



Town of Loxahatchee Groves
Finance Advisory & Audit Committee Meeting
Monday, February 25, 2013 at 7:00 p.m.

Central Palm Beach County
Chamber of Commerce-West Office
13901 Southern Boulevard,
Loxahatchee Groves, FL 33470

MINUTES

1. OPENING

- a. Call to Order & Roll Call

Chair Lung Chiu called the meeting to order at 7:15 p.m. Present were *Chair Lung Chiu*, and *Committee Members Cheryl Miller and Virginia Standish*. Vice Chair Elise Ryan and Committee Member Ken Johnson were absent. Also present were Town Manager Mark Kutney, Bill Underwood, Managing Partner of Underwood Management Services Group (UMSG), and Town Office Coordinator Dennise D. Rodriguez. *Committee Member Ken Johnson* arrived at 7:25 pm.

- b. Approval of Agenda

Motion: Member Standish moved to **approve** the Agenda. Member Miller seconded the motion, which passed unanimously. (**Motion carried 3-0**).

Motion: Member Miller moved to **approve** the amended agenda, which will include an additional item under Item 4. Old Business, to include “c. Cost Recovery.” Member Standish seconded the motion, which passed unanimously. (Motion carried 3-0).

2. CONSENT AGENDA

- a. Minutes: January 28, 2013

Motion: Member Miller moved to **approve** the minutes. Member Standish seconded the motion, which passed unanimously. (**Motion carried 3-0**).

Chair Chui expressed concerned about not having sufficient information in the meeting minutes. He advised that he would like more details when preparing the minutes. The public reading of the minutes should have a complete idea on what the conversation was about. He gave suggestions on how minutes should to be prepared. Town Manager Kutney advised that he will provide “Minutes Preparation Rules” at the next scheduled meeting.

Member Ken Johnson entered the meeting at this time.

3. PRESENTATIONS – None

4. OLD BUSINESS

a. C & C Loader Invoice – October 5, 2012

Member Standish advised that she wanted to see the invoice and make sure that what they charge the Town is what it indicates on the invoice, and advised that following the last meeting she was provided the information with respect to the invoice in question. She also thanked staff for including the information in the Agenda as a follow up for all Committee members.

b. Correcting Entries to be included in FY2013 February General Ledger

The Committee reviewed the list of correcting entries in the General Fund under Executive (Communication Services), Other General Government (Printing and Binding), Financial and Administrative (Printing and Binding), and Planning and Zoning (Professional Services and Other Services). Bill Underwood, UMSG, explained that there is another adjustment in the Printing and Binding not included in the list that also will be corrected.

Bill Underwood also advised of the transfer from General Fund to the Capital Improvement Fund in the amount of \$400,000 and the transfer to the Solid Waste Fund in the amount of \$126,000.

Mr. Underwood advised that he will be preparing a Budget Amendment to General Fund for the Planning and Zoning Account to include the charges for the Work Authorizations approved by the Town Council that were not included during the Budget process, and to include the \$10,000 that was eliminated in Other Services by the Town Council. Upon question from the Committee, Mr. Underwood advised that while the Council eliminated the appropriation, funds continue to be spent on planning and zoning matters that are not part of the cost recovery program (Council initiated projects).

c. Cost Recovery for Permitting

Bill Underwood advised that it appears to be a misunderstanding with respect to Cost Recovery as it relates to a Fee Schedule verses a Formula for Initiation. Town Manager Kutney explained that the Town is not doing a Fee Schedule in place, but rather has an existing Cost Recovery System that allows for all costs to the Town are recovered. Town Manager Kutney explained that staff will be preparing the proposal based on the historical data the Town has for appropriate fees for a Comp Plan amendment, for a rezoning, for a variance, and other items covered in the ULDC.

Bill Underwood pointed out that this process, however, will have no impact with respect to Town Council initiated legislation on behalf of particular individual as those Council initiated matters are not subject to cost recovery. Upon question from Member Standish, Mr. Underwood advised that the current Hay Ordinance matter is an example of Town Council initiated legislation.

Chair Chiu asked Town Staff what are their suggestions for the Cost Recovery Accounts. Town Manager Kutney mentioned that the FAAC Committee is concerned about the cost recovery, but there are many instances where Town Council has decided to go in a different direction, and that is not cost recovery. Upon question from Ken Johnson about the Town's ability to recover costs, Mr. Kutney explained that the proposals that staff will make will have no impact on Town Council initiated legislation. As an example, Mr. Kutney discussed the Eckes matter relating to hay sales initiated by the Town Council, and explained the all costs incurred by the Town will not be passed on to the Eckes in the way other cost recovery charges are paid by other applicants.

Member Standish is concerned that charges add up in cost recovery, and the Town should require applicants to keep the cost recovery account current or suspend work until the accounts in the arrears are paid. A discussion took place in regards to the cost recovery accounts and how it should be handled. Town Manager Kutney advised that Valley Crest account is now current, and the PBSC is currently reviewing the record of their expenses to date and has advised that they will be submitted the necessary payment. Town Manager Kutney also advised that the gun sales matter is also another example of Town Council initiated legislation and is not subject to cost recovery.

Chair Chiu suggested that staff advise Town Council about these matters at the time they come before the Council. Mr. Kutney reminded Chair Chiu that he did just that in December with respect to the Community of Hope, and the Town Council waived the cost to the Church.

Public comments

Phil Liu, 148th Terrace North: She made a comment in regards to the fees, and recommended that there cost recovery should be applied to all applicants for any kind of business.

Member Standish stated that the Town needs to let everybody know that there is a cost recovery fee. Mr. Underwood recommended that it would be in the Town best interest to treat everybody the same way. Mr. Underwood also suggested that this item (Cost Recovery) stays on the Agenda until completed.

Member Johnson indicated that he agrees with the idea that everybody should be treated the same, when it comes to the cost recovery fees.

Public comments

Marge Herzog, 966 A Road:

Indicated that there are many residents that believe certain individuals are getting special consideration while the community is bearing the cost of the fees charged. She stated that she believes this may be occurring because there are Town Council members on the that do not know how government works. She believes that Jim Rockett is the only Council member that as attended the educational program for elected officials.

Phil Liu:

Indicated that every time something comes up, the Town Manager should already be prepared with the fees associates with costs and advise Council.

Chair Chiu advised that the Town Manager will come back with a Cost Recovery Plan to make sure that we recover all the cost for projects.

5. NEW BUSINESS

a. Approval of FY 2013 Financial Statements

1. Budget vs. Actual – January 2013
2. Bank Reconciliation – January 2013
3. General Ledger Detail – January 2013
4. Bank Statement – January 2013

Member Standish inquired about increased legal fees. Town Manager explained that the legal fees went up during the period related to Day lawsuit, Referendum matter, Valley Crest, and Wellington's Edge magistrate case.

Member Johnson inquired about how much more revenue the Town will receive from Gas Tax Revenues when the Town takes over all the roads. Bill Underwood advised that the Town currently receives all revenues for all roads from the Gas Tax. Mr. Underwood confirmed that, unless there are new roads added within the Town's boundaries, there would be no additional gas tax revenues coming to the Town. Town Manager Kutney also added that the Town has traffic control of all the roads within its boundaries.

With respect to the Transportation Fund, Member Standish inquired about the invoice for street signs expenses in the amount of approximately \$4900. She advised that she was under the impression that the Water Control District was responsible for purchase and installation of all street signs. Member Standish was advised that the Town is responsible for street signs within the Town. Town Manager advised that the Town began purchasing street signs for the Town at a lower price than what the District was purchasing street signs over a year ago.

Member Johnson mentioned that more than four (4) years ago he had provided the former Water Control District Manager, a listing of all the streets that needed signs.

With respect to Solid Waste, Member Standish mentioned that she thought that the Town had stopped Solid Waste monitoring altogether as she believed it was discussed at one Town Council Meeting. Town Manager Kutney explained that while monitoring services were not eliminated the Town no longer was doing regular monitoring throughout the Town, but rather would be responding to resident complaints only, and providing follow up on the specific complaints. Town Manager Kutney did point out that complaints have been rising since the monitoring is no longer being done, and the Town is receiving an increase in complaints.

Member Standish also inquired about the Town's insurance and workers compensation rates and questioned if rate increases are anticipated. Mr. Underwood advised that he is unaware of the final audit had been received from the insurance company's auditor. Mr. Underwood explained that the Town currently contracts with the Florida Municipal Insurance Trust (Florida League of Cities) for insurance and includes workers comp, general liability, and professional coverage. Member Standish advised that she felt that all Town vendors are required to provide liability insurance.

Public comments:

Marge Herzog:

Stated that if one reads the contracts, it should say that the contractors should provide insurance liability policy. Committee should be directing that all contracts be required to carry the required insurance coverage.

Town Manager Kutney advised that he feels the current contracts were done on a case by case basis. Chair Chiu suggested that staff bring this to Town Council attention.

A discussion took place with respect to the Town's Procurement Ordinance. It was agreed that the staff should include the Procurement Ordinance in a future agenda under Old Business.

Chair Chiu inquired about the sales tax being charged on Underwood Management Services credit card when they make purchases on behalf of the Town. Chair Chiu suggested that Underwood Management should be provided a Town credit card. Bill Underwood explained that the Town's Bank, Wells Fargo, requires a resolution for another person to have a credit card. Following discussion, it was recommended that the Committee recommend to the Town Council that Perla Underwood be approved for a Town credit card when they make the next monthly financial report at the Town Council Meeting.

Member Johnson inquired about the Storage Unit charges, and why is the town renting a storage unit. Town Manager Kutney explained that the storage unit was rented when Mr. Yee rented Room #3 that the town was using as a conference room to another vendor. Mr. Kutney advised that the CERT supplies, along with the recording from Palm Beach County, and other supplies were moved to the new storage facility.

Public comments:

Marge Herzog:

She asked if it would be less expensive to rent the additional office that is available from Mr. Yee. Mr. Kutney advised that Mr. Yee rental charge for the extra room is \$600 monthly, and the cost of the storage unit is approximately \$149 monthly.

b. Review of Planning & Zoning Invoices

Member Johnson inquired about the invoices for Valley Crest and the Hay Sale. The Committee was advised that the Work Authorization for Hay sales is not subject to Cost Recovery, as this matter was Council initiated.

Chair Chiu inquired about Underwood Management Services Group reimbursements. Mr. Underwood advised that the Management Company always provides its reimbursement payments that include all reimbursement requests with support documentation to the Committee for their review and information.

Chair Chiu asked when the Town Council members sign the checks, if they go over and verify that they know what they are signing so that they can determine they have correct information.

Mr. Underwood advised that the signers are provided all the invoices at the time they sign checks, and he can only assume that the Council is well aware of the information provided to make the necessary judgments in order to approve the expenditures as submitted. Town Manager Kutney advised that both Councilmen Rockett and Goltzene have accounting backgrounds, and he feels those two Councilmen completely understand the documents presented for their approval and signature.

Motion: Member Miller moved to **approve** the Financial Statements. Member Standish **seconded** the motion, which passed unanimously. **(Motion carried 4-0).**

6. DISCUSSION –

a. CLOSING COMMENTS

a. Public

Marge Herzog: It was a very informative meeting.

Phil Liu: I'm recommending that the Town Manager notifies the Town Council Members about the Cost Recovery Fees.

b. Committee Members

Member Miller – Good meeting

Member Standish – I think we went over a lot of details from previous meetings

Member Johnson – I think it was a previous meeting that we brought back about businesses not having garbage dumpster. It's still a problem. There are quite a few businesses that are paying residential rates.

Town Manager Kutney – Very informative meeting and I hope you find that we are answering or attempting to answer all the committee members' questions very clearly.

Bill Underwood –We appreciate the support of this committee.

b. ADJOURNMENT

Motion: Member Johnson moved to **adjourn** the meeting at 8:45 p.m. Member Miller seconded the motion, which passed unanimously. **(Motion carried 4-0).**

The next FAAC meeting is Monday, March 25, 2013

These minutes were approved by the Finance Advisory & Audit Committee on

Monday, April 22, 2013.


Dennise D. Rodriguez, Office Coordinator


Lung Chiu, Chair

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