

City of Fort Lauderdale
Budget Advisory Board
Date: September 15, 2005

<u>Attendance:</u>	<u>Absent/ Present</u>	<u>Cumulative from 10/11/04</u>		<u>Mandatory Meetings Missed</u>
		(P)	(A)	
Curtiss Berry	P	11	0	0
Mark Dozier	A	1	10	9
Elizabeth Hernandez	A	5	6	5
Garry Johnson	P	10	1	1
Michael McFarland	P	8	3	2
Delores McKinley	P	8	3	2
William Nielsen, Chairperson	P	11	0	0
Ken Strand	P	1	0	1
Joseph Welsch	P	3	0	0
Don Winsett	A	5	6	5

Ex-officio Members

George Gretsas, City Manager-Absent
Bernard Wray, Finance Director-Absent
Deputy Director, OMB-Position Vacant

Others

Allyson C. Love, Director, OMB
Joanne Rizi, Controller
Pat Rupprecht, Assistant Budget Director
Shonda Singleton-Taylor, Financial Management Analyst

Chairperson Nielsen called the meeting to order at 6:32 p.m. A roll call confirmed that a quorum was not present, so approval of the minutes was deferred and the Chair moved on to the topic of the FY2006 Budget. Ms. Love stated that the budget was tentatively approved as presented except for the addition of a Historical Research Planner.

Mr. Johnson and Mr. McFarland arrived at 6:35 p.m.

Mr. Welsch said he felt the budget was well received by the Commissioners. Mr. Strand replied he didn't think it was well received by the homeowners. As a homeowner, the increase last year was gigantic and the decrease this year was not enough. Chairperson Nielsen responded that we needed to build up our reserves, especially in light of what happened in New Orleans, and he didn't see how the millage rate could be cut any further.

Mr. Strand said his position, which also was the position of Commissioner Trantalis at one time, was that you didn't need to put as much into the reserves in one year. Ms. Love stated that we need to meet the national standards of 7% and that affects our bond rating. The FY06 budget does that. Mr. Strand stated that to the many homeowners he talked to, the cut in the millage rate wasn't very much compared to the increase of this past year.

Mr. Welsch said there is a mix as some of his homeowners felt that the millage rate should stay the same to bring back a lot of the services that we lost. Mr. Strand said that most of the homeowners he talked to think the taxes are too high. Mr. Welsch replied that we have to get after Broward County and the School Board since their taxes represent about 70% of our bill. Mr. Strand agreed that we have to get after every taxing body but we're dealing here with the City. Mr. Johnson asked if he wanted to cut taxes, where would he cut the budget. Mr. Strand said he didn't feel we needed to get into that discussion right now, that he was just making a general statement.

Mr. Berry arrived at 6:40 p.m.

Mr. Johnson suggested they move to decisions instead of just talking conceptually. If you want to cut taxes you have to look at the line items and see if there are any services or surplus that we think we can do away with and that our residents would feel are not necessary.

Chairperson Nielsen pointed out that with the move to privatize garbage collection to save money, the amount of complaints are way up. Mr. Strand said his feeling is when the reserves get so high, there tends to be the sense that we've got a lot of money now

so we don't have to keep tight rein on the budget. There's a tendency to spend too much, there's a tendency for the unions to feel they can ask for a lot because you've got all those millions sitting in reserves. He said that the Commission gets to the point where they feel things are very good now and they spend. Chairperson Nielsen responded that hopefully the memory isn't that short, that it's pretty obvious what happened a couple of years ago. Mr. Strand said that was because the Commission didn't listen to the BAB on many occasions who were telling them they needed to keep the reserves up there where they should be. Chairperson Nielsen said he didn't think we would go there again, that we suffered a bond rating decrease and it was a learning experience for the City.

Mr. McFarland brought up the unfunded actuarial accrued liability since the trend, in the past 5 years, has gone from being fully funded to 30% unfunded, according to the actuary report. He is concerned about this trend and that there is no plan to stop it. If we had used the \$17 million reserve to fund our pension liability we would be back to where we were in 2002. Chairperson Nielsen said part of that is due to the 5-year smoothing. Ms. Rizi replied that the City puts in 100% of what the actuary tells us. The losses are a combination of stock market losses and future benefits. Mr. McFarland said again that he was concerned that there was no plan to stop the bad trend and that at some point it's going to come back to us, or you just hope the market turns around. Ms. Rizi stated that the amount the actuary tells us to fund each year takes these losses into consideration so we are amortizing these losses. Mr. McFarland said he was concerned that it was getting down to the danger level and he hears that we've got this extra reserve, we're cutting the millage rate, things are great, and then he looks at that and it's a concern. Mr. Johnson asked how we compare to other cities. Ms. Rizi said she would get back to him on that. Ms. Love reminded the Board that we would be bringing the pension administrators to a future meeting. The Board asked to have the Police & Fire pension administrator come to the October meeting and the General Pension plan administrator come to the November meeting.

Mr. Strand said that his philosophy was different than what he was hearing here. He's hearing raise taxes to pay for this but he feels you should cut or hold the line on expenses and not be so generous in the future as they have been in the past. That's the reason they got into the position they're in. They get a lot of money and they feel generous. He thinks it's good to run scared and not be so generous. Chairperson Nielsen responded that he didn't feel the pension contribution would be increased so he feels the line will be held here. Mr. Welsch asked what the status was of union negotiations regarding the DROP program. Ms. Love said there were 2 union agreements that are going on the agenda so we'll have to get back to you on that. Ms. Rizi said the Teamster's, which is the largest union, already had lost DROP.

Since a quorum was now present, the Chair asked for comments on the July minutes. The minutes were approved unanimously.

The Chair then asked for comments on the monthly financial reports. Mr. Welsch asked how the hiring was progressing and Ms. Love stated that we were at 20% three months ago and are down to about 7½% in July so we are progressing. Mr. Welsch asked if we provide the Commission with an analysis of the financial reports. Ms. Love said we give highlights at the start of each report and answer any questions or concerns at the Commission meetings, as well as doing the monthly budget trend analyses. She offered to send Mr. Welsch a copy of these trend analyses and he requested to receive the Police Department's. Mr. Johnson asked how an outside person would know that the concerns are being addressed. Ms. Love said she would look into ways to improve the monthly financial report to address solutions.

The Chair moved to the Action Items. Ms. Love noted that the actuary report and access to the police staffing study had already been distributed. She responded to the vehicle rental revenues question and distributed a handout on the election costs. Mr. Johnson asked about the \$76,500 in overtime costs to pickup/deliver Ivotronic and Mr. Berry asked about the \$15,600 for a temporary employee. Ms. Love said she would find out about those two items and get back to the Board.

Mr. Johnson asked Ms. Love since we were starting a new year, if there was a project or focus the Board could work on so they could have an impact. Ms. Love said she would think about it and get back to him.

Mr. Welsch asked the Chair if he would be sending any comments to the Commission before the next budget hearing. The Chair stated that he hadn't really had any comments to send in. Mr. Berry said to tell them we are concerned about overtime. Mr. Welsch felt overtime would be coming down once they staff up. Mr. Welsch asked if there was enough in the budget to cover overtime if it stayed where it is and vacancies were not filled. Ms. Love stated they provided the departments with what they felt they needed for overtime based on being fully staffed. If they are not, there will be salary savings to cover any overages. Mr. Strand felt that there was concern about being sure there was enough money in the budget. But a homeowner has a certain amount of money and they can't always increase the money they get because they want something. So sometimes you got to do with what you got and not be so easy to increase taxes. Mr. Johnson said he didn't feel anybody said that. They just want to be sure overtime is not under budgeted or that this is not a real budget.

The Chair summarized that what he was hearing for the letter to the Commission was to express the Board's concern to keep the overtime in check in the upcoming budget and to maintain a conservative spending policy.

Mr. Berry made a motion to have the BAB give the City Manager a vote of confidence for the great job he is doing. Mr. Welsch seconded the motion for discussion and asked to have Ms. Love's name added to it as well. Mr. Berry accepted the amendment. The motion passed unanimously.

The meeting adjourned at 7:40 p.m.

New Action Items

- Finance Department to benchmark how we compare to other cities regarding unfunded pension liabilities.
- Provide status of the 2 upcoming union agreements as they relate to DROP.
- Provide Mr. Welsch a copy of the Police Department's monthly trend analysis.
- Look at ways to improve the monthly financial reports to address solutions to stated concerns.
- Provide detail of election costs relating to pickup/delivery of Ivotronic and the temporary employee.

Prepared By: Pat Rupprecht, Assistant Budget Director– Office of Management and Budget