

FINAL
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
OCTOBER 19, 2011 – 6:00 P.M.

Board Member	Attendance	10/2011 through 9/2012	
		Cumulative Attendance Present	Absent
June Page, Chair	P	1	0
Anthony Timiraos, Vice Chair	P	1	0
AJ Cross	P	1	0
Nadine Hankerson	P	1	0
Fred Nesbitt	P	1	0
Drew Saito	P	1	0
Andrew Russo	P	1	0
Mark Snead	P	1	0

City Staff

Norm Mason, Staff Liaison, Assistant Budget Director
 Kirk Buffington, Procurement Department
 Tim Aitkin, ITS Department
 Darlene Pfeiffer, Transportation and Mobility Department
 Stanley Hawthorne, Assistant City Manager
 Marco Hausy, Auditor's Office
 Albert Carbon, Public Works Director
 Barbara Hartmann, 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 6:00 p.m.

2. Election of Officers

Mr. Timiraos nominated Ms. Page for Chair, seconded by Mr. Snead. In a voice vote, motion passed unanimously.

Mr. Cross nominated Mr. Snead for Vice Chair, seconded by Mr. Russo. In a voice vote, motion passed unanimously.

3. Review of Meeting Minutes from September 2011

The Board noted changes to the minutes.

Motion made by Mr. Russo, seconded by Mr. Snead, to approve the minutes from the September meeting as amended. In a roll call vote, motion passed unanimously.

4. Old Business

- RFP for Outsourcing of Payroll

Mr. Hausy read from a memo written by Mr. Herbst, the City Auditor, indicating that “the recommendation to keep payroll in-house was made without an adequate assessment and comparison with the costs of current operations. In addition, the evaluation process presents significant issues of impartiality, from the decision to create a fact-finder group, to the fact that many of the individuals involved in the fact finding and evaluation process would either have their jobs impacted if payroll and HR functions were outsourced...”

Mr. Snead noted that the review of ADP indicated they could not meet many of the requirements, and asked if these requirements were “things we should be doing.” Mr. Hausy said they had looked at performing the process properly; they had not re-evaluated operational needs. Mr. Cross asked what the next step would be and Mr. Hawthorne said that depended on where the Board wanted to go and how they advised the City Commission. He added that they knew ADP’s costs to provide the service but not the City’s cost.

Mr. Buffington explained that the RFP had been structured to outsource the entire payroll, pension and benefits process. He disagreed with some of the findings noted in Mr. Herbst’s memo. Mr. Buffington stated they believed the process was open and transparent. He said there had not been money to hire a consultant to write the RFP, so it had been written by the staff who performed the work. He stated the purpose of the fact finders was to properly compare and review the RFP response. Mr. Buffington stated ADP lacked in significant areas that were required as part of the payroll process.

Reference checks had also revealed that many of ADP's customers were municipalities with fewer than 100 employees.

Mr. Nesbitt said the Board's intent had not been "all or nothing." He thought it was odd that there had only been one response to the RFP. Mr. Nesbitt stated ADP did not have pension administration capability, but he noted the City did not do this, the Pension Board did. Mr. Buffington explained that there was a significant list of things staff did related to pensions. Mr. Aitkin read a list of tasks the payroll system performed for pension and noted it was "quite a bit of activity." Mr. Nesbitt said in his experience with the Pension Board they did a lot of that work themselves.

Mr. Hawthorne stated the City was seeking ways to do things smarter, cheaper and faster and were considering other outsourcing opportunities. He remarked that if the City would have had problems responding to the RFP with appropriate cost breakdowns, this raised questions. He asked whether the intent had been "all or nothing."

Chair Page said the Board was "very uncomfortable with the decision that was made and the process that was used" and she wanted to send a comment to the Commission. Mr. Nesbitt suggested raising the issue with the Commission at the workshop. Mr. Snead recommended allowing the City Manager time to consider this and return with a plan of action. If the Board was still not comfortable, they could respond. Mr. Snead suggested a Budget Advisory Board member should be on a future evaluation committee to insure that the "intent is maintained throughout the process."

Mr. Cross thought any department they were considering outsourcing should "have the opportunity to elevate itself to meet what it is we're looking for, so maybe a big part of this process is, can this department, can Payroll/IT – it's multiple departments, actually – can they put together not what it costs to do what they currently do, how they do it is antiquated, is it up to current standards across the market and is there a better way to do those processes..." Mr. Cross believed the department had done the best they could under the circumstances. He felt there was a miscommunication regarding what the Board had requested; he recalled discussing "that it would be everything, parts and pieces, the whole thing, half of it, and that wasn't done."

Ms. Hankerson remarked on the size of the RFP and the services staff provided regarding payroll. She felt they needed to understand what the process was before pushing for outsourcing. Mr. Buffington explained that one other company had responded to the RFP but had omitted a bid bond, so they could not be evaluated. He said there had been six or seven firms represented at the pre-proposal conference so there had been interest.

- Other Outsourcing Opportunities

Mr. Cross asked if there would be a standard process in the future for City departments the City would consider outsourcing. Mr. Buffington said they must be very careful because people who created an RFP must not respond to that RFP. Mr. Hawthorne remarked that the detailed payroll RFP was probably written based on how payroll was currently done, as opposed to some RFPs, which were more open-ended regarding process.

- Reorganization Status Update

Mr. Hawthorne said they were working diligently to move the reorganization along. He noted that a lot of reorganization that had taken place over the past 15 years had not been updated in the City's code of ordinances and the City Attorney's office was undertaking this now. They hoped this would be accomplished by the end of the first fiscal quarter.

Mr. Hawthorne stated departments had drafted new organizational charts and the Public Information Office was reformatting the charts for public distribution. He said the information could be provided to the Board as hard copies.

Mr. Hawthorne said the City's Charter required an ordinance to amend the pay plan and the first round of changes would be presented to the City Commission on November 1. He added they were also reconsidering spaces they utilized and they anticipated reducing the need for space through realignment and early retirement and moving staff back into City Hall. This would allow them to reduce leasing costs.

Mr. Nesbitt said the Board had favored reorganization for three years but had been stonewalled by the previous City Manager. He asked if the Board could help move the process along. Mr. Hawthorne suggested the Board continue to provide feedback.

- Status Report on Budget Advisory Board Recommendations

Chair Page asked how the Board could help get their recommendations considered and/or implemented. Mr. Hawthorne said they were working hand-in-hand with the Board on the recommendations. He noted the number of actions staff was taking that coincided with the Board's recommendations and said they needed to update the list. Mr. Mason confirmed they were working on 10 of the 16 items on the Board's list of recommendations. Mr. Hawthorne said part of the reorganization included moving the Budget Office into the City Manager's Office. He suggested bringing to the Board the strategic approach the City administration had met to discuss the previous Friday instead of just a spreadsheet.

Mr. Cross remarked on the expertise present on the Board and said there were some items that could be brought to the Board to take advantage of this. He further suggested that the City Manager's office take on a liaison from the Board to meet with weekly.

- Status of BAB Communications to Commission

Mr. Snead recalled that some of the Board's communications to the Commission had gone into a "black hole" and suggested some sort of feedback loop to track these. Chair Page said the Board wanted to be helpful, but she felt the tone had been fairly negative at their last workshop. She stated they needed feedback because they could not operate in a vacuum. Mr. Hawthorne said the City Manager had put a couple of the Board's recommendations regarding reserve levels under their earlier recommendation for policies and they would develop financial integrity principles. He said they would bring this presentation to the Board's next meeting.

Other Discussion Items

[These items were heard out of order]

- Working Capital Discrepancy

Mr. Russo said a question had arisen regarding working capital number of days coverage. He stated some numbers seemed high, and the Board had questioned how the independent company set the rates. Mr. Carbon said the City Commission had recently taken action on the water rate study. He said the study had set five parameters for a healthy utility, which included 120 days' worth of operating reserves, an unrestricted capital reserve balance of \$10 million and a replacement/repair fund of at least \$10 million. He said per the budget document, the water sewer fund had \$28 million in reserves and a year-end balance of \$21 million. Mr. Carbon said he went by this document and the CAFR. Mr. Russo said he wanted to see a reconciliation between this document and the information Mr. Wood had distributed and Mr. Carbon agreed to provide this to the Board.

- 911 Call Center

Mr. Hawthorne said this was a critical issue and the City and the Sheriff's office were at a stalemate. He stated the Commission was considering legal action, and therefore had limited their discussion until they were advised by the City Attorney, City Manager and City Auditor. Mr. Hawthorne said they had a contingency plan so emergency response would continue, but this system was not as efficient as the current system.

Mr. Nesbitt asked about the costs and Mr. Hawthorne said the sharing costs would be \$1.5 to \$2 million. Mr. Hawthorne said part of the legal issue was whether Fort Lauderdale was being singled out and treated differently from other communities, which seemed to be the case. Mr. Cross asked if there was a contract related to the 911 call center and Mr. Hawthorne said this had been an ongoing issue; he was not aware of when the contract expired or what it said.

5. New Business

City Commission Workshop

- Message

Chair Page said at their last workshop, the Acting City Manager had opposed the Board but now there was new management and the Board needed to consider where they wanted to go and how they could be of help.

Mr. Cross suggested creating a list of specific items from the recommendation spreadsheet to discuss with the Commission because they knew there would be no answers available for several of the items. He also suggested initiating a process by which the Commission communicated back to the Board regarding the communications they submitted. Mr. Hawthorne said staff captured the Commission's discussion regarding the communications from advisory boards, and they could ensure boards were provided with this.

Mr. Snead noted the BAB did not have the power to "approve or deny anything." He wanted to determine if there was a way for them to become more engaged in the strategic plan, the budget process and the five-year plan.

Mr. Cross had met with members of the Miami Beach Budget Advisory Board, which was very effective, and had found that if a Miami Beach department requested a budget allocation or additional funding, their BAB performed an analysis to approve it. Chair Page said during the workshop, Mr. Cross should provide an overview of what the Miami Beach BAB did to see if the Commission wanted this from the Board.

Ms. Hankerson reminded the Board that they were still in the "honeymoon period" with the new City Manager and that elections were coming up for the Commission.

Mr. Nesbitt said he did not want to be involved in the minutia of the running of the City; he preferred to look at the "bigger picture, the bigger ideas, and not looking at the Finance Department and debating whether they should get 20 pencils or 30 pencils..." Mr. Cross said he did not want to get involved in the minutia either, but wanted the Board to have access to the budget "before it's too late" to make any recommendations to change it. Mr. Russo said he had been surprised that the Board was not given the

opportunity to review the budget and ask questions well before it was voted on. Mr. Snead reminded the Board that Mr. Feldman had presented them with an early version of the budget and they had discussed it and been given the opportunity for comment.

Mr. Hawthorne stated the Audit Advisory Board had discussed their purpose and responsibilities at a recent meeting and the BAB could do this as well. He noted that the budget process was about to get much more comprehensive. Mr. Hawthorne said the new process they would roll out soliciting the Board's input would also help address the Board's activities and how they could have closer ties.

Mr. Cross pointed out that the Board's purpose was not well-defined in the code, compared to Miami Beach, where the BAB was almost quasi-judicial. Mr. Snead agreed the Miami Beach board was much different and required a more significant time investment from its members.

Mr. Timiraos asked if the Board should bring a more specific definition of their responsibilities to the workshop. Chair Page suggested they discuss this with the Commission at the workshop and if the Commission gave them direction, they could draft the changes at their next meeting.

- Topics

Chair Page said she would look at the Board's previous motions and compile them; Mr. Mason could let her know what actions, if any, had been taken.

Mr. Cross recalled that at the last budget workshop, they had been tasked with finding ways to create revenue, but they had not done this yet. Chair Page said the Board must discuss this during a regular meeting prior to bringing it to the City Commission.

6. Communication to the City Commission

None.

7. Adjournment

Motion made by Mr. Nesbitt, seconded by Mr. Russo, for the Board to continue meeting on the third Wednesday each month. In a voice vote, motion passed unanimously.

With no further business to come before the Board, the meeting was adjourned at 8:03 p.m.

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