

FINAL
BUDGET ADVISORY BOARD
REGULAR MEETING
City of Fort Lauderdale
100 North Andrews Avenue
1st Floor Commission Chambers
Fort Lauderdale, Florida, 33301
August 25, 2009 - 6:00 p.m.

Board Member	Attendance	10/2008 through 9/2009	
		P	A
Alan Silva, Chair	P	6	0
Keith Cobb, Vice Chair	P	5	1
Bud Bentley	A	5	1
Marc Dickerman	P	6	0
Desorae Giles-Smith	A	1	5
Fred Nesbitt	P	6	0
June Page	P	5	1
Anthony Timiraos	P	6	0
Ray Williams	P	5	1

City Staff

Shonda Singleton-Taylor, Acting Director, Office of Management & Budget
Michael Kinneer, Director, Finance Department
John Herbst, City Auditor
Lynda Flynn, Treasurer
George Gretsas, City Manager
Norm Mason, Liaison, Office of Management & Budget
J. Picinich, Recording Secretary, Prototype, Inc.

Communications To City Commission

Final draft of the Board's recommendation motions

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.

Chair Silva welcomed City Manager George Gretsas to the meeting.

2. Review Meeting Minutes [August 6, 2009]

Chair Silva noted a change on page 2 of the minutes.

Motion made by Mr. Dickerman, seconded by Mr. Nesbitt, to approve the Board's August 6, 2009 minutes as amended. In a voice vote, motion passed unanimously.

3. Communication to the City Commission

Finalized list of Board motions

4. Review of Motions

Mr. Mason distributed the second draft of the Board's list of motions.

Chair Silva asked if staff had any additional information to share with the Board; staff did not.

Chair Silva referred to the list of 13 items about which the Board had requested information from staff, and noted that questions regarding the general financial policy, zero-based budgeting, un-funded pension liabilities, enterprise funds and revenues for the general fund, FTE levels, overall expenditure cuts, CIP implications, stimulus funds, property and sales tax forecasting and COLA and merit pay had not been answered. Mr. Mason said he had never heard a consensus of the Board that they wanted these questions answered.

Mr. Nesbitt remembered that the Board had agreed at their last meeting that each request should indicate whether it was by a consensus of the Board or from an individual Board member. Ms. Page thought they had agreed to focus on just a few of the questions to prepare their Communications to the City Commission this week. The remaining questions could be discussed later.

Chair Silva recommended the document be forwarded to the City Commission; they could decide if the questions were appropriate and follow up with staff.

Mr. Gretsas had understood that any questions the Board had would be by consensus and the staff would prepare replies. The staff was having an issue with individual members' providing pages of questions involving research. The more efficient way to deal with the Board's concerns was for the Board [not individual members] to determine the research they desired and staff would accommodate their requests as best they could. Mr. Gretsas felt that staff's not providing information that the Board had requested was different from staff's not responding to individual members' requesting research that was not requested by the entire Board. He asked Chair Silva to be very clear regarding what had not been provided because Chair Silva's previous statement made it seem that staff had rejected a request from the Board.

Mr. Cobb felt Mr. Gretsas' request was reasonable; he did not believe Board members could expect staff to respond to their individual questions. Mr. Nesbitt agreed, and pointed out that because this was a new Board, there was a learning process. He suggested that if individual Board members had questions, they should bring it to the Board for consensus. If a majority of the Board agreed, the question would be forwarded to staff.

Mr. Dickerman said in his experience as a citizen or a Board member, the responses he had received from staff had been great. He stated he would object to Chair Silva's statement going to the City Commission.

Chair Silva stated the Board must discuss additional motions they wished to include in their Recommendations to the City Commission.

Considering the time constraints, Mr. Timiraos wanted to concentrate on what the Board wished to recommend for this budget. Mr. Cobb stated all of the items he had emailed were not for this year. Mr. Williams said one of his suggestions was relevant to this year's budget.

Mr. Williams felt that because the Board was recommending the use of \$10 million from unrestrictive reserves and because next year could be even tighter than this year, they should recommend that "the Commission instruct staff to study all recommendations of the Budget Advisory Board, as well as any other opportunities that staff identifies, related to expense reduction and income opportunities which might be realized during the coming fiscal year. Staff should periodically discuss their progress in identifying one-time and ongoing expense reductions as well as one-time or ongoing revenue opportunities with the BAB at their regularly scheduled meetings with the objectives that:

1. Savings realized during the 2009-2010 fiscal year equal or exceed \$10,000,000, which would be sufficient to preclude the City from having to use any unrestricted reserves this coming fiscal year and
2. Ongoing saving in expenses and increases in revenue implemented during this coming fiscal year will equal or exceed \$XXX in annualized budget impact. These cumulative actions implemented by City staff will therefore be available to reduce the potential budget shortfall anticipated for the City's 2010-2011 fiscal year budget."

Mr. Gretsas recommended that this be phrased as a goal. Mr. Williams believed this was important as a goal because if they did not identify a way during the current fiscal year to reduce expenses and increase revenues on an ongoing basis by at least \$10 million, the costs and reduction in revenue they foresaw for the future would be a much bigger problem. He agreed it should be a goal, but one they expected to be achieved.

Mr. Gretsas added that if they set a goal of \$10 million, this assumed that the City Commission would not take more money from the proposal, because if they cut it, the amount would be more than \$10 million. He asked the Board to include a recommendation to adopt the proposed budget.

Mr. Cobb stated he did not understand Mr. Williams' second suggestions, and Mr. Williams explained that any measures implemented during the year would provide a pro-rated savings for that year, but would provide the entire savings for the next fiscal year. Chair Silva said Mr. Gretsas had indicated last year that these changes would be easier to implement during the year rather than all at once at the end of the year. Mr. Gretsas said it would be helpful to get some movement from the Commission on the fee issue after staff had received some feedback from the Board during the year. He wanted the Board to be less specific in this recommendation rather than create an expectation staff could not live by.

Mr. Williams thought the Commission should be very clear with staff what their expectations were. His recommendation regarding the \$10 million was to work hard to identify those things that could be done over the next 12 months to prevent using the \$10 million again.

Mr. Nesbitt said hopefully, they would use the \$10 million to balance the budget and during the year they would be able to identify cost savings and additional revenues and at the end of the year there would be a surplus that would be put back in the reserve fund.

Mr. Williams asked Mr. Gretsas how he would have the Commission instruct staff that their desire was for staff to identify ways to avoid using the \$10 million in reserves to

balance the budget at the end of the year. Mr. Gretsas stated they endorsed the concept of using the \$10 million and they would work to try to reduce that earmark.

Motion made by Mr. Williams, seconded by Mr. Nesbitt, to recommend that the City Commission direct staff to make their best efforts to replenish the \$10 million used from the reserve funds through one-time and ongoing expense reductions as well and one-time and ongoing revenue opportunities during the 2009 – 2010 budget year. In a voice vote, motion passed unanimously.

Mr. Cobb remarked that only this motion and the motion the Board had previously made regarding the \$10 million related to the current year.

Mr. Nesbitt asked Mr. Gretsas about the recent article in the newspaper that the City had overcharged for Fire alarm response and overestimated revenue by \$400,000 to \$500,000. He also noted that \$1.8 million in revenue had been included in the budget for red light cameras, but there were lawsuits pending regarding this. Mr. Nesbitt wondered how realistic both of these revenue numbers were.

Mr. Gretsas said regarding the fees, the City “did not agree that we’re talking about that kind of an exposure.” It was the City Attorney’s opinion that their exposure, if any, was limited to the top tier after the fifth or sixth call, and this number would be small. They believed that the first call, for which the City did not charge, was chargeable. When there was a second call, they believed they should get credit for the first call. They felt “as you add up the chain, even when you get to the fourth call, we still feel we can justify the expenses.” He was comfortable with the revenue number provided regarding the fees.

Regarding the red light cameras, Mr. Gretsas stated they had a legal opinion that they could do this. They recognized there was a potential for litigation in this regard, but his view of the budget was that every line item in the budget was a projection about which one could assume a doomsday scenario. What actually occurred each year was that throughout the year, some line items went up and others went down, but at the end of the day they ended up with a surplus. He believed the \$1.8 million was a conservative number and if this turned into a class action suit, this would be years down the line. They also believed that the State would implement the red light cameras.

Motion made by Mr. Dickerman, seconded by Mr. Cobb, that the Budget Advisory Board communicate to City Commission that they endorsed the budget for 2009-2110.

Mr. Nesbitt was not comfortable with this because there were many things the Board had not looked at in the budget. Mr. Dickerman said they could indicate they endorsed

passage of the 2009 budget in principle. Mr. Williams pointed out that they had been appointed by Commissioners to give advice. Since they knew of no reason why the budget should not be passed, he felt it appropriate that as representatives of the Commissioners, they should pass a motion indicating their support for passage of the budget. Mr. Cobb added the Board had been provided with much background from City staff. Ms. Page stated she would be more comfortable if the motion included the words "in principle" and Mr. Dickerman agreed to amend his motion to include this.

Chair Silva said his concern was not necessarily with this year's budget, but with creating a base that was unsustainable going forward. Mr. Cobb noted they had some recommendations to address future concerns, but this year's budget must be approved or rejected in the next week or two. Chair Silva stated the Board had not "gone into the guts of each individual department" to determine whether a department was over- or under-spent. They had not had the time to perform a real analysis.

Mr. Timiraos observed that it had been impossible to perform this type of detailed review given the time they had, but he was comfortable endorsing this budget based on the information staff had provided.

Mr. Williams stated the Commission must vote on the budget and this required the Board to take a position. He also felt comfortable endorsing the budget.

On Mr. Dickerman's amended Motion: In a roll call vote, **motion passed** 5 - 2 with Mr. Nesbitt and Chair Silva opposed.

The Board moved on to Mr. Cobb's recommendations. Regarding his first recommendation, related to zero-based budgeting, Mr. Cobb noted the Board had discussed this, but he did not believe they had really addressed this in its pure sense. He thought they still had some way to go toward making the zero-based budgeting concept effective.

Motion made by Mr. Cobb, seconded by Mr. Williams, to recommend a serious review and refinement of the zero-based budgeting concept attempted in the current budget process. The Board recognizes that zero-based budgeting is an extremely involved process requiring data not readily available in the City's finance system and that full implementation may take more than one year. However, staff is encouraged to begin now to refine and enhance the start made in the 2009/2010 budget process. There is significant guidance on this concept in governmental finance circles and publications.

Ms. Singleton-Taylor explained to Ms. Page that prior to this year, the City utilized a more traditional budget approach, starting with a base budget and adding increases on

an as-needed basis. Ms. Page asked why the Commission had decided to adopt zero-based budgeting, especially because so many other governmental entities and companies had turned away from it because they believed it did not work. Ms. Singleton-Taylor did not believe it was because there had been a perceived problem with the budgeting process.

Mr. Williams said during the election process, he had heard at least three of the new Commissioners state they believed zero-based budgeting was the appropriate approach to help set priorities and ensure the City spent its money in the wisest, most efficient, effective manner. Mr. Cobb stated zero-based budgeting came and went in commercial enterprises and was not considered to be a continual process; businesses dropped back to zero-based budgeting every five or ten years because the process built from the ground up. He believed it provided a baseline, and the Commissioners thought that given the current economic environment, now was the time to take a look at the budget from the base level and determine what their priorities were. Mr. Cobb acknowledged that true zero-based budgeting required a fairly sophisticated activity-based cost system that the City did not have.

Mr. Nesbitt thanked Mr. Herbst for the article he had provided about zero-based budgeting on the fleet in Miami. He noted that if they applied this to the City of Fort Lauderdale, they would be finished in 2025. He believed this was something that seemed great in theory, but was not practical for an entire city government.

Motion made by Mr. Nesbitt that the zero-base budgeting utilized in formulating the 2009/2010 budget had not resulted in staff reductions, significant program reductions or significant cost savings and the Budget Advisory Board was willing to work with the Mayor and the City Commissioners to develop budget ideas that could result in staff reductions, significant program reductions and significant cost savings.

Mr. Gretsas said the City Commission had directed staff to use zero-based budgeting, and they had done the best they could within the constraints the Commission had specified. He said they would be happy to hear suggestions from the Board on how to improve their process over the coming year.

Ms. Page asked how zero-based budgeting worked with the Police Department.

Mr. Nesbitt clarified that his motion was not intended as a criticism of staff; he was criticizing zero-based budgeting as an approach because he believed the term was used loosely and everyone did not understand exactly what it was, and whether or not it was workable.

Mr. Gretsas stated he was concerned with Mr. Nesbitt's statement that the approach had not resulted in reduction of staff and programs because the Commission had directed that there should be no staff reductions or reductions of vital services. Mr. Nesbitt's language sounded as though staff had failed, when in fact this had been one of their objectives.

Mr. Herbst stated he endorsed zero-based budgeting; the only caveat was that it was very labor-intensive and should only be done every four to five years. He felt the article regarding the Miami fleet indicated that zero-based budgeting worked very well, but they must bring in someone to guide them through the process in order to be effective. This had not been done. Mr. Herbst disagreed with staff that they had utilized zero-based budgeting. He felt staff had done a good job at trying to reduce the budget, but they had done a line-item budget nonetheless. He stated zero-based budgeting was not a line-item budget; it required looking at programs.

Regarding Ms. Page's question about the Police Department, Mr. Herbst stated not everything within the Police Department was a vital service; not every activity they performed rose to the level of other programs. He explained that the whole concept of zero-based budgeting was prioritization of activities and the only way to save money in government was to eliminate non-critical activities. Mr. Herbst believed the City Commission had directed staff not to eliminate vital service, and he felt they had missed their opportunity to define what vital services were.

Mr. Herbst stated zero-based budgeting was based on having a limited pool of money, and prioritizing services. He noted that staff could not specify what the \$10 million would be used for because it was in the pool of revenue. If they used zero-based budgeting, they could identify exactly what the \$10 million would be used for.

Mr. Herbst felt using a couple of departments as pilots for zero-based budgeting would be a phenomenal way to begin. He observed they should also bring in a consultant because staff did not have all the necessary skills.

Mr. Mason explained that this year, departments had been provided templates they filled out on a program-by-program basis for which they had to support all expenses and revenues and this was different from prior years. Mr. Herbst did not recall seeing any justification and prioritization of programs.

Mr. Herbst informed Ms. Page that it was possible to use zero-based budgeting and keep within the requirements the Commission had set forth. It might mean shifting people around instead of laying them off. Ms. Page asked where cost savings would be

realized. Mr. Herbst said personnel could be moved out of cost-intensive activities with limited value and put into more value-added activities.

Mr. Williams believed that prioritizing programs was invaluable when the City was making a determination about investing limited resources.

Mr. Herbst said they must evaluate the Return on Investment in terms of value to the City. They must have a dialog about what services were “critical.” Mr. Herbst had not seen that any functions or programs had been eliminated, which was a necessary outcome of zero-based budgeting. Mr. Nesbitt recalled the Board had asked for a list of programs that had been eliminated or costs that had been saved using zero-based budgeting, but staff had never provided this.

It seemed to Mr. Nesbitt that they would need an increase in staff to perform true zero-based budgeting. Assuming the budget shortfall would be greater next year, he asked how the Commission would direct staff for how to prepare the 2010/2011 budget. Mr. Herbst thought the success of their use of zero-based budgeting this year had been conditioned on when they had started it. He reminded the Board that this idea had come up during campaigns. If staff had been aware they should prepare to perform zero-based budgeting last August, they could have begun some of the cost analysis and training.

Mr. Cobb believed his motion was not critical of what had been done this year; it endorsed the concept of zero-based budgeting and implored the staff to continue to refine the process.

Mr. Nesbitt was not comfortable with the phrase “zero-based budgeting” because he feared they would spend the next couple of years arguing about whether they were doing it or not, and he believed they would better serve the Commission by encouraging the City to institute performance evaluations, cost analyses and prioritization of services, that would result in the evolution of a successful system. He did not want to continue pushing zero-based budgeting because he doubted it was workable.

Ms. Page reminded the Board that they had already passed motions recommending the City adopt a quality assurance program and perform cost of service analyses for all City programs and she hoped this would put them on a path toward determining what services were critical and what saved costs.

Ms. Page **seconded** Mr. Nesbitt’s motion.

Mr. Dickerman felt that due to time constraints, staff had not had the opportunity to institute real zero-based budgeting and perhaps this could be a goal for the 2010/2011 budget. He favored allowing the staff the opportunity to do this. They could revisit it next year and decide whether they should go back to line-item budgeting.

Ms. Page felt the methodology the City used for the past five years had been very successful and had allowed them to amass an \$82 million reserve. She believed they were in their current position because of the five conditions the Commission had set.

Mr. Gretsas remarked that he was not sure this was a perfect budget, but of 31 cities in Broward County, the hospital and school district, only four entities had produced a budget without a tax increase, so overall, he felt the result was pretty good. He promised they would do their best next year to improve the processes and asked the Board to stay focused on the end result.

Mr. Williams pointed out that zero-based budgeting was not a “budget staff” process, it was a manager process and a thought process for how to prioritize programs that fundamentally changed the dialog at the management level.

Mr. Gretsas noted that 75% of the City’s budget was labor costs. They had contract agreements and pensions that were locked in, so without changes to the collective bargaining agreement there could be no significant changes. He added that government was a social institution and some of the zero-based budgeting principles made way for political considerations.

Mr. Nesbitt restated his **motion**:

The zero-base budgeting approach to the 2009/2010 budget had not resulted in staff reductions, significant program reductions or significant cost savings. The Budget Advisory Board was willing to work with the Mayor and City commissioners on developing budgeting ideas that could result in staff reductions, significant program reductions and significant cost savings. In a roll call vote, motion **failed** 2 – 5 with Mr. Nesbitt and Ms. Page voting yes.

Chair Silva suggested an amendment to Mr. Cobb’s motion, to add: Consequently, for fiscal year 2010/2011, the Board recommends undertaking a full traditional zero-based budgeting process starting in October 2009. This may include: contracting with a consulting group to develop a new zero-based budgeting budget, scheduling format consistent with the Commission’s requirements, retraining department personnel in collecting the data and the use of zero-based budgeting processes and providing hands-on technical assistance to ensure that a quality zero-based budget was produced on time, with the desired effect. Such a process would enable all services to be analyzed

and rank-ordered, ensuring that cost and benefits were identified, that the most effective and efficient means of delivery were determined, and that the opportunities of privatization, outsourcing and inter-governmental contracting for similar services were explored.

Mr. Cobb agreed with Chair Silva regarding the training aspect, but he wanted to keep their recommendations more high-level and succinct. Mr. Gretsas was concerned with the micromanaging aspect of Chair Silva's language. He felt Mr. Cobb's motion provided the spirit of what the Board was trying to accomplish, and staff would design a process the Commission could consider.

Mr. Williams suggested Mr. Cobb's motion be amended to include that the staff may consider getting outside consulting help. Mr. Cobb suggested the language: "and available consultants to advise the City."

In a roll call vote, Mr. Cobb's **motion passed** 5 – 2 with Mr. Nesbitt and Ms. Page opposed.

Motion made by Mr. Cobb, seconded by Mr. Dickerman, that the Board has observed the extraordinary level of pension costs as a percentage of base salaries and urges the staff and Commission to seriously explore ways to reduce these costs, both currently and in the long run. The Board recognizes there are serious obstacles, legal issues, collective bargaining contracts, motivation and retention and so forth. However, these pension practices and costs are out of synch with contemporary society and the time has arrived for the City to seriously evaluate some of the hard decisions required in this extremely expensive cost category. We recommend the City Commission direct the City Manager to conduct a study and present the City Commission with a formal analysis of the available options to normalize these costs.

Mr. Nesbitt pointed out that the Board had not looked at the entire pension issue, so he did not feel making a recommendation regarding this now was justified. He wanted to give the Chairs of the two pension boards the opportunity to discuss with the Board how the pensions worked and how they were structured before they made a recommendation. Mr. Nesbitt noted that in previous years, the City's contribution had been much lower than it had been this year. He added that this was not just a pension system, it was also a disability system and a death benefit system.

Mr. Timiraos said the intent of the motion was to collect more information. Mr. Cobb said the spirit of the motion was, "Let's not punt again; let's face into the wind and look at it seriously and force the Commission to make a decision that this is the way they want it."

Mr. Williams thought the motion might be more palatable if some of the preamble were removed and it stressed on having a serious discussion about what the options were. Mr. Nesbitt suggested this be put on the Board's agenda, and they invite the Chair of the General Employees Retirement System and the Chair of the Fire and Police Pension Board in for an honest, detailed discussion. They should also examine the actuary's reports, the funding, the history of the plans, and then decide whether to make a recommendation.

Mr. Cobb stated he wanted to Force the Commissions' hand on this largest piece of the budget. Mr. Williams said the motion was requesting that the work be done by staff to look at what the opportunities were in detail and bring these ideas to the Board, as opposed to the Board hearing input from the pension boards and trying to create savings at their level.

Mr. Gretsas thought the key language was "an analysis of the available options." If this was the will of the Board and the Commission, Mr. Gretsas said they could have their pension actuary and pension attorney go through a laundry list of items for the Board. Mr. Gretsas stated he would not tell the Board what he thought should be done to get pension costs down because these were policy questions and collective bargaining issues.

Mr. Gretsas informed the Board that they had done a lot of groundwork for the collective bargaining sessions, so a lot of the work was already done. If the Commission agreed to release and/or enhance that information, staff would have that dialog. Mr. Nesbitt asked how much the City had spent on this research already. Mr. Gretsas said his staff had examined the components and provided the information to the Commission in a piecemeal fashion; there was no report that held all of the information.

Chair Silva noted that there had been reform on the general employees side, which had produced savings.

Mr. Cobb believed that in the "macro" view of the budget, this subject was the most important, in terms of its magnitude and opportunity. He acknowledged it would be a very difficult process, but the Commission must give the City some direction because the issue would only escalate.

Ms. Page asked Mr. Gretsas if he had looked at this issue in other cities. Mr. Gretsas stated they had a significant amount of information; the Commission must make the determination of when this information should be shared with the Board.

Ms. Page suggested amending Mr. Cobb's motion to indicate the Budget Advisory Board would also be presented with the formal analysis. Mr. Cobb agreed to this amendment. Mr. Gretsas noted that the Commission reserved the right not to share this information because they were involved in collective bargaining discussions.

In a roll call vote, **motion passed** 6 – 1 with Mr. Nesbitt opposed.

Motion made by Mr. Cobb, seconded by Mr. Williams, that the Board recommends 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 today's technology, communication and management techniques, the Board believes there are opportunities for increasing supervisory leverage and thus lowering operating costs.

Based upon his experience, Mr. Cobb said he believed there may be opportunity in this area, but he was not sure about this, so he suggested it should be examined.

Mr. Williams stated if this areas where not examined over time, it was easy to become inefficient. He agreed there were opportunities for expense reduction.

Mr. Gretsas suggested the language be more specific to indicate they were referring to supervisors throughout the organization, not just top-level management, including the Police and Fire Departments. Mr. Cobb amended his motion to include the words: "at all levels."

Mr. Gretsas was concerned that this recommendation might cause someone to act rashly and make changes on the supervisory level before a study was done if this suggestion were made while there was a proposed budget. Chair Silva stated this was meant to refer to future budgets, not this year's budget.

Mr. Dickerman wanted to avoid the impression that the Board was micromanaging, but wanted to encourage Mr. Gretsas to take a look at staffing levels.

In a roll call vote, **motion passed** 7 – 0.

Motion made by Mr. Cobb, seconded by Mr. Dickerman, that in recognition of the economic recession gripping the nation and our community, the Board recommends that the Commission establish a formal headcount reduction target, to be achieved through attrition and hiring freezes. In order for the Commission to evaluate the fair application of this target, each department should present for review and evaluation

aggregate employment FTE data incorporated in their budgets, compared with actual FTE data for the past five or more years.

Mr. Cobb said he was thinking of the “headcount creep” in some departments that had occurred relative to the City’s population.

Chair Silva read from his list of suggestions, and asked if Mr. Cobb would like to incorporate any of it into his motion: In light of the challenges we foresee for fiscal year 2010/2011, the Board recommends that vacancies that occur during the next fiscal year not be filled, or filled on a fractional basis, to reduce or eliminate the need for lay-offs in the fiscal year 2010/2011 budget and reduce unemployment compensation costs. We suggest that not replacing a vacancy may provide the opportunity and experience to reallocate workflow, experiment with service delivery systems, or rethink certain services. The Board agreed that this was similar to Mr. Cobb’s motion. Mr. Dickerman felt Mr. Cobb’s motion was succinct enough.

Mr. Gretsas reminded the Board that the Commission had already directed staff on this issue. The current policy was: until further notice, on vacancy, positions would not be filled unless they were public safety or vital positions. Mr. Gretsas confirmed that not every Police and Fire employee was considered vital, but all sworn positions were considered vital. Mr. Gretsas stated he would be happy to discuss headcount creep with the Board if they wished.

Mr. Cobb said in his experience, when a number was not specified for personnel reduction, it would not happen.

Mr. Williams appreciated the motion’s intent, but in this political environment, he was reluctant to put that burden on every department. He would prefer not to “put [Mr. Gretsas] in that box yet” by passing this motion. Mr. Cobb agreed and withdrew his motion.

Motion made by Mr. Cobb, seconded by Ms. Page, that the Board recommends the Commission adopt a formal policy of restricting [or eliminating] salary and wage increases until the economy stabilizes. These policies should be incorporated into all departmental budgets. Likewise, to the extent permissible, under collective bargaining agreements, [or possibly reopened contracts] the City should seriously consider a modest across-the-board wage reduction plan, as many commercial enterprises have found necessary and have accomplished in the current environment.

Mr. Cobb stated all companies with which he was familiar had done something like this in the last six months, and several municipalities had taken such action as well.

Mr. Nesbitt strongly disagreed with this, feeling it was an attempt to “balance the budget on the backs of employees.” He did not believe it would achieve anything to reduce salaries when they had already frozen 128 positions. He said he assumed that freezing 128 positions meant someone would have to pick up that workload. Instituting a salary cut would be another slap in employees’ faces.

Mr. Dickerman said he could not support this either. He believed the City had very hard-working, loyal employees who deserved to look forward to at least a cost of living increase each year.

Chair Silva said he supported this because he believed in shared sacrifice. He thought the alternative was further decreases in personnel, which the City could not afford. He felt the sacrifice must be shared by the employees and the public. Chair Silva thought the City should increase rates, and increase taxes as a last resort. He acknowledged this was difficult because of the affordability factor. Chair Silva stated the cost of living had actually gone down, and was now 0% to -1%.

Mr. Williams pointed out that any increases made this year would be a burden that would be built upon in following years, and a shared sacrifice would probably save some jobs in the future. He felt this was the responsible thing to do to try to control the growth of wages.

Mr. Cobb stated the spirit of this was not meant to be punitive; it was merely a recognition of the world in which they were living. He reiterated he was aware of companies that had taken steps to freeze and reduce salaries.

Mr. Timiraos believed most employees would prefer a reduction in salary to a potential lay-off.

Mr. Gretsas explained that the general employees received 5% after three years; Police and Fire contracts expired this year so negotiations that were taking pace now applied to the next fiscal year. He asked the Board to consider the fact that after collective bargaining agreements were locked in, employees who were not part of collective bargaining could bear the brunt of fiscal conservatism, resulting in compression issues. He remarked that the City used to have three unions and they now had five because some of the employees not included in collective bargaining had felt they were not treated fairly and as a result had unionized. He urged the Board to make it clear whether their philosophy was that this should be across-the-board, and the Commission should consider this as part of collective bargaining, or if they believed it should only apply to the non-represented employees. Mr. Cobb said his motion indicated the suggestion applied to all employees.

Mr. Williams thought one of the real values of this motion would be to enhance the City's bargaining position. He asked Mr. Gretsas if there was a way to word this motion that would help as those negotiations came up. Mr. Gretsas said if it was the Board's intent to advise the Commission to consider this when they negotiated this year with Police and Fire and next year with general employees, he felt they should do that now. Mr. Gretsas said the Board could advise the Commission to consider certain philosophies while they were negotiating, but could not comment on specifics.

Mr. Nesbitt felt they were not near the point of requesting employees make a choice between a pay cut or lay-offs. He remarked that a 5% pay cut would have much a much greater effect on lower level employees that on upper management.

Mr. Williams wanted this motion to "set the stage" for the City's collective bargaining agreements in the future. Mr. Nesbitt felt it was problematic that not all of the collective bargaining agreements expired at the same time, which would have allowed them to address them all in the same year.

Chair Silva believed that this motion would be helpful because it would let the Commission know the feelings of the Board and the citizens. He added that it had the potential to affect negotiations with Fire and Police.

Mr. Nesbitt pointed out that the 5% cost of living increase for general employees was actually a negotiated yearly raise because it had not been based on actual cost of living. Mr. Gretsas stated both parties had agreed to call this a cost of living increase. He said the reason the raise had been structured at 5% over three years was because these employees had agreed to give up the pension plan for new hires. Mr. Nesbitt stated they must bear in mind that the City had "sold out their new employees for a 401A defined contribution plan."

In a roll call vote, **motion passed** 5 – 2 with Mr. Dickerman and Mr. Nesbitt opposed.

Mr. Cobb agreed not to discuss his last suggestion this evening.

Motion made by Mr. Nesbitt, seconded by Mr. Williams, that the motions approved at the Board's August 6, 13 and 25 meetings be incorporated into a single document and transmitted to the City Commission without further review as the recommendations of the Budget Advisory Board.

Ms. Page clarified that only two of their motions applied to the current year; the others applied to future years. Mr. Nesbitt added that the motions regarding the reserve must

be stated side-by-side. He also noted that the transmittal should take place prior to the September 2 Commission budget workshop.

In a voice vote, **motion approved** unanimously.

5. Questions and Concerns

Mr. Gretsas felt it would be helpful for Board members to attend the budget workshop in the event the Commission had questions regarding their recommendations. He advised each Board member that when speaking at a budget workshop or hearing, one should disclose whether he/she was speaking as a representative of the Budget Advisory Board and reiterating its comments, or speaking as an individual. Mr. Gretsas reminded Board members that there had been some differences of opinion expressed by the Board, and it should not be implied that a member was speaking on behalf of the Board unless this was the case.

Mr. Dickerman reminded Board members that their terms expired on September 30 and advised those wishing to stay on the Board to contact their appointing Commissioners.

The Board discussed their next meeting date.

Motion made by Mr. Cobb, seconded by Ms. Page, to schedule the Board's next meeting for October 14, 2009, and thereafter on the second Wednesday of each month. In a voice vote, motion passed unanimously.

6. Adjournment

With no further business to come before the Board, the meeting was adjourned at **8:49** p.m.

Next meeting: October 14, 2009

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