TOWN OF PALM BEACH

Office of The Town Clerk

MINUTES OF THE SPECIAL TOWN COUNCIL MEETING HELD ON MONDAY, JUNE 21, 2010

I. CALL TO ORDER AND ROLL CALL

The Special Town Council Meeting was called to order on Monday, June 21, 2010, at 9:30 a.m., in the Town Council Chambers. All of the elected officials were found to be present.

II. PLEDGE OF ALLEGIANCE

President Rosow led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

The following changes were made to the Agenda:

Council Member Diamond asked that the Agenda be changed allowing three minutes for the public to speak and for comments by the Town Council Members as is normally done during the Town Council meetings.

Motion made by Council Member Kleid, to approve the Agenda as amended.

President Rosow indicated that the public would be allowed to speak on every item and the general comments that normally precede a Town Council Meeting would be heard at tomorrow's meeting, not today.

Council Member Wildrick seconded the motion. On roll call, the motion carried 4-1, with President Rosow dissenting.

IV.	COMMENTS FROM CITIZENS

There were none.

V. TOWN MANAGER'S OVERVIEW OF THE PROPOSED FY11 BUDGET.[Peter B. Elwell, Town Manager]

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Town Manager Elwell provided a PowerPoint presentation to the Town Council. A copy was submitted into the record. The highlights of his presentation were as follows:

- The Proposed FY11 Budget

- Health Insurance Matters

- Staffing Recommendations

- Proposed Coastal Protection Program and Funding

President Rosow noted that it would be inappropriate for Mr. Elwell or the Town Council to discuss pension benefits at this point in time, which was confirmed by the Town's attorneys since the Town was in a negotiation which may result in the Council sitting in a quasi-judicial position in dealing with pensions.

Council Member Kleid pointed out that although the pension benefits could not be discussed, it was acceptable for Mr. Elwell, as Town Manager, to highlight what has occurred, factually.

Discussion occurred among the Town Council Members and Mr. Elwell regarding the pensions.

Responding to Jere Zenko, 232 Tangier Avenue, President Rosow indicated that there had been several meetings regarding pensions and residents and employees had the opportunity to speak. He said she could ask Mr. Elwell regarding the pensions at the appropriate time; however, he wished she had come before the Council at one of the previous meetings to give her counsel.

Mr. Elwell continued his presentation and the Town Council discussed tax increases, homestead exemption, county millage taxes, and the real estate market values.

Mr. Elwell indicated that he would provide updated information to the Council as it became available, and would present it in written form.

Mayor McDonald announced that the next County Budget Workshop is July 12, 2010.

VI. <u>HEALTH INSURANCE MATTERS.[Danielle Olson, Director of Human Resources]</u>

Human Resources Director Danielle Olson responded to questions and comments by the Town Council.

The Town Council discussed several of the following benefit issues:

- The self-insurance plan;

- A Request for Proposal (RFP) had been submitted for a new carrier for the dental plan.

- The benefits high percentage of payroll minus the pensions;

- It is a state law requirement to offer insurance to retirees regardless of Medicare and Medicaid;

- The Patient Protection Affordable Care Act (PPACA);

- 90% of other municipalities offer dental plans;

- The low insurance rates are a result of self-funding – only the administrative fees and the claims are paid, minus the extra fees incurred otherwise.

Council Member Wildrick requested that Ms. Olson define all the benefits and provide a detailed list as to what is the growth and why the total benefits are over 30% and up to 60%. He added that she include how much accounts for the $7 million of all other benefits, and the percentages of all of those prior to the next meeting. He asked that she send him and the Town Council a memo on what they are exactly planning for growth on each of these in detail, and be prepared to discuss it at the next meeting.

Motion made by Council Member Diamond, seconded by Council Member Kleid, to approve recommendation of the amended renewal from BlueCross BlueShield of Florida for claims administration and network access. On roll call, the motion carried unanimously.

VII. STAFFING RECOMMENDATIONS.[Peter B. Elwell, Town Manager, and Department Directors]

Town Manager Elwell provided an overview of staffing recommendations regarding need of additional staff and elimination of positions through attrition.

Mr. Elwell provided responses to questions and comments by the Town Council.

The Town Council discussed several of the following issues:

- The savings and impacts to the Town by not filling the vacant positions.

- Review all the positions and slowly and methodically determine where there are service needs.

- The eliminated positions could be added at a later date.

- President Rosow asked Town Manager Elwell for a memo regarding the positions that needed filling for the next Town Council meeting.

- Discussions regarding the facts and contents only of the negotiations are acceptable relative to the Fire-Rescue and Police Officers' vacancies during negotiations.

- Study the benefits, which are the biggest part of the budget outside of payroll.

- Choices regarding staffing need to be determined relative to the important levels of service.

President Rosow distributed and read the following document that he prepared that identified costs that did not include statutory fixed costs and FICA:

Everyone talks about the need to reduce costs and many have their favorite targeted areas, but no one wants their own pet area gored. There are no pets below. The fundamental question however is whether these services are integral to the lifestyle of our Town and will our residents, who are being overtaxed, continue to pay for them.

Where to find cost savings:

Legislative	$118,000	
Code Enforcement	$390,000	
Landmarks	$140,000	Also look at ARCOM; can't find direct costs for it.
Fire Prevention	$584,000	
Fire Training	$339,000	
Lifeguards	$813,000	Principally done for non residents
Organized Crime/Narcotics	$800,000	Plus additional reduction in Administration
Police Training	$355,000	
Crime Scene/Evidence	$401,000	Plus additional reduction in Administration
Criminal Investigation	$1,276,000	Plus additional reduction in Administration
Sanitary Sewer Maintenance	$1,328,000	Bill the residents for this; take away tax deduction
Sanitary Sewer Treatment	$1,695,000	Bill the residents for this; take away tax deduction
Residential Collection	$908,000	Let residents contract privately; take away tax deduction
Commercial Collection	$1,031,000	Let users contract privately
Refuge Disposal	$112,000	Resident/Commercial pay through their contractors
Yard Trash	$1,771,000	Let residents contract privately; take away tax deduction
Recycling	$306,000	Not required by law
Beach Cleaning	$110,000	Principally done for non residents
Landscaping town property	$1,300,000	Can we afford this luxury
Coastal Management	$657,000	Can we afford this activity.
	$14,434,000	

Additionally:

Recreation Department: Why is the town in the recreation business? Why do municipalities have to have tennis, golf and basically day care.

Lease docks and receive an upfront payment; lessee will probably want to add facilities and a couple of hundred residents will object, but the Town as a whole will benefit.

Lease the golf and tennis operations; tennis loses money, golf may make money but there are financial risks associated with the business.

Shut down the Recreation Center. It loses $400,000 plus the cost of administration for all of the above of another $395,000.

Eliminate the 13 funded by open positions (Staffing page 6) saving probably $500,000.

Savings for all the above would be in excess of another $1,000,000

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Discussion occurred among the Council Members regarding President Rosow's cost savings list and several of the following comments were made:

- Changing the complexion of Palm Beach by making radical budget decisions would affect real estate values.
- The quality of service should not be reduced, but research ways to keep the services for less cost.
- The contracting out of the golf course, recreation facilities, and the docks could be turned into profit centers without reducing the services.
- The docks are revenue producers, residents' families use the recreation facilities, the creation of the Recreation and Enterprise Fund allows the recreation facilities in the Town to be covered financially.

Town Manager Elwell suggested that the Town Council could use the existing CRTO, and do a preliminary review, or provide an updated 2010 CRTO, which would take additional time.

Mayor McDonald indicated that in the Town of Palm Beach the functions relative to the golf course, recreation center, and docks were performed much better than private contractors.

President Rosow noted that he was not suggesting that the list be addressed today, but that the list needed to be looked at very thoroughly and carefully. He commented that there was the potential of eliminating 13 positions from the budget, and he was very concerned regarding taking $4 million out of the Town's reserves right now in order to weather the long term. He indicated that he wanted the residents to know that the Town cannot continue to provide services and have our employees treated like serfs. To build a budget based on the backs of our employees is not the appropriate thing to do. He said that the Town Council needed to make certain that the service levels are what the residents want to pay for; and still maintain the complexion of the Town of Palm Beach.

President Pro Tem Coniglio mentioned that there was no coastal funding in the budget. She noted that $3 million was moved out of reserves impacting our largest piece of infrastructure.

President Rosow requested that Mr. Elwell provide a full copy of the CRTO to the Town Council Members this week, to be discussed at the next meeting. He requested that President Pro Tem

Coniglio and anybody else on the Council provide a highlighted list to the Town Manager of specific areas of the CRTO to be reviewed.

Mr. Elwell added that the task for the July Town Council Meeting would be to identify ,through interaction on the dais, fresh analysis on updating the numbers, and then at the August Town Council Meeting, the Council could look at the updated information and consider decisions that would affect the outcome of the budget.

Responding to Council Member Wildrick, President Rosow stated that each department head could indicate why there was an increase or decrease in their budget request, but that it be kept brief.

Responding to President Rosow, Mr. Elwell suggested that the Town Council review the old CRTO document for discussion at the July 13, 2010, Town Council Meeting and come out of the meeting with a list that was identified as a group, and needed an updated analysis, in order to acquire 2010 information, in preparation for the August meeting.

Jere Zenko commented regarding the deductibility of property taxes.

Britton Burtty commented regarding her concerns relative to tax increases and was happy to hear about President Rosow's list.

President Pro Tem Coniglio mentioned that while taxes are expensive, the Town's millage rate at 3.25 compared to West Palm Beach at 8.0 was considerably lower.

Yvelyne D. Marix, 1570 N. Ocean Blvd., commented regarding funding items privately in order to reduce the taxes. She said that items other than sewage could be considered separately.

VIII. PROPOSED COASTAL PROTECTION PROGRAM AND FUNDING.[Peter B. Elwell, Town Manager]

Town Manager Elwell provided an overview of the FY2011 proposed Coastal Protection Program and Funding. He indicated that Coastal Coordinator Rob Weber was available for questions.

Mr. Elwell responded to questions and comments by the Town Council.

Discussion occurred among the Town Council Members and Mr. Elwell regarding funding for the Coastal Program. Several of the issues discussed were that sand placement would have to have groins, money would need to be committed to fund the shore projects, including the Reach 8 project, money could be borrowed or the Town could be self-funded as needed, a project would have to be permitted, a pay-as-you-go basis could be implemented, a state or federal funding could be lost as there was a time constraint waiting for pay-as-you-go money, and finally, leasing the docks for revenue.

President Rosow directed Mr. Elwell to come up with the mechanics for administering a fund established by the Town for the Coastal Protection Program at the August Town Council Meeting, and that the money portion would be decided later.

IX. REVIEW OF FY2011 PROPOSED BUDGETS

Town Manager Elwell suggested that the Council go page by page on each of the programs and he would answer any questions, rather than provide an overview of each.

A. General Fund Revenues

There were no comments.

B. General Fund Expenditures - Program-by-Program Review

Legislative

The Town Council discussed the various League of Cities organizations and that the bulk of the expense was in lobbying, and that the Council decided to not renew membership with the National League of Cities.

General Government

There were no comments.

Town Manager's Office

Mr. Elwell noted that his office was down one-half of a position. He provided a detailed explanation of his recommendation of adding a part-time position.

There were no comments.

Advice and Litigation

Mr. Elwell indicated that he had a reasonable expectation that the Town would spend more in FY11 on legal than what was requested. There is ongoing labor negotiations that would cause the labor legal costs to be higher than normal next year and then to expect it to return to a more normal level.

Information Systems

There were no comments.

Human Resources

There were no comments.

Finance

There were no comments.

Responding to the Town Council, Mr. Elwell noted that if there were fewer Boards and Commissions, the paperwork would be reduced, but there would be marginal staff time savings.

Several members of the Council commented that combining some of the Boards could reduce costs. However, the down side was that the members are volunteers and staff time was accrued; combining would lengthen the time of the agendas and the meetings.

Planning, Zoning and Building (PZB)

Mr. Elwell responded to questions and comments by the Town Council. He provided several of the following comments:

- Fire Prevention and Code Enforcement was under the PZB Department for budgeting as those areas could legally be charged against the building permit revenue stream.

- A half of a person could be added under Development Review, as it is not in the actual review of the plans, but in the receipt of the plans which are done in the front office. Staff needs to fill a full time position and eliminate a part-time no benefit position, both of which already exist.

- Replacement of office equipment items were below the $1500 threshold, and were taken from the operating budget rather than the equipment replacement fund.

- PZB and Public Works Departments should not be combined, as they have shared duties, but the disciplines are different. One is regulatory and the other is a variety of public services and construction work the Town does for itself.

Fire-Rescue

Mr. Elwell provided several of the following comments:

- Benefits grew in this Department more than any other because of the pensions. Any of the other benefits were in direct proportion to every other department.

- The General Employees pension benefits did not increase as much as the Fire-Rescue and Police Departments because the major driver of the larger than expected increase was the pay increases that were given to Police Officers and Firefighters two years ago to keep their competitive position in their market at that time.

Fire Chief William Amador provided several of the following responses to the Council's questions and comments:

- Fire prevention was governmentally mandated because annual fire inspections were required to be conducted by certified fire inspectors. He noted that they were not compliant in 2000, which was why fire inspector positions were created.

- The majority of increase is in salary and wages, of which 11.4% was due to benefits and salaries.

- Costs of fire inspections permit fees are partially offset through taxes.

- Fire inspections were being done prior to 2000. Company inspections were being done, but the problem was that the crews were not certified.

- Six hundred buildings were annually inspected.

- The most substantial increases in contractual services is in the certification of 80 employees who were being recertified as medical technicians and paramedics, which happens every two years.

- The $100,000 expense in certification and training is mandated by the state and would impact the taxpayers, resulting in a decrease.

- The training cannot be done in the Department as some of the training is specialized and requires a higher level that the Department available; there is specialized equipment that is needed for the training.

Police

Town Manager Elwell provided several of the following responses to the Council's questions and comments:

Budget increased only because of pension costs; everything else within the Department's control was down, with a reduction in staffing during the course of the year based on reorganization.

Chief of Police Kirk Blouin responded to the Council's questions and comments.Several of the following items mentioned were:

- Combining the budgets of the Crime Scene Unit with Criminal Investigation could not be done;

- There was discussion of the amount of crime scenes that were investigated and the possibility of the Palm Beach County Sheriff's Office (PBSO) processing the Town's crime scenes;

- The Town of Palm Beach has two nationally recognized crime scene investigators, and the statistics are more than double that of PBSO.

Public Works

Town Manager Elwell provided several of the following responses to the Council's questions and comments:

- Town palm trees only are inoculated, which service is made available to the residents' trees at the same rate.

- For the inoculation program, there will be a news release multiple times a year plus placing it on the web to inform the public.

Acting Public Works Director Jay Boodheshwar and Mr. Elwell provided several of the following responses to the Council's questions and comments:

- The 100% increase in employee benefits was due to an allocation of resources issue in varying programs for employees that work in different departments; there was a reduction in staffing.

- Increase in credit card processing for meter maintenance and collection was not included in the budget, and was an oversight.

- Public Works is feeling the effects of the reduction in services, one of them being Wastewater; Parks is relying more on contractual support rather than staff support for the parks and medians.

- Contractual services have been increased to reduce the budget.

- Balancing requires getting lean but not so lean, next month will be filling positions; Public Works to fill some positions and provide better level of service.

OTHER:

Library Services

There were no comments.

C. Debt Service Fund

There were no comments.

D. Capital Improvement Program

There were no comments.

E. Recreation Enterprise Fund

Mr. Elwell noted that rate increases were not being recommended this year.

Acting Director of Recreation, Alan Brown, indicated that in May there was 1,971 total golf rounds. He added that not last year, but the previous year was 1783, the year before was 1979, which puts the rounds back up to 2007 levels. There is a large increase in 18 hole rounds versus the 9 hole rounds.

F. Internal Service Funds

There were no comments.

1. Risk Management

There were no comments.

2. Health Insurance

There were no comments.

G. Trust and Agency Funds

There were no comments.

1. Pension Funds

There were no comments.

2. OPEB Trust (for Retiree Health Insurance)

There were no comments.

X. ANY OTHER MATTERS

Town Manager Elwell provided a list of the following items for staff to review for the July 13, 2010 Agenda:

1. An update and forecast of the employee benefits, including a more precise breakout of the different benefits and how each is increasing in the forecast.

2. A review of the recommendations regarding staffing relative to the "funded but remain" vacant list of employee positions, which would include a full discussion at the next meeting.

3. Review the original CRTO to identify areas where additional analysis could be performed on possible reductions of service.

4. Provide more specific examples of homesteaded versus non-homesteaded impacts of proposed tax rate.

Mr. Elwell noted that in the August meeting as a result of this meeting, there was to be a more detailed review of those items that were flagged from the CRTO. Included in the August meeting would be a proposal of how to address the structure of the funding for the Coastal Protection Program.

XI. ADJOURNMENT

There being no further business, the Special Town Council Meeting of June 21, 2010 was adjourned at 1:30pm.

APPROVED:

David A. Rosow
Town Council President

ATTEST:

Joanna Cunningham
Town Clerk