

MINUTES OF THE REGULAR WORKSHOP MEETING
CITY COUNCIL
BOCA RATON, FLORIDA
MONDAY, APRIL 21, 2008
1:30 PM

The Workshop Meeting of the City Council of the City of Boca Raton, Florida was called to order by Mayor Whelchel at 1:30 p.m.

ATTENDING THE MEETING WERE:

Mayor Susan Whelchel
Deputy Mayor Peter R. Baronoff
Council Member M. J. Mike Arts
Council Member Bill Hager
Council Member Susan Haynie

Also attending the meeting were:

City Manager Leif J. Ahnell
City Attorney Diana Grub Frieser
City Clerk Sharma Hagerty

PROCLAMATIONS:

Arbor Day – April 25, 2008

Brian Kane, the City's Environmental Officer, accepted the proclamation from Mayor Whelchel and advised that an Arbor Day celebration was scheduled Friday at 10:00 a.m. at Verde Elementary School.

1. BOARD INTERVIEWS:

There were no positions advertised.

2. PUBLIC REQUESTS:

John Stetz stated that Royal Palm Polo is officially closed and then spoke to virtual churches and online licenses for ministers, opining as to how that could impact development approvals. Responding to Council, the City Attorney indicated that staff was reviewing regulations related to places of assembly; an ordinance regarding same would be brought back for public hearing at which time all issues and concerns would be addressed. She clarified that the U.S. Constitution was still applicable.

3. REVIEW OF REGULAR AGENDA ITEMS:

a. Questions relating to the agenda.

(Consent Agenda Item No. 3.a.2. – Pearl City-Phase III Glades Road Improvements) Council Member Haynie asked for details regarding scope of work and referred to a pedestrian crossing and an entry feature; she questioned whether the entry feature was to the park or the neighborhoods. Mr. Ahnell is to provide details tomorrow night.

(Consent Agenda Item No. 3.e. and 3.f. – Resolution Nos. 48-2008 and 49-2008 / Authorizing the Mayor and City Clerk to execute the Third Amendments to Agreement 02PB1 and Agreement 03PB1 with the Florida Department of Environmental Protection (DEP) related to the Central Boca Raton Beach Nourishment Project and the North Boca Raton Beach Nourishment Project, respectively) Council Member Haynie confirmed with the City Manager that linear footage, in terms of publicly accessible beach area, and available parking was used in the calculations to determine the percentage of eligible funding for each of these projects, resulting in State funding of approximately 83% for the Central Beach project and 100% for the North Beach project.

Mr. Ahnell provided additional information, indicating that DEP wanted to eliminate funding for the North Beach project, which is located within Spanish River Park, based on a re-evaluation of their standards for reimbursement. However, staff successfully appealed the re-evaluation; details were provided. This

resolution allows the City to obtain the funding as originally anticipated by reversing DEP's prior administrative decision. The City Manager added that DEP still plans to change the law and their qualifying standards related to funding, which would virtually eliminate all State percentages of funding for the City's parks.

(Consent Agenda Item No. 3.c.1. – Facility Maintenance and Fleet Maintenance Software) Council Member Hager affirmed that this price is consistent with the value received. Mr. Ahnell explained that this software system (Sungard), formerly known as HTE, is the current provider for all the City's existing systems and can interface with same. He noted that the price listed would be the same for anyone.

4. FUTURE AGENDA MATTERS/ITEMS OF COUNCIL/PUBLIC CONCERN:

a. VIPER Crime Prevention Program

Police Chief Dan Alexander gave a PowerPoint presentation, focusing on forecasts and trends, population vs. crime rate, and an historical comparison of violent crime, non-violent crime, larceny/theft, vehicle burglaries, burglary, vehicle thefts, and crime by type, from 1990-2007; details were provided. He also compared crime rates for various cities over 2007, clearance rates by agency for 2007, recent responses, and arrests made from 1990-2007. Chief Alexander noted that, due to the recent annexations, a significant jump in shoplifting arrests was noticeable. He also advised that approximately 70% of people arrested for major crimes live outside the City of Boca Raton.

The VIPER (Visibility, Intelligence, Partnership, Education/awareness, and Resources/operations) Program was then reviewed. Chief Alexander touched on each component of the program, speaking to creation of a "brand," a camera network to enhance intelligence, partnerships with the community, educational programs to foster awareness, and resources that could be used to change/enhance the way police business is conducted. He explained that there was a lot of overlap in this strategy; details were provided. Chief Alexander concluded his presentation by advising that the immediate initiatives were to improve public information and public interactivity/connectivity. He then answered questions from Council related to whether the resources and commitment currently existed to make this program a reality, who people should contact to hear more about this particular crime prevention program, crime trends in Boca Raton, whether a program geared specifically to nightclubs had been considered, and whether the City would be working with FAU (Florida Atlantic University), Lynn University, and local high schools. During the course of discussion, Chief Alexander also provided information regarding a proposed data-sharing program.

b. Financial Reports:

1) Comprehensive Annual Financial Reports (CAFR)

Linda Davidson, Deputy Director of Financial Services, advised that the City terminated KPMG, the prior auditors, and hired Rachlin LLP as the new external auditors. Consequently, this report included Rachlin's unqualified opinion; Rachlin's compliance report would follow shortly.

Ms. Davidson gave a PowerPoint presentation on the CAFR and explained that she would provide information on the four sections comprising same: Introductory, Financial, Combining and Individual Fund Statements and Schedules, and Statistical. The MD&A (Management's Discussion & Analysis) highlights were then reviewed, followed by charts entitled, "Revenues by Source – Governmental Activities," and "Comparison of Governmental Expenditures Fiscal Year 2006 and 2007." Water and sewer system revenues were also reviewed, as was a chart entitled, "2007 General Fund Budgetary Comparison." Ms. Davidson then provided information related to economic factors and next year's budgets and rates, which included information on property values, the property tax rate, the reduction last year of the City's workforce, and elimination of the proposal to borrow \$30 million for development of a pedestrian-friendly downtown plaza (aka The Spine). Ms. Davidson referred to Amendment No. 1, which was approved in January 2008, advising that it would further reduce the City's revenues. That, in addition to a slowing real estate market, indicated that General Fund revenues would grow at approximately 4% annually for the next several years while at the same time operating expenses are expected to increase by approximately 6%. It was noted that the State Legislature continues to consider limiting fees and capping revenues even more so and bringing forward more unfunded mandates; the City will continue to monitor proposed

initiatives and their future impact on the City's ability to function at its present level. Ms. Davidson then referred to the Statistical section of the CAFR and reviewed a number of charts; details were provided. She then concluded her presentation by advising that the CAFR is available on the City's website.

It was noted that the State Legislature would adjourn in a few weeks; staff was asked to return to Council at that time to provide additional information. Ms. Davidson and Mr. Ahnell then answered questions from Council related to forecasting models in connection with portability and/or other initiatives being considered by the Legislature. Mr. Ahnell commented that a State forecasting model exists; however, there is no local forecasting model for cities. Revenue reductions are expected somewhere between 2.5% and 10%; these assumptions are conservative since the City does not have any information at this time.

2) Compliance Report

Jerry Chiocca, Senior Partner with Rachlin, advised that he would speak to new auditing standards that came into being this year, known as the risk assessment standards, as well as SAS 112 and 114. He began by reviewing the requirements of SAS 112. Focus was given to deficiencies. Mr. Chiocca explained that they were not the result of any deteriorating internal controls within the City; they are simply required to be disclosed in writing. Three deficiencies were reviewed - control deficiency, significant deficiency, and material weakness – and details were provided. Mr. Chiocca then gave the floor to Susan Friend, a partner with Rachlin, to continue the presentation.

Ms. Friend referred to the compliance report and spoke to a significant deficiency, which related to a prior period adjustment. She advised that the deficiency was not considered a material weakness nor was it expected to reoccur. Responding to Council, Ms. Friend advised that the items listed on Page 12 of the report were prior period adjustments. Ms. Davidson clarified that there was a change in the auditing standards. If the standards had not changed, staff would not be presenting these prior period adjustments; they would have been discussed with the auditor and included in the footnotes. Ms. Davidson also advised that staff believed the financials were accurately reflected during those prior periods. Per Ms. Davidson and Mr. Ahnell, the KPMG auditors were terminated and the City sought a better quality of service in terms of the audits performed. Over the last couple of years, staff had several disagreements with the prior auditors and their interpretations. As it turned out, staff was correctly applying the standards and the City had to reverse things that the auditors had incorrectly told staff to do. Consequently, some of the mistakes initiated by the prior auditors are now being identified by the current auditors and corrected.

Ms. Friend resumed her presentation and advised there were no findings of noncompliance. She then reviewed the management letter as well as compliance and internal control over federal and state awards; details were provided. Ms. Friend closed her comments by advising that Rachlin had issued an unqualified (clean) opinion and found the City in compliance in all material respects; there was no evidence of noncompliance regarding internal control.

Mr. Chiocca reiterated that the City received an unqualified opinion, which is the highest opinion an auditor can give, and noted that Boca Raton is in a very good position to take on the future challenges coming from the State Legislature. He then continued the presentation by speaking to SAS 114; details were provided. Mr. Chiocca advised that for a first year audit, it went smoothly; he then concluded his comments by thanking City staff for their assistance. Responding to Council, Mr. Chiocca indicated that at no time were any issues raised that he thought should be communicated to Council.

3) Annual Investment Report

Carol Himes Hannigan, City Treasurer, gave a Power Point presentation and spoke to the status of the investment portfolio, which was valued at \$187,000,000 as of September 30, 2006. As of September 30, 2007, it was valued at \$215,000,000. Ms. Hannigan outlined distributions by investment type and then referred to the City's account with State Board of Administration (SBA), advising that the balance was \$14,047,500 as of September 30, 2007. The City withdrew \$13,825,000 on November 16, 2007 and the SBA then froze their accounts effective November 29, 2007 through December 5, 2007, to avoid a run on the portfolio of the State pool. Ms. Hannigan reviewed charts related to maturity distribution and interest

rate trends; details were provided. She advised that the total rate of return for the investment portfolio was 5.58% at fiscal year end and then reviewed the investment yields. Ms. Hannigan indicated that the yield on the portfolio was comparable to either the yield of a one- and two-year generic government treasury or a Merrill Lynch one- to three-year government fund; she then concluded her presentation.

4) Long-Range Financial Plan

Merv Timberlake, Director of Financial Services, gave a PowerPoint presentation. He first explained the assumptions that the long-range financial plan is based upon and then reviewed a number of graphs and charts related to revenue history, expenditure history, the Historical General Fund, early adjustments made in the 2008 budget, property tax assumptions, revenue growth, expenditures, pension costs, pension contributions, fuel costs, fund balance, resources forward, General Fund expenditures vs. funds available, a tax bill graph, comparison of property taxes, the fire assessment fee, potential new revenue sources, State Legislature mandates, and recommendations. Details were provided in each category and questions were answered throughout the presentation by Mr. Timberlake and Mr. Ahnell.

Attention then focused on the Water and Sewer Fund in terms of revenue, operating revenue and expenses, and recommendations. There followed information on the Transportation Fund, Beautification Fund, Stormwater Utility Fund, Golf Course Fund, and the Cemetery/Mausoleum Fund. Mr. Timberlake then concluded his presentation and made himself available for questions. Mayor Whelchel asked that he provide a chart comparing Boca Raton with other cities that have had water/sewer rate increases.

5. CITY MANAGER REPORTS:

The City Manager had nothing to report at this time.

6. CITY ATTORNEY REPORTS:

The City Attorney referred to what is known as the "sober house" case, indicating that, as reported in a previous meeting, the judge ruled in favor of the City. She noted that the appeal period had expired and the DOJ (Department of Justice) decided not to appeal the matter.

7. MAYOR AND COUNCIL MEMBER REQUESTS AND REPORTS:

Council Member Arts questioned whether the sober house issue was now concluded. Ms. Frieser advised that this was a big issue for the City and, from a litigation standpoint, nothing further should occur for some time. However, her staff could now refocus on a series of practical issues related to this matter and would continue to pursue same. Mr. Arts then expressed appreciation in connection with updates provided by Police Services regarding matters they are dealing with and the challenges they continue to face.

Council Member Baronoff commented on Ms. Whelchel's photograph that had been added to the gallery of Mayors' photographs displayed in the Chamber.

Council Member Hager recognized Deputy Mayor Baronoff, who was being honored by the Boy Scouts of America for his work, as well as former Mayor Steven Abrams, who was being honored for his personal financial contributions.

Council Member Haynie requested an update from the City Manager on the Eden project. Mr. Ahnell explained that staff received a submission Friday afternoon for a senior living rental facility; there was no longer an ALF (Assisted Living Facility) component. Mr. Ahnell advised that he would provide more information to Council at a later date, once staff has had an opportunity to review the proposal.

The regular workshop meeting of the City Council of the City of Boca Raton, Florida, adjourned at approximately 3:25 p.m. on Monday, April 21, 2008.

Vanessa Hines, Assistant City Clerk