

**MINUTES OF THE BUDGET WORKSHOP SESSION
VILLAGE COUNCIL OF NORTH PALM BEACH, FLORIDA
AUGUST 30, 2018**

Present: David B. Norris, Mayor
Mark Mullinix, Vice Mayor
Susan Bickel, President Pro Tem
Darryl C. Aubrey, Sc.D., Councilmember
Deborah Searcy, Councilmember
Andrew D. Lukasik, Village Manager
Melissa Teal, Village Clerk

ROLL CALL

Mayor Norris called the meeting to order at 7:00 p.m. All members of Council were present. All members of staff were present, except the Village Attorney. Finance Director Samia Janjua, Special Projects Director Chuck Huff, Library Director Zak Sherman, and Communications Manager Ed Cunningham were present.

PURPOSE OF THE MEETING

Mr. Lukasik summarized the proposed FY 2018-2019 General Fund and Country Club budgets. The following items were reviewed:

FY 2019 SUMMARY OF BUDGET CHANGES

No changes have been made to the General Fund or Country Club budgets since the last meeting.

FY 2019 COMBINED BUDGET SUMMARY

CATEGORY	GENERAL FUND	COUNTRY CLUB	TOTAL
Millage Rate	\$7.33	n/a	\$7.33
Personnel	\$16,782,752	\$828,298	\$17,611,050
Operating	5,997,383	1,618,269	7,615,652
Debt Service	1,431,336	433,689	1,865,025
CIP Transfer	405,000	0	405,000
Contingency	0	0	0
Total	\$24,616,471	\$2,880,256	\$27,496,727

POSITION TYPE	GENERAL FUND	COUNTRY CLUB	TOTAL
Full-Time	145	6	151
Part-Time	70	27	97

FY 2019 SUMMARY OF PERSONNEL CHANGES

POSITION TYPE	FY 2019	FY 2018	CHANGE
Full-Time	151	149	+2
Part-Time	97	95	+2
Volunteers	43	43	No Change

POSITION CHANGE SUMMARY

- 1 full-time Code Officer position added
- 2 part-time Sanitation Collector positions added
- 1 full-time General Manager position added
- 2 Administrative Assistant positions reclassified as Administrative Coordinators
- 1 Outside Service Coordinator position reclassified as Second Assistant Golf Pro

FY 2019 BUDGET HIGHLIGHTS

- Recreation Master Plan
- U.S. Highway 1 Corridor Study – Master Plan implementation
- Unified Land Development Code (ULDC) / Residential Code Update
- New Positions: General Manager, Code Officer, 2 part-time Sanitation Collectors
- Stormwater Fee Analysis
- Balanced Five Year CIP: Pool; Anchorage Park; U.S. Highway 1 Bridge and Prosperity Farms Road Bridge designs – Master Plan implementation
- Vehicle Lease Program

Mr. Lukasik advised the Recreation Master Plan will provide an inventory and review of Village parks and recreation programs to determine what may be needed in the future. Mr. Lukasik reported the U.S. Highway 1 Corridor Study will analyze the lane reduction proposed in the Master Plan. Mr. Lukasik stated ULDC update will be combined with the Residential Code update and completed as one project.

FY 2019 GENERAL FUND BUDGET SUMMARY

CATEGORY	FY 2019	FY 2018	% INCREASE	\$ INCREASE
Millage Rate	\$7.33	\$7.33	0%	0
Personnel	\$16,782,752	\$15,984,961	4.99%	\$797,791
Operating	5,997,383	6,013,263	-0.26%	(15,880)
Total	\$22,780,135	\$21,998,224	3.55%	\$781,911
Debt Service	1,431,336	1,293,101	10.69%	138,235
Transfer Out	405,000	190,799	112.27%	214,201
Total Budget	\$24,616,471	\$23,482,124	4.83%	\$1,134,347

FY 2019 GENERAL FUND REVENUES

SOURCE	REVENUES	TOTAL BUDGET %
Taxes (including Ad Valorem)	\$19,597,299	79.61%
Ad Valorem	15,579,720	63.29%
Charges for services	2,345,560	9.53%
Intergovernmental	1,500,382	6.10%
Licenses & Permits	980,100	3.98%
Other	193,130	0.78%
Total Revenues	\$24,616,471	

Data regarding the amount of ad valorem taxes derived from commercial properties was requested.

FY 2019 GENERAL FUND EXPENSES BY DEPARTMENT

DEPARTMENT	EXPENSES	TOTAL BUDGET %
Police and Fire	\$9,671,875	39.29%
Public Works	5,283,828	21.45%
General Government	3,347,808	13.60%
Leisure Services	2,817,701	11.45%
Community Development	1,658,923	6.74%
Debt Service	1,431,336	5.81%
Transfer Out	405,000	1.65%
Total Expenses	\$24,616,471	

FY 2019 GENERAL FUND EXPENSES BY FUNCTION

FUNCTION	EXPENSES	TOTAL BUDGET %
Personnel	\$16,782,752	68.18%
Operating	5,997,383	24.36%
Debt Service	1,431,336	5.81%
Transfer Out	405,000	1.65%
Total Expenses	\$24,616,471	

FY 2019 COUNTRY CLUB BUDGET SUMMARY

CATEGORY	FY 2019	FY 2018	% INCREASE	\$ INCREASE
Personnel	\$828,298	\$581,761	42.38%	\$246,537
Operating	1,618,269	1,659,485	-2.48%	(41,216)
Total	\$2,446,567	\$2,241,246	9.16%	\$205,321
Capital	0	23,000	-100%	(23,000)
Debt Service	433,689	398,159	8.92%	35,530
Total Budget	\$2,880,256	\$2,662,405	8.18%	\$217,851

Mr. Lukasik stated the reduction in FY 2019 operating reflects a decrease in costs such as utilities and maintenance associated with the old clubhouse.

FY 2019 COUNTRY CLUB REVENUES

SOURCE	REVENUES	TOTAL BUDGET %
Greens Fees	\$862,000	29.93%
Cart Rental/Walking	731,000	25.38%
Membership	531,709	18.46%
Driving Range	300,000	10.42%
Appropriated Retained Earnings	275,647	9.57%
Golf Lessons	85,000	2.95%
Other	49,900	1.73%
Golf Merchandise Sales	45,000	1.56%
Total Revenues	\$2,880,256	

FY 2019 COUNTRY CLUB EXPENSES BY FUNCTION

FUNCTION	EXPENSES	TOTAL BUDGET %
Operating	\$1,618,269	56.18%
Personnel	828,298	28.76%
Debt Service	433,689	15.06%
Total Expenses	\$2,880,256	

FIVE YEAR CAPITAL IMPROVEMENT PLAN BY FUNDING SOURCE

SOURCE	REVENUES	TOTAL BUDGET %
Grant Funding	\$5,792,000	31%
Other	5,170,000	28%
Infrastructure Surtax	3,845,000	21%
General Revenues	2,630,992	14%
Debt Service	700,000	4%
Fund Balance	443,768	2%
Total CIP	\$18,581,760	

Mr. Lukasik noted the revenues attributed to grant funding had been determined in conjunction with the Village's grant consultant, RMPK Funding, Inc. Mr. Lukasik explained funding sources in the "Other" category include sale of an existing front-loader sanitation truck; potential sale of the Public Works complex; stormwater fees; and donations for specific projects. Discussion ensued concerning donations for license plate reader (LPR) cameras. Discussion ensued regarding the City of Palm Beach Gardens Public Works Facility. Mr. Lukasik stated that no response had been received from Palm Beach Gardens following the Village's response to the City's initial approach.

FIVE YEAR CAPITAL IMPROVEMENT PLAN BY CATEGORY

CATEGORY	EXPENSES	TOTAL BUDGET %
Streets & Roads	\$9,875,000	53%
o Lighthouse Bridge	5,500,000	
o U.S. Highway 1 Bridge	550,000	
o Prosperity Farms Bridge	225,000	
o Monet Bridge	50,000	
Village Facilities	2,345,000	13%
Park Development	1,859,768	10%
Vehicles	1,691,592	9%
Recreational Facilities	960,000	5%
Stormwater	900,000	5%
Equipment	825,500	4%
Technology	124,900	1%
Total CIP	\$18,581,760	

Discussion took place concerning \$550,000 included in Streets & Roads for improvements to the U.S. Highway 1 Bridge. Mr. Lukasik clarified the bridge is not included in the corridor study.

Mr. Lukasik reviewed the Five Year CIP Cash Flow Summary. Mr. Lukasik explained the CIP Transfer assumes an annual increase in revenues of 3%. Mr. Lukasik noted the FY 2019 transfer of \$405,000 from General Fund ad valorem revenue to CIP was equal to .1905 mils. Discussion ensued regarding revenues derived from Developer Fees.

Mr. Lukasik reviewed the FY 2019 Capital Projects and associated revenue sources. Discussion ensued regarding the percentage of the Village covered by the FY 2019 allocation for asphalt resurfacing and sidewalk repair.

PROPERTY TAX BILL

Mr. Lukasik noted the Village receives only thirty-five cents out of each dollar in property taxes:

DEPARTMENT	TOTAL	BUDGET %	¢
Public Safety	\$9,671,875	39%	\$0.14
Public Works	\$5,283,828	21%	0.07
General Government	\$3,347,808	14%	0.05
Leisure Services	\$2,817,701	11%	0.04
Community Development	\$1,658,923	7%	0.02
Debt Service	\$1,431,336	6%	0.02
CIP Transfer	\$405,000	2%	0.01
Total Operating Budget	\$24,616,471	100%	\$0.35

TAXPAYER IMPACT

Mr. Lukasik gave an example of the impact of 7.33 mils or 7.50 mils in ad valorem taxes:

Assessed Value	\$400,000
Homestead Exemption	(50,000)
Taxable Value	\$350,000

AD VALOREM TAXES	2018-2019 MILLAGE	TAX BILL	% OF TOTAL TAX BILL
Village of North Palm Beach	7.33	\$2,565.50	34%
Village of North Palm Beach	7.50	\$2,625.00	35%

Impact to Taxpayer of 7.50 mils over 7.33 mils equals \$59.50

Mr. Lukasik gave an example of the impact if the additional Homestead Exemption is approved:

DESCRIPTION	\$200,000 ASSESSED VALUE	\$400,000 ASSESSED VALUE
\$7.33	\$1,099.50	\$2,565.50
\$7.33 with additional homestead	\$916.25	\$2,382.25
Village impact @ \$7.33 mils		(\$183.25)
\$7.50	\$1,125.00	\$2,625.00
\$7.50 with additional homestead	\$937.50	\$2,437.50
Village impact @ \$7.50 mils		(\$187.50)

Mr. Lukasik reviewed budgeting challenges, including:

- PBA and IAFF contracts (wages and pension liability)
- Additional Homestead Exemption Impact (estimated at \$600,000)
- Clubhouse operation and debt service (\$1,200,000 in annual debt service; no allocation included in Enterprise Fund to date)
- Unassigned Fund Balance Level (current balance estimated at \$5,800,000)
- Economic impacts (tariffs; housing slow-down)

FY 2019 MILLAGE RATE SELECTION OPTIONS

The rolled-back rate is \$6.9710 mils. Mr. Lukasik reviewed the millage table and presented the impact of three millage rate options:

MILLAGE RATE	BUDGETARY AD VALOREM	% INCREASE OVER ROLLED-BACK RATE	CIP TRANSFER	COUNCIL CONTINGENCY
\$7.33 (budget as presented)	\$15,579,720	5.15%	\$405,000	0
\$7.40	\$15,728,503	6.15%	\$405,000	\$148,783
\$7.50	\$15,941,051	7.59%	\$405,000	\$361,331

COUNCIL CONSENSUS

Discussion ensued regarding the millage rate and budgetary challenges including police and fire salaries and pension benefits, as well as the likelihood that an additional homestead exemption is approved by the voters. By consensus, the millage rate was set at 7.50 mils.

ADJOURNMENT

With no further business to come before the Council, the meeting adjourned at 8:21 p.m.

Melissa Teal, MMC
Melissa Teal, MMC, Village Clerk