

City of Fort Lauderdale

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



Meeting Minutes

Wednesday, June 20, 2018

6:00 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, Interim City Attorney*

CALL TO ORDER

Mayor Trantalis called the Commission Joint Workshop with the Budget Advisory Board to order at 6:01 p.m.

ROLL CALL

Commissioner Heather Moraitis, Commissioner Steven Glassman, Commissioner Robert L. McKinzie, Vice Mayor Ben Sorensen and Mayor Dean J. Trantalis

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: Chair June Page, Brian Donaldson, Gregg McKee, Frederick H. Nesbitt, David Orshefsky, Wesley Parker, Johnnie Smith

BAB Members Not Present: James McMullen and Vice Chair Drew Saito

No e-comments were submitted for this meeting.

BUSINESS UPDATES

Mayor Trantalis reviewed the budget process that includes addressing the millage rate. In response to Mayor Trantalis' request, each attendee introduced themselves. Mayor Trantalis thanked each Budget Advisory Board Member for their service.

Mayor Trantalis recognized June Page, Budget Advisory Board Chair. Ms. Page announced the attendance of Michael Burton, President of Burton & Associates. Mr. Burton gave a presentation on the overall view of the 2019 Fiscal Year Budget (Budget) and the 10-Year Sustainability Study for the General Fund (Fund), expounding on the financial health of the Fund. Further comment and discussion ensued on the Reserve Fund Balance target and current policy requirements.

A copy of Mr. Burton's presentation is attached to these minutes.

Mayor Trantalis raised the topic of Return on Investment (ROI) revenue.

Discussions ensued on ROI, other assumptions and corresponding revenue streams. Mayor Trantalis commented on policy decisions impacting this topic. City Manager Feldman commented on policy governed by Ordinance, confirming the policy decisions that can be examined as part of the Budget. Further comments and explanations ensued on the topic of cost recovery. Mayor Trantalis gave an example of the Fire Assessment Fee as a policy decision which would increase revenue.

In response to Board Member David Orshefsky's inquiry regarding policy parameter minimums based on recommendations from City Auditor John Herbst with regard to the 25 percent upper limit, Mr. Burton confirmed the source of the upper limit would be policy driven. Mr. Burton noted that the presentation's 25 percent is an analytical benchmark, expounding on this topic as it relates to other municipalities. City Manager Feldman commented on best practices, recommendations and bond ratings. City Auditor John Herbst expounded on the history of the minimum fund balance, appropriate policy regarding Fund Balance minimums and maximums, and bond rating agencies.

Mr. Burton illustrated the impact of the ROI and parking fee transfer revenue in the presentation, expounding on this topic. Further discussions ensued. In response to City Manager Feldman's request, Mr. Burton showed the impact of an increase of .7 in the millage rate or 4.8193. City Manager Feldman confirmed this increase would restore the ROI. Chair Page commented about raising taxes to balance the budget. Commission McKinzie commented on his position regarding assessments versus the tax rate. Mayor Trantalis concurred, commenting on previous policy regarding infrastructure funding, bond funding, and other revenue components.

In response to Chair Page's question about ROI refunds, City Manager Feldman confirmed what is required under the existing Ordinance, expounding on the reasoning and calculations involved. Further discussion and explanations ensued on the City's system regarding ROI, water rates, and infrastructure funding.

Board Member Brian Donaldson commented on ROI refunds being quantifiable, inquiring about a projection and the possibility of a hybrid manner to address this issue as part of "pay as you go" and debt service. City Manager Feldman confirmed that a hybrid manner is currently in place, "pay as you go" and the bond issuance, confirming that a refund would be minimal. Mr. Burton said the ROI does not impact the capital structure of the current hybrid manner, expounding on this point. In response to Board Member Donaldson's inquiry, City Manager Feldman

confirmed the current Ordinance was a policy decision and as part of the current rate study, it could be changed. City Manager Feldman commented on the City's water rates, as compared to other Broward County municipalities, and the rate structure.

Board Member Orshefsky commented on the stormwater rate modifications and methodologies to support a stormwater revenue bond. He said users will be paying over time, resolving inter-jurisdictional (ROI) issues. Mr. Orshefsky confirmed that stormwater and water are being managed in the same way in terms of how capital structure is framed.

In response to Vice Mayor Sorensen's question about the Workshop goal, Mayor Trantalis confirmed it is to educate attendees. In response to Commissioner Glassman's inquiry about timeline and Budget deadlines, City Manager Feldman explained input from this Workshop will assist in preparing the Budget, confirming that the deadline for setting a tax rate is July 10, 2018. He also commented on the option of upcoming policy decisions, expounding on details. City Manager Feldman discussed the possible need for a two-thirds or majority vote for a tax increase.

Commissioner McKinzie commented on the timeframe, qualifications of BAB members and importance of their input to meet collective goals. Commissioner Moraitis discussed the role of the BAB and the process, commenting on setting policy and funding.

Mr. Burton expounded on revenue related issues, including ROI and payment in lieu of taxes related to utilities. Further comment and discussion ensued on this topic.

In response to Board Member David Orshefsky's question about leaving the ROI as is, going back into the General Fund and the ability to remain with the current tax rate, Mr. Burton confirmed. Commissioner McKinzie commented on increased revenue resulting from rising property values.

Board Member Donaldson commented on the impact of 2018 federal tax changes which do not allow for the of deduction property taxes on secondary homes.

Chair Page discussed BAB's work with the nine departmental budget modification requests (BMR) for Fiscal Year 2019. She confirmed the roll-back of BMRs, commenting on previous years' request for full-time employees (FTE). Chair Page reviewed the BMRs, confirming the focus of the BAB is for inclusion of measurable outcomes to include cost-benefit ratios for each department.

Fire Department

Chair Page confirmed that the BAB is supportive of their overall strategic Vision. There is a concern with the increase in Fire and Police Employee counts and overall costs. Chair Page expounded on the Fire Department's BMR requests, noting the BAB's recommendations. She noted the Fire Boat does not have dedicated staff. Discussions ensued about other users of the Fire Boat, i.e., Port Everglades and nearby municipalities, to fund its staffing. Discussions ensued on how the Fire Boat's current staffing is managed by those appropriately trained.

Mayor Trantalis recognized Acting Fire Chief Chantal Botting. In response to Mayor Trantalis' question about trained back-up firefighters staffing the Fire Boat when Station 49 Firefighters are out on a call, Fire Chief Botting said there are no other appropriately trained personnel available to staff the Fire Boat. Comments and discussion ensued on establishing a fire suppression fee for other users of the Fire Boat. City Manager Feldman commented on the Fire Boat's federal funding. Further discussions ensued on addressing cost sharing and Fire Boat staffing.

In response to Vice Mayor Sorensen's question, Paul Vanden Berge, Public Safety Administrator - Fire Rescue, confirmed there are approximately 270 annual calls for both ocean rescue and boat fires. Staffing the Fire Boat full time would require approximately 15-20 individuals. Board Member Frank Nesbitt commented on using overtime to staff the Fire Boat during peak hours. Mr. Vanden Berge expounded on staffing, noting an incremental approach is planned over time. Further discussion ensued on projected costs of \$850,000. Chair Page confirmed the BAB's support of the Fire Department's budget requests for equipment.

Human Resources

Chair Page confirmed the primary request from Human Resources was for in-house Staff training, which would be called Community Builder University, expounding on what would be required. Chair Page confirmed the position of the BAB that employees should be educated but this should be outsourced for the best possible training. City Manager expounded on this topic and discussions ensued on costs of employee training.

Information Technology Systems (ITS)

Chair Page confirmed BAB's support of the ITS's request for additional hardware and staff to support growing technology requirements that include security and data encryption.

Finance

Chair Page confirmed the BAB's support for the Finance Department's BMRs, including improving efficiencies in accounts payable with electronic payments.

Parks and Recreation

Chair Page confirmed the BAB's support for Parks and Recreation Department's budget request which includes LED lighting. City Manager Feldman confirmed the probable outsourcing of the LED lighting upgrades, commenting on cost savings and the need for adequate crews to maintain the installations.

Sustainable Development

Chair Page commented on the Department's request for FTEs, noting the need for additional consideration, including a better understanding of the cost/benefit and necessary Ordinance changes. City Manager Feldman expounded that the purpose of this BMR is to address rental property concerns. It would be timed with a Commission policy decision brought before the Commission via Ordinance. Further discussions ensued.

Police Department

Chair Page confirmed the Police Department did not have any BMRs. Mayor Trantalis discussed the Police Department's increased costs from 2016 to 2017. Further discussions ensued on details and costs of the Police Body Camera Program (Program). Chair Page noted that the Program will have recurring capital costs. City Manager Feldman gave an update on vendor selection and Program implementation, expounding on this topic and commenting on its relationship to medical services.

In response to Mayor Trantalis' question about filling all Police Department positions, Chair Page commented on previous efforts to contract out hiring, confirming it is now in-house. Chair Page commented on recruitment and the hiring process. Further discussions ensued on the need to maintain adequate Staffing and competitiveness. City Manager Feldman commented on efforts to streamline the hiring process, expounding on this topic. Chair Page emphasized the need for a new Police Station. Chair Page commented on the Police Department's superb adherence to BAB's template, expounding on this topic.

Public Works

Chair Page confirmed support of the Public Works Department's BMRs. Commissioner McKinzie commented on past Public Works maintenance

crews and the need to reinvest in City facilities. Chair Page commented on the maintenance budget and corresponding responsibilities.

Transportation and Mobility (TAM)

Chair Page commented on BAB's concerns with budget modification requests and TAM's funding levels over the past several years, measurable outcomes and the lack of data given to the BAB. Addressing traffic concerns is at odds with traffic calming measures. Chair Page expounded on the BAB's observations in this realm, stating current methodologies cannot address both issues simultaneously. No data has been provided to indicate a reduction in traffic related injuries or deaths. The BAB does not support TAM's request for a Public Information Officer. Chair Page noted requested TAM studies are for areas not owned or controlled by the City. BAB recommends studies should focus on City controlled roads and bridges. Requested BMR studies did not clearly articulate the expected outcomes and benefits. Chair Page expounded on the need for measurable data, results and outcomes when funds are requested. Further comments and discussions ensued.

Mayor Trantalis thanked Chair Page and the BAB for their analysis of the departmental BMRs. Commissioner Glassman stated his appreciation for BAB's work and ongoing direction to address additional budget topics, including Return on Investment (ROI).

Commissioner Moraitis thanked the BAB for their work. In response to Commissioner Moraitis' inquiry about the BAB's recommendation for the Police Department Headquarters, Chair Page suggested issuing a bond, commenting on the possibility addressing Police Department Headquarters and Parks and Recreation Department needs. City Manager Feldman confirmed the need for a bond. Discussions ensued on having a Public Private Partnership (P3) to construct a new Police Department Headquarters. City Manager Feldman confirmed the financial implications of a P3. Commissioner McKinzie expounded on the incentives needed for a P3 to address numerous projects. Mayor Trantalis commented on the future City County Government Center meeting this need. Further discussions ensued on this topic and the timelines involved for a bond issuance, design phases and costs.

In response to Mayor Trantalis' cost estimate request for the construction of a new Police Department Headquarters, City Manager Feldman confirmed that the consultant, HDR, has estimated the approximate cost would be \$80,000,000 to \$90,000,000, rounding up this amount to a total estimate of \$100,000,000 for addition costs, i.e., furnishings and equipment. City Manager Feldman confirmed this issue will be on an

upcoming Conference Meeting Agenda for a full analysis and discussion prior to moving forward.

Chair Page commented on the ongoing expenditures to maintain the current Police Department Headquarters due to its age, suggesting this funding would be better served by putting it into a new facility.

Commissioner McKinzie thanked Chair Page and the BAB for their hard work and efforts. Vice Mayor Sorensen thanked Chair Page and the BAB, noting his desire to now discuss revenue.

STORMWATER RATE DISCUSSION

Discussions ensued on the Return on Investment Policy (ROI). Chair Page confirmed the BAB has made no formal recommendation on ROI, but the recommendation is to leave the ROI as is and suggested phasing out the ROI over time. She commented that any future tax increase should be tied to capital investments.

Board Member David Orshefsky noted his opposition to the current ROI policy and its impact on Enterprise Funds, limiting ongoing maintenance and capital expenditures. He recommended ROI should be banked to offset future bonds or used to address ongoing maintenance and emergency costs. He commented on the possible Infrastructure Task Force's recommendation to terminate ROI, the benefits of phasing it out over time and its contribution to ongoing maintenance and capital improvements.

City Manager Feldman commented on ROI's ties to the General Fund for road, bridge and facility maintenance, items without a dedicated revenue source. Further comment and discussion ensued on the ROI going into the General Fund for capital needs and expenditures. In response to Mayor Trantalis about ROI going into the General Fund for capital needs, City Manager Feldman expounded on funding capital needs over the next five years, the "pay as you go" hybrid approach and the implications of ROI remaining in the Water and Sewer Fund.

Board Member Orshefsky discussed the issue of raising seawalls, confirming this would be capital funding from the General Fund, requiring a funding source. He expounded on the ROI coming into the General Fund to fund capital infrastructure which would allow funding of a broader range of capital infrastructure than is currently funded.

City Auditor Herbst confirmed that the City cannot look to its utilities to invest in general government facilities, expounding on the mechanism for the General Fund to recoup funds from its various utilities. Once ROI

funds go into the General Fund, they are fungible and can be used for any valid municipal purpose. Mayor Trantalis commented that the ROI is being used for uses other than originally intended and the desire to move away from this practice.

In response to Vice Mayor Sorensen's question about the recent \$200,000,000 bond (Bond) being used over the next five years, City Manager Feldman confirmed. Vice Mayor Sorensen asked about saving dollars now to address needs once the Bond has been utilized. City Manager Feldman noted that the current Ordinance is required to be repealed to allow for saving these funds for future use.

Mayor Trantalis commented about the infrastructure work schedule funded by the Bond. City Manager Feldman commented on the technical limitations relating to addressing ongoing infrastructure work due to the functionality of the system. Further discussions ensued on this topic, including staging this work and the availability of contractors due to ongoing development.

Commissioner Moraitis noted her support of keeping the ROI as is, confirming she is in opposition to raising taxes and commenting on rising property tax increase revenue.

In response to Commissioner Moraitis' question, City Manager Feldman confirmed the ROI rate is 3.9 percent and there is no maximum. Further discussions ensued on the ROI rates and research done by City Auditor Herbst on this topic.

Commissioner Moraitis discussed her position in support of funding utility capital investments through user fees that should cover debt service on bonds. Further discussion ensued.

Commissioner Glassman commented on his position to not raise the millage rate, noting increased property tax revenue due to increased home values. He confirmed his support of incrementally phasing out the ROI. City Manager Feldman commented on annual cost increases to the City, i.e., workmen's compensation, employee health insurance, etc. Further comment and discussion ensued.

Commissioner McKinzie commented on his desire to keep the ROI as is until and another solution can be achieved.

Mayor Trantalis recognized the consensus that the millage rate will remain stable. He requested City Manager Feldman illustrate how the three positions on the ROI would impact the City without raising the

millage rate. Further comment ensued.

City Manager Feldman stated that should state revenue numbers decrease, he may request the Commission implement a small increase in the millage rate to balance the budget. Further discussion ensued on this topic.

Mayor Trantalis raised the issue of the School Board and School Resource Officer (SRO) funding. He commented on discussions with City Manager Feldman and Police Chief Rick Maglione on the SRO issue, expounding on the history of the City's contribution to the Broward County School Board (School Board) for this funding. City Manager Feldman commented on the recent State Statute mandating the sole responsibility of the School Board to fund SROs and the School Board's interpretation. This will have an impact on the budget and may impact the millage rate and budget. Further discussion continued on this topic. City Manager Feldman continued his comments on the history of funding the SRO Program out of the Law Enforcement Trust Fund, funding it out of the General Fund and the increased costs of funding each City school. Further discussions ensued on funding SROs.

ADJOURNMENT

Mayor Trantalis adjourned the Commission Joint Workshop with the Budget Advisory Board at 8:07 p.m.