

APPROVED
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8th FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
FEBRUARY 20, 2013 – 6:00 P.M.

Board Member	Attendance	10/2012 through 9/2013	
		Cumulative Attendance Present	Absent
June Page, Chair	P	3	0
Drew Saito, Vice Chair	P	3	0
Brady Cobb	P	1	3
Nadine Hankerson	P	2	2
Jonathan Macy	A	0	2
Fred Nesbitt	P	3	0
Bryson Ridgway	P	3	0
Josias Dewey	P	1	0

Personnel Attending

Charmaine Eccles, Budget Department and Board Liaison
Douglas R. Wood, Director of Finance
Kirk Buffington, Deputy Director of Finance
Stanley Hawthorne, Assistant City Manager
John Herbst, City Auditor
Lee Feldman, City Manager
Laura Reece, CIP Assistant Grant Manager
Diane Lichenstein, Senior Financial Management Analyst
Terence Arrington, Senior Management Fellow
Albert Carbon, Director of Public Works
Emilie Smith, Budget Manager
Lisa Edmondson, Prototype Inc.

Communications to the City Commission

None.

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.

1. Call to Order

The meeting of the Budget Advisory Board was called to order at 6:08 p.m.

2. Roll Call

Roll was called, and it was determined a quorum was present.

3. Approval of Meeting Minutes

a. January 16, 2013

Motion made by Mr. Ridgway, seconded by Vice Chair Saito, to approve the minutes of the Board's January 16, 2013, meeting. In a voice vote, motion passed unanimously.

Chair Page introduced new Board member, Josias (Joe) Dewey.

4. Old Business

a. Strategic Planning and Budgeting Cycle Feedback

Mr. Hawthorne mentioned that the City Commission had requested that the Board do a better job advising them on the budget at an earlier stage. He explained that they moved the timetable up for earlier involvement from the various stakeholders and the City Commission. The budget has been integrated with the Strategic Planning Cycle and the City Commission is looking for feedback from the Board. Mr. Hawthorne continued that the following two presentations will be given to the City Commission with this Board's feedback incorporated.

Mr. Hawthorne began a PowerPoint presentation at 6:11 p.m., which was concluded at 6:28 p.m.

Mr. Hawthorne referred to the printed narrative of the budget process showing the scheduled work plan for the Board, revenue sources and seven-year trends.

Chair Page verified that the Communications to the Commission regarding recommendations for new revenue sources was requested by the City Commission for the April 30, 2013, meeting, not the March meeting. Mr. Hawthorne added that the focus will be on Fire Rescue assessment and the Property Tax rate. He stated that an RFP had been issued for a user fee study and a direct cost allocation plan, which will be a tool for use in the future. Mr. Hawthorne reiterated that the Communication for the April 30 meeting would focus on the revenues that they are most familiar with and with the most capacity that the City Commission controls.

Chair Page asked Mr. Hawthorne if his primary goal for the March 14 budget workshop was the strategic planning and budget cycle. Mr. Hawthorne replied affirmatively, noting that the City Commission needs to know the Board's comfort level with some of the new elements and the modified time table. Mr. Hawthorne commented that it was important to have more ownership earlier in the process.

Chair Page wanted to know if the procedure would be bringing the departments to the Board as opposed to having individual Board members going to them. Mr. Hawthorne said that bringing them in would be the preferred process, and the presentations could be spread over multiple meetings.

Mr. Cobb wondered if the new revenues referred to new sources of revenue or increases in existing revenues. Mr. Hawthorne said it could be a combination. After receiving the RFPs, they would have a better working tool.

Mr. Ridgway said he could not find the vision statement and the action plan online and requested a copy to help in decision making. Mr. Hawthorne responded that the documents are in process, and the information has come mainly from the Visioning Committee. Staff is pulling that information together to be presented to the City Commission in April.

Mr. Hawthorne added that they have the Citizen Satisfaction Survey results, which they plan to put on the next month's Board agenda.

Ms. Hankerson asked about how the telephone Town Hall meetings affect the planning. Mr. Hawthorne replied that those meetings were done the prior summer around the visioning process, and the results were very encouraging. This year the focus will be on the budgeting process itself.

b. Fiscal Capacity Study Update/Presentation - Part 1

Mr. Hawthorne introduced Terence Arrington, Senior Management Fellow, who has been working on multiple projects through the Budget Office. Mr. Hawthorne said they expect this project to be completed within the next two or three weeks.

Mr. Hawthorne and Mr. Arrington gave a PowerPoint presentation beginning at 6:43 p.m. Mr. Hawthorne stated it was not meant to be comprehensive or complete, but would indicate what might be expected in the future.

Mr. Hawthorne mentioned that they skipped a chapter, Revenue and Tax Base, which was not finished. It will be presented at the next meeting.

Mr. Ridgway asked for clarification on governmental revenue, and Mr. Hawthorne said those revenues are basically those that the City does not directly control (that come from other government entities such as State-sharing revenues).

Mr. Cobb was curious about fees for reduced services for other municipalities, and Mr. Hawthorne explained that any fees the City controls would be considered the City's fees.

Mr. Ridgway wondered if the time period for property tax revenue data was year-over-year or a 10-15 year cycle. Mr. Hawthorne said it can vary, and they started from 2007 to keep it consistent from indicator to indicator. The model calls for at least five years, and it is the trend as it relates as to what is happening most recently.

Regarding fringe benefits, Mr. Hawthorne remarked that the two primary areas that need addressing are pension costs and health insurance.

Mr. Hawthorne stated that the expenditures per capita numbers are preliminary and more information will be forthcoming.

The PowerPoint presentation was concluded at 7:01 p.m.

Mr. Hawthorne commented that Mr. Arrington had presented 6 of the 12 indicators they had chosen (out of 45 available). They started with data that could be assembled more easily to factor in, and he thought they would be able to add in more indicators in the future.

The Board commented positively on the presentation and the project.

Chair Page referred to a memo from Vice Chair Saito regarding the Police Administration tour and asked him to comment on it.

Vice Chair Saito reported that he, Chair Page, Mr. Ridgway, Mr. Nesbitt, and Ms. Eccles toured the Police Station in late November, 2012. He said that at the end of the tour, they all concluded the building had a lot of deferred maintenance, including the roof, water damage to acoustical ceilings, firing range, and HVAC system.

Vice Chair Saito distributed an assessment from Mr. Ridgway that pointed out there are short-term needs that need addressing within a year.

Referring to his memo, Vice Chair Saito noted that on the second page he made two recommendations for consideration: creation of a committee to thoroughly analyze short- and long-term fixes for the department, and a complete needs assessment by the police department.

Mr. Nesbitt said that one thing they should ask the City Commission is if they are interested in addressing the problem. Chair Page suggested discussing Vice Chair Saito's memo and Mr. Ridgway's backup material at the City Commission's Budget workshop.

Vice Chair Saito felt it was important to get the matter on record, as they did find the building in disrepair. Mr. Ridgway commented that if they settle for short-term solutions, it would end up costing more money and would put the City in a "precarious position."

Vice Chair Saito also stated the City Manager should be aware of the situation.

Mr. Nesbitt thought they should make a recommendation to the City Commission, stressing what the Board believes to be a serious problem with potential problems and dangers.

Mr. Cobb also brought up the antiquity of the City Hall, and thought that should also be addressed.

Ms. Smith mentioned that the City Commission funded the Facility Condition Assessment (city wide), and Parks and Recreation is in the process of procuring a consultant to follow through for all City facilities. She also reported there was a grant for the Police Station to do some hurricane proofing of the windows, and there is \$450,000 left over from that grant. Staff is preparing a letter to FEMA requesting the use of those funds to do some roof repairs and perhaps some work at the jail.

Mr. Cobb remarked that the Management and Information Systems are also outdated and requested additional action. Mr. Nesbitt said that the Board had approved a recommendation for a \$300,000 enhancement to the system, and he thought \$120,000 was spent the first year. It will be an ongoing process.

Ms. Smith explained that the initial improvement was to the payroll system, with the Kronos application. The I.T. Department is now doing an evaluation of the needs of the City.

Chair Page asked where they were on the payroll and timekeeping, and Mr. Feldman said they are at an impasse with the Kronos legal team.

Vice Chair Saito recalled a more general discussion about payroll and timekeeping (before the Kronos discussion) and wondered if a recommendation had been made. Mr. Buffington responded that Kronos is supposed to bypass time cards and people clocking in and out. Mr. Cobb recalled they had discussed an outsourcing option. Mr. Feldman stated that even if an outside party does payroll, time still has to be collected. The bulk of the current payroll inefficiency is in collecting the time, and Kronos would take out the manual processing of time cards. It would also help alleviate fraud.

Mr. Cobb wondered if the City had investigated if it is more efficient to outsource or do payroll internally. Mr. Hawthorne said that probably most staff would argue they can do it more cost effectively if the "anarchy in the system" is eliminated. He continued that ADP recommended that the City hire an outside study to assess whether it would be less costly to use ADP than City staff. Mr. Hawthorne emphasized that the Kronos portion is the first phase. Mr. Cobb commented he would like to see the outside study.

Mr. Nesbitt brought up some verification procedures that would have to be met with outside payroll contracting, and Mr. Feldman said there are sign-off procedures before the data would ever get to the outside party.

Mr. Herbst reviewed some issues that came up at the time of the last discussion about ADP:

- ADP does some of the largest companies for payroll, but they do not necessarily do very large unionized environments
 - City payroll system is complex
- Feeding information to the pension system

He said the City's system is complicated but not unique.

Mr. Hawthorne pointed out that their payroll department has only two people, which points to efficiency. He wanted to get the first step (Kronos) implemented, and then come back with an update from ADP.

Ms. Hankerson wondered if they were limited to ADP or if others had the opportunity to present. Mr. Hawthorne responded that ADP was the only firm that responded when it went out to bid initially.

Mr. Wood commented that the City has made step-by-step improvements to the payroll process. Last July they converted to direct deposit, and now have only 100 employee checks that are not converted out of the 5,000 checks issued per month. Beginning in October, the City will be able to penalize employees who do not convert. The system has been reconfigured so that an employee can send their net pay to more than one place, plus the credit union. He said the bottom line is that the payroll is properly recorded in the City books.

Regarding the RFP, Mr. Wood stated that what they did is took what they had, put it in a binder and sent it out. He said there are peculiarities that need to be built into the program.

Chair Page requested a monthly update on Kronos.

5. New Business

a. Presentation - Work on State Road A1A; Albert Carbon, Director of Public Works

Mr. Carbon reported pre-drilling the limestone has occurred down to 30 feet. The drilling started February 18 and will take three - four weeks. The work may even stretch into April if complexities arise.

Mr. Carbon stated that the noise and vibration control is going well, although it may increase towards the center of the project, where the pre-drilling may not have been as effective.

Mr. Carbon said additional MOT controls have been put up: bicycles and pedestrians are not allowed on the east end (beach side) of the operation.

Mr. Carbon continued that when the sheet metal pile is completed, temporary reconstruction of the road will begin. Behind the sheet metal piles, part of the road will be turned up, there will be compaction on the west side of the sheet metal, and then the most easterly lane of the road will be rebuilt. He remarked that A1A will be repaved, re-striping into one lane each direction (north and south) with a left-turn pocket. Parking will be on the west side. He said that is a temporary fix until FDOT goes through their design documents, staff does some additional outreach, and the City Commission decides how they want the final configuration.

Mr. Carbon reported that the prior Friday, the County issued a contract with a truck hauler to bring in approximately 25,000 cubic yards of sand from an inland site. At this time the contractor is doing his pre-survey. The trucking operation should begin during the next week, and should be completed in a month. There are also off-shore surveys being done for coral reefs, hard bottom, and other environmental conditions.

Mr. Cobb wondered if they would be building the dunes up, and Mr. Carbon responded that although they would like to, the configuration of the sand will build it more up to the sheet panel wall. Mr. Cobb commented that dunes, not sand, save beaches. Mr. Carbon added that staff may work on plantings to help build the dunes at a later date. He added that if they do not put the sand in front of the sheet metal pile wall, it will continue to disintegrate south.

Vice Chair Saito wondered what the plan was to renourish the beach north of the strip. Mr. Carbon replied that the sea wall failed at "No Name Park." A contractor is rebuilding the wall, and they hope to build a staircase in the next 10 days. Mr. Carbon continued that the County has been working on a beach renourishment project for several years from Hillsborough Inlay down to Fort Everglades. The County believes they will be ready to start in late 2013, as they are working on environmental and Federal funding issues. In response to a question, Mr. Carbon said that Fort Lauderdale paid for all the engineering, but the County paid for the monitoring, programs and all other aspects of the project.

Vice Chair Saito brought up the dollar impact of the project, and Mr. Carbon said that the costs for the October storm (surveying) and the November storm were approximately \$180,000. Ms. Smith mentioned they also had some impact to parking meter revenue. Mr. Carbon added that the sand hauling project is about \$1.2 million, which the County will pay.

b) Bed Tax and the Local Government Infrastructure Surtax

Mr. Feldman stated that the City does not receive any of the \$70 million that is collected annually from tourism through the bed tax, even though 49.4% of that amount is generated from beds located in Fort Lauderdale. The money goes to the County, and the County distributes it per statutory purposes. A portion of it has gone to the Panther Arena to secure debt, and some has gone to other projects throughout the County. A large portion goes to the Convention and Visitors Bureau for marketing.

Mr. Feldman remarked that the County also uses the bed tax to fund its share of local projects requiring local matches, such as beach renourishment. He said that the County has begun tying their use of the bed tax money to additional local matches, such as the Museum of Discovery and Science, where they allocated \$2 million for their capital campaign contingent upon the City providing a \$1 million contribution.

Mr. Feldman addressed the fact that Miami Beach, Bal Harbour and Surfside have their own bed tax. He said they had their taxes in place prior to 1968 and were grandfathered in at that time. Mr. Feldman calculated that if the City of Fort Lauderdale had the same bed tax rate that Miami Beach does, \$12 million per year would be coming into the City to promote tourism industry within the City.

Regarding local government optional infrastructure surtax, Mr. Feldman stated this is being done in various counties, but not in Broward County. By referendum, voters can approve an increase in sales tax (with a maximum of one penny), which would be distributed back to cities for the purpose of funding infrastructure projects.

Mr. Feldman said \$16 million per year would be generated for the City if there were an additional penny tax collected. He added that that revenue is a bondable source. When considering a penny tax, the City should consider who pays it. It would be collected County-wide, and the tourists would end up paying roughly one-third of the amount.

Mr. Feldman remarked that the easiest way to get the matter on the ballot is through the County Commission deciding to put it out for referendum. Mr. Feldman suggesting advocating to the City Commission that they should advocate to the County Commission in other cities that this may be a potential source to address infrastructure needs throughout the County.

Mr. Ridgway wondered if there was any recourse for going after the bed tax collected by the County. Mr. Feldman said there was no legal recourse, as the distribution is at the discretion of the County Commission. However, there is a State law which limits the City from getting its direct share, and an approach could be made to the legislature to change the law. He cautioned that changing that law would affect all counties collecting and distributing the bed tax, and the City could expect strong opposition. Discussion ensued about the likelihood of changing the law.

Mr. Nesbitt wondered if there are any other sources of tax revenue, and Mr. Feldman answered that is part of the fiscal capacity study in progress.

6. Joint Commission Budget Workshop Meeting Dates:

- Thursday, March 14, 2013

Chair Page asked who would be attending. She brought up an attendance issue with one of the members, and Ms. Smith remarked the member would be automatically removed if he missed three meetings. It was noted there were now two vacancies on the Board.

- Set Agenda

Matters for the agenda were suggested:

- Police station
- Marine facilities
- Fiscal capacity study (listen to part of it)
- Payroll contract
- Outsourcing for efficiency
 - Code Enforcement
 - Building Permitting

Mr. Herbst commented that staff had begun thinking of outsourcing, but that was temporarily put aside when reorganization occurred.

Vice Chair Saito was curious if the workshop would be an open discussion, or if they would be making recommendations. Chair Page replied it would be an open discussion, as they do not have any recommendations prepared. She added there would be no presentation.

Ms. Smith confirmed there would be another workshop on April 30, 2013. She said staff would be discussing the strategic plan and budget workflow and introducing new concepts to the City Commission, such as a budget workshop to review the preliminary budget. She asked that the Board take a position on that, and if in agreement, make a recommendation to support it going forward.

- Tuesday, April 30, 2013

No discussion.

- Monday, August 26, 2013

No discussion.

Vice Chair Sato requested some time in one of the next two Budget Advisory Board meetings to discuss the adopted budget document. Ms. Smith will include it on the next agenda.

Vice Chair Sato wondered when the Facilities Condition Assessment would be completed, and Ms. Smith said she saw the scope for the analysis, but not an RFP. Mr. Buffington stated nothing has been released yet.

Mr. Hawthorne mentioned several documents to be sent to Board members:

- Citizen Satisfaction Survey
- Annual Action Plan

Mr. Hawthorne also said it is important to send email reminders of upcoming City Commission sessions, such as visioning, street planning and so forth.

Chair Page was curious how the Citizen Satisfaction Survey was done, and Mr. Hawthorne explained 5,000 surveys were sent out randomly, representative of each district and demographic. More than 600 were received (emailed, mailed, or telephoned), and the survey had a 95% accuracy rate. Ms. Smith added all the districts were represented in the results. Mr. Hawthorne said the survey created a good benchmark for comparison against other cities.

7. Communications to/from the Commission

None.

8. Adjourn

Upon motion duly made and seconded, the meeting was adjourned at 8:07 p.m.

Documents:

Strategic Planning and Budgeting Cycle Feedback PowerPoint presentation from Mr. Hawthorne

Printed narrative of budget process from Mr. Hawthorne

Fiscal Capacity Update - Part I PowerPoint presentation from Mr. Hawthorne

Memo re: Police Administration Tour from Vice-Chair Saito

Assessment of short-term Police Station needs from Mr. Ridgway

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