

Members Present:

Lung Chiu (Chairman)
Elise Ryan (Vice Chair)
Bridgette Subramanya (Committee Member)
Marge Herzog (Committee Member)
Cheryl Miller (Committee Member)

Others Attending:

Frank Spence, Town Manager
Holly Hugdahl, Finance Director
Cindy Corum, Assistant Town Clerk

Absent:

Councilman Ryan Liang (Town Councilman - FAAC Liaison)

Members of the Public Attending:

Vice Mayor Dennis Lipp, Doreen Baxter, Councilman Jim Rockett, LGWCD Administrator Clete Saunier, LGWCD Supervisor John Ryan, Mr. Subramanya

1. Opening

Town Manager Frank Spence called the meeting to order at 7:40 pm

2. Roll Call

Roll call was taken by Town Manager Frank Spence and all Committee members were present.

3. Approval of Agenda

MOTION: Committee Member Marge Herzog made a motion to approve the agenda; seconded by Cheryl Miller. Motion passed 5-0.

4. Approval of 9-27-2010 Meeting Minutes

MOTION: Motion to approve the 8-23-10 meeting minutes with one word change was made by Vice Chair Elise Ryan; seconded by Marge Herzog. Motion passed 5-0.

5. Approval of September 2010 Financials

Finance Director Holly Hugdahl said the approval of the September financials was only the first go round as the year end numbers were yet to come. She said there will be another set of September financials which will include all of the year-end adjustments. Chairman Lung Chiu asked Mrs. Hugdahl to highlight the changes on the revised September financials for easy identification of the new numbers. Committee member Marge Herzog commented it was nice to see the revenue was higher than anticipated and that we have a healthy surplus. Vice Chair Elise Ryan said that a charge had been misclassified and needed to be moved from Executive to the Police account. She also asked about a check written to the law firm for \$698 which got booked under Comp Plan. Mr. Spence said it may be that the legal work pertained to the Comp Plan, but Staff would research the charge. Elise Ryan inquired whether Mr. Spence was coordinating with Clete Saunier when booking the 5 cent versus the 6 cent gas tax. Mr. Spence responded yes. Mr. Saunier said: "I'd have to look at the detail reports that Carmen prepares, but the only five cent charge we would request would be for like guardrails and that may or may not have been part of that -- because it's an improvement. The rest should be regular maintenance, but we'll work that out."

Mrs. Hugdahl asked for someone on the Committee with an accounting background to help her identify costs that should be charged back to the various developers' escrow accounts.

She said someone needed to sit down with the Town's representative Jim Fleischman and figure out what the charges should actually be for last year as previous management had not kept track of the numbers.

Mr. Spence said that this was one of the reasons the attorney bills had been so high in previous years. Mrs. Ryan volunteered to help Mrs. Hugdahl identify the past developer charges. Marge Herzog asked about the status of the Mellgren account. Mr. Spence said Michele Mellgren had fulfilled her original contractual obligations and the Town was now being charged hourly for additional work.

MOTION: Motion to approve the September 2010 financials as presented with the knowledge that revisions were coming at next meeting was made by Marge Herzog; seconded by Cheryl Miller. Motion passed 5-0.

6. Town's Bid Procurement Policy

Marge Herzog said the reason she wanted this item on the agenda is because she felt that the price we paid to A&B Engineering for the survey on 22nd Road was high compared to the three other quotes Mrs. Baxter had gotten from other surveyors. She said maybe the Finance Committee should look at lowering the ceiling for monetary amounts before something is approved. Mr. Spence said that registered land surveyors are in a little different category under the State's "Consultant's Competitive Negotiations Act" (CCNA). Mr. Spence said he is always sensitive to the competitive bidding process to get the lowest and best prices, and the best product, but here we were dealing with a specialized professional service. He also said this particular surveyor has been doing work for the Loxahatchee Groves Water Control District (LGWCD) for years and has inside knowledge of the community. LGWCD administrator Clete Saunier said that the CCNA was in place in order to avoid the competitive bid urge for certain professional services, so you don't just get the cheapest guy out there that may not be the best for the job. He said he liked Mr. Painter of A&B Engineering because he goes over and beyond the scope of work and yet charges what was quoted in the original proposal. LGWCD supervisor John Ryan said when you get quotes like this, you have to look at the proposals and be sure you are dealing with apples to apples.

Chairman Lung Chiu said the State Statute was there to ensure that experience, performance and qualifications were taken into consideration and not just price. Mr. Spence said that as the Town was taking over all the non-district roads, now is the time to go to RFQ and set up a master list of providers we can draw from and he would proceed in that direction. Assistant Clerk Cindy Corum asked Mr. Saunier what the dollar threshold was for the CCNA. Mr. Saunier said he thought it was for projects over \$5000 – or it may even be over \$15,000. Mr. Saunier said as far as the CCNA Statute goes, if you get one bid and it comes under the threshold, then it's okay to go with that bid. Ms. Corum asked if we would have violated any rules by getting additional quotes for the survey, as the first quote was under \$5000.

Mr. Saunier said he did not believe so, but to change your mind and go with someone else after the first bid come in - could be a legal concern. Resident Doreen Baxter asked if it was necessary to survey all of the parcels the County wanted to turn over to the Town, and she wondered if some of these easements should just be turned over to the adjacent property owners. Mr. Spence said if the Council decided to accept the parcels, they could also decide on methods of disposal.

Holly Hugdahl said if the Town gives the easements to the adjacent property owners, the Town should at least recover "vacation costs". She went on to explain that when one abandons or vacates the rights to a property there would usually be some legal costs associated with the change of the deed.

7. Accounting Policies and Procedures Manual

Elise Ryan asked Holly Hugdahl to refresh everyone on what the process was going to be. Mrs. Hugdahl said we have already started the process and we are having an objective party re-write the manual. She said this woman (Marilu) had a specialty background in writing policies and procedures manuals and she had written same before for many different cities.

Mrs. Hugdahl said that we are using the existing manual as a starting point, but basically we are starting from scratch so that we address all of the policies we need to address according to the State requirements. She said new management had put a lot more controls in place than had been practiced by previous management and that everything has to be documented appropriately. Mrs. Ryan asked for a timeline on the Committee seeing the first draft. Mrs. Hugdahl responded the first draft should be ready by January. She also said she may submit partial sections to review as they get each section accomplished. Mrs. Ryan said it may be easier on everybody to do it that way.

8. Sanitation Fund Budget

Mrs. Ryan said she noticed that the amount budgeted in the Solid Waste Fund on the expense side was not accurate when taking the new assessment roll numbers into consideration. She said we would be paying Waste-Pro more than the line item amount in our current 2010-2011 budget. She suggested doing a budget adjustment to reflect the increased expense amount, and reduce the Contingency Fund by the difference. Mrs. Hugdahl explained that there were several other steps or adjustments to be made besides the two suggested by Mrs. Ryan. She said she would prefer to wait until the end of the first quarter to see what income comes in, because we may not have to utilize that contribution from the General Fund Contingency if the revenue comes in higher than we expected. Mrs. Hugdahl said her recommendation would be to wait and see if the adjustment could be done within the fund itself, as she did not like to pull money from Contingency unless it was absolutely necessary. Councilman Jim Rockett asked Mrs. Hugdahl to explain why she would have a concern taking money out of the General Fund Contingency. Mrs. Hugdahl said she would prefer not to transfer money into a fund which she prefers be a self sufficient fund, and if discounts come in lower than anticipated she may be able to make the adjustment without touching Contingency at all. Mr. Rockett said as we know that this number is incorrect and we know what our contractual obligation to Waste-Pro is – why not just fix it now? Mrs. Hugdahl said that 3 months from now we may be able to lower the discount amount and increase the expense and do it all within the Sanitation Fund itself without touching the Contingency Fund; but if we do it now we would have to make amendments to both the General Fund and the Sanitation Fund. She said if this was a large number she would recommend making the change immediately, but as the number was not large, she preferred to wait. She said by State law you must change your budget the same way you adopt your budget which in our case is by resolution. Mr. Saunier said he thought that only applied if the total amount of the budget changes and the bottom line was affected. Mrs. Ryan quoted from section 4 of the Town's Budget Resolution which states that "from time to time the Town may transfer from one fund, account, or department to another as the necessity for the same may occur without being required to amend the terms and provisions of this Resolution." Mr. Rockett said he was looking for the Finance Committee to make a decision on his request to amend the budget.

LGWCD supervisor John Ryan said that it seems that the Town has given itself the flexibility to do budget adjustments without going through the expense of a resolution, as long as it's living within its overall budget. He said it seems there is a way to make the adjustment without it being a big problem.

Mrs. Hugdahl reiterated she would prefer to wait until after the first quarter but she would defer to whatever the Finance Committee decided. Chairman Lung Chiu asked if there was a consensus on the dollar amount of the proposed adjustment. Mrs. Ryan responded yes. Mr. Spence said that it was his recommendation to wait until after the first quarter as there was no dire necessity now.

MOTION: Motion was made by Marge Herzog; seconded by Cheryl Miller to wait until after the first quarter and address any budgets adjustments at that time if there is a need.

Discussion followed.

Lung Chiu asked if we would make it a formalized process to review the budget every quarter. Mrs. Hugdahl said that would be good policy. Mrs. Ryan said as long as there's a process, I'm happy with that. Chairman Chiu restated the motion as follows: "To make it a policy to make budget amendments on a quarterly basis as needed".

Motion (as amended) passed 5-0

Chairman Chiu asked that this policy be incorporated into the new Accounting Policy and Procedures Manual, and thanked Councilman Rockett for bringing up the discussion.

9. Field Monitor's Invoices

Mrs. Ryan said her purpose for bringing this up was to ensure the Waste Monitor's hours were booked appropriately. She asked that if he worked hours for code enforcement for example, that those hours be booked under code enforcement and not under Waste Monitoring. Mr. Spence agreed that tasks other than monitoring should be broken out. He said he had a meeting with the Waste Monitor and told him he wanted further explanation and more detail on his invoices. He said the September invoice did include more detail. Mr. Spence said that at present we have a moratorium on anonymous code complaints, but he anticipated an increase in code enforcement after the first of the year. He said the squeaky wheels will probably get addressed first. Marge Herzog said she was concerned about the four hours of 'computer paperwork' listed on the Monitor's invoices. Vice Mayor Dennis Lipp said that it seemed to him that would be 'cost of doing business' time. Cindy Corum said that she thought the point Mrs. Herzog was trying to make was that there were four separate hours logged on the monitor's bill as 'computer paperwork time' but there was no work product to show for it. She wondered if the Monitor was billing the Town for the time it took to create his invoices. Mr. Spence said paperwork or report work would be additional time; that could apply to any consultant. Elise Ryan agreed. John Ryan said that the Monitor turns in a log which is included in the Town Council agenda pack once per month. Ms. Corum said yes, but that is a one page Excel spreadsheet, so how is he accounting for four hours of paperwork time? Mr. Spence said he didn't know but he would speak to the Monitor and get an answer to the question.

10. LGWCD Legislation re: Easements

Marge Herzog said that the LGWCD had filed a request with the Attorney General asking for certain rights regarding their need for gaining more easements for roads. She said the Attorney General had told them that it wasn't within their power and the only way to do that would be to file for special legislation. She said a draft of that legislation was included in the agenda pack, and it would cost the taxpayers \$25,000 to go through the process.

She said she has several concerns: She thought that goal could be accomplished with an inter-local agreement between the LGWCD and the TOLG and save the taxpayers the money. She had a concern was that there was no referendum scheduled. Another concern was that the LGWCD planned to ask the TOLG to fund the legislation. Clete Saunier said that although LGWCD Supervisor Robert Snowball made a comment about asking the Town for funds, the LGWCD board had come to any consensus as a board to do so. John Ryan said that the LGWCD board had decided to ask the Town only for a resolution supporting the legislation, but not for financial support. Mr. Saunier said that Florida Statute required that a road be continuously maintained for four years by a municipality to be taken over by that municipality. He said as our Town has only been in existence for four years and has not maintained these easements, an inter-local agreement would not work in this case. Chairman Chiu said he thought this subject was not in the jurisdiction of the Finance Committee and that these kinds of concerns could be expressed at the LGWCD board meetings.

11. FAAC Punch List

Councilman Rockett asked if the Ethics question would be on this November's ballot. Mr. Spence responded yes, but each Town would have to vote for it individually to be covered under it. He said having worked under Dade County's Ethics Commission for twelve years he firmly believes all cities and all agencies should fall under the code. Mr. Rockett asked if the class for the Finance Committee would be any different from the one offered for the Town Council. Mr. Spence said that someone from the new Ethics Commission would be glad to come out and speak to the Finance Committee and/or the Town Council together and he believed the presentation was just a couple of hours. Mrs. Herzog said Alan Johnson was scheduled to speak at the Loxahatchee Groves Landowners meeting next week. John Ryan asked about the cost of participation. Mr. Spence said it was one quarter of one percent which the Town's contractors would pay. Vice Mayor Lipp said one of things the Town could do was include the cost in every RFP that goes out. It could be made clear that one quarter of one percent will be billed to the provider on a quarterly basis for example. Mr. Lipp said the County office was pretty well set up and ready to go.

Chairman Chiu requested a word change on the Master Contract List (from "never used" to "not currently used"). Mr. Spence said he planned to go back out to RFPs for all disaster/ hurricane related contracts. Dennis Lipp commented that the Town can have more than one provider on file. A discussion ensued about FEMA and how they operate after a disaster in regards to the paperwork. Cindy Corum said that she had heard that there was a coalition of a dozen smallish towns in Palm Beach who had pooled together and piggy-backed off a local debris removal contract with vendors approved by Palm Beach County and that maybe we should check into that.

Mrs. Hugdahl listed a few things on the Punch List that could be closed out as done.

12. Administrative Update

Mr. Spence said this was Committee Member's Bridgette Subramanya's request and asked her to elaborate. Mrs. Subramanya said she wanted management to provide copies of documents used to justify major budget expenditures. She said when the auditors come in from the State they will usually review how and why the Town justifies their spending. Mr. Spence said RFPs and invoicing describing the scope of work to be done is usually considered the documentation. He said going forward it was mostly the gas tax money for the roads that was the biggest chunk of money to be spent. He said other than that he didn't know of any other major projects since we don't own any assets. He said most of the other ordinary contracts were really for services and he was aware that anything we do has to have a good audit trail for justification of expenditure.

Mrs. Subramanya said she was hoping that we could review one contract each month before the end of the budget year. John Ryan suggested that the documentation of expenditures with the LGWCD for the maintenance of roads or Michelle Mellgren's contract might be some projects to review. Mrs. Hugdahl said she was unclear on what the Committee was asking for. Chairman Chiu said let's go back and look at the minutes from 9-27-10. He read: "Committee member Bridgette Subramanya asked if budget justification items or periodic management analysis on performance contracts could be added to the punch list, so that the Committee could review the contracts throughout the year - in advance of budget time." Mrs. Subramanya said the State could ask for money back without proper documentation. Mrs. Hugdahl said that only happens if it's a reimbursement grant and we don't have any grants at present. Mrs. Ryan agreed. Mr. Chiu said he thought the prior discussion was not about grants but the performance contracts that we have in effect. He said that it was to ensure that when we cut a check we are sure that the deliverables have been received and that the Committee would like a report in that regard. Mrs. Ryan said we could take one contract per month for review. Mr. Spence said when he recommends approval for cutting the checks, that is his responsibility and he is documenting the receivables. Mrs. Hugdahl suggested taking one of the contracts each month and including all of the invoices for that particular contract in the package for review. Mrs. Ryan said we do not want to talk about anything that is already closed out, but only look at contracts which are open. She said code enforcement would be a good one to look at next month.

13. Addendum Items

None

14. Old Business

None

15. New Business

None

16. Setting of Next Meeting Time and Date

Next meeting date was set for Monday, November 22, 2010 at 7pm.

17. Committee and Public Comments

None

**MOTION: Motion to adjourn was made by Mrs. Herzog; seconded by Cheryl Miller.
Motion passed 5-0. Meeting adjourned at 10:55pm**

ATTEST:


Cindy Lou Corum, Asst. Town Clerk


Lung Chiu, Chairman, FAAC Cmte

1-24-2011
Date Approved by Cmte

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Date Signed