

FINAL
BUDGET ADVISORY BOARD
REGULAR MEETING
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Fort Lauderdale, Florida, 33301
July 21, 2010 - 6:00 p.m.

Board Member	Attendance	10/2009 through 9/2010 Cumulative Attendance	
		P	A
Keith Cobb, Chair	P	8	1
June Page, Vice Chair	A	8	1
Bud Bentley	P	7	2
Marc Dickerman	P	7	2
Nadine Hankerson	P	5	0
Sam Monroe	A	3	6
Fred Nesbitt	P	9	0
Alan Silva	A	8	1
Anthony Timiraos	P	7	2
Ray Williams	P	5	3

City Staff

Norm Mason, Staff Liaison, Assistant Budget Director
Lynda Flynn, Interim Director of Finance
John Herbst, City Auditor
J. Opperlee, ProtoType Inc.
Albert Carbon, Public Works Department Director
Tom Terrell, Maintenance Facilities Manager

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 6:00 p.m.

Chair Cobb added an agenda item to discuss the proposed budget.

2. Review of Meeting Minutes from June 16, 2010

Motion made by Mr. Dickerman, seconded by Mr. Williams, to approve the minutes of the Board's June 16, 2010 meeting. In a voice vote, motion approved 7-0.

3. Review of Public Works Activity Based Presentation

Mr. Williams asked Mr. Carbon if there had been any action taken to work more efficiently with other City departments. Mr. Carbon said Parks and Recreation and Public Works were combining forces on the beach regarding street sweeping and trash removal. On the capital side, they were streamlining the process and they were now designing projects that had been approved in March. Mr. Carbon confirmed that the beach street sweeping/trash removal was combined in the Clean City program and would move from the General Fund to Sanitation.

4. Budget Discussion

Chair Cobb said the Board's comments and recommendation were due by August 15. Their next meeting was scheduled for August 18, the day after the Commission meeting.

Chair Cobb said the proposal was to use \$13 million of the Reserve Fund to balance the budget. Mr. Mason said this reduced the Reserve Fund to \$44 million, 17% of the General Fund.

Mr. Mason said they would need approximately \$3 million to balance the current year. Chair Cobb stated there were analyses of the property taxes indicating a 10.6% reduction. He said another major factor was the pension and pay increases for Police and Fire. Mr. Mason said the General Fund absorbed about \$1 million in Police and Fire merit increases. They would not know what the General Employee increase was until negotiations were completed.

Chair Cobb asked about the budget process, and noted that the budget numbers were roughly the same as the previous year. He thought it had been articulated that part of the strategy had been to reduce the size of government, but he had not seen much in

the budget to address this strategy. Mr. Mason said first, he had run the payroll, and the Commission had instructed there would be no layoffs. They had eliminated vacant positions from funding and from the system. The next step was for departments to submit their expenses with support documentation. Mr. Mason stated 70% of expenses were personnel-related. His department reviewed each line item and reduced items for which there was insufficient support.

Chair Cobb asked what instructions were given to the Police Chief regarding his non-personnel budget. Mr. Mason said they had sat with the Chief to review his plans for the year and compared these to the previous year and the five-year trend. Mr. Mason accepted items for which the Chief had substantiation and support.

Chair Cobb asked if department heads had been instructed that they must cut back. Mr. Mason said when they started with a \$31 million gap, they had met with departments to review their budgets and make additional reductions. Mr. Williams asked if the departments had been asked to make specific reductions from year to year. Mr. Mason said their approach had been to balance the budget, and departments knew to make their departments as efficient as possible.

Mr. Williams asked about vacancies and turnover. Mr. Mason said most of the departments had no vacancies. Ms. Flynn said turnover was dropping significantly. Mr. Mason said three years ago, overall attrition had been 6% and this year it was 2%.

Mr. Cobb noted that the combined budget for Finance and OMB had increased by 9%, which he felt had not set the right example. Ms. Flynn explained that there had been a one-time change in methodology for recording service expenditures that accounted for this difference. Mr. Cobb pointed out that OMB was up \$350,000. Mr. Mason said his department had been short one person last year and they had hired an additional person this year. Mr. Mason later explained that the budget for OMB had increased this year by \$98,000 or 6.5%. He said the numbers to which Cobb had referred were estimates. Mr. Herbst explained that the City traditionally compared budget-to-budget, not budget-to-actual.

Mr. Williams asked if any action had been taken pursuant to any recommendations the Budget Advisory Board had made. Mr. Mason said they had reviewed opportunities for outsourcing with each department and this was being explored. They had also discussed outsourcing, but until there was a directive on headcount, Mr. Mason said there was no point in conducting studies.

Mr. Williams said many of the Board's recommendations had been dismissed out-of-hand, as evidenced by the policy decision that there would be no staff reductions. Chair

Cobb did not believe the Commission had addressed any of the Board's recommendations. Mr. Mason said the Commission had addressed this in July, and they had determined they would discuss it further but would not dedicate funding to any studies.

Mr. Bentley requested a written copy of the Commission's policies for this year. He thought the Commission had adopted policies recommended by the Board, with some minor tweaks. Mr. Mason recalled the Commission had indicated in March that there would be no increase in the Fire Assessment Fee or the millage rate and no reduction in head count. Mr. Dickerman said he had personally asked the Mayor if "all of his basics for the year previous were off the table and he said yes they were."

Mr. Nesbitt remembered the Commission directing the City Manager at a conference meeting to implement the Board's recommendation regarding reorganization and span and control, but this had never been done. Mr. Nesbitt felt many of their recommendations were in limbo because of the City Manager situation. He suggested they re-present their recommendations. Mr. Mason confirmed for Mr. Nesbitt that there had been a change in fees for service in this budget.

Mr. Williams said whoever was hired for the City Manager position must have a mindset and a skill set to do what needed to be done. Chair Cobb thought the residents expected more austerity than this budget showed.

Ms. Hankerson said a large portion of the budget was for public safety and she was frustrated because they had requested information regarding the collective bargaining agreement but this had not been addressed. She pointed out that the cuts were being made to operating budgets, affecting their ability to do their jobs; there was no ability to affect personnel costs. She believed they were locked in for three years before they could do anything about the "big chunk of the money" in public safety that must be addressed.

Mr. Timiraos pointed out that payroll was the bulk of the budget and unless they cut the payroll they would not be able to balance the budget without going into reserves in the future. He asked if there had been any discussions regarding this. Mr. Mason said they were preparing a five-year plan to be presented in September. He said even if headcount reductions were made this year, they still faced a \$5 million increase in Police and Fire pensions and \$2 million in GERS pension. Given market projections, this would not change dramatically in the short term. He agreed that they must discuss how to deal with costs in the future. He estimated that personnel costs would reach 80% of total budget in the near future.

Mr. Williams asked about the County's property tax revenue projections. Mr. Herbst thought a 2% projection in the "out-years may be okay" but admitted that this was a "wild guess right now."

Mr. Mason explained the revenue projections for the red light cameras, estimated at \$8.3 million, which would net the City \$3.1 million.

5. Communication to the Commission

None.

Other Items

Chair Cobb referred to the Board's original recommendations and remarked that the Commission had not utilized their recommendations to consider an across-the-board wage reduction plan and a modest head count reduction plan. Chair Cobb had added up the City's "administrative network" and determined those budgets were up 8% in the aggregate. He felt this set a poor example for other departments. Mr. Williams said they would get "no tractions with the unions" if the City pleaded poverty but had not taken austerity measures. Mr. Williams wanted to recommend that the Commission consider giving direction that those combined budgets be flat or reduced. Mr. Herbst said there would be a 5 – 7% increase just for contractual union wage increases. Chair Cobb said since they had not received a 5% increase in ad valorem taxes, something must be done.

Mr. Mason said the two public budget hearings were on September 7 and 21 at 6 p.m.

Mr. Bentley stated they should concentrate on the "big picture" the fact that the spend rate of the General Fund exceeded the financial ability of the City over time. He said when the City continued to authorize public safety contracts and allocate reserves as they had, the City was "running at that cliff at a fairly rapid pace." The cliff represented the end of the reserves when they reached the point that actual revenues must sustain actual expenditures. Mr. Williams suggested recommending the Commission not approve a budget that would take more than \$10 million out of reserves this year.

Mr. Williams felt there would not be a material change in approach and direction until there was permanent City Manager. Mr. Bentley thought the City Manager would only execute what the City Commission directed him/her to.

Mr. Bentley said the City had created a budget that depleted the reserves from 28% to 17%, almost a 50% drop. Mr. Nesbitt noted the reserve would still be higher than the

Board recommended. Mr. Bentley said these guidelines had been developed in stable economies. Chair Cobb felt the City should not use reserve funds this year and Mr. Nesbitt asked what the Reserve Fund was for. Mr. Herbst said the discussions he had heard from the Commission was that the excess fund balance was the result of having overtaxed the taxpayers in the past and it should be returned to taxpayers. The question was how quickly it should be returned, in one year or over a three-year period. Mr. Bentley stated they must also plan for when the reserve was no longer there.

Chair Cobb suggested Board members create recommendations and meet in early August to compile them. Ms. Hankerson said the Board had already made many recommendations to the City Commission and it was time to “bring it home to roost.” Board members agreed to draft their own recommendations and send them to Mr. Mason.

The Board agreed to meet on August 4, provided the conference room was available.

With no further business to come before the Board, the meeting was adjourned at **7:22** p.m.

Next meeting: August 4, 2010

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