between Sloan's Curve and the Ambassador Hotel scheduled for November 2000. The projects are proposed with 50% cost sharing to come from State funds. He explained that to proceed in November 2000, the project needs to be bid during July 2000 or as early as possible in the season, and the funding has to be in place. He pointed out that exhibit M, page 3, provided information regarding shared funding for the projects.

Mr. Dusey said if the Town complied with the permit requirement to maintain sand on the Midtown Beach and received no State or other funds, the Town would have to provide approximately $2 million to $2.5 million to do that.

Mr. Shaw pointed out that the Coastal Protection account had sufficient money in the account to cover the contractual commitments of the Town. He added that he believed funds should be allocated for programs based on reimbursements, but the bottom line for this program, net, for reimbursement is $4 million, not $16 million, for the projects to bring reaches 3, 4, and 7, which included two of the Town's public beach areas, up to standards. Mr. Shaw said that the $4 million is a "doable" amount within the system. Mrs. Smith said she agreed with that.

Mr. Dusey explained that the Capital Improvement Program included projects that the Town committed to as a Town: Coastal Management (includes the Comprehensive Coastal Management Plan); Lake Worth Inlet Management Plan; Sanitary Sewers; Storm Sewers; Structures; Transportation; and Recreation.

Mr. Dusey said the replacement of the Town Hall emergency generator had been moved up and the related project that would move the existing generator to the North Fire-Rescue station. This was moved up because of the recent power outage at Town Hall.

Mr. Shaw said he was not opposed to the concept of replacing the generator but was opposed to the timing because of the project that was currently being considered that included the development of the Beaumont parking lot that would consider the needs of Town Hall. He requested that $200,000 for the generator be removed from the budget and include that amount in the overall project that will encompass the various buildings.

Mrs. Smith replied she did not agree with Mr. Shaw because the project that is being considered is easily three years out, and the recent outage was a warning that something should be done. She said if there would ever be a major storm, she would want all of Town Hall operating on a generator.

Responding to a question from Mrs. Smith regarding future use of the proposed Town Hall generator should it not be needed in a few years, Mr. Dusey said, in his opinion, the generator would not be of great value if it were relocated.

Information Services Director Wilson clarified that the Town Hall generator is the one that runs all of the computer programs for the Police Department and Public Safety.

Mrs. Smith said that to not approve the $200,000 for a generator would not be in the best interests of the Town.

AFTER DISCUSSION, THE COMMITTEE SPLIT ON THE RECOMMENDATION TO TOWN COUNCIL: MR. SHAW RECOMMENDED THAT $200,000 BE ELIMINATED FROM THE STRUCTURES/REPLACE TOWN HALL EMERGENCY GENERATOR *(Exhibit M, page 2)* LINE. MRS. SMITH RECOMMENDED THE $200,000 BE LEFT IN THE PROPOSED FY2000 BUDGET FOR THE TOWN HALL EMERGENCY GENERATOR.

After discussing the issues of the replacement/closure of the Public Works storage tank, the ADA project at Phipps Ocean Park, the proposed viewing area at the Recreation Center, and the paving parking lot overlay at the Par 3 Golf Course, **THE COMMITTEE RECOMMENDED APPROVAL OF THE PROPOSED CAPITAL IMPROVEMENT PROGRAM, EXHIBIT M, WITH THE UNDERSTANDING CLARIFICATION WILL BE GIVEN FOR THE COMPREHENSIVE COASTAL MANAGEMENT PLAN. THE ACTUAL NET DOLLARS INCREASE OVER THE PRIOR, ANTICIPATED, AND BUDGETED AMOUNT, IS APPROXIMATELY $4 MILLION AND THAT IS A RESULT OF THE MIDTOWN BEACH PROJECT OF APPROXIMATELY $2 MILLION FOR WHICH THE FUNDING IS IN THE ACCOUNT AND SCHEDULED TO BE DONE. CLOSE TO $10 MILLION WILL COME FROM STATE GRANT MONEY AND THE COUNTY TO OFF SET THE PROJECT, SO THE NET RESULT, BOTTOM LINE, TO THE TAXPAYER FOR EXPANSION OF REACHES 3, 4, AND 7 IS APPROXIMATELY $4 MILLION. THE LAKE WORTH INLET MANAGEMENT PLAN WILL HAVE SOME ADJUSTMENT IF PALM BEACH COUNTY BECOMES INVOLVED. THE $19,000 FOR THE PARKING LOT OVERLAY AT THE PAR 3 GOLF COURSE WILL BE CONSIDERED WHEN THE PROPOSED FY2000 BUDGET IS CONSIDERED FOR THE RECREATION DEPARTMENT.**

Mrs. Smith questioned where the costs for the Shore Protection Board were allocated in the budget?

Town Engineer Bowser explained that any special appropriations for the Shore Protection Board came from the 561 budget in Public Works under Coastal Engineering.

2. **Marina Fund**

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE MARINA FUND AS PRESENTED.**

G. **TOWN HALL MAINTENANCE BUDGET *(pages 10 and 11 in the FY2000 Proposed Budget book)***

Mr. Shaw questioned if line124-514-41-01, Telephone Base, should be broken down for the different departments.

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE TOWN HALL MAINTENANCE BUDGET.**

E. **TOWN MANAGER'S OFFICE (PROGRAMS 111-122)**

1. **Self Insurance Fund/Risk Management**

Risk Coordinator Karen Temme explained she was the only person in the department (590) and the insurance coverages were discussed earlier in the meeting.

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE RISK MANAGEMENT BUDGET AS PRESENTED.**

H. **OFFICE OF INFORMATION SYSTEMS (PROGRAM 125)**

Mr. Wilson said the major change he proposed in his budget was the addition of a half-position which would be part of the full time position shared with the Town Manager's office. He added that additional monies were projected for the training line item to allow for recently hired employees; for line 34-03, Programming for the Web site; for line 46-05, and Maintenance for lap top computers. Mr. Wilson said one change that was made in the Proposed FY2000 Budget was the breaking down of all the computer equipment amounts less than $750 in the correct accounts rather than listing all of it in the 64-04 Capital Account.

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE PROPOSED FY 2000 BUDGET FOR THE OFFICE OF INFORMATION SYSTEMS (PROGRAM 125).**

N. FIRE-RESCUE DEPARTMENT (PROGRAMS 411-416)

Fire-Rescue Chief Ken Elmore said the Proposed FY2000 Fire-Rescue Budget is down $710,000 from the FY99 Budget due to three reasons: the removal of the insurances, reduction in retirement, and last year's budget included $400,000 for an aerial truck. Chief Elmore said there were no major changes from the previous year; however, he noted the itemization on page 7 of the supplemental book included twelve items from $1,000 to $30,000 for the Department's projected requirements for the fiscal year 2000.

Mr. Shaw expressed concern regarding the consolidation of two programs and suggested the Town may need to know what the costs are for the provided services.

Chief Elmore responded that, unfortunately, the previous accounting procedure has never provided a true cost for the programs, because the costs of the programs were overlapping.

THE COMMITTEE RECOMMENDED APPROVAL OF THE FIRE-RESCUE DEPARTMENT (PROGRAMS 411-416) AS PRESENTED.

L. RECREATION DEPARTMENT (PROGRAMS 311-314)

Recreation Director Russell Bitzer said the overall combined FY 2000 proposed Seaview Park Maintenance, Recreation and Tennis Center budget is up approximately $64,000 or 8% compared to the FY 99 budget. The increase is primarily due to the scheduled replacement of a fifteen passenger van, Seaview Park paving improvements and increases in part time wages due to increased participation in programs. The increases in wages are offset by corresponding increases in program revenue.

REPORT OF THE FINANCE & TAX COMMITTEE MEETING HELD ON 6/10/99

1. **Golf Course Fund**

Mr. Bitzer referred to page 18, Golf Course Enterprise Fund (620), in the supplemental booklet prepared by the Recreation Department He noted that the FY99 Financial Action Plan was enacted to reduce expenditures and increase revenues, and the FY 2000 projected expenditures are estimated to be down approximately $79,000 or 9% compared to the FY99 budget. FY2000 revenues are estimated to increase approximately $60,000 or 8% of the FY99 anticipated revenues. Mr. Bitzer said that financial projections indicate that the Golf Course cash provided by operations, excluding the depreciation, will have a positive cash balance of approximately $44,000 at the end of FY99 and approximately $109,000 at the end of FY 2000. He said the Golf Course Fund is estimated to be debt free by the year 2001.

Mr. Bitzer discussed the proposed Capital Improvement Program that listed $18,000 for FY2001 for the parking lot overlay at the Par 3 Golf Course. This had been discussed earlier under the Public Works portion of the meeting for a $19,000 project. Mr. Bitzer said he thought the project could be delayed a year, and by doing that, the money would not have to be borrowed. Mr. Doney suggested leaving the $18,000 in the Proposed FY2000 budget.

Mr. Bitzer referred to pages 25, 26, and 27 in the supplemental book that listed Recreation Department Fee Schedules. He noted that increases were shown in bold face type.

After discussion, **THE COMMITTEE RECOMMENDED THE FOLLOWING FY 2000 PROPOSED FEES:**

Golf Division:
<u>Transition Rates (Nov. 1st - Nov. 30th)</u>

Resident Green Fee	**$**	**16.00**
Non-Res. Green Fee		**18.00**
Res. Twilight Greens Fee (after 3:00 p.m.)		**12.00**
Non-Res. Twilight Greens Fee		**14.00**
Riding Cart - Double		**17.00**
Riding Cart - Single		**10.00**
Twilight Riding Cart - Double		**15.00**
Twilight Riding Cart - Single		**8.00**

Pull Cart	$	4.00
Resident 12 - play ticket		160.00 *
Non-Res. 12 - play ticket		180.00 *
Range - Warm up bucket		3.50
Large Bucket		5.00

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Annual Permits

Annual Res. Single Permit	$	750.00
Annual Res. Double Permit		1,100.00
Annual N/R Single Permit		950.00
Annual N/R Double Permit		1,350.00

Winter Rates (Dec. 1st - April 30th)

Resident Green Fee	$	18.00
Non-Res. Green Fee		20.00
Twilight Resident Greens Fee (after 3:00 p.m.)		12.00
Twilight N/R Greens Fee		14.00
Riding Cart - Double		19.00
Riding Cart - Single		11.00
Twilight Riding Cart - Double		15.00
Twilight Riding Cart - Single		8.00
Pull Cart		5.00
Resident 12 - play ticket		180.00 *
Non - Res. 12 - play ticket		200.00 *
Range - Warm up bucket		3.50
Large bucket		5.00

Note: * Mr. Shaw requested a 10% differential across the board (including Tennis)

Summer Rates (May 1st - Oct 31st)

Semi-Ann. Res. Single Permit	$	200.00
Semi-Ann. Res. Double Permit		300.00
Semi-Ann. N/R Single Permit		300.00
Semi-Ann. N/R Double Permit		400.00

Resident Green Fee	**$ 9.00**
Non-Res. Green Fee	**11.00**
Twilight Res. Greens Fee (after 5:30 p.m.)	**7.00**
Twilight N/R Greens Fee	**9.00**
Riding Cart	**12.00**
Twilight Riding Cart	**8.00**
Pull Cart	**3.00**
Resident 10 - Play ticket	**81.00**
Non -Res. 10 - Play ticket	**100.00**
Range - Warm up bucket	**3.00**
Large bucket	**4.00**

Mr. Shaw requested that in preparation of the FY2001 Budget where there are situations where incomes offset revenues that they be looked at as P & L's. Mr. Shaw used the example of the parking meters.

THE COMMITTEE RECOMMENDED APPROVAL OF THE RECREATION DEPARTMENT'S BUDGET AS MODIFIED (RATE SCHEDULES) PENDING THE PRESENTATION OF THE RATE DIFFERENTIAL AT THE JULY 13, 1999, TOWN COUNCIL MEETING. THE PROJECTS WERE APPROVED BY THE COMMITTEE AND INCLUDED THE RECREATION CENTER AND THE ACCELERATION OF THE PARKING LOT OVERLAY FOR THE PAR 3 GOLF COURSE.

F. PERSONNEL DEPARTMENT (PROGRAM 123)

Personnel Director William Crouse reported that 1/6 of a person was accounted for in Program 123 to more accurately reflect the amount of time. He mentioned that items 34-17 and 34-19 were projected to increase. Those items related to recruitment costs and reflected mainly the increased costs in advertising, although additional costs were projected for different testing procedures. Mr. Crouse mentioned the salary line was projected to increase by approximately 3%.

Mr. Shaw suggested using other avenues for advertising job opportunities and gave the examples of the cable television channel that lists jobs and the Town's web site. He also suggested monitoring the telephone calls to determine where applicants are calling from to determine the most effective way to advertise for positions.

THE COMMITTEE RECOMMENDED APPROVAL OF THE PERSONNEL DEPARTMENT'S PROGRAM 123 PROPOSED FY2000 BUDGET WITH AN EFFORT TO EXPAND ADVERTISING, WHERE PRUDENT, TO OTHER SOURCES.

THE COMMITTEE RECOMMENDED APPROVAL OF THE GROUP HEALTH (PROGRAM 591), FOR THE AMOUNT OF $5,000, FOR PROFESSIONAL STAFF DEVELOPMENT.

Responding to a question from Mrs. Smith regarding the impact of the State legislation on the Town's retirement system, Mr. Crouse indicated he would be able to report the impact as it related to the Town in approximately one year or June 2000.

THE COMMITTEE RECOMMENDED APPROVAL OF THE RETIREMENT FUND ACCOUNT.

Responding to a question from Mr. Shaw questioning the inclusion of the actuarial impact of the Police Department's Special Detail Pay, Mr. Crouse explained there is a two year lag and if it were funded actuarially, it would show up in two years from 1998.

K. PLANNING, ZONING, AND BUILDING DEPARTMENT (PROGRAMS 211-214)

Planning, Zoning, & Building Director Robert Moore reported his department's proposed FY2000 budget showed a 14% increase over the FY99 budget. He said that four items comprised most of the increase:

$80,000, Program 211, is associated with a request for a new position, Assistant Director of Planning, Zoning & Building;

$150,000, Program 211, was budgeted for the neighborhood planning concept in the R-B Zoning District;

$10,000, Program 211, was budgeted for a possible school concurrency report;

$68,000, Program 212, was budgeted to continue the contractual arrangement for additional plan review that started in FY99 but was not budgeted for during that year.

Mr. Moore explained that the request for an Assistant Director was based on discussions with an advisory group in the industry held quarterly. This group requested to have someone available both in the field and in the office to make decisions, and to have this person present during final building inspections before a Certificate of Occupancy is issued. Mr. Moore said this has not been possible lately.

Mr. Moore said the $150,000 inclusion in the budget resulted from conversations with Mr. Ray Gindroz's firm through Adley, Brisson, Engman, Inc. for the project in the R-B Zoning District that was previously discussed at Town Council meetings.

Mr. Moore said the $10,000 was included for possible participation with the Municipal League for any type of issue regarding concurrency. He said the amount was budgeted and would not be spent if not needed.

Mr. Moore explained the $68,000 was to continue with the contract inspection, and the current inspector has all four categories of plan review, construction, electrical, plumbing, and mechanical as well as field inspection. He noted that will have to be put out to bid on October 1, 1999.

Mr. Moore said he is proposing a fee for the voluntary Landmarking program to cover the $30 per hour, charged by Jane Day, for the initial research plus an administrative fee of $100.

Mrs. Smith suggested the $150,000 for the R-B Zoning District project should be reduced to $15,000, and the school concurrency report should be reduced from $10,000 to $1,000.

Mr. Shaw requested that line item 51-02, Office Furniture, page 27 of the Budget Book, be reconsidered given the possible relocation of some facilities in Town Hall in the future.

Mr. Moore explained that the plan was to create a third office for the new position utilizing hall space and part of the offices of Mr. Moore and Mrs. Zamecnik, and that office had to be furnished.

Mrs. Smith said she thought if monies were spent for furniture or anything that could be used in another location, that would be acceptable, but carpeting, painting, or permanent improvements should not be done. Mr. Shaw added that this is a transitional period, and urged Mr. Moore not to look at permanent improvements for at least the next six months or the next year.

Mr. Moore explained that the increase in building permits resulted in more inspections and justified the need for as Assistant Director and the continued use of contract personnel.

Mr. Shaw questioned the $30,000 projected to be spent on microfilming and suggested an employee could be hired for that amount. Mrs. Zamecnik responded that Microfilm Management Company can do the scanning more efficiently, and the department is inundated with documents and plans at this time.

After discussion of the proposed voluntary Landmarking fee structure (page 35), **THE COMMITTEE RECOMMENDED IMPLEMENTATION OF THE $100 FILING FEE PLUS $50/HOUR CHARGE TO REIMBURSE THE TOWN FOR SERVICES RELATED TO THE VOLUNTARY LANDMARKING. THE APPLICANT SHALL HAVE THE OPTION TO SUBMIT A REPORT FOR THE PROPOSED PROJECT TO BE REVIEWED BY THE TOWN, OR HAVE THE TOWN PREPARE THE REPORT AND CHARGE FOR THE SERVICE. THE APPLICATION WILL HAVE A DISCLAIMER SHOWING THE APPLICANT AGREED TO ONE OF THE OPTIONS. THE TOWN WILL NOT PREPARE THE TAX ABATEMENT CERTIFICATES.**

Mr. Moore said he thought the projected $150,000 in Program 211, line 31-03, could be reduced by $25,000 or $30,000 and if additional funds would be needed, the Town Council could decide.

Mr. Shaw added that additional funds could come from other sources if they are needed.

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE PLANNING, ZONING & BUILDING DEPARTMENT BUDGET WITH A REDUCTION IN PROGRAM 211, LINE 31-03, FROM $150,000 TO $120,000 AND ELIMINATION OF THE $10,000 IN PROGRAM 211, LINE 31-03, FOR A POSSIBLE SCHOOL CONCURRENCY REPORT. THE COMMITTEE REQUESTED THAT ANY CAPITAL PURCHASES BE CAREFULLY ASSESSED ON IMMEDIATE NEEDS OR IF THEY WOULD TRANSFER TO A NEW LOCATION.**

O. POLICE DEPARTMENT (PROGRAMS 421 - 440)

Responding to a question from Mr. Shaw regarding line item 41-04 on page 76 of the Budget Book, Police Chief Frank Croft explained that the increase in line item 41-04 reflected the decrease in line item 41-03. Chief Croft said that the Police Department, in line item 34-10, showed an increase due to the inclusion of all of the Town's gas cards in that account.

Mr. Shaw requested that in the future any capital expenses be broken out so she could identify them before the meeting. He cited line item 51-02 on page 85 of the Budget Book.

Assistant Chief Michael Reiter explained that line item 51-02 in different programs covered a variety of items, all costing less than $750, and included VHF radios, light bars for the Police cars, tire deflation devices; however, the major portion of the funds was allocated to replace riot helmets and gas masks that are at least twenty-three years old.

Mr. Shaw suggested an account should be established for "enforcement equipment" or a similar title.

Chief Croft said a replacement top for the Marine Patrol boat accounts for $11,000 in item 64-03 on page 86. In addition, seven night vision devices used by burglary strike force personnel are proposed to be purchased in FY2000. He explained that the $36,000 in line item 64-01 on page 89, program 429, was for two new vehicles to be purchased under a state contract.

The Committee discussed Exhibit H - Revenues, pages 2 and 3, and compared the expenditures for the Gainesville and Arlington Plans. Mr. Shaw suggested if the costs are reflective, the rates may have to be raised, but noted that all of the expenses are being covered.

Mrs. Smith questioned the increase in the Federal Dignitary Protection Program from $7,000 to $27,000.

Chief Croft explained the amount was projected to cover the needs for an election year, and there was no choice. The Police Department had to participate and assist.

Chief Croft said sufficient monies were not budgeted in Program 433 to cover all of the situations that have been discussed at previous Town Council meetings, starting with the March meeting. He said $188,388 would be shifted from Program 433 which will be closed out. That money, detail pay, and FICA, will be transferred to Program 428. Two different line items will be established, 15-02 for Special Assignment Pay and 15-07 for the Neiman Marcus Special Assignment Pay. Chief Croft said the adjusted revenue line items are 001-000-342-10-00 and the anticipated revenue is $411,200 that will offset the 15-02 account in Program 428. Revenue line item 001-000-342-11-00, Special Assignment Neiman Marcus, is anticipated to have $177,200 revenue.

Chief Croft said he thought the revenues generated will take care of any impact on the retirement system.

THE COMMITTEE RECOMMENDED APPROVAL OF THE POLICE DEPARTMENT'S BUDGET WITH THE ADDITION OF ONE PATROL OFFICER AND TRANSFERS FROM PROGRAM 433 TO PROGRAM 428 ***(copy of Addendum to Palm Beach Police Department's FY2000 Proposed Budget attached to this report).*** **THE VARIOUS REVENUE PROGRAMS WILL BE REVIEWED BY THE POLICE DEPARTMENT TO DETERMINE IF THEY ARE ACCOMPLISHING WHAT THEY SHOULD.**

I. TOWN CLERK'S OFFICE (PROGRAM 131)

Town Clerk Pollitt explained that line item 64-03 on page 16, Other Machinery and Equipment, contained $1,200 for a Lanier transcriber and was the only increase in the proposed budget. The proposed FY2000 Budget is $222,319 or an increase of 9% due to the equipment request and expected salary increases.

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF THE TOWN CLERK'S BUDGET AS PRESENTED.**

J. FINANCE DEPARTMENT (PROGRAMS 141-145)

Assistant Finance Director Cheryl Somers explained that Program 141 was for General Financial Management which covered the bulk of the department's costs. Mrs. Somers said that proposed budget contained $35,000 for a needs analysis study for financial software in the Finance Department and possible additional applications in other departments that would interact with the Finance Department. Mrs. Somers said the plan was to do the study in FY2000 and any software would be purchased in FY2001. In that same program, $3,000 is projected for additional programming from the current programmer, Gary Held of Software Sharing, to make program modifications to the existing software.

Finance Director Jane Skittone said she thought it would be beneficial to do an analysis Town-wide. After discussion regarding the analysis, **THE COMMITTEE RECOMMENDED BUDGETING THE $35,000 FOR A NEEDS ANALYSIS STUDY WITH A FINAL AMOUNT TO BE DETERMINED AFTER REVIEW BY THE FINANCE DIRECTOR.**

After discussion regarding Programs 141 through 145, including renewal of the current auditor's and the proposed budget for the Purchasing Department, **THE COMMITTEE RECOMMEND APPROVAL OF THE FINANCE DEPARTMENT'S PROPOSED FY2000 BUDGET AS PRESENTED.**

1. **Debt Service Fund**

Mrs. Somers explained there were two debt service funds, 200 and 202, that appeared on page 171 of the Budget book. The 202 fund, series 92, will be completely defeased in July, 2000. The 202 rate is approximately 4.3%, and the 200 fund rate is 5.5%. She pointed out that on page 13 under the Revenues in the Budget book, revenues under the 200 fund are derived from ad valorem and SBOA interest; however, the 202 fund has an added line for Interfund Transfers for $170,000 which utilizes the audited fund balance from September 30, 1998, to assist in the bond payments for FY2000. Anticipated leftover funds in this account on September 30, 2000, will be rolled over into the 200 fund.

Mr. Shaw observed these funds were reported as they are, and there is nothing to be done with them.

Responding to Mr. Shaw's question regarding the present cost of borrowing money, Mrs. Somers replied the last time the Town borrowed money was for the financing of the docks and that was at 5.63% approximately two years and five months ago. She added that she did not believe the cost would be lower than the present bond rate of 4.3%.

M. LIBRARY SERVICES (PROGRAM 321)

Mr. Shaw said he would like to see the Four Arts Library have extended hours one or two nights per week to allow for people to visit in the evenings. After discussion regarding the extended hours, **THE COMMITTEE RECOMMENDED**

APPROVAL OF THE $125,000 APPROPRIATION AND REQUESTED THE LIBRARY TO PLEASE ADDRESS THE ISSUE OF PROVIDING EXTENDED/EVENING HOURS.

Mr. Shaw said he would continue to request that the Four Arts Library be more aggressively marketed in the Town.

Mr. Doney pointed out that if the Town participated in the Countywide library millage of .5246 mills, an additional $2,599,132 in taxes would have been required to be paid by Town property owners as compared to the $125,000 appropriation for the Four Arts Library.

E. TOWN MANAGER'S OFFICE (PROGRAMS 111- 122)

Mr. Doney said the proposed FY2000 Budget for Program 111 is basically unchanged. $8,825 was removed from Program 112, line item 49-19, for the Holiday Tree on Worth Avenue earlier in the meeting.

After discussion of Programs 111 and 112, **THE COMMITTEE RECOMMENDED APPROVAL OF PROGRAMS 111 AND 112 IN THE TOWN MANAGER'S BUDGET WITH THE REMOVAL OF THE $8,825 FROM PROGRAM 112.**

Mr. Doney said he recommended the addition of part of a position (to be shared with Information Systems) for the Town Manager's Office in Program 121.

Mr. Doney said he provided a memorandum, dated June 3, 1999, recommending an automobile allowance of $350 per month for four department heads and the Assistant Town Manager who currently do not receive an allowance or have a take home automobile as do other department heads and personnel. This would be effective October 1, 1999. Mr. Doney said he felt this was a justified expenditure based on internal equity.

Mr. Shaw stated he was opposed to the allowances based on the Hay Study that was done a number of years ago to bring salaries into equity based on the job level. He said he did not believe a car allowance should be used as a salary adjustment figure, and the car should be used to carry out the job that a person has.

Mrs. Smith said the Committee will send a divided opinion to the Town Council, because she thought it was a benefit and important to the Town.

Mr. Doney responded that those four positions needed to have the car allowance from an internal equity standpoint.

After discussion regarding the car allowance, **THE COMMITTEE SPLIT ON THE RECOMMENDATION TO THE TOWN COUNCIL TO APPROVE A CAR ALLOWANCE FOR THE FOUR DEPARTMENT HEADS AND THE ASSISTANT TOWN MANAGER'S POSITION.**

Mr. Doney reported that the increase in Town Attorney's rate, approved at the June 8, 1999, Town Council meeting, has not been implemented into the Proposed FY2000 Budget estimates for litigation.

After discussion, **THE COMMITTEE RECOMMENDED APPROVAL OF PROGRAM 122 IN THE TOWN MANAGER'S PROPOSED FY2000 BUDGET.**

Mr. Doney referred to Program 441, Hurricane Preparedness, and noted that Chief Elmore will be taking over this program with the departure of Assistant Town Manager Peter Elwell.

THE COMMITTEE RECOMMENDED APPROVAL OF PROGRAM 441, HURRICANE PREPAREDNESS, AS PRESENTED.

Mr. Doney mentioned that Program 711 on page 151, Contingent Appropriations Executive Administration, contained the line item for Extraordinary Longevity Pay.

Mr. Shaw said he thought that management department heads should receive their compensation package at the dollars they are receiving and not be put in a position to nominate or elect themselves for longevity pay. Mr. Doney replied he was the one who made the recommendations.

Mr. Shaw responded said he did not think it was appropriate, and department heads should receive compensation based on the job that they do. That should be the way that it is structured. He thought this was a more "rank and file" benefit, and the managers should not fall into the same categories that the general employees fall into.

Mr. Doney explained that every position has a range, a beginning and ending point. He said that he thought the extraordinary longevity pay for employees who have served more than twenty years with the Town is money well spent for the Town to reward and acknowledge that continued exceptional performance for employees who have topped out in their salary ranges. Mr. Doney said only two department heads received extraordinary longevity last year.

Mrs. Smith suggested there may be a different procedure for department heads and senior administration.

Mr. Shaw said he was not attempting to reduce the amount but looking at a better way to recognize the years of service.

Mr. Doney said he would talk to Personnel Director Bill Crouse to discuss these concerns before the end of 1999. Mrs. Smith said a formula could be worked out for department heads and senior staff and presented to the Town Council before December 1999.

R. OTHER EXPENDITURES - TOWN MANAGER AND ACTING FINANCE DIRECTOR

Mrs. Somers mentioned that most of these programs were addressed previously in the meeting: the 611 program includes the transfer to the Capital Fund and the advance to the Golf Fund (change the $19,000 to $18,000); program 621 shows $681,250 as the Town's contribution for the retirees' insurance; program 623 has the consolidation of the worker's comp, liability, and property insurance into one line item which will be transferred into the Risk Fund; program 624 represents the Town's contributions to the retiree salaries where the original salary amount did not meet the $300/month minimum; program 711 lists the Extraordinary Longevity as well as the General Contingency Account line item; program 722 was an account set up to account for capital lease acquisitions in prior years and the former parking fund; program 720 lists the Kreusler Park Fund (20% of the revenues from the County Park); program 605 is the ECR money that was transferred to the General Fund and this account will drop off next year (the end of three years).

S. REVENUES - TOWN MANAGER AND ACTING FINANCE DIRECTOR

Mrs. Somers reported that the anticipated revenues for FY99 are slightly over $39,000,000 as compared to the original budget of $37,161,000. The General Fund is anticipated to receive approximately $1.8 million more than was originally budgeted for.

Mr. Shaw said he was concerned about the franchise fees regarding utility taxes, long-term, not for the FY2000. He said the Town should be aware of the potentials, and the Town has been very fortunate that over one-third of the budget does not come directly from ad valorem taxes.

Mr. Shaw mentioned the current litigation that may affect the future of these fees.

Mr. Shaw said that he would like to review the various parking meter successes in the Town and try to expand them. He suggested one of the great, untapped resources in Palm Beach is the Bradley Place area where there are no meters or restricted parking. **THE COMMITTEE REQUESTED THE ISSUE OF INSTALLING PARKING METERS IN THE BRADLEY PLACE AREA BE DISCUSSED AT THE SEPTEMBER 14, 1999, TOWN COUNCIL MEETING.**

Mrs. Smith questioned the amount of $1,500,000 for FY99 vs. the $5,000,000 figure for proposed FY2000. Mrs. Somers explained that the description for the line item needs to be expanded to show those are Town contributions for the three reaches that are being proposed for FY2000 that are in the Capital Plan.

IV. ANY OTHER MATTERS

Mrs. Smith requested that the meeting scheduled for 5:01 p.m. on Tuesday, September 7, 1999, (the date after Labor Day) be moved to a later date and this will be done at the July 13, 1999, Town Council meeting.

V. ADJOURNMENT

The meeting was adjourned at 5:10 p.m.

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Lesly Smith, Chairman

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Leslie Shaw, Committee Member

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