

FINAL
BUDGET ADVISORY BOARD
SPECIAL MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8th FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
AUGUST 8, 2012 – 6:00 P.M.

<u>Board Member</u>	<u>Attendance</u>
June Page, Chair	P
Mark Snead, Vice Chair	P
Brady Cobb	P
AJ Cross	P
Nadine Hankerson	A
Fred Nesbitt	P
Bryson Ridgway	A
Drew Saito [arrived 6:14]	P
Anthony Timiraos	P
Andrew Russo	P

Personnel Attending

Stanley Hawthorne, Assistant City Manager
Emilie Smith, Budget Manager
Doug Wood, Director of finance
Stacey Balkaran, City Manager's office
Lee Feldman, City Manager
Frank Adderley, Chief of Police
Kirk Buffington, Deputy Director of Finance
John Herbst, City Auditor
Darlene Pfeiffer, Transportation and Mobility Department
Paul Vanden Berge, Department Budget Coordinator, Fire Rescue
Lisa Edmondson, Prototype Inc.

Communications to the City Commission

Motion made by Mr. Cross, seconded by Mr. Russo to recommend to the City Commission that they follow the City Manager's recommendation to move forward with the pension obligation bonds. In a voice vote, motion passed unanimously.

Purpose: To Provide the City with input regarding the taxpayers' perspective in the development of the annual operating budget; to review projections and estimates from the City Manager regarding revenues and expenditures for upcoming fiscal year; to advise the City Commission on service levels and priorities and fiscal solvency; and to submit recommendations to the City Commission no later than August 15 of each year regarding a budget for the upcoming fiscal year.

Call to Order/Roll Call

Chair Page called the meeting of the Budget Advisory Board to order at 6:03 p.m.
Ms. Edmondson called roll and determined a quorum was present.

1. Approve Minutes of July 18, 2012 Meeting

Motion made by Mr. Cross, seconded by Mr. Cobb, to approve the minutes of the Board's July 18 meeting. In a voice vote, motion passed unanimously.

2. Pension Obligation Bonds Recommendation.

Mr. Russo did not feel this was any riskier than anything else that was out there. He felt they should easily reach the long term rates of return. He added that this would not affect the City's debt capacity or bond rating in the future. Mr. Russo felt comfortable with what he had heard.

Mr. Cross noted that the City was in a healthy condition and he agreed it was appropriate.

Motion made by Mr. Cross, seconded by Mr. Russo to recommend to the City Commission that they follow the City Manager's recommendation to move forward with the pension obligation bonds. In a voice vote, motion passed unanimously.

3. Board Member Discussion of Individual Departmental Meetings Public Works

Mr. Timiraos said the Public Works budget could not be compared to prior years because of the reorganization. He was impressed with the efficiencies brought about by the reorganization.

Mr. Timiraos remarked that if cuts must be made, it was possible. He felt one of the biggest problems they would face was the loss of services that would result by not replacing staff that had left. He said there were also infrastructure issues that would catch up with them eventually. Mr. Timiraos said there was little left to be cut. He felt that continued cuts also hurt "how we look as a community" and could discourage new businesses from locating in Fort Lauderdale.

Finance

Mr. Nesbitt agreed with Mr. Timiraos regarding not replacing employees. He said there were two major issues in the Finance Department. The first was that they were behind in technology, and Mr. Nesbitt felt an investment in technology would provide great returns. He thought the second problem was that they had not informed the residents of the ways they could pay their bills that were less labor-intensive for City employees, such as sending bills through email and paying bills online.

Fire Department

Mr. Nesbitt stated unlike in other departments, NFPA staffing requirements meant that if an employee called in sick, someone must fill in, which resulted in overtime pay. He pointed out there was not a lot of “wobble room” in the Fire Department budget to find cost savings; less than 1% was discretionary. He said they had discussed the Fire Assessment Fee, and found they were almost lowest in terms of cost recovery percentage at 53.2%. He explained that the recovery was based only on property and fire suppression, not the entire department. Mr. Nesbitt felt the City should consider an increase in the Fire Assessment Fee and he wanted to discuss this outside the budget cycle. Mr. Nesbitt said they had also discussed non-emergency transport, which he felt was a great idea. He cautioned that they had no experience with the program, so he was concerned about plugging \$1.3 million revenue in the budget from it.

Parks and Recreations

Mr. Ridgeway said the department had assets in the form of land, and provided maintenance on those assets. He believed it would be extremely difficult to find significant savings without affecting the level of service. He stated one creative concept the department had come up with was using seaweed for compost and this could be a possible revenue source in the future. Mr. Ridgeway said as equipment aged, maintenance expenses increased, and this artificially inflated the department’s budget. He said they had discussed environmental service companies as a way to finance those improvements. Mr. Ridgeway stated if this was not feasible, they could float some debt and use the savings created by the increased efficiencies to pay off the debt.

Mr. Ridgeway said they had discussed ways to bridge the \$4.3 million budget gap and determined Parks and Recreation’s share was approximately \$565,000. Delaying the painting of City Hall for \$300,000 was their first suggestion. The second suggestion was to close all but two of the City pools out of season; this would save approximately \$200,000. Mr. Ridgeway said they could look at how they maintained the parks and consider outsourcing. He suggested they could also reduce services. He explained that a 6.2% reduction in programs could cover the gap.

Transportation and Mobility

Mr. Cobb stated this was a new department since the reorganization, it might be premature to make detailed recommendations. He pointed out that this department had absorbed several transportation and mobility related employees from other departments. Their goals were to have a menu for potential developers who had traffic mitigation impacts and eliminate redundancies. Mr. Cobb said parking revenues allowed the department to operate in the black and contribute to the City. He stated they wanted to educate the public about mobile apps that allowed them to pay their

parking meters. They also wanted to eliminate the need for employees to read meters and Mr. Cobb noted it was possible to read meters online.

Human Resources

Mr. Cross reported that the biggest impact to HR was the early retirement buyout; they had lost employees with significance experience. He said Risk Management had been folded in HR and had added significantly to their budget.

Police Department

Mr. Cross had met with individual department employees to discuss budgets in detail. He said Chief Adderley had taken cost savings to heart, and one way he had acted was to invest in vehicles with lights in the side panels to increase visibility and reduce accidents. They had also installed crash bars on vehicle fronts. To reduce fuel costs and comply with the no idling policy, battery packs were inside vehicles to power emergency lights and sirens when the engines were turned off. Mr. Feldman said the Police Department had found a vendor to sell them used vehicles at 3% below the Manheim used car appraised value; after one year, the same vendor bought the car back at the current Manheim value. They were using this program for unmarked vehicles. Mr. Cross stated one of the most impressive cost saving measures the department had taken was reducing staffing for fleets by automating the process that drivers used to access available vehicles.

Mr. Cross explained that the City was reimbursed for task force participation, but put the money into the General Fund, not directly back in to the department that paid for officer's overtime participation. He wanted to recommend that the department receive the reimbursement or credit for the reimbursement. Mr. Feldman stated they were working on better accounting codes to track overtime and separate non-reimbursed from reimbursed overtime. To further reduce overtime, Mr. Cross recommended the City adhere to the current policy of requiring 60-days' notice for events that required staffing to allow more time for proper staffing. Mr. Cross felt the municipal jail was duplicating the efforts of the BSO and the employees and space could be better used.

Mr. Cross suggested the Public Service Aides could be outsourced to a security company to save personnel and vehicle costs. Mr. Cross explained that there were 16 Captains with high salaries and benefits, and he felt this was too many. He said they had discussed reorganization possibilities that would affect future budgets.

Mr. Ridgeway asked why the City had a jail and Chief Adderley explained this was for booking only; people were not held there. The unit was staffed with reserves, not active Police Officers.

Sustainable Development Department

Mr. Saito explained that this included multiple departments under the reorganization: Economic Development; Housing and Community Development; Urban Design and Planning; Building Services and Code Enforcement. The reorganization had reduced headcount from 160 to 133 and from FY 2012 to 2013, they proposed a 25% reduction in payroll. Mr. Saito stated the department needed to keep current with technology to interact effectively with their clients. He said new technology was being procured to allow plans to be reviewed simultaneously by different disciplines, which would result in permits being issued faster and development happening faster. Mr. Saito felt the vacancies in this department were unsustainable. Regarding Code Enforcement, Mr. Saito had discussed improving fine collection, but he understood that ultimately, this was about compliance, not generating revenue, and they should focus on compliance first. Mr. Saito felt that future economic development the City desired could not be accomplished without adding staff in this department.

City Manager's Office

Mr. Snead remarked that with the reorganization, it was difficult to compare the current year with last year's budget. He appreciated that metrics were being incorporated into budgets, and the next step was to measure outcomes rather than processes. Mr. Snead believed the department was in some areas even leaner than it should be, and mentioned that the Public Affairs Office did not have the resources to be proactive. He believed the 5-year CIP mapping process would make the process more streamlined. Mr. Snead said the Department had requested that user fees be re-evaluated and he agreed. He indicated that this department also needed technology investment to improve efficiencies.

Information Technology

Mr. Russo informed the Board that the department had increased staff by approximately 20 employees with the reorganization. As part of the strategic plan, Mr. Russo said this budget was beginning to address the City's technology shortcomings. In examining the department's budget, Mr. Russo felt it was justified.

Mr. Nesbitt had been impressed with the customer service, employee openness, knowledge and commitment to the City.

Chair Page summarized that the departments were well managed and lean. She did not feel the Board's review had revealed any expenses that could be cut, without cutting services. Mr. Cross agreed the City provided excellent service to its citizens, and felt that "there's got to come a point when you have to expect to pay a little bit more for that service."

Mr. Ridgeway reminded the Board that if a fee such as the Fire Assessment were increased, this could not be deducted on homeowners' income taxes like ad valorem property taxes could. Mr. Nesbitt asked about a sliding scale for Fire Assessments, and Mr. Feldman stated the fee could be based on square footage, but not on assessed value.

Mr. Nesbitt wished to create a report with the Board's recommendations to present to the Commission at their joint meeting on August 27. Mr. Hawthorne felt August 27 was a good opportunity for the Board to present their recommendation prior to the City Commission taking any official action. Some Board members wanted to communicate to the Commission their feeling that any further budget reductions must result in a reduction of services. Mr. Ridgeway and Mr. Cobb were not comfortable with this communication and Mr. Cobb noted that since the reorganization, three departments were not ready for a full quantitative review of their potential impacts or abilities to trim. Mr. Saito felt they could rely on the opinions of the department heads indicating they were "cutting to the bone", and suggested the department heads could be asked to create reports regarding the state of the budget in their departments.

Mr. Timiraos stated the role of the BAB was not to look into budget detail. They had met individually with department heads and they had all indicated the same thing.

Mr. Feldman reminded the Board that the Commission had already declared there would be no tax or Fire Assessment increase. He needed to present a balanced budget and he would present his planned cuts to reach that goal at the Board's August 15 meeting. Mr. Feldman stated he and Mr. Herbst were concerned about the fiscal integrity of the budget moving forward and having a structurally balanced budget in the future.

Mr. Herbst said going forward, the City would need to increase revenues or decrease services or pay for staff. They could also innovate and deliver services online instead of in person. He felt residents would be comfortable with paying more, as long as they felt the City was committed to continuous improvement and cost-cutting initiatives. Mr. Herbst said Mr. Feldman had driven innovation in service delivery and if they continued to do this, there would be less resistance to paying more. As the leading City in Broward County, Mr. Herbst said they needed to "act like that, and to maintain that posture sometimes costs a little bit more." He was concerned that next year, they did not have a structurally balanced budget in which revenues matched expenditures; they could not continue to dip into reserves.

Mr. Timiraos pointed out that stating their recommendations for next year instead of this year was the same thing they had been doing for four years and nothing had changed.

The Board took a brief break.

4. Review of Water and Sewer Fund Revenues and Expenditures

- Trend History and Variances

Ms. Smith gave a Power Point Presentation, a copy of which is attached to these minutes for the public record.

Mr. Feldman explained that the automatic increase was based on a need to have enough cash in place to have their return on investment policy go through. It began at 6.75% for each of the first two years and then it would be 5% or the CPI for the water and sewer components of the CPI. This year it was 6.4%, plus 1.75% add-on for the return on investment, or 8.13%. Mr. Feldman felt this was too high, and that this was the wrong index to be using. He had spoken with the rate analyst and said he would recommend a 5% increase each year. Mr. Feldman explained there was also a mechanism in place to rebate money back to residents if the revenue exceeded the need.

Mr. Feldman reminded the Board that the City had an audit comment regarding their fixed assets. They had estimated would take several million dollars to come into compliance with the comment, but responses to an RFP had ranged from \$32,000 to \$153,000. They had already set aside money based on the \$500,000, but this would be reduced greatly.

5. Review of Stormwater Fund Revenues and Expenditures

- Trend History and Variances

Ms. Smith gave a Power Point presentation, a copy of which is attached to these minutes for the public record.

Mr. Carbon informed the Board that they had budgeted \$300,000 to inspect and clean every drain at least twice per year.

6. Review of Other Enterprise Funds Revenues and Expenditures

- Trend History and Variances

Ms. Smith gave a Power Point presentation, a copy of which is included with these minutes for the public record.

Mr. Carbon noted they had already seen an increase in recycling tonnage, which would increase revenue.

Mr. Saito asked what effect the new Waste Management contract bid would have on the City's costs. Mr. Feldman stated they would have lower tipping fees. He said after July 2013, the City could either piggy-back onto the County's contract or bid their own. Right now, they were set to bid on their own to see if they could get a better deal.

Ms. Pfeiffer explained to Mr. Cross that multi-space meters were more expensive, but they increased revenue because of lower personnel and maintenance costs. They wanted to install this type of meter where it was appropriate.

Mr. Feldman remarked that the Parking Fund had a lot of cash reserves. This was critical because they planned to build parking garages and lots in the next few years. He thought they would get a very good rating on the Parking Fund. Ms. Pfeiffer informed the Board that there were no tax dollars in the Parking Fund and the Fund contributed \$3.5 million to the General Fund this year.

Ms. Smith stated the Executive Airport [FXE] was self-sustaining. Mr. Cobb said FXE was recently rated the second-best general aviation facility in the country. They were in the process of building a new customs facility and increasing the enterprise zone.

Ms. Smith said they needed to fund technological improvements. They anticipated great strides would be made in the next year. She confirmed that the IT funds had been balanced by charging other departments.

Mr. Feldman said the corpus for the Cemetery Trust Fund was approximately \$20,000,000. He said they needed to look at the fact that the cemeteries were running out of space and would need to acquire additional land. Without it, they would still be required to maintain the existing cemeteries, but if they did not expand and revenue stopped, the corpus would be used up and the General Fund must be used for maintenance. They were currently considering using the well field at Peters Road near I-595.

7. Next Budget Review Workshop: Wednesday, August 15, 2012, 6 pm

- Internal Service Funds
- FY 2013 Community Investment Plan (CIP) Projects
- City Auditor Discussion of FY 2013 Proposed Budget

Chair Page said they need time to plan for the workshop as well. She asked everyone to attend.

8. Next Joint Meeting with Budget Advisory Board and City Commission

- Monday, August 27, 2012 6 pm

9. Adjournment

The meeting was adjourned at 8:46 pm.

Documents:

Power Point presentations: Water and Sewer Fund Revenues and Expenditures
Stormwater Fund Revenues and Expenditures; Other Enterprise Funds Revenues and Expenditures

[Minutes prepared by J. Opperlee, Prototype, Inc.]