

FINANCIAL REVIEW BOARD – SPECIAL MEETING MINUTES

JULY 23, 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
Jack Warner
Yvonne Walker

Rosalie Blood (Alternate)

Hank Higginbotham (Alternate)

MEMBERS ABSENT:

Christina Morrison Pearce

STAFF PRESENT:

Barbara J. Flynn, Finance Dept.

Russ Accardi, Fire Department

Item 3. Approval of Agenda

Mr. Ellingsworth asked for approval of the July 23, 2010 Agenda. Mr. L'Herrou motioned to approve. Seconded by Mr. Warner. Said motion passed unanimously.

Item 4. Public Comment – No public comment

Item 5. Open Issues –

a.) Final Revisions and Approval of GAP Closing Recommendations (drafted by Mr. Warner).

Mr. Ellingsworth stated one item they (as a Board) may want to add as a line item is the idea for CRA to purchase City owned properties. Mr. Warner discussed how to present the document and mentioned the date of the meeting to set the tentative millage rate will be on August 2nd. Once the tentative millage rate is set it can come down but cannot be set any higher. The specific gap closing recommendations will be submitted prior to this meeting.

They discussed the addition of reducing vehicle rental fees from General Fund to Garage Fund and the amount was set to reduce by \$181,000.00. Ms. Walker explained the reserve was rolled over to the next year without doing a review of the current year expenditures. Whatever is left from this year should be considered surplus. At some point there should have been a recommendation to discontinue because the reserve was so high you no longer need to pull money from the General Fund. With large purchases such as the Pumper Truck still on the books having 36 months out before fully depreciated there is an expense to take it off the books which is not shown. Mr. Warner stated there is a bigger opportunity to take the weight off of the General Fund once they look further into those numbers.

There was some discussion about the purchasing of the vehicles and Mr. Warner stated to lease the vehicles could be a way to save substantial money in the budget. Mr. Ellingsworth agreed, however, a number of the vehicles are specialty vehicles and may not be candidates for leasing. Ms. Walker stated that on the books the City Garage owns all the vehicles, so the departments are paying the Garage to rent them. Mr. Warner said there are companies that lease specialty vehicles to municipalities. The Board will insert this item to consider vehicle leasing rather than purchasing to the report under additional spending reductions.

Also discussed was to have CRA increase their contribution for the International Tennis Tournament to \$750,000. Mr. Ellingsworth stated the CRA currently funds \$500,000., and the total sponsorship fee is over \$1 million so the City pays another \$500,000.

The Library was discussed and it ended its FY 2008 with approximately \$1.8 million in cash and securities (based on the most current financials available). The Board has recommended that any non-profit organization requesting contributions from the City should provide their financials (990 IRS Form and tax-exempt status). Ms. Blood stated it is a group including Mr. Barcinski - Asst. City Manager, Mr. Safford – Finance Director, and Lula Butler – Director of Community Improvement and a citizen that review the requests for funding. The group had not asked for financials, which the Budget Task Force had recommended two years ago. The Board is recommending the CRA increase their funding to the Library for corresponding decrease of funding from the General Fund.

Mr. L'Herrou discussed the elimination of individual positions or functions. Speaking of functions Mr. Warner stated the Board had requested information from the Fire Department regarding the total costs resulting from the Fire Academy.

Chief Accardi explained there are some tangibles that are easy to identify and some grey areas where it is not so much the cost, but the fact that the person dedicated to be at the Academy is not able to provide training to the paramedics in the Department, resulting in a deficiency of many months of training. They have either had to go without training or hire instructors from outside. Overtime for the Academy at Atlantic High School has resulted as well. Mr. Warner stated the Board has recommended for the Fire Department under the Fire Chief's discretion to find a cost savings of \$500,000 rather than being specific about how it is done (original recommendation was specifically to reduce manning by two).

Also discussed was parking in lieu fees. Mr. Ellingsworth stated the in lieu fees are outdated and general meter fees need to be increased in all areas of the City. This would help pay for the parking garages.

Additional functions Mr. Ellingsworth addressed included the \$83,000 spent by Public Works on banners. Mr. Warner stated the suggestions from the Board need to be accompanied by specific examples. Ms. Walker asked if Mr. Warner was able to determine what the \$1.6 million dollars represented. Mr. Warner stated the Board received the Preliminary Budget documents with the functional prioritization page for each department. However, it does not show the new ideas for reductions presented by the City Manager. In Commission spending there is a line item for "other contractual spending" which was reduced by \$18,000.

The Board cannot understand why the departments would come back with \$100 million in budget requests when we know there is only \$91 million. Mr. L'Herrou stated the departments don't have any incentive to do anything other than ask for everything they already have plus what they want in addition to that. Mr. Warner stated the failure is at the senior management level, not at the department level.

Ms. Walker stated the staff has hope that the Board can help to push forward some of the employee suggestions. Mr. Ellingsworth stated there are items that are highly repetitive i.e. the suggestion to eliminate the 3% ICMA match for management. These recommendations have to be backed up with credible support and documentation. Mr. Warner stated we are in a situation where the departments have submitted their budgets and there are not the dollars there to fund all of the requests, so in a gap closing situation the 3% match may be a way to find quick dollars. Ms. Walker stated she has reviewed the City Manager's justification to keep the 3% match and it states if it is taken away there are Department Heads that would be at 9.5% as compared to those people in the general pension at 15.5%. The City Manager did not address the fact there are "key" employees in the general pension that are also getting the 3% (bringing them to 18.5%). In some departments only the Director and the Assistant Director get the 3% match and there are two departments that have "key" personnel also receiving the 3%. In conclusion in the future they will look more into this and discuss it with the Department Heads.

Mr. Warner stated the no layoff objective drives a lot of the problems. They have talked about two specific departments where staff could be related directly to activity. The Board discussed a statement to insert in the recommendations as follows: The Board believes that the implicit no layoffs policy causes pervasive inequities in pay and benefits with resulting negative effects on staff moral, and impedes management's ability to meet City service requirements economically and efficiently. Staff reductions must be considered among other cost reduction options.

Mr. L'Herrou motioned to accept the final document as revised for submittal to the Mayor and Commissioners, seconded by Ms. Walker. Said motion carries unanimously. The document will be emailed with a cover letter by Mr. Ellingsworth to Ms. Rangel, Commission Secretary and ask her to distribute it to the City Commissioners. The next Financial Review Board meeting will be on August 3rd. The Board thanked Mr. Warner for all of his hard work, as this will be his last formal meeting as a member of the Financial Review Board.

Item 6. Open Discussion – No other open discussion.

Item 7. Adjournment

Mr. L'Herrou motioned to adjourn the meeting seconded by Mr. Warner. Said motion passed unanimously. The meeting adjourned at approximately 9:55a.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 July 23, 2010. Minutes were formally approved and adopted by the Financial Review Board on August 3, 2010.


Howard Ellingsworth, Board Chairman