

**MINUTES  
CITY OF LAKE WORTH BEACH  
CITY COMMISSION BUDGET WORK SESSION #4  
BY TELECONFERENCE  
THURSDAY, AUGUST 27, 2020 - 6:00 PM**

The meeting was called to order by Vice Mayor Amoroso on the above date at 6:03 PM by teleconference from City Hall, 7 North Dixie Highway, Lake Worth Beach, Florida.

1. **ROLL CALL:** Present were Vice Mayor Andy Amoroso; and Commissioners Scott Maxwell, Omari Hardy (arrived at 6:13 PM) and Herman Robinson. Also present were City Manager Michael Bornstein and City Clerk Deborah M. Andrea. Mayor Pam Triolo was absent.
2. **PLEDGE OF ALLEGIANCE:** led by Commissioner Herman Robinson.
3. **UPDATES/FUTURE ACTION/DIRECTION:**

A. Presentation by Stantec of all funds for FY 2021

Bruce Miller, Finance Director, stated that the City had been going through the budget processes with tonight having the fourth presentation. He reported that the budget was essentially balanced after a tremendous amount of work and Finance was working with Stantec for the long-term projections; the preliminary capital program was embedded in the projects to give good analysis on future debt service. He introduced the consultants from Stantec, David Hyder, Senior Principal, Leticia Doohaluk, Managing Consultant, and Jacob Silence, Senior Analyst.

Vice Mayor Amoroso asked the Commissioners to wait to ask questions until the end of the presentation.

Mr. Hyder explained the three components of Integrated Financial Sustainability, developing a forecast of each fund, providing a framework to consider various scenarios and the ability to meet targets and developing a long-term financial management plan. He spoke about the key factors that would affect the forecast and the funds such as COVID-19, the new bond proceeds and the restructuring of existing debt.

1) Beach Fund

Mr. Hyder estimated that parking revenues would be down significantly due to COVID-19 and lease revenues would be delayed until 2021. He reported that the Beach Fund received a \$5.48M contribution to working capital from the 2020 Series B bonds, \$4.35M would be used to repay the debt to Water, Insurance and Capital Funds. He said that the annual debt service payments would average \$386,000 thru FY 2040 and that the bond proceeds would allow for a positive cash balance with reserves staying above the two month target. He recommended increasing the parking rate by \$.50 hourly beginning in FY 22.

2) Refuse Fund

Mr. Hyder stated that the refuse fund had not been affected by the pandemic and the actual revenues from FY 19 were higher than projected. He said that there would be a 5% rate increase and the fund looked very healthy.

3) General Fund

Mr. Hyder said that COVID had affected the General Fund resulting in \$1.6M and \$1.0M lower projected revenues in FY 20 and FY 21. He stated that the fund would receive approximately \$5 million in working capital from the bond proceeds, which would cost \$340,000 in debt service. He explained that there would not be a change in the millage rate.

4) Local Sewer Fund

Mr. Hyder stated that projected revenues would be lower starting in FY 21, which reflected a rate adjustment of 7.5% versus prior year assumption of 15.0%. He iterated that the fund had received \$334K contribution to working capital from the 2020 Series B bonds, resulting in annual debt payments averaging \$23,500. He said that the new CIP borrowing was estimated at \$8.2M through FY 26 with annual debt payments averaging \$475,000. He suggested a 7.5% adjustment in FY 21 followed by 3.25% annually through FY 25.

5) Water Fund

Mr. Hyder said that a rate increase would not be needed next fiscal year because of the repayment of the \$2.64M debt from the Beach Fund. He relayed that the fund had received a \$3.1M contribution to working capital from the 2020 Series B Taxable bonds with annual debt payments averaging \$218,000. He stated that the City's Financial Advisor had provided estimated restructuring of 2013 Bank of America loan with annual debt service payments averaging \$521K through FY 2031 and \$1.2M from FY 2032 thru FY 2050. He projected new CIP borrowing of \$15.3M through FY 26 with annual debt payments averaging \$873,000 and stated that the cash balance would be building up above the recommended four months. He did a comparison of the water and sewer rates within current jurisdictions.

6) Stormwater Fund

Mr. Hyder stated that starting in FY 21 the annual revenues were projected to be lower, FY 21 included no rate adjustment versus the prior study estimation of a 5% increase and FY 22 and beyond now reflected 3% annual adjustments versus 5% in the prior study. He said that the fund had received a \$1.4M contribution to working capital from the 2020 Series B Taxable bonds with annual debt payments averaging \$98,500, received \$2.37M in capital project proceeds from the 2020 Series A tax-exempt bonds with annual debt service payments averaging \$183,000 and the projection assumed the future issuance of \$2.3M thru FY 26 to pay for capital projects.

7) Electric Fund

Mr. Hyder announced that the fund would receive \$770K for working capital, \$140K for capital projects and debt restructuring would lower the annual loan payments. He said that the CIP included \$143M in projects through FY 26, which would require debt; some projects might be stretched out to enable less borrowing. He showed a comparison of monthly residential bills from different municipalities, with LWB in the middle.

Comments/requests summary:

1. Vice Mayor Amoroso asked what would cause the dip in the General Fund in the future and why the \$.50 suggested parking rate increase would begin in FY 22, not in FY 21 to get ahead of it.

Mr. Hyder replied that the dip would be due to growth in personnel, which had the biggest effect on General Funds, and the City could raise parking rates next fiscal year.

2. Commissioner Robinson said that he would prefer to see rate increases spread out. He stated that FPL would be raising its rates, hopefully to match the City's electric rates. He asked about the difference in the CIP numbers.

Ed Liberty, EU Director, responded that FPL would be raising their costs, but the amount was unknown. He said that the EU numbers were not the numbers on the bill; the true difference in rates with FPL was approximately 6%. He said that the difference in the numbers was because there were other projects in the CIP in addition to the system hardening and reliability improvements.

3. Commissioner Hardy asked how much of the EU's \$65M was rate revenue and the number of accounts.

Mr. Liberty replied that the budget was set at \$61M in total revenue and projected revenue was \$58 or \$59M.

Mr. Miller responded that FY 20 total sources of funds was budgeted at \$61.5M and FY 22 was projected to be \$62.3M, \$61M of which was from fees.

Ms. Doolahuk said that the rate revenue would be \$53M. She said that it was the customer charge from FPL and the usage charge

Commissioner Hardy asked if the gap between what LWBEU and what FPL customers paid was the same for residential and commercial accounts.

Mr. Liberty said that exact comparisons would be difficult as there was no commercial data from FPL; the City's commercial rates were higher than FPL. He stated that the gap was 6.26%.

4. Commissioner Maxwell stated that the questioning should be germane to the budget.

Vice Mayor Amoroso inquired why Commissioner Hardy was pursuing his line of

questioning and reminded him that the rates had been lowered over the years.

Commissioner Hardy replied that he was asking questions about the impact of the gap. He objected to raising revenue in that way.

Mr. Liberty stated that any money coming into the EU was not coming out of the City, it paid its own way and generated cash that was reinvested in the community.

5. Vice Mayor Amoroso said that there was discussion about raising parking rates \$.25 this year and \$.25 next year.

Commissioner Hardy stated that the Commission should not set parking rates.

6. Commissioner Hardy asked the consultants for clarification of working capital related to the General Fund and the effect of the debt in the future. He expressed appreciation for the work Stantec had done.

Ms. Doolahuk responded that working capital included unassigned fund balance and the debt would be included in the future budgets; the City would pay \$365,000 per year towards the debt. She said that the projected debt would be 2.9% in FY 22 and would improve as the ad valorem increased (approximately 7% per year), but the debt would stay the same.

Mr. Hyder stated that the ad valorem grew approximately \$2M a year so the debt service would not show up in the liabilities.

7. Commissioner Robinson said that borrowing was good when rates were low. He opined that LWB should be an attractive place to live and provide amenities based on its budget. He expressed concern with not starting to repay the debt in FY 21.

Vice Mayor Amoroso thanked Stantec, Clyde Johnson, City Manager Bornstein, Assistant City Manager Ruiz and City staff for their hard work.

B. Presentation of Capital Budget Plan for FY 2021 by Bruce Miller, Finance Director

1. CIP – General Government Funds
2. CIP – Enterprise Funds

Mr. Miller stated that the Commissioners had received the spreadsheet listing the capital projects as well as the accompanying detailed project sheets and he would do an overview without getting into the details. He explained that the FY 20 Governmental Fund CIP would roll forward and go until FY 25. He stated that column L included revisions from the previous year as well as new FY 21 requests and were paygo from current revenue fund balances that had to be made. He described column P which included grants, transfers from other funds, sales tax and new borrowing and said that the final columns were a summation for five year total for each department. He said that detailed analysis had been provided for each project and suggested the Commissioners review the information and bring questions back later.

Vice Mayor Amoroso iterated that senior staff was always available to answer any questions.

City Manager Bornstein thanked Stantec and staff for rising to the occasion during a very difficult year. He said that the budget would be adopted next month and the goal was to meet the strategic plan initiatives. He stated that it was important that the City not overextend itself and staff was continually overseeing the numbers; there was a lot of interest from developers coming to the City and development was starting to happen. He expressed optimism for the City's future.

Commissioner Robinson stated that the City was spending a lot of money on smaller items that were not necessary and did not understand how priorities were set.

Commissioner Hardy echoed Commissioner Robinson's remarks. He said that many cities were foregoing CIP in light of the scarcity of resources due to the economic environment and the City was betting it could handle the new debt service. He expressed appreciation for the hard work staff did on the Commission's behalf.

Vice Mayor Amoroso expressed confidence in the City's staff and suggested that Commissioners get information from staff to bring to a public meeting.

Mr. Miller explained that the City had spent time to put the City in the best position with advice from Davenport, Bond Counsel and Stantec. He said that the City had restructured its working capital to create flexibility and the borrowing was across all of the funds.

4. **ADJOURNMENT:** The meeting adjourned at 7:27 PM.

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Pam Triolo, Mayor

ATTEST:

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Deborah M. Andrea, CMC, City Clerk

Minutes Approved: September 15, 2020

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