

**FINAL
BUDGET ADVISORY BOARD
CITY OF FORT LAUDERDALE
Executive Airport Conference Room
6000 NW 21st Avenue
Fort Lauderdale, Florida 33309**

**Wednesday, October 14, 2009
6:00 p.m.**

Board Members:

Alan Silva	P
Keith Cobb	P
Marc Dickerman	P
Ray Williams	P
June Page	P
Fred Nesbitt	P
Anthony Timiraos	P (arrived at 6:20 p.m.)
Bud Bentley	P (arrived at 6:27 p.m.)
Desorae Giles- Smith	A
Sam Monroe	A

(Mr. Herbst arrived at the meeting at approximately 6:29 p.m., and Norman Mason arrived at approximately 7:25 p.m.)

Staff Present:

Shonda Singleton-Taylor, Acting Director, Office of Management & Budget
Michael Kinneer, Finance Director
Darlene Pfeiffer, Parking and Fleet Services
Lynda Flynn, Finance Department
John Herbst, City Auditor
Norman Mason, Staff Liaison, Assistant Budget Director

Ms. Taylor stated two individuals were not reappointed to the Board as of this time. They were Sam Monroe and Desorae Giles-Smith. She advised they were still being considered as members of this Board until reappointed or dismissed. She stated that based on 10 members, six would make a quorum.

Roll Call

Roll call was taken and a quorum was present.

Election of Officers

It was stated this Board ceased to exist as of September 30, 2009. It was advised that the Board had been re-instituted on October 1, 2009.

Marc Dickerman nominated Alan Silva as the Chair of the Budget Advisory Board.

June Page nominated Keith Cobb as Chair of the Budget Advisory Board.

Motion by Alan Silva and seconded by Marc Dickerman hat Keith Cobb be elected unanimously as Chair of the Budget Advisory Board.

June Page was nominated as Vice Chair of the Budget Advisory Board. The nomination was seconded.

Motion made to close nominations for Vice Chair.

June Page was elected unanimously as Vice Chair of the Budget Advisory Board.

Communications to City Commission

Staff would check with the City Commission regarding their availability to attend a Budget Advisory Board meeting on either November 3rd or the 17th.

Approval of Minutes

Motion made and seconded to accept the revised draft of minutes for the August 13, 2009 Budget Advisory Board meeting.

The following corrections were made:

On Page 5, third paragraph, the word “and” should be changed to read “an area.”

On Page 6, the second: “as long as” should be deleted.

On Page 9, next to the last sentence on reports, it reads: “report’s”, and it should be corrected to read as “reports.”

On Page 10, it should read: “third suggestion,” and not second suggestion.

Mr. Silva stated that on Page 2, first paragraph, it should read: “vehicle rental fund,” instead of parking fund. This occurs in two places.

Ms. Taylor stated it was her belief that the wording: “Ms. Alarcon stated the money went to the vehicle rental fund,” is correct.

The minutes of August 13, 2009 were approved as amended.

Motion made and seconded to accept the minutes of the August 25, 2009 Budget Advisory Board meeting.

The following corrections were made:

Under the roll call, Sam Monroe was not listed. Mr. Silva explained that Mr. Monroe had voluntarily resigned at that time. Ms. Taylor stated the Board had not been holding regular meetings, and therefore, Mr. Monroe was still considered a member of this Board.

On page 4, #2, second paragraph states: "will exceed X dollars," and asked if an amount was to be placed there. It was stated that a specific number was not available at that time.

Motion made and seconded to accept the minutes of the August 25, 2009 Budget Advisory Board meeting as amended. Board unanimously approved.

Meeting Schedule

The second Wednesday of the month had been chosen originally for Budget Advisory Board meetings, but a suggestion was made to schedule the meetings either the second Tuesday or Thursday of the month. Ms. Taylor stated the third Wednesday of the month would be available for a meeting room.

It was decided to schedule Budget Advisory Board meetings on the third Wednesday of the month until the end of September, 2010 for the 8th Floor Conference Room at City Hall.

Old Business

It was proposed that workshops be scheduled with the City Commission regarding the budget. Staff would work with the Commission to see what dates were available.

Mr. Bentley explained that in the past workshops were scheduled with the City Commission on their regularly scheduled Tuesdays. November Commission meetings were scheduled for November 3rd and the 17th. December meetings are scheduled for the 1st and the 15th.

A list of comments made by the Commission at the workshops and Budget Hearings was presented to the Board Members. The Commission asked for these comments to be addressed by this Board. One item was whether they should do 3-5 year budgeting, but that would require a change in the City's Charter. Another item was that the Board set a target for the Reserve Fund. Other comments for review pertained to examining the supervisory levels within the City Departments and make recommendations, Departments should present a zero-based budget to the Budget Advisory Board, and focus on next year's budget. Follow-up should be done in regard to recommendations made by this Board for fiscal year 2010/2011. The City Commission's number one concern next year will be the budget.

These issues would be addressed in a workshop with the City Commission.

It was suggested that November 17, 2009 be suggested to the Commission for a budget workshop.

Motion made and seconded to invite the City Commission to a budget workshop meeting to be held on either November 3rd or the 17th. Board unanimously approved.

Draft Minutes of August 25, 2009

It was stated that the minutes of the August 25, 2009 meeting were made available to individuals, but the Budget Advisory Board members did not have copies for their review. It was requested that once draft minutes be submitted to the City Clerk's office and the public, they be provided to the Budget Advisory Board.

Mr. Bentley stated there would be resistance to that suggestion. He offered as an alternative that if the City Clerk's Office receives a public request for minutes that the Board involved also receive such information.

Mr. Silva stated that some members had received copies of the minutes before their publication.

The process for receiving minutes was explained by Bobbi Williams. She stated that motions made by this Board had been submitted to the Clerk's Office, and they are not sure what had transpired.

Mr. Silva stated it was his understanding that a Commissioner had requested copies of this Board's minutes, along with their recommendations. He referred to Mr. Mason's e-mail regarding Board minutes.

New Business

Board's Agenda

Mr. Williams stated it appears there will be a \$25 million additional shortfall in the next fiscal year, and \$10 million would have to be replaced in non-recurring funds. This could not be done as part of the budget process, and would have to be done proactively on an on-going basis throughout the year at management level. These types of discussions have to be agreed upon. The roles of the Commission and the Budget Advisory Board regarding the budget have to be determined. There have to be ways to re-invent the government's way of doing business, and not just looking at nickels and dimes.

Mr. Williams stated the Commission has four priorities. The Board needs to ask the Commission to prioritize those four items.

Ms. Page stated even though the Commission is realizing the next year would be difficult, they still have the four priorities. The Board has to make them understand that the four criteria could not stay in place and resolve the shortfall. This would not be accomplished with just cutting out the vacant positions.

Mr. Bentley stated there would be a negative balance at the end of the next fiscal year, and the Commission should not be worrying about the Reserve Fund. They have to change budget policies to help resolve the issue. He believes this Board needs to draft budget policies and establish recommendations that have to be implemented as soon as possible.

Mr. Nesbitt stated the Board made a series of recommendations and requested they be implemented in the next budget year. They need to follow-up on such recommendations

and see how things would be done during the year. The Commission wants zero-based budgeting, but not sure how to implement it. The Mayor suggested that departments submit such budgets to the Budget Advisory Board. Mr. Nesbitt stated he was not sure that was the role of this Board.

The Commission is re-establishing the Charter Advisory Board. This Board should work with them so language could be drafted regarding the five-year strategic requirement.

It was stated that such language had been drafted and an ordinance would be taken before the Commission.

Chair Keith Cobb asked if a motion should be made by this Board supporting an amendment to the Charter requiring five-year budgeting.

Mr. Silva asked how they defined strategic financial planning. The City Auditor stated there would be two parts. The first part would be a five-year forecast based on current and known revenues and expenditures, and the second part would consist of forecasting.

Mr. Timeraos suggested they be proactive and create a schedule before meeting with the City Commission providing staff advanced time for preparation and specific requests could be made of staff.

It was suggested that Board Members be assigned to departments to obtain specific information. Ms. Page agreed and stated that questions could be prepared in advance, and Board Members could become better informed.

It was asked if they were thinking of fundamental ways to accomplish specific missions and tasks or just understand dollars and cents. The Board needed to find a way to become a catalyst for discussion.

Ms. Page stated that government runs the way they do, and what would be their willingness to make changes. She asked if they are going to make up the shortfall through an increase in revenues or by decreasing expenses.

Mr. Silva stated one of their recommendations was to reduce the amount of expenditures. As a result, they were trying to focus on what could be done more efficiently. He explained zero-based budgeting would allow the larger departments to prioritize their activities. He did not believe they would have to raise revenue to help meet the shortfall. The Board also recommended that every revenue source should be reviewed and see to what extent it is self-sufficient. Fees might have to be increased. This would get everyone to focus on fees during the year, rather than at the end of the year. He feels the City has to move sooner, rather than later, in doing all of these things. Training would have to be established regarding zero-based budgeting. The fiscal year has begun, and yet no one has an idea as to what is being done for the zero-based budget.

It was stated that every city in the County is having budget problems. There has to be a more efficient way to do things if they work together. Every department head should be challenged to discuss certain items with neighboring municipalities and aggressively find

ways to share or outsource them. The other thing is to outsource activities. Some scenarios were presented. Supervisors need to think outside the box, but it is not easy.

More information was requested regarding union contracts.

Ms. Taylor advised that negotiations were still ongoing with police and fire. Mr. Bentley advised if a contract is imposed, it would be for one year.

Mr. Nesbitt stated he was informed that not all information is available to the public regarding negotiations.

The City Auditor stated that negotiation sessions are public meetings, but there are no minutes to his knowledge. The closed door sessions are where the Manager makes recommendations to the City Commission, and they are exempt from public record. He stated the last offer from the Union was for 6, 4 and 4. Three-year contracts are being discussed.

Ms. Page stated that she did not understand why the City would contemplate making agreements to such demands in the present state of today's economy.

The City Auditor stated there were bargaining issues that still had to be considered regarding the City's proposal. The first is morale, and the second is remaining competitive with other agencies in the State who are presently hiring. The City of Hollywood is giving 12% raises. The FOP has a challenge in negotiating their contracts. If Fort Lauderdale is not competitive, they could lose five-year officers. The City Auditor stated everything comes into play when offers are being made.

Mr. Bentley referred to the Davie Officers and what occurred in that city. He stated there was a lot of politics in connection with labor negotiations.

Mr. Bentley further stated that in the past individuals who did the department analysis, often became the biggest advocates for the departments.

When it comes to parceling out, the Police Department is a tough area because they are dealing on a national level, as well as local.

Mr. Silva stated there is one part of open meeting law that recognizes a fact-finding group as not being covered, and not required to have notes taken. They could technically have one or two people be fact-finders for a specific item, but could not make recommendations. If they want a person within a department, if it is a designee of this body, it would be covered under the open meeting law. It would be considered a liaison function. If they decide to do this, legal counsel should be brought on board.

Mr. Bentley stated they are not going to solve the \$35 million shortfall. Those answers have to come from the departments, and management would process that through the budget system. The departments would not propose radical changes until the moment the Commission convinces them of a crisis. He stated if they would be individually assigned to a department, where would their training and continuity come in.

Managers would not undertake the pain of change without being given specific direction by the Commission. A number one priority of the workshop would be to get them to

understand that and provide specific directions to the City Manager. Results would have to be seen on a monthly basis. It is not a budget issue, but a rethinking of how to do their jobs. At some point, it would become a budget issue.

A piece of this could come from the budget process. Zero-based budgeting should not be done every year, but it is time for this City to do it. There are specific techniques and methodology that have to be learned and followed.

It was suggested that the City Auditor provide an outline to this Board as to what they could debate, and recommend to the Commission what has to be done, along with a time frame. The Board does not have a comprehensive understanding of what is required to make such a recommendation. They need to start on this now.

Mr. Silva stated he is concerned about the Commission defining certain things such as vital services. Such services are hard to define unless a zero-based budget had been done. For example, not every police officer is essential. In addition to the vacant positions, there was an equal number of positions not being left vacant. He asked why the positions were being filled if they had been vacant for a year or more. He believed this would be a good time to not fill a position until a zero-based budget was done that would certify the permanency of the position. He feels there are better ways of doing things that are less costly and more effective. A study had been done regarding staffing levels about five years ago which stated they were okay at that time.

The issue of an additional firehouse arose regarding possible annexations.

The City Auditor was asked if he could provide framework for a zero-based budget. The City Auditor stated he could not do that because it would compromise his role as Auditor. He explained his participation in this Board has given him qualms from day one, and he had expressed his concern to the Commission. His role as Auditor is to stand apart from operations and things involving operations. He was asked originally to participate to provide some sort of context, foundation and understanding to individuals not familiar with government environment. He feels he has been walking a fine line.

Mr. Nesbitt believed they needed to provide some sort of motivation to the City, otherwise they would not do the zero-based budgeting.

It was suggested that they do such budgeting for 2-3 departments as a way of testing and implementing that type of budget.

Ms. Page believed a consultant would have to be hired. She suggested this Board make such a recommendation.

Ms. Taylor stated they have already begun looking at revising the guide used for the budget process that would be finalized within the next month. She further stated that training would also be provided. The new guide would have more depth to it than the previous one.

It was asked if CPAs ever offer to assist cities in their budgeting. Mr. Silva stated that other cities have already invented the wheel and have done zero-based budgeting who might be able to assist the City in this endeavor.

Ms. Taylor explained there were over 400 activity levels across the departments. Proposal forms were completed for each activity level within each department.

It was asked if the Board could receive a copy of such form. Ms. Taylor confirmed, and stated once the new form was adopted, a copy of that could also be provided to the Board. It was stated that the entire leadership of the City has to be involved in this. It was stated that the Commission is looking to this Board for direction on how to implement zero-based budgeting. A pilot program could be started.

Mr. Timeraos stated the Board is not going to solve this issue. He recommended that the Budget Office make a presentation at one of their Board meetings regarding their new plan. The Board could then decide if it appears feasible.

People are needed that have expertise to work on the budget.

Ms. Page asked if there was any city locally that had been successful with that type of budgeting. The City Auditor stated that Miami-Dade had successfully conducted a pilot program. He further stated they would have to go to Miami-Dade. It has been his experience that when someone has done such things, due to the openness of the working arena, they are fond of sharing knowledge.

Ms. Taylor stated it was her understanding that the County had used zero-based budgeting also, but she was not aware of the results.

Mr. Silva stated he believed there was a Florida Municipal Finance Officials Association, and they could probably advise who had done this type of budgeting. The City Auditor stated there is a web site where Finance Directors in the State answer questions and provide information. Mr. Silva recommended they check the web site out and see what information was available.

The Board recommended that before the meeting with the City Commission, the Office of Management and Budget explore nearby municipalities that have done zero-based budgeting for guidance and information. It was suggested that such information could be reviewed at the meeting with the Commission and possible recommendations made. Then, in December the Commission could return and advise the Board what steps have been taken regarding zero-based budgeting. The Board unanimously agreed.

Chair Keith Cobb reviewed the issues addressed by this Board at today's meeting.

It was suggested the City Manager provide status reports on some of the future budget recommendations made by this Board, such as identifying surplus property, and providing a schedule and reviewing service fees based on inflation and costs. Other items were raised for further discussion and should be placed on a schedule and prioritized, and reports provided to this Board.

Chair Keith Cobb stated that all this would start with the Commission. The shortfall could not be solved with just budget cuts, and revenue issues would have to be reviewed. Possibly, some of the Enterprise Funds should be reviewed.

Mr. Bentley stated he had made two recommendations to the Commission. One was that they try zero-based budgeting with two departments, and the other suggestion was for the Commission to create a decision-making process for next year.

It was stated that the Charter Review Board was considering recommending that the first draft of the budget be presented earlier than what had been done this year. The City Auditor stated he advised the Board that the budget could not be finalized until July 1st when the Property Appraiser provides the final taxable assessed values. They could probably come within 10% based on early guidance.

Ms. Taylor stated that typically they first look at the numbers on June 1st.

Mr. Silva stated they need to “nail down” revenue sources for next year as soon as possible. For all intents and purposes, the Property Appraiser would know as of January 1st the reduction in property values for the past year that would give everyone an idea regarding the assessed values. There would probably be major changes in the commercial and industrial properties because they have taken a heavy hit, and will continue to do so. Commercial properties will most likely hit bottom next year. Then, the foreclosure problem will increase.

It was suggested this Board look at zero-based budgeting in December, and focus on property taxes in January. The Board agreed. It was recommended they also review how contracts would affect escalating cost structure.

Mr. Bentley reminded the Board of the language of the ordinance regarding this Board, and their not being involved with collective bargaining issues. Expiration dates of various contracts were mentioned.

It was suggested this Board target the size of the problem at the end of this year so issues could be addressed. It was stated that at least guess estimates could be provided for them to work with.

Mr. Bentley suggested that this Board analyze in January the affects of the labor contracts and property taxes.

It was asked if this Board could obtain copies of the financial reports provided to the Commission. The City Auditor stated it was his understanding that such reports had been reviewed by this Board in the past. Mr. Bentley stated it was his understanding the Board would review such reports quarterly. Mr. Silva stated they should also review the past fiscal year to see expenses and revenues. Ms. Taylor stated her office would supply such information. She stated the reports were on the Commission’s agenda for the first meeting of the month. She advised that a copy of the September report would be provided to the Board at their next meeting.

Mr. Silva stated that one of the things important in regard to collective bargaining was not only the amount of money involved, but also language that would stop them from doing various things. He stated some contracts address minimum staffing levels and replacement of individuals. Changes would have to be bargained with the unions. It was stated they would not be reinventing government because it had to be done from within. It was further stated there were Federal staffing laws in effect for various departments. If

staffing requirements are not met, insurance rates and liability issues are affected. Various examples were provided.

Chair Keith Cobb suggested that the Board focus on cooperative measures and potential outsourcing at their February meeting. It was stated that substantive ideas should be provided to this Board for that meeting. Chair Keith Cobb stated that between now and the November meeting, he would attempt to crystallize the issues into some sort of order so the Board could present an agenda to the Commission.

Mr. Silva stated they should add the question of interlocal agreements into discussions regarding privatization. He believes a study had been done in-house regarding various types of privatization the City might undertake. Possibly, an update of that study could be done.

Mr. Bentley stated there was documentation regarding what the City outsourced. The City has always been fairly progressive in that regard. Mr. Silva stated they could review other outsourcing opportunities.

It was suggested they research what other municipalities have outsourced, and success of interlocal agreements. The City Auditor stated that fundamentally, they could outsource everything. A list of examples make it harder for the opposition.

It was asked when the voters would be presented with the five-year plan. The City Auditor explained it would be presented next November.

Ms. Taylor clarified the Board's comments to the City Commission as follows:

- Budget/Commission Workshop be held on November 3rd or November 17th.

Motion made and seconded to adjourn the meeting.

There being no other business to come before the Board, the meeting was adjourned at approximately 8:00 p.m.

Respectfully submitted,

Margaret A. Muhl
Recording Secretary