

**MAYOR'S CONFERENCE WORKSHOP WITH
COUNCIL REGARDING THE BUDGET
PLANTATION, FLORIDA**

JUNE 30, 2009

The meeting was called to order by Councilwoman Bendekovic, President of the City Council.

1. Roll call by the City Clerk:

Councilmember:	Diane Veltri Bendekovic Jerry Fadgen Peter S. Tingom Sharon Moody Uria
Mayor:	Rae Carole Armstrong
City Attorney:	Donald J. Lunny, Jr.
Absent:	Robert A. Levy

Also Present:	Dan Keefe, Assistant to the Mayor Susan Slattery, City Clerk Herbert Herriman, Finance Director Robert Pudney, Fire Chief Larry Massey, Police Chief Margie Moale, Human Resources Director Frank DeCelles, Director of Public Works James Romano, Director of Parks and Recreation Brett Butler, City Engineer
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Mayor Armstrong provided an overview of the backup material. She noted the City property values decreased from 8.7% to 8.4%. The values for the Gateway 7 Development District increased to 8.8% and the Plantation Midtown Development District increased .06% and is now down 1.9%. Currently, because of State legislation, if the same mileage rates were assessed they would generate the same amount of money that is currently received and not an increase in revenue. The primary focus of this workshop will be the general fund; however, Plantation Midtown Development District and Plantation Gateway 7 budgets will be discussed. At this time, the City is trying to survive the economic times and maintaining the current level of services. Decreased property values, legislation and the economy have negatively affected revenues.

Mr. Herriman noted the legislation required local municipalities to roll back revenues to 2006 levels plus an additional 7 percent. In 2005 the millage rate was 4.35, 2006 and 2007 it was 4.5889, in 2008 it was 3.9155 and

currently it is 4.0925. It was noted the current millage rate is less than the 2004 millage rates. The millage rate creates between 38% and 40% of the general budget. The taxable property values from 2008/2009 fiscal year to 2009/2010 decreased 8.4% based on the most current information from the property appraiser's office. The assessed property values decreased \$2,814,450 based on the same millage rate of 4.0925 from the previous year. Funding sources for the budget include ad valorem taxes at 38.73%, revenue sharing, operating transfers, utility funds and licensing from various departments. The economic impact which affects the budget include a decrease in property values, revenue sharing, investment income, development/construction revenue, market returns to offset pension cost, elimination of County Resource Recovery Bond Refund, business tax licenses, fire permits, fee collection for recreation, aquatic and tennis programs. There is a reduction in revenues of \$7.7 million which resulted from a reduction in the ad valorem of \$2.8 and other revenues of \$4.9 million. He noted the void could be filled by increasing revenues, additional reductions in costs and services, use non-recurring revenue or increase the millage.

Mayor Armstrong explained the instructions given to Department Directors. She reiterated this is a draft presentation. She noted that budget cuts have been made and further reductions will be made at the direction of Council. The largest portion of the budget is personnel costs. Those costs have been reduced by \$1.7 million including positions being eliminated in the general and other funds. Wages have been frozen. Employees have been advised of the City's economic position and they have been supportive of the proposed budget. The FOP contract is currently being negotiated. Staffing is competitive relative to the amount of employees as compared to other municipalities and is below the 2002 fiscal year. It was noted the ad valorem taxes include the debt service and fire rescue services. Most of the other municipalities have higher millage rates and added assessments. Personnel costs primarily include salaries and benefits. Costs associated with services are at the minimum. The assessment reduction had approximately a \$300,000 affect on the budget.

Ms. Moale reiterated the focus was to save jobs. She highlighted ways to reduce personnel costs including frozen positions, reductions in salaries and benefits and the potential outsourcing of services and programs. In order to cut the hours of work several items were discussed including holiday furloughs, mandatory furloughs, using part time positions to replace full time vacancies or will calls being used to reduce overtime, service and program reductions on a case-by-case basis, a Family Hours program which is a voluntary reduction of hours to 30 hours per week and a 25% reduction of salary and a 10-hour work schedule, 4-days a week and closing City Hall on Friday. It was noted by closing City Hall on Friday there was no quantifiable cost savings foreseen. Wages and salaries have been frozen across the Board. The annual payroll is approximately \$44,740,000. It was noted furloughs for exempt employees are limited by the Fair Labor Standards Act. She explained furloughs are a short term, one-time opportunity for salary savings and have implications on benefits for employees but does not address the long-term budget problem.

Mr. Keefe noted the focus on decreased costs for health benefits included wellness initiatives and plan changes. In April, changes were made to the health insurance plan and the benefit has not been seen as of yet. He explained several municipalities have instituted on-site clinics. A firm would be hired to run the clinic which would address acute illnesses, minor injuries and be a part of the wellness program. Non-narcotic prescriptions can be administered. The intent is to start the program with employees only, employees and spouse and then finally include dependent children over the age of 14 years old. The employee copay will be less than the regular copay, but the plan will not be charged for extensive office visits. A draft RFP is being reviewed by staff and the targeted implementation date would be some time in the spring of 2010. It was suggested to partner with local providers to see what services could be offered. Employees have been educated as to their benefits and ways to cut health care costs. The hours of operation have not been determined. Other changes to the health plan that are being reviewed include lesser benefits for new hires. New hires and administrative promotions may be required to enroll in the Open Access plan for a minimum of two years. The only difference is that the PPO

plan allows employees to go out of network. 38 employees have switched to the open-access plan which resulted in a savings of \$95,000. Additionally, employees have been encouraged to use the medical reimbursement fund. This is a savings to the City since Social Security is not paid on those wages. Employees will be required to participate in the health assessment programs.

Mayor Armstrong noted the pension increases have been significant.

Mr. Keefe noted the increase in costs for the Police and General (Active) employee's was \$1,224,792 and \$264,221 respectively. The total costs for the Police and General employee's pensions were \$4,715,773 and \$2,768,000 respectively. Options being reviewed for cost containment included a tiered pension plan for new hires or converting to Florida Retirement System. This system would be more affordable with different benefits. The cost to the City is lower than the existing plan. Chapter 175 monies, approximately \$600,000 per year, would not be available for the Police Retirement Fund. Another option would be to convert to a 401 Defined Contribution Plan for new employees with the option to switch for existing employees. The City would provide an analysis for each employee to review prior to making a decision. In response to Councilman Fadgen, Mr. Keefe explained the City's contribution for the FRS System would fluctuate each year and the amount would be fixed for a 401K plan. A workshop will be planned with more information provided.

Councilwoman Uria expressed concern with the lack of revenues available from insurance policies and questioned their possible affect on the Pension plans.

Councilman Tingom noted House Bill 479 passed which would have an affect on potential and current retirees who are part of the FRS system.

Mayor Armstrong referenced personnel costs for 2009 versus 2010 and noted those salaries do not include overtime and shift differentials. She noted further cost containment suggestions for the future include the elimination of longevity pay for future employees, modification of medical insurance benefit and the pension plans. She referenced the breakdown of expenditures per Department. It was noted there is an error with regard to the transfer to Fire/Rescue expense which should be \$4,145,100 instead of \$1,415,100. It was noted the expenses for the Police Department increased due to pension costs. Materials and supplies along with services have decreased by \$270,500 and \$2,901,240 respectively. Several green initiatives have been implemented which will over the years increase the cost savings to the City. It was noted the City received the Gold Certification from the Florida Green Building Council. Capital Items have been reduced significantly. Each year capital expenditures range from \$1.5 to \$2.5 million dollars. Staff is reviewing whether a bond could be considered to make up for several items that have not been purchased in the past few years.

Chief Pudney reiterated his statement "cost becomes an issue only in the absence of value". He noted the Fire Department overview includes 200 active volunteers with 6 fire stations with an average response time of 6 minutes. Each firefighter averages 42 responses per year and the ISO rating is 3. The budget requested is \$3,347,000 while the relative value is estimated to be \$19,818,993. This estimation is from formulas created by the National Volunteer Fire Council. The per capita costs for a career firefighter would be \$236 per resident as compared to the requested \$40 per resident which equates to a 6:1 ratio. Current reductions include 9 volunteer fire inspector positions, community educational programs and training materials, apparatus maintenance, fuel & tires, medical supplies, electrical use in the Fire Stations, elimination of a part-time maintenance position and office supplies and postage which equates to a savings of \$88,680. The essentials which have not been funded for the past few years include breathing apparatuses, defibrillators, patient stretchers, aerial apparatus, fire engine, fire station and response vehicles which totals \$8,457,000. Much of this equipment does not meet federal standards. The anticipated revenue for the Fire Prevention Division is \$1,181,520. The budget offset is

an actual \$2.1 million. Chief Pudney reiterated the Police, Fire, Utilities and Public Works Departments are all public safety departments and need to be funded adequately in order to provide emergency services. He noted the Department is no longer maintaining the budget and questioned how long the Department could survive without proper funding.

Councilman Fadgen expressed his belief that funding for the Fire Department would be the most cost effective of all Departments due to the 6:1 funding ratio.

Chief Massey referenced a letter written to Mayor and Council and a graph detailing the Police Department overtime. The overtime graph which shows data from March 2007 to present shows that overtime has been controlled. He noted certain overtime cannot be controlled such as SWAT team and traffic homicide calls. The on-duty overtime hours have been reduced by over \$40,000. Of the \$815,000 in overtime, the collective bargaining agreement calls for stand-by time which amounts to \$360,000. Due to the CAD system, the number of officers involved in a call has increased and therefore increases the amount of stand-by time. Events including the holiday parade equate to an additional \$100,000 in overtime. It was noted that actual overtime is less than \$300,000 without the stand-by time. Chief Massey felt this was an accomplishment and has significantly been reduced since 2004. He reiterated salaries have increased while the amount of overtime hours has decreased. He noted over half of the car fleet is 5 years or older and that it important to replace the fleet. Chief Massey discussed the importance and benefit to the community of the take home fleet. He felt it was important to note that the program cost \$150,000 per year in fuel which equates to \$2.00 per day. He complimented the elected officials on their efforts to remain financial responsible; however, he cautioned the restrictions placed on staff should not be carried out too far. He explained the number of personnel has decreased; therefore, the amount of unencumbered time has increased. In the future, this will have a significant decrease on the quality of life in the City. There are 3 certified officers in clerical positions and he felt they could not be placed in other positions. Primarily one officer is in the Outreach office, but civilians run the center. Over the past three years, 18 police officer positions have been lost. In the last three years, there has been approximately \$4 million in forfeitures. The bicycle division primarily arrested burglary suspects; however, they are involved in other aspects of investigations. It was noted that the positions that are not being filled include four retirements and four positions that were frozen. He explained that while he is trying to be fiscally responsible, there is a challenge to keep a balance of an adequate number of personnel to keep both the officers and citizens safe. While technology has increased, the process has been slowed due to technology failures, increase time and greater demands. It was Chief Massey's philosophy that every phone call or email should be returned; however, due to the significant increase he would need to create a public information office. The change in the hours will cost a little due to the shift differential, but the stand-by time must be renegotiated in order to make this change feasible.

Councilwoman Bendekovic questioned whether Broward Sheriff's Officers could be used as Student Resource Officers and allows our certified officers to patrol the City. She suggested consideration be given to a 4 day, 10-hour work week so that officers could have the potential to work off-duty details. She cautioned against making projections based on upcoming development within the City because of the uncertainty of when occupancy will occur.

Councilman Fadgen commented that the Police Department is the most expensive Department and would be hit the hardest. He felt the personnel cuts were required. He observed that technology has increased with the intent of making the Department more efficient.

Councilman Tingom suggested the system be changed for stand-by time to show the arresting officer versus all of the officers responding to a call.

Mr. DeCelles referenced the work orders that have been addressed over the past 180 days. He felt it was important to note that the infrastructure has been repaired behind the scenes. The equipment being used dates back to 1980. He noted several thank-you letters were received stating that they like to live in this community and do not mind paying taxes because of the services that were received. It was his belief that the budget cuts will have an adverse affect especially on capital projects and will cost more in the long run to address. He urged Council to allow him to continue to maintain the stability and backbone of the City through adequate funding. He reiterated the Public Works Department not only assists the public, but also other Departments in their day-to-day function and how those Departments assist the public.

Mr. Romano felt it was important to understand how each Department functions and how Departments function together. The Parks and Recreation and Public Works Departments are primarily for the public's enjoyment. He explained the intent is to go back to core services. Part-time staff has been reduced to between 15-18 hours per week with the exception of the pool area. He noted the park system is known nation wide. Mr. Romano referenced several positions that were eliminated or reduced. Additionally, there has been discussion regarding farming out the summer recreation program in order to avoid layoffs. He cautioned if the standards of the program are not met, recommendations will be made in the future to continue the program with City Staff members. The net revenue for the summer camp program would be \$76-78,000 while the gross revenue would be a loss of \$280 – \$300,000. He noted there is more use at the parks. The proposed fee increase will be brought forward to Council and will contain the projected increase in revenue. The Preserve's profit goes directly back to the golf course as they are an Enterprise fund. The golf course pays a debt service fee back to the City for the original bond to purchase the golf course.

Mayor Armstrong referenced the existing and proposed new fees. An RFP is being developed for the red light cameras.

Mr. Butler noted there have been previous discussions regarding a storm water fee. He emphasized the need for stormwater management including the affects on emergency services and the public. It was his belief that stormwater management should become a priority due to pollutants that may potentially affect our water supply, poorly maintained drainage systems such as flooding and erosion. It is important to note due to the lack of funding it is difficult to maintain the stormwater system. He expressed concern with regard to potential Federal and State mandates and their fiscal impact that will govern the water quality issue. Currently data is being collected regarding runoff. He discussed the community perception of previous flooding events and the lack of understanding for the need, financing and governmental agencies involved in a stormwater program. Other cities use property taxes, special assessments, special drainage districts and stormwater utility fees to pay for their programs. The Utility Fund could be a dedicated funding source for Federal and State mandated water quality improvements, allocation of human resources from General Fund to the Utility Fund, match potential grants, and bond for future projects. If this were to be implemented, a consultant would need to be hired to establish an assessment criterion, develop a rate methodology and perform a baseline study for all properties. The time frame for implementation would be 4 to 6 months. It was noted tax exempt properties would be subject to the fee but a policy would have to be discussed whether the fee would be collected. The long term impact would require several millions of dollars to repair the stormwater system. A proposed rule is anticipated to be handed down on January 14, 2010 and would be enacted that calendar year.

Mr. DeCelles reiterated the drainage problems and concerns throughout the City.

Councilwoman Uria felt it was important to review and questioned whether the fee could be sunsetted within a specified timeframe. She suggested a one-time fee rather than a monthly fee.

Councilman Fadgen suggested moving forward with the study; however, unless the water quality standards must be met, not moving forward with the assessment.

Councilwoman Bendekovic expressed her belief education is important and would be part of the acceptance process.

Councilman Tingom concurred a separate item on the tax bill would be a more effective way to assess the fee.

Mayor Armstrong noted a Cost Allocation Study that was conducted previously. She noted these entities charges fees, but these fees would be additional. The general fund has previously absorbed these costs.

Mr. Herriman explained the cost allocation represents internal services of the general fund that affect each entity.

Councilman Fadgen expressed his belief that if there is a strong basis for charging these fees and we could identify those elements or activities involved, then we move forward. He questioned why the costs are higher for the Code Enforcement Board process versus the Special Magistrate. He noted he is not in favor of eliminating the Board and felt comp time should be considered if overtime is a major concern.

Chief Massey advised the \$170 legal fees are charged by the City Attorney's office to provide guidance to the Board. The City Attorney is not required at the Special Magistrate hearing.

Mayor Armstrong reiterated the Code Enforcement Board meets at night and the staff costs include overtime hours versus the Special Magistrate staffing is charged at regular rates.

Councilwoman Bendekovic requested a breakdown on the amount of staffing hours involved in the Code Enforcement Board cases.

Mr. Lunny expressed his understanding the CRA account is zeroed each year and pays for capital improvements for that area which should cover the costs.

Mayor Armstrong summarized there is a budget deficit of approximately \$4.4 million. Recommendations to offset the deficit include red light cameras, stormwater and cost allocations with a remaining deficit of \$3,228,000. In order to offset this deficit a millage of 4.5485 would be required. She referenced the current millage rate of 4.0925 which equates to \$29,060,750 and the rolled back rate of 4.5092 which equates to \$31,951,750. She noted the maximum millage that could be levied is 5.0840. If a millage is chosen between the current and rolled-back rates additional funding or cuts would have to be considered. The rolled back rate does not offer any new revenue.

Mayor Armstrong explained no additional funds would be received as revenue. If the property values are down and the millage rates increase some property owners may see a decrease in taxes. She noted it is important to understand the level of service being provided and how many residents are willing to pay for those services. The recommendation for the millage will be made on July 15, 2009.

Councilman Fadgen suggested exploring furlough or family leave options. He noted labor or benefit costs are the largest expenses and suggest a short FOP contract. He felt government should renegotiate with vendors to cut their prices. He did not object to the rolled-back rate.

Councilman Tingom noted the residents who enjoy the Save-Our-Home exemption would receive the largest increase. He concurred that residents will be more successful in reducing their assessments and propose a maximum rate to allow for latitude.

Mr. Herriman commented the tax rate for the Save-Our-Home is .1%. He concurred a long-time homeowner will be affected significantly.

Councilwoman Uria felt the government method should change and that it is difficult to raise taxes in this economic time. She urged Council to consider a workshop to change the Pension plans.

Mayor Armstrong recognized staff issues have to be considered both short term and long term.

Councilman Tingom complimented staff and suggested offsetting costs by farming out staff and other income opportunities. He expressed his disbelief that few residents objected to the FPL increase and that most residents feel that it is important to maintain the quality of life within the City.

Chief Massey commented the general employees are the lowest paid employees and requested Council not consider furlough days.

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Meeting adjourned at 9:44 p.m.

Diane Veltri Bendekovic, President
City Council

ATTEST:

Susan Slattery
City Clerk

RECORD ENTRY:

I HEREBY CERTIFY that the Original of the foregoing signed document was received by the Office of the City Clerk and entered into the Public Record this _____ day of _____, 2009.

Susan Slattery, City Clerk