

Special Town Commission Meeting of the Town of Ocean Ridge held on Monday, September 17, 2007 at 5:01 PM in the Town Hall Meeting Chambers

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

Commissioner Bingham	Commissioner Pugh
Commissioner Allison	Commissioner Hogan
Mayor Kaleel	

## **PUBLIC HEARING**

- A. Fiscal Year 2007-2008 Budget
  - 1. Consideration of adopted tentative budget and proposed millage rate for fiscal year 2007-2008

Town Manager Schenck commented that the Commission approved a \$4.7500 millage rate and a budget of \$5,480,829 at the tentative adoption hearing; however, changes can still be made.

Comm Hogan moved to adopt a \$4.0770 millage rate and take the shortfall out of reserves. There was no second to the motion.

Comm Bingham clarified the amount needed to balance the budget would be \$824,785. She commented that the millage rate was \$4.0 in 2000 and FOCUS 2000 produced recommendations for improvements/changes of which many have been completed and she did not feel the Town was fiscally irresponsible with the increases to the millage. She also cited several other municipalities' millage rates and their various extra assessments and added that the majority of one's tax bill is County or School Board taxes.

Speaking from the public, John May, 5512 Old Ocean Blvd., commented that he was informally representing 10 property owners (20 residents). He stated that properties are not selling because of taxes and insurance costs. He stated that our legislators voted in to reduce taxes and the Town should abide and push the millage back to the State proposed rates. He added that the Town should actively pursue other methods such as supporting increasing the sales tax. He concluded by stating that he did not want to cut personnel but commented that the Town should be fiscally responsible and possibly delay the construction of the new Town Hall. Atty Spillias stated that every 20 years the State needs to review the current tax system and this will need to be done again this year with a committee established to review and recommend any amendments.

Comm Allison commented that the millage rate is not being raised but kept the same as the current year. Mayor Kaleel stated that the Town is still abiding with the State's options. He explained the three methods including: adopting the rolled back rate minus 9% (\$824,785 shortfall) by majority vote; adopting the rolled back rate of 4.4803 (\$488,499 shortfall) by 2/3 vote; or adopting the current millage rate of 4.7500 by unanimous vote (\$263,614 shortfall) and if it is not by a unanimous vote the Town would lose \$124,000 in tax revenue from the state. Mayor Kaleel added that while Mr. May had his view there were also petitions submitted containing 75 signatures with the opposite view and this meeting was to discuss the Town's budget not changes for the State.

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Dr. Wooten, 5907 N Ocean Blvd., read the petition he created which essentially stated that they were dismayed by Comm Hogan's vote for the tentative adoption citing that the proposed tax rate is neither a tax increase nor a tax decrease but provides the lowest shortfall of \$263,614. The petition also stated that the "no" vote denies the Town an additional \$124,200 in revenue from the State Sales Tax thereby increasing the shortfall to \$387,814 and therefore urged Comm Hogan to reconsider her vote. He commented that the State offered options so that individual towns could assess their best option. He concluded by stating that he hoped Comm Hogan would change her vote.

Earl Jones, 14 Sailfish Lane, stated that his tax bill reflected a significant market value reduction and he felt the town will experience a decrease in ad valorem generated if the properties continue to decrease. He agreed that the Town can't run in a deficit and therefore was not opposed to the 2006 millage rate. He added that he felt a compromise was in order and suggested approving the 2006 rate but recognizes the need to look into the future to see what can be changed. He commented that at one time the residents wanted 3 officers but maybe the Town does not actually need three and as an officer retires do not fill the position or new vehicle. Mayor Kaleel agreed that the Town will see a loss in revenue and added that an even lower millage may be required in the future. He added that the debt could have been achieved through bonds, however, the pay off would have been at a higher rate and still taxed but only separately on tax bills. He also stated that he did not feel monies were spent unwisely.

Bruce Gimmy, 12 Ocean Ave., mentioned having a meeting with Representative Hasner, regarding issues in Delray Beach, but there was discussion regarding removing the school board tax and replacing it with an increased sales tax but he agreed the meeting tonight dealt directly with Ocean Ridge. He commented that he believed that the majority of the last 20 years the Commissions have been too conservative and that FOCUS 2000 started on the right path with positive accomplishments. He agreed with Mr. Jones in that comprises are needed but felt at this time the 4.7500 millage should be adopted. He added that he spoke with Bernd Schulte, whom he respects highly, and he felt the Commission is correct with what is being proposed and hoped Comm Hogan could be flexible.

Yuri and Helen Clemens, 5510 N Ocean Blvd. #214, commented that while they have not studied the budget they questioned if the new Town Hall could be delayed or modifications could be done to reduce the cost or delay the paving. Mayor Kaleel commented that Ocean Ridge was a donor town, in that a lot of money is collected for the county and state levels and there was no question that a study needed done to review how the taxes are levied. He stated that he felt the Town Hall was definitely needed, would be nice for the Town, adding that it has been discussed for years. He added that all of the Commissioners voted for the Town Hall and he believes it will benefit the Town because it makes the Town stewards of its own property.

Comments from Commissioners included Comm Pugh's concern with meeting the rolled back rate minus the 9% utilizing \$800,000+ in reserves and it actually becoming financially worse in future years.

Comm Allison commented that the auditor did not feel that the town's reserves were excessive or that they were being fiscally irresponsible. She also stated that while she understood Comm Hogan's feelings regarding the millage she could not understand permitting the loss of \$124,000 in sales tax monies from the State.

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Comm Hogan distributed a letter addressed to John Wooten and Steve Greenhut and requested to summarize it. She stated that while she respects Dr. Wooten, Bruce Gimmy, and Gail Aaskov's comments and the various emails and phone calls she has received she would like to discuss her perspective. Comm Hogan summarized her view of the prior years, current and proposed budget expenditures since FY 2002/03 and also the tax levies and millage rates for the same period. She mentioned that she was disappointed with the auditor's comment regarding the appropriate reserves. She also stated that she served on two committees and attended meetings where property owners spoke of being unable to afford their homes, adding that the real estate industry was suffering and governments need to do their part. Comm Hogan also mentioned that the closing and updating of the accounting system needs to be done in a timelier manner, citing she received July information only last week.

Comm Hogan stated that she would compromise with adopting the rolled back rate of \$4.4803 but she cannot support \$4.7500. She added that the town was given the 9% reduction because of its expenditures and not reducing the millage in the past.

Regarding some expenditures, Comm Hogan commented that we spent \$87,644.93 on legal fees for Briny Breezes, included in that was almost \$6,000 for lobbyists in Tallahassee. She suggested purchasing accounting software to which Town Clerk Hancsak advised the town does have accounting software and that the auditor was suggesting purchasing capital asset software. Comm Hogan mentioned that she felt the Town Manager's salary with car allowance was too high along with the other proposed salary increases and overtime costs. She stated that South Palm Beach has one officer on duty at night compared to our three officers, adding that there were more officers per population than in the north. She concluded by stating that the shortfall should be taken out of the reserves and the town should move forward.

Comm Pugh stated that while he appreciated Comm Hogan's detailed comments he felt she had 3 prior meetings to discuss budget cuts and to bring it up now at the time to ratify the budget was incomprehensible to him. Comm Hogan responded by stating that she has already brought up some of the information and it should not be difficult for people to understand her views now. She also mentioned that she feels she can and will give back to her community in the best way possible.

Comm Allison commented that Comm Hogan does not stop bringing up the hiring of the Town Manager and she felt it was demeaning to him and reminded that they all reviewed the resumes and felt he was the best for the position. She also questioned if Comm Hogan is truly representing the Town because of the potential loss of sale tax revenue.

Town Manager Schenck clarified that on page three of Comm Hogan's letter there is an error in that the \$568,970 reflected as an addition to the Fund Balance is actually a subtraction because that is what was originally proposed to balance the budget.

Mayor Kaleel stated that he appreciated Comm Hogan's work also but felt there isn't any fat to take out and felt there were inaccuracies in the letter such as the \$568,000. He summarized the millage from 2000 and stated that the Town was getting punished for drainage improvements and that the State didn't look at the facts, but if anyone looks at it

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there is no impropriety. He added that improvements have been planned and now is the time to continue to do them, but he agreed that taxes need to come down.

In response to the letter regarding the officers Mayor Kaleel commented that a decision was made several years ago to add a third officer and added that there are developments that have three personnel on duty. He agreed that one officer could be cut but that wasn't what the Town wanted several years ago and the first time there is a problem residents will question why it changed. Chief Hillery mentioned that Ocean Ridge has the lowest crime in the county. He agreed with Comm Allison related to her comment on the hiring of the Town Manager because the Commission all received the resumes and reviewed them and felt he was the most suitable for the position.

Regarding the legal fees, Mayor Kaleel mentioned how he spent thousands of hours in addition to the legal firm and that none of the residents have objected to spending the funds. He commented that the \$5,000 spent on lobbying costs was well spent because their firm in Tallahassee, as our registered lobbyists, found an exception that would have allowed Briny Breezes to bypass most of the requirements and proceed with the development. He commented that the accounting information could be produced quicker; however, he cited the amount of work the office personnel handled. He added that the Fund Balance would not change significantly in a couple months. Town Clerk Hancsak stated probably \$100,000 at most.

Mayor Kaleel agreed with Mr. Jones that the budget needs to be looked at for the future but he did not want to risk depleting the reserves. He explained that some of the costs over the last few years included mandatory contracting for fire and the decision to contract with an engineering firm when drainage problems arose. Town Clerk Hancsak also mentioned a continual storm maintenance program and also a repaving program.

Steve Hogan, 37 Hibiscus Way, commented that he has reviewed the budget and he felt it necessary to know the last quarter's projection to see the final expenditures. Town Clerk Hancsak explained that the only accounts with an expected surplus would be from the Emergency Preparedness Dept. and from the \$75,000 Contingencies set aside, and hopefully overtime would not have to be utilized for hurricanes during the busiest storm months. Chief Hillery added that court costs, vacations, and possible sick time (such as the officer that is out on medical leave now) all add to the overtime. Town Clerk Hancsak added that employees can also choose to be paid for one week of vacation time in pay in lieu of taking the time off from this account and several do not request the money until FY end. She added that this also saves the town money because overtime is not paid when someone would have been on vacation.

Mayor Kaleel concluded the discussion commenting that if there weren't going to be any additional budget cuts he was not ready to deplete the savings by taking out of the reserves.

Mayor Kaleel announced that the millage rate of 4.7500 exceeds the rolled back rate of 4.4803 by 6.02%.

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2. Adopt Final Millage Rate for fiscal year 2007-2008

Comm Pugh moved that a final millage rate of \$4.7500 per \$1,000 of assessed valuation be adopted for the 2007-2008 general operating revenues, seconded by Comm Allison.

Comm Hogan stated that she felt there was enough in reserves for the \$488,000 necessary to adopt the rolled back rate and believed this to be the most ethical and honest option. She added that she felt the \$4.7500 was not the political way to go and she couldn't be quiet on her beliefs. Mayor Kaleel commented that the majority feel the \$4.7500 is in the best interest of the Town and why penalize the Town by losing \$124,000. He added that she had already made her statement but why penalize the town. Comm Hogan replied that the Town has been spending pretty good and she was not punishing the Town and not to put the guilt on her and she felt the Commission should comprise.

Atty Spillias offered information on what will happen next year. He advised that no matter what happens today next year will start at \$4.0770, meaning that the town will start with the revenue it would have raised at 4.0770 today and by majority vote the town can only go to that rolled back rate. He added that by a 2/3 vote the town can go to 10% above that and by unanimous vote it can go to whatever. He summarized it by stating that this year the millage started at 91% of the rolled back rate so the town will be starting out below the rolled back rate of this year and that is the number you start with next year, no matter what. Town Manager Schenck added that if the town has construction like this year that the rolled back rate will be even less than \$4.0770 next year.

Comm Hogan reiterated that she would compromise with the \$4.4803 with the balance coming out of reserves. Mayor Kaleel reminded the Commission that last year Comm Pugh and himself compromised and voted with the majority to make the vote unanimous. Comm Hogan said she wanted to do the right thing and start to stop the spending.

Motion carried – Yea 4 (Allison, Bingham, Pugh, Kaleel)  
Nay 1 (Hogan)

3. Resolution No. 2007-13; Making a tax levy based on 2007 Assessment Roll

Comm Allison moved to adopt Resolution No. 2007-13 making a tax levy based on the 2007 Assessment Roll, seconded by Comm Bingham.

Motion carried - Yea (5).

4. Adopt a Final Budget for fiscal year 2007-2008

Comm Bingham moved that the Ocean Ridge Budget for fiscal year 2007-2008 be finalized at \$5,480,829 for operating expenses, seconded by Comm Allison.

Motion carried - Yea (5).

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5. Ordinance No. 573; Adopting an annual budget for the year beginning October 1, 2007 and ending September 30, 2008; Providing for repeal of conflicting ordinances; providing for severability; and providing an effective date

Comm Pugh moved to adopt Ordinance No. 573 appropriating funds for fiscal year 2007-2008 be adopted, seconded by Comm Bingham.

Motion carried - Yea (5).

6. Resolution No. 2007-14; Updating funds for the Capital Projects Fund for the fiscal year beginning October 1, 2007 and ending September 30, 2008

Comm Bingham moved to adopt Resolution No. 2007-14 reappropriating funds for the Capital Projects Fund for fiscal year 2007-2008, seconded by Comm Pugh.

Motion carried - Yea (5).

Mayor Kaleel distributed a copy of proposed Constitutional Amendment Article VII, Sections 3,4,6 and 9; Article XII, Section 27 pertaining to the Ad Valorem Property Taxation and asked that each Commissioner review it prior to the meeting that all Commissioners are welcome to attend with Mary McCarty on Thursday, Sept. 20, 2007.

Adjournment

Meeting adjourned at 7:25 PM

Attest By:

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Town Clerk

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Mayor Kaleel

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Commissioner Bingham

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Commissioner Pugh

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Commissioner Allison

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Commissioner Hogan