

**MINUTES  
CITY OF LAKE WORTH  
SPECIAL MEETING OF THE CITY COMMISSION  
SEPTEMBER 22, 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 City Hall, 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, City Attorney Glen Torcivia, and City Clerk Pamela Lopez.

**2. PLEDGE OF ALLEGIANCE:**

The pledge of allegiance was led by Commissioner Ryan Maier.

**3. PUBLIC HEARINGS:**

**A. Resolution No. 52-2015 – Second Public Hearing – establish the Fiscal Year 2015-2016 tentative general City millage rate**

Mayor Triolo announced the purpose of this meeting was to convene the second mandatory public hearing on the Fiscal Year 2015-2016 proposed millage rate and proposed operating budget as required by and pursuant to Sections 166 and 200.065 of the Florida Statutes.

She announced that on July 14, 2015, the Commission set a tentative millage rate of 5.4945 mils and was advertised in the Truth-in-Millage (TRIM) notices sent to property owners by the Palm Beach County Appraiser. On September 15, 2015, the Commission adopted a tentative millage rate of 5.4945 mils for Fiscal Year 2015-2016. On September 18, 2015, the second mandatory hearing was published in the Palm Beach Post announcing a proposed rate increase over the roll back rate and included the budget appropriation summary. She said the City had received proof of publication.

City Attorney Torcivia read the following resolution by title only:

RESOLUTION NO. 52-2015 OF THE CITY OF LAKE WORTH, FLORIDA, A MUNICIPAL CORPORATION OF THE STATE OF FLORIDA; LEVYING MUNICIPAL TAXES ON ALL TAXABLE PROPERTY WITHIN THE CITY OF LAKE WORTH, FLORIDA, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2015 AND ENDING SEPTEMBER 30, 2016; REPEALING ALL RESOLUTIONS AND ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

City Manager Bornstein announced that one of the requirements of the TRIM legislation was to provide information about why a proposed millage rate could be higher than the rolled back millage rate. He said the proposed tentative millage adopted by the City in July for TRIM purposes was 5.4945 mills, which was 8.53% more than the rolled back rate of 5.0628 mills.

He announced that the millage proposed to fund the Fiscal Year 2015-2016 budget was the same as last year's 5.4945 mills and that the current year proposed aggregate millage rate would generate approximately \$6,886,193 after a 5% collection allowance.

Action: Motion made by Commissioner Amoroso and seconded by Commissioner Maier to approve Resolution No. 52-2015 which adopted the final operating millage of 5.4945 for the 2015-2016 Fiscal Year.

Mayor Triolo announced that it was time for public comment. No one from the public commented.

Vote: Voice vote showed: AYES: Mayor Triolo; Vice Mayor Maxwell; and Commissioners McVoy, Amoroso, and Maier. NAYS: None.

**B. Resolution No. 53-2015 – Second Public Hearing – adopt the Fiscal Year 2015-2016 proposed City budget**

Comments/requests summaries:

1. Commissioner McVoy commented that the City had additional information that was not made available to the Commission prior to this meeting.

City Manager Bornstein replied that information was emailed to the Commission either last night or this morning. He said the graph was presented by Burton and Associates and the comments and red mark additions were written by Commissioner McVoy.

City Attorney Torcivia read the following resolution by title only:

RESOLUTION NO. 53-2015, A GENERAL APPROPRIATION RESOLUTION OF THE CITY OF LAKE WORTH, A MUNICIPAL CORPORATION OF THE STATE OF FLORIDA, MAKING SEPARATE AND SEVERAL APPROPRIATIONS FOR ITS NECESSARY OPERATING EXPENSES, THE USES AND EXPENSES OF THE VARIOUS FUNDS AND DEPARTMENTS OF THE CITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2015 AND ENDING SEPTEMBER 30, 2016; PROVIDING FOR THE EFFECTIVE DATE THEREOF.

Action: Motion made by Commissioner Amoroso and seconded by Vice Mayor Maxwell to approve Resolution No. 53-2015 on second public hearing to adopt the final Fiscal Year 2015-2016 annual operating budget of the City of Lake Worth.

City Manager Bornstein announced that expenditures for the Fiscal Year 2016 annual operating budget totaled \$178,862,128 for all City funds. Highlights to the budget included no change in the General Fund millage rate of 5.4945 mils; no change in the County Fire Municipal Services Taxing Unit (MSTU) rate of 3.4581 mils; use of \$66,889 of General Fund available fund balance; 4% increase in salaries across the board; increase in ad valorem revenues of approximately \$458,000; additional State Shared Revenues of approximately \$383,000 over Fiscal Year 2015; increase in local sewer rates of 3%; increase in water rates of 3.5%; and no rate increases for electric, sanitation, or stormwater operations.

Mayor Triolo announced that this was the time for public comment.

Jo-Ann Golden said this was the first time the public was allowed to comment; however, there was a problem with the lack of participation in the budget process because the public meetings were work sessions. She said there was difficulty in adopting a budget which did not allow public comment.

Peggy Fisher said public comments were heard on September 15, 2015. She commented that it was unfortunate that the public spoke before she heard the Commission's discussions. She asked where the public's input would have been allowed if the electric rate was raised. She said she opposed any electric rate increase. She asked if Commissioner McVoy's distributed material was uploaded to the City's website.

Comments/requests summaries:

2. Vice Mayor Maxwell commented that he had a concern about a distributed document because it was altered by Commissioner McVoy. Only the graph portion should be made available to the public.
3. Commissioner McVoy agreed that the issue was important and it not being on the web and available at this late time. The City had Burton and Associates and Utility Financial Solutions working on the electric rates. In prior years, Utility Financial Solutions presented the electric rates during a public meeting, but not this year. He said he raised his concerns about the numbers because they were different between Burton and Associates and Utility Financial Solutions. He commented that he raised this issue with Burton and Associates at the last budget work session. He said he did not know that the Electric Utility Director spoke to Burton and Associates and that the City was whittling down

its reserve, which was not a responsible thing to do. He said it concerned him that Burton and Associates presented three options about the declining reserve in an email sent to the Electric Utility Director on September 15, 2015, but that information was not presented during the Commission's meeting.

4. Commissioner McVoy commented that the graph he distributed was a caption of options sent by Burton and Associates. He said he added his text about the options. A 76 cent per month increase to customers would raise the Electric Fund reserve. He said this information should have been presented at the Commission's September 15, 2015, meeting.
5. Mayor Triolo commented that she and Vice Mayor Maxwell did not vote to raise the electric rate.
6. Vice Mayor Maxwell commented that, when the budget process began several months ago, it looked like the electric rate needed to be raised. He said he told the City Manager that something needed to be done. Then a new Electric Utility Director was hired and he found \$2.8 million that was not being used. He said he objected to Commissioner McVoy's distributed document and asked that it be marked as being Commissioner McVoy's opinion before it was uploaded to the City's website. He said he could live with the graph and asked why it was not made available on September 15, 2015.

City Manager Bornstein replied that the Burton and Associates model was interactive, several scenarios were presented to the Commission, and it was not a static screen shot. The Commission played with the different rates and structures. He said he was not sure if the graph distributed was a screen shot of one of the scenarios.

7. Commissioner McVoy commented that the Electric Fund numbers moved from plus \$20 million to negative \$10 million. He asked how the fund could swing \$30 million. He said he spoke with Burton and Associates, and the City should have a minimum of three-months in reserve. He asked that the graph and email sent to the Electric Utility Director be placed in the record. He said he was concerned that, for 76 cents a month, the City could start turning its electric utility back to where it should go.
8. Mayor Triolo commented that the document needed to be put back into its original graph form without any additional embellishments. Commissioner McVoy's comments were duly noted and in the record.
9. Vice Mayor Maxwell commented that the distributed document showed the source as being from Burton and Associates. The added text was

inappropriate.

City Manager Bornstein replied that discussion about the added graph text would be noted in the minutes.

10. Commissioner McVoy commented that all of the text, with the exception of the word "healthy", came straight from Burton and Associates. He said he added the three options.
11. Vice Mayor Maxwell asked the City Clerk to note that the red marks and the option narratives were from Commissioner McVoy and not from Burton and Associates.

City Manager Bornstein asked that the full data be added because there were a lot of moving parts. The City could take the full scenarios and place them on one sheet. There were a lot of assumptions and someone needed to look at the entire study when looking at one piece. The whole sheet could be added along with the scenarios.

12. Commissioner McVoy commented that it was his job to make sure the City was operating in accordance with acceptable standard business practices. Based on what he saw, he said the City was not. He said he had no argument that an explicit rate study should have been done this year, like every other year. He was only made aware of the information last week and received it yesterday. The Commission now have the information and the City had it. It would be irresponsible not to correct the electric rate at once since the Commission were aware of the information.
13. Mayor Triolo commented that the Commission approved a law to be at electric rate parity with Florida Power & Light. She asked how the Commission would go about being at rate parity while raising the rate.
14. Commissioner McVoy said rate parity was the City's own rule. It was the Commission's responsibility to manage the City. The Commission created a business model, which stated that the City would not look at its revenues and expenses and just set a rate. That was not a business model that would stand up in any Master of Business Administration program anywhere. It would be incumbent upon the Commission to look at whether the City would still be in compliance with the law if 76 cents per month was added to the average bill since rate parity had not yet been reached. The bigger law would be whether it was wise to operate the Electric Fund below its reserve. Increasing the rate would fix the reserve or the Commission could choose not to.
15. Mayor Triolo commented that every budget cycle was a moving target, and the Commission could always make budget amendments. This

was a strong issue, and the Commission was trying to create an atmosphere to be consistent. In Fiscal Year 2009, Burton and Associates did a rate study and their recommendation was to raise the water rates 13%. The following year, the Commission did not raise the water rates that much. Even though Burton and Associates recommended increasing the rate 13%, the Commission increased it by 11%. She said this was an example of what the Commission did to be fiscally responsible. The budget was a moving document that had a lot of things factored in. Commissioner McVoy was talking about a 1% electric rate increase, while the Commission was addressing a 13% increase in 2009 and did not listen to Burton and Associates.

16. Vice Mayor Maxwell commented that the City borrowed at least \$6 million to construct the Casino Complex and borrowed an untold number of dollars for the beachfront property infrastructure. Not only did the Commission continue to find ways to keep things solvent and stable, but found millions of dollars to throw at a beach project. This Commission and the previous Commission worked hard with staff to find efficiencies and mistakes. The process worked and was working for the people. Staff was doing their job, saving money, and coming up with ideas. The Commission was taking staff's advice and thinking outside the box. He said that when he was elected back into office, he was exasperated to learn that 50% of the General Fund was funded through utility-related revenues, which was discovered in 2010. At that time he said he was on the minority side of the Commission, but persuaded the Commission to reduce the electric rate. The Commission reduced the rate without raising the millage and did what they set out to do, which was to remove the disincentives in the community. As property values rise, the City would reduce its dependence on the utility funds. He said he was committed to going in a different direction for the people to live in paradise.
17. Commissioner McVoy asked when Vice Mayor convinced the Commission not to raise the electric rate.

Vice Mayor Maxwell replied that it was in the Fiscal Year 2010-2011 budget when the 50% contribution to the General Fund was uncovered, and the electric rate was reduced in Fiscal Year 2012.

18. Commissioner McVoy commented that the Comprehensive Annual Financial Report (CAFR) listed, for the past 10 years, the average monthly residential electric bill was flat and did not do much. The policy of reducing the rate was wonderful but did nothing to affect customers' residential bills. The rate had little influence on people's actual bills and on the community. He said the rate had an influence on the health and wellbeing of the utility. The Commission was making choices that did nothing for residents in terms of their real bill, but were

doing unhealthy things to the Electric Utility Fund.

19. Mayor Triolo commented that one of the biggest disincentive to moving to Lake Worth was its electric rate and lowering it was important. A new Electric Utility Director said there were a lot of good working parts that would put the City in a positive direction. In addition, the Director did not recommend a rate increase. She said the Commission created a policy and law and she asked the City Attorney what needed to be done to increase the electric rate against the parity law.

City Attorney Torcivia replied that the Commission would have to repeal or amend its parity rate ordinance. The ordinance required rate parity within five years, and the City was currently in its third year. He said the City had not yet reached parity.

20. Vice Mayor Maxwell said he was disappointed that, with Commissioner McVoy's expertise and education, he did not understand the relationship with a rate. It was a choice that people made. If the customer's bill had not changed, then it was because of a lifestyle change. It was not just rate, but reducing consumption. There were people today who could turn on their air conditioner and could not five years ago because of the cost of electricity.

Commissioner Amoroso called the question.

Vote: Voice vote showed: AYES: Mayor Triolo, Vice Mayor Maxwell, and Commissioner Amoroso. NAYS: Commissioners McVoy and Maier.

**C. Ordinance No. 2015-13 – Second Reading and Public Hearing – designate the restricted/committed/assigned fund balance for Fiscal Year 2015 in accordance with GASB 54**

City Attorney Torcivia read the following ordinance by title only:

ORDINANCE NO. 2015-13 OF THE CITY OF LAKE WORTH, FLORIDA, ESTABLISHING COMMITTED FUND BALANCES; DESIGNATING THE CITY MANAGER TO ASSIGN FUND BALANCES IN ACCORDANCE WITH THE CITY OF LAKE WORTH CODE; AND PROVIDING FOR THE EFFECTIVE DATE.

Action: Motion made by Vice Mayor Maxwell and seconded by Commissioner Amoroso to approve Ordinance No. 2015-13 to designate the Committed Fund Balances for Fiscal Year 2015 in accordance with GASB-54.

Mayor Triolo announced that this was the time for public comment. No one from the public commented.

Vote: Voice vote showed: AYES: Mayor Triolo; Vice Mayor Maxwell; and Commissioners McVoy, Amoroso, and Maier. NAYS: None.

**4. NEW BUSINESS:**

**A. Resolution No. 54-2015 – establish the rates and charges for the City sub-regional sewer utility for Fiscal Year 2016**

City Attorney Torcivia did not read the following resolution by title only:

RESOLUTION NO. 54-2015 OF THE CITY OF LAKE WORTH, FLORIDA, PROVIDING FOR RATES, FEES AND CHARGES FOR USE OF THE REGIONAL SEWAGE DISPOSAL SYSTEM OF THE CITY OF LAKE WORTH; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE REPEAL OF CONFLICTING RESOLUTIONS OR CONFLICTING PARTS OF RESOLUTIONS; AND PROVIDING AN EFFECTIVE DATE.

Action: Motion made by Vice Mayor Maxwell and seconded by Commissioner Amoroso to repeal Resolution No. 48-2015 and approve Resolution No. 54-2015 to establish the Fiscal Year 2016 rates and charges for the City sub-regional sewer utility.

Mayor Triolo announced that this was the time for public comment. No one from the public commented.

Vote: Voice vote showed: AYES: Mayor Triolo; Vice Mayor Maxwell; and Commissioners McVoy, Amoroso, and Maier. NAYS: None.

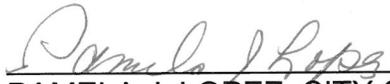
**5. ADJOURNMENT:**

Action: Motion made by Vice Mayor Maxwell and seconded by Commissioner McVoy to adjourn the meeting at 6:50 PM.

Vote: Voice vote showed: AYES: Mayor Triolo; Vice Mayor Maxwell; and Commissioners McVoy, Amoroso, and Maier. NAYS: None.

  
PAM TRIOLO, MAYOR

ATTEST:

  
PAMELA J. LOPEZ, CITY CLERK

Minutes Approved: October 6, 2015

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