MINUTES
CITY OF LAKE WORTH
CITY COMMISSION
BUDGET WORK SESSION NO. 3
AUGUST 9, 2016 – 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 (arrived 6:02 PM); and Commissioners Christopher McVoy (arrived 6:04 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 Mayor Pam Triolo.

3. UPDATES/FUTURE ACTION/DIRECTION:

A. Fiscal Year 2017 Budget Overview:

Vice Mayor Maxwell arrived; the time being 6:02 PM.

Marie Elianor, Finance Director, commented that eight funds would be discussed; a budget wrap up work session was scheduled on August 23, 2016; the first budget public hearing was scheduled on September 13, 2016; and the second budget public hearing and adoption was scheduled on September 20, 2016.

Commissioner McVoy arrived; the time being 6:04 PM.

Erick van Malssen, Burton & Associates Manager, introduced the staff from Burton & Associates who were in attendance. He explained that Burton & Associates had been providing annual Utility Fund updates for the City since 2008. In 2015, Burton & Associates introduced their Integrated Financial Analysis for all of the City's funds. He advised that in 2016, their project scope included each fund's multi-year financial management plan. He announced that, for Fiscal Year 2017, a 2.75% water rate adjustment and 3.0% sewer rate adjustment, for a combined increased monthly rate change of $1.87, was recommended.

Water Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He summarized that for Fiscal Year 2017, a 2.75% rate

increase was recommended.

Regional Sewer Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He announced that no decision by the Commission was required for this Fund, and no rate adjustment was recommended.

Local Sewer Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He summarized that for Fiscal Year 2017, a 3.0% rate increase was recommended.

Sanitation Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He announced that no decision by the Commission was required for this Fund, and no rate adjustment was recommended.

NOTE: The following discussion was had later in the meeting; however, for continuity purposes, moved to this section of the minutes.

Jamie Brown, Public Services Director, announced that staff was requesting a rate increase for commercial sanitation customers. He explained in detail the refuse collection and disposal rate comparison of other cities. He recommended an increase from $6.48 per cubic yard to $10.37 per cubic yard. He explained in detail the improvements, upgrades, and programs that would be made using the additional revenue.

Lengthy discussion ensued regarding increasing the rate to $12 per cubic yard to purchase additional garbage and recycling bins, the sanitation rates were based on usage and population, allow staff to cost out the rates based on additional services, a 60% rate increase was ridiculous, look for cost savings to lessen the amount of the rate increase, a need for more garbage and recycling bins to increase the City's attractiveness, and customers reducing the number of pickups because of the rate increase.

Stormwater Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He announced that no decision by the Commission was required for this Fund, and no rate adjustment was recommended.

Electric Fund

Mr. van Malssen explained in detail the key challenges and changes from

the 2015 study. He announced that no decision by the Commission was required for this Fund, and no rate adjustment was recommended.

Lengthy discussion ensued regarding fixed versus variable utilities' costs, consumer price index increased 5-6% per year for water and electric, reasons for the water rate increase, dollar value on electric account defaults, impact of the new metering system, typical residential electric kilowatt hour and water per gallon usages, Siemens Company tracking savings and guaranteeing performance, planning for an increase in Stormwater Fund reserve, Electric Fund having a three-month reserve versus Water Fund having a four-month reserve, and building up the Electric Fund reserve to reduce interest rates on future bonds.

Comment/request summary:

1. Commissioner McVoy requested, prior to a decision on the final budget, statistics on recycling usage, what percentage of waste was recycled, and how that percentage compared to other communities around the country.

Commissioner Amoroso left the meeting at 7:02 PM and returned at 7:04 PM.

Lengthy discussion ensued regarding the electric rate if the Electric Fund had a six-month reserve and worldwide concerns about how electricity was generated.

Comments/requests summaries:

2. Commissioner McVoy requested frequency distribution information by kilowatt hour for Lake Worth residents.

   Mr. van Malssen replied that the average Lake Worth residential consumption was 1,046 kilowatt hour.

3. Vice Mayor Maxwell asked what could be done to reduce the electric rate in Fiscal Year 2017 and commented that there was a need to work very hard, over the next two years, to reach electric rate parity with Florida Power & Light.

   Mr. van Malssen replied that Burton & Associates was not recommending a rate reduction in Fiscal Year 2017.

Lengthy discussion ensued regarding removing the City's disincentives.

Mayor Triolo recessed the meeting at 7:39 PM and reconvened at 7:52 PM.

Commissioner Maier returned to the meeting at 7:54 PM.

General Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He said no change to the City's millage rate of 5.4945 was recommended. He advised that, with the City's Fire Municipal Services Taxing Unit rate of 3.4581, the City's total millage was 8.9526.

Lengthy discussion ensued regarding the inclusion of roadway and Casino Building maintenance into the budget, the number of current employees compared to six years ago, allocate the hiring of new staff based on a need to enhance the community, the City having one of the highest electric and millage rates in 2009, the City doing a good job eliminating disincentives, and need for employee customer service training.

Comments/requests summaries:

1. City Manager Bornstein commented that customer service training had improved through employee certifications. He said he needed to get back with the Commission about instituting across the board customer service training.

2. Vice Mayor Maxwell commented that he was looking for employee training about finding ways to say "yes" to the community within the City's rules. He was looking for less "red tape" and less customer "run around." He said he wanted people to leave City departments feeling good. He explained that this was the type of customer service and philosophy he wanted. He asked for the Customer Sustainability Department name to be changed to Neighborhood Services Department.

   City Manager Bornstein requested one-on-one conversations about customer service with the elected officials

Lengthy discussion ensued regarding including $25,000 in the budget for Dollars for Scholars, what it would take for employees to please customers, the Lake Worth High School had requested the $25,000 scholarship fund, other schools could use similar scholarship funds, use of portals to serve customers instead of hiring more employees, need to acknowledge or communicate with individuals applying for City employment, communicating with the elected officials if policies needed changing in order to help staff, and need for robust discussion on how to budget for road maintenance.

Beach Fund

Mr. van Malssen explained in detail the key challenges and changes from the 2015 study. He said the Beach Fund continued to face a cash flow deficit that would deplete available reserves.

Lengthy discussion ensued regarding amount of debt owed to the Water Fund for the Casino Building, the type of revenue needed to change the deficit, need for an additional $250,000 in revenue in Fiscal Year 2018 plus an additional 3% increase in revenue per year thereafter to reduce the deficit, need for a decision on whether to continue paying the pool expenses or closing the pool, increasing parking rates, potential rental services on the beach to increase revenue, and the potential for advertisement at the beach to increase revenue.

Commissioner Amoroso left the meeting at 9:08 PM and returned at 9:11 PM.

Various models where displayed showing a budget with and without the pool and increasing parking rates.

Lengthy discussion ensued regarding the models showing how the Beach Fund could be balanced without improving the pool and the need to repair the pool and pool building.

Comments/requests summaries:

1. City Manager Bornstein commented that he was looking for direction from the Commission on either cutting expenses or raising revenues. There was a need to invest in the City's facility to get through Fiscal Year 2017 and in the future. He commented that he needed the Commission to tell staff if they wanted to close the pool or not. He advised that the City could not make up the deficit with the pool operated by staff.

2. William Waters, Community Sustainability Director, explained that if 50% or more of the gross Casino Building space was renovated, then the building would have to be brought up to code. He commented that the pool building was not in compliance with the Americans with Disabilities Act.

3. Commissioner McVoy proposed keeping the pool open, setting a budget to make the pool building nicer and safer, and doing what could be done to the building for $30,000. He commented that the Burton & Associates model showed clearly how to deal with ongoing expenses. He supported increasing the parking by either 10 cents per year or 25 cents every couple of years. He suggested monitoring what the parking rate

increase did to parking and usage of the beach. He said the City could think about whether or not it could improve the pool building in a couple of years. He supported moving forward with hiring two Palm Beach Sheriff Office deputies and additional lifeguards.

4. Vice Mayor Maxwell commented that he questioned the wisdom of spending $30,000 because it would be a waste of money. The potential cost to repair the pool in Fiscal Year 2018 was $175,000.

   Mr. Williams replied that the Casino Building and pool building were under condemnation when he was hired years ago.

5. Vice Mayor Maxwell commented that, with a heavy heart, he recommended closing the pool because there was no viable means to maintain or upgrade the pool.

   Juan Ruiz, Leisure Services Director, replied that it would cost $100,000 per year to close the pool and provide preventative maintenance.

6. Mayor Triolo commented that she was seeing more usage of the pool, but the City could not keep a faulty pool open. The pool needed to be fixed and maintained. The City was edging towards a liability issue. She suggested keeping the pool open for a year and bring in an expert.

   Commissioner Amoroso replied that he supported keeping the pool open for six months to see if the Casino Building's second floor could be rented.

   Vice Mayor Maxwell replied that he could support keeping the pool open for six months if that was the wish of the Commission. He asked for a time certain, after October, to make a final decision on whether to close the pool or keep it open. He said a plan was needed on whether to invest in capital improvements.

7. Commissioner Maier commented that a proposal was submitted from someone who was willing to pay for repairs. He suggested asking that person if they were willing to make an investment.

   City Manager Bornstein replied that the City could consider unsolicited offers or Request for Proposals.

<u>Consensus:</u> To extend the meeting one hour in accordance with Rule 1 of their Rules of Procedures.

<u>Consensus:</u> To keep the pool open for six months, beginning when the City received results about the Casino Building decking, which was in October; and for staff to inform the Commission on what was needed for the pool building.

4. ADJOURNMENT:

Consensus: To adjourn the meeting at 10:00 PM.

PAM TRIOLO, MAYOR

ATTEST:

PAMELA J. LOPEZ, CITY CLERK

Minutes Approved: September 6, 2016

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