Minutes
Town of Lake Park, Florida
Commission Budget Meeting
Thursday, July 17, 2014, 6:30 PM
Town Commission Chamber, 535 Park Avenue

The Town Commission met for the purpose of a Commission budget meeting on Thursday, July 17, 2014 at 6:30 p.m. Present were Mayor James DuBois, Vice-Mayor Kimberly Glas-Castro, Commissioners Erin Flaherty, Michael O'Rourke and Kathleen Rapoza, Town Manager Dale S. Sugerman, and Town Clerk Vivian Mendez.

Town Clerk Mendez performed the roll call and Mayor DuBois led the Pledge of Allegiance.

DISCUSSION:

1. **Presentation of the Preliminary Fiscal Year 2014/2015 Budget.**
   1.a Commission Discussion of the Presented Preliminary Fiscal Year 2014/2015 Budget.

Town Manager Sugerman presented the 2014/2015 proposed budget (see attached Exhibit "A").

Mayor DuBois asked what this year's roll back rate would be.

Town Manager Sugerman stated that this year's roll back rate would be 8.2066.

Mayor DuBois asked what the cost-of-living-adjustment (COLA) would be.

Town Manager Sugerman stated that the proposed COLA would be 2 percent.

Mayor DuBois pointed out that the proposed budget would only cover the cost of the lobbyist through February 28, 2015.

Town Manager Sugerman agreed that the proposed budget would only cover the cost of the lobbyist through the end of the current contract, which expires on February 28, 2015. He stated that he had not included the expense for a lobbyist beyond the expiration of the current contract in the proposed budget.

Mayor DuBois clarified that the Town Manager's budget showed an increase in his salary of $10,000, but that the increase was not a raise.

Town Manager Sugerman explained that during the preparation of the 2013/2014 budget there was a significant struggle to balance the General Fund. He explained that he voluntarily took an $11,000 salary and benefits cut to assist in balancing the budget. He stated that the current proposed budget is balanced and therefore he has restored his compensation in the budget back to the amounts for which he was originally hired.

Commissioner O'Rourke asked for clarification on a line item identified as the Special Projects Funds.

Town Manager Sugerman explained that the Special Projects Fund is the fund where one-time special projects reside. For example, next fiscal year the Town will receive $334,700 on a seven-year rotation basis from Palm Beach County money under the Special Area of Hope grant program. He stated that these funds are part of the Community Development Block Grant program, which are to be used for special projects. This is also the fund where the annual CDBG allocation of approximately $40,650 is kept. During Fiscal Year 2014-2015, all of these funds will be combined and used to upgrade the bathrooms at Kelsey and Lake Shore Park's as well as used to install new tennis court lighting.

Commissioner O'Rourke questioned the significance of transferring the Sunset Celebration expense from the Marina budget to the Commission budget.

Town Manager Sugerman explained that the Sunset Celebrations was established as a means to generate attention and additional boat slip patrons at the Marina. The significance of transferring the Sunset Celebration expense to the General Fund was because the event has not generated any additional boat slip patrons for the Marina. This monthly community-engaging event could be budgeted anywhere within the General Fund versus the Marina Enterprise Fund.

Commissioner O'Rourke asked what the possibilities were for bringing back the Fourth of July event.

Town Manager Sugerman explained that staff worked diligently to bring back the Fourth of July event, but was unable to raise enough sponsorship support to fund the event. He stated that a fireworks display would cost approximately $25,000 and the Town did not have the funds to support the event. He stated that it might be possible to allocate funds in this year's budget to fund the event if the Commission chose to do so.

He explained that after balancing the budget there are $48,644 of unallocated funds in the General Fund. He explained that this number will likely change between this first budget workshop and the second budget workshop in that final figures are expected for Workers' Compensation premiums; property and casualty insurance premiums; health insurance premiums; and if the Commission so chooses to fund the expense of a lobbyist, that expense would need to be added as well.

Commissioner Flaherty spoke in favor of funding the expense of a lobbyist.

Commission O'Rourke commented that the Mayor and Vice-Mayor are great lobbyists for the Town.

Mayor DuBois explained that often times, to get something accomplished in the Legislature, one needs to get out of Palm Beach County and have another representative assist in getting the point across on a particular piece of legislation.

The Commission discussed the sober home legislation.

Vice-Mayor Glas-Castro stated that with the elimination of the parking meter debt that it would be a good opportunity to remove the meters and present a better imagine to the residents. She explained that she was not in favor of funding a lobbyist because the Town has the lobbyist through the Florida League of Cities at its disposal. She was offended that the Town's lobbyist told the Commission what their legislative priorities should be and he did not keep the Commission updated on the session until it was over. She stated that she was in favor of some type of community event, such as the monthly Sunset Celebration, to keep the community engaged.

On a consensus indication of a 3-2 vote, the Commission decided not to fund a lobbyist in the FY 2014-2015 annual operating budget beyond the current contract, which is set to expire on February 28, 2015.

Commissioner Flaherty asked what the budget would be going with the roll back rate.

Town Manager Sugerman explained that to reach the roll back rate of 8.2066 mills, the General Fund budget would have to be lowered by approximately $250,000 from the proposed budget.

2. Commission Action on Proposed Fiscal Year 2014/2015 Annual Budget
2a. Setting the Next Budget Workshop Date.

Motion: Vice-Mayor Glas-Castro moved to set the next Budget Workshop date as Wednesday, August 20, 2014 at 6:30 p.m. in the Town Hall Commission Chamber; Commissioner Rapoza seconded the motion.

Vote on Motion:

Commission Member	Aye	Nay	Other
Commissioner Flaherty	X		
Commissioner O'Rourke	X		
Commissioner Rapoza	X		
Vice-Mayor Glas-Castro	X		
Mayor DuBois	X		

Motion passed 5-0.

2b. Setting the "Current Year Proposed Operating Millage Rate" and Setting the "First Public Budget Hearing" Date, Time, and Place.

Motion: Commissioner O'Rourke moved to set the current year proposed operating Millage Rate to 8.8055 as the maximum amount and to set the First Public Budget Hearing date, time, and place as September 8, 2014 at 6:30 p.m. in the Town Hall Commission Chamber; Commissioner Rapoza seconded the motion.

Vote on Motion:

Commission Member	Aye	Nay	Other
Commissioner Flaherty	X		
Commissioner O'Rourke	X		
Commissioner Rapoza	X		
Vice-Mayor Glas-Castro	X		
Mayor DuBois	X		

Motion passed 5-0.

PUBLIC COMMENT:
None

TOWN ATTORNEY, TOWN MANAGER, COMMISSIONER COMMENTS:

Town Attorney Baird was absent.

Town Manager Sugerman had no comments.

Commissioner O'Rourke had no comments.

Commissioner Rapoza stated that the Citizens on Patrol (COP) serve the citizens of the Town as an in-kind service.

Commissioner Flaherty had no comments.

Vice-Mayor Glas-Castro had no comments.

Mayor DuBois had no comments.

ADJOURNMENT

There being no further business to come before the Commission and after a motion to adjourn by Commissioner Rapoza and seconded by Commissioner Flaherty, and by unanimous vote, the meeting adjourned at 8:26 p.m.

Mayor James DuBois

Town Clerk, Vivian Mendez, CMC

TOWN OF LAKE PARK SEAL FLORIDA

Town Seal

Approved on this 6 of August, 2014

Exhibit "A"

Good evening Honorable Mayor, Vice-Mayor, Commissioners, Residents of the Town of Lake Park, and Town staff.

There are a number of specific duties assigned to the town manager, and one of them is spelled out in Chapter 2, Article III, Section 2-82 (3) of the Lake Park Code of Ordinances, which requires the town manager "to prepare, with the assistance of the finance director an annual budget and present the same to the town commission with a message describing the important features, and be responsible for its administration after adoption". That is the purpose of this evening's meeting. On Thursday of last week, one day ahead of schedule, we sent to the Town Commission and published on the Town's web site an outline of the tentative fiscal year 2014-2015 operating budget. One might ask what is meant by a "tentative" budget document? Tonight's presentation and the budget book published last week were collaboratively put together by my office with the full support of the Finance Department and all of the department heads. What we have is a great starting point for preliminary discussions on next year's operating budget. We welcome your feedback, input and direction on this tentative budget document this evening. My intent tonight is to give you a global overview of what has been proposed, and then allow the Commission and the public to digest the recommendations. Over the course of the next month we will gladly accept any questions, comments, ideas and suggestions which will lead up to the next budget workshop session where we can go into as much detail as the Commission and the public would like. After the second budget workshop meeting, staff will put the finishing touches on the budget document, such that we will then hold two, formal, public hearings during the month of September, before the 2014-2015 annual budget is actually adopted.

Now, a little bit of context.

Last year at this time I reported to the Town Commission that property values in the Town of Lake Park, as established by the Palm Beach County Property Appraiser, had finally increased slightly; after four years of continued decline. Over the course of the period from 2009 through 2012, the value of all property in the Town of Lake Park has decreased in value by nearly 47%, losing more than $2,400,000 in annual property tax receipts available for use in the

General Fund. Going into last year's budget process, we had the first positive news in five years. We saw the assessed value of the community actually improve by approximately 2.9% year-over-year. For fiscal year 2014-2015, things have improved yet again.

For the next fiscal year, it is estimated (as of July 1, 2014) that the total taxable value of all property in the Town of Lake Park will increase by just over $ 32,500,000. According to the Palm Beach County Property Appraiser's Office, the Town of Lake Park's taxable values for all property will increase by 7.3% over the current year. At the current millage rate of 8.8055 mils, this increase in value would result in $206,419 of additional revenue to the General Fund. While nowhere near the additional $2.4 million dollars we use to receive in ad valorem taxes just 6 years ago, it appears that the housing market has finally reached a bottom in the Town of Lake Park and that future assessed values, hopefully, will continue to rise.

I am very pleased to report to you that this preliminary budget is being presented to the Town Commission with <u>all funds being balanced</u>. Unlike last year where the Marina Fund needed a one-time cash infusion from the General Fund to complete its year in balance, we are projecting that all operating funds of the Town will have enough revenue to cover all of their expenses. However, this assumption has been made based upon the Town Commission taking supportive action on rate adjustments, prior to the beginning of the fiscal year, in both the Marina Fund and the Sanitation Fund.

I am further pleased to advise the Commission that this proposed budget is being advanced for your consideration <u>without</u> a request for an increase in the tax rate. Last year at this time, there were four reasons why I had to request an increase in the ad valorem tax rate, including increased costs due to the annual contract with the Palm Beach County Sheriff's Office, increased costs due to the annual contract with Palm Beach County Fire Rescue, increased costs because we are an employer that provides health insurance for our employees, and health insurance costs have been skyrocketing, along with the costs associated with our need to maintain an adequate level of property, casualty, and liability insurance. And then finally, last year, there was a need to infuse the Marina Fund with cash so that it could balance its books. While we still have increased costs for police and fire services, and increased costs for health

insurance and property, casualty, and liability insurance, and even though we do not need to assist the Marina Fund this next budget year, all of the additional costs that we will be experiencing next budget year can be covered by the increase in expected ad valorem tax revenues which will flow our way beginning in December of this year. One could say we have finally turned the corner. Whew!

I would now like to switch gears a bit and talk with you about one of our greatest assets here at the Town of Lake Park; our employees. While there are just a few structural changes that I am recommending regarding personnel in the proposed budget (and I will get to that in a minute), the biggest impact that I ask the Commission to support has to do with compensation for all employees that are not covered by a collective bargaining agreement. Our Town employees have not received any type of adjustment to their pay during the past five budget cycles. There have been no cost-of-living adjustments and no merit increases granted to employees. And just as a reminder, during two prior fiscal years (2009-2010 and 2010-2011), employees actually had to take furlough days where the Town reduced the hours worked by employees and thereby reduced the annual earnings of employees (a practice which was eliminated during the prior budget year). Also, during the prior budget year, there was the elimination of three full time positions and a series of layoffs (and bumping) occurred in the Public Works Department. We are finally in a position where we no longer need to ask for furlough days, nor for the layoff of any employees in order to balance the budget.

This recommended budget does two things for those employees that are not covered by a collective bargaining agreement. First, the Human Resources Department has conducted a salary survey of approximately 25 other municipalities in the tri-county area. We have compared our minimum salaries here at the Town of Lake Park, with all other salaries of those municipalities that could competitively "steal away" some of our best and brightest employees. We have put together an analysis of how we pay our employees compared to the employees working for the other municipalities that were surveyed. What we discovered was that the Town of Lake Park falls virtually at the bottom of the list in nearly all job titles. To rectify that situation, and to make sure that I can keep our current team in place, I am recommending that the Town Commission authorize salary adjustments for those employees who fall at the bottom of the list. By no means

am I suggesting that these employees need to be moved to the top of the survey list. Actually, my recommendation is that salaries be adjusted to place these employees, at the top, of the bottom quartile of the surveyed municipalities. Between this first budget workshop meeting and the second workshop meeting, I will share with each member of the Town Commission the calculations that have been developed to support this recommendation.

In addition to salary adjustments, I will be recommending that the Town Commission offer a cost-of-living adjustment to all employees not covered by a collective bargaining agreement. The details of this recommendation will also be shared with members of the Town Commission between the two workshop meetings as well.

The adjustments that I have just mentioned are generic across the workforce. More specifically, there are a handful of individual personnel moves that I plan to make within this recommended budget. First is to eliminate the position of Administrative Assistant to the Town Manager. Currently, that position, while doing some very important tasks, tends to do those tasks mostly for other General Fund departments; and at least one enterprise fund. There is no need for my office to have a full-time administrative assistant. Second, I propose reclassifying the position of Deputy Town Clerk to an Administrative Assistant position. Doing so will give the Town Clerk/Deputy Town Manager greater flexibility in supervising her areas of responsibility which include her office, the Library operations and the Recreation program. Third, as related to these two personnel changes, the Human Resources Department is re-writing the general job description for the position title of Administrative Assistant (AA). Currently, we have a few job titles which list the AA as being assigned to a specific department. With the re-write of the AA job title, none will carry a title limiting them to one specific department and will instead just carry the Administrative Assistant title. That way they can work in any department where they are needed. No one will be displaced from their current position or their current assignment. The change in job description will just give us greater flexibility in the future. Fourth, the recommended budget allows for three reclassifications. The first reclassification is changing the Administrative Secretary position in the Human Resources Department to an Administrative Assistant position. The second reclassification is to change the job title of the Recreation Director to Recreation Manager (since this position does not supervise any full-time staff; thus

the title of Director is inappropriate). Lastly, I am recommending that one of the Accountant II positions in the Finance Department be switched from part-time (30 hours per week) to full-time (40 hours per week). Doing so will round out all of the staff support that is needed in the Finance Department.

Switching gears once again, the budget development process is not done without some identification of operational and planning needs for the community. Each year I ask department heads to provide me with a list of initiatives that they would like to undertake if money were to be available to support those initiatives. Most of the operating departments submitted a number of initiatives that they would like to have funded.

All of the requested initiatives can be found on Schedule 5 of each department's individual budget request tab. Some of those initiatives have been funded with this recommended budget. Many others, due to their high costs, have not. Specifically, some of the initiatives which have been funded include:

- Placing an AED machine in Lake Shore Park to support the Tennis Center, the Pavilion, and the Recreation Department office.
- The purchase of software and hardware to accommodate the placement of new Microsoft Office Pro 2013 desktop computers in a variety of departments (including General Fund departments as well as Enterprise Fund departments).
- The purchase and installation of a computer server at Fire Station #68 to support the Town's Emergency Operations Center (EOC)/Disaster Recovery program, and to serve as an alternative backup server.
- Treatment/tenting of Town Hall due to evidence of infestation.
- Replacement of the existing carpeting in Town Hall, including the main staircase and the Commission Chambers.
- Replacement of the West entry doorway and the placement of copper rain hoods over entry doors.
- Purchase of a pressure steam cleaner (Stormwater Fund)

There are just a few more funds that I want to mention as I close out my presentation this evening and then open up the floor for any questions or discussion.

Marina Fund

Over the course of the past two years, the Lake Park Harbor Marina operation has seen it occupancy grow from approximately 31% to nearly 69% (as of June 30, 2014). This has been accomplished through a variety of factors including a very aggressive marketing and promotional campaign as well as the hard work and dedication of the Marina staff. Last year the Town Commission authorized a modification to the rate structure at the Marina, and we believe that the current rate structure has been one of the reasons that there has been a positive impact on the occupancy rate at the Marina. Prior to the October 1st implementation of the proposed budget for Fiscal Year 2014-2015, the staff will be bringing forward another recommendation for a further modification to the rate structure. The proposed Marina Fund budget has been built on the assumption that as of October 1, 2014 the staff's new recommended rate structure will be implemented by the Commission. If our assumptions about the proposed rate structure are correct, then during fiscal Year 2014-2015 the Marina Fund will generate enough revenue to cover all of its expenses, and will actually turn a slight profit for the year. The recommendation for modifying the rate structure at the Marina will be presented to the Town Commission during the month of August.

Streets & Roads Fund

The Streets & Roads Fund receives virtually all of its revenues from State of Florida sources, including local option gas taxes, fuel taxes and FDOT lighting maintenance payments. The 2014-2015 recommended budget contains $30,000.00 for sidewalk improvements.

Stormwater Fund

The Stormwater Fund receives virtually all of its revenues from a non-ad valorem stormwater assessment imposed on each parcel within the Town. Its budget funds the personnel and equipment needed to maintain the stormwater infrastructure on Town owned and controlled properties. Activities include roadway street sweeping, roadway storm pipe maintenance, and the maintenance and upkeep of roadway swales and stormwater detention ponds. Stormwater control within the Town of Lake Park is regulated under a permit (NPDES) which is monitored by Palm Beach County, the State of Florida, and the Federal Environmental Protection Agency.

Sanitation Fund

The Sanitation Fund generates most of its revenue from residential, multi-family and commercial fees for service. As the Commission is painfully aware, many pieces of equipment based in the Sanitation Fund operation have reached the end of their useful life. Frankly, over the past two years, Town staff has been doing the best job possible to keep the Sanitation Fund fleet operating by patching and pasting vehicles where we could. We have also been forced to rent equipment and staff from outside the organization to keep up with the needs of the Sanitation Department. This has become problematic and completely unsustainable. To that end, staff developed a 14 year vehicle replacement program to modernize the fleet. To do so, however, would take a modification to both the residential and the commercial rate structures. The recommendation for modifying the sanitation rate structure was presented to the Town Commission for consideration at last night's Town Commission meeting and it was approved unanimously. The proposed Sanitation Fund budget was built with the assumption that as of October 1, 2014 the new rate structure to support the proposed 14 year vehicle replacement program would have been implemented by the Commission.

Community Redevelopment Agency

As with the General Fund, the Community Redevelopment Agency (CRA) has seen a slight increase in its revenue generated through the Tax Increment Financing (TIF) mechanism which supports the CRA. The increase in revenue for Fiscal Year 2014-2015 is just under an additional $50,000.00 for the CRA. There are no new initiatives planned for the proposed budget year. Instead, the CRA Fund will be using virtually all of its proceeds to support its principal and interest payments on debt issued in prior years, paying for the upkeep and maintenance of the landscaping in the CRA, paying for the utilities associated with the landscaping in the CRA, and covering a portion of the cost of General Fund staff which support the activities of the CRA throughout the year.

One thing that the Commission might want to consider is looking forward to the 2015-2016 budget year (one year from now), when the TIF may generate enough revenue to support both a part-time employee to provide guidance and direction for the CRA on a daily basis, as well as fund some improvement and/or grant programs once again within the CRA.

So, in summary:

With the presentation of the proposed 2014-2015 annual operating budget we have done our best to present to you a balanced budget. In order to do that, I had to make two assumptions in particular. First, that the Town Commission would support a modification to the rate structure for annual dockage agreements at the Marina. Also, I assumed that the Commission would support a modification to the sanitation rate structure to allow us to carry out the proposed 14 year vehicle replacement program; and I thank you for that support last evening.

We still have an opportunity to modify this budget in any manner as the Commission sees fit, and I look forward to working with the Town Commission on the completion of the budget process over the next two months. This budget proposal has come with some very specific recommendations on my part. Of course, I am always open to other ways of thinking and to any creative ideas which could improve upon what is contained within the proposed budget document.

I would like to conclude with a few words of thanks to Blake Rane, Finance Director, Bambi Turner, Human Resources Director, Vivian Mendez, Town Clerk/Deputy Town Manager, all of the department heads who met with me during the budget preparation time to try to work through their portion of this document, and all of the Town staff who, day in and day out, continue to work hard and who do the right thing for the citizens of the Town of Lake Park. Without their efforts, my job would be impossible.

Thank you for allowing me to make this presentation. We are now available to answer any questions you may have, or engage in any depth of discussion about the proposed 2014-2015 annual operating budget as you would like to undertake.