

**FINAL
BUDGET ADVISORY BOARD
REGULAR MEETING**

City of Fort Lauderdale
100 North Andrews Avenue
1st Floor Commission Chambers
Fort Lauderdale, Florida, 33301
August 6, 2009 - 6:00 p.m.

Board Member	Attendance	10/2008 through 9/2009 Cumulative Attendance	
		P	A
Alan Silva, Chair	P	4	0
Keith Cobb, Vice Chair	P	3	1
Bud Bentley	P	4	0
Marc Dickerman	P	4	0
Desorae Giles-Smith	A	1	3
Sam Monroe	A	1	3
Fred Nesbitt	P	4	0
June Page	P	3	1
Anthony Timiraos	P	4	0
Ray Williams	A	3	1

Staff

Shonda Singleton-Taylor, Acting Director, Office of Management & Budget
Michael Kinneer, Finance Director, Finance Department
Norm Mason, Liaison, Office of Management & Budget
John Herbst, City Auditor
J. Opperlee, Recording Secretary, Prototype, Inc.

Guests

Vice Mayor Bruce Roberts
Steve Kinsey, Assistant Chief of Police, Operations Bureau

Communications To City Commission

None

PURPOSE: To Provide the City with input regarding the taxpayers' perspective in the development of the annual operating budget; to review projections and estimates from the City Manager regarding revenues and expenditures for upcoming fiscal year; to advise the City Commission on service levels and priorities and fiscal solvency; and to submit recommendations to the City Commission no later than August 15 of each year regarding a budget for the upcoming fiscal year.

1. Call to Order/Roll Call

Chair Silva called the meeting of the Budget Advisory Board to order at 6:05 p.m.

2. Review of Meeting Minutes (July 23, 2009)

Chair Silva suggested the revised version of the Scope and Goals document replace the previous version to accompany the Board's July minutes. By voice vote, the Board agreed.

Motion made by Mr. Dickerman, seconded by Mr. Nesbitt, to approve the Board's July 23, 2009 minutes as amended. In a voice vote, motion passed unanimously.

Chair Silva reminded Board members that notes they made during meetings were public records that they should turn in to the City. Mr. Nesbitt asked that the City Attorney revisit this opinion. It was his understanding that one's personal notes were not public record. Mr. Mason agreed to ask the City Attorney about this.

Mr. Dickerman asked that staff look into Board members' being assigned City of Fort Lauderdale email accounts to keep email related to their Board communications discrete from their personal communications.

Chair Silva introduced Vice Mayor Bruce Roberts.

Vice Mayor Roberts thanked Board members for serving the City, and noted the importance of their input.

Vice Mayor Roberts described actions the City Commission had already taken to save money in the upcoming fiscal year, and explained the five caveats they had given the City Manager regarding the budget:

1. No layoffs
2. Zero-based budget approach
3. No property tax increase
4. No fire assessment increase
5. No reduction of vital City services

Vice Mayor Roberts asked the Board to stay focused on these issues in their discussions. He felt there was a lot of latitude when it came to zero-based budgeting, and the Board should concentrate on this. One of the issues included in zero-based budgeting that Vice Mayor Roberts felt should be examined was reorganization.

Vice Mayor Roberts referred to the Board's suggestions in the Scope and Goals document and informed them that staff had already been instructed to create a five-year financial plan.

Vice Mayor Roberts said he would appreciate suggestions regarding how they would offset additional cuts they anticipated next year.

Vice Mayor Roberts clarified that in his mind, "vital City services" referred to public safety issues. He did not believe the Board should get involved with operational aspects of these departments.

Vice Mayor Roberts announced that per State statute, the first public hearing on the budget would take place on September 9. The second public hearing would take place on September 23. These dates would be finalized at the September 1 City Commission meeting.

Chair Silva said the Board was aware that since they had so little time to provide input for this budget, they must confine their input this year to general items; more specific input would be provided next year.

Chair Silva explained that his understanding of zero-based budgeting included "rank ordering" all activities, assessing one department against another, and drawing a line to define what was funded.

Vice Mayor Roberts agreed the Board should begin meeting earlier in the process to prepare for next year's budget and suggested they provide some input at the beginning of 2010.

Ms. Page reminded Vice Mayor Roberts that he had mentioned to her his wish for the Board to get the stakeholders' perspective on priority of City services. Vice Mayor Roberts stated this was similar to a satisfaction survey assessing City services, and he would like the Board to pursue this.

Ms. Page asked who could assist the Board with such a survey, and Vice Mayor Roberts suggested the Public Information Office. Mr. Nesbitt suggested district residents could attend individual commissioners' pre-agenda meeting to provide this input. Mr. Dickerman suggested that each commissioner hold an open meeting regarding this.

Ms. Page asked what Vice Mayor Roberts' expected from the Board for this budget. Vice Mayor Roberts agreed that for this year, they should provide conceptual, broad-based suggestions that they could develop more specifically over the long term.

Ms. Page asked Vice Mayor Roberts if he felt the current budget had achieved its goal of zero-based budgeting. Vice Mayor Roberts stated he had some questions he would ask of the City Manager.

3. Presentation of Other Cities' Fund Balance Analysis

Mr. Mason distributed copies of the General Fund Analysis for Fort Lauderdale and four comparable Florida Cities. He noted that on average, the four comparable cities had moved from an \$18 million fund balance to a \$12.8 million fund balance since 2002.

Mr. Cobb pointed out that in the past few years, the other cities' average fund balances were 12% of actual operating expenses, while Fort Lauderdale's was 28 – 34% and the report supported Mr. Herbst's opinion that the City's current fund balance was too high.

Mr. Nesbitt requested that this analysis be included with their report to support the Board's recommendations.

4. Review of First Set of Budget Questions

[This item was heard out of order]

Chair Silva distributed copies of a document he had created and sent via email to Board members and staff titled "Request for Additional Information" for the August 6 and 13 meetings. He stated a Police officer was present to address Item 6 in that document: Police Details – City Overhead Costs as a Revenue Resource.

Ms. Nesbitt asked if it would be feasible for the City to attach a service fee as a revenue source to the costs already charged for an officer on detail.

Mr. Steve Kinsey, Assistant Chief of Police, Operations Bureau, informed the Board that Police details were a negotiated issue in the Police contract. He explained that the detail work allowed the Police to provide service while someone other than the City paid for it. He noted that officers were required in certain areas of the City, and if business owners were not paying for them, the Department would need to staff them, perhaps requiring overtime pay. In the entertainment district, the City Manager could require a business to hire a certain number of Police officers for a detail, but this was not the case in other areas of the City.

Assistant Chief Kinsey explained to Mr. Cobb that each detail was coordinated by one officer, and when multiple officers were involved, such as at Broward General Hospital, an officer coordinated the details, and was compensated by the business for the administrative work.

Mr. Nesbitt remarked that the detail process provided a tangible benefit and savings to the City, and Assistant Chief Kinsey agreed.

Assistant Chief Kinsey explained that every detail went through a review process and required approval through the chain of command. There were very strict policies on what details could be worked and what jobs could and could not be taken. He added that non-policing details were reviewed and approved as well. Assistant Chief Kinsey could not quote the annual cost of details, but reported that to the present date in 2009, they had approved 488 detail forms.

Chair Silva asked how large events were staffed with Police. Assistant Chief Kinsey explained that promoters were encouraged to hire Police at the detail rate, but noted that the City could not order officers to work at the detail rate, but they could order officers to work at an overtime rate. He stated detail rates varied from \$30 to \$45 per hour, while the overtime rate for an officer was \$58 per hour and increased by rank. The event promoter did reimburse the City if officers worked at the overtime rate.

Mr. Bentley asked how arrests were handled. Assistant Chief Kinsey explained that the detail officer made the arrest and filled out the probable cause affidavit. Usually, an on-duty officer picked up the suspect in a Police car and transferred him/her to the booking facility. Policy stated that when the detail officer took official Police action, such as an arrest, the officer immediately moved into on-duty/overtime status. Assistant Chief Kinsey stated it was incumbent upon the officer to put in the overtime form, but most did not.

Mr. Dickerman remarked that the Sheriff's Office was pulling the resource officers and asked if the City was doing the same. Assistant Chief Kinsey said the City was not, and he felt the citizens wanted Police officers in schools. He noted they had negotiated additional money from the School Board for this service, and explained that the unfunded costs came out of the Law Enforcement Trust Fund, not out of the City budget.

Mr. Mason announced that a member of staff would attend the Board's next meeting to discuss Item 3: Fleet Reduction. He would follow up with other department representatives regarding the other items.

Chair Silva drew the Board's attention to Item 13. COLA and Merit Pay for Non-Collectively Bargained Personnel, and explained this had been added after he had reviewed the Board's minutes. He noted a typographical error in the last question: "Who this..." should read "Would this..."

Mr. Bentley stated he would like the document to differentiate between questions asked by the Board in general and questions asked by a specific Board member because there were "statements in here that I philosophically don't agree with and I wouldn't want it to be mistaken that this is a Board position when I don't remember that we had reached that consensus." Mr. Bentley also asked that the questions be framed in a "more neutral" fashion and "save the editorial comments until later when we have a recommendation." Ms. Page and Mr. Cobb agreed with this suggestion. Mr. Cobb did not want the questions "pushed forward beyond this meeting" until the Board had discussed them.

Mr. Mason stated he had presented this document to the City Clerk, who had rejected it as Communication to the City Commission because it was deemed too lengthy to present. The City Clerk recommended reducing the Items to concise, single-line questions to submit to the City Commission.

Chair Silva said at a City commission meeting, the commissioners had requested a list of the comments that had been sent to staff, so he had emailed this document to the commissioners. Mr. Nesbitt thought the Commission wanted to see any informational documents or reports staff provided to the Board, not documents such as this. Mr. Cobb felt it was "a little bit reckless" to submit a question raised by one Board member if the other members disagreed with it.

Chair Silva said the requests would be referred to as individual requests by members, not by the entire Board.

Mr. Bentley felt the Board did not need the information requested in Item 13 because the impact of this Item on the budget was nominal.

Mr. Dickerman recommended assigning a particular Board member to each Item in the document.

Mr. Herbst believed the Commission should only be provided documentation the Board used to make a recommendation. Mr. Herbst explained that the Commission's September 9 meeting would be a "formality" and they would be looking at the budget as a whole. Mr. Herbst advocated budget workshops as the best venue for debate on the budget, and noted that by the time of the public hearings, it was "a little late in the game"

to start making substantive changes to the overall document.” Mr. Herbst noted that changes requested by the Commission at the time of the public hearings tended to be high-level, non-specific directions, such as reducing the total budget by a certain percent. Mr. Herbst advised the Board to submit their recommendations prior to the budget workshops that would be held in late August or early September, not at the public hearings.

Mr. Herbst said his staff was examining all “material” revenue and expense line items in the budget, meaning items that were experiencing a change up or down in excess of \$10,000 and 10%. They were also examining the past three years to identify areas that were historically over-budgeted and where surplus may exist. He stated the Board would be provided with a draft of this analysis.

Ms. Page suggested that given their time constraints, the Board should focus on a few items that were very important. Mr. Nesbitt wanted to produce a report for the Commission by September 1 and continue to work through the year. Mr. Herbst agreed with this suggestion, provided the Commission had a week to review the Board’s report prior to their budget workshop.

The Board agreed to meet on August 13 and 25.

The Board agreed to first address Items 1, 3 and 10 that related to fund balance reserves. Number 3 must wait until staff was present at their next meeting.

Mr. Bentley wanted the Board to “look at, basically the spend rate and how the ongoing expenses are being funded by ongoing revenues, and we come up with the definitive number of what the one-time amount is that supports the proposed budget and then that’s projected forward for the next three years so that the Commission can see what’s going to happen to the reserves.” Mr. Bentley said they must consider whether an expenditure they were considering funding was sustainable; if it was not, “you might as well cut your losses this year.” He felt the Commission had already “put themselves into that box based upon their policy decisions” so part of the analysis was perhaps to get the Commission to reconsider this and to implement new measures during the next year to be in a better position in the future. Ms. Page felt the Commission would not reconsider, and the Board should show the Commission what they would be up against in future fiscal years.

Mr. Cobb stated he did “not have a problem with the \$10 million if it’s a one-time thing” but he believed the City must make changes in the future to keep from having to continue using reserves.

Mr. Timiraos asked if the City Manager or staff had made recommendations to pay back the \$10 million they intended to take from the fund balance. Mr. Bentley said the Board was not aware that the City Manager had notified the City Commission of any projections for the coming year. Mr. Mason said there had been nothing in writing to the City Commission to this effect. Ms. Singleton-Taylor said the Commission had requested a five-year forecast financial plan, which staff would work on in the next year. Mr. Timiraos felt if the Board intended to make a recommendation about the reserves, they must determine what staff was planning regarding this.

Mr. Cobb felt the question the Board should consider was whether they were comfortable with the use of the \$10 million, since the means to replace it would be a function of next year's budget. Using the \$10 million would bring the fund balance to 18% of the budget.

Mr. Herbst believed the fund balance was too high, and advocated reducing it, but only after a rigorous analysis was performed to determine ways to reduce operational costs. He noted that the only thing within their control, without increasing the tax rate, was spending. Mr. Herbst reminded the Board that the Commission had determined there should be no reduction in vital City services, but the Board could make recommendations regarding non-vital service cuts.

Mr. Cobb did not believe it was possible for the Board to make a responsible judgment regarding this by August 14. Mr. Herbst agreed, and recommended the Board consider whether or not the City had done all that was possible on the cost-cutting side. Mr. Cobb believed the City had done a responsible job, and said given the information the Board had, they would make a recommendation regarding the reserves.

Mr. Bentley wanted to return to Mr. Timiraos' question regarding whether or not the City Manager or staff had made recommendations for how to pay back the \$10 million they intended to take from the fund balance, but he did not feel the budget staff were the appropriate people to ask. He suggested the City Manager be invited to their meeting so they could understand how he had crafted this budget and how he was setting the stage for next year's budget. Mr. Dickerman stated he was having lunch with the City Manager on Monday and would ask him then to attend the Board's next meeting.

Motion made by Mr. Dickerman, seconded by Mr. Cobb, to invite the City Manager to attend the Board's next meeting. In a voice vote, motion passed unanimously.

[Mr. Bentley left the dais for a few minutes]

Motion made by Mr. Cobb, seconded by Mr. Nesbitt, to include in their report that the Board supports using \$10 million from the fund balance this year, on a one-time basis, but this should not be considered a solution for future budget shortfalls. The caveat was that the City must start now preparing to reduce expenses or supplement revenues to balance the budget in the future. In a roll call vote, motion passed 5 – 2 with Mr. Bentley and Chair Silva opposed.

Chair Silva felt they must also have an analysis of what the structural imbalance was this year so that no one could say the Board did not inform anyone what the magnitude of the deficit was.

Motion made by Mr. Nesbitt, seconded by Ms. Page, to include in their report that the Board recommends that all surplus City-owned property inside or outside the City limits be disposed of according to the law. In a voice vote, motion passed unanimously.

The Board agreed to end their meeting at 8:30.

Ms. Page stated she was concerned about quality assurance in the City operations, and suggested the City implement criteria for outcome goals. She reminded the Board that the City had recently returned \$2.5 million because HUD was unhappy with how the City had managed Community Development program funds HUD had provided.

Mr. Herbst said the City had conducted an audit of the performance measurement system that would be presented to the City Commission soon. They had determined there must be more alignment between measures and objectives, and the report included a number of recommendations. He noted that the OMB had incorporated some of the report's conclusion into their program for this year. Mr. Herbst wanted to see this taken a step further, because true performance management was the direction he felt the City should go in the long term. He acknowledged this would take years to accomplish, but they needed commitment from the Commission that this was where they wanted the City to be in the future.

Ms. Page distributed a document she had created describing how the City could establish quality assurance. She believed this was a very important endeavor the Board should recommend to the City Commission. The Board agreed to put this discussion on the agenda for their next meeting.

[The Board discussed Mr. Mason's General fund analysis report and later returned to this Item.]

Chair Silva wanted to know the restricted portion of the reserves, and what their future commitments were for reserve funds. He noted there should be a reserve for the proposed light rail system. Chair Silva noted that the reserve was not all “spendable money.” Mr. Herbst explained that a portion of the City’s net worth was tied up in assets. Approximately \$63 million was undesignated. Mr. Herbst noted that the light rail system would be part of the operating expenses and should be considered in the five-year financial forecast.

Mr. Bentley asked staff to give a presentation regarding the reserve at the Board’s next meeting. Mr. Nesbitt suggested the presentation wait until after the Board had given their report to the City Commission, since it concerned future budget considerations and would not affect the Board’s report. Chair Silva pointed out that this would define what the unsustainable balance was, which the Commission should know.

5. Questions/Concerns

With no further business to come before the Board, the meeting was adjourned at **8:30** p.m.

Next meeting: August 13, 2009

[Minutes prepared by J. Opperlee, Prototype, Inc.]