

**MINUTES
TOWN OF LAKE CLARKE SHORES
TOWN COUNCIL FIRST BUDGET WORKSHOP MEETING
JUNE 17, 2008
6:30 PM**

I. Meeting Called To Order

Mayor Lewis called the Budget Workshop Meeting to order at 6:30 PM.

A) The following members and officials were present:

Mayor Malcolm K. Lewis
President Pro Tem Robert M. W. Shalhoub
Council Member Gregory Freebold
Town Administrator Joann Hatton
Police Chief Wes Smith
Town Finance Director Bill Thrasher
Attorney Charles Schoech
Mary Pinkerman, Acting Town Clerk

The following officials were absent:

Vice Mayor Tom Mayes, Jr.
Council Member Valentine Rodriguez
Town Clerk Jo Plyler

II. Presentation of Proposed 2008-2009 Fiscal Year Town Budget

- A) Finance Director, Bill Thrasher,** referenced the proposed budget and briefly explained that the Draft budget dated June 17, 2008 is based on the preliminary Palm Beach County Ad Valorem Revenue total taxable values for Lake Clarke Shores and stated that until the Town gets the final amount from PBC, it will be hard to work on final budget. He also stated that the costs associated with waste disposal will be increasing approximately 50%. He noted that this increase includes the fuel adjustment charges that will be added by Waste Management. Mr. Thrasher also noted the transfers that had been made in prior years from the Utility Fund to the General Fund to help balance the budget and that the proposed transfer for 2008/09 is \$210,000.00.

Town Administrator Joann Hatton referenced her recommendations dated June 11, 2008. Her recommendations included the possibility of the residents being invoiced for garbage, bulk, vegetation and recycling pickup; having only one Town Council Meeting per month and increasing certain user fees and charges. She also noted that the Town did receive the Phase III FRDAP Grant for Community Park and that the proposed budget includes a COLA increase of 4.5% as reflected by the April CPI report.

Mayor Lewis changed the order of the agenda to allow Council Members to comment prior to the audience comments since some audience questions may be answered during the Council's comments.

B) Council Members:

Council Member Freebold – did not have any comments or questions at this time.

President Pro Tem Shalhoub – stated that he met with Mr. Thrasher and will wait until the final figures from PBC have been received before making a decision.

Mayor Lewis – stated that the practice of removing “retained earnings” money from the Lake Clarke Shores Utility Fund for deposit into the General Revenue Fund to help balance the Lake Clarke Shores budget is unfair to the customers in that it represents a “hidden” tax on them. He explained that there are two customer groups that pay into the Utility Fund. Group 1 includes only 700 Lake Clarke Shores customers out of 1600 that are provided potable water. The balance, approximately 900 customers, are direct customers of Palm Springs or Palm Beach County. Group 2 includes the Lake Clarke Shores utility system users in the Seminole Manor area with 3000 customers. The attached flow chart shows that in the past 6 years \$1,311,500 has been transferred from the Utility Fund to the General Fund. Further, that the proposed 2009 Budget shows a transfer of \$245,000. He also stated that the Water Rate Study now being conducted may find that water utility rates would need to be increased considerably in order to provide these funds to the General Fund and still maintain the needs of the Utility Department repairs, rehab and capital improvements.

Mayor Lewis also noted that Utility Department personnel spend approximately 25% of their annual man hours performing services to the Town that are not utilities related. This, based on their salary budget for 2008 computes to about \$110,000.

“Deficit spending” and how it relates to the Utility Fund was also discussed.

C) Audience Comments:

Panna Kulkarni, 8131 West Lake Drive – stated that while she appreciated the copies of the draft budget that were made available for residents, she noted that their copy did not include the same information as the Town Council draft budget packet.

She also asked questions about Amendment 1, last fiscal year’s rollback rate and how the Town’s budget could be balanced this year. Mr. Thrasher gave a short explanation on how the Town reduced the 5% rollback rate mandated last year to 2 ½ % instead. He also explained how transferring money from the utility fund to the general fund and having the residents pay for waste disposal would help balance the budget. Mr. Thrasher reiterated that these were his recommendations only and that it would be up to the Town Council to decide what to do.

Mrs. Kulkarni questioned Mayor Lewis as to why he did not want to continue transferring fees from the utility fund to the General Fund. Mayor Lewis explained his position and feels that the 711 LCS residents that pay the Town for their water would think the same way as he does, since their money is being used towards water bills and taxes, whereas the remaining residents are only paying towards taxes. Mrs. Kulkarni responded that it would be better for the Town to use the utility fund transfers as the mostly non-resident customers could help to keep taxes down.

William Murphy, 1841 Evergreen Drive – asked about the probability of merit increases for Town employees. He stated that he would like to see the employees receive the merit increases that they deserve since they had only received a COLA increase last year. It was explained that there is an allowance for COLA increase, but not merit increase figured into the budget.

He also discussed the Community Park Phase III 75/25 FRDAP Grant in the amount of \$101,708 and noted that money that the Town spends over the 25 % amount (\$25,427) for the park will be replaced by this grant. He also stated that the town will need to spend \$20,000 per year towards the upkeep of the park, according to the FRDAP Grant requirements, and that this amount will need to be figured in to the budget.

Mr. Murphy also spoke about the rising fuel costs and noted that extra money will need to be allotted to cover this added expense.

In addition, he noted that if the Town bills the residents for waste disposal, the Town's costs for the additional expense for billing and collection would also have to be figured into the cost to the residents.

President Pro Tem Shalhoub asked Panna Kulkarni, 8131 West Lake Drive, if she received the answer to her question about Amendment 1. She responded that she was still not sure about it. President Pro Tem Shalhoub then gave a brief explanation on Amendment 1. Mr. Thrasher added that as a result of the "recapture statute", long term homeowners could also be affected this year. Tax values on homesteaded properties could only increase by 3%. There is a provision that allows the assessed taxable value to be increased when there are decreasing property values such as we have now. As a result, property values are decreasing, but the property taxes will most likely increase to revalue assessed taxable value.

III. Adjournment

Council Member Freebold made a motion to adjourn the meeting at 7:30 pm, seconded by President Pro Tem Shalhoub; Motion carried (3-0).

Malcolm K. Lewis, Mayor

Mary Pinkerman, Acting Town Clerk

If an individual decides to appeal any decision made by the Town Council with respect to this meeting, a verbatim transcript may be required. If so, the individual should make provisions for a transcript to be made at the meeting. (Ref. F.S.S. 286.0105) Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting, please advise the town at least two (2) calendar days before the hearing by contacting Jo Plyler at (561) 964-1515, Ext. 10.