

Special Town Commission Meeting of the Town of Ocean Ridge held on Thursday, July 26, 2007 at 8:30 AM in the Town Hall Meeting Chambers

The meeting was called to order by Mayor Kaleel and roll call was answered by the following:

Commissioner Allison
Commissioner Bingham

Commissioner Pugh
Mayor Kaleel

It was noted that Commissioner Hogan apparently was running a little late.

CONTINUATION OF MEETING FROM JULY 9TH AND 16TH, 2007 FOR APPROVAL OF CONTRACT FOR CONSTRUCTION OF NEW TOWN HALL/POLICE COMPLEX WITH BSA CORP. By: Kenneth Schenck

Town Manager Schenck distributed the revised contract documents. He commented that the staff, architect and contractor have met and agree with the construction deductions, most of which involve exterior changes and have nothing to do with the integrity of the building. He stated that the kiosk has been placed back in the scope of work and a decision was made that the roof trusses would be left alone. He added that the sun dial has been removed.

Comm Hogan arrived at approximately 8:35 a.m.

Comm Allison questioned why the fountain (at a cost of \$12,000) was removed. She was advised that although it was removed the electrical and plumbing will be installed so that it could be ready for future installation. Comm Bingham inquired as to whether the fountain could be added back in if the project costs were running lower than expected to which she was advised that it could be added without a change order.

Mayor Kaleel commented that the contractor has agreed to add the additional insured without the additional \$3,000 cost. He concluded by stating that the total cost had been reduced by \$300,000.

Comm Bingham moved to accept the contract in the amount of \$3,865,739 as presented with BSA Corp. to build the Town Hall/Police Complex. Comm Pugh seconded the motion.

Motion carried – Yea (5).

1. Consideration of the 2007/2008 proposed budget

Town Manager Schenck informed the Commission that recent passed legislation has necessitated changes in the normal setting of the millage rate for individual municipalities. He stated that the state's recommendation was to adopt the rolled back minus 9% or 4.0770, thereby creating an approximate \$900,000 shortfall for the FY 2007/08 proposed budget. He stated the other two methods of setting the millage include adopting the rolled back rate of 4.4803 requiring a majority vote and creating an approximate \$568,000 shortfall or adopting last years millage rate of 4.7500 with a unanimous vote creating an approximate \$344,000 shortfall. He commented that the FY 2007/08 budget was prepared with the 4.4803 rolled back rate. He added that adopting any higher millage would result in losing the town's portion of the ½ cent sales tax revenue (\$124,000). He commented that the budget was proposed with a 2.5% COLA increase with the addition of Step "H" to the existing step plan. He reminded the Commission that last year Step "G" was added and it was proposed and discussed that Step "H" would be recommended this year to make the salaries comparable with other municipalities.

Town Clerk Hancsak reminded the Commission that the ad valorem revenue reflects 97% of the anticipated revenue.

Mayor Kaleel questioned the anticipated revenue on interest earned for FY 2007/08. Town Clerk Hancsak advised that at 2006/07 year end it was anticipated that \$160,000 would be earned and the 2007/08 amount was reduced by \$40,000 anticipating the reduction in Fund Balance.

Comm Bingham questioned whether the building permit fees could be raised to cover costs of damaged or stressed infrastructure such as road paving or drainage problems. She was advised that these fees can only cover building department related costs which are paid up front and include any and all reviews. Town Manager Schenck commented that possibly an impact fee could be implemented in the future to help defray infrastructure costs.

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The consensus was to review the budget department by department.

Revenue

The question raised regarding the interest earned was already addressed.

Town Commission

Comm Bingham suggested cutting the travel and per diem account by \$1,000 or altogether. Comm Hogan and Comm Pugh disagreed with cutting it altogether citing the courses offered to new commissioners were very beneficial to both.

The consensus was to lower the travel and per diem account to \$1,000.

Town Manager

Manager Schenck explained that the vehicle allowance of \$7,200 has been added to the salary account pursuant to the new auditor's recommendation because they stated that an active employee should not receive a 1099. Comm Hogan related that she was concerned that the town hired someone that lived as far as Pahokee and was funding a vehicle and fuel thereby adding a burden to the taxpayers. Comm Pugh commented that he felt the vehicle was less than a take home vehicle when considering all related costs. Town Clerk Hancsak reminded the Commission that all the prior Town Managers had a take home vehicle, with the exception of Bill Mathis who requested a vehicle allowance.

Comm Hogan commented that the State CPI increase is 2.5% and felt the salary increases totaling 7.65% were too high, adding that the state is requiring everyone to cut their budgets and it is a difficult time for all. Comm Pugh questioned where the Town Manager's salary was in comparison to other communities. He was advised that it was thought that the salary was on the medium to low spectrum. The other Commissioners did not feel the salary was too high. Mayor Kaleel commented that the Town needed to keep qualified personnel and he believed the Commission already made an agreement to proceed with the additional step. He also stated that the CPI of 2.5% is assuming that the staff is already at a comparable pay rate. Comm Allison stated that she did not feel the staff was over paid and the Town accomplishes more with fewer staff. Comm Hogan requested a list of cities with their salaries.

Mayor Kaleel questioned whether the project coordinator position was needed. The Commission was advised that it was an established necessary position that included many other duties.

Town Clerk/Treasurer

There were no real changes to this department and the concerns regarding the salaries were brought up again but were addressed above.

Town Attorney

Comm Bingham questioned removing the \$100,000 from the special counsel account and draw from the Fund Balance when necessary. Town Clerk Hancsak commented that this account is definitely going to be used and suggested that if the Commission wanted to authorize transfers from the Fund Balance there were other items, such as contingency items that are only used if necessary, that can be removed.

Comm Hogan stated that she was concerned with the legal account and attorney fees. She commented that she has yet to receive a breakdown for the lobbying costs. She was advised that staff will provide her with the invoice copies involving the lobbying efforts.

Appointed Boards

There was no discussion for this department.

General Government

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Town Clerk Hancsak gave a summary of the department including a reduction in the holiday decorations and other current charges accounts, where the funds for Town functions were reduced due to the Town Hall construction. She added that \$5,000 was still budgeted for the July 4th fireworks contribution to Boynton Beach. Comm Hogan commented that the relations with neighboring Boynton Beach are very important and felt the amount should remain the same. The consensus of the Commission was to reduce the contribution amount to \$2,500

Public Safety

Town Clerk Hancsak summarized the title page outlining the capital outlay expenditures (\$87,397) and the 4% increase for the Fire/ALS Service contract with the City of Boynton Beach (\$739,799). She added that the health insurance had reduced \$13,680 and Workers Compensation costs also decreased approximately \$20,000.

Comm Bingham questioned whether the contract with Boynton Beach that runs through Sept. 2016 could be renegotiated to possibly reduce the 4% increases. Town Manager Schenck advised that he would review the contract. He commented that there were approximately 150 calls in the past year of which half were EMS related and half were fire related. Comm Hogan commented that she felt 4% was reasonable, however, she did have a major concern that an ambulance is not housed on the east side of the bridge. Chief Hillery commented that the closest unit available is dispatched to a call. Mayor Kaleel commented that he believed there were time studies completed during the negotiations and suggested that the Chief meet with the Boynton Beach Fire Chief and report back to the Commission.

Comm Bingham suggested delaying the purchase of the computer upgrades until the new building was completed, thereby cutting \$40,000 from this budget year. Comm Hogan commented that she was informed about the computer equipment during her review with the Town Manager and suggested that the upgrades be explained to them. Town Manager Schenck stated that the CAD software that is budgeted in the current year was primarily to bring the dispatcher up to date but it has not been purchased yet. An evaluation is currently being completed to determine the immediate needs because there is a serious problem with the back up system and Novell is no longer in business which the server is now being utilized. He added that staff does not plan to utilize more than necessary until the building is completed.

Comm Bingham inquired if the department can purchase one new vehicle. Chief Hillery commented that they could purchase one vehicle; however, it is a question of paying now or later because there is a lot of stress and idle time placed on the police vehicles which results in higher maintenance costs and lower amounts received when they are ultimately auctioned off. He felt the vehicles are currently auctioned when they know they will soon need major repairs.

Mayor Kaleel questioned if the staff had investigated hybrid vehicles citing the Ocean Reef is happy with theirs. Officer Yanuzzi stated that Clearwater and Atlantic Beach also currently have hybrid vehicles but they are not recommended for patrol vehicles because the light bars, various equipment, and idling drains the battery. He added that the support staff only use the vehicle and they are satisfied with the hybrid because it meets their needs. Mayor Kaleel then asked if staff had looked into more fuel efficient vehicles to which Chief Hillery advised that changing vehicles would require new accessory equipment because the existing equipment would not fit a different type of vehicle.

Comm Hogan questioned the increase to the travel and per diem account to which Chief Hillery advised that \$1,000 was added for dispatch schooling.

Comm Hogan requested an update on providing police services for Briny Breezes. Town Manager Schenck advised that he has forwarded a letter and also spoke with representatives last week but he currently has no definitive answers yet and the budget currently reflects no anticipated revenue. He stated that they were also seeking a proposal from Boynton Beach and Gulf Stream (who have advised that they were not interested). Mayor Kaleel stated that he spoke with Mayor Roger Bennett who advised him that they were interested in contracting with Boynton Beach because they feel they will eventually be annexed by them. Comm Hogan questioned the approximate man hours required to which Chief Hillery advised that it takes approximately 45 minutes to patrol Briny Breezes at 2 times per shift.

Comm Hogan stated that she was still concerned with the 7.65% salary adjustments.

Building & Zoning

Clerk Hancsak noted that this budget remains the same and that the expenses are offset by the building permit revenue.

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Emergency Preparedness

Town Clerk Hancsak advised that there were no changes to this department, however, this department could be reduced by removing the \$30,000 contingency and if needed the budget could be amended taking funds from Fund Balance. The consensus was to keep the funding as proposed.

Solid Waste

A 2.6% increase was budgeted for the Waste Management Services contract for sanitation which is offset through invoicing the residents for the service.

Environmental

Comm Bingham questioned the cost of A Classy Cut's contract to which Town Manager Schenck advised that the contract was \$81,000 and was up for renewal in January. She commented that she was not satisfied with their work, especially relating to Ocean Ave. maintenance. Manager Schenck suggested that he schedule a meeting with Comm Bingham, Joe from Classy Cut and himself to discuss her concerns. Manager Schenck also mentioned that the landscape account encompassed A Classy Cut's contract and an additional \$20,000 for misc. projects during the year.

There was a brief discussion concerning the maintenance of ROW's and the consensus was for the Town Manager to determine the additional cost if the landscaping contract included maintenance of all ROW's with the next renewal.

Public Works

Town Manager Schenck stated that the staff will be confronted with additional work concerning the new telemetry computer program and maintenance for the new pumps related to the drainage project. He commented that David Johnson, one of the two maintenance personnel, is knowledgeable with the computer and is capable to absorb this additional workload and he was therefore suggesting a change in title to Maintenance Supervisor with a modest increase of \$2,500 plus associated costs.

Comm Allison moved to approve the request for a change in title and an additional \$2,500 increase plus the additional personnel related costs for David Johnson. Comm Pugh seconded the motion.

Motion carried – yea 4 (Kaleel, Allison, Bingham, Pugh)
nay 1 (Hogan)

Comm Hogan commented that she did not agree with the \$2,500 **plus** the additional costs.

Comm Bingham questioned why the Road Materials & Supplies account always has a large budgeted amount, however, a smaller amount expended. Town Manager Schenck advised that there was \$75,000 budgeted for road paving as part of the 5 year repaving for the Town. He stated that this account also includes storm drain cleaning or repairs, such as drainage pipe repairs. He added that the area proposed for this current years' paving was the Inlet Cay Island but he would like to postpone the paving until the two construction projects on the street are further along, possibly November.

There was a consensus to reduce the Road Materials & Supplies account \$50,000 for a total of \$130,000.

Comm Pugh moved to create a reserve account at year end and transfer the \$76,000 budgeted for paving to be used for the Inlet Cay paving. Comm Allison seconded the motion.

Motion carried – yea (5).

Town Manager Schenck commented that his budget letter included three unfunded expenditures including: Island Drive Bridge Replacement at an approximate cost of \$600,000, Mandatory Fuel Tank Replacement by 2009 at an approximate cost of \$100,000, and Coconut Lane Drainage Construction & Professional Services at an approximate cost of \$400,000. He stated that he and the engineer met with SFWMD who have agreed with the concept of constructing a pumping system and

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discharging the water into the mangrove area over the berm. He added that this could be accomplished by either utilizing the reserves or increasing the State Revolving Loan which has an approximate 2.65% interest rate. He also mentioned that Harbour Drive was in need of some drainage repairs; however, he believed that this could be done with existing monies.

Regarding the Island Drive Bridge, Manager Schenck commented that recent bridge reports completed by the State have revealed that this bridge had less than satisfactory reports in several areas of their inspection. He added that the bridge will most likely need to be replaced if not in this coming year then the next. He also stated that he recommends that a study by Bridge Design Assoc. (who evaluated and provided the prior repairs on this bridge and also the design for the Sabal and Inlet Cay bridges) be conducted at an approximate cost of \$20,000 - \$25,000. Comm Bingham questioned whether the Town could approach the County to share with the cost, considering that the boat traffic at the marina has probably contributed to washing out the dirt underneath the bridge. Town Manager Schenck stated that he would ask but they probably would not assume any responsibility.

Concerning the Capital Projects Fund which only includes the Town Hall/Police Complex, Comm Bingham suggested removing the \$200,000 budgeted for furniture. She was advised that this Fund is not funded through taxes and the money would not be expended until the building is near completion.

Upon completion of the budget review, Mayor Kaleel suggested adopting a proposed millage of \$4.7500 and allow the next month to possibly cut further to meet the rolled back rate of \$4.4803, adding that he felt this was the most fiscally responsible thing to do. He stated that if the future holds a cap at 10% then the Town would be bankrupt in 10 years. Mayor Kaleel also commented that this Town has increased its budget in the last several years for infrastructure improvements and he felt the Town was being penalized.

Bernd Schulte, 5 Osprey Court, stated that he had prepared a preliminary spreadsheet including this years' budget figures and unfortunately the Town would go into the negative the first year and stay in the negative. He commented that the Town "took a haircut" last year in not increasing the budget and felt the Town needed to stay constant and adopt the \$4.7500 proposed millage. He stated that this was mainly the result of the drainage improvements, the new building, fire services and the loss of Briny Breezes. He added that by adopting the \$4.7500 millage it gives the option for more time to reconsider further changes to the budget.

Comm Allison commented that \$564,000 was a large amount to remove from the surplus in a one year period and she did not see many additional cuts to the budget.

Comm Allison and Comm Bingham both commented that they were willing to adopt the \$4.7500 proposed millage. Comm Bingham stated that she would still like to reduce the budget by \$100,000.

2. Certification of Rolled Back ate for Millage for 2007/08

Comm Bingham moved that the rolled back be certified at \$4.4803 per \$1,000 and that the Certification of Taxable Value form be executed to reflect this for submission to the Property Appraiser and Tax Collector of Palm Beach County. Comm Pugh seconded the motion.

Earl Jones, 14 Sailfish Lane, questioned if the staff knew what the County assessments would be, citing that if they increased the property values he would be opposed to the \$4.7500. Mayor Kaleel stated that Mr. Jones could appeal the assessments but no one is aware of the assessments until mid-August.

Motion carried – Yea (5).

3. Proposed Millage Rate for 2007/08

Comm Pugh moved that the proposed millage rate for 2007/08 be established at \$4.7500 mills and that this be included on the Certification of Taxable Value form that is forwarded to the Property Appraiser and Tax Collector of Palm Beach County. Comm Allison seconded the motion.

Comm Hogan commented that the State was concerned with county and municipal spending since 2001 and they advised that the millage rates must be cut based on the 2006 rate; fortunately it was not the 2001 rate. She stated that she was opposed to

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any millage rate other than what was recommended by the State.

Mayor Kaleel stated that everyone needs to understand that this Town and all municipalities are different and he again stated the Town was being penalized for improvements that cause millage increases that directly affect our residents. He also stated that this was not just a question of a tax cut but whether we will be a viable Town in the future because the Town cannot afford the budget to start \$500,000 in the red. He also mentioned that the State or the School Board haven't reduced their taxes. Comm Hogan disagreed and advised that the State has limitations also.

Comm Bingham agreed with Mayor Kaleel, stating that a lot of Towns are irresponsible with their spending but she felt Ocean Ridge was conservative and she did not feel the residents were taken advantage of.

Mayor Kaleel questioned whether the Town could pass the \$4.7500 millage and challenge the State and if the Town only risks losing the ½ cent sales tax it would be worth the penalty.

Bernd Schulte, 5 Osprey Court, suggested reviewing the options and opportunities and then cut the budget later. Comm Hogan commented that she has looked at the budget hard already.

A short recess was called at 10:40 AM in order to call the Dept of Revenue regarding the Town's options.

The meeting was reconvened at approximately 11:00 AM at which time Mayor Kaleel advised that Terry Lewis, attorney at Lewis Longman and Walker, in Atty Spillias' absence, was on speaker phone who advised that he was familiar with the property tax reform issue. Mayor Kaleel questioned if the Town could move forward with a 4 out of 5 vote to adopt the current millage rate of \$4.7500 and forward same to the Property Appraiser. Mr. Lewis stated that he has reviewed the law and his understanding is that the Town can move forward, however, may run the risk of losing the ½ cent sales tax. Town Manager Schenck stated that this was confirmed in his telephone conversation with the Dept. of Revenue also. Mr. Lewis added that the ½ cent revenue would be lost 12 months after non-compliance, if nothing changes.

Motion carried – yea (Kaleel, Allison, Bingham, Pugh)
nay (Hogan)

3. First Public Hearing to consider the budget for fiscal year 2007/2008

Comm Bingham moved that the First Public Hearing to consider the budget for the fiscal year 2007-2008 be held at **5:01 PM** on **Monday, September 10th, 2007**, with the regular meeting immediately following, and that this date be included on the Certification of Taxable Value form that is forwarded to the Palm Beach County Property Appraiser and Tax Collector, seconded by Comm Allison.

Motion carried – yea (5).

4. Second Public Hearing to consider the tentative budget for the 2007/2008 fiscal year.

Comm Pugh moved that the second public hearing to consider the tentative budget for the 2007-2008 fiscal year be held at **5:01 PM** on **Monday** September **17th, 2007**, seconded by Comm Allison.

Motion carried – yea (5).

Mayor Kaleel suggested directing the Town Attorney to review our revenue issue and consider a challenge, possibly similar to the one that the Mayor from the City of Weston did.

Comm Hogan commented that she had been reading the affectability for Bonds and was unsure how it could affect the Town next year. Mayor Kaleel stated it will definitely affect the budget next year if the Town doesn't consider adopting the \$4.7500.

Comm Hogan stated that the Commission hasn't even discussed the reserves. She was advised that the new Town Hall, bridges, etc. should be what the reserves are for. Mayor Kaleel commented that she is not the only Commissioner that cares about the Town and he is concerned with the long term viability. Comm Hogan stated she was aware that this has been a

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tough vote to make. Comm Allison asked Comm Hogan where she believes the budget could be cut to which she advised that it should be cut almost everywhere and then use the reserves to balance the budget.

Adjourn

Meeting adjourned at 11:15 AM

Attest By:

Town Clerk

Mayor Kaleel

Commissioner Allison

Commissioner Bingham

Commissioner Pugh

Commissioner Hogan