# TOWN OF PALM BEACH

Office of The Town Clerk

## MINUTES FROM THE SPECIAL TOWN COUNCIL MEETING HELD ON MARCH 25, 2002, REGARDING THE PALM BEACH PUBLIC SCHOOL AND BUDGET MATTERS

### I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 10:00 a.m. by President William J. Brooks. On roll call, the following Elected Officials were found to be in attendance: Mayor Lesly S. Smith; President Brooks; President Pro-Tem Norman P. Goldblum; Councilman Samuel McLendon; and Councilman Allen S. Wyett. Councilman Jack McDonald arrived at the meeting at 2:00 p.m. Also attending for all or part of the meeting were: Town Manager Peter B. Elwell; Assistant Town Manager Thomas G. Bradford; Assistant to the Town Manager David F. Jakubiak; Human Resources Director William C. Crouse; Risk Administrator Karen Temme; Fire-Rescue Chief Kent W. Koelz; Information Systems Manager Spencer Wilson; Human Resources Director William C. Crouse; Finance Director Jane Skittone; Assistant Finance Director Cheryl Somers; Director of Planning, Zoning, and Building Robert L. Moore; Public Works Director Albert P. Dusey; Police Chief Michael S. Reiter; Planning Administrator Timothy M. Frank; Recreation Director Russell Bitzer; and Town Clerk Mary A. Pollitt.

### II. INVOCATION AND PLEDGE OF ALLEGIANCE

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

Town Manager Elwell pointed out on the agenda that the School District would be heard first regarding the public school plans with the beginning of the budget items after that. The meeting will break at 11:30 a.m to allow for attendance at several mid-day activities in the Town. The meeting will resume at 2:00 p.m. with the continuation of the budget items.

President Brooks announced public comments could be made after the presentations.

### III. APPROVAL OF AGENDA

Councilman Wyett made a motion to approve the agenda. The motion was seconded by President Pro-Tem Goldblum and carried 4-0 on roll call as Councilman McDonald was not present at the morning session.

Post Office Box 2029 • 360 South County Road • Palm Beach, Florida 33480 • (561) 838-5416
Fax No. (561) 838-5417

**IV. PRESENTATION REGARDING REPLACEMENT OF PALM BEACH PUBLIC SCHOOL - PROJECT SCHEDULE AND SITE PLAN CONSIDERATIONS**
Kris Garrison, Director of Planning, Palm Beach County School District, and Young Song, Project Architect]

Kris Garrison, Director of Planning, Palm Beach County School District addressed the Mayor and Town Council. Ms. Garrison said the District will be embarking upon the modernization of Palm Beach Public School next year, and the architect selected for the job is Song & Associates. She said the emphasis will be on the 2.4 acre eastern campus to design a building that makes sole use of the eastern parcel, and, based upon the success of that design in the future, the District would consider divestiture of the parcel on the western side of Cocoanut Row to a party that would be interested in preserving the existing building.

Ms. Garrison said the normal procedure would be to replace the existing building on the east side of Cocoanut Row, following the State formulas; however, this situation has been treated differently. She said if it is possible to meet the District's budget, the northern facade would be retained; however, the main challenges for the small building site are the construction schedule and creating parking solutions. Ms. Garrison said the compressed construction schedule would start as soon as the children finish school in the spring of 2003, working through the summer and school year with the opening to be in August of 2004.

Ms. Garrison said the joint use agreement for facilities on the east side of the campus between the District and the Town will be in full force and effect during, not only the planning stage, but after the construction is completed. She mentioned the location of the existing soft ball field, and the District will be contacting the Town for an agreement that will enable the District to reconstruct the field slightly to the east.

Ms. Garrison noted the District will cooperate with the Town on issues related to the drainage problems and roadway improvements. She added the architect will be working with Town staff to resolve set back issues that arise from using such a small campus.

Architect Young Song introduced her staff and presented board designs showing the outlines of the building, site plan, and parking configurations. She said 490 students will use the proposed 65,000 square foot facility with traffic flow for drop-off of students and parking being major concerns.

Responding to questions from Councilman Wyett, Ms. Garrison responded the number of staff would remain much as it is presently with 37 parking places planned; twenty-four of which already exist (includes east campus plus west campus). Ms. Song added that off-site parking is needed.

Councilman Wyett said he had problems with the plan, as presented, regarding parking and public safety for the children.

Ms. Garrison said the actual number of students may be in the low to middle 400's because the programs take up additional room, and the 490 student number may not be able to be maintained.

Councilman McLendon questioned the School Board's decision to bus 95% of the students to the school rather than busing the 5% of Palm Beach students to schools in West Palm Beach.

Ms. Garrison responded that she understood that during past discussions between Palm Beach and the School Board regarding moving those students to other schools on the west side of the Intracoastal, the idea was not met with a great deal of support.

Councilman McLendon stated he had a great fondness for the school and participated in the programs at the school, but, as Councilman Wyett noted, he was not sure the site was large enough for a school.

Councilman Goldblum said he thought the traffic pattern was absolutely horrible, and traffic is one of the main problems in Palm Beach. He suggested placing a traffic light at the edge of the parking lot, allowing cars to make a left hand turn. He added this could be part of a traffic study, and the site is not good for the number of students and teachers planned for the facility.

Mayor Smith said this meeting was for the purpose of obtaining the input of the Town Council, and the interests of the community are not served by comments that the school should not be here. She said the Council should be giving constructive ideas related to how the school can fit on the size of the campus, and the Town has a public school, for which the taxpayer pays 44 cents of every dollar to the School Board. She added that many Palm Beach parents would like to see the school remain and prosper, and then put their children in the public schools. Mayor Smith said the traffic problem is difficult, but now is the time for the Town Council to present ideas to Ms. Song and Ms. Garrison.

Director of Planning, Zoning and Building Moore stated the Town's position, which is a policy issue, has been to retain the public school, and this presentation was for the purpose of getting feedback from the Town as to the direction the project will take. Mr. Moore said Ms. Garrison and Ms. Song need feedback regarding the area east of the proposed project that belongs to the Town which would require an interlocal agreement to allow a playground area for the kindergarten facilities.

Mr. Moore said the Town does have an interest in the property on the west side of Cocoanut Row and what will happen to this property in the future. He added one of his hot issues is the road/drainage construction on Cocoanut Row, north of Royal Palm Way, which the School Board has agreed to coordinate with the Town.

President Brooks said he agreed with the Town's policy to retain the public school and thought the strength of the public school system is part of the American ethic. He thanked Ms. Garrison and Ms. Song for their presentation, and after meeting with the Town staff, he expected additional observations and recommendations would be coming to the Town Council from the School District.

Councilman Wyett said he wanted to emphasize that there was too much school in the design, although the public school is very important. He said he thought the School Board should re-visit the idea and have fewer grades; the site does not have the room for all the expansion the School Board wants; he was not receptive to off-site parking on the street; accelerated construction has to be reviewed for congestion; the traffic corner is very busy and creates a public safety issue; the traffic plan pushes traffic onto residential streets; and no capacity exists for parking for school visitors.

President Pro-Tem Goldblum questioned if a building could be designed with first floor parking, a parking garage, with a school over it.

Mayor Smith said the purpose of this meeting was to discuss questions such as could the design be a three story structure that would have required a large variance? She said if the Town Council thought the parking was important, that is the message that should be delivered to Ms. Garrison and Ms. Song. She mentioned that certain specifications are required by the School Board, and it is not a question of what is or is not going to be done; certain facilities have to be available for the children, and the school has grades K through 5.

Mayor Smith continued that if the Town Council thinks a three story building with parking on the ground floor is an idea, that should be given to the architect for the design of the building since that process is just starting.

Ms. Song responded that the reason the building is a 65,000 square foot building is not because of proposed student increases or added classrooms, but most of the existing classrooms are significantly under the State required room sizes with the cafeteria not up to current State standards. She said her goal is to work with the Town staff and engineering department in an attempt to improve the current situation.

President Brooks verified that the subject of a three story building was open to discussion but had not been approved by the entire Town Council.

Councilman Wyett said he was not prepared to make concessions for "the best you can", and it must be right with totally adequate parking.

President Brooks called for comments from the public. There were none.

Mr. Moore reiterated that the purpose of this meeting was to exchange information, but the Town retains the authority, through its Comprehensive Plan and its Zoning Ordinance, to deal with the actual zoning and planning issues associated with construction of a new school. He said the School Board's professionals are trying to develop a school that will meet everyone's needs, and they are at this meeting to acknowledge that the Town has the final say including the need for a variance along with a special exception; a traffic study; water, sewer, and police issues; Recreation Department and Palm Beach Day School input. He said it is vital that the School Board receive some direction from the Town Council to be able to work with the Town staff in working out details for a future presentation.

President Brooks stressed the parking problems as being the greatest concern of the Town Council and said that Ms. Garrison and Ms. Song heard the comments of the Town Council members to aid them in their design preparation for the project.

President Pro-Tem Goldblum added that in development of the traffic pattern, 90% of the people attending the school, teachers and students, come over the bridge and suggested the proposed traffic pattern should be as close to the bridge as possible.

Town Manager Elwell asked if the Town Council would feel comfortable providing additional comments on the issue of a third story for the school, as it was important, from a cost perspective, for the professionals to have direction to prepare a design that would be acceptable to the Council.

**President Pro-Tem Goldblum made a motion to recommend a parking garage be considered on the first level of the new unit subject to the plans that are returned to the Town Council with two stories above the parking garage. Councilman Wyett seconded the motion with the addition of studying the traffic pattern bringing the traffic in and out without going into the interior streets. Mr. Goldblum accepted that addition to the motion.**

Councilman McLendon asked how tall the existing school building on the west side of Cocoanut was?

Mr. Moore responded it was approximate 2 ½ stories, and it is an auditorium/gymnasium (approximately 40 - 45 feet tall). Mr. Moore said a three story building could be about the same height depending on the roof style.

Mayor Smith said it would probably be higher than 45 feet, and in the course of previous meetings, more detailed plans were reviewed where the sizes and uses of the classrooms were discussed as well as the music rooms and the auditorium. She said, in the interest of time, Ms. Song and Ms. Garrison did not present those plans at this meeting as it would have taken approximately two hours.

Mayor Smith said the three story concept came in during the presentations with nine firms bidding on the school, and several of them came in with a three story concept; however, the feeling was the Town would not be receptive to that concept, and that is one of the reasons for this meeting. She said she knew of three meetings on the traffic issue with emphasis of removing the traffic from Seaview, and the traffic design pattern presented at this meeting with the traffic emptying out on Cocoanut Row was the result of those meetings. Security issues for the children are also paramount.

Town Manager Elwell said the Town Council should understand that the statutory language is being reviewed as to exactly what the appropriate verbiage will be when the design is reviewed by the Town Council and the Landmarks Preservation Commission for approval, and it won't be the typical Special Exception and Variance type language that the Town Council considers when private entities come before the Town Council. Specific statutes apply to public school buildings, and it will be a very thorough site plan review with the Town Council having authority over the same kinds of issues that apply to variance applications.

**On roll call, Councilman Wyett's motion carried 4-0 as Councilman McDonald was absent from the morning session of this meeting.**

Ms. Garrison commented that three obstacles came up when a third story was considered, and the Town removed one of them by making the previous motion. The other two obstacles are cost, with a significant cost increase for a third story, and State regulations for educational facilities design requirements that maintain that younger children need to be on the first floor. She said that Ms. Song will have to create a design where all the right grades fit into the correct location.

## V. **BUDGET MATTERS** [Peter B. Elwell, Town Manager]

### A. STATE OF THE TOWN FINANCES FY 2002

Town Manager Elwell, referring to his March 22nd memorandum to the Town Council, noted that some changes were made to the process and the documentation related to the budget including the fact that the budget calendar is attached with the July 8th Finance and Taxation Committee being the focus of the review of the proposed budget; that the budget format was modified in certain ways last year and the proposal this year included an additional change that will consolidate all of the various departmental facility maintenance programs into one program within the Public Works Department. He said the labor intensive process of "charging out" all of the particular efforts and supplies that are purchased in order to complete this work within the various programs is really not paying dividends to the Town in terms of meaningful information regarding the program budget, and the strong suggestion to the Council for the preparation of the budget is to incorporate all of those items into the Public Works Department budget as a single item to improve accountability and clarity of the budget document.

Mr. Elwell said that goals and objectives will be paid specific attention in the proposed FY2003 budget; particularly measurability and specificity of the goals and objectives that relate to the individual programs. The reflection in the budget of the five Town priority goals adopted by the Town Council will be addressed in certain specific ways. He added that improvements in the goals for FY2002 have been made which will lead to the next step of providing full fledged performance measurement utilizing those goals in future years. This system will be built over time, first getting the budget format in shape, last year, then adding more specific goals this year with true performance measurement in future years.

Mr. Elwell said the reserve polices will be discussed–one in particular is last year's adoption of ten financial policies regarding several different aspects of reserve funds within the Town. Two additional policies discussed last year were related to the reserves necessary for management of the insurance funds; the health insurance self insurance program in the Town as well as the general insurance risk management program. He said the staff is presently developing these programs and the intent is to present them with the FY2003 budget in July. Additionally, staff is developing a policy related to dealing with the expenditure side of revenue short falls. He noted the Town Council adopted a policy last year dealing with the use of reserves in circumstances such as currently exists for the Town with a temporary revenue short fall. Mr. Elwell said the staff has developed some specific actions to control expenditures given the existing revenue circumstances, and it is important that those types of measures be memorialized into a policy that will identify several different phases of financial distress and specific actions that would be taken depending on how severe the revenue shortfall might be in any given year. He added that those three additional items will be presented in July.

Councilman Wyett questioned if 'temporary shortfalls' will be the proper terminology, and there is no reason to believe that next year's income will be greater including the revenues from interest that may not improve significantly. He said this may be a reduction in Town income where in previous years, the Town has had the advantage of having substantial increases in income, and the Town must learn to live within the incoming revenue. Mr. Wyett said he did not believe Town surpluses should be used as a percentage of the total budget.

Mr. Elwell responded that no one sees 'temporary' as being a matter of a few months, and the Town has a very serious challenge in preparing the FY2003 budget because the Town envisions continued levels of building permit revenue and interest income as being substantially lower than what was budgeted for this year. He noted that the staff has done some 'belt-tightening' and expects to continue to do that for FY2003, and it is reasonable to look at eighteen months as a period of financial strain. He said that the events of September 11th have also impacted the budget for this year and next year.

Mr. Elwell referred to his March 22nd memorandum reporting on the status of the FY2002 budget reporting that anticipated revenue income is down; noting that larger expenditures for capital items are being watched very closely as well as the initiation of hiring of new personnel and new programs that are all being timed very carefully so as to create savings on the expenditure side of the budget. He added that because of the fall off of building revenues, a prohibition of spending operating fund capital money is in effect, and the goal is to avoid any short fall at the end of FY2002 or if there is a short fall where the expenditures exceed the revenues for this particular operating year, that the short fall be as small as possible to allow the use of reserves to cover that short fall to the least degree necessary.

Mr. Elwell said it was important to note, regarding the use of the reserves, that is what reserves are there for, and have been set aside by Town policy to allow for economic 'rainy days' such as the Town is experiencing presently, and the policy states the Town must maintain at least 25% - 3 months of operating revenue - a prudent level as a reserved fund balance. He said the Town currently maintains 35% of the budgeted revenues or approximately $17 million, and the 25% standard is equal to $12 million. The excess is $5 million that would be available, if necessary, to use for the purpose of covering a shortfall, and the expected shortfall should fall very far short of $5 million with the efforts made on the revenue and expenditure sides of the budget.

Mr. Elwell mentioned the sale of the Pike Road property will yield approximately $2 million which should be finalized during this fiscal year; although the staff thinks this money should be re-invested in the capital works the Town plans to undertake. He said he urged the potential use of reserves as a responsible action to address a short term deficit situation, and the staff will approach the FY2003 budget with ways that are extremely conservative in the budgeting of revenues and also extremely tight and restrained in the budgeting of expenditures to live within the Town's means.

Mr. Elwell said the current "belt-tightening" on the expenditure side has been done within the context of not reducing any levels of service that the Council set or the residents expect. If the Town Council directs that no reserves are to be used for a deficit and the staff is directed to do whatever is necessary in order to reduce expenditures as to not exceed revenues, then levels of service and possibly personnel would have to be reduced. Mr. Elwell said, at this point, the situation is temporary and those measures would be more extreme than necessary for this Town at this time.

Councilman Wyett said he disagreed with Mr. Elwell in that he did not think this was a "rainy day" situation but was a "cloudy day" situation, and the short fall may be $1 million, but probably not beyond that. He said the reserve funds that are $5 million or $7 million over the statutory requirements are not sufficient for a coastal town, and the reserve funds are for major catastrophes such as hurricanes. He said the Town has to live within the budget, and he was advocating fiscal responsibility to reduce this budget by 5%, reviewing the budget department by department, line by line.

Mayor Smith said all the departments have been attempting to reduce their current budgets, but the Town has security concerns that must be taken care of.

President-Pro Tem Goldblum said the Town Council has approved many capital programs during the past year, and he would like to have the Council re-consider the priority and cost of these programs.

Mr. Elwell addressed the issue of policy concerns as related to a 5% cut, and said the staff has identified the areas where money has not been committed or spent and where spending can be avoided between now and the end of the fiscal year without negatively affecting service delivery. He said the amount of approximately $900,000 has been identified, and the goal is to save everything that can be saved without affecting service delivery. He added the goal includes not having a deficit by September 30th that would require using any of the reserve balance.

Mr. Elwell said, referring to the ten adopted polices by the Town Council, that funds are set aside in the Risk Fund explicitly for catastrophic exposures and emergencies such as fires, hurricanes, or massive property damages, and the current situation is certainly not catastrophic. He said the policy that is relevant to this discussion is headed "Undesignated Fund Balance-Stabilization Reserve General Fund" and this is intended to have ample maintained funds in the fund balance within the General Fund to cover some short term revenue deficiencies. He quoted the Town's policy: "The Town should maintain a prudent level of financial resources to protect against reducing service levels or unnecessarily raising taxes and fees because of a temporary revenue short fall due to the severe economic downturn or other major events affecting the general fund." Mr. Elwell said it was his opinion that the policy covered the current situation..

Mayor Smith said she thought the suggestion to appoint a three member Investment Advisory Committee to work with the Finance Director to formulate investment strategy was an excellent idea and suggested this be an agenda item for the April 9th Town Council meeting. She added that the members should be Town residents who do not work or have a business interest in the Town of Palm Beach, and she would like to see them be completely objective.

**Councilman Wyett endorsed the Mayor's suggestion and made a motion to put this on the April 9th agenda for Town Council consideration.**

President Brooks questioned if a motion was necessary to have this as an agenda item.

Mr. Elwell said if the Town Council was comfortable with the concept, the staff could begin the process of announcing to the community that applications should be submitted to the Town and start the process going.

President Brooks thanked Town Manager Elwell and Finance Director Skittone for the preparation of the report and the meeting would reconvene at 2:00 p.m.

Councilman McLendon questioned who was making the financial investment decisions for the Town and was it not the State Board?

Mr. Elwell confirmed that it is the State Board, and that could be addressed as the first item after the lunch break.

The meeting adjourned for lunch at 11:24 a.m.

* * * * * * * * * * * * * * * * * * *

The meeting reconvened at 2:04 p.m.

Town Manager Elwell observed that after considering some of the Council members reactions to the appointing of an Investment Advisory Committee so soon after leaving First Union for the State system, was that it might be possible to gain some benefit from investing some of the Town's money differently, at a slightly higher interest rate than what is earned through the SBA, and the idea was to obtain some expertise from Town residents who might help devise a limited strategy of moving forward.

Ms. Skittone said she was looking for this committee to provide input, and hopefully the committee would have expertise in the area of fixed income securities. Currently, the SBA pays 1.92%, and it seems only prudent to explore other options to diversify that holding. The Town has $80 million in SBA, and with that large a sum of money, exploring other options with a committee to guide the Town in ways to improve the earnings without adding much risk would seem prudent.

President Pro-Tem Goldblum asked if the Town could invest in municipal bonds that currently are paying 5%?

Ms. Skittone replied that the Town's investment policy does allow that; however, the Town cannot buy equities.

Councilman Wyett asked what length of time the State uses for investments?

Ms. Skittone responded that the average maturity was 60 days.

Councilman Wyett added that 1.9% for short maturities was a good rate and the only higher rates were available by going longer ranges such as 2, 3, or 4 years.

Ms. Skittone said that the Town could tie up monies to go out at least two years.

**Councilman Wyett restated his motion to establish an Investment Advisory Committee. The motion was seconded by President Pro-Tem Goldblum.**

Responding to Councilman McLendon's question regarding appointment of members to the Committee, Town Manager Elwell said if this motion is approved, the staff will provide a notice to the community and plan to make appointments at the May 14th Town Council meeting. He said the announcement will include reference to the desire that there is no conflict of interest for any member and ask them to provide some information about the limited or degree to which they don't have any conflicts in Town.

President Brooks added that these appointments will be handled similarly to other appointments to Boards and Commissions by the Town Council.

**On roll call, the motion carried 5-0 as Councilman McDonald arrived at the meeting at 2:00 p.m.**

B. SECURITY RELATED EXPENDITURES -
REQUEST FOR ADDITIONAL APPROPRIATION

President Brooks said that it was his desire to not keep anything out of the Sunshine Law; however, all of the details regarding security should not be provided so as to not make these details part of the public record.

Police Chief Michael Reiter reported that since September 11th, domestic security has been a high priority with involvement in planning, operational initiatives, threat analysis, and intelligence activities, but along with that the department requests some additional equipment for present needs and needs that will be addressed in the future. He said it was in the Town's best interest not to describe in great detail what is proposed including areas such as weapons and other vulnerabilities that may be identified and will be addressed with this request.

Town Manager Elwell said the requested amount of $141,905 to be transferred from the General Fund Contingency was already factored into the discussion regarding expenditure savings, and approving these funds would not create a greater budget challenge.

Councilman McLendon mentioned that $200,000+ was already approved for security purposes.

Mr. Elwell affirmed the amount was $204,000, and this was the final amount expected, barring any unforeseen event. He explained that $83,000 has been spent on smaller items and $58,000 is needed to finish the job this year for a total of $141,905. A total of $287,000 has been spent; $204,000 was previously transferred; and approval for $83,000 is needed today to make the account whole with the $58,000 beyond that amount.

**President Pro-Tem Goldblum made a motion to approve the amount of $141,905 from the General Fund Contingency for security related expenditures. The motion was seconded by Councilman McLendon and carried 5-0 on roll call.**

C. MAJOR BUDGET CHANGES ANTICIPATED FOR FY 2003

Town Manager Elwell said the challenge to the staff in the next few months is to control the expenditures which some can only partially be controlled, and after considering the decline in revenues this year and realistic projections for FY2003, the anticipation is that some amount of tax increase will be necessary for the next fiscal year to deal with the increased expenditures and reduced revenues. He reported that the approved charging for ambulance service would generate approximately $320,000, starting October 1, 2002.

Responding to Councilman McLendon's question regarding starting prior to that date, Ms. Skittone responded the delay involves the application to Medicare to receive permission to bill them plus ordering the additional software and implementation of the program for billing.

Fire-Rescue Chief Kent Koelz added that Medicare requires 60 to 90 days for the application period; additionally the training schedules, provided by Medicare, are not always available in a timely manner. He said, if possible, the billing will start earlier.

Mayor Smith stated her continuing opposition to the billing for ambulance transportation in Palm Beach.

Councilman McLendon questioned the $1.2 million cost for a new MICU and the difference between that cost and the two or three units that were donated previously by Town residents?

Chief Koelz responded the $1.2 million included the cost of twelve to fifteen people who would staff the units, and the base price per unit is approximately $130,000 to $150,000. He continued that a third unit requires the review of the entire Fire-Rescue Department operations and the impact of providing continuous shift coverage. The $1.2 million covers a one year operational period.

Mr. Elwell reported that a placard program is planned for Phipps Ocean Park where individuals could park utilizing a hanger that would be purchased quarterly rather than feeding parking meters. He said that should be advantageous for use of the tennis facility and helpful for overflow parking for some of the condominiums located nearby. Mr. Elwell suggested a $10 per month increase for the placard program be adopted, and that would apply not only to the new program but also to the two existing programs. The overall estimate of revenue for the upcoming fiscal year would be $33,800.

Responding to a question from Mayor Smith regarding the funding for construction of the tennis courts which may not be coming in until FY2003, Mr. Elwell responded the agreement was the donations would be forthcoming upon the issuance of the certificate of occupancy at the new condominium.

Jerry Frank, Palm Beach resident, said the promise was the funds would be available upon completion of the first building and the movement of the sales center into the first building, not the completion of the project.

Responding to a question from Councilman Wyett regarding the cost of monthly/quarterly parking fees, Ms. Skittone replied the current fee is $240 for four months, and no discount is given for paying on a yearly basis.

Mr. Elwell noted that the placard program is different from the decal program which is done street by street, according to ordinances that have been adopted, and the placard is a convenience program that is based on a first come, first serve basis.

Mr. Elwell pointed out that the $23,000 revenue item results from the expected revenue from the rooftop Nextel lease on Town Hall.

Mr. Elwell reported that the Building Department revenues cannot be reasonably expected to recover from where they are this year, and the only responsible way for FY2003 is to budget at the reduced rate with an expected $1.5 million loss in revenue from budget to budget. Interest income is expected to be $550,000 less.

Councilman McDonald asked if a building moratorium would affect the Building Department revenue dramatically?

Mr. Elwell responded it would further reduce the revenues if there were significant restraint placed on building projects in Town, however the specific impact on the budget would have to be figured on the constraints of any approved moratorium. He continued that the general indication for the Town based on ad valorem revenue projection is that there may be one more year of increased property values because of the lag of actually putting the completed building projects on the Property Appraisers list. Based on the lack of building activity in Palm Beach and large projects, it is possible there may not be increased values the following year.

Mr. Elwell said the staff will present to the Town Council in July a balanced budget with all the details regarding expenditures and proposed revenues, and a proposed tax rate will also be presented at that time along with a proposed dollar projection of the amount that tax rate would generate. He said this meeting was for the purpose of identifying for the Mayor and Town Council those things which are considered to be of great significance that would have an impact, one way or the other, on the budget.

Mr. Elwell reported it is not prudent at this time to expect increases in the investment income above the aforementioned $550,000 decline in projections. He added the water utilities tax is expected to decrease which is good from a water conservation perspective.

Mr. Elwell outlined the policy decisions for expenditure changes that will be presented to the Town Council later in the year as listed in his March 22, 2002 memorandum to the Mayor and Town Council:

- Addition of a third medical transport unit if need is confirmed by the current Fire-Rescue Department Study. The cost of this new program is estimated to be $1,180,766.

- Addition of Shift Commander positions, if need is confirmed by the current Fire-Rescue Department Study. The cost of this new staffing would be $487,851.

- The department has experienced a substantial increase in overtime costs in FY2002. The department staff has proposed an increase of $50,000 (25%) to the overtime accounts to cover the anticipated overtime.

Mr. Elwell identified the following decreases from the Public Works Department for FY2002:

- In FY2002 the department purchased telemetry equipment at a cost of $110,000. No similar items will be proposed in the FY2003 budget.

- In FY2002 the department purchased a specialized vehicle for the containerized yard trash pilot program at a cost of $153,000. This purchase will not be duplicated in FY2003.

D. REQUEST FOR APPROPRIATION FROM SELF-INSURANCE FUND CONTINGENCY FOR RISK MANAGEMENT CONSULTING SERVICES

Mr. Elwell said the Risk Management program is one of the least controllable programs and will probably have one of the most significant increases in the upcoming budgets because the insurance market has hardened since September 11th. Mr. Elwell said a recommendation will be made later in this meeting to spend $14,000 to have an independent study of the Town's coverages, reserve levels, and the entire Risk Management Program to identify possible strategies to reduce the impact on the budget this year and plan for future years.

Mr. Elwell said the Health Insurance plan will increase too; current year costs are expected to exceed the $3,700,000 budgeted amount; FY2003 estimated costs are expected to increase approximately 16% over the current year's estimated costs. The increases are due to increased utilization and medical cost inflation, especially for prescription drug costs.

Human Resources Director Bill Crouse reported that the Town has utilized Gallagher Bassett as a consultant since 1978 and has gone with Blue Cross/Blue Shield since the year 2000. Mr. Crouse said it is a State law that every municipality offer insurance plans to their retirees.

Mr. Crouse noted that the budget, since 1992, has had a reserve amount to even out the necessary yearly budgeted amount for health care, and the Town has been able to offer a good program for its employees and retirees.

Mr. Elwell said a general pay increase is anticipated for FY2003 but not of the magnitude as the 4% for FY2002, and the amount will depend upon the Regional Consumer Price Index information that will be available in May and the market place analysis which indicate the increase will not be as high as in previous years.

Mr. Elwell said retirement contributions are expected to increase by more than $1 million, although that exact figure is not available at this time but will be available after an actuarial analysis is completed.

Mr. Elwell identified the following from his March 22nd memorandum:

- An upgrade for the Police and Fire Communications system would cost $25,000. This upgrade will increase the productivity of dispatchers, improve their communication with field personnel, and enhance reporting.

- Software for parking ticket tracking and maintenance would cost approximately $35,000. The current software that is being used was written in-house and has many limitations. One of the major limitations is the inability to bill out-of-state ticket holders. Currently staff would have to contact each state's motor vehicle department to retrieve the address information at an additional cost. A new system would have the ability to gather this information electronically and allow us to bill the out-of-state ticket holders efficiently. (This is expected to pay for itself within the first year.)

- The purchase of an HTE 911 mapping interface for $20,000 would provide dispatchers with call and incident locations on the Town's GIS map. It also would identify public safety vehicle location and the cost would be partially offset by the Count 911 funds.

Estimated debt service for the Town Facilities Project is $405,700. This amount assumes a $5,200,000 issue, 4.75% interest and a 20-year term. The total project cost is estimated to be $7,200,000 and would be partially offset by the proceeds of approximately $2,000,000 from the Pike Road property sale. The 20-year term was used since it generated the most conservative debt service amount.

President Brooks requested comments from the public.

William Cooley, 233 Tradewind, asked if the position of the "Beach Chief" was filled?

Mr. Elwell responded the Town was in the process of filling that position presently and an announcement will be made within days.

Mr. Cooley questioned if filling that position was necessary. Mr. Elwell responded affirmatively.

Mr. Cooley suggested that the Town Council reconsider the entire beach project; consider dividing the Town in three or four special assessment districts, asking the people in those special assessment districts if they want this project and if they want the ECL. He continued if the residents want the project, an assessment can be levied in the districts with the Town picking up part of the cost. He said in two years, the Town will be paying $4 million bond payments, and the cost of the project could be reduced greatly with the cost burden placed on the people who benefit from it.

Councilman Wyett asked if the current State Legislature was holding back any beach funds and if the Town was on schedule to receive allocations?

Mr. Elwell replied affirmatively.

Mayor Smith asked what the cost difference was between the three year drainage project and the one hundred year project?

Mr. Elwell confirmed that he recalled Councilman McLendon's figure of 10% or approximately $3 million as the difference. ($4 million by today's figures)

Councilman Wyett commented on the proposed drainage project and the condition of the streets in the north end during that construction. He requested the Town Council lengthen out the project.

Mr. Elwell confirmed he had heard the same comments from citizens and Town Council members. He said he planned to present some information to the Town Council at the April 9th meeting to reconsider the length, scope, pace, and funding of the project.

President Pro-Tem Goldblum said he recalled the Town was going to go ahead with the pumping stations to see how they would affect the drainage problems before the lines in the streets were replaced.

Mr. Elwell replied that was one approach, but beyond that, he heard other desires to stretch out the pump station work beyond the first five years which would be years 2003, 2004, and 2005 for the actual construction. He said he was hearing that may be too aggressive, and the construction should be stretched out further. He said he would bring some information that would address these issues to the April 9th Town Council meeting.

Mayor Smith commented that she had heard from residents who live on North Lake Way who are very concerned about the proposed construction activity with the drainage issues with some of the areas being available by foot only. She requested the Council reconsider the issues.

Councilman McLendon requested Town Manager Elwell to consult with Attorney Randolph regarding the issue of the Town doing work on private properties that might result in cost savings to resolve some of the drainage issues, i.e. raising houses in lieu of spending $3 million for improvements or on-site retention work that would reduce flooding.

Mr. Elwell responded the Town does not have any obligation to approach solutions from that perspective. The public solution that serves the community is the Town Council's obligations; to decide what, if any, improvements need to be made to increase the level of service. He reiterated the Town Council did not have an obligation to protect certain homes if the improvement does not benefit the community. He urged the Town Council to be very cautious about that, because the undertaking of a private improvement in the drainage area raises the question of "in what other policy areas might you be asked by affected individuals to undertake a private project on their behalf?" He continued that to do a drainage project that benefits everyone, but benefits certain people especially, is one thing, and one of the funding issues related to that is that funding might be approached differently such as a special assessment program or creation of a drainage district.

President Brooks asked Mr. Elwell to make that part of the information presented to the Town Council for consideration at the April meeting.

Mr. Elwell said he would provide the same information on the Coral Lane to the pump station improvement as was provided at the last meeting, and to do this project as fast as possible would require in-season construction which the Town Council wrestled with at the last meeting. All the information will be provided and construction is now planned for the summer of 2003 rather than in the winter of 2002/2003.

President Brooks requested that the interested parties be notified, particularly Mr. McCluskey.

Mr. Elwell said that concluded his presentation, but he requested a motion regarding the Risk Management study. He clarified the request was to hire someone who is not affiliated with selling any insurance, a completely independent consultant, to do an analysis for a cost not to exceed $14,000.

Risk Administrator Karen Temme explained the request was to hire Waters Risk Management firm to perform the study.

Replying to a question from Councilman McLendon regarding retention levels, Ms. Temme responded the purpose for her request was to determine if the retention levels should be raised or lowered.

**Councilman McLendon made a motion to approve the request for a Risk Management Study at a cost not to exceed $14,000. The motion was seconded by President Pro-Tem Goldblum and carried 5-0 on roll call.**

## VI. ANY OTHER MATTERS

There were no other matters.

## VII. ADJOURNMENT

The meeting was adjourned at 3:13 p.m.

William J. Brooks, President

Mary A. Pollitt, Town Clerk