MINUTES FROM THE PUBLIC HEARING CONDUCTED BY MAYOR AND TOWN COUNCIL HELD ON SEPTEMBER 11, 2000

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order by President Jack McDonald at 5:01 p.m. in the Town Council Chambers, Town Hall. On roll call, the following Elected Officials were found to be present: Mayor Lesly S. Smith, President Jack L. McDonald, President Pro-Tem Samuel C. McLendon, and Councilman William J. Brooks. Councilman Norman P. Goldblum and Councilman Allen S. Wyett were absent. Also present for the meeting were: Acting Town Manager Thomas G. Bradford; Assistant to the Town Manager David Jakubiak; Finance Director Jane Skittone; Assistant Finance Director Cheryl Somers; Public Works Director Albert P. Dusey; Risk Coordinator Karen Temme; Information Systems Manager Spencer Wilson; Human Resources Director William C. Crouse; Fire-Rescue Chief Vincent K. Elmore; Recreation Director Russell Bitzer; Police Chief Frank Croft; Assistant Police Chief Michael Reiter; Director of Planning, Zoning & Building Robert L. Moore, Planning, Zoning & Building Administrative Aide Wendy Zamecnik; and Town Clerk Mary A. Pollitt.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was given by Town Clerk Pollitt, and the Pledge of Allegiance was led by President McDonald.

III. COMMENTS BY THE MAYOR

Mayor Lesly Smith said she would like to take this opportunity to thank the staff for an excellent budget. She commented that the format for the budget books including the history of the Town and the history of the budget is presented well and thanked the Finance Director Jane Skittone and her assistant Cheryl Somers for their efforts. Mayor Smith said Acting Town Manager Tom Bradford had only four months to prepare this budget and did a very good job. She commented that all of the department heads prepared budgets that were close to costs.

President McDonald said the public would have a time and place on the agenda to comment on the budget and that would be under "5.E."

IV. APPROVAL OF AGENDA

Councilman Brooks made a motion to approve the agenda. The motion was seconded by President Pro-Tem McLendon and carried 3-0.

V. PUBLIC HEARING ON PROPOSED MILLAGE RATE AND "TENTATIVE" FY 2001 BUDGETS

A. "Notice of Proposed Property Taxes"

President McDonald said pursuant to the Notice of Proposed Property Taxes which was mailed by the County Property Appraiser to each property owner, this public hearing has been announced to commence at 5:01 p.m. The Fiscal Year 2001 Proposed Millage Rates and Tentative General Fund, Debt Service Fund, and Other Fund Budgets including the approval of Resolutions Numbered 46-00 and 47-00 will be discussed.

B. Proposed Operating Millage

President McDonald said the Fiscal Year 2001 General Fund Proposed Operating Millage Rate of 4.4019 mills represents a 12.35% increase over the Rolled-Back Millage Rate which is 3.918 mills.

C. Reasons for Proposed Operating Millage Rate Increase over Rolled-Back Millage Rate

President McDonald, as required by State law, requested the Acting Town Manager to identify the reasons for which the ad valorem taxes are being increased above the Rolled-Back Rate.

Acting Town Manager Tom Bradford explained the FY2001 Proposed Operating Millage Rate of 4.4019 is 12.35% or $2,777,150 higher than the Rolled-Back Millage Rate of 3.918 mills. The various factors contributing to the increase over the Rolled-Back Rate are as follows:

1. As noted in Exhibit A of the Budget Documents, the Tentative 2001 Operating Fund Budget of $42,081,597 has increased $4,655,746 or 12.44% over the Fiscal Year 2000 Adopted Operating Budget of $37,423,851;

2. Exhibit C outlines the changes made to the budget since the July 11, 2000, Town Council meeting. As noted, these changes include a 3.4% General Pay increase effective October 1st for all eligible Town employees.

3. The Town Staff believes that a General Contingency of approximately $700,000 is prudent due to the unexpected expenditures that may arise throughout the year;

4. The use of non-ad valorem revenue for debt service of $1,309,802 for the 2000 Revenue Bond and the transfers of $1,263,198 to the Coastal Protection Fund;

5. It is estimated that there will an available, unexpended fund balance of approximately $10,300,000 for the fiscal year ending September 30, 2000. Of this amount, no funds are anticipated to be used to balance the fiscal year 2001 General Fund Budget applying the proposed millage rate as noted. The unexpended General Fund Balance is available to be used by the Town Council to increase General Fund Reserves or for use for other projects as determined by the Town Council.

Mr. Bradford said that was the summarization of the reasons for the rolled-back millage rate.

D. Memorandum (with Enclosures) dated September 1, 2000, from Town Manager Regarding FY 2001 Proposed General (Operating) Fund Millage and "Tentative" Budget and Other Fund Budgets

President McDonald requested Acting Town Manager Bradford provide the highlights of his memorandum with enclosures dated September 6, 2000, regarding FY2001 Tentative General Operating Fund Budget, Proposed Millage Rate, and Other Fund Budgets.

Acting Town Manager Bradford reported the highlights were the assessed values of property in the Town of Palm Beach are up by a little over 11% which is significant and is the primary reason for the reduction of the combined millage rate while adding on additional expenditures. He said the combined millage rate of debt service and operating is down 3% to a new rate of 4.5059 mills. This is significant because it means that everyone who owns property and has a homestead exemption will pay slightly less in property taxes to the Town next year compared to what they paid to the Town this year. The reason is that the Property Appraiser, by the virtue of the Save Our Homes Initiative, has announced that the maximum increase in value for homesteaded properties in Palm Beach County will be an increase of 2.7%. He explained that a 2.7% increase with a 3% combined reduction results in homesteaded property owners in the Town paying slight less next year.

Mr. Bradford said that for the first time in a long time, there is no fund balance being proposed for use to actually balance the budget. It is estimated that the Undesignated Fund Balance on October 1, 2000, will be over $16 million, and this is an increase of $1,361,000 since the last estimates were prepared and presented at the July Town Council meeting. Mr. Bradford said this not only enables the Town to maintain reserves but also to build the reserves.

Mr. Bradford reported that a 3.4% General Pay Increase is proposed for all Town Employees effective October 1st, and the cost of this is approximately $629,000. He said this is in keeping with the inflation rates produced by the Bureau of Labor Statistics for southern, urban communities having a population of between 50,000 and 1.5 million.

Mr. Bradford identified some important projects of note to be reported in the overall budget include the debt service for the first year of the lease/purchase payments for the three fire trucks estimated to cost approximately $750,000, the first year's debt service is approximately $44,000. He said the debt service for the Coastal Protection Plan, based upon the 2000 Revenue Bond, is approximately $1,309,000. The important Capital Projects included in this budget are storm sewer improvements of $1,095,000; sanitary sewer improvements of $1,800,000; expansion of the Police Station at $320,000; purchase of 8 new defibrillators for the Fire-Rescue Department; purchase a new telephone system for the Town facilities; and securing a reverse 911 system via the Police Department that will allow public safety and emergency messages to be sent to all the individual property owners in the Town.

E. Comments and Questions from Public

William Cooley, 233 Tradewind Drive, addressed the Mayor and Town Council. Mr. Cooley questioned the $10,300,000 fund balance and asked if it were a reserve or an excess amount?

Mr. Bradford responded that the Town adopted a policy that states the Town will maintain not less than 15% of expenditures as the minimum amount in fund balance. He said the $10 million figure quoted by Mr. Cooley is actually the amount that is above and beyond the 15% minimum. Mr. Bradford said the actual amount in the undesignated fund balance is $16 million with $6 million being the required minimum and $10 million is above the required 15% minimum.

Mr. Cooley replied that was prudent; however, he questioned if it were necessary to levy another $700,000 contingency on top of the $10 million that is in excess of the $6 million. He said it seemed to him that one area that could be trimmed would be a $700,000 contingency which is already on top of the $16 million in excess.

Mr. Cooley said it seemed the Beach Bonds will be sitting in an account drawing interest at a rate that is in excess of what the Town is paying out. He said it does not appear that the $15 million allocated for the 2000 work is going to be spent and the project will probably be backed up for at least one year. He questioned the propriety of raising from taxpayers through property taxes, $1,700,000 for interest on the bonds because they are earning at a rate higher than what is being paid out. He also questioned transferring the $1,263,000 as the pay as you go portion of the Beach Renourishment for a project that is not going to happen in FY2001. He said removing those three items from the budget would result in approximately a $3.2 million reduction in the levied amount.

President McDonald said he appreciated Mr. Cooley's submitting his questions before this meeting to allow research time for answers. He asked Finance Director Jane Skittone to respond to Mr. Cooley's concerns.

Mrs. Skittone replied she spoke to Mike Hole and Al Dusey regarding the issue. Mr. Hole reran the cash flow projection taking the $18 million that was expected to be paid out in November of 2000 and moving that amount to November, 2001. She said that number was increased by 4% because of inflation because the cost of construction will probably increase in a year's time.

Mrs. Skittone said another issue was the grant revenue that the Town budgeted for June 2001 which will have to be moved to 2002. She said interest revenue had been projected on the grant funds as well. The combination of moving the grant revenue and the expenses for the project actually caused a deficit of $52,000 in the third year of the cash flow projection. She said Mr. Hole, Mr. Dusey, and she thought that it would be prudent to leave it "as is", because there are too many variables in the forecast to make changes in the beginning. The variables included the timing and amount of the grant funding, inflation rates of the construction payments, timing in the amount of payments for the construction, as well as the tax base growth which were all estimates in the cash flow model. If changes were made in the beginning and any of those variables change, possibly additional taxes would need to be levied to make up for any deficits. Mrs. Skittone said that if there were excess reserves at the end, it would be prudent to lower the non ad valorem funding at that point.

Mr. Cooley said he understood the explanation, but to levy right to the dollar for expenditures of this type when the Town carries 140% more in reserves than required did not make a lot of sense to him. He said it made sense to lower the property taxes as much as possible within a prudent fiscal policy, but it did not make sense to continue to levy money that the Town does not need and building reserves and not using reserves. He said that was his opinion and appreciated the opportunity to speak.

Councilman Brooks said that Mr. Cooley was correct in saying that the reserves were at 39.58% of the total General Fund, but he said he was always an advocate of a healthy bull pen. He said that while this is high and the Town's policy states minimally 15%, the Town Council could possibly look at putting some of those monies into a capital improvement plan. He said he thought there was approximately $1,700,000 in the fund currently and an addition of funds would accomplish two things: maintain a very healthy bull pen and would allow the Town to start a capital improvement plan and pay for the some of the items enumerated by Mr. Bradford in his comments.

F. Discussion and Adoption (with changes, if any) of Resolution No. 46-00 - Adopting Proposed Operating and Debt Service Millage Rates for FY 2001

Councilman Brooks made a motion to adopt Resolution No. 46-00. The motion was seconded by President Pro-Tem Sam McLendon.

Mr. Bradford read the resolution by title:

RESOLUTION NO. 46-00

A RESOLUTION OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, ADOPTING PROPOSED MILLAGE RATES NECESSARY TO FUND THE TENTATIVE GENERAL (OPERATING) FUND AND DE BT SERVICE FUND BUDGETS FOR THE 2000-2001 FISCAL YEAR.

On roll call, the motion carried 3-0.

G. Discussion and Adoption (with changes, if any) of Resolution No. 47-00 - Adopting a Tentative Operating Budget, Debt Service Budget, and Budgets for Other Funds for FY 2001

Mr. Bradford read the resolution by title:

RESOLUTION NO. 47-00

A RESOLUTION OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, ADOPTING THE TENTATIVE GENERAL (OPERATING) FUND, DEBT SERVICE FUND, AND BUDGETS FOR OTHER FUNDS FOR THE 2000-2001 FISCAL YEAR.

President Pro-Tem McLendon made a motion to approve Resolution No. 47-00. The motion was seconded by Councilman Brooks. On roll call, the motion carried 3-0.

H. Second and Final Public Hearing to Adopt Final Millage Rates and Budgets will be on Thursday, September 21, 2000, at 5:01 p.m., in the Town Council Chambers

President McDonald read the above notice for the next Public Hearing regarding the adoption of the budget for FY2001.

VI. ANY OTHER MATTERS

There were none.

VII. ADJOURNMENT

The meeting was adjourned at 5:21 p.m.

Mary A. Pollitt
Town Clerk