

City of Fort Lauderdale

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



Meeting Minutes - APPROVED

Tuesday, April 28, 2015

6:30 PM

Joint Workshop with Budget Advisory Board

City Commission Conference Room

CITY COMMISSION WORKSHOP

FORT LAUDERDALE CITY COMMISSION

JOHN P. "JACK" SEILER Mayor - Commissioner
ROBERT L. McKENZIE Vice Mayor - Commissioner - District III
BRUCE G. ROBERTS Commissioner - District I
DEAN J. TRANTALIS Commissioner - District II
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 6:32 p.m. by Vice-Mayor McKinzie.

ATTENDANCE ROLL CALL

Present: 5 - Vice-Mayor Robert L. McKinzie, Commissioner Romney Rogers (arrived momentarily), Commissioner Bruce G. Roberts, Commissioner Dean J. Trantalis

Not Present: Mayor John P. "Jack" Seiler (excused)

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

Also Present: Budget Advisory Board Chair June D. Page and Members Bryson Michael Ridgway, Josias N. Dewey, Bob Oelke, Fred Nesbitt, Charles Burpee, James McMullen, Drew Saito, David Orshefsky and Nadine Hankerson

No public comments were submitted by email for this meeting.

OLD/NEW BUSINESS

BUS-1 15-0583 Business Updates - June Page, Chair

Budget Advisory Board Chairwoman June Page provided introductory remarks. More than a year ago, the Commission charged the Budget Advisory Board (BAB) with identifying funding sources for the replacement and repair of the City's aging infrastructure. Over that time period, City staff completed assessment studies on roads, sidewalks, bridges and facilities. There is now a clearer idea of the infrastructure status. The City has not invested appropriately in its capital assets, largely due to the economic downturn in 2008. Since then the economy has improved and property taxes and fees have increased. The Community Investment Program (CIP) is setting aside funds for future capital outlays. They are urging the City Manager to maintain a level of 3 percent as a minimum. Despite the revenue increases, the City does not have the funds it needs for capital investments. Numerous City facilities are past their useful lives and costs are excessive to keep them functional. CBRE conducted a study that shows the Police Department and City Hall are among the most functionally obsolete. Some of CBRE's suggestions on how the City should raise funds have dovetailed nicely with the BAB's recommendations. She reviewed recommendations. She noted that Member Bryson Ridgway has developed a matrix and can demonstrate funding options for capital improvements.

Vice-Mayor McKinzie opened the floor for public comment.

Raymond Cox, no address provided, expressed concern about the lack of lighting at City Hall.

There was no one else wishing to speak.

BUS-2 15-0584 Budget Advisory Board Motions:

- 1) Complete Feasibility Study, Including Estimate for Construction Costs for a New or Renovated City Hall and Police Headquarters

Discussion ensued about the general status of infrastructure. Commissioner Roberts wanted to discuss how to fund it, prioritize and move it forward. Commissioner Rogers agreed. The County has discussed proposing a transportation/infrastructure bond issue in November 2016. He believed the City would

stand to gain from that. Commissioner Roberts added that a penny sales tax limits uses for municipalities and the funds cannot be used to repair certain infrastructure.

The City Manager advised that only 25 percent of the transit tax proceeds can be used for non-transit-related expenditures. In response to Commissioner Trantalis, Commissioner Rogers advised that they should discuss whether they want to own or are comfortable leasing. He noted there is a comfort level in the budget, which is mapped out through a pro forma. He felt that they could sell a larger bond package if they can tell people what they will get for their dollars. Bonding is an avenue to raise funds for a particular purpose. The penny sales tax allows people to see the value added because 33 percent or more is paid by tourists. He wanted to ensure that they look into all options.

The City Manager advised that a public-private partnership (P3) financing structure would work well for an office building but certain other assets such as a police station could be more problematic. Different financing options must be mixed and matched with the project. Commissioner Trantalis suggested that if they enter a public-private partnership to build a police station, no private entity would expect to repossess it.

The City Auditor explained that there have been several municipal bankruptcies around the country. Those who are lending are taking a different view. A leasing commitment offers very little security for a lender. Commissioner Trantalis pointed out that there are more than 10,000 U.S. cities with a population greater than 50,000, three of which have gone broke. The odds are not against the developer. The City Auditor explained that the bar has been reset on municipal financing, particularly unsecured financing. They are not pledging full faith and credit, which would require a referendum. It is only good as long as fiscally prudent governance is practiced.

The City Manager noted that fire departments are a good example. He emphasized that a conversation should take place soon regarding the City's position on the penny transit tax. That question will go before the County Commission in the near future. He has suggested that if there is a penny sales tax, it could be split between transit and local government infrastructure. Half a penny would amount to about \$8.5 million or \$9 million per year for Fort Lauderdale. It can be bonded for the life of the sales tax.

Commissioner Trantalis commented that they have agreed to not attempt to have the Legislature increase sales tax. They have agreed to move forward with bonding or a lease or a P3 approach. The matter should not be revisited each time these items are discussed.

Commissioner Rogers advised that the Metropolitan Planning Organization has been conducting a public relations campaign for about two years; the emphasis has been on transportation. He outlined how the penny tax can be applied. He assumed the County would want to hold onto as much money as possible for transportation to pay for operation of The Wave streetcar and to fund new buses. He felt that it would be an uphill climb and hoped the City could salvage a nice piece of the package. He believed they should support it even if it does not look as desired. Commissioner Roberts agreed and added that they should move forward with and prioritize other funding mechanisms. Commissioner Rogers was unsure whether a bond issue would be successful at this time. A general discussion ensued about when a bond issue could be placed on a ballot. Commissioner Roberts felt that more than just the police station should be placed on the ballot. That will better sell it to the public. Commissioner Rogers explained that he uses the police station as an example because everyone knows there is a critical need. It is important to strategically determine what is added on. It is important to pass something.

In response to Commissioner Rogers, the City Manager advised that a proposal could be on a ballot as early as March 2016. The City must determine what should be included in the bond issue by October.

The City Manager acknowledged Commissioner Trantalis' comment that they do not know what a new police department or city hall would cost. The biggest unknown is land. With the police department, for example, it would make sense to build new and demolish the old building. Commissioner Trantalis suggested building up on a smaller footprint. The City Manager advised that staff is looking into relocating some departments and the time table is sufficient to prepare a ballot for 2016.

Commissioner Rogers felt that it was important, in terms of process, for the Commission to feel comfortable with the package and the costs. There should be ample time to sell it and inform the public. He believed they should address the worst issues, including the police department, first. Commissioner Roberts wanted to have a prioritization plan with an associated financial plan. He believed the priorities were set.

Commissioner Trantalis said the city hall and police department should be bundled because he did not think a new city hall would ever be built through funding from a standalone bond issue. Commissioner Rogers did not think city hall should be bonded but rather funded through a P3.

The City Manager confirmed that the Florida East Coast Railway (FEC) has shown interest in a P3 and they have planned discussions in the coming weeks. They have been looking at the One Stop Shop site. That property could be traded and the value of the property would go into equity. He suggested that city hall may not have to be the only tenant in the building. As the city government grows it can lease more space on a pre-negotiated rate. Commissioner Trantalis suggested that an underutilized parking garage could be rebuilt. He believed that could be negotiated with the County. The City Manager advised that a P3 may not be necessary if the City is able to inhabit an existing office building.

2) Explore a Comprehensive Proposal for Replacement of City Hall, Police Headquarters and Any Other Necessary Facilities to Include Funding Options

The City Manager advised that a feasibility study on the two buildings would be the next step.

Budget Advisory Board Chair June Page said the Board is requesting that the City Manager conduct a feasibility study that would include construction costs for a new city hall and police headquarters. The Board has discussed the idea of a government campus, which may allow for improved efficiency. They were unsure how much land would be needed.

The City Auditor pointed out that he and Mayor Seiler will be participating Thursday in the federal court facilities task force meeting. That is moving toward a P3. A feasibility study has been performed to establish the viability of such a project. A proposal within that is to create a multi-building campus in order to make that project viable to attract the right private-sector developer. They are looking for potential candidates to lease the second building which will be adjacent to the courthouse. The City may be a good candidate in a P3 if partnered with the General Services Administration. Commissioner Roberts added that other federal agencies are looking to consolidate their agencies into that building. The City Auditor advised that they are researching to see if there is enough density among those agencies to create sufficient cash flow for the project. If not, a swing tenant may be needed to make the project work.

In response to Commissioner Trantalis, the City Auditor said they have avoided discussions on a specific location because they do not want to detract from the overall project feasibility. Commissioner Roberts noted that the process has gone on for years. He was concerned that the City does not have much control.

Commissioner Rogers felt that the feasibility study is a necessity.

Page advised that the Board is recommending that the City Manager undertake a feasibility study that would replace or repair the police station, city hall and other City departments. They also would like to set criteria so the buildings are identified and find ways to pay for them. They are trying to find what is necessary and how to pay for it in such a way that the City Manager's Office can have a plan. They do not want to find themselves in a situation where more than half of all the City's buildings require replacement.

Budget Advisory Board Member Bryson Ridgway provided an analogy of a table with legs; one of the legs is financing. He felt that it was important to have a strategic plan and vision that incorporates what the City thinks it needs in terms of services provided, available space and so forth. They devised a document that will guide the City in reviewing assets and create a financing plan that is equitable and feasible. Certain types of projects appeal to different types of financing, which is the purpose of the matrix. He summarized the guiding document, noting that the first step is asking the City whether this is a service they want to provide and to what degree. He elaborated on the specifics of characteristics for selecting space. He mentioned stormwater improvements as an example that is clearly a public asset.

Ridgway went on to discuss financing options. Bonding is mentioned, but the mechanism to pay the bond differs. He reviewed the varying funding mechanisms. There are numerous options to address specific priorities. The first step, before determining financing, is to focus on the most critical needs from a space and infrastructure standpoint. He believed there is a politically feasible way to get things done in a way that is equitable for the public.

In response to Commissioner Rogers, Ridgway advised that the financing options were ranked based on his individual research but warranted consultation with experts. There should be standards in place when something should stop being repaired and start being replaced. Commissioner Trantalis explained that the Commission grappled with that question in reference to the police station because they were unsure how long it would take to replace.

3) Develop a Process and Criteria for Weighing Advisability of Spending Money on Significant Repairs to City Facilities vs. Replacing/Leasing those Facilities

Budget Advisory Board Chair June Page reviewed the motion, which was to request that the City Manager develop a process and criteria for weighing advisability of spending money on significant repairs to City facilities versus replacing/leasing those facilities. The Board often sees repairs to buildings that are obsolete and non-functional. They are requesting criteria so facilities are constantly monitored.

4) Develop Comprehensive Approach and Criteria - Operational Efficiencies Achieved by Sharing Space and Other Resources Among Departments and Agencies

Budget Advisory Board Chair June Page reviewed the motion, which was to request that the City Manager develop a comprehensive approach and criteria to operational efficiencies achieved by sharing space and other resources among departments and agencies. The CBRE report pointed out many different options the City could take for cross-savings or improved efficiencies.

In response to Commissioner Trantalis, the City Manager confirmed that the Singer Building at Poinsettia Heights is being used for storage. There are some HVAC and infrastructure issues.

Vice-Mayor McKinzie opened the floor for public comment.

Raymond Cox, no address provided, supported the concept of going green. Cox wanted to save money by going with the Sheriff's Department. He reviewed the history of several projects that have taken years to come to fruition. He questioned security measures at City Hall.

There was no one else wishing to speak.

Page noted that the Commission provides annually its budget priorities for the upcoming fiscal year. Vice-Mayor McKinzie advised that would be prepared following meetings on Thursday and Friday.

Commissioner Roberts advised that as they prepared last year's action plan, they recognized it is a work in progress. Last year's priorities have been vetted; he outlined some of the priorities. He wanted to continue working on those projects. The priorities are pretty well set. The City Manager added that when he arrived in 2011, the Commission directed that when drafting the budget, they did not want to change the tax rate, increase fees, approve layoffs or limit services, and wanted to deliver a balanced budget. He believed the Budget Advisory Board (BAB) wanted to know if anything is off limits as they review the budget and make recommendations. Commissioner Rogers suggested they stick to the same five principles.

The City Manager went on to say that staff will make a request related to stormwater. The current fee structure is not sufficient. They will go before the BAB and Commission with a series of recommendations on stormwater fees.

Commissioner Rogers felt that the issues should be addressed in a way that people know how matters will be solved. Ad valorem taxes should not be raised but a fee can address those issues. He felt that sidewalks should be added to the priority list and having a menu to choose from saves time and energy. Commissioner Roberts noted that fees and assessments are easier to sell. Commissioner Trantalis agreed and wanted to wait and see what is resolved during workshops on Thursday and Friday. He wanted more information about the price tag and when fees were last increased. He agreed in sticking to the five mandates issued in 2011. Commissioner Roberts noted that the neighbor survey can also dictate some priorities. Commissioner Rogers added that it is fairly consistent. Commissioner McKinzie felt that once feasibility studies are complete, they can move in a positive direction toward something more concrete.

The City Manager advised that Fort Lauderdale is often compared to Miami Beach, which uses a large portion of its food and beverage tax to contribute to its general fund and Fort Lauderdale does not have that ability so it is often difficult to find. Miami Beach gets about \$50 million per year from the tax, about \$30 million of which is routed to the general fund. He was unsure whether an analysis has been done to determine whether Miami Beach makes more per capita from the food and beverage tax. They have a higher tax rate than Fort Lauderdale.

Commissioner Rogers added that the City's enterprise operations must be carved out, then comparisons can be made to the operating budget. It is a selling point that Fort Lauderdale has the second lowest ad valorem tax of the 25 largest cities in the state.

Board Member Nadine Hankerson questioned whether the feasibility study deals with new construction rather than just renovation and noted there should be a discussion on land use as it relates to the feasibility study. She did not want her community to be used as a place to set up camp. Commissioner Rogers pointed out that new development spurs economic activity. City Hall does not necessarily need to be in the center of downtown at a property with the highest price per square foot while the real estate market is escalating. He did not believe people should be moved out of their communities. He wanted

to do a better job going forward; there is a strategy to it. Displacement is not a good strategy.

Commissioner Trantalis noted concerns about moving City Hall to Sistrunk Boulevard, for example, because there have been discussions about creating a walkable city.

Vice-Mayor McKinzie commented that there are not a whole lot of places within District III for a project of this size. More information will be available once the feasibility study is complete. Commissioner Roberts felt that a feasibility study must include land use.

There being no other matters to come before the Commission, the meeting adjourned at 8:03 p.m.