

**MINUTES
CITY OF LAKE WORTH
CITY COMMISSION
BUDGET WORK SESSION NO. 2
JUNE 9, 2015 – 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; Vice Mayor Scott Maxwell; and Commissioners Christopher McVoy, 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 Vice Mayor Maxwell.

Comments/requests summaries:

1. Vice Mayor Maxwell asked to talk about an article in the Palm Beach Post about an elected official at this meeting. He said there were serious allegations of special treatments levied in the news. He commented that those were serious accusations that needed to be addressed.
2. Mayor Triolo commented that this was a budget work session. Every story had two sides and both sides should be explored. She asked if there was anything pending, from a legal standpoint, which needed to be addressed.

City Manager Bornstein replied that this was a budget work session.

3. Mayor Triolo commented that the issue could be added to the June 16, 2015, Commission agenda. If the news was new, then she suggested Vice Mayor Maxwell talk to the City Manager to find out what was going on, if it was viable, or if the Commission needed to make a decision.

Vice Mayor Maxwell replied that he discussed the issue with the City Manager and that now it "hit the newspaper."

4. Commissioner McVoy suggested the Commission "stick to the agenda." Nothing would be gained from hastily responding to a newspaper article.
5. Vice Mayor Maxwell clarified that his request was not to respond to the newspaper article, but to ask the City Manager what needed to be done.

City Manager Bornstein replied that this issue was something that was following the process. He said he did not have the appropriate staff present at this budget work session to discuss it.

6. Vice Mayor Maxwell suggested scheduling a special meeting because the issue could only be discussed during a public meeting.

Mayor Triolo replied that the Commission's next meeting was on June 16, 2015. If there was something that was needed to protect the City, then she said the Commission could call for a special meeting. She said she preferred to know the facts before this issue was discussed. She commented that she wanted to make sure the Commission did not stray from the budget business.

City Manager Bornstein replied that if the Commission wanted a special meeting, then they could. Other than that, the issue could be discussed during the June 16, 2015, regular Commission meeting. He said this meeting was a budget work session.

7. Mayor Triolo commented that she wanted to speak to the City Attorney and wanted to understand the dynamics of the issue.
8. Commissioner McVoy commented that he did not want to use up the consultants and audiences time discussing this item. If Vice Mayor Maxwell wanted to have discussion, then he suggested he place it on an agenda.
9. Mayor Triolo agreed to place it on an agenda if everyone contacted the City Attorney.
10. Commissioner McVoy commented that every elected official could put an item on an agenda. It did not need staff to prepare an agenda item.
11. Mayor Triolo commented that the issue could be put on a regular Commission meeting agenda, but said she wanted the entire story researched. She also requested the City Attorney look into the legal allegations.

3. UPDATES/FUTURE ACTION/DIRECTION:

A. Discuss the Fiscal Year 2016 proposed budget

City Manager Bornstein explained that the Commission and public would be viewing a modeling system prepared by Burton and Associates that looked at all of the City's funds with the variables. He said the Commission and staff had a lot of successful discussion at the May 12, 2015, budget work session in order to craft the Fiscal Year 2016 budget.

1) Sanitation Fund

Erick van Malssen, Manager, explained that Burton & Associates looked at seven funds. At the last budget work session, the focus was on the General, Beach, Water, and Electric Funds.

He explained in detail the Sanitation Fund's operating fund and revenue versus expense's cash in and cash out. He commented that there were sufficient funds for Capital Improvement Program (CIP) spending and operating. He commented that the Sanitation Fund was healthy.

Lengthy discussion ensued regarding how much Sanitation Fund monies went into the General Fund; \$650,000 was transferred into the General Fund; consider rolling back some of the end user fees; increase the percentage transferred to the General Fund; the current rate covering truck purchases; the amount of increase required for inflation; and the impact to the General Fund if rates were reduced.

The results of various proposed change scenarios were discussed at length.

Jamie Brown, Public Services Director, explained that staff was proposing a franchise fee for commercial roll off service and cited prior years' losses. He asked the Commission if they supported staff's recommendation to release a Request For Quotes to provide commercial roll off service.

Lengthy discussion continued to ensue regarding keeping a reserve and not reducing the fee, look into adding inflationary rate increases after all the funds were discussed, and where the City's rates were in comparison to the marketplace.

Consensus: To support staff's request to release a Request For Quotes to provide commercial roll off service.

No changes were made to the budget.

2) Stormwater Fund

Erick van Malssen, Manager, explained in detail the Stormwater Fund's operating fund and revenue versus expense's cash in and cash out. He commented that staff had said there would be significant stormwater projects that were not included in their module; however, the Stormwater Fund could handle those projects without any increase in fee. He commented that the Stormwater Fund was healthy.

Lengthy discussion ensued regarding increasing the reserve from four to twelve months.

The results of various proposed reserve and fee increase scenarios were discussed at length.

No changes were made to the budget.

3) Local Sewer Fund

Erick van Malssen, Manager, explained in detail the Local Sewer Fund's operating fund and revenue versus expense's cash in and cash out. He commented that the Local Sewer Fund was healthy.

Larry Johnson, Water Utility Director, explained that staff was working to get proposed rate increases reduced. He said there would be a pass through expense from the County for their East Central Reclamation Facility. The City's portion for the facility would be about \$500,000 which needed to be factored into the Fiscal Year 2016 analysis. He commented that having a four month reserve was reasonable.

No changes were made to the budget.

4) Regional Sewer Fund

Erick van Malssen, Manager, explained in detail the Regional Sewer Fund's operating fund and revenue versus expense's cash in and cash out. He commented that the Regional Sewer Fund was healthy.

Larry Johnson, Water Utility Director, advised that Lake Worth was contractually obligated to provide a copy of Lake Worth's budget to its sub-regional sewer members.

No changes were made to the budget.

5) Other Business

City Manager Bornstein explained that the Commission had asked questions at the last budget work session that staff wanted to answer. The below were requested:

1. The Commission asked for a comparison of other municipalities franchise fees.

City Manager Bornstein responded that municipalities' franchise fees were in the 6-10% range.

2. The Commission asked for the amount of payment in lieu of taxes was paid into the General Fund and for staff to use either "franchise fee" or

“payment in lieu of taxes” titles but not both throughout the budget.

City Manager Bornstein explained in detail the amount of contributions from the Electric, Water, Refuse, Stormwater, and Local Sewer Funds. The total contribution to the General Fund from all of the funds was \$9,138,387, which included the \$5,747,778 contribution just from the Electric Fund. He said the term PILOT “payment in lieu of taxes” would be used throughout the budget instead of “franchise fee.”

3. The Commission asked for an electric rate comparison between Florida Power & Light (FPL) and the City.

City Manager Bornstein explained that staff was trying to get a better handle on the Florida Municipal Electric Association’s (FMEA) rate for Lake Worth, which was \$114 while FPL’s was \$99. He said FMEA did not include a customer service charge. There was a need to add a 10.34% franchise fee to FPL’s bill to cover the City’s payment in lieu of taxes fees amount. He said that when the franchise fee was added to FPL, their bill was \$109.24 compared to the City’s \$114.73. He said Lake Worth’s rate was 5.03% more than FPL’s so reaching electric rate parity would be doable.

Lengthy discussion ensued regarding the public’s perception that Lake Worth’s rates were much more than FPL, helping people find ways to conserve, and asking for electric rate comparisons over the past three years.

4. Could a fire assessment be imposed to pay former Fire/Rescue personnel pension.

City Manager Bornstein explained that there were two components for imposition of a valid special assessment: 1) the property assessed must derive a special benefit from the improvement or service funded by the assessment; and 2) the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit. He said Attorney Heather Encinosa researched the issue of whether funding the pension of retired firefighters directly benefited a property receiving fire services. In Attorney Encinosa’s opinion, an assessment would be a stretch, did not “pass the smell test”, and would be vulnerable to legal challenge on special benefit grounds.

City Manager Bornstein advised that staff would be generating more budget detail in the form of spreadsheets and providing them the Commission a week before the June 30, 2015, next budget work session. He said staff appreciated the Commission’s patience. He asked if the financial numbers could be uploaded to the City’s website.

Michael Burton, Burton & Associates, replied that the information could be uploaded without it being an active interactive site.

City Manager Bornstein commented that there should be another discussion on the budget before the Burton's model screen shots were uploaded. He announced that the next budget work session was on June 30, 2015.

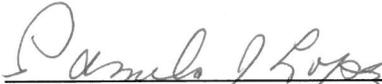
Lengthy discussion ensued regarding uploading screen shots too early because the public would think that they were looking at the final budget and providing middle ground draft budget information on the website.

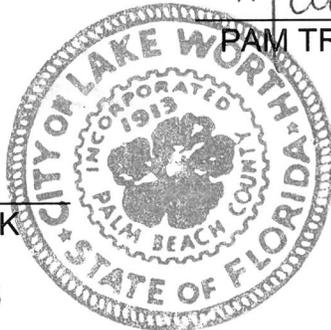
City Manager Bornstein commented that the screen shots would not be uploaded until after the June 30, 2015, budget work session.

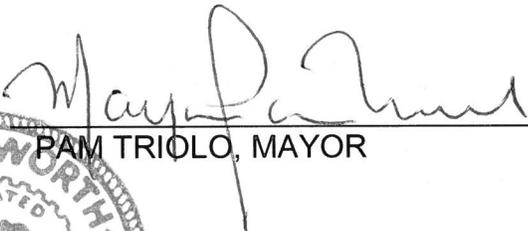
4. ADJOURNMENT:

Consensus: To adjourn the meeting at 7:33 PM.

ATTEST:


PAMELA J. LOPEZ, CITY CLERK




PAM TRIOLO, MAYOR

Minutes Approved: July 14, 2015

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