

CITY COMMISSION WORKSHOP WITH BUDGET ADVISORY BOARD

FEBRUARY 21, 2011

City Commission Present: Mayor John P. "Jack" Seiler
Vice Mayor Romney Rogers
Commissioner Bruce G. Roberts
Commissioner Charlotte E. Rodstrom
Commissioner Bobby B. DuBose

Budget Advisory Board Present: Chair June D. Page
Nadine Hankerson
Frederick H. Nesbitt
Alan A. Silva
Mark Snead
Anthony Timiraos
Ray Williams
Gregory J. Dickinson
A. J. Cross

Also Present: Acting City Manager Allyson C. Love
City Auditor John Herbst
City Clerk Jonda K. Joseph
City Attorney Harry A. Stewart

Absent: Sam Monroe, Budget Advisory Board

Mayor Seiler called the meeting to order at 7:01 p.m. Introductions were made.

Chairperson June Page read a statement on behalf of the board, expressing the board's unanimous and deep frustration that they have been largely unsuccessful in receiving information and, or help from the Office of the Acting City Manager since their last budget workshop. They have been provided with a monthly spreadsheet on the status of their recommendations that consists primarily of dates of various initiatives that have begun or are expected to be completed and the charter officer to which each is assigned. The spreadsheet is virtually useless. Very little changes on it. No significant progress reports are provided. It is the unanimous opinion of the board that the Office of the Acting City Manager has contributed nothing substantive to any of their meetings that the office has attended. There has been no transparency to the budget process and no openness to discuss their questions. One example of the office's unwillingness to work with the board concerns the drafting of the five-year plan. After the board's last workshop with the Commission, the board expected to have input and impact on the content of the five-year plan draft. Instead the Office of the Acting City Manager informed the board that the plan would be completed without the board's input. It would be presented to the Commission in July and only subsequently would the board be allowed to see it. This completely precludes the board from acting in an advisory capacity to the Commission. If it is the Commission's intention for the board to see relevant information only after the fact, so that it is merely a reactive board, the board believes its contributions to advise the Commission would be minimal or untimely and ineffective. At this workshop, the board would like the Commission to clarify how they would like the board to operate and instruct the Office of the Acting City Manager to interact with the board accordingly. The board believes timelines, benchmarks and progress reports and

updates need to be established for each of the board's recommendations that were approved by the Commission three months ago.

The Acting City Manager wanted clarity about the statement that her office has not been furnishing the board what it wants. The City Auditor prepared a matrix containing the board's recommendations provided three months ago. Direction that came from the October 27 meeting was provided, who would be responsible for implementation of each recommendation and the dates when she thought those recommendations could be accomplished. Another section was added so that the board would know the status. The information is updated every month. This is all that she has at this time. Chairperson Page explained that it is not helpful for a date to only be added to the spreadsheet. The board has asked to be part of certain processes and has been consistently told no. The board has asked simple questions, for example, what is the estimated fund reserve for the upcoming fiscal year. They were told that answers that required opinions were not given and perhaps the question should be posed to the City Auditor, who volunteered the information. The Acting City Manager felt there needs to be clarity on what she can provide. As to fund balance, she explained the amount in the budget is an estimated number which could be provided and she was not clear on why it was not given. When it is presented in July, it is an estimate. The books have not been closed, therefore, a number based on reality could not be furnished. Chairperson Page indicated that the board was requesting an estimate. In response to Mayor Seiler, Chairperson Page indicated that the question was posed to Norm Mason and he chose to say that he does not answer questions that call for opinion. This kind of relationship makes it difficult to be successful and act in an advisory capacity to the Commission. Mayor Seiler recalled discussion at the last joint workshop (October 27, 2010) as to providing of facts and what opinions would not be. There was agreement that opinions of an individual staff member should not be provided. Facts and information that is generally known needs to be provided. In response to the Acting City Manager, Mr. Mason indicated that the question posed was what would be the fund balance at the end of 2009-2010, and he indicated that he would not give that information because the books have not been closed. He understood they were asking for an estimate. The City Auditor provided the budgeted balance, but he was not asked for the budgeted fund balance. The Acting City Manager thought that might have been a disconnect. In response to Commissioner Rodstrom, Chairperson Page advised that the question was posed last Wednesday at their meeting. Commissioner Rodstrom thought the information should be readily available. Commissioner DuBose felt the Commission needs to be clear as to what information can and cannot be provided because staff could provide numbers for which someone might hold the Commission accountable. In other words, he is not comfortable with providing numbers when the books are not closed. The Commission needs to give direction on this. He was concerned with the tone of this meeting thus far.

Mr. Williams referred to the board's recommendations and indicated the board could provide some value in talking about the progress staff is making on coming to conclusions on those recommendations. There has been no dialogue about any progress, approach or how they feel about the ideas. They are not simple numbers; they will require some work. If the response does not come forward until March 31, the board has not provided any value. There has been no feedback. He saw this as the real frustration. The Acting City Manager wanted to review each recommendation because she was not clear on what else the board thinks is out there that has not been provided. She did not think there is any more information than what is on the paper (Recommendation and Implementation Matrix). In response to Mayor Seiler as to who

prepared the paper, the City Auditor explained he reviewed the initial meeting recording to capture the Commission's direction and desires of the board. The potential implementation date information came mostly from the Acting City Manager. The Acting City Manager indicated that the City Response time was added so that the board would know month by month. In response to Mayor Seiler, the Acting City Manager advised the City Response column was added at the beginning. In response to Commissioner Rodstrom, the Acting City Manager advised that the budget is due to the Commission on July 6. Staff is working with the budget process throughout. For the first time in the City's history, she rolled out the budget process in January and requested information such as benchmarking, outsourcing and so forth that has not been in the budget before. There is no way that information is available now. Staff is trying to gather the data. In response to Mayor Seiler, the Acting City Manager advised that last year the budget was rolled out in March and due in April and this year it is due back the end of February with a lot more information.

Mayor Seiler was concerned about the apparent tension. The board is supposed to help by providing advice. The board perceives itself as the outsiders. The Acting City Manager explained as the manager she is responsible for development of the budget which is a process. She cannot answer all of these questions now or next month for example. If the information is not available now, she cannot make it up or provide what she does not have. Mr. Snead felt the Office of the Acting City Manager needs direction from the Commission as to what can be shared and how involved the board should be in the build-up process. The five-year plan is a perfect example. He thought the board would work with staff on the correct assumptions, discuss it and decide collectively. The board was told that she could not do that until she prepares it and presents it to the Commission. At that point the board has information that is also available to the public. The board will not know what is being done. The question for the Commission is how the board should be involved in that process. Commissioner Roberts emphasized the need for the board to be able to review information prior to the draft to the Commission. He would not object to two documents. Because of the timelines that have been established, the City will not be able to implement some of these changes for another year. The Commission needs to come to a decision on what the board is permitted to do because there are some charter restrictions. Perhaps the charter could be changed during the election period of time. He was comfortable with the board looking at information before it is presented to the Commission which is a longstanding procedure. He recalled when a budget advisory board was actively involved in 1992 where it was difficult to have a final product. The City has to change the procedure. He referred back to the fund balance question and that it should be understood it is an estimate. It is a fact that the process is occurring in the public and media. The City is getting too far behind with addressing organizational changes. With respect to privatization ideas, he wanted City staff to compete if this direction is taken. He did not think the process is working as the Commission wanted. Mayor Seiler thought the Commission was clear that they wanted the board to have access to the information. Mr. Nesbitt understood from the last meeting (October 27) that there would be a sharing; that the board would offer opinion to the Acting City Manager but realizing the final report to the Commission is the work of the city manager. Hopefully they could work together and comment on differing opinions. The board is not trying to dictate to the Acting City Manager but would like to have input. He mentioned employee headcount, department consolidation and supervisory leverage and indicated that the board envisioned not waiting a year for something to happen but action could be taken during the year which would impact the current and future budgets. However, the matrix indicates there will be no information on these areas until July 6 when the entire budget will be provided. Both options of the

staff and the board could be presented and the Commission would choose. Mr. Williams commented that some of the other recommendations must be done faster if they will have an impact on next year. They are business decisions that have a budget impact. These items should not be considered as part of the budget message. The board feels they can play a positive role in the process of making those business decisions.

The City Attorney advised that something to consider is the form of governance provided in the charter. The charter provides that the Commission is the governing body, it makes policy and deals with staff through the manager who is the chief administrator of the City. The Commission cannot delegate that responsibility and give it to an advisory board. A board can advise the Commission, but cannot prepare a budget or tell the manager how to prepare a budget. In response to Commission Rodstrom, the City Attorney indicated that the Commission could direct that certain information be made available, but the administration of the City is under the city manager according to the charter. Commissioner Roberts suggested the board also develop a budget for the Commission and the Acting City Manager be directed to provide whatever information the board requests in order them to be able to develop such a budget. However, it would be better to find a way to work together instead of a bifurcated budget process. Mayor Seiler asked the City Attorney's input on a workable approach. The City Attorney thought requests for information should probably be in written form to avoid misunderstandings and it should be responded to as quickly as possible. From a cultural standpoint, he has never before heard an elected official indicate preference for an advisory board to have the information first. He commented on the potential for newspaper articles with information that the Commission would not know until reading it in the newspaper. Both Mayor Seiler and Commissioner Roberts indicated that would not be the intention. Mayor Seiler referred to the October 27, 2010 joint workshop minutes concerning furnishing of information to the board and emphasized that whatever information that is available, not opinions, needs to be provided.

Mr. Williams asked about the board having dialogue with staff on outsourcing for example before their recommendations are presented to the Commission. Vice Mayor Rogers did not necessarily want two parallel budgets and did not see value on receiving information on some of the issues, such as employee headcount. However, it would be helpful to hear the board's input on outsourcing. He agreed that staff should provide the board with every piece of raw data it wants and in a timely manner. Then it is the board's role to craft something that would be helpful. Chairperson Page emphasized the board could do that if they could get the facts. Mayor Seiler reiterated that opinions should not be given, but the board should be provided with the facts as staff becomes aware of them. Commissioner Rodstrom thought the situation may be that staff does not have the facts yet and the board is questioning why they are not readily available now. Commissioner Roberts pointed out that the budget process is dynamic and numbers will not be available which is part of the problem.

Dr. Hankerson questioned if the goal is to have a budget or to balance one. The board is looking for a number where the Commission wants to be and not from those who implement it. The board needs a number in order to roll out a budget that will be balanced and be in line with what the Commission wants. The implementers do not have this answer. She wanted to avoid across-the-board percentage cuts where there is a disparity with (budget composition) between small and large departments. She felt the issue is politics versus collective bargaining. Balancing the budget will require cuts.

With respect to opinion versus estimate, the City Auditor thought a bridge is a reasonable estimate. For example, staff does not have an exact idea of the year end fund balance until the books are completely closed, but a reasonable estimate might be possible. It is opinion, but not out of thin air. It is reasonable within a range of 10 percent perhaps. And, a written question might be helpful.

Mayor Seiler posed the idea of the City Auditor on behalf of the Commission getting the information for the board. Commissioner DuBose was concerned about what information might be given on his behalf. If it is not fact, it is indeed an opinion. Commissioner Rodstrom did not feel the elected officials are held responsible until they vote. Commissioner Roberts added that the final figures are not available until the budget is actually done and revisions are made to the budget throughout the year. Commissioner DuBose clarified that he would be more comfortable with the Commission doing it. Mayor Seiler reiterated his idea of the City Auditor assisting and the benefit of having recommendations. Commissioner DuBose wanted facts to be used. The Acting City Manager asked about the data source the City Auditor would use and whether it would be data that has not been reviewed by her office. She would be responding to questions from the board on data that she has not agreed to. Her responsibility is to provide a budget to the Commission on July 6. The board understood that recommendations would come forward by August 15. Prior to that point the data has not been fine-tuned, reviewed and blessed by the city manager. This is the dilemma. Vice Chair Timiraos did not want to delve into the details. He emphasized that the board needs a very close relationship with the Acting City Manager's Office in order to provide what the Commission wants. Without it, there is no sense in having the board. It is the consensus of everyone on the board that this relationship does not exist now. Chairperson Page brought to light the Acting City Manager's response to the Commission asking her to attend the board's meetings. She went on to indicate that the Acting City Manager has not attended all of the meetings. The Acting City Manager clarified that she attended the January and December meetings. The only meeting she has missed since that time was last month because of another commitment. Some dialogue ensued on this topic.

Mr. Cross questioned the role of the board because everything is reactive. It will have to wait for an entire year in order to become effective again. The board is trying to be proactive and incorporate better processes into the budget. He was discouraged when the board is told it cannot look at the plan because he felt the board should be wholeheartedly involved in creating it or at least advising on. He does not feel that his time is valued when no one knows what the board is doing, where it is going and how its input is implemented. Mr. Williams felt the board's job is to make staff successful in meeting the demands and needs of the Commission and the City. The board has not so much been tracking the numbers, as it has been trying to think of ideas where the City would not have to be draconian in the way it balances revenues and expenses. It is not a budget issue, but a management and process issue that needs to be addressed as soon as possible so that decisions on a course of action can be made.

Motion made by Mr. Williams, seconded by Mr. Cross, to recommend the City Commission direct staff to use items 4, 6, 7, 8, 9 and 20 from the BAB Recommendations Matrix as potentially key elements to reducing the budget for 2011-2012. In a voice vote, motion passed unanimously. (Mr. Timiraos not present)

Motion made by Mr. Williams, seconded by Dr. Hankerson, to recommend the City Commission direct staff to use item 15 from the BAB Recommendations Matrix as potentially key elements to reducing one time expenses only in the budget for 2011-2012.

In a voice vote, motion passed unanimously. (Mr. Timiraos not present)

The recommendation and implementation matrix, dated February 16, 2011, was reviewed as follows.

4 Headcount

Chairperson Page indicated that the board does not have a specific number, but believes staff should determine the proper number. The City Auditor had provided the board with a chart of the City's headcount in the past. Mr. Silva believed a headcount needs to be determined much before the budget is submitted. Mayor Seiler felt that the Commission is in collective bargaining at this time and headcount is a part of it although the headcount has decreased. Mr. Snead explained it is not about a number, but rather what is being done to get to an effective headcount. He has heard for the first time that benchmarking exercises are happening. He felt the board's experience could help in that effort. Commissioner Roberts agreed that is the issue, outcomes. The Acting City Manager indicated that the total reduction in headcount since 2008 is 205.

The Acting City Manager explained she would be presenting her thoughts based on the numbers in terms of revenue projections. The question is at what point will she be able to provide that information. There are so many variables at this time that it is difficult to say what the headcount looks like. Mayor Seiler thought the question is what the Commission believes is an effective headcount regardless of the revenue side. Commissioner DuBose noted it has to do with the desired level of service. Vice Mayor Rogers referred to last year's discussion and cutting flag football referees. In order to expedite such a process, more information is needed. He recognized there are a lot of ingredients. He did not know that the Commission has directed the Acting City Manager for that to happen, but felt they should do so. The Acting City Manager believed her responsibility is to provide a budget with services based on what the Commission wants included. As to cuts, she thought the Commission wanted the same level of services if possible. If not, she would look at what the numbers would provide and then she would make recommendations to the Commission. The question is when. Vice Mayor Rogers thought if there is the assumption of not raising the millage, preparation of the budget can get started. This information could be furnished to the board who could make recommendations on it, for example. Commissioner Rodstrom thought if the Acting City Manager is going to maintain operating expenses the same as last year, that information might be useful to the board. Mayor Seiler believed that is a policy decision for the Commission. Commissioner Rodstrom noted if operating expenses and revenues remain the same, there are three choices: 1) use reserves; 2) make cuts; or 3) impact services. Mr. Williams thought if the City reinvents the way it does things, there is an opportunity to save money, potentially improve the quality and level of service, doing things at a cheaper rate. Without changes, services will have to be cut.

Mayor Seiler believed the City should continue the employee freeze and under no circumstance increase the headcount at this point in time. The City Auditor advised that

2,548 was reflected in the last budget. In response to Commissioner Roberts, the Acting City Manager advised that is the full-time equivalent (FTE) number. Shonda Singleton-Taylor, Deputy Director of Finance, advised 2,509 was reflected in the adopted current budget for all funds. Mayor Seiler indicated that it should be assumed that number should not be exceeded for next year's budget as a starting point.

In response to Commissioner Rodstrom, Mr. Silva believed a headcount should be established based on the number of people onboard now and not what was reflected in the budget. It would be much less than 2,509. Discussion ensued concerning this point. The Acting City Manager noted she advises the Commission on critical vacant positions of people leaving during the year. There are implications if those positions are not filled. Vice Mayor Rogers thought the actual FTE count could be provided to the board. The Acting City Manager advised that the current FTE count could be provided, but pointed out that it is constantly changing. She explained that staff will try to do what the Commission requests, but there is a budget process underway with many challenges and running parallel is everything else on top of limited resources. An analysis would have to be done. Until this information is available, Mayor Seiler concluded the FTE count is being capped at the budgeted amount of 2,509.

6 Departmental Consolidation

Mayor Seiler agreed there are too many departments. In response to Mr. Williams, Mayor Seiler thought the direction of streamlining departments is clear. Vice Mayor Rogers was not interested in this unless there is a savings. Commissioner DuBose felt some of these matters can be examined separate from the budget process. He thought this may be helpful. Dr. Hankerson asked if there is anything in written form as to measuring the quality of service. Mayor Seiler indicated he is meeting with the City Auditor on this topic next week. Commissioner Roberts advised that the Commission has talked about citizen satisfaction surveying. The Acting City Manager indicated it is an upcoming agenda item. Commissioner Roberts added that the Visioning Committee's consultant is also pursuing feedback as well. Perhaps efforts should be combined.

Commissioner Roberts wanted to consolidate in a fashion to ensure a streamlined division for economic development. The Acting City Manager advised that she is looking at consolidation. It needs to be examined holistically considering the implications. Mayor Seiler wanted to see at least two less departments now. She intends to present a budget that includes a departmental reduction, but she understands there is a timing issue. Commissioner DuBose felt this is another area that could be separated from the budget process and could be a solution for the dilemma.

Mr. Williams suggested the Commission decide upon target dates for the items in the recommendation and implementation matrix and it not be July 6. Mayor Seiler concluded there is a consensus of at least four for the Acting City Manager to provide a recommendation on the organizational structure changes separate from the budget so that the Commission may make this decision before the budget. The Acting City Manager indicated that her review includes working with the numbers. She agreed to a sixty-day time frame for a recommendation and a beginning point for discussion. Mr. Cross encouraged the city management to take advantage of the board members' expertise. Commissioner DuBose thought that the board could make a recommendation on its own. Mr. Williams thought it should be done with the Acting City Manager and her directors. Commissioner Roberts agreed so that some of the pro's and con's can be

vetted before it is submitted to the Commission. The Acting City Manager asked for input from the Commission as to what should be consolidated. During further discussion on this topic, Mr. Snead explained that the board cannot develop a recommendation in a vacuum. He did not think it would be productive for there to be two parallel processes. Discussion also followed about the City Attorney's advice that the Commission cannot turn over management of the City to the advisory board. Mayor Seiler concluded that the Commission may direct the Acting City Manager to work with the board, but the ultimate decision is hers until it is presented to the Commission. Mr. Nesbitt noted that the board could at that time concur or disagree and issue a report on their position. Mr. Silva noted that the board may find ideas about outsourcing for example that will impact her decision. However, the only way to accomplish this is to meet together.

Mr. Cross suggested perhaps workshops be scheduled with the Acting City Manager. Mayor Seiler felt it will be necessary for her to be at the board's meetings. However, those meetings need to be scheduled at a time that she can attend.

7 Supervisory Leverage

Mayor Seiler felt that this item goes together with 6 Departmental Consolidation.

8 Intergovernmental Service Agreements

Mayor Seiler felt this is something that will require more than a year cycle. In response to Vice Mayor Rogers, the City Auditor explained his office is researching what other areas are doing. He anticipated completing the research for March 1 or shortly thereafter. Mr. Silva pointed out that this could have big budgetary impacts. Mayor Seiler thought this could be assigned to an assistant city manager.

9 Shared Administrative Services – The City Auditor indicated that this item is much the same as 8 Intergovernmental Service Agreements.

15 Surplus Property

In response to Mayor Seiler, Stephen Scott, Director of Economic Development, noted that staff has been bringing properties forward to the Commission during the last many meetings. It is an extremely labor-intensive process. Mayor Seiler cited a particular example of a parcel he discovered on a recent Mayor's Run. Mr. Scott indicated staff is planning to bring approximately thirty properties forward. Mayor Seiler thought those properties could be presented to the board and their feedback sought. Mr. Scott explained because it was the recommendation of both the Commission and the board, he did not feel it was necessary to go to the board. He agreed it would be workable for grey areas.

20 Outsourcing

Chairperson Page indicated that the board has consulted with ADP (Automatic Data Processing) and Calvin, Giordano & Associates. The board recommends that the Commission direct the Acting City Manager to open discussions with these companies and any of their competitors to explore outsourcing opportunities that they offer. She noted a particular interest in ADP who has offered to conduct a free business case study. She went on to comment that the companies hire the best and brightest City employees. The City Attorney explained if ADP conducts a free analysis that assists the

City with an RFP it may not bid on the project. If their information is used, they could not be a bidder. Commissioner Roberts thought that would not then be acceptable. Also, it would put staff at a disadvantage to compete. A discussion ensued on the RFP process and having a company such as ADP provide an analysis before an RFP course of action is decided upon.

Mr. Nesbitt elaborated upon why he believes that payroll is an excellent outsourcing example. When a vendor claims it can perform code enforcement services, for example, cheaper than the City, he questioned whether the City is performing the service inefficiently. In years to come, there will be a real labor shortage. It will be vital for the City to keep good employees. Mayor Seiler did not anticipate random outsourcing. He went on to cite possible examples, including certain maintenance and payroll.

In response to Mr. Williams, Mayor Seiler indicated that the City could look at RFP's from other cities. The City Attorney explained because it is public record, cities would have to share their RFP's and the City could use it in any way it would choose. As to piggybacking, the City would have to piggyback on the exact services. There are additional services in payroll, such as garnishment. Commissioner Rodstrom thought the City could mix and match parts of RFP's from other cities, but she anticipated they are quite similar in terms of services.

Mayor Seiler was somewhat reluctant with respect to code enforcement. He thought it would be helpful to see what happened in other areas where such privatization was implemented. However, payroll is a relatively simple process. Moreover, there is a savings with hardware. He wanted to see an analysis on payroll and other areas as well. Commissioners Rodstrom and Vice Mayor Rogers agreed to proceed with looking into privatizing payroll. There was no objection to the idea.

In response to Commissioner Roberts, Chairperson Page indicated that she has been working with the City Auditor in discussing potential areas with companies but did not have anything to present at this time. The City Auditor noted under the previous Commission, staff had explored outsourcing park rangers. Information technology is an area. There could be thought given to whether the accounting software could be accomplished on an outsource platform. Building permitting is currently outsourced. Mayor Seiler asked if a savings was achieved with outsourcing building permitting. Kirk Buffington, Director of Procurement Services, explained it is not so much a savings as it is expedited service. Valerie Bohlander, Director of Building Services, indicated this year the company, Cap Engineering, has done a little over \$100,000 in work. The City Auditor noted that outsourcing is not always cost-savings; it is also about compliance, efficiencies and so forth. He discussed the employee aspect. With the leasing of employees so to speak, it can be scaled up or down as demand requires. Commissioner Roberts thought the City should simply proceed with an RFP. He did not see the need to add another step which will take time. Chairperson Page indicated that was the board's thinking. Mr. Snead thought Mr. Williams' point is that the City does not need to write an RFP from scratch. Mr. Silva mentioned one reason to look at other communities was to see if they proceed with personnel related activities to payroll that would make sense. ADP indicated that they have a turnkey personnel management system and that was where the big bang for your buck would come in terms of cost reduction.

Concerning code enforcement, Mr. Cross pointed out the City would not have to outsource its entire process, but could take advantage of their technology that the City is

lacking at almost no cost. It would allow the City to gain higher collections. They would take from that profit that the City would not otherwise have. In other words, it would not cost anything.

Mr. Williams thought a couple members of the board could be part of the process of developing an RFP and so forth. Commissioner Rodstrom noted the process in place that allows for the Commission to review and comment on RFP language wherein the Commission could consult members of the board for their input. Mr. Williams indicated the point is to be as broad as possible so that it represents the most significant opportunities for savings.

Mayor Seiler requested the topic be placed on a conference agenda in the next two meetings for an RFP on payroll and related categories. Commissioner Roberts wanted to make sure there are prices for various activities. Tim Edkin, Director of Information Technology Services, advised that the existing system is a result of an RFP about 8 or 9 years ago. It is also the same system used by Broward County. It has been heavily customized due to union negotiations and pension. The City would also have to pay for the software itself. Mayor Seiler felt other communities have such factors and the bidders would be aware of the City's unique factors. In further response to his questions, Mr. Edkin advised that the current system was implemented in 2003. Doug Wood, Director of Finance, advised there are currently three employees handling payroll plus employees throughout the departments who gather the data. He did not know the current cost exactly but noted the cost to gather the data would not be eliminated. The City Auditor noted that the timekeeping process is currently very disjointed. He felt this part should be included in the RFP. He went on to elaborate upon the number of governmental agencies that ADP handles in Florida, emphasizing that the City is not unique. He felt there are other vendors that have the capacity to handle an agency such as Fort Lauderdale.

In response to Mayor Seiler, Kirk Buffington, Director of Procurement Services, indicated it would be possible to get four or five RFP's from other agencies in the next two weeks. Mayor Seiler suggested inquiring to the League of Cities as a resource. He did not want to focus only on ADP. After some discussion, Mr. Buffington agreed to do everything possible to provide an RFP analysis for the April 5 meeting. Mr. Silva questioned if it would be possible to enter into a contract in a timeframe that would impact next fiscal year. The City Attorney thought that would be possible with this schedule. Mr. Wood noted that payroll is on a calendar year and as such that may be a good cutoff.

Motion made by Mr. Silva, seconded by Mr. Williams, to recommend to the City Commission that the operating millage rate stay the same and that reserves not be used to balance the budget. In a voice vote, motion passed 8 – 1 with Mr. Nesbitt opposed (Mr. Timiraos not present)

Chairperson Page advised that the board recommends the millage rate be maintained and that the fund balance not be used to balance the budget. Mayor Seiler expressed agreement with respect to the millage rate. He went on to suggest there be two reserve accounts: one for emergencies and another for the regular ebbs and flows which is the State's approach. The latter account, a budget stabilization fund, was traditionally 5 percent of the general reserve. The City Auditor concurred. The current reserve is higher than the Commission established policy. He suggested use of the budget stabilization reserve should require formal Commission action. The other reserve would

be maintained at a level that would meet the policy. Mr. Silva thought this concept coincides with the board's recommendation. The Commission may wish to establish other dedicated reserves for unfunded liabilities. Vice Mayor Rogers believed that everything over the 15% level, which is high, is money that could be invested into the city. This might be the right time to do such investing. He did not necessarily disagree with the Mayor's suggestion, but first wanted to see the budget. Commissioner DuBose indicated he agrees with many of the comments, but is also concerned about impact on services. If there is excess, it should be returned to the citizens. Mr. Nesbitt agreed. He thought its purpose was for a rainy day, yet there has become a hesitancy to use it and it is higher than the recommended level. Whether it is used for operating or one-time expenses, it is a reinvestment in the city. Mr. Williams indicated some members were concerned about making a decision on use of the fund without first seeing the five-year plan because there may be a need in year two or three, for example. However, he agreed with the concept of reinvestment if there is an overage. Commissioner Rodstrom did not believe the reserve is too high. If some of the reserve will be needed to balance the budget this year, she wanted to know the final percentage. She referred to unfunded pension and other post employment benefit liabilities where there will be savings if more is paid now. She did not think it will be possible to rebuild this fund without a significant tax increase which is not something she would want to do. Commissioner Roberts agreed that a five-year plan will be useful. He agreed with Vice Mayor Rogers and Commissioner DuBose provided 15 percent is maintained. It may be necessary to use some of it next year. Fifteen percent is at the high end of the 5-15 percent range. In response to Mayor Seiler, the City Auditor explained what the bond rating agencies consider, indicating that the exact reserve amount is less important to them provided an agency is within the recommended range. They are mostly interested in fiscal discipline; staying with established policies. He noted a Moody's senior bond analyst indicated Moody's does not object to drawing down a fund balance provided it is part of a financial plan.

With respect to use of excess funds, Mr. Cross referred to the topic of retroactive pay increases to non-union employees and the pay increases given to union employees. See discussion below.

With respect to a budget stabilization reserve, the City Attorney advised that the City has such a fund this is called contingency. It was historically ½ to 1 1/2 percent of the budget, but it is not currently funded. There was agreement that this must be considered as part of the five year plan.

Mr. Williams noted that some members feel the Commission should address its other budget policies such as no layoffs and do so much sooner than later. Mayor Seiler noted the current policy has reduced the workforce without layoffs. He did not think layoffs are needed to balance the budget. Commissioner Roberts pointed out that the ratio of FTE's per population is trending downward which is a positive. Vice Mayor Rogers commented that he does not know how many people it takes to operate the City and he did not think the board knows either. He approved of the policy to hold the line on taxes, not reduce services or layoff employees. He felt the Commission must rely on management to advise on how many people are needed to operate the City.

Commissioner DuBose pointed out the number of people needed to operate the City depends on the level of service the Commission decides upon. He believed the Commission has gravitated toward fixed variable because of they want to put services first. The Commission will have to have a discussion on level of services. Vice Mayor

Rogers reiterated his recollection of staff indicating there will be one less referee for flag football games and commented that he has not received any complaints about level of services. Commissioner DuBose indicated that he has received complaints and this is where it will be reflected when the level of services changes. Mayor Seiler commented that there are a multitude of examples and fortunately the City has been fortunate in terms of complaints on some. He concluded this is an issue that will need to be addressed. However, it is an issue being addressed in collective bargaining and therefore cannot be disclosed.

Motion was made by Mr. Nesbitt, seconded by Mr. Snead: The Budget Advisory Board (BAB) recommends the City Commission enact the fiscal year 2009-2010 pay increases that should have been given to the non-union employees. The BAB also recommends the City Commission develop a plan to ensure that this type of inequity does not occur in the future and the associated expenses for the 2009-2010 costs be offset by a corresponding reduction in expenses. In a voice vote, motion passed unanimously. (Mr. Dickinson not present)

Mayor Seiler believed this is an issue having to do with fairness. When those raises were given to union employees, they made concessions. New hires were provided a defined contribution (pension) system, instead of a defined benefit. He was not sure it is clear for non-union. The raises were authorized by a prior commission. Mr. Snead understood from information provided by staff that it is an apples to apples comparison. Those employees gave up the same kinds of concessions that union employees gave up. Their plan was closed and switched to a defined contribution. Mayor Seiler contended these employees were not in it. Averill Dorsett, Director of Human Resources, clarified that neither were the union employees. Mayor Seiler concluded that is why there are negotiations ongoing. He pointed out that the union employees made concessions as a group. Ms. Dorsett noted that the other employees could not make concessions as a group because they cannot bargain. It was also noted that non-union new hires do not have a defined benefit pension.

Mr. Cross explained there are managers supervising employees who are earning more money than their managers. He did not think that is an appropriate environment. Mayor Seiler indicated that is not a decision that would have been made by this Commission, but they are now trying to find a solution. Mr. Cross commented that the board would like to know what remedies could fix this. The board feels everyone should be paid what they were due. In response to Mayor Seiler, Mr. Cross indicated the board is recommending the 5 percent increase. Mr. Cross added that the board's understanding is that funds were budgeted for this and the funds were put into the reserve. Vice Mayor Rogers raised the apples to apples issue. He believed all of the confidential employees are in the defined benefit plan. Ms. Dorsett indicated the number would be any who came onboard after the plan was closed, post 2007. Jerry Crossley, Class and Compensation Manager, was certain there are some, but did not know the number. Vice Mayor Rogers did not think it is an apples to apples comparison unless new hire confidential employees accept the 401K plan. Commissioner Roberts believed and Ms. Dorsett confirmed that is the case for new hires post 2007. Commissioner Roberts noted it was imposed upon non-union employees because they are not represented. He agreed with Mr. Cross that it is not appropriate to have subordinates earning more than supervisors. Chairperson Page pointed out that it hurts morale.

In response to Commissioner Rodstrom, the Acting City Manager believed the cost to accomplish this would be about \$1.1 million. Mr. Silva noted the board also recommended that there be offsets in the budget to finance this. He did not think they should be paid for the previous year because the money is gone; it is not wise to fund last year's expenses with this year's money. Chairperson Page clarified the board's consensus was to fund this from the reserve. Discussion followed on specifics of the motion. Mr. Nesbitt explained that he believes the reserve could be use used, but a funding source was left to the Commission's discretion. Dr. Hankerson indicated that because the money had already been allocated to those employees, it should go to them. Mayor Seiler summarized that Mr. Dickinson, Mr. Snead, Mr. Silva and Mr. Williams disagree with that position. Mr. Snead disagreed and explained there was some confusion as to whether that phrase was in the motion when the vote was taken. Mr. Nesbitt explained there was some confusion as to what actually happened to the money because it was in the budget and it was not spent. Mr. Silva noted there are two issues; one is retroactivity to the last fiscal year and the other is money for this fiscal year which is not in the budget. It is actually \$2 million. Without a collective bargaining agreement, there is no legal basis to pay last year's expenses this year. In response to Commissioner DuBose, the City Attorney advised that there are some legal impediments. There is a constitutional prohibition against paying money, essentially a bonus or giving a pay raise retroactively, except through collective bargaining agreements. He added that he has not been directed to find a way around this. Mr. Williams concluded that the Commission must decide whether it is going to grant the increase one way or another. Mayor Seiler thought it could be granted this year and not the prior year. He wanted to know the board's recommendation. Mr. Nesbitt clarified the board's recommendation was because it was promised, it should have been paid. Mayor Seiler asked who made the promise. Mr. Nesbitt explained the board understood the policy had always been whatever negotiated through collective bargaining was granted to the non-union employees. Although there are compression issues, Commissioner Roberts noted that was not always the case. He agreed in recent history the concept was to treat everyone the same. Mr. Silva thought if the previous administration had wanted such consistency, they would have passed such an ordinance. Commissioner Roberts thought it had to do with playing games with other bargaining units. In response to Mayor Seiler, Mr. Silva explained one concern of the board was that there have not been any comparability studies conducted for non-union employees for a period of time. The board felt a policy should be established to determine the market for the non-union positions every three years for example and on the other years, cost of living adjustments be granted. Mayor Seiler asked if non-union employees should be granted the real cost of living or what is negotiated in collective bargaining. Mr. Nesbitt noted that this point was not discussed. Mayor Seiler believed that something should be done to bring some equity. However, he pointed out that each group of employees is making differing contributions to the pension for example. He contended that everyone cannot be grouped together. He also believed that there were games being played in negotiations. It is not an apples to apples comparison. In fact, the general employees collective bargaining group made a huge concession for all future hires as a specific concession for three, five percent (increases). There was no concession made by non-union employees and there is no group connected to the future hires after that date. He guessed a promise was made by a prior management that whatever raises union employees received, non-union employees would receive, however, it is interesting that it was not funded. He promised that there will be different cost of livings between police and fire and general employees because they make different concessions. Commissioner DuBose pointed out the compression issue is

happening in police and fire because all police and fire employees are not captured in collective bargaining. Chairperson Page felt the board should revisit this. Mr. Snead indicated that the employees the board was addressing are those that are not part of the general employees bargaining unit because they are confidential or management. Those are the only two to examine. Commissioner Roberts noted there are police and fire employees in the same circumstance. Mayor Seiler agreed that something needs to be done, but disagreed with grouping everyone into one category. Chairperson Page thought it would be helpful to have information on each grouping.

In response to Dr. Hankerson, Mayor Seiler explained that the Commission must decide each budget year how to treat the non-union employees. Dr. Hankerson wanted to look at how the City is measuring what belongs to service and what belongs to fairness of people who provide service. Mayor Seiler indicated that he along with the City Auditor and others are looking into some of these other issues. He agreed that something has to be done. He believed the compression issue is a major issue and has to be fixed. He concluded by noted that the Director of Human Resources will be furnishing the board information as discussed.

In closing, Chairperson Page indicated that she and the entire board hopes a better working relationship can be established with the Acting City Manager. She was pleased to know that the City Auditor will be working with the board.