

BUDGET TASK FORCE

Minutes of June 17, 2008

Item 1. Call to Order/Roll Call:

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

Members Present: Peter Arts (arrived at 8:34 a.m.), Vincent Dole, Howard Ellingsworth, Steven Janssen, Todd L'Herrou, Robert Moore, and James Smith and Franklin Wheat
Members Absent: Steven Janssen and Alexander Simon,
Guests Present: Lisa Herrmann, Joseph Safford, Karen Schell, Joe Liguori and Kevin Warner

Item 2. Approval of the agenda:

Mr. L'Herrou moved to approve the June 17, 2008 agenda, seconded by Mr. Ellingsworth. Said motion passed unanimously.

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

Mr. Ellingsworth moved to approve the June 3, 2008 minutes, seconded by Mr. L'Herrou. Said motion passed unanimously.

Item 4. Recap of City Commission Workshop-Interim Report:

Mr. Safford thought the presentation went exceptionally well and was overwhelmed by the City Commissioner's comments. The City Attorney commented in some cases the Fair Labor Standard Act requires allocation of the hourly rate for overtime purposes when changing to a fixed monthly rate. There was a brief discussion with the Fire Union Personnel after the meeting. They wanted to represent their position indicating sufficient background information was not given to the City Commissioners for evaluation as some items were union negotiated. Mr. Safford indicated documentation was recognized as several items would need to be renegotiated with the Unions. Another item discussed was tuition reimbursement where it is returned by payroll and considered as other pay with no taxes taken. The IRS allows up to \$5,200 tuition reimbursement per year non-taxed. This reimbursement is not part of a pension calculation; however if changed to comp pay which is classified as away with pay, it would be included in the pension calculation. Mr. Ellingsworth questioned the Fire Union Personnel if they had any suggestions of costs savings or revenue improvement stating the Task Force was opened to all suggestions. The Fire Union Personnel questioned if the Committee evaluated the cost of turning the Fire Department over to the County as a cost saving measure.

In response to Mr. Liguori's request if the public was allowed to speak, Mr. Wheat opened this subject up to the Task Force Committee stating other Committee's do allow a certain amount of time for public comments and/or questions.

Mr. Smith commented he would like to see the Task Force give the public a few minutes at the end of the meeting to make their comments. Further response to questions would be up to the Task Force.

Mr. Wheat suggested having the public session during the beginning of the meeting allowing the public the choice to sit through the remainder of the meeting or not. Replies could be made at the next meeting via e-mail or other methods as chosen.

Mr. Ellingsworth moved to amend the agenda to allow the public to give comments/questions, seconded by Mr. Smith. Said motion passed unanimously.

At this time Mr. Liguori from the Fire Department indicated he was not representing Administration, he was here as a Pension Trustee and a Representative of the bargaining unit of the Fire Department. His suggestions were as follows:

Fire Department consolidation with the County; City Commissioners would need to formally request the County to make a proposal. The County would basically do all the necessary work from there if they felt it would be feasible. (The union is in support of this.) Secondly, buyouts; this eliminates the higher paid employees and brings in entry level employees which is a savings. Third, open a five to seven year DROP Plan. Mr. Liguori indicated there is no additional cost to the City which would be significant savings. Most employees stay until their 25th anniversary, enter the DROP for five years and terminate with a 30 year service. The City and employee contribute until they enter the DROP or retire. If an employee enters the DROP plan two years earlier, the salary would be lower with a lower benefit.

Mr. Ellingsworth highlighted another comment made, was in lieu of hiring another person to fulfill the opened position on the beach side, there is a concept of getting an existing firemen to cover that spot which would be basically straight pay.

There being no further comments/discussion from the public Mr. Wheat closed the public session.

Item 5. Review of new handout material:

Mr. Safford reviewed the e-mail from Mr. Barcinski indicating the **Garlic Festival** created overtime of \$25,043.52 and paid the City \$15,628.29.

Mr. Ellingsworth stated his question concerns the definition of a not for profit organization. Should an organization be making a profit, they ought to be covering the full cost to the City.

Mr. Wheat indicated from the CRA point, the proceeds from the Garlic Festival goes towards education scholarship programs within the City of Delray Beach.

Mr. Safford indicated he would get further information on the classification and if they turned in budgeted numbers or the actual numbers.

Mr. Safford reviewed the **Bucky Dent Baseball School** agreement the Task Force requested. Bucky Dent is required to maintain certain fields in exchange for their money. The City shares the cost equally of adding clay as necessary and the City shall perform all maintenance to the common areas of the leased land.

Mechanic's Certification Bonus Pay: This is another element of wages and benefits in which the NCF & O Union receives 5% of their gross pay per period for three Automotive Service Excellence Council Certifications, 10% for six certifications and 15% for 10 certifications. One must take an exam to receive these certifications and if two individuals take the same exam, it is felt they should receive the same amount of money. Recommendation is to have this bonus pay be a fixed monthly payment in lieu of an hourly rate; keeping in mind City Attorney will need to review these recommendations for any legal challenges. Per the Fair Labor Standard Acts, an employee with a fixed monthly payment where overtime is involved may have the right to have a portion of the fixed payment per month in their hourly rate of calculation. It is also recommended stipulation be made that this certification pay is a bonus pay and is not eligible for pension calculation. (Currently it is not eligible for pension calculations; however, it is not written in the union agreement and/or policy manual.)

As this is a relatively low savings (approximately \$500), this is an element to acknowledge the City Commission the Task Force has addressed this issue.

Mr. L'Herrou moved to recommend the mechanic's certification bonus pay be a fixed monthly payment in lieu of an hourly rate so all certifications receive the same amount and stipulation be made this certification pay is a bonus pay and is not eligible for pension calculation, seconded by Mr. Ellingsworth. Said motion passed unanimously.

Article 21; New Employee Agreements: Mr. Safford explained in the past Police Officers in training would complete the academy and leave the City employment to go to the Sherriff's Department thereby receiving an enhanced benefit package (take home vehicles, no pension contributions and lower contributions to the health plan). The Task Force questioned if there was written documentation for any type of reimbursement to these costs. This Article stipulates all new employees shall be required to execute an agreement in which the employee agrees, in addition to repayment of tuitions, prior to the expiration of three years of employment,

they shall reimburse the City all other costs or expenses for education/training and clothing paid for by the City.

Mr. Ellingsworth questioned the success rate of this reimbursement and how collection was being handled with the suggestion of having further verbiage in the agreement indicating the employee agrees to have payroll withheld from their succeeding employer as a means of collection.

Mr. Safford stated he would provide additional background information.

Sick Leave Payout at Termination: City agreements for exempt, non exempt, union and non union employees allow for a certain amount of sick leave to be reimbursed when a person terminates with the City as follows:

Years of Service	% of Accrued Sick Leave to be paid
0-5	-0-
5-10	25% of up to 560 hours (672 shift)
10-15	55% of up to 560 hours (672 shift)
15-20	75% of up to 560 hours (672 shift)
20 or more	100% of up to 560 hours (672 shift)
Retire with 20 or more	100% of up to 1,120 hours (1,344 shift)

It has been noted an exception of 4-5 people have received payments above the cap with no explanation of why this was approved. Recommendation is to fix and enforce the caps. Once an exception is approved, the window is opened for further problems with employees being refused over the caps with the possibility of discrimination. This would avoid a possible liability situation. It is also recommended stipulation be made in the policy manual and union agreements that sick leave payouts are bonus payments and not eligible for pension calculations. (Currently it is not eligible for pension calculations; however, it is not written in the union agreement and/or policy manual.) With vacation pay one may accumulate up to 288 hours; everything after that is stopped and forfeited. Currently with sick pay there is no cap; you may accumulate over the cap, however you will only be paid for the cap. Employees in excess of the cap are donating sick leave thereby the City paying in excess of the cap allotment.

At this time Mr. Safford explained should an employee use their accumulated sick and vacation time and a serious illness, pregnancy or surgery leads to an extended length of time off, the City allows donated sick and vacation time from other employees. (The City does not have a short term disability plan.) The receiving employee receives donated hours at their current rate of pay.

Further discussion pursued with the rate of pay out bonuses being at current rate of pay. It was suggested as a recommendation this benefit be accrued at the actual rate of pay as it is earned. A second suggestion was to pay out accruals at the end of each year to avoid the higher liability of pay.

Mr. Safford commented this maybe a Fair Labor Standard Act guideline where it must be paid at the current rate of pay.

Mr. Moore moved to recommend the capping of sick leave pay out terminations ending up in \$118,201 savings along with the stipulation that sick leave pay outs are bonus payments and are not eligible for pension calculations, seconded by Mr. Arts. Said motion passed unanimously.

Mr. Safford briefly explained **Vacation Leave Payout at Termination** ends with no savings; however all union agreements and Human Resource policies should stipulate that vacation leave payouts are bonus payments and are not eligible for pension calculations.

Mr. Ellingsworth moved to recommend stipulation that vacation leave payouts are bonus payments and are not eligible for pension calculations, seconded by Mr. L'Herrou. Said motion passed unanimously.

Medical Professional Services: Mr. Safford explained Other Professional Services and Other Contractual Services was reviewed for each department which led to a few significant items; one being the Medical Professional Services. The Fire Department currently houses a clinic which is mainly used for employees requiring physicals for their job positions, stress tests, blood tests, metal testing (due to contact with hazardous materials) and flu shots. These clinic expenses are currently under the City's General Funds being covered 100% by the City with no revenue being generated. Should dependents go to the clinic for

care, they pay a co pay which goes to the doctor. The clinic is run by a physician who is our medical director. A medical director is needed as we run a paramedic service/transport service. (Contract cost is approximately \$26,000/year.) This physician is not an authorized primary care physician under the City's CIGNA Health Plan as he does not have a private office opened to the public. The City supplies his office space, office equipment and we pay 100% of the costs for all physicals.

Under the Insurance Fund the City pays 100% of the employee's premium for health insurance with the employee paying 100% of dependent coverage. If these physicals were to be done by a primary care physician, the health claim would go against their premium. This makes it look like a double payment with the City paying both costs.

Further discussion pursued with the suggestion of having the employee pay the co pay.

Mr. Smith moved to recommend the cost incurred by employee should be charged to the insurance fund and applied against the premium revenues paid for by the City and that we do take the \$200,000 out of this reserve account, seconded by Mr. Ellingsworth for discussion.

Mr. L'Herrou confirmed there would be no actual savings, just a different location in funds (from general to insurance).

Mr. Safford indicated the Fire Department budget is allocating an expense twice; once for health insurance and second for the clinic costs. The health insurance premium cost for employees is moved to the insurance fund as revenue. (This is a cost to the Department.) The clinic costs for the physicals stay in the department making it look as a double expense. If the clinic was moved to the insurance fund, that would leave the health care premiums as the only expense. The insurance fund will accumulate profits from the health insurance premiums.

Said motion failed to pass. All members with the exception of Mr. Smith dissented.

As the Task Force members were unclear of the purpose of the recommendation set forth, it was suggested this item be deferred to the next meeting to allow additional time for staff to gather more information for further discussion.

Hometown Connection: This is an element mentioned by the Budget Task Force members at the last meeting. The News for Neighborhood is a monthly publication sent to each utility customer (approximately 21,000) at an annual cost of approximate \$12,900. The second publication is the bi-monthly distribution (approximately 7,000), the Hometown Connection with an approximate annual cost of \$43,850 which includes the annual report. With the exception of the Annual Report, the Budget Task Force feels the Hometown Connection is duplicative of the News for Neighborhoods publication and the general media. This was a service established by the City Manager and City Commission.

Mr. L'Herrou moved to recommend the City Commission consider not publishing the Hometown Connection with the exception of the Annual Report, seconded by Mr. Dole. Said motion passed unanimously.

Competition Events: Under Travel and Training the Fire Department, Police Department and Lifeguards have Competition Events. The Fire Department illustrated competitions as a Regional Combat Challenge (total cost \$44,663), Advanced Life Support (total cost \$7,827), Public Safety Dive Championship (total cost \$15,363), World Combat Challenge (total cost \$43,106) and a New York Fire Department Tunnel to Tower 5K Run (total cost \$3,580). The Lifeguard Competitions were insignificant with 1-2 staff members, after hours and little costs involved. The Regional and National Events require some payment to full time staff if they are regularly scheduled. Some events are paid from donations. Costs for Lifeguard competitions total approximately \$2,000. The Police Department has a National Dive Team Forum and Competition (total cost \$9,400), Annual Sniper Competition (total cost \$3,155) and the SWAT Roundup Competition (total cost \$16,575). Total cost for all competitions is approximately \$145,669.

Mr. Smith felt it is important to compete against other organizations as it sets a standard to excel at what they do. However, times today are different than previous years and there is a need for cutbacks. Mr. Smith offered a few alternatives such as eliminating all competitions at this time with the intent on reviewing them again with the possibility of reinstalling it, or perhaps cut back on the number of individuals going to these events.

Mr. Moore moved to recommend eliminating all competition events since these costs are not part of the required services provided to our citizens, seconded by Mr. Dole. Said motion passed with Mr. L'Herrou abstaining.

Vehicle Washing and Detailing: It was noted the Fire Department spends \$500.00 per month (\$6,000 annually) for truck detailing by Spotless Image Auto Detailing which included fire trucks, rescue trucks, utility trucks, ladder trucks and a Ford Expedition for one of the Assistant Fire Chief's vehicle. In addition there was \$3,030 budget for truck soap, chamois, pails and brushes presumably for truck washing. The Garage currently spends approximately \$18,600 per year to have City fleet vehicles detailed by Barrett's Mobile Detailing (each vehicle detailed twice a year). In total, Departments spend approximately \$6,000 per year to have their departmental vehicles washed and waxed for a total cost of detailing and washing of vehicles at approximately \$30,600.

Mr. Smith moved to recommend the Fire Department employees detail their trucks and City employees should detail their own take home vehicles as part of their maintenance responsibilities and save the costs of external contractors washing and detailing their vehicles, seconded by Mr. Dole. Said motion passed unanimously.

Mr. Safford turned the floor over to Mr. Moore at this time for explanation of his proposal of a study of creative revenue generation.

Revenue Generation: Mr. Moore stated at the previous meeting Task Force Members decided it would be okay to collect data regarding revenue creative ideas from other municipalities as long as it was not a one on one interview process. This would be a commitment of Mr. Moore's time (estimate of 20 man hours) in concert with staff's direction. Information would be gathered from other City financial statements retrieved from the internet, organization contacts, corporations and key individual community leaders.

Mr. Safford mentioned the National Government Financial Officers Association and National Associations like the International City Manager's Association and Innovation Group allow one to present a question on-line and they send it out to all jurisdictions for input. (Blast Facts.)

Mr. Moore agrees taking advantage of the blast announcement and/or survey questionnaire makes sense. He would be happy to put a questionnaire together and bring it before the Task Force Members for approval. One further question Mr. Moore presented before the Members was to post an idea civic contest for taking ideas on how to generate revenues. He would be willing to donate \$500/\$1,000 for this if they could do it.

Mr. L'Herrou felt this was an excellent idea and mentioned if the Task Force was not able to do this, the Chamber of Commerce might be willing to sponsor a contest like that.

Mr. Moore agreed stating this would be the appropriate way to pursue.

Task Force Member were in agreement with all.

Mr. Safford indicated the **Observations/Recommendations Summary Pages** have been updated and he would remove the Medical Professional Fees as there are currently no changes in this item.

Shuttle Bus Service: This item has no recommendations at this time as further detailed information is needed. The past four weeks of all three buses illustrated rider ship as follows:

	Route 1A	Route 1B	Route 2
Average riders per week	555	799	722
Average riders per pickup	4.63	4.67	3.54
Average riders per hour	9.25	9.35	10.60
City's Cost per hour	\$38.50	\$38.50	\$38.50
Average rider cost per pickup	\$ 4.16	\$ 4.12	\$ 3.63

There is no contract on this item; it is done by purchase order.

Mr. Wheat indicated this was handed down by the Metropolitan Transportation Organization. These numbers are very low; however, the winter season has been much higher. Mr. Wheat commented downtown employees are very limited on where they can park as there are many limited time frames involved. With the continual cost of fuel rising, it is likely rider ship will increase. There maybe some unknown factors that are not put into this observation as of yet.

Mr. Safford indicated the CRA paid \$175,000; another portion was going to be covered by an MPO grant.

Mr. Wheat commented the CRA and the City picked up the expenses as this project was already implemented; the MPO Transportation Organization required the bus drivers be union members which in turn changed the whole perspective of what and how things could be handled.

Mr. Ellingsworth commented this is an area where revenue could be generated. At first thought it was to be targeted for tourists, however now it seems employees are more involved. If rider ship consists mainly of employees, this should be supported by the local businesses. Mr. Ellingsworth stated he would continue to support this program under the basis there is initiative to raise revenue.

Item 6. Review of previous handout material:

No comments.

Item 7. Other Business:

Mr. Ellingsworth commented in terms of the competition events (even though there was a vote on the matter) he would like the Task Force to reconsider this area. As citizens and taxpayers we need to discontinue some items; however the Task Force needs to realize the City Commission will have the ultimate say. In lieu of recommending items with an expense of \$145,000 down to zero, perhaps we need to be more creative in helping the City Commission pass these recommendations by suggesting an alternative. In the case of the competition events the suggestion could be a City match with a cap. Mr. Ellingsworth commented the Lifeguards raised funds; perhaps the Police and Fire Department could do the same. This may have a better chance of the City Commission passing some of these items.

Mr. Wheat addressed the continuation of the Budget Task Force. As concluded in the Workshop members agreed to an initial six month period time frame when first appointed as members. The City Commission agreed and was happy to have it continue.

Mr. L'Herrou moved to request an extension from City Commission an additional six months with an option for an additional six months beyond based on the Task Force's discretion, seconded by Mr. Smith.

After further discussion Task Member agreed to request an extension for a year with the possibility of having one meeting per month down the road.

Mr. Wheat revised the date to recommend to the Commission a one year term extension from August 1, 2008 to July 31, 2009. Said motion passed unanimously. Should a member decide not to continue he will advise the Chairman who will then contact City Clerk's office for the process of selecting another individual.

Mr. Safford indicated the requested outstanding item with reference to the 5%, 10% and 15% cuts from the Police and Fire Chiefs may need to be reconsidered. In their detail budget for 2007, they submitted recommendations for a level one, two and three budget to the City Manager. Mr. Safford does not feel there is a need to request this again as they will in all likelihood receive the same information.

Mr. L'Herrou questioned the outstanding items requested at the previous meetings.

Competition wages and benefits: Previously the Budget Task Force received a breakdown of Police and Fire comparison to other municipalities. Police and Fire gave up a 2% salary increase, in turn that money is being deposited into a retiree Health Trust. When you looking at salary comparisons one needs to take those items into consideration also. One needs to compare apples to apples.

Poll the Department Heads on the issue with the recipients of overtime: Staff has contacted administrative personnel however has not received any response as of yet.

City's software currently in place; what we use and it's cost; including any open source alternatives: Mr. L'Herrou indicated he was referring to programs such as Word and Excel as there is open office as an alternative these days. He would like this information so Task Force Members could have a discussion and debate on it.

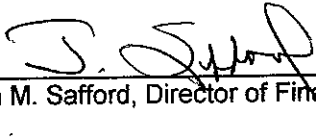
Mr. Smith stated at a previous meeting, members were given an organizational chart. When the Task Force discusses this item, Mr. Smith would like a copy of all job descriptions readily available.

Mr. Safford indicated all job descriptions are on the website as this consists of approximately 500 plus pages.

Motion to Adjourn:

There being no further business, Mr. L'Herrou moved to make a motion for adjournment, seconded by Mr. Ellingsworth. Said motion passed unanimously. The meeting adjourned at approximately 11:03 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 June 17, 2008, which minutes were formally approved and adopted by the Budget Task Force on July 1, 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