

## FINANCIAL REVIEW BOARD – MEETING MINUTES

JULY 12, 2011

434 S. SWINTON AVENUE, DELRAY BEACH, FL

### Item 1. Call to Order

The Chairman of the Board, Ms. Christina Pearce called the meeting to order at 8:30 A.M.

### Item 2. Roll call

#### MEMBERS PRESENT:

Christina Morrison Pearce, Chairman  
Rosalie Blood, Vice Chairman  
Howard Ellingsworth  
Luise Plane  
Jeff Ritter

#### MEMBERS ABSENT:

Alexander Simon (Alternate)  
Andrew Youngross (Alt. Resigned)  
Warren Trilling (Resigned)  
John (Jack) Hallahan

#### STAFF & GUESTS PRESENT:

David Boyd, Director of Finance  
Barbara J. Flynn, Exec. /Tech. Asst.

### Item 3. Approval of Agenda-

Ms. Pearce asked for approval of July 12, 2011 agenda. Mr. Ellingsworth moved to approve the agenda, seconded by Ms. Blood. Said motion passed unanimously.

### Item 4. Approval of Minutes -

Approval of Minutes of Meeting of June 28, 2011 – Mr. Ellingsworth motioned to approve, seconded by Mr. Ritter. Said motion passed unanimously.

### Item 5. Public Comment – None.

### Item 6. Handouts –

- 1.) PBC Code of Ethics Ordinance
- 2.) Cemetery Operations Policy and Procedure

### Item 7. Open Issues-

A.) MARKETING PLAN: In reviewing the tennis center operations Mr. Ritter's first impression was there was more of a need to focus on new members; making them feel welcome and informed. The upstairs area could be an opportunity to offer vending machines to increase revenues, accommodate members and possibly other ways to use that area more efficiently. Usage of the courts will understandably be lower in the off-season.

Mr. Ritter has a meeting on July 21<sup>st</sup> to discuss the tennis center with Mr. Barcinski, Mr. Baron and IMG where he will get more information on the operations. It is a popular, centrally located resource and Mr. Ritter will work with them if he can help with revenue generation and marketing ideas.

B.) HEALTH CARE PLAN ANALYSIS: Mr. Ritter will be visiting the Wellness Center and making recommendations. Mr. Boyd stated an outside consultant has been contracted to do a study on our current claims, reviewed by Milliman's for comparison to other insurance providers for the best discount rate. There is GASB45 compliance that requests local governments to set up a trust fund for retiree's benefits. With Milliman's assistance in the past, he has seen a decline in health care costs in as little as two years. The City could potentially save money without reducing benefits.

Mr. Ritter stated the important step is for the City to look at various brokers and benefit consultants. There are other firms that provide similar services in a more efficient way. Health is one part; there are other factors, and currently Gallagher Bassett has a contract for all health services. The City may want to look at having pieces going out to different entities.

Mr. Ellingsworth is interested in what parameters are in the current contracts with Gallagher Bassett and with Cigna. Mr. Boyd stated the Claims Quest study does not cost the City anything initially. He explained that Milliman calculates our savings you would have had through a different provider. With the city of Smyrna, GA. our choice was to pay the consultant pay them 20% of the savings or assign them as our broker at the same rate we were currently paying. Mr. Boyd stated Cigna is the one that grants the discount percentage, and that is what Milliman is currently analyzing.

Mr. Ellingsworth agrees that the City should go out to the marketplace on a regular basis on contracts. The City has several large contracts that need to be reviewed. The length of a contract the City enters should not be for more than three (3) to five (5) years. Mr. Ritter stated Milliman is the premier actuarial firm in the country, and he would hope they will look at not only the discount rate but claims paying and pharmacy to avoid other problems with the benefits. Every aspect needs to be considered.

Mr. Boyd stated we currently have Cigna for health care and pharmacy. He feels having an embedded pharmacy program may not be the cheapest plan. Mr. Koeser will provide an update on when this analysis will be completed. Mr. Ellingsworth asked if there has been discussion about employee contributions. Mr. Boyd stated there was discussion last year, the City has implemented a mandatory wellness program. Therefore the contributions stay the same if you visit the doctor at the Wellness Center and get on a care plan if there are problems. If you do not participate, the health care rates go up. Also smoker's health care rates are higher. Mr. Ritter asked if there is a focus on education and outreach to give incentive to use the clinic. Mr. Boyd stated you had to meet with the doctor by mid-July or your contributions would go up in September. The blood work will determine if there are problems such as pre-diabetes or high cholesterol. The clinic is available for both the employee and their families (if they have group coverage). At the clinic you are not subject to a deductible, it is free.

Ms. Pearce said the Palm Beach County Tax Collector and the Clerk of the Court have instituted a plan two (2) years ago, with blood work, smoking cessation plans, weight loss programs and these have worked well keeping employees healthy.

Mr. Ritter will report his recommendations after his tour of the clinic.

C.) CEMETERY POLICY ANALYSIS: Mr. Hallahan was working on this issue and he is not at the meeting today. The policy was updated last month and distributed to the Board today. Mr. Ellingsworth stated the main concerns in the beginning of the analysis, were receiving a comprehensive inventory and reviewing outstanding invoices. Ms. Pearce stated there should be an accurate inventory of what is for sale, and a set procedure. In the current policy it states we cannot reclaim for thirty (30) consecutive years. Mr. Ellingsworth stated there is no process for foreclosure, and this should be looked into. Ms. Pearce added that when the cemetery operations were contracted out there was not good record keeping. Also currently the operations are divided between several different departments in the City which is also a concern.

D.) FIRE STUDY UPDATE: The ICMA has notified the Fire Department the study will be completed in one to two weeks. Mr. Ellingsworth stated the report was originally to be completed in April. This will be useful for budgeting purposes so the timeliness is important. The Board is requesting a draft of the report to review.

E.) POLICE STUDY SUMMARY: Ms. Pearce stated we had received the draft of the data summary, but we have not received the final or the recommendations from the consultant.

F.) FOLLOW UP ON RECOMMENDATIONS: Ms. Pearce has not received a response from the City Manager on their recommendations to date. She received a response from the CRA – a list of properties that they do own and a proposal of properties that could be disposed of. Mr. Ellingsworth stated a Whole Foods Market is coming in on Federal Highway. The CRA was looking for federal funds to acquire property north of the teen center. He reiterated the Board feels it is inappropriate to take additional properties off of the tax roll, invest money in the property if needed and have the City pay for ongoing maintenance. Ms. Pearce has not received a response on the recommendations made concerning the Parks and Recreation Department.

## **Item 8. New Business and Open Discussion-**

A.) Ms. Pearce has distributed copies of the new Code of Ethics Ordinance. People have resigned from boards thinking it would preclude them from doing business with the City or the County, and this is not the case. New guidelines state if it is an oversight advisory board such as the FRB that merely suggests and advises the City Commission, they don't set policy, set laws, approve contracts there are no conflict of interest issues if they do other business with the City. A board such as the CRA that does spend money and approve contracts and has direct control over awarding contracts, then there is an issue.

Mr. Ellingsworth mentioned the City has a resolution (05-11) that was specifically about the responsibilities and requirements for their board members. It stated no employee is eligible to serve or a member of an organization requesting funding or services for their organization. Ms. Pearce will pursue avenues to see if this policy is impacted by the ordinance.

B.) Ms. Pearce asked Mr. Boyd what the procedure is for contracts; if there is a person that monitors and reviews of all of the City contracts, or do individual departments handle them. Mr. Boyd stated he has an employee that keeps a spreadsheet of all of the contracts. The Purchasing Division keeps track of the automatic renewals.

Mr. Ellingsworth stated the Board had recommended the City consider hiring a Contract Administrator. There needs to be monitoring of all of the substantial contracts once the contract is entered. That position should be able to pay for itself by preventing issues such as there was with Waste Management. In his opinion it would be a benefit to the City. Mr. Ritter stated if the person was reviewing the contracts on a consistent basis, and performance guarantees it would stop the surprises and lay a foundation for preparation of RFP's and RFI's. Mr. Ellingsworth stated concerns as to if the terms of the contract are in compliance.

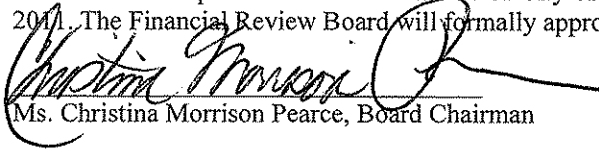
C.) Ms. Pearce stated the grants are coming up for awarding. There were several things the Board had requested to be added to the application for grants, and they are not sure if those recommendations have been implemented.

D.) Ms. Pearce is working with the City Police Department to get video monitoring in the parking garages to insure safety.

UPCOMING AGENDA ITEMS – CONTINUE WITH CEMETERY ANALYSIS, HEALTH PLAN, MARKETING, FOLLOW UP ON RECOMMENDATIONS MADE BY THE BOARD, GRANT PROCESS, AND POLICE SUMMARY ANALYSIS (IF AVAILABLE).

**Item 9. Adjournment -**

Mr. Ellingsworth motioned to adjourn the meeting seconded by Ms. Blood. 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 - Minutes of City of Delray Beach Financial Review Board - Meeting of June 28, 2011. The Financial Review Board will formally approve these minutes on July 26, 2011.



Ms. Christina Morrison Pearce, Board Chairman