

FINAL
BUDGET ADVISORY BOARD
SPECIAL MEETING
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Fort Lauderdale, Florida, 33301
April 29, 2010 - 6:00 p.m.

<u>Board Member</u>	<u>Attendance</u>
Keith Cobb, Chair	P
June Page, Vice Chair	P
Bud Bentley	A
Marc Dickerman	P
Nadine Hankerson	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
Shonda Singleton-Taylor, Acting Director, Office of Management & Budget
John Herbst, City Auditor
Police Chief Frank Adderley
Fire Chief Jeff Justinak
Eric Pologruto, Assistant Chief
John Molenda, Assistant Fire Chief
David Rains, Fire Marshall
Scott Bayne, President of the Firefighters Union
J. Opperlee, ProtoType Services

Guests

Fort Lauderdale Commissioner Bruce Roberts

Communications to the City Commission

None

1. Call to Order/Roll Call

Chair Cobb called the meeting of the Budget Advisory Board to order at 6:00 p.m.

2. Review Meeting Minutes of April 21, 2010

Motion made by Mr. Nesbitt, seconded by Mr. Silva, to approve the minutes of the Board's April 21 meeting.

The Board noted corrections to the minutes.

Mr. Dickerman recommended waiting to approve the minutes until the changes had been made.

Chair Cobb stated the Board would be unable to review the status of their observations and recommendations from the past year because the City Manager was unable to attend the meeting,

3. Review of Police and Fire-Rescue Activity Based Presentations

Chair Cobb invited Board members to ask questions of the representatives of the Police and Fire Rescue Departments who were present.

Mr. Williams asked if there was anything that the Police and Fire Rescue Departments were currently working on that would have an impact on their budgets next year. Police Chief Frank Adderley reminded the Board that the majority of the Police budget was salary and benefits. He felt they had done a good job of trimming the remaining 15%. He distributed a document that detailed adjustments made during the current year.

Ms. Page had been following the negotiations in Pompano Beach with BSO, specifically the estimate for Pompano to start its own Police force versus having BSO provide the service. She asked if the estimates coming out of Pompano were reasonable and if there was any chance Fort Lauderdale would bid against BSO in the future. Chief Adderley said it would take time for Pompano to hire the officers needed to compete against BSO. He acknowledged that many people thought their County taxes should entitle them to BSO services. He said the Sheriff had recently informed him that the County would soon charge for services.

Chief Adderley explained that the City had contracted with the Sheriff's office to provide Teletype service and the Sheriff had indicated they would no longer provide. The City must decide whether to hire 7 people to perform this work or to pay the Sheriff's office \$400,000 for this service. Chief Adderley said the estimate was it would cost \$10,000 to \$15,000 less to hire their own people, but these salaries would go up in the next five years, so it was probably best to pay the BSO for the service.

Ms. Page asked how much longer the Police Department could remain at its current location and what the cost would be for a new station. Chief Adderley stated they spent too much money repairing the old station and they should invest in a new station instead.

Mr. Silva asked if the Police Department had accurate estimates for a new station that could be used to put before the electorate for a bond issue. The alternative was to use part of the unrestricted reserve surplus, like the County had done for their courthouse. Ms. Singleton-Taylor stated there was a CIP application for a new Police Headquarters with some costs identified. Mr. Silva thought they should put some money aside now to add to a bond issue for this.

Mr. Silva asked if there had been any thought of joint administrative service between Police and Fire Rescue. Chief Adderley felt this was not a bad idea and said it was something they could “definitely take a look at.”

Mr. Silva asked if there was a way to use part time Fire reserves to reduce overtime. Fire Chief Jeff Justinak said they had streamlined their overtime to a minimum now.

Mr. Silva asked if the Fire Department had considered contracting out or establishing interlocal agreements for services. Chief Justinak said BSO had 90% of the City’s communications now. He reminded the Board that these agreements took away from the potential resources in the City and caused response delays.

Ms. Hankerson questioned what the options were when 85% of the Police and Fire Rescue budget went toward salaries and the other 15% went toward resources for those departments. Ms. Page stated she had been unaware that 85% of their budgets went toward salaries. She said their meetings had given her a much better understanding of what the Fire Rescue and Police departments did and how little “wiggle room” there was in their budgets, and she was focusing on other departments for opportunities to cut costs.

Mr. Nesbitt thought the Board had learned from the presentations that cutting certain services would not yield significant savings. He felt in other departments they might see areas with greater flexibility.

Chair Cobb thought once they got past Police and Fire Rescue, they would be dealing with a much smaller denominator and after those presentations they would probably feel good about those departments as well. He agreed this was a difficult problem and the salary component could not be managed by the Board; he felt this was “almost going to preclude you getting the kind of gap out of this budget that you need.”

Mr. Silva said it would only get worse every year if the Commission was not willing to raise taxes and fees or lower services, or some combination of the two. Chair Cobb said some cities were cutting back on levels of service. Mr. Silva noted that the cuts were in administrative, inspection and investigative services. Mr. Williams stated there were efficiency techniques available, such as Six Sigma and Lean, which helped reduce waste and improve service.

Mr. Herbst thought there was significant inefficiency in their processes, mostly because they had not examined their processes with an eye toward efficiency. When he worked in Jacksonville, Mr. Herbst said they “cut things that took three weeks down to three days” and eliminated all kinds of excessive activity that was not value added. He believed the City must commit to a similar process in order to get where they needed to be. Chair Cobb remarked that leadership must be committed to this idea. Mr. Herbst agreed this was a five-year initiative.

Commissioner Roberts said he and Mr. Herbst had discussed the need for a five-year plan earlier. He reminded the Board that there had been pension reform trade-offs accompanying the salary increases that would bring money back to the City. He said the Commission would discuss cutting services and/or raising fees and taxes. He favored raising fees over time to recoup actual costs. Commissioner Roberts said perhaps other departments needed to be consolidated and reorganized in the next five years; there were many areas they must look at.

Commissioner Roberts left the meeting at 6:30.

Ms. Nesbitt felt the Board was not getting to look at the cost saving opportunities that department heads had because proposals had to go through the City Manager. Mr. Nesbitt said the Board had never looked at the Capital Improvement or Enterprise Budget, which represented 50% of the City budget.

Mr. Silva pointed out that for many residents, water, sewer and basic sanitation fees cost more than their property taxes, and reducing these fees might make a tax increase more palatable.

Police and Fire Rescue representatives left the meeting at 6:41.

4. Review of status of BAB observations and deliberations over past year

Mr. Silva thought the Board might not be getting uncensored input from department heads or they might not be considering savings and consolidation of departments because of the vested interests of some department heads.

Chair Cobb acknowledged the Board's frustration and their feeling that their recommendations were not being acted upon. Mr. Dickerman said this had been part of the failure of the last incarnation of this Board, its failure to get input to the City Commission.

Ms. Page did not feel the Board's input was being ignored. She noted that some of the Commissioners were still new, the City Manager was on the way out and there was a lot of politics going on. She believed they just needed to keep pushing. Mr. Nesbitt noted that when the Commission had discussed fees at their last conference meeting, they had gotten caught up the minutiae of the costs the fees could help them recoup; his theory was that they should be setting policy and not concerning themselves with determining direct and indirect costs. Chair Cobb thought the Commission should be presented with a fee plan to react to rather than attempt to develop the plan themselves.

Mr. Nesbitt thought the Board got better results with the Commission when they presented a more detailed suggestion rather than a conceptual statement.

Mr. Williams said if the Commission got aggressive about covering expenses with fees, there must be a very logical explanation of the costs included in estimating fees. Mr. Herbst said Mr. Mason kept a schedule of indirect costs that were allocated out to grants and enterprise funds. They were trying to do full cost accounting but in general, this was not done in general government operations because it was all General Fund. He stated traditionally, most governments did not try to determine the costs of services and activities.

Mr. Herbst said it was possible to have an outside auditor conduct an accurate cost allocation report, provided quality information was provided.

Chair Cobb asked if anyone could tell them what the new cost of the collective bargaining agreement would be. Mr. Scott Bayne, President of the Firefighters Union, believed the cost of increases in the contract was \$1.1 million for the three-year life of the contract. Mr. Nesbitt stated a lot of pension reform had been included in the contract. Chair Cobb recommended requesting the City Manager provide the Board with a comprehensive analysis of the cost of the contracts.

Motion made by Mr. Silva, seconded by Mr. Williams, to ask the City Manager to provide the Board with a comprehensive analysis of the cost of the collective bargaining contracts. In a voice vote, Board approved unanimously.

Chair Cobb asked if the Board wished to make any official recommendations regarding their discussions this evening regarding:

- Shared joint administrative services
- Efficiency techniques
- Activity-based costing for fees

Mr. Williams agreed the first suggestion was a great idea, but Mr. Silva recommended it be limited to Police and Fire Rescue.

Motion made by Mr. Williams, seconded by Mr. Silva, to recommend the City investigate sharing administrative services in the Police and Fire Rescue departments. In a voice vote, Board approved unanimously.

Mr. Williams asked if each department had its own administrative staff; Mr. Silva said each department had its own, and the size of staff depended on the size of the department. Mr. Williams wondered if the Board should recommend that other departments also explore sharing administrative services. He also felt there were too many departments. Mr. Silva said the number of departments could be reduced by half. Chair Cobb suggested recommending the City Commission consider halving the number of departments. Ms. Page was not sure this was appropriate. She had looked at many cities like Fort Lauderdale and she had not seen one that had only eight departments.

Mr. Nesbitt pointed out that there were also three Assistant City Managers and three assistants to the Assistant City Managers. Mr. Silva stated consolidating Administration and Finance would allow them to get rid of one Assistant City Manager because some of the responsibility would be delegated down to the department head. The Board agreed that this type of change would usually occur when there was a new City Manager. Mr. Williams believed this change should be part of the specifications for a new City Manager.

Mr. Nesbitt informed the Board that pursuant to their recommendations, the City Commission had already directed the City Manager to bring in a consultant to review the organizational structure and make recommendations. The Mayor and some of the Commissioners had already indicated that the number of departments would not be the same next year. Mr. Silva suggested the Board recommend that there was considerable room for consolidation of services within departments outside of public

safety. Mr., Williams wanted to recommend that the Commission instruct the City Manager to create a substantial consolidation of departments.

Motion made by Mr. Dickerman, seconded by Mr. Williams, that the Board agreed that there was an opportunity to substantially or dramatically reduce the number of departments, and that the City Commission should direct the City Manager to review that and return with a definitive recommendation. In a voice vote, Board approved unanimously.

Motion made by Mr. Nesbitt, seconded by Mr. Silva to recommend the City utilize one of the quality/process improvement initiatives such as Six Sigma, Sterling or LEAN, paid for out of the Reserve fund. In a voice vote, Board approved unanimously.

Mr. Silva stated the quality/process improvement initiative could be financed from Reserve funds because it was an investment in reducing costs in the future.

Mr. Herbst suggested the Office of Management and Budget could determine which quality/process improvement initiative the City should use.

Motion made by Mr. Dickerman, seconded by Ms. Page, to recommend the City perform a cost allocation study regarding calculation of fees, so they would be justified across the board, and that this be paid for out of the Reserve fund. In a voice vote, Board approved unanimously.

Regarding EMS fees, Mr. Bayne said the Board might want to look at State guidelines.

Mr. Silva wanted the remaining presentations to include a prioritization of programs. Chair Cobb remarked he had tried unsuccessfully to get the City Manager to request this from Police and Fire Rescue.

Mr. Nesbitt pointed out that the City Manager already had the departments' budgets, with some kind of direction; Mr. Nesbitt would rather ask the City Manager to share this direction with the Board than require the departments to prioritize their programs. Mr. Williams wanted the City Commission to instruct the City Manager to make sure that the services being offered by the other departments were prioritized. He noted that if cuts were to be made, they had better be made to lower priority services. Chair Cobb believed the City Manager would refuse to do this and without his blessing, the departments would not do it.

Mr. Mason felt it was ill advised to ask departments to prioritize services because their priorities might be different from the residents' priorities. The City Manager asked the

City Commission what programs and services they desired, and would prioritize them based on this input.

Mr. Herbst believed departments were already prioritizing programs because they knew which had the most impact on the community; this made them better qualified to make a priority determination.

Motion made by Mr. Silva, seconded by Mr. Williams, to request prioritization of services within the presentations from the next two departments. In a voice vote, Board approved 4 – 3 with Ms. Page, Mr. Nesbitt and Mr. Dickerman opposed.

Ms. Singleton-Taylor announced that the public hearing on the budget would be on May 11.

Ms. Page remembered a suggestion to look at activities paid for by funds other than the General fund, such as the Enterprise fund, Capital Improvement and Neighborhood Improvement funds that the City could reduce. Mr. Herbst thought this could be a useful idea, because if it became necessary to raise taxes, offsetting the hike with a reduction of other enterprise-funded activities would flattened the net cost to residents. Chair Cobb did not believe there was time for this to make a difference this year.

5. Questions and Answers

6. Communication to the Commission

None

With no further business to come before the Board, the meeting was adjourned at **7:48** p.m.

Next meeting: May 19, 2010

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