10b

TOWN OF LAUDERDALE-BY-THE-SEA

TOWN COMMISSION

SPECIAL PUBLIC HEARING MINUTES

Jarvis Hall

4505 Ocean Drive
Tuesday, September 26, 2011
7:00 P.M.

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.

Kenneth Kugler requested the Commission proceed without dropping the millage rate and execute the capital improvements as previously approved.

Vito Chiarello urged the Commission not to lower the millage rate and use the funds to make improvements in the Town.

Ken Brenner felt the millage rate should not be lowered; the impact to the individual property owner was minimal at best but the impact to the Town was far more significant of proceeding with the projects.

George Hunsaker commended the Town Commission and staff for the excellent planning in the last year. His concern for the millage rate was less than his concern for the City of Fort Lauderdale's proposed water rate increase and with the City of Pompano Beach's sewage rate increase of as much as 6%. Mr. Hunsaker believed the Commission should find ways to protect the Town's taxpayers from overbearing providers.

Edmund Malkoon echoed commendations for the hard work put into the budget by the Town Commission and staff, noting many needs of the community were finally being addressed. He believed that lowering the millage rate was always good, but the monies were needed for Town improvements.

DRAFT

Arthur Franczak was disappointed that the millage rate would not be lowered. He believed that past Commissions collected millions of dollars over the years and the undesignated funds could have been spent on both capital projects and a lower millage rate.

Ron Piersante favored Commission keeping the current millage rate of 3.999. He added that the bulk of his taxes went to Broward County, with less than 20% going to the Town. Mr. Piersante mentioned a list of commended residential improvements and that had been done in the past.

Bill Vitola supported keeping the proposed millage rate at 3.999 as well as continuing with improvements throughout Town.

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

4. TOWN MANAGER COMMENTS

Town Manager Hoffmann and Finance Director Tony Bryan recapped the highlights of the Fiscal Year FY2012 budget: the millage rate remained at 3.999 for the fifth consecutive year, despite the 2% town-wide reduction in property assessments; the decrease in property taxes were reduced for the fourth consecutive year and decreased 27% since 2008. Mr. Bryan's analysis of the preliminary tax roll showed 46% of property owners will see a decrease in their taxes, averaging about $116; 52% would see an average increase in taxes of $57, with a net reduction in property taxes of $154,000 to the Town.

Town Manager Hoffmann clarified this was a comparison between property owners in the current year, to those in the last year. Most homeowners experiencing the increase were those with Save Our Homes exemptions, and the increase reflected the annual adjustment made by the Property Appraiser gradually over time. In FY 2008, the Town collected about $9.1 million in property taxes; in FY 2012, the projection was for $6.6 million. She noted the cumulative savings to Town residents and business over the same period of time was $7.3 million; this was more than the Town collected in taxes in any one year. Thus, the Town had reduced taxes significantly. Town Manager Hoffmann reviewed the following funds:

- The General Fund which paid for all Town operations, with the exception of fire, sewer services and parking. In FY2012, the General Fund would be approximately $9.9 million, $200,000 less than the current budget.

- The Fire Fund, used to fund the VFD, would have a budget of $1.2 million, an increase of $170,000 over FY2011; the sole reason for the increase was to fund the new fire truck. No increase in the fire fee was proposed, as the Town would use dollars accumulated in FY2011 to offset the costs of the fire truck in FY2012.

- The Sewer Fund was discovered to have significant problems in FY2011, and these were addressed over the course of the year. In FY2012, the Sewer Fund budget would be about $1.1 million, a decrease of over $200,000, due mainly to moving the Sea Ranch condominiums over to direct billing by the City of Pompano Beach. She indicated there were no proposed increases in sewer rates for FY 2012, and the Town would have about $1.7 million available in FY2012to begin making the needed repairs to the aged sewage system.

Finance Director Tony Bryan stated that budgeted expenditures in the Parking Fund were $1.1 million for FY 2012, an increase of $325,000; the reason for the increase was related to accelerating the pay down on the parking loan, as well as budgeted improvements. He added there was an increase in the budgeted parking revenues, due to the installation of new meters, rate increases and the use of credit cards. He noted the Town would implement the previously approved rate increase, effective October 1, 2011, primarily in the business district. Finance Director Bryan explained this was an incentive for residents to get their parking permits, which would not increase in cost.

Town Manager Hoffmann stated that the Capital Improvement Projects (CIP) Fund would increase from $1.8 million in FY2011 to $4.3 million in FY2012. She added that additional funds would go towards: 1) the North A1A $600,000 state grant project of which the state paid two thirds; 2) various drainage projects, the largest being Bougainvilla north of Town Hall, as well as Flamingo Avenue, and Harbor Drive from Sea Grape to East Tradewinds.

Town Manager Hoffmann stated other CIP projects budgeted included $100,000 in parking improvements, the design and construction of further drainage and beautification of the streetscape on the two eastern most blocks of Commercial Boulevard (A1A to the Pavilion) and Commercial Boulevard from the bridge, east to Sea Grape Drive. She noted $30,000 was available for neighborhood entryway improvements for which applications had yet to be submitted. She urged homeowners' associations and civic associations interested in such improvements to apply for these funds.

Town Manager Hoffmann stated that the aforementioned projects should be undertaken in FY 2012 because: 1) they had been planned since 2004 when the Town's second Master Plan was adopted; 2) the Town had the funds to complete them; and 3) the construction costs were favorable.

In relation to whether the Town was increasing the budget more than ever Town Manager Hoffmann explained that in 2001, the Town's All Funds budget was $7.6 million; in 2002 the budget increased to $13.6 million with annexation of the northern neighborhoods. She explained acceleration in spending over subsequent years reached its peak from 2006 to 2008 when the budget increased to $28 million. She pointed out things changed when the economic recession set in and, in 2009, the All Funds budget dropped by $10 million; this decrease continued in ensuing years.

DRAFT

5. COMMISSIONER COMMENTS

Vice Mayor Dodd observed there were adequate funds to execute the CIP projects for the 5 year plan for the next four years without running out of money. He believed some of the projects might be delayed due to the need for a host of sewer repairs. Vice Mayor Dodd stated the approximate 30% increase in the Town's budget was coming at a time when spending should not be increased to this degree, as many municipalities were struggling, and the value of the Town's savings and properties continued to decrease. He commented the Town's businesses were struggling, and he would propose lowering the millage rate significantly if there was a chance of it being approved. Vice Mayor Dodd said residents with the Homestead exemption faced a 3% increase in taxes, and the millage rate should be reduced to 3.88 mils, to keep the Town's portion of that tax revenue the same. He felt this was a negligible amount to trim off the budget, and the Town Manager and her staff had done a great job in finding ways for the Town to save on expenses, coming in under budget on many projects.

Commissioner Clottey noted these were uncertain economic times worldwide, and the Town was fortunate, due to decisions by previous Commissions, there was substantial money in the Town's reserves, though most would be moved to the CIP Fund. She supported CIP improvements for Lauderdale-By-The-Sea, but believed it was important to remain cognizant of economic uncertainties; dropping the millage rate symbolically to 3.88 saved just over $300,000. Commissioner Clottey believed the Town should pursue grant funding more aggressively, as various grant dollars were available, such as a gasoline tax. She believed a Town representative should attend the MPO's October meeting where they would be instructing cities on how to apply for grants. Commissioner Clottey also believed small towns had to work hard to get their share of grant dollars.

Commissioner Vincent thanked the public for all their comments. He explained that of the 31 municipalities in Broward County, 12 increased their millage rate, 14 kept their rate the same, and 5 decreased their millage rate. Commissioner Vincent noted this included the City of Deerfield Beach, who decreased their millage by 15% but imposed a $6 million utility tax that would result in the average resident paying an increase of $144 a year. He stated the remaining 4 cities that decreased their millage, suffered less decrease in their property values than Lauderdale-By-The-Sea, and the average reduction in their millage rate amounted to 3.5 cents per mil or $9.80 per household yearly. Commissioner Vincent stated that the Town could not lower the millage rate when it lost revenues over the last few years, due to property depreciation, as levels of services had to be maintained. He added the Town Manager and her staff did an incredible job working out a 5 year CIP plan using the funds accumulated over the past 7 years. Commissioner Vincent pointed out these funds were being returned to the taxpayers in the form of improvement and beautification projects that benefited the entire community. He believed the millage rate should remain unchanged for FY 2012.

Mayor Minnet thanked the residents present and at home watching the meeting live, as well as staff for their input and their work in the lengthy budget process. She indicated

DRAFT

the current CIP plan was not a sudden occurrence, as there had been many public meetings and input that resulted in a list of priorities, and in the formulation of a 5 year CIP plan that worked with the 3.999 millage rate. Mayor Minnet said the anticipated 2% reduction in the Town's property tax value did materialize.

Mayor Minnet said she had walked some neighborhoods recently to discuss the budget. She advised some residents that she could not guarantee their taxes would decrease as she was unaware of the appraised value of their property. She also explained how the funds were used to cover the operation costs of the Town, along with funding the capital improvements in the Town. Mayor Minnet noted the residents she spoke with were happy the Town was keeping the millage rate at 3.999 and understood the importance of making CIP improvements; she invited them to attend the meeting but they were not present. Mayor Minnet believed that cutting the millage rate at the last minute could put the future CIP projects at risk, requiring a decision as to which projects should be sacrificed. She acknowledged there were economic difficulties being experienced all around, but if the Town's infrastructure was not maintained the community's future would be compromised; removing the CIP projects from the budget affected the Town's ability to address the needs of the entire Town. Mayor Minnet indicated the Town's administration should work very hard to pursue grants and she supported such efforts, but understood many were matching grants, and if projects were not designed and in a CIP plan, the Town was not eligible for the grants. She would vote to keep the millage rate at 3.999.

Commissioner Sasser commented none of his fellow Commissioners were against the CIP; in fact, the Commission voted unanimously in support of the CIP; but whether or not everyone agreed, it was important to respect one another's opinions. Commissioner Sasser believed reducing a millage rate simply for symbolism was unwise when the Town required capital improvements. He thought some of the truths everyone had to acknowledge was that without improvements, the Town would deteriorate and, the Town's revenue was already reducing, which simply meant more was being done with less. Commissioner Sasser believed advocating for a symbolic reduction in the millage rate seemed nothing more than an election year strategy. He stressed the CIP plan was transparent and open to public scrutiny, and it was critical to stem deterioration of the Town's infrastructure. Commissioner Sasser noted there were lengthy discussions on how the 5 year CIP plan would be funded, and potential sources included bonds and loan instruments. He stated the Town's administration devised a method of payment requiring zero dollars from bonds, loans or the use of CRA dollars; hence his support for the millage rate remaining at 3.999 mills and moving forward with the 5 year CIP plan. Commissioner Sasser stated that being aware of what was happening in the world was important, but did not mean the Town should wait endlessly and do nothing while its assets continued to deteriorate.

6. RESOLUTIONS

a. **RESOLUTION 2011-31:** A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ESTABLISHING

AND ADOPTING THE FINAL 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; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE

Mayor Minnet opened the meeting for public comment.

Mr. Franczak was concerned with the 16% to 29% increase in the budget from FY 2011 and wondered whether that was the right message to send at a time when most people's budgets were not increasing by such amounts. His second concern was while there would be an increase in spending, the amount of revenue collected decreased, which seemed to create a $2.5 million shortfall in FY 2012. Mr. Franczak believed running a deficit in the current economy was not a good idea. He stated that over the 5 year period the Town would be $12.5 million in debt; thus, implementing the 5 year CIP plan would not put the Town in a good financial position in 5 years, unless taxes were raised, particularly if any of the projects suffered cost overruns. It was his opinion that the Town was running out of money due to overspending; not due to a drop in tax revenue.

Ben Freeney commended staff for the budget they put together. He believed Town Manager Hoffmann should have included in her report the previous years' millage rates to illustrate how the Town's income had reduced. Mr. Freeney believed maintaining the millage rate at 3.999 was equivalent to an overall tax cut for the Town. He agreed that calling for a reduction in taxes was a ploy used by politicians running for re-election.

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

Commissioner Vincent made a motion to adopt Resolution 2011-31. Commissioner Sasser seconded the motion. The motion carried 3-2. Vice Mayor Dodd and Commissioner Clottey voted no.

b. **RESOLUTION 2011-32 -** A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ADOPTING THE ATTACHED FINAL TOWN BUDGET FOR THE 2011/2012 FISCAL YEAR; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

Mayor Minnet opened the meeting for public comment.

Mr. Freeney believed the proposed budget for FY2012 was a good cross measure for taking care of the Town, both in the areas of infrastructure improvements and beautification. He thanked Commissioner Vincent for clarifying what other municipalities were doing with their millage rates. Mr. Freeney hoped residents

understood, though it was possible to keep doing patch work repairs, there was a longer term goal to be met, which was to budget ample funds for the capacity to take care of the Town's infrastructure.

Mr. Franczak pointed out many of the proposed CIP projects had been funded since 2004, and every year they were included in the budget but never done. He was not against infrastructure improvement projects, but it seemed every year funds were approved, but nothing was done.

Mr. Malkoon commented the Town now had a Commission and staff that would get CIP projects done, having put together a 5 year strategic plan. He believed the Town's administration improved significantly in the areas of purchasing, finance and technology. He noted the Town continued to move forward as promised by elected officials seeking to through with their campaign pledges.

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

Commissioner Clottey stated the Town had comparatively high millage rates in the past, but to say the last Commission did nothing was untrue, as they paid off all Town loans except the parking loan, which was self-funded. She explained that reduced the amount of money the Town had to pay in interest and led to a lowering of the budget. Commissioner Clottey said the past Commission was also responsible for bringing the millage rate down to 3.999 and for keeping it there. She stated the revenue collected from a 3.999 millage rate was not sufficient to fund the Town's budget and pay for all the capital improvements; part of the funds to balance the FY2012 Budget was coming from the Town's reserves. Commissioner Clottey believed that saying those Commissioners advocating for a reduction in the millage rate were against capital improvements was totally erroneous. She would be voting to approve the proposed budget. Commissioner Clottey reiterated the need for the Town to be more aggressive in its pursuit of grant dollars, as the burden of funding the budget should not fall entirely on the Town's taxpayers.

Commissioner Vincent remarked that although Fort Lauderdale elected not to increase their millage rate, they decided to pass along a $10 million utility dividend to be paid by other municipalities, including the southern portion Lauderdale-By-The-Sea. He stated for FY2011/2012, the Town was putting $4.2 million CIP budget in place for capital improvements, and nowhere was it dictated those improvements had to continue in subsequent years. Commissioner Vincent said the Town acknowledged the state of the economy and would make decisions each year with regard to the Town's the cash flow and reserves. He stressed the Town was not increasing or creating a deficit, as stated earlier in the public comments; the funds were already available for the Town's use without the need for loans, bonds, and securities.

Commissioner Sasser acknowledged earlier Commissioners did reduce the Town's debt while the General Fund continued to grow. He did not mean to imply nefarious

DRAFT

decisions were made by the then Town's administration; he simply stated, the present Commission should not be blamed for not lowering the millage rate when the Town's revenue continued to reduce every year. Commissioner Sasser supported a more aggressive effort to secure grant dollars for the Town, but CIP plans should not be placed on hold, as any grant funding secured could be used to offset Town expenditures over time. He added that Mr. Franczak's comments were correct, in that the execution of the CIP plan was paramount.

Vice Mayor Dodd pointed out he had tried to get the millage rate lowered when he was not up for election, as he recognized at the height of the millage rate, more money was being collected than the Town was spending on its capital projects. He believed the Town had stored taxpayers' dollars; he did not think it was right at that time, and thought it was wrong now. Vice Mayor Dodd supported a 5 year CIP plan, but believed it was just a plan of where the Town could be in 5 years. He believed there was room to trim $200,000 to adjust the budget and keep taxes the same with a lower millage rate, regardless of how minute the savings.

Commissioner Sasser sought assurance the service of the Pelican Hopper was still in this year's budget. Town Manager Hoffmann affirmed it was.

Mayor Minnet believed keeping the Town's millage rate at 3.999 was fiscally responsible and satisfied the residents' request not to lower the rate. She believed the residents wanted capital improvements, and it was time to move forward with those projects.

Commissioner Sasser inquired as to whether there were budget allocations for additional or improved street lighting.

Town Manager Hoffmann responded there was no project in the FY 2012 Budget that would cause that improvement to take place. Her intention was to have the Town engineer do an assessment of street lighting in neighborhoods to determine if there were areas with deficiencies; she required Commission concurrency to so direct staff. The results would be reported to the Commission for possible inclusion in the FY 2013 CIP budget.

Commissioner Clottey felt one simply had to walk outside to know there was a need for lighting improvements. She requested Town Manager Hoffmann Hoffmann ask the engineer if it was possible to install solar lights of some kind, as once an electric light was installed, Florida Power & Light began charging the Town whether or not the electricity was utilized. This could be researched for certain areas in the Town.

Town Manager Hoffmann concurred, noting it was here where grant dollars came into play.

Commissioner Sasser made a motion to adopt Resolution 2011-32. Commissioner Vincent seconded the motion. The motion carried 5-0.

DRAFT

7. ADJOURNMENT

Vice Mayor Dodd made a motion to adjourn. With no further business before the Commission, Mayor Minnet adjourned the meeting at 8:24 p.m.

_____
Mayor Roseann Minnet

ATTEST:

_____ _____
Town Clerk, June White CMC Date

DRAFT