

FINANCIAL REVIEW BOARD – MEETING MINUTES

MAY 24, 2011

100 NW 1ST AVENUE , DELRAY BEACH, FL

Item 1. Call to Order

The Chairman of the Board, Ms. Christina Pearce called the meeting to order at 8:33 A.M.

Item 2. Roll call

MEMBERS PRESENT:

Christina Morrison Pearce, Chairman
Rosalie Blood, Vice Chairman
Howard Ellingsworth
Luise Piane
Jeff Ritter
John (Jack) Hallahan

MEMBERS ABSENT:

Cheryl Shaffner (Alternate)
Martin Cherry (Resigned)
Alexander Simon (Alternate)

STAFF & GUESTS PRESENT:

David A. Boyd, Finance Director
Barbara J. Flynn, Exec. /Tech. Asst.

Item 3. Approval of Agenda-

Ms. Pearce asked for approval of May 24, 2011 agenda. Mr. Ellingsworth moved to approve the agenda, seconded by Ms. Blood. Said motion passed unanimously.

Item 4. Approval of Minutes -

Approval of Minutes of Meeting of April 26, 2011 - Motioned to approve with discussion by Mr. Hallahan, seconded by Mr. Ellingsworth. Corrections discussed, and noted to minutes. Said motion passed unanimously to approve with corrections.

Item 5. Public Comment – No public comments.

Item 6. Handouts –

1.) Ms. Pearce provided a revised report on Parks and Recreation.

She will be sending information regarding the fact that real estate sales are up in the City by over 31%. From Boca Raton to West Palm Beach there was a 45% increase in condo sales in the first quarter, and 33% increase in sales closings on single-family homes.

2.) Ms. Pearce provided a chart showing the millage amounts for the County. Showing the City of Delray Beach is right in line with the current millage rates for surrounding cities. Census numbers have been released showing they remain flat (+.8% population).

Item 7. Open Issues-

A.) INTRODUCE NEW MEMBERS: No new members present. Ms. Pearce stated a new Board member was appointed at the last Commission meeting

B.) CEMETERY PROCEDURE ANALYSIS: Mr. Hallahan found in researching the cemetery policy that some of the transfer fees were irregular. The cost increased from the previous and present price if transferred, even if to other family members. a small administrative fee, or transfer fee is understandable.

Mr. Hallahan went to the cemetery and commented on maintenance. He provided a photo of the cemetery plot map that is posted at the cemetery. The wooden frame is in disrepair and needs to be painted. When he spoke with Parks and Recreation personnel they stated they only have four (4) people that work on maintenance of the cemetery. He visited twice and did not see any personnel, but did see a need for grounds maintenance. The Board wanted clarification as to whether those personnel are dedicated to the cemetery or if they have other duties.

Mr. Hallahan is researching the plot inventory (availability, etc). Ms. Blood stated the Parks Department gives the information to the City Clerk's office and the City Clerk's office does not have all of the information. Mr. Hallahan stated there is a water pipe going through that makes some of the plots unusable. Those should be identified on the map. He will be speaking with the City Clerk, Parks and Engineering to determine which sections are full, and recommend they probe to identify plots that do not have a marker on them.

Mr. Ellingsworth stated the unresolved issues are: 1.) Do they have a complete and accurate inventory of the available plots? 2.) Do they have a complete Accounts Receivable listing (deposits, payments in arrears, etc.)? 3.) Is there a policy to collect the balance owed? 4.) Is there a plot plan that shows occupied vs. sold but not occupied? 5.) Are there pricing differentials for residents vs. non-residents and has a price comparison to other municipalities been done recently?

Ms. Pearce will send a letter to the City Clerk asking for them to provide information regarding these questions.

C.) DISCUSS POLICE DISPATCH DATA ANALYSIS: Mr. Ellingsworth asked if we could invite someone to the next FRB meeting to discuss the findings of the analysis; if the City's Police Department is in an acceptable range in terms of dispatch. He would like the consultant or the City Manager if available, to give a presentation. Ms. Flynn will contact the City Manager for this request.

Mr. Ellingsworth also requested a status report of the Fire Department portion of the analysis. Ms. Flynn will provide this information to the Board.

D.) ADDITIONAL CLARIFICATION ON TENNIS CONTRACT: Ms. Pearce had recommended the Tennis Contract be moved to another entity that benefits from the event. Mr. Ellingsworth would like to find out if the City can legally bind the residents to a contract of that magnitude for that period of time without any kind of "outs" based on performance standards. This is a ten day tournament and we are spending \$2.5 million a year for 30 years (2% of the budget).

Ms. Pearce asked who is responsible for seeking sponsors for this event and is the progress tracked. Mr. Ellingsworth stated they contracted with a company to get the sponsorships - that proved to be ineffective. The Financial Review Board was not given an opportunity to review the contract. Mr. Ritter asked who would be responsible for putting together a comprehensive, strategic marketing plan: such as promotions, distributions, the marketing efforts, advertising budget; things that would be required to see progress and generate revenues. Mr. Ellingsworth stated some of these are done by the CRA (Community Redevelopment Agency), DDA (Downtown Development Authority), the Chamber of Commerce and the Assistant City Manager of the City of Delray Beach. Mr. Ritter stated there should be one group to oversee the coordination due to all of the different players involved - the City, vendors, contracting agent and marketing organizations. The strategic plan would include holding these entities responsible for meeting goals and objectives (accountability, structure, mission etc.). Mr. Ritter will write a letter making a recommendation for a strategic plan to be implemented.

E.) APPROVAL OF RECOMMENDATIONS FOR PARKS & RECREATION: Ms. Pearce added a background update to her report. She had been opposed to the CRA securing private properties that will then be turned into parks and taken off the tax roll. Mr. Harden sent a letter to Ms. Pearce stating of the 14% of the total City budget depicted in the charts, only 10% of the 14% is actually budgeted for Parks and Recreation (PK). The other 4% is budgeted for the Tennis Centers and Stadium - resulting in an actual reduction in PK budget of 2.46% over the past three years. Ms. O'Connor, City Treasurer, has changed the revenue expenditures and summary to reflect the Tennis Stadium as an individual expense item. The Tennis Stadium alone is 2.1% of the City budget. The Tennis Center operations budget went up by 32%. Ms. Pearce noted that the highly rated core function of Public Safety has had a reduction of 4.56% to their budget, a far bigger drop than Parks.

Several groups have requested to build new parks facilities, funded by the City: 1.) Spady Museum has a proposal for a new amphitheater only one block from the new amphitheater on Atlantic Avenue / S.W. 5th Avenue. 2.) A new building at "Little Fenway" baseball field, less than a block from an existing baseball building with facilities. 3.) Renovations to Worthing Park including giving the use of part of that park to private restaurants, while the City pays the entire cost to renovate the park - an approx. expense of \$285,000. A private developer will benefit greatly from this expense.

Ms. Pearce continued to say Mr. Harden, City Manager has projected an overall shortfall in the City budget of over \$2.5 million.

Added recommendations include 1.) To increase the charge differential between City residents vs. non-residents for use of parks facilities. For example currently the Summer Camp costs \$500.00 for a resident child and \$525.00 for non-resident child. Ms. Pearce recommends at least 50% higher fees for non-residents to use City programs and functions. 2.) For the remainder of the budget year stop all non-essential proposed improvements, unless a private entity comes forward to partially fund it and/or maintain a structure. 3.) Include Tennis income to track the expense. 4.) Consider the Tennis Stadium be assigned to a taxing district that benefits from that operation such as the DDA or the CRA.

Mr. Boyd stated the chart in Ms. Pearce's report shows that Public Safety declined. It did decline in the budget because they were counting on union negotiations that would result in cost savings. In fact, if you review each year there is no decline in actual expenses. While it was a budgeted decline in Public Safety the actual cost are the same.

Mr. Ellingsworth stated this was retirement plan contributions that the Police did not agree to in negotiations. Mr. Boyd confirmed that Fire had agreed to the changes, but Police had not. Mr. Boyd is setting up new financial reports and one of the calculations will show twelve month rolling of "actuals". We are currently on track to face a deficit of several million dollars. Revenues are down substantially due to the drop in property taxes.

Mr. Ellingsworth stated the comment Mr. Boyd brought up (concerning Public Safety figures) should be added to Ms. Pearce's recommendation. Mr. Ellingsworth motioned to approve the report to be disseminated to the City Commission (with the one change). Seconded by Ms. Blood. Said motion passed unanimously.

Item 8. New Business and Open Discussion-

A.) REVIEW OF CURRENT HEALTH CARE PLANS- Mr. Ritter will be working on this review. He asked for an introduction to the defined task, due to the fact that health data is sensitive information. Mr. Boyd will have Mr. Bruce Koeser, Director of Human Resources contact Mr. Ritter.

B.) E.M.S. BILLING - Since the EMS (Emergency Medical Services) billing was brought back in-house the Board had asked for a report showing if collections had increased. The Fire Department was contacted and they stated it was really too soon to tell. Mr. Boyd stated the staff was in place as well as supervision and procedures. This is a stand-alone system (not networked) administered by dedicated staff, and they will be generating reports.

C.) FLAT MILLAGE BUDGET RECOMMENDATION – Ms. Pearce stated she would like to make a recommendation to the Commission for the 2011-2012 budget to develop a flat millage budget to be developed. The County Commissioners had just done this as well. A flat millage budget means no increase in millage for the upcoming year. Mr. Ellingsworth stated the Board had recommended to the Commission that they set a spending “target” for the City Manager to set for all departments. Mr. Ellingsworth motioned to recommend a flat millage budget, seconded by Ms. Piani. Said motion passed unanimously.

Ms. Pearce stated two examples where fees are not high enough: 1.) Valet parking fees. 2.) The sidewalk café fee of \$4.50 a foot. There are ways to generate more revenue without raising the millage. Mr. Boyd stated in reference to the estimated property taxes for Delray Beach, the digest will remain flat. Our operations have remained the same, but our revenue base is shrinking. More fees is not going to make up for the loss in tax revenue. He and the City Manager are currently considering a “Priority Based Budget” sponsored by the ICMA. This is a group that has experience in public sector finances that help cities prioritize their budgets. The process will help align our actual expenditures and services with the priorities and goals set by the elected officials. Mr. Ellingsworth stated that Mr. Harden had requested this Board to look into “functions” that they as citizens and taxpayers feel are priorities. Mr. Ellingsworth requested an updated copy of the function analysis by department and plans to focus on that. Ms. Flynn will provide this to the Board. He agrees with Mr. Boyd that we will not fill the deficit with increased fees. Mr. Boyd stated long term property tax and utility fees are the vast majority of revenue and we don’t know when will we see a substantial rise in values. The State Legislature has made it so you cannot tax that market inflation. So, even if there is a rise in digest (market value), we may not be able to tax it. A local option sales tax may raise revenue if approved, to offset the millage rate, however not legal in Florida. Ms. Pearce stated due to the vibrancy of the City there is movement some in the market. Mr. Ellingsworth stated that Mr. Safford had mentioned the City generally is in a built-out status; there is a small percent of undeveloped property Delray Beach. Again, the City should not be taking property off of the tax rolls, by purchasing parcels and making parks out of them. Ms. Pearce stated the Taxpayers Advisory Board for the County did a study recently and found \$738 Million dollars worth of properties off the tax rolls with the thirty eight (38) cities and the County. The CRA has done a lot of proactive work to reduce blight especially in the western part of town, and some properties have been returned to the tax rolls. Ms. Pearce will send a letter recommending additional parcels should not be purchased unless they are going to be returning to the tax rolls.

Mr. Ellingsworth spoke of a meeting this morning, concerning the metering of Atlantic Avenue. The merchants are opposed to it. He is requesting a report showing if the Parking Garages are proving to be self-sufficient. He would like to discuss alternatives to metering Atlantic Avenue such as having the merchants pay a master parking fee. If they don’t want metering because it will impact their businesses, perhaps there can be an assessment for the properties facing Atlantic Avenue to generate some revenue. The merchants should consider buying parking stickers for employees to park in the garages - freeing up the spaces on Atlantic Avenue and the lots behind the buildings. Possibly the back parking lots could be metered. David Cook is on the committee for the merchants and the CRA is involved as they paid for a parking study. They may ask for their input to come to a decision. The Board will be making a recommendation incorporating variables such as seasonal rates. Ms. Pearce will format a memo with their ideas and send to Ms. Flynn. She will forward to the Board so they can provide feedback, and it will be discussed at the next meeting.

An added note that there are no cameras in the garage. Ms. Pearce will also recommend cameras for safety reasons.

D.) UPCOMING AGENDA ITEMS – HEALTH CARE PLAN REVIEW, DISCUSSION ON MARKETING OF CITY EVENTS, POLICE DISPATCH ANALYSIS SUMMARY, CEMETERY ANALYSIS, PRIORITY BASED BUDGET PROPOSAL, FRB ETHICS GUIDELINES, PARKING METERS, CITY GARAGE AND FINANCIAL STATEMENTS.

Item 9. Adjournment -

Mr. Ellingsworth motioned to adjourn the meeting seconded by Ms. Blood. Said motion passed unanimously. The meeting adjourned at approximately 10:15 a.m. The undersigned is the Chairman of the Financial Review Board. The information provided herein - Minutes of City of Delray Beach Financial Review Board - Meeting of May 24, 2011. The Financial Review Board formally approved these minutes on June 28, 2011.



Ms. Christina Morrison Pearce, Board Chairman