

**City of Fort Lauderdale**  
**Infrastructure Task Force Committee**  
**July 2, 2018**  
**2:00 p.m. to 5:00 p.m.**  
**8th Floor City Commission Room – City Hall**  
**Fort Lauderdale, FL 33301**

1. **Call to Order:**
  - **Roll Call**

<b>MEMBERS</b>		<b>PRESENT</b>	<b>ABSENT</b>
Marilyn Mammano	P	14	1
Ed Kwoka	P	13	2
Ralph Zeltman	P	15	0
Keith Cobb	A	9	6
Roosevelt Walters	P	14	1
Fred Stresau	P	12	3
Norm Ostrau	P	12	1
David Orshefsky	P	12	0

**Staff Present**

Pauline Ricketts, Administrative Aide  
Raj Verma, City Liaison  
Nancy Gassman, Interim Deputy Public Works Director  
Lee Feldman, City Manager  
Michael Mitchel, Prototype-Inc. recording secretary

2. **Approval of Agenda**

**Motion** made by Mr. Walters, seconded by Mr. Kwoka, to approve the agenda. In a voice vote, the motion carried unanimously.

3. **Approval of Previous Meeting Minutes**

**A. June 4, 2018**

Mr. Orshefsky made the following corrections, additions, and deletions:

- Page 9, Paragraph 6, second line, insert the word “upgrade”.
- Page 10, Paragraph 5, fourth line from the bottom, insert “for after he ...
- Page 11, last paragraph, first line, change affect from effectiveness...
- Page 13, Paragraph 6, ...”they could “not”.
- Page 15, fifth line from the bottom, the word “floor” should be in quotes.
- Page 18, Paragraph 3, third line, after FDEP; insert “Consent Order.
- Page 20, Paragraph 5, starts with Mr. Kwoka stated, it is a great “tool”.

**Motion** made by Mr. Orshefsky seconded by Mr. Walters to approve the June 4, 2018 meeting as amended. In a voice vote, the motion carried unanimously.

#### **4. General Discussion (Board Members)**

Chair Mammano questioned is this is the presentation we have been waiting for and if we are hearing it sometime soon.

Mr. Orshefsky commented that he has seen it so often.

Chair Mammano stated that this was the first time they would see the updated presentation.

Mr. Zeltman advised that he would like to see the updated presentation in a ~~card~~ hard form.

Chair Mammano indicated that they had discussion about whether the City should go over to the new system and it was very interesting. It is a little complicated. The issue turned on the equity issue because three of the Commissioners were very concerned about the equity of who was paying more and who was not paying more. It also turned on water rates and the same equitable issue. The Commissioners said if the City went with the new system the homeowners would be less burdened and the condos more burdened but with the water rate, the condos are more burdened than the homeowners. There was a discussion around the equity issues.

Chair Mammano reiterated that in the water rates, the condo people are paying more than the single-family homes.

Mr. Orshefsky commented that there is a rate study currently being undertaken to confirm the factual accuracy of that statement.

Chair Mammano stated that fortunately, the pending rate study was introduced at the discussion and that gave some comfort to the Commissioners who were not inclined to go with the new system. Eventually, there was consensus to explore the hybrid system.

Mr. Zeltman's opinion is the rate structure is getting closer. The study needs to include the various different densities of zoning so there is not one process for everything.

Chair Mammano indicated that the Committee could ask that question.

Mr. Orshefsky stated that there was a series of discussions at the time. The Institute of Transportation Engineers (ITE) generates rates that are the basis for the trips model already makes those density distinctions. Single-family has one rate, up to multiple family units of four have another rate, nine and above have another rate, and 30 stories has a third rate. At least, indirectly, the ITE generate rates, which are internationally

recognized rates, already make the types of distinctions that you are talking about. If it is a policy matter and the Commission wants to go beyond that, he thought they would be buying themselves a huge implementation hassle that would ultimately defeat the effect of borrowing 'from the shelf' an ITE rate that makes the distinctions mentioned. The Commission can absolutely do that but the ITE already does that.

Mr. Zeltman commented that if that was already taken into the formula then we are fine. His concern was over simplification.

Chair Mammano advised that she was comforted when she understood that there was a differentiation as you get from single family to higher density.

Mr. Zeltman stated that is good that they have gone to that extra level.

Kyle Stevens, Project Manager with Stantec advised that was correct. The ITE trip generation rates have a good level of differentiation and they form a limited basis.

Mr. Orshefsky asked if the Communication to the Commission with respect to the members' terms had been transmitted to the Commission and if so, when it would be heard by the City Commission.

Mr. Verma stated that the motion would be heard at the July 10, 2018 conference.

Mr. Orshefsky requested the status of Jackie Scott as a member of the Infrastructure Task Force Committee.

Mr. Verma advised that Jackie Scott was confirmed at the last Planning and Zoning meeting but a confirmed notification has not been received from the City Clerk's office.

Mr. Orshefsky referenced data requests. There is a whole series of data requests that were follow-ons by several members of the Committee to get further detail about Bond dollars and CIP dollars. It has now been 30 days and Mr. Verma may have some answers but a lot of this data could simply be an informational item. Committee time would be better spent dealing with policy than with data. If responses of the data requests could be transmitted as an informational item there could be discussion if there are further questions.

Mr. Verma advised that the intent was to provide the information to the Committee in advance; however, the information was obtained from different departments up until about a half hour ago. Compiling the information has been somewhat difficult and then to translate that information into something simple adds a little more effort on his part. He has identified seven or eight issues that were requested, two or three were repeats so they were consolidated.

Mr. Orshefsky suggested that instead of trying to go through them today that Mr. Verma pull them together and send out an informational item in time for the next meeting.

Mr. Verma believed that everything was compiled. He has tried to answer most of the questions reading through the minutes.

Mr. Orshefsky commented that was fine and if they could end up with a protocol that gets the information to the Committee ahead of time, like when the rest of the agenda goes out, that would save a lot of time.

Mr. Kwoka assumed that Mr. Orshefsky was going to be going through these documents thoroughly. He stated that he intends to go through them. He did not want Mr. Orshefsky to feel that he had to carry that burden alone.

Mr. Orshefsky believed more eyes are better in substantive responses to questions.

Chair Mammano advised that we must somehow make a communication to the Commission that this new system of directing all the emails to our email address at the City has problems and that in the interim, perhaps they should continue to send it to our regular email addresses until the system is perfected and everyone has more comfort with it.

Mr. Zeltman also experienced problems.

Chair Mammano made a request to Mr. Verma that until the system is up and running he continue to send the information to them in their own emails.

Mr. Verma has taken that note.

Mr. Orshefsky suggested that Mr. Verma follow-up with the Clerk's office

Mr. Kwoka questioned if Jacquelyn Scott was appointed officially and if she was absent today.

Mr. Verma responded yes.

Chair Mammano questioned if Jacquelyn Scott was called during roll call and if she was listed as absent.

Mr. Mitchell replied that Ms. Scott was called and yes, she was marked absent.

## **5. Old Business**

### **A. Recommendation to City Commission on Seven Priorities**

#### **i. Interim Draft Report**

Mr. Orshefsky advised that he transmitted this document to staff on June 22, 2018 as a PDF. Upon completion today, he will send the priorities to staff in an MSWord document so they can start dealing with word processing. As he mentioned to Commissioner Glassman, the one time-sensitive thing he is willing to shoulder between now and the end of the week is finalizing high level executive summary type recommendations based on discussion today.

Mr. Stresau questioned if this was going to be transmitted by Thursday or Friday.

Mr. Orshefsky stated if it is going to go on the agenda packet for July 10, 2018, the Commission has to have the recommendations beforehand. It has to go to the City Clerk to be included on the agenda and in the backup.

Mr. Verma understood that there would be specific recommendations that include ad valorem adjustment.

Mr. Orshefsky mentioned that it is not just ad valorem; it is whether or not the Commissioners are going to take a position on the Return of Investment ("ROI"). He will debrief the Committee on the Workshop with BAB and the City Commission, which bears on all these issues.

Chair Mammano advised that there should be an introduction and then an executive summary. They asked us to do six things; water, sewer, stormwater, roads, sidewalks, and seawalls and then the Committee added impact fees.

Mr. Orshefsky indicated that one of the recommendations discussed as a consensus at the last meeting was updates to the impact fees to make sure new development is paying its fair share.

Chair Mammano thought the Communication to the Commission should be formatted as 1. Water and Sewer; 2. Stormwater; 3. Roads, Seawalls, and Sidewalks together, and then additional.

Mr. Ostrau did not see any sense in doing anything like that and noted that the Committee has to adhere to the priorities.

Mr. Orshefsky commented that the Commission did not set priorities. The Commission gave a list to the Committee.

Mr. Kwoka reminded that the Commission also included sea level rise.

Mr. Walters indicated that the fact that the Commission gave ideas and somewhat priorities, it is not this Committee's job to agree with the Commission. It is the Committee's job to make recommendations as to what should be done, not the Commission making recommendations as to what this Committee should be doing.

Chair Mammano agreed. This is not a question of 1, 2, 3, 4, 5, 6. The Commission asked this Committee to develop interim recommendations. The Committee also put in impact fees. She wanted to distinguish that this was coming from the Committee, not from the Commission.

Mr. Ostrau commented that it is all coming from the Committee.

Mr. Kwoka felt that the Commission already has a tight agenda. He thought the Committee should make their recommendations as succinct as possible and transmit them to the Commission. Perhaps the whole thing should be included so they can reference an incomplete draft and see where our thought process is.

Mr. Orshefsky and several members agreed.

Chair Mammano suggested getting right to the recommendations.

Mr. Orshefsky commented that at the Workshop meeting between the City Commission and the BAB, two things became very clear. One was that there was no significant appetite to raise ad valorem. However, number two; there was a consensus to phase out ROI over four years, so it was not going to be abrupt. Personally, he agreed with that. The concept of taking \$20 million out of a \$300 million budget is too abrupt. The Water and Sewer Fund is awash in hundreds of millions of dollars. Leaving ROI, at least near term, in the Water and Sewer Fund does not make a lot of sense.

He heard some discussion from the Administration, that if ROI is going to be reduced over time, their recommendation would be to take the ROI dollars and in the first year, reduce it by 25%. The 25% of the ROI that is transferred the next year is transferred with capital improvement earmarks. That means it cannot be spent for general revenue type things, it goes into Fund 331, which is the general revenue contribution to capital improvement; roads, sidewalks, bridges, seawalls. Those types of infrastructure among others do not have an enterprise fund. He did not think there was political support to end ROI immediately. If that is true, recapture the ROI fund transfer and earmark it for capital by year three. 75% of the ROI would be earmarked for capital improvement. Potentially, that would be the best of both worlds.

Mr. Kwoka mentioned that everyone knew there was going to be compromise here and he thought that while direction and magnitude are both important, that the direction is more important as long as the timetable is not excessive. If the ROI is going to reverse direction whether it is 20% or 25% magnitude over the next four or five years, he is comfortable with that.

Mr. Orshefsky questioned about the ROI leaving the Water and Sewer Fund or the other utility funds and being transmitted into capital funding on an annual basis.

Mr. Walters requested clarification on capital funds.

Mr. Orshefsky clarified roads, sidewalks, bridges, and seawalls.

Mr. Kwoka stated if there was no compromise then very little option is left other than a change in ad valorem or a reduction in spending. If the plan is to phase out ROI over five years, he could live with that.

Chair Mammano disagreed. She believed that this is a policy issue, that the Committee has identified a problem and that the problem should be expressed, and if the Commission, as a policy matter on their part, want to compromise and find a hybrid system like they did with stormwater, that is up to them. This Committee has been very clear about this and it is very important to take a stand. She did not think it was the Committee's business to tell the Commission how to massage this. It is the Committee's business to tell the Commission that this is a bad idea; this money should stay in the Enterprise Fund. She was not sure that she wanted Enterprise Fund money going into Fund 331 for roads and sidewalks. The Commission must figure out how to do this; it is either ad valorem taxes or they are going to have to economize on the budget; let them do their job.

Mr. Orshefsky referenced Mr. Kwoka's comment about reverse and noted the fee from that attachment of capital funding earmarks to ROI 25% of the time. He questioned if it reverses the flows of ROI out of the Water and Sewer Fund.

Mr. Kwoka meant decrease the amount by reverse. Mr. Kwoka agreed with Chair Mammano that the Commission needs to figure it out. It might be reasonable to compromise and say they have four years do so, but it should decrease every year.

Chair Mammano stated that the Committee could say it is our opinion that the Commission should stop doing the ROI but an alternative to consider would be a hybrid system of gradually reducing the amount of money taken out of the Enterprise Fund.

Mr. Kwoka commented he believed that ROI should be discontinued and agreed that the Commission needs to figure out how to balance a budget. He thinks there needs to be a reasonable timetable to phase it out.

Mr. Zeltman agreed with Chair Mammano; forget about the political part, look at what is right to try to solve this problem. Mr. Orshefsky questioned by that if Mr. Zeltman meant end ROI.

Mr. Zeltman replied "yes."

Mr. Stresau mentioned that Mr. Orshefsky said there was hundreds of thousands of dollars that ought to be able to pay for whatever needs to be done. He thought the ROI should be phased out so the City could plan ahead.

Mr. Kwoka commented that the amount was "millions".

Mr. Ostrau advised that he was going with the recommendation except for earmarking the funds going to general revenue.

Mr. Orshefsky clarified that is if it is terminated immediately. He has heard some language of doing it, if necessary, over a period of years.

Mr. Kwoka liked the recommendation as it is, perhaps with a sentence or two more, that simply states that if necessary, over a four or five-year phase period.

Mr. Orshefsky stated that is where Keith Cobb was unwilling to go.

Mr. Verma indicated one of the things that was not in the discussion was the impact fees. If the impact fees come into play there would be additional dollars available to support immediate CIP's and that could have a direct impact on some of the issues being discussed.

Chair Mammano disagreed. Item #4 is impact fees. Impact fees can only be used for the impacts of development.

Mr. Orshefsky stated impact fee cash flows are not significant. If the consensus is to stop ROI and not suggest phasing, which is consistent with the position the Committee took last month, he wanted to go on record and say that he did not think that was pragmatic enough to get it done. The issue is to establish minimum annual general revenue funding contributions to the City's CIP. If we are not going to reserve what used to be ROI general fund dollars for other capital infrastructure, one has to recognize there are two pressures put on ad valorem. One is end ROI and the other is going to add funding to the General Fund. The capital budget for the City would become tense. Mr. Orshefsky will do whatever the consensus of the Committee is, but thought this was insufficiently pragmatic.

**Motion** made by Mr. Ostrau, seconded by Chair Mammano, to accept Recommendation #1 as is.

The Infrastructure Task Force recommends that the rate-based monies of the water/sewer funds (and other utility systems, including stormwater) should remain available only internally to fund some of the infrastructure needs of those utility systems, and should not, via ROI, be used to offset other City general costs funded through the General Fund.

Ayes: Ostrau, Zeltman, Mammano

Nays: Orshefsky, Stresau, Walters, Kwoka

In a roll call vote, the motion FAILED.

Mr. Orshefsky questioned if there was an alternative motion.

Mr. Kwoka thought the objective was to eliminate ROI but be fiscally responsible to the City. This Committee is Advisory and does not have the final say.

Mr. Orshefsky suggested an alternative motion; to accept the first recommendation, as drafted, with the addition of language that, "If the City Commission feels the need to phase out ROI over a period of time."

Mr. Kwoka stated that he was good with that if, "Over a period of time, not to exceed" could be added.

Mr. Orshefsky questioned not to exceed how many.

Mr. Kwoka replied not to exceed five years.

Mr. Orshefsky stated that at the Workshop discussion four years was brought up as the timeframe. He would suggest four years.

Mr. Ostrau questioned when Mr. Orshefsky goes to the budget meetings if all the planning is prefaced for a period of the next five years.

Mr. Orshefsky replied only in the CIP. The rest of the budget is one year at a time. He withdrew the last motion so Mr. Kwoka could make a motion.

**Motion** by Mr. Kwoka, seconded by Mr. Ostrau

The Infrastructure Task Force recommends to the City Commission that the rate-based monies of the Water and Sewer fund (and other utility systems, including storm-water) should remain available only internally to fund some of the infrastructure needs of those utility systems, and should not, via the Return on Investment ("ROI"), be used to offset other City general costs funded through the General Fund; provided however, if the use of ROI mechanism is to be phased out over time, that the phase-out period not exceed 4 fiscal years.

Ayes: Orshefsky, Ostrau, Stresau, Walters, Zeltman, Kwoka

Nays: Mammano

In a roll call vote, the motion carried.

Mr. Orshefsky suggested, "If deemed necessary, the City Commission should consider phasing out the use of ROI over a period of time, not to exceed four years". It is ultimately a policy decision on their part.

Mr. Verma mentioned, "Not to exceed the phased-out period of four years".

Mr. Kwoka commented if it is phased out 10% this year, 10% next year, 10% the next year, and in year four it has to be phased out 70%.

Mr. Ostrau stated that accomplishes what we are after and it gives staff an opportunity to plan ahead.

Chair Mammano mentioned Recommendation #2. Approve or revise methodology for stormwater utility rates based on trips or traffic based methodology in order to allow sufficiently based funds to implement the costs for more management plan, provided that such additional funds are not subject to any ROI transfer to the General Fund.

Mr. Orshefsky stated there were two pieces to this. Stormwater is normally for drainage improvements. In some instances, the drainage improvements involve seawalls, which are not currently funded with stormwater monies. The question was if we wanted to make a recommendation to the City Commission that they expand the potential use of stormwater monies to cover seawalls.

Mr. Walters commented that the problem is City owned seawalls versus private owned seawalls. He has a seawall and the City has seawalls on each side of him. All the water is going to run off from where the City raised their seawalls onto his property. He did not want seawalls included unless a methodology is included for the private owner to have a method of obtaining funds.

Mr. Orshefsky suggested taking it out.

Chair Mammano noted that seawalls have to be considered more carefully.

Mr. Orshefsky stated that Dr. Gassman would probably say with stormwater, some seawall construction is necessary in order to make the stormwater work.

Chair Mammano advised that the seven priority areas do have some seawall components.

Mr. Orshefsky indicated that seawalls could be allocated as part of the Bond for drainage improvements.

Mr. Kwoka stated that this could be voted on either way. If the City determines that stormwater is going to wipe out the seawall being fixed and make the determination whether ten feet or 5,000 feet is needed on either side; he agreed with Mr. Walter that is a battle to take up another day.

Mr. Walters commented that he needs to be comfortable believing we are not going to overburden the private homeowners; he can support both.

Chair Mammano echoed Mr. Orshefsky and suggested taking this out.

**Motion** by Mr. Ostrau, seconded by Mr. Kwoka

The Infrastructure Task Force recommends that the City Commission approve a revised methodology for storm water utility rates, based on a traffic-based methodology, in order to allow for sufficient rate-based funds to implement the

current Storm Water Master Plan; provided that such additional funds are not subject to any ROI-based transfer to the General Fund.

Ayes: Orshefsky, Ostrau, Stresau, Walters, Zeltman, Kwoka, Mammano

Nays: None

In a roll call vote, the motion carried unanimously.

Chair Mammano mentioned the third recommendation; establish a minimum annual general revenue funded capital contribution to the City's CIP to support the City's infrastructure needs, ranging in size from 7% to 10% of the General Fund Operating Expenses.

**Motion** by Mr. Kwoka, seconded by Mr. Walters

The Infrastructure Task Force recommends the City Commission; Establish minimum annual General Revenue funded capital contributions to the City's CIP to support the City's broader infrastructure needs, ranging in size from 7-10% of the General Fund operating expenses.

In a voice vote, the motion carried unanimously.

Chair Mammano mentioned recommendation #4. The impact fee structure and the fees to ensure that new developments pay their fair share of future infrastructure costs.

Mr. Orshefsky questioned when the impact fees were last updated and if 2005 was the correct date.

Mr. Verma replied yes.

Mr. Orshefsky questioned if he could take out "confirmed".

Mr. Verma replied "yes."

Mr. Kwoka questioned if the word "regularly" could be removed.

Mr. Verma responded "no."

Mr. Kwoka questioned if we could leave out "annually".

Mr. Walters would leave "annually."

Mr. Verma stated that "annually", especially for the CIP, becomes very difficult.

Mr. Orshefsky commented that is a policy decision on the Commission's part and they have to spend money every time one of these studies is done.

Mr. Stresau indicated that the landscape fees for tree removal were established in 1986 and he cannot get the Department of Sustainability to go back and review it.

Mr. Orshefsky questioned if that is fees or impacts.

Mr. Verma clarified that is impact fees.

Chair Mammano commented that there is already a contract to redo the impact fees.

Mr. Orshefsky stated he thought it was for Water and Sewer but he did not know how broad the scope was.

Mr. Verma did not know the scope either. Many communities tie in with some nationally recognized index, such as the consumer price index. There are many agencies, especially with impact fees, that tie in with the construction index. It puts the onus on the staff to be sure they are able to recover the cost related to the impact.

Mr. Kwoka questioned how many impact fees there are; not dollars, numbers.

Mr. Verma stated there are quite a few; he did not know. There are at least six or seven for sure.

Mr. Kwoka suggested saying, "The regularly analyzed update of impact structures and fees to ensure that new development is paying its fair share of future infrastructure with no impact fee going more than five calendar years before being reviewed". He questioned if they are all done at the same time.

Mr. Verma responded "no."

Mr. Kwoka questioned if one could be done this year and one in two years.

Mr. Orshefsky mentioned that the Committee did not want to micromanage the City Commission's approach to its budget. We are now micromanaging with anything other than "regularly", how often they update their impact fees. The fact that Water and Sewer has not been updated, as far as he knows, or some of the Building Permit fees since 2005, he agreed, that is 15 years. He suggested "Regularly, not to exceed every five years."

Mr. Stresau suggested getting rid of the word "regularly" regardless of what happens.

Mr. Orshefsky believed that "regularly" puts the burden on the City Commission to do it on a regular basis and if they are told how often to do it, then we are micromanaging their approach.

Mr. Kwoka stated it is not a lot different than saying, "Phase out ROI over four years".

Mr. Orshefsky agreed to take out “regularly”.

Mr. Kwoka mentioned that removing “regularly” becomes too rigid.

Mr. Verma commented that removing “regularly” could cause the City to lose a lot of revenue.

Mr. Orshefsky advised that Mr. Verma’s cost of construction index could be built into the impact fee if that is the recommendation coming from the consultant. As a substantive matter, at the point where the City Commission adopts an impact fee, that is how they define that impact fee, it is not a fixed amount; it is an amount that floats with construction costs.

Chair Mammano questioned how to say this other than to analyze and update their impact fee structures.

Mr. Verma believed “regularly” should be defined. This is a policy matter. He understood the need not to dictate the Commission but the Committee’s mission is to do the prioritization and recommend a funding mechanism. Whatever is a funding mechanism make sure it does not take 13 years to do.

Mr. Kwoka commented that 15 years is not “regularly. “

Mr. Verma stated that there is a huge amount of revenue that can go to solve some of the problems that this Committee has been discussing for months.

Mr. Ostrau suggested putting analyze and update.

Mr. Stresau mentioned using “timely analyze”.

Mr. Kwoka commented that if we are going to say ROI in four years then we should say this should occur.

Mr. Orshefsky stated they are not monolithic. The parking package should be done every five or seven years, Water and Sewer may be every three. They are not monolithic in the rate studies.

Mr. Walters withdrew his objection.

**Motion** by Mr. Ostrau, seconded by Mr. Orshefsky

The Infrastructure Task Force recommends that the City Commission regularly analyze and update its impact fee structures and fees to ensure that new development is paying ‘its fair share’ of future infrastructure costs.

Ayes: Orshefsky, Ostrau, Stresau, Walters, Zeltman, Kwoka, Mammano

Nays: None

In a roll call vote, the motion carried unanimously.

Chair Mammano advised that there are four recommendations to go into the executive summary.

Mr. Orshefsky needed direction on next steps. He made this up as he went along and listed some of the things that have not been discussed, including the Seawall Master Plan, which exists.

Chair Mammano commented that the Water Rate Study was not mentioned.

Mr. Orshefsky questioned if that should be added.

Chair Mammano replied absolutely, the Water Rate Study. She questioned if the next steps should be in the executive summary.

Mr. Orshefsky responded yes. This is an interim report and it is going to say "interim." This Committee needs to tell the Commission what the next steps are and if they need direction to come back to the Committee.

Mr. Verma questioned if the Committee was willing to include Local Option Gas Tax, as those funds could be used for eligible purposes.

Mr. Kwoka advised that the Committee does not have any control of that. He requested clarification on Gas Tax and questioned if it is natural gas or automobile gas.

Mr. Verma advised that there are two types unless the laws have changed. One goes to certain types of transportation related expenses and the other goes to related expenses for capital projects. It is a state law. It is prorated based on the population. There is a resolution that goes every year and that is certified by the Commission; it is millions of dollars in revenue. Because that is for transportation related projects and offers certain operating expenses, we have roads and sidewalks, which qualify under that category.

Mr. Kwoka commented that if he understood correctly, the City is already receiving a share of this money from the County. He questioned how that money is presently being allocated.

Mr. Orshefsky replied yes, and it is an Interlocal Agreement with the County. Mr. Orshefsky did not know the answer as to how the money is being allocated. He added a bullet that says, "Local Option Gas Tax Revenues".

Mr. Verma also mentioned a Dredging Master Plan.

Mr. Orshefsky stated it is the second bullet on Page 4. Special Assessments have come up with respect to canal dredging, which is the perfect situation for special

assessments because the benefits are localized and discreet. There was a political hassle when they went to the marine industry as he understood. That does not mean it cannot be revisited. If it is not canal dredging it can be some other use of a special assessment mechanism, including seawalls.

Mr. Kwoka was interested to find out if the City was actually looking at new ways of funding.

Chair Mammano referenced Page 2 of 17 in the Interim Draft Report ("Report"), underneath the first recommendation, there is a paragraph that says, "If the Commission agrees with this recommendation the Infrastructure Task Force Committee ("ITFC") recommends that the Commission replace the loss of these funds with either ad valorem tax revenues or reductions in general revenues".

Mr. Orshefsky indicated that is a budgetary necessity.

**Motion** by Mr. Ostrau, seconded by Mr. Orshefsky,  
to transmit the Executive Summary and Transmittal to the City Commission in time to be walked on for the July 10, 2018 City Commission Meeting.

In a voice vote, the motion carried unanimously.

Mr. Kwoka clarified that timely means in time to get on the agenda for the July 10, 2018 meeting.

Mr. Orshefsky advised that he would publish the document, turn it into a Word document and transmit it to Mr. Verma.

Mr. Verma indicated that he would make sure it is transmitted. Mr. Berg is aware of the sentiments of the Committee. The Report will be copied to the Assistant City Manager as well.

Chair Mammano expressed appreciation of the Committee for all the work Mr. Orshefsky did.

Mr. Ostrau agreed. The only thing that bothered him was the Report was all fiscal; this Report could have been done by the Budget Advisory Board. He wished there were some things of a physical nature that could have been added.

Chair Mammano questioned what Mr. Ostrau meant when he said physical.

Mr. Ostrau meant something about the sewer.

Chair Mammano questioned if it was something like advancing the Inflow/Infiltration ("I/I") projects.

Mr. Orshefsky advised that is when we end up with a final report.

Mr. Kwoka stated that the change in fiscal things should allow for the movement in the right direction for the physical changes. He did not believe there should be an “interim” and a “final”; he thought there should be another interim report.

Mr. Walters questioned how a Commissioner is going to be secured to walk this on.

Chair Mammano believed all of the members should contact the Commissioners who appointed them and tell them this is coming.

Mr. Stresau believed that it is vital that these recommendations get to the Commission. The importance of these recommendations needs to be impressed on the City Manager to get this in the Commission’s agenda package.

Mr. Kwoka commented that we are going to take precedent; they are the ones that interrupted our meeting last, after the Workshop, and said that it was important that the Committee understand the importance of their positions.

Mr. Orshefsky noted that word was received barely 60 days ago.

## **B. Breakdown of the \$200 Million Bond Monies**

Chair Mammano advised that this was the information request.

Mr. Verma stated that Mr. Kwoka asked that everything be zeroed out so he has taken the Resolution that was passed in April and included an attachment. He inserted the data in the last column.

Mr. Orshefsky requested that these handouts be attached to the record of this meeting and then transmitted to the Committee in PDF format that would make it easier to maintain records.

Mr. Kwoka still had a problem with this. He appreciated that the balance sheet was run down to zero but two-thirds of the way down, Project 495-P, the 30-inch force main, is still listed as \$8.5 million.

Mr. Stresau stated it was \$50 million.

Mr. Kwoka commented that tells him that this is at zero or negative.

Mr. Stresau noted that Mr. Berg took the position that \$8 million is what was taken from the Bond Funds, \$30 million was spent moving things around, and another \$1.5 million for clean-up was coming out of some other budget, it was not assigned to the force main break.

Mr. Kwoka mentioned the second piece of paper that says \$15 million.

Mr. Orshefsky stated that the other \$7 million came out of the General Revenue Fund.

Mr. Verma mentioned that the total approximate cost was \$15,760,000; the \$8.5 million is what was allocated to the Bond.

Mr. Orshefsky advised that he keeps harping on the CIP overlap because there is an overlap between the Bond Funds on one side and the General Revenue Funds or the CIP on the other. The Bond dollars, which is the \$97 million that was in the original pie chart was used to fund CIP projects; some of those projects already had money attached. Those are the lost CIP funds. The question is where are those funds and how many projects were there.

Mr. Kwoka asked Mr. Orshefsky his position on this.

Mr. Orshefsky indicated the total amounts of the force break were almost \$16 million, \$7.2 million came out of the Water and Sewer Fund, the reserves in that Fund, and \$8.5 million was allocated to the Bonds, which gets you to the \$15 million.

Mr. Kwoka commented that this is the type of supporting documentation that has been missing.

Mr. Orshefsky mentioned the CIP overlap and noted that based on the minutes at the last meeting, Chris Lagerbloom said there was a huge spreadsheet somewhere that was not immediately available and the question is if it is now available and can it be reduced into a manageable size.

Mr. Verma replied he believed so.

Chair Mammano commented that the concern is always with the Bond Funds and capital budget substitution. She questioned if Mr. Orshefsky was comfortable that there was no capital budget substitution out of this.

Mr. Orshefsky responded no, which is why he keeps chasing the question. He would like to know what the dollar values are.

Chair Mammano believed this was very important because the Committee made this a point many meetings ago and the City Manager said there was no capital budget substitution and that still has not been confirmed.

Mr. Verma stated that for example, projects have been identified for five years and they were to be funded by regular Water and Sewer funds, whatever the allocation for the capital projects were. Now, there is the infusion of the bond funding and you are trying to figure out which got rebalanced and where that money is. The bond monies are

replacing some of the five-year projects. The CIP money goes back into the capital part and is rebalanced; the monies are not going anywhere. Part of it would have to be appropriated to pay the debt service as well.

Mr. Walters commented that the capital went with generated funds.

Mr. Verma confirmed. Therefore, there is rebalancing of many of those CIP projects that were probably out several years or there might be newer projects outside the realm of five years so it is a balancing act of reprioritizing and rebalancing the capital projects, plus taking into consideration that they still also have to pay the debt service.

Chair Mammano questioned if the rebalancing is done through a computer algorithm or does someone say this project move here and there.

Mr. Verma responded that there is no algorithm. City staff has to reconcile with the budget office. It becomes difficult because there are projects that are needed beyond five years, but the focus is always five years.

Mr. Orshefsky understood about out years but his concern was the accumulated unspent funds in the first year. Those two were allocated. For example, the pump stations in Victoria Park or Rio Vista were already in the pipeline and there were dollars allocated to those. To the extent that dollars have now been allocated for those previously allocated or funded dollars, those dollars are now free to be spent someplace else. He questioned the total amount of those dollars and where they were spent. He also questioned when there could be a handle on that.

Mr. Verma understood the question but he could not give an exact answer. Mr. Verma did not know when there would be a handle on it but believed it would be as soon as the budget is over.

Mr. Orshefsky commented that the budget is not over until September 30, 2018.

Dr. Gassman indicated that the current push in the budget process is that the City has to turn in their expected increase in ad valorem by July 6, 2018. Right now, the big push is to finalize this version of the budget so the City can notify the County so the County can put out the TRIM Notice for the maximum potential amount of taxes. In many ways, the main push of the budget is over this week and then next Tuesday, when the Commission gets to view the first preliminary aspects of that budget. That does not mean the work is done, but the magnitude of the numbers is shifting dramatically into the minutia at this point as the budget process moves forward. Major decisions have been made in theory pending any additional guidance provided by the Commission. That can be significant but in years past it has been small.

Mr. Ostrau questioned what maximum millage rate was put in.

Dr. Gassman understood that the millage rate has not changed; zero was put in. Recognizing that prior to making some of those decisions, the information from the Property Appraiser is what their estimate for what the amount of property taxes would be and the amount we are collecting is increasing.

Chair Mammano advised that when she was listening to the presentation by the Property Appraiser, he said \$75 million but what he meant was that the \$75 million of increased valuation, which only results in \$10 million of increased revenue.

Mr. Walters commented that when the budget process began it was prior to getting the \$200 million from Wall Street.

Dr. Gassman stated that was not true; \$100 million came in during the February timeframe and the City was aware that it was coming. It overlaps with the CIP process.

Mr. Orshefsky mentioned this set of issues with respect to the potentially substituted CIP dollars, this set of issues has been outstanding for six months and the problem is that it never seems to rise to the top of the pile.

Dr. Gassman started going through the CIP and developing a list of projects that were previously funded. The number of projects that were previously funded was in the 10 to 12 range, it was not a large number compared to the number of projects there are within the Consent Order. As previously discussed, the way the amount of money in the CIP for water and sewer is determined is to figure out how much is needed for operating and whatever is left goes into CIP. If there is a sense that there has been money supplanted, that is not the case. Whatever money that is left over is still being pushed into CIP and to those projects that are not currently covered in the Consent Order. For the ones that got moved from CIP funding into Consent, that money was reallocated and the question is how much that was. They understand the question. The work has been done but they have not gotten to the end point; they are working in that direction.

Chair Mammano commented that the Committee wants to be comfortable that there really is enough money. With the additional of \$200 million we were able to advance and repay some things but she questioned if significant progress was being made.

Dr. Gassman stated the answer in two parts; there is never enough money and money cannot be thrown at a problem. Only a certain amount of money can be spent in any given year.

Mr. Kwoka questioned that it is not that there is never enough money; there are always too many projects.

Dr. Gassman believed in some ways that was true. The other question was if progress was being made. There is a 30-inch line in the ground, there is now redundancy; the City is definitely making progress. The Go Big Go Fast newsletter goes out once a

week and it lists all the projects updating their progress, on a weekly basis. The Commission receives a memo that is similar.

Mr. Zeltman questioned if that was the priority projects memo.

Dr. Gassman clarified that it is the priority projects memo once a week.

Mr. Walters mentioned the new email system and he hasn't seen it in two weeks.

Mr. Kwoka commented that the City has done a very good job distributing the information in a format that is understandable by the general population.

Mr. Zeltman expressed concern on the continued demise of the wastewater collection systems. He questioned what percentage has been addressed to fixing, replacing or repairing the collection mains.

Dr. Gassman believed that the focus was that the Consent Order has allowed them to carefully prioritize the areas that need the greatest amount of attention and those will be accomplished within the Bond timeframe because they have to be done. The focus should be that they are prioritizing the areas of the infrastructure they feel need the greatest attention. I/I is one of the highest priorities.

Mr. Zeltman commented that the problem is that the system is being eroded away caused by the sand in the collection system. Force mains are being replaced or rehabbed and as soon as they get going the deterioration starts all over again, shortening the service life of the new systems installed. From his perspective, if something is not done in an aggressive manner on the collection system in the sewer mains, it is going to deteriorate at a higher rate than it should.

Chair Mammano believed that Mr. Verma provided a map about four meetings ago; a blue map and a red map. The red was the types that were replacements of lines and the blue was the ones that continued to be replaced. Progress is being made.

Dr. Gassman indicated that the City is undergoing the development of an Asset Management Program so if there are basins where deterioration is more rapid than in other basins, it will help address that, if only to replace that infrastructure at a higher frequency than it is currently being used. The Asset Management Program will provide some of that guidance so there will have a better sense of a condition of pipe today and a better sense of replacement needs.

Mr. Orshefsky questioned the outstanding amount of I/I contracts. The last time he focused on it there was an outstanding amount of \$15 million worth of I/I contracts that were already let. He questioned if that was the right scale. In direct answer to Chair Mammano's question, that should help get to an answer of where we stand on the \$15 million worth of effort.

Dr. Gassman believed that Mr. Orshefsky was in the ballpark. They had a single vendor working on that and they are now splitting it into four vendors so they can move through it more quickly.

Chair Mammano questioned if the Asset Management Plan was only for stormwater or for sanitary sewer as well.

Dr. Gassman advised that it was for stormwater, wastewater and water.

Mr. Kwoka questioned if that was part of the Consent Order.

Mr. Verma replied "yes."

Chair Mammano commented that to her, that was the most important part of the Consent Order; it is forcing the City to actually do a survey to find out what we have and the condition of what we have.

Mr. Kwoka believed that survey was not the right word because they are evaluating and also planning. In the requirement from the Consent Order, the mandate is to survey the condition but also to plan.

Mr. Verma stated that they are surveying, evaluating, and fixing it. There are different groups and within the Engineering Division taking care of four to five contractors. The I/I is a high priority project. Going back to what Mr. Walters said, the Reiss report was finalized in 2016. Prior to that, it did not appear that there was a systematic system in place. Between laws, permitting, construction, and everything that goes on, there are five sheets of all these projects all happening simultaneously. Since 2016, he would say that staff has done a great job in trying to get the handle. The entire I/I system is 50 years old. The Consent Order has helped look at a part of the bigger picture. The City has identified all the basins previously discussed. Each basin has a different percentage; some are 100% done, some are 50% done. The most critical is the A-7 Basin, which is about 20% to 22% done. Before seeing any significant impact, they need to get close to 40% to 60% of the I/I lining completed.

Chair Mammano mentioned that the Reiss report did not have all the information that the City will have once this assessment is finished.

Mr. Verma replied yes. The Reiss report was a planning document. Some projects in the Reiss report may need to be addressed sooner. Staff has to continually evaluate and balance projects and find funding if the need arises sooner than anticipated.

Chair Mammano addressing Lee Feldman, City Manager "We would like to let you know that pursuant to the Commission's request, this Committee has diligently worked to

provide some short-term recommendations to the Commission". Hopefully, it will get in their packet so they will have it over the weekend to review.

Mr. Orshefsky questioned when the agenda closes.

Mr. Feldman replied that the agenda closes on Thursday at 5:00 p.m.

Mr. Walters questioned if they have a person dedicated to do the walk on.

Mr. Feldman stated that it will be put on the agenda as a communication. It may not be discussed at all; they have a Commission agenda that could take a long time. With regard to the ROI and tax increase, the Commission said at the last meeting they had with staff that they were not interested in any tax increase this year.

Mr. Ostrau questioned the rationale for zero ad valorem.

Mr. Feldman advised that from a budget standpoint, the increase in revenue generated from property taxes at the current rate is always enough. There are other items, Workers' Compensation, for example, which is State mandated, which is at \$1.6 million. There is also health insurance for staff. Everything has a price that continues to go up. An issue came up and there was considerable discussion about Return on Investment (ROI) and he told the Commission that the ROI could be moved back to the Water and Sewer Fund; that is a policy decision. The Committee must understand consequences of that action. It is \$20 million to be replaced or the City can reduce services. A list was sent to the Commission of the last \$20 million of added costs when they headed into the budget. A place to start could be to raise property taxes by 7/10<sup>th</sup> of a mill to make up the difference. There seemed to be some appetite to put the ROI back into the Water and Sewer Fund but there was not any appetite to reduce services or raise taxes. The water and sewer utility is currently well funded. The City still maintains the lowest rates in the County. There are adequate reserves in the Water and Sewer Fund. The City has floated debt, which cannot be prepaid. Mr. Feldman continues to recommend to the City Commission that improvements in the future be funded with debt when they need to. They have capital and are looking at ways to spend it faster. The bottom line is that there is five years' worth of work funded and if \$20 million is moved into the Water and Sewer Fund, that \$20 million for all practical purposes is going to sit there. From a rate standpoint, when the money sits there, there is a five-prong test that says when cash is accumulated rates have to be lowered. They are close to meeting the fifth test even without moving the ROI back into the Water and Sewer Fund. If rates are lowered, that benefits all customers, which includes people and properties outside of our City. If the tradeoff on lower rates is a higher property tax or a decrease in services, the burden is being shifted from all the users including outside of the City to the property owners in the City. Mr. Feldman thought that stopping the ROI coming from the Water and Sewer Fund with dollars that are going to be spent in the General Fund on facility maintenance and other infrastructure needs such as roads, bridges and canals, city facilities etc. could be done but not all at once. He suggested tying the ROI specifically to

infrastructure funded through the General Fund. He can probably get to 100% of the ROI generated from the Water and Sewer Fund to CIP infrastructure in the General Fund in four years.

Mr. Orshefsky commented that would be a significant increase in the annual contribution from the General Revenue into the Capital Improvement Fund. At that point, the extra jurisdictional customers are indeed subsidizing the infrastructure within the City.

Mr. Zeltman mentioned other adjoining cities or municipalities that are connected with the City's collection mains and questioned if there has been any action notification to these other folks to get on board.

Mr. Feldman stated under the Large User Contracts, there are penalties they will have to pay for certain flows. They are not there yet but he is concerned the penalties and the process need to be renegotiated down the road; those agreements expire in 2021. We have to start looking at specific flows and what is coming into the system. It was noted that Oakland Park has invested a lot of money into I/I. Fixing the I/I for us does not do anything; it needs to be a part of the bigger effort. His plan is to always continue with the ROI and parking, putting that into the General Fund, not necessarily tying it to capital projects. There is nothing in the law that says they have to have a separate parking fund. All that money could be put into the General Revenue Fund today and it could all be revenue. Parking is something they do as a service and to make money. The fact that they make money from people who come into the City, to park is another way of taking extraterritorial dollars, but not necessarily tying those to capital.

Mr. Zeltman commented that the money from parking could probably go into the Enterprise Fund because it is a service being provided.

Chair Mammano questioned the contract for the re-examination of the impact fees.

Mr. Zeltman advised that the consultants from Stantec are doing rates for both the Stormwater and Water and Sewer. Under State Law, impact fees can only be used to fund additional capacity caused by new development; it cannot be used for replacement. He questioned where issues are in terms of capacity and indicated that the size of that pipe needs to be increased for the additional development for the consumption.

Mr. Feldman mentioned that on the water side, it is the size of mains because the plants have more capacity than needed. The sewage side is transmission lines and lift stations. There are limitations on how much a lift station can run and if it has to be upgraded developers have to do that. They have to measure the costs to the system and all the new growth, and then a dollar per unit type of growth is calculated. That number may be less than what is charged. Under State law, they are not allowed to charge something just because; it has to be a localized study and is something that needs to be done every five years.

Mr. Kwoka commented that New Jersey does not use impact fees, when a developer comes in; they build the roads, the infrastructure, the school, the Fire Department. He questioned why that is not done in the City or the State.

Mr. Feldman stated when he was in Palm Bay there was a lot of land and developers were building subdivisions. When building in a subdivision, it must be built out and when it is done it is turned over. He mentioned the American Golf in Wilton Manors and noted that they had to build all that.

Mr. Kwoka indicated that it does occur but it is not practical to do in a dense urban setting.

Mr. Orshefsky stated there is a distinction between on site and off site.

Chair Mammano commented that is not an impact fee issue. She noted that is a development permit issue.

Mr. Feldman advised that it is a development permit issue and an impact fee issue because to the extent if they are building more capacity than what the project needs, the project would be entitled to an impact fee credit.

Mr. Orshefsky questioned if the impact fee structure allows the City to recover some contribution from new development in the Downtown area for the capacity we are already putting in via bond funds or if it will be recaptured as a function of the rates.

Mr. Feldman did not know the answer. When the study is done that will be part of that.

Chair Mammano believed there is a contract with Zonar City to do a buildout analysis and questioned what that is.

Mr. Feldman indicated that Zonar would allow the City to create a 3D version of the City, concentrating on Downtown first. They would be able to impose new projects and see whether they meet the criteria.

Chair Mammano questioned if they would also be able to calculate the number of gallons of sewage generated by those projects.

Mr. Feldman stated it is a mathematical tool. From a plant capacity issue, do not spend a lot of time worrying about GTL for two reasons; one is there is capacity and it will be increased by aggressive I/I. They need to look at lift station capacities, making them larger to handle the flows coming in so they are not running 24 hours. There is a goal not to run the lift stations 24 hours a day. We probably want to be in a ten-hour a day range. To the extent there is a lift station running at 12 hours or more, that is where we

want to put our dollars; that is where the real capacity issue comes in in terms of Downtown.

Mr. Zeltman commented if the lift stations are expanded and correct the inflow of the ground water that reduces it down so the performance curve is going to be all over the place unless you have multiple types of pumps.

Mr. Verma stated that they are variable speed pumps.

Chair Mammano questioned if Mr. Feldman could talk about the issue the Commissioners were talking about when the adoption of the new stormwater rate fee was discussed. Two of the Commissioners were going on about how the City had to do the water rate fees because that was inequitable. She questioned how inequitable that was.

Mr. Feldman stated that with regards to Water and Sewer, there can be different rates based upon different classes of customers. There can be a water rate base for residential, for commercial, another rate for industrial, and another rate for bulk. When it gets down to residential, there is always an argument between multi-family and single-family. The idea is that the cost to run the pipe past a property, the fixed cost of the system is different for multi-family because there are more units for the same pipe that is going past the property. In addition, there are different structures of rates based upon the volume of water used, where the more you use the higher you pay as a penalty for not contributing. The multi-family felt that they were paying a higher premium based upon the conservation model because they were penalized for using more water because there were more people and they thought it should be adjusted so it is the same per unit as a single-family, while still enjoying the benefit of having the discount. That is the inequity that exists on the multi-family side. There is a solution but they do not know the costs. He guaranteed that it means some of the cost is being shifted to the single-family customers. At the same time, the opposite is being done on stormwater.

Mr. Orshefsky questioned if that is a factual basis for the conservation issue in the condo situations because they are using community pools and water for HVAC, so they are indeed using more water.

Mr. Feldman advised that it depends on how they have their meter. There are condos that have different meters for cooling towers. Residents are not complaining about water and sewer rates or about property taxes.

Mr. Stresau questioned if there was anything that could be done about sea level rise.

Mr. Kwoka stated there was no time for that discussion.

Chair Mammano asked Mr. Stevens when the Water and Sewer Rate Study would be completed.

Mr. Stevens indicated that they were looking to complete it in September.

Mr. Orshefsky questioned when the last studies were conducted.

Mr. Stevens stated the last studies were about ten years ago.

**6. Board Member Comments**  
**A. Discussion of Ad Valorem**

This was already discussed.

**7. New Business**  
**A. Joint Workshop with City Commission October 10, 2018**

Mr. Orshefsky questioned why it was taking so long to get on the City Commission agenda for a Workshop.

Mr. Ostrau questioned if there was another interim, which would be more on the physical side.

Chair Mammano advised that there are two more meetings to discuss additional reporting. She questioned if anyone had anything to speak about.

Mr. Verma stated that he has a handout for Keith Cobb showing the cost of the bond issue.

Mr. Orshefsky requested that it be transmitted.

Mr. Verma told Mr. Kwoka that a file he requested about the 30" force main project was very large and noted that he had it on a flash drive. If he did not need the information, he can clean it up and use it for the next meeting.

Mr. Kwoka indicated that Mr. Verma could clean it up. He did not need the information.

**8. Public Comments – None.**

**9. Adjournment – Next Regular Meeting –August 6, 2018**

There being no further business to come before the Committee at this time, the meeting was adjourned at 4:45 p.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.