

**MINUTES  
CITY OF LAKE WORTH  
CITY COMMISSION  
BUDGET WORK SESSION NO. 1  
MAY 30, 2015 – 1:00 PM**

The meeting was called to order by Mayor Triolo on the above date at 1:00 PM in the City Commission Chamber, located at 7 North Dixie Highway, Lake Worth, Florida.

**1. ROLL CALL:**

Present were Mayor Pam Triolo; Vice Mayor Scott Maxwell; and Commissioners Christopher McVoy (arrived 1:38 PM), Andy Amoroso, and Ryan Maier. 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 2016 proposed budget**

City Manager Bornstein said budget transparency was a buzz word batted around. It was something that he had been gravelling with since his involvement in local government and particularly while in Lake Worth for the past three years. Lake Worth met the legal requirements of the State; however, numbers did not mean anything unless people understood them. He explained that the City needed a process and Burton & Associates was already providing financial modules for the Water Fund for several years. There was discussion about rethinking the budget process and having Burton & Associates look at all of the City's funds and how they interacted with each other. This year's budget process provided for the Commission to have discussions and make policy decisions from which the Fiscal Year 2016 budget would be crafted. The former finance director was able to balance the current budget by using one time revenue windfalls, which would not occur again.

He advised that the Palm Beach County Property Appraiser projected a 9.5% increase in property values; however, the budget still did not make a major commitment to funding replacement or maintenance of infrastructure needs. There were currently 58 vacant positions out of 352 employees. He asked the Commission to focus on each fund's balance during the process and to find solutions for the long term. He said staff was looking for direction or questions from the Commission.

**1) Water Fund**

Michael Burton, Burton & Associates, explained that they looked at eight funds and that cash flow models would be shown for each of those funds. He said each fund was interrelated, which would affect the General Fund. He explained in detail the Water Fund's operating fund and revenue versus expense's cash in and cash out. He commented that the Water Fund was healthy.

Larry Johnson, Water Utility Director, explained that staff was recommending a 4.5% water increase for Fiscal Year 2016, instead of the prior projected 5.0% rate increase.

No changes were made to the budget.

**Sewer Fund**

Michael Burton, Burton & Associates, explained in detail the Sewer Fund's operating fund and revenue versus expense's cash in and cash out. He commented that the Sewer Fund was healthy.

No changes were made to the budget.

**2) Electric Fund**

Michael Burton, Burton & Associates, explained that the Commission had entered into a rate parity ordinance and that, for the past two years, electric rates were reduced. He commented that to reach rate parity with Florida Power & Light (FPL) in two years, the Commission would have to decrease the electric rates 12% in Fiscal Year 2016 and another 12% in Fiscal Year 2017. If the rates were reduced, then in early 2018 the Electric Fund would run out of money. If the rates were not increased, then the Electric Fund would run out of money in 2020. If there was a rate increase each year, then there would be sufficient revenue in the Electric Fund.

Lengthy discussion ensued regarding parity including FPL's rate increase; investing in the City's own power plant; new construction being more energy efficient thereby using less electricity; the public's perception that the City still had higher electric rates; exploring all options before increasing the rates; the public not being aware that for the past four years the electric rates decreased; everyone would immediately learn about the rate increase, while the City did a poor job marketing the rate decreases; and having the General Fund not being dependent on utility funds.

Commissioner McVoy arrived at the meeting, the time being 1:38 PM.

Lengthy discussion continued regarding changing the amount of funds transferred into the General Fund and the results of those various change scenarios to both the Electric and General Funds.

Lengthy discussion continued regarding a financing mechanism to fund a new power plant, whether or not a fire assessment could be used to pay former Fire/Rescue Department personnel pensions, looking into the types of assessments imposed by other cities, the General Fund running out of money in Fiscal Year 2017 if contributions from the Electric Fund stopped, calling franchisee fees or payment in lieu of taxes the same name throughout all of the City's funds, putting efforts into conservation to help people reduce their electric usage, aged housing stock not having energy efficient appliances or insulation, a need for meaningful discussion on ways to increase revenue to the General Fund and encourage investment into the City, seeing the results of not funding infrastructure maintenance, being unacceptable to continue to transfer funds from the utility funds to support the General Fund, what the City could do to raise neighborhood prosperity, and providing a comparison of other cities' franchise fee amounts.

Mayor Triolo recessed the meeting at 2:32 PM and reconvened at 2:38 PM.

No changes to the budget were made.

**3) General Fund**

Note: Comments regarding the General Fund were had during the Electric Fund discussions.

**4) Beach Fund**

Michael Burton, Burton & Associates, explained in detail the Beach Fund's operating fund and revenue versus expense's cash in and cash out.

Juan Ruiz, Leisure Services Director, advised that additional staffing was requested in Fiscal Year 2016; however, any additional staffing would be based on the Commission's policy. He said an increase in parking meter fees could pay for the additional staff. He explained the proposed new pool amenities and improvements.

Lengthy discussion ensued regarding staffing the Casino Building and the results of various proposed scenarios to pay the debt and staffing, pool hours, and maintenance.

Vice Mayor Maxwell left the meeting at 3:13 PM and returned at 3:15 PM.

Lengthy discussion continued regarding generating enough revenue to support a US swimming competition pool and improvements to the pool to meet users' needs.

Commissioner Amoroso left the meeting at 3:35 PM and returned at 3:37 PM.

Lengthy discussion continued regarding including maintenance costs in future years modeling, the Casino Building needing to pay for itself and not subsidizing payment of the cost through parking meter fees, and consider renting the Casino Building's second floor for office space instead of a restaurant.

Vice Mayor Maxwell left the meeting at 3:50 PM and returned at 3:53 PM.

Lengthy discussion continued regarding paying for lifeguards with parking meter revenue, not using parking meter revenue to subsidize the Casino Building businesses, and residents subsidizing the Casino Building when the debt service costs were added into the Beach Fund financial modules.

The following changes to the Fiscal Year 2016 budget were made: keep the pool open 29 hours, fund office space for staff, fund additional staff, and increase the parking fees to \$2.50 per hour.

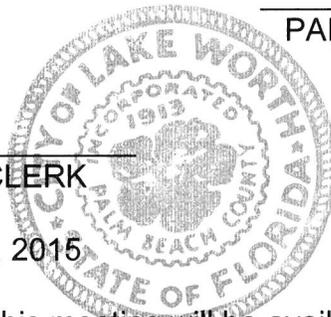
**4. ADJOURNMENT:**

Consensus: To adjourn the meeting at 4:02 PM.

  
PAM TRIOLO, MAYOR

ATTEST:

  
PAMELA J. LOPEZ, CITY CLERK



Minutes Approved: June 16, 2015

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