

Special Town Commission Meeting of the Town of Ocean Ridge held on Wednesday, August 6, 2012 at 5:01 PM in the Town Hall Meeting Chambers

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

Commissioner Aaskov
Commissioner Allison

Commissioner Brookes
Commissioner Hennigan

Mayor Pugh

ANNOUNCEMENTS

1. TENTATIVE BUDGET ADOPTION WITH REGULAR TOWN COMMISSION IMMEDIATELY FOLLOWING ON MON., SEPT. 10, 2012 AT 5:01 PM
2. FINAL BUDGET ADOPTION ON WED., SEPT. 25, 2012 AT 5:01 PM

ACTION ITEMS

1. FURTHER CONSIDERATION OF THE 2012-2013 PROPOSED BUDGET

Clerk Hancsak summarized the following revisions to be made to the budget as a result of the Special Budget Meeting on July 25, 2012: 1) Consensus to keep the holiday lighting at a cost of \$5000. **No budget change.** 2) Remove the purchase of 2 guns from the Police Operating Supplies Account - **\$900 Expenditure Reduction.** 3) Remove the purchase of 2 police hand-held radios from the Police Capital Outlay Account **\$6000 Expenditure Reduction.** 4) Add 2 fully equipped police vehicles to the Capital Outlay Account – **\$68,000 Expenditure Addition.** 5) Recalculating the Alarm Monitoring Service with an annual cost of \$300 per resident instead of the \$200/annual proposed - **\$30,000 Revenue Addition.** 6) Recalculating the Garbage/Trash Service to an approximate annual cost of \$250/\$177 instead of the \$225/\$157.10 proposed for single family and multi-family rates – **Approximate \$35,032 Revenue Addition.** **The changes resulted in a \$61,100 addition to expenditures, thereby bringing the total expenditures in the General Fund from \$5,139,101 to \$5,200,201.** The Commission also requested an annual report of Support Group purchases, a breakdown of expenditures attributed to servicing Briny Breezes, and freezing the purchase of any FY 12/13 approved capital outlay items in the Police budget until the PBSO proposal decision has been determined.

Clerk Hancsak stated that as a result of the changes the amount to balance the budget from the unappropriated fund balance, and utilizing the 5.2500 millage (as the budget was proposed) would be \$193,340 from \$197,292. The proposed 5.7500 millage rate had been adopted (by a 3-2 vote) with the understanding that the rate could be lowered but not raised. This would create a \$143,717 overage of revenues over expenditures. (A 5.5300 millage rate would require now \$4,588 to balance the budget with these first revisions. The Non Ad Valorem revenues now total \$1,567,772 with the changes to the alarm monitoring and garbage/trash revenue as opposed to \$1,502,720 in the original proposed budget.)

Mayor Pugh opened public comment before the Commission reviewed the budget.

Public Comment

Christine de Haseth, 29 Sabal Island Drive, stated that a millage rate of 5.7500 did not reflect the full picture. As their property values go up so would the Ad Valorem Revenues and the contemplated increase in the Garbage/Trash service and Alarm Monitoring Services all adds a little more. Given the PBA negotiations in progress, she asked that the Town hold back on the purchase of the new vehicles. Clerk Hancsak advised her that while the vehicles are part of the budget it is frozen.

There was no more public comment and public comment was closed.

Commission Budget Review

Comm. Aaskov mentioned she was in favor of increasing the Alarm Monitoring from \$180/annual to \$200/annual to cover the cost of the new alarm equipment. She however felt to increase it to \$300/annual was too high of an increase. The police encourage residents to use their alarm systems, however a higher cost may encourage them to stop the monitoring.

Comm. Hennigan stated that at the last budget workshop she had been in favor of the increase to \$300/annual, now however she felt that the increase would be inappropriate to single out certain people for services, and subsidize for others. She was still in favor of charging to recoup for the equipment; however, she questioned the amount of profit if the alarms only increase to the \$200/annual. She noted that all of the proposed changes would result with a 15% increase.

SPECIAL TOWN COMMISSION MEETING HELD AUGUST 6, 2012

Comm. Brookes noted that at the PBSO Workshop the residents were adamant to keep their alarm monitoring. He did not feel it was fair or equitable to spread the need for revenue among those who do not receive the service. He felt it was important to work on both the revenue and the expense side of the budget.

Mayor Pugh felt the \$20 increase to \$200/annual was justified with the new alarm equipment that was needed. The Town is relying on the current alarm revenues and he was concerned that if it was raised to the \$300/annual that residents would drop their service, reducing the expected revenues. The residents requested to keep the alarm monitoring, and pledged that they would pay to keep it, however they may not be willing to pay for the increases when they are billed.

Atty. Spillias reported that if the Town is providing a specific service for a fee, it should be based on the value of the service. It is not always clear cut in regards to the cost for manpower or administrative service. The Town may be imposing a hidden tax. The charge should be the cost/value for provided service and the fees may not be quantified. As an example he said there are formulas used for impact fees. Impact fees are never at the level for the cost to avoid overcharging; they use lower numbers. Clerk Hancsak stated that in regards to Building Permits, there are restrictions regarding what can be charged.

Comm. Allison stated that she was in favor of the \$200/annual cost for the alarms. She was concerned that if a large percentage of 300 residents cancelled that it would negate any potential gain. She noted that at the PBSO Workshop, she heard more people in favor of keeping the dispatch rather than keeping their alarm monitoring.

No final decision was made concerning the alarm monitoring revenues.

Comm. Brookes stated that as there were very little discretionary funds, he asked them to consider new areas to generate revenues such as "Bed Tax" for rentals. Comm. Aaskov stated that Boynton Beach charges a \$25 registration fee and there is also a Palm Beach County & State Tax that is required. If they do not pay there is a threat to their homestead exemption. Manager Schenck stated that Lake Worth charges \$50/year to the property owner for any rental properties. Comm. Hennigan suggested a workshop for ideas of other sources of revenue, as it could not be solved at this meeting, it would take further review. Everyone agreed this would be very difficult to enforce because there would be no way of knowing if the property owner still paid all the bills. No consensus was made.

Comm. Hennigan questioned the high the cost of the 2 police vehicles at \$68,000. Chief Yannuzzi stated that the new vehicles would require new lighting and cages; they could not retrofit them as in previous years when all the cars were Crown Victoria's. The \$68,000 included all accessories – new lights, new cages, laptops, and labor. Comm. Hennigan then asked if the cost of the vehicles could be separated from the accessories.

Comm. Hennigan distributed to the Commission and Staff a hand out of her "Budget Format Recommendation to be Approved by Commission" Report. The report's objective is for the Commission to be effective in setting policy and provide competent fiscal oversight and to be more proactive. Her recommendation for the FY 12/13 budget process is for more detail and history to identify true costs (such as the splitting up the "Insurance Account" and splitting the Dispatch Dept from the Police Dept) to view possible opportunities to reduce costs. She also requested itemized costs for Personnel, Operating, Capital Outlay and Professional Services to show all key items for all departments. She requested a 2-3 year history and forecasting of key items to show trends, and projected future costs of key items for 2-3 years. She asked that these changes be provided for this budget cycle and distributed at the September 10th Budget Meeting.

Manager Schenck reported that we have received the health insurance proposals from our present carrier and 4 other companies. All of the proposals were higher than the current NHP program except the Aetna HNO program. However the deductible is higher and the co-pay is more. Our present carrier has presented 3 options: **1) HAS YV-U** (current policy) the rate went down \$2/employee/month. Our current policy has a \$2000 deductible for all medical costs with an additional \$2000 deductible for medications only (maximum out of pocket \$4000) **2) HAS XV-7** – it has a lower premium, and a \$1500 deductible, and a second \$1500 deductible paid through the 90/10 co-pay (maximum out of pocket \$3000). **3) HAS XV-X** – it also has a lower premium but a higher deductible. Manager Schenck was recommending the second policy, the **HAS XV-7** with the lower deductible. It would reduce the proposed budget by \$30,600. He reminded the commission that the proposed budget does not include funding for any deductible costs. The insurance savings (\$30,600) could be used to defray some of the deductible costs. While we have to budget the deductible costs for all 25 employees, we only pay as the employees use it. It was discussed that for the current FY11/12, Ocean Ridge approved to pay the \$2000 deductible for the 12 PBA officers and only \$1200 deductible for the other 13 full time employees. We are also waiting for the carrier to give a balance of the unused portions of deductibles.

SPECIAL TOWN COMMISSION MEETING HELD AUGUST 6, 2012

Dave Adams, representative of Adams Larocca, recommended the second plan, the HAS XV-7 policy. Preventative care is free, and there is no change in doctors for the employees. It would produce a savings to the Town with a lower premium, and cost effective for the employees with a lower deductible and lower maximum out of pocket from \$4000 to \$3000.

No consensus or vote was made on the choice of insurance plans as it would be decided at the September 10th Meeting.

Mayor Pugh requested to discuss possible raises to the employees. He proposed a 5% salary increase across the board for all (\$87,402 cost), a change of the health insurance with the payment of the \$1500 health insurance deductible per employee (\$37,500), remove the cost of the 2 police cars, a \$20/annual increase to Alarm Monitoring and no change to the Garbage/Trash revenues. He felt most of the changes would wash each other out. A proposed 5.5 millage would produce a minimal cost increase of \$139/year per home (based on \$500,000). He felt it would put everyone on par and give the employees a better insurance, while only costing the residents \$139/year. He felt it would not be a high price to pay for the residents to keep their police department and maintain the level of service. It had been 3 years since the employees had received an increase and he wanted to retain the officers and not have a large turnover like Manalapan. He felt the time was short before the final budget meeting next month and felt the need to make a decision now that would settle any questions for this fiscal year. He felt \$200 was a fair amount to live in Ocean Ridge, a small piece of paradise, and would settle the question for this year. However, he said next year he would not be in favor of automatic raises, it should be based on your service to Ocean Ridge and discussed after the this budget process.

Comm. Brookes felt it was irresponsible to throw out a suggested increase amount while they are in the middle of PBA negotiations. He did not feel Ocean Ridge was draconian with benefits. He felt that Mayor Pugh had misspoke as the \$20 increase to the alarms was to cover the cost of the new equipment and not additional revenue. He felt that to increase the salaries would make it harder to keep the local police department, and not go to the PBSO citing the cost difference.

Comm. Hennigan agreed and was shocked at Mayor's Pugh comment. She wanted to be generous but other towns had not given raises. While other municipalities had laid people off, Ocean Ridge had not, in fact, we had added head count. Mngr. Schenck stated that the PBA presented a proposal, and it was now up to the Commission to come up with a counter offer, which could be rejected. Comm. Hennigan was concerned of the long term effect that an increase would cause, and it would be creating an unsustainable environment. She wanted to wait on the assessment with PBSO.

Comm. Allison agreed with Mayor Pugh, and stated that the employee salaries were middle or lower compared to others, but that Ocean Ridge had never exceeded other salary rates. At the recent PBSO workshops, the residents wanted to keep our local police department. They knew it would cost, and this is the bill. She felt to only offer them 1-2% increase or anything less than 5% would be insulting, while the officers sat at the same meetings and heard that the residents wanted to keep the officers. She felt that the PBSO issue was a "quality of life" issue not just "fiscal numbers". The services that the residents wanted versus the services that PBSO would be providing were not equal.

Mayor Pugh questioned the # of condo units that were homesteaded and the taxes that they actually pay adding that he felt they do not share an equal burden as the rest of the residents. He had read that \$1mil assessed value home would be a \$500. Comm. Aaskov stated in Crown Colony 25 people were homestead of the 148. She agreed with Mayor Pugh and Comm. Allison regarding raises.

Public Comment

Justus Brown, 39 Coconut Lane, stated that he felt the Commission was doing a great job, and he agreed with a 5% salary increase for the employees. He was not in favor of going with the PBSO, and was willing to pay extra to keep the local police officers.

Christine DeHaseth, 29 Sabal Island Drive felt that the Commission had spent a lot of time with the budget process, and felt it was irresponsible to just throw out proposed numbers for millage and salary increases. She did not disagree that the employees were undeserving of a raise. She also questioned why the Commission was only focusing on one year as she would like to see a projected 3-5 year budget. She stated the revenues stay steady while expenses were rising. She suggested if there was a 5.53 millage to put the additional funds in reserves for future costs.

Ken Kaleel, 86 Island Drive, reminded the Commission that any increase to the budget will have future benefit impacts. He also cautioned issuing a salary increase across the board, and asked the Commission to see if it was the right thing to do. He objected to a large increase to the alarm monitoring and garbage/trash services. He felt the alarm monitoring was a service to

SPECIAL TOWN COMMISSION MEETING HELD AUGUST 6, 2012

the residents, and should not be a profit maker. He asked the Commission to roll it into the millage rate instead. He understood that there were tough choices for municipalities to regulate their costs.

James Bonfiglio, 5616 N Ocean Blvd, stated that he agreed with Mr. Kaleel regarding the increase to alarms and garbage/trash service. He feels that all the residents should be in together for the Town. His home did not benefit from the noseem spraying, however he pays for those who do receive the service, and it was not a problem for him. He also does not use the alarm monitoring service, but if other residents felt that they needed it then raise the millage instead of the alarm rate. He considered it fair to give the employees a 5% raise since it had been 3 years, and felt they deserved it. He came from a family that was in unions, and hoped we could come to fair agreement with the PBA. He asked that we keep the officers happy for everyone's level of service in the Town.

Comm. Brookes, stated that he took the budget seriously, and that residents expected the Commission to spend time reviewing it. He felt the Commission appeared lazy with just throwing numbers out. Comm. Hennigan agreed.

Mayor Pugh disagreed with Comm. Brookes opinion, citing he had spent many hours reviewing the budget, and it wasn't presumptuous or just a number thrown out. He understood the budget process, and stated that the all the personnel costs had been factored in such as retirement. He didn't feel it was right for Comm. Brookes to say they had been lazy.

Meeting adjourned at 6:35pm.

Attest By:

Town Clerk

Mayor Pugh

Commissioner Aaskov

Commissioner Allison

Commissioner Brookes

Commissioner Hennigan