MINUTES OF THE PUBLIC HEARING CONDUCTED BY MAYOR AND TOWN COUNCIL ON SEPTEMBER 5, 1996, AT 5:01 P.M.

I. CALL TO ORDER AND ROLL CALL

A Public Hearing meeting of the Town of Palm Beach Council was called to order on September 5 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 Sam McLendon, and Allen Wyett. Councilman Leslie Shaw was absent from the meeting. Also attending were Town Manager Robert Doney; Town Attorney John Randolph; Assistant Town Manager Peter Elwell; Assistant to the Town Manager David Jakubiak; Finance Director Marie Crozier; Assistant to the Finance Director Cheryl Somers; Director of Public Works Al Dusey; Fire-Rescue Chief Ken Elmore; Personnel Director William Crouse; Police Chief Joseph Terlizzese; Major Frank Croft; Recreation Director Russ Bitzer; Director of Planning, Zoning & Building Robert Moore; Administrative Aide Wendy Zamecnik; Police Planner Lisa Gorman; and Town Clerk Mary Pollitt.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

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

III. COMMENTS OF THE MAYOR

Mayor Ilyinsky complimented the staff on the clarity of the documents that were presented to the Mayor and Town Council for the FY97 Budget. Mrs. Smith stated her appreciation for the number and clarity of the documents on behalf of the Finance & Taxation Committee.

IV. APPROVAL OF AGENDA

A motion was made by Mr. McLendon to approve the agenda. Mr. Wyett seconded the motion. The motion carried 4/0.

Mr. Wyett reported that the water issue would be on the September 10, 1996, Town Council Agenda, including the possibility of someone attending the Specialty Conference, November 13 - 15, 1996, in Orlando.

Mrs. Smith noted the issues of water, the water contract, and attending the conference are on the September agenda. Also, an item relating to South Florida Water Management District is on the agenda.

Mr. Doney replied that a follow-up letter after the August 13, 1996, Town Council meeting was sent to the Executive Director of the South Florida Water Management District, Mr. Poole, stating that item was removed from the agenda.

V. PUBLIC HEARING ON PROPOSED MILLAGE RATE AND "TENTATIVE FY97

A. "Notice of Proposed Property Taxes"

Mrs. Smith read, "*Pursuant to the notice of proposed property taxes which has been mailed by the County Property Appraiser to each property owner, this Public Hearing has been announced to commence at 5:01 p.m. (The Council) will discuss the fiscal 1997 Proposed Millage Rates and Tentative General Fund, Debt Service Fund, and other Funds budget, including the approval of Resolutions numbers 44-96 and 45-96.*

B. Proposed Operating Millage Exceeds "Rolled-Back Rate" by 3.34 Percent

Mrs. Smith read, "*The FY97 General Fund Proposed Millage Rate of 4.5319 mills represents a 3.34% increase over the Rolled-Back Millage Rate of 4.3855 mills.*"

C. Major Specific Purposes for Which Ad Valorem Tax Revenues are Proposed to be Increased for Operating Budget

Mrs. Smith said State Law required that the major, specific purposes for which ad valorem tax revenues were proposed to be increased for the operating budget be discussed. Mrs. Smith requested that Mr. Doney identify the major, specific purposes for the increases.

Mr. Doney identified Exhibit G as the document that identified the major, specific purposes. The adopted budget for FY96 was $31,482,588, and the proposed FY97 budget is $32,985,205 or a change of $1,502,617 (4.77%).

Major Items (Specific Purposes for which Ad Valorem Tax Revenues are being increased)

Advice and Litigation		($25,000)
AS/400 Disk Expansion Unit		($24,200)
Capital Improvement Funding Increase		($126,000)
Fire/Rescue Department-Salaries & Related Costs 3 new positions		($145,565)
Police Department 2 Jeep Cherokee Vehicles - New Operation		($44,000)
Communications System		($15,000)
ID Contractual Employee		($15,000)
New Operations Equipment		($113,300)
Imaging System	$90,000	
Cannon Fax Machine	$1,265	
Call Tracker	$4,935	
HTE Bar Coding	$6,500	
Doppler Radar Unit	$1,400	
Ballistic Shields	$2,000	
Patrol Bikes	$4,200	
Vector Light Bars	$3,000	
Patrol Car Video Recording System - New Operation		($11,000)
Salaries & Related Costs - 12 new positions		($413,325)
Town Clerk - .50 additional Personnel - Recording Clerk		($20,000)
Town Clerk - Check Writer and Safe Upgrade		($4,000)
General Pay Increase - 3% (Includes Social Security)		($454,719)
$ and % change before major items of increase		**$91,508** **% change = 0.29%**

Mr. Doney stated the listing of the above items satisfied the requirement of the State Law to give the major, specific reasons for the budget increase.

There were no questions regarding the items listed.

D. Memorandum (With Enclosures) Regarding FY97 Proposed "Tentative" General (Operating) Fund Millage and Budget and Other Fund Budgets

Mr. Doney identified Exhibits A through O in his August 29, 1996, memorandum that provided the detailed information regarding the FY97 revised tentative General Fund Budget. Exhibit B identified the FY97 tentative General Fund Budget and Taxable Revue as of August 29, 1996.

Mr. Doney said the recommended 3% General Pay Increase is a warranted increase that allowed the Town to remain competitive and able to attract and retain highly qualified municipal employees. Mr. Doney said he offered the 3% pay increase as a recommendation to be considered by the Town Council for their approval.

The non Ad Valorem Revenues for FY97 have been reviewed and updated based upon current year-to-date receipts, resulting in a projected increase of $83,500 in the revenue sources. Revenue back-up Exhibit D, General Fund Revenue Report as Revised as of 8/29/96, breaks down in detail the $83,500 by line item. With the recommended general pay increase, the revised tentative FY97 General Fund Budget is $32,985,205. This is a $1,502,617 or a 4.77% increase over the FY96 General Fund Adopted Budget of $31,482,588.

The proposed FY97 tentative Operating Millage of 4.5319 mills represents a 3.34% increase over the rolled-back millage of 4.3855 mills and a .11% decrease or 11/100 of 1% decrease from the adopted FY96 Operating Millage Rate of 4.5371 mills. The proposed Debt Service Millage Rate for FY97 is .4491 mills or a 2.14% decrease from the FY96 Debt Service Millage of .4589 mills. Overall the proposed FY97 Total Millage Rate Operating Plus Debt Service of 4.9810 mills is a .30% decrease from the FY96 Total Millage Rate of 4.9960 mills.

Mr. Doney explained that Exhibit A was the Tentative Agenda; Exhibit B was a review of the process of the preparation of the FY97 Tentative General Fund Budget and Taxable Value Review.

Council members had no questions concerning Exhibit B.

Mr. Doney said that Exhibit C was the six page exhibit that provided the proposed General Fund and other funds expenditure summaries by program with personnel complement information and provides historical information from FY94 actual through FY97 proposed together with dollar variance, percent variances, and the current and proposed personnel complement by program by department.

Mr. Doney referred to page six of Exhibit C that showed the summary statistics for the FY97 Proposed Budget at $32,985,205 or a dollar increase of $1,502,617 or a 4.77% increase in dollars for FY97.

Mr. Doney continued with Exhibit D, the General Fund Revenue Report as revised on August 29, 1996. The bold numbers shown in the far right column, under "1997 Approved", showed the increase in estimated revenues for non-ad valorem revenues that represent the $83,500 increase in non-ad valorem revenue sources as listed on page 9 of Exhibit D.

Exhibit E was the proposed funding requirements for the Capital Improvement Program for FY97. As of August 29, 1996, it was revised showing the capital improvement projects and a total of $7,163,000 was shown for FY97. Mr. Doney said the General Fund will provide $2,038,000 of the $7,163,000 proposed for the Capital Improvement Program. Details of the Australian Dock replacement expansion program were provided with a grant from the Florida Inland Navigation District of $360,000. The Lake Worth Inlet Management Plan was anticipated to be funded from Federal sources ($1,429,000); State sources ($506,000); and County & Port Sources ($905,000). Mr. Doney commented that the local funding sources at this time have been proposed to be shared on a 1/3 - Town; 1/3 - County; and 1/3 - Port of Palm Beach basis.

Mr. Doney said that the designated reserves for the Coastal Protection Reserves stand at $1,401,845.

Mr. Doney identified Exhibit F that showed the proposed FY97 Operating Fund with inclusion of hi-lighted figures and a recap to identify the actions that were recommended by the Finance & Taxation Committee at the June 28 and July 1 meetings which were subsequently approved by the Town Council at the July 9, 1996, Town Council meeting. The budget was reduced by $354,621 or approximately 3.33% with the details provided in Exhibit F.

Mr. Doney said the Exhibit G set forth the FY96 Adopted General Fund Budget versus the FY97 Proposed General Fund Budget that included items that were publicly announced in the earlier part of the meeting.

Exhibit H provided information showing the estimated cost to a Town taxpayer for each $100,000 of General Operating Fund Expenditures Funded by Ad Valorem Taxes. Several examples were shown for $200,000; $400,000; and $600,000 taxable values with millage of 4.5371 and 4.5613 respectively.

Mr. McLendon asked Mr. Crouse if the Town's actuary, Mr. Rizzo of Gabriel, Roeder & Smith, gave substantial support for the recommended amount of $3.7 million in the health insurance reserve account? Mr. Crouse responded that the primary purpose for maintaining the $3.7 million reserve was related to the future liability under the Governmental Accounting Standards Board requirements for funding, including the retirees health care benefits. That cost in 1991 or 1992 was determined to be approximately $8 to $8.5 million. The cost of a study to determine the correct retention amount was projected to be approximately $15,000. Mr. Crouse did not think the cost of the study would be justified and recommended continuing with the $3.7 million amount budgeted for the reserves as has been budgeted for the last three to four years.

Mr. Doney clarified that the transfers to the self insurance funds were done on a quarterly basis from the General Fund, and actually incurred expenses are recorded in the self insurance fund. The funding requirements are shown in the General Fund and should the claim experience be good the remainder of this year, the money would remain in the self insurance fund, and the issue could be addressed next year.

Mr. Doney said that Exhibit I was the FY96 Estimated Ad Valorem Taxes paid by Town Property Owners based upon final taxable value. The exhibit showed where the money that is collected in Palm Beach for Ad Valorem Taxes goes. The Town received $21,666,805 (22.81%); Palm Beach County received $19,598,571 (20.64%); and Palm Beach County Schools received $42,487,929 (44.74%).

Mrs. Smith questioned if Palm Beach taxpayers were being taxed for the Everglades construction and was it reflected on tax bills?

Mr. Doney replied that the Town's tax bill did not reflect that. Mrs. Crozier added that Mrs. Bonnell from the Property Appraisers' Office said that the amount for the Everglades Construction was not broken out from the South Florida Water Management District figure on the Town's tax bill; however, Mrs. Bonnell indicated that every Palm Beach taxpayer did receive the separated amounts on his or her tax bill.

Mrs. Smith noted that the Palm Beach County School Board would receive approximately $43 million for five classes (K through 5) in the Town of Palm Beach. Mrs. Crozier said that when the Palm Beach School included kindergarten through eighth grade, only 66 students from Palm Beach attended the school. Updated numbers are not yet available for the decreased classes in Palm Beach or the number of Palm Beach students attending schools in West Palm Beach.

Responding to questions from Mr. McLendon, Mr. Doney said the FY96 taxable values for Palm Beach taxpayers would not be received until later in the year. Mr. Doney reported that the taxes for the Lake Worth Inlet Management District were eliminated for FY97, and the only affected area in Palm Beach was south of Southern Boulevard.

Mr. Doney said that Exhibits J and K identified millage rates by year and the tax rate as a percent of total by year to provide an historical perspective that each taxing unit received as a percentage of the total tax bill. Mr. Doney pointed out that the Town received approximately 28 cents from every tax dollar in 1988 and in 1997, that amount is proposed to be approximately 23 cents.

Mr. Doney said that Exhibit L was the preliminary Certification of Taxable Value as covered previously in the meeting. He identified the Current Year Gross Taxable Value for Operating Purposes as $4,512,075,311. The Town Council approved the operating millage rate of 4.5800 mills at the August 1, 1996, Town Council meeting. This millage rate was decreased slightly.

Mr. Doney identified a decrease of .300% (as shown in Exhibit M) in the recommended FY97 millage rate (4.9810) versus the FY96 millage rate (4.9960). Additionally, the FY96 taxable value increased 4.040% over FY95 values.

E. Comments and Questions from Public

Mrs. Smith asked for comments and questions from the public. There were none.

F. Discussion and Adoption (With Changes, If Any) of Resolution No. 44-96, Adopting Tentative Operating and Debt Service Millage Rates for FY97

Mr. Doney read Resolution No. 44-96 by title:

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 1996-1997 FISCAL YEAR.

Mrs. Smith asked for a motion to adopt Resolution No. 44-96 of the Town of Palm Beach which sets a proposed millage rate of 4.5319 mills for the General Operating Fund and .4491 mills for the Debt Service Fund for a total of 4.9810 mills.

A motion was made by Mr. McLendon to approve Resolution No. 44-96. Mr. Wyett seconded the motion. On roll call, the motion carried 4-0.

G. Discussion and Adoption (With Changes, If Any) of Resolution No. 45-96, Adopting a Tentative Operating Budget, Debt Service Budget, and Budgets for Other Funds for FY97

Mr. Doney read Resolution No. 45-96 by title:

A RESOLUTION OF THE TOWN OF PALM BEACH ADOPTING THE TENTATIVE GENERAL (OPERATING) FUND AND DEBT SERVICE FUND BUDGETS FOR THE 1996-1997 FISCAL YEAR

Mr. Doney said a two page exhibit (A) attached to the Resolution identified all of the FY97 proposed expenditure and revenue items.

Mr. Wyett made a motion to approve Resolution No. 45-96. The motion was seconded by Mr. McLendon. On roll call, the motion carried 4-0.

Mr. Doney reported that the Florida Statutes were amended, and resolutions will not have to be read in full at the September 10, 1996, Town Council meeting. Previously every line had to be read into the record.

Mrs. Smith announced that the process of approving the Town's proposed millage rate and tentative budget for the year beginning October 1, 1996, was concluded.

H. Second and Final Public Hearing to Adopt Final Millage Rates and Budgets will be on Tuesday, September 10, 1996, at 5:01 p.m., in the own Council Chambers

Mrs. Smith announced that the next hearing will be Tuesday, September 10, 1996, at 5:01 p.m. for the final hearing to adopt the final millage rates and budgets for the Town of Palm Beach.

VI CONSIDERATION OF GRANTING ENCROACHMENT EASEMENT REGARDING SEAWALL ON JOHNSON PROPERTY, 190 SOUTH OCEAN BOULEVARD

Mr. Randolph reported the attorney for the sellers of the Johnson property contacted him and reported that during the closing involving the title work, a slight encroachment of a portion of the seawall on the Johnson property was found. The encroachment is at the top portion of the seawall that as a result of age has buckled and created an 8 or 9 inch encroachment. Mr. Randolph suggested that if the Town Council wished to grant the encroachment, an encroachment easement should be provided to the owner. The Town would have control over the wall and if the wall were replaced, the wall would have to comply. The encroachment easement, drafted by Mr. Randolph's office, provided that all liability for that portion of the wall which rests on Town property will be with the owner of the property. Mr. Randolph said he changed the last paragraph to make it clear that the indemnification ran with the property and would be assumed by any future buyer of the property. Mr. Randolph read the sentence that was added to the encroachment easement, "*The indemnification and insurance obligations set forth in this paragraph shall run with and encumber the trustee property and shall be binding upon the trustee, its successors, and assigned.*"

Mr. Randolph said all necessary papers including a satisfaction of mortgage, a release of list the Town, a release of liens, etc. have been prepared by his office. Mr. Doney signed all of the papers, and these papers are ready for the title company in exchange for a cashier's check for $400,000. Mr. Randolph recommended approval of the encroachment easement, and the authorization of the Mayor to execute same.

A motion was made by Mr. Wyett to approve the encroachment easement and authorize the Mayor to execute same. The motion was seconded by Mr. McLendon.

Mr. McDonald asked Mr. Randolph if he was aware of any other encroachment agreements any Council had approved? Mr. Randolph replied that no other agreement like this one had ever been before a Council to his knowledge. Mr. Randolph, responding to additional questions from Mr. McDonald, said that no other compensation was considered for the agreement and no precedent was being set by not considering other compensation for the agreement. Mr. Randolph cited the easement's diminimus encroachment that was reported caused by the buckling of the wall as a factor in his recommendation. The bottom of the wall, according to the surveyor, was located on the Johnson property and the top was encroaching on the Town's property.

Mr. Randolph reported that the attorney for the Johnson Estate had reviewed and approved the addition of the aforementioned sentence.

Mr. Doney confirmed that the issue of the money to be received from the Johnson Estate would be added to the September 10, 1996, Town Council Agenda.

Mr. McLendon made a motion to add the disposition of the anticipated funds from the Johnson Estate to the September 10 agenda. The motion was seconded by Mr. Wyett. On roll call, the motion was approved 4/0.

The Council voted on the previous motion made by Mr. Wyett to approve and execute the encroachment easement. On roll call, the motion carried 4/0.

VII. ANY OTHER MATTERS

There were none.

VIII. ADJOURNMENT

The meeting was adjourned at 6:05 p.m.

Mary A. Pollitt
Town Clerk