

MINUTES OF THE REGULAR WORKSHOP MEETING
CITY COUNCIL
BOCA RATON, FLORIDA
MONDAY, APRIL 10, 2006
1:30 PM

The Workshop Meeting of the City Council of the City of Boca Raton, Florida was called to order by Mayor Steven Abrams at 1:30 p.m.

ATTENDING THE MEETING WERE:

Mayor Steven L. Abrams
Deputy Mayor Susan Whelchel
Council Member M. J. Mike Arts
Council Member Peter R. Baronoff
Council Member Bill Hager

Also attending the meeting were:

City Manager Leif J. Ahnell
City Attorney Diana Grub Frieser
City Clerk Sharma Carannante

PROCLAMATIONS:

National Telecommunicators Week: April 9 - April 15, 2006

Acting Police Chief James Burke accepted the proclamation on behalf of all the telecommunicators in Police Services; Communications Chief Raul Travieso recognized the telecommunicators in Fire Rescue Services.

National Volunteer Week: April 23 – April 29, 2006

Volunteer Coordinator Catherine Vanden Broeck accepted the proclamation on behalf of the City's volunteers.

1. BOARD INTERVIEWS:

- a. Advisory Board for the Physically and Mentally Challenged – five (5) vacancies due to term expirations of Joan C. Daly, J. Robert Gordon, Bernadette Krutchik, Gary E. Susser, and Jay Van Vechten, whose terms expire 04/23/06.

Bernadette Krutchik, J. Robert Gordon, and Jay Van Vechten expressed interest in reappointment.

- b. Environmental Advisory Board – three (3) vacancies due to term expirations of Elisabeth Hoffman, Andrew M. Gross, and Maggie Barszewski, whose terms expire 04/30/06.

Steven Wallace interviewed for a position on the Board; Elisabeth Hoffman expressed interest in reappointment.

2. PUBLIC REQUESTS:

John Stetz asked for an update on the status of the "generators" meeting. He then spoke in favor of retaining emergency dispatch at the local level and provided commentary related to Scripps, jobs, and affordable housing. The City Manager advised that staff is working on scheduling a meeting with gas station owners in the City, probably in early May, to discuss purchasing emergency generators. Mayor Abrams added that the State has not yet taken a position on generators, which could pre-empt a formal City ordinance; however, that would not stop the City from gathering information. Mr. Ahnell stated that while an official bill has come out of committee, nothing has been voted on yet. On the topic of Scripps, Mayor Abrams advised that Scripps was originally guaranteeing approximately 500 - 600 jobs for Scripps employees; the additional new jobs expected to accompany the relocation of Scripps related more to the spinoff jobs that would be created within the cluster in the private sector.

3. REVIEW OF REGULAR AGENDA ITEMS:

a. Questions relating to the agenda.

(Consent Agenda Item No. 3.d. – Resolution No. 44-2006 / Agreement with the Florida Department of Transportation {FDOT} and Palm Beach County for deployment of dynamic message signs on State Roads) Council Member Baronoff asked for clarification of dynamic message signs. Mr. Ahnell explained that they are road signs, similar to the electronic message mast arms used for Amber Alerts. These signs would convey traffic information to motorists on the major approach roadways to I-95. Responding to Mayor Abrams, Mr. Ahnell stated that FDOT controls the I-95 interchanges. However, local traffic signals are controlled by either the County or the City; consequently, a partnership must exist for major access roads.

(Consent Agenda Item No. 3.a – Fireworks Display for the Fourth of July) Council Member Baronoff questioned whether Florida Atlantic University (FAU), the venue for the fireworks display, participates in the cost. Mr. Ahnell advised that the City picks up the cost of fireworks and security, as it is a City event; FAU provides the location. Council Member Whelchel questioned whether the City considered using a barge off the beach for this activity. The City Manager stated that FAU has historically been the fireworks venue since they have a large amount of space available to accommodate the approximately 50,000 people who attend the display. Staff has been considering a change of venue for a long time, as FAU continues to build out the area. However, having the event on the beach would create additional challenges, not the least of which is traffic since the event is widely attended. Staff will continue to review this issue with the goal of relocating the fireworks display sooner than originally anticipated.

4. FUTURE AGENDA MATTERS/ITEMS OF COUNCIL/PUBLIC CONCERN:

a. Comprehensive Annual Financial Report (CAFR)

Deputy Director of Financial Services Celeste Lucia gave the PowerPoint presentation. She advised that, once again, the City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The Transmittal Letter was then reviewed, and those events that took place over the last year were highlighted. In addition, once again, the City received an unqualified audit opinion from KPMG; additional information on the Management Letter would be forthcoming later in the meeting from KPMG's representatives. The next section of the CAFR to be reviewed was the Management Discussion & Analysis (MD&A) highlights, which focused on specific financial data; details were provided. Ms. Lucia also reviewed graphs outlining Government-Wide Net Assets, Government-Wide revenues and expenses, and revenues and expenses for Business-Type Activities. Ms. Lucia also spoke to the City's General Fund balance, advising that it was very healthy and had increased \$8,163,000 from the prior year, due to the increase in property taxes and FEMA reimbursements. Additional information was provided in regard to the General Fund budget. The next section of the CAFR related to footnotes; current year debt activity was reviewed, followed by capital asset activity on both the governmental and business sides. The last section of the CAFR is the Statistical section; a 10-year comparative of ad valorem rates was provided. Ms. Lucia noted that the operating millage was increased in 2005 for the first time in six years. Another chart reflected the top five taxpayers in the City; Town Center Mall was rated as the highest taxpayer. Prior to annexation, the highest taxpayer was the Boca Raton Resort & Club. Ms. Lucia then concluded her presentation and answered questions from Council regarding the top five taxpayers in the City, water/sewer fund revenue, and property value increases. Mr. Ahnell provided additional information as requested.

c. Report to the City Council

Karen Mitchell, a partner with KPMG, provided opening comments and explained that KPMG conducted the audit according to generally accepted auditing standards as well as government auditing standards. Accounting policies and managements, judgments, and accounting estimates were touched on. There were no significant audit adjustments proposed. Ms. Mitchell advised that there were some past audit

differences; however, they were immaterial individually and in the aggregate. She then referenced sections of the CAFR that are un-audited, stating that KPMG still reviews that information for purposes of consistency with the audited financial statements. She added that KPMG had no issues with management and no difficulties in performing the audit; copies of significant written communications between the auditors and management were provided previously. KPMG affirmed that they were independent of the City of Boca Raton throughout the engagement. Ms. Mitchell then touched on quality controls before giving the floor to Elliot Nunez, Engagement Senior Manager, to report on the Management Letter.

b. Management Letter

Mr. Nunez stated that KPMG did not find any Management Letter comments. Also, the comments that existed previously had been cleared or addressed by staff. Ms. Mitchell provided additional clarification as requested. Topics touched on reserves and liabilities, how long KPMG had been the City's auditor, and whether a session with Council – minus the presence of executive staff – was necessary after presentation of the Management Letter. Ms. Mitchell advised that there was no need for a separate session. Financial Services Director Mervyn Timberlake provided information related to the selection process for procuring an independent auditor, advising that the City is comfortable with the abilities and independence of KPMG.

d. Annual Investment Report

Treasury Manager Carol Himes gave the report on the status of the City's investment portfolio as of the Fiscal Year Ending September 30, 2005. The value of the portfolio decreased from \$189 million in FY 2004 to \$179 million at the end of FY 2005. The decrease was due, again, primarily to the expenditure of funds to build the new fire station facilities and the new library. Ms. Himes then outlined distributions by investment type and maturity; interest rate trends were also identified. Ms. Himes noted that the portfolio was fully invested at fiscal year end but somewhat liquid for a period of time due to hurricane expenditures; however, several investments were recently made in yields ranging from 5.14% to 5.6%. She then concluded her report and answered questions from Council related to the Florida League of Cities' investment pool, distributions, and whether revenues dissipate throughout the year after the initial influx of ad valorem taxes are received.

f. Long-Range Financial Plan

Director of Financial Services Mervyn Timberlake gave the PowerPoint presentation. Assumptions, revenue history, expenditure history, revenue growth, and projected expenditures were highlighted, followed by pension costs and pension contributions. Mr. Timberlake explained that pension costs are expected to come down in 2007, due to a resetting of values as recommended by the actuarial firms and agreed to by the pension boards; details were provided in regard to smoothing averages. He added that, unfortunately, the City is unable to do this again for another five years and then answered questions from Council.

Mr. Timberlake stated that pension costs are significant. Next year, the General Employees pension contributions will increase 5.48%; Police Services will increase 9.78%; and Fire Rescue will increase 26.25%. He noted that Fire Rescue pension contributions were down from 32% last year, due to resetting the pension cost table as explained earlier. A comparison of next year's anticipated pension costs for general employees, police, and firefighters followed; the individual figures were \$2400, \$6300, and \$15,700, respectively.

Designations for the Planned Fund Balance were then reviewed, as was the Fund Balance. Mr. Timberlake answered questions from Council; discussion focused on property insurance and the ability of the City to fund emergency items, such as hurricanes, without having to borrow money. Resources Forward were then outlined, and a chart showing total General Fund expenditures versus available funds was reviewed; details were provided. A comparison of municipal property taxes followed; Mr. Timberlake stated that the City has the highest assessed value but the lowest millage rate. Recommendations were reviewed; attention was given to the proposed fire service assessment fee, which may be implemented in fall of 2006. Details were provided in regard to the Water and Sewer Fund; he voiced concern over

Florida Power & Light increases of approximately 40% at the water/sewer plant, advising that further review was needed. Additional review focused on Water/Sewer Revenue, the Transportation Fund, and the Beautification Fund, which showed a deficit in the last year due to hurricane expenses, as FEMA will not provide reimbursement; the City Manager provided additional information to Council as requested. The Stormwater Utility Fund, the Golf Course Fund, and the Cemetery/Mausoleum Fund were reviewed. Mr. Timberlake explained that this last, small fund, which is not very remunerative, had required transfers from the Perpetual Care Fund. Mr. Ahnell explained that the City is contractually obligated to maintain the mausoleum buildings in perpetuity, which will have significant long-term financial impacts to the City's tax base and tax rates; staff will discuss this issue with Council in the future. Mr. Timberlake went over the recommendations for improving the performance of the Cemetery/Mausoleum Fund. He then concluded his presentation and answered questions from Council related to revenue growth, costs related to licensing and permits, and the fund balance.

b. Six-month General Fund Update

Mr. Timberlake gave the PowerPoint presentation, providing revenues and expenditures as of the end of March 2006. Details were provided regarding FEMA reimbursements and fund transfers, due to the hurricanes. Mr. Ahnell explained that the figures are a bit distorted, again, due to the hurricanes. The typical target of the general fund balance is the \$20 - \$24 million range. He added that once the hurricanes "cycle through," dollars would be replenished. Council Member Baronoff commended staff for their efforts and asked that a one-page summary of this report be provided on either a quarterly or monthly basis. It was determined that a quarterly summary would be provided.

5. CITY MANAGER REPORTS:

The City Manager had nothing to report at this time.

6. CITY ATTORNEY REPORTS:

The City Attorney distributed a proposed resolution, which she planned to ask Council to include on tomorrow night's agenda. She explained that last week, with little notice, Palm Beach County made an effort to insert an amendment into their Comprehensive Plan, thereby affecting the Traffic Performance Standards (TPS) ordinance, which substantially controls concurrency and traffic issues related to development. Specifically, the County attempted to insert an exemption regarding workforce housing. Ms. Frieser advised that almost all cities in Palm Beach County have taken the position that the County does not have home rule and zoning authority over the municipalities; this authority is not ceded over to the County. An intergovernmental hearing has been postponed for 60 days, following advocacy by the Florida League of Cities; staff plans to attend same. Meanwhile, the City Attorney had prepared this resolution to address the issue and express the City's position. Council had no objection to placing this item on the Consent Agenda.

7. MAYOR AND COUNCIL MEMBER REQUESTS AND REPORTS:

Council Member Whelchel asked for an update on the telecommunications bills. Mr. Ahnell explained that staff had contacted the City's lobbyists, the Florida League of Cities, and various legislators to gain support in opposition to the bills. He noted that there are Federal bills being introduced now as well. Council Member Arts questioned whether there were any local revenue opportunities at all should the bills pass. Mr. Ahnell stated that one bill eliminates local revenue funding; the other keeps it neutral.

Council Member Hager complimented Mr. Ahnell and the financial team for their outstanding reports.

Mayor Abrams referred to a fire that occurred in March on the Intracoastal; he questioned whether the City responded. Mr. Ahnell is to follow up. Mayor Abrams then mentioned the recent Philharmonic concert that took place at Mizner Park, advising that upwards of 4,000 people attended this outstanding performance.

The regular workshop meeting of the City Council of the City of Boca Raton, Florida, adjourned at approximately 3.24 p.m. on Monday, April 10, 2006.

Vanessa Hines, Assistant City Clerk