

**FINAL
BUDGET ADVISORY BOARD
REGULAR MEETING**

City of Fort Lauderdale
100 North Andrews Avenue
1st Floor Commission Chambers
Fort Lauderdale, Florida, 33301
December 16, 2009 - 6:00 p.m.

Board Member	Attendance	10/2009 through 9/2010 Cumulative Attendance	
		P	A
Keith Cobb, Chair	P	2	0
June Page, Vice Chair	P	2	0
Bud Bentley	P	2	0
Marc Dickerman	A	1	1
Desorae Giles-Smith	A	0	2
Sam Monroe	P	1	1
Fred Nesbitt	P	2	0
Alan Silva	P	2	0
Anthony Timiraos	P	2	0
Ray Williams	A	1	1

City Staff

Norm Mason, Staff Liaison, Assistant Budget Director
Shonda Singleton-Taylor, Acting Director, Office of Management & Budget
Lynda Flynn, Treasurer
Darlene Pfeiffer, Parking and Fleet Services
J. Picinich, Recording Secretary, Prototype, Inc.

Communications to the 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 Cobb called the meeting of the Budget Advisory Board to order at 6:07 p.m.

2. Review Meeting Minutes [October 14, 2009]

The Board noted corrections to the October minutes.

Motion made by Mr. Silva, seconded by Ms. Page, to approve the Board's October 14, 2009 minutes as amended. In a voice vote, motion passed unanimously.

3. Discussion of January 20, 2010 Meeting Date

Mr. Mason stated the Board's January meeting must be rescheduled to accommodate the City Commission, so their meeting date must be changed. The Board decided on Tuesday, January 26.

4. Old Business

None

5. New Business

- o Zero-Based budgeting strategies and methodologies for Fiscal Year 2010/2011

Ms. Singleton-Taylor reported her department had been conducting research into what other municipalities had done in the past. The City Auditor had asked the Florida Government Finance Officers Association to see if there were any other entities in the State that had used zero-based budgeting, and they had received some comments.

Ms. Singleton-Taylor said there were many decisions that must be made prior to initiating zero-based budgeting. Chair Cobb asked how these decisions would be made. Ms. Singleton-Taylor explained they had started with a joint meeting with the City Commission, and after the guest speaker attended in January, they would have a better idea where they were going with this budget.

Ms. Page asked if it was true that there was no city in Florida utilizing zero-based budgeting. Ms. Singleton-Taylor thought Miami Beach's website indicated that they used a modified zero-based budgeting process. Ms. Page described how Miami Beach's budget process worked, utilizing prioritized categories. She stated she had spoken to the Miami Beach Budget Department because this was the only other city in

Florida that had a Budget Advisory Board. Vice Mayor Roberts had agreed to contact “someone high up” in Miami to invite a speaker to address the Fort Lauderdale Budget Advisory Board. Ms. Page would invite the Chair of the Miami Beach Budget Advisory Board to a meeting when she spoke to him in January.

Mr. Silva had received an email from Commissioner Rodstrom regarding Broward County’s zero-based budgeting process. Ms. Singleton-Taylor agreed to forward this to other Board members.

Mr. Bentley said the County process established “result teams” to evaluate prospective departmental budget cuts and report to the County Administrator. The result teams started meeting in January, and a series of workshops was held with the Commission after the result teams finished. The County Administrator filed a recommended budget in June/July. Mr. Bentley informed the Board that the County elected officials had 51% of the General Fund budget and could force cuts to all departments except for the Sheriff’s Department. This resulted in the 51% over which County officials had control taking significantly larger reductions than the other half.

Mr. Nesbitt said at the City Commission conference meeting on Tuesday, the City Auditor had indicated that no other Florida city used zero-based budgeting; they used program-based budgeting or performance-based budgeting. Later in the day, Commissioners were discussing program-based budgeting and performance-based budgeting, leading Mr. Nesbitt to doubt the Commission’s commitment to zero-based budgeting.

Mr. Nesbitt stated the Mayor had indicated that his priorities for the 2010-2011 budget were not to fill vacant positions and to examine City departmental structure with an eye toward streamlining them. Mr. Nesbitt was concerned whether a zero-based budgeting scheme could be implemented for the upcoming budget year. He wanted to have a mechanism whereby priorities could be established for making cuts.

After their joint meeting with the City Commission, Mr. Timiraos thought the Commissioners had been interested in implementing zero-based budgeting without understanding what is really was or how it could be done. Mr. Timiraos felt changing to zero-based budgeting was a slow process, and perhaps they should begin with one department, and make it a five-year plan for full implementation.

Mr. Silva stated they had known since March or April that the Commission was interested in a zero-based budget process, and at their last meeting they had directed the City Manager to provide zero-based budgeting proposals. Mr. Silva was concerned

that no one had so far produced a white paper describing what could and could not be done and how.

Mr. Bentley stated there were two components to the budget: a budget was prepared, and this was presented to the governing body for action. He was more concerned with the City Commission's process and their policies, because this drove staff's actions. Mr. Bentley stated budget processes were rational processes to build a budget and decide how best to spend money. This year, it would be a process to determine what the City could not do.

Mr. Nesbitt said there needed to be a process whereby they could identify activities to be cut, reduced, downsized, eliminated or contracted out.

Mr. Cobb stated if department heads were asked where they would cut their own budgets by a certain percentage, this would identify the "low hanging fruit" and someone at a higher level would make the determination where to actually make the cuts.

Mr. Bentley said this was a fair characterization of the County process he had described earlier. He noted that the first time through, there would be hiccups. Mr. Cobb interjected that the key to this process was leadership. Mr. Bentley added that the process must include getting the departments to think "to the ultimate decision point" of eliminating the department managers and transferring what was left to someone else.

Ms. Page said the Board should signal that there must be some leadership. Mr. Cobb remembered the City Manager asking the City Commission for direction regarding cuts. Mr. Bentley said this was why he wanted the Commission to develop new budget policies as soon as possible.

Mr. Cobb liked the model Mr. Bentley had described, and thought the Board might have some input along the line. He agreed that it must start with the Commission policies. Mr. Bentley said the County had begun the process he described two years ago.

Mr. Nesbitt was unsure if the City would be able to solve next year's deficit through cuts alone. Mr. Bentley said the only people that wanted to do this were those who believed that smaller government was better government.

Mr. Mason pointed out that 75.4% of the budget expenses were salaries, wages and benefits, so if the Commission directed there would be no layoffs, this only left 25% of the budget to work with. Mr. Nesbitt asked Mr. Mason's opinion of having department heads prioritize their activities, and propose a percentage decrease. Mr. Mason said some savings could be realized this way, but not anywhere near what they needed.

Ms. Singleton-Taylor stated there were a number of factors that affected what the shortfall might be. Property taxes were a major driver, but this depended on the millage rate. She said it all depended on how the City Commission wanted to move forward in terms of their priorities for the next fiscal year.

Mr. Silva liked the idea of internal peer review to sort out reasonable from unreasonable suggestions for cuts. Mr. Silva also wanted the proposed cuts to be made public.

Mr. Cobb summarized that:

- The Board favored leadership from the Commission level regarding what the guidelines should be
- Perhaps the zero-based budgeting should be abandoned in favor of something that was doable in the short term
- Put a system into place, such as the tiered reduction strategy they had discussed

The Board agreed to the above suggestions.

Mr. Nesbitt favored asking the departments to identify revenues as well as cuts that could be made.

Mr. Bentley stated internally, the City Manager and the Commission would deal with the process of putting together the budget. Politically, the Board could stay away from this process and focus on the process they went through to make these decisions. He remarked that it was a radical change for the City to open its budget process.

Ms. Singleton-Taylor described the process the City used now for budget review. Mr. Silva pointed out that this process was not fully transparent. It did not reveal what the individual department heads indicated they could do under different percent reductions; it only revealed what the Office of Management and Budget and the City Manager accepted.

Mr. Timiraos asked what restrictions existed when making layoffs to satisfy cuts. Mr. Silva said there could be no layoffs to Police and Fire under current policy. He felt it would be therapeutic for the Police and Fire Departments to present five and ten percent cuts so these could be assessed against cuts that had to be made somewhere else. Mr. Silva said there were parts of Fire and Police that could be cut, and it would be important to know what the five percent was that they could do without, do more efficiently or contract out.

Mr. Bentley said the caveat was the policy for displaced employees. If the policy was that there would be no lay-offs in public safety, the City would do whatever it could to find a displaced employee a vacant position that he/she could perform. Mr. Silva said this was why it was important to have a full hiring freeze. From what he understood, people were still being hired.

Mr. Monroe asked if departments had budget goals assigned to them. Ms. Singleton-Taylor said this past year, they had not begun with a goal; they had listed their activities and identified the amount of money needed to operate. Mr. Mason stated each department had to support their requests for all expenses of \$25,000 or more.

Mr. Nesbitt asked Chair Cobb to draft his summary in the form of a resolution for their next meeting. After the Board heard the zero-based budgeting presentation, the Board could edit this to present to the City Commission as their recommendation for how the budgeting process should be approached for 2010-2011.

Mr. Bentley offered to create a draft of budget policies to circulate prior to the Board's next meeting and Chair Cobb agreed to create a draft of his summary.

Motion made by Mr. Silva, seconded by Mr. Bentley, for City staff to invite a representative of the Property Appraiser's Office to attend the Board's January 26 meeting to provide an update on appraised property values forecasts. In a voice vote, Board unanimously approved.

6. Communication to the City Commission

None

7. Other issues and questions

Mr. Nesbitt commended Mr. Cobb on the superb job he had done representing the opinions and thoughts of the Budget Advisory Committee during the workshop with the City Commission.

Ms. Page said the Board Liaison for the of the Miami Beach Budget Advisory Board had advised her that they should start inviting each department to make presentations to the Board so they could become familiar with the departments. Mr. Mason said he had spoken with someone in Miami Beach, who promised to have the Director call him back.

Budget Advisory Board
December 16, 2009
Page 7

Mr. Silva said the Board had received the last monthly financial report for October, and asked staff to provide the Board with the financial reports for all revenues. Ms. Flynn agreed to provide this when it became available.

With no further business to come before the Board, the meeting was adjourned at **7:37** p.m.

Next meeting: January 26, 2010

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