

Members Present:

Lung Chiu (*Chairman*)
Elise Ryan (*Committee Member*)
Bridget Subramanya (*Committee Member*)
Cheryl Miller (*Committee Member*)
Ken Johnson (*Committee Member*)

Others Attending:

Councilman Ryan Liang (*Town Councilman - FAAC Liaison*)
Frank Spence, Town Manager
Holly Hugdahl, Finance Director
Cindy Corum, Assistant Town Clerk
Beverly Tew, Code Enforcement Contractor

Members of the Public –LGWCD Administrator Clete Saunier, Residents Marge Herzog, Dennis Lipp, Doreen Baxter and Philomena Liang

1. Opening

Chairman Lung Chiu called the meeting to order at 7:01 pm

2. Roll Call

Roll call was taken by Town Manager Frank Spence and a quorum was met.

3. Approval of Agenda

MOTION: *Vice Chair Elise Ryan made a motion to approve the agenda; seconded by Committee Member Cheryl Miller. Motion passed 5-0.*

4. Approval of 7-25-2011 FAAC Meeting Minutes

MOTION: *Elise Ryan made a motion to approve the 7-25-2011 FAAC Meeting Minutes; seconded by Cheryl Miller. Motion passed 5-0.*

5. Approval of July 2011 Financial Statements

No errors were found in the financial statements.

MOTION: *Committee Member Bridgette Subramanya made a motion to approve the July 2011 Financial Statements; seconded by Elise Ryan. Motion passed 5-0.*

6. Discussion of Lowering Proposed Millage Rate

Mr. Spence said Council had requested the Finance Committee to review lowering the millage rate. One proposal was to lower the rate from the current 1.5 to 1.2. He said Councilman Jim Rockett had also proposed lowering the rate to 0.7, or one half of the current millage rate.

MOTION: *Bridgette Subramanya made a motion to table the discussion until after September 15th when the Property Appraiser could give a more accurate number on how many ad valorem appeals there have been - as the deadline for appeals is 9-15.*

Discussion Followed:

Finance Director Holly Hugdahl said we do have a mechanism to adjust the millage rate back up if we should so desire. She said Council could administratively raise the millage rate back up in October in case there was a deficiency. Mrs. Hugdahl said she had prepared a chart with the breakdown of the tax savings a millage decrease would afford the different types of properties in the Groves. She said the tax break you're giving isn't to the little guy, it benefits the big landowners. She said homesteaded residents would get an average of \$76 in savings, but vacant land, improved commercial and large properties would see the largest savings. Committee Member Ken Johnson asked how much money the Town had in reserve and said he was concerned about having enough in case of a hurricane or other disaster. Mrs. Hugdahl said Southwest Ranches in Broward County (13 sq. miles/pop. 7000) spent \$10 million dollars on the 2004-2005 hurricanes. She said FEMA only pays 87.5 percent and you could still be looking at 1.25 million out of pocket.

Loxahatchee Groves Water Control District Administrator, Clete Saunier said Indian Trails and Northern Palm Beach County Improvement Districts were just closing out projects now in 2011 from hurricanes Wilma, Frances and Jeanne. (2004-2005 hurricanes) He suggested the Town look into getting a line of credit to be used in case of emergency.

After discussion, the motion to table the issue was seconded by Committee Member, Ken Johnson. Motion failed 3-2 with Mrs. Subramanya and Mr. Johnson voting aye.

MOTION: Elise Ryan made a motion to recommend lowering the millage rate to 0.7 for Discussion purposes; Chairman Lung Chiu passed the gavel and seconded the motion.

Discussion Followed:

Mr. Johnson spoke about the uncertain economy and said we should conserve our reserve money. Resident Dennis Lipp said recent market prediction reports show we are not going to see an upturn in this economy until 2016. He said trying to cut things plays well politically but fiscally he doesn't think it works. Chairman Chiu said a 0.7 millage rate would translate into an income reduction of \$122,000. He said he would like to see a Capital Project Plan put together this year with input from the Council and the citizens. Mrs. Hugdahl said we are required by State Law to have that as a component of our Comp Plan and that is a good project for the Finance Committee to look at. Code Enforcement contractor, Mrs. Beverly Tew explained some of the State requirements and caveats for Capital Improvement Plans. Mrs. Ryan said the Committee needs to look at how much the Town needs in reserve. She said she was not comfortable reducing the millage to 0.7 and she had made the motion for discussion only as Council asked the Committee to review it.

MOTION to recommend Council lower the millage rate to 0.7 failed 5-0.

MOTION: Bridgette Subramanya made a motion to advise Council of the feasibility of lowering the millage rate to 1.2; seconded by Elise Ryan.

Discussion Followed:

Mrs. Subramanya asked if the \$400,000 surplus could be kept if the millage rate was reduced to 1.2. Mrs. Hugdahl said \$400,000 was last year's number, this year the reserves would be approximately \$300,000. Mrs. Ryan said dropping our millage to 1.2 would translate to only about a \$38,000 reduction in revenue. She said she was comfortable with that number and did not think that would jeopardize the Town in any way.

MOTION to recommend Council lower the millage rate to 1.2 passed 5-0.

MOTION: Ken Johnson made a motion to recommend to Council the creation of a Capital Improvement Fund, accompanied by a Capital Improvement Plan; seconded by Elise Ryan.

Discussion Followed:

Mr. Johnson felt a traffic light was needed on Okeechobee and spoke about having inter-connected horse trails and a linear park as part of the Capital Improvement Plan. Mr. Clete Saunier said impacts fees should be included as part of the Capital Improvement Plan. Mr. Spence said the Town had no current Capital Improvement Plan but would be required to have one within a year now that the Comp Plan challenge had ended. He said the Comp Plan would now be officially passed next Monday.

The question was called and the motion passed 5-0.

MOTION: Ken Johnson made a motion to recommend to Council the creation of a Capital Improvement Fund, accompanied by a Capital Improvement Plan; seconded by Elise Ryan.

7. Discussion of Proposed P&Z Service Fees

Town Manager Frank Spence said the Town needs to levy fees for cost recovery now that the Town has taken over all Planning & Zoning functions from the County. He said his staff had been processing all applications since June up to now and there are expenses involved with that. He said we need to legally adopt a resolution to incur fees. Chairman Chiu said he would like the Town Manager to outline how that would work and make recommendations as to the process and amount of the fees.

8. Addendum Items

None

9. Punch List

Mrs. Ryan asked if the two checks to Land Research Management had been investigated and Mr. Spence responded that had been done. Assistant Town Clerk Cindy Corum said she had spoken to our auditor, Terry Morton about the CPE classes and he said he would be scheduling the classes in September. Chairman Chiu asked that the Contract Monitoring Spreadsheet be included on the next agenda. Town Management red-lined the corrected version of the Contract Monitoring Spreadsheet.

10. New Business

Ken Johnson asked if the Committee could review all contractors which the Town outsources jobs to. Ms. Corum said the Committee had reviewed only the Code Enforcement Contract to date. Mr. Johnson said he thought the Committee needed to scrutinize every vendor the same way on an annual basis.

11. Closing Comments

Resident Doreen Baxter said following up on Mr. Johnson's comment, next month the Waste Monitor Contract comes up for renewal and maybe that should be the first thing on the list to go over. Mr. Spence said that the Code Enforcement Contract was also up for renewal. Chairman Chiu said Mr. Spence should make a report on how he felt the contractors were performing and either recommend going out to new RFPs or renewing the contracts to monitor, oversee and evaluate the outside contractors.

12. Setting of Next meeting Date and Time

Next meeting date was set for September 27th at 7pm

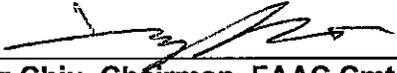
MOTION: Motion to adjourn was made by Ken Johnson; seconded by Bridgette Subramanya. Motion passed 5-0. Meeting adjourned at 8:50.

Loxahatchee Groves
Finance Advisory & Audit Committee
Meeting Minutes - Tuesday, August 23, 2011
Location: Palms West Presbyterian Church

ATTEST:


~~Cindy Lou Gorum, Asst. Town Clerk~~
Judy Rios, Boards & Committees
Clerk

12-08-11
Date Signed


Lung Chiu, Chairman, FAAC Cmte

11-28-11
Date Approved by FAAC