

FINAL
BUDGET ADVISORY BOARD
SPECIAL MEETING

City of Fort Lauderdale
100 North Andrews Avenue
1st Floor Commission Chambers
Fort Lauderdale, Florida, 33301
March 3, 2010 - 1:00 p.m.

Board Member	Attendance
Keith Cobb, Chair	P
June Page, Vice Chair [until 2:39]	P
Bud Bentley [arrived 1:11]	P
Marc Dickerman	P
Sam Monroe	A
Fred Nesbitt	P
Alan Silva	P
Anthony Timiraos	A
Ray Williams	P

City Staff

Norm Mason, Staff Liaison, Assistant Budget Director
Fort Lauderdale City Manager George Gretsas
John Herbst, City auditor [arrived 1:14]
Shonda Singleton-Taylor, Acting Director, Office of Management & Budget
Allyson Love, Assistant City Manager
Darlene Pfeiffer, Parking and Fleet Services
L. Davila, ProtoType Services

Guests

Richard Mancuso, resident

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 1:03 p.m.

Motion made by Mr. Nesbitt, seconded by Ms. Page, to approve the minutes of the Board's January 26 meeting. In a voice vote, Board unanimously approved.

Chair Cobb had attended the City Commission workshop the previous day, where he had stated that the budget process must start with the City Commission, who must provide guidelines to the City Manager, who would "set the stage" for the department heads. Chair Cobb had admonished the City Commission that if they passed out worksheets and allowed departments to prepare their own budgets, they would be trying to trim back the budget in four months. He felt this would be very inefficient. Mr. Cobb said the Commission "seemed to nod approval" to his recommendation. He had also informed the Commission that the Budget Advisory Board would soon provide their recommendations.

Mr. Bentley arrived at 1:11.

The City Commission wanted the Budget Advisory Board to attend their budget conference meeting on April 6. The public budget hearing was scheduled for May 11. Chair Cobb had agreed to provide the City Commission with an agenda for the public hearing.

2. Establish additional April Budget Advisory Board (BAB) meeting to review Police Presentation

3. Review of "Budget Advisory Board (BAB) Recommendations to the City Commission"

Mr. Nesbitt had revised this document pursuant to the Board's previous suggestions. He stated this would act as the cover memo for the other documents they would present to the City Commission.

Mr. Bentley suggested changing the word "constraints" to "budget priorities" in item 1. Mr. Williams suggested changing the word "should" to "must" in item 1. Chair Cobb noted that they should instead remove the word "consider" and the Board agreed. Mr. Bentley suggested changing the words "may be" with "are" in item 1. Chair Cobb stated at the end of the paragraph, the line should read, "... the Commission should change those priorities."

Regarding item 3, Mr. Williams said in his experience, the Office of Management and Budget could not do this alone; it worked better if managers, department heads and staff worked together. He wondered if this sentiment should be expressed here. Ms. Singleton-Taylor stated the Office of Management and Budget was responsible to prepare the budget, and one of the City Manager's goals was to hold departments accountable for their budgets. Chair Cobb thought the City Commission should move the responsibility for implementation of the budget to the City Manager and he had the Office of Management and Budget available to him to implement it. Mr. Bentley suggested removing the words "to be implemented by the Office of Management and Budget" from the first sentence.

Motion made by Mr. Williams, seconded by Mr. Nesbitt, to approve the document as edited. In a voice vote, Board unanimously approved.

4. Review of "Budget Advisory Board (BAB) Proposed General Fund Budget Policies"

Mr. Mason had provided the Board with versions of the document as edited by Ms. Page, Mr. Bentley and Mr. Silva. Mr. Bentley said Mr. Silva's edits represented more substantial policy changes.

Mr. Bentley said he and Ms. Page would edit the final document. Mr. Bentley suggested accepting all of Ms. Page's edits to the first three paragraphs. Mr. Silva suggested adding "and reduced economic activity" to the list of contributing factors that included unemployment and foreclosures.

Under Policy #1: Revenues, Mr. Bentley said the first "X" should be replaced with 4.8916 and the second with 15. Mr. Silva said the first paragraph indicated there would be a serious decrease in revenue, but the first paragraph under revenue showed no decrease in revenue because it was assumed they would go to the rollback rate. Mr. Silva did not feel the City Commission wanted to commit to the rollback rate because they would like to know that the difference in programs was between the current millage rate and the rollback rate. This language committed them to accept that there would be a tax increase. He said they knew that they would have \$17 million less if they used the current millage rate; reducing this deficit would require a tax increase. Mr. Silva suggested setting the goal of maintaining the millage rate; anything over that must be justified so everyone knew what an increase in the millage rate would buy.

Ms. Page thought the Board had agreed that they should not state a specific millage rate, but state a ceiling of the same dollar amount of revenue for 2010. Mr. Nesbitt thought they should talk about revenue instead of millage, and the goal of the City was

to collect the same amount of revenue next year as it did this year. Mr. Herbst said this was the roll-up rate. Mr. Bentley asked what was “magical” about maintaining the millage rate. Mr. Silva stated the typical homesteaded property owner would be hit hardest by an increase in the millage rate. He explained that if the millage rate remained the same, the homesteaded property’s taxes would increase 2.9%; if the millage rate increased 15%, the homesteaded property’s taxes would increase 17%. Mr. Gretsas said this was a “worst case scenario” assumption that was not accurate because they did not have the numbers yet.

Chair Cobb said they were aware that any change in the millage rate would bring about inequities, and there were inequities in the current system. Any adjustment in the millage rate would end up being more inequitable. Chair Cobb, said, “In the aggregate, if we adjust the millage to the assessed valuation, it’s got to balance out somewhere. There will be people who will be disadvantaged and there will be some who will not.”

Mr. Nesbitt wanted to adopt Mr. Bentley’s language for 1.1.1 under Revenues and delete the note. Mr. Herbst suggested the language: “The City will not budget more than it collected.” Mr. Gretsas noted that other revenues, such as fee increases, could compensate for a loss of tax revenue.

Chair Cobb said they must determine if they wanted to recommend capping the property tax revenue at \$109 million or not. Mr. Bentley said the purpose was to get something in front of the City Commission to generate a policy decision by them so they could proceed with preparation of the budget. Mr. Silva explained the difference: they could direct the City Manager to create a budget of no more than \$109 million or they could direct him to create a budget based on the current millage rate, with an indication of the additional services that could be provided for certain increases in the rate. This would give the Commission an idea of “what is the increase in the millage rate going to buy us.” Mr. Williams agreed with this approach.

Ms. Gretsas felt the department heads would try to figure out what the public, the Commissioners and the Board wanted in terms of reduction of service. The alternative was for the Board to determine what areas to consider for reductions in service. Mr. Gretsas felt they could be realistic, and determine what were the absolutes and where there might be inefficiencies and waste.

Mr. Gretsas said if the will was to have no increase in revenue and they had to deal with service reductions, the Board’s leadership would be valuable toward making intelligent decisions at the back end of the process. He felt creating artificial “hit lists” would cause the process to devolve to a reactionary, political process and he thought the alternative was to have the “think tank” think through the issues first.

Ms. Page wanted to decide whether they should state a revenue ceiling or a millage rate. Chair Cobb did not think there was a “prayer that the City Commission is going to keep the \$109 million revenue.”

Mr. Dickerman said the City had not raised the millage rate for two years and he could not see not raising it this year.

Mr. Gretsas said the value of the Budget Advisory Board to staff was to provide feedback regarding where there might be the political will to reduce service. Chair Cobb felt the Board might be useful in this respect “in due time” but he also believed the City Commission had a responsibility to establish some guidance for the City Manager and for the City, and part of the Board’s job was to help the City Commission with that guidance. Therefore, he believed that they should say something about property taxes.

Mr. Bentley suggested leading with item 1.1.2; he said there was consensus that the Commission, to the extent possible, raise fees and cut off low hanging fruit and do whatever they could to reduce property taxes. However, if this could not be done, in no event would they collect more revenue that they had the previous year.

Motion made by Mr. Williams, seconded by Mr. Dickerman, to adopt Mr. Bentley’s language for item 1.1.1.

Mr. Bentley suggested the following language: “To the extent possible, we’re going to decrease property tax. However, should critical services be adversely affected, the City will not budget more than \$109 million, which is what they collected last year.” This would replace 1.1.1 and 1.1.2. He also wanted to leave the note intact.

In a voice vote, motion passed 6 – 1 with Mr. Silva opposed.

Regarding non-recurring revenues, Mr. Silva said he did not understand what a “reasonable period of time” was. Mr. Bentley said, “The language is intended to say that they could use one-time revenue if an expense is going to be increased within the fiscal year.” So a position could be financed for the entire year if the position would be eliminated.

Mr. Herbst asked if this meant that if they used \$10 million from Fund Balance to balance the budget this year that they needed to cut \$10 million from the budget before going into next year. Mr. Bentley agreed this was what it said, “but when you’re talking that type of numbers,,the Commission will exempt themselves from that policy.”

Mr. Herbst said there was a misconception that they did not have cash, but they in fact had \$400 million in the bank that they could access in an emergency.

Motion made by Mr. Dickerman, seconded by Mr. Williams, to accept Mr. Bentley's language for item 1.2. In a voice vote, motion passed unanimously.

Regarding item 1.3, User Fees, Mr. Bentley said he agreed with Mr. Silva that they should note specifically that this included Fire Assessment fees, because the Commission had treated this fee differently in the past. Mr. Silva said the Commission saw this as a fee for service, not a user fee. He said the language should refer to users fees and fees for services.

Mr. Dickerman felt the public would view fee increases the same as tax increases. Mr. Nesbitt suggested changing the titles of 1.3 to User Fees and Fees for Service. Mr. Herbst remarked that there was a bill in the Legislature to create a Police user fee.

Mr. Silva was concerned that there was no indication that departments should identify which fees were fully or partially recovered, and that the Commission should approve that status. If they wanted to increase fees, the Commission should tentatively approve or deny the increase before the budget was finalized. It made no sense for departments to base their budgets on a fee increase only to have the Commission deny the increase later on.

Mr. Bentley suggested adding the language from the alternative text as 1.3.3.C : Departments identify services for which fees can be modified to recover the full or partial cost of providing services. The Board agreed to this change.

Mr. Silva had also suggested that fee reviews be conducted by May 15 and the Commission give policy direction by June 30. Mr. Bentley recommended including Mr. Silva's language under 1.3.3 regarding the deadlines. The Board agreed to these edits.

Ms. Love wondered if these deadlines were feasible. Ms. Singleton-Taylor did not feel staff could meet the May 15 deadline.

Chair Cobb asked the Board's approval for the language in item 1.3, with the May 15 deadline and the Board agreed.

Regarding item 2 – Expenditures, Mr. Bentley recommending adding Mr. Silva's additional language under 2.4: "As well as low-cost service delivery methods" and under 2.5: "lower cost service delivery systems/methods should be addressed." The Board agreed to incorporate these changes.

Motion made by Mr. Dickerman, seconded by Ms. Page, to approve the language for item 2 as amended. In a voice vote, motion passed unanimously.

Regarding item 3: Net General Fund Support, Mr. Bentley recommended accepting Ms. Page's edits. Mr. Silva had suggested adding the language: "...pursuant to a formal budget amendment/adjustment approved by the Commission" at the end of item 3.2. Mr. Bentley clarified that this referred to revenues generated by the department. Mr. Bentley said the way this was written, the Commission may delegate to the City Manager the authority to approve changes in revenues up to a certain amount.

Ms. Gretsas asked how this policy was different from how this was handled now. He noted that for the last five years, they had ended up with a surplus every year. Mr. Bentley said it was wise to have a policy for what happened on the revenue side, and this addressed what happened when there was a revenue shortfall. Mr. Herbst explained that they nominally associated revenues with particular departments and he suggested they not tie the two together. If a program was supposed to be self-sufficient, this might apply, but most programs were not intended to be self-sufficient, and if they failed to generate anticipated revenue, the level of the department should not necessarily be reduced. Mr. Herbst suggested that this would also interfere with the City Manager's responsibility to manage the departments.

Mr. Bentley said the language in 3.1 recognized that different departments generated different revenues and they shouldn't be penalized because they did or did not produce revenue. Ms. Gretsas agreed with this point. Ms. Page suggested dropping item 3 entirely. Mr. Dickerman agreed. Mr. Silva thought this clearly stated that departments were responsible for not only what they spent but also for what they brought in.

Ms. Page left the meeting at 2:39.

Motion made by Mr. Nesbitt, seconded by Mr. Dickerman, to strike item 3. In a voice vote, motion **failed** 2 – 4 with Mr. Bentley, Mr. Silva, Chair Cobb, and Mr. Williams opposed.

Motion made by Mr. Williams to retain item 3 as drafted by Mr. Bentley without Mr. Silva's restrictive language. Motion never seconded or voted on.

Regarding item 4: Displacement of City Employees, Mr. Bentley said the question was whether to recommend that the City undertake aggressive outreach for displaced employees. Mr. Bentley said the employees that would be displaced would be the newest and he would not support a policy that aggressive outreach be performed for an employee who had been with the City six months or even two years. He felt the

outplacement efforts should be within the City Manager's purview; he could make a recommendation to the Commission based on the number of employees, their longevity and the possible expense to the City. He therefore suggested leaving this item out. Mr. Silva felt they must be compassionate.

Mr. Gretsas asked what this policy would do. Mr. Bentley said when there were vacancies, wherever possible, these positions would remain vacant. If they were budgeted the next year, they would seek to move displaced employees into those positions if they were qualified. Mr. Gretsas thought this would be a Charter violation; the City Commission was not to dictate staffing recommendations to the City Manager.

Mr. Nesbitt suggested this language for item 3: "The short-term approach of eliminating only vacant positions is not advisable over the long term as a strategy to balance the budget. A long-term, responsible action is to decide which of these services are going to continue, which are going to be cut back and which are going to be eliminated. This will ensure the City maintains staffing at sustainable levels for the next three years."

Motion made by Mr. Nesbitt, seconded by Mr. Dickerman, to accept Mr. Nesbitt's proposed language for item 3. In a voice vote, motion passed unanimously.

Mr. Bentley suggested changing the title of item 3 to Vacant Positions.

Chair Cobb said Mr. Bentley and Ms. Page would make the edits on which the Board had agreed and resend the document to Board members. If there were no recommended changes from Board members in a few days, Chair Cobb would provide the document to the City Commission.

Mr. Herbst cautioned against Board members working together on the document outside of a meeting.

Motion made by Mr. Nesbitt, seconded by Mr. Williams, to empower Chair Cobb to make technical corrections to the documents and transmit them to the City Commission as soon as possible.

Chair Cobb wanted to discuss some of the issues the Board had previously discussed, such as: supervisory leverage, headcount reductions, salary and wage freezes and vehicle maintenance. He proposed discussing these issues at their next meeting. Mr. Nesbitt suggested they discuss just one of those issues at their next meeting.

5. Communication to the City Commission

None.

With no further business to come before the Board, the meeting was adjourned at **2:58** p.m.

Next meeting: March 17, 2010

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