

**MINUTES
CITY OF LAKE WORTH
CITY COMMISSION
BUDGET WORK SESSION NO. 1
APRIL 8, 2014 – 6:00 PM**

The meeting was called to order by Mayor Triolo on the above date at 6:00 PM in the City Commission Chamber, located at 7 North Dixie Highway, Lake Worth, Florida.

1. ROLL CALL:

Present were Mayor Pam Triolo and Commissioners Christopher McVoy, Andy Amoroso, and John Szerdi. Vice Mayor Scott Maxwell was absent. Also present were City Manager Michael Bornstein and City Clerk Pamela Lopez.

2. Pledge of Allegiance:

The pledge of allegiance was led by Commissioner Andy Amoroso.

3. UPDATES/FUTURE ACTION/DIRECTION:

A. Discuss the Fiscal Year 2015 draft City budget and strategy session

City Manager Bornstein announced that this was the first budget work session and said the resident survey was released; staff was currently working on their budget requests, including pension discussions and union negotiations; announced a Request For Proposal was released for a salary and job description survey; said staff was currently working on the Capital Improvement Plan; announced that the Finance Advisory Board held a work session and there was discussion on the members' purpose and being active in the Lake Worth 2020 bond improvements; and said staff was waiting for information on the State Shared Revenues. He announced the next budget work session was on May 13, 2014.

He explained in detail the budget calendar dates, controllability of cost versus uncontrollable cost from Fiscal Years 2011 through amended 2014, the General Fund revenues versus expenditures from Fiscal Years 2004 through the projected 2014, and the expenditures and revenues in Fiscal Year 2014 compared to Fiscal Year 2013's amended budget.

Lengthy discussion ensued regarding continued use of reserve funds.

Request/comment summary:

1. Commissioner Szerdi requested information on one-time big expenses.
2. Commissioner McVoy requested an overall budget graph covering Fiscal Years 2004 through the projected 2014.

3. Commissioner McVoy requested information on the revenue/expenditure balances for Fiscal Years 2004 through the projected 2014.
4. Mayor Triolo requested an update from the City Attorney on pending litigations and resolved litigations.
5. Commissioner Amoroso requested information on grants and the City's readiness to budget for disasters or hurricanes.
6. Commissioner Amoroso requested the line items be named the same throughout the budget document.
7. Mayor Triolo requested information on money used and money still committed in the Capital Improvement Funds.
8. Commissioner McVoy requested information on predicted pension costs for the next five years.
9. Commissioner McVoy requested the dollar amount in graphs begin at zero.

B. Lake Worth 2020 discussion

City Manager Bornstein recapped that the Commission were uniform in their decision to support the 5 Year Base Plan, which included the Park of Commerce Phases 1 and 2 and resurface roads with a Pavement Condition Index (PCI) 56-83 rating. He said tonight there would be discussion on funding options to replace two inch steel water lines, provide neighborhood enhancements, and the dollar amount for a General Obligation Bond (GOB).

He explained that the 5 Year Base Plan would require a total GOB issuance of \$60.2 million less the current reserves and Economic Development Administration Grant of \$40,507,847 and less the mill and resurface PCI 56-83 of \$11,487,000 would result in a total net available funding of \$8,205,153.

Larry Johnson, Water Utilities Director, explained the need to replace the two inch steel water lines in alleys at an estimated cost of \$7.2 million, easements at an estimated cost of \$5.3 million, and roads at an estimated cost of \$1.5 million. He said the total estimated cost was \$14 million, and the improvements would affect 2,171 properties.

Lengthy discussion ensued regarding the need for the replacement, money available in the Water Fund, using the \$8.2 million net available funding from a GOB, upgrading to radio-read meters, and an increase in water pressure which could cause damage to private property owners' old piping.

Mr. Johnson discussed the following funding options to replace all two inch

water lines:

General Obligation Bond (GOB)

1. Zero use of GOB funding with the improvements paid through a water system would result in a net unassigned GOB fund of \$8.2 million, required a \$14 million Revenue Bond to be issued and paid through a \$6 per month increased water rate;
2. 50% of the project funded by a GOB would result in a bond totally \$60.2 million, resulted in a net unassigned fund of \$1.2 million, a \$7 million Revenue Bond would need to be issued and paid through a \$3 per month increased water rate; or
3. 100% of the project funded by a GOB would result in a bond totally \$66 million, resulted in a net unassigned fund of zero, no Revenue Bond would be issued, and no increase in water rates.

Special Assessment on affected properties to pay for a Revenue Bond:

1. Alleys had an estimated cost per property of \$5,000 which represented a monthly increase of \$25 for 20 years;
2. Easements had an estimated cost per property of \$7,500 which represented a monthly increase of \$35 for 20 years; and
3. Roads had an estimated cost per property of \$15,000 which represented a monthly increase of \$55 for 20 years.

Commissioner Amoroso left the meeting at 7:15 PM.

Discussion ensued regarding which portion of the Lake Worth 2020 projects did not need to be funded by a GOB.

Commissioner Amoroso returned to the meeting at 7:18 PM.

Request/comment summary:

1. Commissioner Szerdi commented that he supported funding the water pipe replacement project using special assessments on the affected properties to pay for a Revenue Bond.
2. City Manager Bornstein commented that if a GOB was voted down by the voters, the City would have to fund the water replacement project through a special assessment or increased water rates.

Discussion ensued regarding using a GOB instead of the Utility Fund to pay for another \$12 million in other water improvements.

Mayor Triolo recessed the meeting at 7:35 PM and reconvened at 7:52 PM.

Neighborhood Enhancements

Jamie Brown, Public Services Director, explained the neighborhood enhancements included traffic calming, street lighting, hardscape features, landscape islands/bulb outs, and neighborhood entryway features. He said the total estimated cost over a five-year period was \$3.2 million.

Request/comment summary:

1. Commissioner McVoy commented that he supported adding the neighborhood enhancement costs to the GOB.
2. Mayor Triolo and Commissioner Amoroso said they supported adding neighborhood enhancements related to safety such as traffic calming, sidewalks, and street lighting to the GOB rather than the hardscape features and landscape islands/bulb costs.
3. Commissioner Szerdi requested information on expanding the street lighting foot-candle.

City Manager Bornstein recapped the below financial options for the 5 Year Base Plan plus road resurfacing, two inch steel water line replacement, and neighborhood enhancements:

General Obligation Bond

- Issuance of a \$60.2 million bond with zero GOB funding for the two inch water lines would result in a net unassigned GOB fund of \$5,005,153;
- Issuance of a \$62.2 million bond with \$7 million (50%) of the two inch water lines funded by a GOB would result in a net unassigned GOB fund of \$5,153; or
- Issuance of a \$69.2 million bond with \$14 million (100%) of the two inch water lines funded by a GOB would result in a net unassigned GOB fund of \$5,153.

Request/comment summary:

1. All of the Commission requested information on the water rates before they were lowered and the rates over the past several years.

Consensus: To support the 5 Year Base Plan plus road resurfacing and neighborhood enhancements at a General Obligation Bond amount of \$60,200,000 which would result in a net unassigned funding of \$5,005,153. Additionally, to support the \$14 million two inch steel water lines replacement with the

issuance of a Revenue Bond with payment of the debt through an increased water rate.

City Manager Bornstein explained the cumulative millage requirement, assuming a 4% property value growth, resulted in a 1.80 millage increase for Bond 1 (years 1-2), Bond 2 (years 3-4) resulted in a millage rate of 2.51, and Bond 3 (year 5) resulted in a millage rate of 3.33.

Request/comment summary:

2. Commissioner McVoy requested someone look into all of the proposed projects to make sure the City would be in compliance with the Four-County Southeast Florida Climate Compact's suggestions.

4. ADJOURNMENT:

Consensus: To adjourn the meeting at 8:35 PM.


PAM TRIOLO, MAYOR

ATTEST:


PAMELA J. LOPEZ, CITY CLERK

Minutes Approved: May 6, 2014

A digital audio recording of this meeting will be available in the Office of the City Clerk.

