

**MINUTES OF THE COUNTY BUDGET TASK FORCE
HELD ON TUESDAY, NOVEMBER 23, 2010**

I. CALL TO ORDER AND ROLL CALL

The meeting of the County Budget Task Force was called to order at 1:30 p.m. on Tuesday, November 23, 2010, in Town Council Chambers, 360 South County Road, Palm Beach, Florida.

On roll call, the following members were found to be present: Chairman Jack McDonald, Erica Elliott, Bobbi Horwich, Bruce McAllister, Cynthia Simonson, and Jere Zenko. Staff member Thomas G. Bradford, Deputy Town Manager, was present.

Chairman McDonald welcomed Mrs. Simonson who replaced Mr. Tim Moran who had resigned.

II. PLEDGE OF ALLEGIANCE

Chairman McDonald led the Pledge of Allegiance.

III. COMMUNICATIONS FROM CITIZENS

No citizens requested to speak.

IV. APPROVAL OF AGENDA

Motion to approve the agenda was made by Mr. McAllister, seconded by Mrs. Zenko, and unanimously approved.

V. APPROVAL OF THE MINUTES OF THE OCTOBER 25, 2010, MEETING

Motion to approve the minutes of the October 25, 2010, County Budget Task Force meeting was made by Mr. McAllister, seconded by Mrs. Zenko, and unanimously approved.

VI. PRESENTATION BY HAL VALECHE, PALM BEACH COUNTY TAXPAYER ACTION NETWORK

Mr. Hal Valeche, founder of the Palm Beach County Taxpayer Action Network (TAN), commended the Task Force on the work they were doing. He gave a brief history of the founding of TAN and its work with TAB (Taxpayer Action Board). He noted there was a dichotomy between federal and local tax issues and explained that people tend to get more concerned about federal overspending, whereas most counties and cities are doing the same thing with little repercussion. He reported that the approach in creating TAN

was to have a broad group that would email and call County Commissioners. He further reported that TAB was created to engage the County Commission in negotiations about specific budget items. He stated that, unfortunately, neither approach had been successful. He said that people are not engaged enough on the local level. Mr. Valeche stated that he had concluded that to change the policy, you have to change the people on the County Commission. He reported that TAN was working on a definition of the core mission of county government. He further reported that he planned to go through the County budget this year and find citations and legal scriptures for all the things the County is required to do. He said he believed that about 50% of the line items in the County budget are required by the state, by law, or by charter, and the other 50% have no basis in law and does not have to be done. He clarified he did not advocate cutting that 50%, but looking at it. He reported that the biggest increase in all budgets had been in personnel costs and that needs to be closely reviewed. He suggested that the County should not be compared with peer counties but with the private sector. He talked about government service and the high premium paid to government workers as compared to the private sector.

Town Council Member William Diamond asked if the loss of the Federal Stimulus money and the possibility of a 31% increase in the millage rate would be a catalyst to get more people involved. Mr. Valeche responded that it might be a catalyst; however, the 15% increase last year and the 10% increase this year did not result in a change. He stated that the loss of the Stimulus money could result in a \$200 million to \$300 million gap, with the tendency to make up that with a millage rate increase.

Mr. McAllister asked what the County Budget Task Force could do to assist TAN. He cautioned that he did not believe that the Task Force should get involved in replacing the County Commissioners. Mr. Valeche encouraged the Task Force to continue to support TAB. He stated that TAN needed resources in terms of people working on task forces.

Mrs. Elliott summarized the presentation as three legs of a stool. She stated that TAN was the first leg; raising awareness, educating and getting involved. The second leg is TAB with the tools available and detail on the website to coalesce around. The third leg is people and the candidates that are put into the political process. She said that there is a part missing and explained that new candidates can be elected but if government is still broken, they will not be successful. She stated that solutions and tools needed to be developed to fix the problem.

Chairman McDonald asked Mr. Valeche why he didn't focus on the big items in the budget, such as pensions, benefits and pay. Mr. Valeche replied that if he continues on his own, he will focus on those issues. Chairman McDonald said that there were some issues where the Task Force could help. He added that there were also some issues particular to the Town of Palm Beach that they wanted to focus upon.

VII. DEVELOPMENT OF A SCOPE OF SERVICES IN CONJUNCTION WITH AN UPDATE OF THE FLORIDA TAX WATCH PALM BEACH COUNTY STUDY/REPORT

Chairman McDonald reminded the Task Force members that last month they had asked the Civic Association to consider funding some or all of the Tax Watch Study and Ned Barnes had said that a decision could not be made until the scope of the study was known. Chairman McDonald reported that he had also requested funding from the Citizen's Association but did not receive a reply, and he was not able to find a contact for the Northside Association. He further reported that Finance Director Jane Struder and Mr. Bradford had composed a list of items that could be considered in the study, and in addition to that, Tax Watch had proposed a scope of work.

Katie Hayden, Research Analyst and Lead Researcher for the Local Government Studies at Florida Tax Watch, spoke about the scope of the study. She said she understood that the Town did not want just an update of the 2006 study but wanted to look at mainly expenditures and revenue streams of Palm Beach County. She stated that five years of data should be sufficient to find defensible results and identify key trends. She asked how wide or how narrow the study should go.

Mrs. Zenko suggested the study be identifying and dividing the issues into revenues and expenses. She said she did not believe there would be any benefit derived from going back in time.

Mr. McAllister referred to a recent email from Fred Scheibl of TAB saying that Mr. Scheibl focused on the Sheriff's office and Fire-Rescue. He said he believed TAB would like help on particular areas of the County budget. He suggested the Task Force members pick some areas of the budget that they would like analyzed. He agreed a broad view, ten-year study was not needed.

Mrs. Simonson asked for the top six non-statutory (discretionary), largest dollar line items. Ms. Hayden replied it would include police and fire services, pensions, and waste management. She said she would get back to the group on the remaining three.

Chairman McDonald agreed that historical data was not necessary. He suggested that the study include what will happen in the next five-to-ten years. Mrs. Elliott concurred suggesting three categories: general, directly impacting the Town of Palm Beach, and having an indirect benefit to the Town.

Mr. Diamond asked for an explanation of how Florida Tax Watch works and how it is funded. Ms. Hayden replied that Florida Tax Watch is a non-partisan, non-profit government watch dog/government think tank funded through charitable contributions, grants, corporate citizens, individuals, taxpayers, small businesses, etc. She continued, it does not do lobbying or campaigning, but focuses on independent research on taxes and spending issues on the state, federal and local level.

Chairman McDonald said that he did not want to pay for something that TAB may already be doing. He asked if TAB would emphasize pensions and salaries. Mr. Valeche replied that TAB had recently established a group to look at pensions. He explained that County employees are in the FRS (Florida Retirement System) and there is not a lot that can be done at the local level. He said that the only change that can be made is in the sense that any pension benefit is a derivative of the current salary.

Mr. McAllister reminded the Task Force that it has a partnership with TAB because they are effective in analysis, presentation, and approaching the County Commissioners. He suggested Florida Tax Watch work with TAB to see what they can produce for TAB. Chairman McDonald agreed. Mr. McAllister asked Ms. Hayden to contact Fred Sheibl of TAB and draw up a list of things Florida Tax Watch can produce, price them out, and then come back to the Task Force if any help is needed. Mrs. Elliott cautioned that some of the things listed on the proposed scope of services are very important to the Town and she did not want to see them lost in the communication between TAB and Florida Tax Watch. Chairman McDonald asked the Task Force members to go through the list of items and come back at the next Task Force meeting with those they feel are important to be included in the study done by Florida Tax Watch. Mrs. Zenko added that she would like to see the individual lists divided between revenues and expenditures.

VIII. MEMBER RESEARCH REPORTS:

a. ERICA ELLIOTT - ACCOUNTING

Mrs. Elliott stated that she had not yet met with Mrs. Gail Coniglio to assist her with the bed tax issues.

Mrs. Elliott reported that she had met with County Commissioner Shelly Vana for a third time and County Administrator Bob Weisman was at the meeting. She further reported that they had agreed to send out a request for proposals for a contingency audit on lost revenues, expenses, and fraud measures. She said that the caveat to the RFP is ownership (County Commissioners, Sheriff's Department, Tax Collector) and that, basically, it would only look at the expenditure side. She said the Commissioners only authorize expenses and are not involved in the bill paying. She reported that the next step would be to bring in some representative to understand the details of the process, and then go before the Board of County Commissioners with the RFP.

b. BOBBI HORWICH – GAS TAX

Mrs. Horwich distributed and reviewed information on the gas tax including the breakdown (cents per gallon) for each tax. She reported that Palm Beach County levies the maximum and taxes account for 58¢ per gallon. She further reported that gas revenues are based on consumption and consumption was down due to the recession, use of hybrids, and fewer miles driven. She stated that the County receives 66% of the gas revenue. She further stated that there is a pool of money from which the Town could

make requests for items such as traffic signs, pavement markings, bicycle trails, lighting, or to help with the Worth Avenue project. She suggested Palm Beach align itself with other towns such as Jupiter, Gulfstream, Manalapan and Ocean Ridge and go as a force before the County Commission.

Mr. Diamond asked the Task Force about the possibility of creating or working with a 527 political action committee that would be non-partisan and support the types of County Commissioner candidates that would support the Town's agenda. Chairman McDonald replied that participation in a 527 was a question for Town Attorney John Randolph. Mrs. Horwich responded that she believed that each Task Force member could work individually with the County Commissioners without going through a 527.

Referring to the suggestion of requesting funds from the County Commission's gas tax revenue, Mr. McAllister reminded the group that it was organized to find ways to cut needless expenditures from the County. He asked if Mrs. Horwich was suggesting the Task Force align itself with other towns for them to spend more. He stated that the funds should be given back and the gas tax cut. Mrs. Horwich said she did not know how the gas tax could be cut. Mrs. Simonson questioned whether the group was to only look at expenditures or should it also look at revenues? It was agreed that the Task Force should look at both. Chairman McDonald asked Mr. Bradford if he could email to the Task Force members a list of items that were requested from the gas tax allocation (historical analysis), any kinds of items in the near future that the Task Force could request, and how much the Town had received from the gas tax. Mr. Bradford replied that in the Town's FY11 budget, there is \$327,000 in gas tax revenue.

Mrs. Elliott reported she would be talking to the County Commissioners about how much money has not been collected from the gas tax and potential fraud. She said this is an issue under the control of the Tax Collector and is not the County Commission. Mrs. Horwich responded that gas tax revenue is collected by the State Department in Tallahassee.

c. JERE ZENKO - HEALTH CARE

Mrs. Zenko stated that she did not have a report and would not have one prepared until January or February when information is available on the revenue stream for employee health care.

IX. SCHEDULE MEETING FOR JANUARY

The Task Force scheduled its next meeting for Monday, January 24, 2011, at 11:00 a.m. in Town Council Chambers.

X. ANY OTHER MATTERS

Chairman McDonald reported the Town Council had discussed the Task Force

recommendation for the Town to become a coalition member with TAB. He further reported that the Council said they did not want to be a member but it was okay for the County Budget Task Force to be a partner. He said that it falls to the Task Force to be a catalyst to look for ways to reduce County taxes and at the same time receive monies or funds that the Town is entitled to and is not receiving to the fullest extent. He said that the Task Force needs to be as active as possible.

XI. ADJOURNMENT

There being no further business to discuss, the County Budget Task Force meeting of November 23, 2010, was adjourned at 3:00 p.m.

APPROVED:



Jack McDonald
Chairman