

# FINANCIAL REVIEW BOARD - MEETING MINUTES

MARCH 16, 2010

CITY HALL – FIRST FLOOR CONFERENCE ROOM  
100 NW 1<sup>ST</sup> 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  
Yvonne Walker  
Christina Morrison Pearce  
Brenda Durden  
Jack Warner  
Rosalie Blood (Alternate)

### **MEMBERS ABSENT:**

Robert Moore  
Warren Trilling (Alternate)

### **STAFF PRESENT:**

Joseph Safford, Finance Director  
Barbara Flynn, Board Liaison  
Lisa Herrmann, Budget Officer  
Rebecca O'Connor, Treasurer  
Rich Reade, Sustainability Officer

## Item 3. Approval of Agenda

Mr. Ellingsworth asked for approval of the March 16, 2010 Agenda. Mr. L'Herrou moved to approve the Agenda seconded by Mr. Warner. Said motion passed unanimously.

## Item 4. Approval of Minutes

Mr. Ellingsworth asked for approval of the Minutes of March 2, 2010. Ms. Pearce moved to approve the Minutes, seconded by Ms. Durden. Motion passed unanimously.

## Item 5. Public Comment

Mr. Ken McNamee introduced himself to the Board, stating he had done some work on the Waste Management trash issue and offered for the members to feel free to contact him if they had questions on how he arrived at his assertions.

## Item 6. New Handout Material

Mr. Safford provided the Board with several handouts including: Mr. Warner's cemetery fee analysis 2009, a report from Parks and Recreation's General Ledger (revenues and expenditures), Ms. Pearce provided a spreadsheet on revenues, expenses and fees for Parks and Recreation by division, Ms. Pearce also provided a draft of a letter to the employees requesting cost savings ideas pertaining to their departments and Mr. Safford provided a flowchart of the water distribution business process.

## Item 7. Open Issues

### a) Draft of survey for cost savings ideas from City Employees

The Board reviewed the draft of the survey prepared by Ms. Pearce and the discussion was on the content, how to distribute the survey and also how to receive the responses anonymously if employees choose to do so. They wanted to make it clear that the suggestions should be ideas for their own department and can be dealing with either expenses or revenues to operate more cost effectively. They decided to distribute the survey with the employee's paychecks and have the employees submit their suggestions either via email (not through the City email which becomes public record) or by use of the suggestion boxes located throughout the complex. The final draft will be prepared and the details will be determined and discussed at the first opportunity.

### b) Use fees revenue analysis work plan:

Ms. Pearce presented her findings on the Parks & Recreation and Parking revenue analyses. The revenue for Parks & Recreation is \$1,032,930.00 and expenses are approximately \$14,133,840.00 which equates to a 14:01 expense to

income ratio. Mr. Safford stated that \$5 million of that is for Parks Maintenance and it also includes the Tennis Tournaments which neither have generated revenues (this changes the equation to a 07:01 ratio). The City has tried to get naming rights and sponsorships to offset the tournament costs. Some ideas discussed were to change yearly fees for parks i.e. the Teen Center to be higher, and possibly additional fees assessed for non-residents. Mr. Warner suggested the department find ways to cut costs, rather than incur higher charges for residents. Perhaps the departments will be advised by the City Manager to use last year's numbers for operation, with no increase, and they will need to find ways to do so.

The Board reviewed the current rate fee schedule and the proposed fees provided by Ms. O'Connor. They discussed other fees i.e. residency cards: what the card provides, how much of a discount is offered for golfing, etc., and the Board may be making recommendations on changing the current rate schedule. Additionally, Ms. Walker will be doing a survey on what other cities spend on their Parks and Recreation departments.

In conclusion they will review the data provided by Ms. Walker as soon as possible after completion, and the Board would like to discuss options with Ms. Linda Karch, Director of Parks and Recreation at some point in the future.

**c) Comparable city analysis for spending by department as a percent of total budget:**

Mr. L'Herrou moved to table this item until Ms. Walker has completed the analysis, seconded by Ms. Durden. Said motion passed unanimously.

**d) Draft of proposed recommendation requiring ongoing maintenance cost study for capital improvements and requirement to identify funding for such:**

Mr. L'Herrou moved to table this item until he has completed the cost study, seconded by Mr. Warner. Said motion passed unanimously.

**e) Update on franchise fee analysis and business policies:**

Mr. Safford stated they have drafted the report, which will go to the Employee User Group meeting and a copy to Mr. McNamee for review and comments. The final document will be discussed at the next meeting on April 6, 2010.

**f) Revenue by department – Business process:**

Mr. Warner discussed three types of revenue; ad-valorem property taxes, state taxes (franchise, utility, communication services, etc.) and water and sewer revenues. He will schedule meetings with the County officials and get more information regarding homestead exemptions to insure the data is accurate. Mr. Safford noted he had identified many possible discrepancies while comparing the Property Appraisers Office files with our Landlord Permit files, and had sent a spreadsheet to the County for verification. A letter was sent from the County to the residences in question, and the Board of Appeals has received some challenges - which are being reviewed. Mr. Warner will address the state and local taxes as secondary items. His first focus will be on the water distribution process to identify ways to make improvements through automation of databases as well as the physical activities. Mr. Safford stated there is a water loss that fluctuates from 15% to 30% and an engineering firm has been retained to do a water loss analysis. The American Water Works Association (AWWA) states there is a standard or normal water loss reported of approximately 10% to 13%. In conclusion Mr. Warner will continue to look into cost savings and/or increasing revenues in this area and then approach the state and local tax issues.

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

- 1) There was some discussion concerning the newly appointed Alternate for the Board, Mr. Warren Trilling, who had questions regarding meeting attendance. Mr. Safford will send Mr. Trilling an email stating the Board thinks he would be valuable to have present at the meetings whenever possible to contribute to the discussions. Meeting attendance can also be setup by phone if required.
- 2) Another Regular member of the Board, Mr. Moore, has missed meetings due to an illness. Mr. Ellingsworth would like to have him remain on the Board in the capacity of an Alternate. The Board will recommend to the Commission to appoint the current Alternate, Rosalie Blood as a Regular member.
- 3) There was discussion as to whether the Commission has adopted the Board's recommendation to set a spending "target" for future departmental budgets. The Board will request a response from the City Manager.
- 4) Agenda items for next meeting:
  - a) Update on franchise fee analysis and business policies provided by Mr. Reade which may take up most of the meeting time frame. They will be discussing the process of analysis that has been completed to confirm the current amount collected for franchise fees is reasonable. Inclusive will be recommendations on policy, procedure changes

and updates to the City ordinances. All parties will be supplied with the information in advance for review. The concerned resident, Mr. McNamee will have his questions addressed formally and the Board will review the Employees Work Group's recommendations and supply their input.

- b) Draft of proposed recommendation requiring ongoing maintenance cost study for Capital Improvements and requirement to identify funding for such. (Mr. L'Herrou)
- c) Information on fees and discounts given to persons with residence cards vs. fees for non-residents.

### **Item 9. Adjournment**

Mr. L'Herrou motioned to adjourn the meeting seconded by Ms. Durden. Said motion passed unanimously. The meeting adjourned at approximately 10:05 a.m.

The undersigned is the Finance Director of the City of Delray Beach. The information provided herein are the minutes of the City of Delray Beach Financial Review Board of March 16, 2010. Minutes were formally approved and adopted by the Financial Review Board on April 6, 2010.

A handwritten signature in black ink, appearing to read "J. Safford", is written over a horizontal line. The signature is stylized and cursive.

Joseph M. Safford, Director of Finance