

FINAL
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
1ST FLOOR CITY COMMISSION CHAMBERS
FORT LAUDERDALE, FLORIDA, 33301
APRIL 18, 2012 – 6:00 P.M.

| Board Member | Attendance | 10/2011 through 9/2012 | |
|------------------------|-------------------|--------------------------------------|---------------|
| | | Cumulative Attendance Present | Absent |
| June Page, Chair | P | 6 | 1 |
| Mark Snead, Vice Chair | P | 6 | 1 |
| Brady Cobb | A | 2 | 3 |
| AJ Cross | P | 7 | 0 |
| Nadine Hankerson | A | 5 | 2 |
| Fred Nesbitt | P | 6 | 1 |
| Drew Saito | P | 7 | 0 |
| Anthony Timiraos | A | 4 | 2 |
| Andrew Russo | P | 4 | 1 |

Personnel Attending

Douglas R. Wood, Director of Finance
Stanley Hawthorne, Assistant City Manager
Emilie Smith, Acting Budget Manager
Stacey Balkaran, City Manager's office
Mike Maier, Chief Technology Officer
Paul Vanden Berge, Department Budget Coordinator, Fire Rescue
Jamie Opperlee, 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

Chair Page called the meeting of the Budget Advisory Board to order at 6:00 p.m.

2. Roll Call

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

3. Review of Meeting Minutes from March 2012

Motion made by Mr. Nesbitt, seconded by Mr. Saito, to approve the minutes of the March meeting. In a roll call vote, motion passed 6 – 0.

4. Old Business

a. Payroll Process

Mr. Wood introduced Mike Maier, Chief Technology Officer. Mr. Wood reminded the Board that over one year ago they had started a payroll review process that began with considering outsourcing payroll. They had determined that they should look at their source data and had then created a team of staff to examine their payroll processes. Mr. Maier's staff had mapped out the processes for several departments. Mr. Wood remarked that each department was doing it differently.

Mr. Maier said they had created a task force to examine the payroll data collection and entry processes. He said in public safety, the excess time consumption was caused by the union contracts and the number of different steps that must be taken regarding pay. The other departments used the Kronos time keeping system but they were not using the latest technology that allowed employees to clock in via computer. Mr. Maier said there was additional software that could be used for this and Kronos would perform an evaluation to get them to this next level.

Paul Vanden Berge, Department Budget Coordinator, Fire Rescue, explained there were 460 FTEs, with 360 48-hour employees and 100 40-hour employees. He said these payrolls were treated separately and the process was different. Mr. Vanden Berge explained that the 360 employees bid their shifts and vacation days for the entire year in the fall of the previous year. If there were no exceptions to the scheduled shifts in a pay period, the employee was paid automatically through the payroll system but if there was a change, this was reviewed by the Division Chief, who needed to enter sick time on a daily basis. Mr. Vanden Berge said the payroll staff needed to make approximately 75 to 80 manual entries daily per shift. For 40-hour employees, some employees went through a similar bid process and their hours were subject to the same review process.

Mr. Vanden Berge stated all changes generated an exception report which was then manually entered into Cyborg. He said TeleStaff was critical for scheduling and was a tremendous tool for payroll but they had been unable to integrate TeleStaff and Cyborg. In addition to the daily exception reports, Mr. Vanden Berge said they ran 40-hour overtime reports every week that were manually entered into Excel spreadsheets.

Mr. Maier confirmed that the collection of data was a major issue and this would not be solved by third party doing the payroll. Mr. Saito asked how other municipalities handled this. Mr. Maier said they would discuss this with Kronos, and noted that Kronos had recently purchased TeleStaff. He agreed to report back to the Board after his task force met with Kronos.

Mr. Hawthorne informed the Board that Mr. Wood and Mr. Maier would meet with the ADP representatives to discuss what the task force had been working on.

Mr. Wood explained to the Board that approximately 10% of employees still received paper checks. He stated they were in the process of negotiating a new banking services contract and one of the requirements of the contract was to issue a debit card to employees who did not have checking accounts.

5. New Business

a. Property Appraiser

Ron Gunzburger, General Counsel for the Broward County Property Appraiser, invited the Board's questions. Mr. Nesbitt asked for an overview of what was happening with Broward County property values, specifically Fort Lauderdale, and what Mr. Gunzburger envisioned down the road.

Mr. Gunzburger said in 2009 there had been a significant drop in property values. This has been the single largest one-year drop, even greater than any single year during the great depression. Despite this, Mr. Gunzburger said the recent news was relatively good. Last year, countywide, property values had increased marginally in 11 cities and decreased marginally in 22 cities. He said this was a good sign that the market had largely leveled out. This year, they had seen values rise in all but two municipalities. In Fort Lauderdale values were up approximately 3%. Mr. Gunzburger said their director of residential felt they would stay in the 2.5 to 3% increase range in overall property values.

In the longer-term, Mr. Gunzburger pointed out that national conditions would have more of an impact than local conditions. He said the good news was that the economic picture was cautiously optimistic because all of the indicators that affected real estate

appeared to be slowly inching up. He stated investors were returning to foreclosure auctions. Mr. Gunzburger explained that banks were holding onto foreclosed properties and releasing them onto the market at a slow pace, which helped stabilize values.

Mr. Gunzburger said there were challenges down the road. The Florida legislature had placed several constitutional amendments for tax exemptions on the ballot this year. He remarked that the voters typically approved any amendment to cut taxes. Some would result in limited exposure, such as the amendment to qualify disabled veterans for total exemption from property taxes. Another exemption for “new homebuyers” would apply to someone buying his or her first home in Florida within the past three years. This could have a significant impact on the tax rolls. Another proposed amendment was to cut the Save Our Homes cap for non-homesteaded properties from 10% to 5%. Mr. Gunzburger pointed out that these additional exemptions would just shift the tax burden.

Mr. Gunzburger informed the Board that their fraud unit had investigated more than 70,000 homestead questions and put more than \$5 billion in assessed value back on the tax rolls since 2005. This represented more than \$53 million in tax dollars.

Mr. Gunzburger said Sunrise, Hallandale and West Park had turned code violations on abandoned homes into non-ad valorem taxes that could be collected when the homes sold or that ultimately would become a tax deed.

Mr. Gunzburger said worldwide economics affected local property values. When the euro or Canadian dollar were strong against the dollar these people bought American properties. He stated 8% of Broward County condos had their tax bills sent to an address outside the United States.

Mr. Gunzburger said few Broward County cities had maintained their operating millage rate for five or six years as Fort Lauderdale had. He said Fort Lauderdale non-ad valorem rate was comparatively low as well.

b. Financial Integrity Principles & Policies Discussion

Ms. Smith had sent a draft outline via email to Board members. She said this would be an extensive document because it would set forth the principles and establish policies that supported these principles. She asked for the Board's input.

Chair Page wanted to include a strong statement about not funding ongoing expenses with nonrecurring revenues. Mr. Smith stated the City had found interesting ways to

close their budget gaps because they had been forced to, but hopefully property values would increase and they would get additional revenue.

Mr. Snead said most municipalities agreed on a 17% general fund reserve balance. Mr. Wood said the Board had recommended 16.6% and the Commission agreed. Mr. Snead noticed that a couple of municipalities required a supermajority to encumber reserve funds and to distribute them to cover an emergency. Mr. Wood said a simple majority was required in Fort Lauderdale. Ms. Smith said they could evaluate this as an option.

Chair Page said some municipalities had a strict structure for adjusting the fees and Mr. Nesbitt recalled the Commission had accepted the Board's recommendation to reevaluate all fees every two years. Ms. Smith said the Budget Office was not doing a review currently and she would ask Parks and Recreation if they were performing any ongoing analysis.

Mr. Wood stated they were reevaluating internal cost of services and assessing how they were costing out general fund services. Ms. Smith said they would be considering every possible avenue for increasing revenue and this was on their list. As part of the budget process, they had asked departments to tell them when their fees had last been adjusted and by how much and they would have this information by the end of the month for all user fees.

Mr. Cross asked about the contingency plan for programs such as the 911 system. Ms. Smith said the 911 dispatch had not been budgeted for so they would create a budget amendment for approval by the Commission to cover it.

Mr. Hawthorne asked the Board to review the document and advise if there were additional topics they wished to be covered.

c. Information Technology Discussion

Mr. Maier invited Board members to walk through his department to see the problems they encountered. He explained that Information Technology used to be in all departments and they would independently buy computers. No one had been looking at technology throughout the organization. Mr. Maier and the new administration was now looking at it globally.

Mr. Maier said there were many issues with Microsoft because they no longer supported older versions of the Windows operating system and software, and there were many different versions across the City. He stated when individual departments purchased new software, they sometimes hired new personnel with the skill set to run it. This had resulted in duplicate staff. Mr. Maier stated they needed to evaluate all of their available resources.

Mr. Saito asked if the departmental technology purchases had stopped and Mr. Maier replied that all technology purchases now came through his department.

Mr. Maier informed the Board that the City's phone system was a Nortel and there was no support available for it. He said they had slowly been building a Cisco backbone for their phone system in order to save it.

Mr. Maier said the City network was being hacked left and right and they must have a City security officer. He stated their public safety radios were over 18 years old and obsolete. Mr. Saito asked if the City had a reserve fund built into the budget for replacing equipment. Mr. Wood stated they did not have this for the general government but they did have some in the utility system that was required by the bond covenant.

Mr. Maier said all of the IT people from different departments had now been brought in under his department and his staff was performing an evaluation of resources to see where they could consolidate and eliminate. He said the wave of the future was smart technology and there was none of this in the City. Mr. Maier added that there was no disaster recovery capability in the City, and he was considering moving some of their servers to the Emergency Operations Center. He was also contemplating utilizing off-site data backup.

Mr. Maier said there were approximately 1,800 computers in the City and 170 servers, and the technology budget was \$32,000 this year. Many of the computers and servers were over six years old. Mr. Hawthorne said IT was about making it smarter, faster and cheaper and this began with an assessment and sharing the information, which was exactly what Mr. Myer was now doing.

Mr. Saito asked the best course of action, and Mr. Maier said his staff was developing a five-year technology plan that they hoped to complete within the next five weeks. This would also identify goals and priorities for funding. He said they must start thinking about putting money into technology because their infrastructure was falling apart. Mr.

Myers said he was investigating consolidation of resources, and whether he could lease, farm out or move data to the cloud. He would also be developing standards for technology across the City.

Mr. Maier said he had already saved \$5,000 in the print shop by farming work out instead of printing in-house; he had partnered with schools to share print work. He was also evaluating what type of Microsoft license to purchase. His staff was exploring email and smart technology. They were also investigating partnerships with other cities to reduce the cost of the radios for public safety.

Mr. Maier described his background for the Board. Mr. Hawthorne stated Mr. Maier was also running teambuilding seminars that were "out of this world."

Mr. Cross remarked that there was also a training component that had been neglected. Mr. Maier agreed that they wanted staff to stay on top of the latest technology and certifications.

d. Overtime Discussion

Ms. Smith reported she had added overtime statistics to the monthly financial report and it was available on the City's website. She said through February, the City had spent 50.92% of their overtime budget. She noted that they had filled several positions so she hoped the overtime figure would come down over the year.

e. Fiscal Capacity Study

Ms. Smith gave a brief PowerPoint presentation and distributed a sample document. Mr. Hawthorne said they had begun talking about this because of a question Mr. Cross had asked about revenues. Mr. Hawthorne felt they had not given the proper attention to the revenue side; they needed to understand what was there, use the data and analyze trends. He remarked the City had hundreds of revenue sources. Chair Page asked that this item be on the Board's next agenda for further discussion.

6. Approved dates for Quarterly Joint Budget Workshop:

- a. May 21, August 27, & December 10

7. Communication to/from the City Commission

Chair Page asked if the Mayor had signed the MOU. Staff was unsure and Mr. Hawthorne agreed to contact Chair Page regarding this.

Budget Advisory Board
April 18, 2012
Page 8

For the Good of the City

No discussion.

8. Adjournment

The meeting was adjourned at 8:06 pm.

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