

**MINUTES
CITY OF LAKE WORTH
CITY COMMISSION
BUDGET WORK SESSION NO. 5
AUGUST 25, 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 Scott Maxwell.

3. UPDATES/FUTURE ACTION/DIRECTION:

A. Discuss the Fiscal Year 2016 proposed budget

1) General Fund

City Manager Bornstein reported that the tax rate was 5.4945 mils for the past three years, the Municipal Services Taxing Unit (MNSTU) remained at 3.4581 mils, and there was a 9.42% increase in assessed property values.

He said the budget included a 4% across the board salary increase totaling \$470,000 in the General Fund and \$470,000 in all other City funds; a 1% increase in the Palm Beach Sheriff Office's contract; approximately 10.47% increase in the ad valorem revenues; an increase in State Shared Revenues; and a one-time loss of revenues and grants. He said the preliminary Use of Fund Balance was \$66,500.

He displayed the General Fund's Fiscal Year General Fund revenues versus expenditures from Fiscal Year 2004 through the proposed Fiscal Year 2016 budget and the recommended and projected General Fund Summaries. He said the projected Fiscal Year 2016's ending balance was \$4,060,080.

Lengthy discussion ensued regarding the amount of money transferred from the Utility Funds to the General Fund; about 33% of the General Fund's revenue came from the Utility Funds; reduced amount of the estimated Use of Fund Balance; the difference between other cities franchise fees

compared to the City's; the City's franchise fees of about 8%; the perception that the City gouged its utility customers when the City actually was in-line with other communities' franchise fees; the elected officials made policy decisions on how they spent money but were not involved in the budget decision process; and that prior to the electric rate parity ordinance, the Utility Funds contribution equaled almost 50% of the total General Fund revenues.

No changes to the General Fund were made.

2) Electric Fund

City Manager Bornstein, explained the Electric Fund's Source of Funds and kilowatt hour usage, revenue, cash, and unspent bond funds from Fiscal Years 2011 through the proposed Fiscal Year 2016 budget.

Lengthy discussion ensued regarding the percentage of annual kilowatt hour usage variance per year, revenue fluctuation was based on weather and not due to an increased number of users, using revenue to pay operating costs, fixing a flawed business plan, and electric rates were reduced while the cash amount increased over the past three years.

City Manager Bornstein explained that, through general reorganization of the Electric Fund budget and creating efficiencies, the Electric Department's Fiscal Year 2016 requests were reduced by \$2.28 million.

Erick van Malssen, Burton & Associates Manager, explained in detail revenue versus expenditure and said the Electric Fund would become cash flow positive with no rate increase. He commented that it would be necessary to keep up with inflated costs in the upcoming years.

Lengthy discussion ensued regarding one-time operating reductions made this fiscal year, staff preparing their Fiscal Year 2017 budget and fixing high risk areas followed by future operating reductions, past numbers showed the loss of \$30 million over a 10 year span, year to date revenues were shown through July, and a decision about who would craft a Request For Proposal for the power plant was moving along and would be scheduled at a near future Electric Utility Advisory Board (EUAB) meeting.

Comment/request summary:

1. Commissioner Maier requested all of the power plant information be made available to the Commission prior to the information being submitted to the EUAB.

No changes to the Electric Fund were made.

3) Beach Fund

City Manager Bornstein explained that the data presented was created to help the Commission make policy decisions. He provided scenarios for Commission consideration regarding the additional beach lifeguards versus paying current beach lifeguards overtime, beach complex custodian staff, parking, pool lifeguards at 40 hours, annual renewal and replacement, and seasonal or year round parking rates.

Lengthy discussion ensued regarding various policy scenarios that affected the Fiscal Year 2016 Beach Fund budget.

Commissioner Amoroso left the meeting at 7:17 PM and returned at 7:21 PM.

Consensus: The following changes to the Beach Fund were made:

- Hire additional beach lifeguards at a total cost of \$156,282;
- Hire two part-time custodians for the Beach Complex at a total cost of \$32,914;
- Provide for a full-time parking technician at a total cost of \$29,925;
- Keep the pool open for 29 hours; and
- Add an Annual Renewal & Replacement item at a cost of \$100,000.

Commissioner Maier left the meeting at 7:50 PM and returned at 7:53 PM.

Mayor Triolo recessed the meeting at 7:53 PM and reconvened at 8:03 PM.

Consensus: The following changes to the Beach Fund were made:

- Establish a Loan Repayment Term of 14 years at an annual cost of \$551,225; and
- Change the Seasonal Parking Rates from \$2 to \$2.25 from June 1 – September 30 and from \$2 to \$2.50 from October 1 – May 31 for a total additional revenue of \$300,658 for one year and to look at the revenues after one year.

Commissioner Amoroso left the meeting at 8:42 PM and returned at 8:47 PM.

Vice Mayor Maxwell left the meeting at 9:17 PM and returned at 9:19 PM.

City Manager Bornstein said the revenue and expense summary included the current Fiscal Year 2015 estimates of \$18,899.

4. **ADJOURNMENT:**

Consensus: To adjourn the meeting at 9:34 PM.


PAM TRIOLO, MAYOR

ATTEST:


PAMELA J. LOPEZ, CITY CLERK

Minutes Approved: September 15, 2015

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

