

**MINUTES OF THE BUDGET WORKSHOP SESSION
VILLAGE COUNCIL OF NORTH PALM BEACH, FLORIDA
AUGUST 19, 2021**

Present: Darryl C. Aubrey, Sc.D., Mayor
Deborah Searcy, Vice Mayor
Mark Mullinix, President Pro Tem
David B. Norris, Councilmember
Susan Bickel, Councilmember
Andrew D. Lukasik, Village Manager
Jessica Green, Village Clerk

ROLL CALL

Mayor Aubrey called the meeting to order at 6:00 p.m. All members of Council were present. All members of staff were present, except the Village Attorney.

Mr. Lukasik announced that new microphones had been installed and that Councilmembers are to turn them on when speaking.

The purpose of the meeting was to review the proposed FY 2022 Country Club Budget, Clubhouse Project Repayment and other Financial Policies, Outstanding General Fund Policy Issue Review, and a recap of the proposed Budget and Millage Rate.

Discussion regarding the Strategic Plan will be postponed to a later date.

Mr. Lukasik briefly discussed some Country Club highlights as follows:

- Golf
 - Reduction in membership and preference given to residents
 - Increase in outside rounds
 - Capital Investments

- Pool and Tennis
 - Increase in revenue and part-time costs
 - Greater investment in building and grounds maintenance
 - Transfer from General Fund
 - Community share of operating purchase
 - Initial renewal and replacement contribution

FY 2022 COUNTRY CLUB BUDGET SUMMARY

Mr. Lukasik provided a brief overview of the proposed FY 2022 Country Club budget as follows:

| Category | FY 2022 | FY 2021 | \$ Increase / (Decrease) | % Increase / (Decrease) |
|-----------------|--------------------|--------------------|-------------------------------------|------------------------------------|
| Personnel | \$2,009,019 | \$1,850,013 | \$159,006 | 8.59% |
| Operating | 3,318,960 | 3,060,429 | 258,531 | 8.45% |
| Debt Service | 433,689 | 433,689 | 0 | 0.00% |
| Capital Outlay | 200,000 | 99,500 | 100,500 | 101.01% |
| Reserves | 125,000 | 0 | 125,000 | 0.00% |
| TOTAL | \$6,086,668 | \$5,443,631 | \$643,037 | 11.81% |

FY 2022 COUNTRY CLUB BUDGET SUMMARY *continued*

| Number of Positions | FY 2022 | FY 2021 | Increase / (Decrease) |
|----------------------------|----------------|----------------|------------------------------|
| Full-Time | 10 | 10 | No Change |
| Part-Time | 62 | 55 | +7 |

General Manager Beth Davis introduced her staff and reviewed the Country Club budget by operation.

Mr. Lukasik explained the transfer from the General Fund and appropriated retained earnings.

Ms. Davis recognized the efforts of her staff and provided some additional highlights for the Golf Course as follows:

GOLF

- \$3,921,392 total expenses; \$0 increase from FY 2021
 - Upgrade new Golf POS System
 - Received the Distinguished Golf Destination award
 - Top 20 Mini Golf Courses in the USA
 - Great ROI on Driving Range
 - Increased participation in Junior golf program
 - Completed bunker remediation project
 - Reclassified Gold Merchandising Assistant to part-time status

Head Golf Professional Allan Bowman discussed the membership fee schedule. A comment was made by a public attendee, who did not identify himself. He suggested to include an additional membership category for couples.

Mr. Bowman discussed an increase in credit card fees due to COVID-19. Brief discussion ensued regarding increasing fees to absorb credit card fees. Continuing, Mr. Bowman reviewed operating expenses and upcoming capital projects. The Environmental Committee will provide input for plantings along the golf course.

Mr. Lukasik further discussed policy related to funding capital projects for the Golf Course.

GOLF COURSE CAPITAL CONTRIBUTION

- Operating budget to provide annual funding for capital projects
- Funding this year will provide resources for current projects
- Long term projects (and life cycle) include:
 - Greens (15-30 years)
 - Irrigation (10-30 years)
 - Bunkers (5-10 years)
 - Maintenance Building and Wash Plant (40 years)
 - Cart Paths (15-20 years)
 - Ponds

FOOD & BEVERAGE

Ms. Davis discussed Food and Beverage highlights as follows:

- Total revenue \$328,000
- Total expenses \$15,000; -25% decrease or (\$5,000) over FY 2021
 - Lease established with Farmer's Table NPB, LLC (Operator)
 - \$5M gross revenue projected for year two of lease
 - Operator to reimburse 50% of utility costs
 - Operator to pay up to \$12K for property tax assessment
 - All facility upgrades and FF&E remain with the Country Club
 - Operator responsible for all staffing and payroll related costs
 - Operator coordinates with County Club GM
 - Social dining membership program implemented – still a work in progress

POOL

Ms. Davis reviewed the Pool and Tennis Center budget and highlights for each as follows:

- Total expenses \$351,676; 17.82% increase or \$53,182 over FY 2021
 - Increased memberships
 - Installation of new pool heater and chiller
 - Increase in swim lessons and pool rentals
 - Consider adding Scuba Diving and SUP Exercise Classes

Council briefly discussed increasing membership fees and considering additional revenue sources.

TENNIS

- Total expenses \$808,930; 4.11% increase or \$31,938 over FY 2021
 - Added Tennis Center Manager
 - Added one (1) part-time Recreation Assistant
 - FRDAP grant funding provided resurfacing of six (6) tennis courts, bench awnings, and chilled water fountains
 - Restructuring of professional instruction program
 - Focus on customer-service and facility enhancements
 - Enhance Tennis Academy – discussed by Donna Tollefsen, Tennis Center Manager

Discussion ensued regarding Google searches and options to improve the Tennis Center.

ADMINISTRATION & GROUNDS

Ms. Davis reviewed the budget summary for Administration and Grounds as follows:

Total expenses \$989,670; 26.32% increase or \$206,238 over FY 2021

COUNTRY CLUB CAPITAL PROJECTS

Ms. Davis briefly discussed Country Club Capital Projects totaling \$1,534,000 for FY 2022-2024.

CLUBHOUSE CONSTRUCTION COSTS

Mr. Lukasik reviewed a detailed cost allocation related to debt structure and provided recommendations for repayment of \$14,096,766 for Clubhouse construction costs as follows:

- Debt service payments to the General Fund continue to be delayed until other debt is retired, or additional revenue is generated
- Consider revenue changes to Farmer's Table lease renewal in 2024.
- By 2029, implement to coincide with the last year of Golf Course debt payments (estimated annual payment of \$470K for 30 years)
- Evaluate the Enterprise Fund annually to expedite General Fund repayment

GOLF DEBT SERVICE

Mr. Lukasik provided an overview of debt service for the Gold Course as follows:

| FY | Golf Course (\$4.89m) | Golf Course (\$1.7m) | Total |
|--------------|----------------------------------|---------------------------------|--------------------|
| 2022 | 398,159 | 35,530 | 433,689 |
| 2023 | 398,159 | 35,530 | 433,689 |
| 2024 | 199,080 | 35,530 | 234,610 |
| 2025 | | 447,436 | 447,436 |
| 2026 | | 447,436 | 447,436 |
| 2027 | | 447,436 | 447,436 |
| 2028 | | 447,436 | 447,436 |
| Total | \$995,398 | \$1,896,334 | \$2,891,732 |

OTHER POLICY ISSUES

- Clubhouse renewal and replacement
 - Review methodology to target annual cash contribution
- Surplus Operating Funds:
 - Golf – following operating/capital, debt, clubhouse R&R
 - Golf surplus to go to a reserve account for operating and capital for golf only

Mr. Lukasik confirmed that he was not searching for direction at this point, he wanted to start a dialogue for policy decisions will have to be made later.

Mr. Bowman requested approval of the membership fee schedule for Golf. By consensus, Council approved the fee schedule as presented.

COMMERCIAL SOLID WASTE FEES

Mr. Lukasik provided the FY 2022 fee schedule changes for commercial solid waste. He presented options to mitigate the impact to commercial customers as follows:

- Phase in over two years for all customers
 - Year 1: 50% 2021 amount; 50% new rate
 - Year 2: 100% new rate
- Phase in over two years for the most impacted customers (projected 50%+ increase)
 - Year 1: 50% 2021 amount; 50% new rate
 - Year 2: 100% new rate
- Recommendation to address those most impacted
 - Compared to FY 2021 projected collections (\$505,460), will be \$64,840 less (\$440,620) with this strategy.

Mr. Lukasik confirmed that the Phased Options will slightly reduce revenue to the Village. Extensive discussion ensued regarding allowing commercial customers to use their own solid waste haulers and whether rates would be higher.

MINIMUM WAGE IMPLEMENTATION

Mr. Lukasik presented options and for minimum wage implementation and the budget impact for each option as follows:

Full-time ONLY

| Fund | \$15 min | Proposed Budget | \$ Increase |
|--------------|---------------------|------------------------|--------------------|
| General Fund | \$16,828,624 | \$16,825,308 | \$3,316 |
| Country Club | 2,014,403 | 2,009,019 | 5,384 |
| Total | \$18,843,027 | \$18,834,327 | \$8,700 |

Full-Time & Part-Time

| Fund | \$15 Min | Proposed Budget | \$ Increase |
|--------------|---------------------|------------------------|--------------------|
| General Fund | \$16,867,043 | \$16,825,308 | \$41,735 |
| Country Club | 2,137,110 | 2,009,019 | 128,091 |
| Total | \$19,004,153 | \$18,834,327 | \$169,826 |

- \$15/hour minimal impact for FTEs
- Greater impact for PTEs on Country Club Budget

FY 2022 Minimum Wage Impact Summary

| Fund | \$12 min | \$13 min | \$14 min | \$15 min |
|--------------|-------------------|--------------------|--------------------|---------------------|
| Country Club | \$5,118.10 | \$33,802.00 | \$79,306.97 | \$128,090.94 |
| General Fund | 4,526.69 | 10,327.85 | 20,623.35 | 41,733.52 |
| Total | \$9,644.79 | \$44,129.85 | \$99,930.33 | \$169,924.46 |

Mr. Bowman discussed salaries for employees in the Tennis Center. He added that increased salaries assist in employee retention. By consensus, Council determined to increase the minimum wage to \$13 in FY22. Mr. Lukasik will further review compaction issues. A final determination will be made during the public hearings.

BUDGET RECAP

Mr. Lukasik discussed infrastructure maintenance projects and provided a recommendation to establish a millage rate of 7.05 mils, which is less than the rolled-back rate.

FY 2022 MILLAGE RATE

| Description | Millage Rate | Budgetary Ad - Valorem | % Increase / (decrease) over RBR |
|---------------------------------|---------------------|-------------------------------|---|
| FY 2022 Rolled Back Rate | \$7.1226 | \$17,796,873 | 0.00% |
| Previously Proposed Rate | \$7.10 | \$17,740,510 | -0.32% |
| New Proposed Rate | \$7.05 | \$17,615,577 | -1.02% |

FY 2022 TAXABLE VALUE & MILLAGE SELECTION

| | FY 2022 | FY 2021 | % Increase / (Decrease) | \$ Increase / (Decrease) |
|---------------------|-----------------|-----------------|------------------------------------|-------------------------------------|
| Millage Rate | \$7.10 mils | \$7.50 mils | -5.33% | (\$0.40) |
| Gross Taxable Value | \$2,630,171,984 | \$2,433,243,145 | 8.09% | \$196,928,839 |
| Budgeted Ad-Valorem | \$17,740,510 | \$17,367,421 | 2.15% | \$373,088 |

MILLAGE SELECTION OPTIONS

| Description | Millage Rate | Budgetary Ad-Valorem | \$ Increase / (Decrease) over 2021 Ad-Valorem | % Increase / (Decrease) over FY 2022 RBR |
|---------------------------------|---------------------|-----------------------------|--|---|
| Retain FY 2021 Millage Rate | \$7.50 | \$18,739,975 | \$1,372,553 | 5.30% |
| FY 2022 Rolled Back Rate | \$7.1226 | \$17,796,873 | \$429,451 | 0.00% |
| FY 2022 Majority Vote Rate | \$7.4381 | \$18,585,308 | \$1,217,886 | 4.43% |
| FY 2022 Two-Thirds Vote Rate | \$8.1819 | \$20,443,814 | \$3,076,392 | 14.87% |
| Previously Proposed Rate | \$7.10 | \$17,740,510 | \$373,088 | -0.32% |
| NEW Proposed Rate | \$7.05 | \$17,615,577 | \$248,156 | -1.02% |

ADJOURNMENT

With no further business to come before the Council, the meeting adjourned at 8:57 p.m.



 Jessica Green, MMC, Village Clerk