

CITY COMMISSION WORK SESSION
Saturday, May 15, 2010

The work session was called to order by Vice Mayor Dillaha at 11:30 a.m. in the Commission Chambers, 401 Park Avenue South, Winter Park, Florida.

Members present:

Commissioner Phil Anderson
Commissioner Beth Dillaha
Commissioner Tom McMacken
Commissioner Carolyn Cooper

Also present:

City Manager Randy Knight

This meeting was a work session with no public input.

Boards – Reauthorizations, Missions, Goals, Performance

Commissioner Dillaha spoke about the 22 advisory boards that the City currently has and stressed the importance of each board working in tandem with the City and Commission in achieving the same strategic goals and initiatives. Discussion ensued regarding the process for reauthorization, sunseting, the examination of boards for their necessity, and the expansion of a board or possibility merging or consolidating boards. It was mentioned that boards meeting only once per year could possibly be handled through a task force rather than a board.

Commissioner McMacken stated that he is open to having a work session with staff present for input to discuss each of the boards and their viability. City Manager Knight commented that the City could function without the advisory boards; however there is great value that comes from these boards. Commissioner Anderson proposed that over a two year period to maybe phase out 5 or 6 boards by moving them from a standard board to a strategic board with specific strategic goals so that a strategic plan can be ratified with the help of staff's input.

A final goal was established by the majority in that there needs to be input by both staff and the department heads who serve as liaisons, including City Manager Knight, and they are to recommend and determine which boards serve purpose, which ones are to be kept and which ones need revamping. It was determined that the boards that may not be needed should be refocused on concluding their purpose in an orderly fashion and come up with a deliverable.

Commissioner Dillaha also brought up the board appointment process for discussion. It was noted that currently the Mayor nominates and the Commission approves the board members. She mentioned that she liked the process that other cities use in which the Commission collectively meets with staff to review the applications for input and selection. She also noted that she would like to ask the citizens to amend the Charter so that it would require more than one individual to nominate for each board that the City has so that it is done collectively by the Commission and staff. Discussion ensued on whether or not the Commission would like the residents of the City to vote for a board member or if they would like someone with more expertise to vote as this would ensure that a more technical experienced person would be considered for the position which would help eliminate the politics that are involved with the decision making. The Commission also suggested that they be given a list of all individuals who are applying for the board positions, along with their applications for their review and consideration.

Mutual support was given regarding the board appointment process by which Commissioner Dillaha, Cooper and McMacken stated that they are in favor of the Charter referendum question.

An action request was made to change the language to state that the Mayor and any Commissioners can nominate and annually appoint members to the various City Advisory Boards and if an impasse occurs any Commissioner may schedule a special meeting to suggest individuals that would be acceptable to at least three of the five Commissioners.

Commissioner Cooper shared her concerns regarding the alternate positions of the board and the current procedures involved with the decision making. She inquired as to what the process would be to change the current procedure. After a short discussion, it was agreed that this item be tabled and brought back for discussion at a later date.

Strategic Planning

Commissioner Dillaha requested that an afternoon work session be scheduled in order to finish and complete the strategic planning discussion and strategic initiatives. She asked the other Commissioners as to their availability so they could review Marilyn Crotty's report from the prior meeting. They would then discuss the specific initiatives, their meanings and how to measure them, along with any additional items that were not previously mentioned. There was a mutual agreement that an additional work session be scheduled in the next couple of weeks.

Budget Planning

Commissioner Dillaha addressed the procurement process, along with a request to obtain information regarding the City's process and policy of hiring consultants and specific data on how many were hired over the past 2 to 3 years. Discussion ensued regarding revenues, capital projects, the current level of services provided, and employee benefits and pensions. City Manager Knight noted that over the past few years the Commission has decreased the budget, resulting in the elimination of positions, which in turn results in a decrease of services being provided to the taxpaying citizens. He mentioned that he is open to having the Commission pay for an outside third party consultant to provide input and suggestions. Commissioner Dillaha stated that she is also interested in seeing what the CRA has paid out in terms of impact fees. She also requested a copy of the trend chart. Mr. Knight presented copies of the document to the Commissioners at this meeting which depicted information on revenues, expenditures, salaries, benefits, pension, debt, and millage rates.

There was discussion regarding the topic of reducing pensions and benefits for employees, along with police and fire personnel. Mr. Knight stated that an informational study is being prepared that will help them evaluate cost saving options within the retirement plans for the police and fire departments and that he should have the information by next week. He also presented the Commission with color charts depicting three defined plans for the police and fire department.

Discussion ensued with regards to reducing contribution rates to pension plans. Mr. Knight presented a document listing every city in Orange, Seminole and Osceola County showing the retirement programs they offer to general employees and their ranking of most generous to least generous. He noted that in the three county area, the City of St. Cloud ranks 1 with having the most generous pension plan, the City of Oviedo ranks 15 having the least generous pension plan and the City of Winter Park ranks 13, which is 2 positions away from being the least generous out of the 15 cities in all of Orange, Seminole and Osceola County. He also mentioned that most of the other cities have not yet converted over to 401 plans, instead they offer a defined benefit plan, and noted that the City of Winter Park converted back over in 1992. Mr. Knight mentioned that the most important benefit item to job seekers are health care and

pension plans and that he does not want the City of Winter Park to have the worst plan in the three county area. He stated that having a great health and pension benefit package to offer is an important factor when you are competing with other counties or cities for well educated and experienced employees.

Several cost reduction options were presented by Commissioner Dillaha, such as to reduce the City's matching contributions to the 401A plan and to eliminate all City contributions to the 457 plan for employees.

Commissioner Dillaha asked that Mr. Guy Colado be able to speak to the Commission and City Manager Knight regarding a presentation package that he prepared showing cost reduction options for consideration. Mr. Colado expressed his concerns that the City's budget cannot increase over the next 10 years at the same level it has in the past 10 years. He also commented that he believes there are budget excesses that were the result of financial good times and the sooner those excesses are addressed the better off the city will be. Mr. Colado then discussed his written presentation in-depth by providing several recommendations on ways to reduce the budget. He stated that if 78% of the budget is salaries and benefits, he would cut 20% right now because every person that works for the City can be replaced at about 20% less.

Mr. Colado also suggested hiring an outside consultant, such as Florida Tax Watch, to prepare a study and submit a report on the City's finances. He suggested several other items that he believed could be addressed immediately while waiting on obtaining an independent party, such as stopping the match of the 401A pension program for a minimum of three years, the payment of health insurance for anyone other than city staff should not be done, how the City purchases things and to review how the City obtains consultants. He also stated that any contract that is with a City employee needs to be out in the open. He recommended that the City publish a CRA report in the same detail as the City's annual financial report. A copy of Mr. Colado's cost cutting recommendation presentation can be found at the end of this report. Commissioner McMacken expressed his concerns about allowing public input at this work session because of past practices of not allowing citizen input at work sessions.

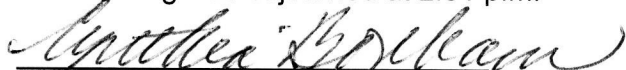
Commuter Rail

There was a discussion regarding the commuter rail particularly about putting a referendum on the November ballot for a one cent penny sales tax. Other discussion items included the dedicated funding source, the caps, the opt out provision in the agreement, and amendments to the agreement. Discussion ensued as to the advantages and disadvantages of each of these items.

Future Work Sessions

There was a discussion requesting to schedule future work session meetings on a bi-weekly basis with a potential start and stop time of 5:00-7:00 p.m. on alternate Mondays for the next two (2) months to talk about certain topics needing more in depth discussion, attention and focus. Exact times and dates will be selected in the next Commission meeting on May 24, 2010.

The meeting was adjourned at 2:51 p.m.


City Clerk Cynthia Bonham

Guy D. Colado

Comments to Winter Park City Commission

Saturday May 15, 2010

Thank you for letting me speak to this Saturday commission meeting. I hope that my comments are taken in the vein in which they are given. I have for several years been tracking selected items in the city budget as well as tracking expenses to operate our building at 1201 S. Orlando Avenue, Winter Park.

I have been listening to the conversation so far and realize that some points I will make, have to some extent, been discussed. Never the less I want to follow my prepared presentation.

I am pleased you let me speak at this time. I prefer to make these comments in this casual environment and in front of this group of department heads. I will speak as though I am talking to the city manager and in some points to the commission. Do not take comments as personal. Also allow me to correct any percentages, numbers or calculations that later may be found to be incorrect. I do not want us to get down to the details but rather speak in generalities. I do not want to be labeled a knit-picker.

Well let's get started with the prepared presentation.

There are three points I hope will come from my comments. First, the city's budget cannot increase the next ten years like it has in the past 10 years. Second, there are budget excesses which are the result of unrealistic financial good times. Third, the sooner the budget issues are addressed the easier they will be to correct.

Can we all agree that the world is in economic turmoil? The United States, Florida, Orange County and Winter Park is participating in this economic turmoil. It can be argued that there were many causes, but I submit to you that the "real estate boom" and "increased debt" by our country, states, counties and by Winter Park are the root cause of our financial ills. The boom in real estate, lead to increased property values and increased income to the cities. Local governments loved this new found cash. They bought, raised salaries, hired consultants and generally went on a spending binge.

At the same time across the country governments borrowed money. Winter Park was right in the pack.

I have three charts that reveal over a 10 year period how Winter Park's budget soared.

(at this point I want to note that the city manager has similar charts with more current information. I have not had time to compare the charts.)

Over the ten years from 1998 to 2007 Winter Park's property values went up 105.9%, property tax revenues went up 199%, the mileage rate went up 32% and city revenues went up 87%.

The challenge is to come down off this unrealistic budget growth that came into being over the past ten years.

Keep in mind that during the time period of the charts Orange County and the Orange County School board experienced the same increases in property values but they managed to lower their millage rates while Winter Park increased its millage. At the same time we increased our debt. (There are details here that should be explained)

Cutting back is very hard for staff to accomplish. I would say it is rare for current staff to accomplish what needs to be done. The current staff built this budget and they believe in it. The city manager cannot imagine cutting 15% over a three year term. The police chief will say but the public wants safety and I cannot guarantee safety with 15% cuts. The crime issue and public safety issue will be played. Unions will get involved.

Listen to this.

Each one of the department heads can be replaced, today, at a salary 20% less than ours currently make and you will likely find that the new person has more experience than we currently have. There are very qualified people who can make the changes in budget and balance the budget without debt, that are in the market and they understand what needs to be done. Do not be afraid to use that option of changing staff if needed. I know we are friends but sometimes hard decisions need to be made.

The current low public rating of national government leaders is in large part because they have failed to face the financial situation. Their failure to address the problems are only delaying the adjustments and the public does not like that. I do not want our local government to get a similar type rating for failing to address serious problems.

(I am on the board of a company that has had salary cuts in senior staff and across the board salary cuts)

The city commission, with firm direction, can accomplish what needs to be done. There will be gnashing of teeth, and complaints but when it is all done we all will get along.

One way to address the budget is to hire an outside consultant, such as Florida Tax Watch to prepare a report on our city's finances. See handout. Florida Tax Watch is well respected. Such a report will cost money, but money well spent. I recommend you proceed with retaining Florida Tax Watch. Let them run the analysis. A problem is a report such as this will take time. We need to address our budget now. Pending an independent study there are some things that can be accomplished.

These are specific points some of which may have merit.

The matching by the city of 401A should be ceased and stated that there will not be a match for a minimum of three years.

The payment of health insurance for anyone other than city staff should be stopped.

The cities procurement process needs to be overhauled. More oversight by the commission.

The payment of overtime, particularly in the fire and police departments needs to be stopped.

The fire and police retirement plans needs to be looked at.

The use of consultants needs to be scrutinized.

The unfunded retirement commitment needs to be known.

The type of retirement plans at the police and fire departments needs to be changed.

Cancel the defined benefit plan and install a defined contribution plan and look at other issues within the plans need to be addressed.

Any contracts with city employees need to be understood, placed in the open.

The CRA budget needs to be audited to the same degree as the city's budget and put out for public review. A history of contributions made by the CRA needs to be published.

Study the arrangements with Orange County for sharing fire department calls outside the city.

Cancel or at least alter the contract with Orange County for Commuter Rail. This is a financial time bomb of major proportions.

A clear disclosure of any and all contracts the city has or obligations of the city. I am thinking of things like agreements with Syngy or its principals and with Orange County.

If these areas are not addressed, then the problems will only get worse. The longer we wait to address problems the harder it will be to correct.

Please study the charts I provided which show the increases in taxes, expenditures and debt over the past ten years. (I will look at the charts provided by the city manager and gladly correct any errors.)

The public cannot afford increase in the next ten years to the same degree we had in the past ten years.

Government has to get more efficient. Industries have gotten more efficient and so can our city.

Banking used to have a target of a 5% interest margin. Today we are working on a 2% margin. There were bank executives and bank directors who felt that we could not survive on a 2% margin. Those folks are no longer working in the banking industry. We are surviving on a 2% margin our return. (Current economic environment excluded).

Retailers are buying shirts from overseas and the public is buying them for less than we did 10 years ago.

Toll roads used to have lots of human toll takers. Today machines collect the tolls while I go through the toll booth faster. Industry has gotten more efficient and so can government. (The city manager has spoken of the level of service and that people equate to the level of service. I agree that is a fair statement but I challenge us to think outside the box. Look at the example of the toll road, less people but a higher level of service.) I challenge you to get Winter Park to operate more efficiently.

The process will be painful, especially at the start. For two years some have been trying to get a scrubbing of the budget off the ground. Only a little progress has been made, but maybe today one more step will be made. It is not too late but it is dangerously close.

Our state government has a big budget problem. This year's state budget borrowed money from trust funds and ran up more debt to make it balance. We cannot borrow from the police and fireman's pension funds to make our budget balance. Borrowing is not a good way to face our financial problems.

Keep in mind, that I feel we have budget excesses, excesses built up from prior good times. It will be pretty easy to get our budget back to a reasonable base line, then to start getting efficient so as to be able to cut more expenses. See article on Montgomery County Maryland. The Orange County Sheriff's department is facing similar issues.

If budget cuts are made I feel you should "not" reduce the millage rate and any savings should be allowed to accumulate for three years. It may be that some mistakes will be made and having a reserve cushion will be prudent. If after three years the savings are for real then use the cash reserves to reduce the city's debt.

I have in my mind an outline of how each department head could be challenged to develop a three year budget with 5% annual cuts so to accomplish a 15% reduction over three years. Each department head would be required to submit three plans to accomplish the same objective. The city manager would recommend one plan for each department and then the city commission would approve.

In closing recall the three points I hope will come from my presentation. Perhaps there are other ideas that will be implemented. It is up to you to take it from here. I recall the saying "Just do it"

Thanks for providing me the opportunity to speak from my heart. I apologize if anyone was offended and I would like to correct any errors in the financial figures. Please look at the big picture do not nit-pick.

Guy D. Colado