

**MINUTES
CITY OF LAKE WORTH BEACH
CITY COMMISSION BUDGET WORK SESSION #3
BY TELECONFERENCE
THURSDAY, AUGUST 6, 2020 - 6:00 PM**

The meeting was called to order by Mayor Triolo on the above date at 6:00 PM by teleconference from City Hall, 7 North Dixie Highway, Lake Worth Beach, Florida.

ROLL CALL: Present were Mayor Pam Triolo; Vice Mayor Andy Amoroso; and Commissioners Scott Maxwell, Omari Hardy and Herman Robinson. Also present were City Manager Michael Bornstein, City Attorney Christy L. Goddeau and Deputy City Clerk Melissa Ann Coyne.

PLEDGE OF ALLEGIANCE: led by Commissioner Scott Maxwell.

UPDATES / FUTURE ACTION / DIRECTION

A. Presentation of Operating Budget Plan for Fiscal Year (FY) 2021

Michael Bornstein, City Manager, stressed that the entire country was going through strained economic forecasting for the coming year; the projection of revenues would recognize that there was uncertainty about the future. He stated that if the shared revenues from the past fiscal year were projected for FY 21, there would be a \$800,000 difference. He said that the Building Department would have some increases due to projects coming online next year but the Sheriff's Department was not asking for an increase this year. He stated that the City was trying to be as conservative as possible, but there would be some shortfalls. He announced that the next steps would be to discuss the department budgets and have the Stantec modeling. He suggested that questions and answers be directed by fund.

Bruce Miller, Financial Services Director, said that there would be a presentation of Departmental Budget Submissions for all major Funds with more weight given to some funds.

- General Fund

Mr. Miller stated that there would be conservative revenue assumptions, however, coping strategies would be initiated depending on the magnitude of COVID impacts. He reported that for expenditures there would be a level service budget and that the major budget drivers were wages, health and pension benefits and Information Technology (IT). He reviewed the revenue history, showing the marginal 1% overall total revenue growth of \$245,400, with an increase of \$638,655 in ad valorem taxes. He compared the figures from FY 2020 to 2021 and showed the expenses by program and by category and said that the pension plans accounted for the majority of the increase in expenses. He explained that the controllable expenses of \$13,879,640 and uncontrollable expenses of 25,483,014 equaled the operating expenditures of \$39,362,654. He summarized that the net revenues over expenditures would be a deficit of \$2.36 million.

Comments/requests summary:

1. Commissioner Hardy asked to what extent do the conservative assumptions factor into the COVID shortfall.

Mr. Miller responded that the duration and depth of the situation was unknown and continued analysis would be necessary. He said that in prior years revenue streams were measurable but the City had not dealt with a pandemic before; there were events that lasted for days or weeks, not months.

Commissioner Hardy asked how long it would take to deplete the \$800,000 buffer.

Mr. Miller stated that there would have to be a monthly examination to determine how the pandemic was affecting the different funds. He said that there was money coming into the City from the County and it was not known what the impact would be on those funds. He said that more oversight would be needed on an ongoing basis to make course corrections.

Commissioner Hardy asked if staff layoffs were anticipated and what the contribution would be from the Electric Utility (EU).

Mr. Miller replied that a level services budget was anticipated, providing the same programs and services as last year, but options would have to be examined.

City Manager Bornstein stated that the contribution would be \$4.5 million from the EU; there would not be a reduction for FY 2021.

Commissioner Hardy asked about the uncontrollable expenses and if some money could be spent differently for public safety.

City Manager Bornstein replied that it would take time to fix the commitments the City had made.

Mayor Triolo announced that the pension numbers were for the former police contract when the City had its own police force.

2. Commissioner Maxwell asked if Commissioner Hardy was suggesting to distribute some of the funds from the PBSO contract on other services. He stated that he was unwilling to discuss defunding the police.

Commissioner Hardy affirmed that he was asking if the City spent a third of its budget on policing rather than on programs to increase public safety.

Commissioner Robinson stated that a discussion on how to best spend the City's money was not a political issue. He spoke in favor of spending money on education and improved quality of life issues.

Mayor Triolo suggested having a policy discussion as an agenda item so that the public could provide input.

- Building Permit Fund

Mr. Miller said that there would be \$1.7 million in revenue.

- Beach Fund

Mr. Miller stated that parking revenue and rentals were projecting a decrease of \$250,000 due to COVID and explained the expenditures by program for an overall increase of \$85,000. He said that the numbers had not changed much over the years, but because revenue had decreased, there would be a net deficit of \$318,000; the issue would be resolved when the debt was renegotiated.

Comments/requests summary:

1. Commissioner Robinson asked if the income was considered with a partnership.

Mr. Miller replied that if a partnership were developed, there would be a new business model reflected in a budget amendment.

2. Commissioner Hardy inquired if the debt service was included in the presentation and if it referred to the money borrowed by the Beach Fund from the other funds.

Mr. Miller said that the information had been received earlier that day so the amortization schedule was not available; he stated that interest only would be paid for series A and for series B, the payments for principal and interest would be pushed until 2022. He iterated that the three funds would be reimbursed this year and the Beach Fund would pay the debt back over 20 years.

3. Mayor Triolo stated that the bonds were good news and it would be a more difficult year than most.

- Code Remediation Fund

Mr. Miller explained that the revenue would be increasing by \$135,000 and the expenditures would increase by \$95,000 resulting in positive cash flow of \$39,500.

- Electric Fund

Mr. Miller stated that Finance had been working closely with Ed Liberty, EU Director, and Clyde Johnson, EU Budget Manager. He said that the numbers would be changing over time. He reported that total income would increase by \$1.5 million with expenditures increasing by \$1.1 million by program, but did not include capital projects. He said that the net income would be \$455,000, but the future debt service was not included in the numbers.

Comments/requests summary:

1. Mayor Triolo asked if the numbers included the unpaid accounts from the pandemic.

Mr. Liberty thanked Finance staff for their clean up work on the numbers. He said that the numbers did not include the accounts in arrears; they were not counting on receiving the money back.

2. Commissioner Hardy said that there had been discussions about the reduction in the EU's contribution to the General Fund and asked what the effect would be on not having the \$300,000 reduction this year.

Mr. Liberty replied that the reduction was to build fund balance, but additional

revenues had come online including pole attachments allowing the EU to build its fund balance without the reduction for FY 2021. He stated that some of the earlier revenue had been higher than projected before COVID.

Commissioner Hardy said that there was a disconnect between the earned revenue and having to end the moratorium due to lack of revenue. He stated that the moratorium should be extended since the EU was in good shape.

Mr. Liberty responded that the revenues came down, not allowing the fund balance to be rebuilt. He said that the EU was beating the budget, which did not mean that the fund balance had moved out of its negative state.

Mayor Triolo reminded the Commission that it was hurricane season.

Mr. Liberty said that hurricanes were expensive; Irma was a \$2 expense and the EU had to be ready to absorb the events.

- Water Fund

Mr. Miller reported that the total sources of funds were going down approximately \$200,000 and the expenses by program would be reduced by \$176,000 for a net source over uses decrease of \$26,000.

- Local Sewer Fund

Mr. Miller stated that there was no change in income from FY 20 but total expenditures would increase by approximately \$114,000 resulting in a decrease of \$94,000.

The meeting recessed at 7:32 PM and reconvened at 7:44 PM.

- Golf Fund

Mr. Miller said that there was an increase of \$37,000 in revenue and an increase of \$44,000 in expenditures, so the fund was close to breaking even.

Comments/requests summary:

1. Commissioner Robinson asked about the donation.

City Manager Bornstein replied that the donation was received annually.

2. Vice Mayor Amoroso requested a separate line item for restaurant revenue.

Mr. Miller stated that he would break that out.

3. Commissioner Hardy stated that the golf course was an under-utilized asset and strategic policies should be considered.

4. Mayor Triolo said that there were deed restrictions on the property.

City Manager Bornstein said that there would have to be a ballot question and the deeds were being examined by the attorneys. He stated that the location was a million dollar one, but revenue was lost due to flooding.

Commissioner Hardy suggested approaching the heirs of those who donated the property regarding the restrictions.

City Manager Bornstein responded that there were different deed restrictions across the property and some were from the State.

Mayor Triolo stated that there should be conversations on dealing with sea level rise on the golf course and houses nearby.

Commissioner Robinson expressed hope that the conversations would happen soon.

- Stormwater Fund

Mr. Miller said that the revenue was consistent from the previous year with a slight increase of \$16,000 and the expenditures would increase by \$67,000 with net earnings of \$90,000.

- Refuse Fund

Mr. Miller announced that there were no changes from the previous year in revenue and the expenditures would increase by \$27,000 with a revenue deficit of \$26,000. He said that the numbers would be reconciled during the Stantec presentation and there should be a discussion regarding the rates.

Comments/requests summary:

1. Commissioner Maxwell thanked Mr. Miller for his presentation and asked when the next budget meeting would be held.

Mr. Miller responded that Stantec would present on August 27 and there would be a presentation on the capital budget before that.

2. Commissioner Hardy asked when he should bring back the discussion regarding budgeting policies and how he could arrange for staff time to assist with the discussion.

Mayor Triolo stated that the discussion could be at a regular meeting, not at the first in depth work session regarding the City's funds. She suggested working within the fees and schedules of the attorneys to not use extra taxpayer dollars.

City Manager Bornstein stated that PBSO's contract would not increase for FY 21, but he did not know how staff could assist with changing the contract to fund other programming.

Commissioner Hardy asked to have a discussion on whether the \$13.3 million spent with PBSO was necessary and if the City would want to spend the money in a different way by paring down the PBSO contract.

City Manager Bornstein said the FY 21 contract could not be affected, but there could be a discussion for the future.

Commissioner Hardy stated that the City was able to add deputies to the contract and pondered if the contract could be negotiated to decrease the total.

City Manager Bornstein iterated that he had 20 years of experience and the City was better off having PBSO doing the policing than it had been with its own police force.

Commissioner Maxwell said that Commissioners Hardy and Robinson had a meeting during which defunding the police was discussed. He stated that PBSO had done an excellent job for the City and that it would be detrimental to the City to negotiate a lower contract.

Vice Mayor Amoroso spoke in opposition to defunding the police and lowering the health and safety standards of the City.

Mayor Triolo suggested moving some of the money designated for the pool to projects that would benefit the City.

Commissioner Hardy said that he had not brought up defunding the police or lowering the standards for health and safety, but rather was questioning some City expenses and if policing was the only way to address the root causes of crime.

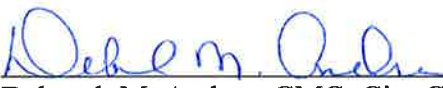
Mayor Triolo stated that PBSO had come in to LWB because of the high crime rate.

ADJOURNMENT:

The meeting adjourned at 8:27 PM.


Pam Triolo, Mayor

ATTEST:


Deborah M. Andrea, CMC, City Clerk



Minutes Approved: September 1, 2020

A digital audio recording of this meeting will be available in the Office of the City Clerk.