

TOWN OF PALM BEACH

Office of The Town Clerk

MINUTES FROM THE SPECIAL TOWN COUNCIL MEETING REGARDING BUDGET ISSUES HELD ON MARCH 29, 2001

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 9:30 a.m. in the Town Council Chambers by President Jack McDonald. On roll call, the following Elected Officials were found to be in attendance: Mayor Lesly Smith; President Jack McDonald; President Pro-Tem Sam McLendon; Councilman William Brooks; Councilman Norman Goldblum; and Councilman Allen Wyett. Also attending for all or part of the meeting were: Town Manager Peter Elwell; Assistant Town Manager Thomas Bradford; Assistant to the Town Manager David Jakubiak; Finance Director Jane Skittone; Accounting Supervisor Amy Wood; Purchasing Agent Charles Boggs; Public Works Director Al Dusey; Town Engineer James Bowser; Human Resource Director William Crouse; Assistant Human Resource Director Carla Kneipp; Recreation Director Russell Bitzer; Planning, Zoning & Building Director Robert Moore; Administrative Aide to Director Wendy Zamecnik; Assistant Police Chief Michael Reiter; Fire-Rescue Chief Kent Koelz; Administrative Secretary Belinda Hardy; Information Services Manager Spencer Wilson; and Town Clerk Mary Pollitt. Town Attorney John Randolph arrived at the meeting at 10:35 a.m.

II. INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was given by Town Clerk Pollitt. President McDonald led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

President Pro-Tem McLendon made a motion to approve the agenda. The motion was seconded by Councilman Brooks and carried 5-0.

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IV. Proposal from Mr. Howard Searcy regarding Engineering Services in Connection with Recommendations for Installation of a Temporary Emergency Pumping Plan for Town of Palm Beach

Howard Searcy said he submitted a proposal, through Public Works Director Dusey, to prepare an engineering report for the Town regarding the installation of temporary emergency pumping stations for five identified problem areas in the north end of Palm Beach. He said the work could be completed within two weeks after authorization with completion of the stations before the rainy season this summer.

Mr. Searcy said a list of the tasks to be performed was attached to the report submitted to Mr. Dusey with an attached budget to cover the engineering costs. He noted that Town Manager Elwell had distributed a summary of the pertinent elements of the proposed plan including rough costs for the stations and a time plan for the completion of the program. He said this was an ambitious program that was driven by the situation.

Public Works Director Dusey said Mr. Searcy's proposal was reasonable in respect to the monies involved; however, there were some issues that should be considered including the possibility of automatic stations that did not require staff implementation plus emergency power should be provided at each of the stations.

President Pro-Tem McLendon asked Mr. Searcy if the units were on trailers or were they constructed in the existing pumping stations?

Mr. Searcy responded the pumps would not be on trailers but would be delivered to the sites, and the two best options for installation are within existing stations where possible and in terminal manholes which are wet wells. The pumps would be dropped into the wet wells. The pumps would be hydraulically driven with hoses carrying high-pressure hydraulic fluid coming from the surface into the pump. The hydraulic pressure runs the impeller in the pump and makes it work. Those units must be up on the ground and would be primarily electrically driven with a diesel backup and automatic operating systems with control panels above any potentially high water levels to protect the electrical system.

President Pro-Tem McLendon said he had a problem although he appreciated Mr. Searcy's knowledge and his plan. He asked if Mr. Searcy had experience with diesel engine pumping units mounted on trailers complete with fuel tanks and provision for light weight piping that could be used for either discharge or suction lines? He said he thought emergency units on trailers could be priced around \$200,000 and moved into place where there was a need for them.

Mr. Searcy replied the big problem was no warning was given with the flooding. It can rain two or three inches in one hour, and by the time the system was moved to the site and

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mounted, the damage would be done. He added that it could happen at 3:00 a.m. and that was the reason Mr. Dusey was anxious to have automatic units .

Mr. Searcy said if the units were not on trailers, they could be installed in the manholes with the operating units away from the manhole, next to buildings, because the hoses can be fifty feet long to reach the units.

President Pro-Tem McLendon questioned how the pumping unit would move the discharge water to the outfall?

Mr. Searcy replied the discharge water would have to come out of the top of the manhole and, in most cases, a quick connect discharge could be used with an attached flange. In some cases, the attachment could be permanently attached with the goal to have them instantly operable.

Councilman Goldblum asked if the units were mounted in the existing pumping stations with diesel engines close by, could the pipes be buried with the entire installation being out of sight?

Mr. Searcy responded that was possible.

Councilman Goldblum commented that his thought was to have the equipment in existing contained units, if there is room in the pumping stations resulting in effective equipment that would not be visible from the street.

Mr. Searcy responded the goal was to integrate them with the existing stations; however, some of the stations were quite small and crowded. Responding to a question from Councilman Goldblum regarding on-going testing of the pumps, Mr. Searcy said the pumps should be tested twice per month and that should be sufficient. Mr. Searcy said the fuel capacity of the tanks would be several hundred gallons.

Town Manager Elwell questioned Mr. Searcy about the integration of the new pumps into the existing stations, and it was his understanding that this would be replicating, as an interim emergency major, the emergency back up system that is proposed to catch overflow during excessive rainy periods. He said he was confused as to how the pumps would be placed inside the existing stations as opposed to being placed in between existing stations to handle the water before it reached the existing pumps.

Mr. Searcy responded that issue would be a number one consideration, if there were existing capacity in the existing outfall pipe to put the emergency pump in that, obviously, would be the best solution. He said a number of the problems in the past have been caused by a loss of power to the existing units, and the new pumps would probably function more often in

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that situation rather than in the over capacity situation. He said he needed to discuss this further with the staff, but he thought the Town really needs an emergency pump that will substitute for the loss of a unit in a station providing for plenty of capacity in the outfall.

Mr. Searcy said if there is a point in time when all the units in the stations are operating and they are not sufficient to handle the flood load, the emergency pumps would be over and above that, and at that time it would have to be determined if the pumps were causing any back up difficulties with the existing outfall. He added that much of it would go straight to the lake, but some units are a block or so away from the lake and are connected to the lake through a large diameter gravity pipe. Each of those pipes would have to be analyzed to see if there is sufficient capacity to make it work.

Mr. Elwell said it may be advantageous, as those kinds of details are worked out, to place these emergency pumps between pump stations, and it may be somewhat unsightly for this one season or perhaps for a second season next year while construction is continuing on the permanent emergency backup system. He requested that the Town Council consider that the temporary situation may be more visible than what the long term solution would be.

Councilman Wyett questioned Mr. Searcy as to why he was restricting the temporary installation from May to November when the Town has actually had flooding experiences during February?

Mr. Searcy responded it would be possible to leave the units in place for the entire time, and this was a cost the Town would have to consider as the pumps are rented monthly.

Councilman Wyett asked what the cost difference would be between renting and buying the units?

Mr. Searcy replied the units would cost approximately \$75,000 per unit, and the cost to purchase all of them would be approximately \$250,000.

Councilman Wyett said if the pumps were used a full second year, he thought the Town Manager should investigate the cost of purchasing versus renting the units.

Mr. Dusey said he thought he heard that one of the primary purposes of these pumps is redundancy in the existing stations. He said he thought when this subject was suggested to the Town, the Town was looking for additional pump capacity along the lines of the permitting of emergency pumps that are being pursued otherwise that the Town Council funded in February. He said he would be less concerned about the redundancy issue at this point in time than he would about the additional pump capacity that the Town is looking for. He said he was not sure the Town would be getting what they thought they were going to get.

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President McDonald said he understood the Town would be getting additional pump capacity.

Councilman Goldblum asked if the plan would not provide both redundancy and additional capacity? He questioned if the Town purchased the temporary pumps, could they be used for permanent installations for emergency pumping?

Mr. Dusey replied if the pumps were purchased, they could be used permanently if they were the correct size and adaptable to the system. He said the Town Council authorized at the February meeting a very detailed analysis for each of the basins but not an idea where the pumps would be placed or the capacity of the pump stations to best serve that system. He said this study was completed quickly, without the benefit of that analysis, and he could not guarantee that all of the pumps would be used.

Mr. Searcy said he was sure the correct information would be available for the time frame he needed regarding the emergency pumps; however, if the Town purchased the pumps and once their usefulness was over, the pumps should be a highly marketable commodity.

Councilman Wyett asked Mr. Dusey when the plan for permanent installations would be prepared?

Mr. Dusey said his department planned that the construction would occur in the summer of 2002.

Mr. Elwell clarified that the plan is to have the emergency stations in place at the end of the summer, 2002, or approximately eighteen months from now.

President Pro-Tem McLendon asked if replacing the existing pump motors with faster motors had been investigated?

Mr. Searcy replied that was not looked at and his plan called for separate pumps. Mr. Searcy explained the reason for using a diesel engine to pump oil to a pumping unit and turn it with the other side of the pumping unit doing the actual pumping of the water was the drive unit for the impeller in the pump can be remotely located from the power source. If the power is applied directly to the shaft, then the motor has to be co-located with the pump. Because the pumps may be placed in very tight spaces, it is far more advantageous to have the power source located remotely from the pump.

Nancy Douthit said this was a budget meeting and no arithmetic has been discussed as of yet for this project.

David Barton, 216 Jamaica Lane, said he thought that the Town Council has discussed the

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drainage issue four times, and that was enough time to have a physical plan on a piece of paper regarding the drainage system for each basin. He asked to see a plan; what size were the pipes? He asked that the problem be identified. He said he supported temporary action but also asked what size of Town this drainage system should be created for?

Michael McCloskey, 202 Coral Lane, asked Mr. Dusey for the status of the FY2001 improvements; specifically the pipes to be replaced for Coral, Crescent, and Emerald Way.

President McDonald responded that this was not part of the discussion in this meeting, but asked if Mr. Dusey had an answer?

Mr. Dusey replied that Town Engineer Bowser anticipated that construction will start in mid-April. The estimated time of completion is September depending on how fast the construction goes.

Mr. McCloskey said this may not be the right forum, but he did not think that was acceptable. He said the Town Council authorized at the January 9th meeting that work be done during the winter, and the winter is gone and the work has not started with the work requiring 150 days to complete. He said that Mr. Searcy stated that was too long by half. Meanwhile, when the catch basins were cleared and the pumps working on Miraflores, the water ran out; although he had water in his garage again last week. He said this was due to the undersizing of the pipes. He said he did not understand why the work could not be done as the Town Council had authorized in January.

President McDonald asked if Mr. McCloskey could be present at the April 10th Town Council meeting as that item would be on the agenda?

Mr. McCloskey responded he could be present but would like to have information before that date.

Mayor Smith said the Public Works Department had to formulate a plan before construction could begin that Mr. Dusey said would begin in April. She said she understood Mr. McCloskey's concerns, but the Town is fast-tracking this project because of his concerns and the concerns of other residents in that area. She said the Town has to start with speed but also must start with knowledge.

Mr. McCloskey replied that speed was 3 ½ months after the Town Council instructed it be done during the season. He said he was concerned there would be no pipes in his street during the rainy season. He asked that the schedule be accelerated by the Town Council to have the plan completed in 70 days, not 150 days.

Councilman Wyett said it was apparent to him that if the rental company would take the

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pumps out at the end of the seven months and reinstall them for the next season at the estimated \$37,000 cost, the Town should look at keeping the pumps in for the entire season to handle the one or more heavy rains that may occur outside of the rainy season.

Mr. Elwell said that, in terms of dollars and cents, the proposal of \$14,875 is before the Town Council at this meeting for the work necessary to provide the plan for construction to begin in mid April as put forth by Mr. Searcy. He suggested if other numbers for the projects are totaled at this point, the conclusions may be premature, because some of the components in the system may be quite different once additional study is completed.

Councilman Wyett made a motion to approve an amount not to exceed \$14,875 as outlined in Mr. Searcy's proposal eliminating 10% of the 110% of cost in exhibit C in the proposal. The motion was seconded by Councilman Goldblum. This amount shall come from the \$4 million previously approved by the Town Council for drainage work. On roll, call the motion carried 5-0.

Mr. Elwell pointed out that because the Town will be hiring Mr. Searcy outside the normal CCNA process where it would take a couple of months to hire an engineer, Florida Statutes require that the Town Manager certify to the Town Council that a valid public emergency exists. Mr. Elwell so certified.

V. First Union Investments - Proposed Exit Strategy

Town Manager Elwell said the Staff's recommendation is consistent with the discussion held at the February 13th Town Council meeting. Based on the performance of First Union investments and the amount of administrative time required to track those separately from the SBOA and the fact that the goal of obtaining a greater rate of return has not been realized, the recommendation is to liquidate those investments and return to the policy of having all of the Town's idle funds invested through the State's Board of Administration. He said the Staff is seeking Town Council authorization to set in motion the steps to liquidate the account by August 2001.

Councilman Brooks made a motion to authorize the Staff to sell the long term investments in the portfolio and invest the proceeds from the sale plus the proceeds from the maturing securities in the SBOA pool. The motion was seconded by Councilman Goldblum. On roll call, the motion carried 5-0.

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VI. FY 2002 BUDGET MATTERS

A. Proposed Budget Format and Process

Town Manager Elwell referred to the Budget Format Section and the Budget Calendar Section in his memorandum dated March 22, 2001. He said the Staff is proposing, as part of the changes to be made gradually over time, to create a budget document that is clearer and more meaningful both for the Town Council to make policy decisions regarding Town spending and for the public's understanding of Town policies and budget. He continued that the proposal is to submit a proposed budget that resembles the previously submitted adopted budget, in a program format with descriptions. The goals and objectives section will also be expanded as the work of the Strategic Planning Board progresses and will evolve over the next several months and into 2002.

Mr. Elwell said the Finance and Taxation Committee meeting is proposed to be held during the first week in July to allow the Staff to submit a balanced budget after the assessed property values are released. This will allow the Committee to consider the revenue side of the budget along with proposed expenses. He said the Budget Calendar schedules the Finance and Taxation Committee meeting on July 9th, the day before the scheduled July 10th Town Council meeting.

Councilman Wyett suggested the full Council hear the budget on July 9th, giving every Council member information that would shorten or eliminate the questions on the following day. He said approving the budget is the most important job he does as a member of the Town Council. He said he thought the meeting date was a good idea.

Councilman Brooks made a motion to approve the proposed budget calendar. Councilman Goldblum seconded the motion, and it carried 5-0.

B. Proposed Budget Calendar

(See item A.)

C. Proposed Policies Regarding Fund Balance Reserves

Finance Director Skittone referred to her memorandum dated March 23rd that described a proposed fund balance reserves policy that the Staff would like to see

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implemented. She said that currently the total Undesignated Fund Balance is approximate \$19 million as of September 30, 2000. \$3 million of that has been designated for the current drainage program leaving approximately \$16 million. Ms. Skittone said it seemed fiscally responsible and prudent to develop a reserve policy for those funds. She offered to provide details or answer any questions regarding the policy as identified in her memorandum.

Councilman Wyett said the State of Florida suggests a 15% reserve balance, but a 30% or higher reserve for the coastal communities is appropriate and conservative.

Councilman Brooks suggested the word "minimally" be added to Section B, after the third sentence, to read: "The undesignated fund balance provides flexibility to respond to unexpected opportunities that may help a government achieve its goals. (The current target is *minimally* 15%)." He said that provides the Council the latitude to increase the percentage as is necessary.

David Barton, 216 Jamaica Lane, said he would like to address this subject from the accountability point of view. He said he had not seen the documents handed out by the Town Manager. He noted no difference was made between the capital budget and an operating budget, and he thought there should be a difference.

Mr. Barton said the annual report in the form of the calendar that is distributed is totally inadequate for accountability to the public. He presented a report from Nantucket, Rhode Island, that he said showed great detail. He suggested the Town Council consider the accountability, because the Town and Staff have the information and the general public does not have it. He said this is totally inadequate for accountability to the public.

Mr. Barton said, in his experiences, a capital improvement program is a five year program with a one year capital budget. He said a capital five year program is not possible without a plan, and the Town is devoid of a plan.

Town Manager Elwell advised the public members in the audience that complete copies of all the materials reviewed at the meeting were available from the Town Clerk at her desk.

Responding to President McDonald's question regarding action on the proposed policy, Ms. Skittone said that the Staff was looking for input only and will bring back more detailed information to the Town Council at the July 9th meeting.

(The Council took no formal action on "C".)

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D. Anticipated/Proposed Major Budget Changes (FY 2001 to FY 2002)

Town Manager Elwell said the Staff was not seeking any specific action from the Town Council on this document. It was meant to be informative, and if the Mayor and Town Council wishes to provide information on any of the significant changes listed in the document, it would be appreciated. He said that the items have not been thoroughly reviewed at this time and some may be eliminated as the budget process proceeds, but they are presented in the spirit of not having surprises of any significance appear in the summer.

President Pro-Tem McLendon questioned the proposed \$16 million reserve as being 35% to 40% of a proposed budget of approximately \$40 million in lieu of the proposed 15%.

Ms. Skittone replied that was correct.

Mayor Smith reported that Mr. Fitz Dixon of the Four Arts Library had written a letter to the Town requesting a change in the amount of money donated by the Town to the Four Arts Library. Currently, the Town gives the Library \$125,000 per year, and their expenses are \$392,027 as opposed to income of \$187,500. She said this seems like a large requested increase; however, if the Town did not support the local library and had to contribute to the County library system, the amount would be \$3,264,031. Therefore, she recommended the Town raise the donation to the Four Arts from \$125,000 to \$200,000 for FY2002, and it would be a bargain at that price.

President Pro-Tem McLendon said he supported an increase but did not have a firm number in mind.

Councilman Goldblum asked what the library's membership is, the number of library cards, but agreed it is a bargain for the Town to invest in the library.

President Pro-Tem McLendon asked if the Town was exempt for an indefinite time in the future from the County's library system or was it a temporary exemption?

Town Manager Elwell responded that as long as the Town funds the Four Arts Library or a local library, the Town is exempt from the County library taxation.

Councilman Brooks commented that the Library of the Four Arts was a well kept secret, and asked if the library did a fund raiser in the Town?

Mayor Smith replied the Four Arts did not do a fund raiser for the library, but they

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do fund raising for library facilities like additional book shelves, the children's library, the children's art gallery, and the building itself. She said it was very inexpensive to belong to the Four Arts Library, and books, large print books, children's books, videos, tapes, and everything are available there.

Councilman Brooks said he had no problem appropriating additional monies, but thought perhaps the library could undertake a public relations campaign to inform the residents.

Mayor Smith noted that Mr. Dixon, in his letter, invited the Town Council to tour the library and perhaps members of the public could also attend.

President McDonald said he had requested information regarding the number of Palm Beach members at the library and questioned the number of residents residing in the south part of Palm Beach who used the library. He said he needed the information to formulate a figure for the Four Arts Library.

Mr. Elwell said his office would obtain that information and received consensus from the Town Council to use the figure of \$200,000 for preparation of the budget to be presented at the July 9th Finance and Taxation Committee meeting.

After discussion, the Town Council agreed to take a field trip to the Four Arts Library during the luncheon break at the April 10th Town Council meeting.

Councilman Wyett said he had the following comments:

Potential changes in revenue – this year's figure of \$1,583,000 interest income reflects the higher available interest rates, and the estimated FY2002 figure of \$1,400,000 may be optimistic because reserves and interest rates will be going down. He suggested adjusting that figure.

Questioned the addition of a part time driver delivery person –

Response: Mr. Elwell said that the Town is currently using persons for that task whose primary functions are more responsible than delivering mail and other tasks. A part time person would free up employees who have greater responsibilities. Mr. Elwell said this may or may not be proposed in July as this item is further evaluated.

Contractual Grants Coordinator –

Response: Mr. Elwell said the thought was to investigate opportunities where the cost of the position would be covered (and more) by aggressively looking at sources that

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are available to the Town. He said there were untapped resources and this would be studied carefully.

Engineer in the Planning Department –

Response: Mr. Elwell responded this position related to the plan review that is part of the Development Review projects and the demands that responsibility places on the Engineering Division of the Public Works Department which has an increasing amount of work to do regarding the design and implementation of projects. He said the thought is not fully developed as of this time; however, Planning, Zoning, & Building, Public Works, and the Town Manager's Office will decide if this will be a recommendation at the July 9th meeting.

Councilman Wyett asked, based on information regarding rental of pumping equipment received earlier in this meeting, if those estimates were included in the budget plan?

Mr. Elwell responded it was not at this time.

Councilman Wyett requested that this be a notation to be considered at this time.

Compensation and Benefits Study – unofficial estimates by Councilman Wyett from outside sources place those costs between \$250,000 and \$500,000. He requested that to be generally considered.

Health Insurance Risk – Councilman Wyett gave the Town Manager a Kiplinger Letter outlining average increases in the nation. Health costs are rising approximately 15% and he suggested an increase be included in the Town's estimates.

Response: Mr. Elwell replied that item would be studied further. After the issue is studied when additional details are available, the increase may be covered by existing reserves in the funds or an increase may be requested.

Coastal Protection Revenue Bond Funding – what is the reason for dip in the costs from \$2,573,000 to just under \$2 million?

Response: Ms. Skittone replied that when the cash flow projections were estimated by Mike Hole, those were the numbers plugged in for each of the years, and there was a dip in the next year. Those are the original cash projections.

Councilman Wyett asked if there were any budget items in the current bonds, costing

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“x”, that the front end, last year, because of the interest rates, the Town was making a marginal profit although the money was not spent but that interest rates will drop especially if the current conditions continue? Is that an expense?

Ms. Skittone replied the Town is locked into a three year guaranteed investment contract.

Councilman Wyett asked if the Town was locked into a guaranteed off-setting revenue?

Ms. Skittone responded the Town was locked in, and that was the guaranteed investment contract on the \$23 million in bonds.

Councilman Wyett responded the Town was covered and that was good information.

R-B Zoning District Study – requested this item be reviewed before it becomes a budget item.

Police National Re-accreditation – what benefit does the Town receive from national accreditation? Does this occur every several years automatically or is this a new item?

Response: Mr. Elwell said the re-accreditation reoccurs every several years.

Mayor Smith replied this is very important to the Police Department.

Mr. Elwell added this is not merely a recognition or an award to put on the wall, but a tremendous amount of standards must be adhered to, and those standards and procedures are part of the reason the Town has an excellent Police Department.

Public Works Department: Yard Trash Pilot Project – In light of the fact that debris accumulating on the streets caused the drains to clog up, this may be a very viable idea.

Fire Rescue Mobile Data Terminals/cabling for telephone/computer system – are these new items?

Response: Mr. Elwell responded those would be replacements for existing equipment but these are not replaced annually resulting in line item increases or decreases from year to year.

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Police Department: Video Camera Systems for Bridges – the Town has been criticized and while he liked protection and everything else, Councilman Wyett said he was not sure he was willing to go that far.

Response: Mr. Elwell said the cameras were not intended as a security measure. The purpose of the cameras was primarily for traffic control reasons that would be beneficial, not only to the department and its handling of traffic problems that arise, but also to the public for anyone who lives or works in an area of Town where the choice of one bridge or another during times of traffic congestion may be possible. The information is available on the Town's website.

Police Department: Cushman Scooters (3 year lease for 5) – these are not very effective. Councilman Wyett said he watched the operation and it is a 45 minute cycle for the scooters to go around. They are slow, and he suggested to look at the system to determine if this is the best way to do it. He would like to see some revenue generated from this. He requested the Town Attorney to find out if the Town could license the valet system or the restaurants to have a valet system to offset the cost; not only the \$35,000 for scooters but all the personnel that goes with it.

Response: Mr. Elwell offered to provide a fuller analysis of the costs and the revenues related to the parking enforcement operation to the Town Council as a report if the Town Council so directed.

Councilman Wyett said he would like to see that.

President Pro-Tem McLendon said he was surprised to hear the scooters were so expensive.

Fire-Rescue Facility: Bonding Reserves – \$2.9 million will not be the total cost. There will be acquisition costs for replacement parking estimated between \$1.2 million and \$1.5 million.

Response: Mr. Elwell said the \$2.9 million will not cover the costs of the Town Hall renovations but is the figure for the Fire-Rescue Station only. He mentioned that the \$5.5 million dollars previously authorized by the Town Council for the overall project includes the \$2.9 million for construction of the new station. The balance of the \$5.5 million would be for the parking, Town Hall renovations, and related costs.

Councilman Wyett said the minute construction starts on the station, 55 parking spaces are eliminated, and there may be concurrent costs. He requested that be studied and returned to the Council with additional information.

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Total Capital Projects – FY2001 = \$8,243,500 and FY2002 = \$6,129,000 (estimated) – the \$5,379,000 for drainage improvements came out of capital funds and did not come out of the FY2001 budget presented last year. The drainage costs, paid from reserve funds, should be removed to compare the FY2001 budget to the proposed FY 2002 budget. Councilman Wyett said one of the purposes of this meeting was to inform the citizens and Council how much more, potentially, the cost will be to run the Town next year, and if it will be offset by the ad valorem increases which have averaged 9% in previous years. Increased ad valorem taxes may be available this year but it may not be available in future years if a recession causes a reduction in building.

(This concludes Councilman Wyett's comments.)

President Pro-Tem McLendon requested an explanation of West Palm Beach Transmission Line and Facilities Reserve under Capital Projects under the Department of Public Works.

Mr. Dusey explained these were the facilities that run from what the Town owns to the central pump station and what the Town owns in common with West Palm Beach from the central pump to the treatment facility. He said the \$608,000 is a reserve account to cover anything that happens to that system. Nothing is imminent and may have been inserted into that line at the urging of the auditor.

President Pro-Tem McLendon said he supposed the \$903,000 in drainage improvements fits in with Councilman Wyett's comments regarding the capital versus operating expenses. He said \$903,000 is probably a drop in the bucket compared to what the Town will spend in FY2002.

Mr. Elwell explained the \$903,000 (drainage improvements) shown for FY2002 would be the additional funding needed for the multi-year program. The over \$4 million the Town Council has already appropriated this year plus the much lesser amount that would have been in there for the planned improvements before the emergency matter, will still be included and the monies will be spent that have already been appropriated (in FY2002), but the \$903,000 is additional money.

President Pro-Tem McLendon said the Town Council postponed the discussion of the Town's subsidy of Medicare from last fall to the winter season, and a discussion still has not been scheduled. He said he thought the Medicare subsidy figure was approximately \$300,000 that was the cost of transportation to the hospitals for patients from the Town. 80% of the costs could be reimbursed by Medicare for qualified people and a good percentage of the trips are for senior citizens who have

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Medicare. He thought that issue should be addressed in the very near future.

President Pro-Tem McLendon said the Seaview Tennis Courts have two courts that are proposed to be converted to clay courts from concrete. He said he thought there were enough players with shoes that would chew up a clay court and suggested keeping the concrete courts that would require less maintenance.

Russ Bitzer, Recreation Director, said the clay courts do require more maintenance, and he would work up the costs for the budget meetings. He said there would be a requirement for the correct shoes on the clay courts. He said he was advised by the Tennis Pro Manager that the hard courts are under utilized, and the majority of the morning and evening players are adults (senior citizens), and the senior citizens do not want to play on those courts. The courts are hard on their legs, and the clay court game is a slower game with the ball bouncing slower. Mr. Bitzer said he thought the maintenance costs were minimal, because the department already has the necessary equipment.

Mayor Smith questioned the \$16,000 in FY2001 to replace the fountain in Phipps Plaza and next year, FY2002, the amount is listed at \$32,500. She asked if the fountain was to be replaced twice and questioned if this was a high priority item?

Mr. Dusey explained the \$16,000 was an expenditure that was set aside in FY2001 for a similar type repair in a different location. He added the Phipps fountain is no longer operational, it is badly cracked, and the neighbors have requested the replacement.

Mayor Smith questioned if contributions were offered by any of the residents or if this was a good idea in the middle of a drought year?

Mr. Dusey replied no contributions were offered.

Councilman Brooks thanked Mr. Elwell and Ms. Skittone for the preparation of the booklet for this meeting. Councilman referred to a memorandum from Mr. Elwell stating that later this year, a procedure will be established for setting annual goals and objectives and to recommend such a procedure be established for FY2003. He said the timing for that is excellent with the new regulations for GASB start at that time, and the Town at that time will have to assign a fair market value for the Quadrille property which is not now listed on the Town's book.

Councilman Brooks said he understood that these potential major budget changes have not been fully reviewed. Some of the proposals may not be included in the budget document that will be transmitted to the Mayor and Town Council in the next

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few months. He thought what was important at this meeting was that the Town is on the road to performance based budgeting and budgeting for goals and objectives.

Mr. Elwell thanked Assistant Town Manager Tom Bradford and all of the Department Heads for their contributions in looking ahead at this time. He said it will require additional work by the Staff to look at items in a slightly different way and to be more specific that the Town is trying to achieve in serving the community with everyone pulling together.

Public Comments:

William Cooley, 233 Tradewind Drive, asked if the Fire-Rescue Bonds would require a referendum?

Ms. Skittone responded that no decision has been made on the financing of the Fire-Rescue Station project.

Mr. Elwell added the project could be funded from funds that do not require any bonding or if it is bonded, it could be a revenue bond that does not require a referendum, or it could be a general referendum bond that would require a referendum.

Mr. Cooley said he would like to repeat Councilman Wyett's question to Ms. Skittone regarding, what he heard, no negative arbitrage on the beach bonds for at least two more years.

Ms. Skittone confirmed that was correct.

Mr. Cooley said he could not find a category for lawyers, legal fees, in the budget and he assumed each department budgeted its own fees. He asked if a line item could be established showing the total costs the Town was paying for legal fees?

President McDonald replied that line item was included in the budgets that are proposed and adopted but was not part of the format presented at this meeting.

Mr. Elwell explained it was not included in this format, because only projected significant increases or decreases were shown at this meeting. He said other than the one small item shown in the presented report, no significant increase in legal fees is anticipated. He added the budget does not show one line item, but the total can be extrapolated from the budgets.

Mr. Cooley questioned the \$800,000 line item in the FY2001 budget for reserves

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although the Town had \$16,000,000 in reserves at the time. He asked if the FY2002 would have another line item for reserves?

Mr. Elwell replied the Staff did expect to have a line item for reserves, the General Contingency, and that is one of the reserve items that will be subject to further review and policy decisions by the Town Council this summer. Mr. Elwell said the Staff does foresee a continuing need for taking a portion of the General Fund Balance and putting it into the current budget to address unforeseen needs as they arise without having to amend the budget with two readings of an ordinance.

Mr. Cooley asked if, for example, \$800,000 is levied for reserves in the reserve fund and when an item that would ordinarily require a public referendum for items like beach renourishment or fire stations, the public is denied the opportunity for the referendum because the money has been taken, a little bit at a time, and put into a pile, and can be used at the discretion of the Council. He said there is nothing wrong with that, but it is a policy issue; however, it should be clearly stated so the public will understand that many times there will not be a referendum on a bond issue when one would ordinarily be called for.

Wendy Victor, 208 Via Tortuga, thanked the Town Council for having this public meeting and suggested this would be a good meeting for next year too. She said the Town does have a fabulous financial report just as fine as the Town of Nantucket.

Mrs. Victor said the format was good and complimented Mr. Elwell on its implementation, but suggested it would be helpful to add a chart to show the percentage change from one year to another.

Mrs. Victor asked someone to explain the Yard Trash Pilot Project. She said she thought she understood the residents would be required to place containers on the street once a week.

Mr. Elwell said Mrs. Victor's understanding of the program was correct; however, the details of the sizes and types of containers have not been refined as of this date. The concept was to prevent the smaller yard trash from washing down the street and into the drains thus exacerbating the drainage problem. The pilot project would take place in a smaller area of Town and potentially later throughout the Town, containers would be required for the small clippings and yard trash.

Mrs. Victor said she was concerned with the aesthetics of the containers, and she preferred the leaf piles. She was also concerned with the maximum building on lots and the compost piles that would have to be retained on properties. Mrs. Victor asked what grievance expenditures had increased for the year?

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Mr. Elwell responded several grievances have gone beyond the administrative level to hearings, and special counsel has been retained for those purposes.

Bill Watchman, 269 Miraflores Drive, said he was amazed and pleased with the positiveness of the Council regarding the drainage problem. He said potentially this is an explosive problem for the Town, but he was stunned that \$3 million was approved for Mr. Dusey's modified plan. He said he was very impressed by it.

Mr. Watchman asked about the Public Works line item for overtime for major rainfall response, \$7,000. He said his house was saved from flooding by two Public Works employees who cleared the catch basin and thought the amount of \$7,000 may not be enough to put into the budget.

Mr. Elwell assured Mr. Watchman and everyone who had an interest in the drainage issue, that regardless of the budgeting on this item, the Town will never say there is not enough money to send people out in a storm to aid residents. He added that the \$7,000 will be reviewed as to the amount shown in the budget.

President Pro-Tem McLendon said he knew Mr. Watchman was the closest neighbor to the major inlet at the intersection of North Lake Way and Miraflores. He said the Town will sweep the streets more often and do many things to make the problem better. He asked that Mr. Watchman keep an eye on the inlet and when trash builds up, call Public Works.

Mr. Watchman replied that he and his neighbors could not clear the catch basins like the Public Works employees do.

Councilman Goldblum noted that a house on the end of the street, under development, also was a source of trash in the street.

Mr. Watchman said he and his neighbors noticed a pump and a drain from the edge of the Phipps Estate, which emits a lot of water that adds to the problem on Miraflores. He said he was not sure why the water should end up on Miraflores.

Councilman Wyett asked if higher legal costs should be considered due to the vast number of administrative hearings regarding the beach?

Mr. Elwell responded the costs are being defrayed for the representation in those cases through the proceeds from the bond fund. He said it should be considered as it erodes the funds available for the construction, but it will not require General Fund consideration this year. He said this is such a large project with many different pieces, that hopefully, in the final analysis, no additional funds will be required;

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however, as the project proceeds, a point may be reached where augmentation of the bond proceeds may be needed. That will be addressed in a future year.

Councilman Wyett complimented the participants who took part in this meeting and he thought the Council had a good handle on what the increases will be. He said it was his impression that when the final budget is presented, ways will be found to defer low priority or deferrable items if this budget will substantially increase and cause a substantial millage increase although increases in property values may offset that.

Mr. Elwell questioned the Town subsidy of the Medicare system. He asked if the Council wanted Staff to develop a recommendation regarding that issue to be presented to the Town Council with the budget this summer or should that be a separate, isolated item next season? Mr. Elwell said he understood the Town Council postponed action on this issue until after resolution of the hospital issue which was currently being resolved.

Mayor Smith said the hospital issue is not completely resolved and a number of unanswered questions remain. She said she thought the item should be considered separately, and with the amount of work the Staff currently has, this would be a major undertaking and very time consuming.

President Pro-Tem McLendon asked that the Fire-Rescue Chief update the data which is four or five years old.

Mr. Elwell said his question was would the Council like to have this issue heard during the season or considered with the budget in the summer?

Comments from each Council member:

Councilman Goldblum: He said he thought the Council should wait until the hospital situation has settled down because Chief Elmore reported the cost would be approximately \$1 million+ per year if one of the hospitals was closed. He said he would like to wait and see what happens with the two hospitals and go forward from that point.

President Pro-Tem McLendon: He said he would at least like to have the up to date data and have it ready to take action at the following Council meeting once the data is available. The issue is continually put off.

Councilman Wyett: He said he agreed the issue is premature, but he wanted to bring it to everyone's attention that the maintenance of the two hospitals is not the only

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issue to consider versus the Town's medical evacuation system. The increasing inability of the local Emergency Rooms to accept patients, and the ambulances are often advised to go elsewhere, may eventually cost an additional ambulance. Ambulances may be going further and waiting longer for admission. He suggested that may be a study item for the new Fire Chief to pay attention to, but it may be premature. He said the Council could act at some future time but could not act presently.

Councilman Brooks: He said he agreed with the majority – to delay.

President McDonald: He said the majority is totally imprecise and not concise at all. He said his answer to Mr. Elwell was that the Council would not deal with it for a while.

Mr. Elwell replied his sense of the majority was that the Town Council would deal with it next fall, obviously being aware of what is relevant in the mean time.

Mr. Elwell said he wanted to make sure that all interested parties were aware that in addition to the Comprehensive Annual Financial Report that is available to anyone who is interested in past history; for the current year, the adopted budget is available at a charge, and an abbreviated handbook of the Town budget is available at no charge.

E. 5-year Capital Improvement and Equipment Replacement Plans

Town Manager Elwell explained the items listed under this program were informational, and the documents were utilized as part of the foundation for the development of the document just reviewed regarding anticipated budget changes. He said the Capital Improvement Plan has been part of the budget for many years, and the Town does have a five year Capital Improvement Plan and a one year budget plan. He noted that a five year equipment replacement plan is new and utilizes the same concept of looking ahead on a multi-year basis and pre-funding needs to keep the expenditures for replacement items as stable as possible from year to year.

Mayor Smith questioned why the Police Department sky light was not being replaced this summer during the expansion of the building? She asked why the Police Department shutters were not also included at this time?

Mr. Dusey responded that neither of those projects were identified when the monies were formulated for the expansion. He noted that all of the Town's buildings that had shutters installed in that era no longer meet standards, and all the facilities will

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be upgraded over time.

Assistant Town Manager Tom Bradford reported emergency management grants from the Department of Community Affairs in Tallahassee are very common at this time plus federal grants are also available that may cover the installation of the shutters. He said these were fairly fast to obtain. He said it was possible in some cases to receive reimbursement after the installation of shutters, but not in all cases.

Assistant Chief Reiter urged the Town Council to allow the installation of the sky light at this time but the shutters are only on the second floor. He said there would be minimal disruption if the shutters were replaced at a later time.

After discussion, **Councilman Goldblum made a motion to approve the installation of the Police Department sky light this summer. The motion was seconded by President Pro-Tem McLendon and carried 5-0.**

Mr. David Barton questioned the long range planning as proposed by the Town. He said he thought two years was too long to plan the plan.

Mr. Barton noted he sent Mayor Smith a letter a year ago requesting changing the structure for planning and capital improvements for the Town. He said this should not be under the direction of the Town Manager.

VII. Palm Beach Day School Request to Close Seaview Avenue

Jim Brindell, Attorney for the Palm Beach Day School, said Martin List from the Day School and Lisa Hamilton from Weitz Construction were also in attendance at the meeting. Mr. Brindell said the new gymnasium at the school is very close to being completed, but the water and sewer lines need to be hooked up. Mr. Brindell presented a graphic showing the proposed hook ups and the proposed flow of traffic that would result in the closing of Seaview Avenue.

Mr. Brindell explained that the Town has a 24 inch stormwater line located along the

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southerly part of Seaview Avenue; between that and the center of the road is the water line; and the manhole for the sewer is located to the west of the connecting location. To connect the water and sewer lines for the school, the contractor has to dig underneath the stormwater line; a distance of approximately eight feet. The area has to be dewatered while work is underway. Mr. Brindell said the school and Town Engineer Bowser will meet to discuss the best technical way to do the hookups resulting in the least amount of time to do the work.

Mr. Brindell requested Seaview be closed from the east to the west ends of the Gymnatorium. Two-way traffic would be handled on both ends of Seaview for the three to six days it would take to complete the hookups. Mr. Brindell said the contractor would like to start on April 2nd.

Town Engineer Jim Bowser said Public Works opposed the part of the plan that would use part of the sidewalk as part of the maintenance traffic plan to allow the road to stay fully opened. He said u-turns in the street, as shown on the graphic, cannot happen; the signage would be checked to be acceptable to the Town; two crews could work the job – one on the sanitary and one on the water; the sanitary line could be adjusted further to the west which provides additional separation; and the barricaded area could be a little longer and wider to have crews and equipment there to maximize the efforts.

Mr. Bowser said the school gymnatorium cannot open without the fire line and the sanitary sewers.

Mr. Brindell said they would have a flag person (off-duty policeman) at the each end of Seaview. He explained driveway entrances existed at each end of the play field and school building to allow turn arounds.

Mayor Smith concurred with the Council members who thought this would be a traffic problem and asked why this plan was not presented to the Town Council earlier?

Mr. Brindell explained the contractor had only recently found out that the storm line was located on the south side of the street and the sewer line stub had been cut so it was not accessible from the curb area.

Assistant Chief Reiter said he would like to leave the traffic issues to the discretion of the off-duty policemen at the each end of Seaview to allow turns, etc.

Chief Koelz encouraged the use of off-duty police officers rather than flagmen.

Councilman Goldblum made a motion to accept the plan with the suggestions made at this meeting. The motion was seconded by President Pro-Tem McLendon.

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Mr. Elwell clarified that the motion included anything the Staff, and particularly the Police Department and the Town Engineer required, and not limited to the discussion at this meeting but what might evolve as the project moves forward.

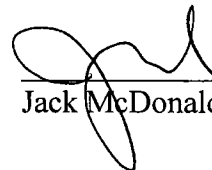
The Town Council concurred with Mr. Elwell's comments as part of the motion. On roll call, the motion carried 5-0.

VIII. ANY OTHER MATTERS

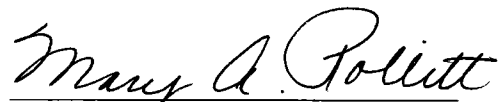
There were none.

IX. ADJOURNMENT

The meeting was adjourned at 11:50 a.m.



Jack McDonald, Town Council President



Mary A. Pollitt, Town Clerk

