# TOWN OF PALM BEACH

Office of The Town Clerk

## MINUTES FROM THE SPECIAL TOWN COUNCIL MEETING HELD ON JULY 12, 2004, REGARDING THE FY2005 BUDGET

I. CALL TO ORDER AND ROLL CALL

President Allen Wyett called the Special Town Council meeting regarding the FY2005 budget to order at 9:30 a.m. in the Town Council chambers.

The following Elected Officials were found to be present on roll call: President Allen S. Wyett; Councilman William J. Brooks; Councilman Norman P. Goldblum; and Councilman Jack McDonald. Mayor Lesly S. Smith arrived at 11:20 a.m. and President Pro-Tem Samuel C. McLendon arrived at 9:35 a.m.

Also attending for all or part of the meeting were: Town Manager Peter B. Elwell; Assistant Town Manager Thomas G. Bradford; Finance Director Jane Skittone; Assistant Finance Director Cheryl Somers; Public Works Director Rick Conner; Assistant Public Works Director Paul Brazil; Purchasing Agent Charles Boggs; Human Resources Director William C. Crouse, Assistant Human Resources Director Carla Kneipp; Information Services Manager Spencer Wilson; Risk Administrator Karen Temme; Police Chief Michael S. Reiter; Police Major Gary B. Sallenbach; Police Planner Lisa Gorman; Planning, Zoning & Building Director Robert L. Moore; Assistant Planning, Zoning & Building Director Veronica Close; Planning, Zoning & Building Administrative Aide Linda Corbett; Recreation Director Russell Bitzer; Recreation Supervisor Alan Brown; Recreation Supervisor Rod Gardiner; Golf Pro Rick Dytrych; Tennis Pro Jim Hay; Dock Master Jon Luscomb; Acting Fire-Rescue Chief John DeIorio; Fire-Rescue Assistant Chief Andrew Cox; Fire-Rescue Office Manager Belinda Hardy; Assistant to the Town Manager Sarah Hannah; Deputy Town Clerk Susan Eichhorn; and Town Clerk Mary A. Pollitt.

**II. INVOCATION AND PLEDGE OF ALLEGIANCE**

The invocation was given by Town Clerk Pollitt. The pledge of allegiance was led by President Wyett.

Post Office Box 2029 • 360 South County Road • Palm Beach, Florida 33480
Telephone (561) 838-5416 • Facsimile (561) 838-5417
E-mail: townclerk@townofpalmbeach.com • Website: www.townofpalmbeach.com

## III. APPROVAL OF THE AGENDA

**Councilman Brooks made a motion to approve the agenda as printed. The motion was seconded by Councilman Goldblum and carried 4-0 on roll call as President Pro-Tem McLendon had not arrived at the meeting when the vote was taken.**

## IV. TOWN MANAGER'S OVERVIEW OF THE PROPOSED FY2005 BUDGET

Town Manager Elwell introduced Rick Conner, Public Works Director, who joined the Town as of July 12th.

Mr. Elwell said two items would be heard before the budget overview: the Garden Club proposal to trim the palm trees and the request by PB Cats for additional funds.

*The overview was given after the PB Cats presentation.*

Mr. Elwell said the FY2005 budget was comparable to the FY2004 budget where substantial one time opportunities and needs have to be addressed in addition to maintaining the Town's high levels of services and moving forward to provide the financial wherewithal to meet the operational needs of the community for another year. He emphasized he wanted to differentiate between what is invested in onetime needs, the use of the General Fund balance for those purposes, and separating what is proposed for the on-going operation of the Town.

Mr. Elwell said staff is estimating that at the end of the current fiscal year on September 30th, the Undesignated General Fund balance will be approximately $20,000,000, and the proposal is to designate $3.5 million of that balance for a Reserve for Compensated Absences with a transfer of $655,000 from that reserve for the FY2005 budget to address the compensated absences cost that relate to onetime pay outs for employees who are leaving Town service, paying down an accrued unfunded liability the Town has. He added contributions employees make, converting their leave time, to retirement health savings accounts would be funded from that designation.

Mr. Elwell said the designation of approximately $3.5 million would reduce the Undesignated General Fund balance, but does not reduce the overall fund balance with the bulk of that money still being there, other than the $655,000 that would be transferred, if something catastrophic would occur in the Town. He continued that in the future much smaller amounts would be added to the account as necessary, annually, to pay for the conversions of leave and, in so doing, reduce the impact to the Town's taxpayers. He said the point of using the fund balance for this purpose is to do tax stabilization; although the pay out portion of the transfer is a one time expense with each employee as they leave the Town.

Mr. Elwell explained $1,351,000 would be for high priority, one time needs of the Town with two relatively small ones – $40,000 designated for a Classification and Compensation Study planned for once every five years to preclude large adjustments and keep a competitive edge in the market place; $140,000 for a parking and traffic improvement plan as recommended in the Strategic Plan with a menu of items to be determined at a later date. He said the Town Hall project has a cost estimate of slightly over $4 million with additional items adding to that estimate including the north facade of Town Hall and the upgrading of the Town Council chambers. He said the final amounts for the renovation are unknown at this time; bids have to be let out and some surprises are anticipated.

Mr. Elwell said, based on the present available information regarding Town Hall renovations, the plan is to provide available funds of $5 million to allow the Town Council to make the necessary decisions to move forward with the project. He explained if budget funds were projected to cover only the costs already identified and increased funds were required, a budget amendment would have to be enacted with two readings of an ordinance at a later date resulting in a cumbersome process. He added the intent is to have the Town Council in a comfortable position to address genuine needs with ample funding during the course of the renovation, and this has been accomplished by taking the remaining amount expected from the bond proceeds after completion of the Fire-Rescue station, left over funds from the Capital Improvement Fund balance remaining from other completed projects, $550,000, plus an additional $1,171,000 from the excess fund balance to be designated within the Capital Improvement Fund for the Town Hall project, explicitly only for the Town Council to draw upon.

Mr. Elwell continued that if the Town Council approved the recommended uses of fund balances as previously described, the Undesignated General Fund balance would be approximately $15 million which is approximately $2.5 million greater than the minimum threshold necessary to maintain the 25% standard and represents approximately a 30% fund balance.

Mr. Elwell explained General Fund Revenues and Expenditures, Budget Comparison, Fiscal Years 2004-2005, noting that the FY2005 operating budget is proposed to increase by 6.5% with total expenditures increasing by 10.7% covered by the transfer from the Undesignated Fund for one-time expenditures. Mr. Elwell identified a $1.1 million increase related directly to two major elements of the employees' benefit programs, including a $750,000 actuarially determined amount to the Town's retirement programs resulting from poor stock market performances over the past year, and an additional $350,000 proposed to fund the health insurance fund with $150,000 of the costs bourne by the employee participants in the program.

Mr. Elwell added that after subtracting $1.1 million non-discretionary increases from the approximate $3 million in operating costs, approximately $2 million discretionary increases remain related to all the various provided services and all of the necessary requirements to maintain levels of service to the community. He noted only modest increases were expressed in the areas of contractual commodities and capital outlay, representing basic needs of the Town. He said that the Town is a labor intensive operation, and the increase in the operating budget for salaries and wages reflects a 7.6% or approximately $1.6 million.

Mr. Elwell reiterated the 6.5% increase from FY2004 budget to the proposed FY2005 budget equaled $3,086,374, not including the one-time expenditure transfer from the Undesignated Fund totaling $2,006,000.

Mr. Elwell said the proposed 3% competitive pay increase is intended to keep the Town in a competitive position in the local market of municipal employers by attracting and retaining the best employees. He continued the cost of the 3% increase is $725,000 for FY 2005, plus the full funding of the pay-for-performance program which is critically important to maintain the sliding scale of raises to be earned by employees according to their performance evaluation scores. He explained the vast majority of the Town's employees meet expectations and receive at least a 3% raise with the highest increase at 7.5% for any one employee in one year, and the total impact or cost for funding the pay-for-performance program in FY2005 would increase the salary and wages to the Town by 2.91% or $600,000. He said the 2.91% is a very responsible number and that is a very responsible place for the Town to be. Mr. Elwell continued that $254,000 of the salary and wage increases was left proposed in the FY2005 budget for six new positions.

Mr. Elwell summarized that the proposed FY2005 budget addressed the Town Council's highest priority goals for FY2005; the set levels provided to the citizens form the Council's previous policy actions are maintained or enhanced in the proposed budget; hundreds of thousands of dollars were cut to arrive at the bottom line to achieve a no tax rate increase; expenditures are down compared to anticipated projections ten months ago reviewed with the Long Range Financial Plan; revenues are up because taxable values are up with a 0.34% millage rate decrease; and the net effect per each $1 million assessment of homesteaded property is an increase of $63.

## V. CONSIDERATION OF INDIVIDUAL BUDGET-RELATED MATTERS

### A. Proposal by the Garden Club of Palm Beach for the Town to Trim Palm Trees Twice Each Year Instead of Once Each Year

No one was present for the Garden Club initially. This item was heard after item B., PB Cats and the budget overview.

Polly Reed, Chilian Avenue, member of the Garden Club, said the Garden Club was not proposing two cuts per year but taking better care of the existing palm trees, and the trees have been over cut and over pruned.

She read the following from her notes:

Coconut palms cost $1,500 to replace. Ideally, you would take the large coconuts and anything bigger than a baseball and the brown fronds once a year and no more cuts above nine and three. A leaf to wood mass ratio must be maintained as with a hardwood tree. They produce no more than one frond at a time. Horizontal growing fronds produce the majority of food for the newly emerging center or maristem. When they are removed, the tree must work overtime to produce and deliver food to the new growing center. This results in an overall strain on the tree, lowering its resistance and making it more susceptible to cold, pathogen entry, and longevity.

Very stressful to be lacking in water during drought as well as being over pruned - they are not like cockroaches. They take fifteen years or more to die. Would that palm trees are like cockroaches when you spray them with something and immediately they keel over and then you would know that what you sprayed them with was going to kill them, but palm trees don't give you that immediate depth. Also, they are wounded up to one hundred times during the act of pruning, and if you look at any of the palms on Chilian or Seaspray, they are just massacred with spike marks making them extremely susceptible to fungus and bacteria. They should be innoculated every four months and I hope that is being done. I didn't do my homework, so I don't really know exactly what the Town's inoculation and insecticide program is.

What kind of palm is it? There was a letter to the Miami Herald from some lady wanting to know what kind of coconut palms she could plant that would be resistant to lethal yellow, and her answer was the palm virus doesn't differentiate between a Jamaica tall coconut and the Maypan coconut which has been planted all over Town, and it turns out they are not really resistant to lethal yellow, so we have a mono-culture which is probably not good either, but we have them.

If it is a coconut, it is attacked. Palms on Royal Poinciana are undergoing massive stress right now. They were extremely over pruned last June and now are under attack by construction. Their roots are disturbed and they seem to be lacking irrigation. Is this true? I don't know. The grass around them is brown leading me to believe that the irrigation has been turned off. The size of the trunks of the Royal Palms at any place can be determined by how long the frond, at that point, remains green and healthy, and this in turn is determined by water, fertilizer, and care, so when you look at the palms and they go to these little teeny middles, that could be because the fronds were cut off and that's where they get all of their nourishment, aside from fertilizer. This is in turn determined by water, fertilizer, and care. Early removal of the frond cuts down the size of the trunk and extreme hurricane pruning, as it's called, has created a weak place at which the trunk could snap off during high winds. During a cold spell, they take up as much water as they can to protect themselves, but if they are not being watered sufficiently, they cannot protect themselves.

So, our recommendations really would be prune the coconut palms once a year with a bucket truck, not climb them with spikes and only take off brown fronds, dangerous coconuts, obviously no one is saying not to take off coconuts.

Mrs. Reed introduced Paul Craft, President of the International Palm Society.

Responding to Councilman McDonald's question regarding the confusion of the agenda listed items to have two palm trimmings a year in lieu of one hurricane cut, Mr. Elwell said the $30,000 in the budget covered one annual trimming, the request was to add an additional $30,000 for a second trimming. He added Town staff trims the Royal Palms but that is included in the department's operating costs.

He recalled FPL hired a contractor last year to trim the palms on Royal Poinciana Way and extremely, inexcusable trimming was done with the job being shut down as soon as it was evident to anyone. He confirmed the Public Works Department innoculated the trees three times per year.

Paul Craft, President of the International Palm Society and founding President of Palm Beach Palms Society, horticulture consultant, said he agreed with Mrs. Reed's comments and offered to answer any additional questions.

President Pro-Tem McLendon questioned if any trees were lost because of the more intensive pruning the Town has done.

Mr. Craft replied it was not the loss of the trees, but the loss of the ability of the palms to produce food for itself, causing stress in the plants, and the best pruning will remove only the brown fronds on the trees.

Mr. Elwell clarified the request was to do an annual trimming using bucket trucks rather than climbers with minimal trimming removing only brown fronds and coconuts. He added that request would require further costing and suggested a cost estimate be presented to the Town Council at a future meeting.

Nancy Murray, Garden Club, said the confusion occurred when she wrote to Public Works Director Dusey last year indicating two cuts may be necessary, but since that time Mrs. Reed researched the issue and determined one trimming will probably be sufficient; although the trimming should not be as dramatic as presently done. She added extra cost associated with the bucket truck should be considered.

Mr. Elwell offered to return to the August Town Council meeting with cost estimates.

President Wyett said that was the consensus of the Town Council

**B. PB Cats Request for Additional Funding**

Mr. Elwell said the PB Cats program has been a success in the field and envisioned to become a public/private partnership with a plan to reduce the Town's financial involvement over time. He noted that the budget called for $30,000 from the Town for FY2005; although for reasons to be addressed by the PB Cats members, the funds in the FY2005 budget have been maintained at $50,000.

Alan Mason, Director of PB Cats, said the group requests additional funding for the FY2005 year with the proposed increases for the direct compensation for the coordinator, Beth Pouncey, and for administrative expenses. He emphasized for the program to continue effectively, the budget requests need to be met in its entirety, and this is necessary to retain the services of Ms. Pouncey.

Beth Pouncey, addressing the mission of PB Cats, reported the group's budget was based on the numbers derived from two similar communities in conjunction with extensive conversations with the executive directors for both of the organizations. She continued the medical expenses have expanded greatly for the rescued animals as have the food distribution costs and the increase of $2.00/hour for the caretakers. She said to continue the group's duties at the present rate, 200+ animals per year, the anticipated FY2005 budget was submitted to the Town, and she urged the Town Council to fund the budget to the degree necessary.

Ms. Pouncey reported 290 animals have been removed to date and the emphasis is to persuade citizens to fund the process, but until then help is needed from the Town Council for funding.

Ned Barnes, Palm Beach Civic Association, said PB Cats is an unqualified success, and the Civic Association no longer receives complaints from citizens regarding the feral cats, due largely to Beth Pouncey's efforts.

Mr. Elwell said the community consensus is that the program has been successful, and the program has to be managed and maintained over many years until the cat population declines through the natural process of spaying and neutering and removing the kittens. He said the question regarding the funding is more complicated since the program was intended to be a public/private partnership and what amount should the Town contribute to the program? He added that is a policy discussion and decision by the Town Council.

Councilman Brooks questioned the present feral cat population considering the accomplishments of PB Cats?

Ms. Pouncey responded the original estimate was 350 to 400 feral cats based on the feeding system; however properties have been identified that harbor feral cats resulting in 17 new locations waiting for spay/neuter services. She cited Island Animal Hospital who have continued to spay and neuter up to five cats per day plus providing medical services as needed on trapped cats.

Ms. Pouncey said she funded her activities herself for the first year, but the operation had to have funding for the executive director on a continuing basis. She suggested the salary should be $28,000, based on $15.00/hr., plus expenses of $15,000.

President Wyett questioned what fund raising had been generated other than the contributions received through the mail from the public.

Ms. Pouncey replied the group thought that expenses for a fund raising event would be better spent this past year on the animals, and the idea was to have something underwritten by a patron.

She continued that the four page newsletter distributed to all residents of the Town resulted in many $100 checks donated to the cause; however, PB Cats needs more than $100 checks. She added she intends to ask the County Commission for money and the pet food companies.

Mr. Mason said the cat situation is not a priority with many major Palm Beach donors, and fund raising takes time to develop a following and understand the needs of PB Cats. He said PB Cats will do fund raising, but that cannot be counted on to fund the program this year.

Councilman Brooks commented that he agreed with President Wyett, but he recalled Mr. William Cooley had agreed to sponsor a ball, and he requested the group consider a major type of fund raising ball. He continued this is a very difficult budget year, and he was looking for ways to cut the budget, and he suggested a ball be used in conjunction with Town funds.

Councilman Goldblum said he did not want to see the feral cat situation return to its prior status before PB Cats started, and funding should be considered on a temporary basis until fund raising efforts are successful.

President Pro-Tem McLendon questioned if PB Cats would ever be self supporting?

Ms. Pouncey responded cats are abandoned; however, this program is based on a cat management program in upper Key Largo, the most famous one in the United States, which started out just as PB Cats has. She said a board of fifteen members was formed who were leaders in business, heavily supported by their wives, who raised sufficient funds eventually.

Mr. Mason added the sooner the cats on the island are spayed and neutered, the reproduction cycle will slow significantly, and funding is need to keep the process going.

Councilman McDonald said the proposal before the Council is for $50,000 to fund the program in FY2005 and asked if Ms. Pouncey was requesting additional funding?

President Wyett suggested a challenge grant of $30,000, immediately, subject to PB Cats raising ‘X’ dollars and the Town would then add $20,000 for a total of $50,000. He said he would like to see the group raise more money than they did last year; however, he was sympathetic to the plight they presented at this meeting.

**(Motion:) Councilman McDonald said he would like to give them the $50,000; challenge them next year in terms of another appropriation. He said this is the Town’s responsibility and he received fewer complaints than ever since PB Cats took over the program.**

**(Second:)Councilman Goldblum said he seconded Mr. McDonald's comments to appropriate $50,000 with monthly reports and pushing for fund raising.**

Councilman Brooks said he would drop his request for a matching grant and authorize the $50,000 with appointment of a strong honorary chairman – perhaps having the Mayor and the entire Town Council serving as honorary chairpersons – with two working chairpeople where substantial funds could be raised.

**On roll call, the motion carried 5-0.**

### C. Health Insurance Premium Rates

*Heard after item E. Longevity/Bonus Proposal*

Mr. Elwell reported the Town made substantial changes in the health plan last year offering choices to the employees whereby they could select programs that may fit their personal needs at lesser costs. He continued that the employees would share 25% of the premium costs for dependents with the Town picking up 75% of the costs across the board, and that is the appropriate place for the Town to be in the marketplace. He said the increases in the plan would be shared by the Town and the employees, and the increases were shown in the tables provided in the budget book.

Responding to questions from President Pro-Tem McLendon, Mr. Elwell explained the employees and their dependents did pay a variety of deductibles when seeking medical services.

Mayor Smith questioned the December open enrollment period and how long it would take to reach the 50/50 balance for retirees?

Mr. Elwell replied the Council decision last year was to subsidize, for one year only, 60% of the retirees' premiums for both retirees and their dependents with the intent to return to the 50/50 standard. He continued the current proposal is to be at a 55/45 level with the Town paying 55% of the premium costs and the retirees paying 45%. He added if the next premium year is as favorable as the current year, the 50/50 standard could be proposed next year; however, it was too early to predict that, but the minimum share next year will be 54/46.

Councilman Brooks requested that Mr. Elwell explain the philosophy of paying for medical benefits to retirees?

Mr. Elwell responded that has been part of the Town's benefit package; however, the policy could be revisited. He said the Town is extremely generous and is ahead of the field in providing this benefit at even the 50/50 level. He offered to review the policy and provide greater detail to the Mayor and Town Council.

President Wyett said he thought that the Town's insurance program for retirees should be reviewed.

Mr. Elwell added the issue is complicated especially with the creation of the Retirement Health Savings Plan this past year.

**Councilman Goldblum made a motion to approve the Health Insurance Premium rates and the cost sharing for FY2005 and the entire insurance program be studied. The motion was seconded by President Pro-Tem McLendon and carried 5-0 on roll call.**

### D. Proposed Financial Policies

Mr. Elwell said the Staff proposed and the Town Council adopted, over the last three years, thirteen different financial policies to allow not only management of the financial affairs of the Town in a forward looking and responsible manner but also inform the public of how that is accomplished and by what standards while guiding the current staff and future staffs until changes are made. He added that two additional policies are before the Town Council for consideration at this meeting.

#### 1. Designation of General Fund - Fund Balance for Payment of Liability Related to Compensated Absence Leave Balances

Mr. Elwell explained this is a policy to designate the fund balance, not a transfer of the entire amount of the unfunded liability, but a designation of the fund balance so that the liability is funded rather than unfunded knowing that, over time, if a greater need arises, the funds could be undesignated, just that portion of the fund balance which will be in the General Fund earning interest. He added a limited annual amount would be added to the fund with the purpose being to stabilize the tax rate or to use the savings account for these purposes rather than annual Town taxes.

Councilman McDonald questioned at what point does the employees' long term disability kick in?

Human Resources Director Bill Crouse responded at 181 days.

Councilman Brooks asked how many sick days an employee would receive compensation for if he or she had been employed by the Town for 20 years and then retired?

Mr. Crouse replied an employee's maximum sick leave accrual is 1600 hours and the pay out is 50% of that.

Councilman Brooks asked Mr. Crouse why the long term disability does not begin earlier and was it a question of premium?

Mr. Crouse responded that was part of the reason, but the current plan was recommended some years ago by a consultant as the most typical plan and the most appropriate plan for an organization such as the Town.

Mr. Brooks said, in his judgement, that was not very fair to the employee. He cited an example of a cancer patient who may have accumulated only two or three weeks of sick leave, requiring treatments, and having to wait six months for long term disability to kick in.

Mr. Crouse replied the Town has a vacation donation plan which allows the employees to provide vacation time to supplement other employees' sick time, and these situations have not occurred often.

Mr. Brooks said that was an exhortation rather than a mandate, and the employee should be protected rather than relying on the good will of his or her colleagues.

Mr. Crouse replied that the entire question of sick time accumulation becomes questionable because the individual who accumulates 12 days of sick time per year normally has the needed protection after four or five years of employment.

**Councilman Goldblum made a motion to approve the designation of a fund balance for payment of liability related to compensated absence leave balances in the General Fund. President Wyett passed the gavel and seconded the motion.**

Mr. Elwell, noting that three Council members chose not to second the motion, said although he sensed concern regarding the Council's expressed differences between public sector pay systems and benefit systems versus private sector systems, and that may be a future consideration, however, the Town has obligations to the present employees and the intent of this proposal is not to increase any benefit, but to place the Town in a stronger financial position to fulfill those existing obligations in a manner that reduces the tax impact for the community.

President Wyett said if the Town Council wishes to make changes to the existing programs, that should be considered at a regular Town Council meeting and this vote is to fund the existing programs and reducing the tax liability to the taxpayers at this time.

Councilman Brooks said he would like to see more details, i.e. examples of employees who have accumulated sick time and what is the dollar figure for those hours.

Mr. Elwell replied that because of the variation among employees, examples would be difficult and offered to discuss in a one on one conversation at a later date.

Mr. Brooks said he understood Mr. Elwell's comments, but he was asking for an indication, at best, an estimate, not a finite dollar figure.

Mr. Elwell responded the staff would provide a report to the best of its ability.

**On roll call, the motion carried 5-0.**

**2. Contingency Reserve - Leisure Services Enterprise Fund**

Mr. Elwell said this proposed fund follows the same principle that has been applied to the management of the General Fund, the Capital Improvement Fund, and the Risk and Health Insurance Funds where a defined portion of funding would be set aside from the retained earnings of the fund and would not be generated anew from the fees each year.

**Councilman Brooks made a motion to approve the a contingency reserve within the Leisure Services Enterprise Fund. The motion was seconded by President Pro-Tem McLendon and carried 5-0 on roll call.**

**E. Longevity/Bonus Proposal**

Mr. Elwell explained this item was presented to the Town Council for conceptual review only and if the Town Council found the proposal acceptable and the Council directed the staff to develop it into a program that will be implemented, staff would bring the proposal to the September 14th Town Council meeting. He continued that the intent is for new Town employees, hired after October 1, 2004, to have a new bonus program which would replace the existing longevity program in the Town; however, all the existing employees and any employees hired before October 1, would be grandfathered into the existing longevity bonus system. He noted the proposal would bring a performance element into the bonus program for the first time with a three tiered system based on years of service within the performance tiers.

Mr. Elwell said most of the area employers offer a lesser longevity benefit than does the Town, and the market for fixed dollar amounts for longevity benefits, as opposed to those that are on a sliding scale that move up with salary levels, relates to the proposed bottom tier of the proposal, $500 - $2500 annual bonus level. He added that the proposal is that the Town positions itself, for future employees, to have the system be comparable to what is offered in the market place with the Town offering higher bonuses for inducements of higher performance for the mid-level and top performers.

Councilman McDonald asked if the program could be effective immediately as opposed to October 1st because there would not be any payouts?

Mr. Elwell responded the staff needed to refine the proposal and the proposal would be ready for the September Town Council meeting, not the August meeting, with the effective date in September resulting in a three week period before October 1st when it would be in effect. He said that October 1st date provides simplicity for the record keeping over time relating to the threshold of a fiscal year.

President Wyett said the consensus of the Council was to bring the refined proposal to the September 14th meeting, and the proposal would be effectively immediately upon adoption.

Councilman Goldblum questioned how the three percentiles (tiers) would be controlled?

Mr. Elwell replied the bonuses would be calculated at the end of the year, after the actual scores were recorded for the year, allowing the employee population to be divided into thirds.

Councilman McDonald questioned the tier structure as it related to having 35% of the employees score within the top 1/3 tier?

Mr. Elwell replied if ties occurred in scoring, the employees with the same scores would have to be treated equally; however, the proposal needs to be refined.

President Wyett noted that most universities in the country are re-evaluating the bell curve, as nearly all graduate students receive 'A's'.

Mr. Elwell reiterated that the proposal will be on the September 14th Town Council agenda and will be effective immediately upon adoption.

**F. First Reading of Proposed Ordinances Related to Town Retirement Systems**

1. **<u>Ordinance 16-04</u> An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, amending Chapter 82 of the Code of Ordinances relating to pensions for surviving spouses of deceased retirants; amending Section 82-147(b) to make it retrospective under certain conditions; providing for severability; providing for repeal of Ordinances in conflict; providing for codification; providing an effective date.**

*Heard after Item C. Health Insurance Premium Rates.*

Mr. Elwell reported these two ordinances were deferred several times due to the concern over poor fund performances and the declining balances in the two retirement plans. He said in November 2003 these two ordinances were presented and deferred until this budget meeting with one of the ordinances having no cost impact whatsoever for the Town as long as the actuarial assumption of 8% is realized over a thirty year period which is a reasonable expectation over the long haul as identified by the Retirement Board professionals.

Mr. Elwell said the surviving spouse benefit would be an equalizing measure as the retirees prior to 1995 currently have a lesser surviving spouse benefit than those who retired after 1995 and this ordinance would make that benefit equal. He reported the actuary said if every retiree took advantage of this change, the long term cost to the Town would be $100,000.

Mr. Elwell continued that Ordinance 17-04 on purchase of service credit has no cost to the Town because any employee who would actually purchase time in the Town System would do so with his or her own funds. He said that very few employees will be in a position to take advantage of this unless they do come from another employer where they can roll over an amount from that pension system. Mr. Elwell said the staff recommended approval of both ordinances.

President Pro-Tem McLendon said he was not comfortable with an 8% projected earning figure for the Town's funds.

Mr. Elwell replied his comfort level was with the advisors to the Retirement Boards who thought over a 30 year period that 8% was a reasonable rate of return.

Councilman Brooks, commenting on Ordinance No. 16-04, verified the 75% of the pension amount that a survivor would receive and questioned why a new spouse of a deceased retiree would be entitled to the 75% figure.

Councilman McDonald asked why the qualifying time for a spouse to be entitled to receive the pension was only one year?

Mr. Crouse replied the one year was a requirement to protect the system from any deathbed marriage vows.

Councilman Goldblum said he thought that qualifying time should be changed to a minimum of five years or even ten years. He added the 8% return may be unrealistic in the next few years and the ordinance should be tied to the rate of return or tie it to the rate of return for the last several years.

Mayor Smith asked Mr. Crouse to report on the percentage of what other municipalities paid survivors or where did the 75% figure after one year of marriage derive?

Mr. Crouse responded the 75% figure has been in the Town's system since he began employment with the Town in 1978, and these figures are common within public sector retirement plans. He said other municipalities use 70 to 75% figures and these are listed in reports distributed by other municipalities.

**Councilman Goldblum made a motion to defer Ordinance No. 16-04 to receive further information.**

Councilman McDonald, after President Wyett requested a second, suggested the motion should be denied.

**Councilman Goldblum withdrew his deferral motion and made a motion to deny Ordinance No. 16-04. The motion was seconded by Councilman Brooks. On roll call, the motion carried 5-0.**

2. **<u>Ordinance 17-04</u> An Ordinance of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, amending Chapter 82 of the Code of Ordinances adding Section 82-64 to accept prior service with other municipal, county, or state governments or districts provided the member contributes the sum that would have been contributed to the retirement plan; adding Section 82-54(d) to allow purchase of service credit by members of all benefit groups; providing for severability; providing for repeal of ordinances in conflict; providing for codification; providing an effective date.**

Mr. Elwell read Ordinance No. 17-04 by title as above.

**Councilman Brooks made a motion to approve Ordinance No. 17-04. The motion was seconded by Councilman McDonald and carried 5-0 on roll call.**

## VI. REVIEW OF FY2005 PROPOSED BUDGETS

### A. General Fund

#### 1. Program-by-Program Review

Mr. Elwell suggested the proposed six new positions be considered in priority order as they compromise $254,000 of the additional costs included in the budget.

President Wyett announced the Town Council would adjourn for lunch at 12:30 p.m. and reconven at 1:15 p.m.

Mr. Elwell said the first proposed new position of Assistant Director of Public Works was proposed one year ago, and the Public Works Department is highly challenged to do all of the basic service delivery that is required and at the same time performing the larger scale and wide variety of capital projects that have been occurring the past few years in Town. He said the recommendation is to have one Assistant Director as an operational assistant and the other person as an administration assistant, a model that has served the Police Department and the Fire-Rescue Department successfully

Councilman Goldblum said he would like to see the new Public Works Director, Rick Conner, become familiar with the Town and his position for at least six months before approving the second Assistant Director's position.

Mr. Elwell clarified that the position would be approved but not funded for a whole year, but funded as of April 1, 2005.

Councilman Goldblum replied the position would be funded if required by Mr. Conner.

Councilman McDonald said he was in support of funding this position immediately, because the Town has taken over many contract obligations and has saved much more than $77,000 as well as performing better.

Councilman Brooks said he agreed with Councilman Goldblum's recommendation funding the position as of April 1, 2005. He added the six months would provide Mr. Conner time to evaluate the position and the duties with Mr. Brazil.

President Pro-Tem McLendon asked how long the capital improvement programs would last and when a reduction in the construction projects could be expected?

Mr. Elwell responded the drainage work in Town will go through 2011.

**Councilman Goldblum approved funding for an Assistant Public Works Director effective April 1, 2005, if the Public Works Director finds it necessary.**

Mr. Elwell said he heard other members of the Council presenting a slightly different approval and requested the motion be to fund the creation of the position with an effective date of April 1, 2005, saving one half of the salary and benefits in this budget.

**Councilman Goldblum said he would agree to Mr. Elwell's wording. Councilman Brooks seconded the motion. On roll call, the motion carried 4-1 with Councilman McDonald casting a negative vote.**

Mr. Elwell identified as the second highest priority for new positions was the Fire-Rescue Billing Specialist for the purposes of handling the billing that brings in between $250,000 and $300,000 each year. He continued this program was created last year with the knowledge that a person would be needed to handle these duties; however, the decision was made to use the two existing Fire-Rescue clerical staff for the billing, but they cannot keep up with the general administrative duties of the department and continue to do the billing. He added a billing specialist would be able to follow up and perhaps increase the collections for the transport services.

**Councilman Goldblum made a motion to approve the Fire-Rescue Billing Specialist position. The motion was seconded by President Pro-Tem McLendon.**

Councilman McDonald verified that $275,000 was collected last year.

Belinda Hardy, Office Manager for the Fire-Rescue Department, reported that $380,000 was billed for EMS the first year.

Councilman Brooks asked if the position should not be approved until after the move into the new Central Fire-Rescue Station?

Acting Fire-Rescue Chief DeIorio replied the new position will be for the north Fire-Rescue station and would not be affected by the new central station.

Councilman Brooks said he wanted to be sensitive to the departments but at the same time wanted to trim the budget as much as possible to be responsible to the taxpayers.

After further discussion, **a roll call vote was taken to approve the Fire-Rescue Billing Specialist position that carried 4-1 with Councilman Brooks casting a negative vote.**

Mr. Elwell said the third proposed new position on the priority list was the Information Systems position that was determined by the different departments to be needed to provide technical, professional help with the Information Systems office to meet the needs of the different departments. He explained this person would serve a variety of needs including trouble shooting on equipment and software; installation of operations; training; and a variety of other 'hands on' work. Mr. Elwell said the impact on the budge would be $39,831.

Responding to inquiries from Councilman Brooks, Mr. Elwell responded Information Systems had five employees, a director and four staff people.

Information Systems Manager Spencer Wilson replied the majority of the work the department is trying to keep up with includes day to day operations and the need is to have someone on staff rather than contracting out those requests on an 'as needed' basis. He continued some of the duties could be outsourced; however, the majority of the work is required on a day to day basis.

Councilman Brooks questioned if the person is needed because of inadequate computer equipment?

Mr. Wilson replied negatively, but was due to the increase in the use of computers throughout every department in the Town.

Councilman Brooks questioned if the vendors' help lines were utilized?

Mr. Wilson said they were; however, because of the technical issues that come into play, the Information Services Department needs to be the contact source.

Councilman McDonald said he thought with technological advances especially related to computer systems and software, that the Town should actually be reducing positions because productivity should be increasing.

Mr. Wilson explained eliminating the paper trail and stream lining duties has actually flattened out, but the computer applications have increased.

Councilman McDonald clarified that he was not addressing his comments specifically to the Information Services Department but Town wide.

Mr. Elwell replied he agreed with Mr. Wilson's comments and provided the example of the increase of communications between the Town and the community. He agreed that the staff should be vigilant in the future for opportunities to reduce personnel through streamlining duties.

Councilman Brooks said the Council will continue to support Information Services requests for computer upgrades, capital outlay, but was not as comfortable adding people to the payroll.

President Wyett said he understood the increasing need of staff to run computers with the increasing software programs that have to be maintained, and adding software can cause problems with the existing software. He urged the Town Council to approve the request.

Mayor Smith asked when the main computer system would be upgraded?

Mr. Wilson replied that was part of the equipment replacement program and part of the depreciation schedule with one part of that program occurring this year. He verified that a new employee would have knowledge for any new system.

**Councilman Brooks made a motion to approve the Information Systems position effective as of April 1, 2005. Councilman McDonald seconded the motion. On roll call, the motion carried 4-1 with Councilman Goldblum casting a negative vote.**

*The meeting adjourned for lunch at 12:30 p.m. and reconvened at 1:20 p.m.*

Mr. Elwell said he wanted to withdraw the request for two positions of the six presented positions: the Public Works Department Mechanic position for the maintenance of a new pump station and the partial year funding for a Development Review Secretary in the Planning, Zoning and Building Department. He added that the two positions total approximately $70,000 in savings for the budget.

Mr. Elwell continued that the fourth position priority on the list of six was the upgrading of the existing shared secretarial position - half time in the Town Manager's Office and half time in the Risk Manager's Office – with workload increases in both offices, response times and productivity will increase.

Councilman McDonald said if the half position is approved for the Town Manager's Office, the Town Council members should also receive some secretarial services.

Mr. Elwell said his office wants to be in a position to provide the proper support staff for the Mayor and Council in addition to the various daily office activities.

Councilman Brooks said the same conditions may apply to this position as they applied to the request from Planning, Zoning and Building with the work area not being available until the Town Hall renovations are completed. He requested that approval for the position be postponed until the fourth quarter of FY2005.

Mr. Elwell replied the funding could be approved for later in the fiscal year, although space is available for this position, but it would make sense from a budgeting point of view.

**Councilman Brooks made a motion to accept the recommendation of Staff to commence in the budget on the fourth quarter of FY2005, July 1, 2005.**

President Wyett called for a second and there was none.

The motion died for lack of a second.

Mayor Smith questioned hiring someone in the summer months.

Mr. Elwell responded the work load is heaviest in the winter season, but, given the financial realities, this may be an appropriate financial way to address the issue.

President Pro-Tem McLendon said he had a feeling this person may not be needed for a while and requested additional information regarding the need for this position.

Mr. Elwell replied the increase in work load in the Town Manager's office as well as the addition of Sarah Hannah, Assistant to the Town Manager, who is performing a variety of tasks needing administrative support in the area of communications – the website, the news releases, the cable channel, and a number of other initiatives. He added that Assistant Manager Tom Bradford has assumed new responsibilities – docks, emergency management, other supervisory functions over other departments.

Councilman Goldblum questioned if the Town had enough personnel to run the Emergency Center in the new Fire-Rescue station?

Mr. Elwell said an item for funding the facilities is on the Regular Town Council Agenda for July 13th but the amount does not include any people. He added that the Emergency Management Center will be guided by a part time contractual Emergency Management Coordinator who reports to Assistant Town Manager Bradford.

Councilman Goldblum said he thought the position should be approved now and not wait for another partial year.

**Councilman McDonald made a motion to approve the position as requested. The motion was seconded by Councilman Goldblum and carried 4-1 with Councilman Brooks casting a negative vote.**

President Wyett requested a discussion of Contractual items listed on page 5 of the budget book. Referring to the traffic and parking improvement plan study, Mr. Wyett said the Town was wasting its money on the $140,000 study although it was mentioned in the Strategic Plan.

Councilman Goldblum said he agreed.

Councilman McDonald said quite a few parking spaces will be lost when Town Hall is renovated and questioned how those would be replaced.

Mr. Elwell recalled the Strategic Planning Board discussed this subject extensively with the recommendation that a study be done to identify if this is a seasonal problem or growing into a year-round problem with the region bringing more year-round parking congestion to the Town and without expert assistance to determine if creative things can be done to improve the situation, the answer will be unknown. He continued the staff determined the cost of the study will be $140,000, and the staff's intent was to present a menu from the Strategic Plan to the Mayor and Town Council with component pieces to provide the Mayor and Town Council to go ahead with whatever portions are decided upon.

Councilman Brooks said there were two ways to look at a problem - either empirical or cognitive – and if a vast discrepancy existed between the two, it would make sense to do a study. He continued his problem was that for $140,000, the Town may receive information that is already known from an empirical point of view. He said he was not in favor of spending $140,000.

Mr. Elwell replied that Mr. Brooks was correct in that, on the traffic side, the Town has limitations, i.e. widening streets, etc.; however, the parking side of the study is more complicated. He said that insufficient amounts of parking may not be a problem, but traffic congestion is caused by motorists circling and filling the parking spaces that are in the greatest demand. He continued that Staff is not advocating the study as a necessity this year, and it may make sense from a budgetary viewpoint to defer it or cut it back this year.

Mr. Elwell explained the study is not a study to determine the problem, but to receive recommendations to improve the situation as opposed to identifying a problem.

**Councilman Goldblum made a motion to postpone the study and continue to enforce existing regulations to see what happens. President Pro-Tem McLendon seconded the motion.**

Councilman McDonald commented several things could be done to improve the parking situation: move Planning, Zoning & Building to West Palm Beach; and thousands of newly built units in West Palm Beach could increase traffic.

Councilman Brooks said if a study is done, the answer will be the Town has plenty of parking if the spaces at the Esplanade and Neiman Marcus were utilized.

President Wyett commented that the way to increase traffic in the Town is to build additional parking lots. He agreed that additional building, i.e. the Convention Center, in West Palm Beach has and will add to the problem, but building more parking lots will not solve the problem.

Mayor Smith recalled the Strategic Planning Board discussed this issue for approximately three days, hearing from people in West Palm Beach, the experts, Chief Reiter, Public Works, and there are no traffic or parking problems in the Town today, but the problems will be back next winter. She said people do not walk in Palm Beach; however, the Strategic Planning Board was thinking ahead ten years, but she would agree to defer the study for one year, but the study should not be put off forever. She added the study could be done in stages.

Mr. Elwell said if the Town Council chooses not to move forward with the study, the $140,000 of savings will not reduce the millage rate because this is one of the items that would have been funded by the transfer of funds balance. He added the goal of an improvement plan – enforcing existing regulations – is affecting people's behavior, and wanted to make sure the Council had reasonable expectations moving forward.

Mayor Smith said another item that should be studied is the problem with construction trucks. She reported that valet parking is being offered for the first time on Worth Avenue in front of Armani's.

After further discussion, **the motion to defer the study carried 4-1 on roll call with Councilman McDonald casting a negative vote.**

Mr. Elwell proposed, rather than providing a review for each of the Town's 40 programs, the Town Council identify programs of individual interest. He mentioned the implementation of the Key Results Management Program used throughout the budget procedure, and updates will be ongoing throughout FY05.

## PROGRAMS COMMENTS:

**Town Manager -** lobbyist monies are included in this program under contractual; the $140,000 for the traffic and parking study was removed from program 113.

**Human Resources -** no additional comments.

**Town Clerk -** the late fee of $25 for filing results forms late was discussed as was the $10 per tape charge for copies of meeting tapes; the proposed shredder will be located in West Palm Beach for departmental use.

**Finance** - no additional comments.

**Planning, Zoning & Building** - the $45,000 listed was for evaluation and appraisal and not for travel; the $69,000 in the Landmarks section reflected the loss of the State grant and $27,000 was projected for consultant Jane Day, but also included $25,000 for a second grant and legal advice of $8,500.

**Fire Prevention** - No additional comments.

**Fire-Rescue Department** - the issue of raising the $50/hour Special Detail rate was discussed; the level of staffing at the three stations was also discussed.

Acting Fire-Rescue Chief John DeIorio explained the request for $11,195 to purchase hazardous materials breathing apparatus to provide protection for the fire-rescue personnel who may encounter hazardous materials.

**Councilman Goldblum made a motion to approve the $11,195 from the General Fund to purchase HazMet breathing apparatus equipment. The motion was seconded by Councilman Brooks and carried 5-0 on roll call.**

**Police Department** - the issue of the 911 equipment reimbursement is expected to be significantly reduced; $494,000 (Contractual summary - all programs) reflected a variety of small changes including the accreditation programs; employee benefits for program 143 were 40% of the salaries and wages; $3,000 in program 425 West Palm Beach Police user fee as needed for the use of Police radios that are part of the West Palm Beach infrastructure.

Police Chief Michael Reiter explained the request for taser guns, a less lethal weapon than a handgun, was that they created safer situations for police officers, and over 150 Florida law enforcement agencies use taser guns. He said the legal implications of using tasers are far less than using physical force to subdue suspects, and the weapons create a level playing field for all officers regardless of physical strength. Chief Reiter said the cost to equip all officers would be $90,000 and $58,300 if only uniformed officers were equipped.

**Councilman Brooks made a motion to accept Chief Reiter's request to supply the uniformed officers with tasers at a cost of $58,300. President Pro-Tem McLendon seconded the motion that carried 5-0 on roll call.**

Mr. Elwell said that the Town Council's approval of the HazMed apparatus for $11,195 and the tasers for $58,300 will erase most of the savings the Town Council identified earlier in the FY2005 budget, but the future replacement of these items will occur through the Equipment Replacement Fund and suggested these items be funded through the Fund Balance. He noted $140,000 was restored to the Fund Balance earlier in the meeting when Traffic and Parking Study was deferred.

**Councilman Brooks made a motion to use the Fund Balance to pay for the $11,195 HazMed apparatus and $58,300 to pay for the tasers. The motion was seconded by Councilman Goldblum and carried 5-0 on roll call.**

**Public Works** - By consolidating accounts, an overall savings was noted in the Public Works budget; a new kiosk parking meter system is planned for Phipps Park, this is a testing system for future meter plans; the 50% benefit package for employees in the recycling program was attributed to longevity increases and the fact that only 3.5 employees were in the program.

**Other Funds** - Library Services; Programs 611-625 - Transfers; Emergency Disaster Response; Contingency Appropriations; Capital Lease Acquisitions.

*This completes the Program by Program review.*

Town Manager Elwell explained that it would be helpful to obtain a motion from the Town Council at this time, that would be subject to additional actions that may be taken later in the summer, that staff would be directed to move forward with the budget as amended today.

**Councilman Brooks moved that staff be directed to moved forward with the budget as amended today. The motion was seconded by Councilman Goldblum. On roll call the motion carried 4-0, with Councilman Brooks, Councilman Goldblum, President Pro-Tem McLendon and President Wyett casting affirmative votes; Councilman McDonald was temporarily out of the room.**

**2. <u>Resolution No. 31-04</u> A Resolution of the Town Council of the Town of Palm Beach, Palm Beach County, Florida, Approving a Proposed**

**Operating Millage Rate of 4.1000 for the Tentative Fiscal Year 2005 Budget; Approving a Proposed Debt Service Millage Rate of .0700 for the Tentative Fiscal Year 2005 Debt Service Budget; Approving the Computed Rolled-Back Millage Rate of 3.6712 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 2005 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 reminded the Town Council that the millage rate identified, of 4.1000 mills, in Resolution No. 31-04 had been set artificially high, because if there was any need over the remaining part of the summer to address a need that arises, there would be room to move without having to do a first-class mailing to every taxpayer in Town. In order to leave the ability to address any needs prior to the final adoption of the budget, the artificially high millage rate had been set for adoption.

Town Manager Elwell read Resolution No. 31-04 by title, as printed above.

**Councilman Brooks moved adoption of Resolution No. 31-04. The motion was seconded by President Pro-Tem McLendon. On roll call the motion carried 4-0, with Councilman Brooks, President Pro-Tem McLendon, Councilman Goldblum, and President Wyett casting affirmative votes; Councilman McDonald was temporarily out of the room.**

Town Manager Elwell noted the September 14, 2004, Public Hearing for the first budget hearing at 5:01 p.m., and the September 23, 2004, date at 5:01 p.m. for a second hearing and final adoption of the FY 2005 budget.

**B. Debt Service Fund**

**1. General Obligation Refunding Bonds (Series 1993)**

**2. Revenue Bonds (Series 2000 and Series 2003)**

Finance Director Jane Skittone explained the Town had one General Obligation Bond with the final payment due in 2005 in the amount of $712,300. She continued that the cash flow forecast for the 2000 Coastal Protection Bonds anticipated the payoff of the GO bond in the planning for the debt service for the new Coastal bonds, and it is expected that the General Fund transfer which is funded through non ad valorem revenues will increase by over $800,000 next year in FY06.

Ms. Skittone recalled the Town Council approved the issuance in 2000 of the Revenue Bonds for the coastal protection project, and in 2003, the Council approved the issuance of bonds to refund that bond at a lower rate of interest with new bonds issued at the same time for the Town's facilities project. She said the 2000 bonds had a call date of 2005, so only a portion of the bonds could be refunded in the 2003 bonds, so the remaining debt for the original 2000 bonds will be paid off in 2005 and the 2003 refunding bonds will have five remaining years of debt service payment and will be paid in full in 2010.

Ms. Skittone said the only remaining debt after 2010 will be for the 2003D Town Facilities bonds and these bonds were issued for thirty years and will be paid off in 2033.

**C. Capital Improvement Funds**

1. **Capital Improvement Program**
2. **Comprehensive Coastal Management Plan (CCMP) - Pay-As-You-Go**
3. **Comprehensive Coastal Management Plan (CCMP) - Construction Fund**
4. **Town Facilities Bond Fund**
5. **Equipment Replacement Program**

Mr. Elwell reported Capital Improvement funding was committed to two types of projects in FY2005 with the vast majority going to the major drainage improvements - $2.42 million for storm water management; $575,000 for sanitary sewer improvements.

Finance Director Jane Skittone explained that the Coastal Management Plan had two funds, a pay as you go fund, and the proceeds from the bond construction fund. The Town Facilities Project Fund was for the Central Fire Rescue Station as well as the Town Hall renovations.

**D. Leisure Services Enterprise Fund**

1. **Overview: Status Report on Business Plan Implementation**
2. **Individual Review of Component functions**
    a. **Golf (including proposed rate increases)**
    b. **Tennis**
    c. **Recreation**
    d. **Marina (including proposed transient rate increase)**

Town Manager Elwell advised that the business plan update was included in the budget book, and a small deficit was expected in the golf program; he noted that there had been tremendous efforts made at the golf course to improve the financial performance. The proposal for next year was for the golf course to make a small profit. The rest of the programs were where staff expected them to be, and the overall performance of the fund had been as strong as expected.

Mr. Elwell referred to the program by program review for the Marina, and noted that there was a rate increase for both the marina and golf, both of which would be presented for official action through resolution at the August 10, 2004, Town Council meeting, if so directed by the Town Council today.

Dockmaster Jon Luscomb reported that the Marina did not have the transient visitors that were projected this year, and he was not recommending an increase in either summer or winter transient rates this year. He recommended a 5% increase in the annual and seasonal rates for FY2004/2005.

**Councilman Goldblum moved approval of the recommended 5% increase in the marina annual and seasonal rates for FY2004/2005. The motion was seconded by President Pro-Tem McLendon. On roll call the motion carried 4-0, with Councilman Goldblum, President Pro-Tem McLendon, Councilman Brooks and President Wyett casting affirmative votes; Councilman McDonald was temporarily out of the room.**

Mr. Elwell referred to the Golf Program rate increases proposed, reiterating that the rate increases would be presented by Resolution at the August 10, 2004, Town Council Meeting, if so directed today.

Golf Pro Manager Rick Dytrych advised that competitors anticipated a rate increase, however, none had set their rates yet for next year. He explained that comparisons of the golf course to other par 3 golf courses in the area indicated that the Palm Beach Par 3 was at the high end. He explained the proposed rate increases, which were included on pages 315, 316, and 317 of the budget book.

**Councilman Brooks moved approval of the recommendations of staff for the fee increases as presented. The motion was seconded by President Pro-Tem McLendon. On roll call the motion carried 5-0.**

Mr. Elwell advised that there was aother rate increase proposed, as part of the Recreation department fees (page 318 of the budget book) and that was for facility rentals.

**Councilman Brooks moved approval of the recommendations of staff for the fee increases for the facility rentals at the Recreation Department. The motion was seconded by President Pro-Tem McLendon. On roll call the motion carried 5-0.**

Mr. Elwell said funding is included for Town dock improvements that will be continuing into the next several years with the master plan presented to the Town Council in the next few months; Phipps Ocean Park Tennis Center, Phase III, is funded for $525,000 including the relocation of the bathroom facilities; $88,000 is included for the planning and design to upgrade the tennis facility at Seaview Park.

After discussion of future tennis court construction at Seaview Park, Assistant Public Works Director Paul Brazil said it was disproportionally expensive to do the construction in small phases and not practical.

Tennis Pro Jim Hay, speaking on the use of the tennis courts in the summer, said the Seaview construction would impact the ladies' teams and the seniors and would last four or five months.

Councilman McDonald said he recommended that $512,000 of tennis courts should not be built at Phipps Park just to provide tennis courts for 4 months when the Seaview courts were under construction.

Mr. Elwell said the Town's planning could be adjusted if the policy decision by the Town Council were to change.

Mayor Smith suggested the children's tennis activities could be pickup up by other private tennis courts in Town and suggested contacting the private clubs.

Mr. Hay reported that 93% of the people who filled out surveys at Phipps rated the Phipps Courts as good or excellent, and the people at Seaview rated the courts slightly lower with the main negative being the lack of lights for night time players. He added some of the Seaview players like the closeness of the courts and think they are the best courts they have played.

Mr. Elwell said the new public school on Seaview will be occupied in August of 2005, and recommended that if the Council decided not to proceed with the Phipps Courts that the Seaview schedule be left on track and not accelerated.

Recreation Director Russ Bitzer said the ladies' teams require six courts at Seaview, and if construction was going on at Seaview and Phipps had two additional courts, the ladies could move to Phipps.

Councilman Goldblum recalled the Council approved six courts last year at Phipps.

Councilman McDonald said he disagreed and the four courts at Phipps were for the Senior Men's league.

Mr. Bitzer said there was some logic in recommending six courts at Phipps, because another set of women's leagues that require six courts, but questioned the justification for building six courts at Phipps to cover a five month period. He added the four Phipps courts are busy in the morning and the justification may be to add two additional courts at Phipps based on the usage in the early mornings and during season.

Mr. Elwell suggested if three or more members of the Town Council want to continue with the plans that were developed last year, then that can go forward; otherwise, the staff can research the decision made last and address the issue at the August 10th Town Council meeting. He noted the funds would come from the Leisure Services Fund and would not have an effect on the taxpayers.

**The Town Council accepted Town Manager Elwell's suggestion to research the issue of six courts at Phipps Park with the item to be included on the Town Council's August 10th agenda.**

**E. Internal Service Funds**

1. **Risk Management**
2. **Health Insurance**

**F. Trust and Agency Funds**

1. **General Employee Retirement Fund**
2. **Public Safety Retirement Fund**

Mr. Elwell referred to the Internal Service Funds and the Trust and Agency Funds, and requested any questions.

There being no further questions, the meeting was adjourned.

## VII. ANY OTHER MATTERS

There were no other matters.

## VIII. ADJOURNMENT

There being no further business, the Special Town Council Meeting Regarding the FY2005 Budget, was adjourned at 3:55 p.m.

Allen S. Wyett

Allen S. Wyett, Town Council President

Mary A. Pollitt

Mary A. Pollitt, Town Clerk