

**FINAL**  
**BUDGET ADVISORY BOARD MEETING**  
**CITY OF FORT LAUDERDALE**  
**100 NORTH ANDREWS AVENUE**  
**8<sup>TH</sup> FLOOR CONFERENCE ROOM**  
**FORT LAUDERDALE, FLORIDA, 33301**  
**APRIL 21, 2011 – 6:00 P.M.**

<b>Board Member</b>	<b>Attendance</b>	<b>10/2010 through 9/2011 Cumulative Attendance</b>	
		<b>P</b>	<b>A</b>
June Page, Chair	P	7	0
Anthony Timiraos, Vice Chair	P	5	2
AJ Cross	A	4	1
Gregory Dickinson	P	4	2
Nadine Hankerson	A	4	2
Sam Monroe	A	1	2
Fred Nesbitt	P	7	0
Alan Silva	A	6	1
Mark Snead	P	7	0
Ray Williams	A	4	3

**City Staff**

Norm Mason, Staff Liaison, Assistant Budget Director  
Shonda Singleton-Taylor, Deputy Director, Finance  
Douglas R. Wood, Director of Finance  
John Herbst, City Auditor [via phone]  
Lynda Flynn, City Treasurer  
Stephen Scott, Economic Development Director  
Kathleen Gunn, Acting Assistant City Manager  
Bobbi Williams, Administrative Assistant I  
Carolyn Bean, Human Resources  
Jerry Crossley, Classification and Compensation Manager  
Michael Walker, Procurement Services  
Michael Aronson, Finance  
Victor Volpi, Economic Development  
Albert Carbon, Director of Public Works  
Averill Dorsett, Human Resources Director  
J. Opperee, ProtoType Inc.

**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 Page called the meeting of the Budget Advisory Board to order at 6:05 p.m.

**2. Review of Meeting Minutes from March 2011**

The Board lacked a quorum so could not vote on the minutes.

**3. Draft Resolution of pay issue with non-unionized staff**

Chair Page felt it would not serve the Board to discuss this until they had a quorum.

**4. Real Estate Properties Status Update**

[This item was discussed out of order]

Stephen Scott, Economic Development Director, distributed two documents: a spreadsheet describing City-owned properties and the section of the City's Charter that applied to sale of City-owned property.

Mr. Scott said there were now surplus properties on every City Commission agenda. He reminded the Board that most of the surplus properties were tiny slivers of land that were usually only of value to an adjacent property owner. Mr. Scott said they approached the adjacent property owner to buy the small properties to get them back on the tax rolls. He stated the buildable properties were mostly lots the City had acquired over the years, many of which the City now desired to sell. He explained that many of the buildable properties had been purchased in part with HUD funds, so if the property was sold, they must return the HUD funds portion of the purchase price to HUD.

Mr. Scott said the City owned approximately 692 properties and the sales were governed by the City's Charter. To sell surplus property, the City Commission must first pass a resolution declaring the property surplus and the sale must proceed following strict timelessness.

Ms. Scott informed the Board that staff intended to move ahead with selling the surplus properties. He noted that the property values on the spreadsheet were from 2008; the value of these properties today was approximately half.

Chair Page asked Albert Carbon, Director of Public Works, about the sludge pits and well field properties. Mr. Carbon stated the City had a well field and sludge facility in the Broadview Park area that had been contaminated in the early 1990s in which they currently had test wells. The sludge pits they did not plan to use again, and the property would need to be mucked out in order to be used.

Mr. Scott stated #1 through 21 on the list referred to the Wingate site, a remediated landfill and the City was severely hamstrung in terms of what could be done with the site.

Mr. Snead noted that the top eight properties were valued at \$36 million, and asked if the properties were actually saleable. Mr. Scott said many sites were not necessarily saleable, such as the Wingate site. Mr. Herbst said his department examined the sites and tried to determine if they were being used currently. He had suggested the Real Estate Committee confer with the departments to determine potential future uses for the sites. The City Commission could decide if they wished to keep properties for future use, but the Mayor had directed that in this economy, parcels with no identified potential use should be considered available for sale.

Mr. Scott stated moving through the list took a great deal of staff resources, but the Commission had made this a priority. He said most of the large properties staff had been instructed to surplus were mostly buildable, but not potentially commercial properties.

Mr. Carbon pointed out that #38 on the list referred to an "Old Pump Station" at Coral Ridge Country Club, but this was not an old pump station, it was one of the City's major pump stations that they had spent significant money upgrading, so this would not be sold.

## **5. Outsourcing of Payroll Status Update**

Averill Dorsett, Human Resources Director, and Douglas R. Wood, Director of Finance, gave a Power Point presentation, a copy of which is attached to these minutes for the public record.

Mr. Wood and Ms. Dorsett thanked Carolyn Bean, Human Resources, Jerry Crossley, Classification and Compensation Manager, Kevin Ayer, IT, Michael Aronson, Finance

Department, Michael Walker, Procurement Services and Dennis Stone, Finance Department, for the work they had done.

Mr. Wood requested the Board's input regarding the RFP before it was sent out. Mr. Snead wished the scope of the RFP to be as inclusive of functions as possible, not limited to just cutting checks. Mr. Nesbitt was concerned about the age and longevity of the payroll software system. He said the goal was to have a system that was more efficient, reliable and accurate and would offer other applications the City did not currently have. Mr. Wood said he was not concerned that the Cyborg core programming was lacking; it was very effective, but he could not say how efficient it was. He stated the City paid a significant amount of money every year to ensure that Cyborg stayed current.

Mr. Timiraos wanted feedback from municipalities that had changed from their own systems to an ADP type service. Ms. Dorsett said ADP had provided them with a list. Most cities on the list were small, but the City of Miramar was comparable. Ms. Dorsett said Miramar was experiencing significant problems to the point that some employees were filing grievances. Miramar had put out an RFP in the last month for another payroll system to replace ADP. Ms. Dorsett said a few of the cities on the list did not, in fact, use ADP for payroll.

Mr. Snead said the RFP could include request for a couple of case studies for comparably sized organizations. Mr. Wood said there was a line item in the RFP requesting references from comparably sized organizations where the vendor's system was currently in use.

Mr. Wood said the RFP would be ready within 30 days. Kathleen Gunn, Acting Assistant City Manager, said they hoped to present the RFP to the Commission within the month and once they had direction, the RFP could go out.

Mr. Walker stated they had used Cyborg for 10 years and it had worked well, with the continuous upgrades. They had also spent \$250,000 for TeleStaff last year and \$200,000 for Chronos a couple of years ago. Mr. Walker remarked that significant money had been spent in the past 10 years to get where they currently were. He thought there could be a \$4 million to \$5 million outlay to replace the systems they already had. Mr. Wood agreed that a significant investment had already been made.

Chair Page confirmed that sending out the RFP had been the Board's intention from the beginning,

## **6. Five Year Forecast Expense Assumptions**

Mr. Mason gave a Power Point presentation, a copy of which is attached to these minutes for the public record.

## **7. Department Consolidation**

Chair Page said Ms. Love had requested additional time to develop a plan she would present to the Board. She added that the Board should wait until they had a quorum to discuss this. Mr. Nesbitt was concerned that Ms. Love had indicated the Board would find out about her plan when it was presented to the Commission. Chair Page said Ms. Love had indicated to her that she would present this to the Board. Chair Page said the Board wanted to be sure Ms. Love was present at their next meeting to discuss departmental consolidation.

Mr. Nesbitt pointed out that the Board had received “more information tonight than we have ever gotten, that I feel was worthwhile, good presentation, good information, and the kind of information I think we kind of wanted from the very beginning.” He thanked staff for the work they had done.

## **8. Status Report on Budget Advisory Board Recommendations**

Ms. Singleton-Taylor stated regarding item 11: Activity Based Costing, staff would meet on April 26 to discuss the financial system requirements.

Mr. Wood asked the Board to differentiate between activity-based and program based costing. Mr. Herbst explained that activity-based costing had originated in the manufacturing sector to determine a cost model that accurately reflected the assignment of overhead costs to finished products. He noted that this was not typically done in government because the focus in government was on fund accounting. Mr. Herbst explained that individual activities were broken out in the general ledger accounting system. He said he was not aware of any accounting package that integrated activity-based costing and governmental accounting, so whatever they did would need to be a hybridized system that started with fund accounting, since all of the City’s reporting, consistent with GASB standards, must be fund-accounting based.

Mr. Herbst said activity-based accounting was usually more detailed than program-based, but he thought what management and the Board needed to know was program-based.

Mr. Nesbitt noted that the Board had been frustrated when it began this process because no one could tell them how much an individual program cost. Mr. Snead said this would help identify overhead allocation.

Mr. Nesbitt stated the original target date was February 28 for item #16A: Draft a resolution adopting a policy for reviewing cost of services and adjusting fees biennially. He recalled that at the last meeting, Mr. Dunckel had indicated he would send a memo pursuant to this, which the Board had never received, and now the spreadsheet indicated there were "ongoing efforts to establish." Mr. Nesbitt said they needed a more definitive answer on this. Mr. Mason said Mr. Dunckel was aware of this and was working on it.

**9. Other discussion Items**

None.

**10. Communication to the Commission**

None.

**11. Adjournment**

With no further business to come before the Board, the meeting was adjourned at 7:50 p.m.

**Next meeting:**

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

## Discussion of Payroll Outsourcing

Meeting of the Budget Advisory Board  
April 21, 2011

1

## Prior Commission/Board Action

- On December 10, 2010 ADP made a presentation to the Budget Advisory Board.
- At the February 21, 2011 Commission workshop with the Budget Advisory Board, staff was directed to explore the outsourcing of “payroll”.
- Staff is currently drafting an RFP for outsourcing these functions.

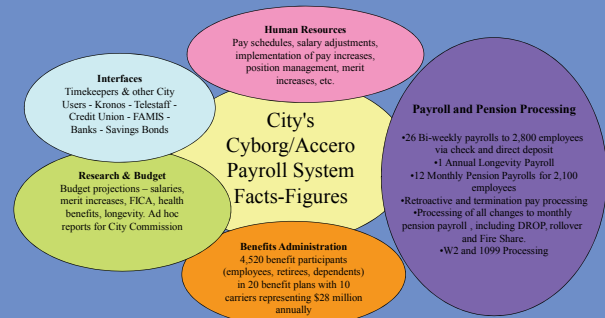
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## City’s Payroll Process

- The City’s payroll processes are performed using the Cyborg system from Accero.
- “Payroll” is comprised of: Payroll, pension, H.R., benefits and budget projections.
- Cyborg was purchased in 2000 and implemented in 2002 at a cost of about \$1.8 million.
- Subsequent annual maintenance and various updates cost an average of \$100,000 annually.

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## PAYROLL PROCESS FACT SHEET



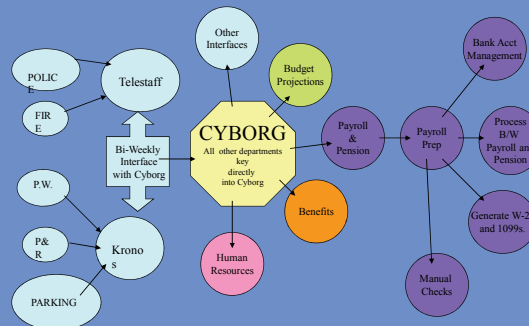
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## Payroll Inputs

- Police and Fire utilize the “Telestaff” system for scheduling and timekeeping
- PW, Parks & Recreation, Parking & Fleet utilize the “Kronos” timekeeping system
- These systems interface with Cyborg
- All other departments enter directly into Cyborg.

5

## CITYWIDE PAYROLL INPUTS AND OUTPUTS



6

## CITYWIDE REQUIRED CUSTOMIZED PROCESSES

### Human Resources

- Leave Tracking (last-in, first-out)
  - Leave Donations
- Performance Evaluations
- Pay Schedules/Step Link
- Position Management

### Benefits

- Rates/coverages based on Bargaining Units
- COBRA, FMLA, and group term administration

### Office of Research and Budget

- Budget Projections (Salary, benefits, longevity, budgeted, grant and non-budgeted positions)

### Payroll

- 21-day FLSA Fire overtime calculations
  - Arrears management
- Assignment Pay/Shift Pay

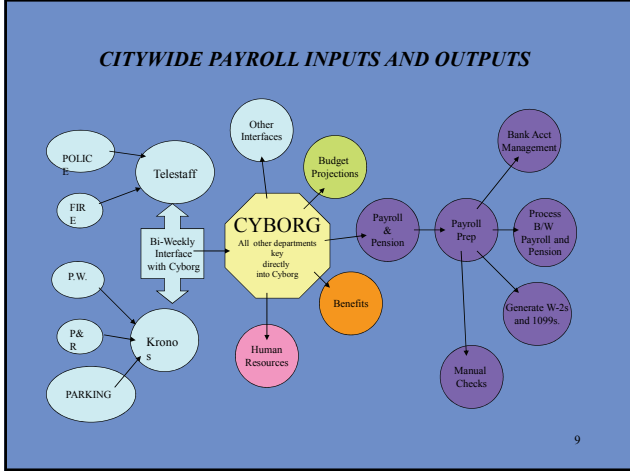
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## Payroll RFP

Define scope of functions to be outsourced

8








City of FORT LAUDERDALE

# Questions & Comments


10

**Forecast Expenditure Assumptions** 

April 21, 2011



Finance  
Research & Budget Division

**PURPOSE** 

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**PROPOSED METHODOLOGY  
FOR THE  
5 YEAR FORECAST  
(EXPENDITURES)**


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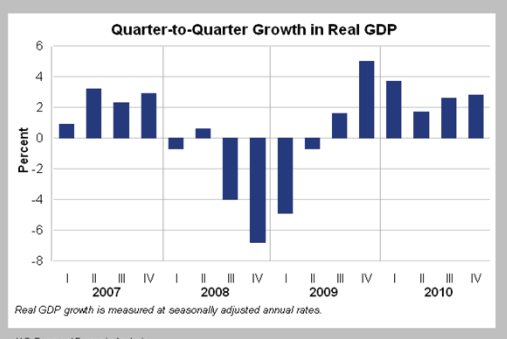


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**ECONOMIC  
INDICATORS**

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**REAL GDP (2007 - 2010)** 



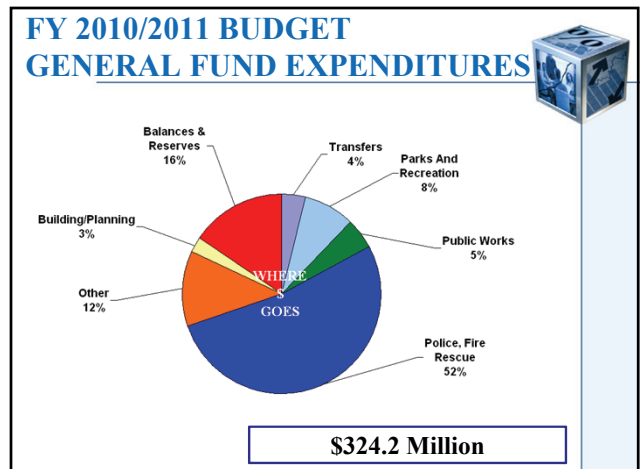
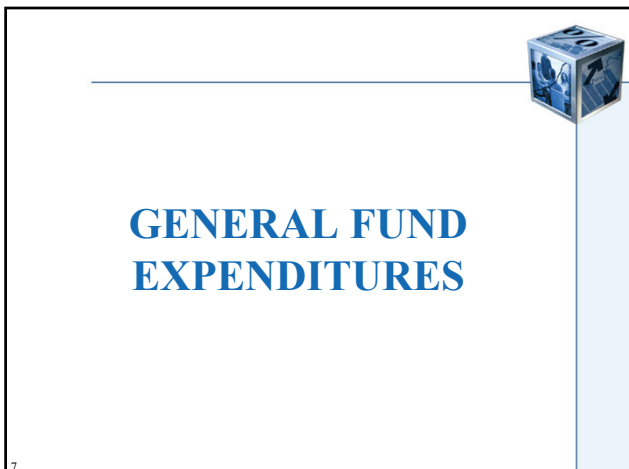
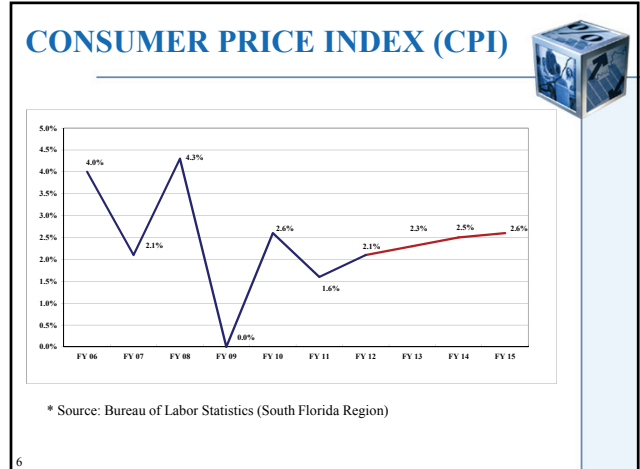
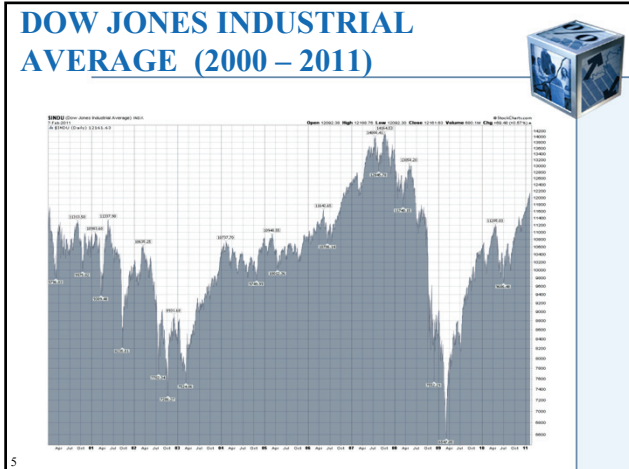
**Quarter-to-Quarter Growth in Real GDP**

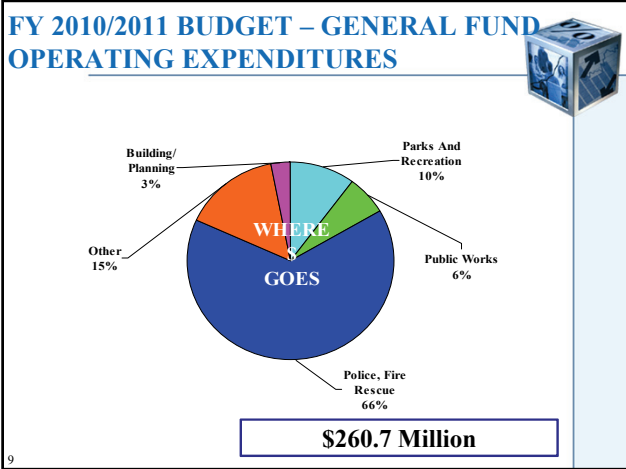
Year	Quarter	Percent
2007	I	0.8
2007	II	3.2
2007	III	2.5
2007	IV	3.0
2008	I	-0.5
2008	II	0.5
2008	III	-4.5
2008	IV	-7.5
2009	I	-5.0
2009	II	-0.5
2009	III	1.5
2009	IV	5.0
2010	I	3.5
2010	II	1.8
2010	III	2.5
2010	IV	2.8

Real GDP growth is measured at seasonally adjusted annual rates.

U.S. Bureau of Economic Analysis

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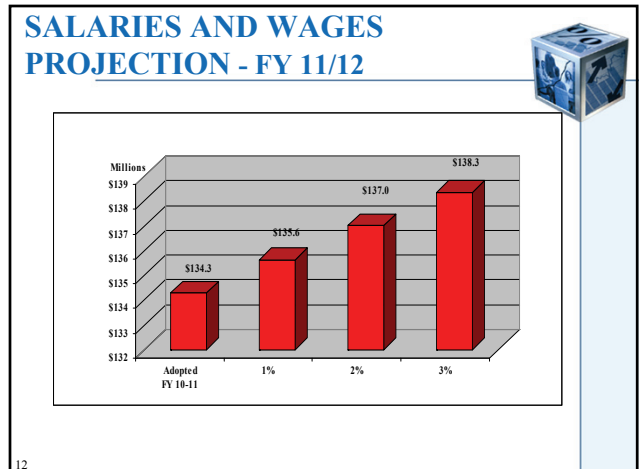
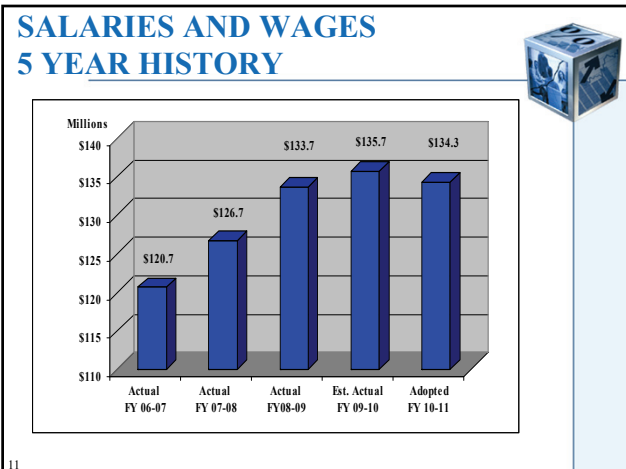


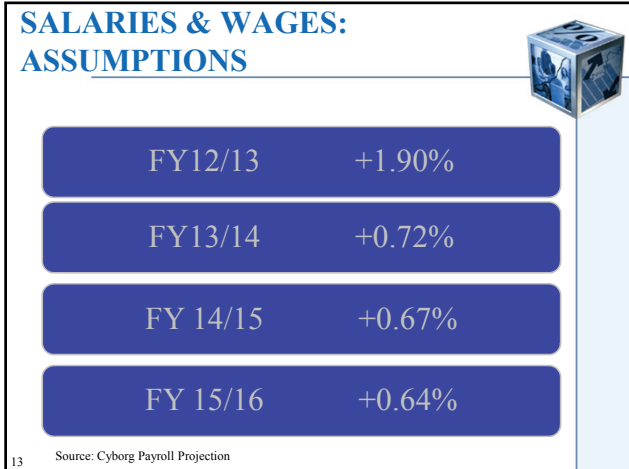
### FY 2010/2011 BUDGET GENERAL FUND EXPENDITURES

Expenditure Source	Amount*	PCT
<b>Salaries and Wages</b>	<b>\$134.3</b>	<b>41%</b>
Fringe Benefits	74.7	23%
Services/Materials	31.1	10%
Other Operating	20.1	6%
Non Operating	.1	0%
Capital Outlay	4	0%
Transfers	13.0	4%
Balances & Reserves	50.5	16%

\*In Millions

**\$324.2 Million**



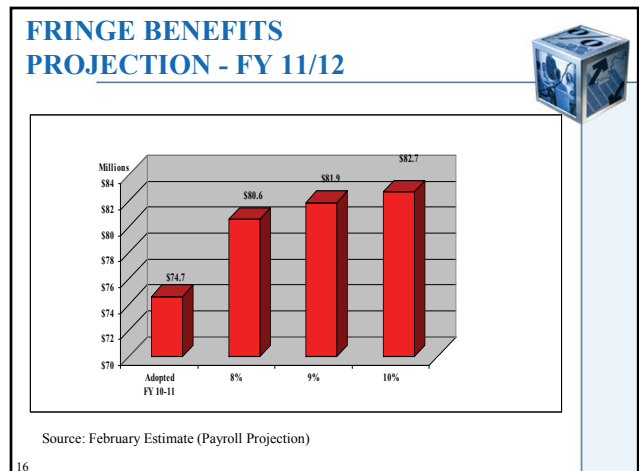
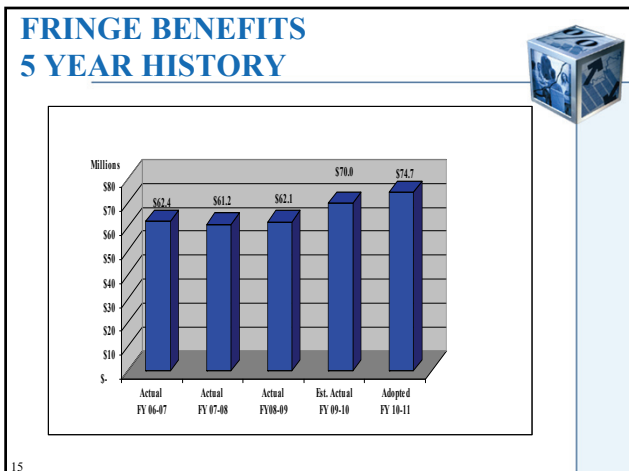


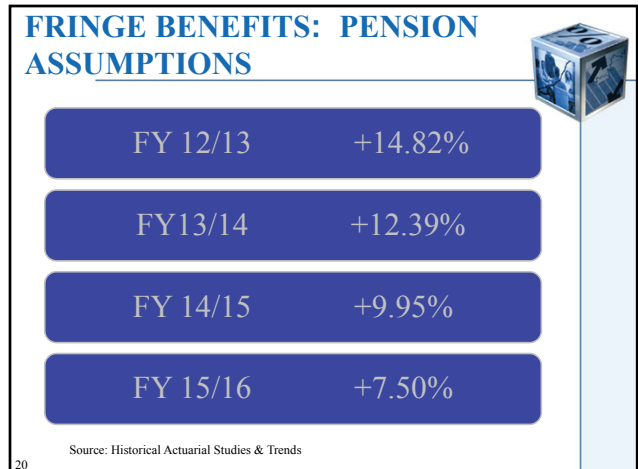
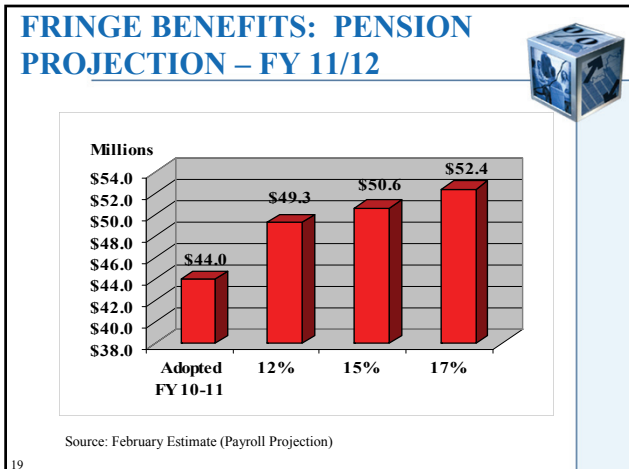
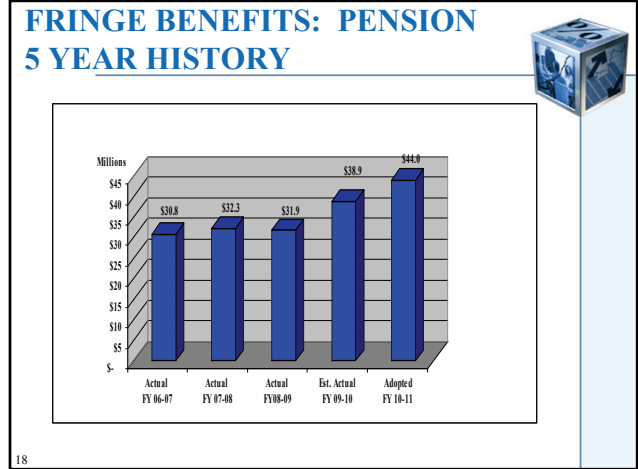
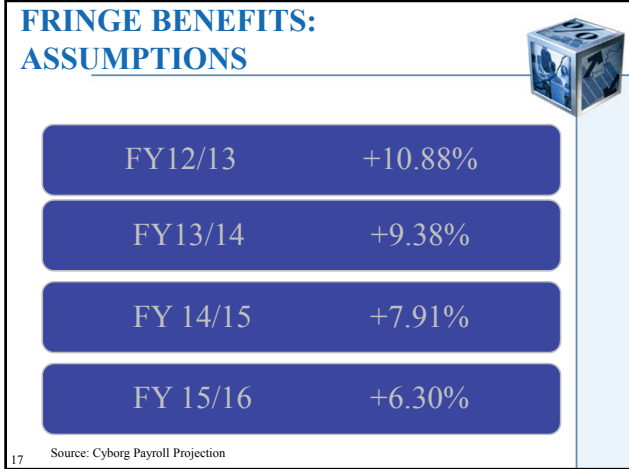
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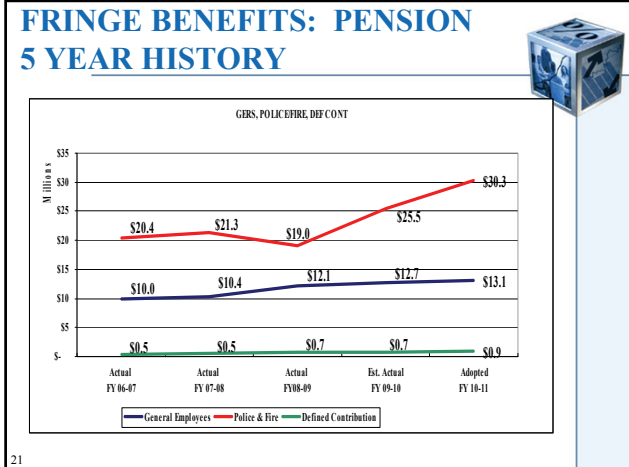
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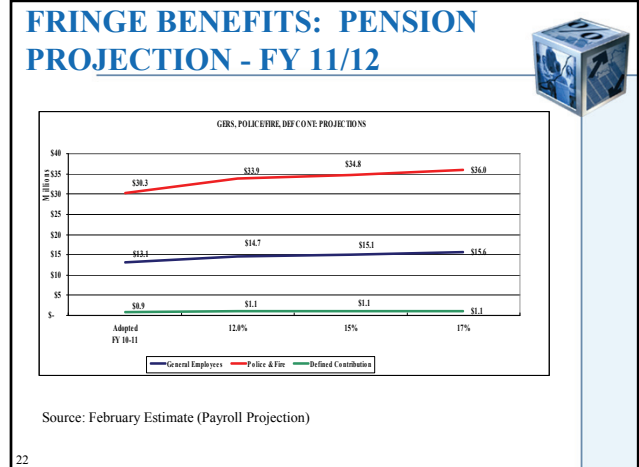
**\$324.2 Million**







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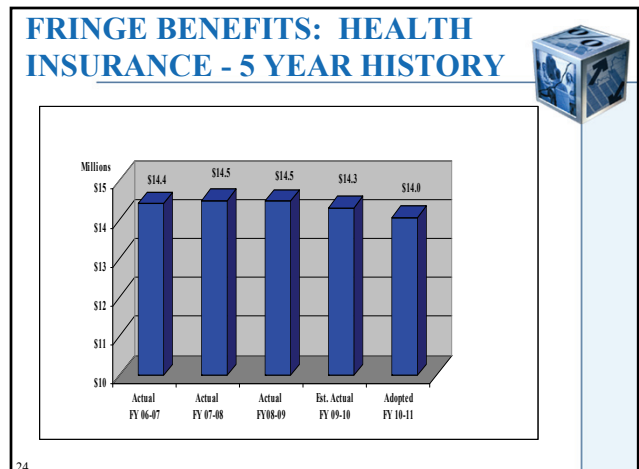
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### FRINGE BENEFITS: PENSION ASSUMPTIONS

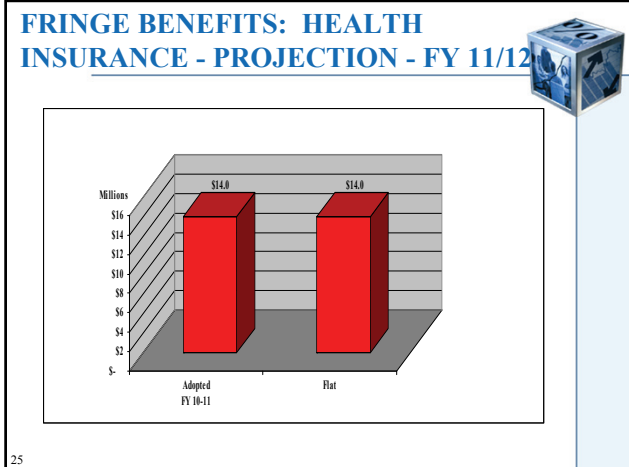
Pension Type	FY 12/13	FY 13/14	FY 14/15	FY 15/16
GERS	15.00%	12.50%	10.00%	7.50%
POLICE/FIRE	15.00%	12.50%	10.00%	7.50%
DEFINED CONTRIBUTION	6.55%	7.00%	7.40%	7.50%

Source: Historical Actuarial Studies & Trends

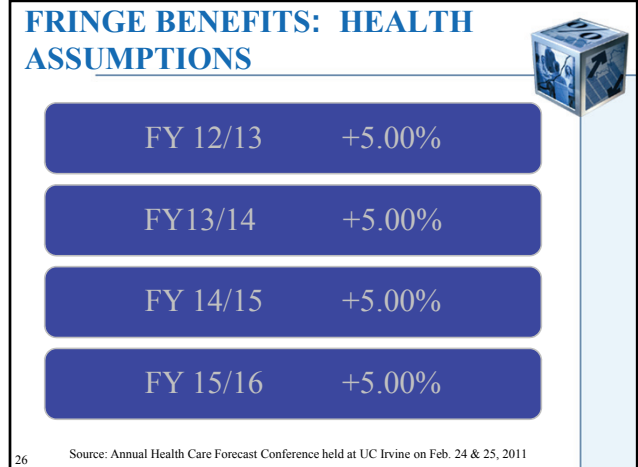
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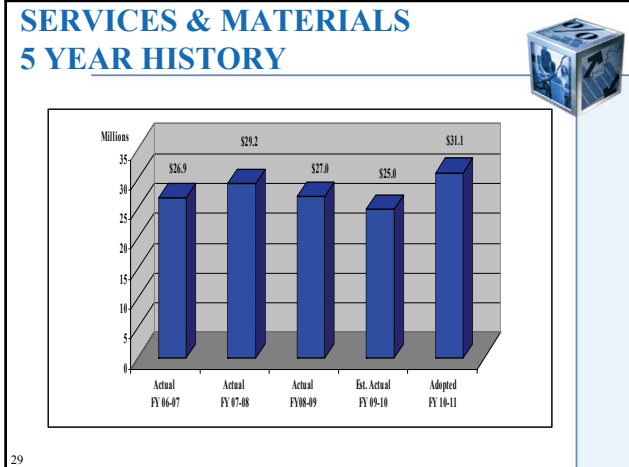
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### SERVICES & MATERIALS: MAJOR COMPONENTS

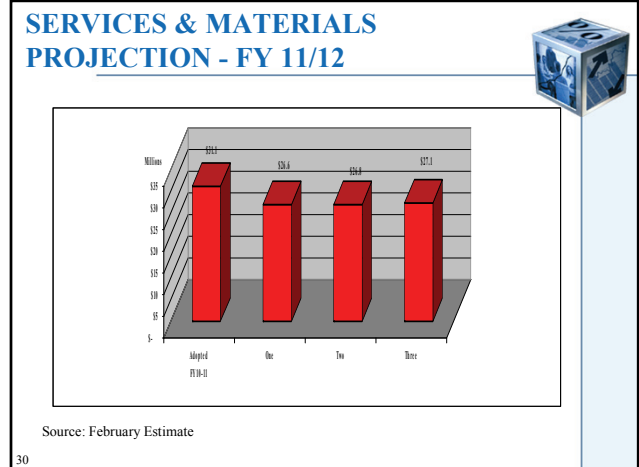
Other	4.0%
Repairs & Maintenance	8.9%
Fuel	8.9%
Professional Services	9.5%
Supplies	12.0%
Utilities & Communication	26.2%
Other Services	30.5%

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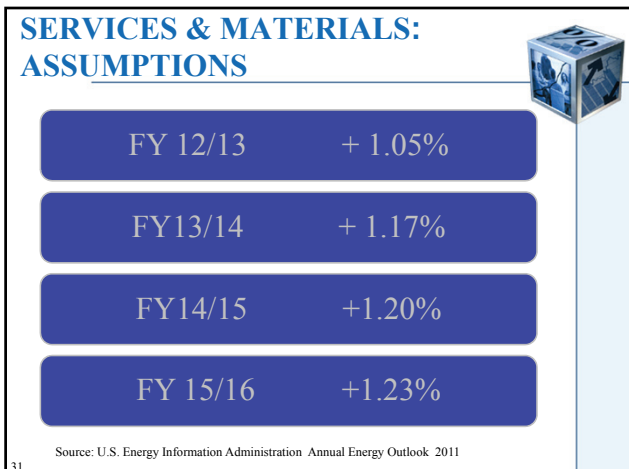




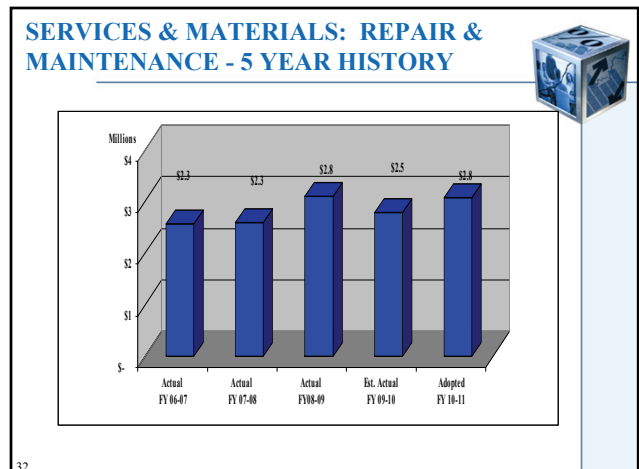
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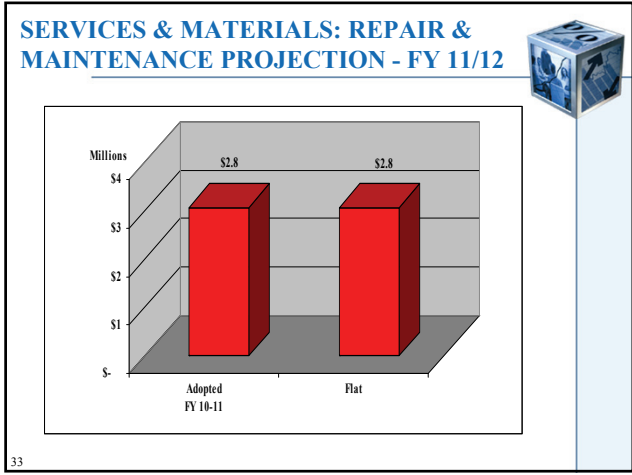
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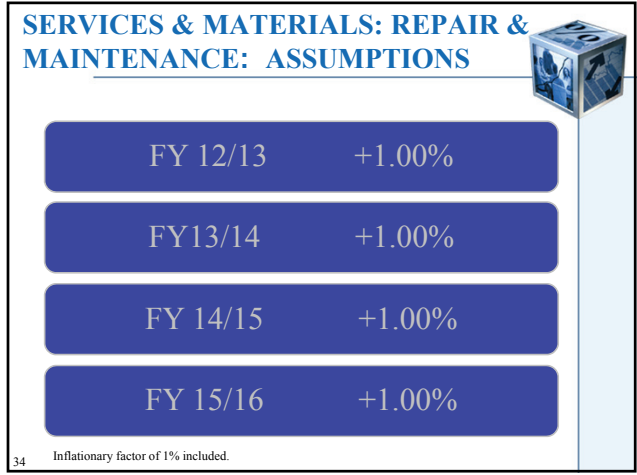
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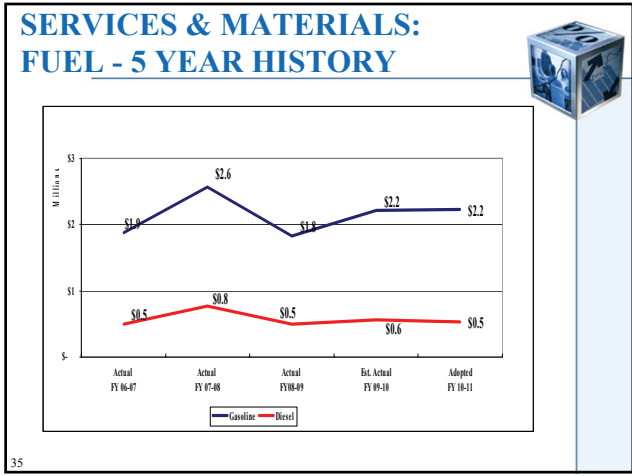
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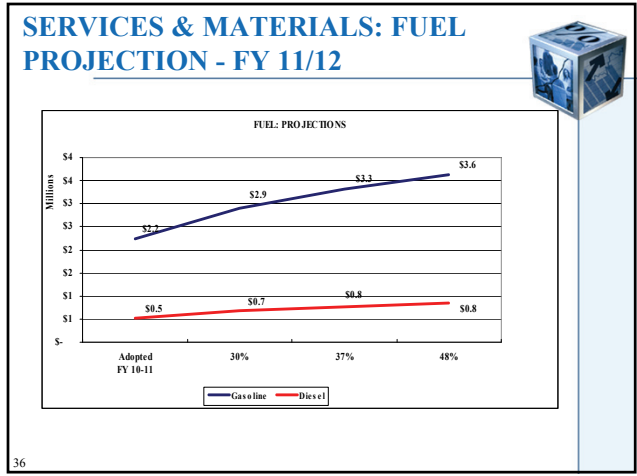
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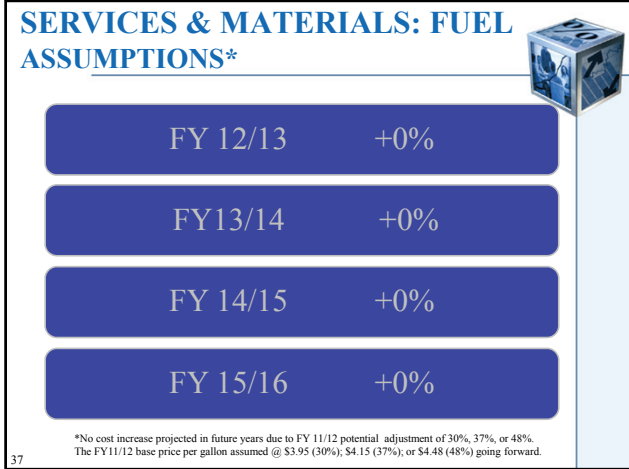
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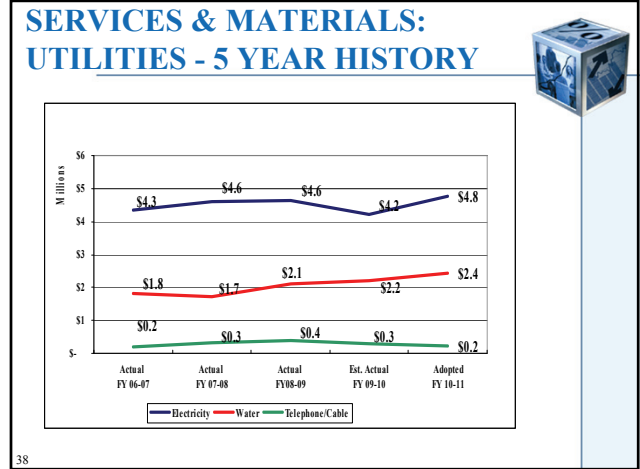
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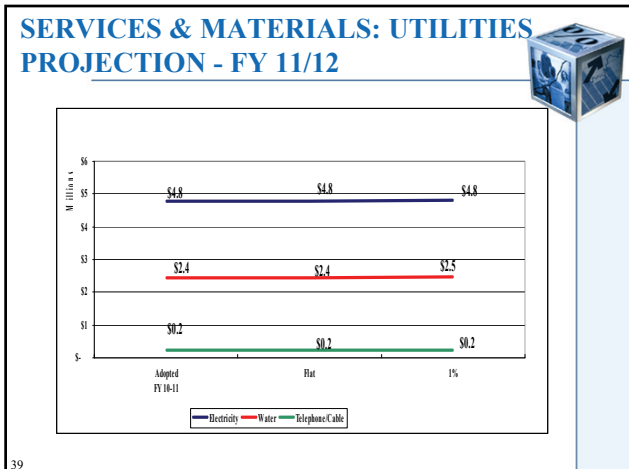
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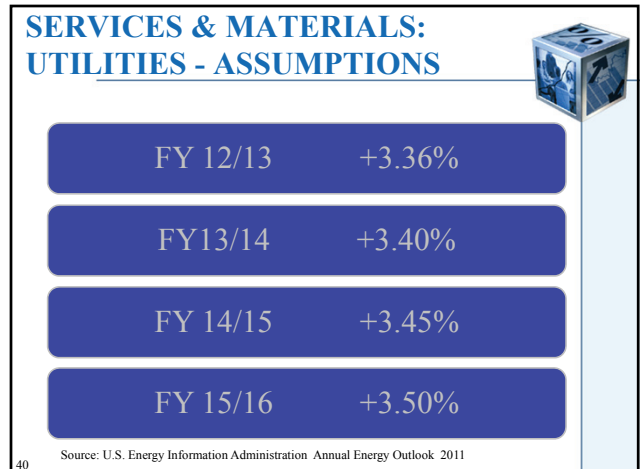
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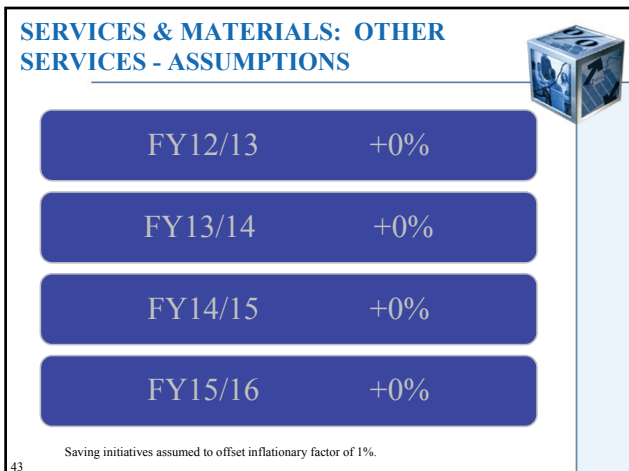
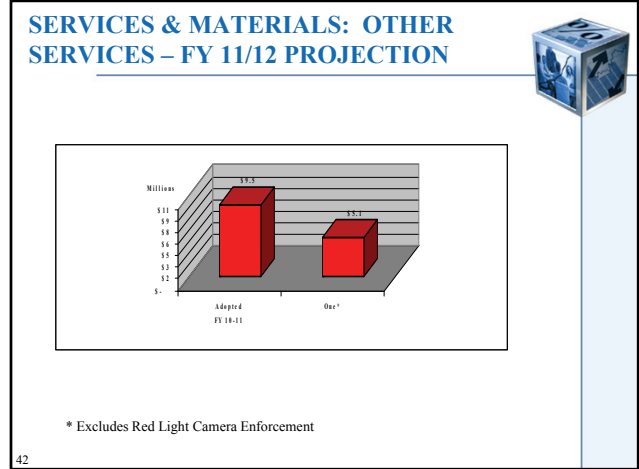
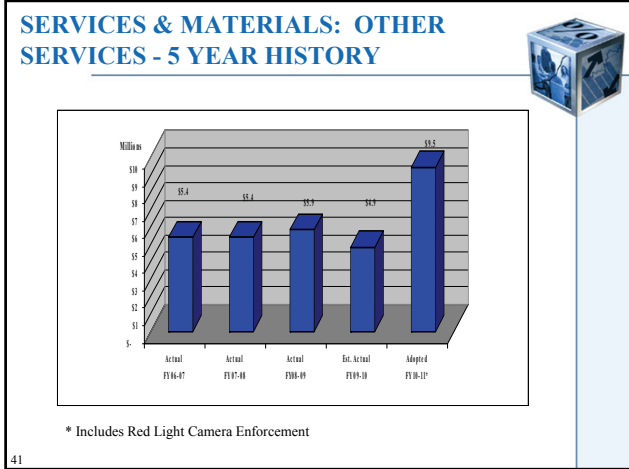
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39



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\*In Millions

**\$324.2 Million**

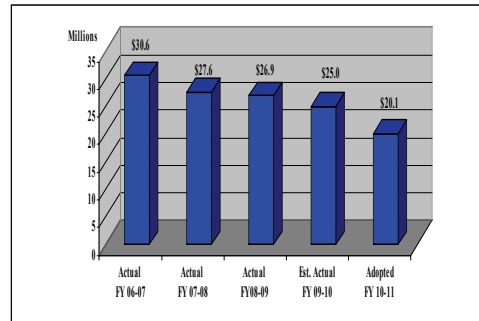
### OTHER OPERATING EXPENSE: MAJOR COMPONENTS

Intergovernmental Charges*	40.3%
Contributions/Subsidies	35.3%
Insurance Premiums	21.9%
Meetings/Schools	2.7%

\*Includes Fleet & Other Interdepartmental Service Charges

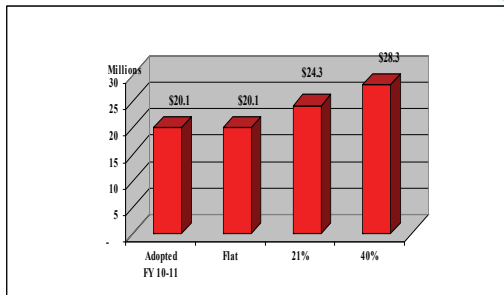
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### OTHER OPERATING EXPENSE 5 YEAR HISTORY



46

### OTHER OPERATING EXPENSE PROJECTION - FY 11/12



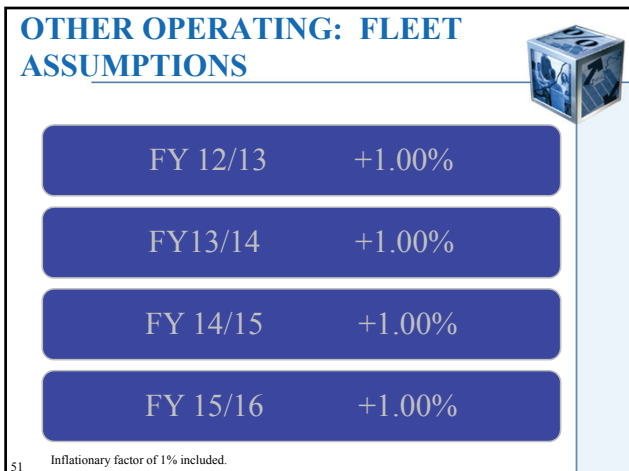
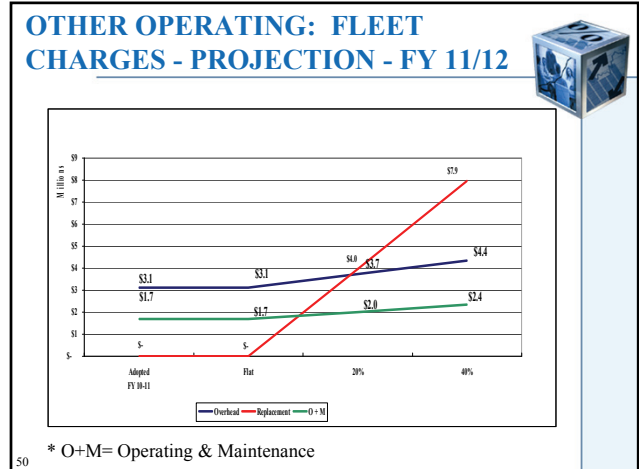
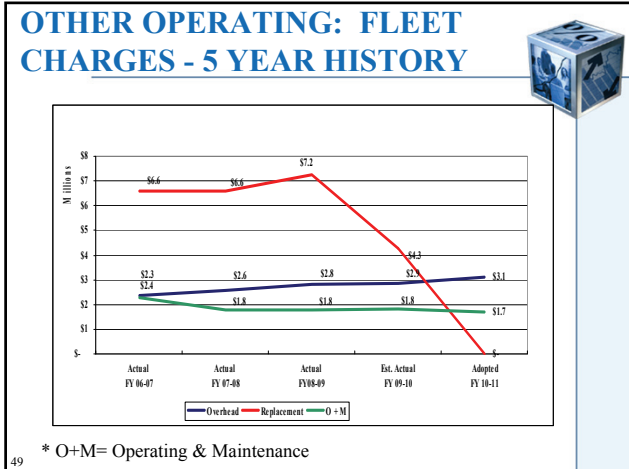
Source: Fleet Replacement Schedule

47

### OTHER OPERATING EXPENSE: ASSUMPTIONS

- FY 12/13 +1.00%
- FY 13/14 +1.00%
- FY 14/15 +1.00%
- FY 15/16 +1.00%

48 Inflationary factor of 1% included.




### GENERAL FUND EXPENDITURES

Expenditure Source	FY 10/11 Budget	FY 11/12 Proj 1	FY 11/12 Proj 2	FY 11/12 Proj 3
Salaries and Wages	\$134.3	\$135.6	\$137.0	\$138.3
Fringe Benefits	74.7	80.6	81.9	82.7
Services/Materials	31.1	26.6	26.8	27.1
Other Operating	20.1	20.1	24.2	28.3
Non Operating	.1	.1	.1	.1
Capital Outlay	.4	.4	.4	.4
Transfers	13.0	12.0	13.3	14.6
Balances & Reserves	50.5	62.6	62.6	62.6
Totals	324.2	338.0	346.3	354.1

\*In Millions


**FY 11/12 NON-DISCRETIONARY EXPENDITURES**



- Increased Pension Liability \$8.5 million
- Fuel Costs \$0.8 million

53

**FY 11/12 EXPENDITURE CHALLENGES**



- Fleet Replacement
- 911 Dispatch Call Center
- Capital Improvement Program Contribution
- Additional OPEB Contribution
- Union Negotiations
- Repair & Maintenance
- Capital Outlay (>\$5K)

54

