

BUDGET TASK FORCE

Minutes of March 18, 2008

Item 1. Call to Order/Roll Call:

Meeting was called to order by Chairperson Franklin Wheat at 8:30 a.m.

Members Present: Vincent Dole, Howard Ellingsworth, Steven Janssen, Todd L'Herrou, Robert Moore, Alexander Simon, James Smith, and Franklin Wheat

Members Absent: Peter Arts

Guests Present: Lisa Herrmann, Joseph Safford, Karen Schell and Rebecca O'Connor

Item 2. Approval of the agenda:

Mr. L'Herrou moved to approve the March 18, 2008 agenda, seconded by Mr. Ellingsworth. Said motion passed unanimously.

Item 3. Approval of the Budget Task Force Minutes for March 4, 2008:

Mr. Ellingsworth moved to approve the March 4th, 2008 minutes, seconded by Mr. Simon. Said motion passed unanimously.

Mr. Smith made a point of order indicating the concerns as an alternate member. Mr. Smith is aware and agrees if there is a quorum an alternate member may not make a motion, second a motion or vote on the issue. However Mr. Smith believes alternate members may bring ideas forth for discussion; indicating he has put budgets together for hundred million dollar companies and would like to participate.

Mr. Simon felt it was important to draw on the alternates ideas even though they are not able to make a motion or second a motion. Mr. Simon moved to make a motion that alternates be invited to contribute their ideas with a caveat already mentioned that they may not make a motion, second a motion or vote on the issue, seconded by Mr. Ellingsworth. Said motion passed unanimously.

Item 4. Review of new handout material:

Mr. Safford reviewed the handout materials as follows:

Item 1: Table of 9 year overtime history by Department.

Item 2: A copy of an e-mail that summarizes conversations of primary users of overtime.

The Police Department indicates 53% of their overtime costs are relative to special events. The holiday task force is 9%; training 11% and court appearances approximately 7%.

Mr. Janssen questioned if the Task Force could receive overtime broken down between City sponsored events and other events to review the other events are covering their overtime.

Mr. Safford responded this request could be directed to Mr. Barcinski. Mr. Barcinski handles the special events which is a large portion of the City's budget for overtime and services.

Mr. L'Herrou commented the operations bureau would create overtime for special events, whereas the support bureau is mainly dispatching and creates overtime with the overlap of schedules due to understaffing issues.

Mr. Simon questioned if the City contribution to the police and firefighter's pension plan includes overtime.

Mr. Safford indicated the City is currently in litigation with the State. The State wants to allow police overtime up to 300 hours per person per year in the calculation of a pension benefit. In 1993 an agreement between the union, pension board and City was passed to resolve all outstanding issues. The conclusion was all

premium tax funds in excess of \$504,000 would be used for extra benefits; extra benefit being cost of living increase (COLA). With the State's legislative change requirement and the City's 1993 agreement, this causes a conflict creating the current litigation. Either way the money will be spent on overtime or COLA.

Mr. Safford continued stating the Fire Department estimates 85% of their overtime is minimum manning requirements. It is of Mr. Safford's understanding the minimum manning is for open positions not filled. There may be a need for a certain number of personnel in each station to respond effectively within their time limits for different types of medical or fire emergencies. Mr. Safford suggested the Task Force question the Fire Chief for further detail and interpretation as to the minimum manning requirement being the City's Department requirement, the county's, state's or is it a federal requirement. Overtime for special events of the Fire Department is listed at 7%; training 8% and then other emergencies.

Public Works Department indicates no percentages; however their overtime is for special events with the responsibility of putting up barricades, garbage/trash containers, street cleaning and assembling tents. This may also include emergency call outs for electrical services. Mr. Safford explained public works also makes their own signage for directing people to certain parking lots and so forth. As there are tight deadlines, any time spent over normal working hours would be overtime.

Mr. Simon commented at the last meeting it was agreed to devote this meeting towards overtime with the following meeting requesting the attendance and participation of the Police and Fire Chief. Should we have them attend the meeting together or split between several meetings?

Mr. Safford suggested having the Police Chief, Fire Chief, Bob Barcinski and Director of Parks and Recreation attend one meeting devoted to special events and overtime. Each individual could take approximately 15 minutes to explain their use of overtime. If the Task Force decides to have one individual per meeting, that would take two months time lapse for only the overtime issue.

Mr. Ellingsworth commented between the Police and Fire Department that would cover approximately 80% of the overtime.

Mr. Janssen questioned if the Task Force could receive information on the minimum manning requirement prior to the next meeting to allow members time to review the information for intelligent questions.

Mr. Safford suggested presenting questions to the Department Heads prior to the meeting to allow sufficient research time if necessary.

Mr. Wheat feels the majority of the overtime questions would be answered after the discussion of these Department Heads. Mr. Barcinski is very knowledgeable with the special events as they must complete an application process and is aware of the reimbursable costs.

Mr. Safford continued stating quite a few of the Parks & Recreation funds are towards special events also. They partake in the setup of a stage, garbage/trash containers, street cleaning, barricades, tent set ups, park openings, pictures and the Community Centers. They also have cemetery openings and closings for late funerals; shifts are staggered for weekend coverage.

At this time Mr. Safford suggested the final report to the City Commissioners contain the following sections: One being the background research, two the analysis and three the Task Force's recommendations. It would be easier and time consuming if the accumulation and organization of information be formatted into the report as the Task Force members review and discuss it versus at the end of the meetings creating the report from the beginning.

Mr. Safford continued stating in order to come to recommendations, to challenge the Department Heads. He proceeded to outline an example of Auburn Trace where this project owed the City over three million dollars and it wasn't due until 2022. By working out a compromise of forgiving one million dollars in exchange for the remainder of the debt be paid in full by 2010 the City makes out favorably. By making a one time transfer of those funds from the general fund over to CDBG, live off the interest earnings, we may be able to do away with that line item in the general fund. Another example was the current garbage/trash contract coming up for renewal. This will be a one time opportunity to bid this contract. The City will need to determine what the service and the service cost will be. Could the City live with a once a week pick up versus twice a week? Lay

these issues on the table to see if we can impact the budget by making the recommendation now before the contract comes up for renewal.

Mr. Smith commented the background research is an excellent idea to have as exhibits as well as an 8-10 minute power point presentation for the City Commissioners. Mr. Smith feels the Task Force members need to focus on improvements in a structural way. The Police Officers and Firefighters have very powerful unionized organizations. They request a reduction of property taxes before the State of Florida to fund themselves; they attend City Commission meetings requesting payroll release to the County as they pay more. Mr. Smith indicated there is a competitive problem with other Cities and suggests the City Manager and the Finance Department meet with other Cities to form alliances in Palm Beach and Broward County to schedule a list of increase at the same time.

Mr. Wheat feels the Task Force needs to stay within the City. As we go through the minutes we can extract and document the conclusion in the report. Mr. Wheat also mentioned the Waste Management situation was brought forward previously and the result was not successful. Some issues have been tried unsuccessfully; perhaps we need to reinvent the wheel again. These issues would need to be reviewed very precisely.

Mr. Dole questioned Mr. Safford as to what this Board would do versus the consultant that was hired to review the Budget process.

Mr. Safford responded he was not sure. The consultant has experience in budget recommendations and would possibly bring forth more/less practices seen in other cities that could help reduce cost. The City Commission has mentioned several times they look forward to the recommendations of this Budget Task Force; they value this Task Force very highly.

Mr. L'Herrou reiterated the importance of bringing in the Director of Parks and Recreation. His concern being the staffing level received a couple meetings back. This department has grown the largest of any department over the period being reviewed, yet generating a considerable amount of overtime.

Ms. Herrmann indicated the fiscal years 2003/2004 and 2005/2006 were, for the majority part both for hurricanes. This year the Cultural and Facilities Maintenance is combined in parks maintenance. (This was actually two divisions.)

Mr. Safford indicated during the hurricanes, both Parks Maintenance and Public Works were assigned to monitor the contract trucks for debris cleaning. A large portion of this was reimbursable overtime.

Mr. Ellingsworth questioned if the reimbursable amount could be put in the same format next to the overtime.

In response to Mr. Janssen request of FEMA and the State's reimbursed cost, Mr. Safford stated for hurricane Wilma FEMA was basically 100%. This would be anything that was not covered by insurance. Labor cost was substantial; FEMA only reimburse overtime.

Mr. Simon questioned if trimming palm trees prior to hurricane season would this save money as there would be less debris.

Mr. Safford stated most of the debris was ficus and large trees that fell into the City's rights-of-way. These were chopped and hauled away. Only damaged trees would be reimbursable by FEMA.

Mr. Ellingsworth commented on the need to focus on controllable items like special events' reimbursable costs. If the City is hit by a hurricane, it will produce overtime; hopefully FEMA is still around.

Item 5. Review of previous handout material:

No comments.

Item 6. Other Business:

Mr. Wheat questioned who sets the fees and how the fees are determined for business taxes.

Mr. Safford indicated this is completed by the Community Improvement Department, Lula Butler. He is not sure how the fees are determined; however, he believes there is a two year window where adjustments can be made.

Mr. L'Herrou stated his wife is employed by the Police Department and he received an opinion from the City Attorney's office on issues that might be a conflict in serving on this Task Force. Essentially their opinion and the State's opinion is there is no conflict for not setting specific policy regarding budgets. However should the Task Force recommend layoffs directly affecting her position then he should abstain from voting.

Mr. Smith suggested having a meeting strictly on revenue enhancements and requested the Finance Department to prepare a list of increases and percentage of increases for fees and fines. In addition, Mr. Smith brought forward the possibility of having an evening session to invite the public to express their comments.

Mr. Wheat was against the evening session as he indicated it is repetitious with the same people consistently voicing their opinions. He did not feel it would benefit this Task Force.

Mr. Safford commented he feels this is a public board. The City Commissioner chose the selective members of the Budget Task Force based on their background and ability to represent the public in reviewing the budget and making recommendations.

Mr. Ellingsworth commented he does not see how the Task Force could bring further public personnel in as they are overwhelmed at the present time. The Task Force is in the learning curve and far from receiving additional ideas and questions. We need to advance through the learning curve as quickly as possible and start focusing on recommendations.

Mr. Ellingsworth questioned as a follow-up on his request for the five year capital improvement schedule from the previous meeting.

Mr. Safford responded this is on the website and would forward a hard copy. At this time Mr. Safford brought the Task Force members up to date on the State's budget indicating recommendations are on the table of capping the revenue and expenditures. There may be a referendum which would require a voter approval of any further fees and charges taken place. In addition there is talk of requiring 15 minutes up front on commission meetings for the public to be heard on any issues.

Mr. Simon questioned how the increase of sales tax would impact the City.

Mr. Safford expressed his opinion stating the sales tax money is distributed back to municipalities, counties and the State. Presently talk is of increasing the sales tax rate to benefit the schools. He continued stating in his opinion it is a dangerous way to move forward. Ad valorem has been a standard in financing schools, fire districts, counties and municipalities for many years; it is a stable revenue source. A few years ago talk was of doing away with property taxes and funding the municipalities by sales taxes. The State made a commitment at the beginning of the tax reform that schools were not to be affected. The schools are hurting now as they have had two substantial budget cuts in the last six months.

Mr. Ellingsworth clarified in addition to requesting the presence of the Department Heads at the next meeting, prior to that meeting members would like information from the Fire Department in respect to minimum manning, whether it is an internal policy, local policy, state mandate or county policy. Mr. Ellingsworth also requested revenues for reimbursable overtime prior to the next meeting.

Mr. Smith commented he does not feel it too soon for the Task Force to start gathering list of suggestions brought forward. He feels these items should be addressed individually with a finalized vote from members. Should the vote be negative, this becomes an invaluable tool to the City Commissioners that the Task Force addressed this issue.

Mr. Simon feels this should be approached as a separate list and questioned what the best way of handling it would be.

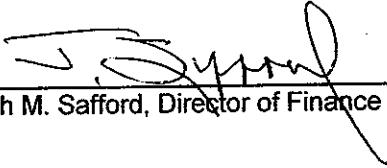
Mr. Safford commented he was not sure of the list of suggestions; however does recommend accumulating a list of recommendations. The motions and votes the Task Force makes will note actions to proceed or not to proceed.

Mr. Wheat feels these can be tracked from the minutes. If members feel a need to bring up certain issues for a vote, they can certainly do that by motions, however this may take time in our meetings to go through each issue.

Motion to Adjourn:

There being no further business, Mr. Simon moved to make a motion for adjournment, seconded by Mr. L'Herrou. Said motion passed unanimously. The meeting adjourned at approximately 9:42 a.m.

The undersigned is the Finance Director of the City of Delray Beach. The information provided herein is the minutes of the City of Delray Beach Budget Task Force of March 18, 2008, which minutes were formally approved and adopted by the Budget Task Force on April 1st, 2008.



Joseph M. Safford, Director of Finance

/kms

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