MINUTES OF THE COUNTY BUDGET TASK FORCE
HELD ON MONDAY, OCTOBER 25, 2010

I. CALL TO ORDER AND ROLL CALL

The meeting of the County Budget Task Force was called to order at 9:30 a.m. on Monday, October 25, 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, and Jere Zenko. Member Cynthia Simonson was absent. Staff member Thomas G. Bradford, Deputy Town Manager, was present.

II. PLEDGE OF ALLEGIANCE

Town Council President Pro Tem Gail Coniglio led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Mr. McAllister suggested that the agenda include a very brief public comment period. Chairman McDonald agreed to add it following Approval of the Agenda.

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

IV. APPROVAL OF THE MINUTES OF THE JUNE 23, 2010, MEETING

Motion to approve the minutes of the June 23, 2010, County Budget Task Force meeting was made by Mrs. Horwich, seconded by Mr. McAllister, and unanimously approved.

Chairman McDonald noted that the minutes included a discussion of a letter to be written to the Palm Beach Board of County Commissioners regarding the County budget. He reported that the letter had been sent but it did not make much impact on the Commissioners.

PUBLIC COMMENT

Mrs. Coniglio reported on a meeting she had with Anne Gannon, Palm Beach County Tax Collector, regarding taxing authorities. She stated that the Town of Palm Beach paid to all taxing districts $232.5 million in 2010; an increase of 18% over 2009. She provided information on the hotel bed tax and the tax enacted by the Tourist Development Council (TDC). She reviewed the four-prong mission of the TDC, emphasizing the fourth prong which says the money can be used to secure or liquidate revenue bonds for beach improvement, maintenance, renourishment, restoration, and erosion control. She said that this was important to Palm Beach with respect to revenues collected versus revenue returned. Mrs. Congilio provided information on bed tax dollars for Palm Beach hotels estimated by the number of rooms using an average price point at 70% occupancy. She reported the total collected was approximately $5 million, which is almost one-third of the $22 million total collected in Palm Beach County. She further reported that 22% of these revenues are directed toward tourism and 14% should be directed toward coastal efforts. She acknowledged that a small portion of the funds were used for the Mid-Town and Phipps Beaches.

Councilman Richard Kleid addressed the Task Force stating that he, along with Mayor McDonald, had attended the County budget hearings and spoken on behalf of the Town informing the Commissioners that the Town had held the line on taxes. He stated that he was the only municipal official attending the meeting and voicing opposition to the tax increase. He challenged the Task Force to get with other municipalities to take the same line and form a consortium of similar minded towns to have more weight with the politicians.

Mrs. Zenko agreed a coalition of people was needed. She suggested that Mayor McDonald and Mrs. Coniglio go to the newspaper, educate them on the math, and get them on board to help solve the problem. Mayor McDonald responded that he and Mrs. Coniglio could not work together. He asked Mrs. Elliott to work with Mrs. Coniglio on the issue.

V. PRESENTATION BY FRED SCHEIBL, PALM BEACH COUNTY TAXPAYER ACTION BOARD

Mr. Fred Scheibl gave his background and background on TAB (Taxpayer Action Board). He said that TAB was a grassroots coalition that came about at the request of the Economic Development Council. He reported that TAB had already had some effect on the County, notably with the ethics ordinances. He stated that TAB was a County budget watchdog focused on spending, not taxes, fees, etc. He reported that the mission of TAB was to identify areas of county spending that are redundant, unaffordable, or obsolete, educate the public about these areas, and build a consensus for specific changes to current policy. He further reported that the leadership team was composed of about fifteen individuals. He stated that TAB was currently focused on budget items under the control of the County Commission including county-wide departments, fire-rescue, constitutional officers including the Sheriff's Department, and the library system. He said that this does not include schools, the Solid Waste Authority, the Health Care District, Children's Services Council, or the cities. He showed pie charts on County income and spending. He gave examples of the increased spending stating that it did not include a lot of positions; that most of it was money passing through the budget. He cautioned that trouble was coming because state and federal grants, including the Stimulus grants, were holding the budget together and they would disappear.

Mr. Scheibl reviewed budget trends stating that the sheriff's budget had peaked at an 80% increase since 2003; some of this increase was due to the Sheriff's department absorbing other communities. He reported that fire-rescue had increased 100% due to personnel costs and union contracts. He stated that Bob Weisman, County Manager, had done a good job of keeping the other county costs flat from 2008 forward. The sheriff's department and fire-rescue department staff and budgets were reviewed. Mr. Scheibl spoke about transparency and putting the sheriff's budget on the web. He stated that the average fire-rescue compensation (including everyone and all compensation; pensions, overtime, etc.) is $140,000 as compared to $45,000 for the average Palm Beach County resident.

Mr. Scheibl reviewed the timeline of TAB's effect on the 2010 budget cycle from its introduction at the July 20 County budget meeting. He stated that TAB had prepared a proposal with potential areas to be cut amounting to about $50 million, which would hold the millage flat. He reported that at the September 14 budget hearing, the case was made by Bob Weisman that the County couldn't cut any more unless the sheriff did also, almost on a dollar-to-dollar basis. He spoke about the Career Service Employees Protection Act, which precludes any cuts in pay or elimination of steps raises for sworn employees of the Palm Beach County Sheriff's Office, and TAB's efforts to get more detail regarding the sheriff's budget.

Mr. Scheibl reviewed TAB's future plans and its political tools. He said he hoped the Task Force would help.

Mrs. Horwich stated that in less than two weeks the voters of Palm Beach County would have an opportunity to have a voice in lowering of the school tax. She stated that Palm Beach pays twice as much to the school board as to the County. She further stated that she was offended that taxpayer money was used by the school board for robo calls. Mr. Scheibl responded that it was a tax increase; not a tax extension, and it would provide four additional years of spending for the school board. He said that if the school board needs the money, they should make the case for it.

Mr. McAllister asked about the ethics question on the ballot. Mr. Scheibl gave background on the issue. He said that there was public support for doing something in ethics; an inspector general that was independent, an ethics commission that could deal with ethics issues and accounting, and a code of ethics. He talked about the funding for the commission. He reported that if the ballot issue is not passed, the ethics commission will only work on the county level. He continued, the Commissioners and the county staff would be subject to the ethics commission but the constitutional officers and the municipalities would not be. He explained that if it does pass, it will become part of the Charter, Commissioners cannot vote to eliminate it, and the municipalities would be subject to the inspector general. He said that next step would be to put the constitutional officers under the inspector general.

Mrs. Elliott said that the Task Force is attempting to do the same things as TAB but on a local level. She stated that it would be great to be part of the TAB grass roots coalition and expand to other communities. Mayor McDonald asked if any other municipalities had come on board. Mr. Scheibl replied that initially TAB was a coalition. He said they had not approached other municipalities, but there may be time for outreach to other communities and citizens after the elections. He asked the Task Force to support TAB by becoming a coalition partner. Mayor McDonald asked if TAB could assist the Town with the bed tax. Mr. Scheibl replied that the bed tax was not part of the County budget per se, but it could be added to the list of issues to look at. Mayor McDonald explained that it was primarily a beach issue with the Town. He further explained that the County, which is allowed to contribute to the beaches, really hadn't contributed much based on the contributions made by Palm Beach. He spoke about the disproportionate share of taxes paid by Palm Beach and the disproportionate benefit. Mr. Shiebel said TAB could help publicize it.

Mayor McDonald stated that the Task Force would discuss the recommendation to join TAB as a coalition partner and then decide whether to recommend it to the Town Council for approval. He asked what joining TAB would involve and cost. Mr. Scheibl answered that there was no cost. He said that being a partner would involve attending public meetings and to offer support for TAB issues, write letters, phone County staff and Commissioners, talk with the same voice, and hit the same issues.

VI. PRESENTATION BY ROBERT WEISSERT, SPECIAL COUNSEL TO THE PRESIDENT AND CEO, FLORIDA TAX WATCH

Mr. Robert Weissert, Vice President in Charge of Research and General Counsel for Florida Tax Watch (FTW), introduced himself and gave some information on FTW saying it was a non-partisan, non-profit public policy think tank and government watch dog. He reported that four years ago FTW worked with the Town of Palm Beach to do an analysis of the County budget. He said there had not been any updates to the report. He reviewed portions of the report including the reliance of Palm Beach County on special taxing districts and the number of additional ways, other than through ad valorem taxation, that the County raises money compared to peer groups in the rest of state. He said it was extraordinarily high in Palm Beach County. He suggested new issues be added to the study such as the bed tax, the tax burden and expenditures by entity, by program area, its growth over time, the longitudinal growth of specific spending areas, and latitudinal growth with a benchmark. Mr. Weissert said these numbers could be put into perspective and compared to peer counties: Miami-Dade, Broward, Hillsborough, and Orange. He talked about providing data on pensions and other post employment benefits. He said it would be important to include an update on the budgeting process and the idea of having a continuation budget on which new spending is added instead of going back and prioritizing or doing zero-based budgeting. He added other ideas such as Town spending versus County spending, longitudinally, and per resident costs. He reported that Florida was a donor tax base to the Federal government with the state getting back 80¢-90¢ for each dollar sent to Washington, DC. He suggested that Palm Beach may be a donor town to the County. He added other issues that could be included in the report: lack of oversight, specific issues with spending of Constitutional officers, pensions, and government efficiencies.

Mrs. Horwich asked if Palm Beach County pays 10% of all the taxes that go to Tallahassee and only receives 6% back. Mr. Weissert answered that Palm Beach County was definitely a donor county. He said that this was a result of some of the equity funding issues that had taken place in Florida over the last twenty years.

Mrs. Zenko spoke about the importance of sharing information. She asked about Florida Tax Watch working with TAB. Mr. Weissert responded that FTW works with local taxpayer associations when doing local government studies.

There was a brief discussion on fire-rescue compensation in the state.

Mrs. Elliott asked for a discussion on items that could be included in an updated report from FTW. She suggested the donor tax base be one of the items.

Mayor McDonald thanked Mr. Weissert for his report.

VII. DISCUSSION ON NOVEMBER 2 GENERAL ELECTION TO EXPAND THE COUNTY INSPECTOR GENERAL'S OVERSIGHT TO LOCAL MUNICIPALITES

Mr. McAllister asked that his letter to the Palm Beach Daily News regarding the county ethics question be part of the record of the meeting. He emphasized the report from Mr. Scheibl saying that a yes vote would stop the County Commission from eliminating the inspector general and would continue the momentum to bring all the municipalities in the county under the inspector general. He said a no vote risks elimination of the inspector general by the County Commission and kills any chance of having jurisdiction over the other spending authorities. He reported that the office of the inspector general should save or recover more money than it costs.

Mr. McAllister asked that his email regarding the Philadelphia inspector general be made part of the record of the meeting.

VIII. REPORT ON COUNTY BUDGET WORKSHOP MEETING IN SEPTEMBER

Mayor McDonald reported that the County did not adopt any of the Town's suggested reductions.

IX. MEMBER RESEARCH REPORTS:

JERE ZENKO - HEALTH CARE

Mrs. Zenko distributed two handouts. The first handout was the Palm Beach County agenda item summary of the October 29, 2010, meeting. She read, "The total plan cost projected for 2011 is $61,357,2942..." She referred Task Force members to the last page of the handout saying that the reimbursement factor is about $8 million. She said this probably should be changed. She referred Task Force members to the contribution and medical rates for the Town saying that the recovery is lower than the County. She reported that the County is moving from PPO to HMO because they can't afford it. She further reported that the County gets recovery from its active employees and the Town does not. She said this is a problem and needs to be further addressed.

ERICA ELLIOTT - ACCOUNTING

Mrs. Elliott distributed and reviewed an update of action steps she had taken since June. She reported on her meetings with Commissioner Shelly Vana in August and September. She stated that TAB is a great way to help the Commissioners to become more empowered with information. She reported she intends to visit with the other Commissioners.

Mrs. Elliott spoke about the separate constitutional offices, revenue collections, expense reductions, and antifraud measures that could be created at the County level. She explained that revenue collection was a way to find lost taxes that should have been collected, such as the gas tax, and to check if every cent is collected correctly. She further explained that the contingency audit with expense reductions was something that the Commissioners felt empowered to work on now. She said that revenue collection contingency audits would have to be discussed with the Tax Collector's office.

Mrs. Elliott stated that the future action steps were how she planned to help with the expense reduction plan working with the TAB coalition, even if it is on a personal basis. She further stated that if the Task Force is going to do revenue collection analysis, there would need to be another group to talk to the Tax Collector. She said that the TAB coalition could help with the municipality alliance.

Mrs. Zenko asked who audits the receipts for gas collection. Mrs. Elliott replied that she did not know the answer, but there is an external auditor hired by the County. She said that an external audit has a presumption that those kind of details are being correctly executed internally by the organization. She reported there is an outside auditor to review the overall financial area.

XI. ANY OTHER MATTERS

Mrs. Horwich asked if Palm Beach County's gas tax was the highest in the state. Mr. Weissert responded that he did not know the answer but he would find out. (Answer: Palm Beach County has a combined gas tax of 34.6 cents per gallon (16 cents state tax, 18.6 cents local/county tax). This rate is the highest allowable under state law. Nineteen other counties also have the top rate (34.6 cents per gallon).)

Mayor McDonald asked for any recommendations on becoming a coalition partner with TAB. Stating that he was very impressed with TAB, Mr. McAllister expressed concern with TAB activity that extends beyond the county level; such as political campaigns. Mr. Scheibl responded that the mission statement of TAB was to primarily look at the County budget. Mr. McAllister said that he would recommend the Task Force join with TAB based on its mission statement.

Mayor McDonald asked about the scope of work that Tax Watch would be asked to do. He reminded the Task Force that when Pat Cooper had addressed them at an earlier meeting he said that an update of the Tax Watch Study would be beneficial. He reported that the cost would be approximately $50,000. Mr. Ned Barnes of the Civic Association agreed it would be a great idea to update the Study but questioned who would pay for it. Mayor McDonald suggested that an update of the Florida Tax Watch Study be added to the agenda for the next meeting. Mrs. Zenko asked that rather than put off the discussion until next month, that the Task Force appeal to Mr. Barnes or Mr. Cooper to ask the Civic Association to find the $50,000 to fund the update.

Motion was made by Mrs. Zenko, seconded by Mr. McAllister to approach the Civic Association to fund the updated Florida Tax Watch Study. Mr. Bradford questioned if the scope of the work to be done would be more than an update of the original Study. He said that there may be a need to focus on some bullet points to be studied. Mayor McDonald responded that if the Task Force was asking another group (the Civic Association) to fund the Study, they would want to have a lot of input into the decision. He suggested that a discussion of possible bullet points be placed on the agenda for the next meeting. Mrs. Elliott suggested that the Task Force concurrently ask for the Civic Association to fund or partially fund the Study and, at the next Task Force meeting, have a detailed discussion of what should be included in the expanded analysis. Mrs. Zenko added that Tax Watch could review the Study to see what extraneous information could be dropped and give suggestions as to what could be added. Mayor McDonald asked if there was consensus to ask the Civic Association to consider funding of the Study, and it be placed on the Task Force agenda for November to develop a proposal. The motion passed unanimously on roll call vote.

Mr. McAllister stated that the Town of Palm Beach is a donor town of the county, Palm Beach County is a donor county to the state, and Florida may be a donor state to the rest of the country. He said it might be interesting to see what Palm Beach County could save by limiting its contributions to the state.

Motion was made by Mrs. Elliott and seconded by Mrs. Zenko to recommend to the Town Council that the Town of Palm Beach become a coalition member with TAB. Mr. McAllister cautioned that the Task Force had not been able to fully appreciate all that TAB does or that a town becoming a coalition member might involve. He amended the motion to ask that the Town Council consider all aspects of it. He suggested that Mr. Scheibl make a presentation to the Council in November. Following discussion regarding informal meetings with TAB members, Mayor McDonald suggested that Mrs. Elliott meet with Mr. Scheibl to get more information. Mr. McAllister stated that the information to Council would need to focus on what it means for a municipal government to be partners with a private organization that may have other partners with an agenda that may cause political conflict. Mayor McDonald proposed that maybe the coalition partner should be the Task Force. The amended motion to recommend to the Town Council that the Town or the County Budget Task Force become a coalition member with TAB passed unanimously on roll call vote.

Mr. Bradford reported that Mr. Tim Moran and Mr. Stuart Shulman had resigned from the Task Force. Mayor McDonald reported that he had appointed Mrs. Cynthia Simonson to take Mr. Moran's place. He said that Mr. Rosow had not appointed anyone to replace Mr. Shulman.

At the request of Mrs. Zenko, Mr. Scheibl stated that any new information from TAB could be found at their website, pbctab.org.

X. SCHEDULE MEETING FOR NOVEMBER

Mr. Weissert asked if Florida Tax Watch should come back to the next meeting with a proposal based on what had been discussed today (the donor city issue, the bed tax issue, update of the longitudinal and cross comparisons). Mayor McDonald agreed. He asked Mr. Barnes about a date for a response to the financing issue. Mr. Barnes stated that Civic Association would be glad to be involved but the financing issue would be a big hurdle, especially this year. He reported that the executive committee would be meeting on October 26. Mr. McAllister suggested that other organizations, such as the Citizen's Association and the North End Alliance, be contacted to see if they would assist with the funding. Mr. Weissert offered to meet with other civic groups.

The Task Force scheduled their next meeting for Tuesday, November 23, 2010, at 1:30 PM.

XII. ADJOURNMENT

There being no further business to discuss, the County Budget Task Force meeting of October 25, 2010, was adjourned.

APPROVED:

Jack McDonald
Chairman