

CITY OF COOPER CITY
FINANCE REVIEW BOARD MINUTES
MARCH 26, 2019 6:30 PM

1. CALL TO ORDER

Meeting was called to order by John Sims at 6:30pm.

2. ROLL CALL

8 members were in attendance. Brian Kraus and Samuel Saad did not attend.

3. PUBLIC COMMENTS

None

4. CONSENT AGENDA

None

5. REGULAR AGENDA

a. Minute Approval from March 12th meeting

Minutes were approved with the addition that Martin Sherwood wanted clarification that he was concerned that there was no meeting between the preliminary in July and the final in September. He feels that the sessions should be changed from 2 to 4. He isn't sure about the Charter requirement. However, he thinks one meeting should be moved between July preliminary hearing to September first reading. David Nall motioned to approve the minutes as adjusted, Joshua seconded and all approved.

b. Board Goals

1. The 6.385 baseline budget

John Sims discussed the first item on the board's recommendations which is that every department starts from the 2016 FY which had a 6.385 millage rate. Jennifer Goldfarb explained that it would be difficult to go back to that millage because wages, benefits and the BSO contract have already been increased quite a bit since then. Mr. Sims would like to see that the commission gives direction to each department head to start their budget at the 2016 actuals. It would be a starting point. John said that they may not be able to reduce wages and benefits, but David Nall said that maybe not filling vacant positions will be how they make their budget work. Mr. Sherwood agreed that the pay may not be decreased but positions may be. He felt that this should include staffing and positions. Head count, operating and capital are all parts of the department budgets and the directors will determine how to make that work. Inflation and contracts in place will also need to be factored in. Martin Sherwood also explained that the capital and discretionary items will need to be cut. Mr. Sherwood made a motion to "recommend a 6.385 baseline millage rate rollback target to fiscal year 2016 which comprises personally staffing, operating, discretionary and capital expenditures." Michelle Pemberton said it doesn't seem realistic. Bob Anathan asked if this includes BSO. Mr. Sims explained that the BSO contract is not part of

the department budgets but is rather contractual and is currently under renewal. David Nall seconded the motion, and all were in favor.

An issue that needs to be addressed is the last-minute receipt of items to the board. Receiving items on the day of the meeting, does not give us enough time to be prepared for the meeting. John Sims will mention to our interim city manager.

2. Reducing staff levels; not filling vacant positions

The second issue was to discuss the open positions at the current time. Mr. Anathan distributed a list of open positions. David Nall asked for clarification about the specialty position for structural inspector. It hasn't been filled because the requirements are very difficult. Robert Anathan went through the list and gave further information of how long the positions have been open. He did not have exact information regarding these positions but would provide it at the next meeting. Joshua asked how many people are in the customer service department. Mr. Anathan explained that there are two people plus himself. David Nall asked what department funded the customer service reps. Mr. Anathan explained that customer service, depending on what city, sometimes reports to finance and sometimes to utilities because they serve both departments. Marie reported these employees under the finance department, but they are funded by the Utilities department. Mr. Nall explained that finance doesn't have customer service because they are a back-office function. Discussion continued regarding how the data received is not accurate. Mr. Sims explained that the CAFR comes out over 6 months after the end of the year, so it is hard to reconcile to that information. David Nall said that when we don't have accurate information it is impossible for the board to make good recommendations. Mr. Anathan stated that future budget books will have a better organizational chart. Mr. Sherwood asked if Mr. Anathan was strictly doing customer service supervision, who would be handling the budget. He felt that it would be the task of the assistant finance director. Mr. Sherwood inquired about the assistant finance director position. Mr. Anathan explained that it has historically been a CPA. Jennifer Goldfarb explained that the finance department has gone from 7 employees in 2017 to 10 employees in 2019. Conversation regarding the need to fill the positions continued. It was agreed that personnel staffing is part of the first recommendation. The board is not recommending a hiring freeze, but rather letting the department head make that decision based on the new budget requirement.

3. Reviewing outsourcing options

Regarding outsourcing options, the board will discuss in each department report, but this is not a current recommendation.

4. Increase permit fees

Increasing permit fees is something that the board will consider under department discussion.

Some discussion went on about the EMS fees. The collection of these fees is handled by BSO. It is already outsourced. Transport fees were increased three years ago. Mr. Sherwood put a motion in to have "staff do a survey regarding the rate of our fees compared to our neighboring cities." Marjorie seconded the motion and all approved. Mr. Sims explained that we can only charge the actual cost of the transport. It should be based on the matrix fees study. Southwest Ranches charges \$1,000 compared to the \$850 charged by Cooper City. The insurance only pays a portion of the fees. The difference of the cost of the transport minus the amount paid by the insurance sits as uncollectible. It is felt that BSO

does not pursue these amounts. The balances used to be put on resident's water bill. Mr. Anathan explained that BSO handles the residual collections. The balance on the balance sheet is about 1.8 million in uncollected EMS fees, the allowance for bad debt 900K. It was requested that an aging of the accounts receivable be sent to the board. Additionally, we would like to see how much is residents vs nonresidents.

5. Reviewing Optimist agreement

David Nall discussed his analysis regarding the optimist agreement. He feels that the feud between the optimist program and some residents stems from the resident vs nonresident participation. Currently, the optimist pays the city \$15 of the \$30 nonresident registration fees. The city then donates \$36,000 back to the program. Joshua explained that the current agreement has the city currently paying more in donation than the nonresident fees received. Mr. Nall feels that the Optimist program provides a very valuable service to the city, but also thinks that the finances of the city and the nonprofit organization should not comeingle. He created an analysis of different scenarios for recommendation to the commission. Much discussion was held regarding how this would affect residents, including costs and lower nonresident participation. Martin Sherwood felt that we could increase the nonresident fee and the entire amount be given to the city. Jennifer Goldfarb agreed. David Nall said he will not agree to any resolution that comeingles the funds. Jennifer will create further comparison of the different programs, such as the high rates charged by Pembroke Pines, Davie which is handled completely internally as well as Coral Springs which gives a membership card to their participants. This will be added to the next meeting agenda.

6. Approval of January proposal so that the budget can be accurate

Mr. Anathan stated that the January proposal will be revised and will be discussed with the board prior to presentation to the commission. He would like to do that mid-April so that he will be able to present this on April 30th.

c. Department Reports

1. David Nall - Finance Department

The finance Department analysis by David was discussed. There were many discrepancies in the numbers given. Because the information is not accurate, a true analysis can not be done at this time.

2. John Sims - Building Department

John Sims reported for the Building Department. Ted Fowler did an analysis of the permit fees by several neighboring cities. It was clear we are charging the lowest amount on almost every item. Jennifer made a motion to recommend that "the Commission instruct the department to charge what the average of the neighboring communities charge". Joshua seconded it. All agreed.

3. Jennifer Goldfarb – Recreation, Public Works and City Clerk's office.

Jennifer Goldfarb discussed recreation. They have increased their employees from 11 to 12 from 2016-2019. However, they have also had an increase in events and service to the residents. Direct revenue should be applied to their expenses to do a better analysis. Summer camp cost is about \$50 less per week compared to Davie and Pembroke Pines. They have already increased rental fees and event fees.

The department does need a new director, but it is possible that the second scheduling position stay vacant. Jennifer made the motion to “recommend that the department increases the costs for the camps.” Michelle seconded. All agreed. The optimistic funds will come out of their budget with the new contract. With the new optimistic agreement, this will not be an expense to this department.

Jennifer continued department reporting with Public Works. Their budget is over \$2 million. One issue that keeps coming up is the cost benefit analysis of turf versus real grass. Artificial turf would need to be replaced costing \$200K every 8 years. However, it would reduce the expenses of chemicals, resodding, painting of the lines, etc. Further analysis would need to be done to determine the real savings or lack thereof. However, the large investment is not currently in the budget so this can be postponed. The Public Works director suggests removing the vandalism contingency budget items into the general contingency expense to lower the department budgets. Cooper City outsources tree trimming because we do not have the equipment or the manpower to cut the trees on the main roads, such as Stirling and Griffin. Mr. Sims wants to know how long the contracts are for and if we are price checking these. We did not have that information at that time. Many costs have been reduced by the Public Works Director. Again, Bob Anathan will be providing the income generated by this department to get a clearer picture of the net budget of these departments.

Jennifer also mentioned that the administration budget was increased by 16% in 3 years. \$12,000 for postage because of the newsletter and \$6800 in public relations. No recommendation will be made, but these discretionary items can be cut as well.

It was also mentioned that the Commission department’s travel expense is three times what it was in 2016. Uniforms also went up from \$100 to \$2500. While these items are small, they still show excessive spending on discretionary items and can be reduced with the new millage rate.

Board expenses have doubled including gifts and trainings. These expenses can be cut as well under the new millage recommendation.

4. Joshua Giancarlo will meet with Matthew Wood of Growth Management

Josh got the budget from Growth Management. He hasn’t had a chance to meet with them. \$388K is the wages for the two employees. He will follow up with that department to further review.

5. Martin Sherwood - Utilities

Martin Sherwood met with Mike Bailey with the Utilities Department. They have not increased their staffing since 2016. His only issue he had is with succession. That department is also the engineer for the city. They are replacing meters which will increase revenue for the department because old meters were not giving accurate readings. Mr. Bailey has also postponed some of his capital improvements. However, there are items that can only be pushed for so long. In 2020 there will be a 3% anticipated rate increase. Bob has identified about 20 to 30 properties are not being charged for storm water, but is still working on getting a full analysis done. Martin Sherwood put a motion on the table to Recommend the storm water survey commence immediately for 2019 and the water sewer survey to happen in 2020 to include revenue expansion capabilities. Joshua seconded it. All were in favor

The board discussed the issue that the directors are having regarding procurement and the board agreed that the new city manager could address that.

d. Set next meeting date

At the initial meeting we discussed having our meetings on the 1st and 3rd Tuesdays. We agreed to meet on April 16th, the week after the commission meeting since this was already an agreed date.

6. BOARD MEMBER CONCERNS

Board member concerns, Martin Sherwood passed out some information about FEMA reimbursements. Cooper City is in the top 10 of cities that FEMA is waiting for documentation for. We will discuss status at the next meeting.

Michelle Pemberton asked for clarification regarding the retirement and benefits paid by the city. Marty Sherwood suggested that we investigate changing from a DB to a DC plan. Mr. Sims asked that it get put on the agenda for next month. Michelle will do some research to present to the board at the next meeting.

Max Pulcini asked if we have been able to analyze our revenues yet. Jennifer noted that Bob was going to give the board a breakdown of this.

Martin Sherwood mentioned the need for the line of credit. Bob explained that Marie was still working on that.

David Nall recommended that someone also look at the health insurance to understand the costs and contributions. Michelle will obtain information regarding this for the next meeting.

David Nall also wanted to mention that the reporting is an issue. Accurate consistent reports are needed to properly analyze the finances of the city.

Michelle also mentioned that the audit should be looked at. Someone needs to review options. It will be discussed in the future as the contract with the current auditor is coming up for renewal.

7. ADJOURNMENT

John Sims made the motion to adjourn and Jennifer Goldfarb seconded. Meeting ended at 9:30