

City of Fort Lauderdale

City Hall
100 N. Andrews Avenue
Fort Lauderdale, FL 33301
www.fortlauderdale.gov



Meeting Minutes - DRAFT

Monday, August 26, 2013

7:00 PM

Joint Workshop with Budget Advisory Board

City Commission Conference Room

CITY COMMISSION WORKSHOP

FORT LAUDERDALE CITY COMMISSION

JOHN P. "JACK" SEILER Mayor - Commissioner
BRUCE G. ROBERTS Vice Mayor - Commissioner - District I
DEAN J. TRANTALIS Commissioner - District II
BOBBY B. DuBOSE Commissioner - District III
ROMNEY ROGERS Commissioner - District IV

LEE R. FELDMAN, City Manager
JOHN HERBST, City Auditor
JONDA K. JOSEPH, City Clerk
CYNTHIA A. EVERETT, City Attorney

Meeting was called to order at 7:00 p.m. by Vice-Mayor Roberts.

ATTENDANCE ROLL CALL

Present: 4 – Vice Mayor Bruce G. Roberts, Commissioner Dean J. Trantalis, Commissioner Bobby DuBose

Absent: 2 – Mayor John P. “Jack” Seiler, Commissioner Romney Rogers

Also Present: City Manager Lee R. Feldman, City Auditor John Herbst, City Clerk Jonda K. Joseph and City Attorney Cynthia A. Everett.

CALL TO ORDER AND INTRODUCTION OF BOARD MEMBERS

REMARKS BY BUDGET ADVISORY BOARD CHAIR

Budget Advisory Board Chair June D. Page read a prepared statement (13-1245) that is attached to these minutes.

NEW BUSINESS

BUS-1 13-1171 FISCAL YEAR 2014 TENTATIVE BUDGET DISCUSSION AND RECOMMENDATION

The City Manager reviewed information provided to the Commission, including a summary of changes that have been made to the budget. He referred to the Ten Year General Fund Analysis (Exhibit 3) prepared by Burton & Associates. It is his understanding the Commission wants to set aside annual funding for maintenance needs that have been deferred in recent years. Staff has programmed into the Analysis model three-quarters of 1 percent each year to be used for that purpose which would provide \$2.1 million this year. Additionally, the Commission has requested to fully fund its capital commitment which is 1 percent of the general fund. Therefore, the Capital Improvement Program (CIP) rose from \$2.2 million to \$2.7 million. Staff has identified \$2.8 million in additional projects that will help catch up from prior years. He went on to review Capital Maintenance Plan Recommended Projects (Exhibit 2).

During a discussion concerning roof replacements, Commissioner DuBose said he would like to take a more comprehensive look at the capital maintenance needs. He expressed concern that there is no documentation on the life cycle of roofs on City buildings. The City Manager said he intends to continue evaluating the needs and funds can be re-allocated if necessary. Commissioner DuBose requested a list of buildings, denoting their age and information on the last time the roof was replaced. He would like the information within the next couple of weeks. The City Manager said he was unsure such a list could be easily compiled but he will provide information based on what is available and accurate.

Commissioner Trantalis said he is concerned that the City is budgeting a minimal amount toward infrastructure improvements. While the BAB has recommended an increase in the millage rate, he does not believe that is the desire of any Commission member. He asked whether the City is prepared to take on the challenge of implementing comprehensive infrastructure improvements over the next five to 10 years. He agrees with the BAB that visitors to Fort Lauderdale notice neglected areas and infrastructure. He suggested a workshop to discuss whether a bond program is warranted because the City cannot fully rely on Community Redevelopment Agency (CRA) funds for the needed projects.

It was clarified for Commissioner DuBose that the 16.7 percent reflects a two-month operating reserve. The City Auditor advised that this is the recommended amount by the Government Finance Officers Association, but not necessarily the minimum. He is comfortable with a 10 to 12 percent range. This fund is primarily for emergencies. At any given time, the City has between \$450 million and \$500 million in cash in the bank. The City may have to borrow internally from another fund, but it has enough resources to pay something if necessary.

Commissioner Trantalis said in 2004-2005, the City increased the millage rate and began building up the reserve fund. The City Auditor clarified that it took several years after that to build up the reserve fund. In 2006, the City had about \$35 million to \$40 million in the bank, but in 2004 when three hurricanes hit, the City was unable to pay for those impacts from the reserve. The City Auditor disagreed with Commissioner Trantalis. He did not see anything wrong with the City borrowing in such a case, because the insurance funds are forthcoming. It is not a question of whether the funds are forthcoming but rather when they will be received. Commissioner Trantalis preferred for the City to be in a better position to handle such impacts. Commissioner DuBose expressed concern with building up a reserve with taxpayer dollars beyond the two-month policy and then imposing a fee increase that is the equivalent of a tax. He asked how the reserve is increasing from 16.7 percent to 25 percent. The City Manager advised that is one factor. There are other factors. Referring to Exhibit 3 of Commission Agenda Memorandum 13-1171, Ten Year General Fund Analysis, he indicated that the level of 25 percent will not be reached until fiscal year 2020. He noted one parameter established by the Commission was not to dip into the fund balance. If it chose to do so, the reserve would still be above the two-month level. More things could be accomplished. He would recommend only one-time projects as opposed to continuing obligations. He agreed with the City Auditor's assessment, but his recommendation is two months. By staying at the two month mark, the Commission could reduce the fire assessment fee increase by an equivalent of \$9.1 million. He confirmed that for this year there is 1 percent built into the budget for repair and maintenance whether the fire assessment fee is funding the increase in the reserves. The \$9.1 million will build the reserve beyond two months but less than three months. The reserve policy is for a minimum.

Discussion turned to factors to consider for having a higher reserve. The City Manager offered an example: the City has an expenditure next year of about \$9 million related to The WAVE, which will be a combination of land and cash. The City is planning to sell assets in order to raise the funds. Assuming the City is unable to raise enough money, the Commission could be asked to use reserve funds. The City Auditor raised the idea of a second reserve, a budget stabilization reserve, for such items that are not emergencies, such as revenues that do not materialize to the anticipated level. It would provide for a pay as you go approach. Vice-Mayor Roberts believed the BAB recommendation is to use the reserve fund for maintenance and infrastructure which is similar to what the City Auditor is bringing forward. Page added the fund would also be used to implement some of the Vision Plan. She indicated that the BAB did not designate a specific dollar amount. Another avenue would be bonding that was raised by Commissioner Trantalis.

BAB member Saito referred to the \$2.1 million for repair and maintenance and suggested that there will be more significant improvements needed beyond that amount. He alluded to the upcoming citywide facilities and real estate assessment and his belief it will reveal maintenance and improvements that are needed. Page said the BAB wants to address things that would make the city a more desirable place to live, such as sidewalks and bicycle lanes and not just immediate needs. There are needs in addition to improvements that residents have requested.

Commissioner DuBose said his concern lies with what appears to be an excess amount of reserves. The City Manager clarified the Amount Above Minimum Reserve line in the Ten Year General Fund Analysis (Exhibit 3) represents the amount of money the City would be above the fund balance for each

year. Each year further into the future, this analysis loses certainty. Referring to the Amount Above Minimum Reserve line of the Analysis, Commissioner Trantalis understood that the City would not be adding to its fund balance every year. It is rather a barometer that fluctuates. The City Manager said if the fire assessment is increased by just \$30, the excess will be wiped out and next year the Commission will be in a position where another increase in the fire assessment will be needed. Commissioner DuBose asked for further clarification. The City Manager noted what the fire assessment increase would generate. The City's revenues will exceed expenses by roughly \$200,000, which increases the fund balance. He noted what would happen to the Amount Above Minimum Reserve line if the \$2.1 million (Transfer to Repair and Maintenance line) and/or the \$2.7 million (Transfer to CIP Fund) is removed.

BAB member Bob Oelke pointed out that a \$30 increase in the fire assessment is proposed from 2017 to 2020 in the Analysis. The City Manager said on the basis of full cost recovery, there is a \$10 per year increase. A new study and true-up could be done every three years. The \$30 is based on what is known today. Assistant City Manager Stanley Hawthorne said this is an optimistic forecast, counting on the economy growing. In 2008, there was actually \$60 million above the minimum and the City was down to almost nothing. Comparably speaking, these numbers pale. The economy is an unknown. The City Manager pointed out that there are continuous surprises that impact the budget. Just one example is beach renourishment. This is a good reason to stay above the minimum funding level. Budget Manager Emilie Smith said the \$90 fire assessment fee increase actually only brings the City to a break-even point for 2014. The City Auditor said the City would then have a structurally balanced budget where revenues and expenditures are aligned.

Vice-Mayor Roberts said the next step may be to explore Commissioner Trantalis' idea of a bond issue. He suggested the City Manager look into the feasibility of a bond program. He referenced the BAB's recommendations of increasing the fire assessment and millage rate in order to generate revenues for programs over the next 10 years. Perhaps a bond issue would be another avenue. Going forward from the recession and given mandatory caps, the City Auditor explained how revenue from ad valorem taxes is limited. Vice-Mayor Roberts summarized historically the cuts made by the Commission, added expenses that have come into play, services that have been reduced and the ad valorem revenue loss just mentioned. The City Manager said that in 2008 there was \$130 million in tax revenue. Without increasing the millage rate, there was a \$30 million gap over five years, totaling \$150 million that was not collected. This will continue until that \$130 million level is reached again which will take a long time. The City Auditor said one benefit of a structurally balanced budget has to do with bond rating agencies. There was an intentional reduction or use of the fund balance and now that the recession is over, the City is back on a balanced plane. He believes this will strengthen the City's bond rating.

BUS-2 13-1188 **BUDGET ADVISORY BOARD'S RECOMMENDATIONS - FISCAL
YEAR 2014 TENTATIVE BUDGET - MOVING FORWARD**

Page emphasized the BAB's recommendation of investing in infrastructure and the Vision Plan. There needs to be a plan in order to go forward with these things. Saito pointed out that the Vision Plan included components of the City's neighborhood survey that prioritized what is important to residents. Commissioner Trantalis questioned how priorities in the neighborhood survey, such as public safety, translate into specific infrastructure improvements. Page believed the priority list could be used as a starting point to craft a plan, keeping in mind also quality of life improvements. One concrete item is police radios not working on the barrier island. Commissioner Trantalis believes that ensuring public safety is a governmental responsibility. Page said some concrete needs have been identified, such as replacing police radios that do not work in certain parts of the City. Vice-Mayor Roberts discussed the "broken windows theory" that crime is more likely to occur in unkempt areas. Therefore, beautifying

neighborhoods can also serve the purpose of elevating public safety standards. The Vision Plan takes this step further with walkable improvements for example.

Commissioner Trantalis felt there is a need for funding and not small incremental steps. Vice-Mayor Roberts agreed and referred to bonding and other revenue-generating possibilities. The City Manager said if the Commission does intend to look at issuing bonds, now is the time to start that discussion. He mentioned a local government infrastructure sales tax option. A one-cent sales tax would generate \$16 million per year for infrastructure improvements in Fort Lauderdale. This money is bondable. People other than those who live and work in the County would help to pay for the infrastructure. He suggested discussing the matter further internally and with representatives from other Broward County cities. Commissioner Trantalis said he believes residents would support such a tax as long as they are able to see tangible results. Some discussion followed about positive experiences in other Florida communities. Commissioner Trantalis said he would like to get public feedback on the concept. Vice-Mayor Roberts felt more discussion on this topic is warranted among the Commission and the BAB, and with the public. Hopefully more insight will come about in the September hearings. He believes the public is willing to spend more money because they know the City needs to make upgrades.

Hawthorne noted the BAB wanted to title today's discussion as "Move Forward" as a part of the Fast Forward Vision. Vice-Mayor Roberts said the 2035 Vision Plan is a good road map that will help future budgeting and planning. He believes the goals outlined in the plan are attainable.

FUTURE QUARTERLY JOINT WORKSHOP - NOVEMBER 2013

Vice-Mayor Roberts said the next joint workshop would be addressed at a later date.

OLD BUSINESS

No discussion.

Note: There being no other matters to come before the Commission, the meeting was adjourned at 8:13 p.m.