

TOWN COMMISSION WORKSHOP MEETING MINUTES
MAY 21, 2018

Minutes of the Town Commission Workshop Meeting of the Town of Ocean Ridge held on Monday,
May 21, 2018, at 3:00 PM in the Town Hall Commission Chambers.

CALL TO ORDER

The meeting was called to order by Mayor Bonfiglio at 3:02 p.m.

ROLL CALL

Town Clerk Stevens led the roll call, which was answered by the following:

	<u>Present:</u>	<u>Absent:</u>	<u>Tardy:</u>
Commissioner Besler	x		
Mayor Bonfiglio	x		
Commissioner Coz	x		
Commissioner de Haseth	x		
Vice Mayor MaGruder	x		

PLEDGE OF ALLEGIANCE

Mayor Bonfiglio led the Pledge of Allegiance.

BUDGET WORKSHOP

1. Presentation of the Preliminary FY18/19 Budget Data and Determination of Town Commission Fiscal Priorities

Town Manager Titcomb advised that it is important to remember that the numbers are fluid at this point in the budget process as we don't have the ad valorem numbers, insurance numbers, salaries and benefits due to the PBA negotiations, etc. Contracts data is included, as well as information on landscaping services in town, revenue and expense reports for the 504 through 506 line items which are the part of the town budget that does not include salaries and benefits, and also a cash flow summary report.

Commissioner Coz asked about the changes that were handed out today, and Town Manager Titcomb responded that the changes reflect liability insurance numbers that were not included in the previous version. The changes are highlighted in yellow on the new detail sheets.

Town Manager Titcomb noted that we are currently using assumptions to model the budget, and numbers will change when the actual values are confirmed later in the process. He stated that he projected a 5% value increase to the ad valorem for a starting number, and we still use 97% budgeting to expected collections, but actual collections come out to around 99%. He stated that we have to budget at least 95% by law.

Commissioner Besler asked how the Town Manager estimates the tax numbers such as gas taxes, etc, and Town Manager Titcomb responded that we model it based on our actuarials and the current trends. He stated that we hold the line flat if we cannot make an educated guess on what the trends may be next year.

Mayor Bonfiglio cautioned the Commission that the economy may not be picking up as much as people think, and we need to be cautious when projecting revenue estimates. He also noted that building permit revenue may go down if the Town places a moratorium on the RSF district. He also stated that we may see increases in expenses for insurance, human resources due to PBA negotiations, etc., and we should be careful about putting extra projects in the budget this year.

Town Manager Titcomb stated that the current version of the budget is modeled on keeping a flat millage rate of 5.25 mils. He stated he is not suggesting that we increase the millage, but there is always the option of doing that. He stated that the Town Commission is scheduled to set the maximum millage on July 2,

TOWN COMMISSION WORKSHOP MEETING MINUTES MAY 21, 2018

and once the maximum is set, we can't go above that amount, but we can reduce it before the public hearings in September.

Mayor Bonfiglio reiterated that we may not have money for new asks by the Commissioners. Town Manager Titcomb commented that the legal and engineering lines could increase based on specific asks by Commissioners.

Commissioner Coz asked if the Commission can amend the budget after adoption, and Town Manager Titcomb explained that money can be moved from one line item to another or one department to another by Commission action. Commissioner Coz asked if we can use our reserves if we have a shortfall in the budget, and Town Manager Titcomb stated that the Commission, through legislative action, can opt to utilize money within the reserves for any purpose if it is legally done properly. Town Clerk Stevens followed up that the Town would need to go back through the full budget process if the overall expenditures are increased throughout the year, meaning that the Town would need to re-advertise and hold public hearings a second time to adopt an amended budget.

Commissioner de Haseth asked if we should be more conservative on revenues, and Town Manager Titcomb responded that we model the budget using historical financial data, and then we re-model the budget spreadsheet based on consensus of the Commission. Town Clerk Stevens explained that building permit revenue is based on the cost of the job, and we use current trends in building activity to come up with the revenue figure for the budget. She stated that the proposed moratorium has an exception clause, so the moratorium may not have a big impact on revenues, but we don't know for sure. Commissioner de Haseth stated that it would be helpful if we could predict the percentage of lost revenue from a potential moratorium.

Commissioner Besler asked if we can track by using past six-month figures, and Town Manager Titcomb responded that we can because we provided those figures in past budgets. He mentioned that ad valorem projections will be released to us later in May or June, and we need to be cognizant that the projections in front of Commissioners today are not hard numbers yet.

Commissioner de Haseth asked about the fund balance unappropriated number, and Town Manager Titcomb explained that this is a plug number. Commissioner Coz followed up and asked about the unexpended funds from previous year, and Town Manager Titcomb explained that all unexpended funds are rolled into fund balance at the end of the fiscal year. Commissioner Coz asked if unexpended funds are created because we didn't expend all of the money we budgeted, and Town Clerk Stevens explained that unexpended funds are generated when not all expenditure lines are expended, or when we receive more revenue than we budgeted for such as storm related grant funds, or both.

Town Manager Titcomb explained the valuation-based system, noting that values of new buildings could spike up our ad valorem numbers, but it is difficult to predict not knowing what is going to be built or how big the homes will be. **Commissioner de Haseth stated that she would like to know what percentage of the \$265,000 building permit revenues are from permits that would fall under the moratorium criteria.**

Commissioner Besler stated he would like to see analysis on 2017 figures to know how much revenue we get for what percentage of the year so we can project forward.

Commissioner Besler asked for a cash flow summary that Town Clerk Stevens provided for him, and he mentioned that the summary shows how much money we have in the bank each month, and we are not investing the money properly. He suggested that we can invest in treasury bills, called Treasury Direct, where the government takes the money and puts it back every four weeks and we get 1.7% interest, where

TOWN COMMISSION WORKSHOP MEETING MINUTES MAY 21, 2018

currently we are only getting 0.7%, so we would get another 1% on our money which would generate around \$20,000. Mayor Bonfiglio stated that we are constrained on what we can do, and Commissioner Besler stated that we talked to the Town Auditor already. Commissioner Besler stated that we already invest in Treasury bills for a three year period, but this would be a different approach. Mayor Bonfiglio asked how liquid the program is, and Commissioner Besler responded that it has a 28 day liquidity. He suggested that we build a ladder and invest \$2M in one month, by doing \$500,000 each week for four weeks on a rolling basis, and then we get a check back for \$500,000 plus interest the next week. He suggested always having a \$1M cushion. Town Manager Titcomb stated that there are strict rules for public investing, and the Federal Treasury program is an eligible program to use according to the Town Auditor. He stated it is an automated system between the Federal government and the bank and we don't pay the bank for the service. Mayor Bonfiglio asked how we would get our money out in the event of a hurricane where we have no communications services, and Town Manager Titcomb stated that those types of questions can be answered in an investment policy. Commissioner Coz stated that it should not be a problem if we keep the \$1M base in the account at all times. Town Manager Titcomb stated that the Commission would have to be comfortable with the amount that it invests and make sure that it is stable and liquid. Mayor Bonfiglio asked what the net difference would be between what we currently receive, and what we would receive under the new plan, and Commissioner Besler stated that we could generate \$20,000 in revenue per year. Mayor Bonfiglio mentioned the possibility of federal government shut downs and we should take that into consideration as well. **It was the consensus of the Commission to have Commissioner Besler present an analysis of the investments we would be making at the next budget workshop.**

Commissioner Coz asked about bank fees, and Town Manager Titcomb explained that we are currently switching from small business accounts to government agency accounts, so we may see a difference in bank charges.

Vice Mayor MaGruder suggested that we ask the Town Auditor about investments at the next meeting, and asked if Commissioner Besler could present his analysis before the June 4th meeting because it will help us ask questions of the Auditor.

Commissioner de Haseth asked for a copy of the street list for paving, and Town Manager Titcomb stated that he would provide that. Commissioner Besler asked if we are going higher with the streets during the paving process, and Town Manager Titcomb stated that we are doing mill and overlay, with no height change except for Beachway where traffic calming was installed. There was a brief discussion regarding the process of traffic calming, and Commissioner de Haseth stated that best practices going forward will be looking at height and crest of the roadways and following through with the best alternatives.

Vice Mayor MaGruder stated that the traffic study for the new crosswalk could be expensive, and asked if \$15,000 in the engineering line in the capital budget is enough, and Town Manager Titcomb stated that he increased some of the engineering costs in the Other Physical Environment budget. Mayor Bonfiglio asked if that would be spent out of the capital budget, and Town Manager Titcomb stated that it might be, but cautioned that there are many projects that are in competition with each other for those funds. Mayor Bonfiglio asked if the paving program is completed for this year, and Town Manager Titcomb responded that it is complete, and we have around \$16,000 left in the capital fund.

Commissioner de Haseth stated that she would like to know what is actually discretionary in the budget, and noted that it is difficult to do because we don't see a lump sum for memberships, or lump sum for certain contractors, etc., and asked if there are things in the budget that we could modify. Town Manager Titcomb stated that the GL codes are consistent across all departments for things such as memberships, etc. so we can aggregate the numbers quickly. He stated that every number in the budget is discretionary, and it is up to the Commission what they want to spend each year. **It was the consensus of the Commission for Town Manager Titcomb to bring a project list to the next budget meeting.**

TOWN COMMISSION WORKSHOP MEETING MINUTES MAY 21, 2018

Town Manager Titcomb reviewed the line items that were increased this year, and stated that he increased the travel line in the Town Commission budget due to Commissioner interest in attending trainings and conferences. He stated that the Town Manager's salary has remained the same since 2015, and contractually, the Commission should be performing an annual performance review and remuneration adjustment to remain in line with all of the other employees of the town. He stated that we may split the Building Clerk's salary lines between the Town Clerk's Department and Inspection Services page in the future. There is an increase in the legal advertising line in the Town Clerk's budget due to an increase in advertising requirements for the comp plan and town code amendments due to the moratorium. Commissioner de Haseth stated that the legal services line should increase in that respect as well.

Commissioner Coz asked about figures in the road materials and supplies line vs. repair and maintenance line, and Town Manager Titcomb explained that the Commission directed projects such as drainage studies, drain maintenance, etc. and we may need to do budget amendments at the end of the year due to unexpected projects throughout the year as directed by the Commission. He stated that due to current trends, he opted to increase this line item, as well as operating supplies, I/T, etc. **It was the consensus of the Commission for staff to confirm figures in the repair and maintenance line.**

There was a discussion about raising the legal budget due to the extra work on the town code review, and Town Clerk Stevens stated that the Town Attorney is comfortable with the number that is currently in the budget, as a lot of the work being done on the ordinance amendments is being done in the current fiscal year.

Commissioner Coz asked about the covenants for the Town Hall loan, and Town Manager Titcomb stated that the loan expires in 2027.

Commissioner de Haseth asked about the typical wage increases over the past few years, and Town Clerk Stevens stated that the increases have averaged 5% for the past several years, and we will be negotiating the PBA contract this year. **Mayor Bonfiglio suggested looking at salary ranges for other municipalities so we can retain employees.**

Vice Mayor MaGruder asked about the increase in the holiday pay line, and Chief Hutchins explained that there is a payout option for holiday pay for the Police Department employees that have to work on holidays. They have the option of either taking the holiday as pay, or banking the time in a holiday comp bank and take the day off at a later date during the year. Commissioner Coz asked if they are paid a higher salary if they work the holiday, and Town Clerk Stevens stated that they are not; they are paid their regular salary. Vice Mayor MaGruder asked about the calculations for salaried employees, and Town Clerk Stevens stated that no employee that is required to work holidays is a salaried employee. Chief Hutchins stated that there are certain wage and hour exemptions for law enforcement officers.

Vice Mayor MaGruder asked about the law enforcement 503.100 line, and Town Manager Titcomb explained that we pay for pre-employment exams and credit checks out of this line, promotional exams, and computer consulting services. Chief Hutchins stated that he intends to fill the vacant Lieutenant's position during this fiscal year. He also stated that the computer consulting and managed services expense has gone up due to the increase in the number of computers, etc. and the Town has historically used the model of 67/33% split between the police department and general government based on the number of computers and users, and that percentage remains the same in this budget. **Chief Hutchins asked Town Manager Titcomb to research if the general government 503.100 line still includes the 2nd half of the refresh for computers, because that figure is already included in the police department budget.** He stated that the second phase costs are higher than the first phase, as we are doing more in the second phase due to the number of users in the police department. Commissioner de Haseth stated she wants to see a consolidated line item for I/T, and **it was the consensus of the Commission for Town Manager Titcomb**

TOWN COMMISSION WORKSHOP MEETING MINUTES MAY 21, 2018

to provide a detail sheet on I/T expenses. Commissioner de Haseth stated she would like the same detail on machinery and equipment, and Town Manager Titcomb responded that the detail on machinery and equipment was included in the meeting packages.

Commissioner Besler asked how many police cars we have and how long they last, and Chief Hutchins explained that we currently have eight cars, and the marked police cars last for three years without extreme service needed, and then we see an increase in maintenance expense. He explained that the only vehicle we don't change out every three years is the Chief's vehicle because it has lower mileage, and then it is passed down to the Investigator and/or Lieutenant. He explained the mileage and wear and tear on police cars. Commissioner de Haseth asked about extended warranties on the vehicles, and Chief Hutchins explained that we pay for a five year/75,000 mile warranty, and the traditional warranty is 12 months, with a 36,000 mileage maximum. Commissioner de Haseth asked if we use all of the cars at once, and Chief Hutchins explained that it is not a good idea to reduce the fleet. He stated that the cars are used 24 hours per day with the way our platoon system works, leaving one spare vehicle in case we have a car in the shop. He stated that we intend to get rid of one of the spares, and one of the cars will move to the Building Official this year at the direction of the Commission. He stated that it is his professional opinion that if we extend the use of our fleet for more than three years, we will need to increase the maintenance budget.

Vice Mayor MaGruder asked about the current mileage rate, and Town Clerk Stevens explained that we use the federal rate.

Commissioner Coz noted that the Town Manager presented cost savings of around 13% to bring in an in-house building official during budget discussions last year, but it looks like there is an increase of 2.77% in that department budget, so **he would like to see the comparison of the inspection services budget if we were going to use HyByrd next year vs. an in-house Building Official in place.** Town Manager Titcomb stated that it is our intention to keep HyByrd on to assist with zoning, inspections, etc. and to cover during vacations.

Commissioner de Haseth asked why our revenues are higher than the expenses for garbage and trash, and Town Manager Titcomb explained that in addition to the expense we pay to the garbage company, we also have expenses for administration of the garbage program such as billing, receivables, code enforcement, and customer service work.

Vice Mayor MaGruder asked about professional services for NPDES, and Town Manager Titcomb explained that this is mandated by law. Vice Mayor MaGruder asked why the Town Engineer isn't in the professional services category, and Town Clerk Stevens explained the State GL codes.

Vice Mayor MaGruder suggested changing the word "plus" to "including" on page 15, line 503.120. Commissioner Besler suggested that we should try not to meet individually with the Town Engineer in order to keep the costs down, and Town Clerk Stevens explained that the Engineer does not attend the staff/individual Commission meetings. Vice Mayor MaGruder suggested going through the Town Manager with questions for the Engineer. Mayor Bonfiglio stated that we can't say that we want to address drainage etc., and then not expect to meet with the Engineer individually. He stated that we can't expect to make demands on staff and not expect to pay for it. Commissioner Coz suggested giving staff items of discussion before the individual Commissioner meetings so information can be gathered prior to the meetings for more efficiency.

Commissioner Coz asked about the increase in the public works line 505.300, and Town Manager Titcomb explained that we need more money for projects requested by the Commission so he increased the budget. He stated that we pay for things such as the Tropical pump system maintenance, water line repairs, etc. out of this line. **It was the consensus of the Commission for Town Manager Titcomb to bring to the next**

budget meeting a list of what belongs in line 505.300 in the public works budget, a description of what our maintenance department does, and the areas of town that they mow. Town Manager Titcomb stated that we pay for things out of that line such as storm drain repairs, replacing red valves, batteries, drain maintenance, etc. **It was the consensus of the Commission to move repair and maintenance items out of the road materials and supplies line and place them in repair and maintenance.**

There was a discussion regarding our landscaping contract and special projects, and Town Manager Titcomb stated that we increased the contingency line due to an uptick in projects such as comp plan amendments, etc., and we also put \$75,000 in the contingency line item for emergencies such as hurricanes.

Commissioner de Haseth asked about capital expenditures, and Town Manager Titcomb explained the capital fund on page 4. Commissioner de Haseth stated that we have been reactionary to problems, and asked if the numbers are adequate, and if we are anticipating future problems. She asked if the drainage line item should be larger, and Town Manager Titcomb stated that we will need to put money into the capital fund to fund infrastructure, but that has not been defined by the Commission yet. He stated that the recent studies performed will give the Commission information on where we may need to go. He stated this will be a very large number for the future, and we will need to invest money each year to get there.

Town Manager Titcomb stated that the salary chart is modeled under assumptions for increase percentages, and may change after PBA negotiations. The current chart assumes a 5% raise for the workforce, and the benefits multipliers are included in the chart as well.

Commissioner Coz asked if any Commissioners have asked Chief Hutchins to approach Briny Breezes regarding the police services contract, and Chief Hutchins responded that no one has directed him to do so, but he understands that we should be aggressive to get the contract back when it ends. **Commissioner Coz asked Chief Hutchins to find out when the contract ends.** Commissioner Coz stated that the leverage point may be use of golf carts, as Boynton Beach has told them they can't use golf carts on the roads and they will be ticketed if they do so. Chief Hutchins stated that Briny has faced several lawsuits internally, and the golf cart issue is covered under state law. Mayor Bonfiglio stated that for the record, we are not telling our Police Chief to go against state law in negotiations with Briny. Chief Hutchins noted that Briny is a corporate entity with one property owner and a town, and the lines get crossed sometimes between ordinances and rules.

Commissioner de Haseth stated that she wants to explore the idea of offering Manalapan our dispatch services, as well as the Gulf Stream contract. She stated that the more chance we have to amortize, we can solidify for ourselves and have a revenue stream to allow three new police vehicles per year. Chief Hutchins responded that he has spoken to the Chief in Manalapan, and we have gone as aggressive as we can on the dispatch services contract, but they have not made up their mind if they are even considering it anymore. **Chief Hutchins will ask Gulf Stream if they will go out for RFP when their contract ends.**

Additional projects were discussed, and **it was the consensus of the Commission for Town Manager Titcomb to develop a list of potential projects, list how much we have in the current budget for each item, and the balance of money needed for each project.**

Mayor Bonfiglio mentioned that we have had requests from residents regarding eradication of iguanas, but iguanas swim and reproduce and they have no natural predators, so even if we try to eradicate them, they will come from other areas. Town Manager Titcomb stated that another company has contacted us to give us a proposal. Commissioner de Haseth stated that the companies may have changed their methodologies since we looked at this two years ago, and she would like to explore the costs as it is something that is not going away. Mayor Bonfiglio stated that unless everyone on the island eradicates them, we won't get rid of them. Commissioner Coz stated he is not in favor of the project, Mayor Bonfiglio stated he would like

TOWN COMMISSION WORKSHOP MEETING MINUTES MAY 21, 2018

to gather costs for the project, and Commissioner Besler suggested we pick a section of town based on the letters received from the residents, put some money into the project, and let the residents pay the rest of the cost. Commissioner Coz stated that noseums attack you, and iguanas do not, and you can sit comfortably in your yard with an iguana, but you can't with noseums. Commissioner de Haseth stated that the salmonella in the iguana feces poses a public health problem. **It was the consensus of the Commission to gather costs for the project and include it on the project list for consideration at the next workshop.**

Commissioner MaGruder stated that he would like to see the following on the project list: vulnerability assessment, LPR additions and maintenance, quarterly maintenance for flood control, Woolbright detention area maintenance and repairs including subterranean pipes, building infrastructure repairs or improvements and potable water infrastructure, Higgins Engineering Spanish River & Bimini Dr drainage projects, drainage or road upgrades on Harbour Drive South, Dolphin Bend and Beachway Drive, possible traffic study on Beachway Drive, A1A and West Anna Street drainage, swale construction on existing properties (engineering project), beach crossover repairs, beautification, and additional signage, additional traffic calming, and installation of a crosswalk near Crown Colony.

Commissioner Besler stated we should fund for future issues and capital investments such as seawalls, sewer, etc.

Mayor Bonfiglio mentioned beautification projects, and stated that problems are created when you start itemizing individual projects. He suggested that the town put money into traffic, beautification, etc. and not target individual projects. He suggested that the Town should make available a certain amount of money, and if the residents want to do more than that with a specific project, they can contribute to the additional costs.

Commissioner Coz asked Chief Hutchins if he needs money for extra patrols to protect the town due to population growth, and Chief Hutchins explained that those costs are already built into the budget, as the Commission directed the hiring of additional officers during the past fiscal year.

Commissioner de Haseth asked if there is a necessity for work to develop an external Capital Improvement Plan, or a visionary-leading document on infrastructure, with a comprehensive study that will look at weaknesses in town with a look at long term budget expenditures.

Mayor Bonfiglio spoke regarding potential problems with a vulnerability study based on valuations, and stated that we need to update drainage regardless of values of the properties. He stated that we need to start budgeting for things that need to be addressed for flooding and drainage issues in the future. We stated that we are not getting help from the state or federal government and it will be expensive. Vice Mayor MaGruder agreed, and noted that the costs will increase in the future, so it is a good idea to start spending money on these projects now before the prices rise. Mayor Bonfiglio suggested looking into a special taxing district, and putting money away for future drainage issues. He noted that we have already begun working on issues to improve the town with charter review and comp plan amendments. Town Manager Titcomb stated that the engineering studies that have recently been completed will be presented to us and may reveal what we need to take care of in the future. He recommended that we get feedback from the results of the studies and see where they are pointing us. He stated that it is premature to assign numbers or scope of work until we see the results of the studies. He stated that Urban Design Kilday Studios is also working on the comp plan amendments, and they will be coming back to the Commission in the future to discuss where we need to go from here. Commissioner de Haseth asked if there is money in the budget if we want to expand the comp plan review, and Town Manager Titcomb stated that several line items have been increased such as contingency for those purposes. This will be added to the project list so the Commission can decide on which items will move forward during the next fiscal year.

TOWN COMMISSION WORKSHOP MEETING MINUTES MAY 21, 2018

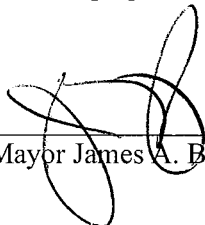
Mayor Bonfiglio stated he would like to increase the emergency funding from \$50,000 to \$150,000 in the contingency line item so we would have the money immediately available in case of a hurricane or other emergency. Commissioner Coz asked if we could rely on reserves in that case, and Town Clerk Stevens stated that the Commission can't just spend money out of the reserves without budgeting for the expense; the Commission would need to go back through the whole budget process again if the total expenditures of the town increase, meaning advertising and holding two public hearings and posting the amended budget. Commissioner de Haseth asked if we can propose using the reserves in the budget, and Town Manager Titcomb explained that the Commission can decide to do that. Mayor Bonfiglio stated that it is prudent for the town to have at least 50% or higher of its money in reserves in order to do such things as replacing Town Hall if it was destroyed in a hurricane so that the Town can continue operating. Commissioner Coz stated that the money would roll back into reserves if it was unexpended at the end of the year, and Mayor Bonfiglio stated that is assuming we would not spend the money budgeted. Town Manager Titcomb stated that the "non-revenue" line item in the budget is referred to as a "plug number", but that is also known as the reserves of the town. A portion of reserves is already being earmarked each year in the budget, but the town has typically returned those at the end of the year. We need to determine the number that the Commission is comfortable using from reserves each year to balance the budget.

Commissioner MaGruder mentioned that we need to be as close as we can with the budget on July 2nd so the Commission knows how much to set the maximum millage rate at, and then we can come down from that number during the budget process.

ADJOURNMENT

Meeting Adjourned at 6:31 p.m.

Minutes prepared by Town Clerk Stevens, and adopted by the Town Commission on July 2, 2018.



Mayor James A. Bonfiglio

ATTEST:



Tracey L. Stevens, Town Clerk