MINUTES OF THE PUBLIC HEARING CONDUCTED BY THE MAYOR AND TOWN COUNCIL ON SEPTEMBER 6, 1995, AT 5:01 P.M.

I. CALL TO ORDER AND ROLL CALL - A Public Hearing meeting of the Town of Palm Beach Town Council was called to order on September 6, 1995, at 5:01 p.m. by President Lesly S. Smith. On roll call, the following Elected Officials were found to be in attendance: Mayor Paul Ilyinsky, President Lesly Smith, President Pro Tem Jack McDonald, Councilmen Samuel McLendon and Allen Wyett. Councilman Leslie Shaw was absent. Also attending were Town Manager Robert Doney, Assistant Town Manager Peter Elwell, Assistant to the Town Manager David Jakubiak, Director of Public Works Albert Dusey, Town Director of Recreation Russell Bitzer, Major Frank Croft of the Police Department, Finance Director Marie Crozier, Fire Chief Ken Elmore, Director of Planning, Zoning and Building Robert Moore, Information Systems Manager Spencer Wilson, Personnel Director William Crouse, Computer Support Specialist Jim Palmer, Accounting Clerk Lisa Gorman, and Town Clerk Mary Pollitt.

II. INVOCATION AND PLEDGE OF ALLEGIANCE - the invocation was given by Mrs. Pollitt. The Pledge of Allegiance was led by President Smith.

III. COMMENTS OF THE MAYOR - The Mayor chose not to make any comments at this time.

IV. APPROVAL OF AGENDA - Mr. Wyett made a motion to approve the agenda. The motion was seconded by Mr. McLendon. On roll call, the motion carried unanimously.

V. PUBLIC HEARING ON PROPOSED MILLAGE RATE AND "TENTATIVE" FY96 BUDGETS -

A."Notice of Proposed Property Taxes" - Mrs. Smith said that the "Notice of Proposed Property Taxes" has been mailed to the County Property Appraiser and to each property owner stating this Public Hearing will commence at 5:01 p.m. on this day. Mrs. Smith said the Council will discuss the Fiscal Year 1996 proposed millage ratesand tentative general fund, debt service fund, and other fund budgets including the approval of resolutions, numbers 35-95 and 36-95.

B. Proposed Operating Millage Exceeds "Rolled-Back Rate by 1.39 Percent - Mrs. Smith said the FY96 General Fund Proposed Millage of 4.5371 mills represents a 1.39% increase over the roll back rate of 4.4747 mills.

C. Major Specific Purposes for Which Ad ValoremTax Revenues are Proposed to be Increased for Operating Budget - Mrs. Smith requested that Mr. Doney, as required by State law, to generally identify the major specific purposes for which ad valorem taxes are being proposed for increase.

Mr. Doney referred to his August 31, 1995, memorandum to the Mayor and Town Council and specifically to Exhibit E-2 which will be used to comply with the State law requirement under Chapter 200.

Mr. Doney said the exhibit shows the FY95 Adopted Budget versus the FY96 Proposed Budget, General Fund only, and indicates both the dollars and percent change. He continued that the FY95 adopted budget was $30,199,205, and the proposed General Fund budget for FY96 is $31,482,588 and is a dollar change of $1,283,383 or a 4.25% increase. Mr. Doney stated the major items or the specific purposes for which ad valorem tax revenues are proposed to be increased are:

retirement system changes for the Police and Fire-Rescue employee members as recommended by the Retirement Board - $360,000

the first year of a seven year lease purchase for replacement radios for Police and Fire-Rescue Departments and mobile data terminal systems for the Police Department - $185,000

capital improvement funding increase - $110,000

Police Uniform (Replacements) - $59,000

Special Rescue Operations Truck for Fire-Rescue Department (#1 of 5 Payments) - $ 36,000

General Pay Increase (3%) - $423,000

Dollar and Percentage Changes After Major Items of Increase	$110,383
	0.37%

Mr. McLendon asked what the interest rate was on the seven year lease purchase arrangement?

Mr. Doney replied that Mrs. Crozier checked with First Union Bank. Mrs. Crozier added that she estimated the rate to be 6%, however she was still negotiating. Responding to a question from Mr. Wyett, Mrs. Crozier said she thought the rate would be closer to 5 or 5 1/2%.

Mr. Wyett noted he had recently bought municipal bonds at 4.2%.

Mrs. Crozier responded that, with seven year financing, the rates will be somewhat different, not significantly, but slightly higher.

Mr. Doney added that for general obligation bond purposes, capital improvement type replacement equipment would not generally lend itself to long term general obligation bond financing.

Mr. Wyett responded he bought short term bonds.

Mrs. Crozier said the banks attempt to keep the interest rates in the neighborhood of 65% of the prime interest rate for the Town.

Mr. Wyett understood that would be approximately 4.2-4.4%.

Mr. Doney said that First Union had "sharpened their pencils" on the most recent lease/purchase, and that was at 3.6%; although that was two years ago.

Mrs. Crozier said the Town could not lock in a rate until October 1, 1995, and the interest rate would depend on the prime interest rate at that time.

D. Memorandum (with Enclosures) Regarding FY96 Proposed "Tentative" General (Operating) Fund Millage and Budget and Other Fund Budgets - Mr. Doney reported that the information supplied to the Council was a culmination of a number of meetings including the June 7 & 8 meetings, the July 25 Special Town Council Meeting, and the further consideration by the Finance & Taxation Committee at the July 27, 1995, meeting. He said that the budget has been reviewed carefully by the Town staff, and the Staff has prepared and submitted a responsible budget request with justification as needed. Mr. Doney said that every municipality and every county in the State of Florida is on the same fiscal year, October 1 to September 30. Mr. Doney continued that Mr. Crouse conducted a competitive survey regarding general pay increases in the local market area in which the Town competes. Mr. Doney said he recommended a 3% general pay increase, effective October 1, 1995, for eligible Town employees. This would exclude contractual employees, and the cost would be approximately $423,000, including social securities.

Mr. Doney said his reasons for recommending the increase were to remain competitive in the hiring and retaining of employees. The County Tax Appraiser included in the notice of proposed property taxes sent to all property owners in Palm Beach County the statement that the cost of living increase over the last year has been approximately 2.7%. This is slightly less than the recommended 3% general pay increase. Mr. Doney said that based upon past years' general pay increases by the Town as compared to other municipal employers in the surrounding area and based upon the current salary survey conditions as identified by Mr. Crouse, a 3% general pay increase is the appropriate competitive increase for FY96 to address and recognize the dedication of Town employees.

Mr. Doney said he would focus on the changes since the past meetings including the July 25 and 27 Finance & Taxation Committee meetings. He continued that Mr. Dusey identified that Solid Waste Disposal fees will increase approximately $40,000; however, the Solid Waste revenues will be increased by a like amount of $40,000. Mr. Doney said that the Finance & Taxation Committee at the July 27th meeting recommended approval of the employee benefit notification program at a cost not to exceed $4,715, and this was approved by the Town Council at its meeting on August 8, 1995.

Mr. Doney noted that Mrs. Crozier has reviewed each and every line item of non ad valorem revenue estimates for FY96, and the proposed FY96 ad valorem revenue has been increased by $95,000. He said the revised tentative FY96 General Fund Budget is $31,482,588, and this is a $1,283,383 or a 4.25% increase over the FY95 General Fund Adopted Budget of $30,199,205. The proposed FY96 tentative operating millage rate of 4.5371 mills represents a 1.39% increase over the roll-back millage rate of 4.4747 mills and 1.13% decrease from the adopted FY95 Operating Millage Rate of 4.5888 mills. The proposed debt service millage rate for FY96 is .4589 mills or a 21% decrease from the FY95 Debt Service Millage Rate of .5791 mills. He continued that this decrease is due to the retirement of the 1975 bond issue which financed various sanitary sewer improvements. Overall, the proposed FY96 Millage Rate, operating plus debt service, of 4.9960 mills is a 3.33% decrease from the FY95 total millage rate of 5.1679 mills.

Mr. Doney pointed out that exhibit J-1 was prepared by Mrs. Crozier to identify the impact of the Town Council approved appropriation on August 8, 1995, of $6 million to fund the P.E.P. reef removal and mid-town beach restoration and groin project on the FY95 Capital Improvement Fund Budget and the expenditures and the FY96 Expenditures.

Mr. Doney said he would like to high light several of the exhibits, A through N. He noted that the primary summary exhibit was exhibit B which showed the progression from the beginning of the budget process in May to the present time.

Mr. Doney reported that the adopted FY95 Operating Fund Millage was 4.5888 mills and the FY96 recommendation for Operating Millage is 4.5371 mills or a percent change of 1.13% decrease. The debt service millage is proposed to change from .5791 mills to .4589 mills or a approximately 20.6% decrease. The 5.1679 total millage for FY95 compared to the FY96 proposed total millage of 4.9960 mills with a 3.33% decrease.

As required by State law, Mr. Doney reported that the 4.5371 mills for FY96 is a 1.39% increase over the roll-back millage rate of 4.4747 mills. This was published in the Sunday edition of the Palm Beach Daily News.

Mr. Doney noted that exhibit C indicated the estimated cost to a Town taxpayer per each $100,000 of general operating fund expenditures funded by ad valorem taxes. He continued that exhibit D indicated the difference for anyone living south of Southern Boulevard, and these residents were subject to the South Lake Worth Inlet District millage. This exhibit showed that majority of the Town's tax dollars or $43,177,684 (45.42%) go to the Palm Beach County school system. Mr. Doney said that 23 cents of every tax dollar goes to the Town; 20 cents goes to the County Commission; and other taxing authorities include the South Florida Water Management District, Child Services, Florida Inlet Navigation District, and the Health Care District.

Responding to a statement from Mrs. Smith, Mr. Doney reported that the Town Council recommended and will consider a $100,000 appropriation to the Society of the Four Arts Library. If the Town Council did not authorize that appropriation to the Society of the Four Arts Library, and if the Town property owners were required to participate in the County-wide library millage of .4437 mills, an additional $1,880,995 of taxes would have been paid by Town property owners. Mr. Doney added if the Town were included in the County library system, a library would probably not be built in the Town.

Mr. Doney said that exhibit E-1 showed that the percentage of change from the FY95 budget is a 4.25% increase in total expenditures. He continued that exhibits F and G were updated by Mrs. Crozier who added the proposed FY96 millage rates for each of the respective taxing authorities. Those rates were indicated on the notices of proposed property taxes that were mailed on approximately August 21, 1995, to every property owner in Palm Beach County.

Mr. Doney noted that in FY1986 the Town of Palm Beach tax rate equated to 33.94% of a Town taxpayers total taxes, and for FY96, the Town's portion of the total tax bill is 22.80%

Mr. Doney said that exhibit H identified in detail the policy programs that make up the General Fund Budget, and page six of six in that exhibit provided a total basis of the general fund for the years FY93(actual), FY94(actual), FY95(budget), FY95 (anticipated expenditures), and FY96 (proposed budget with percent and dollar variances for each of the respective years). Mr. Doney said each of the funds and budgets have been dealt with in detail at the Finance and Taxation Committee meetings.

Mr. Doney said that exhibit I consisted of the revenues for FY96 and the FY94(actual), the FY95(budgeted), and FY95 (anticipated revenues). As previously indicated, the non-ad valorem tax revenues are anticipated to increase for FY96 by approximately $95,000.

Exhibit J identified the Town's five year Capital Improvement Program. Exhibit J-1 identified a new exhibit of funding requirements, capital improvement program, and coastal management FY95 and FY96. Mr. Doney said the separate exhibit was needed because the appropriation for the Mid-town beach restoration and groin project and the P.E.P. reef removal projects were addressed as an appropriation mid-year, not at the time of budgeted option. He added that the relative expenditures for the projects will be identified on a monthly basis in the expenditure reports. The funding sources will be listed and the ones will be identified that were historically created for these specific purposes such as the Beach Protection Reserves and the Oceanfront Protective Seawall Reserves. As indicated, the Capital Improvement Program Undesignated Fund Balance of $700,000 is a funding source. Based upon discussions that occurred at meetings during May and the August 8th Town Council meeting, indications were that transfers from the Self Insurance Fund Reserves of $1,750,000 would be made for this beach project.

Mr. Doney reported that exhibit K identified what is known as the Certification of Taxable Value Form which is a form required by Chapter 200, Florida Statutes, and indicated the Town's current year gross taxable value for operating purposes is $4,358,175,908. That number is used to calculate the millage, and the prior year's gross taxable value was $4,239,340,568. Mr. Doney said that the number used to generate the amount of the proposed Town millage for FY96 was listed on line 21 at $4.55 per one thousand dollars of taxable value to a recommended operating millage rate of $4.5371 per one thousand dollars of taxable value.

Mr. Doney said that exhibit L identified examples of the impact upon a Town taxpayer based upon the current year's FY95 actual millage and the FY96 recommended millage of 4.9960.

Mr. Doney mentioned that exhibit M is Resolution Number 35-95, and exhibit N is Resolution Number 36-95.

Mr. Wyett asked if any provision is being made under the budget currently proposed to replenish the reserves that are being reduced because of the beach expenditures?

Mr. Doney said the matter would be addressed in two ways. He noted that exhibit J-1 showed current balances in the Beach Protection Reserve Account of approximately $45,000; Ocean Front Roadway Protective Fund balance of approximately $78,000; an additional Reserve Capital Improvement Fund Balance of $300,000; and a Self Insurance Fund Reserve balance of approximately $750,000. In addition, he recommended the Mayor and Town Council consider, after the FY95 audit is completed, using the Undesignated General Fund balance for potential fund transfers for those respective reserves. Mr. Doney said the estimated position for the Undesignated General Fund balance as of September 30, 1995, is $5.7 million which is slightly higher than the 12-15 percent of General Operating Fund budget.

Mrs. Smith said, at the the last Finance & Taxation Committee meeting, she announced there would be a Finance & Tax Committee meeting at the end of October or the beginning of November to look into the fund reserve balances for that reason.

Mr. McLendon inquired what the surplus was at the end of FY94?

Mrs. Crozier replied that the surplus has been approximately $5.7 - $5.8 million, and she anticipated that amount would remain steady expressed as approximately 18% of expenditures.

Mr. McLendon clarified he did not want to know what the balances were in the funds, but he wanted to know how much of the budget was not expended in '94 and then transferred to the surplus?

Mrs. Crozier said that approximately $1.5 million was transferred to surplus which was a combination of revenues collected, above and beyond anticipated, and under expenditures. She anticipated this year's transfer to surplus would be close to the same amount.

Mrs. Smith expressed her appreciation to all the Department Heads for their hard work to provide the numbers for this year's budget. She extended "thank yous" to Mr. Doney, Mrs. Crozier, and the entire Town staff.

Mr. McLendon asked the magnitude of the 1994 end of year transfer?

Mrs. Crozier replied that it had been approximately 5.7-5.8, and that she anticipated that it will remain there, which was somewhere in the neighborhood of 18% of expenditures.

Mr. McLendon asked the dollar figure.

Mrs. Crozier replied approximately $5.7 million.

Mr. McLendon asked how much of the budget was not expended in 1994 and then transferred to surplus.

Mrs. Crozier replied that approximately $1.5 million was transferred to surplus, which was a combination of revenues collected above and beyond anticipated and under expenditures from that year's budget.

Mrs. Smith thanked all of the department heads for their hard work preparing the budget. Additionally, she thanked all of the Town staff, Town Manager, and Mrs. Crozier, stating that she and Mr. McDonald had a very easy time reviewing the budget package that had been given to them because of the work by the Town people.

E. Comments and Questions from Public. There were none.

F. To approve the proposed General Operating Fund and Debt Service Fund Millages and Tentative Budgets for FY96.

Mr. Doney read Resolution 35-95:

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 1995/1996 FISCAL YEAR.

Mr. Wyett made a motion to approve Resolution 35-95. Seconded by Mr. McLendon. On roll call the motion carried unanimously.

G. Resolution 36-95

Mr. Doney read Resolution 36-95:

A RESOLUTION OF THE TOWN OF PALM BEACH, ADOPTING THE TENTATIVE GENERAL OPERATING

FUND AND DEBT SERVICE FUND BUDGETS FOR THE 1995/1996 FISCAL YEAR.

Mr. Wyett made a motion to approve Resolution 36-95. Seconded by Mr. McLendon. On roll call the motion carried unanimously.

Mrs. Smith stated that the process of approving the Town's proposed millage rates and tentative budgets for the year beginning October 1, 1995 was now concluded.

Mrs. Smith stated that the second and final public hearing to adopt the final millage rates and budgets would be on Tuesday, September 12, 1995 at 5:01 in the Council Chambers.

Mr. Wyett made a motion to adjourn. The meeting was adjourned at 5:40 p.m.

Mary A. Pollitt
Town Clerk