

**FINAL**  
**BUDGET ADVISORY BOARD MEETING**  
**CITY OF FORT LAUDERDALE**  
**100 NORTH ANDREWS AVENUE**  
**1<sup>ST</sup> FLOOR CITY COMMISSION CHAMBERS**  
**FORT LAUDERDALE, FLORIDA, 33301**  
**MAY 16, 2012 – 6:00 P.M.**

<b>Board Member</b>	<b>Attendance</b>	<b>10/2011 through 9/2012</b>	
		<b>Cumulative Attendance Present</b>	<b>Absent</b>
June Page, Chair	P	7	1
Mark Snead, Vice Chair	P	7	1
Brady Cobb	A	2	4
AJ Cross	P	8	0
Nadine Hankerson	P	6	2
Fred Nesbitt	P	7	1
Bryson Ridgway	P	1	0
Drew Saito	P	8	0
Anthony Timiraos	A	4	3
Andrew Russo	P	5	1

**Personnel Attending**

Douglas R. Wood, Director of Finance  
Stanley Hawthorne, Assistant City Manager  
Kirk Buffington, Deputy Director of Finance  
Emilie Smith, Budget Manager  
Marco Hausy, Audit Manager  
Stacey Balkaran, City Manager's office  
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 April 2012**

**Motion** made by Mr. Saito, seconded by Mr. Ridgway, to approve the minutes of the Board's April meeting. In a roll call vote, motion passed 8 – 0.

**4. Old Business**

**a. Fiscal Capacity Study**

Ms. Smith distributed an outline for the study including highlights and a timeline. She stated they had hired a management fellow through ICMA who will be tasked with the study. He would begin on May 28. Ms. Smith said the management fellow would examine every possible revenue source in the City, and would meet with all departments to evaluate their user fees and charges.

Ms. Smith stated the City Manager was considering requesting funding to hire a consulting firm to review every City user fee as part of the next budget. They hoped the revenue generated would more than offset the cost of the study.

Mr. Hawthorne pointed out the study would also identify new potential revenue sources. Ms. Smith provided an example of how Miami Beach realized significant revenue from their tourism tax that could only be used for certain City improvements.

Mr. Hawthorne said the Fiscal Capacity Study was one of the City Commission's top priorities in their goal setting session.

Mr. Nesbitt recalled that they had found last year that some of the City's fees had not been increased since 1999 but the Commission had wanted to phase in increases over a few years instead of all at once. The other issue to address was how to value services for fee calculation.

Ms. Smith said the second step of the Fiscal Capacity Study was to determine the role of municipal government in providing services. They would examine other comparable cities to see how they were providing services and what their fees were. Mr. Hawthorne stated the fee structure would revolve around a subsidization policy. He said it was a comprehensive assessment, including an historical perspective of the City's fiscal capacity and every line item of the revenue budget.

Ms. Smith felt the study should be completed in a few months and they would be able to put policy in place and implement fees during the next fiscal year.

Regarding step five, Mr. Hawthorne said the Financial Trend Monitoring System would evaluate the following financial indicators: property taxes, sales and excise taxes and user charges and fees to assess the City's financial condition. Mr. Hawthorne agreed that the management fellow they had hired would be aided by Budget Office staff.

Ms. Smith said the third part of the study would examine the economic base of the City, including population demographics, what services the City provided and whether they were competing with other vendors in the City. Step four would identify and assess the City's revenue and tax base and they would consider the tourism tax she had discussed earlier.

Ms. Smith said they evaluated the City's financial condition noted in step five on a monthly basis and these factors were important to keep in mind when determining how the user fees affected residents and visitors.

Ms. Smith stated the final step was identifying major revenue sources, including a description, the legal authority and providing a history.

Ms. Smith agreed that the Board would be provided with the individual parts of the study as the drafts were completed for input.

Ms. Hankerson asked if this was the most up-to-date model that could be used to make these evaluations and measurements. Mr. Hawthorne said this model was kept up-to-date and was used throughout the country.

**b. Financial Integrity Principles and Policies**

Ms. Smith reported the draft was complete. Mr. Herbst had provided his comments and they would now have a conference call with the financial advisor. She said the Board would see the new draft that incorporated comments from the Board, Mr. Wood, the City Auditor's Office and the City's financial advisor.

**c. Sign the Memorandum of Understanding Between BAB and City Management**

Chair Page signed the MOU, which had already been signed by the Mayor and City Manager. Mr. Hawthorne said this did not preclude changing the existing ordinance.

**5. New Business**

**a. Rental Car Company Fleet Purchase Program Opportunity**

Mr. Buffington announced that they had put out a solicitation for a source for slightly used vehicles. He said the contract would also require the provider to conduct claim services for accidents and to provide a warranty equivalent to a new car warranty. Mr. Buffington anticipated they would keep the cars for two to three years and the vendor would then be responsible for buying back and disposing of the cars.

Mr. Buffington said a four-door sedan purchased through the state contact would cost approximately \$25,000 and a two year old car could be purchased for \$18,000 - \$19,000.

**b. Agenda for the May 21<sup>st</sup> Joint Budget Workshop**

Chair Page said she had realized they did not have much to discuss with the Commission now. Mr. Saito felt they should wait to meet with the Commission until they saw the study Mr. Maier was conducting.

Mr. Hawthorne stated the Commission had continued their planning workshop to June to finalize their discussions at their previous meeting. After that meeting, they would be prepared to discuss this with the Board.

Chair Page said there were three issues from the previous workshop they wanted to address at this workshop. The first was the 911 system. Mr. Hawthorne said they were at a critical stage of negotiation; it was possible the County would agree to pay the costs for this year. They would also decide how the County would create a more equal system for all of the cities. Mr. Hawthorne said the City had already factored in \$4 million to cover 911 services for this year so they would be safe if the County did not agree to cover the costs.

Regarding the Board's recommendation to review 120 employees for potential raises, Mr. Hawthorne said a staff committee had been formed but had not met to draft a recommendation yet. He explained that they must also take into consideration the City's contribution to those employees' retirement plan.

The Board had also asked about the impact the early retirements had on the City's budget. Mr. Hawthorne said they were completing the financial assessment of the reorganization and it should be available in the next day or two. He agreed to provide a copy to the Board. Mr. Hawthorne reminded the Board that Mr. Feldman had committed to not refilling half of the positions left open after the early retirement and they would actually recommend eliminating approximately 62% of the positions. Ms. Hankerson

wanted to know that some of the jobs that were being eliminated were higher paid employees. Mr. Hawthorne said the report would clearly indicate the positions to be eliminated in hierarchical form, like an organizational chart.

Mr. Cross wanted to be sure that the wage disparities could not arise in the future and asked if this was being considered. Ms. Smith said the City Manager was conscious of this and they were trying to control it as much as possible. Chair Page said the Board was suggesting a process for reviewing these employees at the same time as union employees so they would not be forgotten because they were not in a union. Ms. Smith said there was a position for a classification compensation manager and a program dedicated to ensure people were classified and compensated appropriately for their classification. Mr. Nesbit said the Board wanted a process to ensure that when the general employees received a pay increase the confidential employees were reviewed for increases as well.

Ms. Hawthorne explained that the Human Resources Department would now include a “talent management” division that would pay attention to “all of the needs of the totality of human resources of the organization.” He said because morale was part of motivation, the talent manager would be the eyes and ears for this group of employees in particular.

The Board agreed not to hold the workshop with the Commission that was proposed for May 21 because they were waiting for information from staff.

**6. Approved dates for Quarterly Joint Budget Workshop:**

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

**7. Communication to/from the City Commission**

None.

**For the Good of the City**

No discussion.

**Other discussion items**

[This item was discussed out of order]

Mr. Nesbitt requested an update on the timekeeping/payroll system. Mr. Wood said Mike Maier, Chief Technology Officer, was meeting with Kronos representatives in the next couple of weeks to discuss technical issues. Mr. Buffington said the timekeeping

system would also need to work for employees who worked in the field and called their hours in over the phone.

Mr. Nesbitt referred to the February Financial Report overtime analysis and noted that overtime costs were running 23.6% higher year-to-date than fiscal year 2011. He was concerned that since the City had not refilled positions left vacant by early retirements, extant employees were working more overtime to get the work done and this could cost more than refilling the positions would. He noted the report specifically cited vacancies (among other causes) in Parks and Recreation and Fire Rescue as a reason for the additional overtime.

Mr. Hawthorne said they planned a meeting with the Police and Fire chiefs for budget reviews. He agreed to report back to the Board on this. Mr. Nesbitt recalled that the City had recently been successful in reducing overtime but this trend seemed to be reversing. Ms. Hankerson remarked that many Parks and Recreation employees were part-time and had no benefits. She felt overtime might be necessary to maintain the parks properly. Ms. Hankerson said they should consider balancing the cost of paying a full-time employee benefits versus paying an employee with no benefits overtime.

Ms. Smith explained that public safety positions were not left open and none of those employees had participated in early retirement. She said if someone was injured and could not be on patrol, minimum staffing required paying overtime for someone to fill in.

Mr. Wood said in order to better track types of overtime, they were instituting four types of overtime accounts.

Ms. Smith said next month, staff would discuss the overtime issue, and provide updates on the payroll/timekeeping system, IT and the fleet purchase plan. She agreed to invite the management fellow who would be performing the Fiscal Capacity Study to the next meeting.

Mr. Nesbitt asked about five-year economic forecasts and Ms. Smith said staff had received another model from the City Auditor to consider using. She said they would see how far along the forecast was and possibly bring it to the Board's next meeting.

Mr. Cross wanted to compare compensation rates for various City positions to other municipalities. Mr. Hawthorne said it had been 10 years since a study had been done. Ms. Smith offered to invite the Human Resources Director to discuss this with the Board.

Mr. Ridgway asked if an analysis had been done comparing the costs of hiring more full-time employees versus paying overtime to fewer employees.

Mr. Wood reminded the Board that there had been a physical reorganization but they had not yet had a budgetary reorganization and it was possible that some of the overtime was for people who were now working in other departments.

Mr. Ridgway's introduction

Mr. Ridgway stated he had lived in Fort Lauderdale for two years and had lived in Broward County for 20 years. He was employed at Stiles Corporation in their acquisitions department.

**8. Adjournment**

The meeting was adjourned at 7:28 pm.

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