

**MINUTES OF THE BUDGET WORKSHOP SESSION  
VILLAGE COUNCIL OF NORTH PALM BEACH, FLORIDA  
JULY 15, 2021**

Present:

Darryl C. Aubrey, Mayor  
Deborah Searcy, Vice Mayor  
Mark Mullinix, President Pro Tem  
David B. Norris, Councilmember  
Susan Bickel, Councilmember  
Andrew D. Lukasik, Village Manager  
Leonard G. Rubin, P.A., Village Attorney  
Jessica Green, Village Clerk

ROLL CALL

Mayor Aubrey called the meeting to order at 7:00 p.m. All members of Council were present. All members of staff were present.

PURPOSE OF THE MEETING

Mr. Lukasik provided an overview of the preliminary 2022 Budget. The following items were reviewed:

- FY 2022 PRELIMINARY BUDGET SUMMARY
- FY 2022 PERSONNEL COSTS
- FY 2022 BUDGETED DEBT SERVICE & LOAN REPAYMENT SCHEDULE
- FY 2022 COUNTRY CLUB HIGHLIGHTS
- FY 2022 COUNTRY CLUB PRELIMINARY BUDGET SUMMARY, REVENUES & EXPENSES
- FY 2022 GENERAL FUND HIGHLIGHTS
- FY 2022 GENERAL FUND PRELIMINARY BUDGET SUMMARY, REVENUES & EXPENSES
- FY 2022 – 2026 CAPITAL IMPROVEMENT PLAN CASH FLOW SUMMARY
- FY 2022 CAPITAL OUTLAY
- FY 2022 TAXABLE VALUE & MILLAGE SELECTION
- FY 2022 TAXPAYER IMPACT

FY 2022 PRELIMINARY BUDGET SUMMARY

Mr. Lukasik gave an overview of the financial plan for the upcoming fiscal year based upon the General Fund and Country Club budgets. The financial plan was based on a reduced millage rate of \$7.10 mils. Property taxes should decrease rather than increase. The overall budget is just under \$32 million dollars, which is a \$1.6 million dollar increase compared to the current fiscal year. The General Fund budget increased \$984,000 due to debt service and capital outlay. Debt service has increased due to new vehicle lease payments. CIP Transfer has increased \$150,000 due to investments in infrastructure. The Country Club budget is growing and revenues are increasing in all divisions, however expenses have also been increasing due to investments in infrastructure and personnel costs. Overall, the General Fund budget increased 4 percent and the Country Club budget increased 12 percent.

<u>Category</u>	<u>General Fund</u>	<u>Country Club</u>	<u>Total</u>
Millage Rate	\$7.10	N/A	\$7.10
Personnel	\$16,846,843	\$2,016,551	\$18,863,394
Operating	\$6,788,104	\$3,318,960	\$10,107,064
Debt Service	\$1,849,047	\$433,689	\$2,282,736
Capital Overlay	\$10,000	\$200,000	\$210,000
CIP Transfer	\$660,000	0	\$660,000
Contingency/Reserve	\$135,000	\$125,000	\$260,000
Transfer to Country Club	\$399,000	0	\$399,000
Total	\$26,687,994	\$6,094,200	\$32,782,194

<u>Position Type</u>	<u>General Fund</u>	<u>Country Club</u>	<u>Total</u>
Full-Time	140	10	150
Part-Time	47	62	109

FY 2022 PERSONNEL COSTS

Mr. Lukasik stated there was a slight decrease in personnel costs due to the General Fund budget. Contributions to the Police and Fire pension fund were decreasing. There is a \$240,000 savings compared to last year’s budget. Mr. Lukasik also discussed personnel changes in the Public Works, Police Department and Country Club. Personnel costs for the Country Club increased \$170,000.

<u>Description</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>Increase/(Decrease)</u>
Total Personnel Costs	\$18,863,394	\$18,933,241	(\$69,847)
# Positions			
Full-Time	150	152	-2
Part-Time	109	104	+5

FY 2022 BUDGETED DEBT SERVICE AND LOAN REPAYMENT SCHEDULE

Mr. Lukasik reviewed the FY 2022 Budgeted Debt Service. Vehicle leases were within the General Fund and \$550,000 was allocated this year. For the upcoming year, there will be a \$200,000 increase in vehicle lease expenses. Discussion ensued regarding the vehicle leases for various departments. Mr. Lukasik discussed the Clubhouse loan and stated there was \$1.3 million dollars in debt service. Mr. Lukasik stated that the golf course loan was almost paid off which will offset costs in the future and gave an overview of the repayment schedule.

<u>Description</u>	<u>General Fund</u>	<u>Country Club</u>	<u>Total</u>
Vehicle Lease	\$554,950		\$554,950
Clubhouse Loan (\$15m)	\$1,294,097		\$1,294,097
Initial Golf Course Loan (\$4,893,673)		\$398,159	\$398,159
2018 Golf Course Restoration (\$1.7m)		\$35,530	\$35,530
Total	\$1,849,047	\$433,689	\$2,282,736

FY 2022 COUNTRY CLUB HIGHLIGHTS

Mr. Lukasik reviewed the FY 2022 Country Club Highlights, including:

- The Country Club budget increased by 12 percent.
- There will be a reduction in golf memberships and preference will be given to Village residents.
- A reduction in golf memberships will allow an increase in outside rounds.
- Capital investments will impact the golf budget.
- Pool and tennis revenues were anticipated to increase due to opportunities for new events and an increase in part-time costs.
- There will be a greater investment in building and grounds maintenance to better meet expectations.
- The General Fund is making an increased contribution to the Country Club budget, which will help pay for future investments.

FY 2022 COUNTRY CLUB PRELIMINARY BUDGET SUMMARY, REVENUES & EXPENSES

Mr. Lukasik gave an overview of the FY 2022 Country Club Preliminary Budget Summary, Revenues and Expenses. A breakdown was given of all revenues and expenses, explaining the main increases and decreases. Golf remained a main source of revenue for the Country Club and was doing very well. Restaurant revenue increased by 3 percent due to rent costs. Mr. Lukasik explained the transfer from the General Fund into the Country Club budget due to renewal and replacement contributions. Expenses in personnel costs increased by 9 percent due to needs for assistance in customer service. The tennis and pool budget expenses increased due to maintenance costs and need for additional part-time staff. An anticipated increase in revenues is expected due to events, public interest, and elimination of Covid restrictions. Golf Course maintenance expenses will increase due to the foliar program (improved fertilization). Golf will also add two part-time employees and reclassify an Assistant Golf Professional to a Teaching Professional title. Mr. Lukasik reviewed expenses for golf capital projects and discussed plans for Pond Stabilization, Pump House Renovation and a Weather Station.

<u>Category</u>	<u>FY 2021 Budget</u>	<u>FY 2022 Budget</u>	<u>% Increase/ (Decrease)</u>	<u>\$ Increase/ (Decrease)</u>
Total Revenues	\$5,443,631	\$6,094,200	11.95%	\$650,569

GENERAL FUND HIGHLIGHTS

Mr. Lukasik reviewed the FY 2022 General Fund Highlights, including:

- The overall increase in the operating budget is \$980,000 or 3.8 percent.
- Ad-Valorem revenues were based upon a 7.1 millage rate. This was below the established rolled back rate. Revenue growth has increased but was less than an amount equivalent to what was generated last year.
- Debt increased due to additional vehicle leases.
- Transfers to the CIP and Country Club increased due to funding renewal and replacement contributions and investment in infrastructure.
- There is a slight reduction in staffing levels and personnel expenses.
- The Special Projects Director position has been eliminated from the Manager’s budget.
- Public Works is restructuring leadership positions to improve overall performance. Two positions in Streets and two positions in Facilities will be reduced. The contractual services expense will increase to replace positions.

- There will be additional employee title changes within the IT, Finance, and Parks and Recreation departments. The Police Department will be adding two Officers.
- Upcoming capital projects include US1 north of the Parker Bridge streetscape and traffic management, US1 lane repurposing, residential code update, Twin Cities Mall site code, US1 and Prosperity Farms Road bridge projects, implementation of the Recreation Needs Assessment, Master Plan for undergrounding overhead lines, streetscape and bridge design for Lighthouse Drive, Community Center playground replacement, Osborne Park basketball court renovation and use of ARPA funding.

FY 2022 GENERAL FUND PRELIMINARY BUDGET SUMMARY, REVENUES & EXPENSES

Mr. Lukasik gave an overview of the FY 2022 General Fund Preliminary Budget Summary, Revenues and Expenses. A breakdown was given of all revenues and expenses, explaining the main increases and decreases. The General Fund increased \$984,000. Ad-Valorem taxes increased \$373,000. Revenues were increased for licenses and permits due to expectations of construction activity. Mr. Lukasik discussed the expenditures for the Public Safety and Parks and Recreation departments. Debt Service increased due to vehicle leases. Transfers out of the General Fund were driven by renewal and replacement contributions to the Country Club. Ad-Valorem taxes made up the majority of the revenue and personnel costs make up the majority of the expenses in the General Fund. Mr. Lukasik reviewed the operating costs which consist primarily of contractual services, materials and supplies, repairs and maintenance, and professional services.

<u>Category</u>	<u>FY 2021 Budget</u>	<u>FY 2022 Budget</u>	<u>% Increase/ (Decrease)</u>	<u>\$ Increase/ (Decrease)</u>
Total Revenues	\$25,703,797	\$26,687,994	3.83%	\$984,197

FY 2022 - FY 2026 CAPITAL IMPROVEMENT PLAN CASH FLOW SUMMARY

Mr. Lukasik discussed the FY 2022 – FY 2026 Capital Improvement Plan Cash Flow Summary. The five-year projection was expected to change. Grants will be relied upon for projects. Council will receive an operating budget and CIP budget within the next week with new numbers.

FY 2022 CAPITAL OUTLAY

Mr. Lukasik discussed various upcoming FY 2022 projects and costs within the capital outlay revenue categories made up of General Revenues, Country Club, Stormwater Fund, Infrastructure Surtax, and Grant Funding. The budget for street asphalt resurfacing was increased from prior years. Grant funds will be used for the fire kitchen remodel and combined with other Public Safety building projects. The Library air handler and Village Hall air handler will need replacement.

FY 2022 TAXABLE VALUE & MILLAGE SELECTION

Mr. Lukasik reviewed the FY 2022 Taxable Value & Millage Selection. The proposed millage rate is 7.10 mils, which is a 5.33 percent decrease from last year. This sets the maximum millage rate allowed for the Village. The Council may reduce this rate for the final adopted budget, but may not increase it. Due to investment in the community, we have one of the highest rates of growth in taxable value. The proposed millage rate is below the roll-back rate which leads to a slight decrease in taxes by 0.32 percent.

FY 2022 TAXPAYER IMPACT

Mr. Lukasik discussed the impact of the Stormwater fee in regard to reduction of the millage rate. Three scenarios were presented based upon how the Stormwater fee would impact different properties. The first example presented was based on a property considered to be within the median level of taxable value. For FY 2022, the proposed Stormwater Fee would be \$7.78 per month for a single-family residential property totaling \$93.36 per year. Due to reduction of the millage rate, the impact to a taxpayer within the median taxable level would be \$1.21 compared to previous years. The second example presented was based on a property considered to be within a higher level of taxable value. He explained that reducing the millage rate on a higher taxable property will still result in lower taxes. The impact to the taxpayer of a higher taxable level property would be \$217.85. The third example presented was based upon a property with a lower taxable value. The impact to the taxpayer of a lower taxable level property would be \$51.23 compared to previous years resulting in an increase in taxes. Discussion ensued regarding adjustments to the millage rate and the taxpayer impact.

FY 2022 BUDGET HEARING AND WORKSHOP DATES

A public hearing to set the tentative millage rate was scheduled for July 22nd and budget workshops were scheduled for August 11th and August 19th. Public Hearings were scheduled for September 8th and 23rd, with 2nd reading and final adoption of the FY 2022 budget and millage rate on September 23rd.

ADJOURNMENT

With no further business to come before the Council, the meeting adjourned at 9:01 p.m.



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Tammy Held, Deputy Village Clerk