

TOWN OF PALM BEACH SHORES
TOWN COMMISSION
SPECIAL MEETING

May 10, 2010

John M. Workman, Mayor
Alan D. Fiers, Vice Mayor

Commissioner Roby DeReuil
Commissioner Scott McCranels
Commissioner Lisa Tropepe

Town Attorney Keith Davis
Town Clerk Carolyn Gangwer
Town Administrator Cindy Lindskoog

1. **CALL TO ORDER**
 - a. *Roll Call*
 - b. *Pledge of Allegiance*
2. **AGENDA APPROVAL.**
3. **MISCELLANEOUS BUSINESS:**
 - a. *Revenue outlook for FY 2010-2011*
 - b. *Discussion: capital considerations*
 - 1) Current suggested capital projects
 - 2) Long term capital projects
 - c. *Discussion: Community Center capital considerations*
 - d. *Discussion: use of town's public lands by private property owners*
 - e. *Discussion: investment of town funds*
 - f. *Update: separate agreement with Zimmerman Tree service for residents' trimming.*
4. **PUBLIC COMMENTS:**
5. **ADJOURNMENT.**

MINUTES

The special meeting of the Town Commission was called to order by Mayor John Workman at 7:00 pm. The Town Clerk took roll call, revealing that all members were present. Also present were Town Attorney Keith Davis, Town Manager Cindy Lindskoog, Police Chief Steven Kniffin, Police Lieutenant Steven Langevin, Fire Chief Martin DeLoach and Town Clerk Carolyn Gangwer.

Mayor Workman led the assembled n the pledge to the flag.

AGENDA APPROVAL: Mayor Workman requested that item 3.e be moved to the beginning of Miscellaneous Business, with Bookkeeper Wendy Wells in mind. The rest of the items would just be moved forward in the agenda. The **amended agenda was approved** after a motion by Commissioner Tropepe, seconded by Commissioner DeReuil.

MISCELLANEOUS BUSINESS:

a. Discussion: investment of town funds.

Ms. Wells led discussion on the possibility of the town investing through the CDAR program. Mayor Workman originally suggested looking into this, because his employer uses this investment program. She explained that it is possible that a rate of 1% could be earned through the Stonegate Bank, which would be substantially more than the current return from the town's bank, PNC.

Vice Mayor Fiers asked if these were rolling Certificates of Deposit? Ms. Wells stated that they were, and explained the different terms. He asked if the banks being considered were insured by FDIC, and Ms. Wells answered that they were. She noted that this bank is approved per Florida Statutes.

Commissioner Tropepe asked what happens if additional funds are needed in the case of an emergency, such as a hurricane? Ms. Wells explained that a cash flow analysis will be performed before any funds are invested, to see how much cash needs to be kept on hand.

Noting that this is the way that he handles some of his investments, Vice Mayor Fiers moved to **authorize investment of town funds in the CDAR program which is a series of certified deposits with rolling due dates.** Commissioner Tropepe seconded the motion.

Commissioner DeReuil asked for more information on what type of investments the State of Florida allows. Ms. Wells explained that historically, the town has always invested pretty conservatively. Town funds have been invested in the State Board of Administration program (which had some problems several years ago, and was frozen). Also, the State of Florida allows investment in Treasury Bonds, but these have not given very good returns. Mr. DeReuil inquired whether the State allows riskier types of investments? Ms. Wells responded that the State allows municipalities to set up their own investment policies, and encourages the philosophy of "not all eggs in one basket"

The **motion carried unanimously**

b. Revenue outlook for FY 2010-2011.

Manager Lindskoog reviewed the information which was provided to the Commission members and is projected on the meeting room screen for the meeting attendees.

The first section was entitled "Historical Ad Valorem Taxes". This sheet revealed that there has been a 23% decrease in revenue from ad valorem taxes from 2006/7 through 2009/10. And, in 2011, another decrease of 14% if forecast.

The second sheet included information on the town's 2010 budgeted Contingency. Currently, there is \$37,689 left in contingency, which is not projected to be spent.

Page 3 was entitled "Fund Balance". Both 'reserved' and 'unreserved' funds were reviewed, with the total fund balance for FY ending 9/2009 showing \$2,096,608. The projected fund balance for FY ending 9/2010 is \$1,972,751.

Vice Mayor Fiers asked if this means that this year's fund balance will need to be reduced by approximately \$100,000 to balance the budget? Ms. Lindskoog responded that this is exactly what the figures show.

Commissioner Tropepe pointed out that the Town has always maintained at least 25% of its annual budget in its fund balance, in case of unforeseen emergencies. Ms. Wells added that, historically, 25% of budget was kept on hand particularly to cover the three months from beginning of fiscal year in October through December when tax revenues began coming in.

Commissioner DeReuil asked about the difference between the projected revenues shown on page on (\$3,590,831) and on the third page (\$3,678,144)? Ms. Wells explained that this has to do with unexpected gifts and donations. She added that ad valorem tax revenues are on target for this fiscal year.

Ms. Lindskoog continued with the overview of town finances. Page 4 covers the Impact Fee accounts. These fees are carefully tracked because they must be used within 6 years of receipt, or be returned, with interest.

A document entitled "Three Year Projections with no Increase in Millage Rate" was reviewed. Both revenue and expenditure assumptions were projected out through 9/30/2013. These assumptions reflect no pay increases, but do include 2.5% increases having to do with benefits such as pension and health insurance. With no tax increases, by 2013, the expenses could exceed revenues by \$995,000, drawing down the fund balance entirely by that point.

Vice Mayor Fiers asked if a 2.5% inflation rate was included in these numbers, and Manager Lindskoog stated that this was the case.

Mayor Workman opined that the town strives to keep at least 25% on hand in the fund balance in case of emergency, and he has concerns about the fund balance dipping so far below that amount. The Mayor commented that there may come a point when the Commission will need to consider raising taxes.

Ms. Lindskoog continued with the financial overview. The next document entitled "Three Year Projection presented with Increased Millage Rates" was reviewed. The same budgeted expenses were listed, but the revenues remained higher with gradual increases in millage rates: Current year – 5.7420 mills; YE 9/30/2011 – 6.000 mills; YE 9/30/2012 – 6.7500 mills; YE 9/30/2013 – 7.5000 mills.

Vice Mayor Fiers summarized the rationale behind the need for raising taxing rate: by using the reserves, allowing for no salary increases, contemplating no capital projects, "just paying the bills", there would still be budget shortfalls, and it would be necessary to increase the millage rate.

Discussion about future finances continued. The Mayor invited the public to comment.

Frank MacNeil of Tacoma Lane asked what is going to happen to properties that are not homesteaded and to commercial properties? Vice Mayor Fiers opined that the tax rates for these properties would go up, but the amount of taxes due would stay static or actually decrease. It was Mr. Fiers' opinion that properties with the homestead exemption will be the ones "taking the hit". Mr. MacNeil opined that properties with the homestead exemption have had a "free ride" for many years.

Mayor Workman stated that this year's budget was taken back to the 'bare bones', with no fluff. In fact, reserve monies had to be used to balance the budget. Vice Mayor Fiers concurred, and estimated that 98% of the town's budget is essential services.

A member of the audience asked if any of the budget included unfunded federal or state mandates? Commissioner Tropepe responded that there are several, small unfunded mandates in the town's budget including NPDES requirements and the Comprehensive Plan. In addition, the town is required to post all

legal ads in newspapers, which is quite costly – Ms. Tropepe opined that posting such notices on the town’s web site should be able to meet this requirement.

Gil Trower of Inlet Way asked for clarification on how revenues would increase if the tax rate went up, particularly on homesteaded properties. He opined that if property values continue to decrease, raising the millage rate would simply keep town tax revenues at status quo. Vice Mayor Fiers offered the following scenario: A property in town is homesteaded at \$100,000, with an assessed value of \$150,000. These folks’ taxes will probably increase dramatically – say the assessment drops to \$140,000, but the taxable value rises to \$103,000 – the percent of increase would be somewhere between 10% and 14%.

Vice Mayor Fiers suggested that Ms. Wells choose a specific property in town and calculate how the taxes will go up or down under various scenarios. Mayor Workman added that it might be a good idea to have someone from the Property Appraiser’s office come and speak to the Commission.

Dan Shalloway of Claremont Lane opined that things might not be as bad as is being presented. The values of commercial properties are down, but Palm Beach Shores has very little commercial? Vice Mayor Fiers commented that, actually, Palm Beach Shores has quite a bit of property that is taxed as commercial: Sailfish Marina, most of the District B properties, etc.

Mr. Shalloway commented that those in the private sector are being asked to put in more hours for the same compensation. He opined that, historically, public employees were lower paid, but that is no longer the case. Economies need to be made in all town departments, with staff working longer and harder than they do now.

Town Manager Lindskoog noted that every cost, including personnel costs, will be carefully reviewed during the upcoming budget process.

Finally, Mr. Shalloway raised the issue of private property owners using public property at the inlet park as their own. If the town decides to let this continue, then the residents should be asked to pay for that use.

It was determined that copies of the presentation will be made available to the public via copies and posted on the town’s web site.

c. Discussion: capital considerations.

Mayor Workman noted that the only capital project included in the current year budget was needed improvements to the lift stations.

Manager Lindskoog reported that the Capital Considerations list has been amended per last month’s meeting. New building permit software has been replaced by entirely new financial software package; license plate reader camera for Park Avenue has been added; also included are replacement vehicle for Fire Chief (volunteers have pledged a portion of the cost), meeting room items such as overhead screen, podium and teleconference phone, parks issues including shade sail for playground, flag poles at Town Hall, inlet park viewing pier and replacement landscaping at Community Center.

Lengthy discussion ensued with the following decisions being made:

Administration:

Financial Software: Bookkeeper Wendy Wells and Town Clerk Gangwer both agreed that the current software, Information Management Systems, with its problems, is probably adequate for existing needs. However, this should be a future capital consideration.

Police:

License plate reading camera at Park Avenue and Bamboo Road: There was brief discussion of the importance of completing the license reading camera program at the third entrance into town at Park Avenue. Commissioner DeReuil stated that he would like to review the detailed estimate to understand what is included in the cost. There was general agreement to purchase another license reading camera system for Park Avenue at Bamboo Road.

Fire:

Replacement vehicle for Fire Chief: Chief Kniffin explained that the vehicles being donated by the PBSO to the town can only be used for law enforcement purposes. It was determined that the best vehicle in the existing police fleet will be made available to the Fire Chief once the sheriff's cars are ready.

Legislative:

Permanent overhead screen, podium, teleconference phone for audio system: Both Mayor Workman and Commissioner DeReuil felt that these items should be purchased. Vice Mayor Fiers and Commissioner McCranels opined that these are not "life or death" items, and could wait. Commissioner Tropepe noted that the Seaside had purchased a podium for the Community Center, and wondered if the Property Owners Association could do the same for the meeting room. POA President Gil Trower stated that he would like to discuss this with the POA board at their next meeting. It was determined that these items will be deferred for now.

Parks:

Shade Sail for beach playground: There was extensive discussion about this item. Manager Lindskoog noted that there is \$4,092 currently available in the Parks impact fee account that could be used to help pay for a shade sail. Commissioner McCranels suggested getting town residents and groups such as the Youth Council involved in doing some fundraising for the shade sail. At this point, both Vice Mayor Fiers and Commissioner McCranels each pledged \$500 toward the effort. Mayor Workman asked President Trower if the Property Owners would like to help out with purchase of a shade sail? Mr. Trower explained that this request has been brought before the Property Owners Association Board twice, and not approved twice. The board's thinking is that when you're at the beach, go into the water or under the shade provided by the community center if you need to cool off. The board wants to see needed improvements done to the interior of the community center first.

There was further discussion about how funds can be raised for a shade sail, and costs could be reduced by using town residents and local contractors to do some of the work.

Vice Mayor Fiers moved to **allot the \$4,092 currently in the Parks impact fee account toward purchase and installation of a shade sail at the beach playground, and to get the word out about raising funds for this purchase via the town newsletter, web site, etc..** Commissioner McCranels seconded the motion.

Commissioner Tropepe recalled that when the Mom's Club came to the Commission about the playground, inclusion of a shade sail was very important. She opined that it's now summer again, and fund raising will take a long time.

The **motion carried** on a unanimous vote.

Town Manager Lindskoog commented that it need to be determined how big of a shade area is being considered? Then, to ensure that proposals are "apples to apples". Commissioner DeReuil stated his

opinion that the options can be weighed out and then bidders can be asked to propose on what is decided.

Flag poles in front of Town Hall: After some discussion, it was determined that this purchase will be deferred until funds are raised to match the Property Owner's contribution of ½ of the total cost.

Inlet park pier: There was extensive discussion about whether or not to continue pursuing a grant from FIND for the inlet park pier.

Vice Mayor Fiers recommended dropping this item for the budget permanently. He reasoned that it does not make sense to offer to spend \$12,500 and then, perhaps another \$25,000 on a fishing pier for anyone who wishes, and then not to offer any raises to town employees.

Commissioner Tropepe countered that the grant application is already submitted – do we want to simply tell FIND that we're dropping it? Ms. Tropepe noted that she has a written proposal from Marine Construction for only \$54,000 for construction of the pier.

Commissioner McCranels stated that he wants to defer this project. At first, he did not realize that the grant was just for planning, he thought the cost mentioned was for the entire project. Commissioner McCranels opined that, on paper, this was a nice idea, but the timing is bad. He also mentioned that putting a pier at the inlet would simply encourage more folks to come from out of town, and this would add additional work for the police department.

Mayor Workman concurred relative to the policing issue.

Commissioner DeReuil suggested letting the grant process go forward, but don't offer to spend any town funds on the project. He opined that if the town ever has the necessary funds in the future, this would be a good idea.

After further discussion, Vice Mayor Fiers moved to **drop the inlet pier project from the list of capital considerations, and to withdraw the grant application.** Commissioner McCranels offered a second to the motion. The **motion carried on a 4 YEA to 1 NAY vote**, with Commissioner Tropepe casting the dissenting vote.

Community Center replacement landscaping: After brief discussion, this item was deferred.

d. Discussion: Community Center capital considerations.

Mayor Workman thanked Commissioner DeReuil for his diligent work on these issues, noting that there are funds remaining to fix many of these problems.

Commissioner DeReuil directed the Commission's attention to the page entitled "Budget Scenarios". He proceeded to review his list of 4 Options:

Option 1: This option includes acoustical measurement/design, doors and windows, acoustical treatments, window treatments, public address system, replacement of carpet and site lighting for the parking lot. This can be done for \$162,000, with a portion of that being paid by the Property Owners and Seasideers. There will be a budget shortfall of approximately \$31,000 with option 1.

Option 2: Option 2 includes all of the Option 1 items with the exception of the public address system. With Option 2, the budget shortfall would be reduced to \$13,000. There was some

discussion of exactly how much the Property Owners still had in their Community Center donation account.

Option 3: New carpeting is removed (in addition to removal of PA system in #2) in Option 3. This would reduce the budget shortfall to only \$3,465. Commissioner DeReuil opined that it makes sense to put the replacement of carpet into the regular maintenance budget for the building, rather than as a capital item. He suggested adding rubber matting under new carpet (when it is replaced) to help with acoustics.

Option 4: This option is very similar to Option 3, with the Acoustical measurement and design costs removed. The budget shortfall would be \$2,035 with this option.

Commissioner DeReuil pointed out that part of the cost included in these options is installation of a canopy over the east balcony. If the doors were not replaced this might really help with normal rainfall. Commissioner DeReuil stated that a fix for the acoustics is a big issue for him – listening to something in the upstairs room is 'painful'.

Commissioner DeReuil stated that he is very confident about his numbers for glass, the canopy, design for acoustics (acoustics cost may actually go down) and carpet. Mr. DeReuil is not so confident regarding the parking lot lighting costs.

There was considerable discussion about the various options for completion of the Community Center.

Commissioner DeReuil moved to **proceed with replacement of the doors and exterior tile, and installation of lighting for the beach parking lot at a not to exceed cost of \$45,000**, After further discussion, Commissioner DeReuil **amended his motion to include installation of new carpet not to exceed \$10,000 and staff is directed to research whether any funds were previously designated for the playground**. After a second by Vice Mayor Fiers, the motion carried unanimously.

The Commission confirmed that staff can decide on the type of solar powered lighting and the acoustic work, without having to bring it back to the board.

e. Discussion: use of town's public lands by private property owners.

Mayor Workman asked the Town Attorney to give an overview about the issue of certain private encroachments onto the town's inlet park area.

Attorney Davis reviewed the various current encroachments onto the town's public lands along the inlet, going east to west. There are four minor sidewalk encroachments east of the town's north south parkway, and one more just west of that area. The pool, pool house and parking lot lying on public property are allowed through a long term lease between the Romaine, Inc. and the Town, commencing in September of 1961, and running through January 2057. There are several other encroachments, mainly vegetative, but including a shuffleboard court and small building at the far west end, at the Anchorage property.

Mr. Davis opined that the main question to ask is have these encroachments continued for 20 years or more with the town's knowledge? If the answer is yes, then these properties may have attained certain "prescriptive rights" to these areas – a type of an easement on public lands.

Considerable discussion ensued:

- Do these 'prescriptive rights' cease if the property is redeveloped? Not if that use remains the same, only if they are removed.

- Could the town charge these individuals a rental fee for use of the towns' land? Mr. Davis opined that this would be a way to memorialize liability and other issues.

Mary Henig who lives at the Romaine stated that their pool and pool house has been at the current location since the 1950's.

Chief Kniffin stated that the improvements put in by the Anchorage on town property have been there for more than 30 years.

Commissioner Tropepe opined that she is not inclined to allow people to have 'waterfront' facilities by placing their amenities on the town's property.

Gil Trower stated his opinion that the town should not allow a private property owner to have the exclusive use of a seating area on public land.

Reinhold Wagner of Bamboo Road stated that he is perplexed that this issue is raised now, after so many years. Commissioner McCranels responded that this was brought to the Commission's attention by a property owner who had his dog on town property near the seating area being discussed, and he was told to leave. This individual complained about this to Gil Trower, and Mr. Trower in turn brought it to the Commission. Commissioner McCranels stated his irritation that this is very valuable land, and it is being used by private property owners who are not paying taxes on it.

Commissioner Tropepe concluded that the two real issues are the teardrop seating area and the hedging that is bifurcating town land between lots 573 and 574.

Manager Lindskoog recalled that the people who maintain the teardrop area were very cooperative when the new inlet park was put in, removing cactus plants and other vegetation when requested. She opined that they do seem to be aware that this is town property. Ms. Lindskoog continued by discussing the retaining wall at the Anchorage. Some town funds were expended during construction of the inlet park to reinforce the retaining wall. Commissioner Tropepe asked about the "no trespassing" signs placed on that retaining wall? Attorney Davis opined that the police could probably not ask people to leave the grassy area behind the wall, but could ask people to leave the shuffleboard court and parking lot. Mayor Workman suggested asking the Code Enforcement officer to look into the "no trespassing" signs.

After further discussion, Commissioner DeReuil moved to **have the encroaching hedge removed after an appropriate warning and adequate time and to notify the appropriate parties regarding any other areas or vegetation that lie on town property in order to secure the town's rights for the future.** Commissioner McCranels seconded the motion.

Mayor Workman requested that the Town Attorney prepare a conceptual draft of an agreement to allow the seating area under discussion to remain until the town needs to have use of that space. Commissioner McCranels suggested writing this in such a way that it is not allowed to exceed the 20 year point.

After further discussion, the **vote was unanimous for approval.**

f. Update: separate agreement with Zimmerman Tree Service for residents' trimming.

Town Clerk Gangwer gave a brief update on her recent conversation with Mike Zimmerman about signing a second agreement for residents' tree trimming services when the town trees are trimmed. Mr. Zimmerman did not seem enthusiastic about signing such an agreement, citing the many different scenarios and locations of residents trees, which would necessitate varying costs.

Ms. Gangwer informed the members that Mr. Zimmerman would be in attendance at their regular monthly meeting scheduled for next Monday night.

There were no Public Comments.

The meeting adjourned at 10:25 pm.

Carolyn J. Gangwer, Town Clerk

John M. Workman, Mayor