MINUTES
TOWN OF JUNO BEACH

TOWN COUNCIL REGULAR MEETING

June 22, 2016
Council Chambers
340 Ocean Drive

PRESENT:	JASON HASELKORN, MAYOR JIM LYONS, VICE MAYOR FRANK FAHY, VICE MAYOR PRO TEM ELLEN ANDEL, COUNCILMEMBER
ALSO PRESENT:	JOSEPH LO BELLO, TOWN MANAGER VANESSA M. MUTCHNIK, TOWN CLERK LEONARD RUBIN, TOWN ATTORNEY MATTHEW PAZANSKI, FINANCE DIRECTOR ANTHONY MERIANO, DIRECTOR OF PUBLIC WORKS PAUL FERTIG, MAJOR RUBEN CRUZ, DIRECTOR OF PLANNING AND ZONING FRANK DAVILA, PRINCIPLE PLANNER
ABSENT:	BILL GREENE, COUNCILMEMBER

Mayor Haselkorn called the Town Council regular meeting to order at 5:30 pm.

Audience: 30

~ CALL TO ORDER
~ PLEDGE OF ALLEGIANCE TO THE FLAG
~ ADDITIONS, DELETIONS, SUBSTIUTIONS TO THE AGENDA

1. **SWEARING IN CHRISTOPHER SHORTELL AS POLICE OFFICER**
Major Fertig introduced Christopher Shortell before he was sworn in.

Town Clerk Mutchnik swore in Christopher Shortell as a Police Officer for the Juno Beach Police Department.

2. **EMPLOYEE OF THE YEAR – KAREN ENGLAND (SPONSORED BY FLORIDA POWER AND LIGHT)**
Finance Director Pazanski thanked Don Kiselewski, Director of Public Affairs for Florida Power and Light (FPL), for sponsoring the 2015 Employee of the Year. He stated that FPL provided the Town with a $500 check for Ms. England. Finance Director Pazanski stated that FPL has sponsored the employee of the year award for the past several years.

Finance Director Pazanski introduced Karen England and said a few words about her work performance for the Juno Beach Finance Department.

3. **COMMENTS FROM THE PUBLIC**

Public Comments Opened at 5:43 PM.

Nicole Readman, 13205 US-1 #202, Juno Beach, stated that she was an employee of the Batt Learning School, which is located in Juno Beach. She stated that a drug rehabilitation facility moved in right next door to them and therefore they had to find a new location. She stated that they looked for a location in Juno Beach but unfortunately could not find one. The new location is located just right outside of Juno Beach in unincorporated Palm Beach County. Ms. Readman stated that they do not want to be in unincorporated Palm Beach County and would like the Town to look into annexing this location.

Mayor Haselkorn suggested Ms. Readman speak with Ruben Cruz, Director of Planning and Zoning.

Public Comments Closed at 5:45 PM.

4. **CONSENT AGENDA**

All matters listed under Item 1, Consent Agenda, are considered to be routine by the Town Council and will be enacted by one motion in the form listed below. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

A. Resolution No. 2016-06 - Modification to Existing Law Enforcement Mutual Aid Agreement
B. Consider approving the May 25, 2016 Zoning Board of Adjustment and Appeals Minutes.
C. Consider approving the May 25, 2016 Town Council Meeting minutes.
D. Special Event Request – Take Stock in Children
E. Special Event Request – Loggerhead Triathlon
F. Special Event Request – Aloha Surf Camp

MOTION: *Lyons/Fahy made motion to approve the consent agenda.*

COUNCIL ACTION: *The motion passed 4-0.*

5. **AUDIT REPORT FY 2015– REVIEW AND DISCUSSION**

Mark Veil, CPA, Caler Donten, Levine, Druker, Porter & Veil, P.A., presented the Town's Comprehensive Annual Financial Report ("CAFR") and reviewed the revenues and expenditures for the fiscal year ending September 30, 2015. Mr. Veil provided the Council with a brochure of the highlights and reviewed the audit with Council *(brochure and audit attached)*.

Vice Mayor Pro Tem Fahy asked Mr. Veil if his firmed audited other cities and if they did, was there something different that Juno Beach was doing which stands out?

Mr. Veil stated that Juno Beach does keep a higher fund balance in reserves but added that this is not a bad policy to retain.

Vice Mayor Lyons stated that on page 9, the CAFR shows pension plans as underfunded. He wanted to know whether this was common.

Mr. Veil stated that as the markets go up and down, the funding levels will change. He indicated that the Town will likely never be 100% funded.

Mayor Haselkorn stated that on page 66, the CAFR reads: "during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified."

Mr. Veil stated that this is standard language as there could be there could be something that his firm did not come across at the time of the audit. He did add, however, that his firm did not find anything that concerned them.

Mayor Haselkorn stated that this audit shows how well managed that Town is and commended Town Manager Lo Bello, Finance Director Pazanski, Director of Planning and Zoning Cruz, Director of Public Works Meriano and all other department heads and staff.

Vice Mayor Lyons pointed out that the Town budgets $850,000 for building permit fees and took in about $1.2 million. He stated that it shows that people still want to build in Juno Beach.

Mayor Haselkorn thanked Mr. Veil for his report.

6. **ORDINANCE REGULATING INSTALLATION OF STORM SHUTTERS**

Town Attorney Rubin stated that at the Council Goal Setting Workshop, Council directed staff to prepare an ordinance regulating the installation of storm shutter. He stated that he was looking for direction from Council on a few items.

Town Attorney Rubin questioned if Council wanted to allow residents to put up shutters during the duration of hurricane season or only when there is a threat of a hurricane to the area. He also questioned if Council wanted to: limit shutter installations to vacant residences; require specific durations; require registration with the Town; and restrict shutter color.

Vice Mayor Pro Tem Fahy recommended allowing the shutters to be installed 5 to 10 days prior to hurricane season and taken down 5 to 10 days after hurricane season. He stated that he did not think it would be necessary to require registration and had no opinion on color.

Vice Mayor Lyons stated that he wanted to keep this ordinance simple. He stated that shutters should be allowed to go up 2 weeks prior to hurricane seasons and 2 weeks after hurricane season. He did not believe there should be registration or color restrictions.

Town Attorney Rubin stated that he believed he had enough direction. He stated that this ordinance would first go to the Planning and Zoning Board, then would be brought to Council for 1st reading.

7. **ORGANIZATIONS FOR COUNCIL TO PARTICIPATE**
Mayor Haselkorn stated that this item would be postponed until the next council meeting.

8. **BUDGET PLANNING SESSION FY 2016-2017**
Mayor Haselkorn stated that staff's memorandum, presentation and all back-up materials would be placed into the record.

Finance Director Pazanski went over the budget calendar.

Finance Director Pazanski made the attached presentation to Council on the 2016-2017 Budget (*budget planning session document attached*).

Vice Mayor Pro Tem Fahy stated that he would like staff to look into all possible grants that are available for the Town to receive.

Town Manager Lo Bello stated that staff is constantly looking for grant opportunities.

Vice Mayor Lyons stated that he believes health insurance rates will significantly increase this year. He stated that the Council does not discuss health insurance rates until December and therefore he was concerned about this line item.

Finance Director Pazanski stated that staff does its best to project what the rates will be. Mr. Pazanski also mentioned that staff will look at other government agency's rates, which renew in October.

The next Council meeting was set for July 21st to set the proposed mileage rate.

The Council meeting in August was set for August 10th.

9. **COMMENTS FROM TOWN MANAGER**
Town Manager Lo Bello stated that the first Mayor's Hour with Mayor Haselkorn will be Friday, July 1st at 4 PM.

Town Manager Lo Bello stated that there will be a Planning and Zoning Board meeting on Monday, June 27th at 5:30 PM.

Town Manager Lo Bello stated that the Civic Association July 4th Parade and Breakfast will be on Monday, July 4th at 7 AM.

10. **COMMENTS FROM TOWN ATTORNEY**
No Comments

11. **COMMENTS FROM STAFF**
Finance Director Pazanski stated that the Town would be holding an online auction for a 2013 Dodge Charger, as well as a 1998 GMC truck from Public Works.

Finance Director Pazanski stated that staff was looking to purchase a Nissan Frontier to replace the GMC truck. He stated that this vehicle is not made in the United States, but

added that most cars today are not made here. Mr. Pazanski stated that the Frontier is significantly cheaper than other trucks on the market.

The Council was agreeable with purchasing the Nissan Frontier.

Finance Director Pazanski stated that the Town would need to do complete financial institution signature cards and corporation authorizations for the following financial institutions: Florida Municipal Investment Trust; Wells Fargo; and the State Board of Administration.

Director of Public Works Meriano stated that the project to repair the storm drainage on Universe Boulevard is scheduled to start tomorrow. He stated that the main entrance into the Florida Power and Light (FPL) facility will be blocked due to the repair work. He stated that the Town will be providing FPL with a message board directing employees and visitors to an alternate entrance. Mr. Meriano stated that the cost associated with the repair will be distributed among the six stakeholders along Universe Boulevard. The Town will pay for the entire repair upfront and then seek reimbursement from the other stakeholders.

MOTION: *Lyons/Fahy made motion to piggyback off the Town of Jupiter contract with Deevan, Inc. and allow Town Manager Lo Bello to execute contract in an amount not to exceed $75,000 from the contingency fund for emergency storm drainage repair on Universe Boulevard.*

COUNCIL ACTION: *The motion passed 4-0.*

Director of Planning and Zoning Cruz announced that Frank Davila was promoted to Principle Planner for the Town.

12. **COMMENTS FROM COUNCIL**

Vice Mayor Pro Tem Fahy asked Town Attorney Rubin if staff was working on the Council goal to expand the role of the Planning and Zoning Board.

Town Attorney Rubin stated that the proposed ordinance will be considered by the Planning and Zoning Board on Monday.

Vice Mayor Lyons stated that Council received a letter from the Loggerhead Marinelife Center regarding naming a sea turtle patient "Mayor Mort". Vice Mayor Lyons requested that Council approve donating $500 towards this new patient.

MOTION: *Lyons/Fahy made motion to approve donating $500 to the Loggerhead Marinelife Center for a new sea turtle patient named "Mayor Mort".*

COUNCIL ACTION: *The motion passed 4-0.*

Town Manager Lo Bello made Council aware that the Town could not advocate donations for Loggerhead Marinelife Center as this would violate the new ethics law.

12. **ADJOURNMENT – 7:20 PM**

Mayor Haselkorn adjourned the meeting at 7:20 PM

Jason Haselkorn, Mayor

Vanessa M. Mutchnik, Town Clerk

PRINCIPAL OFFICIALS
(As of June 22, 2016)

Jason S. Haselkorn
Mayor

James R. Lyons
Vice-Mayor

Frank P. Fahy
Vice-Mayor ProTem

Ellen D. Andel
Councilmember

William J. Greene
Councilmember

Joseph F. Lo Bello
Town Manager

Matthew A. Pazanski
Finance Director

We appreciate the opportunity to serve The Town of Juno Beach.

Should you have a question on the Town's Audited Financial Statements or any other matters, please feel free to call me directly at 832-9292.

Mark D. Veil
Audit Partner

The information presented has been derived from the Town's Financial Statements and information provided by the Town. It is not intended to be a complete financial report under U.S. generally accepted accounting principles.

CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

TOWN OF
JUNO BEACH
FLORIDA
INCORPORATED 1953

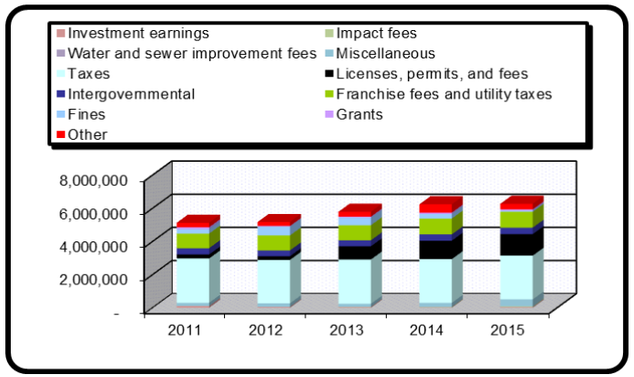
FINANCIAL HIGHLIGHTS

For the Year Ended September 30, 2015

Revenue and Expenditures

Revenue

The following graph presents General Fund revenues of the Town by source for the last five (5) years.



- Total General Fund revenues for the year ended September 30, 2015, were $5.7 million. This represents a decrease of $166,000, or 2.8%, when compared with the prior year.

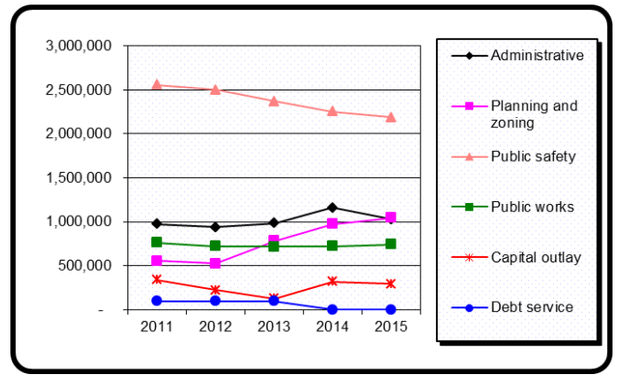
- Total Town revenues have increased approximately $943,000 or 19.5% since 2011. Decreases in taxes ($30,000); fines ($204,000); and grants ($35,000), offset by increases in licenses, permits and fees ($1,056,000); franchise fees and utility taxes ($73,000); and impact fees ($43,000) account for the major portion of the change in total revenues.

- The assessed value of real and personal property was $1.277 billion, an increase of $152 million, or 13.5%, since 2011.

- The General Fund millage rate adopted for the 2014/2015 fiscal year (2.5760) has decreased 11% since 2011.

Expenditures

The following graph presents general fund expenditures of the Town by function for the last five (5) years.



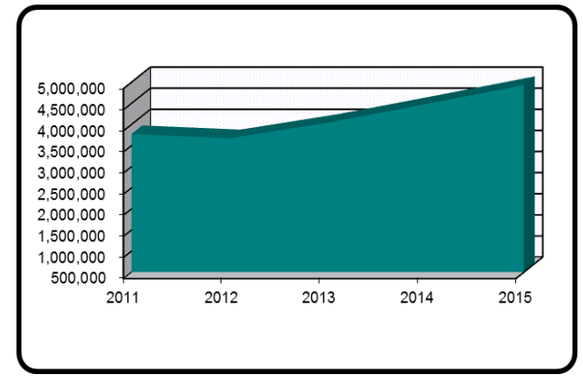
- Total General Fund expenditures for the year ended September 30, 2015, were $5.3 million. This represents a decrease of $130,000, or 2.4%, when compared with 2014. This is primarily a result of decreases in administrative ($129,000) and public safety ($66,000), offset by an increase in planning and zoning ($70,000).

- Total Town expenditures have increased approximately $13,000 or 0.3% since 2011. Increases in administrative ($55,000) and planning and zoning ($489,000), offset by decreases in public safety ($367,000); public works ($22,000); capital outlay ($45,000); and debt service ($97,000) account for the major portion of the change in total expenditures.

- The Town paid off its bonds in 2013 and is currently debt free.

Fund Balance

The following graph presents the trend in assigned and unassigned fund balance for the last five years.



- Assigned and unassigned fund balance at September 30, 2015, was $4,935,400 including $675,000 assigned to the subsequent year's budget.

- Unassigned fund balance was $4,260,400 and represents 80% of the 2015 actual budgetary basis expenditures, or approximately 294 days of working capital.

TOWN OF JUNO BEACH
BUDGET PLANNING SESSION
FOR FISCAL YEAR 2016-2017

TOWN OF

JUNO BEACH

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Town of Juno Beach
Budget Planning Session
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Town of Juno Beach
Proposed Budget Calendar

May – July	Staff compiles budget data
May 23, 2016	Senior Staff Meeting - Departmental Discussion and Capital Improvement Plan Review
June 22, 2016	Town Council Meeting - Budget Planning Session
July 15, 2016	Proposed Budget – First draft available
July 20, 2016	Town Council Meeting - Setting of proposed millage rate and first public hearing date
August 10, 2016	Town Council Meeting – Review/Modify Proposed Budget
August 24, 2016	Town Council Meeting – Review/Modify Proposed Budget
September 14, 2016 Public Hearing	Town Council Meeting-First reading of Tentative Budget *(This date is dependent upon other taxing district meeting dates, as meetings cannot conflict.)*
September 28, 2016 Public Hearing	Town Council Meeting-Second reading Tentative Budget *(This date is dependent upon other taxing district meeting dates, as meetings cannot conflict.)*

Some of the dates above must be coordinated with Palm Beach County and other taxing districts so as not to conflict with other public hearing meetings. As the budget process and reporting requirements are met, the Town Council and Staff will adjust the dates if necessary.

(The scheduled public hearing dates for Palm Beach County Board of County Commissioners are September 6th and 19st and for the Palm Beach County School Board July 27th and September 7th.)

Current Year's
2015-2016 Budget Review

The 2015-2016 General Fund Budget is $6,133,513 and represents a 0.41% increase as compared to the previous year's budget. The ad valorem millage rate is 2.4288 and represents a .01% tax decrease; the rate is 5.72% lower than the prior year's 2.576 millage rate. Many revenue items remained stable with a significant decrease to Building Permits followed by increases to Ad Valorem Taxes (from new construction), Intergovernmental Revenues and Grants. The Contingency line item was approved at $500,000 to fund any potential unexpected events or costs.

The 2015-2016 budget is comprised of $3,481,765 in personnel costs, $1,815,748 of operating costs, $336,000 of capital items and $500,000 for contingency. This budget includes the following capital items: $150,000 for three grant funded projects including Kagan Park, Pelican Lake gazebo and beach access improvements; $78,500 for vehicle replacements in public works and police departments; $31,500 for computers, software and networking needs; $30,000 for police equipment; $26,000 for public works equipment needs; $10,000 for Town Center restoration; and $10,000 for outdoor amenities.

The Town's primary revenue source is ad valorem taxes derived from residential and commercial property values. The current year's ad valorem revenues reflect a $76,637 increase as compared to the previous year's budget. This increase in revenue is mainly due to new construction providing new ad valorem revenue. The Town of Juno Beach accounts for only 11.49% of property owner's tax bills in the current fiscal year.

Additionally, the Town imposes utility taxes on water, telecommunications, electricity and fuel; a franchise fee on solid waste; collects fees for building permits and services, local business tax, fines and forfeitures and other services; shares in state and local intergovernmental revenues; collects investment earnings and other miscellaneous income.

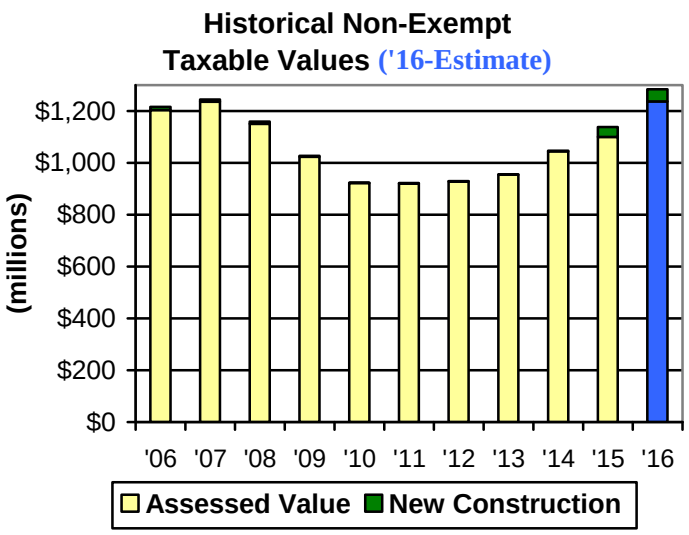
The Town's budget consists of 6 departments and 34 employees. The Town provides general municipal services such as police protection, planning, zoning and building, code enforcement, parks, public works, stormwater utilities and cultural events. Fire Services are provided by Palm Beach County. Utility services, such as water and wastewater are provided by neighboring jurisdictions. Solid waste services are contracted with Waste Management, Inc. until 9/30/2017.

Current Economic Overview

The purpose of this planning session is to look at key financial data on a macro level to assist with the upcoming budget. Before starting on the town's financial status and current issues, a brief overview of the economy may be appropriate.

The United States economy is experiencing slow growth and unemployment is improving. The consensus of many economists is that the U.S. will experience moderate growth with low inflation due to a strong dollar and lower energy costs. Continuing economic risks include; the burden of our very high national debt, concerns of a global slowdown, political unrest and domestic political stalemates. Florida's employment is improving at an increasing rate, sales tax receipts are also increasing, tourism is back and the Florida housing sector has improved. The Town of Juno Beach's property values are predicted to increase for the fifth year in a row and expected to surpass the previous valuation peak of 2007.

2016-2017 Budget
Preliminary Financial Information

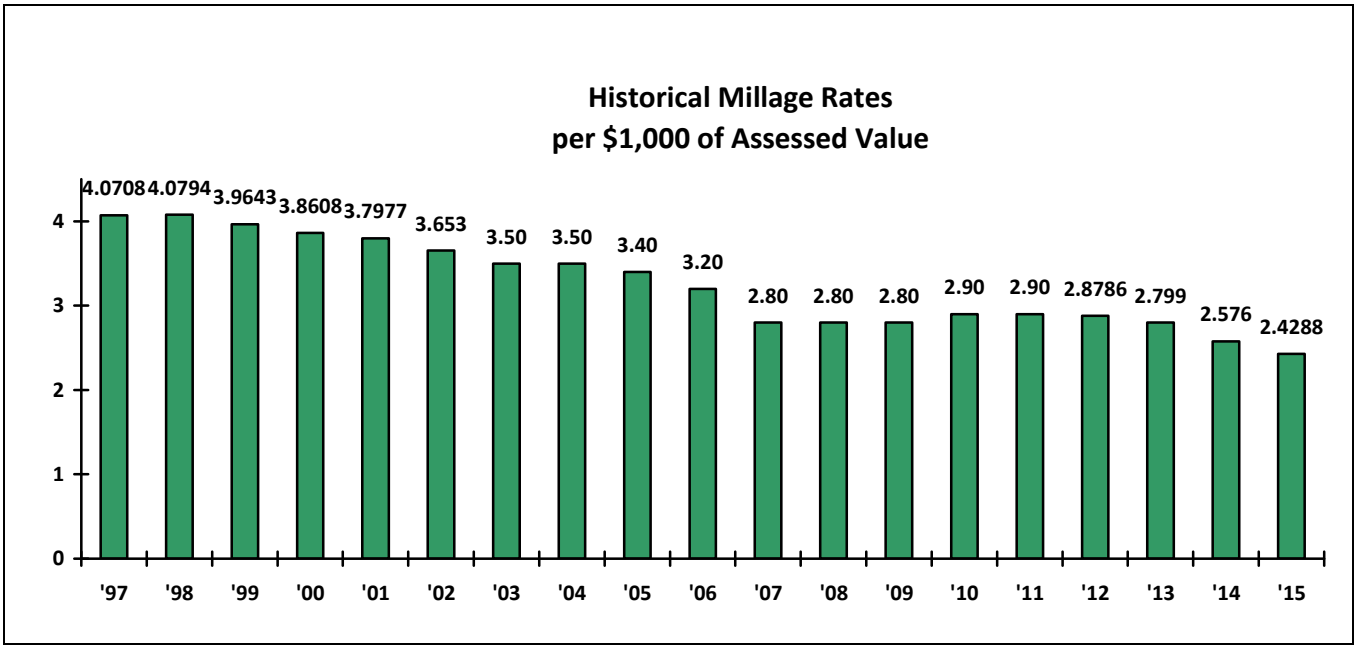


1. Ad Valorem Tax Base Information

The Town's estimated total taxable value for the 2016 tax roll (2016-2017 budget year) is $1,284,403,715; new construction of $47,842,457 is included in this figure. This represents a 12.89% increase as compared to the 2015 final taxable value and a 8.69% increase without new construction. Ad Valorem taxes account for 51% of the total General Fund Revenues (excluding grants and non-revenue items such as reserves) in the 2015-2016 annual budget. The 2016 (2016-2017 fiscal year) certified taxable values will be officially released from the Palm Beach County Property Appraiser on June 29.

2. Town's Millage Rate Information

The 2015 (2015-2016 fiscal year) millage rate of 2.4288 is 5.72% less than the prior year's 2.576 millage rate. Based on the above estimated total taxable value the rolled-back rate would be 2.2347 with new construction adding approximately $103,000. At the current 2.4288 millage rate, revenue generated would be approximately $344,000 and 8.69% above the rolled-back rate.



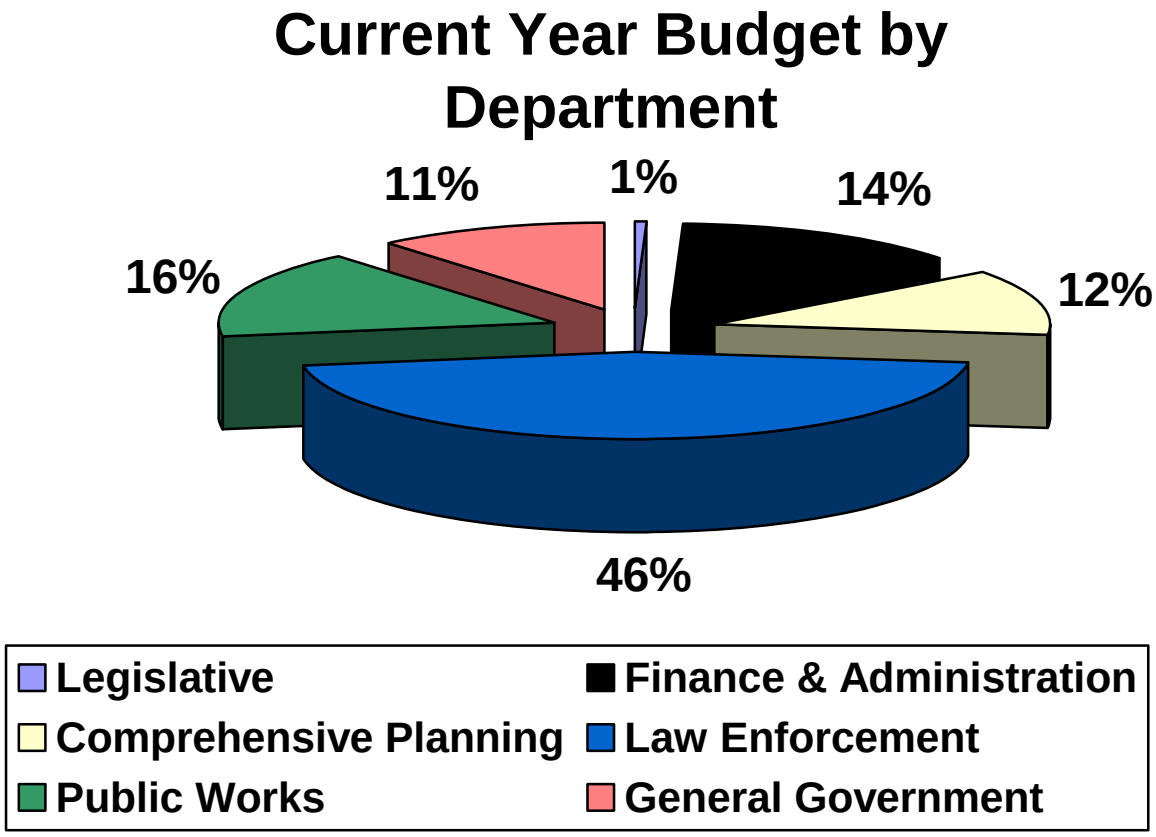
3. Current Fiscal Year's Budget vs. Actual

The following Revenue amounts were collected as of May 31, 2016 and represents 66.7% of the fiscal year.

Revenues	Budget	Actual	Pct.	Comments
Ad Valorem Taxes	$2,668,789	$2,599,989	97.4%	Collected in the beginning of the year
Utility Taxes	845,192	508,335	60.1%	Close to projections, Lags one month
Intergovernmental	369,421	216,769	58.7%	Close to projections, Lags one month
Licenses & Permits	659,500	432,810	65.6%	Building Activity is close to projections
Franchise Fees	58,500	31,218	53.4%	Close to projections-(Qtrly. Distributions)
Fines & Forfeits	347,750	10,157	2.9%	Safe Street Program suspended
Other Revenues	445,861	269,249	60.4%	Above projects in most lines-Impact Fees,Contributions,Grants,Other Misc.

The following Expense amounts were expended as of May 31, 2016 and represents 66.7% of the fiscal year.

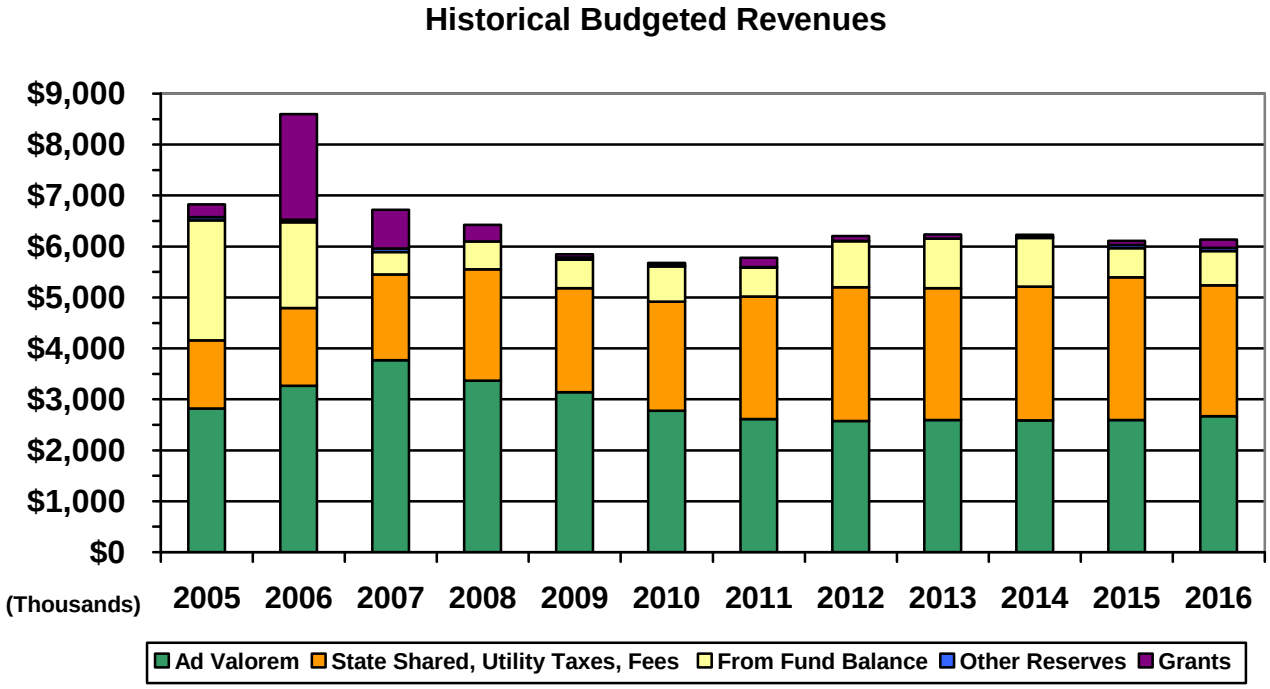
Expenses				
Salaries & Benefits	$3,481,765	$2,005,501	57.6%	Close to projections, turnover effected
Operating Expenses	1,815,748	845,966	46.6%	Close to projections, some lag in expenses
Capital Outlay	336,000	124,753	37.1%	Most vehicle & equipment purchases are complete, Grant project waiting approval



4. Projected Changes for 2016-2017 Budget

a. Revenues & Reserves	Projected Changes	Comments
Ad Valorem Taxes	$ 103,000	Estimated from new construction of $47,842,457
Intergovernmental	($ 43,000)	Communication Service Tax statewide refund
Utility Tax	$ 25,000	Electricity and Water usage increases
From Reserves	($ 28,000)	Proposed Restricted/Committed/Assigned Reserves to fund various expenses; Decrease of last year's $63,500 (i.e.: Impact Fees, Forfeitures, etc.)
Grants	$ 150,000	Rollover of Florida Recreation Development Assistance Program (FRDAP) grants
Unassigned Reserves	$ 0	Fund balance is proposed to include $175,000 in the 2016-17 budget; $100,000 is proposed and available over the 50% policy guideline and $75,000 projected annual surplus: Net of last year's budget.
Net Projected Changes	$ 207,000	

Staff is making an effort to utilize existing Restricted/Committed/Assigned Fund Balance Reserves where permissible. Estimates for all State Shared Revenues are expected during the month of June and July. The Department of Revenue's Office of Tax Research annually calculates local government revenue estimates for several state revenue-sharing programs and local option taxes.



b. Salaries

The current budget includes 32 full-time and 2 part-time employees. The Police Department has 18 employees, Finance & Administration has 6, Comprehensive Planning has 5 and Public Works has 5 employees. Staff anticipates no requests for additional personnel for the coming year.

At this time, payroll is projected to be around 2.621 million dollars. Next budget year's projected changes are:

Payroll Adjustments-turnover, re-classification, leaves, etc.	$ 7,092
Cost of Living Town Manager – (.9%)	$ 1,348
Cost of Living Union – (1% Estimated)	$ 8,517
Cost of Living Non-Union – (1% Estimated)	$ 12,087
Merit Increase-Union – Average of 2% Proposed	$ 13,647
Merit Increase-Average of 2% for Non-Union Proposed	$ 29,087
(Last year's approved Merit increase was an average of 2%)	
Net Projected Changes	$ 71,778

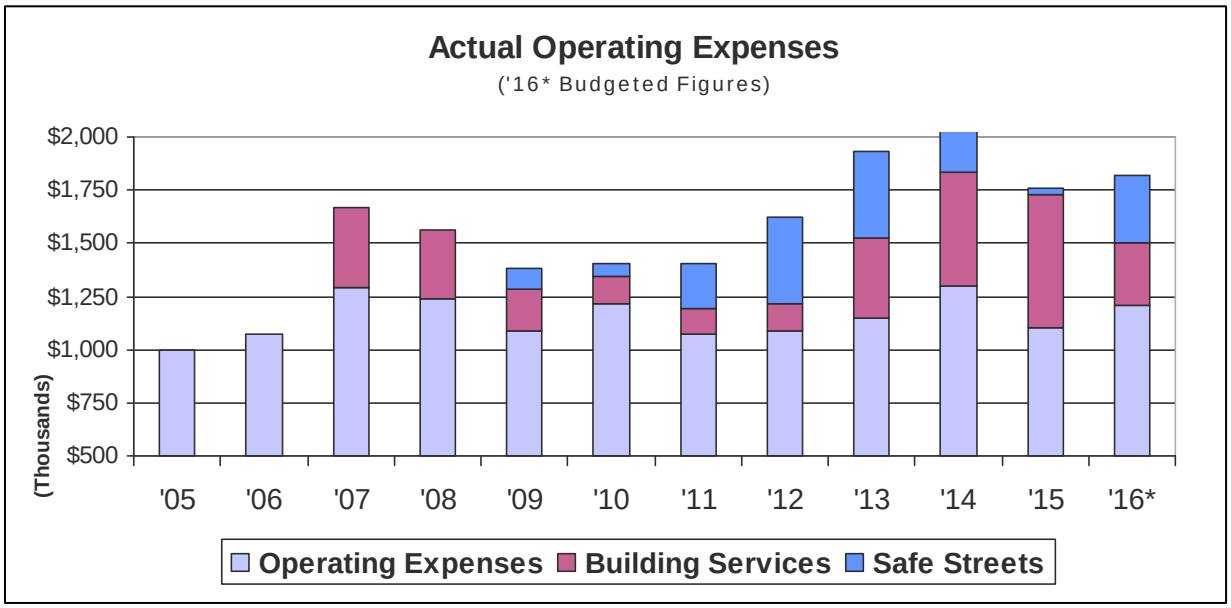
c. Employee Benefits

The Town's employee benefit expenditures are expected to increase this year as the Florida Legislature has adopted the employer's pension contribution for the Florida Retirement System (FRS) participants. Rates will increase approximately 1.6%-3.6%, participants will continue to make a mandatory 3% contribution to the plan, members include all police officers (16 participants) and all general employees hired prior to 1/1/96 (5 participants). Early estimates for pension cost increases total $19,187 including associated personnel adjustments above. Payroll taxes are projected to increase $5,491 in relation to the above proposed salary changes.

Workers compensation rates have been flat in recent years, an indication of market conditions and staff's resolve for the safety program and conscious efforts to reduce incidents resulting in reasonable claims experience ratings. Renewal or bid information will not be available until July or August for an October effective date.

Health insurance premiums are based on market conditions and regional medical costs. Annually staff performs a thorough review of options available for medical, dental, vision, long and short term disability and life insurance. Generally the Town's insurance premiums see minor overall changes based on the efforts of a comprehensive analysis and review of the benefits provided, alternative coverages and funding options. Changes to employee benefits over the years have included substantially increasing co-pays, deductibles and out-of-pocket expenses for services and medications required. The health insurance plan year is January-December; staff will perform the customary solicitation of bids and negotiate employee insurance coverage and costs during November and December. Staff anticipates an 8-12% increase in premium costs, a 10% increase in health insurance is approximately $20,000. Employees have the option and choose to utilize a combination of coverage alternatives that have benefited the Town's overall expense costs.

d. Operating Expenses:



During the past several years Council and staff have cut costs while balancing our service requirements and performing service in-house where feasible. With this in mind, staff will continue to review contracts, solicit proposals and propose cost effective solutions to meet our needs.

The current operating budget is generally trending along as anticipated and within budget, line items will continue to be monitored. Expenditures continue to fluctuate in the usual suspects including fuel, professional fees and building related activity.

One of the constants and signature features of Juno Beach includes the maintenance costs associated with the many beautification and improvement projects, such as U.S. Highway One, Donald Ross Road, Pelican Lake, Kagan Park, Mercury Road, Ocean Drive, dune walkover improvements, etc. that require continued maintenance and recurring utility costs.

The current 2015-2016 Operating Expense budgeted figures are as follows:

Solid Waste-Trash, Yard Waste, Recycling (Corresponding Revenue)	$ 62,837
Utilities(Electric, Water)-Street Lights, Dune Showers, Irrigation, etc.	$ 89,500
Dispatch Services-provided by City of Palm Beach Gardens	$ 88,160
Insurance-Liability, Property, Auto, Flood, etc.	$ 121,500
Professional Fees-Attorney, Engineer, Auditing, etc.	$ 142,001
Automated Traffic Enforcement-Safe Streets (Corresponding Revenue)	$ 310,000
Building Permit/Inspection Services (Corresponding Revenue)	$ 300,000
Other Operating Expenses (Fuel, Landscape, Building & Vehicle Maintenance, Contract Services, Information Technology Services, etc.)	$ 701,750

For the 2016-2017 annual budget staff is projecting the following changes:
At this time staff does not anticipate material changes to operating expenses. That being said, contracts for Building Permit/Inspection Services and Information Technology Services will expire September 30, 2016 and staff will review options with the Council in the coming weeks. Other changes are projected to be nominal however increases to several different accounts could total $30,000 which equates to an approximate 1.5% increase in Operating Expenses.

5. Proposed Major Capital Items and Projects

In the current budget, the Town budgeted $336,000 for Capital Items and Projects; $150,000 from grants, $122,500 from General Fund and the remaining $63,500 from restricted reserves. During the budget process, the Town Council will propose, review and approve the entire list of Capital Items. The following is a partial list of Major Capital Items and Projects that staff may propose for the 2016-2017 budget:

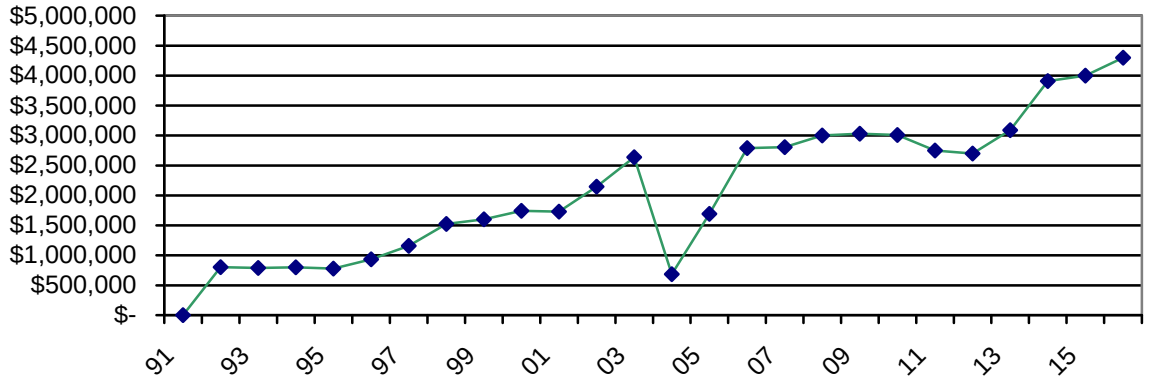
Capital Equipment		
Police Vehicles/Equipment (two replacements)	(up to)	$ 70,000
Public Works Vehicle (two replacements)		$ 35,000
Building Department Software Upgrade		$ 25,000
Police Equipment Replacements		$ 22,000
Workstations, Software and Equipment, Etc.		$ 20,000
Generator Electrical Repair		$ 20,000
Document Management/Digital Imaging Solution		$ 18,000
Heavy Equipment Tractor/Mower		$ 15,000
Computer System Network upgrades		$ 10,000
Public Works Equipment/Major Repairs		$ 8,500
Network Copier/Printer		$ 5,000

Capital Projects	
Gazebo-South Pelican Lake Renovation (Grant)	$ 50,000
Kagan Park-Equipment, Safety Groundcover (Grant)	$ 50,000
Dune Walkover #1Renovation (Grant)	$ 50,000
Town Center Unknown Repairs/ Improvements	$ 25,000
Amenity Repairs/Improvements	$ 17,500

6. Fund Balance (Reserve) Status

The September 30, 2016 ***projected** Unassigned Fund Balance (Reserve) is approximately $4,300,000. This estimate represents about 82.1% of our current year's (2015-2016) budgeted revenues excluding non-revenue and grant items. This projection is only an estimate based on current information.

UNASSIGNED RESERVE FUNDS
(The decrease in 2004 was due to the funding of the US Highway One Project.)



The Following Are Estimated Fund Balance Restricted, Committed and Assigned figures (net of current budgeted totals) as of May 31, 2016:

Restricted:	Police-Forfeitures	$ 7,154
Committed:	Capital Projects (Contributions from Seminole Ridge, Seminole Plaza and Preserves of Juno Beach)	$138,326
Assigned:	Impact Fees	$ 41,394
	Police-Contributions	$ 38,808
	Total:	$225,682

7. Reserve Policy

The Town's policy regarding reserve funds has remained stable over the years. Reserve funds are intended to smooth out economic downturns, deal with unexpected situations, and purchase major capital items without incurring debt. However, the most important reason for adequate reserves is for catastrophes, such as a major storm. A major storm could substantially reduce the town's tax base for up to several years. Also, during this "rebuilding period" after a storm, demands for service will be substantially higher. So, during this "rebuilding period" property tax revenues could drastically decrease during a period when more services will be demanded.

These reserves are also supplementing the budget with investment income. Without this income the town would have to raise taxes to balance our current year's budget. These investments are consistently out-performing the three-month U.S. Treasury Bill rate.

Due to the small size of our budget, the high percentage of our budgeted revenues derived from property taxes, about 50% (excluding grants and non-cash revenues) and the location of our town (barrier island), Town Council and staff continue to recommend keeping our goal for funding the reserve account to 50% of operating budget. This simply means keeping with the current philosophy of managing the town's fiscal activities as efficiently as possible and funding the reserve with any unusual, non-repeating revenue source, such as the sale of town property.

Developments Concerning Reserve Funding:

- During and after hurricanes, communities experience cash flow issues with preparations, debris cleanup and property repair costs, these issues can and have led to financing concerns and costs for agencies.
- Additionally, due to past hurricanes it has become much more difficult to secure debt for many municipal projects, especially for coastal communities.
- The recent credit crisis has affected rating agencies and debt reinsurance companies.
- In addition to these issues, the credit crisis and past hurricanes have led to increased rate costs for municipal debt instruments, especially for coastal communities.

8. Budget Planning Session Summary

The Town Council, residents and staff will continue to discuss the proposed 2016-2017 Budget in the upcoming Town Council budget meetings. With this preliminary planning review the projected budget changes are summarized below:

Projected Revenue – Increase	($ 207,000)
Projected Salary - Increase	$ 71,778
Projected Benefits - Increase	$ 44,678
Projected Operating – Increase	$ 30,000
Projected Capital - Increase	$ 105,000
Projected Budget Deficit:	$ 44,456

This projected deficit is based on current information as outlined above. The Town can balance the budget by further reductions in capital and/or operating items, increased taxes, or by using additional reserves. These options can also be used to reduce the millage rate if that is the direction of the Town Council.

In closing, Staff will continue to monitor economic issues, revenue sources and expenditures over the next few months to evaluate trends and developments that may affect our Annual Budget.

Supplemental Information:

The Town is involved in the following material pending litigation:

Parker v. ATS, et al (Case No. 14-24010-CIV-Moreno United States District Court for the Southern District of Florida)

This class action has been filed against numerous governmental agencies, including the Town. The case involves the enforcement of the automated red light program established pursuant to Section 316.0083, Florida Statutes ("Mark Wandall Traffic Safety Program"). The class action requests monetary relief, declaratory injunctive relief, and is presently before Judge Moreno in the United States District Court for the Southern District of Florida.

Alternate Revenue Sources: The following information is provided for the Town Council's consideration as other revenue sources aside from those that are currently established.

- **Franchise Fee** - The Town is eligible to impose a franchise fee on electricity through Florida Power & Light (FPL). The Town is one of the only municipalities (Lake Worth has own utility) in the county that does not impose an FPL franchise fee. The rate of the fee could be up to 5.9%, each 1% would generate approximately $55,250 in annual revenue with a maximum amount near $331,500. (This example is dated, staff will update the figures if the Town Council wishes to consider the Fee.)

  Other items to consider concerning this franchise fee:

  - The calculation for Franchise Fee revenue is based on the total electric bill, including the base rate and fuel costs. A Utility Tax is calculated only on the base rate of the bill.
  - With no franchise agreement - a typical residential bill for 1200 kWh is $137.36; $0 of that is for franchise fees and $5.82 for municipal tax.
  - With a franchise agreement - a typically residential bill for 1200 kWh would be $145.96; $7.96 of that is for franchise fees and $6.46 for municipal tax.
  - Town required permits, licenses and fees are a potential issue. All fees FPL pays to the Town are netted out against any revenue received via this franchise fee. These could include any and all building permit fees, right-of-way permit fees, business tax receipts, etc. The Town has proposed changes to the standard Ordinance or agreement but FPL has not negotiated this provision.
  - FPL will not pay this franchise fee, they do not charge themselves for electricity.
  - FPL's contributes an estimated 7% to the Town's ad valorem taxes. With that in mind, if we replace a portion of ad valorem taxes with this franchise fee, dollar for dollar, FPL would receive a 7% tax reduction.
  - If the franchise fee replaces a portion of ad valorem taxes, users of electricity (renters, tenants, etc.) would typically pay for this tax and some property owners would benefit.

- **Local Business Tax** – The Juno Beach Local Business Tax could be increased 5% generating approximately: $3,000