

FINANCIAL REVIEW BOARD – MEETING MINUTES

FEBRUARY 22, 2011

434 S. SWINTON AVENUE , DELRAY BEACH, FL

Item 1. Call to Order

The Chairman of the Board, Mr. Howard Ellingsworth called the meeting to order at 8:30 A.M.

Item 2. Roll call

MEMBERS PRESENT:

Howard Ellingsworth, Chairman
Todd L'Herrou, Vice Chairman
Christina Morrison Pearce
Luise Piane
Rosalie Blood
Martin Cherry (Alternate)

MEMBERS ABSENT:

Barbara Trevino Chester (Resigned)
Yvonne Walker (Resigned)
Cheryl Shaffner (Alternate)

STAFF & GUESTS PRESENT:

Barbara J. Flynn, Finance Dept.

Item 3. Approval of Agenda-

Mr. Ellingsworth asked for approval of February 22, 2011 agenda. Ms. Pearce moved for discussion. Seconded by Mr. L'Herrou. Need to add approval of minutes of January 18, 2011 to agenda. Said motion passed unanimously.

Item 4. Approval of Minutes -

Approval of Minutes of Meeting of January 18, 2011 - Motioned to approve by Ms. Pearce, seconded by Mr. L'Herrou. Said motion passed unanimously.

Item 5. Public Comment – No public comment.

Item 6. Handouts – No handouts.

Item 7. Open Issues-

a.) Update on the Finance Director Position:

Mr. Ellingsworth stated that the Finance Director position has been filled. Mr. Ellingsworth would like to talk to Mr. David Boyd, Finance Director about some of the items they have been looking into and will invite him to meet with the Board when time allows. An additional staff member from Finance may also be requested to attend the meetings in the capacity of a liaison to the Board.

b.) Status of Resolution 05-11 – Modifying the Financial Review Board:

Mr. L'Herrou stated the original resolution for approval was modified to state Board members cannot directly lobby Commissioners for funding or services from the City: It was previously written that they cannot be members of a board that has ever requested funding from the City. They discussed whether any members may encounter a conflict with their ability to serve. Ms. Flynn will provide the Board with the final approved resolution 05-11 for review.

c.) Administrative Policy on Charitable Contributions and Special Events:

Mr. L'Herrou discussed this with Mr. Barcinski, Asst. City Manager. He discussed some of the concerns the Board has regarding the policy and application process. The CRA is in the process of reshaping their policy and application process also; Mr. Barcinski will consider what they are doing while reshaping ours.

Mr. Ellingsworth stated a concern that there are many organizations applying for funding from the City that may serve similar purposes. Mr. L'Herrou stated a concern that there may be organizations circumventing the process by going directly to the Commission.

d.) Cemetery Policy:

Ms. Walker who has resigned from the FRB researched this project. Mr. Ellingsworth suggested using the information provided by Ms. Walker to continue researching this issue as a group. One issue was they don't have

a good inventory of the cemetery on the number of plots – due to it being outsourced and then returned. Issues brought up previously by Ms. Walker will continue to be reviewed. (See minutes of January 18, 2011).

e.) Departmental Function Analysis:

Two areas that are currently being evaluated by members that are retiring from the Board; the Fire Department Study, and Cemetery Policies. Mr. L'Herrou spoke of the Fire Study stating things are difficult due to the Chief being out of the office on a medical leave, and hopes that the study results will change things because historically these studies have had little effect. Hopefully the new report will help with discovering the true needs of the City. Staffing levels are an issue; there are some things that could be done with staffing reductions while keeping the service levels the same. Also in reference to shifting the EMS billing back to the responsibility to the City from outsourcing, he hopes it will have a result in increased revenue by higher percentages of collections. The results however need to be analyzed to insure our expectations are met. It remains to be seen what the Fire Study report recommends.

Mr. Ellingsworth stated the report will not be addressing the retirement fund, and we need a credible recommendation about the pension issues. He does not feel the current plan is sustainable. There is a significant cost using a defined benefit plan. What governs how that will work is how well the investments perform. The Board will submit their recommendations to the City Manager and Commission.

Ms. Pearce explained pensions are being addressed at the State level, one recommendation is the City, State and County would have to pay into their pensions (5%) and it is working its way through the legislature by Governor Scott. This applies to non-union employees and does not include our City Fire Rescue and Police. Ms. Pearce stated if it is not going to hurt those within ten to fifteen years of retirement that is fair, but we have to change our hiring policies now so the problem does not proliferate.

Mr. Ellingsworth said the argument with that has been that we cannot compete with surrounding cities or the county; if we freeze the current benefits we are going to have trouble hiring. However, this point is debatable.

Ms. Pearce said we may be able to make changes in conjunction with the League of Cities. If all cities make the same changes to the benefit plans it would be more palatable.

Mr. Ellingsworth stated that union issues have to be negotiated. The City Manager had proposed last year to reduce the Police & Fire (P&F) pension and the General Employee (GE) pension each by \$1 million. The reduction was approved for GE but not for P&F. Mr. Ellingsworth feels this may cause us to have to use reserves to balance the budget. A possibility exists that we may need to cut another \$3 to \$4 million next year; it seems the GE has been reduced as far as it can without cutting positions. This issue needs to be addressed.

Item 8. New Business and Open Discussion-

- a.) Ms. Pearce met with several key employees from Parks and Recreation including the Director, Linda Karch. They are bringing in new parks, and they have no way of denying the acceptance of these parks. Their expenditure is now over \$12 million (14% of the City Budget) and they bring in around \$1 million in income, impacting the budget significantly. Ms. Pearce discussed the recommendations from the FRB to the Parks Department. They liked the "Adopt a Park Program" idea, however when adopted the adoptees only clean the park four times a year, and does not prove to have any negative expense in keeping up the parks. They do have an internship program, but they still don't feel they can eliminate any paid positions. The vendor kiosks are limited in the City because of a Charter that they cannot be subleased. Ms. Pearce has met with other cities as well and in Palm Beach Gardens i.e. they instituted three years ago that the fees for recreational services have to cover that park. She also recommends that we could limit Parks and Recreation's expenditures to 10% of the total budget and the department should make the decisions on how to accomplish this. Also, when the CRA acquires parks they have no mechanism to preserve the park so it becomes the City's responsibility to carry forward.

Mr. Ellingsworth stated reducing the expenditures from 14% of the budget to 10% would be a savings of \$2.4 million. Ms. Pearce will formulate a written recommendation to present to Commission. Ms. Pearce stated we are an advisory board and do not have the power to make demands, only present ideas and recommendations for the Commission to implement what they see fit.

Mr. Ellingsworth described to Mr. Cherry, the newest member, how the Board was formed initially as the Budget Task Force, and the history of their findings. The Commission made the Board permanent calling it the Financial Review Board, and discussed the accomplishments of this Board and future goals.

- b.) Ms. Pearce discussed with the Board - Communication between the Board and the Commission. Her concern was the Commission was not getting the recommendations they were sending. Mr. Ellingsworth stated all of the recommendations have been forwarded to the Commissioners, Mayor and City Manager. Ms. Pearce stated the budget formulation time starts in March, so we should submit recommendations as early as possible.

Mr. Ellingsworth stated some of the easier ways to cut back have been done; it is going to be harder now. We need to give supporting documentation, ideas with credibility and specifics on how to accomplish the savings. When the CRA purchases properties not only are they removed from the tax rolls, the City has to maintain the property. The Board should voice themselves from a tax payer's point of view. Mr. Ellingsworth would like all of the recommendations that we have forwarded to the Commission compiled to review the status of those recommendations. Ms. Flynn will provide that information for the next meeting.

- c.) Mr. Ellingsworth changed the meeting schedule back to twice a month; the second and fourth Tuesday of each month. A new calendar of dates and locations will be prepared and distributed to the members.

- d.) There was a brief discussion of the funding of the Tennis Center's Senior Tour.

- e.) Mr. L'Herrou suggested following up on a previous recommendation to the City to take different approaches on Health Care issues. One of the things the City did was create a Clinic for employees. It was fully funded for the first year. They now may be passing the costs of the Clinic onto individual departments so the costs will need to be added to each department's budget. What has not been done is to review if the Clinic has been successful, review the cost savings, utilization patterns, etc.

- f.) Mr. L'Herrou tendered his resignation from the Financial Review Board. He stated it has been a honor to serve on the Board, but unfortunately at this time he will not be able to continue due to personal and work constraints. Mr. Ellingsworth thanked him for all of his hard work and commitment over the past few years.

- g.) The next meeting agenda for March 8, 2011 will include:
Discuss CRA acquisitions of property.
Recommendations for Parks and Recreation Department
Discuss status of recommendations formally submitted to date
Status of Tennis Center contracts
Report on Health Care Clinic

Item 9. Adjournment -

Ms. Blood motioned to adjourn the meeting seconded by Ms. Pearce. Said motion passed unanimously. The meeting adjourned at approximately 10:00 a.m.

The undersigned is the Chairman of the Financial Review Board. The information provided herein are the Minutes of City of Delray Beach Financial Review Board - Meeting of February 22, 2011. The Financial Review Board formally approved these minutes on March 8, 2011.


Howard Ellingsworth, Board Chairman