

City of Fort Lauderdale

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



Meeting Minutes

Monday, August 27, 2018

12:00 PM

Joint Workshop with Budget Advisory Board

City Commission Conference Room

CITY COMMISSION WORKSHOP

FORT LAUDERDALE CITY COMMISSION

***DEAN J. TRANTALIS Mayor - Commissioner
BEN SORENSEN Vice Mayor - Commissioner - District IV
HEATHER MORAITIS Commissioner - District I
STEVEN GLASSMAN Commissioner - District II
ROBERT L. McKINZIE Commissioner - District III***

***LEE R. FELDMAN, City Manager
JOHN HERBST, City Auditor
JEFFREY A. MODARELLI, City Clerk
ALAIN E. BOILEAU, City Attorney***

CALL TO ORDER

Mayor Trantalis called the Commission Joint Workshop to order at 12:05 p.m.

ROLL CALL

Present: Commissioner Steven Glassman, Commissioner Robert L. McKinzie (arrived at 12:09 p.m.), Vice Mayor Ben Sorensen and Mayor Dean J. Trantalis

Excused: Commissioner Heather Moraitis

QUORUM ESTABLISHED

Also Present: City Manager Lee R. Feldman, City Clerk Jeffrey A. Modarelli, Interim City Attorney Alain Boileau, City Auditor John Herbst

Budget Advisory Board (BAB) Members Present: Vice Chair Drew Saito, Brian Donaldson, Gregg McKee, James McMullen, David Orshefsky, Wesley Parker, Johnnie Smith

BAB Members Not Present: Chair June Page and Jeff Lowe

BUSINESS UPDATES

Vice Chair Drew Saito gave a review of the Budget Advisory Board's (BAB) recommendations, their work with Staff on department budget requests and review and support of City Manager Feldman's Fiscal Year 2018-2019 (FY18-19) proposed budget. He commented on the proposed millage rate and options going forward to cover the annual budget shortfall. Vice Chair Saito confirmed the BAB's consensus in opposition to cutting capital projects.

The BAB recommended potential savings in the area of Full Time Employee (FTE) vacancies, except in the area of public safety. Additional savings should be in the FY18-19 departmental budget modification requests above base expenditures, except for vital public safety expenditures. Vice Chair Saito commented on recommendations for exiting the current Return on Investment (ROI) strategy, stating this should be addressed over a shorter time period.

The BAB will continue to focus on upgrading stormwater infrastructure, water and sewer infrastructure, new capital projects and General Fund oversight. He commented on future budget requirements and the need

for diversified funding sources, requesting Commission direction going forward.

Mayor Trantalis requested input from members of the BAB. Board Member David Orshefsky reiterated concern on capital expenditures for maintenance and improvements, recommending no budget cuts in these areas. Board Member Brian Donaldson discussed the BAB's recommended strategy to expedite eliminating ROI and subsequent actions by raising the millage rate.

Mayor Trantalis confirmed the Commission's policy strategy to remove ROI during their goal setting session, noting the setting of the millage rate was done in anticipation of this policy goal. In response to Mayor Trantalis, Vice Chair Saito confirmed that eliminating ROI was implicit with the BAB's recommended budget cuts.

In response to Board Member Johnnie Smith's question about the proposed millage rate, it was confirmed that the proposed millage rate would only cover the first year's initial phase-out of ROI. Further discussion and comment ensued on future millage rate increases or additional budget cuts to address ROI phase-out. City Manager Feldman confirmed that the \$10,500,000 revenue increase in 2018 is based on the current 4.11 millage rate. Board Member Smith confirmed the BAB's consensus to have one millage rate increase to address the total ROI shortfall rather than small millage rate increases over several years.

Commissioner McKinzie concurred with the recommendation for a one-time millage increase if the goal is to eliminate ROI. Further comment and discussion ensued. Board Member Donaldson confirmed this was the majority consensus of the BAB. Mayor Trantalis noted City Manager Feldman's input on this recommendation, expounding on the history of ROI and Commissioner Glassman's recommendation to phase out ROI on a gradual basis. Further comment and discussion ensued. Board Member Orshefsky commented on the budget and fiscal landscape.

Commissioner Glassman explained that his millage rate recommendation related to budget concessions and allows room for budget negotiation. He confirmed he does not favor raising taxes. Commissioner Glassman asked why recommended budget cuts sent to the BAB for their August 15, 2018 Meeting were not sent to the Commission. City Manager Feldman explained that those recommendations were not finalized and are still being addressed.

Commissioner Glassman confirmed the need for a correlation with the budget and Commission goals. Comments and discussions continued on phasing out ROI, associated budget cuts and additional strategies to address ROI.

City Manager Feldman discussed the ongoing Water and Sewer Rate Study (Study). It addresses the allocation of water and sanitary sewer charges, the methodology of charges for multifamily customers; and the methodology used for large customers. In response to Commissioner McKinzie, City Manager Feldman confirmed the allocation of water and sanitary sewers charges is addressed every five to seven years. The City is currently in year seven. The phasing out of ROI is factored into the Study.

City Manager Feldman commented on the large percentage of General Fund dollars going to personnel salary and benefits. He reviewed areas of focus for budget cuts including: contributions to non-profits; capital improvements; and above-base departmental budget modification requests. Comments ensued on the departmental budget modification process and the lack of success with zero-based budgeting.

City Manager Feldman confirmed the need to be proactive in the area of water and sewer infrastructure maintenance, commenting on proposed hiring and addressing additional needs and goals. These include cyber security, the Food Repatriation Program and a proposed new position for addressing schools. City Manager Feldman expounded on additional budget reduction items. Further comment and discussion ensued on the history of park maintenance. Commissioner McKinzie emphasized the importance of setting clear objectives and goals for the maintenance of parks that could impact the budget.

In response to Commissioner McKinzie, Fire Rescue Chief Rhoda Mae Kerr confirmed that the requested fire equipment purchases could not be put off until next year. Further comment and discussion ensued on fire and safety needs, opportunities to reduce the budget and grant funding opportunities.

Vice Mayor Sorensen reviewed the budget reduction opportunities in FY18-19 to address the first year's phase-out of ROI:

Non-profits - \$1,200,000

Capital Improvements - \$9,100,000

FTE Vacancies - Undefined

Budget Modification Requests (except for fire and safety) - \$2,200,000

City Manager Feldman discussed the annual amounts for the phase-out of ROI, reduced capital expenditures, increasing ongoing expenses and factors impacting annual revenue. He emphasized that budget reductions will be ongoing. In response to Mayor Trantalis, City Manager Feldman confirmed the capital improvements contemplated for budget reductions are from the General Fund and do not include water and sewer infrastructure.

In response to Commissioner Glassman, City Manager Feldman confirmed the items a Parks Bond could fund. City Manager Feldman discussed requested median and facilities improvements from the Parks and Recreation Department fund. Commissioner McKinzie commented on the Request for Proposal (RFP) process for Park improvements and resulting high bids, discussing the economic benefit of waiting for a Parks Bond. Further comment and discussion ensued.

Board Member Gregg McKee noted ROI phase-out will require an Ordinance change to address rebates. City Manager Feldman commented on action resulting from the Study and the five point test relating to rebates, noting this will not be done immediately.

Board Member Orshefsky discussed necessary large capital improvement projects, i.e., the Police Department, commenting on ways to address this funding with voters. Vice Chair Saito concurred, noting the need to be proactive and the lengthy timeline for these types of projects. He commented that departmental budget modification requests were modest this year. However, items such as cyber security, additional Information Technology (IT) Department hardware, Police Body-Cameras and other items will require significant investment soon.

Mayor Trantalis commented on keeping the millage rate low, discussing the impact of deferred maintenance and a future bond issuance. Further comment and discussion ensued on these topics and addressing deferred capital expenditures with voters.

Vice Mayor Sorensen reviewed his understanding of the Commission's direction to maintain the current millage rate, make necessary budget cuts to address the first year of the ROI phase-out and its continuance. City Manager Feldman requested direction from each Commission member regarding specific items in the Budget reduction opportunities.

Board Member Donaldson confirmed the BAB's primary Budget reduction opportunities is in FTE vacancies, expounding on this point. City Manager Feldman discussed the work done in this area, commenting on unfilled positions mandated by Commission policy, i.e., a

manager for the Police Body Camera Program. Further comment ensued.

In response to Mayor Trantalis' question on funding park improvements, City Manager Feldman explained that repairs to existing facilities cannot be funded from Park Impact Fees. City Manager Feldman confirmed new fields at Holiday Park and Mills Pond Park will be funded from Park Impact Fees. He expounded on recommended budget cuts for parks, recommending a Spring Special Election for a Parks Bond issue. Comments ensued on the cost of a Spring Special Election.

Vice Mayor Sorensen disclosed that his spouse works at a non-profit located in the City that could be impacted by Budget reduction opportunities. Mayor Trantalis explained details regarding recusal.

In response to Vice Mayor Sorensen, City Manager Feldman confirmed he has hired water and sewer personnel being funded from the Water and Sewer Enterprise Fund. ROI funds can be used to hire water and sewer personnel.

Board Member Orshefsky requested the Commission give preliminary direction to Staff when shifting Capital Projects from the General Fund to bond issuances. He also recommended the Commission strategically plan to address ROI and anticipate the ad valorem issue to avoid ongoing annual budget concerns.

Board Member McKee commented on water and sewer infrastructure expenditures budgeted for The Wave Project. City Manager Feldman confirmed these funds will be returned and will go back to the Water and Sewer Fund.

In response to Commissioner McKinzie, Mayor Trantalis explained the next steps in the budget process. Each Commissioner will meet with City Manager Feldman on recommended Budget reduction opportunities. City Manager Feldman will gather this information for the first Budget Meeting on September 6, 2018. At the September 6, 2018 Budget Meeting, the Commission will discuss the proposed Budget reduction opportunities and raising or lowering the proposed millage rate.

Mayor Trantalis thanked the BAB members for their work.

ADJOURNMENT

Mayor Trantalis adjourned the Commission Joint Workshop at 1:33 p.m.

