

City of Delray Beach

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Minutes - Draft

Tuesday, August 13, 2019

4:00 PM

Budget Workshop at 4:00 PM

Delray Beach City Hall

City Commission

Mayor Shelly Petrolia
Vice Mayor Shirley Ervin Johnson
Deputy Vice Mayor Bill Bathurst
Commissioner Adam Frankel
Commissioner Ryan Boylston

Pursuant to Section 3.12 of the Charter of the City of Delray Beach the Mayor has instructed me to announce a Workshop Meeting of the City Commission to be held for the following purposes:

Mayor Petrolia called the Budget Workshop Meeting to order at 4:00 p.m.

The roll call was taken by the City Clerk.

The following were in attendance:

Mayor Shelly Petrolia
Vice Mayor Shirley Ervin Johnson
Deputy Vice Mayor Bill Bathurst
Commissioner Adam Frankel
Commissioner Ryan Boylston

Others present were:

Neal de Jesus, Interim City Manager
Lynn Gelin, City Attorney
Katerri Johnson, City Clerk

WS.1. [19-765](#) PRESENTATION BY JIM SMITH, GENERAL EMPLOYEES PENSION BOARD CHAIR

Attachments: [Agenda Cover Report](#)
[Assumption Changes Explanation for City Commission Meeting](#)
[Delray Beach General Employees Retirement Plan 10-1-2018](#)
[Valuation Report Updated](#)
[Delray Beach General Employees Retirement Plan - 2018](#)
[Experience Study Report](#)
[LCI Report](#)

Jim Smith, 1225 S. Ocean Boulevard, Delray Beach, speaking on behalf as Chair of the General Employees' Pension Fund Committee, gave a brief explanation as to why the City's contribution to the General Employees' Retirement Plan will increase by \$506,000 from last year's contribution of \$2,360,000. Mr. Smith explained that the increase primarily was due to changes made in reducing the General Employees' assumed investment rate of return from 7.25% to 6.75% and other factors include 20 more active employees which cost the City approximately \$185,000 off-set by investment gains for the year.

Mayor Petrolia commented about the increase in the mortality numbers for the population as a whole and because of that, the City's Plans are having to pay out longer than they would have anticipated the mortality at a previous timeframe.

Mr. Smith explained that this is a new expenditure and there are only two ways to control the costs of the Pension Plan. One, reduce the benefits and second, ask the existing and future employees to pay a little more.

Mayor Petrolia inquired about the last time there was an increase in the contribution by the employees. Mr. Smith stated the last time there was an increase in contributions by the employees was October 6, 2010.

A brief discussion between Mr. Smith and the City Commission ensued about the Leroy Collins Institute Study.

Commissioner Frankel stated according to the Leroy Collins Institute Study (pg. 11/12), there is a list of the top performing pension plans in the State and for General Employees Delray is rated "A" by this institute. Commissioner Frankel publicly commended Mr. Smith for his leadership, investing, and the numerous hours he puts into this. Commissioner Frankel stated the Committee wanted to do the opposite of what the Fire-Rescue Department did at the last minute at the budget hearing last year. He noted there was extensive conversation about lowering the assumed rate of return; it was not done, and there was debate. However, Commissioner Frankel stated through discussion and information, he feels it is the right decision, and while it might be a hit currently, in the long run it would go towards the Plan and the City.

Mr. Smith suggested that the City consider going to a third party administrator instead of two full-time employees.

For clarification, Vice Mayor Johnson stated the decision is being made by the City Commission as to what they are going to do and those choices are as follows: (1) reduce the benefits, (2) increase the employees contributions, or (3) continue to bear the full cost of writing checks longer and having a reduced rate.

For clarification, Interim City Manager de Jesus stated the firefighter salaries that Mr. Smith was given do include pension costs. Interim City Manager de Jesus stated with respect to collective bargaining, the City Commission would set direction to the City Manager who would then either negotiate or direct the department head and Human Resources to negotiate. He stated typically the City Manager stays out of negotiations, is briefed, and carries the direction as he is briefed by the team. Interim City Manager de Jesus suggested that when the new manager begins, that the City Commission begin to speak with him about how they would like that to go.

A brief discussion between Interim Chief de Jesus stated Mayor Petrolia ensued.

Vice Mayor Johnson commended Mr. Smith for his work. In addition, Vice Mayor Johnson stated she would like to see the City be more diligent and responsible.

Deputy Vice Mayor Bathurst stated he likes that the Pension Board is being aggressive in bringing the assumption forecast to the City Commission as early as they can. He stated for the long-term stability of these plans and Human Resources (or whoever it is working with the employees) how they understand that there might be some changes with the long-term sustainability. Deputy Vice Mayor Bathurst stated he feels it is very important to inform people.

For the record, Interim City Manager de Jesus stated the collective bargaining contract is not up for renewal until October 2021.

WS.2. [19-807](#)

FISCAL YEAR 2019-20 PROPOSED BUDGET

Each year the City of Delray Beach (City) City Manager and his Budget Team meet with all City departments and divisions to gather information in preparation of the next fiscal year's budget. Attached is the proposed Preliminary Budget for Fiscal Year 2019-2020. This is a Workshop for discussion on the proposed budget. First reading of the budget has been scheduled for September 5th and adoption for September 17th.

Attachments: [Agenda Cover Report](#)

[Budget Book FY20 - FINAL - AGENDA](#)

[City Of Delray Beach Budget Workshop Presentation 81319 - CM-](#)

[FINAL CIP Presentation 081319](#)

Interim City Manager de Jesus stated staff presented the following three options at the millage hearing of July 9, 2019: (1) one-tenth of a mill reduction, (2) remain at current millage, or (3) one-tenth of a mill increase. Interim City Manager stated it was the will of the City Commission to go with a one-tenth of a mill reduction which added to a significant deficit coming into this fiscal year. He stated last year's budget was balanced with a significant draw from the reserve fund balance of \$5.5 million. In addition, Interim City Manager de Jesus stated there was another \$1 million or so that was transferred from the CRA to the City for the tennis contract; it was supposed to have been budgeted for, however, it was not. He stated the City had to make up that deficit and add approximately \$980,000 for this year as well. Also, Interim City Manager de Jesus stated

the City had the Police and Fire Pension deficit that the City had to make up which was not budgeted last year. Therefore, Interim City Manager de Jesus stated it had to be recovered from last year and budgeted this year. He noted that staff had to make a 2% across the board reduction. The City of Delray Beach's proposed millage is 6.6611 for the operating millage and 0.2034 for debt service with a total millage rate of 6.8645 for fiscal year 2019-2020. Interim City Manager de Jesus explained the total City Budget funds for fiscal year 2019 and fiscal year 2020, the General Fund for fiscal year 2019 and fiscal year 2020, and the Unassigned Fund Balance.

There was a brief discussion with respect to the City's reimbursement from FEMA. Interim City Manager de Jesus stated the last report the FEMA Director gave to the Florida Fire Chief's he was clear that they have been given all the money that was requested; however, it is the documentation that has come into question that is holding up a lot of the reimbursement. Interim City Manager de Jesus stated the City has received some; however, the City is waiting on most of the reimbursement for both storms and noted that most cities throughout the State of Florida are experiencing this.

Interim City Manager de Jesus commented about the Enterprise Funds which constitutes the golf courses, stormwater, water & sewer fund, sanitation, and the marina (which has been closed and will remain closed for the next two years).

Missie Barletto, Assistant Director of Public Works, stated the actual stormwater assessments will remain the same from year-to-year. Ms. Barletto stated this is the total annual budget and this year the Thomas Street Pump Station has moved into the infrastructure surtax and they will be paying for that project through a different funding source than the stormwater assessment.

Caryn Gardner-Young, Assistant City Manager, explained that the City is expending those monies for projects.

Interim City Manager de Jesus stated this is what the balance is after the capital projects.

On behalf of the City Commission, Mayor Petrolia commended Interim City Manager de Jesus for the difficult exercise he had to go through with the departments in having them bring in a budget that is lower than they have in the past in order to be able to meet the reduction in the mill rate and maintaining the level of services as high as the customers and taxpayers.

Missie Barletto, Assistant Director of Public Works, gave a brief overview of the Capital Improvement Budget for fiscal year 2019/2020 and reviewed the top 8 priority projects during the Goal Setting Session for fiscal year 2019/2020.

Caryn Gardner-Young, Assistant City Manager, stated for this grant it has to be vetted through a procurement process, which is very strict. She explained that the City did get a contract from a company from Georgia who vetted it Federally, and staff believes they can piggyback onto their contract for a trolley.

Ms. Barletto stated everything in the City that is over \$25,000 winds up in the Capital Improvement Program (CIP). Staff proposes two new projects this year; one of those is a Cooperative Project with the County that they asked to be put into the budget and staff will be spending \$25,000 out of this year funds; it will not be budgeted for next year and then the following year staff will bring it forward for construction of a traffic light at Catherine Drive and Linton Boulevard. Ms. Barletto stated the other new project that staff has put into place is in response to the water main break that Fort Lauderdale recently experienced. Staff is requesting \$2.5 million for the first year; this will be a phased project. In addition, Ms. Barletto stated there were some things in the budget last year that were moved forward into the CIP that staff feels are projects that can be removed from the CIP at this time; one is the storage building for generators; the Atlantic Avenue improvements which was a redesign of the downtown area has been taken off.

Mayor Petrolia asked if staff has an ongoing process for the submittal of grants for projects that are way into the future. In response, Ms. Barletto stated this year staff will be embarking on doing a true Bicycle/Pedestrian Master Plan that will result in a list of Capital Improvement Projects that will inform those future applications for grants that will be accompanied with public outreach so that the things that staff brings forward in the future, have already been vetted and there is community support for them.

Mayor Petrolia commented about the Beach Renourishment. Ms. Barletto stated starting in November this year there will be a small nourishment project and the Federal Government will be coming in and doing it at a small expense to the City. This will start at Atlantic Dunes Beach and stop just before The Seagate Beach Club. Therefore, Ms. Barletto stated most of that particular nourishment project will be in front of private homes. The following year, the City is scheduled to do its full beach renourishment and noted that this year staff did a sand search to make sure that all of the City's permits are in place. In addition, Ms. Barletto stated all of the pre-engineering is in this year's budget. Ms. Barletto stated for the beach

fund (Fund 332) there is \$12 million budgeted for next year.

Mayor Petrolia inquired about the closed captioning device and asked if the City will be able to livestream all meetings. In response, Katerri Johnson, City Clerk stated this was a capital item that staff put in and she reviewed the budget looking for a reduction and staff took that piece of equipment out of the budget (\$58,000) to save costs over time to keep from having to purchase equipment two and three years out. Therefore, Ms. Johnson stated staff decided to go with a service company to do closed captioning for us and this will allow us to get our videos the next day instead of waiting 1-2 weeks and sometimes longer.

The City Attorney stated she would be more than happy to research this.

Mayor Petrolia stated if the City is able to livestream all meetings with a machine and have it stitched in then that would be okay. Interim City Manager de Jesus stated he wants to make sure that the City Commission is aware that in this format, it is more inaccurate than it is accurate.

Commissioner Bathurst commented about the GIS purchase because the City was looking at doing some more GIS projects. Ms. Barletto stated for the utility locates (GPS) is not in the budget yet and staff is going to trade that out for the generator storage building because it is the same amount.

Ms. Barletto pointed out that there was a mistake on one of the sheets that staff gave to the City Commission and she noted it says that the Pickleball Project is to be removed; however, this is being left in.

Vice Mayor Johnson inquired about the slide for the branding for Osceola Park. Ms. Barletto explained when the City had the Community Outreach for the neighborhood, Osceola Park was very interested in establishing a neighborhood identity. Ms. Barletto stated the street signs in the Osceola Park Neighborhood will be blue with a mango on them and will have the Osceola Park Neighborhood on them. One of the reasons for that is to signal to drivers as they come into the neighborhood that it is not a raceway or a pass-through, but it is a neighborhood. Ms. Barletto stated it is included in the cost of the project.

With respect to the closed captioning, Interim City Manager de Jesus stated once staff confirms with him that \$58,000 is going to fix the problem, then they will find the money to fund that project. However, he stated if staff finds that there will be an annual fee and the cost will be much more than \$58,000 then he will inform the City Commission.

Commissioner Boylston thanked Police and Fire for showing up yesterday morning and walking all the students back to school. He wished everyone a safe week back to school.

Vice Mayor Johnson stated she saw a news broadcast of a citizen in the marina district who had to protect his home with sandbags to keep the water out and did not wait for the City to assist. Vice Mayor Johnson stated she would like to know why this happened and suggested that the City Commission hold a Workshop that would help her understand what is going on in the marina. Interim City Manager de Jesus encouraged Vice Mayor Johnson to meet with Lynn Gelin, City Attorney with respect to this matter. Secondly, Vice Mayor Johnson stated during her research of the City Manager's selection packets she came across an excellent methodology of selecting a City Manager and the actions and process taken by Lauderdale-by-the-Sea, and she found that one of those applicants is one of the applicants who applied for the City Manager position for Delray Beach.

Deputy Vice Mayor Bathurst commended staff and Interim City Manager for the format of the budget and noted that the backup reports were very helpful.

Jennifer Alvarez, Purchasing Director, announced that for the first time the Purchasing Department has been awarded the Award of Excellence in Procurement by the National Purchasing Institute. Ms. Alvarez explained that there is a very lengthy application process which is similar to an accreditation process. She noted that there were over thirty items of criteria and sub-criteria in which the Purchasing Department has to apply for and demonstrate that they have implemented certain best practices in public procurement. Ms. Alvarez stated the Purchasing Department was notified in July 2019 of this honor.

Mayor Petrolia congratulated Ms. Alvarez for not only applying for this award, but for elevating the level of standard in the Purchasing Department where others are recognizing it.

There being no further business to discuss, Mayor Petrolia adjourned the Budget Workshop Meeting at 5:55 p.m.