

CITY COMMISSION WORKSHOP WITH BUDGET ADVISORY BOARD

April 6, 2010

Present: Mayor John P. "Jack" Seiler
Vice Mayor Bruce G. Roberts, Commissioners Charlotte E. Rodstrom,
Bobby B. DuBose and Romney Rogers

Budget Advisory Board Members Present: Chair Keith Cobb, Vice Chair June D. Page,
Alan A. Silva, Bud Bentley, Marc Dickerman, Sam Monroe, Frederick H. Nesbitt, Nadine
Hankerson, Anthony Timiraos and Ray Williams

Also Present: City Manager – George Gretsas
City Auditor- John Herbst
City Clerk - Jonda K. Joseph
City Attorney - Harry A. Stewart

Absent: Sam Monroe, Budget Advisory Board member

Mayor Seiler called the meeting to order at 3:06 p.m. in the 8th floor conference room of
City Hall.

Chairman Keith Cobb highlighted the board's most recent communication of their
recommendations. The board believes the Commission should begin at this stage to
provide concrete direction to the city management for preparation of the budget.

Recommendations – March 17, 2010 Meeting

1. Fund Balance – establish a policy of maintaining the fund balance of the General Fund at a level between 10% and 15% of the annual General Fund expenditure budget and that projected balances within the aforementioned range be utilized as a budget stabilization reserve. To the extent project fund balances fall below the policy range, the budget will be adjusted to provide replenishment at least to the minimum. To the extend fund balances exceed the policy range, the excess will be used in subsequent years' budgets or designated for specifically authorized purposes.

In response to Mayor Seiler's inquiry, there was consensus approval of this item. In further response, Chairman Cobb indicated that board felt the Commission should set a range to allow flexibility.

In response to Commissioner Rodstrom, the City Auditor advised that the current policy is 7%. The current balance is roughly 19%. It was projected to be 18% and then the reserves came in a little higher. The Government Finance Officers Association recommends a range of 5% to 15%.

Previous Recommendations – Reaffirmed

1. General Fund Budget Policies – In February 2010, the BAB (Budget Advisory Board) recommended the Commission take an affirmative leadership role in establishing budget policy and guidelines for City

management. The BAB presented the Commission with a set of draft policies for consideration in preparation of the 2010/2011 budget. Action on this recommendation is pending. A copy of the draft policies is attached to these minutes.

Recommended General Fund Budget Policies

Revenues; 1.1 Property Taxes and Non-recurring Revenues

Mayor Seiler asked if there is a breakdown of recurring and non-recurring. The City Auditor advised that non-recurring revenues would essentially be if money was taken from the fund balance or one-time asset sales. Mayor Seiler asked about one-time grants. The City Auditor noted that those are far more frequent and would not be applicable as they almost exclusively in the special revenue fund and targeted toward one-time activities. It is really things in the general fund that are part of ongoing operations. In response to Commissioner Rodstrom, the City Auditor confirmed that anytime money is taken from the fund balance, it is considered non-recurring.

Mayor Seiler noted that portion relating to property taxes was already approved by the Commission.

Commissioner Rogers wanted to give the City Manager direction that the millage not be increased. He saw the millage as something different than the roll-up rate. Mr. Silva pointed out that by not increasing the millage, the figure of \$109,539,402 (levy of property taxes in FY 2011) decreases to \$93,000,000 and the budget needs to be adjusted accordingly. Chairman Cobb advised if that is to be policy, the Commission should establish it. Mayor Seiler noted that the City Manager is in the process of meeting with each member of the Commission on this issue. Mr. Williams explained the board is suggesting the Commission give this direction. There was consensus approval to setting policy at \$93,000,000. Mayor Seiler confirmed for Chairman Cobb that there is consensus that the millage rate will not be increased.

Mayor Seiler concurred with the portion of the draft policies with respect to non-recurring revenues. There may be exceptions. For example, there may be a grant to fund police officers that would have to be funded in a future year.

Revenues; 1.2 User Fees and Fees for Services (includes Fire Assessment Fee)

Mr. Bentley explained that the philosophy behind keeping fees current. He went on to explain the difference between fees where the full cost is recovered and those where there is partial recovery, such as recreational programs where the Commission may wish to advocate and increase because they have a social pay-back.

In response to Commissioner Rodstrom, Mayor Seiler confirmed that fees could be decreased if there are savings. Commissioner DuBose asked about a cap. Mr. Bentley noted one way to cap fees is to contain costs. Another example: for a new summer youth program that would be a crime reduction program, the Commission will keep the fees low to make sure it is accessible to youth they wish to attract to the program.

Vice Mayor Roberts liked the idea of keeping pace with the fees.

Mayor Seiler concluded there is consensus approval of that set forth in 1.2, including the dates specified.

Expenditures; 2.1 Same Level of Service Budget, 2.2 Revenue Funded Services, 2.3 Budget Reduction Alternatives

Mayor Seiler concurred with Item 2.1. In response to Commissioner Rodstrom, Shonda Singleton-Taylor, Acting Director of Management and Budget, advised that departmental budgets are due April 12.

Mayor Seiler felt that Item 2.2 is straight-forward. He felt the Commission is in agreement with Item 2.3 and believed the City Manager has independently complied with it. Mr. Bentley asked about reductions in the Police Department with respect to Item 2.3. The City Manager explained staff tries to first get a sense of the overall financial picture and the gap, and then figure out solutions to close the gap.

Expenditures; 2.4 Mandated Services, 2.5 Discretionary Services, 2.6 Technology

Mayor Seiler concurred with Items 2.4, 2.5 and 2.6. In response to Commissioner Rogers as to whether Item 2.5 applies to considering outsourcing, Mayor Seiler thought that analysis of a lower-cost service delivery system or method is available applies to both public or private. Mr. Bentley concurred. Mayor Seiler concluded there is consensus approval of that set forth in 2.4, 2.5 and 2.6.

Net General Fund Support (NGFS); 3.1 Evaluation of Budgets and 3.2 Increases in NGFS

Mr. Bentley posed an example of the Building Department. Ninety-five percent of the Building Department's expenditures could be covered this year by revenue which means only 5% net general fund support versus another department where 90% is net general fund support. There should not be a policy where both have to cut 15%. However, the actual percentage would be set by the City Manager. In response to Vice Mayor Roberts, Mr. Bentley felt the Police Department would not be reduced as much as another department with a lower priority. Vice Mayor Roberts saw public safety is the priority of government just as water, sewer and trash. Mayor Seiler pointed out that the net general fund support as it relates to trash is a wash, but very different as it relates to law enforcement. Mr. Bentley pointed out that this policy forces that managers are responsible for managing the revenue budget. One example is police response to alarms. If there is no one to send out the bills, the money is not collected. The City Manager felt this recommendation (3.1) is to look at the whole picture and to avoid across the board cuts. However, staff disagrees with Item 3.2. Ms. Page advised this was the only item that did not have unanimous support from the board. Ms. Singleton-Taylor explained receipt of revenue fluctuates throughout the year, therefore this recommendation is not manageable because of the timing. In response to Mayor Seiler, Mr. Nesbitt indicated he felt the intention of 3.2 was to look at the year as a whole. If fees are not coming in at the level anticipated, the City should not wait until the end of the fiscal year. Action should be taken during that time period. He recognized there could be timing problems. The red light camera program is an example. It is seven months into the fiscal year and it is supposed to generate \$1.8 million. If the City does

not think it will generate that amount, he questioned if the budget is being adjusted. Mayor Seiler recognized the staff's point as to the timing of receiving revenue throughout the year. He felt it should be looked at from year to year. Ms. Singleton-Taylor noted another example is the pension expenditures in the first quarter of the year. The City Auditor felt these two revenue examples make an important point. As written, the Police Department would have to cut \$2 million now because of the red light camera program. Mr. Bentley disagreed. The City Auditor did not feel it is appropriate to create a nexus with a revenue being reduced in a specific department. He agreed completely that it needs to be managed at the fund level. He felt it would give departments the incentive to fraudulent behavior or managing the numbers. He was greatly concerned about the Police Department believing that their budget is related to the number of tickets written. Mr. Williams explained the intent was to make adjustments at the department or City level when it is recognized that a revenue level will not be realized. Ms. Singleton-Taylor indicated that is already being done on a monthly basis with departments by the Office of Management and Budget. Discussion ensued as to the board's intent and whether it is in line with what is currently being done. Commissioner DuBose noted one example is the City's tracking of overtime throughout the year at any given month within the budget cycle. Commissioner Rogers wanted to see a revised budget number if something happens during the year. Ms. Singleton-Taylor reiterated the problem with timing. Commissioner Rogers felt it could therefore appear as a footnote. Mayor Seiler referred to the financial report provided to the Commission. He believed everyone is saying the same thing. He believed the Commission supports the policy provided it is over the course of a year. He agreed it is good fiscal policy to know if something is going off the relatively safe margins and it is not a matter of timing. Chairman Cobb noted it is easier to manage expenses than revenues. The board wants both to be managed in tandem.

Mr. Williams asked if there is a clear trend of more negative variances than positive, he asked what is the City Manager doing proactively to close the gap before the end of the year. Mayor Seiler pointed out the monthly report provided to the Commission allows such tracking. He suggested adding footnotes explaining the variances. Mr. Silva discussed surpluses historically. In the future if the millage rate is not increased, the surplus will decrease and it becomes very important to deal with major variances. The City Manager emphasized that is the purpose of the monthly reports. Commissioner Rodstrom could not support over-taxing if that has been occurring. Mayor Seiler clarified this only has to do with revenue shortfalls.

Mayor Seiler asked that staff develop language for 3.2 and provide it to the board in an effort to come to agreement.

Vacant City Positions

Mayor Seiler felt the City is in a short-term approach at this point in time.

Commissioner Rogers distributed and reviewed information on this topic. A copy is attached to these minutes. He asked the board to evaluate it and respond. In response to Commissioner DuBose, Commissioner Rogers explained the intent behind the placement committee having to do with filling vacancies with City employees. The vacancies would be unfunded. Mr. Dickerman noted it is a way for current employees to look at advancement. In further response to Commissioner DuBose, Commissioner Rogers agreed it is possible for the budget to increase based on the placement committee's finding of a critical need.

Previous Recommendations – Reaffirmed

3. Supervisory Leverage - In November 2009, the BAB recommended an independent across-the-board study of the level of supervisory personnel for all departments, measuring the ratio of supervisory to operating personnel in each area – with the objective of increasing supervisory leverage and lowering operating costs. The BAB is not aware that any such study has been initiated.

Chairman Cobb emphasized the board's belief in the importance of this recommendation. Mayor Seiler was concerned about the amount of money expended on outside consultants and questioned whether it is something that could be done by the Auditor. Chairman Cobb indicated that board believes in this case independence is important. Commissioner Rodstrom thought this discussion will occur naturally when the administration will be restructured in the next couple months.

Mayor Seiler asked the City Manager to determine who would be available for this task. He commented at the state level there is the Office of Program Policy and Government Accountability that is almost an independent, objective body within the government. He was interested to know if there is anything similar available for cities. Commissioner Rodstrom suggested the International City Management Association. Mr. Williams noted there is a volunteer group for non-profit organizations in Broward County with incredible levels of experience. He offered to furnish that information to the City Manager.

10. Intergovernmental Service Agreements – In August 2009, the BAB Recommended that the City pursue intergovernmental service agreements with surrounding governments to share services to provide greater efficiency and benefit the City of Fort Lauderdale. There has been no report of implementation of this recommendation.

Mr. Nesbitt believed there are other opportunities that could be explored with intergovernmental service agreements and hoped this becomes a priority. Commissioner Rogers raised the idea of the crime lab and the duplication with Broward Sheriff's Office. Mayor Seiler did not think the City's crime lab has that ability. Commissioner Rogers suggested paying for services through Broward County.

Vice Mayor Roberts referred to the Police Department's presentation to the board and questioned if the format is amenable. Chairman Cobb did not think the members would be in a position to bring something forward as a result of these presentations. Mr. Silva emphasized that with the Police Department's fairly heavy administrative structure, the City may want to sell some of these products to other police departments which would reduce overhead. Vice Mayor Roberts suggested more of a performance based introduction to the board by the slated departments. He felt this information will be more specific to the budget.

NOTE: The Commission recessed the workshop at 4:05 p.m. to hear a presentation from Congressman Ron Klein and returned at 4:19 p.m.

Commissioner Rogers asked what the Commission might anticipate to receive after the board receives the departmental presentations. Mr. Dickerman thought a report of the

board's thinking would be provided to the Commission. The City Manager explained the agreement was to make the first presentation and the board would provide feedback on adjustments for the next one which is Fire Rescue. Vice Mayor Roberts thought it would be helpful for the board to have the comprehensive annual financial report.

Mr. Williams emphasized that the Commission should take a strong position on outsourcing, starting with things that are not critical, that is, support services. The Commission could give direction for management to provide a list of areas to study and the Commission could prioritize them. However, the work on this has to come from management, although the board could help respond. Commissioner Rogers wanted to know what would be practical in terms of outsourcing. Both Commissioner Rogers and Mayor Seiler wanted the board to bring to the Commission's attention any possible outsourcing opportunities that are obvious from the departmental presentations.

Commissioner Rodstrom thought it would be helpful for staff to provide information about what each department does. The City Manager provided more detail on the presentation format. Mayor Seiler requested a list of what is currently provided through private and public sources for the Commission to evaluate. He felt that government needs to shrink. Discussion ensued concerning a recent luncheon where police staffing levels were compared to population in local municipalities.

As to departmental presentations, Ms. Page noted that the Fire Rescue Department is focusing on comparing itself with relevant cities for presentation to the board. She believed the format is being refined. She wanted to receive a presentation from every department as well as the capital side, everything, although it may be something for the future. Mayor Seiler agreed that every fund should be reviewed.

Mayor Seiler thought the board's recommendations should be incorporated into a document that the Commission would approve by a vote.

Commissioner Rogers was interested in knowing the right size for this city and thought it is helpful to know more about other cities.

Commissioner Rodstrom asked if the board has come up with any gap between revenues and expenditures. Chairman Cobb indicated not as of this time.

Commissioner DuBose asked about budget outreach. Ms. Singleton-Taylor noted a date of May 11 has been set. Commissioner DuBose wanted to see what the board has taken away from this discussion before that meeting. Mayor Seiler asked the Public Information Office to compose a public notice to send out now and an agenda be presented at the next conference meeting (April 20).

There being no further business to come before the Commission, the meeting was adjourned at 4:37 p.m.