

**WORKSHOP MEETING  
AUGUST 2, 2010**

A Workshop Meeting of the City Commission of the City of Delray Beach, Florida, was called to order by Mayor Nelson S. McDuffie in the Commission Chambers at City Hall at 6:00 p.m., on Tuesday, August 2, 2010.

Roll call showed:

Present -                   Commissioner Gary P. Eliopoulos  
                                  Commissioner Fred B. Fetzler  
                                  Commissioner Adam Frankel  
                                  Commissioner Angeleta E. Gray  
                                  Mayor Nelson S. McDuffie

Absent -                   None

Also present were -     David T. Harden, City Manager  
                                  Brian Shutt, City Attorney  
                                  Chevelle D. Nubin, City Clerk

Mayor Nelson S. McDuffie called the workshop meeting to order and announced that it had been called for the purpose of considering the following Item.

**WORKSHOP MEETING AGENDA**

**1. FY 2011 BUDGET**

Mr. David T. Harden, City Manager, stated he would like to give an update of the presentation he provided last month on the FY 2011 Budget and where we are at this point. He stated at the millage rate of 7.19, we get \$91,146,000. He discussed the rollback rate, 8.133, which is the millage that gives you the same revenue as last year. He stated the maximum majority vote rate is the rate that you can set that includes a growth factor, and this would be \$99,000,000. The super majority vote rate is 9.43. He stated 1/10 of a mil equals \$595,000.00. Mr. Harden discussed the budget requests from departments, grants and aids, transfers and debt service, etc. He stated debt service is totally inflexible. In his reviews, he has cut \$2,185,000.00. He stated the amount needed at 7.19 mils to balance the budget is \$6,759,000.00. He stated to get this amount it will have to come from personnel services. Mr. Harden outlined updated recommended cuts that it would take to balance the budget at 7.19 mils via PowerPoint presentation. He recommends two-tenths of mil increase in the millage rate to 7.39. He stated the city's tax roll went down 13.7%; and with the two tenths of a mil increase (2.8%), an overwhelming majority of our taxpayers will still see a substantial drop in their property taxes. Staff believes we can increase our revenue estimates from other sources specifically our Emergency Medical Services (EMS) transport. He mentioned additional line item cuts in the amount of \$443,000.00 which bring the total cuts to \$6,759,000.00 with no layoffs or furloughs. He stated with all of the changes we can have a balanced budget with a relatively small millage increase and not have furloughs or layoffs. He stated going forward we have some negotiation to do and issues to work out. Mr. Harden suggested, for the proposed millage rate, Commission go four tenths above the current millage rate (5.5%). Staff will continue to work on getting all of the unknowns resolved and work on bringing the budget in at the 7.39 rate or possibly even less.

He stated Commission has gotten a huge amount of input from individual employees, citizens, the Financial Review Board and staff. Staff would like to get direction from Commission regarding what they want staff to look at, cut out or add, etc. to finalize the budget for next year. Commission needs to set a proposed millage rate tomorrow evening, August 3, 2010.

Mayor McDuffie thanked Mr. Harden, the staff and everyone for working so diligently to put this together for the Commission. He stated the preliminary millage needs to be in the Property Appraiser's office on August 4, 2010 by 5:00 p.m. Otherwise; they will take us to the rollback rate. Mr. Harden commented regarding the proposed rate and upcoming budget hearings.

Mrs. Gray asked about Clean and Safe and the Community Redevelopment Agency (CRA) taking on more of this responsibility since the area is expanding. Mr. Harden stated the CRA fully funds Clean and Safe and have committed to an increase this year.

Mr. Robert Barcinski, Assistant City Manager, further explained the budget and funding for Clean and Safe.

Mr. Eliopoulos asked what rate Mr. Harden is recommending for tonight.

Mr. Fetzer stated he is pleased the Commission has been given more alternatives to look at than what was provided last year; and they have gotten a lot of input regarding the ideas and suggestions that have come in from employees. He stated he would like to look at what the employees and the Financial Review Board have suggested. He is pleased we are digging deeper to look at what we can do to reduce costs for the city. Mr. Fetzer stated there will be tough choices no matter what we do and he wants to be fair to residents and employees.

Mr. Frankel stated it has been a big help to receive information from numerous employees who have taken a lot of time and have gone into detail with their recommendations. He stated certainly the goal is not to cut anyone; and discussed his meeting with some police officers and recommendations they are making that they think can save us \$2,000,000.00. He wants to look at these suggestions and feels the Commission should consider going into reserves.

Mr. Eliopoulos stated when you start looking at the budget you look at what everyone's role is and stated the Financial Review Board did what they were supposed to do; discuss what the private sector does in business and point out how you cut back. He stated residents would like for us to drop our millage or keep it the same. Mr. Eliopoulos stated Commission's job is to take everybody's comments into account and do the best we can do with the monies we have. He stated he loves what the FRB brought to the table but does not agree with everything. He mentioned pension changes. He stated he feels what is done has to be short term and that hopefully as times get better, we give back. He feels we should not look at employees as other cities are looking at them, as expendable, and cut them out. However, if management feels there is redundancy in positions they should bring it to the Commission. He stated things have to be across the board. We have to look at things that generate revenue. He is fine with going into reserves to a certain point. He continued to discuss various suggestions that have been made.

Mrs. Gray thanked Mr. Harden, staff and FRB for their recommendations. She stated she likes what Mr. Harden has presented. She is okay with furlough days; and thinks that we have to decide which way we are going to go in order to maintain the quality of services for our city and we may have to look at some sort of increase to the millage. Mrs. Gray commented that it is going to be tough and everyone is going to have to participate in this. She is okay with increasing the millage a little bit along with looking at the reserves.

Mr. Harden stated he has tried to avoid in working on the budget what he calls "*Death by 1,000 cuts*". He feels long term if you keep doing that, functions shrivel up to where they are not effective, it is better to eliminate some functions and try to keep the ones you have so that they can perform services in a robust manner.

Mayor McDuffie discussed going through line items last year making cuts. He feels this year there is a much better approach to this. He thanked everyone from several different departments, FRB and stated everyone has brought great ideas to the table. He stated we need to keep in mind that we have level of service expectations from our citizens. Mayor McDuffie stated last year's cuts were essentially invisible to the public. He feels staff has taken a wiser step to doing things this year so that we can take substantial cuts without seeing it reflected in the delivery of services to residents in the community. He stated we are either the largest or second largest employer in this city and we are all in this together. As far as reserves, he is okay with reaching into reserves, with the caveat that it is not for reoccurring expenses. He stated we will work as hard as we can for this community and employees in this city to be as fair to everyone as we possibly can.

Mr. Harden stated there are two other things he would like to mention: we have had interest from a few employees regarding voluntary furloughs which would be a one-time thing and this would be money saved for this year; and he stated he would not offer early retirement to Police and Fire because pension costs for them have gotten so high, the savings is not there; however, we could offer general employees an early retirement option and if commission is acceptable to this we could make this available and this may free up positions that we would not have to fill or we could fill at a lower rate of pay. Mr. Frankel asked if this would have an effect on the pension in future years. Mr. Harden explained the pension reductions.

Mr. Eliopoulos commented about the four day work week without reducing actual hours. He would like to know what our savings would be if we went to a four (4) day work week. Discussion continued between Commission and Mr. Harden regarding the work week, furloughs, parking meters and the city's fees in general.

Mr. Fetzer stated regarding reserves, many years ago the Commission set a strategic goal to keep our reserve level at 15-25% of our budget. He does not want to do anything that backs us out of that strategic plan. He is not sure we will be able to rely on reserves to solve our budget problems. He commented that we do not want to be a city that puts ourselves in jeopardy. Mr. Fetzer feels Commission has to look a lot deeper than that and commented on furloughs versus layoffs. He stated Commission needs to give the City Manager the authority to make the decision regarding layoffs. He stated furloughs bother him if we do that across the board because that will be an employee morale issue and results in less service for our community; maybe a combination of eliminating some positions that we can eliminate and furloughs may be the solution.

Mr. Fetzer discussed pension plans and stated we need to get realistic on returns that we are expecting and on what we are projecting. Mr. Harden stated we need to make some changes to give us immediate savings and changes that will apply to all of our new employees that are coming in so that over time the percentage of payroll stops growing that is required for pensions.

Mr. Fetzer stated advice and leadership is needed from the City Manager regarding personnel decisions; the costs reductions that we need to make to live within the revenues we get for the city have to include personnel considerations. Mr. Eliopoulos stated it seems Commission is sending mixed messages regarding layoffs.

Mr. Harden stated if there are functions that Commission feels we should eliminate or stop doing that typically involves layoffs and if Commission does that, he will figure out how to handle the positions. Commission and Mr. Harden continued discussion on this issue.


Mayor McDuffie stated there should be no issue off of the table regarding what it takes to cut the budget. Mr. Eliopoulos stated he is not in support of reducing the staffing of the Fire Stations.

Mr. Frankel asked about reserves in regards to how much Commission feels comfortable with taking out. He suggested taking out \$3,000,000.00. Mr. Harden explained how reserves can be used. Commission and Mr. Harden continued to discuss this.

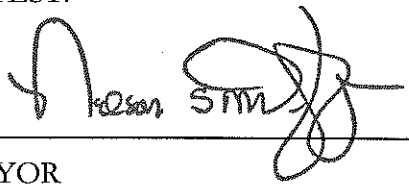
Mr. Eliopoulos stated he supports the 7.59 rate as a proposed rate with the intent of bringing it down to 7.39 mils. Mr. Fetzer stated he does not agree with that rate and Commission will vote tomorrow night.

Mr. Harden suggested Commission schedule budget work sessions for August 24 and 31, 2010.

Mayor McDuffie adjourned the Workshop Meeting at 6:58 p.m.

  
\_\_\_\_\_  
City Clerk

ATTEST:

  
\_\_\_\_\_  
MAYOR

The undersigned is the City Clerk of the City of Delray Beach, Florida, and the information provided herein is the Minutes of the Special/Workshop Meeting of the City Commission held on Tuesday, August 2, 2010, which Minutes were formally approved and adopted by the City Commission on August 17, 2010.



City Clerk

**NOTE TO READER:** If the Minutes you have received are not completed as indicated above, this means they are not the official Minutes of the City Commission. They will become the official Minutes only after review and approval, which may involve amendments, additions or deletions to the Minutes as set forth above.

