MINUTES OF THE PUBLIC HEARING CONDUCTED BY THE MAYOR AND TOWN COUNCIL HELD ON SEPTEMBER 10, 1998

I. CALL TO ORDER AND ROLL CALL

The Public Hearing was called to order by President Lesly Smith at 5:05 p.m. on September 10, 1998, in the Town Council Chambers. On roll call the following Elected Officials were found to be in attendance: Mayor Paul Ilyinsky; President Lesly Smith; President Pro-Tem Samuel McLendon; Councilmen Jack McDonald; Leslie Shaw; and Allen Wyett. Also in attendance were: Town Manager Robert J. Doney; Assistant Town Manager Peter Elwell; Police Chief Frank Croft; Finance Director James Demming; Fire-Rescue Chief Ken Elmore; Recreation Director Russ Bitzer; Public Works Director Al Dusey; Planning, Zoning & Building Director Robert Moore; Information Services Manager Spencer Wilson; Personnel Director William Crouse; and Town Clerk Mary Pollitt.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

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

III. COMMENTS BY THE MAYOR

Mayor Ilyinsky said the Town Council and the Mayor had received criticism, because these meetings are held when the residents are not in town. He said the law specifically states when the meetings will be held. Mayor Ilyinsky suggested the various Civic organizations in Palm Beach not "hammer" on that issue and come to one of these meetings and find out what is happening in the Town.

IV. APPROVAL OF AGENDA

Mr. Wyett made a motion to approve the agenda. The motion was seconded by Mr. McLendon and passed unanimously on roll call.

V. PUBLIC HEARING ON PROPOSED MILLAGE RATE AND "TENTATIVE" FY99 BUDGETS

A. "Notice of Proposed Property Taxes"

Mrs. Smith noted that the "Notice of Proposed Property Taxes" has been mailed by the County Property Appraiser to each property owner. She said this public hearing has been announced to commence at 5:01 p.m. The discussion will cover fiscal year 1999 proposed millage rates, Tentative General Fund, the Debt Service Fund, and other funds budgets including the approval of Resolution Numbers 34-98 and 35-98 and Ordinance Number 14-98.

B. Proposed Operating Millage

Mrs. Smith said the FY99 General Fund Proposed Operating Millage Rate of 4.3400 mills represents a 3.83% increase over the rolled back millage rate which is 4.1799 mills.

C. Reason for Proposed Operating Millage Rate Increase Rolled-Back Millage Rate

Mrs. Smith requested, as required by State law, that the Town Manager identify the reason the ad valorem taxes are being increased above the rolled back millage rates.

Town Manager Robert Doney reported the rolled back rate would have provided a general contingency of approximately $650,000. The Town Staff believed that a General Contingency of approximately $1.4 million is more prudent given the uncertainty regarding potential expenditures for water matters, coastal protection matters, and other needs which may arise during FY99. To generate the approximately $750,000 of additional General Contingency, a 3.83% increase over the rolled back millage rate will be necessary.

Mr. Doney said the sole reason the millage rate is being proposed above the rolled back millage rate is to provide the funding for the noted General Contingency. He offered to answer any questions.

Mr. Wyett asked when Mr. Doney would like to cover questions regarding Exhibit I?

Mr. Doney responded that item would be covered later.

There were no other questions.

D. Memorandum (with Enclosures) dated September 4, 1998, from Town Manager Regarding FY99 Proposed "Tentative" General (Operating) Fund Millage and Budget and Other Fund Budgets

Mrs. Smith asked if there were any questions or discussions regarding this item?

Mr. Doney said he would like to enter into the record what the Mayor had indicated earlier that when the Budget Meetings are held during the summer months, by law, the meetings are held within 100 days from the date of certification from the Property Appraiser or 100 days from July 1st. This is a non-elective option by the governing body.

Mr. Doney said he would like to review his September 4th memorandum and highlight several points. As indicated on Exhibits A through M, the detailed information regarding the recommended, proposed General Operating Millage Rate and the Revised FY99 Tentative General Fund and Other Town Funds Budgets has been provided.

Mr. Doney reported that Exhibit A identified FY99 Proposed Millage Rates, and Exhibit B summarized the Tentative Budgets for all Funds as of September 4, 1998. In a continued effort to preserve the Town's ability to attract and retain highly qualified employees and remain competitive with surrounding communities, he recommended a 3% General Pay Increase, effective October 1, 1998, for all eligible Town employees. The projected cost of this pay increase is $516,000, including social security and medicare. This amount is included within the proposed FY98 and FY99 budget amounts. With the recommended general pay increase, the tentative FY99 General Fund Budget Expenditure Budget recommended for adoption at first reading on September 10, 1998, is $36,721,981. This represents an increase of $2,360,932 or a 6.9% increase over the FY98 Adopted General Fund Expenditure Budget of $34,361,049.

He read the next paragraph of the memorandum into the record:

"Please note that Program 711 has been increased $1,400,000 to $1,417,741. This proposed increase is a structural accounting change; it does not reflect an actual increase in the proposed budget. The proposed change would establish a contingency line item in the amount of $1,400,000. Establishing this contingency line item would facilitate the Town Council addressing unanticipated items that may arise during the fiscal year without the need to adopt an ordinance to amend the budget. As discussed previously with the Council, the Town is required to adopt the annual budget by Ordinance. Because the Town Council holds its regular meetings once a month, amending the budget would be legislatively and administratively time consuming due to the advertising and legal requirements associated with adopting an ordinance by two readings. The contingency amount of $1,400,000 was determined based on supplemental appropriations of $1,269,000 (please reference Exhibit I) made during FY98. Due to the ongoing activities related to potential water independence and coastal protection, staff believes that the recommended amount is prudent. This amount is funded by using a millage rate of 4.3400 mills. For comparison, a millage rate of 4.1799 mills (FY99 rolled-back rate) would provide a contingency amount of approximately $650,000, while a millage rate of 4.3588 mills (the FY98 millage rate and FY99 proposed millage rate) would provide approximately $1,500,000."

Mrs. Smith mentioned that Exhibit "I" is a new exhibit which shows a list of funds that have been taken out of the General Fund Designated Reserve account.

Mr. Wyett referred to the historic street lighting item for $300,000. He questioned if that amount was to be returned to the Town?

Mr. Doney replied the Preservation Foundation intends to repay that amount; however, for the Town Council to award the project, the funding had to be provided by the Town. That was the reason for its inclusion in the exhibit.

Mrs. Smith asked Mr. Dusey what progress that project has made?

Mr. Dusey replied the project was awarded, but it was delayed 15 weeks waiting for production of materials. He added that all of the materials were received, and the contractor should start at any time.

Mr. Dusey said the Town is paying the bills as they are submitted with reimbursement by the Preservation Foundation. The Preservation Foundation has already paid money into the General Fund.

Mr. Wyett congratulated Mr. Dusey on a very fine Lake Trail lighting project that was recently completed.

Mr. McLendon verified that the $516,000 for the General Pay Increase included Social Security and Medicare. He questioned the amount that would be necessary for the pension fund?

Mr. Doney responded the pension funds have a one year delay in implementation costs to the budget and are reflected in the actuarial assumptions.

Mr. Doney continued reading from his September 4, 1998, memorandum:

"The contingency line item replaces the "designated reserve" line item in the General Fund budget. The "designated reserve" was established in the FY98 budget to allow the Council to fund unanticipated items without having to adopt an ordinance to amend the budget. However, this reserve represented the Town's 15% reserve policy (15% of General Fund Operating Budget) and amounted to $5,154,000 in FY98. Use of these funds during FY98 created some confusion at times. We believe the contingency line item will provide a simpler and more appropriate method of ensuring the Mayor and Town Council have the flexibility to address changed circumstances that may arise throughout the fiscal year. For FY99, the 15% reserve requirement is $5,299,000 and this amount has been excluded from the budget.

"Included for consideration is Exhibit J, a memorandum from Mr. William Crouse, Personnel Director, which describes a proposed fitness program for Town employees and qualified dependents. Staff believes that this program, which consists of discounted pre-paid health club memberships, will generate savings to the Town in the areas of reduced absenteeism and health care costs and increased employee productivity. The only long term cost to the Town to fund this project would be lost interest on the "seed money" during the repayment period which will be paid from the self-insured health fund, 502 account. We believe this will amount to less than $300 during FY99. I recommend Town Council approval of this new employee benefit."

Mrs. Smith asked the Town Council members if they had any questions?

Mr. McDonald replied he thought it was a great program.

Mr. Wyett said it was a great program, and he would like to see development during the ensuing year to create incentives with employee goals. He said the anticipated 40 employees who would take advantage of the program is really a very small number of the total employees. The impact on savings and the good health of the employees is minimal at the moment. He said it was a great start.

Mr. Doney said the he anticipated the program would be expanded to include those employees who do belong to health clubs at a maximum cost of $250 per employee or qualified dependent.

Mr. McDonald requested the Town Council be notified of the number of people who participate in the program.

Mr. Doney said he would request that Mr. Crouse provide an update.

Mr. Elwell added that the plan intended to provide the flexibility for employees to go to clubs that are not the two designated clubs in the plan and be reimbursed up to $250. This would be effective for everyone, beginning October 1, 1998.

Mr. Doney continued reading from his memorandum:

"The FY99 Proposed Operating Millage Rate of 4.3400 mills represents a 3.83% increase over the rolled-back millage rate and a .43% decrease from the adopted FY98 Operating Millage Rate of 4.3588 mills. The proposed Debt Service Millage Rate for FY99 is .4128 mills, or a 4.28% decrease from the FY98 Debt Service Millage Rate of .4313 mills.

"Overall the proposed aggregate FY99 millage rate of 4.7528 mills (Operating plus Debt Service) represents a .78% decrease from the aggregate FY98 millage rate of 4.7901 mills.

"We have included proposed Ordinance No. 14-98 (Exhibit M) for first reading on September 10, 1998. Any adjustments to the proposed budget made at the September 10, 1998, public hearing will be incorporated into the second and final reading of the budget ordinance at the September 28, 1998, 5:01 p.m. Town Council meeting."

E. Comments and Questions from Public

There were none.

F. Discussion and Adoption (with Changes, if any) of Resolution No. 34-98 - Adopting Tentative Operating and Debt Service Millage Rates for FY99

Mr. McDonald moved approval of adoption of Resolution Number 34-98. The motion was seconded by Shaw.

Mr. Doney read Resolution No. 34-98 by title:

RESOLUTION NO. 34- 98

A RESOLUTION OF THE TOWN OF PALM BEACH ADOPTING PROPOSED MILLAGE RATES NECESSARY TO FUND THE TENTATIVE GENERAL (OPERATING) FUND AND DEBT SERVICE FUND BUDGETS FOR THE 1998-1999 FISCAL YEAR.

On roll call, the Resolution was adopted unanimously.

G. Discussion and Adoption (with Changes, if any) of Resolution No. 35-98 - Adopting a Tentative Operating Budget, Debt Service Budget, and Budgets for Other Funds for FY99

Mr. McDonald moved approval of adoption of Resolution Number 35-98. The motion was seconded by Mr. Shaw.

Mr. Doney read Resolution Number 35-98 by title:

RESOLUTION NO. 35-98

A RESOLUTION OF THE TOWN OF PALM BEACH ADOPTING THE TENTATIVE GENERAL (OPERATING) FUND AND DEBT SERVICE FUND BUDGETS FOR THE 1998-1999 FISCAL YEAR.

On roll call, Resolution Number 36-98 was adopted unanimously.

H. Discussion and Adoption for First Reading of Ordinance No. 14-98 - Adopting a Final Budget for FY99

Mrs. Smith asked Mr. Doney to read Ordinance No. 14-98 by title.

Mr. Doney read the ordinance as follows:

ORDINANCE NO. 14-98

AN ORDINANCE OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, ADOPTING A FISCAL BUDGET AND APPROPRIATING FUNDS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 1998, AND ENDING SEPTEMBER 30, 1999; PROVIDING FOR AN EFFECTIVE DATE.

Mr. Wyett made a motion to adopt Ordinance No. 14-98 which approves the fund budgets for all funds for FY99 on first reading. The motion was seconded by Mr. McLendon and carried unanimously on roll call.

Mrs. Smith said that this now concludes the process of approving the Town's proposed millage rates and tentative budgets for the year beginning October 1, 1998. Mrs. Smith thanked everyone for the participation in the process.

I. Second and Final Public Hearing to Adopt Final Millage Rates and Budgets will be on Monday, September 28, 1998, at 5:01 p.m., in the Town Council Chambers

Mrs. Smith announced the second and final public hearing will be held on September 28, 1998, at 5:01 p.m. She emphasized this was a change from the previously proposed date.

VI. ANY OTHER MATTERS

There were none.

VII. ADJOURNMENT

The meeting was adjourned at 5:26 p.m.

Mary A. Pollitt, Town Clerk