

**NOTICE OF CITY COMMISSION SPECIAL MEETING AND WORKSHOP**

**WEDNESDAY, OCTOBER 27, 2010**

**CITY HALL, CITY COMMISSION CHAMBERS, 1ST FLOOR**

**100 NORTH ANDREWS AVENUE**

**FORT LAUDERDALE, FLORIDA**

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**Special Meeting**

**6:30 p.m.**

**Recruitment for the position of city manager - ranking top three of the following executive search firms:**

Affion Public, LLC - Harrisburg, PA  
Alliance Resource Consulting, LLC - Long Beach, CA  
Bob Murray & Associates - Tallahassee, FL  
Cooperative Personnel Services - Washington, DC  
Ralph Andersen & Associates - Rocklin, CA  
Slavin Management Consultants - Norcross, GA  
The Mercer Group - Boca Raton, FL

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**Workshop with Budget Advisory Board**

**7:00 p.m.**

**Budget Advisory Board recommendations - 2010-2011 adopted budget.**

**Note:** City Commission and, or Acting City Manager may also bring up other matters of interest.

*If you desire auxiliary services to assist in viewing or hearing the City Commission meetings or reading agendas and minutes for the meetings, please contact the City Clerk's Office at 954-828-5002 and arrangements will be made to provide these services to you.*

**Observations and Recommendations**  
**Relative to the Proposed FY 2010/2011 Budget**

1. **Budget Strategy** – In management’s July presentation to the Commission, four long-term budget strategies were stated. One was to “strategically shrink the size of city government”. Based on the BAB’s review of the proposed budget, we do not believe management’s proposal effectively addresses this goal.

The fundamental size and structure of city government remain essentially unchanged in the proposed budget, with only minor tweaks and incidental adjustments within the major departments. Overall budgeted FTEs were reduced 1.8% from the prior year budget and total expenditures of all funds increased by 1.7%.

The BAB recommends that the City Commission provide more explicit direction to management regarding expectations relative to the strategies necessary to achieve the goal of a more streamlined and efficient government.

2. **Budget Process** – The BAB questions the rigor of the budget process. Although departments were required to present “justification” for their non-personnel budget line items, it is not clear the degree of challenge and pushback, which is normally required in any meaningful managerial quest for budget reductions.

With respect to personnel, it appears the budget process was primarily a mathematical process of bringing forward last year’s FTEs with built-in salary increases and benefits, as contrasted to a rigorous evaluation of the necessity for each position.

3. **Setting a Tone** – The BAB observed that the proposed budgets for key leadership departments in the City do not set an appropriate example for budget austerity.

For example, the collective proposed budgets for the City Commission, City Clerk, City Auditor, Finance and Office of Management and Budget total approximately \$9 million. This total for these five departments represent an 8.2% increase over the estimated actual expenditures for FY 2009/2010.

The BAB recommends the City Commission address this issue directly and either clearly describe the justification in a public forum or recommend changes in the budget.

4. **Fund Balance** – The proposed budget includes a fund balance drawdown of \$13 million. Although, the proposed remaining fund balance will be within the recommended parameter of 15% of the general fund budget, draining reserves in the current extraordinary economic environment does not appear prudent. The BAB discourages the use of fund balance as cover for recurring expenditures. Otherwise, the practice produces an unsustainable budget in the future.

The BAB recommends that the 2010/2011 budget use accumulated reserves of no more than \$6 million and, then, only to fund non-recurring expected expenditures, which should be explicitly set forth in budget presentations.

## Summary of Previous Recommendations

*(From communications to the City Commission dated*

*August, 2009; November, 2009; February, 2010; March, 2010 and April, 2010)*

<b>Recommendation</b>	<b>City Commission Action</b>
<p>1. <b>General Fund Budget Policies</b> – The BAB recommended the Commission take an affirmative leadership role in establishing budget policy and guidelines for City management and presented the City Commission with a set of draft policies for consideration.</p>	<p>The Commission discussed the draft policies; however, the BAB is aware of no formal guidelines or directives to City management.</p>
<p>2. <b>Departmental Consolidation</b> – The BAB recommended the Commission conduct a review of the upper levels of the administrative structure and direct a consolidation of departments, with an objective of promoting more efficient and effective operating performance and achieving meaningful cost savings.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>3. <b>Activity Based Costing</b> –The BAB has recommended the City conduct a formal cost allocation study and devise modern methodologies for activity based costing, sufficient to enable effective assessment of cost recovery levels when adjusting service fees.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>4. <b>Process Improvement</b> – The BAB believes a serious process improvement initiative is an appropriate and needed undertaking by the City and has recommended such an initiative be authorized and undertaken.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>5. <b>Shared Administrative Services</b> – The BAB recommended that the Police and Fire-Rescue departments explore ways they might partner with each other to combine administrative functions and develop more cost savings and efficiencies for the City.</p>	<p>The BAB is aware of no action on this recommendation.</p>

<p><b>6. Fund Balance</b> – The BAB recommended the City Commission establish a policy of maintaining the fund balance of the General Fund at a level between 10% and 15% of the annual General Fund expenditure budget and that projected balances within the aforementioned range be utilized as a budget stabilization reserve.</p>	<p>The Commission discussed and, by consensus, adopted the policy.</p>
<p><b>7. Budget Process</b> –The BAB has advised the Commission that the City is not equipped to effectively implement a true zero-based budgeting concept, due to technology and financial system constraints. The BAB recommended that the City Manager and his staff develop a vigorous and open process for budget development.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p><b>8. Supervisory Leverage</b> –The BAB recommended an independent across-the-board study of the level of supervisory personnel for all departments, measuring the ratio of supervisory to operating personnel in each area – with the objective of increasing supervisory leverage and lowering operating costs.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p><b>9. Salary and Wage Levels</b> – The BAB recommended the Commission adopt a formal policy of restricting (or eliminating) salary and wage increases until the economy stabilizes – with application across all departments. Additionally, the BAB recommended the Commission consider, to the extent possible under collective bargaining agreements, a modest across-the-board wage reduction.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p><b>10. Employee Headcount</b> – The BAB recommended the Commission establish an official headcount reduction target, to be achieved through attrition and hiring freezes.</p>	<p>The BAB is aware of no action on this recommendation.</p>

<p>11. <b>Pension Costs</b> – The BAB observed the extraordinary level of pension costs as a percentage of base salaries and urged the staff and Commission to begin seriously exploring ways to reduce these costs, both currently and in the long run.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>12. <b>Surplus Property</b> – The BAB has recommended that all surplus City-owned property inside or outside the City limits be disposed of according to the law.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>13. <b>Quality Assurance Program</b> – The BAB recommended the City establish a quality assurance program for City programs, including specific goals and measurable objectives.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>14. <b>Cost/Benefit Analysis</b> – The BAB recommended for future years that a cost of service analysis be completed for all City programs, which would include a benefit statement for each department.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>15. <b>Intergovernmental Service Agreements</b> – The BAB recommended that the City pursue intergovernmental service agreements with surrounding governments to share services to provide greater efficiency and benefit the City of Fort Lauderdale.</p>	<p>The BAB is aware of no action on this recommendation.</p>
<p>16. <b>Service Fees</b> – The BAB recommended the City adopt a policy of adjusting service fees on a fixed schedule, with any increase in the fees based on actual costs and inflation.</p>	<p>The BAB is aware of no action on this recommendation.</p>

City of Fort Lauderdale  
Budget Advisory Board Meeting  
**Communication to the Commission**  
Wednesday, October 20, 2010 - 6:00 pm  
8<sup>th</sup> Floor Conference Room  
100 North Andrews Avenue, Fort Lauderdale, FL 33301

<b>Board Members</b>	<b>Attendance</b>
June Page, Chair	P
Anthony Timiraos, Vice Chair	P
Ronald Goff	P
Nadine Hankerson	A
Fred Nesbitt	P
Alan Silva	P
Mark Snead	P
Ray Williams	A

**City Staff**

Norm Mason, Staff Liaison, Assistant Budget Director

Lynda Flynn, Interim Director of Finance

J. Opperlee, ProtoType Inc.

**Communication to the City Commission**

By request of the City Commission, the Board reviewed and revised the previously submitted FY10/11 Budget Recommendations.

**City of Fort Lauderdale Budget Advisory Board  
Recommendations to the Mayor and City Commissioners**

**Commission Policies and Leadership**

- 1. General Fund Budget Policies** – The BAB recommended the Commission take an affirmative leadership role in establishing budget policy and guidelines for City management. The BAB has presented the City Commission with a set of draft policies for consideration.
- 2. Fund Balance Policy** – The BAB recommended the City Commission establish a policy of maintaining the fund balance of the General Fund at a level between 10% and 15% of the annual

General Fund expenditure budget and that projected balances within the aforementioned range be utilized as a budget stabilization reserve.

3. **Salary and Wage Levels** – The BAB recommended the Commission adopt a formal policy of restricting (or eliminating) salary and wage increases until the economy stabilizes – with application across all departments. Additionally, the BAB recommended the Commission consider, to the extent possible under collective bargaining agreements, a modest across-the-board wage reduction.
4. **Employee Headcount** – The BAB recommended the Commission establish an official headcount reduction target, to be achieved through attrition and hiring freezes.
5. **Pension Costs** – The BAB observed the extraordinary level of pension costs as a percentage of base salaries and urged the staff and Commission to begin seriously exploring ways to reduce these costs, both currently and in the long run.

### **Organizational Structure Recommendations**

6. **Departmental Consolidation** – The BAB recommended the City conduct a review of the upper levels of the administrative structure and direct a consolidation of departments, with an objective of promoting more efficient and effective operating performance and achieving meaningful cost savings.
7. **Supervisory Leverage** – The BAB recommended an independent across-the-board study of the level of supervisory personnel for all departments, measuring the ratio of supervisory to operating personnel in each area – with the objective of increasing supervisory leverage and lowering operating costs.
8. **Intergovernmental Service Agreements** – The BAB recommended that the City pursue intergovernmental service agreements with surrounding governments to share services to provide greater efficiency and benefit the City of Fort Lauderdale.
9. **Shared Administrative Services** – The BAB recommended that the Police and Fire-Rescue departments explore ways they might partner with each other to combine administrative functions and develop more cost savings and efficiencies for the City.

### **Budget Process Recommendations**

10. **Budget Process** – The BAB has advised the Commission that the City is not equipped to effectively implement a true zero-based budgeting concept, due to technology and financial system constraints. The BAB recommended that the City Manager and his staff develop a vigorous and open process for budget development.



11. **Activity Based Costing** –The BAB has recommended the City conduct a formal cost allocation study and devise modern methodologies for activity based costing, sufficient to enable effective assessment of cost recovery levels when adjusting service fees.
12. **Cost/Benefit Analysis** – The BAB recommended for future years that a cost of service analysis be completed for all City programs, which would include a benefit statement for each department

### **Other Specific Recommendations**

13. **Process Improvement** – The BAB believes a serious process improvement initiative is an appropriate and needed undertaking by the City and has recommended such an initiative be authorized and undertaken.
14. **Surplus Property** – The BAB has recommended that all surplus City-owned property inside or outside the City limits be disposed of according to the law.
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