

# FINANCIAL REVIEW BOARD - MEETING MINUTES

JUNE 1, 2010

ENVIRONMENTAL SERVICES – TRAINING ROOM  
434 SOUTH SWINTON AVENUE – DELRAY BEACH - FLORIDA

## 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  
Jack Warner

Yvonne Walker  
Christina Morrison Pearce  
Brenda Durden  
Rosalie Blood (Alternate- Acting Regular Member)

### **STAFF PRESENT:**

Barbara Flynn, Executive/Technical Assistant

### **PUBLIC GUESTS PRESENT:**

Danielle Connor – Asst. Chief Fire Dept.  
Dr. Victor Kirson – President/ Board of Directors-Tierra Delray

## Item 3. Approval of Agenda

Mr. Ellingsworth asked for approval of the June 1, 2010 Agenda. Ms. Pearce moved to approve with additions of 7C discussion on update to Waste Management issues, Mr. Warner added item 7D discussion on Financial Review Board Website. Seconded by Ms. Durden as amended. Said motion passed unanimously.

## Item 4. Approval of Minutes

Mr. Ellingsworth asked for approval of the Minutes of May 18, 2010. Motion to approve by Ms. Pearce, seconded by Mr. Warner. Motion passed unanimously.

## Item 5. Public Comment

Dr. Victor Kirson stated the comment was made at a Commission Workshop that we were \$250,000 over budget in expenses and short \$400,000 in collections - there were \$21 million dollars in reserves. Other Cities have been going into the reserves. He wants to see no millage increase and to see City employees paid. Anyone that makes money off of a City function should pay part of the expenses of that function. He has asked the CRA to stop projects and sell off properties, start paying (all) for the Library and Old School Square. He asked Commission to take money out of the reserves.

## Item 6. New Handout Material

There were no handouts.

## Item 7. Open Issues

### a) Departmental Budget Analysis:

Mr. Ellingsworth was updated on the progress of each Board members assignment. Mr. Warner has met with seven departments and he discussed how to sequence their work products as a Board. One format will be decided upon and the reports will be combined. There was some discussion on "Events" and how some are grandfathered, some are City sponsored and some non- City sponsored, so they will have to make adjustments for these caveats. When interviewing departments, unresolved issues from last year's Budget Task Force, current FRB ideas for savings and the employee suggestions will be discussed with the department heads.

They agreed to have a summary which is concise and shows comparative differences. The presentation will be narrative of a page or two when referencing functions and what is recommended to be cut. The spreadsheets and/or word documents will be attached as backup and appendices. Staffing recommendations for cuts will be specific (by job titles). Potential cost savings numbers will be tabulated and recorded on the documents. Mr. Ellingsworth stated their perspective will be from a taxpayer/citizen point of view as to the choices of what functions are important and should be funded, and those that may be lower in priority. The Board will make recommendations that should be addressed to reduce spending in the upcoming budget (FY 2010/2011), and additional long term recommendations for reductions in future years. The departments submit to the City Manager a ranking system on the value the *department* puts on each function.

Mr. Warner will be discussing processes with the Finance Department and will add as a topic the mid-year budget status. He may reiterate the previous recommendation to look for savings and omit or postpone discretionary items for the remainder of this fiscal year (FY 2009-2010). In Community Improvement - their submission has indicated the fact the permit revenues are way down so the question would be - has there been any indication that the staffing levels will be reduced? So far there has not. Ms. Walker has interviewed the Director of Community Improvement and found by attrition there will be a reduced staff, because are two employees are retiring.

There was some discussion on how to open discussions of possible excess staffing with the Department Heads. Ms. Pearce suggested using Ms. Walker's spreadsheet comparing other cities to see if there is a variance in department staffing, the function rankings report from last year, employee suggestions and to use this information to share with the department heads to open the discussion. Mr. Warner suggests to ask how have they have come to prepare the organizational chart, is a staffing model used? He will be speaking with the Human Resources Department to see if they have done an organizational analysis.

Mr. Ellingsworth stated it will be difficult, but they have to be credible with the primary recommendations. Mr. Warner stated the Board will add credibility from including the Budget Task Force recommendations and also the interviews with the departments. Letting Department Heads see the draft conclusions before they are presented to the Board will show a cooperative activity.

Mr. L'Herrou (who has been assigned to review the Fire Department budget analysis) is starting by looking at some of the issues raised by the employees i.e. "Kelly Days". He will be discussing 48/96hr. shifts vs. 24/48hr. shifts to see if the Fire Chief has looked into this possibility - as many other municipalities have done.

In conclusion, Mr. Ellingsworth stated the goal for the next meeting is to have the Division/Departments analysis ready to discuss in terms of recommendations. For a finished product they want to submit to the Commission prior to them setting the millage. Ms. Walker stated they vote on a proposed millage in July, so to submit between July and August before the final decision is made in September. Mr. Ellingsworth agreed they should set a date for mid-July for a finished product.

**b) New member appointment status – update:**

Mr. Robert Moore's regular member position reassignment will be on the July 6<sup>th</sup> Commission Meeting Agenda. Ms. Flynn stated Mr. Trilling's alternate position was reappointed to Mr. Hansford Higginbotham. She will send him the meeting calendar, and request his attendance at the meetings.

**c) Update on Waste Management Project:**

Ms. Pearce stated that Mr. Reade presented his report to the City Manager and the Commission on May 18<sup>th</sup> disclosing that Waste Management did not agree to provide the documentation the Board had asked for. Mr. Ellingsworth met with Mr. Reade and Mr. MacNamee suggesting to close out this project and move forward, due to not getting the information required. He suggested an alternative – the City can select randomly fifteen to twenty customers and Waste Management to provide detailed information on those customers and then the Board could do sample testing. Mr. MacNamee agreed to that. Waste Management has not formally agreed as yet.

Ms. Pearce stated the City Commission has set a joint workshop with the Financial Review Board for July 13<sup>th</sup> to discuss this issue, and Mr. Reade will have the residential side completed by then. Mr. L'Herrou met with Mayor McDuffie about the proprietary issue with the data – which normally the data would be released with a policy used to protect that confidential data, rather than declaring it would not be released. The concern he expressed with the testing procedure that it is dependent on Waste Management to do the "random" selection. Mr. Ellingsworth understood the proposal to be our selection of customers.

Mr. Warner stated this has been a distraction with much time and effort that could have been spent more productively on other important issues. He believes we have the information from a report received in February, but they were asking for it in a format that could be sorted (i.e. in Excel) and be easily manipulated. In conclusion the Board agrees that they cannot justify spending much more time on this issue, if the data is not provided for analysis. They will provide input at the workshop, but will probably not be able to make any formal conclusion at the July 13<sup>th</sup> meeting because they have not seen the information from the residential side.

**d) Financial Review Board Website:**

Mr. Warner continued a discussion from the last meeting relating to having a website for the Financial Review Board's various documents to be posted. The preference would be for the material to be located on the current City of Delray

Beach website ([www.mydelraybeach.com](http://www.mydelraybeach.com)). Mr. Ellingsworth is waiting for a call from the Mayor to address the content to be posted. Mr. Warner would like the content to be items officially submitted by the Board that they have voted on, for example the first Quarterly Report, the recommendation to the Commission made in January (setting a target spending amount for departmental budgets) the Waste Management Report, and a summary of the employee comments. There was continued general discussion on the content, location preferences, design, and how information actually gets posted on the website. The site structure should set the important items as easily accessible.

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

Ms. Pearce brought up two items of new business:

1.) She advised the Board that the Comprehensive Annual Financial Report (CAFR) is attached to the Commission Workshop agenda for Tuesday May 18<sup>th</sup>.

There was some discussion on surplus and abundant reserves, and perhaps those reserves could be tapped. Ms. Pearce stated that Mr. Harden, City Manager believes that you should only use reserves for capital items, not operating items. However we have so much in reserves (approx. \$21 million) we may be able to use some for operating. Mr. L'Herrou stated it has been a goal of Mr. Harden's to keep above 20% in reserves, especially since we are subject to hurricanes. The property valuation drops significantly after a hurricane and the only way to continue to provide services is to have a surplus at that level. Ms. Walker stated to keep in mind revenues from property taxes are not received until January therefore reserves may be used to fund first quarter general operations, and also by financial policy we have to maintain 18% to 20% of operating expenses in a reserve. Ms. Pearce stated our bond rating has increased which allows the City to borrow money at a lower rate, and our City is considered to be in very good financial condition. Mr. Ellingsworth said this is true except for our Pensions, and he does not believe in using the reserves. Mr. Warner agrees we should try not to spend money out of the reserves. Part of what they are trying to educate people on is the idea that each budget is an annual activity beginning in July and ending in September. We have already seen a shortfall this year as there will be next year. He stated Mr. Safford had pointed out in a previous meeting – one of the Board's objectives should be to talk about long term rather than just balancing this year's budget.

2.) Gary Nikolits, Palm Beach Property Appraiser, has released his projections which are 13.4% drop in property values. That equates to over \$6million dollars of income the City will be losing this year. The Board does not see how we can meet this goal without cutting staff.

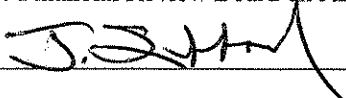
Ms. Walker stated that the email distribution list includes non-members and requested it be limited to Board members only. After some discussion Mr. Ellingsworth concluded to limit the distribution of emails to the Finance Department employees that are currently on the distribution list and Board members.

Next meeting agenda will include the review of the Department/Division Budget analysis and Review of Website Content – In Summary. If the residential portion of the Waste Management study is complete there may be a special meeting called to review that information.

### **Item 9. Adjournment**

Ms. Walker motioned to adjourn the meeting seconded by Mr. Warner. Said motion passed unanimously. The meeting adjourned at approximately 11:50 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 June 1, 2010. Minutes were formally approved and adopted by the Financial Review Board on June 15, 2010.



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Joseph M. Safford, Director of Finance