

FINAL
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
1ST FLOOR CITY COMMISSION CHAMBERS
FORT LAUDERDALE, FLORIDA, 33301
DECEMBER 15, 2011 – 6:00 P.M.

Board Member	Attendance	10/2011 through 9/2012	
		Cumulative Attendance Present	Absent
June Page, Chair	P	3	0
Anthony Timiraos, Vice Chair	P	3	0
Brady Cobb [arrived 6:18]	P	1	0
AJ Cross	P	3	0
Nadine Hankerson	P	3	0
Fred Nesbitt	A	2	1
Drew Saito	P	3	0
Andrew Russo	P	3	0
Mark Snead	P	2	1

Personnel Attending

Norm Mason, Staff Liaison, Assistant Budget Manager
Kirk Buffington, Deputy Director of Finance
John Herbst, City Auditor
Douglas R. Wood, Director of Finance
Denise DiPalo, Human Resources
Nora Ostrovskaya, City Manager's Office
Stanley Hawthorne, Assistant City Manager
Lynda Flynn, Finance Department
Darlene Pfeiffer, Transportation and Mobility
Bill Goetz, Sustainability Advisory Board member
Barbara Hartmann, Prototype Inc.

Communications to the City Commission

Motion made by Mr. Snead, seconded by Mr. Cobb, to forward the Memo of Understanding to the City Commission with a recommendation for approval, with the caveat that this was the first step toward a process of amending the current ordinance to embody the intent of the document. In a voice vote, motion passed 8-0.

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. Ms. Hartmann called roll and determined a quorum was present.

2. Review of Meeting Minutes from November 2011

The Board noted corrections to the minutes.

Motion made by Mr. Russo, seconded by Mr. Cross, to approve the minutes from the November meeting as amended. In a roll call vote, motion passed 7 – 0.

3. Memorandum of Understanding between the BAB and City Management

Mr. Cross thanked City staff for their assistance in drafting the document.

Ms. Flynn arrived at 6:10.

Chair Page felt this was an excellent framework for how the Board could work with City management. The Board and staff agreed. Chair Page said the document clarified what the Board should be doing. Mr. Russo felt the need to renew the agreement every year, with termination available to either party, detracted from the independence of the Board. Mr. Cross said everyone agreed this was a temporary way to navigate away from the more traditional method of constitutionalizing the Board's role because that was such a laborious effort. He said they would continue to work toward changing the ordinance. Mr. Hawthorne advised the Board to indicate in their approval that they still wanted the ordinance revised. Mr. Timiraos suggested this could be added to the document.

Mr. Cobb arrived at 6:18.

Mr. Hawthorne pointed out that the official relationship between the Board and the Commission already existed because of the ordinance. He agreed the ordinance could be strengthened, but he did not anticipate that an amendment would adopt this document verbatim.

Chair Page asked if the Board wished to strike items E.5 and E.6 related to the one-year term of the agreement and the ability of either party to terminate. Mr. Russo said these two items gave the impression that the memo was "reviewable all the time." Mr. Cobb thought their goal could be accomplished by keeping item E.6 but removing item E.5. Mr. Cross pointed out that this was a good faith agreement, but was not legally binding.

Motion made by Mr. Snead, seconded by Mr. Timiraos, to remove item E.5 from the Memo of Understanding and submit it. In a voice vote, motion passed 8-0.

4. Old Business

- **Outsourcing Opportunities**

Mr. Buffington said he and Mr. Wood had discussed the payroll project. They agreed that in the first phase, the City needed a centralized time-keeping system that would feed into what they expected a provider to do. Mr. Wood said it currently cost \$600,000 per year for the current time-keeping systems because they were so manual. He anticipated they could save at least \$500,000 per year if the systems were automated.

Mr. Cross asked how many departments had discrete data processing, instead of using a centralized processing unit. Mr. Buffington recalled that Mr. Feldman had requested a list of all software used in the City. Mr. Buffington felt there was a lot of compartmentalized data management. He said he and Mr. Wood had discussed an Enterprise Resource Planning (ERP) system that would integrate all data into one system.

Mr. Wood said there were over 130 different applications being used. He said the problem with an ERP system was that it was very expensive; he estimated it could cost \$5 to \$10 million. Mr. Buffington said Broward County had been working on an ERP for years and the last estimate he had heard for their system was \$30 - \$40 million. He remarked that these systems were not only expensive, but many were not successfully implemented. Mr. Herbst suggested the City could work under the County's ERP system, avoiding the initial costs. He said the City Commission had expressed a desire to promote regionalized solutions to significant, expensive problems such as this.

Mr. Saito asked where their discussions stood with the County. Mr. Herbst said there had been no formal discussions with the County; they had spoken informally with a vendor who as responding to the County's RFP, who indicated they would love the City to be part of the process. He said they must now carry the discussion beyond this informal stage to make a recommendation to the Commission to support this opportunity. Mr. Buffington said Tampa and Hillsborough County were attempting to do this right now and were tackling control issues between the two agencies.

Mr. Wood remarked that there were few differences between what the County did and what the City did. Mr. Cross remarked that it was absurd to think that the way the City did things was unique. He felt the County would want to consider this for the potential cost savings.

Mr. Russo said he had the misfortune to have been involved in an enterprise-wide implementation at SAP 12 years ago; he stated this had been "the biggest nightmare I've ever seen." Mr. Russo remarked this was a huge undertaking that involved a "warehouse" of IT professionals and consultants at Accenture and IBM. He said most

large corporations were discovering it was impossible to standardize all of the data and bring it all together and they tended to lower their criteria for what was acceptable.

Mr. Buffington said the other major outsourcing opportunity on which they had been working was the CDBG/HCD. He said the RFP was in final draft form and he had delivered it to Mr. Hawthorne for his review. Mr. Buffington said the RFP was for a firm to manage the entire grant management process. It should be available for release to the vendor community after the holidays.

Mr. Buffington said they were also looking at printing services and building services.

Chair Page recalled that Calvin and Giordano had made a presentation regarding Code Enforcement and she thought they were very interesting and could do a good job. Mr. Cobb said he would rather consider outsourcing Code Enforcement than the Building Department. Mr. Herbst stated the City already outsourced expedited permitting and this had worked well so far.

Mr. Cobb remarked that the biggest problem with Code Enforcement was it was a system that did a very good job of imposing fines, but had no means of collection. He said that with the current issues in foreclosure, it could be difficult to determine who the property owner was who was liable for paying the fines.

Mr. Herbst stated a recent Code Enforcement audit had revealed that there was \$150 million in outstanding Code liens and the City typically settled these liens for \$.05 on the dollar. Mr. Cobb was not sure that outsourcing was the answer; he felt a system that was geared less toward obtaining a judgment and more toward collecting was. He said the current system did not work with the current foreclosure rate. Mr. Herbst said it had been the stated philosophy of the Code Enforcement Department and the governing body that the goal was not collection but compliance. Mr. Saito said he was curious what other municipalities were doing that might be more efficient.

Mr. Hawthorne said the City had recently joined the Florida Benchmarking Consortium and this would provide a database to see what other municipalities were doing. He stated this was the point of their new structural innovation program: to encourage a culture of benchmarking and process improvement.

Chair Page suggested that ADP and Calvin and Giordano could be invited back so Mr. Hawthorne could hear what they could do for Code Enforcement and the Building Department.

Mr. Cross pointed out that some rules made it more difficult to comply violations and suggested they could consider changing these to make it easier to resolve Code Enforcement issues. Mr. Cross wanted to see the numbers on what the City spent on code enforcement activity versus what they collected. Chair Page suggested representatives of Code Enforcement attend a meeting to discuss this. Mr. Snead wanted to know how the City analyzed information to determine what liens were collectible.

Mr. Buffington reported that the City Commission had awarded a contract to a facilitator to process map everything the Building Department did and to provide recommendations. Mr. Snead asked for a report on these findings.

- Revenue Generating Opportunities

Mr. Buffington stated they had implemented a P-card program in Procurement for small dollar purchases to avoid the transactional costs of purchase orders. Under Mr. Feldman's direction, they had expanded the program to capital purchases and enrolled vendors in the programs to allow the City to use the P-cards to make payments to them. Mr. Buffington explained the City received a 135 basis point rebate from the bank card issuer for every dollar spent, and Mr. Feldman's goal was to get \$750,000 in rebates for the General Fund.

Mr. Buffington said one of the requirements of the new ethics code would be that contact with a lobbyist must be documented in a database. The City's IT Department had created an application to log this contact to a central database. They were looking into marketing this application to other municipalities. Mr. Buffington stated they were also considering offering GIS survey and mapping work to smaller municipalities that lacked these resources.

Mr. Snead said they must be careful not to cross the line where the City would be competing with private businesses.

- Budget recommendation Matrix

Mr. Hawthorne stated they were looking at making this a more "measures-based" document.

Mr. Hawthorne said they were considering a new prioritization, outcome-based budget process. He stated they were continuing to investigate strategic, innovative ways to do things smarter, faster and cheaper and the budget process incorporated this.

Chair Page noted that the current matrix did not include recommendations the Board had made within the last year. Mr. Hawthorne said these would be incorporated.

Chair Page asked about the website, and Mr. Hawthorne said he had met with Ms. Torriente and the Public Information team regarding overhauling the website. Mr. Cross agreed that the web page for the Board should wait until the City's entire site was revamped.

5. New Business

- New Monthly Financial Report Format

Ms. Ostrovskaya distributed a draft of the new monthly financial report and explained their goal had been to provide more information while making it easier to understand and more visual. She described the new format and pointed out the color coding for individual departments. Mr. Wood noted they paid \$30 million for Fire and Police pensions annually in October; other pensions were paid quarterly. He added that the Fiscal Year 2011 numbers were not final, but he felt they were 95% complete. Mr. Cross commended staff for doing a great job on the new design.

Ms. Ostrovskaya said their main goal was to make the budget system priority and outcome-based. Parallel to that, they wanted to change everything to budget on a monthly basis. Mr. Herbst stated there was an allotment procedure in governmental accounting and budgeting whereby an annual budget was deconstructed to monthly allotments. This assured they did not overspend on a monthly basis.

Mr. Timiraos requested that the financial reports be emailed to Board members prior to their meetings.

Other Discussion Items

Chair Page reminded Board members that their next meeting would be on January 26.

Mr. Snead requested that all documents be sent to Board members. Mr. Hawthorne agreed information would be sent out ahead of time.

Mr. Snead also asked that Board members receive notice via email of schedule changes as soon as they were decided.

6. Communications to/from the City Commission

Motion made by Mr. Snead, seconded by Mr. Cobb, to forward the Memo of Understanding to the City Commission with a recommendation for approval, with the caveat that this was the first step toward a process of amending the current ordinance to embody the intent of the document. In a voice vote, motion passed 8-0.

7. Adjournment

With no further business to come before the Board, the meeting was adjourned at 7:57 p.m.

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