

City of Fort Lauderdale



Meeting Minutes

Tuesday, June 16, 2020

3:30 PM

**Joint Workshop with Budget Advisory Board
City Hall is Closed to the Public.**

Access Workshop via:

<https://fortlauderdale.legistar.com/Calendar.aspx>

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CITY COMMISSION WORKSHOP

FORT LAUDERDALE CITY COMMISSION

DEAN J. TRANTALIS Mayor

STEVEN GLASSMAN Vice Mayor - Commissioner - District II

HEATHER MORAITIS Commissioner - District I

ROBERT L. McKINZIE Commissioner - District III

BEN SORENSEN Commissioner - District IV

CHRIS LAGERBLOOM, City Manager

JOHN HERBST, City Auditor

JEFFREY A. MODARELLI, City Clerk

ALAIN E. BOILEAU, City Attorney

CALL TO ORDER

Mayor Trantalis called the Workshop to order at 3:39 p.m.

ROLL CALL

Commission Members Present: Commissioner Heather Moraitis (participated telephonically), Vice Mayor Steven Glassman (participated telephonically), Commissioner Robert L. McKinzie (arrived at 3:43 p.m. - participated telephonically), Commissioner Ben Sorensen (participated telephonically), and Mayor Dean J. Trantalis

Budget Advisory Board Members Present: Chair Brian Donaldson, Vice Chair Johnnie Smith, Ross Cammarata, Jeff Lowe, Robert McGrath, Prabhuling Patel and Adam Sabin

Budget Advisory Board Member Not Present: Michael Marshall, Christopher Williams and John Xanthos

QUORUM ESTABLISHED

Also Present: City Manager Chris Lagerbloom, City Clerk Jeffrey A. Modarelli, City Attorney Alain E. Boileau, City Auditor John Herbst (participated telephonically)

OLD/NEW BUSINESS**BUS-1** [20-0476](#)**Business Updates - FY 2021 Budget Review**

Budget Advisory Board (BAB) Chair Brian Donaldson provided an overview of agenda items, commenting on BAB work. He noted public input at its last meeting regarding requests to reallocate Police Department funding. He said BAB had not considered that topic, suggesting Commission Members and City Manager Lagerbloom may wish to address this subject. Mayor Trantalis confirmed the Commission would discuss this topic separately.

Chair Donaldson confirmed unanimous BAB support of the current proposed Fiscal Year 2021 (FY 2021) Budget, which includes zero increase to the ad valorem tax rate, commenting on details and related challenges.

Chair Donaldson requested Commission feedback on the BAB recommendation of no Cost-of-Living (COLA) increase for all employees (both union and non-union) for FY 2021, resulting in a \$2,300,000 budget savings. The BAB also recommends delaying participation in the Florida Retire System (FRS) during FY 2021, which would result in a savings of approximately \$700,000. Incorporating these recommendations would allow no increase in ad valorem taxes. Further comment ensued. Chair Donaldson confirmed the entire proposed budget is available online for citizen review.

In response to Mayor Trantalis' question, Mr. Donaldson confirmed City Manager Lagerbloom would address the FY 2020 budget revenue shortfall during Agenda Item BUS-2.

City Manager Lagerbloom commented on significant strategies used to balance the FY 2021 Budget and maintain the current at 4.1193 millage rate. He confirmed the necessity of the two (2) BAB recommendations, expounding on details and noting the opportunity for Staff to receive a three (3%) percent merit increase.

In response to Mayor Trantalis' question, City Manager Lagerbloom explained FRS changes not present last year, stating it would be prudent to monitor FRS for an additional year.

In response to Mayor Trantalis' question, City Manager Lagerbloom confirmed there are items which could influence and change current budget projections, i.e., Surtax funding. These modifications would be made during the budget process.

In response to Commissioner McKinzie's question regarding Commission participation in the FRS, City Attorney Boileau explained details regarding the timeline for implementing Commission participation, i.e., during the current Commission term or a future Commission term. Further comment ensued. City Attorney Boileau noted the need to research this topic further. Mayor Trantalis said when there is a full understanding of available revenue, a final decision would be made before September 30, 2020. City Manager Lagerbloom confirmed the ability to make these types of budget amendments.

Commissioner Moraitis commented on Commission participation in current employee retirement plans. City Manager said there are dollars allocated for Commission participation in existing retirement plans.

Commissioner Moraitis commented on the BAB recommendation for no COLA, confirming support of up to a three (3%) percent employee merit

increase for Staff. Before adopting the FY 2021 Budget, she suggested ranking additional budget line items that could be added back into the FY 2021 Budget based on additional revenue.

Chair Donaldson noted conversations with City Manager Lagerbloom regarding additional budget line items. The Broward County Property Appraiser's Office indicates a five-point three (5.3%) percent TRIM Notice increase would provide approximately \$8,200,000 in additional revenue.

Chair Donaldson commented on working with Department Heads and City Manager Lagerbloom when determining the best ideas and recommendations for additional needs. Through strategic reductions, new FY 2021 items were funded while maintaining the current ad valorem rate. Chair Donaldson noted these items include enhanced street lighting and police and fire equipment, citing examples of new technology and explaining related details.

Chair Donaldson explained details of staged Parks Bond funding, noting there is no need to increase the FY 2021 Budget. He said the Stormwater Assessment will be included in the property tax bills, explaining related details.

The BAB recommends no additional increase to Staff levels, i.e., a hiring freeze for non-police and fire employees, to avoid a future Staff reduction. Chair Donaldson, expounded on current and past employee data.

Chair Donaldson commented on increased contributions to non-profit organizations, noting the importance of transparency. He discussed City Manager Lagerbloom's recommendation to form a BAB subcommittee for review, vetting and evaluating non-profit proposals. Commissioner Sorensen and Commissioner Moraitis confirmed their support of this recommendation.

Commissioner McKinzie commented on his perspective regarding the substantial funding increase for non-profit organizations. He discussed opportunities for Staff to address related efforts and program goals.

In response to Mayor Trantalis' question regarding capital expenditure contributions towards non-profit organizations, Chair Donaldson cited examples of contributions. Chair Donaldson commented on the value of transparency and having subcommittee non-profit proposal vetting. He noted the ebb and flow of the BAB process. A Commission policy decision that allows the opportunity to review non-profit proposals by a

BAB subcommittee or a separate Advisory Board would provide greater transparency.

Commissioner McKinzie inquired about the impact of no COLA on pensions for collective bargaining units. Chair Donaldson confirmed the BAB position to fund pensions and adequately fund the Department of Information Technology Services.

Tarlesha Smith, Assistant City Manager - Human Resources, explained details related to meetings with collective bargaining unit agents and the impact of no COLA on employee pensions. She confirmed the opportunity for employees to receive as much as a three (3%) percent merit increase based on performance. Further comment and discussion ensued on the goal to maintain the current workforce.

Ms. Smith explained details regarding discussions with representatives of bargaining and non-bargaining units, expounding on details. City Auditor John Herbst discussed his perspective regarding the impact of no COLA and the computation of pension calculations.

Mayor Trantalis confirmed no COLA would avoid salary reductions and layoffs. Ms. Smith clarified two (2) contracts in place, Federation and Teamsters, noting the need for a related Memorandum of Understanding (MOU) subject to negotiations with public safety bargaining unit agents. Two (2) additional public safety contracts, the Fraternal Order of Police and International Fire Fighters are still under negotiation.

Chair Donaldson confirmed BAB review of FY 2021 Budget items and availability to discuss with Commission Members.

BUS-2 [20-0477](#)

Update on the Estimated Impact of COVID-19 on the FY 2020 Budget

City Manager Lagerbloom explained details related to achieving a balanced FY 2020 Budget without accessing reserves or increasing the FY 2021 millage rate. This update is a review of the two (2) Budget Memorandums previously sent to Commission Members. City Manager Lagerbloom reviewed aspects of revenue declines and mitigation strategies to make up the \$34,000,000 budget revenue deficit, citing examples illustrated in the presentation.

A copy of the City Manager Lagerbloom's FY 2021 Budget presentation can be found in the back-up to these minutes.

City Manager Lagerbloom clarified the nomenclature used for adjustments to Community Investment Plan (CIP) projects carried forward in future Fiscal Years as required by the Charter, citing examples and

explaining previous CIP projects that may no longer be necessary.

In response to Mayor Trantalis' question regarding use of the Water Sewer Reserve Fund Balance, City Manager Lagerbloom explained Return on Investment (ROI) differs from reserve funding to off-set the Water and Sewer Fund Balance \$1,872,000 deficit. City Manager Lagerbloom explained Water and Sewer Fund Reserve Balance requirements, noting related projects that can be carried forward.

Laura Reece, Office of Management and Budget Director, explained the Water and Sewer Reserve Fund Balance is being used to offset anticipated lower water and sewer revenues, stating expenditures are not being increased. ROI had been spent in 2020 to meet emergency water and sewer expenditures. Further comment and discussion ensued.

In response to Commission McKinzie's question regarding concerns about CIP items promised to the community and carried forward that could disappear if future Commission Member do not advocate for those expenditures, City Manager Lagerbloom confirmed there is a list of CIP projects being carried forward and funded. He requested feedback from the Commission regarding budget mitigation strategies. Further comment and discussion ensued on recognizing the elimination of Return on Investment into the General Fund.

City Auditor John Herbst expounded on his perspective regarding the removal of CIP items and adjustments, noting that those items may not find their way into a future fiscal year budget. He cited examples and concerns related to the manner in which the budget is balanced. The Audit Department will be reviewing the budget and bring back recommendations.

City Auditor Herbst commented on the impact of the millage rate, noting it is a significant source of revenue for a balanced budget and confirming it has not increased in many years. Further comment and discussion ensued on the budget shortfalls resulting from COVID-19, short-term solutions and anticipated future revenue.

Chair Donaldson discussed the BAB's support of ROI removal and his understanding of anticipated CIP budget line items, commenting on details. Further comment and discussion ensued on future costs of CIP items. Chair Donaldson commented on his perspective regarding a future ad valorem increase in FY 2022.

Mayor Trantalis reiterated his request for a detailed breakdown of CIP items being carried over. City Manager Lagerbloom reconfirmed this information would be part of tonight's Budget Amendment. City Manager Lagerbloom commented on future plans and anticipated revenue, noting the likelihood of a future millage rate increase.

BUS-3 [20-0478](#)

FY 2021 Revenue Sufficiency Study

Andrew Burnham, Stantec Vice President and Global Practice Leader, provided a foundational overview of key observations and considerations included in Stantec's FY 2021 Revenue Sufficiency Study (Revenue Study) presentation. Mr. Burnham acknowledged the contributions of Kyle Stevens, Stantec Project Manager, who modeled the City funds, and Jacob Silence, Stantec Senior Analyst, responsible for providing the detailed financial analysis of the City funds.

Kyle Stevens, Stantec Management Consultant, narrated Stantec's FY 2021 Revenue Study presentation.

A copy of the presentation is included in the backup to this item.

As illustrated in the presentation, Mr. Stevens reviewed key observations and considerations for the General Fund, Airport Fund, Building Fund, Parking Fund, Regional Sewer Fund, Water and Sewer Fund, Stormwater Fund, Sanitation Fund and Financial Fund (Funds). He expounded on details related to each fund as illustrated in the Revenue Study presentation.

Mr. Stevens explained details associated with live interactive models of the General Fund forecast, reviewing various scenarios based on several factors contributing in order to maintain twenty-five (25%) percent of Fund Balance operating expenses, i.e., taxable property values and future increases in the millage rate. Mayor Trantalis commented on other factors that would contribute to revenues.

In response to Vice Mayor Glassman's question regarding the Fort Lauderdale Executive Airport Fund (Airport Fund) increase in CIP spending in years FY 2024 and FY 2025, Mr. Stevens explained there are a number of grant funded projects between the Florida Department of Transportation (FDOT) and the Federal Aviation Administration (FAA) related to repaving. The projected CIP items have been designated into projects scheduled for FY 2024 and FY 2025 and are contingent on grant funding.

Chair Donaldson questioned the \$600,000,000 in spending presented to

the public for water and sewer infrastructure improvements over the next five (5) to six (6) years. City Manager Lagerbloom explained the current tranche of \$200,000,000 bond funding is for items contained in the Consent Order between the State of Florida Department of Environmental Protection and the City. There is also a \$200,000,000 commitment to stormwater infrastructure work.

Chair Donaldson noted his concern regarding a thirty-five (35%) increase in water and sewer rates, commenting on the need to ramp up rate increases over time. City Manager Lagerbloom concurred, commenting on his perspective. Further comment ensued. As addressed in the Carolla Report, City Manager Lagerbloom explained efforts to have a firm baseline moving forward for a City-owned water plant, commenting on related details.

Commissioner Moraitis commented on funding the Five Ash Water Treatment Plant with a millage increase as opposed to increasing rates for City of Fort Lauderdale water consumers. City Manager Lagerbloom confirmed the water rates are rate structure based.

Mr. Stevens explained aspects of the overall level of water rate increases that would be applied uniformly to each customer, including ports and other jurisdictions. Further comment ensued on other ways to fund water infrastructure needs.

In response to Mayor Trantalis' question regarding the cost of issuing additional bonds and adjusting revenues upward to meet the new level of bond debt principal and interest, Mr. Stevens confirmed the cost listed in the presentation is on a per annum basis per single family unit bill.

Vice Mayor Glassman commented on the need to address increasing emergency response times. Concerns regarding emergency response times in excess of ten and one-half (10 1/2) minutes along the Las Olas Boulevard corridor and in and around The Isles were raised by neighbors at the District II Pre-Agenda Meeting. He noted Fire-Rescue budget increases occurring over the years. Vice Mayor Glassman commented on the need to address this situation in the FY 2022 budget, suggesting building an Emergency Response Substation in conjunction with a small parking garage that would allow parking fees to off-set costs. Mayor Trantalis echoed Vice Mayor Glassman's comments.

Mayor Trantalis thanked the BAB and Stantec for the amount of effort and work put into the FY 2021 Budget.

ADJOURNMENT

Mayor Trantalis adjourned the Workshop at 5:55 p.m.