

FINAL
BUDGET ADVISORY BOARD
MEETING

City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Fort Lauderdale, Florida, 33301
September 15, 2010 - 6:00 p.m.

Board Member	Attendance	10/2009 through 9/2010	
		Cumulative Attendance	
		P	A
Keith Cobb, Chair	P	9	2
June Page, Vice Chair	P	10	1
Bud Bentley	A	7	4
Nadine Hankerson	P	7	0
Sam Monroe	A	0	1
Fred Nesbitt	P	11	0
Alan Silva	P	10	1
Anthony Timiraos	P	8	3
Ray Williams	P	7	3

City Staff

Norm Mason, Staff Liaison, Assistant Budget Director
Lynda Flynn, Interim Director of Finance
John Herbst, City Auditor
J. Opperlee, ProtoType Inc.

Communications to the City Commission

Motion made by Mr. Williams, seconded by Ms. Page, for the City Commission to implement the proposal drafted by Mr. Williams regarding appointment of a new city manager. In a voice vote, Board approved unanimously.

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 6:01 p.m.

2. Review of Meeting Minutes from August 4 and August 18, 2010

Motion made by Mr. Williams, seconded by Ms. Page, to approve the minutes of August 4 and August 18, 2010. In a voice vote, Board approved unanimously.

3. New Business

Discussion: Hiring of new City Manager

Mr. Williams said the most effective way to realize significant change in the way the City was managed was to have leadership from the City Manager. He felt the Board should make a recommendation for regarding the new City Manager. Mr. Williams had created a memo discussing this, which had been distributed to Board members.

Mr. Nesbitt remarked he had informed the Mayor that the Board would make suggestions regarding the new City Manager and the Mayor felt this was a great idea. The Mayor had indicated they would hire an interim manager and would initiate a nationwide search for a permanent manager.

Mr. Williams referred to his memo, and said his first suggestion was that there should be an independent search committee. At least one member must have top-notch search experience and one should have significant government management experience. Mr. Williams recommended a committee of five people, with appointments by consensus of the Commission. Mr. Herbst remarked that with a committee of seven, each Commissioner could appoint one person, with two additional consensus appointments. The Board agreed to recommend 5 appointees.

Mr. Silva felt there should be a neighborhood or community group representative on the committee as well. Ms. Page said this could be part of the process, but a community representative did not need to be on the committee.

Chair Cobb suggested replacing the reference to zero-based budgeting with "contemporary budgeting processes and techniques" or "performance-based budgeting."

Ms. Hankerson thought it was important to have input from City employees. Mr. Herbst said many cities and counties had a business plan that articulated high-level, departmental level, division level and employee-specific goals. Fort Lauderdale did not have this. They held a goal setting session where very broad goals were discussed but were never narrowed to a more specific level. The Board agreed to add “experience developing a vision *and a business plan* for implementing change” to Mr. Williams’ second recommendation.

Chair Cobb wanted to indicate the need to get this done expeditiously. Mr. Silva thought the committee should meet weekly instead of monthly to keep on top of the process. Chair Cobb suggested adding that timing was crucial to the process and the Board recommended a specific timetable be developed for the search committee. Mr. Williams wanted to suggest the process should be completed within nine months.

Mr. Nesbitt suggested editing the fifth bullet point under the second recommendation to “Experience and success in union negotiations and contract administration.”

Chair Cobb agreed to edit the document per the Board’s discussion and send it to Mr. Mason.

4. Questions and Answers

5. Communication to the City Commission

Motion made by Mr. Williams, seconded by Ms. Page, for the City Commission to implement the proposal drafted by Mr. Williams regarding appointment of a new city manager. In a voice vote, Board approved unanimously.

Other Items

Budget Workshop

Chair Cobb asked about the budget workshop that was scheduled for October 27. Mr. Nesbitt said at the workshop, the City Commission would discuss the Budget Advisory Board’s recommendations. Chair Cobb agreed to attend the meeting and make the presentation to the Commission.

Mr. Nesbitt wanted to categorize the Board’s recommendations and to arrange them in priority order and Chair Cobb agreed to do this. He wanted to remind the Commission that they were responsible to direct this process and provide guidance and direction.

Mr. Williams remarked that for the second year, the Commission had set budget guidelines, such as no staff reductions, and he believed the City could not survive the next three to five years unless the Commission got away from that. Mr. Williams said these were “too stifling to do what needs to be done.”

Mr. Herbst stated the Commission could develop budget priorities/guidelines in a public, all-day retreat at the beginning of the budget season.

Mr. Herbst’s Comments on the Budget

Mr. Herbst said they were violating their own budgetary policies by relying heavily on no-recurring revenue to balance the budget. He believed they were in the middle of a three to four year economic slump and if they were going to utilize the fund balance to stabilize the budget, this should be done over the course of few years, in a declining balance method. This would allow them to make reductions to staffing and programs in a gradual manner.

Mr. Herbst was not certain the City Manager’s budget had achieved what the City Commission had directed them to do. They had been directed to reduce costs by a certain percentage. Staff had not reduced total spending by that percentage; they had shifted the burden of some of the spending to one of the internal service funds.

Mr. Silva said when they were considering large budget reductions, they could not get there “without some strategic cuts in Fire and Police, especially on the administrative side.” Mr. Timiraos remarked that when 70% of the budget was payroll and related items, they would not make a dent in the budget unless they attacked that first.

Mr. Herbst said the policies under which the Budget Office had prepared the budget had put staff in an untenable position; it was not possible to not lay off people, not to cut programs and not to raise taxes.

During the Commission’s recent budget discussion, Chair Cobb thought some Commissioners had believed they had cut the fleet, but he understood that they were reducing the rent that the General Fund was paying the Fleet Service Fund. Mr. Herbst explained they were extending the useful life of vehicles, which had achieved considerable savings.

Mr. Williams asked if the Board should vote to approve the revised budget. Mr. Herbst said his report had also included the need for a five-year financial forecast. He stated it was “absurd to talk about what an appropriate level of fund balance is and an appropriate level of draw-down of the fund balance without looking at years two, three, four and five.”

Chair Cobb felt it would be appropriate for the Board to “point out the shell game so they will understand that they had not strategically reduced the budget in this process.” Mr. Silva said, “I think that people leaving there got the impression that money was cut out of the budget for vehicles.” Mr. Herbst said he had noticed that when they looked at the “all funds budget” it did not include internal service funds, so it was not truly an all funds budget. In years they built up or reduced fund balance within the internal service funds, it was not an accurate reflection. He intended to recommend that the net change in the internal service fund should be included when they considered what an all funds budget actually was. Mr. Herbst said he intended to prepare a supplemental memo that specifically addressed the analysis of fleet reserve levels because this was the funding mechanism to make ends meet.

Ms. Hankerson was frustrated because a new City Manager would not be hired for eight or nine months, at which time they would be at the same place they were currently because the leadership would not have been in place to develop the business plan to manage the next budget situation. Mr. Nesbitt said he had been given the impression that the interim City Manager would be initiating actions that would affect the budget.

Chair Cobb said the City Commission could take the Board’s recommendations, select six or eight, and inform the acting/interim City Manager that they wanted recommendations implemented in the coming months. Mr. Timiraos stated the Commission must “lift the ban on not eliminating services and not laying people off.” Mr. Williams suggested that staff’s recommendations should be “run through” the Budget Advisory Board prior to submitting them to the City Commission.

Mr. Nesbitt did not understand how the City Manager could make appointments over which the City Commission had no control. Mr. Silva said this was why he supported a strong mayor. Chair Cobb thought it incredible that the City Commission had begun discussion for selecting the acting City Manager at 3 o’clock in the morning at the City Manager’s last Commission meeting.

Motion made by Mr. Williams, seconded by Mr. Silva, to endorse Mr. Herbst’s report on the budget. In a voice vote, Board unanimously approved.

Regarding the meeting on October 27, Chair Cobb felt they should discuss the Commission’s leadership role in providing guidance and direction as to the budget process. Mr. Herbst advised the Board that the budget had been adopted, but “that doesn’t mean it can’t be modified going forward.” Chair Cobb also wanted to cover the following at the meeting: the Commission must get started on the budget process immediately, they must lift the bans, they must discuss the fleet situation, the Budget

Advisory Board endorsed the City Auditor's report, the City needed a five-year financial forecast; there were 54 funded vacancies that must be monitored.

Mr. Williams felt the Commission must prioritize their budgeting directives if they thought they were still important.

Ms. Flynn stated the Board "need to be more explicit whether you're raising millage rate or raising taxes based on decreased ad valorem levels because of the rollback rate that's involved. And I know it's still raising taxes from one standpoint, but many of the jurisdictions are finding... it's more palatable to the constituency to increase the millage rate to the rollback rate ... their actual tax bill isn't going to change."

Mr. Silva was concerned that this was the second year that the City did not fund capital outlay from the General Fund. Mr. Silva said the time would come when they would need money from the General Fund to go to capital outlay. Mr. Herbst said the reason Governmental Accounting Standards Board (GASB) had come up with a new reporting model was because cities were deferring maintenance on their infrastructure and GASB wanted explicit recognition of infrastructure maintenance costs. He explained that rating agencies looked to see how much cities were reinvesting in infrastructure.

Mr. Nesbitt thanked Chair Cobb and Mr. Bentley (who was absent) for "two years of great service, good contributions, ideas and work above and beyond just coming, sitting in a meeting. I think you've been a great Chairman and I'm very disappointed you're leaving us."

With no further business to come before the Board, the meeting was adjourned at **7:34** p.m.

Next meeting: October 20, 2010

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