LAUDERDALE BY·THE·SEA

TOWN OF LAUDERDALE-BY-THE-SEA
TOWN COMMISSION
SPECIAL MEETING MINUTES
Jarvis Hall
4505 Ocean Drive
Wednesday, September 14, 2022
5:30 PM

1. CALL TO ORDER, MAYOR CHRIS VINCENT

Mayor Chris Vincent called the meeting to order at 5:35 p.m. Also present were Vice Mayor Edmund Malkoon, Commissioner Alfred "Buz" Oldaker, Commissioner Theo Poulopoulos, Commissioner Randy Strauss, Town Manager Linda Connors, Town Attorney Susan Trevarthen, Deputy Town Manager/Public Works Director Ken Rubach, Assistant to the Town Manager Courtney Easley, Director of Budget and Finance Lucila Lang, Development Services Director Jhanelle Campbell, Special Events and Marketing Manager Debbie Hime, and Town Clerk Katrina Adler.

2. PLEDGE OF ALLEGIANCE

3. RESOLUTIONS

a. Resolution 2022-39 Proposed Millage Rate: A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ESTABLISHING THE PROPOSED TOWN AD VALOREM TAX MILLAGE RATE AT 3.5000 MILLS PER THOUSAND DOLLARS OF TAXABLE ASSESSED VALUE, WHICH IS 12.86% ABOVE THE ROLLED BACK RATE MILLAGE RATE OF 3.1012 MILLS COMPUTED PURSUANT TO STATE LAW, FOR THE 2022 TAX YEAR; ANNOUNCING THE SECOND AND FINAL PUBLIC HEARING TO ADOPT THE FINAL MILLAGE RATE.

At this time Mayor Vincent opened public comment.

Barbara Cole, resident, stated she was not in favor of raising the millage rate due to its potential effects on many Town residents. She felt it was possible for the Town to make all the improvements it needs without raising this rate.

Ron Piersante, resident, advised that Town residents are not concerned with the proposed millage rate increase, and noted that the fiscal year (FY) 2023 budget prepared by the Town Manager was both detailed and thorough. He felt the small increase would help the Town plan for sustainability.

With no other individuals wishing to speak at this time, Mayor Vincent closed the public hearing.

Director of Budget and Finance Lucila Lang stated that the purpose of tonight's meeting is to present the Town Manager's FY 2023 proposed budget, which was prepared based on a millage rate of 3.5000. Ad valorem taxes are the Town's largest source of revenue. At this proposed rate, the Town will collect approximately $10.1 million, which is roughly $1.1 million more than what was collected in FY 2022 and $311,000 more than what would be collected if the millage rate was 3.3923.

Director of Budget and Finance Lang recalled that at the July 26, 2022 Town Commission meeting, the Commission approved the tentative millage rate of 3.5000, which was included in the Truth in Millage (TRIM) notices sent to residents by Broward County. This gave residents and commercial property owners an opportunity to contact the Town or attend tonight's hearing to share any concerns. Thus far, the Town has received no comments regarding the proposed increase. Staff has also met with several individual residents to review the budget and explain the increase. No opposition was communicated during these meetings.

Director of Budget and Finance Lang reviewed the exhibits provided to the Commissioners in their backup materials, which included:

- FY 2023 scenarios with different millage rates: this document includes scenarios calculated using the rolled back rate of 3.1012, the FY 2022 rate of 3.3923, this year's proposed rate of 3.5000, and additional scenarios for purposes of review
- Residential millage rate scenarios: this document shows the impact of the proposed rate on four different parcels within the Town, also calculating scenarios with the rates listed above
- Commercial business rate scenarios: this document shows the financial impact of the proposed rate on randomly chosen commercial properties within the Town

Director of Budget and Finance Lang advised that the final millage rate will be established and final budget approved at the September 28, 2022 Commission meeting. She showed a brief video in review of the proposed budget, which will be available on the Town's website.

Town Manager Linda Connors provided an overview of the proposed budget, which is based on a 3.5000 millage rate. This rate represents an increase of 0.1077 mills, and would be tied with Hillsboro Beach for the lowest millage rate in Broward County for FY 2023. It will give the Town slightly more funding so they can plan for sustainability while moving away from using reserve funds to balance the budget.

Just over 40% of the Town's money is spent on the Police Department, while just over 20% is spent on Public Works. The budget includes the following categories:

- Public safety
- Capital improvement projects
- General government
- Culture and recreation

The proposed budget had to absorb $360,000 in contract increases for FY 2023. The Town is also purchasing the South Ocean parking lot. An additional member of Town Staff has been requested in the Public Works Department to ensure full coverage. Other costs include construction, fleet maintenance, and utility work.

The proposed budget includes an increase for the Community Center so they can enhance their offerings to the public. Two new events, Kids By The Sea and an outdoor movie night, are proposed. Funds are also included for the planning of the Town's 75th anniversary, which will occur in FY 2024. Merit-based salary increases for Town employees are also included in the budget.

Town Staff has significantly reduced costs in the Visitors Center and reduced the Town's advertising, business development, and marketing costs by almost half. They minimized or postponed a number of projects, eliminated costs for a dog park, and are planning for reserves before moving forward with capital improvement projects.

Town Manager Connors concluded that the proposed increase of 0.1077 mills will affect the average homeowner's annual tax bill by less than $50 per month. The proposed millage rate would return the Town to the same rate used in FY 2020 and 2021.

Town Manager Connors advised that Staff reviewed the Town's 2008 budget, noting that in that year, an office specialist was hired at a salary of $24,500. For the same position in 2023, the salary would range from $42,000 to $64,000. The Public Works budget has grown by over $2 million since 2008.

The following Item was taken out of order on the Agenda.

c. Resolution 2022-41 Tentative Budget FY23: A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ADOPTING THE ATTACHED TENTATIVE TOWN BUDGET FOR THE 2022-2023 FISCAL YEAR; ANNOUNCING THE SECOND AND FINAL PUBLIC HEARING TO ADOPT THE FINAL TOWN BUDGET FOR THE 2022/2023 FISCAL YEAR.

At this time Mayor Vincent opened public comment.

Barbara Cole, resident, stated that in FY 2010, the Town's full-time Staff was cut in favor of using contract employees whenever possible. She noted that a significant amount of work is still contracted out but not itemized. She felt parking fees could be raised and short-term rentals charged more in order to save Town taxpayers money.

With no other individuals wishing to speak at this time, Mayor Vincent closed the public hearing.

The Commissioners returned to discussion of Item 3.a at this time.

Commissioner Oldaker stated that the proposed millage rate of 3.5000 is a minimal increase which will help relieve additional stress on Town Staff. He emphasized that the millage rate is not a competition, but represents a conservative approach on how the Commission and Staff hope to operate the Town.

Vice Mayor Malkoon stated that he did not consider the proposed millage rate a small increase, as it would bring in over $1 million. He confirmed that most of the increases in the budget are contractual, citing the Broward Sheriff's Office (BSO) as one example. He stated that he was in favor of increasing parking rates and vacation rental licensing fees where necessary. The Parking Fund earns approximately $1 million per year.

Vice Mayor Malkoon asked if the purchase price of the South Ocean lot was factored into this amount. Town Manager Connors clarified that the $1 million purchase of the South Ocean lot would offset the annual revenue increase each year for the next three years. The Town anticipates that parking revenue will increase regardless of whether or not rates are raised.

With regard to vacation rental properties, Town Manager Connors explained that the Town's hands are tied with regard to most of these properties due to state requirements. The Town may not charge these properties additional fees for services. She noted that the Town may revisit its application fees, which have not changed in some time; however, these fees make up a very small portion of the Town's budget.

Vice Mayor Malkoon asked if there is the possibility of taking two years rather than three to purchase the South Ocean lot, which would bring the parcel and the larger percentage of its revenues under the Town's control sooner than contemplated. Town Manager Connors replied that this had not been considered, but noted that the seller could be asked if they were interested in this option.

Vice Mayor Malkoon explained that his intent with this suggestion was to increase the Town's revenue. Town Manager Connors confirmed that the Town also has an emergency reserve of $2.5 million. While she and Deputy Town Manager/Public Works Director Ken Rubach had discussed increasing this reserve to $3 million in FY 2023, they had ultimately decided not to proceed with this plan, as it would have offset the budget further than desired.

Vice Mayor Malkoon continued that once the Downtown redesign is complete, the Town will discuss adding some of the costs of this plan, such as regular pressure cleaning, into the Downtown businesses' sidewalk café licenses. He asked if there might be cost savings that could be realized in this portion of the budget.

Town Manager Connors advised that the Town is receiving $511,000 from the state for the Codrington Drive project. This is a direct line item in the state's budget and these funds have been included in the Capital Improvement Program (CIP), as have the $3.2 million the Town received through the American Rescue Plan Act (ARPA). $1.6 million of ARPA funds were budgeted in the current fiscal year, with the remaining $1.6 million budgeted in FY 2023.

Vice Mayor Malkoon concluded that he felt the Town is currently in a good position, and was seeking to determine whether or not it might be possible to remain at the current millage rate, which he pointed out would still represent an increase.

Mayor Vincent also addressed the possible early payment of the balance due on the South Ocean lot, asking whether or not the Town might be able to earn more money by paying off this balance early. Town Manager Connors replied that this has not been considered as a scenario, as her intent in creating the budget had been to spread these costs out over time; however, she stated that the Town can discuss this possibility with the seller to determine if he would be interested in an acceleration of payment.

Town Manager Connors added that the Town has only invested a very small amount of its funds, both currently and historically. She and Director of Budget and Finance Lang have worked together to consider whether or not there are additional investment opportunities for the Town. This could raise additional funds that could be used to improve the Town's financial infrastructure.

Town Manager Connors continued that she has also looked into ways to keep staffing levels down by becoming more efficient. When new Staff members are hired, the Town considers its organizational structure to determine the appropriate positions at which new hires are brought on. She concluded that the proposed increase to the millage rate was not suggested lightly: Staff felt it was necessary in order to be successful in FY 2023 and future years.

Mayor Vincent requested that Staff look into how the South Ocean lot's revenue stream would be affected if the Town completed payment to this property earlier than discussed, which would lessen the percentage of revenue being paid to the seller. Director of Budget and Finance Lang estimated that the gross revenue from the South Ocean lot is roughly $100,000, while the net income to the Town is 15%. The seller's net income is 85%.

Mayor Vincent continued that a new hire in the Public Works Department in 2008 will have experienced an increase of approximately 50% over the last 14 years. The same would be true of the Public Works Department overall. He asked where this increase has gone during the same time frame. Deputy Town Manager/Public Works Director Ken Rubach replied that since 2008, the Downtown area and West Commercial Boulevard have been redesigned, beach maintenance costs have increased significantly, and all Town contracts have increased by at least 10%. Mayor Vincent commented that it is difficult to determine where costs might be cut without seeing a breakdown of all increases.

Deputy Town Manager/Public Works Director Rubach continued that there have also been increases in the amount of regular maintenance services, such as landscaping, storm sewer work, and sanitation. Mayor Vincent pointed out that the budget was presented as having an increase in salaries and nothing else. Deputy Town Manager/Public Works Director Rubach noted that the line item for the increase is inclusive of both labor and services.

Mayor Vincent noted that this substantial increase in municipal services, including contract costs, has not been brought to the Commission's attention over the past few fiscal years. Deputy Town Manager/Public Works Director Rubach advised that the proposed increase has occurred over time rather than over the one fiscal year. Mayor Vincent noted that the Commissioners' backup materials do not show the incremental increases between 2008 and 2023, which would reflect the increases over time. He felt this constituted a "red flag" with respect to determining what the Town's actual budget should be.

Commissioner Oldaker observed that the Town's emergency funds should remain separate from the pool of other available funds. He added that estimates for projects have increased significantly, citing the Tradewinds Avenue project as an example. He was not in favor of using available funds, including emergency funds, to fill budget gaps. He characterized the Parking Fund in particular as a "rainy day fund," intended to supplement funding toward projects, and added that he was in favor of raising parking rates.

Commissioner Oldaker continued that while the housing market is currently strong, interest rates are rising and home purchases have slowed. He favored a conservative approach in which the Town's fund balances are maintained, as well as taking advantage of the financing available for the South Ocean lot.

Commissioner Strauss stated that he was confident that the real estate market will continue to trend upward, at least for the next year. Even if this does not happen, he felt the Town is capable of making budget cuts to offset any decrease. He was not certain that raising the millage rate to 3.5000 was the best possible option for the Town's property owners.

Commissioner Strauss continued that the difference between the FY 2022 millage rate of 3.3923 and the proposed FY 2023 millage rate of 3.5000 is approximately $300,000. He felt this amount could be made up in other ways, such as raising parking rates, earning interest on Town monies that have not been invested in the past, or paying for the South Ocean lot earlier than planned. He concluded that the Town should maintain the current millage rate of 3.3923.

Commissioner Poulopoulos stated that he was not confident that property values would remain at their current levels in the future, and that inflation is likely to continue, raising wages across the board. He emphasized the importance of keeping good Staff members. He also pointed out that some of the Town's real estate properties have recently reduced their prices in recent times, which he felt was the beginning of a downward trend.

Commissioner Poulopoulos concluded that while this was against his political instincts, he felt the 3.5000 millage rate was the most appropriate way to move forward. This would still be tied for the lowest millage rate in the County and would help Lauderdale-By-The-Sea to continue to be Broward County's most presentable municipality.

Mayor Vincent commented that South Florida has been the last location to enter a recession and the first to recover from one in recent years. For this reason, he was confident that the Town would be able to weather any coming changes in the financial market. He felt that the Town would be able to make up the $300,000 difference through the Parking Fund or other proprietary funds, particularly if rates are increased.

Commissioner Oldaker made a motion, seconded by Commissioner Poulopoulos, to make the millage rate 3.5000. Motion failed 2-3.

Commissioner Strauss made a motion, seconded by Vice Mayor Malkoon, to keep the millage rate at 3.3923. Motion carried 3-2.

Town Attorney Susan Trevarthen stated that the proposed 3.5000 millage rate had been 12.86% above the rolled back rate. The adopted rate of 3.3923 is 9.386% above the rolled back rate. The second and final public hearing on the Town's millage rate will be held on Wednesday, September 28, 2022.

Town Attorney Trevarthen recommended that the Commission address the Town's budget under Item 3.c.

Commissioner Poulopoulos asked how the Commission would be able to vote on the budget, as it would need to be amended to reflect the change from the proposed millage rate. Town Attorney Trevarthen clarified that the budget would be $311,189 lower than the budget proposed under the millage rate of 3.5000.

Town Manager Connors advised that $200,000 was included in the proposed budget for consideration of Circuit transportation. She suggested that this be removed. The remaining shortfall could be made up from the Town's reserve account, or by removing a proposed Staff position at roughly $50,000 and the Kids By The Sea event at $20,000.

Town Manager Connors also pointed out that there may be room for the removal of projects from the CIP. She recommended retaining the proposed Jarvis Hall upgrades and pedestrian improvements.

It was suggested that the repaving of streets be removed from the CIP, and any additional funds would be removed from the proposed Circuit item. Commissioner Strauss suggested that improvements to the park be removed from the budget instead of from street repaving. Town Manager Connors stat that the Town's street survey could more easily be postponed for another year, while the park's base structures have already been postponed for one year and are beginning to rust.

Mayor Vincent asked if there are any areas of concern or safety that would require repaving in FY 2023. Deputy Town Manager/Public Works Director Rubach replied that pavement is not crumbling at any locations, although there are areas, including the Bel Air neighborhood, in which depressions have occurred. He felt these areas could be postponed for another year, although he recommended against delaying them for a longer period.

Vice Mayor Malkoon recommended taking a closer look at the proposed changes to the budget before making a decision on where the $311,189 would come from. Town Attorney Trevarthen explained that any proposed changes are tentative and would not be finalized until the September 28 meeting.

Commissioner Poulopoulos suggested that the Commission also consider reducing the amount budgeted for the FY 2023 Downtown redesign from $1.2 million to approximately $900,000. Town Manager Connors recommended that since tonight's changes are tentative, any changes should be taken out of reserves for the purposes of approval. Staff will then review the budget and make recommendations at the September 28 meeting.

Vice Mayor Malkoon made a motion, seconded by Commissioner Strauss, to accept the budget, utilizing the reserve funds to make up the difference in the millage. Motion carried 4-1.

b. **Resolution 2022-40 FY 23 Final Fire Assessment Fees: A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA, ESTABLISHING THE FINAL FIRE ASSESSMENT RATE ON PROPERTY THAT IS SPECIALLY BENEFITED BY FIRE PROTECTION SERVICES FOR THE FISCAL**

YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023; CONFIRMING THE FINAL ASSESSMENT ROLLS AND LEVYING SUCH SPECIAL ASSESSMENTS.

At this time Mayor Vincent opened public comment, which he closed upon receiving no input.

Vice Mayor Malkoon noted that the Commission had received a written public comment on this Item from Town resident Ken Brenner. Town Manager Connors explained that Staff will provide Mr. Brenner with the information he had requested, but did not plan to perform any additional analyses to provide information they did not currently have.

Commissioner Poulopoulos made a motion, seconded by Commissioner Strauss, to approve Resolution 2022-40. Motion carried 5-0.

4. **ADJOURNMENT**

With no other business to come before the Commission at this time, the meeting was adjourned at 6:54 p.m.

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Mayor Chris Vincent

ATTEST:

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Katrina Adler
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10/20/2022

Town Clerk Date

SIGN IN SHEET FOR **PUBLIC COMMENTS** ONLY

PLEASE PRINT CLEARLY **Date:** 9-14-22 5:30

Public Comments are limited to three (3) minutes.

If no Item number is specified, you will speak at the Public Comments section of the Meeting.

Name:	Address:	Item #
Barbara Cole	LBTS	3 ABC
Ron Piersante		