

# FINANCIAL REVIEW BOARD – MEETING MINUTES

JUNE 14, 2011

434 S. SWINTON AVENUE, DELRAY BEACH, FL

## Item 1. Call to Order

The Chairman of the Board, Ms. Christina Pearce called the meeting to order at 8:35 A.M.

## Item 2. Roll call

### MEMBERS PRESENT:

Christina Morrison Pearce, Chairman  
Luise Piane  
Jeff Ritter  
John (Jack) Hallahan  
Andrew Youngross (Alternate)

### MEMBERS ABSENT:

Cheryl Shaffner (Resigned)  
Alexander Simon (Alternate)  
Rosalie Blood, Vice Chairman  
Howard Ellingsworth

### STAFF & GUESTS PRESENT:

David A. Boyd, Finance Director  
Barbara J. Flynn, Exec. /Tech. Asst.  
Randal Krejcarek, City Engineer  
Rebecca O'Connor, Treasurer  
Mr. Harden, City Manager  
Scott Aronson, Parking Mgmt. Specialist  
Dr. Victor Kirsens, Citizen

## Item 3. Approval of Agenda-

Ms. Pearce asked for approval of June 14, 2011 agenda. Ms. Piane moved to approve the agenda with discussion, seconded by Mr. Ritter. Ms. Pearce wanted to add "recommendations for City budget" and "City properties disposition" to item #8 – New Business and Open Discussion. Motion approved by Ms. Piani and Mr. Ritter. Said motion passed unanimously.

## Item 4. Approval of Minutes -

Approval of Minutes of Meeting of May 24, 2011 - Motioned to approve with discussion by Ms. Piani. Ms. Pearce made a few corrections. Corrections discussed, and noted to minutes, however the minutes will be set aside for the next meeting for approval with changes.

## Item 5. Public Comment – No public comments.

## Item 6. Handouts –

- 1.) Priority Based Budget Information
- 2.) Mr. Aronson's responses to questions regarding the parking garages
- 3.) Final recommendations on parking
- 4.) Goal setting objectives from Lyle Sumek Associates
- 5.) Recommendation to keep a flat millage rate
- 6.) Recommendation to not acquire additional properties that would be removed from tax roll
- 7.) Code of Ethics and Guide to Sunshine amendment

## Item 7. Open Issues-

A.) BOARD OF ETHICS GUIDELINES: Ms. Pearce stated Brian Shutt, City Attorney can be contacted if there are further questions. All new members should verify that there is no conflict of interest in their serving on the Board.

B.) HEALTH CARE PLAN REVIEW: Mr. Ritter has a meeting with Mr. Koeser, Human Resources Director and the broker on Monday. He will review the data and overall costs of health care.

C.) MARKETING OF CITY EVENTS: Mr. Ritter put together an outline of a strategic marketing plan for the Board to review. This would help to establish benchmarking, goals and objectives, revenue results and cooperation between the various agencies involved. It also includes financial reviews and general monitoring. He is requesting feedback from the Board on how to best facilitate this process.

Ms. Pearce recommended he contact Mr. Mark Baron at the tennis center to discuss the marketing plan for tennis events.

D.) POLICE DISPATCH DATA ANALYSIS: Mr. Harden explained much of the data depicted in graphs - observations of February 2010 weekends reaching a maximum of 45% of employment deployment. August of 2010 the maximum reached 34% of employment deployment. The national standard for Police Departments is that no more than 60% of employed officers should be deployed; you could consider reducing our control force 5% to 10% of currently employed officers and still being within the 60% threshold.

Ms. Pearce asked if the report shows what is done during "down time", and the crime rate figures. Mr. Harden explained a chart showing the workload in a twenty-four hour day and several other charts. He explained the report is very complimentary about our Police Department; some other cities keep the same number of officers on duty 24-7, where the City of Delray Beach has done a good job of matching the workload with the number of employees on duty. Also mentioned was good record keeping in comparison to other cities. The final report has not been received; other aspects of the department will be studied, and a list of

recommendations will be given from the consultants when completed. The Board had no additional questions for Mr. Harden at this time.

E.) CEMETERY POLICY ANALYSIS: Mr. Hallahan met with Tim Simmons, Superintendent of Parks Maintenance. There was a water pipe put through the cemetery on the wrong side of the fence which subsequently made ninety (90) gravesites unusable. There are approximately 270 grave sites remaining in the cemetery that are available. The site map will now include veterans, and they will replace the unsightly sign posts and frame displaying the map. There is a dedicated crew that works maintaining the cemetery. There are approximately 150 burials yearly, it will quickly be filled and Mr. Hallahan has questioned if there may be other properties in which the cemetery could be expanded to. If Carver Estates does not return to a housing development possibly that land could be used.

F.) PRIORITY BASED BUDGETING: Mr. Boyd explained with the long term downturn in the economy we are currently experiencing, you have to make hard decisions on what services can be reduced. The management attended a webinar by ICMA which has a group of professionals that devise a methodology for prioritizing your budget. Their analysis will provide a new means in which the City clearly sees what opportunities exist, refocuses attention on programs that are the highest priority to the community, and shift resources away from those programs that are not highly relevant in terms of achieving the City's desired results. The process takes goals identified by elected officials, and with their help each department assigns a numerical value to each function. Mr. Harden commented that they will be taking what we have done so far, as far as prioritizing functions, give us a better breakdown and take us to the next level. Mr. Boyd stated the market value has dropped another 3.5% going into next year. This equates to another \$1.5million of decreased revenue to the City. This process helps the elected officials identify areas they feel comfortable making cuts based on the outcome of the analysis. Mr. Boyd is asking for the Board's endorsement to accept this proposal to resolve the budget issues we are now facing.

Mr. Harden explained initially they worked with an assumption of a 5% drop in revenues in property taxes. Even though the drop in property will be less, there are other revenues that have gone down. In our current challenge, we are facing a \$4 million to \$5 million budget gap. Franchise fees and Utility taxes are down significantly; additionally sales taxes and communication service taxes have had some reductions. Mr. Harden stated there are basically three ways to resolve this budget gap 1.) We can look for additional revenues 2.) Cut out maintenance and travel / training; however these are short term and it is not good for the City long term 3.) Look at what we do and make decisions as to what we cannot afford to do anymore.

Considering all of the things we have already cut back in employee benefits, etc. this may not be enough to close the gap. There will need to be some hard decisions and the ICMA proposal will be helpful. Mr. Harden has asked the Department Heads to prepare their budget with a 3% reduction. They have done that, for example there is discussion on cutting one Code Enforcement Officer and not manning the North Tower of the beach (Ocean Rescue). The Commission will make these decisions. Mr. Harden feels that long term, the better option is to make some changes to the Pension Plans. For Police and Fire (under Union contract) the most the Commission can do is reduce the multiplier from 3% to 2.5% (pension). Some other cities, to avoid litigation have had salary cuts. The Union contract should be settled by the beginning of the fiscal year. The Fire Department has agreed to some reductions and all Civil Service employees have already taken one kind of reduction or another.

Ms. Pearce had several questions which were discussed with Mr. Harden for clarification. Ms. Pearce stated the Board has recommended keeping a flat millage rate. Mr. Harden stated there may be no increase in millage however they will seriously look at Fire Assessments as other cities have done. He pointed out that condominiums valued at less than \$50,000 pay no property tax but they would have to pay this assessment. In response to a question from Dr. Kirsens, Mr. Harden stated our average loss of revenue from property taxes (as of June) is 3.67%.

G.) FINANCIAL STATEMENTS: Mr. Boyd is currently devising a new financial reporting system that includes more financial statements, graphs, etc. and is still in progress. Currently completed are new financial statements that show every fund on a three year trend and a twelve month rolling report. On the twelve month basis we are showing a \$2.8 million deficit in the General Fund. Continued projections will show \$3 million deficit for the year (General Fund). Our next year total deficit may be \$5million plus (all funds). Variables include Police Pension and other issues. The ICMA study is an important way to make tough decisions on what can no longer be afforded.

Ms. Pearce asked the cost of hiring this consultant study; Mr. Boyd stated the proposal cost is \$30,000. In addition to the Priority Based Budgeting it includes Fiscal Tools which addresses different scenarios and develops projections based on these variables. Ms. Pearce asked if the Board approves the recommendation to move forward with the analysis. Mr. Boyd stated it may not be in time to apply to the 2010/2011 budget however we can adopt the budget and amend it to include the study later on. Ms. Pearce asked if we do spend the money will the Commission apply the recommendations derived from the analysis. Mr. Boyd cannot speak for the Commission but they would have the opportunity to choose this viable option.

Ms. O'Connor stated Mr. Harden has not yet approved the financial report for April. This will be made available to the Board for the next meeting (if approved).

Mr. Hallahan motioned to recommend to the Commission to go forward with this Priority Based Budget procedure, seconded by Ms. Piani. Said motion passed unanimously.

H.) PARKING METERS: Ms. Pearce supplied a report that was sent to the City Commission and a report from Mr. Aronson, Parking Mgmt. Specialist regarding the City parking garages. The garages continue to be not self sufficient in revenues, and don't show this happening anytime in the future. There was some discussion of the safety of the garages, and there is no record of crime. Mr. Hallahan recommended a map of shops on Atlantic Avenue to be posted in the garages. Additionally he recommended advertising more the shuttle and its route or stops, so people are aware of that service.

I.) CITY GARAGE REVENUES: Some of this discussed under parking meters (see item 7H). Mr. Krejcarek spoke of a fee based program which will aid in revenues including the garages. Ms. O'Connor stated the maintenance for Old School Square garage is approximately \$100,000 yearly. Mr. Krejcarek stated the maintenance costs are difficult to compile because several different departments including Public Works and Police Department maintain them. The time spent is difficult to track. There is a Parking Management Board, and there has been discussion of a study being conducted. He stated the City is not seeing many lay-offs because they did not hire extra people when the economy was good, like many cities had done. The employees worked extra hours and maintained the staffing level.

Mr. Aronson has been looking at the financial costs and expenses. The revenue has increased. The system we are currently using makes it difficult to calculate the actual costs (payroll). As previously mentioned, Parks and Recreation, Public Works, Police Department all work to maintain these buildings. The Federspiel garage has an agreement with the Oxford Group, Worthing Place had a contract with the CRA which required them to build a parking garage and give it to the City due to a public parking lot assimilated to the project. The Oxford Group is entitled to use spaces in the garage through that agreement. They pay 37% of the operating and upkeep expenses for the use of these spaces. We grossed \$180,000 last year from the Thursday, Friday, Saturday \$5.00 charges. The electric bill runs \$3,000 a month at the Old School Square garage and \$1,500 at Federspiel garage. He will get more comprehensive figures on the question of how much the garages are costing to maintain.

Mr. Aronson explained that more cameras can be installed but must be monitored. The best form of security is utilization. Ms. Pearce has spoken to the Police Chief about video monitoring the parking garages. Chief Strianese agreed this can be done with cameras and would require no extra staffing. He is in favor of implementing this to insure safety for our citizens, if budget allows.

There was some additional discussion on hotel parking explained by Mr. Aronson.

## **Item 8. New Business and Open Discussion-**

A.) BUDGET RECOMMENDATION- Ms. Pearce provided a recommendation for the budget year 2011-2012 to maintain a flat millage rate. No motion, recommendation held.

B.) CITY PROPERTIES DISPOSITION - Ms. Pearce provided a recommendation to the City Commission to refrain from removal of any additional property from the tax roll and to keep all property tax generated property as it is for the future. Properties removed from the tax roll (such as properties acquired to turn into parks) also carry an expense to the City for maintenance. Motion to approve made by Ms. Piani, seconded by Mr. Hallahan. Said motion approved unanimously.

C.) ETHICS CLASS: Mr. Hallahan about an ethics class that was recommended for the Board members to attend (as well as all City employees). He received clarification from Ms. O'Connor as to how to enroll.

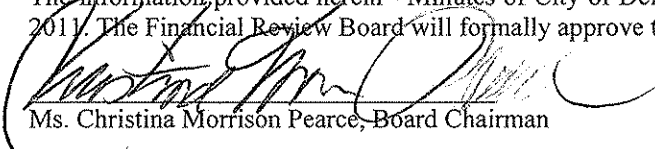
D.) TENNIS CONTRACT: Mr. Pearce stated the contract has already been approved. She stated that Mr. Ellingsworth had requested that the Board pursue whether it was legal for the City Commission to encumber the City in such a way and for such a long period of time. Ms. Pearce will ask Mr. Harden how to proceed. Ms. Pearce stated voters should approve these bonds. Ms. O'Connor clarified that only General Obligation bonds are approved by voters. There are other bonds such as Water/Sewer bonds which do not require voters approval.

Mr. Hallahan stated the concern was there was no escape from the tennis contract. They have no responsibilities to perform.

E.) UPCOMING AGENDA ITEMS - CONTINUE WITH CEMETERY ANALYSIS, HEALTH PLAN ISSUES, APRIL'S FINANCIAL STATEMENT.

## **Item 9. Adjournment -**

Mr. Hallahan motioned to adjourn the meeting seconded by Mr. Youngross. 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 June 14, 2011. The Financial Review Board will formally approve these minutes on June 28, 2011.

  
Ms. Christina Morrison Pearce, Board Chairman