

**MINUTES
CITY OF LAKE WORTH
CITY COMMISSION
BUDGET WORK SESSION NO. 3
JUNE 30, 2015 – 6:00 PM**

The meeting was called to order by Mayor Triolo on the above date at 6:01 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 Commissioner Andy Amoroso.

3. UPDATES/FUTURE ACTION/DIRECTION:

A. Discuss the Fiscal Year 2016 proposed budget

General Fund Overview

City Manager Bornstein announced that the agenda would be amended so that there could be discussion on the big ticket budget items. He advised that the budget being presented was still a draft.

He reported that the General Fund's preliminary budget was \$30.9 million, the tax rate of 5.4945 mils was the same as the past three years, and the Municipal Services Taxing Unit (MSTU) remained at 3.4581 mils. The budget also included a 4% across the board salary increase totaling \$960,000; the City expected a 1% increase in the Palm Beach Sheriff Office's contract totaling \$121,000; and the preliminary Use of Fund Balance was \$1.026 million, which included a 20% projected increase in benefits.

He explained in detail the General Fund's Fiscal Year 2016's controllable versus non-controllable costs, expenditures by category, revenue sources, and revenues versus expenditures between Fiscal Years 2004 through the draft Fiscal Year 2016.

1) Fiscal Year 2016-2020 Capital Improvement Program

Nerahoo Hemraj, Finance Director, explained in detail the Fiscal Year 2016-2020 Capital Improvement Program. He said the total project cost for Fiscal

Year 2016 was \$24,037,586.

Lengthy discussion ensued regarding the funding source for the Park of Commerce and beach area.

Comment/summary request:

1. City Manager Bornstein commented that the Park of Commerce's \$8.7 million cost would be problematic since the City did not receive \$3.5 million in State funds.

No changes to the budget were made.

2) General Fund

Nerahoo Hemraj, Finance Director, explained that the draft budget totaled \$30,957,499. He said that, in order to balance the budget, a transfer of \$1,026,987 from Use of Fund Balance would be required.

Lengthy discussion ensued regarding the Fiscal Year 2016's Sources of Funds compared to prior fiscal years; not using Year to Date Actual and Forecast columns under the Sources of Funds because it was confusing; asked staff to verify if the City did not receive any grant funds in the General Fund; why there was \$2 million in Use of Reserve Funds in the Fiscal Year 2015 Year to Date Actual column; why the FICA taxes in the City Manager's budget decreased while other departments' increased; asked when the City would receive the Compensation Class Study; and staffing in Leisure Services.

Comments/requests summaries:

1. City Manager Bornstein would verify if the City received General Fund grant money.
2. Staff would remove the Year to Date Actual and Forecast columns in the Source of Funds.
3. City Manager Bornstein would find out when the Compensation Class Study would be received.

No changes to the budget were made.

3) Electric Utility

City Manager Bornstein reported that there had been a 10.5% reduction in rates since 2012. He said Lake Worth's residential rates were within \$5.49 per 1,000 KWH of Florida Power & Light's (FP&L) per month rate. He

explained in detail FP&L versus Lake Worth's comparison of residential rates as of April 2015.

Erick van Malssen, Burton & Associates Manager, commented that Burton & Associates looked at the City's eight funds. He advised that the largest change since recently receiving the auditor's report was in the Electric Fund. He said the diagnostic scenario presented reflected no increase in contribution from the Electric Fund to the General Fund. He explained the operating fund and revenue versus expense's cash in and cash out.

Lengthy discussion ensued regarding no electric rate increase or decrease in the proposed budget and using Electric Fund reserves to pay operating expenses in the past.

Mayor Triolo recessed the meeting at 7:34 PM and reconvened at 7:47 PM.

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

Comments/requests summaries:

1. Commissioner Amoroso requested the same FP&L versus Lake Worth rate comparison be provided for businesses.
2. Commissioner McVoy requested Burton & Associates add the actual number of residential electric accounts from Fiscal Year 2011 forward for the next budget work session to see how it changes the Electric Fund's operating budget.
3. Commissioner Amoroso requested the Finance Director check if the City had enough revenue capacity to issue a revenue bond for improvements.
4. City Manager Bornstein asked if the Commission wanted him to prepare scenarios showing increases in rates and making permanent expense cuts.

Commissioner Amoroso replied that he did not want to see outsourcing the Electric Utility Department as one of the scenarios.

Commissioners Amoroso and McVoy both replied that they did not want to see a permanent cut to Customer Service and outsourcing the services as one of the scenarios.

5. Commissioner McVoy asked how much room there was to save further money in order to run the Electric Utilities Department.

Consensus: For City Manager Bornstein to bring back opportunities for the Commission to look at.

No changes were made to the budget.

4) Water & Sewer Utility

City Manager Bornstein reported that water rates would rise 4.5%, which was less than previously projected for capital projects and costs for well replacements. He said the local sewer rates would rise 5% mainly due to increased cost from the East Central Regional Water Treatment Facility where the City pumps its sewer for treatment.

Comment/request summary:

1. Commissioner Amoroso asked what the City was doing to push out this information.

No changes were made to the budget.

5) Refuse Collection

City Manager Bornstein reported that the rates for refuse collection had not changed since 2009.

No changes were made to the budget.

6) Stormwater Collection

City Manager Bornstein reported that the rates for stormwater collection had not changed since 2009.

Jamie Brown, Public Services Director, explained that the City's entire roadway system needed to be addressed. He said he would coordinate stormwater projects with other departments doing infrastructure improvements.

Erick van Malssen, Burton & Associates Manager, explained that the Stormwater Fund had funds for significant projects without the need for a rate increase.

No changes were made to the budget.

7) Beach Fund:

Beach Parking Rates

City Manager Bornstein reported that a proposed rate increase from \$2 to \$2.25 would generate an estimated increase of \$170,000 in revenues. He said the rates had remained at \$2 since 2011.

Beach Complex

City Manager Bornstein reported that the following items were included in the proposed budget:

1. \$225,000 for modular office build out to provide office space;
2. \$75,000 to retro-fit the lower parking lot lights;
3. Add two additional part-time custodians totally \$34,914; and
4. Converting one part time Parking Tech to full time at an additional cost of \$29,925.

Beach Lifeguards

City Manager Bornstein reported that the proposed budget included the cost for additional beach lifeguards at a cost of \$142,393. He said this cost would provide for the lifeguards to work 10 hours per day.

Juan Ruiz, Leisure Services Director, explained in detail the Fiscal Year 2016 Beach Fund's Source of Funds and Use of Funds.

Comments/requests summaries:

1. Vice Mayor Maxwell asked that the Beach Fund be revisited again at a future public meeting to give him time to digest the Fund's budget.
2. Commissioner Amoroso asked why the Commission was looking at budget numbers when staff still had problems with the budget.

City Manager Bornstein replied that it was staff's intention to get direction from the Commission for the next budget document.

3. City Manager Bornstein asked if the Commission was comfortable with increasing the beach parking fee to \$2.25. He clarified that the rate increase would not cover the pool hours and pool complex costs and there was no space for staff offices.

Commissioner Amoroso replied that there needed to be strong conversations about renting the Casino Ballroom or splitting that space

to provide office space for staff. He commented that he did not have a problem with increasing the parking rate to \$2.25 per hour.

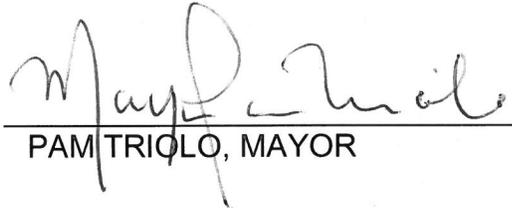
4. City Manager Bornstein commented that he would bring back more detail to the Commission if they were comfortable with the \$2.25 parking rate.

Vice Mayor Maxwell replied that he was not comfortable with any of the Beach Fund discussion because staff was going to come back with numbers about how to properly operate the beach area.

5. City Manager Bornstein commented that the City could pay \$250,000 per year towards the Beach Casino Complex debt.
6. City Manager Bornstein commented that a more intensive budget work session to discuss the Beach Fund would be scheduled.
7. Mr. Ruiz commented that the Commission should not yet depend on the Beach Fund's budget presented by the Finance Department.

4. **ADJOURNMENT:**

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


PAM TRIOLO, MAYOR

ATTEST:


PAMELA J. LOPEZ, CITY CLERK

Minutes Approved: August 4, 2015

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

