

**MINUTES  
CITY OF LAKE WORTH  
CITY COMMISSION  
WORK SESSION  
JANUARY 27, 2015 – 6:00 PM**

The meeting was called to order by Mayor Triolo on the above date at 6:00 PM in the Compass Community Center, located at 201 North Dixie Highway, Lake Worth, Florida.

**1. ROLL CALL:**

Present were Mayor Pam Triolo; Vice Mayor Scott Maxwell; and Commissioners Christopher McVoy, Andy Amoroso, and John Szerdi (arrived 6:46 PM). Also present were City Manager Michael Bornstein, Assistant City Attorney Christy Goddeau, and City Clerk Pamela Lopez.

**2. PLEDGE OF ALLEGIANCE:**

The pledge of allegiance was led by Vice Mayor Scott Maxwell.

**3. UPDATES/FUTURE ACTION/DIRECTION:**

**A. Discuss how to pay for the City's infrastructure needs**

Mayor Triolo announced that the purpose of this meeting was to discuss financing the City's infrastructure needs and the community wanting further discussion on financial options. She said everyone agreed that streets needed to be fixed. This meeting was to discuss financial options and not to berate or belittle anyone.

City Manager Bornstein introduced the following experts in attendance to answer questions: Heather Encinosa, to advise on bond; Jay Glover, the City's financial advisor; and Christy Goddeau, the City's Assistant City Attorney. He said the City's Finance Director was in transit to his new position with Lake Worth and was not present. City staff was also in attendance to answer any questions.

He said the Commission was directed to open discussion on options to finance infrastructure that was needed throughout the City. There was a need to put all ideas "on the table" to determine if the concepts were legal. This meeting was a way to come to consensus on how to fund the infrastructure plan. There were maps on the wall, sign-in sheets, and comment cards in the room to encourage dialogue and push information out.

Mayor Triolo asked for those individuals who wanted to speak to fill out a comment card. There would be no time limit on how long each individual would be allowed to speak.

Loretta Sharpe said she was originally against the General Obligation Bond then looked around, spoke to experts and staff, and then determined that this was something that had to be done. There was not enough water pressure in the City's pipes to put out fires and there were potholes in the streets. She said she still did not like paying for the bond, putting money into the Park of Commerce projects, and the \$800,000 neighborhood enhancement plan. She suggested financing the improvements through fire, police, and fire hydrant assessments and supported every house in Lake Worth being assessed.

Peter Timm said the General Obligation Bond failed because people were not told the truth. Some people would pay nothing while others would pay thousands of dollars. The City said the only way to pay for the improvements was with a bond. He suggested funding the infrastructure with a non ad-valorem tax. He said many parts of the improvement plan had nothing to do with roads or water pressure, which should be paid through the Water Fund. He said water and sewer rates were raised to pay for improvements.

Katie McGiveron commented that she was involved with the Citizens Against Unfair Tax Political Committee. She said she did not want to do it, but for the sake of her family, she could not afford to live in Lake Worth. She commented that this meeting was premature and asked for, but did not receive, a request to hear why the voters did not like the bond. She said this meeting was nice; however, she was supposed to give the Commission her reasons on how to take more money out of her pocket. The City took enough money out of her pocket, and the money they had was mismanaged.

She said literature was distributed last year during a District 1 outreach meeting on the number of roads and where the money was going. She said she did not like the idea of giving each Commissioner \$800,000 for neighborhood enhancement improvements and did not want that included in the improvement plan. She said she did not like the Park of Commerce improvements being lumped into a road plan. If a business wanted to come to the City, then they should pay for the roads. The literature distributed did not do a good job in breaking down where the money was to be spent.

She suggested the City use the money it already had to fix roads. If the City took back the Community Development Agency (CRA) district, then the City would have all the money it needed to fix roads. She asked the City to do research on taking back the CRA before it stuck its hands into her pockets. She said there was no cap on how much money would be taken from her pocket. The bond was over 30 years; however, most roads lasted 20 years. She thanked the City for having the meeting, but said it was premature. The Commission owed the 50% plus voters to have scheduled a meeting prior to this one.

Mark Parrilla commented that he was glad professionals were attending this meeting and that bond interest rates were at a historical low.

Ginny Powell commented that an alternative to a bond was to seek grants. Grants could pay for a lot of the improvements. She said about 10% of projects were built using grant funds and it was worth investigating. Getting grant funds would require someone who knew how to find and get grants then follow up with the grant once received. She announced a Metropolitan Planning Organization meeting on January 29, 2015, to get grants. She suggested the City send staff to this meeting and said the deadline to submit for a grant was in February. She also suggested doing a smaller bond amount because everyone agreed that the roads needed to be repaired.

Michael Fox commented that he stood against the bond for several reasons, but through the 2014 district outreach meeting discussions, he changed his mind for a couple of reasons. In the north, there were civilian review boards for law enforcement. He suggested forming an ongoing group of civilians to provide oversight and to make the issue more palatable to citizens. The group could meet quarterly on the bond for the purpose of watching the debt, but not providing suggestions to the Commission. A civilian review board could be more acceptable to people who were opposed to the bond.

Jeffrey Morgan commented that the process for finding information was deceptive. He said he spent tens of thousands of dollars on his properties and suggested using usage, impact, or frontage footage as a way to make everyone pay for the improvements. He asked if the bond was a done deal or if it could be modified to make it more fair and palatable. Anything the City did to penalize the people who took care of their property would fight this issue. He said he lived in Lake Worth for 55 years and was willing to pay, but would not pay for the slum lords.

Marcus Kelly suggested the City sell its golf course.

Sam Goodstein thanked the City for starting the process and educating the populace. He said the Lake Worth 2020 Plan was very good and should be brought forward again in the same form. He suggested that next time, the supporters would win. He said his family owned Holt's Lazyland Mobile Home Park and was one of the largest taxpayers in the City on property located south of 6<sup>th</sup> Avenue South. He said his family expected to benefit from the improvements of the City for decades to come, and they were willing to pay.

Bill Hoffman commented that the interest rate on municipal debt was low. He asked if the projects could be done in phases using several bonds, if the projects could be done in specific areas, and how equitably would the debt be applied.

John Rinaldi said he was against the bond the moment the Commission said

his taxes would increase. The business community was hurting and there was not a lot of foot traffic. For every dime businesses had to pay, they suffered more. He asked what the City would do with \$64 million. He said he heard that the City would do wonderful things with the money and was offering everyone wonderful projects instead of giving the citizens what they needed. He commented that he was being asked to approve a "fancy plan" and give money to neighborhoods for street calming. Citizens needed to know what projects were needed now.

He said the concept was that, if roads were being torn up, then do all the improvements at once because it was cheaper. He asked the City to tell him what was needed and what it would cost. He said there were aspects of the financing that he did not like and did not like giving the Commission carte blanche to use the money. He asked for the bond to be very specific on which projects would be done and for what amount. He asked if the citizens would be guaranteed that the money would be used for specific projects instead of having projects listed in Phase 1 or Phase 2. Once he gave the City \$64 million, then it would be the City's. There was a trust issue. A large amount of cash was coming into the City, which was not used to fix roads or buildings. The City had millions of dollars to use. As a citizen, he said he had to deal with Commission and City Manager trust issues to do the right thing. If a new Commission came in then they could hire a new City Manager. At the next election, he said he wanted to hire new Commissioners to hire a new City Manager.

The proposed bond was for 30 years. If a new Commission or City Manager was in power, then that would provide a new dynamic. He said he was told that the bond covenant would legally guarantee the work was done. He asked everyone to remember that anytime someone asked people for more money, it would change the economics of the City. He asked the City to do the improvements in phases and only borrow money for those phases. After that, then the people could ask if they trusted their government and the City Manager. Businesses competed with West Palm Beach, and those businesses did not pay the same tax or electric rates that he did. Property values were increasing and if given enough time, the tax money would come in and the City would not have to hit people with a higher tax rate. He asked if the City needed \$64 million.

John Adaire asked how much money the stormwater tax brought in. He said there was a 6-7% gas tax imposed during the depression which took Lake Worth out of bankruptcy. He asked how much gas tax the City received and what was done with the money.

Commissioner Szerdi arrived at the meeting; the time being 6:46 PM.

City Manager Bornstein replied that he would get an answer for Mr. Adaire.

Elise LaTorre said she heard many good points. Before the City came to her for more money, she asked if the City was doing everything in its power to be good stewards of her money. There was a lot of crime and slum lords in the City. She asked for Code Enforcement to crack down. There were hundreds of people renting their properties without paying a bed tax or rental license. She said there was a need to look at what revenues were "sitting on the table."

Commissioner Amoroso explained that the golf course properties were deeded to the City. If the City used those properties for something other than its intended use, they would revert back to the original owners or their heirs.

Joe Egly commented that because of the market in the past, his property value went down so he had to rent his condominium unit. He said he heard many good ideas; however, the golf course property deeds had reverter clauses. When he was a Commissioner in 2006, he said he was attune to the water and electric and saw the City's infrastructure pipes splintered. He said he did not know how many miles of pipes there were, but there were thousands of pipes that were patched. This was the best time to get a debt because of the low interest rates. Revenue came into the City, but then it went out for human resources. The City could go after grants, assessments, and non ad-valorem taxes. Property values were going up, but not a lot of money was coming into the City. Code Enforcement Inspectors were out every day and were working hard to keep up with the slum lord issues.

Tammy Pansa said everyone was in agreement about the need to fix roads, but were sitting on the fence about the issue. She asked for backup material on the issue and how the City came up with the \$64 million amount. People were interested in the subject. She said she wanted to share the backup material and suggested it be uploaded to the City's website. There was a need to know about all of the pieces that made up the \$64 million in detail and to put that information on the City's website. The Commission was doing a great job, Code Enforcement was improving blight, and more rental licenses were being issued; however, she said she did not know about these until she asked. She suggested information on licenses also be uploaded to the City's website. She said she wanted to see more advertisement, signage, and use of the billboard to get people from I-95 to visit Lake Worth.

Mayor Triolo thanked everyone for speaking and said she was grateful to everyone who attended the meeting. Discussion with staff and the public about the infrastructure plan was first called Roadway and Utilities Master Plan (RUMP), then changed to Lake Worth 2020. One of the biggest problems was that the City did not have "shovel ready" projects to submit for grant funds. A lot of communities did have "shovel ready" projects years ago, and they received grant funds. Empirical data about the infrastructure needs was recently done.

As a resident, she said she could not personally be hit up for more money. She asked what the worst first projects were? Were they the roads that were never paved or the roads that had no sidewalks or infrastructure? Were they the roads that had potholes? Was the worst first projects the ones that affected those in attendance or their neighborhood?

City staff come before the Commission 2.5 years ago with a wish list valued at \$200 million. Over time, projects were eliminated and the debt amount reduced to \$64 million. The plan included \$800,000 in neighborhood enhancements for each community to decide on what they needed. The City was trying to do what needed to be done. Everyone needed to come together and decide how to fund the improvements. Experts gave the City empirical data.

She commented that she was against a fire service assessment because the funds would go towards paying pensions, which could not be done. Attorneys had said that, legally the City could not do a road assessment based on acreage. This discussion had been ongoing for years. She said she and City staff were members of the Metropolitan Planning Organization (MPO), and they were taking advantage of every opportunity to seek grant funds. She had state and federal legislators tour the City and were shown Lake Worth's need for money. She advised that the Park of Commerce was on the MPO's long range transportation plan to receive grant money. If the community wanted to eliminate the \$800,000 in neighborhood enhancements, then it could be removed. The City had one federal and one state lobbyist working to seek grant funds. The City had been laying out the foundation, through multiple ordinances, to improve code enforcement.

Attorney Heather Encinosa, Nabors Giblin & Nickerson, commented that she heard a lot of good ideas to fund the infrastructure. From a legal standpoint, she said the City could fund road improvements through an assessment, but that would not mean that every property would pay the same nor did it mean that every property would pay any assessments. She said special assessments were suited for neighborhoods and not for passerby traffic. The improvement had to benefit a specific property, and the assessment amount was equally proportionate to the benefit received.

She explained that a non ad-valorem tax was the same as a special assessment, but collected through the tax bill. A fire hydrant or fire protection service assessment was used all over the state, but Lake Worth was already funding those services through a Municipal Services Taxing Unit (MSTU). To impose an assessment to pay for pensions would be an issue because it had to benefit a property.

She explained that imposing a special assessment for police would not be legally defensible because police provided a community benefit and not

specifically a property benefit. A special assessment for fire hydrants, water, and sewer needed to be researched followed by determining how to best proportion the assessment amount to each property. She explained that the amount of an assessment was not based on property value. The front footage method could be used for a road assessment, and the most common method was trip generation to determine the Equivalent Residential Units (ERU) amount.

Jay Glover, Public Financial Management, said he was the City's advisor on debt related matters. He explained that special assessments were legal under certain situations; however, one issue he said he wanted to raise was the ability to use assessments to secure debt, which was problematic. He commented that he was not stating that securing debt using assessments was impossible, but it would depend on the underlying credit of those individuals and businesses paying those assessments.

He explained that the financing market would look at the underlying properties to assess their ability to pay the assessments. Given the makeup of the City, he said it would be difficult, if not impossible to secure financing solely with special assessments. Many special assessments that were done had some type of credit support behind them like a General Fund Preference support, covenant, or budget which may or may not be feasible given the City's General Fund situation. He said that, while assessments were legal to finance the types of projects included in the Lake Worth 2020 Plan, he wanted to caution the City that the feasibility to get financing by those assessments would be difficult.

He commented that he was not saying "yes" or "no" until the properties being assessed and the credit quality of those properties were looked at in order to determine if a loan, bank, or capital market would give the City money.

City Manager Bornstein said all of the ideas heard would be gathered and a follow up meeting was already scheduled to look at whether the ideas provided were possible and legal.

Vice Mayor Maxwell commented that assessments were possible, but the City may not be able to secure a debt. He asked if there would be lawsuits if assessments were imposed.

Attorney Encinosa replied that, if there was a big assessment-backed bond issue that had a backup covenant, a validation procedure could go to the Courts to get "a blessing" for the life of the bond.

Mayor Triolo read the comment card written by Michael Flack. Mr. Flack wrote asking what the City's credit rating was.

City Manager Bornstein replied that the City had no General Fund debt

therefore, it had no bond credit rate.

Mr. Glover explained that the City had no credit rate. Staff used an assumption when the City went out for a bond referendum.

City Manager Bornstein advised that the City was climbing out of a deep financial hole. The Fiscal Year 2015 budget was patched together using one time revenue the City received. He encouraged everyone to attend the budget work sessions to hear how the City's various funds operated. He said the City was not financially solvent, but it was turning around.

Mayor Triolo read Joseph Furner's comment card. Mr. Furner wrote suggesting the use of alternative ways to fix infrastructure, [impose] no new taxes or bonds, prioritize the needs in the City, and give the City time. [He wrote that] house values were going up [and the City would receive] more taxes. [He suggested] applying for state and federal grants for the City to get funding and taking back the Community Redevelopment Agency. [He wrote that] based on the last mission, there was still way too much blight and crime after 20 plus years, and he did not want or like having a bond. [He wrote asking] to fix all dirt roads and missing sidewalks first and tax landlords more. With so many rentals, 70% in the City, let rental property owners pay more. [He wrote suggesting] making all non-homestead rental properties pay more tax and ad valorem tax and, most importantly, to listen to the citizens and clean up blight and crime first.

City Manager Bornstein replied that rental property owners already paid more in taxes than homesteaded property owners.

Mr. Glover said the City could do a hybrid: 1) an assessment, 2) General Fund, and 3) General Obligation Bond. Each of the three would have different interest rates. The City would receive the lowest interest rate with a General Obligation Bond.

Mayor Triolo read the comment card written by Phil Materio. Mr. Materio wrote asking what would happen to property [located] on county and state roads like Dixie and Federal Highways.

City Manager Bornstein replied that county and state agencies did their own improvements because the roads were not owned by the City.

Mayor Triolo commented that the Metropolitan Planning Organization was looking to improve Dixie Highway between 10<sup>th</sup> Avenue North and 6<sup>th</sup> Avenue South.

Mayor Triolo read the comment card written by Katie McGiveron. Ms. McGiveron wrote suggesting the City sell some of its surplus and foreclosed

properties.

City Manager Bornstein replied that the City owned a lot of property. There were 26 foreclosed properties owned by the City having a combined market value of \$500,000.

Mayor Triolo read the comment card written by Thomas Yacura. Mr. Yacura wrote asking what would happen when the City could not meet the payments for the General Obligation Bond.

Mr. Glover replied that the City would be in default of its bond if it could not meet the payments. A General Obligation Bond was backed by ad valorem taxes, and the City's millage rate would change to pay for the bond debt.

Commissioner Szerdi said everyone was looking for a fair way to pay for the improvements. A number of roads were never paved while others had the least amount of property values adjacent to them. The Commission relied on staff and consultants for data, which could be available on the City's website. There may be a hybrid formula and it was daunting to find a way to present the information to citizens. No one wanted to pay more in taxes. The City was trying to find something fair and was looking at all options, with many options being brought forward before. The experts were present to discuss the probability of the options.

Mr. Glover commented that interest rates were at their historic low and this was the time to borrow. The Lake Worth 2020 projects were scheduled in phases because of government regulations on how quickly the City had to spend the proceeds. The full debt service amount would not be drawn all at one time. Phasing was a good idea to draw down amounts as needed. He said State law limited the referendum ballot language to a 75 word summary and 15 word title.

City Manager Bornstein explained that the bond covenant document and resolution would contain the list of projects. If the list changed, it would have to go back to the Commission for approval.

Mr. Glover said the bond funds could only be used for infrastructure improvements. The resolution could be drafted, for public review, prior to the issue going to a referendum election. The bond's projects would be listed along with the maximum amount and terms.

Mark Parrilla asked what assurance did the public have that the projects listed would not be changed by future Commission.

Mr. Glover replied that any Commission, whether current or future, could modify the project list.

Robert Waples asked if the City was obligated to use all of the bond money.

Mr. Glover replied that the proceeds would be drawn down as needed. There could be some prepayment penalties.

Mayor Triolo said if grant funds were received, there was nothing requiring the City to use all of the bond proceeds.

Ginny Powell said the millage rate could increase if property values crashed again in order to meet the bond debt obligation over the next 30 years.

Mayor Triolo replied that the City could stop drawing on the bond proceeds at any time.

Commissioner McVoy commented that he was glad everyone came out to the meeting. He said he agreed with many of the comments about restricting this meeting to just financing. He asked why the August referendum vote was split 50-50. He said there was an issue with trust and other issues with Lake Worth such as crime and blight. He asked if putting money into roads was the best use of the money. There was a need to listen to the community on what would bring this community up. He said it bothered him that, in the course of the 2014 outreach meetings, the public was told that the City could not do special assessments and now were being told that they could. He said he heard that there were challenges to imposing special assessments. If something was difficult, then he suggested spending money to find a procedure to impose an assessment. He asked why the City would not tell people exactly what was in the bond covenant. He asked if there was absolutely no legal way for a stable document to be prepared that included a list of projects. He asked if it was impossible to "nail the City down."

Assistant City Attorney Goddeau replied that the City was limited to the amount of language in a referendum ballot question which would bind the City in the future. A resolution, which included the list of projects, could be changed.

Commissioner McVoy commented that there could be a document prepared which had no language limitation.

Assistant City Attorney Goddeau explained that the Commission could act either by ordinance or resolution, which could always be changed. The only way to bind future Commissions was by a referendum. She said a list of projects could not be created into a bond referendum. The bond referendum bound the future.

Attorney Encinosa replied that the City could be bound through a ballot referendum, but was limited to the number of words in the language.

Commissioner McVoy asked if it was possible for the City to move away from the 75 word limit in the summary.

Mayor Triolo said the City provided an unlimited amount of language through the backup material provided over the past 2.5 years.

Katie McGiveron asked if \$20 million could be borrowed followed by another \$20 million.

Mr. Glover commented that it would be difficult to secure debt which was solely paid by assessments.

Vice Mayor Maxwell said the Commission spoke about imposing assessments as a funding source over the past several years. Every project was laid out on a schedule with the dollar amount fixed to it. This information was available on the City's website public domain for a long time. The bond covenant would include projects, which could not be changed by future Commission.

**4. ADJOURNMENT:**

Consensus: To adjourn the meeting at 8:24 PM.

  
PAM TRIOLO, MAYOR

ATTEST:

  
PAMELA J. LOPEZ, CITY CLERK



Minutes Approved: February 17, 2015

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

