

Budget Task Force

Minutes of
February 5th, 2008

MEMBERS PRESENT:

Todd L'Herrou
Alexander (Sandy) Simon
Franklin Wheat
Vincent Dole
Howard Ellingsworth
Steven Janssen
Peter Arts
Robert Moore (alternate)
James Smith (alternate)

MEMBERS ABSENT:

None

STAFF PRESENT:

Joseph Safford, Finance Director
Rebecca O'Connor, Treasurer
Lisa Herrmann, Budget Officer
Venice Cobb, Executive Asst., Board Liaison

STAFF ABSENT:

None

Item 1 Call to Order / Roll Call

City of Delray Beach Budget Task Force meeting was called to order by Venice Cobb, City Clerks Office Executive Assistant - Tuesday February 5th, First Floor Conference Room at 9:38 a.m.

Mr. Safford performed the roll call. The committee is comprised of seven (7) regular members and two (2) alternate members. All members of the Task Force and City staff were present.

Item 2 Introductions:

Mr. Joe Safford, Finance Director introduced himself to the Board members stating that the City Commission has appointed this Budget Task Force. The role of the task force is to review the budget, make recommendations for efficiency, and cost cutting improvements as well as recommendations for improvements. Mr. Safford introduced Rebecca O'Connor, Treasurer who is responsible for the revenue side of operations and Lisa Herrmann, Budget Officer who prepares the annual budget; describing their roles as resources to the Board, and informational support for evaluating possible alternatives within the budget.

Mr. Safford indicated the purpose of the meeting upon election of a Chairman and Vice Chairman of the Board, he would then turn the meeting over to them to conduct the remainder of the meeting.

Item 3 Election of Chairman:

Mr. Safford asked for nominations for Chairman. A nomination was made for Franklin Wheat and seconded. Said motion was passed unanimously. Mr. Wheat was appointed as Chairman of the Committee of the Budget Task Force.

Item 4 Election of Vice Chairman:

Mr. Safford asked for nominations for Vice-Chairman. A nomination was made for Howard Ellingsworth and seconded. Said motion was passed unanimously. Mr. Ellingsworth was appointed as Vice-Chairman of the Committee of the Budget Task Force.

Item 5 Review of Handout Materials:

**A. City of Clearwater Committee Report and Budget Transmittal Report –
Dated March 2007**

Mr. Safford stated the concept of a Budget Task Force came locally from the City of Clearwater. The first handout is a copy of the Committee Report and City Managers Budget Transmittal Report from Clearwater as an example and/or format.

B. City of Delray Beach Budget Preparation Worksheets for Fiscal Year 2007-2008

Mr. Safford clarified the budget year runs from October 1st 2007 through September 30th 2008. Clarification was made that the Boards recommendations would be for the fiscal year of 08-09.

a. General Fund by Revenues:

Mr. Safford explained the primary operating fund of the City is the General Fund. All primary departments operate under the General Fund; which includes Finance, City Clerk, City Manager, Purchasing, Human Resources, Police, Fire, Engineering and Parks and Recreation. Other funds of the city are predominately run by "user fees". These would be the Water/Sewer fund or Utility fund which is operated off of water sales and sewer services; the Sanitation fund is garbage and trash fees; Golf Courses operate off of its own funds, etc.

b. General Fund Expenses by Line Item –

Mr. Safford went on to explain there are two more of these budget worksheets that are breakdowns of the expenses. The first one illustrates each line item of the City which is a breakdown of all executive salaries, regular salaries, holiday pay, etc. As you can see much of the budget goes to salaries, fringe benefits, operating expenses and capital transfers.

c. General Fund Expenses By Department / Division –

Mr. Safford explained this worksheet illustrating a breakdown of departmental primary categories of personal services, operating expenses and capital grants.

Both would have the same total of \$101,384,690.00 for a balanced budget of both revenues and expenses.

d. Prioritization Listing of Expenses by Function:

Mr. Safford explained this budget year the City was hit by tax reform legislation from the State. The State basically required the City to "roll-back" our millage (our tax rate) to the prior year and therefore reduce our budget by 9% resulting in a \$4,500,000.00 reduction.

The departmental requests totaled \$108,000,000.00. The City Manager had the Department Heads rank all expenses in their budget. Then refer to the City Charter and determine what *it* required. Those requirements were: a City Commission, a City Manager, a City Clerk, and a City Attorney for instance. In order to be a City one had to have certain elements; these being the highest ranking.

The Police and Fire Departments were not included in the scenario as these can be contracted as outside services. All Department Heads agreed to the list of these rankings

Mr. Safford went on to explain the "levels" of a zero based budget. Level 1 would be to get 85% of what the City had last year, the lowest level with absolute essential services that those departments have to bring to the table; Level 2 is if we were given 100% of last year which would still require limiting pay raises and trimming back; Level 3 is 103% of last year, which would be the same amount of money as last year plus a "cost of living"; and Level 4 is additional requests without limitation.

A Board member requested in making a projection for next year that would include a couple of factors: 1.) Putting in the merit and salary increases for this year 2.) Remove the non-recurring; if we had something last year that we will not have next year.

Mr. Safford explained on the revenue side the changes to homestead exemptions, the Florida Personal Income Growth Factor and reduction to Market Values may have an impact.

Mr. Safford concluded stating the \$101,384,690.00 should be the Board's beginning point and analyze the budget from there.

Item 6 General Discussion:

A board member requested if Ms. O'Connor could supply a list of outside contract services the City has with a brief description of the annual amount and any expiration date in order to focus on outside contracts.

Mr. Safford explained that he believes the general intent of the Commission in assembling this Board is to have ordinary citizens and third parties look at the budget to see any obvious areas that cause concern or have potential for change.

Mr. Ellingsworth stated the Board should try to determine what their Mission Statement is; looking at the budget to see if there are areas that can be analyzed to reduce some costs which may be the main objective, and to determine a more definitive end product that need to be produced.

A Board Member requested a comparative study if available which would show salaries, benefits, and retirement plans from the City of Boca Raton, Lake Worth, and Boynton Beach.

Mr. Safford added a citizen's survey was conducted that may be of interest. It stated their (citizen's) primary concerns and offered to supply a copy to the Board.

Mr. Ellingsworth requested an additional column illustrating the percentage of each line item vs. the budget for years FY 05-06, FY 06-07 and FY 00-01.

It was also was requested if there is a way to isolate newer line items that have been added since 2000.

A group discussion pursued on the CRA budget and how funds were handled.

Mr. Ellingsworth requested a flowchart of personnel by Department.

Mr. Safford advised there is a flowchart with a breakdown of staffing levels that could be provided to the Board by Lisa Herrmann.

A member of the Board suggested they maintain two lists and requested Ms. O'Connor's assistance. One a list of the items the Board has requested. 2.) A list of areas identified that may need further investigation by the Board.

There was a group discussion on the roles or definition of Regular Board Members vs. Alternate Members as well as the proper protocols for requests within the Board and to the City facilitators. It was agreed the primary difference between regular and alternate members was on the alternates' ability to vote.

A group discussion followed on the frequency of meetings, determination of the next meeting date, and what materials to be brought to the table; such as a Mission Statement from each member for use in compiling a final draft to present to the City Commission.

Mr. Safford clarified some of the general terms in the budget and how they may change depending on the department such as contractual services.

Mr. Ellingsworth spoke on what may be the goals and objectives of the Board.

A Board member requested a listing showing figures on the Proposed Budget vs. the Actual Budget.

Ms. Lisa Herrmann described the reasons and frequency of revisions to the budget.

Mr. Safford reiterated the current total budget amount for the General Fund is \$101,384,690.00 and referred back to the prioritization listing of expenses by function developed by the City Manager and Department Heads supplied in the handout materials.

There was a group discussion on the differences between the General Fund and other funds that are generated by "user fees".

A final discussion was to determine what should be included in the Mission Statement and the process of creating one.

Mr. Peter Arts asked if the Board would be under the Sunshine Law.

Mr. Safford advised they would be and explained what restrictions come into play under that law.

A Board member requested a contact list which would include the other members and City staff present.

Mr. Safford commented they are advertised and posted on the bulletin board in the lobby and are also on the website.

Members agree the next meeting would be Tuesday the 19th of February at 8:30 with their drafts of a Mission Statement.

Mr. Safford reviewed the materials requested of him from the Board. The Citizen Survey, the expansion of one report to show the FY2000 representing percentage comparison of the budget vs. the total amount of the General Fund.

Ms. Herrmann verified she was to supply staffing levels from year 2000, 2005 to the present, and the comparison of salaries from other cities.

A Board member indicated there was particular interest in the data concerning Police and Fire comparisons to other cities.

Mr. Wheat determined that was the extent of the requests at this time.

Item 7 Motion to Adjourn:

There being no further business, Chairperson, Franklin Wheat moved to make a motion for adjournment, seconded, and said motion passed unanimously. The meeting adjourned at approximately 10:50 a.m.

The undersigned is the Finance Director of the City of Delray Beach. The information provided herein is the minutes of the Budget Task Force of February 5, 2008 which minutes were formally approved and adopted by the Budget Task Force on February 19, 2008.


Joseph M. Safford, Director of Finance

cc: Budget Task Force Members
Joseph Safford, Director of Finance
Lisa Herrmann, Budget Officer
Rebecca O'Connor, Treasurer