

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

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

Personnel Attending

Douglas R. Wood, Director of Finance
Stanley Hawthorne, Assistant City Manager
Emilie Smith, Budget Manager
Stacey Balkaran, City Manager's office
Lee Feldman, City Manager [by phone]
Frank Adderley, Chief of Police
Kirk Buffington, Deputy Director of Finance
John Herbst, City Auditor
Darlene Pfeiffer, Transportation/Mobility Department
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. Approval of Meeting Minutes from June 2012

Motion made by Mr. Ridgeway, seconded by Mr. Cross, to approve the minutes of the Board's June 2012 meeting. In a roll call vote, motion passed unanimously.

4. Old Business

a. Payroll System Update

Mr. Buffington said 50% of staff used the Kronos timekeeping system and they would meet with Kronos representatives to discuss scope of work and upgrading the system to allow all employees to use their automated timekeeping system.

b. Overtime Update

[This item was discussed out of order]

Chief Adderley said the biggest contributor to overtime was staff shortage, but he felt this would be addressed through the current action plan. He stated they were examining possible ways to cut holiday pay and criminal investigation costs. Chief Adderley said they were awaiting the new software that would allow them to provide timely notifications to cancel officers on standby for court, which should provide additional reductions.

Mr. Nesbitt asked if the addition of non-sworn officers had contributed to overtime costs and Chief Adderley replied this could be a contributing factor, as officers were handling minor calls after the redistribution of Police Service Aides. Mr. Nesbitt asked if a cause had been identified for the spike this year and Chief Adderley referred to the 10% across the board pay increase as a possible contributing factor.

Mr. Hawthorne said he and Mr. Feldman had met with Police, Parks and Recreation and Fire staff to develop an action plan, which was distributed by Ms. Smith to Board members.

c. Financial Integrity Principles and Policies Review

Ms. Smith stated they hoped to present a recommendation to the City Commission before the August joint workshop.

Mr. Hawthorne said Mr. Feldman hoped to get the policies adopted for the 2014 budget year.

Chair Page said the Board would review the Financial Integrity Principles and discuss them on August 15.

d. Fiscal Capacity Study Update

Ms. Smith stated they would have a more substantive update on August 27.

5. New Business

a. FY 2013 Proposed Budget Discussion

Mr. Hawthorne stated Mr. Feldman wanted the City Auditor and the BAB's input on the proposed budget over the course of three workshops. The Board decided to meet on July 26 and August 8 from 6 until 9 PM for the additional workshop meetings.

Ms. Smith gave a Power Point presentation on the General Fund, a copy of which is attached to these minutes for the public record.

Mr. Hawthorne announced the City Commission had recommended the same millage rate for this year, and no increase in the Fire Assessment. He said the City Manager had hoped to fill part of the budget gap with an \$18 increase in the Fire Assessment. If the Commission opted to increase the Fire Assessment fee now, it would require a mass mailing notification to residents. Mr. Hawthorne recommended Board members listen to the recording of the City Commission meeting to hear their discussion regarding the Fire Assessment. Mr. Herbst said the Commission had not made the explicit statements they had in the past regarding not increasing the millage rate or Fire Assessment or laying off staff.

Mr. Hawthorne stated the City Manager wanted the BAB's input about the Fire Assessment Fee regarding cost recovery, and he had not given up on this as a way to help close the budget gap.

Mr. Herbst informed Mr. Nesbitt that the Fire Assessment Fee recovered approximately 50% of the City's costs. He remarked that some municipalities recovered 0% and some recovered 100% through fees; there was no standard. Mr. Cobb did not agree with raising fees because he felt this would discourage businesses from locating to Fort Lauderdale. He thought there were many other ways to fix the problems in the budget.

Mr. Cross felt this was an opportunity to think outside the box regarding other revenues, such as fees charged other municipalities to use City services. Mr. Herbst

said they had addressed this last year; they were moving Wilton Manors toward a full cost recovery model over a period of time.

Mr. Herbst said they must continually re-evaluate how they did things, and quoted Herb Keller from Southwest Airlines, "If you're doing it the way you did it five years ago, you're doing it wrong."

At 6:45, Mr. Feldman joined the meeting by phone.

Mr. Hawthorne stated they could create a policy to maintain 50% cost recovery. Mr. Herbst said the City had discussed building a CPI factor into fees by ordinance but the City Attorney had been concerned about including an index instead of a dollar amount in the code. Mr. Herbst favored building the increases in, since costs were always increasing and it was difficult for elected officials to vote to increase fees and taxes to accommodate that. He said putting off increases led to steeper increases in the future. Mr. Snead did not like to build in an indexed increase because this would remove the incentive to increase productivity.

Mr. Feldman said he agreed with drafting index-based ordinances, and noted there were ways to incorporate checks to ensure they did not hoard too much cash, such as rebating. He remarked that businesses had informed him that the permit processes were very convoluted, and the City was taking steps to streamline these processes. He noted that Broward County Board of Rules and Appeals imposed rules that increased operations costs.

Mr. Vanden Berge explained that the \$2.1 million in the Capital Projects budget for Fire Station 8 development was a reallocation of funds remaining from other stations that had been overfunded. Mr. Herbst said the excess capital was being shifted toward the construction of Station 8 but he did not feel they would save quite enough to build Station 8. Chair Page wondered why the City would buy the land until they were certain they could build the station. She asked if the station was really needed, since this area was being covered by the Fire Administration building without a problem. Mr. Herbst felt the Fire Bond Committee might wish to consider this.

Mr. Cross wondered why the City needed to contribute to the Performing Arts Center renovation and Ms. Smith said it was to encourage arts and culture in the City. Mr. Saito said the redevelopment of the Performing Arts Center would impact businesses in the area and help Fort Lauderdale compete with the Adrienne Arsht Center.

Mr. Saito asked if the City had a replacement reserve for buildings and assets. Ms. Smith stated they were setting up an asset management program. Mr. Herbst explained they had conducted a facilities study five years ago and identified the need to replace City Hall and the main Police Station. He said they budgeted money every year to maintain facilities, but replacements were usually funded by bond, so residents who benefited from the use of the buildings funded them. Ms. Smith stated the Facilities Maintenance Budget included several hundred thousand dollars for ongoing repair and maintenance of City facilities. Mr. Ridgeway suggested that the City could lease some buildings instead of owning them.

Mr. Snead recalled \$1.5 million for a new Transportation Division that was not included on the list. Ms. Smith said they had created four new positions and three existing positions in the Transportation and Mobility Division and the four new positions were covered by the \$1.5 million. This was a critical need in the City because they were dedicated to multi-modal transportation. Mr. Snead wanted to discuss this at a workshop.

Mr. Snead wished to see a municipalities' comparison that combined the millage rate and Fire Assessment Fee.

Mr. Cross asked about the cost savings of the early retirement program and Mr. Herbst explained that the City was committed to paying off the additional pension costs within five years and after that, they would see significant reduction of the costs. Mr. Cross asked about pay increases for non-union employees and Mr. Hawthorne said Mr. Feldman was working on a proposal that would achieve equity with union employees and provide savings elsewhere in order to make this cost neutral.

Chair Page asked about a comparison of wages and benefits for Police and Fire and Mr. Feldman stated Fort Lauderdale was high in relation to State averages. Chair Page asked about factoring in the cost of living in South Florida, but Mr. Feldman noted that the other issue was competition with other agencies. Mr. Feldman pointed out that the overtime figure was wrong because they did not subtract the reimbursements they received from the Federal government for task force participation. Ms. Smith indicated that a lot of overtime was related to vacancies, which provided an offsetting salary savings.

Mr. Snead asked if the City had considered raising marina fees to cover the Marine Facilities' CIP project costs. Ms. Smith stated they must be careful because this was one of the areas in which they competed with private sector providers. Mr. Snead questioned whether the City should privatize the marina. Mr. Cobb remarked there was no reason the City should be paying employees to operate a marina when there were

marine operators who were hurting for money and would love to bid to operate the City's marinas. Mr. Cross was concerned about maintaining control over the customer service aspect of the marinas.

Mr. Herbst confirmed that an increase in the Fire Assessment Fee could be temporary. Mr. Timiraos wanted to recommend the City increase the Fire Assessment Fee \$18 as suggested by Mr. Feldman. Mr. Feldman said the City Commission had voted 4-1 against the Fire Assessment increase with only Commissioner Roberts in support. Mr. Snead wanted the Board to let the Commission know that they were unhappy with the vote not to increase the Fire Assessment Fee.

The Board was concerned that the City Commission did not understand that this was the last year they could "keep chewing away the Reserve." Mr. Feldman remarked that city managers around the country had warned elected officials about this but somehow managed to present budgets that "make it happen with very little, if any pain." He said there were ideas to help alleviate this pain, such as privatizing the marinas. He stated they must not compare the City to municipalities that were not in the same category. Tallahassee had a lower millage rate, but they also had an electric utility that drove their General Fund.

Mr. Herbst felt they had "wrung a lot of the excess out of the budget" as they had held the millage rate while property values dropped but he still believed there were opportunities for improvement. Mr. Feldman was looking at their processes to make them more efficient and effective, which would pay dividends for years, but they were almost at the point where they must consider furloughs and pay cuts that other communities had resorted to in order to close the gap. Ms. Smith noted that while services continued at the same level, they had chosen to put off infrastructure improvements which could result in an emergency situation. Mr. Nesbitt stated, "You can only cut expenditures so far, and then you've got to look at... revenues." He did not feel there was room to make any additional serious expenditure cuts without affecting services.

Mr. Cross asked Mr. Feldman if they were "enabling the Commission by not having policies in place that prevent them from just dipping their hands in the cookie jar whenever they need to." Mr. Feldman said the answer was "kind of" and this was one of the reasons they were presenting the fiscal integrity principles for the Commission to agree to abide by.

Mr. Feldman asked the Board to wait to make recommendation(s) until after they examined the budget more carefully at future meetings.

b. Additional Budget Meeting Dates

[This item was discussed out of order]

The Board added two meeting dates to discuss the budget: July 26 and August 8 at 6 pm.

6. Approved dates for Quarterly Joint Budget Workshop:

a. August 27, and December 10

7. Communication to/from the City Commission

None.

For the Good of the City

No discussion

Other discussion items

No discussion.

8. Adjournment

The meeting was adjourned at 8:57 pm.

Documents:

Memo/report from Ms. Smith regarding overtime

Article regarding privatization of municipal departments

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