

FINANCIAL REVIEW BOARD – MEETING MINUTES

AUGUST 3, 2010

ENVIRONMENTAL SERVICES
434 SOUTH 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
Yvonne Walker
Rosalie Blood
Luise Plane
Barbara Trevino

MEMBERS ABSENT:

Hank Higginbotham (Alternate)

STAFF PRESENT:

Barbara J. Flynn, Finance Department
Russ Accardi, Fire Department
James Tabeek, Fire Department
Danielle Connor, Fire Department

Item 3. Approval of Agenda

Mr. Ellingsworth asked for approval of the August 3, 2010 Agenda. Mr. L'Herrou motioned to approve. Seconded by Ms. Blood. Said motion passed unanimously.

Item 4. Approval of Minutes

Approval of Minutes of Meeting of July 20, 2010 - Mr. L'Herrou motioned to approve. Seconded by Ms. Blood. Said motion passed unanimously.

Approval of Minutes of Special Meeting of July 23, 2010- Mr. L'Herrou motioned to approve. Seconded by Ms. Pearce with discussion. With changes in wording to provide clarity - approval of the minutes passed unanimously.

Item 5. Public Comment – No public comment.

Item 6. Handouts –

The handouts included a printed section of the Fire Rescue Management Study for West Palm Beach Florida. Ms. Blood had emailed the summary of the Special Events/Miscellaneous Grants funding – with recommended dollar amounts.

Item 7. Open Issues

a) Introduction of New (Regular) Members – Mr. Ellingsworth welcomed the new members and they introduced themselves giving a brief background.

Luise Plane – Ms. Plane has been a resident of Delray Beach since 1992 and currently resides at Harborside. She has worked on the Harborside Association Board focusing on the financials. She is a retiree.

Barbara Trevino – She has been a resident of Delray Beach for six years, and resides in the Lake Ida area. She is active in the Junior League of Boca Raton, editor of their magazine and chairperson of other groups. She is a former military officer (an Army Captain) for seven years, and is originally from Texas.

The members were provided with binders that included previous agendas, minutes and recommendations by the Board to give them some history of what has been discussed prior to their appointments. Mr. Ellingsworth explained some of the items and suggested they review the report by the Budget Task Force Committee provided on the City Website. He explained the Board has been reviewing the current budget submittals from each department.

b) Discussion of Department/Division Budget Analysis-

Mr. L'Herrou attended the Special Workshop Commission Meeting on August 2, 2010. The Commissioners will be setting the preliminary millage rate at the Commission Meeting on August 3, 2010. They tend to set it high because it can be reduced up until September. The result was Mr. Harden recommended a preliminary rate of 7.59 with intent to get down to 7.39 which is 2/10 of a mil above current rate. The reductions of \$2 million for pension plan changes still applies as well as \$703,800 in VEBA. The City Manager showed an increase in revenue from a recapture in EMS billing collections along with other revenue increases that were not detailed. Commission did informally announce their intent to set the millage rate to 7.59 and bring it as close to the current 7.19 rate as possible, with Mr. Harden's recommendation to

target 7.39. The difference in dollars going from 7.19 to 7.39 would be approximately \$1.2 million in additional revenue to the City. The difference going from 7.19 to 7.59 would be \$2.4 million in revenue. Mr. L'Herrou stated two other items discussed by the Commissioners were to set additional special meetings to discuss the budget and whether or not layoffs will be "on the table". The resolution of that was for Mr. Harden to present any layoffs to the Commission if he had such a recommendation. Mr. Harden stated if there were specific programs the Commission felt should be cut than they should provide direction to him. Mr. Ellingsworth will contact the Mayor to see if more detail is available.

The Board will be looking at longer term organizational and departmental reviews thinking forward into next year.

Fire Department - Ms. Pearce had supplied a report which is the management study for the Fire Rescue Department of West Palm Beach. The board will read the report for complete understanding and determine if there are any applicable issues for Delray Beach. Some of the changes proposed for WPB are to eliminate one of the fire stations with the fewest calls, changing the amount of vehicles / employees that were issued to each call and placement of equipment where it would be the most useful. Mr. Ellingsworth stated he will speak with the City Manager about engaging a consultant to review Delray Beach's Fire Department if he has not already done so.

Parks and Recreation - Ms. Pearce met with the Department Head and one problem is that the City keeps adding parks, and the parks do not come with any funding attached. Two parks were added to the southwest district last month. She had objected to the Commission at that time stating they were in the CRA district; why should the City inherit them? The answer was the City had more money to maintain them. In a consultant study the same was stated; they should not accept parks that do not come with funding. A comparison with other "like" cities shows that Delray Beach has spent more on parks than others. We spent \$9.5 million vs. \$7 million average for other cities. She recommended other ways to get funding, either getting a buy-in from the neighborhoods or have the park adopted by a church or community group. Ms. Pearce stated the Parks and Recreation Department comprises over 10% of the total budget. She will summarize her findings and make recommendations for the Board to review at the next meeting.

Grants and Aids Funding - Ms. Blood sat through the interviews and presentations for the contributions to charitable organizations and funding for special events. Mr. Barcinski, the Assistant City Manager, had decided to reduce the funding based on each request rather than by a percentage across the board. Mr. Ellingsworth had recommended they need to have a methodical approach to how much is funded. Some entities make little attempt to raise money outside of the City or CRA funding. He stated that they are viable entities and do provide great service to the community.

Mr. Ellingsworth recommended the DDA contribute a fee to the City for services. Ms. Trevino brought up the point that if the Police supplies support for events, that cost should come out of the organizations proceeds. Mr. Ellingsworth stated Mr. Barcinski keeps records on the overtime incurred for each department dealing with supporting events. The current support fee is as follows: the first \$1,000 is at no cost to the organization and then 75% of the remaining cost is to be charged to the organization (unless it is a City sponsored event). One recommendation was for the organizations to pay 100% of the costs and another issue is to ensure they are capturing all of the costs incurred before applying the total owed by the organization.

Ms. Trevino is involved with the funding for the Junior League in Boca Raton and whatever expenses they incur come out of their proceeds. Additionally, they can only apply for a grant every other year. She also spoke about getting an objective view of the community impact of the event and possibly an outside source would be helpful with this analysis. Mr. Ellingsworth stated the event coordinators should supply records containing attendance and accomplishments. He believes they should also show what efforts they have made to receive funding from other sources.

Ms. Pearce mentioned that the downtown area that generates tax revenue pays a DDA tax and in turn receives some of the proceeds of these events. She stated the Christmas tree and the Fourth of July celebrations should not be coming out of the General Fund, they should come out of the DDA solely, since that is a taxing district benefit for them. Mr. Ellingsworth had suggested the DDA pay a fee to the City because the City basically runs their events (Banner program, special lighting, etc.). The events were designed to bring more people to the area with the idea they would patronize the restaurants and retailers.

In conclusion the Board will be looking into changing the application form to provide the additional information. The Board will also review the entire grant funding process, what the organization is really doing to benefit the citizens and request attendance records. Mr. L'Herrou stated it needs to be a consistent and fair process i.e. the same for all applicants. In conclusion they will review the application and come back with ideas for the next meeting.

Police Department - Ms. Walker was assigned to review the Police Department budget, and she met with the Chief of Police. They are planning to bring in an outside consultant to do a study at a cost of approximately \$30,000. The Chief

had eleven (11) initiatives to implement to reduce operating costs for the long term. Many of their costs are fixed such as ammunition and other necessities. Ms. Walker suggested waiting for the results of the study which will present an overall review of the operations.

The Chief expressed some morale problems with his senior level employees wanting to be promoted. She stated one item for the Board to review is the take-home car policy. Mr. L'Herrou was hoping that during the study they would review compensations for officers as a whole including the take-home cars. He stated it was a benefit given because they were actually losing officers to other areas offering this benefit. Now however, many municipalities are capping off on that policy or limiting the distance you can live away from work and be given a take-home car. When Mr. Ellingsworth spoke with Mr. Hasko (Director of Environmental Services) he found they had done some analysis on leasing vs. purchasing of vehicles. He asked Ms. Walker to find out what the status of that is and/or the outcome is if completed.

Other Budget Considerations -Ms. Pearce wanted to continue to be perseverant with the City Manager about reducing staffing levels rather than implementing furloughs. Most employees are not getting any salary increases, while others get standard increases. At the County level the unintended consequences are the City employees will all want to be part of a Union in order to be compensated. That is not the message the Board would like to send. The Board should consider recommending to the City Manager to reduce staff to benefit the best (remaining) staff. As the recession ends and staffing levels build in corporations the best staff will leave if they have not been rewarded. Mr. Ellingsworth suggested having the City Manager come to a meeting and discuss his budget recommendations.

Ms. Pearce discussed reducing the work week as opposed to furloughs, and the only way to save money that way is to shut down the whole City for one day a week. Mr. L'Herrou stated there was some discussion at the Commission Workshop about a four (4) day work week. Some departments have tried this before and the managers' recommendation was that the savings that have been seen may not be realistic. Ms. Trevino asked if other options had been discussed such as: slowing down the hiring process, cross-training, transferring employees, eliminating redundant jobs or extending year end breaks in order to keep the no layoff policy. Mr. Ellingsworth stated the town of Wellington claims they have saved \$600,000 by going to a four (4) day work week. He agreed that with keeping a 40 hour work week you are not saving on salaries, only utilities. He suggested another option of possibly having a shorter work week after the "season". We have seasonal fluctuations in our City so they may want to look at going to a shorter work week from May thru October. Ms. Walker stated only about ¼ of our employees are not Union you would only be able to implement changes for the non-union employees (without negotiations). The Board did recommend layoffs due to the morale of the employees that are not getting salary increases. Ms. Pearce stated in other cities they have eliminated the carry-over of vacation days so there is not a big payoff when the employee retires, and increasing health insurance premiums for smokers. Those are other ways to save money to use for pay increases.

The City Manager has also recommended \$1 million to be cut from each pension plan (General and Police /Fire). The employees were asked for input as to their preferences – a list of options was distributed, however only 100 employees responded. The Board has requested to see the options presented and the employee responses.

On communication, Mr. Ellingsworth advised the new members we cannot email individual members or respond to emails. Any questions or items that you wish to have added to the agenda email to Ms. Flynn and she can distribute that information to the rest of the Board. Do not discuss issues with other members of the Board outside of the meetings.

Item 8. Open Discussion

a.) They discussed the status of the Waste Management Analysis and came to the conclusion that their role has been completed. Mr. Ellingsworth stated that Mr. Reade presented his reports and the Board agreed that the efforts and conclusions were adequate. The Commission acknowledged that there were areas with deficiencies but they did not deem it appropriate to continue further analysis. There will be some changes in procedure for the future. They will no longer be discussing this issue as a Board.

b.) Ms. Pearce stated that from the City Manager's report dated 6/30/10 on financials; it does not look like there will be a surplus this year. She will supply copies of this for the next meeting.

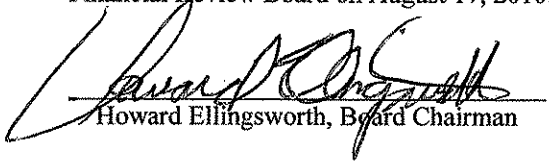
c.) Ms. Pearce addressed the representatives from the Fire Department attending the meeting to see if there were issues. Chief Accardi stated their interest is cost effectiveness. They are attending the meetings to see what can be learned from other cities' Fire Management studies in order to better their services. Mr. Ellingsworth stated they can always arrange with him or Ms. Flynn to have an item added to the agenda for discussion.

Mr. Ellingsworth stated the items that will be on the agenda for the next meeting will be to discuss a review of the grant funding process, lease vs. purchase on vehicles, departmental budget continued for Parks and Recreation, discussion on the Fire Management Study of WPB and the City Manager's financial report.

Item 9. Adjournment

Mr. L'Herrou motioned to adjourn the meeting seconded by Ms. Blood. Said motion passed unanimously. The meeting adjourned at approximately 10:15a.m.

The undersigned is the Chairman of the Financial Review Board. The information provided herein are the Minutes of the City of Delray Beach Financial Review Board of August 3, 2010. Minutes were formally approved and adopted by the Financial Review Board on August 17, 2010.


Howard Ellingsworth, Board Chairman