

BOARD OF COUNTY COMMISSIONERS - STRATEGIC FINANCIAL REVIEW

JUNE 5, 2008

A meeting of the Board of County Commissioners was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman D'Aprile, Commissioner Moore, Commissioner Cummings, Commissioner Loftus, and Commissioner Duffy. Also in attendance were County Administrator Baltz, County Attorney Knowlton, and Minutes Supervisor Nice. The following members were absent: None. The meeting was called to order at **10:00 AM** followed by the Pledge of Allegiance.

Overview of Process to Date

Budget Director Sandrock stated the financial reviews are coming to an end, a more detailed review on the Parks and Recreation budget will be held on June 13, 2008, initially the only review today was on the Solid Waste Department budget, and suggested discussion on salary increase assumptions.

1. Department Review

A. Environmental - Solid Waste

Assistant County Administrator Shoemaker reviewed the total budget of \$34,150,372 including \$11,074,206 or 24% attributed to controllable items and proposed reductions of \$2,606,698 and noted expense reductions are based on a 15% reduction in anticipated revenue levels and a survey indicates that 20% of homes do not set out garbage. Ms. Shoemaker summarized uncontrollable items comprised of Reserves of \$19 million for closure and debt service and self insurance costs; advised the Department is focusing on landfill operations, transfer stations, recycling, the Keep Charlotte Beautiful program, providing administrative oversight for the Sanitation District, and illegal dumping surveillance and compliance. Ms. Shoemaker reported efficiency concepts include implementing a Pilot Program with Utilities to use sludge as a daily landfill compost for a potential savings of up to \$50,000 and a potential Utilities savings of up to \$337,000, and the status at this time is to seek approval from Florida Department of Environmental Protection

(FDEP) and staff is working on a new revenue stream and a Request for Proposal (RFP) for the use of landfill gas as energy products, to capture gas and sell it to a third party for a potential revenue of \$500,000 annually with the final result of gas to electricity and the County receiving a percentage of revenues for the electricity sold. **Commissioner Loftus** requested associated costs. Environmental and Extension Services Director James Thomson estimated \$800,000 in gross revenues with some third-party costs and projected the growth of revenues to approximately \$1 million in 2012, based on the marketability and selling of electricity and carbon credits. Mr. Thomson advised the target is to bring the contract to the Board at the last meeting in July. **Commissioner Duffy** stated using sludge at the landfill for compost is a good idea and questioned the viability of obtaining FDEP approval. Mr. Thomson advised FDEP officials who visited the site have indicated satisfaction, staff has submitted a letter requesting approval for a 180-day test period, and he does not anticipate any problem with securing the go-ahead for the program. **Chairman D'Aprile** questioned if the 20% on the survey is applicable to all year around residents or when snowbirds visit. Mr. Thomson stated it was a six-month survey conducted during the time when snowbirds are usually in residence and this is the first time such an audit has been done so there are no historic figures. Ms. Shoemaker outlined the Expense Reductions totaling \$116,913 that are projected based on performing more engineering work in house and less contract services for shredding because less would be required due to volume reductions in yard waste; one-time expense reductions of \$2,312,991 since the West Charlotte Mini Transfer and Recycling Facility will be open in July 24, 2008 and landfill improvements have been completed. Ms. Shoemaker reported positions for a program assistant, fiscal supervisor, and two solid waste operators were eliminated as of May 13, 2008 for a savings of \$176,794. **Commissioner Loftus** expressed concern about continued funding for the Keep Charlotte Beautiful Director's position and recalled prior discussions about possibly securing funds from the private sector. Mr. Thomson stated that is not a recommendation at this time, pointed out the salary and benefits total about \$53,000 per annum of which the Solid Waste Department funds \$37,000, 30% comes from the Transportation Fund, everything done is funded by donations and grants, about \$57,000 has been identified from grants, the estimated value from volunteer time and services to the community amounts to about

\$239,000 for beautification and clean-up programs. **Commissioner Moore** questioned if outside funds are paying for the program. **Commissioner Loftus** stated the Director's position is funded by the County.

2. Salary Increase Assumptions

Mr. Sandrock stated one of the most critical issues at this time is salary increases due to the impact on the budget, most Constitutional Officers have placed 3% salary increases in their budgets except the Supervisor of Elections who has included a 5% increase and the Tax Collector at 0% because it is State mandated. Mr. Sandrock related Sheriff Davenport has agreed to a one-year salary freeze, if that is what the Board will do, for a savings of \$1.1 million. Mr. Sandrock outlined the impacts of salary increases for Board Departments only on the ad valorem side of the budget would be \$360,000 at 1%, \$720,000 at 2%, and \$1,080,000 at 3% and it would take the \$33 million challenge to a \$34 million challenge. **Commissioner Cummings** questioned the inclusion of the impact as a result of Constitutional Officers doing the same. Mr. Sandrock stated no and estimated about \$2.5 million. Mr. Sandrock outlined the considerations for decision making as follows: the IAFF contract has already been negotiated with salary assumptions and the County intends to honor the contract even though a letter is being sent requesting reconsideration of the salary increase, the IUPAT negotiations are underway; and salary assumptions for non-bargaining employees have historically aligned with bargaining; and recommended a decision be made on non-bargaining employees for a one-year wage freeze. Mr. Sandrock reported other counties are taking similar steps in the budget process. **Commissioner Loftus** stated he spoke to the Manatee County Chairperson who indicated no raises were given last year and none are anticipated this year and expressed the belief that the State has not given raises in three years. **Commissioner Loftus** stated even though salary increases for commissioners are mandated, he would return his net raise back into the General Fund. **Commissioner Moore** requested a projected savings. Mr. Sandrock estimated \$200,000 for every one percent. **Commissioner Moore** requested the legal options pertaining to pay for performance and COLA. Mr. Sandrock expressed the belief that an opportunity exists to separate the two for non-bargaining employees or just do one increase. Employee Relations Director Maggie Kain advised the IUPAT

contract expires on September 30, 2008 and negotiations are underway, advised some pay for performance have been paid out this year, and stated there may be about 20 people who have anniversaries before the end of the year that are eligible for increases at 3.3%. County Attorney Knowlton suggested **Commissioner Moore** was questioning the legalities pertaining to non-bargaining employees. Ms. Kain stated no obligation exists. **Commissioner Moore** requested verification of the obligation to pay COLA under the two union contracts. Ms. Kain advised obligations exist in both contracts. **Commissioner Duffy** expressed understanding that the discussion concerns next year's raises, the IAFF contract was negotiated and signed off on, the IUPAT union contract is under negotiation, and these items can be controlled pertaining to non-bargaining employees. **Commissioner Moore** stated the Board has options in some areas only. **Commissioner Duffy** requested input from the focus groups pertaining to wage freezes. Mr. Sandrock stated several discussions were held more about decreasing the work week from 40 to 35 hours in order to save jobs but there was not an overwhelming agreement and stated a wage freeze will not make a significant difference unless it is to possibly save future jobs. **Commissioner Duffy** commented on valuation reductions from the Property Appraiser and commented in support of doing a wage freeze. **Chairman D'Aprile** stated cuts need to be made today to save jobs in the future because too many people are looking for jobs. **Chairman D'Aprile** questioned the 5% increase for salaries in the budget for Supervisor of Elections. Mr. Sandrock recalled the Board has provided salary assumptions but each Constitutional Officer has discretion to make their own decisions. **Chairman D'Aprile** requested clarification on what is staff looking for today. Mr. Sandrock requested direction on salary assumptions. **Commissioner Cummings** recapped discussion on making more cuts now may save jobs later but he is seeing that more cuts this year will force the Board to cut that much more next year even if the millage rate is increased. Mr. Sandrock concurred. **Commissioner Cummings** stated the intent in Parks and Recreation is to go for more part-time versus full time employees and eliminate benefit costs, calculated the \$2.2 million savings in salaries will result in \$.76 per month for the average home owner, and pointed out union and non-bargaining employees should be treated the same because, if they are not, then more non-bargaining employees would go over to the union and reduce the Board's control. **Commissioner Cummings** commented on the need to

consider employee morale and the impact on work production and the question of accepting a pay freeze to save jobs was in the poll but stated the \$.76 savings would vanish because of reduction in employee morale and work production. **Commissioner Loftus** pointed out many governmental agencies throughout the Nation have cut their workforce while maintaining or cutting salaries, good economic development is needed to build industry and increase good paying jobs in the County, and the Board needs to do what is right for the taxpayers. **Commissioner Moore** agreed, stated the Board's job is to run an efficient County government with a smaller government that would provide acceptable levels of service based on 2004 or pre-Hurricane Charley levels, and commented in support of a wage freeze where the Board has options since the COLA is not being considered at this time. **Commissioner Duffy** suggested a zero level for COLA and pay for performance increases. Mr. Sandrock reiterated staff's recommendation is for a freeze for both. **Commissioners Moore, Loftus and Duffy** expressed support for staff's recommendation. **Chairman D'Aprile** commented in support of a wage freeze and requested the savings. Mr. Sandrock stated a 3% wage increase would impact the ad valorem budget by \$1 million and if the County imposes a wage freeze, there is a likelihood of a drop in the Constitutional Officers' budgets. **Chairman D'Aprile** recognized increases to fuel, taxes, etc. and suggested a 1% wage increase with a freeze the following year especially in light of Commissioner Cummings' calculation of a savings of \$.76 per month per average household bases on the \$2.2 million for salaries. **Commissioner Cummings** stated a vast majority of employees are an important part of the local economy, taxpayers, and residents; many of the cuts are one time only; and reminded the Board that it will be forced to cut as many additional operational next year even with a millage rate increase and portability. **Commissioner Moore** stated he would follow the State mandate to shrink the government back to 2004 levels and do what the taxpayers want. **Commissioner Cummings** opined by the second round of cuts, government would be reduced to the 2000 level in 2010. **Chairman D'Aprile** stated three Board Members have agreed to a wage freeze and he would go with the majority, one Board Member is opposed and it remains to be seen what the Property Appraiser's devaluations will be on July 1, 2008 and the impact on the budget. Mr. Baltz concluded the Board wants a wage freeze applied to non-bargaining employees only at this time. **Chairman D'Aprile** expressed concern about

freezing salaries for non-bargaining employees only, stated a freeze should be applied to both, the Unions should be sympathetic to the situation, and pointed out this would be a temporary freeze. **Commissioner Moore** related a meeting he attended with Charlotte County Health Department Administrator Stephen Mitnick on funding for the Health Department and questioned if statements he made to Mitnick were reasonable about the Department should be looking to reduce its budget by 22% due to the shortfall. Mr. Sandrock agreed, the Health Department is a separate fund, advised the approximate \$33 million shortfall is not related to the Health Department, the Health Department funding can be a separate discussion and pointed out issues exist as a result of potential cuts in State funding, and commented on 22% impacts on MSTUs and Lighting Districts. **Commissioner Moore** concluded the general guidance was reasonable and Mr. Mitnick should consult with Mr. Sandrock or Mr. Baltz. Attorney Knowlton stated actions pertaining to non-bargaining employees do not impact her contract with the Board and advised she would not be taking any salary or COLA increase next year. **Chairman D'Aprile** and **Commissioner Loftus** expressed appreciation to Attorney Knowlton. Mr. Sandrock reported a rate increase in electricity would be in the budget discussed next week.

ADJOURNED: 11:00 AM

Signature on file in Commission Minutes
Chairman

ATTEST:

**BARBARA T. SCOTT, CLERK
OF THE CIRCUIT COURT AND
EX-OFFICIO TO THE BOARD
OF COUNTY COMMISSIONERS**

By: Signature on file in Commission Minutes
Deputy Clerk

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