

City of Fort Lauderdale

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



Meeting Minutes - APPROVED

Wednesday, August 26, 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. McKINZIE 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
JEFFREY A. MODARELLI, City Clerk
CYNTHIA A. EVERETT, City Attorney

The Workshop meeting was called to order at 6:31 p.m. by Mayor Seiler.

Mayor Seiler noted the passing of Jimmy Everett who ran the City of Fort Lauderdale's Tennis Center for 49 years and requested for a moment of silence from those in attendance in remembrance of Mr. Everett.

Mayor Seiler, on behalf of the citizens and the Mayor's office, thanked the members of the Budget Advisory Board noting how valuable they have been as illustrated by their hard work and their great effort during the country's economic downturn often referred to as "the great recession." Commissioners Roberts, Trantalis, and Roberts as well as Vice-Mayor McKinzie also thanked the Budget Advisory Board for their outstanding efforts and service to the City of Fort Lauderdale.

ATTENDANCE ROLL CALL

Present: 5 - Mayor John P. "Jack" Seiler, Vice-Mayor Robert L. McKinzie, Commissioner Bruce G. Roberts, Commissioner Dean J. Trantalis, and Commissioner Romney Rogers

Present: City Manager Lee R. Feldman, City Auditor John Herbst, City Clerk Jeffrey A. Modarelli, and City Attorney Cynthia A. Everett

Budget Advisory Board Members Present: Budget Advisory Board Chair June D. Page and Members Josias N. Dewey, Bob Oelke, Fred Nesbitt, Charles Burpee, James McMullen, Drew Saito, David Orshefsky and Johnnie Smith

Budget Advisory Board Members Not Present: Bryson Ridgeway

No public comments were submitted by email for this meeting.

Mayor Seiler asked the Budget Advisory Board members in attendance and currently serving, if there was anyone who did not wish to continue to serve when their term is up in September 2015. Mayor Seiler stated he would like to keep the current Budget Advisory Board intact. Commissioner Trantalis noted that he would have a vacancy due to David Orshefsky's moving out of the City temporarily.

BUSINESS UPDATES

15-1077 Business Updates - June Page, Budget Advisory Board Chair

Chair Page noted the positive feedback received from the Mayor and the Commission is important and appreciated by the members of the Budget Advisory Board.

Chair Page stated for the record and on behalf of the entire Budget Advisory Board they wish to thank the City's Budget Department for their outstanding efforts in working with the Budget Advisory Board, their support of the Board, and for their consistent availability and transparency.

Chair Page said since the last workshop, the Budget Advisory Board had an opportunity to meet with all of the City's departments to listen to their budget requests for the upcoming fiscal year and to review the proposed budget. She stated they had some recommendations based on these meetings and reviews.

BUDGET ADVISORY BOARD ("BAB") COMMUNICATION TO CITY COMMISSION

15-1078 Budget Advisory Board Motions:

1) Support the FY 2016 Proposed Budget

Chair Page stated after the Board's review and discussions about the City's FY2016 Proposed Budget, the Board's Report on the FY 2016 Proposed Budget is recommending the City adopt the City Manager's FY 2016 Budget.

2) Prioritize and Reduce Departmental Annual Objectives

Chair Page stated the recommendation to prioritize and reduce annual departmental objectives came out of the departmental budget reviews. She said the Budget Advisory Board heard very professional, stepped-up presentations from the departments noting there are many new programs and new projects on top of projects that have not yet been completed. Chair Page stated some of the managers were stretching themselves as there is too much going on. The Budget Advisory Board recommended fewer things and focusing on core competencies and doing those items exceptionally.

Commissioner Roberts concurred with Chair Page noting the necessity to focus on the City's core competencies along with the need for additional resources to accomplish all of the departments' goals.

Commissioner Rogers stated part of nature of running a City and its political process contributes to a growing list of needs for the City, and there were never enough resources to get all of the necessary work in a City done. He further said, however, that whatever the City does, it should be done well, and there should be a balanced approach. Commissioner Rogers also noted when viewing the City's priorities, the budget items also indicate its objective. He said this was significant as the management, progress, and operations of the budget item give a consistent theme and plan as to the direction of the City regarding specific project goals and objectives.

City Manager Feldman stated as Staff, they recognize the political nature of some of the City's needs. However, the City will continue to bring forward what it believes to be the best recommendations and will advise when Staff is strained.

City Auditor Herbst stated as to the level of service when doing budget reviews, his department specifically avoids this as a matter of policy because the budget, in essence, is a policy statement made real. Consequently, their financial analysis and review examines the budget to address the following issues:

- Ensuring the budget is effectively balanced,
- Analyzing the budget from a historical perspective (where the City has

been spending its funds and changes in those levels of spending both up and down);

- Looking at new activities being incorporated to ensure they are being effectively estimated and are correctly incorporated into the budget and are not being double counted.
- Interviewing City Staff
- Interviewing the City's Budget Office
- Doing the necessary analytical work on the budget numbers relationship to determine reasonable estimates

Mayor Seiler asked Chair Page if the Budget Advisory Board was aware of the City Auditors' review criteria and understood this issue. Chair Page stated, "yes, absolutely and it was an accounting matter."

Commissioner Trantalis asked for clarification regarding the funds the Commission voted to take from the Fund Balance to pay for the real estate at the Executive Airport and how it affects the Fund Balance amount. City Auditor Herbst clarified and explained this item's accounting aspect for Commissioner Trantalis and the audience. Further discussions ensued on the accounting aspects of this transaction, the City's credit worthiness due to the threshold of the Fund Balance, and the external auditor's review and forthcoming opinion.

Mayor Seiler stated, rather than speculating further, he recommended City Auditor Herbst advise the external auditors to have an opinion and answer on this accounting item to City Auditor Herbst by Thursday, September 3, 2015 to allow for further discussion among the Commission and the Budget Advisory Board at the City Commission Special Meeting on September 3, 2015.

City Manager Feldman stated his office received additional information from the Federal Aviation Association ("FAA") to clarify what exactly is being purchased from the FAA by the City noting the City is not purchasing the land only the release of the obligations on the land which relates to the concept of the FAA loaning the City the money. Further discussions ensued.

3) Outsourcing Non-Core Services

Chair Page stated that since the inception of the Budget Advisory Board, the current Budget Advisory Board has unanimously supported the outsourcing of non-core functions of the City. She said the efficiencies and savings from outsourcing certain non-core functions, which has nothing to do with the quality of City workers, is clear. Chair Page stated the Budget Advisory Board maintains its stance that savings can be achieved in some areas by outsourcing, as it is a significant way to improve the City's budget and overall operating efficiency. Further discussions ensued on outside firms handling non-core services versus the costs of the City employees handling these services.

4) Requests for New Positions

Chair Page noted every department's request for Full-Time Employees ("FTEs") and are going up faster than the private sector job markets, and outsourcing can keep hiring FTEs positions at bay.

Commissioner Trantalis asked City Manager Feldman to explain why FTEs are a better choice than the outsourcing approach for accomplishing an improvement of services by the City.

City Manager Feldman agreed that the City needs to do a better job during the initial budget formulation of determining whether something can be outsourced. City Manager Feldman agreed the Budget Advisory Board had valid comments in this regard. One of the ways the City will address this is by forcing the question at the beginning of process, when the budget requests are being prepared. This question will be on a revised budget request from, and the requesting department will have to fully address this question to justify the request for FTEs.

Further discussions ensued on this item focusing on the need to have FTEs in the core-competency areas of the City and to address the unique circumstance of including cross-training of some of the employees, i.e., building inspectors and code enforcement personnel.

Mayor Seiler recognized Drew Saito, Budget Advisory Board member, who addressed the Commission clarifying the fact that the Budget Advisory Board is not making a blanket statement that the City should be outsourcing. Rather, since the Budget Advisory Board is not responsible for hiring decisions or really knowing the actual job description of each employee, it is the department head's responsibility to know if it is best to outsource and also to consider if outsourcing may be a better alternative. Mr. Saito stated outsourcing may be more expensive, but their expertise may be much higher, i.e., the City's architectural needs being outsourced. Chair Page mentioned that this was not routinely being done.

Mayor Seiler recognized David Orshefsky, Budget Advisory Board member, who echoed Chair Page's comments that the procedure process should include a determination if FTEs are needed or if those responsibilities could be better accomplished with outsourcing.

Mayor Seiler confirmed that Police and Fire Services should never be outsourced. Mayor Seiler asked City Manager Feldman what other positions need FTEs, stressing the need for an analysis being done when these requests are made. City Manager Feldman stated Sustainable Development and Transportation and Mobility were two areas in need of additional personnel to deal with mobility projects in specific neighborhoods to institute traffic calming measures, and to manage larger projects that are coming in and making their way through the development process. City Manager Feldman also stated the Information Technology Department is an area in need of additional staffing to protect the City's cyber security needs and to enhance its data capabilities and infrastructure. Further discussions ensued including utilizing part-time employment and shift workers in order to be more efficient. Vice Mayor McKinzie stated that based on the feedback from the 2015 Neighborhood Survey, the Commission now has good feedback on what areas are working and not working rather than a making a definitive decision on what to do going forward.

Mayor Seiler requested a proposed policy specific to outsourcing items that ensures each department head performs an analysis to determine if the job could be handled more efficiently via outsourcing as part of a FTE budget request. Mayor Seiler also said the proposed policy for a department head's analysis before an FTE budget request should be approved by the Budget Advisory Board before the City Commission addresses this policy and implements it as a matter of City-wide policy.

Mayor Seiler stated he was in agreement with the Budget Advisory Board recommendation that the bulk of new hires be focused in areas that drive economic growth, improve expertise in proper urban planning and expand public safety to ensure proper urban growth. Commissioner Trantalis concurred with Mayor Seiler's comments regarding focusing on the City's core infrastructure stating the City is not currently prepared to address new upcoming projects coming in the City. Further discussions ensued including better coordination of these responsibilities within the City. Budget Advisory Board member

Fred Nesbitt stated the reason for the Budget Advisory Board's recommendation was the City's Vision Statement of what the City desires to look like as the City is developed and grows toward its Vision Statement.

5) Capital Facilities

Chair Page noted the need to look at alternate financing sources in conjunction with considering the acquisition or construction of major new capital facilities. She said the City's feasibility studies should consider the use of rental space in the private sector instead of new projects for capital facility expenditures, and the potential for financing a capital facility through alternative mechanisms such as public/private partnerships. Mayor Seiler noted City Manager Feldman concurred with this recommendation.

David Orshefsky, Budget Advisory Board member, stated the Budget Advisory Board's focus on addressing the need for additional capital facilities and funding for the City's needs such as the Police Department and City Hall has been ongoing for over a year. His observations included the City always seems to be focused on a specific project which tends to lose the overall view of the spectrum of items in need of being addressed. Mr. Orshefsky noted the need to look at the whole gamut of capital facility needs as it relates to the overall vision of the City. Mr. Orshefsky also stated the spectrum of financing options should also be very broad including:

- Leasing
- Public/private partnerships
- General Obligation bonds
- Special revenue bonds
- Additions in taxes
- Special Assessments

Mr. Orshefsky went on to state these available financing mechanisms need to be paired with those individual capital facilities projects to create an analytic framework. His observation was to not focus on a specific project or a specific financing mechanism but viewing both the projects and financing options on a broad spectrum.

Commissioner Roberts noted it is incumbent on the Commission to begin to address this recommendation. Further discussions ensued regarding sidewalks in the City and the outdated ordinance of the City that is very unclear and hard to enforce because there is no workable framework.

Mayor Seiler commented on the concept of public/private partnerships. Discussions ensued concerning the City's sidewalk issue, Mayor Seiler commented there is no consistency within the City regarding sidewalks, and any policy should be consistent and needs to be uniform. Commissioner Roberts noted there was an agenda item on the City's sidewalks for the September 15, 2015 City Commission Meeting. Mayor Seiler asked how similar cities in the State address comparable sidewalk issues. City Manager Feldman stated the method of putting new sidewalks in was through a special assessment, and the repair and maintenance issues of sidewalks can be funded through a variety of funding sources. Mayor Seiler requested the sidewalk ordinance issue be an upcoming agenda item for discussion. However, he stated that before the Commission makes any policy decision on this, the City needs to know its exposure. Further discussions ensued on the costs to install new sidewalks, whose responsibility it is to repair existing sidewalks and additional comments regarding the City's sidewalk ordinance.

OLD/NEW BUSINESS

15-1119 City Auditor's Review of the Fiscal Year 2016 Proposed Budget

City Auditor Herbst said with this year's budget, they had the least number of items to go back and forth on with the City's Budget Office in terms of correcting and updating. Those few items brought to the attention of the City's Budget Office were corrected. The City Audit Department's interim review was based on the initial budget as presented to the Commission and the Budget Advisory Board, and there is ongoing analysis. He noted there may be changes forthcoming from this meeting which the Audit Office will review as part of their second review, and a final opinion on the budget as a whole will follow.

City Auditor Herbst noted in their interim review, there were several items brought to City Staff's attention most of which were reclassifications with no financial impact. As mentioned earlier, he stated the only still unresolved item is the transaction relating to the Executive Airport. The City is requesting to get the deed restrictions released on the Executive Airport property so the City can utilize it for other purposes. As such, there are other costs involved which the City will be making payments on over the period of 10 years with interest. The appropriate accounting for this transaction is being discussed between City Auditor Herbst, the Finance Department, and the City's external auditor for this particular transaction and has not yet been resolved. Currently, it has been posted noting there could be a reduction in the fund balance of approximately \$12,000,000 to reflect the cost of the acquisition of this right. City Auditor Herbst stated the external auditors can agree or disagree with management's position on this item. He stated he has proffered to the external auditors the issues and concerns they need to consider, and they will make a determination. City Manager Herbst noted that if the City had borrowed those funds, this issue would not exist as there would be a revenue source to offset the expenditure. Further discussions ensued.

Mayor Seiler requested those City Staff personnel in attendance to introduce themselves to the audience along with their titles.

City Manager Feldman recognized Deputy Chief Heiser who was in attendance, as the representative of the City's Fire Department. City Manager Feldman announced the City of Fort Lauderdale's Fire Department became accredited today stating they are one of thirty-two agencies out of 47,000 that are both nationally accredited and also have the top insurance rating of NSIO-1. Mayor Seiler noted the City's Fire Department accreditation and the NSIO-1 insurance rating is a great achievement which contributes to significant savings on insurance premiums for the residents of the City.

Burton and Associates Presentation

Michael Burton, President of Burton & Associates, Inc., and Erick van Malssen, Manager of Burton & Associates, Inc., a financial consulting firm specializing in the provision of financial management services to local governments addressed the Commission and the Budget Advisory Board on the City's Financial Plan.

Mr. Burton gave an overview of the City's Financial Plan noting the improvements over the previous presentation given by Burton & Associates stating it is a result of growth and the increase in the value of existing properties in the City. Discussions ensued on the City's Fire Assessment policy. During the presentation, discussions also ensued regarding the City's millage rates, real property ad valorem tax revenues, CRA funds, fire assessments, property value adjustments for the years 2007-2015, and

the City's level of growth and its future growth. It was noted that future capital projects for the City are on the horizon which will not be inexpensive and the need to focus on what the shortfall will look like to ascertain if the millage rate needs to be increased to provide a funding source for upcoming capital projects.

Commissioner Rogers requested the Budget Advisory Board quantify upcoming capital projects and analyze how much could the City bond for the bond debt and the millage to be in balance.

Commissioner Trantalis noted the need to be careful with the millage rate that is imposed on homeowners and property owners and possibly utilizing funding alternatives such for public/private improvements. It was noted the Police Station could not be a public/private partnership as there would be no end use for it at the end of its useful life. City Manager Feldman noted the preliminary cost of a new Police Station indicate a cost of \$60,000,000 and the millage rate would increase by .13. City Manager Feldman said the Parks and Recreation Bonds will go away in 2017, and as property values increase, the millage rate will continue to drop on the debt service as there is a higher base to pay against. For perspective, it was stated that half a millage rate increase would generate approximately \$13,500,000. Commissioner Trantalis stated one of the reasons businesses come to South Florida is for the tax benefits, and it is important to keep the area attractive for businesses to relocate. It was noted that the City has a robust property base which is a great advantage.

David Orshefsky reiterated that based on the nature of the capital need, it should be looked at and made available through other financing mechanisms to maintain a lower tax rate but still have the funds for some of the City's capital funding requirements.

Mayor Seiler thanked the Budget Advisory Board and City Staff for all of the hours spent on these budget items noting the public often does not see the efforts and work being done by the Budget Office and the Budget Advisory Board inside City Hall.

ADJOURNMENT

There being no further business before the City Commission and the Budget Advisory Board, Mayor Seiler adjourned the Joint Workshop meeting at 8:16 p.m.