

BUDGET TASK FORCE

Minutes of May 6, 2008

Item 1. Call to Order/Roll Call:

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

Members Present: Peter Arts, Vincent Dole, Howard Ellingsworth, Todd L'Herrou, Robert Moore, Alexander Simon, James Smith, and Franklin Wheat

Members Absent: Steven Janssen

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

Item 2. Approval of the agenda:

Mr. Ellingsworth moved to approve the May 6, 2008 agenda, seconded by Mr. Simon. Said motion passed unanimously.

Item 3. Approval of the Budget Task Force Minutes for April 15, 2008:

Mr. Simon moved to approve the April 15th, 2008 minutes, seconded by Mr. L'Herrou. Said motion passed unanimously.

Item 4. Review of new handout material:

Mr. Safford reiterated the research methodology and how the Task Force arrived at their recommendations as follows. Within the general fund a listing of all employees, salaries and overtime was obtained sorted by highest to lowest salary, immediately noticing 60 individuals of an annual income of \$100,000.00 or greater. Of these 60 individuals, 51 were Police and Fire employees; the remainder was primarily Department Heads (this did not include all Department Heads) and/or Assistant Department Heads. This led to the extraction of separate lists for the Police and Fire Departments; breaking down each into regular hours of pay, overtime, holiday pay, bereavement pay, away with pay etc. Research illustrated Police Department union employees had the ability to float holidays, assigning these holidays to a day where they already work overtime, therefore receiving double overtime.

Certain individuals are taking advantage of the policies and causing unreasonable expenses. A second observation is exempt employees are not to receive overtime but yet they are. Exempt employees receive the Fair Labor Standards Act (FLSA); extra days given for exempt individuals to compensate extra hours worked when not receiving overtime. Quite a few individuals are receiving overtime and FLSA days. This is an unreasonable duplication. The focus is on the Police and Fire Departments as no other Departments have this.

Fire Management employees receive an additional \$1.00 or \$2.00 per hour in their pay to compensate for either an Associate's or Bachelor's degree. When reviewing job descriptions, a degree is required to get the job; it's theoretically in the salary (compensating for having the level of education). Why is the additional \$1.00 or \$2.00 being paid? Union employees do not receive this hourly additional benefit, only management. All Police Department employees receive it as it is in their union agreement. If we're going to pay for a Bachelor's degree, let's pay as a fix amount and not hourly making it fair for those who are not working overtime. In one finding, a State Statute requires a certain minimum amount be paid to employees which we give the Fire Union employees. They receive the State amount which is reimbursed by the State from premium taxes. The Police Department also has a State Statute requiring a minimum amount however, this is not reimbursed. These individuals are receiving the State's minimum benefit in addition to their hourly rate.

Mr. Safford indicated due to the research capability not available to the Task Force members, Finance is conducting the research and presenting the findings to the Task Force members who determine the recommendations to go before City Commissioners. Task Force members need to realize all education amounts are eligible for pension. The pension benefit is based upon an average three year salary; is payable

to the retiree for his/her life time and then the beneficiary's life time with a cost of living factor every year on top of this.

Mr. Safford indicated the Task Force is limited for a six month time frame taking them up to the end of July. The City Manager would like the Task Force to go before the City Commission next month for an interim report to possibly incorporate some recommendations into the budget process.

Mr. Safford continued with car allowances stating the City Manager and City Attorney have their car allowances stipulated in their employment contracts. Department Heads receive a certain amount considered as an entitlement as it is not tied to any mileage reports. The only caveat is they need to drive at least 200 or 400 business miles per month. If an employee works five days/week in a month, they would need to drive approximately 20 miles per day. The City is basically four square miles. Mr. Safford believes if cuts are going to be made, they should be made across the Board which would include renegotiating the City Manager's and City Attorney's employment contracts.

Mr. Ellingsworth felt administratively tracking the mileage, reviewing it weekly and completing the calculations would add cost and time. Would this be savings oriented?

Mr. Simon agreed to the administrative cost and stated there is a symbolism about as well as costs.

Mr. Safford indicated the list illustrated 28 individuals using their personal vehicle. Take home vehicles will be another area of research. The car allowance policy states an individual needs to put in so many business miles per month. Employees should not recognize this as an entitlement when it should be based on business mileage. If we're going to trim the budget, we need to drop unnecessary and unreasonable costs before cutting employees and services. Administrative costs would be minimal.

Mr. Wheat commented this is quite a bit of general discussion and rehashing from previous meetings and suggested reviewing the Executive Summary provided, and make a formal recommendation for each observation made for the record.

Mr. Dole moved to recommend to City Commissioners the elimination of double overtime pay created by using "floating holiday" assignments in the Police Department, seconded by Mr. L'Herrou. Said motion passed unanimously. This was basically stated for the Police Department as they are the only department to use their floating holiday(s) in this manner.

Mr. Simon moved to recommend to City Commissioners the elimination of vacation and holiday time as time worked in calculation of overtime pay as it is not time actually worked, seconded by Mr. Dole. Said motion passed unanimously. All union agreements and City Policies would be changed to allow only time actually worked in the calculation of overtime.

Mr. Simon moved to recommend to City Commissioners the elimination of fixed monthly car allowances and pay based on actual business mileage, seconded by Mr. Arts. Said motion passed unanimously. This is a general recommendation and the Task Force will leave it to the City Commissioners as to who it would apply to as the City Manager's and City Attorney's car allowance are in their employment contract.

Mr. Ellingsworth moved to recommend to City Commissioners the elimination of Fire Management education pay for education that is required in a job description, seconded by Mr. Arts. Said motion passed unanimously.

Mr. L'Herrou moved to recommend to City Commissioners the elimination of minimum State required payment for Police education which duplicates hourly City pay and change the hourly pay to a fixed monthly amount (not allowing payment on overtime hours), seconded by Mr. Ellingsworth. Said motion passed unanimously.

Mr. Simon moved to recommend to City Commissioners the elimination of payment of overtime to exempt employees already receiving Fair Labor Standard Acts (FLSA) time, seconded by Mr. Ellingsworth. Said motion passed unanimously.

Mr. Arts moved to recommend to City Commissioners the elimination of the Master's Degree from the tuition reimbursement program and include eliminating people in the DROP from the tuition reimbursement

program, seconded by Mr. Ellingsworth. Said motion passed with Mr. L'Herrou abstaining for a possible conflict of interest.

Mr. Safford distributed a synopsis of the Budget Task Force thus far and an organizational chart for the City of Delray Beach indicating the Task Force will be looking at Management versus Staff ratio for any obvious questionable areas for research. Management span of control, how many employees answer to whom and is it a classification for supervising individuals and supervising one or two individuals.

Mr. Safford indicated currently he is researching the category of "away with pay". In the Fire Department there was over 15,000 hours of away with pay, representing approximately eight full time individuals. This could include different types of classes, seminars, conventions and conferences. One individual had 542 hours in a year; almost 25% of his total annual hours.

Mr. Simon commented the Police and Firefighters Pension Board had frequent conferences all expenses paid going to Jacksonville, Chicago, Hawaii and Las Vegas to learn about stocks and bonds. They are appointed by the City with no present knowledge; while they need the education, I'm not sure the City should be paying all expenses.

Mr. Safford stated this is an area the Task Force will need to review as with all of these individuals out of the office, the question is did he/she get replaced as part of the minimum manning with someone on overtime or could they be receiving differential pay. If someone fills in for the absence of the Battalion Chief's position, that individual could receive a 5% differential pay as apposed to overtime.

Item 5. Review of previous handout material:

Mr. Dole questioned if the earlier discussions of increasing sponsor fees of special events would appear in the preliminary recommendations.

Mr. Safford indicated he would prepare this item in a presentation format for the next meeting. The Task Force would then be able to move forward with a final vote.

Item 6. Other Business:

Mr. Smith indicated there is a lot of work to cover by the end of July and suggested listing subjects and a time line for each of the next meetings. His suggestions for review were revenue enhancements, pension, insurance and staff reductions.

Mr. Safford indicated it is extremely difficult to have time lines as the research for these items have proven to be very extensive.

Mr. Ellingsworth questioned if the Task Force incorporated any recommendations with reference to the Beautification Trust.

Mr. Safford indicated the Task Force reviewed the charts and found the reserves were declining. The funds are being used for capital projects as opposed to maintenance projects. At this time there are minimal excessive funds to pursue further projects.

Mr. Simon suggested the Task Force look at finalizing any items that would be in the interim report submitted to the City Commission at the next meeting.

Mr. Safford reiterated Mr. Wheat's comment of a past meeting in that it may be wise of the Task Force to request a time extension. These items need to be analyzed in depth to come up with sound observations and recommendations and should not be rushed.

Mr. Arts commented this is an excellent point; however he does not want to see down the line where the Task Force recommendations were too late to get in the budget.

Mr. Safford explained even if these items do not make this year's budget, they may be considered for next year's budget and union agreement negotiations are coming up for renewal soon.

Mr. Dole indicated there are several discretionary items such as the library and tennis center that are addressed on an annual basis. Perhaps these could be discussed earlier.

Mr. Ellingsworth commented it is very unrealistic the Task Force would have a complete meaningful report by this year's budget time frame. It would be a disservice to the City Commissioners and the Task Force would lose credibility if this were rushed. Many items recommended today are union and state regulated which may not have an opportunity for this year's budget. Mr. Ellingsworth suggested switching gears to possibly find discretionary items that might have an impact. The Task Force should focus on requesting a year's extension.

Mr. Arts commented perhaps the consultant company involved would recommend items the Task Force did not have time to review.

Mr. Safford clarified that this consultant is not a budget consultant. They are doing an assessment of the operations of each department.

Mr. L'Herrou also suggested picking through items the Task Force could present as interim recommendations. These items could be those not requiring a huge level of research and could possibly be closed at the next meeting.

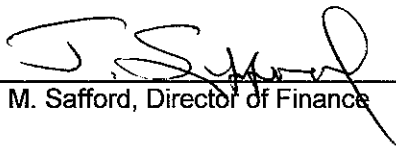
Mr. Safford reiterated two options for the library; one being turn the library over to the county with an increase to the citizens millage in property taxes. The second option is to continue as a private library where the City partially funds it. The Tennis Center has fixed 30 year contracts. There will be legal issues in these matters.

Mr. Wheat ended the meeting indicating he would not be in attendance for the next meeting; Mr. Ellingsworth would conduct the meeting as Chairman and asked if Mr. Moore would take his position as representation of a standing member.

Motion to Adjourn:

There being no further business, Mr. Simon moved to make a motion for adjournment, seconded by Mr. Ellingsworth. Said motion passed unanimously. The meeting adjourned at approximately 10:00 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 May 6, 2008, which minutes were formally approved and adopted by the Budget Task Force on May 20, 2008.



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