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TOWN OF LAUDERDALE-BY-THE-SEA

TOWN COMMISSION

SPECIAL PUBLIC HEARING MINUTES

Jarvis Hall

4505 Ocean Drive
Tuesday, September 12, 2011
7:00 P.M.

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1. CALL TO ORDER, MAYOR ROSEANN MINNET

Mayor Roseann Minnet called the meeting to order at 7:00 p.m. Also present were Vice Mayor Stuart Dodd, Commissioner Birute Ann Clottey, Commissioner Chris Vincent, Commissioner Scot Sasser, Town Attorney Susan L. Trevarthen, Town Manager Connie Hoffmann and Town Clerk June White.

2. PLEDGE OF ALLEGIANCE TO THE FLAG

3. PUBLIC COMMENTS

Mayor Minnet opened the meeting for public comment.

Barbara Cole was pleased to see the fire fee reduced for Fiscal Year (FY) 2012. She added she requested that Town staff provide details to the public on the number of fully paid VFD positions and where the line was drawn before they became a paid fire department.

With no one else wishing to speak, Mayor Minnet closed the public comment portion of the meeting.

4. COMMISSIONER COMMENTS

Vice Mayor Dodd thanked Town staff for their efforts in producing the FY 2012 Budget figures. He was confident they accurately reflected the Town's financial state. Vice Mayor Dodd added that Town staff tracked down all the accounts, undertook a complete review of the Town's financial system, and dealt with personnel changes.

Commissioner Clottey echoed Vice Mayor Dodd's commendations. She hoped the millage rate could be lowered, as the Town had sufficient reserves due to the diligence of past Town administrations that should not be undone by overspending.

Mayor Minnet thanked members of the public for attending the meeting, providing their input and being a part of the budget process. She added that Town staff worked hard to keep the millage rate the same for the last three years, and there were improvements

planned for the community. Mayor Minnet said that the parking debt was re-structured to save the Town money, along with the use of other money-saving measures over the past year.

Commissioner Vincent also thanked staff for their hard work throughout the budget process. He referenced Resolution 2011-27 and clarified that the reduction in the fire fees pertained only to the fire inspection fees for new construction, not the fire assessment.

Commissioner Sasser echoed the thanks of his fellow Commissioners.

5. RESOLUTIONS

a. **RESOLUTION 2011-27**- A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ESTABLISHING THE FINAL FIRE ASSESSMENT RATE ON PROPERTY THAT IS SPECIALLY BENEFITED BY FIRE PROTECTION SERVICES FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2011 AND ENDING SEPTEMBER 30, 2012; CONFIRMING THE FINAL ASSESSMENT ROLLS AND LEVYING SUCH SPECIAL ASSESSMENTS

Mayor Minnet confirmed the residential fire assessment rate was $130.

Mayor Minnet opened the meeting for public comment.

Arthur Franczak believed that many businesses overpaid the fire assessment fees at 13%. Mr. Franczak stated that the backup did not reveal the methodology used to calculate the 13% and the ratio had not been justified. He believed the fire assessment deserved two readings and suggested beginning that process for the next fiscal year.

Yann Brandt commended the great service the VFD (Volunteer Fire Department) did for the Town, but thought the separation between the Town and fire department was becoming blurred in many ways. Town staff should provide residents with an annual review of the VFD's expenditures, how they were connected to the Town's budget, and push those forward to find ways to reduce the fire assessment.

Barbara Cole agreed with holding two hearings for the fire assessment and hoped the fire assessment would not be increased, as indicated by Burton & Associates. She did not favor a sliding scale for fees related to any public safety service. Ms. Cole supported the need for extensive discussions of the VFD as to whether it was a part of, or under the Town, or whether they were still a volunteer fire department.

With no one else wishing to speak, Mayor Minnet closed the public comment portion of the meeting. She questioned how to go about holding two hearings for the fire assessment fee; that is, via an ordinance, resolution, or in the Town Charter.

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Town Attorney Trevarthen replied such a policy could be established by an ordinance, though, traditionally, a resolution was drafted along with the budget.

Vice Mayor Dodd met with Town Manager Hoffmann and raised the concerns expressed by a resident/business owner regarding the division of fire assessment budget as 87% residential and 13% business. He believed this ratio was established in 2004 and various changes had taken place since then. Vice Mayor Dodd said that the residential proportion had increased and Oriana and Minto, and businesses, such as Pier Pointe had been lost. He stated that a new Town survey would cost about $30,000 and suggested a new study be conducted only on changes since 2004, as that would be a more economical method of evaluating if the current ratio was still fair. Vice Mayor Dodd did not agree with Burton & Associates' report as to the need to increase the fire assessment in FY 2013. He explained that even after the purchase of the new fire truck the budget figures showed $110,000 would be put aside into three reserve funds. He said he would ask staff if it were possible to lower the fire assessment fee for the next fiscal year.

Vice Mayor Dodd made a motion to approve Resolution 2011-27. Commissioner Sasser Seconded the motion. The motion carried 5-0.

b. **RESOLUTION 2011-28** - A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE BY THE SEA, FLORIDA, ESTABLISHING AND ADOPTING THE TENTATIVE TOWN AD VALOREM TAX MILLAGE RATE AT 3.9990 MILS PER THOUSAND DOLLARS OF TAXABLE ASSESSED VALUE, WHICH IS 1.88% BELOW THE ROLLED BACK RATE COMPUTED PURSUANT TO STATE LAW, FOR THE 2011 TAX YEAR; ANNOUNCING THE SECOND AND FINAL PUBLIC HEARING TO ADOPT THE FINAL MILLAGE RATE; PROVIDING FOR SEVERABILITY, CONFLICTS, AND AN EFFECTIVE DATE

Mayor Minnet opened the meeting for public comment.

Barbara Cole urged the Commissioners to lower the millage rate, as she feared if new persons were elected to the Commission, they might raise the millage rate.

Authur Franczak supported lowering the millage rate, as the Town's property values were among the highest in Broward County.

Ron Piersante favored leaving the millage rate at the current 3.999 mils. He did not foresee the proposed reductions, approximately $20 or $30, would make much difference. Mr. Piersante believed that if the millage were lowered for FY2012, it might lead to an increase in FY2013. He stated that a number of residents indicated they were content with its remaining the same and looked forward to the planned improvements that will take place in the next five years.

Yann Brandt thanked Town residents who paid their taxes. He believed the millage rage should be in the region of 3.1, and that the millage rate was not being lowered due to the various planned improvement projects. Mr. Brandt said that the only persons better off in the current fiscal year, than in the previous year, were Town employees, as they had received their raises. He added that the Town's budget was inflated, and Lauderdale-By-The-Sea had the second highest per capita tax rate in the County. He recommended lowering the millage rate to 3.1 and, for those wishing the millage to remain the same, they could write the Town a check for the difference. Mr. Brandt did not believe the proposed budget was a fair one.

With no one else wishing to speak, Mayor Minnet closed the public comment portion of the meeting. She stated the second public hearing on the millage rate was September 26, 2011.

Commissioner Clottey mentioned there were many residents whose taxes would increase even if the millage rate was left at 3.99, as they were still under the Save My Home Program and their assessed value would increase by 3%. The Town did not need the additional funds, and the direction of the national economy was unpredictable; the millage rate should be lowered, possibly to 3.8. She suggested staff look into the information commented on by Mr. Brandt.

Vice Mayor Dodd felt a strong message should be sent to government entities, such as the School Board, that the Town was doing its best to keep its millage rate down; thus, they too should be making every effort to keep their rates as low as possible. He stated that his efforts to get the millage rate lowered, even by a small amount, were unsuccessful, but he still hoped to see Town staff accomplish this, even if it meant postponing one or two of the capital improvement projects. Vice Mayor Dodd believed that this could keep taxes the same, at least for those subject to the 3% increase.

Mayor Minnet inquired of the cost to the residents if the millage rate were lowered to 3.8. Town Manager Hoffmann estimated it would be a 5% decrease in the millage rate; every 1% was about $66,000 in lost revenue, so 5% would require $330,000 in cuts.

Commissioner Vincent mentioned five or six years ago property assessed values were artificially inflated throughout the country for the most part, and the Town's millage rate varied from 4.2 to 4.7. He believed that as property values increased, it was unwise to increase the millage rate. Commissioner Vincent believed that it made sense for the Town's millage rate to either remain the same or decrease, as property values decreased in recent years. He explained that by remaining the same, the Town could continue to generate the same amount of revenue to maintain levels of service; however, at some point a line had to be drawn at which further reduction of the millage rate would compromise the Town's financial ability to maintain service levels and residents' quality of life. Commissioner Vincent thought $300,000 was a lot for the Town to adjust the millage rate at the present time; 3.999 was a viable point at which to draw the line for the millage rate.

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Commissioner Clottey stated that past Commissions believed that one way for the Town to lower its taxes was to pay for its own garbage service; she did not agree. She believed that would result in property owners being unable to deduct garbage disposal from their taxes when they filed their tax returns. She believed the millage rate was artificially high, and people could make decisions on what to do with their own money.

Commissioner Sasser believed that dropping the millage rate to 3.8 was just a token way of lowering the tax rate while still being able to execute some of the CIP (Capital Improvement Plan) and other things built into the budget. He stated that if the millage rate was truly artificially inflated, then those artificial ingredients should be removed to bring the tax rate down. Commissioner Sasser thought the Commission agreed, as a body, on the CIP Plan, and he felt concerned about some of the remarks made during public comments, as though the Town had some hidden agenda. He stated that the CIP Plan was made public for everyone to see. Many of the current members of the Commission would have little or no control of the Town's tax rate in ten years.

Commissioner Vincent made a motion to approve Resolution 2011-28. Commissioner Sasser seconded the motion. The motion carried 3-2. Vice Mayor Dodd and Commissioner Clottey voted no.

c. **RESOLUTION 2011-29** - A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ADOPTING THE ATTACHED TENTATIVE TOWN BUDGET FOR THE 2011/2012 FISCAL YEAR; ANNOUNCING THE SECOND AND FINAL PUBLIC HEARING TO ADOPT THE FINAL TOWN BUDGET FOR THE 2011/2012 FISCAL YEAR; PROVIDING FOR AN EFFECTIVE DATE

Town Manager Hoffmann pointed out the changes to the proposed FY2012 Budget since it was submitted to the Commission in July 2011. The original budget called for a 2% decrease in the General Fund, and staff was making changes to reduce it a little more. She noted these changes included: reducing employee health insurance costs by $25,000; a reduction in the Town Attorney legal services budget by $22,000 in addition to the $10,000 proposed earlier; increasing various water service accounts throughout the budget by 7% (due to the proposed 7% increase in the rates by Fort Lauderdale); eliminating the marketing position, per the Commission's direction in July, and replacing it with a contract for marketing service that had no net dollar impact on the proposed budget. Town Manager Hoffmann reminded the Commission that at their last meeting they approved a contract for an engineering firm to analyze the condition of the City's sewer system infrastructure. She added that staff anticipated being told the Town needed to make some repairs. Town Manager Hoffmann explained that to cover such costs, she revised the sewer budget to reflect a transfer to the CIP of $300,000 in FY 2012 to begin those projects.

Town Manager Hoffmann stated that the latest numbers reflected that parking revenues would exceed the FY2011 budget. She added that the Town also instituted a parking rate increase approved by the prior Commission but never implemented; pay stations

were installed and the option of credit card payments was offered. Town Manager Hoffmann indicated this generated significant additional dollars in the Parking Fund, and it appeared the Town would receive $100,000 in revenue greater than projected. Town Manager Hoffmann stated that the Town could now pay down a portion of the parking debt using those revenues rather than taking money from the General Fund as originally planned. The additional revenue in the Parking Fund also facilitated the ability to pay improvements to the parking system that the General Fund had been paying for. Town Manager Hoffmann said she would present an appropriation to have the Parking Fund pay the General Fund back the monies used to fund the new pay stations at the next Commission meeting. She said that staff proposed the Parking Fund pay their way on capital projects for FY2012. Town Manager Hoffmann pointed out the net impact on the Parking Fund of these adjustments was a $124,000 increase in FY2012.

Town Manager Hoffmann explained that other final substantial changes were to the 2012 Capital Fund Budget. She stated that as a result of the Commission direction, she made adjustments to two CIP projects: the Ocean Front Center Project and the two eastern most blocks of Commercial Boulevard, where Vice Mayor Dodd requested staff budget more in FY2012 to push the progress of those improvements. She did not believe this project could be completed in its entirety by next year, but could get under way, and explained that $450,000 was moved forward for two years for completion of this project.

Town Manager Hoffmann suggested a $150,000 increase to the CIP for the Bougainvilla Drive Drainage and Streetscape Project as it made sense to bring the improvements down to the Town property boundaries. She added that the cost was not yet determined as the project had yet to be designed.

Town Manager Hoffmann stated that other reductions in the CIP budget included the Flamingo Drive project construction bid that came in $50,000 under the engineer's projected cost, adding $23,000 to analyze the condition of Town streets. She added that there were funds available in future years for resurfacing, but no priorities had been identified. Town Manager Hoffmann explained that the net impact of all the above changes increased the Capital Budget by $700,000 in FY2012; the money for these changes would be taken from funds designated for improvements in later years, and their use required a policy decision by the Commission.

Mayor Minnet opened the meeting for public comment.

Barbara Cole questioned whether the new employee insurance policy included employees paying health insurance deductibles. She wondered how realistic it was to reduce the legal services budget, as the Town was going back to court for various projects. She did not favor this reduction and was unhappy that the water rate was being increased by the City of Fort Lauderdale a second time. In regards to the Parking Fund, Ms. Cole believed that had the information been known when the parking debt was voted on, additional revenue could have been used to pay off the whole parking debt. She was pleased with the Bougainvilla improvements, but the Town needed to be

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cognizant of ensuring they were done 50:50, giving incentives and/or assisting with such things as sod. Ms. Cole was not pleased to see the Community Services Department remain, as it appeared to be a catchall department. She did not like seeing the division of employees with percentages assigned to different departments.

Authur Franczak found no comparative number for the present year in relation to the $17.9 million in expenditures and expenses in the FY2012 Budget. He believed that such information was important for taxpayers to see whether the budget was increasing or decreasing and by how much. Mr. Franczak stated that although the General Fund was down to $9.9 million it did not mean that expenditures had not increased from the previous year. He stated that of the $684,000 collected from taxpayers for the North A1A Streetscape Project only $49,000 was spent; he wondered where the remaining funds were. Mr. Franczak believed there were other projects with similar issues.

Yann Brandt stated the total expenses for the Town in FY 2009/2010 was $15.5 million, and the total budget expenditures for FY 2010/2011 was $13.3 million, representing a $4.6 million increase to $17.9 million in spending for FY2012. His neighborhood of Silver Shores received nothing of significance over the years; projects were budgeted for, such as the $400,000 in taxes collected for a lighting project, that were never done. Those tax dollars were now being used to pay for improvements elsewhere in the Town, and this was a source of frustration for him with the Town.

With no one else wishing to speak, Mayor Minnet closed the public comment portion of the meeting.

Commissioner Clottey desired further information on Fort Lauderdale's intention to raise the water rate.

Town Manager Hoffmann indicated the southern section of the Town received its water from the City of Fort Lauderdale, and the City of Fort Lauderdale city manager proposed raising their rates. The Town residents were simply customers and were subject to a 25% surcharge for being outside of that city. She said there appeared to be no provisions in the Sale of the Water System agreement with the City of Fort Lauderdale to offset the surcharge for giving Fort Lauderdale the water system infrastructure for only $300,000.

Commissioner Vincent commented that Ronald Reagan's theory of lowering taxes to generate more revenue mentioned by Mr. Brandt was not applicable to Lauderdale-By-The-Sea, as the Town was not in the business of creating jobs. The prudent thing to do was to continue providing the community with the levels of service residents demanded.

Vice Mayor Dodd said that he found Fort Lauderdale's announced intention of increasing the water rate by 7% to pay for their budget shortfall, along with the 25% surcharge unpalatable. He believed that the latter had nothing to do with the cost of delivery or supply of water to the Town, and he understood from the statute the Town

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had little or no option but to pay. Vice Mayor Dodd stated that this situation should be pointed out to Fort Lauderdale by the Town Attorney.

Vice Mayor Dodd wanted it publicly confirmed that a Capital Projects Manager was being hired for the downtown A1A streetscape in the north, the A1A south end of north near the Chamber, and for the Bougainvilla project. This meant there would be no additional Business Development/Planner position, and the marketing position would be contracted out on an as-needed basis.

Town Manager Hoffmann affirmed staff was proposing one additional position in the FY 2012 Budget, the Capital Projects Manager position to manage large capital projects. She added that two thirds of the funding for North A1A project would come from a state grant; the Town would be reimbursed after the project was complete.

Responding to citizen comments earlier, Town Manager Hoffmann stated, though the North A1A project was budgeted to occur last year, it had not been completed and the state funding did not come in as revenue to the Town, nor were any dollars expended by the Town constructing that project. She said that the 5 year CIP plan, and the CIP budget, was completely transparent, and she would be happy to review the projects with the Commission in detail. Town Manager Hoffmann stated that the value of assessed property in the Town went down $30 million between last year and this year, representing a 2% decrease. She explained that with the changes she outlined earlier, the all funds budget was $17.4 million.

Mayor Minnet requested staff respond to the public comment that the Town's legal services budget was unrealistic, recalling the Commission implemented cost savings procedures that would be recognized next year.

Town Attorney Trevarthen stated that staff instituted various changes, including drafting a number of forms, that would cost the Town less as there would be less demand for reviewing agreements, as the vendors' forms would no longer be used. She added that other changes included changes to the personnel manual and the purchasing manual. Town Attorney Trevarthen said that it was always possible that litigation might be different than anticipated due to the unknowns; but her firm and staff had done their best to keep costs down in FY 2011 and would continue to do so in the next fiscal year.

Commissioner Sasser asked what the General Fund contingency account was for.

Town Manager Hoffmann stated it was for unexpected expenditures that arose during the course of the year.

Commissioner Sasser wished to know how it was determined $174,000 was prudent; that is, if it was based on some general accounting principle.

Town Manager Hoffman replied there was no real standard; the Town budgeted similar amounts in the past, and she had reduced the actual figure in the proposed budget, but

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the Town was able to save money on health insurance, and she moved that savings over to the contingency account.

Commissioner Sasser wished to know whether the Town Manager had any idea if the $174,000 contingency budget was similar to that of the past. Town Manager Hoffmann believed the contingency fund was budgeted at $170,000 for the current year.

Commissioner Sasser asked whether the reduction in staff positions created a reduction in the budget.

Town Manager Hoffmann responded that the economic development position was never in the proposed budget due to the Commission direction. She said the Commission requested staff take the money budgeted for that position and convert it into a contract amount; thus, there was no reduction. Town Manager Hoffmann explained that the plan was to use Cecelia Ward for two months on planning services, one of which was in the upcoming fiscal year. She added that the development services budget had been reduced and the salary budget adjusted for one-month's worth of a planning director's position. Town Manager Hoffmann stated that $5,000 was moved into the contractual services account for payment to Ms. Ward. She added that staff would later prepare an RFP for planning services rather than have a staff person do the job, if this approached worked well.

Commissioner Sasser wondered if staff knew the amount of excess revenues in the sewer fund. Town Manager Hoffmann believed it was $1.5 million. Commissioner Sasser was glad to see funds being stored for future infrastructure work.

Town Manager Hoffmann stated that Commission direction to staff was not to tear up the streets multiple times; that all the work should be done at one time. She added that after meeting with several engineers specializing in sewer work, she was advised it made financial sense to reline the pipe when the streets did not have to be dug up, and to replace the pipes when the streets had to be dug up. She explained that a replaced sewer pipe had a 50 to 60-year life and relined sewer pipes had a 30-year life; the latter saved the expense of digging up the street.

Commissioner Sasser requested assurance that money needed for future infrastructure projects was not being spent. He inquired of the amount saved in the General Fund since funds were not being moved from the Parking Fund into the General Fund to pay off the parking debt and was being applied to the cost of capital projects. He wondered if it were possible to apply those funds toward reducing the millage rate.

Town Manager Hoffmann stated that, based on the priorities set by the Commission, the improvements slated for half of El Mar Drive would be delayed if the General Fund had to pay down the parking debt. She indicated the improvement in the Parking Fund meant the Town would have the money by year five to do either north or south El Mar Drive.

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Commissioner Sasser inquired as to whether the increase in the Parking Fund revenues freed up any General Fund monies in FY2012 that could be used to lower the millage rate.

Town Manager Hoffmann requested that staff be allowed to lay the information out in a more understandable manner and present it at the next meeting. Mayor Minnet preferred that the Commission receive the information prior to the next budget hearing to allow them time to review it.

Town Manager Hoffmann indicated she would send the information accordingly.

Commissioner Sasser believed there was an existing program for resurfacing the Town's roadways. He thought it was part of a larger study that prioritized road improvements. Commissioner Sasser stated that if such a program existed it could save spending $23,000 on an analysis that was already done.

Town Manager Hoffman said she observed in previous minutes that the Commission requested such a study, but it apparently was never done. Municipal Services Director Prince said he was unaware of any study related to the roads.

Vice Mayor Dodd clarified that he requested the study some two and a half years ago, to justify whether North Tradewinds Avenue was the worst road in the Town at that time. He also requested Town staff conduct a study to prioritize the roads in need of repairs; which was not done. Vice Mayor Dodd believed it was important that there was no appearance of preference being given to roads on which Commissioners lived over those roads in worse condition.

Vice Mayor Dodd made a motion to approve Resolution 2011-29. Commissioner Sasser seconded the motion. The motion carried 5-0.

6. ANNOUNCEMENT OF 2ND FINAL PUBLIC HEARING ON MILLAGE RATE AND BUDGET

Mayor Minnet announced the second public hearing on the millage rate would be held on September 26, 2011, at 7:00 p.m. in Jarvis Hall

7. ADJOURNMENT

Vice Mayor Dodd made a motion to adjourn. With no further business before the Commission, Mayor Minnet adjourned the meeting at 8:40 p.m.

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Mayor Roseann Minnet

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ATTEST:

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Town Clerk, June White CMC Date

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