TOWN OF PALM BEACH

Office of The Town Clerk

MINUTES OF THE SPECIAL TOWN COUNCIL MEETING
HELD ON JULY 11, 2007

I. CALL TO ORDER AND ROLL CALL

The Special Town Council Meeting was called to order on Wednesday, July 11, 2007, at 9:30 a.m., in the Town Council Chambers. On roll call, the following elected officials were found to be present:

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

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
William Amador - Interim Fire-Rescue Chief
Jay Boodheshwar - Recreation Director
Eric Brown - Assistant Public Works Director
Paul Brazil - Public Works Director
Veronica Close - Planning, Zoning, and Building Director
Paul Castro - Zoning Administrator
Carla Kneipp - Assistant Human Resources Director
Charles Langley - Public Works Assistant Director
Michael Mason - Law Enforcement Major
Timothy Pompos - Fire Marshal
Michael Reiter - Police Chief

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

Gary Sallenbach - Support Services Major
Chery Somers - Assistant Finance Director
Jane Struder - Finance Director
Spencer Wilson - Information Systems Manager
Susan Eichhorn - Town Clerk

II. INVOCATION AND PLEDGE OF ALLEGIANCE

Town Clerk Eichhorn gave the invocation. President Kleid led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

The Agenda was approved through motion of Council Member Brooks, seconded by Council Member Markin. On roll call the motion carried unanimously.

IV. TOWN MANAGER'S OVERVIEW

1) Impacts of property Tax Reform Legislation
2) Projected Revenues and Baseline Expenditure Budget for FY08
3) General Fund Trend Analysis

Town Manager Elwell reviewed the history of the Town's budget and the trends over the past few years. He noted that there were substantial increases in the Town's budget over the past decade, and it was important to understand the magnitude of those and the sources of funding for those. There was a significant investment that had historically been made into one time purchases – some of them had been financial management issues, like setting up certain reserves for certain purposes so that there would not be spikes when certain needs arise. To an even greater degree, there had been funding of capital improvements from undesignated fund balance at various times during the past years. Those items had not impacted ad valorem taxes, but were investments that had been made in the infrastructure of the community to address needs that would otherwise have been extremely expensive in an operating budget, or would have had to be bonded. He summarized those investments.

President Pro Tem Coleman clarified that the percentage of increase in the budget over a period of time included discretionary capital improvements run through the general fund, which had exacerbated the impression of the public as to the level of operating expending.

Mr. Elwell clarified that the Town had expended funds for various purposes from the property taxes that many other communities had not done; in the long run the tax rate would then be steadier for the Town. He further explained the concept of funding things through operating, that might otherwise be funded differently. Many things were funded through the general fund budget, using ad valorem taxes. It had been a conscious decision to do that, because prior Town Councils had weighed the possibility of shifting certain costs into fee structures or other kinds of funds, but had determined the funding through the general fund policy because the property taxes were tax deductible on federal income tax returns, and because the property tax rate was so low in the Town. Having more of the revenue stream as property tax reliant had been good for the taxpayers. Now, that the focus of property tax reform was on the property taxes, the one main funding stream needed to be reduced. For many other municipalities, that was a relatively smaller portion of their revenue stream.

President Pro Tem Coleman clarified that when residents vote for GO bonded debt, that did not run through the ad valorem tax base, and was a separate tag item on the tax bill; bonding was one of the other ways to fund things, rather than put it into the operating budget.

Mr. Elwell summarized that capital investment and employee benefits had been the primary drivers of increases in the budget costs over the past six years. The increases in pensions were both because of benefit improvements, and particularly because of the five year smoothing of the very bad market performance in the early part of this decade. He advised that all indications were that there would be a substantially lower amount of increase.

Town Manager Elwell reviewed contractual services and commodity expenditures, and provided a summary of authorized staff positions.

Director of Planning, Building & Zoning Veronica Close provided information regarding contract employees, explaining that contract employees were used in sustained peak periods for plan review and building inspections.

Interim Fire Chief Bill Amador provided information regarding the duties of personnel at each fire station. He responded to questions from Council Member Markin and President Pro Tem Coleman regarding the staffing at each fire station.

Public Works Director Paul Brazil provided information regarding the breakdown of employees in Public Works: 103 total personnel, 6 in management, 5 clerical/administrative, and 97 field personnel from the level of supervisor downward.

Recreation Director Jay Boodheshwar provided information regarding contractual services used by the Recreation Department.

In response to Council Member Markin, Mr. Elwell explained that the duties of the Risk Manager included oversight of the Town's insurance coverage, loss control preventive program, and claims administration. He advised that a complete breakdown of all personnel would be included in the operating budget documentation.

Mr. Elwell advised that there had been a tremendous amount of effort in identifying ways to save money, and all of the departments had identified savings.

Public Comment:

Norman Goldblum, 109 Everglade Avenue, suggested that every contractor hired by the Town provide proof that they are legal citizens of the United States, or have papers that allow them to work.

Jere Zenko, 232 Tangier, commented that the expectations on the part of the Town Council for levels of service may be higher than that of the residents. She also commented that she did not see any difference in her own levels of service in the Town between 2001 and 2006.

Ralph Del Deo, Fairview Road, commented that his wife had experienced a stroke several years ago, and that the response of the Fire Rescue personnel was tremendous, and the personnel were great. He also mentioned the drainage pump that had not functioned in a very heavy rain, and the prompt response that he received from the Public Works department.

President Kleid noted that the Town Manager was also always available to meet with the public, which was another level of service that was not usually provided in other municipalities.

Sam Boykin, 285 Jamaica Lane, commented regarding a friend that had experienced a bad fall at his home, and had been attended to by the Fire-Rescue personnel. His friend had remarked that he had never been treated as well anywhere else.

Bill Diamond, 220 Wells Road, commented that there was a relationship between the levels of service and the value of properties; to decrease the levels of service would impact negatively on the value of real estate in the Town.

Town Manager Elwell referred to the "Overview" tab of the prepared budget presentation document. He advised that the State Legislature had adopted a property tax reform measure that had some differential requirements based on how much use each taxing authority made of the increase in property value over the past six years. The State requirement mandated that counties and municipalities roll back their millage rates to FY06-07 funding levels, and then reduce that amount by a certain percentage. Because the Town had reduced costs and tax rates during the past years, the State requirement was a 5% decrease, rather than a higher increase. The requirement of a 5% reduction created a goal of reducing the property tax revenue by $4 million. He explained that through a combination of cutting, paying for one-time things from fund balance, and finding new revenues were the means by which the Town could reach the $4 million target.

In response to Council Member Markin, in regard to the summary of authorized positions in the "Health" and "Kruesler Park" categories, Mr. Elwell advised that he would provide more specific information in that regard. Kruesler Park personnel included a portion of the parking enforcement within the Town.

President Kleid commented that it was important to have police protection in that area, even though it was a county park.

Mayor McDonald noted that the Town shared in the revenues for Kruesler Park.

Mr. Elwell advised that those specific costs and revenues would be provided by staff.

Mr. Elwell referred to the policy, adopted by Town Council, requiring a 1.5% contingency to be funded in the general fund each year, that enabled the Town to address unforeseen opportunities or obligations throughout the year. Contingency funds were expended only when the Town Council took action on expending those funds. This year, on the baseline budget, the amount of the contingency would be $967,000. Up until now, the contingency had been funded from taxes. The taxation level had thus been based on 101.5% budget. Staff was now suggesting a shift from that, to change the policy so that each year the contingency would remain at 1.5%, but would be allocated as a reservation of the fund balance. By doing that, the taxation level would be in the mix for the 100% real cost level, rather than the 101.5%.

Mr. Elwell explained that a fund balance in the general fund was maintained of at least 25% of the annual cost of operating Town government. The reason for the 25% level was a combination of the vulnerability of being a barrier island, and the age of the infrastructure. As long as the contingency was used for one-time purposes, and not to increase the level of service, it would be appropriate to use undesignated fund balance for that purpose, requiring that the Town maintain a 26.5%, rather than the 25% fund balance. Right now, the fund balance was approximately at 30%, or $17 million. It was expected that there would be approximately $5 million of excess fund balance as of October 1, 2007. If the Town Council tentatively approved the policy change, to the 26.5% fund balance percentage today, the new official policy would be brought back at the August 6, 2007 Special Town Council meeting.

Council Member Brooks moved approval of the proposed policy change, to fund the Contingency Fund with the Undesignated Fund Balance. Council Member Markin seconded the motion. On roll call, the motion carried unanimously.

Town Manager Elwell advised that any operating costs that would be recurring expenses of the Town were in the part of the budget that was proposed to be funded by the reduced level of property taxes. The items that were being proposed to be paid for through the general fund were those things that were not recurring expenses to the Town.

V. DISCUSSION OF POTENTIAL EXPENDITURE CUTS

Town Manager Elwell referred to the "Potential Expenditure Cuts" tab of the prepared budget presentation document:

- $350,000 Software expenditure to be expended from the excess fund balance (a one-time expenditure that was being spread over five years).

President Pro Tem Coleman moved approval of expenditure from the excess fund balance of $350,000 for computer software. The motion was seconded by Council Member Brooks, and carried unanimously on roll call.

Mr. Elwell clarified that the $350,000 would then be taken as a cut towards the $4 million for this year, and in addition, $700,000 of fund balance would be reserved for the next two fiscal years.

- Capital Improvement Program (CIP)

Public Works Director Paul Brazil addressed the proposed expenditure cuts in the capital improvement program (outside of drainage). The revised program represented a possible savings of $9.5 million over the next 5 years.

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The luncheon recess was taken at 12:20 p.m.

The Special Town Council Meeting of July 11, 2007, was reconvened at 2:06 p.m.

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Public Comment:

Amy Shaughnessy, 226 Australian commented that some time ago she had proposed a parking enterprise fund, where revenues could be used to support something like parking garages in a public/private enterprise, etc. If it was legally possible, that money could be used to support the positions that were involved in traffic and parking matters.

Mr. Elwell responded that it was certainly legal to pay for staff in a parking fund. He explained that years ago the Town had a parking fund that was a separate enterprise fund, but it had not been viable over the long term – it did not collect enough revenues to offset the costs incurred by the fund. Given all of the consideration that was being given to the parking systems of the Town, staff could certainly do an analysis to determine if there was a sufficient revenue stream created to support the costs of the parking operation. He noted that if the fund was created and then did generate a substantial amount of revenue, beyond what was needed to operate the parking functions of the Town, it may be preferable to keep it in the general fund in order to keep the property tax rate down in the future, by helping to subsidize other activities that were not parking related within the general fund.

President Pro Tem Coleman noted that he had requested information regarding the possibility of combining the parking fees into the recreation fund and then having that fund also fund the renourishment for Reach 3 and 4.

Mrs. Shaughnessy advised that she had done some figures based on the 2001, 2002, 2003 budget and then projected 2005, 2005, 2006 budgets, and it looked like the revenues that could be called traffic and parking related averaged $400-$500 more than the costs that were shown as being necessary to support traffic and parking revenues.

Stanley Rumbough, Palm Beach Civic Association, commented that the Civic Association was very much in favor of underground utilities and had budgeted $50,000 for advocacy. The Town itself had also budgeted a figure for that purpose. He noted that there was a telephone meeting of the Executive Committee scheduled to discuss the possibility that the Civic Association might request delaying the underground utility referendum, because of the December 18th referendum regarding other items. He stated that he was commenting at this time, because the Town might save by not hiring an education expert, if the referendum was indeed delayed.

President Kleid clarified that the Civic Association was concerned about having a referendum on the ballot on December 18, 2007, and another on January 29, 2008.

President Pro Tem Coleman commented that one of the problems was the need to have the referendum within a certain time frame in order to obtain the 25% credit from Florida Power & Light (FPL).

Jere Zenko, 232 Tangier, thanked Mrs. Shaughnessy for her suggestions, and also commented regarding the windows of the North Fire Station. She noted that she had examined the windows, and suggested that perhaps caulking some of the windows may address the problem. She also commented that Seagull Cottage had recently had windows replaced, and she suggested that perhaps these type of materials could be used at the North Fire Station as well, in order to bring the costs down.

Mr. Elwell then continued with the report of the proposed expenditure cuts.

<u>Coastal Operating:</u>

Mr. Elwell advised that as of yesterday, the Town Council took action to proceed with a referendum on the question of Reach 8, and at this point in time, the Town Council had not authorized any program beyond the scope of the minimum program, although it may give consideration at some time in the future as far as expanding the scope of the plan long term.

Mr. Elwell explained that there was a range of activities that had been anticipated to be annual costs of the general operating fund that staff would not anticipate occurring in FY08, and probably not beyond that. Unless it was the minimal program, it would require additional bonding. In the meantime, while staff was pursuing the smaller scale coastal program, there was not the need to fund the coastal coordinator position, as well as other services that came out of the fund. Staff proposed that $400,000 could be cut from that program, because of the current smaller scope of work, and because if the scope was increased again in the future it would likely be in conjunction with a new bond issue and a longer term multi-year plan.

Rick Miller, Bond Counsel, reported that it was possible to put a combination of the drainage project and the coastal protection project on the same ballot. The reasoning behind it was that both deal with flood control and the results of storms, and that was an appropriate health, safety and welfare aspect of government, that could be considered as a single unified project for purposes of a ballot. He explained that if there was a legal challenge, it would need to be done in a timely fashion, and he was putting together a time line in that regard, so that the ballot language could be changed, if necessary, and still have the item on the ballot.

Council Member Brooks made a motion to authorize staff to delete $400,000 from the Coastal Operating budget. The motion was seconded by President Pro Tem Coleman, and carried unanimously on roll call.

Fire-Rescue Overtime:

Mr. Elwell advised that the suggestion was to move to summer time minimum staffing of three instead of four at the North Fire Station, and save $175,000 worth of overtime.

Council Member Coniglio moved approval of the reduction of $175,000 in overtime by reducing staffing during seasonal periods of reduced call volume. The motion was seconded by Council Member Markin. On roll call the motion carried unanimously.

Mr. Elwell clarified that it would now be the policy that the minimum staffing would switch to three on May 1st, and switch back to four on November 1st of each year; when there were not four individuals on regular time available, the fourth slot would be staffed with overtime, but NOT in the summer, which would save $175,000.

Palm Beach Cats:

Town Manager Elwell advised that this item would be left in the proposed budget, subject to further consideration at the August 14, 2007 Town Council Meeting.

Lobbying:

Town Manger Elwell reported that lobbying in Washington was done on a case by case basis, and the lobbying firm was not on a retainer from year to year. In Tallahassee, the Town had worked with a lobbying firm that was on retainer, and the cost of that was $40,000 annually, plus $1,200 for miscellaneous expenses. If the Town Council determined that lobbying in Tallahassee could go to an as needed basis, there would be a cost savings of $41,200. If needed, funds could be expended from appropriate accounts or from contingency for occasional purposes where lobbying was needed.

Council Member Brooks recommended that discussion be held on all expenditure cuts following the lobbying item, until other areas where cuts could be made are reviewed.

President Kleid concluded that unless there was further discussion as this time, the remaining items in expenditure cuts would be held in abeyance.

Mr. Elwell advised that absent the proposed cuts in the Capital Improvement Program (CIP), there the cuts discussed thus far had totaled $925,000. If the Town Council approved the CIP reductions that would be another $1.9 million.

Council Member Brooks referred to his statements made at the Town Council meeting of July 10, 2007, wherein he had stated his goal of a 5% reduction in staff – he had not stated that there would be a 5% reduction, but that it was the goal. Additionally, he had stated that the reduction would not involve the termination of any employee, nor involve any reduction in sworn pubic safety officers. He suggested that consideration be given to preferred levels of service and standard levels of service, and that a review take place of the residential garbage pick up schedule. He suggested that analyses be submitted to reduction of garbage pick up to four days per week, then three days per week – residential only, not commercial, not restaurants, although perhaps banks and retail stores could be considered for the three/four day analyses. He noted that he had received a tracking chart for turnover for general employees only, and that in 2003 there were 18 general employees who were either terminated, resigned, or retired. In 2004 there were also 18. In 2005 there were 33. In 2006 there were 27. So far in 2007, there were 13. In addition, all openings since April 19th were frozen. He requested feedback from the Town Council.

President Pro Tem Coleman responded that he did not support cutting garbage collection, because he did not believe it was cost effective, according to the figures provided to him.

Council Member Brooks commented that he was not in favor of any lay-offs, and his figures were being used from natural attrition rates.

Director of Public Works Brazil advised that there were 16 full time personnel in sanitation and 18 full time personnel in yard trash. Some of the employees were switch hitters, depending on the season.

President Pro Tem Coleman commented that many people did not realize the variety of services provided by the Public Works department.

President Kleid clarified that the information regarding three day and four day garbage collection would be provided by staff.

Council Member Markin commented that perhaps some philosophies should be discussed. There were tough decisions to be made, and there were some real efficiency cuts to be made. She stated that there had been a cash-rich situation, and that she did not believe for a minute that money had been wasted anywhere, nor did she believe that there was any employee that was not doing their job. She stated that she respected the employees very much, and that she was not anxious to cut any of them. She stated that each department should be required to come forward with some sort of efficiency objective to reduce their budgets. The biggest expense was salary and benefits, which would grow at a fast rate, which is why a lot of private sector businesses had chosen to downsize the benefit programs to their employees. As a government, a choice would need to be made as to whether services would be reduced, and employees would continue to have a rich benefit package. As examples, she cited the merit pay of 3%, which possibly could be reduced; seasonal manpower changes; contracting out the risk management area; possible reduction of the 8% return on pension funds; computerization to make people more efficient; contractual employees vs. government employees. She commented that she would like to see an adjustment to benefits in some slight manner, rather than have to lose employees.

Council Member Brooks commented that 63% of the operating budget was in salaries and benefits. He also mentioned that there were ten employees in the DROP program, and perhaps several of those people could be bought out, which would then allow others in the department to move up, and the then vacated positions could be examined. He stated that it was his judgment that the 63% must be reduced.

President Pro Tem Coleman commented that he supported having a goal in dollars, and he recommended setting a target and trying to meet that target, and let the managers achieve that; he did not consider it productive to get into more detail.

Town Manager Elwell suggested that the differences of opinion that had been expressed were indicative of the fact that intense self-examination will be required to evaluate the services in the community and the staffing necessary to deliver those services. He suggested taking the next several months so that questions can be refined and a thorough analysis could be accomplished as to staffing levels, and levels of service. In addition, at that time, there would also be the engagement of the community on a much more meaningful level, when all of the residents were back in Town. Together with the community, the Town Council could make decisions about how to proceed into the FY09 budget.

President Kleid agreed with that approach; overall matters of staffing, expenses, salaries, outsourcing, etc. would be discussed this winter season.

Council Member Markin commented that she would like to see the department heads held accountable for being as creative as they can to become as efficient as they can, and come back at a time certain with their preliminary direction within their departments. She complimented Interim Chief Amador for his creativity in cutting back costs. She noted that she was not in support of lay offs, however, becoming more efficient was necessary.

Town Manager Elwell pointed out that every one of the departments had done an analysis of their functions in order to bring forward the baseline budget. He complimented Interim Chief Amador on his suggested cost savings, which was a level of service issue that needed to be decided by the Town Council. Year after year, everyone had participated in creative exercises with the budget, however, even when some things were being done better and cheaper, other things were costing more. The very high level of service provided resulted in a big budget. He pledged on his behalf and on behalf of the department heads the willingness to go to a whole other level, however, he was concerned that moving too quicky would results in mistakes that would be regretted for a very long time. Mr. Elwell advised that he had a fairly good sense of the concerns, and wanted to get to the point of having well defined questions, agree upon what was to be accomplished, allow staff to make those things happen, and then come back together in several months to discuss it in a meaningful way.

President Kleid suggested that the questions either be posed at the end of this meeting, or that each Council Member submit written questions to Mr. Elwell.

President Pro Tem Coleman commented that the first benchmark was to get to a balanced budget, and then address how the Town could operate more efficiently.

Mr. Elwell clarified that with the three things already cut from the list, with the decisions that are yet to be made about capital improvements, and the proposals for increased revenue, the target deduction of $4 million for the budget could be attained.

VI. PROPOSED REVENUE INCREASES AND POTENTIAL NEW REVENUES

1) Alarm Code Modification
2) New Revenue Proposals

Finance Director Jane Struder addressed the proposed revenue increases:

Planning, Building & Zoning (PZ&B) fees:

Two new fees for PZ&B, and five fee increases would increase revenue by $150,000.

Director of PZ&B Veronica Close explained that there was not currently a requirement for a landscape permit fee, and staff had found that many times that would have been helpful. The proposed landscape permit was proposed at a 2% rate of the landscape value of the project. The building permit search fee was proposed to increase to $50 (formerly $20). The dune vegetation fee was proposed to increase to $3,500 (formerly $2,500). Architectural applications were divided into classifications (major and minor) and those fees were proposed to increase to $750 for major (formerly $350), and $250 for minor (formerly $50). The Landmarks Certificate of Appropriateness was proposed to increase $500 (formerly $100). Staff approvals were proposed to increase to $150 (formerly $50).

President Pro Tem Coleman moved approval of the proposed fee increases for PZ&B. The motion was seconded by Council Member Markin. On roll call the motion carried unanimously.

Town Manager Elwell noted that at the August 14th Town Council Meeting, the building permit schedule would be presented, and the financial impact of those changes was already reflected in the baseline budget presented today. The actual language to change the ordinance to change the fee schedule would come before the Town Council on August 14th.

Council Member Markin questioned the possibility of a construction fee for road repair being attached to a construction site; that way some of the road repair may be able to be funded through some of the new construction, which was a direct cause of why the roads needed to be repaired.

Public Works Director Paul Brazil advised that Town Attorney Randolph had found one other community that was in a similar situation, who had tried to accomplish what was described by Council Member Markin. It was being legally challenged right now, and Mr. Randolph had indicated that it would be advisable to wait to see the results of that lawsuit before the Town tired to do the same thing.

Police and Fire False Alarm Fees:

Finance Director Struder addressed the proposed revenue increases:

Establishment of a Fire false alarm fee
Increase Police false alarm charges
Total additional revenue: $544,000

Staff recommended the Boca Raton alarm fee structure, and staff was also proposing other changes to the Code, relating to outdated sections of the alarm agent and alarm business permit. Ms. Struder reviewed the specifics of the alarm charges.

Discussion took place regarding the Police Department having access to homes under a lock system. Police Chief Reiter explained that the Police Department did have a limited number of keys, however there was a great responsibility to protect that and track that. He stated that he would prefer that the Police Department did not establish a system to go into homes to check them, as it provided many opportunities for allegations. That type of system would be done in only very small communities. There was a direct connect alarm system for businesses; the fee was $100 for less than 1,000 sq. ft, and $250 for over 1,000 sq.ft. He noted that many residents would love to have that, however, he believed that a residential direct connect system would exceed the capacity of the Police Department. He acknowledged that there could be a price point for offering that service that would justify additional staffing, however, he had not done an analysis of that.

President Pro Tem Coleman encouraged the review of a residential direct connect system. Chief Reiter would provide further information.

Interim Fire Rescue Chief Amador explained the "Knox Box" system used by the Fire Department. The Fire Department did not currently charge for it at this time.

President Pro Tem Coleman encouraged a review of the "Knox Box" system to determine if it was a product that could be sold.

Town Manager Elwell clarified that staff could include a "Knox Box" fee within the schedule of new fees in the proposed budget on August 6, 2007. At that time it could be accepted or rejected by the Town Council.

Yvelyne Marix, 1570 North Ocean Blvd., suggested that the records would reflect that alarms formerly used to go directly to the Police Department until it became completely overburdening. She expressed concern regarding the alarm fee increases; she explained that the Police Department was extremely dedicated and were extremely numerous per capita compared to other municipalities. The Town was small, and the Police Department used to claim that they go past every residence every 15-20 minutes; if an alarm went off and there was an officer relatively close to monitor it. The idea of an alarm system originally was highly touted as a help to the Police Department. She recalled that the Town had been sued in the past on the false alarm issue. She expressed concern that false alarm fees would discourage homeowners from getting alarm systems.

In response to Council Member Markin, Police Chief Reiter explained that false alarms were defined by Town ordinance.

President Kleid pointed out that the amount of free false alarms was being reduced, and the penalties were being slightly increased.

President Pro Tem Coleman suggested that there be specific criteria defining what constituted a power outage.

Town Manager Elwell noted that right now the only provision in the ordinance was for extended days of power outage; there was no provision for relief in isolated situations. Staff would review adding more specific criteria, and would report back to the Town Council.

Council Member Markin moved that the Town accept the Boca Raton false alarm payment system as presented. The motion was seconded by Council Member Brooks. On roll call the motion carried unanimously.

Additional Parking Revenues:

Finance Director Struder reviewed the analysis of potential revenue increases at various price points for meter revenue increases and for parking violations increases.

Town Manager Elwell advised that the fine schedule would be the highest in the area if the Town went to $35-$40 for parking violations. The fee was a true user fee, paid by the people who actually cause the violation.

President Pro Tem Coleman moved approval of the $2.00 meter fee, and the $40 parking violation fee.

Police Chief Reiter offered that having more than one rate would assist the Police Department in moving parking – the less utilized spaces could be a lesser amount. A commodity system could be created by determining individual area parking fees. He noted that there were a substantial number of complaints regarding the parking penalties, both from residents and those outside of the community.

Council Member Brooks seconded the motion, with the suggestion of the amendment of the motion for approval of the $2.00 meter fee, and $35 parking violation fee. Mr. Coleman agreed to amend the motion accordingly. On roll call, the motion carried unanimously.

Council Member Marking expressed concern with the employee placard rates.

President Pro Tem Coleman amended the motion to add that the Police Chief and the Town Manager would have the discretion to determine the meter fees and a direction for employee parking in the business district with the cost of the placard. Council Member Brooks agreed to second the amended motion.

President Pro Tem Coleman suggested that these figures would be used as the budgeting numbers, and staff would come back to the Town Council in sixty days with a report.

Mr. Elwell clarified that the placards will be discounted from the get go, and staff would know the policy decision on the overall pricing of $2.00 on a Townwide basis; staff will come back with a specific recommendation if it was believed it should be less in some areas.

On roll call the motion carried unanimously.

Town Manager Elwell advised that, because of the revenue work, the minimum goal of meeting the State requirements had been more than met.

Town Manager Elwell advised that it was his clear sense from the conversation today that the next step was to bring information to the Town Council that would help them to define levels of service and levels of staffing, and how those things might be addressed as potential cuts for the future, knowing that there are additional challenges coming from the property tax rules in the State.

President Kleid clarified that the consensus was to leave in all of the items in the potential budget cuts that were not discussed, and if the Town Council wanted to address them on August 6th they would do so.

Mr. Elwell identified that the only three things that were coming out of the list of cuts were the coastal operating costs, information systems costs, and fire overtime.

Council Member Markin made a motion to cut the costs of $41,200 for lobbying in Tallahassee.

Council Member Brooks commented that the retained lobbying firm monitors all of the pre-filed bills that come through, and track them, and that the retainer should not be cut.

Council Member Markin requested a history of the lobbying activity over the past year.

Mayor McDonald advised that he would provide a report on what had been done in the last year, since he had direct involvement in the lobbying efforts.

Discussion continued regarding the CIP regarding streets and paving. President Kleid clarified that the consensus was to leave the decorative lighting question and the paving question in the budget at their original values, not the scaled back values.

Town Manager Elwell clarified that they would be left in the budget at their original values, because they were cuts that at this point in time do not need to be made in order to meet the State requirements. The CIP that would be shown in the budget on August 6th would be neither of the two values seen today – it would be something in between the original and the scaled back.

VII. FINANCING FOR TOWN HALL AND NORTH OCEAN BOULEVARD SEAWALL REVETMENT

Town Manager Elwell noted that the North Ocean Blvd. seawall revetment funding was authorized last year, however, all of the circumstances had changed and a different approach was being taken as to how the coastal program would be moving forward. The Town Hall and seawall revetment could be done as revenue bonds, with two completely distinct things. If the Town Council should choose to do that, the final decision about Town Hall funding, and $2 million + to refund the coastal accounts for the seawall revetment project could be put together to make a slightly larger debt. The context of the conversation today would focus from here on in only on the Town Hall because the change of circumstances related to general taxation and to the coastal program caused staff to think that coastal things should be financed on a going forward basis.

Town Manager Elwell described the options available for the renovation of Town Hall:

1. Continue with currently approved plan at a cost of $12.6 million to implement.
2. Accomplish full renovation of Town Hall, without constructing HR/IS building at a cost of $9.25 million.
3. Accomplish only the essential repairs and minor renovation of Town Hall at a cost of $6.7 million.

Mr. Elwell advised that it was his opinion that going to Option #3 would not be enough savings for the Town taxpayers to justify how much would be sacrificed in not integrating the two portions of the building. It was his recommendation that the Town Council discuss Option #1 and Option #2, with less consideration given to Option #3. He clarified that he believed that Option #1 was the way to go, and Finance Director Struder would explain how the Town could still afford to do that.

Mr. Elwell explained that he still believed that the best thing for the Town was to stay the course on what the Town Council had already directed. Because of property tax reform, staff was presenting the Town Council with an option to spend $3.35 million less, and get a less desirable, but still minimally adequate outcome. If the Town Council believed that the value of the $3.35 million was greater to the community than the benefits of doing the full project, staff had presented this alternative plan of Option 2.

In response to Council Member Brooks, Town Manager Elwell explained that Option #3 was not a low cost alternative, it was simply the lowest cost alternative. To do the minimum amount of work necessary to keep the building functional and safe would cost $6.7 million for the minimum, and that was an unsatisfactory outcome. He considered that it was better to choose from the other alternatives.

Council Member Markin stated that the circumstances now were different from the circumstances at the time the Town Hall renovations were determined. Computerization may take a role in becoming more efficient and needing less office space for full time employees. She explained that she could not begin to think about spending $3.5 million more to add a building in West Palm Beach at a time when staff was being asked to come up with departmental cuts, and asking residents to cut back on services, and that she would be hard pressed to consider Option #1 at this time.

Finance Director Struder discussed two financing options:

1. Bond Anticipation Notes for the construction period, and Revenue Bonds in 2010.
2. Revenue Bond - lock into the interest rate today, and capitalize the interest until 2020.

In response to President Pro Tem Coleman, Mr. Elwell advised that the pluses for Option #1 were that there was sufficient square footage, and the building would be properly laid out so that every aspect of administrative services functioned better.

Public Works Director Paul Brazil advised that Option #1 included relocation costs of PZ

& B to an on-Island location. HR and IS could take a separate track. The point of that alternative was to minimize the amount of phasing that the contractor had to do in the building. He estimated that it would take approximately 18 months to build a new building in West Palm Beach. The estimated relocation costs for 24 months for PZ & B was $1.3 million. HR and IS would not be temporarily relocated, and would move one time to the new facility.

In response to President Pro Tem Coleman, PZ & B Director Close advised that in the last five years the department had believed that technology would assist in not having to increase staff. As to actually reducing staff, that was difficult to say, because the department was running behind the eight ball now.

Mr. Elwell noted that there were some places where the nature of the work did not lend itself well to finding efficiencies and making cuts. He gave as an example the use of contractors when the workload was heavy – that required people to do the job, whether the plans were on paper or on a computer screen. He pointed out that there was a revenue stream that was in place to fund positions in PZ & B.

Discussion took place regarding the proportional impact with the PZ & B fees.

Council Member Markin moved to accept Option #2.

Council Member Brooks suggested waiting one month in order to see the difference financially in how much of the fees would increase or decrease on Option #1 and Option #2 respectively.

President Kleid commented that he also supported waiting another thirty days.

Council Member Coniglio commented that she was in favor of Option #2.

Mr. Elwell explained that the money being talked about was the debt service that will cease in 2010 that will create a savings in 2011 unless it was invested in other capital or operating purposes at that time. Ms. Struder advised that the remaining undesignated fund balance could be used to offset the cost of the project.

President Kleid clarified that it was the consensus to bring back the issue on August 6th.

VIII. POLICY DECISION ON REVENUES VS. CUTS VS. OVERRIDE VS. COMBINATION -

DIRECTION FOR JULY 19 AND AUGUST 6 SPECIAL TOWN COUNCIL MEETINGS

Town Manager Elwell explained that it had originallybeen envisioned that there would be a meeting on July 19, 2007, in which case the adoption of the tentative millage rate would have been that day. Just in case the meeting today achieved the goal, the tentative millage rate resolution was put on the agenda today. It could be adopted now, and the Town Council would meet again on August 6, 2007, for a thorough review of the actual balanced proposed budget.

IX. ADOPTION OF TENTATIVE MILLAGE RATE

Mr. Elwell explained that the tentative millage rate was not the millage rate the Town intended to adopt, but under the State law the Town was required to adopt a tentative millage rate that it could not exceed later in the budget process without sending a first class letter to every resident in the Town. For that reason, the tentative millage rate was always higher than what would actually be adopted – that was in case there was anything that came up within the next 60 days that would cause the Town Council to feel the need to adopt a higher level of spending and a higher millage rate. Today, it was intended to adopt a millage rate that was approximately at the level that the State had imposed upon the Town.

Town Manager Elwell read Resolution No. 30-07 by title, as printed below:

a. RESOLUTION NO. 30-07 A Resolution of the Town Council of the Town of Palm Beach, Pam Beach County, Florida, Approving a Proposed Operating millage Rate of 3.5624 for the Tentative Fiscal Year 2008 Budget; Approving the Computer Rolled-Back Millage Rate of 3.5624 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 2008 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.

Council Member Brooks moved approval of Resolution No. 30-07. The motion was seconded by Council Member Markin. On roll call the motion carried unanimously.

President Kleid offered the opportunity for citizen comment. There were none at this time.

Council Member Brooks requested that at the August 6, 2007 meeting a comparison of Town health insurance benefits with other municipalities, for both active employees and retirees.

Town Manager Elwell advised that the information would be provided.

X. ANY OTHER MATTERS

In response to the inquiry of President Pro Tem Coleman, Town Clerk Eichhorn advised that the record of submission of the Financial Disclosure Statements was monitored to ensure that all those required to submit them had done so.

President Kleid offered the opportunity for citizen comment.

Jere Zenko, 232 Tangier, commented regarding the impact of the PZ & B fees on the Town Hall renovation options.

Town Manager Elwell explained that there would be a proportional share of the cost in either Option #1 or Option #2, and staff would report back as to what those proportions looked like, and what the costs would be set against the fees versus what the costs would be set against the property taxes.

In response to Ms. Zenko, the following information was provided: a $60 million bond was anticipated for underground utilities; $12 million bond for drainage; $16 bond for beach renourishment.

President Kleid commented that it was really a question of level of services, and if people were not interested in that level of service that would be told by the ballot box.

Ms. Zenko thanked Council Member Brooks for requesting the information regarding health insurance benefits as compared with other municipalities, and stated that this was something that could use some scrutiny. She stated that there had been a lot of hard work and heavy lifting today, and that there was more hard work and more heavy lifting to be done, some of which she hoped would include the employee insurance benefits.

Council Member Markin requested a list of inefficiencies in having IS move off site, when the IS employees would be commuting back and forth, as well as trying to implement the new software.

President Kleid noted that discussions had been held in that regard, and that it had been explained that most IS services were done outside of the Town Hall building.

Council Member Markin responded that was really not the case – most of the software that would be upgraded was in the Town Hall building, and in lieu of the new issues regarding trying to be as efficient as possible, the report would be appropriate.

Town Manager Elwell advised that staff would provide that information as part of the report concerning Town Hall.

XI. ADJOURNMENT

There being no further business, the Special Town Council Meeting of July 11, 2007, was adjourned at 5:30 p.m.

APPROVED:

Richard M. Kleid
Town Council President

ATTEST:
Diane Kassover
~~Susan A. Eichhorn~~ DIANE KASSOVER
ACTING Town Clerk