

BUDGET TASK FORCE

Minutes of February 17, 2009

Item 1. Call to Order/Roll Call:

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

Members Present: Mark Denkler, Vincent Dole, Todd L'Herrou, Robert Moore, Alexander Simon, James Smith and Franklin Wheat

Members Absent: Peter Arts and Howard Ellingsworth

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

Item 2. Approval of the agenda:

Mr. Moore moved to approve the February 17, 2009 agenda, seconded by Mr. Simon. Said motion passed unanimously.

Item 3. Comments from the Public:

There were no comments from the public.

Item 4. Approval of the Budget Task Force Minutes for January 20, 2009:

Mr. Smith moved to approve the January 20, 2009 minutes as presented, seconded by Mr. L'Herrou. Said motion passed unanimously.

Item 5. Review of new handout material:

Mr. Safford reiterated the policy and procedures for take home vehicles for the Police and Fire Departments. The IRS requires all emergency vehicles be marked to fall in the exempt from tax category. Personal mileage other than commuting has to be de minimis personal use, which means the individual could stop on their way to or from work to do a minor errand. Individuals with take home vehicles will be taxed on the full value of the vehicle plus five and a half cents per mile for gasoline. Should individuals keep a log illustrating personal usage versus business usage, they will only be charged for the personal usage. The offset of the City's cost for wear and tear, maintenance, insurance etc, will be pursued once the tax issue is resolved.

At this time the Fire Department has no written policy which specifically prohibits personal usage. The Assistant Chief's are driving unmarked Ford Expeditions which they believe they are allowed to use for personal use according to a memo written back in 2001. As they feel this is a fringe benefit, they will be taxed on the full value of the vehicles.

With reference to monthly car allowance, the handout distributed illustrates 29 employees receiving car allowance totaling \$6,831.10 per month (\$81,900 annually). The car allowance policy has been changed requiring a mileage log be kept for individuals who did not have an employment contract (City Manager and City Attorney have contracts). The City Manager indicated if one had an offer letter stating the amount of car allowance no mileage log was needed.

Mr. Wheat questioned what department and reason would it be for the few individuals with excessive mileage.

Mr. Safford responded Harold Bellinger, Supervisor, is in charge of streets; Juan Manzano is an in-house construction manager; Janet Meeks is involved in Education and Scott Solomon is in charge of water meter maintenance.

Mr. Safford reviewed the garbage/waste disposal graphs. For monthly residential garbage the City bills the residents and then transmits the collection portion to Waste Management. The City retains the franchise and administration fees. The residential graph illustrates a substantial rate increase. The commercial Waste Management graph illustrates a rate increase of 80%; however the franchise fees have not increased. This is an obvious error and the City will follow up requesting the correct back revenue and new revenue going forward. Waste Management bills commercial not the City; the franchise and administration fees are transmitted to the City.

The increase was primarily due to the cost of oil. This was a five year contract with a stipulation their fees could not increase more than the Consumer Price Index (CPI) each year. The CPI never went over 3%; their operating costs were much more significant than that.

Further discussion pursued with reference to rear door/side door pick up as opposed to curbside pick up. A memo from Community Improvement illustrating the results of a curbside pick up survey was also reviewed.

Mr. Simon suggested having Waste Management come before the Board with a presentation.

Mr. Wheat indicated there were individuals that did not want trash collectors coming into their back yard; it is one's prerogative to take their garbage to the curb whether they were paying more or not. Mr. Wheat did not see why there would be a reason to force 66% to make a change because 34% wanted it. Mr. Wheat had no objections to submitting suggestion(s) as to cost reductions that could be implemented; however did not feel a need to meet face to face with Waste Management.

Mr. L'Herrou commented another approach would be to pressure weight cans and have an average rate based on a percentage of use of back door and curb side service.

Mr. Safford continued stating there are three different size containers the City originally purchased for the purpose of beautifying the garbage collection process and having relatively clean looking containers. It is also advantageous to the carrier as Waste Management has a method of automatically picking up these containers limiting manpower to one crew member. In lieu of a twice a week pick up, perhaps a suggestion of once per week could be considered; supplementation of additional containers may be needed. Charge is based on the size of the container and the frequency of pick up. Mr. Safford indicated he would send his letter to Waste Management mentioning these areas to see if they would be interested in meeting with the Budget Task Force.

The consensus of the Board was to hold off on any meetings with Waste Management until Mr. Safford received a response from his written request.

Mr. Dole questioned why this contract was not competitively bid.

Mr. Safford responded the vendor made a presentation to the City Commission; the final decision is up to them. Mr. Safford stated the City Commission did not see a need to bid. There are only two vendors that could handle a city of our size. Since a bid comparison just occurred, they did not see the need to go through that process.

Mr. Dole commented this process goes back to the discussion the Task Force has had many times over the past year suggesting the City adopt a general policy of having competitive bidders. Mr. Dole was somewhat disappointed this happened during the term of office of the Task Force and the City pursued it without much thought to competitive bidding. Going back to the issue of having a policy, the Commission clearly has a right to do whatever they want. What value did the Task Force have if the suggestion of having a policy in place will not be adhered to?

Mr. Safford stated the Waste Management debris collection/removal was bid by the County. A City, State or County can ride a bid from another City, State or County; it still counts as a bid. The City of Delray Beach competitively bids on chemicals and medical supplies; other cities ride on our bids. The City Commission chose to accept the Waste Management's fees because they were below the bid. There are many methods of bidding. The City's Purchasing Department is a co-op with other municipalities in the

county; certain cities handle bids for certain products. Mr. Safford believes communication from the City Commission could have been better as to why rates increased.

Mr. Safford indicated the Budget Task Force requested a listing of retirees in the General Plan and the Police and Fire Plan for comparison. This is a master listing of all current retirees and individuals in the DROP Plan. One can view the years of service and the monthly retirement package each retiree is receiving.

Mr. Simon commented the General Employee's pension totals \$246,668.10; Police and Fire total \$612,325.98; roughly \$10 million is needed to cover this annually.

Mr. Safford stated the percentage of payroll was a little over 30% to fund the Police and Fire Pension Plan and General Employees approximately 14%.

In response to questions from the Task Force, Mr. Safford explained the changes and policies of the Disability Pension along with the Benefit Enhancement, retirement age, early incentive and the DROP Plan.

Mr. Smith questioned if the Benefit Enhancement could be deleted to reduce the unfunded liability the taxpayers will face.

Mr. Safford stated in the initial report the Police and Fire Pension was addressed. We talked about changing the multiplier from 3.5% to 3.0%; you can do that in two different ways. One leave the current employees at 3.5% without reducing their benefit, and bring new employees in at 3.0% multiplier. There are a lot of alternatives on what to do with pension plans. It's important to recognize the City is the one to award those benefits in the first place; it's very difficult once you enact a benefit to reduce it.

Item 6. Review of previous handout material:

Mr. Safford briefly reviewed the status of the insurance recovery on the outstanding Hurricane Wilma claims. Some of these claims were based on estimates; actual figures have now been listed. In addition the City may be able to recover further funds for the damage and rebuilding of Fire Station Four.

The Parks and Recreation College Tour Program provides bussing of up to 50 students and chaperones to different colleges for an eight day trip. This year colleges were located in North and South Carolina, Washington and New York. This includes stops to historical and famous sites along with theme parks. The program budgets \$35,000 which does not include employees salary or overtime. Costs include bus rental and driver for 200 hours; \$72.59 per hour (24 hours for 8 days).

Mr. L'Herrou suggested a recommendation that this program stay within the State of Florida with no visits to amusement parks as part of the trip.

Mr. Safford recommends this program be shut down.

Mr. Dole commented providing an educational opportunity to residents of Delray Beach is very positive. Mr. Dole supports the continuation of this program.

Mr. Safford indicated the issue of education is the responsibility of the County School Board not the City. Given the current budget is short \$2 million; we need to define primary city services, essential service and non-essential services.

Mr. Smith moved to make a motion to close down the Parks & Recreation College Tour Program, seconded by Mr. Moore.

Further discussion on this item suggested research for possible grants to fund this program. There was also the question of how many of these students taking this tour entered colleges or became college students. What are the results if any that is beneficial to the City?

Mr. L'Herrou moved to table the motion for further collection of information on the results of this program, seconded by Mr. Dole. Motion was denied 3 in favor-4 against.

Mr. Wheat indicated there is a motion on the table by Mr. Smith to recommend cancelling the Parks & Recreation College Tour Program, seconded by Mr. Moore. Said motion passed 4 in favor-3 against.

Mr. Smith questioned the article in the Palm Beach Post with reference to the Police and Fire VEBA Health Trust of reducing contributions to 2%.

Mr. Safford indicated VEBA Health Trust is currently being funded with a 3.3% contribution. The Fire Department gave up a 2% raise; however the Police Department did not. If the City is not going to receive the benefit of taxes and raises given up, why should the contribution be 3.3%? It was recommended to be moved back to 2% with a cap, which would not allow it to grow each year.

Item 7. Other Business:

Mr. Safford indicated if there were no further changes in the 2007/2008 report, he would like to publish it. Any further recommendations would be for the 2008/2009 report.

Mr. Moore moved to present the 2007/2008 report to the City Commission, seconded by Mr. Smith. Said motion passed unanimously. It was also requested by the Task Force Member to include copies for all members running for the upcoming elections.

Mr. L'Herrou commented the Task Force has been very concerned about the Tennis Center and Special Events costs. He was surprised to see this evening's consent agenda has a request to waive all fees for the Sunrise Service which did not seem consistent with other policies that were put in place. Mr. L'Herrou questioned if there was further backup information with reference to this item.

Mr. Safford indicated he had no further documentation at this time. He is aware the Assistant City Manager, Mr. Barcinski is pursuing on increasing the percentage from 65% to 75%. Mr. Safford commented the Easter Sunrise Service is not considered a Special Event and that usually takes place on the beach at 6:30 a.m.


Mr. Wheat feels this is a charitable organization or religious group requesting a waiver.

Mr. L'Herrou has no objections in the use of the stadium; however his concern lies with the waivers of fees for which group(s) and or when.

Motion to Adjourn:

There being no further business, Mr. L'Herrou moved to make a motion for adjournment, seconded by Mr. Simon. Said motion passed unanimously. The meeting adjourned at approximately 10:20 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 February 17, 2009, which minutes were formally approved and adopted by the Budget Task Force on March 17, 2009.



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