



Minutes
Town of Lake Park, Florida
Commission Budget Meeting
Tuesday, August 13, 2013, 6:30 PM
Town Commission Chamber, 535 Park Avenue

The Town Commission met for the purpose of a Commission Budget Meeting on Tuesday, August 13, 2013 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, Town Attorney Thomas Baird, and Town Clerk Vivian Mendez.

Town Clerk Mendez performed the roll call and Mayor DuBois led the pledge of allegiance.

C. DISCUSSION:

1. Commission Discussion of the Presented Preliminary Fiscal Year 2013/2014 Budget

Town Manager Sugerman made a presentation regarding the Preliminary Fiscal Year 2013/2014 Budget (see attached Exhibit "A").

Mayor DuBois asked which expenses were reduced.

Finance Director Blake Rane stated that the Marina Fund contractual and other expenses were analyzed and reduced the estimate. He stated that all of the numbers in the budget are estimates or mathematical extrapolations.

Town Manager Sugerman stated that the Marina Funds expenses were reduced \$16,700.

Town Manager Sugerman provided a handout regarding the employee medical insurance (see attached Exhibit "B").

Commissioner Flaherty asked if the employee cost (EE Cost) comes out of their pay.

Town Manager Sugerman stated "yes" it comes out of the employees pay.

Commissioner O'Rourke asked about the employees waiving coverage and how will "Obamacare" affect these employees.

Town Manager Sugerman stated that the "Affordable Care Act" mandates that employers with fifty (50) employees or more provide coverage. The "Affordable Care Act" does not force employees to take the provided health coverage.

Commissioner O'Rourke stated that the Town has forty-four (44) employees.

Town Manager Sugerman stated that the Affordable Care Act rules are still being written so the Town is being careful but, right now staff does not believe it has an impact on the Town. He stated that the five (5) employees that are waiving the Town's provided health insurance have coverage from someone else.

Town Manager Sugerman reviewed the increase in premium to renew the current health insurance plan (see Exhibit "B", Column "B")

Mayor DuBois asked how much is the employees cost.

Town Manager Sugerman explained that each employee pays a different amount based on the coverage selected.

Finance Director Rane explained that all the rates went up 16%.

Town Manager Sugerman reviewed the different alternatives (see Exhibit "B", columns C-F).

Commissioner O'Rourke asked why the employee cost increased to 16.6% under the Florida Blue Plan.

Finance Director Rane explained that under the Florida Blue Plan the Employee + Spouse monthly premium increases is 17% over the current employee cost and the other coverages went up at different rates.

Commissioner O'Rourke asked if the employee cost would be 6% or 16%.

Town Manager Sugerman explained that the employee monthly cost would increase 16.6% over the current year.

Vice-Mayor Glas-Castro asked how much the Town pays for the employee coverage.

Town Manager Sugerman stated that the Town pays 100% for single coverage and 50% of the other kinds of coverage.

Vice-Mayor Glas-Castro asked if 50% is comparable to what other municipalities pay.

Town Manager Sugerman stated that some municipalities pay 50%, other require the employee to pay 100% above the single coverage, and the most forward thinking municipalities give employees a single dollar limit allowance to pay for whatever coverage the employee wants to pay for and the employee makes up the difference. He provided the example of giving every employee an allowance of \$700 of benefit to be used any way they see fit and for employees that waive coverage they could take the \$700 and put it into their retirement account. An employee with single coverage could take the excess and put it into a retirement account. An employee with \$1,000 of expense the Town would give them \$700 and the employee would make up the remainder. He stated that this method would equalize the benefit and that right now the Town is not providing equal benefits to employees as it relates to health insurance.

Finance Director Rane stated that the allowance would also allow the employee to purchase dental insurance, vision care, health savings account or other related expenses. It would be a big change for the Town but there is flexibility and equality.

Town Manager Sugerman stated that the selection of the employee health insurance plan will be on the September 10, 2013 Special Call Commission Agenda.

Mayor DuBois asked how the employees receive the concept of having a choice of having a higher deductible or higher with holding from their pay.

Town Manager Sugerman stated that the employees have not been polled because the final numbers came on Monday, August 12, 2013.

Mayor DuBois asked how the employee union contract negotiations are proceeding.

Town Manager Sugerman stated that the Town is waiting on the union. He explained that there are three (3) contract reopeners in the last year of the three (3) year contract.

Mayor DuBois asked if the health insurance discussion would have an effect on the negotiations.

Town Manager Sugerman stated "yes".

Commissioner O'Rourke asked what the Town Manager Sugerman's position is regarding the outsourcing of the Library.

Town Manager Sugerman stated that the proposed budget does not include any action to outsource Library Services. The proposed budget keeps the Library Services and staff as it is currently. He stated that the concept of outsourcing the Library Services was an option that he felt compelled to share with the Commission for consideration.

Commissioner O'Rourke asked if it would be Town Manager Sugerman's recommendation to outsource Library Services.

Town Manager Sugerman stated that options like that are always valuable to look at. He did look at this option and met with a company that provides privatization of Library Services. He stated that the proposed budget takes no action to privatize Library Services and he would not take it from the table for consideration in future years.

Commissioner O'Rourke stated that he received feedback from residents regarding Town Manager Sugerman's comment about the Commission considering changes to the Recreation Program. He stated that the Recreation budget is approximately \$157,000 and asked if it could be reduced for one (1) year.

Town Manager Sugerman stated that the proposed budget for Recreation is \$184,847 to continue the Recreation program the same as this year. He stated that if a cost benefit analysis is done on what the Town is getting for the \$184,000 the benefit is not there for

the cost. He stated that staff is working as hard as it can to provide recreational programming and the community is not being responsive to how the Town is spending these funds.

Commissioner O'Rourke asked what the Town is getting for the expenditure.

Town Manager Sugerman stated that the Town is not getting a lot. He stated that the Recreation Program includes bingo, bus trips, tennis program, lacrosse program and some special events. The other organized sports other than tennis and lacrosse have failed. He stated that the bus trips and bingo have not worked out well. He stated that the Town has set up contracts with outside organizations to set up organized sports leagues and the community has not responded to participate in the programs. He stated he does not know why it is not working. He stated based on his conversations with Recreation Director Kathleen Carroll that the Town may be better suited for a special events focus. He stated that the special events that the Town has put on or participated in have been successful. He stated that of the \$184,000 budgeted 105,000 is staffing, \$24,000 is lighting of the ball field, irrigating the grass that is not used, and \$11,160 is for insurance.

Commissioner O'Rourke does not want to give up on having a Recreation Program but, he is looking at other avenues to make it happen and that is a future option. He asked if there is some budget savings that the Town can find through the Recreation Department with recreation program that are effective or efficient.

Town Manager Sugerman stated that recreation program fixed costs are \$90,000.

Commissioner O'Rourke asked if the number of special events done by the Town and the amount of staff in the Recreation Department were reduce would it result in savings.

Town Manager Sugerman stated that most of the staff is related to the Summer Camp program. He stated the Town takes in \$10,000 for the Summer Camp and cost \$30,000.

Commissioner O'Rourke asked if that is an effective program.

Town Manager Sugerman stated that based on cost benefit analysis it is not an effective program.

Commissioner O'Rourke stated that the reason he is asking these questions is because the Town had \$20,000 is disposable revenue this year and that is unacceptable.

Town Manager Sugerman stated that Town is right at the edge.

Commissioner O'Rourke stated that one emergency and the Town is in trouble and he does not want to be in that position.

Town Manager Sugerman agreed.

Mayor DuBois stated that he disagrees on the Summer Camp program. He suggested that the Commission consider it a policy to put \$20,000 of Town money towards the

betterment of twenty-five (25) kids in the community. He stated from his point of view he would take that as a tax payer and contribute to it if he had a choice. He stated that the ball field carries an operating cost of approximately \$50,000 annually and that cannot be undone and that he is not sure it is a good idea to abandon an asset.

Town Manager Sugerman stated that the fixed cost in the Recreation budget is \$78,000 even if the Town did not run a recreation program.

Mayor DuBois stated that he did not see a change in the budget towards a special events based program and asked if he missed something.

Town Manager Sugerman stated that the Recreation budget was structured to repeat what we did last year.

Mayor DuBois asked if staff knew how the recreation program would be restructured. He stated that there is not a lot of fat to cut in the Recreation budget.

Town Manager Sugerman stated that the “meat ax” to the Recreation budget would cut personnel.

Commissioner O’Rourke stated that Recreation Director Carroll handles more than Recreation and that one of the successful things that she is doing is rentals of Town facilities. He stated that the rental program was restructured and that it is his understanding that the Town is getting more rentals and more revenue from rentals.

Town Manager Sugerman stated that Commissioner O’Rourke is correct regarding the rentals and that the current budget would allow that to continue.

Mayor DuBois asked if the Recreation Department returns some of the rental administration or rental revenue back to the Recreation Department and what departments share in the benefit of Recreation Departments Directorship of revenue generation through rentals.

Town Manager Sugerman stated that all rental revenues go into the General Fund. He explained the revenues generated by the Recreation Department.

Mayor DuBois stated the revenue brought in by the Recreation Department is approximately \$70,000. He stated that the salary are approximately \$105,000, the fixed cost is approximately \$85,000 and the revenue is approximately \$70,000. He stated that the Department is not without revenue completely.

Commissioner O’Rourke stated that the concept he wants to go to is one where the Town would contract what it is doing and he does not see that as a permanent direction for the Town. He stated that revenue is increasing in the Marina and in Recreation rentals and he thinks next year there will be a discussion regarding parking meters. He stated that there are things that are happening slowly that is going to have to be the path that the Town takes but, he is not suggesting that at some point the Town cannot reach out to the

community and provide the programs. He suggested that the recreation programs be offered by outside not-for-profit organizations.

Mayor DuBois stated that from his knowledge Recreation Director Carroll has been having a hard time getting kids and parents involved.

Vice-Mayor Glas-Castro stated that from her experience with the Youth Athletic Association (YAA), which is volunteer based, they did not have enough volunteers to be coaches and referees to have an organized league amongst ourselves. She stated that they were charging \$25 per child, several years ago, and the families in Lake Park could not afford that. She explained that \$11 of it was insurance and the remainder was for uniforms and other equipment. She stated that the YAA charges \$90 per child now and does not see how the Lake Park families could afford it.

Commissioner O'Rourke stated that he understood the concern, but those organizations come from more affluent areas which offer scholarships and discount to membership that need it. He thinks that options are out there and they would want something in return such as use of the Town fields for a fee to expand their program. He suggested that for now that the Town should focus on getting the Town finances together and to put on hold a Youth's Recreation program.

Mayor DuBois asked what changes are recommended for the 2013/2014 budget, should program oriented funds be changed to event oriented funds and does staff believe that events will be supported.

Town Manager Sugerman stated that based on conversations with Recreation Director Carroll, she thinks that events could be supported and that she would like to do program oriented around events. However, he has not crafted the budget to say that the Recreation program will be shifted to an event based operation. He explained that it can be done because it is a management/administrative function and not a policy thing. He explained that the policy is to provide \$184,000 in fund with the staffing that is in the budget. How it is programmed can be rolled out throughout the year and ideas can be brought to the Commission and if the idea is supported it can be implemented.

Commissioner Rapoza stated that regarding the recreation program that she would like to utilize what the Town already has such as better utilization of the tennis courts. She stated that the Town also has to examine how much is being given away for free. The Town needs to play to the majority of the population regarding events and sports programming.

Commissioner Flaherty asked about the \$50 in revenue for the tree lighting ceremony.

Finance Director Rane stated that the Town received \$50 in donations for the tree lighting ceremony.

Mayor DuBois stated that there may have been direct donations such as Kiwanis having a table of free drinks and other non-cash donations.

Town Manager Sugerman stated that the budget reflects the cash received not in kind donations.

Commissioner Flaherty asked about the line item Recreation – Security on page four (4) of the budget.

Finance Director Rane stated that when events require security, such as alcohol at the event, the Town charges the person running the event for the security and then the Town pays for the security. It is basically a wash.

Commissioner Flaherty asked about the line item Recreation – Car Show also on page four (4) and where the events occurs.

Town Manager Sugerman explained that it is the Car Show at Kelsey Park put on by the Veterans. He stated that the actual line of \$1,328 were cash donations.

Commissioner Flaherty asked what is the Code Violations – CIB Fund (20%) line item also on page four (4).

Town Manager Sugerman stated that when there is a code violation and a fine has to be paid 20% of the fine goes into the fund. This is a beautification fund.

Commissioner Flaherty asked when can the Town negotiate the contract with the Palm Beach County Sheriff's Office (PBSO).

Town Manager Sugerman stated that the Town can negotiate at any time, but the negotiations are to continue the contract or terminate the contract. In order to terminate the contract this next year the Town would have to take action by March 31, 2014. The contract with PBSO specifies that the rent for the PBSO substation is \$10 per month.

Commissioner O'Rourke asked if the Town could enter into an interlocal agreement with a neighboring municipality to provide Law Enforcement Services.

Town Manager Sugerman stated "yes" and explained to do that the Town would put together a Request for Proposals (RFP) and send it to the adjacent municipalities with Law Enforcement Services then wait for responses. He stated that process was done last year at this time and the response from all the neighboring municipalities was "thanks but no thanks".

Commissioner Flaherty suggested reviewing the other contract that PBSO has with other municipalities.

Town Manager Sugerman stated that he reviewed the other contracts last year.

Commissioner Flaherty asked about the Reimbursement – PBSO Fuel line item on page five (5) of the budget.

Town Manager Sugerman stated that this line item is basically a wash. He stated that whatever PBSO uses they pay the Town for, but it turns out that they have found a better deal so they are not buying much fuel from the Town.

Commissioner Flaherty asked about the two (2) line items labeled Transfer from CRA Fund – ILA (Interlocal Agreement) on page six (6) of the budget.

Town Manager Sugerman stated that those line items are debt service.

Commissioner Flaherty asked what the parenthesis mean on page seven (7) of the budget.

Town Manager Sugerman explained that parenthesis is on revenue it is a negative number and if it appears on expenditure, it is a positive number.

Commissioner Flaherty asked about the Promotional Activity line item on page nine (9) of the budget.

Town Manager Sugerman explained that it is the line item for the annual recognition dinner for volunteers, and the Commission suggested program leaflets and flyers.

Mayor DuBois asked how much it would increase the line item to include other organizations that work with-in the Town such as the Lake Park Crime Watch.

Town Manager Sugerman explained that the dinner was \$60 per person and there are other expenses which make it about \$75 per person. He stated that he made the unilateral decision, due to the limited budget, that the event was limited to just those who were on existing Town Boards and the Task Force and not include the outside groups. He stated that if the Commission wants to expand the event the budget would need to be increased.

Mayor DuBois suggested getting sponsors for the event.

Commissioner Flaherty asked about Equipment Leases line item on page fifteen (15) of the budget.

Town Manager Sugerman explained that each department was paying for its own copy machine and now the Town has centralized equipment. He stated that in the department where the centralization has taken place the expense has increased.

Commissioner Flaherty asked about the 38% share with the Recreation Department of the Administrative Secretary on page twenty-one (21) of the budget.

Town Manager Sugerman explained that the general fund is a pot that all of the revenue goes into and all of the expenses come out of. The Town does not have recreation fees that cover Recreation wages. He explained that the Administrative Secretary is paid 100% from the General Fund, but for accounting purposes 38% of her time is tied back to Recreation duties. He stated that there is no opportunity to save money there; it is just an accounting function used to track employees time.

Commissioner Flaherty asked about the 5% Temporary Assignment Pay on page 24 of the budget.

Town Manager Sugerman stated that the Human Resources Director has the responsibility of reviewing all agenda request forms that come in and has the first editorial opportunity and does a considerable amount of review, writing and work before it comes to him.

Commissioner Flaherty asked if that should be turned into a long term assignment.

Town Manager Sugerman explained that it was an assignment made before he was chosen as Town Manager and he is continuing the assignment and if in the future he wants to take on chasing down the agenda request forms he can take the 5% assignment pay away but at this point it is worth it to leave it.

Commissioner Flaherty asked about the Regular Salaries line item on page thirty (30) of the budget.

Town Manager Sugerman stated that on page thirty-two (32) it provides the detail and the base salary for the Deputy Town Clerk position as \$37,003 and that he does not know why the budget line item for Regular Salaries on page thirty (30) has \$34,632. He stated that Finance Director Rane will find out and report back to the Commission.

Commissioner Flaherty asked if the future EOC (Emergency Operations Center) Disaster Recovery site on page thirty-eight (38) is included in the budget.

Town Manager Sugerman stated that it was requested, but is not included in the budget.

Commissioner Flaherty asked if the EOC site was included in the budget where would it be located.

Town Manager Sugerman stated the EOC site budget would be located at Fire Station 68 on Park Avenue.

Commissioner Flaherty asked if that location was chosen because of the fiber optics that are located there.

Town Manager Sugerman stated "yes".

Commissioner Flaherty asked if that would be a location for water, food and shelter.

Town Manager Sugerman stated "no" that the Town will not be providing water, food or shelter to residents. He explained that Palm Beach County has distribution sites and that Lake Park does not have a parcel of land where Palm Beach County can set up a distribution site.

Mayor DuBois asked if there is a shelter site in the Town.

Town Manager Sugerman stated “no” and explained that Palm Beach County has approximately eighteen (18) designated shelter sites but there is not one located in the Town.

Commissioner Flaherty asked about bundling the phone and DSL into a package from one company instead of multiple companies providing the service, the line items are on page forty-three (43) of the budget.

Town Manager Sugerman suggested that Commissioner Flaherty set up an appointment through his office to meeting with himself and Chief Information Technology Officer Hoa Hoang.

Commissioner Flaherty asked about the Dunbar Armored Car Service line item on page fifty-one (51) and how many times a month is the service provided.

Town Manager Sugerman stated that they come three (3) times a week.

Commissioner Flaherty asked about Utilities line item on page eighty (80) of the budget.

Town Manager Sugerman explained that the line item includes all Town buildings and is for lights, water and sewer.

Commissioner Flaherty asked if that includes the PBSO Substation.

Town Manager Sugerman stated “yes”.

Commissioner Flaherty asked about the Park Meters on page eighty-eight (88) and asked if the estimates include the new parking lot area at the Marina.

Finance Director Rane stated that the Marina Fund line does account for that, but the estimates are very conservative.

Vice-Mayor Glas-Castro stated that she is not a fan of the parking meters at the park and if there is not consensus to scrap the parking meters at the park, she suggested that a parking permit program be put into place.

Mayor DuBois asked if the revenue generated from the parking permit program be put towards the parking meter line item.

Town Manager Sugerman stated that the first questions would be will the same amount of revenue be generated and how would be the parking permit program be enforced.

Commissioner Flaherty stated that residents are not using the park because of a fear of receiving a \$25 parking ticket. He suggested that if there was a resident only parking pass for a set fee for the year it would get residents back to the park.

Commissioner Rapoza suggested instead of a sticker that a placard that hangs from the mirror be used.

Town Manager Sugerman stated that the hanging placard could be an issue of that one placard is purchased and shared by many people whereas a sticker is more effective. The stickers can be expensive as they need to be replaced every year. He stated that the Town has many stickers from 2006 and that the decal program has not work in the Town in the past.

Commissioner O'Rourke asked if the parking permit program was going to be added as a Commission agenda item.

Town Manager Sugerman stated that he has no intention to do so.

Commissioner Rapoza suggested a workshop discussion on the item.

Commissioner O'Rourke stated that he thinks the entire Commission is interested in coming up with a plan for a parking permit program.

Mayor DuBois asked about the annual pass for parking at the Marina.

Town Manager Sugerman stated that there is no annual pass for parking at the Marina. He explained that the Commission directed him to contact the County to see if the County would be flexible on the Interlocal Agreement before making any modifications to the parking at the Marina and the County has not been responsive.

Mayor DuBois asked if an annual parking permit would generate any money.

Town Manager Sugerman stated that it may and the Marina Task Force has considerable debate on whether people will buy annual parking permits for the Marina.

The Commission reached consensus to direct staff to bring forward for Commission consideration of an Annual Marina Parking Permit Pilot Program.

Town Manager Sugerman stated that it will be on the September 10, 2013 Commission meeting.

Commissioner Rapoza asked what is the fee for the parking permit.

Mayor DuBois suggested a flat \$100 annual parking permit fee for the Marina.

Commissioner Flaherty asked about the Recreation Initiatives not included in the budget on page 109 of the budget. He asked if the installation of an artificial turf was still on the table and would it generate revenue for the Town.

Town Manager Sugerman explained that in the chart on page 109 that the far right column is the cost to the Town on the second to right column is revenue to the Town. It would cost the Town \$200,000 to install artificial turf field and that the revenue would be the rental fee.

Commissioner Flaherty asked if Community Development Block Grant (CDBG) funds could be used for the ball fields.

Town Manager Sugerman stated that it is a possibility and that he thinks that the Town will receive \$60,000 in CDBG funds in 2013/2014 Fiscal Year and the funds cannot be used for maintenance the money has to be used for reconstruction.

Commissioner Flaherty asked about the Administrative Fee line item on page 146 of the budget.

Town Manager Sugerman explained that the General Fund has taken an administrative fee from the Marina every year and has put the Marina further into debt. He stated that he and Finance Director Rane decided to do true cost accounting and decided not to take an administrative fee from the Marina to support the General Fund in the 2013/2014 budget. He explained that \$52,000 will go from the General Fund to the Marina Fund in the upcoming year.

Finance Director Rane explained that this is an attempt to provide the true cost of the Marina.

Commissioner Flaherty asked what would happen if the administrative fee from the Marina Fund to the General Fund continued.

Finance Director Rane explained that it would drive the debit higher in the Marina Fund.

Commissioner Flaherty asked about the Bank Charges/Admin Fees line items on page 147 of the budget . He stated that it is a lot of money.

Town Manager Sugerman stated that the fees are high because most of the boaters that transact business at the Marina use credit cards and the Town pays either 3, 4, or 5% for each transaction. He stated that staff is currently in negotiations with a local banker to consider modifying the Town's merchant services. He stated that it would be difficult to not take credit cards at the Marina as it is the cost of doing business.

Commissioner Flaherty asked about the Administrative Fees line item on page 157 of the budget.

Town Manager Sugerman explained that there is an administrative fee charged to the Stormwater Utility Fund. The administrative fee goes into the General Fund to pay a portion of the salaries of those employees that administer the stormwater utility.

Commissioner Flaherty asked about the Administrative Fees line item on page 168 of the budget.

Town Manager Sugerman explained that Sanitation Fund cannot afford to support the General Fund as it has in the past. A decision was made to give the Commission true cost accounting and the administrative fee in the Sanitation Fund has been reduced which means there is less revenue to the General Fund.

Commissioner Flaherty asked if the amount of the Administrative Fee remained the same would that put the Sanitation Fund in the negative.

Town Manager Sugerman stated "yes".

Vice-Mayor Glas-Castro stated that she does not think the Town can support another full time Planner this year at a \$20,000 cost. She stated that the Town is just getting into the planning for the Western area and the Federal Highway Corridor. She suggested that it be put off until next year. She stated that her other concern is with not funding the overhaul of the garbage trucks. She is concern that if trucks start breaking down that garbage will be left curbside and the conditions will be unaesthetic. She thinks that putting capital outlay into the maintenance of the garbage trucks would go a long way to make sure the Town has curbside appeal.

Commissioner O'Rourke asked if the \$20,000 line item for the full time Planner was in the budget.

Town Manager Sugerman stated that it is in the proposed budget.

Commissioner O'Rourke asked what the cost is to get new equipment.

Town Manager Sugerman stated that the original proposal was not for new equipment but was for refurbishment of two (2) trucks at \$45,000 each, the total cost being \$90,000.

Finance Director Rane stated that the garbage trucks are in the Sanitation Fund and the \$90,000 was not available in the Sanitation Fund to balance that Fund. He stated that the Planner is in the General Fund. The Funds cannot be mixed and matched.

Commissioner O'Rourke stated that he thinks that Vice-Mayor Glas-Castro has made an important suggestion and that he does not want to see garbage left curbside in the Town because a truck has broken down.

Town Manager Sugerman stated that he has made a professional judgment that the Town can wait one (1) year before something has to be done with the sanitation trucks. He stated that on the other hand the Sanitation Fund is an enterprise fund and if the Commission wants to get additional revenue for the Sanitation Fund to cover capital expenses there are two (2) sources. One source is adjusting sanitation fees for that capital expenses. The second source is the General Funds subsidizing the Sanitation Fund via taxes.

Vice-Mayor Glas-Castro stated that she has questioned residents whether they want to keep paying for recreation services even if they are operating at a deficit and that a few residents have told her "yes". She has not heard from what she would consider a majority of residents. She stated that her other big thing was the parking meters and offering a parking permit for the Kelsey Park area.

Commissioner Rapoza asked how long has it been since the Town has made a match to the employee 457-pension fund. She asked how many employees contribute to their 457-pension fund.

Town Manager Sugerman explained that employees can make voluntary contributions to the 457 plan on their own but the Town match has not occurred in the last three (3) years.

Finance Director Rane stated that an assumption was made that if the match was offered more people would contribute to the 457-pension fund. He explained that the Town would match half of the first 5% of an employee contribution. He stated that the Town has a pension fund, separate from the 457 plan that the Town contributes 5% for every employee. This is an enhancement to get employees to contribute to the plan.

Commissioner Rapoza asked if staff thinks that employees will contribute to the plan.

Finance Director Rane believes that if the Commission decides to fund that 2.5% that more employees would contribute to the 457-pension plan.

Commissioner Rapoza asked if the Planners current work load warranty the additional hours from part-time to full-time.

Town Manager Sugerman stated that the Town is receiving more applications and development is picking up. He explained that the Planner is the first line of review for development applications. More importantly the Town is going to be getting more aggressive on development in the western and eastern corridors of Town. There will be a charrette for the Federal Highway Corridor on Saturday, September 28, 2013 and the Commission Workshop on western development will be on Monday, August 26, 2013 and that will trigger a significant amount of work.

Commissioner Rapoza asked about the Deputy Manager position.

Town Manager Sugerman explained that this is a 5% assignment pay, which would include additional workload for the Town Clerk. The new job description will be on the August 21, 2013 Commission meeting agenda for Commission review and consideration.

Commissioner Flaherty asked if there are more funds in the unrestricted reserves.

Town Manager Sugerman explained that the number will be unknown until the annual audit is concluded.

Commissioner Flaherty asked if the Commission stays at the 8.5 mills, would there be an additional \$64,110.

Town Manager Sugerman explained that at the current 8.5 mills, the proposed budget would be short \$159,084.

Commissioner Flaherty asked if that is because of the increase in Police and Fire Services.

Town Manager Sugerman stated "yes".

Commissioner Flaherty stated that he did some calculations (see attached Exhibit "C").

Town Manager Sugerman explained that the millage can be kept at 8.5 mills by removing all the recommended initiatives including eliminating the Recreation Department. He stated that on the handout from Commissioner Flaherty the revenues are being double-counted because staff has already included the revenues in the proposed budget.

Mayor DuBois suggested that Commissioner Flaherty continue to work with Town Manager Sugerman and Finance Director Rane.

Town Manager Sugerman stated that one of the suggestions is to include \$78,135 in administrative fees from the Sanitation Fund to the General Fund. In order to include the administrative fee the sanitation fees would have to be increased. He explained that the Sanitation Fund is an Enterprise Fund and only had two (2) sources either fees or the General Fund subsidies. He would be happy to continue discussion with any of the Commissioners.

Mayor DuBois stated that any of the Commissioners can meet with Town Manager Sugerman between now and the First Public Budget Hearing on September 10, 2013. He stated that in the first year that the Town has seen revenue increases there are also expense increases including health insurance, Police and Fire Services and personnel increases. He stated that the biggest hits are Police and Fire Services and health insurance and there are some requests for personnel. He stated that the burden for these increases fall to the businesses in Town because they are the highest taxpayer with no homestead exemption and typically commercial property has the highest value. He stated that the best way to shift the expenses for Police and Fire Services is to create Municipal Service Tax Units (MSTU). He suggested also including the Library. He suggested shifting the expense because the Town has hit the roof at 8.9 mills and there is no room to increase. He does not see any opportunity other than shifting on a dollar for dollar basis out of Ad Valorem and into Non-Ad Valorem assessments for these services.

Vice-Mayor Glas-Castro stated that in effect it becomes a tax increase because if Police and Fire is moved to an MSTU. The residents will get to see what they are paying for in Police and Fire Services.

Mayor DuBois thinks that changing to an MSTU for Police and Fire Services fairly redistributes the cost. He asked for the percentage contribution of commercial property to the Ad Valorem taxes.

Finance Director Rane stated that at the end of the month the Town will receive the actual taxable value by property.

Commissioner Rapoza feels that no one looks forward to making difficult decisions but understands the importance at this time of making a tough business decision. She also thinks it is important to balance the budget and to position the Town in a more financially

stable and attractive. She thinks through a cooperative effort the Town can raise additional revenue and lower the tax burden. She is looking for the Town's millage rate over the next two (2) to three (3) years to be lower and asked if that is possible.

Town Manager Sugerman provided to the Commission a chart that outlines the occupancy at the Marina (see attached Exhibit "D"). He stated that the occupancy is trending in the right direction and he believes that in a year from now the Marina operation will be profitable, the property values will be up, and there will be more revenue due to development applications. He thinks that the future for the Town looks bright. He stated that he does not know if the millage rate for next year's budget will be lower, but if these trends continue there is no reason that the millage rate cannot come down. He stated that it is his goal to lower taxes.

Mayor DuBois stated that the best way to the Ad Valorem Assessment is to break out some of the expenses into Non-Ad Valorem Assessments. He stated that is something for the Commission to consider for future years.

Commissioner O'Rourke stated that he has heard Town Manager Sugerman stated that development is increasing, the Marina occupancy is increasing, property values are increasing, rental of Town facilities are increasing, and all of these things are positive things that are happening, but there still is a recommended increase in the Millage Rate.

Town Manager Sugerman stated that when he was hired a year ago he had three (3) days to draft a budget and deliver it to the Town Commission. Finance Director Rane was hired five (5) weeks prior to that date. He explained that last year's budget was balanced at 8.5 mills and was able to decrease the millage rate slightly. He stated that for this year's budget he has had one (1) year and three (3) days to prepare the budget. He made a commitment to himself, staff and Finance Director Rane that together they would blow away all of the smoke and mirrors that have been used in the Town for many years to cover up what's going on in the General Fund. It is his fault that he has to ask for 8.9 mills because he is no longer taking money from the Sanitation Fund, Marina Fund and no longer using smoke and mirrors to present a balanced budget in the General Fund.

Mayor DuBois asked if funds were transferred in last year's budget from the Sanitation Fund to the General Fund.

Town Manager Sugerman explained that he is no longer raising rates in the Sanitation Fund in order to support the General Fund. This budget is giving the Commission true cost accounting. He stated that hundreds of thousands of dollars are no longer being moved from Enterprise Funds to cover the deficiencies in the General Fund. He thinks after this one (1) year of pain the Town will be okay going forward because the trends are in the right direction.

Commissioner O'Rourke stated that he appreciated Town Manager Sugerman's efforts.

Commissioner Rapoza stated that she appreciated Town Manager Sugerman's comments. She wants the Town seen in a better financial light and right now the Town does not have that much leeway.

PUBLIC COMMENT:

None

Mayor DuBois encouraged the Commissioners to meet with Town Manager Sugerman with comments and questions regarding the budget.

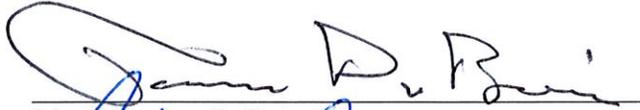
Commissioner O'Rourke stated that he will be absent from the August 21, 2013 Commission meeting.

Town Clerk Mendez distributed the August 26, 2013 Commission Workshop agenda packet.

Mayor DuBois requested that the large map of the Town be brought to the meeting and that GoogleEarth be set up and displayed on the screen for the August 26, 2013 Commission Workshop.

ADJOURNMENT

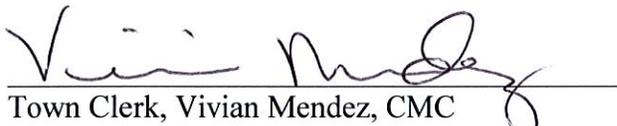
There being no further business to come before the Commission and after a motion to adjourn by Commissioner Rapoza and seconded by Commissioner Flaherty, and by unanimous vote, the meeting adjourned at 9:37 p.m.



Mayor James DuBois



Deputy Town Clerk, Shari Canada, CMC



Town Clerk, Vivian Mendez, CMC



FLORIDA
Approved on this 10 of September, 2013

Exhibit "A"
8/13/2013

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

This is our second of two scheduled workshop meetings to go over the details of the proposed 2013-2014 annual budget for all of the funds of the Town of Lake Park. This evening I plan on sharing with you a few introductory comments, and then we will open up the floor to your questions and suggestions. Please keep in mind that this evening's meeting is not the end of the budget process. Actually, these first two meetings are informal meetings for purposes of having discussions about the budget. We will be holding two formal public hearings next month to finalize the budget before the new fiscal year begins. Our first budget public hearing will be held on Tuesday, September 10th at 6:30 pm with the final public hearing being held on Wednesday, September 25th at 6:30 pm. The new budget year begins on October 1st.

Now for a few brief updates since our first workshop meeting which we held on July 17th. On Saturday, August 3rd, the *Palm Beach Post* ran a front page story about the 2013 tax rates for 36 municipalities, four county taxing authorities, and nine other taxing agencies here in Palm Beach County. In their chart on page A10, it appeared that the Town of Lake Park had the highest millage rate of all 49 agencies appearing in that chart. Lake Park was reported as having a 2012 tax rate of 10.29 mils and a 2013 proposed tax rate of 10.64 mils. And of course, charts in the *Palm Beach Post* can always be relied upon to be completely accurate and built on a comparison of "apples to apples". While not wanting to get into a war of words with the *Palm Beach Post*, I thought it important to put their chart into some perspective.

That 10.64 mils is made up of a number of components. As can be seen from the chart on the screen, the first 3.4581 mils is the rate that Palm Beach County Fire/Rescue charges the Town for our annual fire response and ambulance response services. The second component, 5.4419 mils would make up the rest of the Commission approved General Fund millage rate if the Commission were to accept the recommended overall General Fund millage rate of 8.9000 mils. To that amount, however, one must add the final component which is the historical 1.74 mils of voter approved debt service.

But there is one additional factor that must be taken into consideration as it relates to the 5.4419 mils component of the overall rate. If one were to convert the cost of the annual Palm Beach County Sheriff's Office contract into a millage rate, it would be equal to 5.8493 mils.

And so, as proposed, the Town's 8.9000 millage rate is made up of nothing but the two contracts for Palm Beach County Fire/Rescue and the Palm Beach County Sheriff's Office, along with the voter approved debt service.

Put another way, at 8.9000 mils, the General Fund would collect \$3,539,614 in ad valorem tax revenues and spend \$4,217,620 on police and fire services alone. In essence, we spend 119% of our ad valorem revenue on police and fire services. One might ask; how is that possible? Well, it is possible because we actually spend 100% of our ad valorem tax revenue on police and fire services, and we make up the other 19% of public safety expenses on other types of revenues such as Utility Taxes, Communications Services Taxes, Franchise Fees, State Revenue Sharing, transfers in from enterprise funds, and other sources of revenue all of which can be found on pages 2-6 of your budget document.

And actually, this news is getting slightly better next year over the current year. This year, we spent 124% of our ad valorem tax revenue on police and fire services. Next year, with the slight increase in our assessed values, we will only be spending 119% of our ad valorem revenues on police and fire services.

Now for some good news since our first budget workshop meeting. We have been able to trim some of the expenses in our Marina Fund, such that the amount of money that the General Fund will need to transfer to the Marina Fund to help balance it has been reduced from a contribution of \$68,788 to a contribution of \$52,088. This helps the General Fund to the tune of \$16,700.00.

Now for some additional news (news which is actually neither good nor bad; but it is additional information which we did not have at the time of our first budget workshop meeting). We now have virtually all of our employee health insurance renewal information in hand. As you

might recall from our first budget workshop meeting, the proposed budget included an allowance for a 12% increase in employee health insurance between the current year and next year. The first renewal quote that we received from United Healthcare (our current provider) was for a 22% increase next year. That was completely unacceptable, and we sent our insurance broker packing after receiving that first renewal quote. At a subsequent renewal negotiating session, the broker came back with a renewal quote of a 16% increase. That was still unacceptable. So we have a number of alternatives for the Commission to look at and consider:

I am passing out a rather comprehensive sheet which depicts all of the alternatives for our employee health insurance going forward. I will do my best to now work through it with you.

Column A is our current plan. Please look at **Column A, Row 8**. This shows us that:

25 employees have single coverage at a cost of \$561.98/mo. to the town.

6 employees have ee + sp coverage at a cost of \$904.80 to the town and \$342.82 to ee.

4 employees have ee + ch coverage at a cost of \$792.39 to the town and \$230.41 to ee.

4 employees have family coverage at a cost of \$1,143.64 to the town & \$581.66 to ee.

5 employees have waived all insurance coverage and the Town pays nothing for them.

Therefore, in our current plan, as can be found in **Column A, Row 9**, the Town pays \$326,668.44 annually for employee health insurance and the employees who have coverage other than single coverage contribute \$63,661.80.

The United Healthcare renewal quote can be found in **Column B**. Coverage remains the same, year-over-year. If we were to renew with the exact coverage that we currently have, we would see a 16% increase in premium (remember the proposed budget has an allowance for a 12% increase). That is, in **Column B, Row 9** you will see that the renewal cost to the Town goes up to \$378,925.56 (an increase of \$52,257.12 to the Town) and the renewal cost to the employees who select coverage other than single coverage goes up to \$73,845.72, an increase of \$10,183.92 to the employees.

Now we do have some alternatives. **Column C** is with a different provider. It is with Blue Cross/Blue Shield. Please look at **Row 9**. It shows that with BC/BS we would see a 10.8% increase for the Town and a 16.6% increase for employees who chose coverage other than single.

But the difference can be found in **Rows 1, 2, 3, 4, and 6**. Some out-of-pocket expenses go up (which can be seen in red). For the most part, however, those out-of-pocket expenses that would go up do so mostly with out-of-network providers; and most of our employees do not use out-of-network providers.

Another alternative can be found in **Column D**. This plan would still be with United Healthcare, but you can see mostly in **Rows 1 and 2** that the out-of-pocket expense goes up significantly (which can be found in the red numbers). If this plan were chosen, the premium increase to the Town and to the employees, as found in **Row 9**, would only be an increase of 5.3% over the current year. Please remember, we have a budget allowance of 12%, so if the **Column D** plan were to be chosen by the Commission, this will result in a net savings to the overall budget. If the **Column D** plan were chosen, the General Fund would avoid an additional cost of \$15,151.00 and the other funds would avoid an additional cost of \$8,453.00 against the 12% allowance put into the budget.

Finally, **Columns E and F** offer a dual option plan. That is **Column E** is the same as **Column D**, the plan that only costs the Town an additional 5.3% year-over-year, but has a significant increase in out-of-pocket expenses both in network and out-of-network for employees (**Rows 1 & 2**). **Column F**, if chosen by employees, would “buy down” the out-of-pocket costs if the employee were to pay an additional premium (which can be found in **Column F, Row 8**). To buy down the out-of-pocket cost to the current renewal level, it would cost:

An employee an extra \$60.25 per month.

An employee + spouse an extra \$494.66 per month.

An employee + child an extra \$352.23 per month.

An employee with family coverage an extra \$797.31 per month.

So, that's it for my presentation this evening. As usual, your staff would be happy to answer any questions you might have.

Exhibit "C"
8/13/2013

Revenues

64,110.00 property values increasing
70,648.00 unrestricted reserves
= 134,758.00

Revenues going out

-51,574.00 police
-59,529.00 fire rescue
-68,788.00 marina decencies
-43,680.00 insurance increases
= 223,571.00

134,758.00-223,571.00 = 88,813.00

Denied TM Suggestions and request equals

2,875.00 5% increase
20,275.00 matching contributions
35,664.00 full time employee
20,000.00 computer upgrades
= 78,814.00

~~Bill in need of funds~~

~~= 144,757.00~~

78,135.00 admin fees sanitation (Can we put these back in place)

Adjust the budget and make changes to:

-20,000.00 attorney fees
-10,000.00 off recreation expenses
+1,000.00a month x 12 = +12,000.00facilities rental from sheriff
-2,500.00 commission travel and training
-1,937.00 admin manager assistant 5% pay
-2,972.00 human resource 5% pay
-2,375.00 town clerk regular salaries increase?

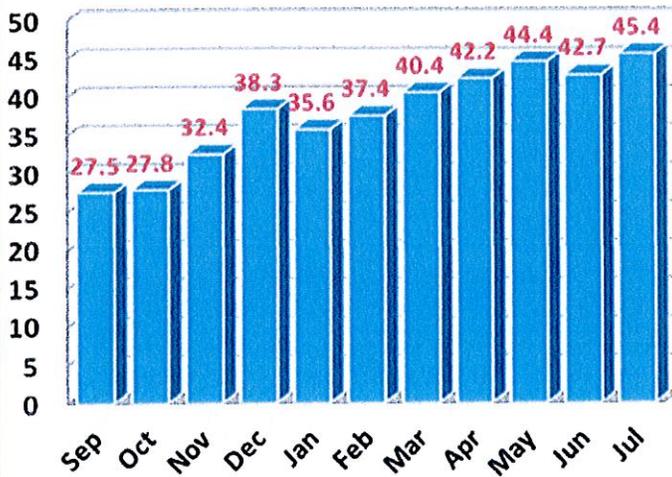
48,029.00

Dale Sugerman

From: James Hart
Sent: Tuesday, August 06, 2013 2:29 PM
To: Dale Sugerman
Subject: FYI - Occupancy

Exhibit "D"
8/13/2013

Occupancy FY: 2012/2013 Monthly Average (%)



James C. Hart, C.M.M.
Marina Director
Lake Park Harbor Marina
105 Lakeshore Drive
Lake Park, FL 33403
PH: 561-881-3353
Fax: 561-881-3355
jhart@lakeparkflorida.gov



AGENDA

Lake Park Town Commission
Town of Lake Park, Florida
Town Commission
Budget Meeting
Tuesday, August 13, 2013, 6:30 P.M.
Lake Park Town Hall
535 Park Avenue

James DuBois	—	Mayor
Kimberly Glas-Castro	—	Vice-Mayor
Erin T. Flaherty	—	Commissioner
Michael O'Rourke	—	Commissioner
Kathleen Rapoza	—	Commissioner
.....		
Dale S. Sugerman, Ph.D.	—	Town Manager
Thomas J. Baird, Esq.	—	Town Attorney
Vivian Mendez, CMC	—	Town Clerk

PLEASE TAKE NOTICE AND BE ADVISED, that if any interested person desires to appeal any decision of the Town Commission, with respect to any matter considered at this meeting, such interested person will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. *Persons with disabilities requiring accommodations in order to participate in the meeting should contact the Town Clerk's office by calling 881-3311 at least 48 hours in advance to request accommodations.*

- A. CALL TO ORDER/ROLL CALL
- B. PLEDGE OF ALLEGIANCE
- C. DISCUSSION
 - 1. Commission Discussion of the Presented Preliminary Fiscal Year Tab 1
2013/2014 Budget
- D. PUBLIC COMMENT

This time is provided for audience members to address items related to the Fiscal Year 2013/2014 Budget. Please complete a comment card and provide it to the Town Clerk so speakers may be announced. Please remember comments are limited to a TOTAL of three minutes.
- E. ADJOURNMENT

Next Scheduled Regular Commission Meeting will be held on Wednesday, August 21, 2013