

FINAL
SPECIAL BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
MAY 23, 2011 – 6:00 P.M.

Board Member	Attendance	10/2010 through 9/2011	
		Cumulative Attendance	
		P	A
June Page, Chair	P	8	0
Anthony Timiraos, Vice Chair	P	6	2
AJ Cross [arrived at 7:05]	P	5	1
Gregory Dickinson	P	5	2
Nadine Hankerson	A	4	3
Sam Monroe	A	1	3
Fred Nesbitt	P	8	0
Alan Silva	P	7	1
Mark Snead	P	8	0
Ray Williams	A	4	4

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
Lynda Flynn, City Treasurer
Leigh Plott, Public Works Department
Darlene Pfeiffer, Financial Administrator
Robert Dunckel, Assistant City Attorney
Kirk Buffington, Director Procurement
Diana Alarcon, Director Parking and Fleet Services
Dennis Stone, Benefits Coordinator, City Treasurer
Linda Cohen, Administrative Aide
Patricia McKelligett, Personnel Analyst
Phil Thornburg, Assistant Manager
Jeffrey Justinak, Fire Chief
Lee Feldman, Incoming City Manager
Bobbi Williams, Administrative Assistant I
Carolyn Bean, Human Resources
Jerry Crossley, Classification and Compensation Manager
Averill Dorsett, Human Resources Director
Barbara Hartmann, Prototype Inc.

Communications to the City Commission

Motion made by Mr. Timiraos, seconded by Mr. Nesbitt, to recommend the City Commission follow a national trend and adopt inclusion of domestic partnership benefits for all City employees. In a voice vote, motion passed unanimously.

Motion made by Mr. Snead, seconded by Mr. Nesbitt, to recommend adoption of the attached resolution regarding the pay issue with non-unionized staff, amending the effective date to the current fiscal year only. In a voice vote, motion passed 5 – 1 with Mr. Silva opposed.

Resolution:

The Budget Advisory Board recommends the following regarding the 250 non-unionized staff who have not received pay increases since fiscal 2009:

- These staff members should be compared to the Federation Union regarding pay issues
- For the 2011 fiscal year, these staff members should receive the same 5% salary increase as members of the Federation Union
- That there be no retro-activity to this pay increase
- That all future hires in this category (250 non-unionized workers) do not receive any kind of longevity pay; this would make this group's benefits comparable to those of the Federation Union employees

Motion made by Mr. Silva, seconded by Mr. Timiraos, To recommend the City Commission establish an irrevocable employees' post-employment benefits trust and that it initially be financed with General Fund and other fund reserves needed to bring it up to the net OPEB obligation to date, as of the end of 2011, that this be done before the end of the fiscal year. The amount is anticipated to be approximately \$10 million from all funds. Going forward, the City should put into the trust what is actuarially required on an annual basis from all funds. In a voice vote, motion passed 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 6:02 p.m.

2. Review of Meeting Minutes from March and April 2011

March 2011 minutes

Mr. Wood noted a correction to the March and April minutes.

Motion made by Mr. Nesbitt, seconded by Mr. Silva, to approve the Board's March minutes as amended. In a voice vote, motion passed unanimously.

April 2011 minutes

Motion made by Mr. Nesbitt, seconded by Mr. Snead, to approve the Board's April minutes as amended. In a voice vote, motion passed unanimously.

Mr. Lee Feldman, Incoming City Manager, stated he would become City Manager in June. He said had been the City Manager of the City of Palm Bay for eight and a half years. Prior to that, he had been City Manager at the City of North Miami. He was currently Senior Vice President of the International City/County Managers Association [ICMA].

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

Resolution:

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- For the 2011 fiscal year, these staff members should receive the same 5% salary increase as members of the Federation Union
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- That all future hires in this category (250 non-unionized workers) do not receive any kind of longevity pay; this would make this group's benefits comparable to those of the Federation Union employees

Mr. Snead said the resolution should refer to the current fiscal year, 2011, since this was not retroactive.

Mr. Silva asked the maximum comparability, and Mr. Wood stated within the supervisory group of Federation employees the maximum was \$105,000. Mr. Silva

wanted to cap the pay increases at those making \$105,000. He remarked it was a difficult situation to be giving pay increases to department heads making over \$100,000 per year, when they might not be department heads in another month.

Mr. Herbst explained the Board's previous discussion on this matter, and Mr. Crossley explained the rationale for adjusting the pay structure. Mr. Silva stated they had agreed that the Federation employees were the most comparable, but noted that over a certain level, there was no comparability.

Mr. Nesbitt said this had nothing to do with caps or comparability; they just wanted to give equal percentage pay increases to the non-unionized staff to equal raises given to union employees. Chair Page said adding the stipulation that new hires in this category would give up longevity would make them even more comparable to Federation employees and she had added that to the resolution. She said there should also be a system put in place to ensure that this group was evaluated when unionized employees were evaluated because the disparity became too great and morale was bad.

Motion made by Mr. Snead, seconded by Mr. Nesbitt, to recommend adoption of the attached resolution regarding the pay issue with non-unionized staff, amending the effective date to the current fiscal year only.

Mr. Silva requested amending the resolution to indicate that funding for this item would come from within the current budget, not from Reserves. He recalled the Board had agreed on this when they first discussed it. There was no second to Mr. Silva's proposed amendment.

In a voice vote, motion passed 5 – 1 with Mr. Silva opposed.

The Board returned to this discussion later in the meeting, and Ms. Pfeiffer said, "You had made a recommendation that the pay equity be cleaned up in fiscal (20)11, but I believe I heard that it was also tied to what the Federation gets and I just wanted to clarify that that wasn't the intent because my concern is the Federation gets zero this year, and this is approved, the Commission says, well, they don't get anything either then. I just wanted to clarify that the resolution, that's not it's intent." Chair Page stated, "That is not its intent."

4. Draft Payroll RFP

Mr. Wood had distributed a booklet to Board members, which included the presentation he had made at their previous meeting and the RFP. Mr. Wood stated once the Board approved, this would be provided to the Procurement Department to submit to the City

Commission. If the Commission did not put it on their agenda, the RFP would be put on the market.

Mr. Wood said the RFP reflected what had been discussed previously and was comprehensive.

Mr. Silva asked if they intended to outsource HR functions other than payroll. Mr. Wood said that depended on the responses they received. Mr. Silva asked about benefits administration, and Mr. Wood stated that was in the RFP. He said personnel recruitment and training would still be done in-house.

Motion made by Mr. Silva, seconded by Mr. Snead, to recommend proceeding with the RFP. In a voice vote, motion passed unanimously.

Mr. Buffington said they were compiling a list of vendors to solicit, and pointed out there would probably be five or six responses.

5. Department Consolidation

Mr. Nesbitt said at their workshop with the City Commission in February, the Board had argued that they should not wait until the budget came out to discuss changes to the structure of the City. The Acting City Manager was supposed to return with a recommendation to eliminate two departments, but this had not been done. Mr. Nesbitt had drafted the following suggestions:

1. Reduce the number of departments from 16 to approximately the number of departments in fiscal year 2003/2004, which had been 9.
2. Reduce the number of Assistant City Managers and Assistants to the Assistant City Manager from the current six positions to a number appropriate for the size of the City of Fort Lauderdale.
3. The Police Chief and Fire Chief would report directly to the City Manager and not to a subordinate of the City Manager.
4. These changes should be made on an ongoing basis.

Motion made by Mr. Nesbitt, seconded by Mr. Silva, to recommend the City Commission adopt these recommendations.

Mr. Feldman agreed that the Police and Fire Chiefs should report directly to the City Manager. He wanted to review the number of departments before agreeing to a specific number. He said he was working on a framework for discussion that would be functional-centric, not department-centric, so the number of departments would not be critical. This functional model would apply to assistants as well.

Mr. Feldman understood the desire of the Commission and the Board to consolidate departments and said they would work through these issues. Mr. Nesbitt said they seemed to agree on the four points, and withdrew his motion. Mr. Silva withdrew his second.

Chair Page suggested the Board send a communication to the City Commission indicating they would not make a recommendation regarding departmental reorganization to see what the new City Manager would do. Mr. Snead did not feel the Commission was expecting a specific recommendation from the Board.

6. Status Report on Budget Advisory Board Recommendations

Ms. Singleton-Taylor provided an update on their previous recommendations.

Mr. Nesbitt requested an update regarding the Service Fee. Mr. Dunckel said Assistant City Attorney Sharon Miller was handling this and he felt resolution was close. Ms. Singleton-Taylor said the target date was 7/6/11.

7. Old Business

8. New Business

Mr. Cross arrived at 7:10 p.m.

Mr. Silva was concerned about annual OPEB costs, and said there was a net OPEB obligation of approximately \$6 million as of the last fiscal year. Mr. Herbst explained that The City had not made the annual required contributions [ARC], and the liability would continue to grow. The pay-as-you go was approximately \$2.5 million and the ARC was \$6.3 million. Mr. Herbst said he recommended every year that the City budget its ARC contribution. He stated every city, county and state that had gotten into trouble for it retiree obligations had done so because of a failure to adequately fund its obligation.

Mr. Herbst said if they established a trust such as the one they had for their pension plans, the money would be out of the City's management and could not be used to balance the City's budget and it could be invested more aggressively, which would allow them to reduce future contributions.

Mr. Silva said one positive element to the trust fund would be that every year, an actuarial study and a financial statement must be prepared that would show what their obligations were.

Motion made by Mr. Silva, seconded by Mr. Timiraos, To recommend the City Commission establish an irrevocable employees' post-employment benefits trust and that it initially be financed with General Fund and other fund reserves needed to bring it up to the net OPEB obligation to date, as of the end of 2011, that this be done before the end of the fiscal year. The amount is anticipated to be approximately \$10 million from all funds. Going forward, the City should put into the trust what is actuarially required on an annual basis from all funds. In a voice vote, motion passed unanimously.

9. Communication to the City Commission

This item was discussed out of order.

Mr. Timiraos said he and Mr. Nesbitt had learned from their appointing Commissioners that the City was considering adopting domestic partnership benefits for all City employees.

Motion made by Mr. Timiraos, seconded by Mr. Nesbitt, to recommend the City Commission follow a national trend and adopt inclusion of domestic partnership benefits for all City employees.

Mr. Nesbitt stated Broward County and several Broward cities offered domestic partner benefits and this would make the City compatible.

Mr. Silva asked if this would extend beyond health benefits. Mr. Timiraos said any comparable benefits should be considered. Mr. Silva asked if an expense analysis had been performed and Mr. Timiraos stated that the more people included in an insurance pool, the lower the risk and costs. In the City's situation, he said it was an issue of fairness, not cost.

In a voice vote, motion passed unanimously.

[Discussed under the agenda item]

Motion made by Mr. Snead, seconded by Mr. Nesbitt, to recommend adoption of the attached resolution regarding the pay issue with non-unionized staff, amending the effective date to the current fiscal year only. In a voice vote, motion passed 5 – 1 with Mr. Silva opposed.

[Discussed under New Business]

Motion made by Mr. Silva, seconded by Mr. Timiraos, To recommend the City Commission establish an irrevocable employees' post-employment benefits trust and that it initially be financed with General Fund and other fund reserves needed to bring it

up to the net OPEB obligation to date, as of the end of 2011, that this be done before the end of the fiscal year. The amount is anticipated to be approximately \$10 million from all funds. Going forward, the City should put into the trust what is actuarially required on an annual basis from all funds. In a voice vote, motion passed unanimously.

Other Items and Announcements

Chair Page said since Mr. Wood had begun working at the City, she thought the Board was receiving more information than ever before and things were going smoother. She said she was very optimistic with Mr. Feldman on board that they could get things done.

Mr. Feldman said he was a proponent of transparency. He asked Board members to visit www.openpalmbayflorida.org that showed all expenditures and revenue in Palm Bay.

10. Adjournment

With no further business to come before the Board, the meeting was adjourned at 7:10 p.m.

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