

TOWN OF PALM BEACH

Office of The Town Clerk

MINUTES OF THE SPECIAL TOWN COUNCIL MEETING HELD ON JULY 12, 2006 REGARDING THE FY2007 PROPOSED BUDGET

I. CALL TO ORDER AND ROLL CALL

The Special Town Council Meeting regarding the FY2007 Proposed Budget, was called to order by President Coleman at 9:30 a.m., on Wednesday, July 12, 2006, in the Town Council Chambers. On roll call, the following elected officials were found to be present:

Mayor Jack McDonald
President Denis P. Coleman
President Pro Tem Richard M. Kleid
Council Member William J. Brooks
Council Member Susan Markin
Council Member Allen S. Wyett

Others present for all or a portion of the meeting were:

Town Manager Peter B. Elwell
Deputy Town Manager Thomas G. Bradford
Assistant Town Manager Sarah E. Hannah
Jay Boodheshwar - Recreation Director
Paul Brazil - Public Works Director
Eric Brown - Public Works Assistant Director
Alan Brown - Recreation Supervisor
Paul Castro - Zoning Administrator
Veronica Close - Director Planning, Zoning & Building
Andrew Cox - Assistant Fire-Rescue Chief
William Crouse - Human Resources Director
Rod Gardiner - Recreation Supervisor
Lisa Gorman - Police Planner
Belinda Hardy - Office Manager, Fire-Rescue
Carla Kneipp - Assistant Director, Human Resources
Charles Langley - Public Works Assistant Director

STC 7-12-06
Proposed FY07 Budget

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Michael Mason - Law Enforcement Major
Edward J. Moran - Fire Rescue Chief
Michael Reiter - Police Chief
Gary Sallenbach, Support Service Major, Police
Cheryl Somers - Assistant Finance Director
Jane Struder - Finance Director
Karen Temme - Risk Manager
Lynda Venne - Purchasing Agent
Rob Walton - Chief Code Compliance Officer
Spencer Wilson - Director Information Systems
Amy Wood - Accounting Supervisor
Susan Eichhorn - Town Clerk

II. INVOCATION AND PLEDGE OF ALLEGIANCE

Town Clerk Eichhorn gave the Invocation. President Coleman led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

The following changes were made to the Agenda:

ADDED Item IV.H., Proposed Additional Town Holidays

ADDED Item IV.I., Board Member Training

Motion made by Council Member Brooks, seconded by Council Member Markin to approve the Agenda as amended. On roll call, the motion carried unanimously.

IV. TOWN MANAGER'S OVERVIEW OF THE PROPOSED FY2007 BUDGET

Town Manager Peter Elwell provided a power point presentation with an overview of the proposed FY2007 Budget. Highlights of the overview were:

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- Status of FY2006 Budget
- Comparison of Property Taxes FY2006 vs. FY2007
- Property Tax Bill Received by Town Taxpayers FY2006
- FY2007 General Fund Revenues
- Major Reasons for Budget Increase
- Details of Budget Increases

V. CONSIDERATION OF INDIVIDUAL BUDGET-RELATED MATTERS

A. Taxable Value as of July 1, 2006

Town Manager Elwell referred to the memorandum from Finance director Struder, dated July 3, 2006, identifying the increase in taxable value from the estimate on June 1, 2006, to a more firm number on July 1, 2006. The final number would not come in until the budget had been adopted, with a minor adjustment made each year in the winter months; once the Property Appraiser's office supplied that final number. For budgeting purposes, the July 1, 2006 was the firm number upon which the millage rate would be based.

B. Top Priority Townwide Goals for FY07

Town Manager Elwell briefly touched on each of the top goals for FY2007:

- ▶ Proceed Aggressively with Undergrounding Project, If Approved by the Voters.
- ▶ Commence Construction of Upgraded Sand Transfer Plant at Lake Worth Inlet.
- ▶ Begin Implementation of Traffic and Parking Improvement Plan.
- ▶ Continuation of Beach Nourishment Projects: Specifically, Nourishment of Reach 8.
- ▶ Improve the Breadth and Intensity of Code Enforcement

Undergrounding Project:

Progress was being made month by month, and if the project was approved by the voters in 2007, it was anticipated that a bond to commence the program would be issued either later in 2007

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or early in 2008. Last year's budget had provided \$1 million in funding, and a relatively small amount of that had been spent, with the remainder being able to be spent on additional planning activities as staff worked towards the referendum.

Sand Transfer Project:

Great progress was being made. The federal budget, as it was being currently considered by Congress, had \$2 million of funding; the federal authorization was for a \$4 million upgrade of the plant. The Town would need to spend the money first, and then be reimbursed at 100% from the federal government. There was an appropriation in this year's budget of \$2 million for the initial work on the upgrade of the Plant. There was not a tax impact, because the federal government was replenishing the funds.

Traffic and Parking Improvement Plan:

The Traffic and Parking Improvement Plan was being prepared, and was expected to be received in October. It would be premature to include funding at this point. Once policy consideration had been given to the recommendations, initial steps could be taken using contingency funds; and a budget amendment, if needed.

Coastal Management Plan:

Staff would be providing a complete update at the August 8, 2006, Town Council meeting.

Code Enforcement:

Improved operations were needed, and there was no proposal for additional funding in this area. Staff was working on developing a plan on how Town departments would work more effectively in the field; a report would be provided to the Town Council at the September 7, 2006, Town Council meeting.

C. PB Cats

Until a further policy decision was made regarding the future funding level, \$50,000 was allocated for the PB Cat budget.

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Discussion took place regarding payment to Dr. Brad Ochstein of Island Animal Hospital for an outstanding invoice of approximately \$30,000.

Town Manager Elwell suggested that the long-term decision regarding funding for PB cats be made at the August 8, 2006, Town Council meeting, when fuller information would be available. He suggested that it would be appropriate to consider payment to Dr. Ochstein in today's meeting.

Council Member Markin moved approval of payment in full of the outstanding bill from Dr. Brad Ochstein of Island Animal Hospital, not to exceed the amount of \$30,000, invoiced to the Town. Between now and the August 8, 2006, Town Council meeting, any neutering or spaying bills, and boarding bills that pertain to neutering would be paid; no boarding bills would be paid that were related to adoptive services. The motion was seconded by Council Member Brooks. On roll call, the motion carried unanimously.

D. Street Resurfacing Program

Director of Public Works Paul Brazil presented information regarding streets that would be milled or resurfaced. The program was put together in direct response to resident concerns about the appearance of Town streets. There were two components: milling and resurfacing, and micro resurfacing. Given the magnitude of the dollars that would be involved for milling and resurfacing for every street, staff researched micro resurfacing, which seemed to be a cost effective method to include in the overall approach, taking into account that the undergrounding project would also be involved. For the coming year, staff proposed that the street resurfacing project would start immediately south of Onandaga, and proceed north to the Inlet — the east/west streets to be micro resurfaced; milling and resurfacing to be picked up where it had left off this year. The \$500,000 that was proposed in the capital improvement fund over the next five years included \$200,000 of micro resurfacing each year, and \$300,000 worth of milling and resurfacing each year. The milling and resurfacing would obviously last much longer; the micro resurfacing was anticipated to last for five or six years. A six-year program was necessary in order to complete it.

Mr. Brazil noted that he fully expected that the plan would change to some degree over time, based on unforeseen construction, emergency repairs, and the undergrounding project. Material price and contractor expenses could increase over time, since the material was petroleum based. Bids had been obtained for current prices, and staff had tried to anticipate a reasonable escalator; staff had included what it thought was a reasonable contingency. Staff requested Town Council direction about the street resurfacing program.

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Discussion took place regarding weight limits for trucks traveling the streets. Mr. Brazil explained that staff was currently trying to address the impacts to the roadways from construction traffic, along with the financial impacts to the roadways. There were no weight limits on the roadways, other than on two bridges. There were Florida Department of Transportation (FDOT) weight limits that were enforced, however, those were extreme. Staff was researching the weight limits of the trucks that did not exceed FDOT's limits.

President Coleman remarked that he had tried to introduce the concept that building permits would include the general contractor overseeing the subcontractors that he employed, as it would provide a better chance at self-policing.

Town Manager Elwell noted that Town Attorney Randolph was currently researching the legal side of what could be imposed when streets were torn up by heavy vehicles. He noted that the Town Council had the authority to set a higher standard of restoration to Town streets.

Mr. Brazil noted that if the Town cut into an FDOT road, it was required to mill and resurface a very large extent of it, which was considerably more expensive than doing a patch.

Council Member Markin suggested that, if for some reason undergrounding did not happen within a reasonable time frame, the streets in the extreme north end would be considered for resurfacing.

President Pro Tem Kleid moved approval of a budget increase of \$275,000 in order to increase the paving and micro resurfacing of the roadways in accordance with the program as outlined by Public Works Director Paul Brazil. The motion was seconded by Council Member Markin. On roll call, the motion carried unanimously.

E. Worth Avenue Funding Request

Town Manager Elwell requested direction regarding the request of the Worth Avenue Property Owners Association and the Worth Avenue Association for funding for landscaping and maintenance of Worth Avenue.

Mr. John Maus of the Worth Avenue Property Owners Association, addressed the Town Council in support of the request to increase funding for landscaping and maintenance of Worth Avenue.

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Town Manager Elwell clarified that the level of police protection and security on Worth Avenue was demonstrable of the Town's investment and far outweighed any costs of maintenance of greenery.

After discussion, there was no support for the funding request of the Worth Avenue Property Owners Association and the Worth Avenue Association.

F. Recreation Reorganization

Recreation Director Jay Boodheshwar presented the proposed phased reorganization of the Recreation Department, the renaming of the Leisure Services Enterprise Fund, and the consolidation of all enterprise funds under the supervision of the Recreation Director. He referred to his detailed memorandum dated June 22, 2006, included in the back-up material for the meeting.

Discussion took place regarding more programs for senior citizens, the percentage of Town residents using the programs, and improvement of the merchandising at the golf course.

Town Manager Elwell clarified that in the absence of further direction at this time, staff would move forward with the phased reorganization of the Recreation Department, and the renaming of the Leisure Services Enterprise Fund to be the Recreation Enterprise Fund.

G. Equipment Replacement Fund Amendment

Town Manager Elwell referred to his memorandum dated July 3, 2006, included in the back-up material for the meeting, recommending a modification to the Equipment Replacement Fund Reserve to change the method of funding depreciation from the acquired value to the estimated replacement value of the asset. He stated that staff believed the change should be made this year for two reasons: the Town was on the threshold of replacing large Fire and Public Works equipment, and the fund balance at this moment in time was more than \$5 million in excess of the minimum that the Town required itself to maintain. The recommendation of staff was to change the methodology, and that \$4.2 million of fund balance be transferred into the Equipment Replacement Fund. It would show on the budget as a revenue in and an expenditure out from the General Fund. It would re-establish the Equipment Replacement Fund with the proper methodology for the long term.

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Council Member Brooks moved approval of the recommendation of staff to move approximately \$4.2 million from the Undesignated Fund Balance in order to modify the method of funding depreciation from the acquired value to the estimated replacement value of assets. The motion was seconded by President Pro Tem Kleid. On roll call the motion carried unanimously.

In response to Council Member Markin, Town Manager Elwell explained that the funding of the historical accumulated replacement cost depreciation – that differential between what was in the fund for the original purchase cost, and the replacement cost, was a one time expense. Once it was established at that level, it would be sustained at that level, using that different methodology to apply to the annual depreciation amounts for all equipment throughout all of the departmental budgets. Other methods were available for addressing Town needs, such as a PZB facility, or the restoration of Town Hall.

Finance Director Struder explained that in order to come up with the replacement values, all departments had been asked for their best estimates on larger pieces of equipment; an inflation factor of three percent had been applied to the rest of the smaller equipment.

The luncheon recess was taken at 12:15 p.m.

The Special Town Council Meeting was reconvened at 1:07 p.m.

H. Proposed Additional Town Holidays

Town Manager Elwell reported that the proposed for three additional Town holidays ; the general employees of the Town would simply have the day off as a holiday; the only expense incurred, an estimated \$150,000, would be in the overtime accounts of the Police and Fire-Rescue Departments. He explained that the figure was an estimate at this point, and staff believed that the impact of the holidays could be absorbed without increasing the funding in the budget explicitly to cover that amount. He noted that, in September, he would be reporting to the Town Council on ways to amend the policy related to the accrual of leave, and that the Town Council may wish to postpone action on the additional holiday proposal until that time.

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President Coleman remarked that as a matter of discipline, the payrolls should be reduced by \$150,000, which was the amount the payroll would have been expected to absorb.

Council Member Wyett moved approval of the staff recommendation to absorb costs related to the additional holiday proposal, if that proposal was approved; the issue would be deferred for further discussion to the September 7, 2006, Town Council Meeting. The motion was seconded by Council Member Brooks.

Town Manager Elwell clarified that direction to reduce the overall cost operations of the two departments (Fire-Rescue and Police) by \$150,000 was sufficient for today, and staff would revisit the issue with the Town Council at the September 7, 2006, Town Council Meeting.

I. Board Member Training

Town Manager Elwell reported that there was \$10,500 in the Planning, Zoning & Building Department budget for the purpose of board member training. There was nothing in the other departmental budgets for this purpose, and the question was whether the Town Council wished to direct staff to undertake any more formal board member education and training, other than what was currently conducted.

Council Member Wyett commented that training could be accomplished in two different ways: one, the potential board member should attend several meetings beforehand in order to see what it was all about; secondly, the board/commission system of having alternate, non-voting members gave newer members time to receive on the job training.

President Pro Tem Kleid commented that care should be taken, particularly with the specialized boards, that people were appointed who had some background in the field, thus requiring less training.

Council Member Wyett made a motion to remove from the budget the \$10,500 budgeted by the Planning, Zoning & Building Department. The motion was seconded by Council Member Brooks. On roll call the motion carried 4/1, with Council Member Wyett, Council Member Brooks, Council Member Markin, and President Coleman casting affirmative votes; President Pro Tem Kleid casting a dissenting vote.

Council Member Markin commented that most board/commission members would be able to pay for any training themselves, if they wished to take particular training. She commented that

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she would rather have the dollars budgeted for employee training, rather than for the training of board/commission members.

President Coleman suggested that if there was an existing training program, staff could come forward in the future to address it with the Town Council.

Town Manager Elwell clarified that the \$10,500 would be removed from the budget; there would not be funding for the anticipated training during the year; if staff believed there was a program that should be funded on an individualized basis, staff would address that with the Town Council. In the absence of that, the Town policy was to encourage the board/commission members to get some continuing training and education, but to pay for that themselves.

VI. REVIEW OF FY2007 PROPOSED BUDGETS

- ▶ General Fund Expenditures - Program-by-Program Review
 - Legislative Department - Program 111
 - General Government - Program 113

Comments:

Council Member Wyett commented that he did not think another citizen survey was necessary at this time. President Pro Tem Kleid noted that there was a public relations factor involved, and that sending citizen surveys also served a public relations purpose. Council Member Markin commented that the Medical Care Commission survey had just been done, as well as a Recreation survey, and that she did not see people responding positively to receiving another survey at this time. President Coleman suggested that the survey be included in next year's budget discussion.

Council Member Wyett made a motion to remove the \$30,000 budgeted for the citizen survey. The motion was seconded by Council Member Markin.

Town Manager Elwell commented that staff would continue to survey direct customer contact. He noted that the Strategic Plan called for the Town Council to solicit the input of the community on the condition of the community, and the survey was the means by which a prior Town Council had decided to solicit that input.

President Coleman commented that he would be in favor of taking the \$30,000 and

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accelerating the internet development program in order to make the site more interactive. He noted that staff was invited to come back regarding the redirection of the funds budgeted for the survey in order to accelerate the internet program.

On roll call, the motion to remove the \$30,000 budgeted for the citizen survey carried unanimously.

- Town Manager's Office:
 - Administrative Management - Program 121
 - Advice and Litigation - Program 122
 - Information Systems - Program 125

Comments:

President Coleman encouraged staff to make the internet site more interactive.

Town Manager Elwell clarified that staff would examine the upgrade of the website and return with a recommendation as to costs.

Information Systems Manager Spencer Wilson commented that a lot of the software that was currently being reviewed had internet based applications that would enhance interaction. As the project progressed, many of the suggestions made today could be implemented.

President Coleman encouraged staff to make aggressive suggestions that would enhance technical services.

Town Manager Elwell clarified that staff understood that many of the things that were planned may then be done sooner, at a higher front end cost, because the pay back would be significant. Staff would continue to examine the overall implementation of the Information Systems Program in that light.

- **Human Resources - Program 123**

Comments:

There were none.

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- **Finance Department:**
 - ▶ **Records Management - Program 131**
 - ▶ **Financial Management - Program 141**
 - ▶ **Purchasing - Program 144**

Comments:

In response Council Member Wyett, Finance Director Struder explained that the new software implementation plan would allow more efficient audits and reports.

President Coleman encouraged the staff to be aggressive in accelerating the time table for the software implementation.

- **Planning, Zoning & Building:**
 - ▶ **Planning and Zoning - Program 211**
 - ▶ **Permit Issuance - Program 212**
 - ▶ **Inspection & Compliance - Program 213**
 - ▶ **Landmarks Preservation - Program 214**
 - ▶ **Fire Prevention - Program 215**

Comments:

In response to Council Member Wyett, Planning, Zoning & Building Director Veronica Close stated that the Assistant Director position was budgeted, and the process of reviewing applications was in process.

In response to President Coleman, Town Manager Elwell explained that staff was continuing to work on the concept of impact fees, and would bring some recommendation to the Town Council either at the August 8, 2006, or September 7, 2006, Town Council meeting.

- **Fire-Rescue Department:**

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- **Fire administration - Program 411**
- **Operations - Program 417**
- **Training - Program 418**

Fire-Rescue Chief Moran responded to the increase in maintenance contracts and services in Program 417, noting that the majority of the increases were for air quality testing, biohazard waste disposal, protective gear cleaning, fitness assessments, maintenance on defibrillators, security cameras, uniform cleaning services, and equipment that had a warranty that had expired and now needed a maintenance contract. In Program 418, the most significant increase for contractual services was for outside training.

President Coleman requested that Chief Moran review the inspection process that may need to be put in place for oversized generators. Chief Moran replied that the Florida Building Code, as well as the Florida Fire Prevention Code required an inspection process for the installation of above ground or in ground fuel tanks for generators. Part of that requirement was also a containment system, where any fuel leak would be contained on site within the perimeter of the tank itself.

Town Manager Elwell noted that the Florida Department of Environmental Protection (FDEP) had a state mandated program to also do permitting and inspecting of the fuel tanks for generators.

• **Police Department:**

- **Administrative Management - Program 421**
- **Special Investigations Unit (SIU) 422**
- **Records Information Systems Unit - Program 423**
- **Training/Personnel/Crime Prevention/Public Information - Program 424**
- **Communications Unit - Program 425**
- **Crime Scene/Evidence Unit - Program 426**
- **Patrol Services - Program 428**
- **Criminal Investigation Unit - Program 429**
- **Parking Control Unit - Program 430**

Comments:

In response to Council Member Wyett, Police Chief Reiter stated that he was confident that taser equipment would save people from injuries; the budgeted amount for tasers would complete the commitment to ensure that all police officers had then on duty. He noted that he followed the use of

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tasers very closely.

Police Chief Reiter also provided information on the night vision devices and the ballistic shields; he provided information related to the increase in commodities, specifically bird flu protective supplies, and wireless computer air cards. He addressed questions related to the increase in maintenance contracts on various patrol equipment, noting that some of the equipment would be off warranty and would require purchase of maintenance contracts.

Under Program 430, Parking Control Unit, Police Chief Reiter noted that he had recommended that the chalk marks on tires was an area that needed to be addressed by the Traffic and Parking Improvement Study; it was an antiquated system, and he was hopeful that a system would be recommended that would be much more effective.

- **Public Works Department:**

- ▶ **Administrative Management - Program 511**
- ▶ **Street Repair and Maintenance - Program 521**
- ▶ **Traffic Control - Program 523**
- ▶ **Street Lighting - Program 524**
- ▶ **Storm Sewer Maintenance - Program 531**
- ▶ **Sanitary Sewer Maintenance - Program 532**
- ▶ **Sanitary Sewage Treatment - Program 533**
- ▶ **Residential Collection - Program 541**
- ▶ **Commercial Collection - Program 542**
- ▶ **Refuse Disposal - Program 543**
- ▶ **Yard Trash Collection - Program 544**
- ▶ **Recycling - Program 545**
- ▶ **Beach Cleaning - Program 546**
- ▶ **Landscape Maintenance - Program 551**
- ▶ **Facility Maintenance - Program 554**
- ▶ **Meter Maintenance and Collection - Program 558**
- ▶ **General Engineering Services - Program 561**
- ▶ **Right of way Inspections - Program 565**
- ▶ **Equipment Operation and Maintenance - Program 571**
- ▶ **Coastal Management - Program 581**

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Comments:

Council Member Markin questioned the contractual expenditure under Program 523, and observed that the budget should not be increased based on disaster type activities.

Town Manager Elwell assured Ms. Markin that was not the case. Staff was not budgeting for costs of hurricanes, other than in the Emergency Preparedness account. He noted that the FY2006 budget column within each program summary reflected the amended budget. When a storm emergency situation occurred, staff would document all of those expenses, and that would become an entirely separate unbudgeted item, much of what would get reimbursed from FEMA.

Public Works Director Brazil reviewed the FY2007 budget expenditures in Program 521 - contractual.

Town Manager Elwell commented that the commodities and contractual expenditures items in all programs (the things and the services that were bought throughout the year) was only up by about 2% across the board.

Council Member Markin commented that she was attempting to understand the government budget philosophy, looking at the increases from the year there was a hurricane, as compared to the previous year, and over the previous two year period.

Regarding Program 581 - Coastal management, Town Manager Elwell noted that historically that program had paid for the salary of Sandy Tate, and contractual costs for the operation and maintenance of the Sand Transfer Plant. Those costs were still included, as well as an additional \$1 million due to transfer of funding from the capital account to the operating account for recurring coastal/beach responsibilities.

• **Other:**

- ▶ **Library Services - Program 321**
- ▶ **Transfers - Programs 611 to 625**
- ▶ **Emergency disaster Response - Program 710**
- ▶ **Contingent Appropriations - Program 711**

Regarding Program 321 - Library Services, Town Manager Elwell noted that the Town Council had made a policy decision last year that instead of periodically entertaining a request for

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an increase, that the Town would provide a 5% incremental increase each year. This year was the first year of that increase.

Finance Director Jane Struder explained Programs 611 to 625, Program 710, and Program 711. She noted that in Program 710 in FY04 and FY05 all hurricane expenditures were paid out of this program. In FY06, for Hurricane Wilma, hurricane expenditures had been moved to each of the departments. The only expenditures that come from this program during a hurricane were expenses that were not department specific, for example, food for employees. The FY07 budget represented operating funds for the EOC manager and a few other supplies throughout the year.

B. Debt Service on 2003 Revenue Bonds

Finance Director Struder explained that currently, there was only one 2003 bond in two series outstanding; that bond refinanced the original coastal bonds; the 2003A Revenue Bond would be paid off in 2010; the 2003B Revenue Bond would go on for 30 years (for the Town facilities).

C. Capital Improvement Program

- ▶ Capital Improvement Program - Fund 307
- ▶ Comprehensive Coastal Management Program Pay-As-You-Go - Fund 308
- ▶ Comprehensive coastal Management Program bond Proceeds Construction - Fund 309
- ▶ Town Facilities - Fund 310
- ▶ Equipment Replacement Fund - Fund 320

Public Works Director Paul Brazil reviewed the items in the Capital Improvement Program.

Comments:

In response to Council Member Markin, Mr. Brazil replied that the work on the commercial kitchen hood for the North Fire Station had not yet been completed. There had been a long delay getting a contractor willing to do the work within the budget; a contractor had now been secured, and the work was planned to be completely relatively soon.

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Council Member Markin expressed concern regarding the Intracoastal bulkhead repairs, and suggested that the areas needing repair by the Town be pinpointed. She requested a staff report on the program detailing the level of inspection and how determinations to repair were made.

In regard to Funds 308 and 309 a revision to the entire plan would be presented to the Town Council; staff fully anticipated making some recommended changes, and would need Town Council direction before moving on. Further discussion would take place next month when the revised plan was presented.

In regard to Fund 310, Town Manager Elwell advised that the staff recommendation remained that it would be prudent to plan on ultimate costs exceeding the \$3.8 million that was currently available in the Fund, and would almost certainly exceed the original budget of \$5 million. He explained that the \$5 million had been set aside at one time, and then had been borrowed from to do other things that needed to be done in the Town. It was staff's recommendation that the fund be replenished. If the Town Council chose to eliminate the replenishment, there would be a savings of \$581,000, which would adjust the tax rate.

Council Member Brooks moved approval of eliminating the replenishment of the Town Facilities Project Fund (transfer from the General Fund) and reducing the budget by \$581,000. President Coleman passed the gavel to second the motion. On roll call the motion carried 3/2, with Council Member Brooks, President Coleman, and Council Member Wyett casting affirmative votes; Council Member Kleid and Council Member Markin casting dissenting votes.

D. Leisure Services Enterprise Fund

1. Individual Review of Component Functions (including fee increases)
 - a. Marina
 - b. Golf
 - c. Tennis
 - d. Recreation

Marina:

Jonathan Luscomb, Dockmaster, presented the proposed dockage rate increases, which would total \$159,929.

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Comments:

Council Member Wyett suggested that there should be a footnote to the proposed rates that adds that if electricity charges from FP & L go up, those charges would be passed through on the rates. If the electricity charges did not go up, the rates would remain as proposed.

Town Manager Elwell advised that staff would prepare the proposal in that manner for the August 8, 2006, Town Council meeting; he noted that as part of the Resolution, staff would be authorized to do an incremental additional increase during the year if the power costs warranted it.

Deputy Town Manager Bradford commented that, based upon what was experienced this fiscal year, that the Lease Agreement should be amended to give the Town the power to require the payment of a utility surcharge, and the lessee would be required to pay those surcharges if they were implemented.

Golf, Tennis, & Recreation:

Comments:

Town Manager advised that if the Town Council was comfortable with the fee increases for Golf, Tennis & Recreation, as presented in the budget book, staff would bring the fee increases, through Resolution, for Town Council approval at the August 8, 2006, Town Council meeting.

There was no objection.

2. LSEF Capital Improvement Fund

▶ Leisure Services Capital Project fund - Fund 404

Public Works Director Paul Brazil commented that the first item under this program was the Town Docks master plan, which all had been approved conceptually by the Town Council.

Comments:

Town Manager Elwell clarified that this was a spending plan to show that there was the wherewithal to go forward, if the Town Council so approved at each threshold point along the way. Because the funds were in the Enterprise Fund, they would not have any impact on tax revenues at all; this was about using the retained earnings, the fund balance, in the Enterprise Fund, as a

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reinvestment in the capital assets of that fund. If, at some point, the Town Council would reject a portion of the plan, that portion of money would come out of the plan, and the money would revert to the retained earnings of the Enterprise Fund.

3. LSEF Equipment Replacement Fund - Fund 405

Town Manger Elwell noted that there was only one item in Fund 405, which was a mower for the Golf Course.

Comments:

There were none.

E. Internal Service Funds

1. Risk Management - Fund 501
2. Health Insurance - Fund 502

Finance Director Struder noted that in the Risk Insurance Fund that property insurance had been budgeted at a 56% increase; workers' compensation insurance at a 14% increase, and a 4% increase in liability insurance.

Finance Director Struder noted that in the Health Insurance Fund, group insurance fixed charges were up 21%, and \$200,000 had been included in the budget for the post-employment retirement benefit increase, which was an actuarially determined number.

Comments:

In response to President Coleman, Risk Manager Temme confirmed that the Town carried wind damage coverage.

F. Trust and Agency Funds

**MINUTES OF THE SPECIAL TOWN COUNCIL MEETING HELD ON JULY 12, 2006
REGARDING THE PROPOSED FY2007 BUDGET**

1. General Employee Retirement Fund
2. Firefighter Retirement Fund
3. Police Officer Retirement Fund

Finance Director Struder noted that the Retirement Funds had been discussed in detail previously.

At this time, 3:40 p.m., the Special Town Council meeting regarding the budget was temporarily adjourned, in order to convene the Special Town Council meeting regarding the attorney/client closed-door session - Poinciana management, Inc. Vs town of Palm Beach

Following the attorney/client closed-door session, The Special Town Council meeting was reconvened at 5:12 p.m.

VII: Resolution No. 42-06 A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Approving a Proposed Operating Millage Rate of 3.9000 for the Tentative Fiscal Year 2007 Budget; Approving the Computed Rolled-Back Millage Rate of 3.3757 to be Provided to the Property Appraiser in Accordance with F.S. 200.065; Establishing the Date, Time and Place of the First and Final Budget Hearings to Consider the Proposed Millage Rates and Tentative Fiscal Year 2007 Budget and Directing the Town Manager to Transmit this Information to the Property Appraiser of Palm Beach County in Accordance with the Requirements of F.S. 200.065.

Town Manager Elwell read Resolution No. 42-06 by title, as printed above.

Council Member Brooks moved approval of Resolution No. 42-06. The motion was seconded by President Pro Tem Kleid. On roll call, the motion carried 4/0, as Council Member Wyett had left the meeting.

Town Manager Elwell announced that currently, after today's meeting, the millage rate was now 3.7234, which was a 4.72% decrease in the millage rate; the proposed budget was now an 8.42% increase. He advised that further consideration of the proposed budget would be an item on the

**MINUTES OF THE SPECIAL TOWN COUNCIL MEETING HELD ON JULY 12, 2006
REGARDING THE PROPOSED FY2007 BUDGET**

August 8, 2006, Town Council meeting agenda.

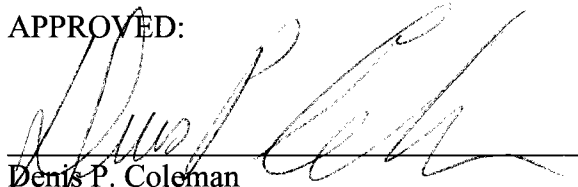
VIII. ANY OTHER MATTERS

There were none.

IX. ADJOURNMENT

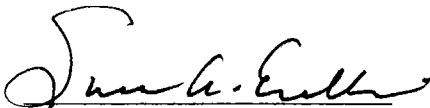
There being no further business, the Special Town Council meeting of July 12, 2006, final adjournment was at 5:14 p.m.

APPROVED:



Denis P. Coleman
Town Council President

ATTESTED:



Susan A. Eichhorn
Town Clerk