

COMMISSION BUDGET WORKSHOP

DECEMBER 3, 2003

Agenda
Item

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**MINUTES OF CITY COMMISSION BUDGET WORKSHOP
WEDNESDAY, DECEMBER 3, 2003 – 3:00 P.M.
CITY COMMISSION CONFERENCE ROOM
8TH FLOOR, CITY HALL
100 NORTH ANDREWS AVENUE
FORT LAUDERDALE, FLORIDA**

Meeting was called to order at 3:10 p.m. by Mayor Naugle on the above date, City Commission Meeting Room.

Present: Mayor Naugle
Commissioner Hutchinson
Commissioner Teel
Commissioner Moore
Commissioner Trantalis

Also Present: Acting City Manager
City Attorney
City Clerk
Sergeant At Arms – Sergeant Roddy

Tom Magnifesta, President FOP Lodge No. 31, stated that people appeared to only be numbers in this City, and he wanted to put a face to those numbers.

Mayor Naugle stated that there were laws in the City which governed maximum capacities for large spaces. He stated that the Commission wanted everyone to view this meeting, while still being kept safe, and therefore, arrangements had been made for individuals to view this meeting in the First Floor Conference Room and in the cafeteria via monitors and television sets.

Mayor Naugle asked for the individuals who had signs to display to hold them up at this time so as not to interrupt the meeting once it got started.

Senator Mandy Dawson was welcomed during today's meeting.

The Acting City Manager proceeded to read the following statement:

“On October 7, I was appointed Acting City Manager, in part as a response to a budget process perceived to be at best “less than open and optimal” and at worst “dysfunctional.”

“I was simply a citizen with a managerial and financial background and expertise who decided to volunteer his services. Someone who believed in openness and honesty in budgeting, realistically projecting revenues, reasonably estimating expenses, and using fiscal prudence in balancing the budget and making people aware of the consequences of their decisions. The Commission made it clear at the start that I would be ineligible to apply for the long-term position, which would give me the latitude to “get the financial house in order,” giving everyone the unvarnished truth, without worrying about careers.

“Many warned me that I was facing an impossible mission:

- That the organizational climate and culture would stifle me,
- That the Commission and bureaucracy were loathe to change, and
- That business as usual – while decried by many – would win in the end.

“I approached the fiscal challenges with an openness and honesty that was refreshing to most, but threatening to a few. I had no agenda, no preconceived notions, no ax to grind. I would engage in no “smoke and mirrors” and no “quick fixes” that got us into the current quagmire; I believed that there should be no sacred cows; I would write no blank checks; I would sanction no loans to pay for salaries. All departments and programs would be scrutinized; equity and fairness in treatment were my watchwords; shared sacrifice would be expected of all.

“I was warned that in the end, the hard decisions – that everyone knew were required – would not be made. That the organizational and political realities would not allow for a fundamental change in how we did business. In short, that the Commission would “blink” as they always had in the past.

“I have spent long hours in City Hall. I have listened and learned a lot: to unions, to employees, to management, to civic associations, to citizens/taxpayers, to Commissioners.

“Within days, I learned of the \$8 Million of salary “savings” that the budget assumed, meant a truly unbalanced budget. I learned of revenue overestimates and expenditure underestimates in the amount of \$4 Million in this year’s budget that meant even greater imbalance. I understood the \$3-6 Million in expenditure deferrals or one-shot, unsustainable revenues that underlined the current year’s budget and created major problems for sustainability next year, absent extraordinary tax increases.

“The management team and I have come up with a balanced approach to get the City back on a sustainable budget. It is predicated on fiscal prudence and responsibility. I need your help and support in restoring financial stability. I have done my part. The time is now for the Commission to do its part, to step up to the plate and reach consensus on some very difficult decisions.

“I must emphasize that these “savings” are not budget cuts per se. The budget as approved in September remains the same. The problem is that there is \$8 Million in the current FTE salary base that cannot be paid under the current budget. There is another \$4 Million in the current year’s budget that needs to be reallocated. In short, absent actions taken today by either (a) the Commission and City Manager jointly, or (b) the City Manager unilaterally, we will run out of money this fiscal year.

“To a great extent, the whole world is watching and waiting to see if history will repeat itself or to see if we have learned from the mistakes of the past. Will we take the path of least resistance, or will we boldly confront the challenges and overcome the obstacles?

- S&P and Moody’s and the entire financial community are watching to see if the Commission will make the hard decisions to restore fiscal stability.

- Department directors are watching to see if their professionalism is respected by the Commission or whether the history of expediency will repeat itself.
- The unions are watching to see if there is really a financial problem and if the Commission will act decisively to address it, or “blink.” They are waiting to see what message is sent from this room; your actions or inaction will impact or undercut current negotiations.
- The employees are watching to see if everyone is asked to give their fair share, or if certain groups are held harmless to the detriment of others.
- The taxpayers and citizens are watching to see the leadership and financial stewardship exhibited in light of fiscal constraints and realities.

“Everyone knows there is a problem, but many are in a state of denial on its magnitude or the need to deal with it now. There is one unmistakable fact: our personnel base is too high and unsustainable, given the current revenues, and we will run out of money before the end of the fiscal year if we do not control and cut.

“How did we get here? Simply put, we have been living beyond our means. Current expenditures did not equal recurring revenues. One-shot infusions of revenue have been needed: drawing down reserves and requiring extraordinary and questionable transfers from other funds. The base has been artificially inflated. Fundamental cut-back decisions were postponed. Political pressures – either on the expenses side (salary and position increases) or on the revenue side (taxes) – were perceived to be too intense and there was always a “pressure valve” (Reserves, revenue overestimates, non-recurring revenues, etc.) to count on. In many cases, implications of decisions were not clearly spelled out at the time and over time the problems merely compounded, so that a perfect financial storm swept over us this year.

“We need to look at the budget in a holistic fashion to restore fiscal discipline. We will be presenting savings for this year’s budget and will be considering capital improvements and a public safety bond issue. The operating and capital budgets impact each other and should be considered as a whole. We will see that many of our facilities have been too long neglected; much preventative maintenance has been deferred. We need to do what is right to restore CIP funds for the next fiscal year and advance the public safety bond issue – or at least the \$40 Million – portion to March, with the Police piece following in November, once studies have been concluded.

“There have been concerns raised about separating the police and fire bond issues. While there are no hard and fast rules about how to structure a bond issue, the rule that is consistent, is to schedule a vote when a plan is in place. We are at that point with the fire bond issue. Considering employee morale, the deplorable working and living conditions endured, and the deteriorating state of our fire stations, March 2004 is the right time to put the fire bond issue to the voters.

“During this workshop, we will present graphically the structure of our budget and the problems, over the past 5 years. We will indicate the magnitude of our problem and request consensus on those numbers and how they are to be allocated to departments. We will proceed with department-by-department presentations and explanations by department directors of salient impacts. Each director will provide his/her best

professional judgment on what to cut and why – and to answer your questions on alternatives considered.

“In the final analysis, directors proposed the suggested savings, after discussions with their staffs; I have agreed with them, as I trust their professional judgment implicitly I cannot and will not second guess in areas that I have little or no expertise. I will analyze and make suggestions, but the professional needs to have the latitude to run his department. I expect and require financial accountability and responsibility from each department.

“As we evaluate each department, if certain savings are not deemed “doable” then we need to come up with a similar magnitude of cuts from within the budget of that department. This is a zero-sum situation; if you cannot agree with a cut, suggest another one for consideration, within the same department.

“At the end of the day, we need to come to closure on the magnitude and detail of the savings and FTE/staffing levels. Positions that are vacant and not planned for filling will be eliminated. Our FTE levels will be reduced. There is no use in having phantom positions on a staffing pattern that cannot be filled, thereby created expectation of vacancies that do not exist, because there is no funding for them. I will come back with a revised budget and FTE level for your approval at the next Commission meeting.

“If there is no consensus today, I – as City Manager – need to implement the budget that currently exists. I will request the departments and Finance Director to evaluate each salary account, determine the amount of each departmental salary deficit, and order the corresponding cuts in personnel.

“There will be difficult decisions today, but I believe that we will look back at this as defining moment in restoring long-term stability and accountability to the City’s finances.”

Budget Workshop Overview

Frank Coulter stated that he wanted to offer a historical perspective in regard to the General Fund budget.

Commissioner Moore asked if the ground rules could be stated as to how this workshop was going to be conducted so everyone could understand.

The Acting City Manager stated that Mr. Coulter would make his presentation regarding the general overview of the budget for the past 5 years, along with its structure, so they could see the magnitude of each department and what was being considered regarding salaries. The Finance Director would then take them through how they came to the situation and a consensus needed to be reached regarding the amount of money that was being discussed. Then each department head would present what was necessary to attain the budget level set for their department. At the end of each department, he stated they would come to a consensus as to whether they wanted to accept the proposed plan or not.

Mayor Naugle stated it was his understanding that if any of the actions suggested would require budget amendments, they would be scheduled for the December 16, 2003 meeting.

Mr. Coulter further stated that during the budget meetings, discussions began regarding strategic planning. He stated they had begun some strategic planning initiatives which covered more than just the financial aspect. He stated they had 7 years of actual expenses and revenues. He stated this was to show how the City's financial system was characterized. He began to show charts of the expenses and revenues. He explained they had taken the numbers from '97 up to 2003 that were actual numbers and he proceeded to show a chart of those numbers. He reiterated that they had been spending more than taking in. He further stated that in 2002, they had been spending about \$4 Million more in the General Fund Operating Budget than what they had taken in revenue which had been offset with monies from reserves. He explained they spent \$6 Million more last year than what had been taken in which had been balanced with monies from the reserves. Even though there was a balanced budget this year, it was not workable. He explained there were \$8 Million for salaries that they did not have, and it had not included \$4 Million for expenses. He reiterated that no reserves were available.

The Acting City Manager added that there had been transfers this year from the Parking Fund to help out.

Mr. Coulter stated that in regard to just the revenues, the City characterized them into groups. He proceeded to show a graphic explaining this. He reiterated that property taxes provided most of the City's income for the General Fund. He added they had a significant growth over a 7-8 period. He advised that growth came from millage increases, new construction, and assessed values. He advised further that the franchise fees during that period of time had been flat. He also stated that the utility taxes were also flat, except that 3 years ago they had instituted a telecommunications fee for the wireless services and different kinds of communications which had generated a jump in revenue. He added that some money had been received through licenses and permits. He stated that intergovernmental monies were received from sales and gas taxes. He further explained they had received money for ALS from the County, but then it had been transferred so they were actually collecting the monies themselves.

Mr. Coulter stated there had been a jump in charges for services due to the institution of the alarm fee. He added that fines and forfeitures did not bring in much, but a significant amount had come in due to the fire assessment over the last 4 years. He stated there had been a 50% increase in the fire assessment fee that had been approved, but the plan was that in the future there would only be a 5% increase. He reiterated that the monies came in mostly from property taxes, along with growth. He added there were not a lot of opportunities for revenues as they had been doing things. Regarding expenses, he stated they were characterized into different categories. He explained the first expense was salaries and wages, along with overtime and assignment pay. He also listed the fringe benefits and the jump shown on the charts were due to health insurance, pensions, and workers compensation. He further stated that services and materials were listed, and other operating expenses included painting of vehicles, gas, radios, and things done interdepartmentally.

Mr. Coulter continued stating that one of the problems they had was with capital outlay, which included items that cost less than \$10,000 with a life expectancy of less than 10

years. He explained they were allowing things to get old and not replacing them until they were large expenses. He stated that "Other" included transfers from the General Fund to the CIP for debt service, bond issues, and the like. He stated if the Commission agreed that \$15 Million needed to be cut out of the budget, and there were not many places to do it other than personnel costs.

The Acting City Manager stated that about 75% to 80% of costs were personnel related. He stated the budget was personnel driven to the extent that in talking about any type of cuts, there was no way to get to the amount being discussed without impacting salaries.

Commissioner Moore left the meeting at approximately 3:30 p.m.

Mr. Coulter advised that they could not keep all the personnel if there was not enough equipment to sustain them. The Acting City Manager reiterated that the capital outlay had appeared to be short-changed. He advised that when one added up the salaries, wages, and fringe benefits the amounts were extremely high. The reduction in salaries shown was the \$7 Million to \$8 Million cut being discussed. He stated that the budget was cut, but the reality of the positions had not been cut.

Commissioner Moore returned to the meeting at approximately 3:33 p.m.

Mr. Coulter further stated that another way of looking at the expenses was instead of looking at them as characters by all departments, they could break out each department. He proceeded to show a chart of the different departments showing the 7 years actual expenses, along with the budget. He stated the Police Department had always been and was the largest expenditure, along with the Fire Department, Parks and Recreation, and Public Services.

Mr. Coulter proceeded to show a pie chart summarizing the expenses. He stated these expenses should not be a surprise because the way the community and Commission had driven things over the past 7-8 years had been focused on public safety, parks and recreation, along with neighborhood services. He emphasized that the hard reality was this was where the expenses were located, and unless there was some way to generate an additional \$15 Million of revenue, it would be hard not to deal with these 4 departments.

The Acting City Manager stated that when one looked at the 4 departments taking off the transfers which were non-discretionary, and pick up the debt service, there was a realization that the "big four" was about 90% of the budget. He stated the "big two" were about 62% of the budget.

Mr. Coulter stated if one took each of the four individual departments and separated them into different characters, such as wages, benefits, and other expenses, salaries were where the cuts would be imposed. He stated their capital outlay for this year had been zero.

The Acting City Manager added that the "bump up" was due to pensions, and in looking at future years this chart should be considered.

Mr. Coulter added that they looked at Parks and Public Services a little different because Parks had some monies and had contracted out some work and held down some

expenses for grass cutting and ball field maintenance. He added they were not buying much equipment either. He stated that Public Services had money also, but a large chunk of the money was \$1.5 Million for the street light bill and for a few other non-discretionary items. He explained the point of this was that there was not a lot of opportunity for doing much other than cutting back on personnel costs. He further stated that the growth had been going on for some time and it had been funded by taking monies out of reserves.

Mayor Naugle added that there had been an increase in taxes also.

The Acting City Manager stated that what the charts did not show, but what had arisen in earlier discussions today, was that there had always been a difference between the original budget at the beginning of the year, and what the actual costs were at the end of the year. Invariably, every year the Fire Department, Police Department, and Parks and Recreation had exceeded their budgets because they had been seriously under funded.

Commissioner Moore asked when it came to debt service was there any percentage that most governmental entities used, and was the City any where near that percentage of their gross revenues to pay any debt services.

Terry Sharp, Director of Finance, stated that he did not have such ratios available, but there were some accepted ratios. He added that rating agencies and others had considered the City's debt level to be low in comparison to the tax base and other resources. Given the fact there were limited reserves in the General Fund, it would limit their ability to borrow.

Commissioner Moore asked that based on a common ratio that was an accepted practice of a municipal entity did the rating companies feel the City was lower than the norm. Mr. Sharp replied it had been said that the City had a low debt level.

The Acting City Manager explained that one of the concerns they also looked at was the amount of debt per capita that was being borne by the individual citizen, and then one had to look at the accumulated debt, including the City, County, School, and community debt per se, and in adding all those figures, it changed the complex because they might have indebted themselves.

Mayor Naugle stated that of the top 10 cities in Florida, 6 had no debt, 4 had little debt, and the City of Fort Lauderdale was the second highest in its millage rate, the first being Miami.

Commissioner Moore stated that those were two different issues. He stated that the Mayor was referring to millage rates, but he was discussing debt. He further stated they needed to have a millage rate necessary to support the revenues to run the municipal entities, or they would have to borrow money to deal with the capital projects to entertain a standard of life that entity wanted to have. He reiterated they were going to pay now or later. He stated the key was that they were going to pay. He stated they were not possibly getting enough revenue to "pay as you go," and therefore, they were robbing Peter to pay Paul. He further stated they had "open positions" which were placed in the budget that each department head felt would be used to "jelly" their budget.

The Acting City Manager stated that normally in a good year that would be possible, but this year there was nothing to use.

Commissioner Moore stated that it boiled down to them being truthful in their circumstances and seeing what was actually required. He felt that was what should be done in this workshop.

The Acting City Manager stated that one of the things other cities might do if they had zero debt service was to put money in a "rainy day" or stabilization fund so instead of doing a "pay as you go" on an annual basis, they would build up a reserve.

Mr. Sharp stated that some of the cities mentioned by the Mayor did not have general obligation debt, and had a separate millage for it. He stated that the cities on that list did have debt.

Commissioner Moore added that sometimes the cities had a utility fund and other things that generated revenue which this City did not have, such as a power plant, at this time. Mayor Naugle further stated the fact that 6 of the cities had zero debt showed that not all cities had ad valorem debt. Commissioner Moore reiterated it did not also state what their millage rate was and how much money was being collected by them to deal with the issue. He stated further they might be taxing the people to the point that they had great revenue coming in.

Five-Year Capital Improvement Plan (CIP)

The Acting City Manager stated they wanted to show the CIP debt because it was important that when looking at the operating budget, that they see what impacts there had been on the CIP in regard to certain decisions made in the past as far as reducing the CIP.

Phil Thornburg, Chairman of the CIP, stated that the only thing they showed this year was that there had been carry-forward money which had been used to balance the budget. He reiterated there had been General Fund dollars coming into the CIP, but the carry forward had also been utilized to balance the budget. He explained they started out in the hole, and they had found about \$666,000 in projects which had been closed out. He stated that Parks had cut back somewhat, and the Palm Aire wall had been deferred. He added that they had \$500,000 contingency monies in the CIP which had been used for projects which came up from time to time that were not included in the program.

Commissioner Moore left the meeting at approximately 3:47 p.m. and returned at 3:48 p.m.

Mr. Thornburg continued stating that there were no contingency monies in the CIP.

The Acting City Manager stated that there had been a five-year plan which had been approved last year and the year before, and asked staff to see what the actual was compared to the plan. He stated that the impacts of the budget were startling in regard to the CIP.

Mr. Thornburg continued stating that in the original proposal there had been a big drop because \$1.5 Million was for debt service which was now being paid and not going through the CIP. He reiterated there was about \$2 Million they were not going to get into the CIP. He advised they were down to \$806,000 from \$2.7 Million.

Mr. Thornburg stated that the money from Water and Sewer was down from what had been proposed. He stated what would help for this year was the Konover property which was CIP money that had been built up. He advised when the property sold, there would be a one-time influx of money into the CIP which would help them get through 2003/2004. He showed the residual value of the fire station that would be sold on 31st Avenue, and advised that things were still in the planning stages. He stated the only money coming in would be from the gas tax. He proceeded to show a chart of the debt service. He stated the money available for engineering projects was about \$730,000.

Mr. Thornburg stated the other things they had looked at were the Fire Station in Riverland which needed to be replaced, and the South Side School. He stated there had been the CRA loan for Henry's Retirement Home which would come out of the sale proceeds of the Konover property. He stated that the monies which would be recouped from the sale of Henry's Retirement Home would be returned to the CIP.

Commissioner Hutchinson asked if they planned on using the reserve monies in the NCIP/BCIP that were left over from past projects for the last number of years to fund the current projects. Mr. Thornburg confirmed. Commissioner Hutchinson clarified that the monies would then go back to the 2004/2005 allocation for BCIP/NCIP. Mr. Thornburg confirmed and stated that was why they had not allocated anything for this year.

Commissioner Moore stated that in regard to the 7th and 9th Avenue connector, he saw zero monies listed. He reiterated that could not be possible and asked how such an error could have taken place. Mr. Thornburg replied that was money which was coming in from the State. He reiterated there were no funds going in or coming out. Commissioner Moore reiterated that there was a certain allocation they had to pay into that project, and asked why it had not been budgeted. He reiterated further that this had been a priority project, and asked who had instructed that it be taken out of the budget. Mr. Thornburg stated it was his understanding that there were no City funds needed at this time to move forward with the project.

Mayor Naugle explained that the City was not yet receiving any funds that had to be matched at this time.

Commissioner Moore stated that was not true and reiterated that the MPO last year had ranked the project as No. 8. It had then been reduced to No. 55 due to a difference of opinion. Now, it was to be reconsidered at their next meeting to be re-ranked into its appropriate position which was lower than No. 8. He stated that monies had always been appropriated in the budget so when it was time for the project, the resources would be available. He stated it was his understanding that there was \$500,000 in a fund for this project.

Mayor Naugle stated he thought that the Commissioner was used to seeing the 5-year plan where it showed last year, the present year, and the future years. He stated it was included somewhere. Mr. Thornburg stated that it could be there was money from

previous years. He explained the chart shown illustrated proposed funding from the CIP for projects for this year.

Commissioner Moore clarified that the monies were there, but they were not being shown on the chart.

Mr. Kisela stated they were going to get confirmation that monies were available in the project. He further stated that new money was not being proposed for 2003/2004, but there was money in the project and it would be confirmed shortly.

The Acting City Manager pointed out that it was important regarding the extent to which they managed the CIP, and explained they were actually budgeting like a yo-yo. He explained that they anticipated spending \$34 Million, but only \$9 Million was spent. It was not good budgeting especially in regard to capital outlay. He felt something more had to be done to make it more rational.

Mr. Thornburg proceeded to show the 5-year plan, and explained that only \$806,000 was available for this year. He hoped they could get that amount back up to where it had been previously.

Commissioner Moore stated if the dollars proposed were other individual's monies which meant coming from the State, there should be some indication on the chart that they were looking for those funds from another pocket. He felt they should be given some indication that it was out of their jurisdiction.

Mayor Naugle explained that in the CIP, it showed the sources of all the funding. He agreed it would not hurt to place a footnote supplying more detailed information.

The Acting City Manager stated that one of the things they had to look at in the future for CIPs was to look at what was reasonable for a City of this size to invest in capital improvements. He felt \$6 Million for a City of this size was a shame.

Commissioner Trantalis stated that it was very confusing when they were talking about the expectations of the City versus the expectations from outside sources. He also felt more detail should be provided.

Mr. Thornburg explained that almost \$1 Million came in from gas taxes, and those monies were put right back into the roads.

Mr. Kisela announced that there was \$508,509 available in the 7th and 9th Avenue project.

Commissioner Trantalis stated that under funding sources for 2003/2004, there was \$800,000 from the General Fund, \$1,400,000 from water and sewer, and \$75,000 from interest earnings. If Konover was closed, then they would receive an additional \$6.5 Million. Mr. Thornburg confirmed.

Mr. Kisela further stated that he wanted to make a point in that the impact on the accelerated CIP when the funding had not come in was that they got into the operating budgets, and the biggest impact was that when they did not have such projects to move forward with, the staffing level could be impacted.

The Acting City Manager stated that it was the accelerated CIP which the Commission had recognized that there was an immediate need for a 5-year period to deal with the critical problems. He stated that was zeroed out and no monies were in that fund.

Commissioner Moore stated that the question which kept running through his mind was that 4-6 months prior to the budget, they went to a zero based budget and everyone would have to qualify why they needed the budget for the upcoming year. He stated they could have had a forecast where this type of thing could have been discussed and eliminated. He asked why they were not using zero-based budgeting.

Mayor Naugle replied the change had been made and Mr. Silva was now sitting in the Manager's chair.

The Acting City Manager stated that a zero based budget was old, but they really needed to get back to something like it. Commissioner Moore stated it might be old, but it worked. The Acting City Manager further stated that they needed to get back to either a zero-based budget or something that would be an off-shoot. He felt all programs should be reviewed de novo. If it was not done annually, then possibly on a cycle of 3 years so there was a base that could be reviewed.

Proposed Budget Savings Plan

Terry Sharp, Director of Finance, stated that management met shortly after Mr. Silva had been hired to review the adopted budget and make some determinations. He stated in balancing the budget for 2004, they had assumed significant salary savings. He advised there would be about \$1.5 Million for normal turnover. He explained a hiring freeze had been initiated in the middle of the last fiscal year, and assumed that it would be continued which would generate about \$1.5 Million. He stated they had assumed they would obtain \$2.4 Million through either furloughs or salary roll-backs, and with the continuation of the freeze and additional employee turnover, that they would generate as much as \$2.6 Million more in salary savings.

Commissioner Hutchinson reiterated that all the information was not available to the Commission before they had voted on the budget on September 16, 2003.

Commissioner Moore asked if the furloughs and salary rollbacks would involve the entire work force or were those only for the non-bargaining unit employees. Mr. Sharp explained it involved the general fund portion of the entire work force.

The Acting City Manager explained that they had already done the furloughs for the management confidential people because that was within their purview, but they had to negotiate with the unions regarding the other furloughs and rollbacks. He advised they had not yet come to closure on those issues as of this time. He stated he was concerned that the longer they went on, the less the furlough would be possible, and the more a rollback would be required. He stated the further along it went by pay periods, the percentage would increase because they had to maintain the same amount of savings.

Commissioner Trantalis asked how much of the \$8 Million was actual as of this date.

Commissioner Hutchinson left the meeting at approximately 4:10 p.m. and returned at 4:10 p.m.

Mr. Sharp replied he did not have an actual number, but they had significant numbers of vacancies at this time and they were there at the time of the development of the budget.

Commissioner Trantalis asked if they could anticipate a savings over the next 12 months of about \$1.5 Million.

The Acting City Manager replied that the normal turnover was a question mark because as they went through layoffs and attrition, the figure might not be as realistic as anticipated.

Mr. Sharp explained that the non-bargaining portion was about 25% of the \$2.4 Million

Commissioner Moore left the meeting at approximately 4:11 p.m.

Commissioner Trantalis asked if they could explain the freeze of subsequent vacancies and the status. Mr. Sharp stated if they continued the freeze, then there would be more positions vacant than what were available at the time of the adoption of the budget. He reiterated that there had been an increase in vacancies.

The Acting City Manager stated that within the first week that he had been on the job, he had been given a list of about 150 different vacancies, and they had frozen all but 13 of those because he did not want to get into a situation where individuals were being hired, and would be let go 2-3 months down the road. He reiterated that would not make sense.

Mr. Kisela stated that from a General Fund standpoint, they had in excess of 100 positions that were vacant and frozen, and some of those vacancies were in the Enterprise Fund. He further advised they were pretty well on target with a lot of the assumed savings listed in the 2003/2004 budget.

Commissioner Trantalis reiterated that based on the number of frozen vacancies, they would receive the \$2.6 Million without further layoffs. The Acting City Manager advised that it would be close. Commissioner Trantalis stated further that without any further layoffs, they could anticipate an \$8 Million savings they would be comfortable with at this time. Commissioner Moore replied that was not correct because they only had 25% of the furlough and salary rollbacks because the bargaining units had not yet agreed to do that.

The Acting City Manager reiterated that with the freezing of subsequent vacancies, they might not have realized about \$100,000 to \$200,000. He stated there could be new vacancies not anticipated.

Mr. Sharp further stated that the items identified in the management meeting indicated they had overstated their HazMat revenue because their budget projection had been \$668,000, and the Fire Chief's estimate was \$550,000 on an annual basis. As it turned out, they would only receive about 9 months of that revenue, as opposed to 12 months, and the over estimate was about \$256,000.

Commissioner Moore asked why that was the case.

Otis Latin, Fire Chief, stated that the Sheriff had recently taken over the Broward County Fire/Rescue and he had been charged to meet with the HazMat team and work out an interlocal agreement. He stated that until such agreement was finalized, they would not receive any funds.

Commissioner Moore asked if it was not appropriate that it be rolled back to the date of the budget. Chief Latin stated he did not have control over that. Commissioner Moore reiterated that if they were building their budget on the projections of the revenues collected, they should receive them all.

Chief Latin stated that he was asked to project something that was solid. Commissioner Moore stated that they needed to write a letter telling them they owed us a certain amount of money. Mayor Naugle asked if they had a contractual obligation. He thought a payment was to be negotiated, but that there was no contract.

Chief Latin explained it had been part of the major strategic plan done by the County, and they had identified that they would give money to the HazMat team. When the Sheriff took over, they had been told to develop an interlocal agreement.

Mr. Sharp stated that they were taking a very conservative approach. Another area they were deficient in was computer replacements. He explained they had budgeted \$50,000 which would only allow for repairs and no replacements.

Commissioner Moore asked if that type of equipment could not be done through lease purchasing which appeared to be more appropriate than making a capital outlay that was less than what was needed.

Bruce Larkin, Director Administrative Services, stated that it was his understanding that when one entered the lease purchasing arrangements, there was always an interest cost. Therefore, they would pay more for the commodity. He explained they had operated on a "pay as you go" basis.

Commissioner Moore stated that the philosophy needed to be changed.

Mayor Naugle advised that some equipment was leased such as copy machines.

Bud Bentley, Assistant City Manager, stated that they looked at such consumables and they did finance some of the fire equipment, but computers had short-life expectancies and they only purchased so many per year.

Mr. Larkin further stated that they usually spent about \$500,000 per year to replace computers and servers and followed a schedule, but this year they only had budgeted about \$50,000. He advised that next year they would budget about \$350,000. He reiterated that it was not logical to assume that \$50,000 would be enough for this fiscal year.

Mr. Sharp stated that there was money in this year's budget for the Police Department to buy some computers on a lease-purchase basis.

Mayor Naugle left the meeting at approximately 4:22 p.m.

Mr. Sharp proceeded to state that the next item for discussion was Fire-Rescue part-time salaries which pertained to part-time salaries for lifeguards which had gone from Parks and Recreation to Fire-Rescue, along with part-time salaries for fire details. He further stated that the Fire-Rescue and Finance Departments had not gotten the correct numbers into the budget. He explained they had switched the payroll system and it treated part-time salaries in a different way from an accounting standpoint, and that referred to the \$156,000 shown on the chart.

Commissioner Trantalis clarified that those were add ons, and asked why they had been added together.

Mayor Naugle returned to the meeting at approximately 4:23 p.m.

Mr. Sharp explained that the \$8 Million was in the adopted budget. He further explained that the other items listed were necessary, but there were no resources in the budget to cover them.

Greg Kisela, Assistant City Manager, stated the previous question had been whether additional cuts or vacancies would be necessary in order to have a sustainable 2003/2004 budget. He stated that was where the \$4 Million had been identified as part of salary savings or reductions to achieve a balanced budget for this year.

Commissioner Moore left the meeting at approximately 4:23 p.m.

Mr. Sharp proceeded to state that Facilities and Maintenance were more realistic and listed at about \$400,000, and currently they had \$3.5 Million in that budget for non-personnel costs. It had been identified that another \$400,000 was needed for services and supplies for the year.

Mr. Kisela stated it was a little misleading because a large chunk of that was for electricity for the streetlights. He advised that bill ran about \$1.5 Million, and stated they anticipated they would run out of money in the maintenance area some time in February.

Commissioner Moore returned to the meeting at approximately 4:24 p.m.

Mr. Sharp stated that the next item was for miscellaneous outside labor counsel. He explained they were used for a variety of issues, and they anticipated that about an additional \$65,000 would be needed with the \$100,000 listed in the adopted budget. He further stated that regarding tuition reimbursement for employees, \$70,000 had been budgeted but they believed they would probably need about another \$25,000 based on last year's actuals. He further explained that the City Manager's payout would not be paid in one lump sum, and they would be hiring a new City Manager at some point. He stated that it would be up to the Commission to decide on the compensation for that position. He explained the \$250,000 was a cost estimate for what the cost would be for the payout for the prior City Manager for this fiscal year because it would run over a 3-year fiscal period. He continued stating that they had anticipated, including layoffs, that there would be more conversation of leave to cash.

Mr. Sharp further stated that Carter Park, Riverside Park, and Riverland Park would be opening during the fiscal year, and they would need \$700,000 for operational costs.

Mr. Kisela explained that Parks had included that in their projected 2003/2004 budget, but they could not get funded with the resources which were there.

Mr. Sharp stated that the last item was water, and historically they had under budgeted this item, and were able to cover it with salary savings and additional revenue. He advised they currently had \$914,000, but realistically they needed another \$500,000.

Mr. Sharp continued stating that the goal for 2005 was to replace the one-time fixes so there would be a sustainable budget. He stated they felt they could still bank on normal turnover, but they did not want to get into an ambitious hiring freeze, furloughs and rollbacks they were dealing with this year. They needed to fine \$6.5 Million to keep next year's budget balanced. He stated there were transfers in the current year's budget from parking, and some from the vehicle rental fund at the tune of \$563,000. He stated those were one-time contributions which could not be anticipated in future years. Then, there were necessary budget adjustments because to have a sustainable budget, there needed to be different funding levels for various categories. He stated they were proposing to add \$300,000 for a general fund contribution to the CIP specifically for parks capital projects.

Mr. Sharp further stated that in the current year's budget there was \$250,000 for travel and training which would just cover certification trainings. He explained that the \$500,000 would not bring them up to a historic level because in some years they had spent over \$1 Million, but it would get them on a more adequate level. He further explained they would raise the funds for computers to \$400,000. He stated they were striving for \$100,000 in savings regarding communication devices. He felt they would save about \$75,000.

Mr. Sharp continued stating that in regard to a more realistic general capital outlay, charts had showed how restrictive they were regarding equipment that was not in the CIP but was in the operating budget, and a \$2 Million level would be more realistic.

Mr. Sharp stated they would need the part-time fire-rescue salaries next year, along with the facilities maintenance. He stated they felt the conversion of leave to cash would still be at a higher level in 2005, and they needed to be prepared for those expenses. He further stated that regarding termination pay, they felt that some of the layoffs might occur late in the year. Mr. Sharp added that the full cost for new parks would be \$1.1 Million.

Mr. Sharp stated that by replacing some of the dollars, they would be able to put compensation back in place for the reduced work force, and labor agreements would provide \$2.5 Million with some reasonable increases, such as health insurance. He further stated that he did not anticipate a significant jump in pensions because the City had a 5-year smoothing. He explained the problem in the past had been that there had been 3 down years in the row. The past year had been good regarding investments.

The Acting City Manager stated he did not see a big hit there either, but he was not comfortable with the zero figure. Commissioner Hutchinson remarked that it did not make sense to put a zero there because they would get hit with something. The Acting City Manager explained that when they got to the bottom figure, they had a big nut to crack and did not need to add anything more to it.

Mr. Sharp stated that other insurance increases were pending but in terms of the insurance policies being bought, they were actually seeing a drop in some premiums. They were hopeful that insurance would not raise. He stated they had recently received the actuary's report on the self-insured plans, but they had to review them. Finally, water would be \$500,000. He stated the bottom line was that they had identified almost \$19 Million in additional resources to make this a sustainable budget a year from now. He stated their target was at \$15 Million, and the different between the two if they had the new construction which had taken place over the last two years, they would receive about \$1.5 Million in additional monies, and probably a 2% or 2 ½% tax increase which would come to \$4 Million. Mr. Sharp stated regarding other revenue categories, they had not considered any existing or new ones.

Commissioner Moore stated that in regard to outside labor counsel, he asked what had been spent last year. He clarified that there were two methods they used to pay outside counsel.

Commissioner Hutchinson left the meeting at approximately 4:35 p.m.

Mr. Larkin stated that he would get that information and supply it to the Commission. Mr. Sharp clarified that the monies they addressed were for labor counsel advice outside of a claim. Clearly, if they paid outside counsel which involved a lawsuit against the City, then that was paid out of a different fund.

Commissioner Hutchinson returned to the meeting at approximately 4:36 p.m.

Mr. Sharp reiterated that their target was \$15 Million for fiscal year 2005. He stated their hope was that in implementing actions that would reach that amount, they would be able to meet the \$12 Million need in the current year.

The Acting City Manager stated that they were attempting to create a sustainable base so next year the Commission would not be faced with another stone wall. By lowering the base this year, they would be able to make a more informed decision next summer without being boxed into a higher FTE level.

Commissioner Moore stated that when they were attempting to find an appropriate budget for the next year had there been any discussion with regard to holding down the costs for the labor agreements, or was it a necessity to have a \$2.5 Million increase in benefits automatically.

The Acting City Manager further stated that to the extent they were asking for a rollback this year, it would mean that for 2 years there would be no salary increase and less of a salary. He stated it was not fair to expect individuals to take salary cuts and hold-downs for 2 years. He added they were also asking them to do more, and in looking at the cost of health insurance there would be an increase there. He explained the costs would have risen astronomically if they had not come up with a 5% increase to sway that.

Commissioner Moore stated that he did not agree with the 5% increase because he wanted to see individuals with jobs. He stated that he preferred to see the \$2 Million kept in the budget, and dealt with a method to keep an individual in their job. He asked if it was fair to eliminate 100 people so the remaining work force could have an increase in

benefits. He stated he did not agree with that process. He asked if there had been any communications with the work force in regard to asking them if they wanted an increase in benefits or would they prefer having all people keep their jobs.

The Acting City Manager replied that he had not asked the employees to take further cuts in order not to have layoffs. He stated if the employees had such feelings, they could signal those feelings to him, and he had not received those signals.

Mayor Naugle stated that would only cover the \$2.5 Million for next year. Commissioner Moore stated that was not for next year because this matter was impacting over 100 individuals at this time. Mayor Naugle reiterated that if they had to lay off individuals, they needed to help them find other positions. He stated that Mason Jackson had offered to set up an office to help individuals job search and with their resumes.

Commissioner Moore stated that would be wonderful, but it would be better to see what the work force would be willing to do in this matter.

Mr. Kisela stated this was a healthy discussion and debate, but the philosophy of the injection of the \$2.5 Million was that with the 3% salary reduction this year, including furloughs and salary cuts, and significant increases in health insurance, the employees had already made some sacrifices. He stated there was no COLA this year, and there would be a 2% COLA for next year. He reiterated that there would be some trade-offs.

Commissioner Moore stated that he appreciated those facts, but it was important in his opinion that they extend to the work force, especially the bargaining units, to make a choice to either cut deeper into the work force to provide an increase, or consider no increase and have everyone keep their jobs. He felt that somewhere in this process, he wanted an answer to this question.

Commissioner Hutchinson stated that they had shown the employees would get back their 3%.

The Acting City Manager stated the increase could be in pensions or health benefits, and was subject to collective bargaining. Commissioner Moore reiterated that was based on a certain number of layoffs. The Acting City Manager agreed. He stated if there was a reduced base, they could afford to pay better salaries, but if they did not have a reduced base, there would be no increase. Commissioner Moore reiterated there had to be a choice made.

Mr. Kisela stated that would involve a policy discussion.

Mr. Larkin stated that he had the information requested by Commissioner Moore and proceeded to state that last fiscal year they had spent for Muller Mintz (labor counsel) \$139,331, and they had budgeted \$131,336. In the 2003/2004 budget, they budgeted \$102,650, and there thinking was that they would implement more control as to when such counsel would be used. Since then, all 3 unions had been at an impasse and there were a lot of issues on the table, and they did not think the \$102,650 would be sufficient.

The Acting City Manager stated that it was important that they have closure on each item and agree on the magnitude of the cuts proposed. He stated if everyone did not agree, the matter should be discussed further.

Commissioner Hutchinson asked if they took the \$2.5 Million out of the labor agreements for 2004/2005 and would not have to reach the \$15 Million, would that provide more flexibility. The Acting City Manager replied it would for next year, but not for this year. He stated it probably would not keep people in their jobs this year.

Mayor Naugle stated that the Commission agreed with the concept of the \$15 Million savings for next year, and the \$12 Million in savings for this year.

Commissioner Moore stated he did not agree.

Commissioner Trantalis reiterated that it was not a question of agreeing or disagreeing, but there was only so much money coming in and they had to deal with that issue. The Acting City Manager reiterated that they all had to be working from the same score card and he had provided the one that should be used. Commissioner Trantalis stated that they had presented options, but he wanted to start at a more elementary level. He stated they needed to state how much money was available to spend, and then they would have to determine where it should be spent. He further stated that the Acting City Manager had made some policy decisions which had been recommendations. He stated that some individuals at the table might feel that some of the suggestions were not necessarily what should be done. He further stated that their priority as a City was public safety. He felt they needed to first determine how to best allocate the existing dollars to maintain their primary responsibility. Once they had determined that they had reached the level necessary to establish public safety, then there would be monies left over for other functions, but until that level was reached, they would not be able to proceed to the next level.

Commissioner Trantalis reiterated that he did not feel it was a question of cuts and savings, but a question of policy. He felt they could not advocate that role as a City Commission because they needed to protect the citizens. In speaking with the Chiefs of the Police Department and Fire-Rescue, they had informed him that if 30 of their people were cut, then the City would go down hill. He stated they could not afford for the City to take that plunge. He asked how much money could they afford to allocate towards police and fire, and once that was determined they could proceed to the next level.

Commissioner Moore stated if public safety was the priority and it was believed that only involved police and fire-rescue, then they needed to have the Chief of Police and the Chief of Fire-Rescue to give a realistic need for their departments. Commissioner Moore agreed that the PSA officers were going to be hit dramatically, and asked what would that do for the police of this City, and were they dealing with the necessities of giving the public an affordable operational government. He felt that was the key.

Mayor Naugle stated that he believed everyone prioritized public safety as the No. 1 concern. He further stated if they did not cut out the big expenditures, then they would have to cut drastically in other departments. He suggested that if they decimated the Finance Department and the police could not get their paychecks, it would affect everyone.

Commissioner Moore left the meeting at approximately 4:52 p.m.

Mr. Bentley stated that the strategies needed to be reviewed on a long-term basis. He added that the revenue picture would not be better next year. Commissioner Trantalis stated the revenue picture could be better, if they decided to make it better. He stated it was not a static situation and choices could be made. Mr. Bentley stated it would be helpful to understand the magnitude of the numbers for next year so they could be factored into everyone's thinking.

Mr. Kisela stated that the Acting City Manager was trying to get everyone to realize that the \$12 Million and \$15 Million were real numbers that had to be achieved. At some point a policy decision could be made to raise taxes, but the problem years ago was that they held their breath and hoped the next year would be better. It could and could not, but they were trying to now plan for that. He stated if they were going to make cuts that would generate salary savings for 2004/2005, those cuts had to be made now if they resulted in layoffs or they would enter 2004/2005 in a hole. He felt they were trying to avoid that with the proposed recommendations.

The Acting City Manager added that during the last 2 years, they had over spent the budget consistently. The reserves were brought down and the budget had been over spent to the tune of \$10 Million. Commissioner Trantalis reiterated that they could not solve all the previous years' problems in one year. He felt they needed to dig themselves out for this year, and then in the process plan for the next 5 years. The Acting City Manager confirmed, but stated that in looking at the \$12 Million, it was real money for this year. He reiterated they did not have \$15 Million of reserves to plug into the budget.

Mr. Sharp explained what they had done to come up with how to spread the \$15 Million target was to look at the gross budget, and net general fund support. He stated that involved departments which had service or program revenue they generated because they were not putting a big draw on taxes, as the departments who did not have such revenue. He stated they also had looked at FTE counts, and they had ended up doing an average of the gross budget and the net general fund support in order to arrive at the target.

Mr. Sharp referred the Commission to Exhibit No. 2 which summarized the plans being presented today. He showed the savings target and the percentage of the budget which had to be reduced in order to meet the savings goal. He explained they were also showing the savings the departments had estimated that they could generate for this year. He then showed the percent of the total target. Then, he showed the full year's savings in 2005.

Mayor Naugle stated that for the sake of discussion, when someone asked why were they making large cuts in the police or fire departments, on a percentage basis they were being cut less than other departments because they were larger departments.

The Acting City Manager stated when they got to the actual amounts, they would see that fire and police had gotten hit less than what the original target had been estimated at. He further explained if they rated the departments according to their proportion of the budget, the police would be at 38%. As far as the savings go, they were contributing 26% of the savings.

Commissioner Moore stated he felt the department heads should explain why they felt the work force they were targeting was the appropriate thing to do. Mayor Naugle

reiterated that they were going to do that department-by-department. Commissioner Moore stated that should be done before they began discussing the percentage issue.

The Acting City Manager stated that in looking at the police department in general, 87% of their budget was for personnel-related costs, and 6% to 7% were for operating expenses, and no capital outlay. Almost by definition, any cuts in that department would have to come from salaries.

Commissioner Trantalis asked if the proposed cut was followed there would be \$2.3 Million savings. Mr. Sharp stated that was for the current fiscal year. Commissioner Trantalis asked if they could come up somewhere with the \$2.3 Million, then such cuts would not have to be made.

The Acting City Manager clarified that if another department was cut by \$2.3 Million, then that would be correct. He stated they needed to understanding there was not much left in the other departments either to cut.

RECESS TAKEN AT 5:04 P.M.

RECONVENED AT 5:17 P.M.

Bruce Roberts, Chief of Police, stated they had come up with their budget cuts as directed, and they had done it by the numbers. He stated they had some real concerns about the impacts that it would have on the community, and their ability to sustain their successes of the past few years. He stated that he wanted everyone to understand that they were not saying that response to calls would be more difficult because they would be able to handle them, but the impacts would be felt in problem-solving and community-solving abilities, along with their relationship with the community. He felt if there would be a lot of layoffs and changes in the personnel, there would be some recruiting issues in the future.

Chief Roberts stated that on a positive note, the UCR reports were coming out tomorrow for 2002, and the City was down to No. 77. He stated there had been tremendous successes over the years.

Chief Roberts further stated that one of the things not listed on the back-up material which they had started the year off with was that they had closed their detention and jailing which comprised a \$1.2 Million savings. He stated they had also eliminated 8 police officer positions which had not been reflected in the material distributed. He added that was about \$400,000. The Acting City Manager explained that in the budget which had been given, the money from the jail had already been out of the budget.

Commissioner Moore asked if the 8 positions had involved vacancies and were not actual bodies. Chief Roberts confirmed.

Chief Roberts continued stating that in May of last year, there were no officer vacancies. In looking at the shortages, they had to come up with the numbers directed to meet the impacts. He further stated that they had to ensure that their primary services were maintained, and therefore, cuts were to be made in other areas. Basically, they were doing away with the "Clinton cops" in this budget exercise.

Mayor Naugle asked if the 4 police officers were restored and not laid off, how much would that take away from the \$12 Million figure.

Chief Roberts stated the amount impacted would be about \$260,000 for next year. He stated the net result of their reduction was to move officers from CSD into the patrol and operation positions in order to make up for the overall loss of 30 police positions. He stated when the school year was done, they were going to write to the School Board and request full reimbursement for 5 of the school SROs, and then move those positions into the patrol slots also. He stated they would then be able to make up 20 of the 30 positions through reorganization. He stated they would also attempt to maintain the Community Support Division Programs and integrate them back into patrol and operations. He stated there would be some impact, but they were not sure how much at this point. He stated possibly some impacts would be felt at the Citizens Police Academy because instead of doing it twice a year, they might only do it once a year.

Chief Roberts further stated when they had to come up with another \$1.5 Million for this year into next, they impacted the PSA positions. He explained that their entire budget was for personnel costs. He stated they did not have anything to cut. In looking at the PSAs, they would get a little over \$1.5 Million rolling into next year. He stated the adverse impact would be that the PSAs perform 20% of an officer's time for public services, which added to an officer's time for problem solving and community policing.

Commissioner Hutchinson asked if the PSAs were certified. Chief Roberts explained that they had started the PSA Program back in the '70's. They had jump started the program again in 1994. He explained they went through a 5-week academy training which cost about \$500-\$600. He stated they then became State certified in order to carry out the functions they performed. For example, they took police reports for minor or delayed crimes, crime scene processing, investigation of accidents and the issuance of citations for accidents, searching for lost children, and directing traffic. He stated that program kept police officers on the street. He explained that some of those officers worked until 3:00 a.m. He stated with the proposal being made, they would be losing 33 of such officers. He stated that the booking operation took time away that an officer could be on the street. He added if they had to do sweeps for narcotics and prostitution more time would be involved.

Commissioner Moore asked if in regard to booking had they gone to the Sheriff's Department requesting to place the City's booking staff at the main jail. Chief Roberts confirmed and stated that Chief Hurley could supply more detail.

Jim Hurley, Assistant Chief, stated that he had several discussions with the Sheriff's Office on a number of related issues for the jail. One question asked was could they put their staff at their facility at 201 S.E. 6th Street, and also place some of their equipment there. He advised that they were currently attempting to work out a solution where they were receiving information from the Sheriff's Office, but they had stated that the police could not place their equipment or people there. He stated they did not have the space and did not want to assume any type of mutual operation at this point in time.

Commissioner Moore stated that the Chief had shown a great job of showing the impact from the losses of the positions, but he wanted to have the public understand the Chief's thought process as to why he had selected the individuals he had for such reductions, and how he planned to reallocate his work force.

Chief Roberts proceeded to show an organizational chart of the police department. He stated they wanted to maintain their primary services of patrol and investigation. He advised that was the "bread and butter" of police work across the Country. Commissioner Moore stated that he did not think that the public understood the process.

Mayor Naugle asked if the Chief agreed with the \$12 Million and \$15 Million figures presented. Chief Roberts confirmed and stated that he understood they needed to meet that goal, but possibly if they waited to do the layoffs the 4 positions, through normal attrition, would still happen within this fiscal year. He stated the 4 officers were very junior and it would take 2 months salary to pay for their termination pay. He felt they could wait a little while. He advised that he thought they were down to 3 officers now because one had resigned. He stated that he realized they had to make cuts, but if they could restore most of the PSA positions and the booking, they could maintain the operations they had now and accommodate the needs of everyone. He asked the Commission to consider such a recommendation.

Commissioner Trantalis asked if they waited for the 4 officers to leave the force would it significantly impact their ability to perform the job described. Chief Roberts confirmed and stated they had lost the 8 and were freezing 15 other positions. He further stated they could live without the command positions. He further explained that this would have long-range impacts regarding their future recruiting. He stated that normally their attrition rate had been 3%.

The Acting City Manager asked how the 4 positions being discussed would affect officers being on the beat. Chief Roberts explained that counting the 2 management positions and the sergeant's position, 30 sworn positions would be lost. In order to make up the difference, they were going to shut down CSD and move those officers into the patrol, investigation and operation divisions. He stated that the net effect after the reorganization would be that 10 fewer police officers would be on the beat. The Acting City Manager stated if they had a staffing factor of 5.2 per position, there would be 2 less people each day. Mayor Naugle stated that would be if they were on patrol and it was hard to say.

Chief Roberts reiterated that they were talking about less people on the street in addition to the change in CSD. He stated it was not just the loss of patrol officers in the districts and shifts, but a loss of a function.

The Acting City Manager further stated it was his understanding that the community fleecing was always thought to be a sunsetted program and eventually would be phased into normal operations. Therefore, the whole idea of community policing would be imbued throughout the operations. Chief Roberts confirmed, but asked for everything to work properly they still needed to keep some of the time-saving measures such as the booking and the PSAs. He reminded everyone that they had reduced their overtime and compensation time a lot, and had less flexibility to do the problem solving operations. The Acting City Manager stated that Chief Roberts was heading up a task force regarding early-outs, and they were close in being ready to present that to the Commission which would save the City money in some cases, especially regarding termination. In the final analysis, the 4 positions either through attrition or early-outs would not be a problem.

Mayor Naugle asked if any layoffs were being proposed in the Fire Department. The Acting City Manager replied no layoffs were being anticipated.

Commissioner Moore stated that the Police Chief had not yet validated how he was going to operate without those positions.

Chief Roberts stated that the losses from the 30 positions would be made up from the Community Support Division. He reiterated that there may be some program losses and the Citizens Police Academy could be reduced to once a year, and as of this time they were not sure. He further reiterated that they were not yet aware of all the ramifications involved. He further stated that the 30 PSA positions were a different matter because those positions were going away, and he was asking if they could retain those and the booking process restored so they could have the entire management team that was necessary to operate.

Commissioner Moore asked if the Chief could reiterate to the public how he was going to operate with the restraints being placed upon his department at this time. Chief Roberts replied that they would respond to emergency calls for service, but would have to prioritize other calls for services as they developed due to the loss of individuals on the street, particularly the PSAs who handled accidents, lost children, crime scene processing, and delays for minor service calls. Such work would now have to be done by police officers leaving less time for problem solving. Commissioner Moore clarified that the functions of the officers would be changed, but the number of officers on the street would not be reduced. Chief Roberts explained that there would be about 10 less officers on the street, along with the loss of the PSAs. He reiterated that the police officers would be assuming PSA responsibilities, in addition to their own responsibilities. He stated there would still be 16 PSAs out of 49. Commissioner Moore stated that in the past there had been times when the PSAs had been reduced, and things still functioned. He stated they then built them back up because they had recognized their value to the department.

Commissioner Hutchinson stated that she hated to pit one group against another. She further stated that she had done some additional homework and in pulling the job descriptions of the park rangers and comparing them to the functions of the PSAs, if the City was forcing everyone to work leaner and smarter, then they might have to cost share across departmental lines. She advised that the work done by the rangers entailed riding through the parks, locking the gates, turning off the lights, and clearing out vagrants. She stated also that their wages were higher than the PSAs. She asked if someone could look and see whether PSAs could do what the park rangers were doing at a cheaper rate. She further stated that Parks was considering eliminating one shift of park rangers which would pay for 5.8 PSA positions. She stated there were presently 3 vacant park ranger positions, but there were presently 17 park rangers on the books at this time. She explained if they eliminated both shifts of park rangers and crossed departmental lines with cost, they would be able to fund 21.25 positions of PSAs. She suggested that this be reviewed. She reiterated that she was not pointing her fingers at the park rangers who were doing a great job, but the City was at the point where they had to work leaner and smarter. She stated they were asking police and fire to do it, along with everyone in City Hall so they had to look at everything.

Commissioner Moore asked if the park rangers had any different powers than a PSA.

Ernest Burkeen, Director of Parks and Recreation, stated he was not sure. Chief Roberts stated neither group had the power to arrest. Mayor Naugle stated that the training was probably different.

Earnest Jones, Park Ranger Supervisor, stated that the park rangers specialized in parks and recreation facilities and dealt with confrontational type situations, alarm system reports, maintenance related reports, public relation issues, and conflict resolutions. He stated they also sent the rangers to parking class in order to be able to regulate some of the parking issues which arise in the parks. He stated the certification for a ranger cost about \$55.

Mayor Naugle asked if certain classes had to be taken by the rangers for certification. Mr. Jones replied there were no classes and field training occurred inhouse. A manual was given to the rangers and there was about a 3-week training session.

Commissioner Moore stated that a recommendation had been made to utilize PSAs in place of park rangers. He asked if there was any difference in the two trainings or purposes. Mr. Jones replied that the rangers focused on activities in the parks and handled quality of life type issues. He added that they did have training in traffic control, and filled out their own type of accident report regarding injuries received in a park.

Commissioner Moore asked what were the qualifications of a PSA. Chief Roberts explained that the PSAs received a State certification and attended a State approved academy which consisted of 5 weeks and cost about \$500. He added that they could write State police incident reports, traffic citations, investigate accidents, parking citations, crime scene processing, perform traffic direction, and other miscellaneous functions.

Commissioner Moore stated the suggestion made by Commissioner Hutchinson could have a ripple effect because if PSAs were at a traffic accident scene, then they might not be available when an incident occurred at a park. He stated there was a reason to have all the specific job classifications because there was a need. He reiterated that every City employee was essential or they would not be working. He stated they should not lose site as to why both positions had been created.

Commissioner Hutchinson agreed, but stated that in times when the City was being forced to down size and work leaner with less, the Commission needed to pursue all options. She requested that the City Manager review her recommendation and report back at their meeting on December 16, 2003. She suggested that possibly those two jobs could be blended together. She showed a map of the areas that were patrolled by the park rangers.

Commissioner Moore stated they needed to consider the employee's bumping rights also.

Commissioner Teel asked what the salary range was for the PSAs. Chief Roberts replied that the top pay was about \$27,700 to \$37,000. Commissioner Hutchinson asked what the salaries were for park rangers, including benefits. The Acting City Manager stated that the lowest paid park ranger received \$50,000 including benefits, and another level was \$53,000, along with \$70,000 to \$99,000. Commissioner Teel asked if the PSA

salaries included benefits. The Acting City Manager stated it was the average salary including benefits.

Mr. Burkeen asked if they were considering having PSAs performing both duties. The Acting City Manager confirmed. Mr. Burkeen proceeded to state that the difficulty would be that they would be at one site and not the other. Commissioner Trantalis stated that it was being suggested that they add to the roles of the PSAs to supplant the numbers of the park rangers because they were cheaper. Commissioner Hutchinson added that their job descriptions could grow, but they would have jobs.

Commissioner Moore further stated that this option should be reviewed, but when an employee's job description was changed, their salaries also changed. He reiterated that the park rangers were receiving such salaries due to how the job classification had been set up.

Commissioner Teel stated that she was hearing that the name was being lost for the special community policing group, but that they would still be present in the neighborhoods but with less time for certain functions. Chief Roberts stated that with the integration of the programs, they were still losing the PSAs and booking and were restricted regarding overtime and compensation time. He stated all combined would have an effect on their ability to integrate everything together and work properly. He stated further there would be less of a chance for the community officers to be with the people on the streets. He stated they could still succeed if they could maintain the PSAs, along with the booking program.

Commissioner Teel asked if they eliminated the academy training for one year, how much could be saved. Chief Roberts believed it would be somewhere around \$13,000.

Chuck Drago replied that he did not have the exact figures with him at this time. Chief Roberts advised that it had been cut once already this year.

Mayor Naugle stated that he supported the recommendation to keep the 4 individuals from being laid off, and that the recommendation made by Commissioner Hutchinson be further explored.

Commissioner Trantalis stated that the police and fire departments were going to take the biggest hits, but earlier in the presentation they had been told that the CIP Program might realize a \$6.4 Million income due to the Konover property. Mayor Naugle reaffirmed that money was already spent.

The Acting City Manager replied that it was in the CIP, and he did not suggest a one-shot deal again because that was what had put the City in this situation in the first place.

Commissioner Trantalis asked if anything the Commission did today would preclude them from being able to raise taxes later on. The Acting City Manager stated they could raise taxes next year. Commissioner Trantalis stated that they were being told they could not dip into these funds because they would have a deeper deficit, but that statement was based on the assumption that taxes would not be raised next year. He stated if the people in the community realized that the City's shortfall was so significant, they might be willing to accept another tax increase in order to fund the Police and Fire

Departments. Commissioner Trantalis asked what would be the dollar amount that would be charged to the average homeowner.

Mr. Sharp stated that the amount would be \$120 per year. Mr. Kisela further explained that amount would be for the average homesteaded property owner. Commissioner Trantalis stated they should leave all options opened and not attempt to squeeze themselves into paying things all in one year.

Commissioner Hutchinson left the meeting at approximately 6:12 p.m.

Commissioner Moore reiterated that he did not have a problem with the dialogue, but he was not sold on the \$12 Million deficit. He stated that he was attempting to deal with the philosophy involved. He felt there had to be an opportunity for the departments to show why they felt they could run a thorough department with the forecast being given.

Commissioner Trantalis stated they needed to give them the benefit of the doubt that they knew what they were doing. He reiterated that Chief Roberts had requested several times that the PSA officers not be depleted.

Commissioner Moore stated that he heard him say that he wanted the PSA officers because it gave him more opportunity to keep patrol officers on the street, but based on the budget concerns if he had to lose employees this was where he would prefer to make such reductions. He stated the community policing had begun with Federal funding which was taken away. He felt with the training the PSAs had, the community would still benefit from their presence. He felt they were missing the fact that many of their budgetary issues were due to other entities not coming up with the money, and having to face taxpayers with such proposals.

Commissioner Trantalis reiterated that the community had seen the benefits of such type of service, and now that the Federal Government had taken away the funding, he personally believed they needed to find a way and seek other sources of funding in order to keep such service working. Commissioner Moore stated he did not disagree, but there were quadrants of the City who wished they had additional police officers because the crime problems were still the same in their areas as they were 15 years ago. He felt if they had more money, he would be willing to accept it and was not debating that point. He stated he wanted to deal with the reality and felt they could do so in a lower bite. He preferred to attempt to reduce the amount by \$9 Million instead of \$12 Million this year.

Mayor Naugle asked for \$9 Million what would the Commissioner recommend be done. Commissioner Moore stated at this point in time not having heard what the other departments were going to propose, he would prefer to address the booking issue. He stated that could possibly keep the people on the streets. He stated he preferred doing what Chief Roberts was proposing, and not what the City Manager was proposing. He reiterated that the City Manager was proposing to eliminate the positions now, but the Chief was saying the positions could be carried through with attrition. He further stated he would prefer to put the PSAs on the shelf at this time, and wait and see what happened.

Commissioner Hutchinson stated that in the last budget cycle, they had anticipated and assumed salary savings that were not met. Mr. Sharp added that with the freeze during

the last 6 months, they had probably already met that target. Mr. Kisela stated they were okay with the vacancies.

Mayor Naugle asked if the Commission could develop a consensus at this time regarding this department. Commissioner Hutchinson stated she wanted to see the information regarding the PSAs at the next meeting before voting on the matter.

Commissioner Teel stated she was concerned if they were not meeting the goal set by the Acting City Manager, it appeared they would be repeating what had occurred during the last few years. Commissioner Hutchinson stated she did not think the Acting City Manager cared how they got to the point, as long as they got to the number. The Acting City Manager reiterated that they were losing time trying to get to that number. He stated that he was concerned because there would be a ripple effect.

Commissioner Moore reiterated that the goal of \$12 Million was out of reach. He asked if it was realistic to propose \$12 Million, or would it be better to state they were going to continue with customer satisfaction, but wink a little in an attempt to make it meet this year.

Mayor Naugle stated if they used the \$9 Million figure was the Commissioner prepared to identify some of that money in the police budget. Commissioner Moore replied he was not prepared to do that at this point in time. He further stated that there were 4 positions he wanted to remain in the Police Department, and he wanted to use a different method of addressing the deficit through the Chief's recommendation instead of the elimination of those positions. He felt that was the furthest they could go until they heard what the other departments had to say.

Commissioner Hutchinson asked for some further detail regarding the \$9 Million. The Acting City Manager stated the figure was \$12 Million. He explained there would be \$8 Million from salary savings, and \$4 Million either from under estimates of revenue or requirements on expenditures. He thought they had already bought into the \$12 Million figure, but if they wanted to reopen that, then they could do so but closure had to be reached on a figure.

Mayor Naugle stated that one Commissioner suggested they borrow from other accounts, but if they could establish the \$9 Million figure and get through the process, they would then be able to study the charts showing the \$12 Million and \$15 Million and see what adjustments could be made.

Commissioner Moore stated that they could deal with the insurance increase by \$2.5 Million, and that was the first place he saw that it could be done. He realized that was focused on for 2004/2005.

The Acting City Manager reiterated that there was not much "wobble" room and that was the problem.

Mayor Naugle suggested that temporarily they use the \$9 Million figure and go through the exercise of all the departments, and then go back and re-review the situation.

Commissioner Hutchinson stated that the \$9 Million did not cut it. Commissioner Moore stated that the \$9 Million did not cut it based upon the methodology chosen for doing it.

He still felt they needed to ask the work force their opinions. Mayor Naugle stated that the layoff would involve 86 people.

Commissioner Hutchinson stated that if there was a consensus for the \$12 Million and the unions decide to take a furlough, along with rolling back their pay, the \$12 Million would change. She reiterated they needed to come to an agreement regarding the \$12 Million. Commissioner Moore stated if they went with the \$12 Million, the unions would say that everyone was fired so why should they agree.

Mayor Naugle stated there was another problem when they went to the unions, they were essentially talking about one union. He stated he was willing to discuss the matter, but wanted to point out that only one union would be making the sacrifice.

Commissioner Moore stated they were talking about the total work force, and if they looked at the concessions then people might not be laid off. He stated when the Commission was considering hiring the Acting City Manager, the first question he had asked was whether he was going to fire anyone. The answer given was that no such promise could be made. He stated that he had always felt that firing people was not where he wanted to be in balancing the budget, especially since everyone was responsible for the present situation. He stated they were guilty in the fact that some of the projected revenues had not been reached. He further stated his point was that they should discuss the matter and look within themselves for the answers.

Mr. Kisela stated that what was occurring was that they were focusing on layoffs and elimination. What was in the budget was service cuts and in eliminating vacancies, they were impacting services.

Commissioner Moore stated that the Acting City Manager had started off with his presentation, and the back-up information had stated that the issue was salaries. He stated there was no emphasis on services.

Mayor Naugle stated that apparently the Commission had accepted the vacancy portion, but now they were discussing the individuals. He stated they recognized that services would be affected due to the vacancies. Commissioner Hutchinson stated that if the bargaining members decided to take a furlough rollback, the \$12 Million figure would change.

The Acting City Manager stated they needed to realize the magnitude of what was being discussed. He stated a 3% rollback was \$2.4 Million and if they had to take another 4%, it would be another 5% and he did not see anyone saying they would accept 8% less for this year. Mayor Naugle remarked that was not realistic, but was a nice concept.

Commissioner Trantalis asked if it was a question of numbers versus pay scales. He asked if the FOP was willing to have the heart-to-heart talk among themselves. The Acting City Manager stated it would involve all the unions giving up 8% to save FOPA members.

Mayor Naugle reiterated that they were all elected to make some tough decisions, and they had to be made.

Commissioner Hutchinson stated that however they had to get to the \$12 Million, it had to be done. Commissioner Teel agreed. Commissioner Moore stated if that was the case, then he preferred to state they would follow the department heads recommendations. If things were not done that way, they would be picking out their "pets" and would not be utilizing the professional opinions of the departments. He stated he would feel better following their proposed recommendations.

Commissioner Teel stated that a lot of effort was being made by every department head, and she was confident in what was being shown.

Mayor Naugle reiterated that a consensus had been reached by the Commission

Commissioner Hutchinson reiterated that she was not part of the consensus, and Commissioner Trantalis agreed.

Mayor Naugle announced that there would be a public hearing held regarding any budget amendments that would be needed.

Public Safety Bond Referendum

Commissioner Hutchinson stated to let the public decide if they wanted to do it or not.

Mayor Naugle stated that this would be scheduled for a Conference Meeting.

There being no further business to come before the Commission, the meeting was adjourned at 6:37 p.m.