

FINANCIAL REVIEW BOARD – MEETING MINUTES

SEPTEMBER 7, 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
Christina Morrison Pearce
Yvonne Walker
Rosalie Blood
Luise Piane
Barbara Trevino
Cheryl Shaffner (Alternate)

MEMBERS ABSENT:

Todd L'Herrou, Vice Chairman

STAFF PRESENT:

Barbara J. Flynn, Finance Department
Danielle Connor, Fire Department

Item 3. Approval of Agenda

Mr. Ellingsworth asked for approval of the September 7, 2010 Agenda. Ms. Pearce moved to approve. Seconded by Ms. Blood. Said motion passed unanimously.

Item 4. Approval of Minutes

Approval of Minutes of Meeting of August 3, 2010 – Ms. Pearce motioned to approve. Seconded by Ms. Piani. Said motion passed unanimously.

Item 5. Public Comment – No public comment.

Item 6. Handouts –

The handouts included comments on the study of the West Palm Beach Fire Department and a worksheet on the departmental budget of Parks and Recreation by Ms. Pearce. Mr. Ellingsworth handed out a new ranking format for departments, a report related to the Police and Fire Pension similar to the report of the WPB Fire study but from another City, both supplied by the City Manager. Ms. Flynn supplied a copy of the City Commission Meeting Agenda, Commission Workshop responses to the suggestions made by the Financial Review Board and the June Monthly City Manager Report.

Mr. Ellingsworth introduced and welcomed Ms. Cheryl Shaffner, our new Board member.

Item 7. Open Issues

a) Grants and Aids Application Process:

Ms. Trevino stated the Junior League application for funding is similar to ours however; the City requests tax returns and audits. The Junior League requests a detailed project budget outline, where the City does require the annual budget but does not ask for a budget on the particular project they are requesting funding for. Also the Junior League wants to know where else the applicants are getting funding from. They also do not permit people to apply for grants two years in a row. The problem with the City's applications lies with applicants not filling out the form completely defining specific requirements. Mr. Ellingsworth stated that the Commission has discussed making it a requirement to provide the economic impact of the events. The Board discussed how to determine the number of persons attending events and other options for change to insure events become more self sustaining.

In conclusion, Mr. Ellingsworth summarized; funding should not be granted until the application is completed, more specifics are needed regarding quantifiable data and project costs, informational data on how much money is being raised outside of the CRA or the City should all be required. Ms. Blood stated it appears some of the requirements on the current applications are not being met, such as the submittal of their most current tax returns. The Board will have written comments for the next meeting and address these issues with the Assistant City Manager.

b) Discussion of Department/Division Budget Analysis- Parks and Recreation (continued):

Ms. Pearce stated the tennis center and the stadium have now been removed from the Parks and Recreation budget, and they now have their own budget. The annual budget for Parks and Recreation is \$9.8 million (not including grants and transfers of \$90 million), which comes to 12% of the overall budget. The revenues realized from this department were only 1% of the budget. The Director of Parks, Linda Karch informed Ms. Pearce that one problem is the City keeps adopting additional parks (three parks in the last quarter from the CRA alone). Ms. Pearce suggested for the City to not adopt any more parks, unless they come with a funding mechanism. Other suggestions made by Ms. Pearce were to have parks taken over by private groups, however our City charter does not allow for parks to be taken over by private enterprise but citizens who will be responsible for the maintenance can adopt them. Mr. Ellingsworth stated to keep in mind the additional parks also require extra personnel.

Ms. Pearce stated as far as "core functions" a City is required to provide, parks is not one of them; parks are not a mandated function of the City. Mr. Ellingsworth stated the need can be generated by ordinance / resolution or contract. The Board will be recommending a freeze on any further adoption of parks unless they come with funding or the neighborhood adopts the park.

Ms. Walker stated she is currently working on writing an administrative policy to address the fees and the policies for the cemetery. The cemetery is a part of the Parks and Recreations budget. There have been some problems with collections with the current installment agreements that she is also working on.

In conclusion the Board is concerned with the size and magnitude of the Parks and Recreation Department, and the percentage of the budget it encompasses. They would recommend for the City to not take over any more parks, to review an increase in fees and discuss ways to provide accountability for the use of facilities. Also to tie in the residency cards to the membership fees for all facilities. Mr. Ellingsworth will compile some of the comments from today's meeting for the Board's review and approval. Ms. Walker will present the new changes in the cemetery policies.

c) Fire Management Study:

Ms. Pearce explained why they need certain apparatus and a certain number of staff at each call and why that should not be changed. To reduce costs they may look into revamping the work week. We are also providing services to a neighboring community (Town of Gulfstream) at a loss. The costs are \$500,000 and we are collecting \$298,000. Dispatch is provided by Palm Beach County for the total county area however, Delray Beach by choice has their own private dispatch a cost of \$2 million even though this service could be provided by the county.

Asst. Chief Connor from the Fire Department explained in more detail how the County operation works and that the City had gone into litigation to keep their own dispatch some years ago. Our dispatch monitors both Fire and Police needs. The taxpayers are paying on their property tax bills for the county services, so it is a duplication of fees. She suggested speaking with the City Manager or the City Attorney for more detail.

Asst. Chief Connor explained the Highland Beach contract is very different from Gulfstream. In our ten year contract with Highland Beach we have collected \$3.1 million towards the budget which more than pays for itself. We supply five employees full time and in exchange we are using their station, their truck, etc. We can also use that personnel or pieces of apparatus if needed in Delray Beach.

Ms. Pearce discussed the Community Liaison position that in the past provided analysis of conditions in order to make recommendations for some of the elder community. Repeat calls may have been eliminated by placing these individuals in a safer more controlled environment, the Liaison would help to make such determinations and assist the residents. She said that bringing this position back may be something to consider.

Asst. Chief Connor stated there is discussion on bringing in civilians to Fire Safety Division. There are six individuals that when replaced, three of the positions will be filled by civilians at a lower cost to the City. Ms. Trevino pointed out the Community Educator and the Community Liaison positions can be combined, and they discussed social services. Asst. Chief Connor believes the billing for EMS services will be approved to be brought back in-house rather than contracted out which will solve some problems with collections for these fees.

d) Lease vs. Purchase of City Vehicles:

Ms. Walker researched what has been done to determine if leasing is a favorable option over the purchasing of City vehicles. With information gathered from Fleet Maintenance and the Asst. City Manger it has been determined that

leasing is not as cost effective in government as it is in the private sector. Other cities were also polled and the findings were the same.

e) City Manager's Financial Report:

The Board reviewed the June monthly financial report by the City Manager. It was decided to continue to review the June report, and they requested a copy of the July report for review and discussion at the next meeting.

Item 8. New Business and Open Discussion

a.) They discussed the process of the replacement of the Finance Director position. There is a committee comprised of other Department Heads, the City Manager and possibly others that narrows down the applicants. The Board requested a copy of the job posting. Mr. Ellingsworth discussed the idea of asking to review the finalist's applications, and ask to be able to interview them; they hope the new person will be very pro-active.

b.) They discussed the Pension Plans and the fact that there is a \$52 million dollar unfunded liability in the Police and Fire Pension Plan. This is going to have to be a negotiated item however, Mr. Ellingsworth feels that this is not going to be sustainable. For instance, if a fireman retires at 45 years old and get paid 85% of his salary for the rest of his life it will be a significant amount of money. It is a nice benefit but it is a problem. There have recently been pension options distributed by the City Manager to change variations of the existing plans. They would like to speak with the City Manager and voice their opinions on the proposed changes. Ms. Pearce stated that the plans should at least be changed for new hires. Mr. Ellingsworth stated cities (i.e. Pittsburgh) have gone bankrupt from this problem because it has a compounded impact. The actuarial projections are at an 8% growth rate, with 2% or 3% loss in your funding or revenue, it is difficult to make that up if there is no change. There is a Police and Fire Pension Board and what can happen is: they could give the Actuaries erroneous projected growth numbers which would make the problem worse. The only other way to balance the budget is to increase taxes - and our City can only legally go up to a maximum of 10.00 mils (2.81 mils from our current 7.19).

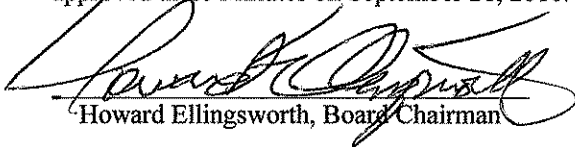
c.) There was some discussion of parking meters to generate revenue and the current use of the garages.

d.) Mr. Ellingsworth discussed items for the upcoming agenda. A.) Update of the status of Fire Department Study B) Recommendations for Non-Profit organization funding C) Update on the Waste Management Study from Rich Reade D) Status of the hiring of the new Finance Director E) City Attorney, Brian Shutt will give an overview of the Sunshine Law. F) Parks and Recreation recommendations G) Changes in cemetery policies H) Review of the City Managers July Monthly Financial Report

Item 9. Adjournment

Ms. Pearce motioned to adjourn the meeting seconded by Ms. Blood. Said motion passed unanimously. The meeting adjourned at approximately 10:35a.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 Meeting of September 7, 2010. The Financial Review Board formally approved these Minutes on September 21, 2010.


Howard Ellingsworth, Board Chairman