

# **CITY of CLEARWATER**

## **BUDGET TASK FORCE**

### **REPORT**

**March 2007**

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## **EXECUTIVE SUMMARY**

Based upon the guidelines provided to the Budget Task Force by the City Council, the following recommendations of the Budget Task Force are provided in priority order. The Budget Task Force recommends to the City Council that:

- 1) The City Council consider a self- imposed cap on annual General Fund budgeted expenditures to the CPI plus 1%.
- 2) The City maintain its existing structures, refurbishing or replacing them as necessary, which could lower maintenance and insurance costs and that the City limit growth of additional facilities and parks so that no additional FTE's are needed. Specifically, the Budget Task Force recommends that the proposed Senior Center facility not be constructed, instead using existing facilities for senior activities.
- 3) The City control the cost of employee benefits by:
  - a. Limit increases to the 3% level of revenue increases (based on the Save Our Homes cap);
  - b. Freeze or cap the City's contribution to health insurance and considering a co-pay program;
  - c. Reevaluate union contract provisions;
  - d. Evaluate the vacation/sick day policy and consider a PTO concept with a disability rider;
  - e. Consider an employee buyout program for retirement eligible employees;
  - f. Evaluate pension alternatives such as replacing the defined benefit plan with a defined contribution plan;
  - g. Emphasize subcontracting by considering liability factors when evaluating costs.

- 4) The City budget for 2008 utilize a minimum of \$6 million from the available \$15 million pension plan “set aside” credit to assist in the funding the Pension Plan contribution for that year. We further recommend that the \$1.5 million no longer required to fund the “special” fireman’s pension fund also be used to fund a portion of the required 2008 pension contribution.
- 5) Regarding property insurance that the City consider eliminating or reducing its wind coverage, using reserves in the Central Insurance Fund to increase self insurance limits; and pursuing pooling concepts with other municipalities.
- 6) The City eliminate a freestanding beach library by consolidating it with the beach recreation center or closing it, if consolidation is impractical, with patrons urged to use the Main library.
- 7) Take home vehicles be limited to Pinellas County for all staff and that City vehicles are tools that allow employees to do their tasks and should not be used as employee perks.
- 8) As the Task Force Police fleet evaluation (see attached exhibit A) reflects a potential savings of 25%, the Budget Task Force recommends a detailed utilization study be performed on the City’s fleets to identify and eliminate excess vehicles, with a special emphasis on the elimination of take-home vehicles.
- 9) The City prohibit using reserves for FTE costs.
- 10) The City discontinue the practice of transferring FTE’s from Enterprise Funds to the General Fund.

- 11) It appears that the ratio of Fire Chiefs to the number of firefighters is inconsistent with surrounding municipalities to the degree that it merits an in-depth review by management. Consistent with this review an examination of the management to staff ratios in all major departments should be conducted.
- 12) The City consolidate all public communications in all departments into one department, with the goal of reducing FTE's and consolidating efforts.
- 13) The Parks and Recreation budget be cut by approximately 5% with specific cuts to include, but not be limited to:
- a. Reduction of contracted grounds maintenance .....\$100,000
  - b. Eliminate Systems Analyst .....\$49,000
  - c. Eliminate Administrative Analyst.....\$51,000
  - d. MLNP – elimination of Programmer I;  
     loss of Pinellas County School support .....\$30,000
  - e. Eliminate 2 FTE; move remaining FTE to  
     Carpenter Team.....\$60,000
  - f. Eliminate Public Information Coordinator and  
     rely on Public Communications to do PR.....\$113,000
- Total    \$403,000
- 14) The City Fire Department institute a firefighter volunteer service program in selected fire stations to evaluate the potential effectiveness of the program and the station that successfully implements this program and has demonstrated one full-time firefighter position completely staffed by the volunteer program be allowed to add one paid firefighter FTE to the station when additional personnel are needed.

- 15) The Fire Plans Examiner position be eliminated.
  
- 16) The City review and evaluate annual contribution programs (i.e. subsidies and/or contributions to Ruth Eckerd Hall, Harborview, Long Center, and Bright House) on an annual basis.

## **INTRODUCTION**

The City of Clearwater Budget Task Force Committee was created and appointed by the City Council in November of 2006. This was a result of citizen concerns voiced at public meetings on the 2006/07 proposed budget as to rising property taxes, specifically as a result of escalating property values for business owners and non-homesteaded properties. The City Council identified the mission, scope, and objectives of the Task Force as outlined below.

## **MISSION**

Establish an energetic group of citizens to advise the City Council, from a citizen's perspective, on how to reduce future City budgets, and provide recommendations based upon given objectives, using the framework of the City's mission statement "to provide cost effective municipal services and infrastructure necessary for a high quality of life for all our citizens" as a guide.

## **SCOPE**

The area of focus will be limited to the General Fund budget, to include a general review and understanding of the following budget components and departmental budgets:

- Employee pension plan
- Pay plans and collective bargaining agreements
- Health insurance benefits
- Property/Liability Insurance
- Public Safety Program Budgets
  - Police
  - Fire

- Quality of Life Program Budgets
  - Parks and Recreation
  - Library
- General review of comparative service levels of neighboring communities and like-size Florida communities.
- Impact of possible State legislative actions as to how these actions could impact the City's budget and what that might mean to a City taxpayer.

## **OBJECTIVES**

Provide a means for citizens from a variety of age groups and geographic areas within the City to come together to study the specific issues outlined in the scope and provide educated recommendations to the Council in the following areas:

- Identify non-essential services
- Provide recommendations in priority order as to specific budgeted programs or projects that the Council should look at for reduction or elimination.

## **BUDGET TASK FORCE REVIEW**

The Budget Task Force began their review of the City's General Fund Budget on December 4, 2006. Based upon the guidance of the City Council, the Task Force has reviewed, in depth, the four major operating budget of the City of Clearwater's General Fund. This list includes the Police, Fire, Parks and Recreation, and Library budgets, representing \$87 million, or approximately 72% of the City's total 2006/07 General Fund budget. In order to accomplish their task, the eleven members of the Budget Task Force met for two hours a week over a period of more than three months.

Employee salaries and benefits represent more than 67% of the General Fund budget, so early in the process, the Human Resource Director reviewed the policies and procedures regarding the City's pay plans and union contracts with the Budget Task Force. Policies for the implementation of overtime and the related budget impacts were also discussed. Additionally, all three union presidents were invited to attend one of the sessions and respond to specific questions from the Task Force. The presidents of the Fire and CWA unions attended the meetings on January 16<sup>th</sup> and January 22<sup>nd</sup> and answered questions.

The budget impacts of employee benefit plans and the methodology behind the budgeting of these benefits were discussed with the Task Force at length. The City's Finance Director and Human Resources Director reviewed the City's retirement programs including the City's pension plan, supplemental pension plans, 401(a), and social security with the Task Force. The City's cost for employee health insurance, life insurance plans, and paid leave policies were also reviewed and discussed. During the

course of this review, staff responded to questions involving employee turnover in the Police and Fire Departments.

The City's Risk Manager provided information to the Task Force presenting the City's procedures for purchasing and budgeting for property and liability insurance coverage, and budgeting for worker's compensation. The State insurance crisis, budget impacts, and appropriate levels of City insurance coverage were discussed extensively.

Staff provided information to the Task Force regarding the internal service operations of the City, and how the budgets of these operations impact the General Fund. Presentations were provided from the Information Technology Services Director and the Solid Waste/General Services Director reviewing the City's costs and staffing policies regarding support for the City's computer systems and database operations, network operations, telecommunications technology, building and maintenance processes for the City's infrastructure, procedures for purchasing and leasing City vehicles, and the City's radio communication program. Billing methods were reviewed as to the distribution of costs to the City Departments and the relative impact on the General Fund. The Task Force asked about outsourcing of specific services and each of the departments showed several examples of how the staff evaluates and decides on what to outsource. The amount and type of services and programs the City out-sources was discussed.

The Budget Task Force also held individual sessions with the specific Departments requested by the Council. Both Department and detailed program budgets were provided to the Task Force for the Police, Fire, Library, and Parks and Recreation departments. In addition, historical operational budgets were presented for a ten-year

period, and comparison CPI data was also provided. The Task Force was also provided a history of full-time equivalent positions for a ten-year period.

The City's Library Director, Barbara Pickell, reviewed the history of the City's library system. Her presentation to the Task Force included a review of the Library's operating budget, statistics regarding usage and circulation at each of the branches, hours of operation, and the budgeted expenses for the City's five branches. The impact of tourists on the library was discussed as well as the City's relationship with and funding received from the Pinellas Library Cooperative.

Police Chief, Sid Klein, reviewed his operational budget with the Budget Task Force. He provided information regarding the staffing level of sworn and non-sworn personnel. All civilian support functions were discussed with the Task Force. The history of Police department full-time equivalent positions was discussed in detail. The Chief reviewed the impact of personnel costs on his budget, as well as a general review of all other operational costs. The City's relationship with the Pinellas County Sheriffs Department and other state and federal agencies was discussed as well as the outsourcing of specific services to the Sheriff's Office. Take home vehicles and volunteer hours were discussed with the Task Force. In addition, detailed costs of equipping and maintaining Police vehicles were provided to the Task Force.

Fire Chief, Jamie Geer, provided the Budget Task Force with an overview of his Department's budget. Station locations were provided. Staffing levels for uniformed vs. civilian staff were provided and discussed as well as statistics for calls for service. The duty schedule for a firefighter was reviewed as well as the impact of overtime on the Fire

Department budget. The Fire Chief provided information on the City's contract with Pinellas County for the provision of EMS and fire services.

Parks and Recreation Director, Kevin Dunbar, discussed the responsibilities of the Parks and Recreation Department with the Budget Task Force. This included a review of the Department's "strategic partners" in the community, parks maintenance responsibilities, specialized programs, department revenues, volunteer hours, and outside contracts. The Task Force also discussed the budget impacts of new and/or expanded facilities funded by Penny for Pinellas and some of the City's major recreation facilities. Mr. Dunbar went into great detail explaining the philosophical change in the department toward generating revenue based on user fees over the past seven years and showed that revenue has increased approximately four fold.

The Budget Task Force spent several hours during the course of their review with the City Council sharing information and voicing concerns on numerous subjects including, but not limited to, employee pension, salaries, health insurance, City insurance, staffing, construction of new facilities, take home vehicles, and inequities in taxes.

With the consideration of all issues above, the Budget Task Force spent several meetings reviewing all information provided and prepared this final report and formal recommendations to the City Council.

## **SPECIAL RECOGNITION**

The Budget Task Force expresses its sincere appreciation to Tina G. Wilson, CPA and City Budget Director, and Margaret L. Simmons, CPA and Finance Director, for the many dedicated hours they endured with the Budget Task Force to educate, advise and assist during this three-month process. They are true professionals and sincere directors of our City. We would also like to recognize Pat Sullivan, Board Reporter, for her dedication, promptness and accuracy in recording the committee's weekly discussions.

We would also like to thank the City Council, City Manager, and staff, for their interest, leadership, and desire to seek taxpayer input into the budgetary process for the City.