

**FINAL**  
**BUDGET ADVISORY BOARD**  
**MEETING**

City of Fort Lauderdale  
100 North Andrews Avenue  
8<sup>th</sup> Floor Conference Room  
Fort Lauderdale, Florida, 33301  
November 17, 2010 - 6:00 p.m.

<b>Board Member</b>	<b>Attendance</b>	<b>10/2010 through 9/2011</b>	
		<b>P</b>	<b>A</b>
June Page, Chair	P	2	0
Anthony Timiraos, Vice Chair	A	1	1
Gregory Dickinson [6:23]	P	1	0
Ronald Goff	A	1	1
Nadine Hankerson	A	0	2
Fred Nesbitt	P	2	0
Alan Silva	P	2	0
Mark Snead	P	2	0
Ray Williams	P	1	1

**City Staff**

Norm Mason, Staff Liaison, Assistant Budget Director  
Lynda Flynn, Interim Director of Finance  
Shonda Singleton-Taylor, Acting Director, Office of Management & Budget  
David Hebert, Assistant City Manager  
Allyson Love, Interim City Manager  
John Herbst, City Auditor  
Darlene Pfeiffer, Parking and Fleet Services  
J. Opperlee, ProtoType Inc.

**Communications to the City Commission**

**Motion** made by Mr. Silva, seconded by Mr. Nesbitt, to request that Risk Management make a presentation to the Board in December regarding the self health insurance and airport funds. In a voice vote, Board unanimously approved.

**Motion** made by Mr. Nesbitt, seconded by Mr. Dickinson, to request that Human Resources attend a Budget Advisory Board meeting to discuss the 250 employees not covered by collective bargaining, to review their salaries and comparative salary data for unionized employees from surrounding cities. 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 Page called the meeting of the Budget Advisory Board to order at 6:01 p.m.

**Introduction of Board Members**

[This item was heard out of order]

Mr. Gregory Dickinson, new Board member, said he had lived in Fort Lauderdale for three years. He was the Area Executive for Ironstone Bank. Other Board members introduced themselves in turn.

**2. Review of Meeting Minutes from October 2010**

Board members noted corrections to the October minutes.

**Motion** made by Mr. Silva, seconded by Mr. Nesbitt, to approve the minutes of the Board's October 2010 meeting as amended. In a voice vote, Board approved unanimously.

**3. Re-scheduling of future meetings**

The Board discussed the scheduling problems that would come up in December 2010 and several months in 2011. They determined their next meeting would take place on December 10 at 8:00 A.M. They would discuss 2011 meeting dates in December.

**4. Discussion:**

**Development of Five-year Financial Forecast**

[This item was heard out of order]

Ms. Love explained she had a commitment that prevented her from attending the Board's meetings until January 2011.

Ms. Love stated the Commission had approved the ordinance for the five-year plan the previous evening.

Mr. Nesbitt asked Ms. Love to keep the Board involved in this process instead of waiting until after the forecast was presented to the City Commission. Mr. Silva referred to the ordinance, and remarked that usually, a forecast was done before the budget was put together because it considered future fiscal years. He was surprised that the Commission had not separated the budget and the forecast. Mr. Nesbitt felt this was a unique situation. Since this was the first time the forecast would be created, the next budget would be finished by the time the forecast was complete.

Ms. Love said the key factors for the forecast were ensuring that the assumptions were clearly delineated and that the Commission understood what the assumptions were. She felt this was where the Board could utilize its expertise. Ms. Love said staff was now investigating forecasting software.

Mr. Herbst explained the Charter Review Board had determined this should be an ordinance. He said they wanted the forecast to come at the same time as the budget presentation. Mr. Herbst said the forecast was designed to enhance the budget process in future years so they could understand the implications of this budget on future years. Ms. Love said the forecast could be completed sooner.

Mr. Williams said macro assumptions were critical to the operational plan. He stated the plan should be presented in advance of the budget. Mr. Williams felt a July deadline was too late to present the plan. Mr. Herbst stated there were data that would not be available until March 31 that was needed to create the plan.

[At 6:23 Mr. Dickinson arrived]

Mr. Nesbitt assumed that what Ms. Love learned as she created the forecast would be reflected in the budget process. On July 1, the Commission could determine if the budget and the forecast matched the upcoming fiscal year and issues for future years. Mr. Nesbitt said just because they would be presented at the same time did not mean that one did not substantially influence the other.

Mr. Silva was concerned that presenting the forecast, the budget and the Capital Improvement Plan (CIP) together would result in a "data overload." Mr. Herbst explained that year one of the forecast, the CIP and the proposed budget should all say the same thing; this was why they should all be presented at the same time. Mr. Snead suggested an update to the plan could be provided in January that would be input for the next year's budget process.

Mr. Williams agreed there was an issue the first year, and suggested that since the plan would not contain the same detail as the budget, it could be presented with preliminary numbers three months in advance and be adjusted when the year-end numbers were done. Ms. Love said they were working on the five-year forecast and she would not wait until June.

Ms. Love stated she was willing to listen to the Board's input, but she would not bring forth a formalized plan until the City Commission had seen it. Mr. Herbst pointed out that the ordinance addressed the formal report the City would produce for distribution, not the budget process. Mr. Herbst explained they had preliminary numbers by the end of the year that Ms. Love could use for the planning process for the coming year. Mr. Williams wanted a commitment date for delivery of a preliminary draft to the Board. Mr. Snead wanted the Board to review the plan before it was presented to the Commission so they could provide input. Ms. Love stated she would present a formalized document to the Commission first. Mr. Nesbitt was comfortable with this, noting that Ms. Love would be sharing the data with the Board as she developed the plan.

### **Implementation of the Board's 16 Recommendations**

Ms. Love said she was working with staff and the Board would be provided with a monthly update. Mr. Williams said the recommendations needed to be prioritized and delivery dates set. Ms. Love said she would bring the list back next month with some proposed dates after meeting with staff.

Mr. Nesbitt acknowledged the additional burden the recommendations presented to Ms. Love's workload, and he offered the Board's help as a resource.

Mr. Silva said the implementation date for Mr. Dargis presenting a comparative analysis or survey of other cities' salaries had already passed. Mr. Hebert said he had been working with Mr. Targas on this, and explained that the documents they had compiled for collective bargaining negotiations were not disclosable for public purposes unless they were released by the Commission. He agreed to see what items had been released for discussion with the unions that could be supplied to the Board.

Mr. Herbst stated the historical outline of the City's organizational structure was complete and would be released shortly.

Ms. Love provided the Board with other salary information they had requested. She stated staff would be providing the Board with monthly financial reports. Mr. Nesbitt said he received these by email and would forward them to other Board members.

### **Other discussion items**

Mr. Snead asked if the program proposal Commissioner Rodstrom had submitted to Mr. Gretsas had gone anywhere. Ms. Love said this process was ongoing and she agreed to update the Board.

Ms. Singleton-Taylor distributed monthly financial reports and salary data to Board members.

Mr. Mason had informed Chair Page that IT, HR and Finance department managers wanted to address the Board. The Board agreed that Risk Management and Human Resources would attend their December meeting and IT would attend in January.

Mr. Williams said the first thing on their December agenda would be the progress report from Ms. Love on the Board's 16 recommendations.

Mr. Silva had mentioned at their previous meeting that they should look at some of the departments under the Business Enterprise Department that could be enterprise funds. He said making these enterprise funds would allow them to know what the subsidy was. Mr. Herbst stated something could only be set up as an enterprise fund if it was substantially self-sufficient. Mr. Silva said he was concerned because when he read the budget he could not tell what the subsidy was.

Mr. Silva wanted a presentation from the Business Enterprise Department on the extent to which their activities were self-sufficient and if reporting their activities as an enterprise fund would be possible, so the subsidy could be identified. Mr. Herbst said as they moved toward an activity-based costing model, they could assess the degree of cost recovery for an activity.

Mr. Silva said another item he wanted to discuss was outsourcing: whether it was better to have municipal employees providing a service or if the service should be contracted out to the private sector. Chair Page suggested that Business Enterprises attend the Board's January meeting. Mr. Silva asked that any department making a presentation email it to Board members prior to the meeting so Board members could prepare questions.

Mr. Williams remarked on the make-up of the City Manager search committee, which included former Budget Advisory Board Chair Keith Cobb. Mr. Williams recalled the Board had agreed that they would set the criteria for the search and that the search committee would use their 16 recommendations as discussion points to ascertain candidates' experience. Mr. Herbst suggested the Board communicate their

recommendations to the search committee. Mr. Williams said this should come from the City Commission.

## **5. Communication to the City Commission**

### **Enterprise Funds**

Mr. Silva said there seemed to be one enterprise fund and two other funds that were problematic. He remarked that the self health insurance fund had run a deficit this year, but Ms. Flynn explained that this had been an intentional deficit because there was too much in the fund balance. There was a proposal now to adjust premium rates to accommodate this. Ms. Flynn said there were two types of reserve requirements, one was from the State that required self-insured funds to maintain reserve levels; the other was a requirement to maintain a 60-day reserve to cover outstanding balances. She explained the reason they had such a deficit this year was they had 30 cases of cancer in the past year. Ms. Flynn said there would be a remedy to ensure a stable fund balance.

Ms. Flynn offered to have Risk Management make a presentation to the Board in December.

Mr. Silva said the sanitation fund had also run into a deficit, and he requested a presentation explaining this situation and what could be done in the future. Ms. Flynn said sanitation had such a large fund balance that in order to meet the debt covenants, they had needed to increase rates in order to meet the rate coverage ratio. Mr. Herbst remarked that they had also paid down the outstanding bonds. Ms. Flynn explained they had redeemed the bonds because they could have been called. Mr. Silva agreed this made sense.

Mr. Silva said he was surprised about the airport fund because this was usually a “cash cow” and this was the first time it had run a deficit. Ms. Singleton-Taylor said the way the report was designed it may appear the airport ran a deficit, but there had been budget amendments on the revenue side that did not show up in the year to date column. It appeared the airport was running a deficit but the money was sitting in their balances in reserves. She said the airport budget had been revised and once the fund was closed out they would see that the fund was not running a deficit. Ms. Flynn said they were considering a different reporting method for the enterprise and internal service funds so it would not appear they were running deficits when they were not.

**Motion** made by Mr. Silva, seconded by Mr. Nesbitt, to request that Risk Management make a presentation to the Board in December regarding the self health insurance and airport funds. In a voice vote, Board unanimously approved.

### **Salary Inequities**

Chair Page had discovered that the 250 employees who did not have a union contract were left out of the pool of employees who may or may not get raises, and this was causing a morale issue. Mr. Mason had prepared a comparative analysis of salaries in surrounding cities and determined that Fort Lauderdale was slightly below average. Chair Page remarked that the City tried to position itself as the County's pre-eminent city but they were not willing to pay market value for these employees. She said in many cases, department heads were making less than people they supervised. Chair Page wanted the Board to discuss making a recommendation to the City Commission to consider giving these employees raises to the average of union employee salaries. She stated this would cost the City \$1 million.

Mr. Williams felt this put tremendous pressure on the City Commission regarding ongoing union negotiations. Chair Page said this could be discussed after the union negotiations were finished.

Mr. Mason confirmed that employees had gone to the City Commission to request raises; three individuals had been given raises but the others had not. Mr. Silva asked how many of the 250 were confidential employees who would be covered by a collective bargaining unit if they were allowed to be. Mr. Mason said there were approximately 50, and these raises would account for approximately \$125,000. Ms. Flynn explained the other 200 included management employees were in the same situation. Ms. Singleton-Taylor recommended Human Resources come and address this issue with the Board.

Ms. Pfeiffer explained that the 5% raise General Employee union members had received the previous year that was referred to as a Cost of Living Increase was actually the third raise of a series of pay raises given to General Employee union members only as part of the deal to close the GERS pension plan. Ms Pfeiffer stated non-union employees received nothing, even though the GERS pension plan was now closed to them as well.

**Motion** made by Mr. Nesbitt, seconded by Mr. Dickinson, to request that Human Resources attend a Budget Advisory Board meeting to discuss the 250 employees not covered by collective bargaining, to review their salaries and comparative salary data for unionized employees from surrounding cities. In a voice vote, Board approved unanimously.

### **6. Adjournment**

With no further business to come before the Board, the meeting was adjourned at **8:22** p.m.

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**Next meeting: December 10, 2010**

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