

**MINUTES  
CITY OF LAKE WORTH BEACH  
CITY COMMISSION BUDGET WORK SESSION #2  
CITY HALL COMMISSION CHAMBER  
THURSDAY, JUNE 20, 2019 - 6:00 PM**

The meeting was called to order by Mayor Triolo on the above date at 6:02 PM in the City Commission Chamber located at City Hall, 7 North Dixie Highway, Lake Worth Beach, Florida.

1. **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 and City Clerk Deborah Andrea.
2. **PLEDGE OF ALLEGIANCE:** Led by Commissioner Omari Hardy.
3. **UPDATES/FUTURE ACTION/DIRECTION:**

A. Water and Sewer Funds

1) Water Fund

Leticia Doohaluk, Managing Consultant from Stantec, introduced Michael Burton and Jacob Silence and discussed the operating and CIP funds for the Water Department. She reported that the 2018 yearly rate increases were 3% and this year would be 3.5% due to revenue being lower than projected. She explained that the drop of \$166,000 reduction may have been due to the rainfall rate and the multifamily homes that use less water.

Mr. Burton reported that cities across the country had been raising their rates by about five percent over the last ten years and the City was doing well managing a system at 3%.

Comments/requests summary:

1. Commissioner Maxwell said that the numbers reflected all the work being done in the newly acquired Lake Osborne area and had not impacted the City negatively.

Brian Shields, Water Utility Director, said that the number in the CIP was the replacement of the entire Lake Osborne Estates system.

2. Mayor Triolo asked about the grants that had been applied for.

Mr. Shields replied that the grants were for drainage projects and the request was unsuccessful.

3. Commissioner Hardy asked to see a model of forgiveness of the loan from the Beach Fund to the Water Fund or the effects of extending the loan.

Ms. Doohaluk replied that there would be a slightly lower operating fund balance for a period of time.

4. Commissioner Robinson asked if the City's water rates were competitive.

Mr. Shields responded that the City was in the upper third of rates in the County but was competitive with the surrounding cities; most utilities nationwide were raising their rates by at least 5%.

5. Vice Mayor Amoroso asked if new wells would be dug because of sea level rise.

Mr. Shields replied that they would not and that if the City's water was brackish with saltwater intrusion, it would be corrected by the reverse osmosis plant.

6. Commissioner Hardy asked what the amount of the increase from the extra quarter percent would be.

Ms. Doohaluk responded that it would be a one dollar charge after ten years.

7. Vice Mayor Amoroso asked if a map showing all the water customers could be provided as there were customers who lived outside of the City.

Mr. Shields said that GIS had a map showing the water service territory.

Commissioner Maxwell left the meeting at 6:31 PM and returned at 6:35 PM.

## 2) Local Sewer Fund

Ms. Doohaluk stated that the information included all the updates with the provided data. The projected reduction in fund balances in 2020 and 2021 were the result of one-time maintenance items and some regional fund pass-throughs. She reported that the funds would return to the three month target in 2023 and that the CIP spending would be delayed.

Comments/requests summary:

1. Mayor Triolo asked about the CIP projects.

Mr. Shields replied that some antiquated electrical panels and pump repairs would be needed at several stations. He said that there would be intense spending for approximately two years and then would level off.

2. Commissioner Hardy asked how the City's rates compared to other local cities and how sewer rates have grown.

Ms. Doohaluk replied that the City was in the lower middle third for rates in the County and that years ago, the rate increases were 13-15%. She explained about the debt service saying that the City would have a better chance of getting funding with bigger fund balances.

Mr. Shields said with some borrowing or coming from the sales tax money or a bank line of credit until the fund balance comes back up.

3. Commissioner Maxwell said water utility infrastructure needs should be included in any sales tax money discussions.
4. Vice Mayor Amoroso expressed concern about the fund balances being so low which would affect the ability to borrow. He asked if the City would be able to take on new customers.

Mr. Shields responded that there would be potential income from septic tank conversions which would require funding assistance from the State but could bring in a lot more revenue.

5. Commissioner Robinson said that utilities borrow money as the cost of doing business and he would be in favor of borrowing money.

Mr. Burton stated that all of the utility funds could be combined as a creative way to get loans.

6. Commissioner Hardy expressed reticence to use penny sales tax for utility projects and suggested that rate increases be blamed on inflation.

Discussion ensued regarding septic tanks and the financial impact of conversions.

7. Commissioner Hardy asked what would have to be done from a rate perspective to prevent the fund balance from decreasing so much.

Ms. Doohaluk responded that there would have to be a huge adjustment to bring the fund balance up. She said that a 15% increase would help the fund balance faster and would be in the middle of other cities' rates.

Commissioner Hardy said that a rate increase would be preferable, that the penny sales tax money should not be used. He stated that the rates should be increased quickly, by 15% and 15% or 20% and 7.5%.

Ms. Doohaluk showed the impact of different rate increases on the chart.

8. Mayor Triolo expressed concern about the people in the community on fixed income, and said the Commission would look at the least painful way to raise the rates. She stated that previously there had not been rate increases for years and then the City had to have a large increase.
9. Commissioner Maxwell said if the rates went up 20% it would be forever.

Mr. Burton relayed that with a 20% increase this year and 7.5% next year, the City would be in a good position to support a bond issue.

Mr. Shields said that the City had self insurance which would be a backstop if there were an issue with the reserve. He stated that the reserves were healthy and the capital projects were funded without a large rate increase.

10. Commissioner Robinson said that residents would understand and it would be important

that the City have the ability to borrow money. He spoke in favor of increases of 15% and 15%.

11. Commissioner Maxwell said the Commission had to be mindful about how people feel about water and residents would notice a big tax increase. He deferred to the experts regarding the rate increases.

Bruce Miller, Finance Director, said that a large increase was never easy, but with the City would be better off with higher fund balances; there would be challenges obtaining funding with low fund balances.

12. Vice Mayor Amoroso said that he favored 20% and 15% increases.
13. Commissioner Maxwell asked if borrowing were not a factor, would the fund balances as important.

Mr. Miller replied that all the funds were tied together and a low water fund balance would affect borrowing for other departments.

Commissioner Maxwell said that a discussion would be necessary regarding all the capital needs of the City including a timeline when the money would be spent. He asked if all the capital needs were included in the projections.

Mr. Miller said that all the capital needs could be presented in a few weeks. we will get the fund balances up to where they need to be.

14. Mayor Triolo said spoke in favor of 15% and 15% or 20% and 15% increases followed by much lower increases when the fund balance would recover. She stated that the Commission would need to see all of the fund balances before making any decisions.

Mr. Burton stated that the fund balances were very important, the fund balances were needed as a buffer for unforeseen events.

**4. ADJOURNMENT:** The meeting was adjourned at 7:21 PM.

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Pam Triolo, Mayor

ATTEST:

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Deborah M. Andrea, City Clerk

Minutes Approved: August 6, 2019

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