

APPROVED
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8th FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
JUNE 19, 2013 – 6:00 P.M.

Board Member	Attendance	10/2012 through 9/2013	
		Cumulative Attendance Present	Absent
June Page, Chair	P	6	0
Drew Saito, Vice Chair	P	6	0
Robert Oelke	P	3	0
Nadine Hankerson	A	3	3
James McMullen	P	3	0
Fred Nesbitt	P	6	0
Bryson Ridgway	A	4	2
Josias Dewey	P	4	0

Personnel Attending

Lee Feldman, City Manager
 Charmaine Eccles, Budget Department and Board Liaison
 Kirk Buffington, Deputy Director of Finance
 Stanley Hawthorne, Assistant City Manager
 John Herbst, City Auditor
 Paul Vanden Berge, Fire Rescue Department Budget Coordinator
 Steve Justinak, Fire Chief
 Emilie Smith, Budget Manager
 Jamie Opperlee, Prototype Inc.

Mike Burton, Kyle Stevens, Erich Van Malssen, Burton and Associates

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 6:03 p.m.

2. Roll Call

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

3. Approval of Meeting Minutes

Walk-on - March 14, 2013 Special Meeting

Motion made by Mr. McMullen, seconded by Mr. Oelke, to approve the minutes of the Board's March 14, 2013, meeting. In a voice vote, motion passed unanimously.

A. April 17, 2013 Regular Meeting

Chair Page noted a correction.

Motion made by Mr. Nesbitt, seconded by Mr. Saito, to approve the minutes of the Board's April 17, 2013, meeting. In a voice vote, motion passed unanimously.

Walk-On - April 30, 2013 Special Meeting

B. May 8, 2013 Budget Presentations

C. May 15, 2013 Budget Presentations

D. May 22, 2013 Budget Presentations

E. May 29, 2013 Budget Presentations

Motion made by Mr. Saito, seconded by Mr. Nesbitt, to approve the minutes of the Board's five meetings listed above. In a voice vote, motion passed unanimously.

4. Old Business

A. Payroll/Time Keeping Update - Mike Maier, Chief Technology Officer

Ms. Smith reported the KRONOS agreement had been approved the previous evening by the City Commission.

5. New Business

A. City Manager's FY 2014 Preliminary Budget Update

Burton and Associates representatives utilized an interactive spreadsheet throughout the meeting to demonstrate the effect of several actions on the City's budget.

Mr. Feldman stated preliminary numbers indicated property values had increased 4.36%. The final numbers would be available next month. He reported there was currently an \$11.2 million budget gap with the millage rate at 4.1193. He had told the Commission that he intended not to dip into the Fund Balance this year. Mr. Feldman had already added to the budget to address concerns raised by the Commission regarding projects such as landscape maintenance, gateway entrances, downtown walkability projects and master plan sustainability consultants. He had also included a bridge master plan budget item to determine whether bridges needed replacement or repair.

Mr. Feldman said the City had not performed street repairs for a while and the consultant's pavement management system results would be available in August; this would allow them to address the most critical needs first. He had also added funds for sidewalks in need of repair and for cameras in non-CRA areas of the City.

Mr. Feldman's budget included a fully-funded Fire Assessment Fee, raising it from \$135 to \$225 for a residential unit. He stated if the City did nothing for 10 years, there would be more cash going out than coming in and the reserves would dwindle to nothing by 2018. They would be below the threshold in 2014. A fully-funded Fire Assessment created a sustainable model and allowed them to build reserves. Mr. Feldman said if they applied 50% of the surplus to capital, they could generate \$30 million over nine years while maintaining fund balances and a positive cash flow.

Mr. Feldman remarked that one bridge replacement could cost \$2.5 million. He informed Mr. McMullen that the average bridge age in the City was 50 years. Mr. Feldman said regarding streets and bridges, they wanted to get this infrastructure fixed before it reached a fail condition.

Mr. Feldman acknowledged that the increase in the Fire Assessment would be a "big pill for the Commission to swallow" because it represented a large revenue increase. This would enable the City to restore services and add some critical new positions. Mr. Feldman stated the big issue would be whether there was an appetite to increase revenue, and whether it should be generated by an increase in the Fire Assessment, the millage rate or both.

Mr. Feldman explained to Mr. McMullen that the Commission had stated for years that they would like 100% cost recovery where it could be achieved. The Fire Assessment had been at approximately 50% cost recovery. The impact of the Fire Assessment would amount to approximately \$7.2 per month for the average residence. Mr. Oelke asked if they had compared Fire Assessments Fees and costs to other cities. Mr. Feldman said comparisons were difficult because of the specific mix of commercial to residential properties. He noted that City staffing levels were lower than average. Chief Justinak explained that the majority of rescue trucks in the County used three staff and Fort Lauderdale used two. He said the City ran very efficiently from a staffing prospective.

Mr. Oelke feared that if there was a dedicated source of revenue tied to costs, there would be less resistance in the future regarding cost growth. Mr. Dewey pointed out that any future increase would need to be approved by the City Commission; it would not be automatic if costs went up. Mr. Feldman added that they were doing things that could bring costs down, which would result in a decrease in the Assessment.

Chair Page felt the Commission would agree that the Fire Assessment should be increased, but would probably haggle over how much, so Mr. Feldman should include an increase in the millage rate as well.

Mr. Burton adjusted the spreadsheet to describe the result of increasing the Fire Assessment by \$50 and increasing the millage to 4.3 and the results were approximately the same as just increasing the Fire Assessment by \$90. The impact would be approximately the same for the average residence and slightly more for more expensive residences. Mr. Hawthorne informed the Board that on July 9, the Commission must determine a maximum for a millage rate increase.

Chair Page stated the City was looking shabby because of lack of maintenance and Mr. Feldman said this was why he had included funds for this in his budget. Mr. Saito was concerned that work to make the City better, which was discussed in the Visioning Plan, would be forgotten about without additional revenue. Ms. Nesbitt felt if voters understood what increases were intended to be used for, they could understand it.

Mr. Feldman said if they increased the Fire Assessment by \$50 and the millage rate to 4.3, and if they increased the surplus capital transfer from 50% to 70%, they could pick up an additional \$10 million over 10 years. Ms. Smith stated in 2014 there were \$36 million in capital requests for the General Capital Projects Fund, which only had \$2 million to spend.

Mr. Nesbitt felt there was an opportunity to reinvest in the City.

Ms. Smith recalled that the City had reduced taxes.

Mr. Herbst said it would take 20 years for the City to recover from the losses it had suffered in property taxes in recent years.

Mr. Nesbitt stated he favored 100% recovery on the Fire Assessment and a millage rate increase, with the money earmarked for reinvestment and rebuilding the City.

Mr. Feldman said if the millage rate were 4.5, with a 90% transfer, there would be \$194 million after 10 years. This represented a 10% increase in the millage rate. Mr. Burton pointed out that the Fire Assessment increase would affect lower value properties more; a millage rate increase would affect higher value properties more.

Mr. Feldman cautioned that they must be sensitive to demographics; there were senior citizens living on fixed incomes, as well as lower income households who were more sensitive to any increase.

Ms. Smith stated the City's Fire Assessment and millage rate were still comparatively low in the County.

Mr. Feldman informed the Board that there were \$179 million in unfunded projects over five years. He said \$150 million were crucial infrastructure projects.

Ms. Smith suggested the Board could identify a dollar amount to designate for the highest-ranked projects in the list of general capital projects. Mr. Nesbitt wanted to specify that the projects they were discussing were roads, bridges, sidewalks and bike lanes. Mr. Oelke asked about technology needs and Ms. Smith agreed the Board could suggest that some of the transfer be dedicated to the IT strategic plan.

Aside from Mr. Oelke, Board members agreed to recommend full cost recovery for the Fire Assessment Fee for Fiscal Year 2014. Mr. Oelke opposed increasing the fee automatically based on costs. He was particularly concerned about future pension costs and dis-incentivizing reform.

Mr. Oelke suggested the Board recommend as high a millage increase as possible because if the Commission approved it, he was certain they would not do so again soon. Mr. Feldman reminded the Board that a unanimous vote of the Commission was required to raise the millage rate more than 10% over the rollback rate which was now 4.34. Mr. Burton stated a 4.34 millage rate would provide \$136 million in capital, at a 90% transfer rate over 10 years.

The Board agreed they would recommend that both the Fire Assessment Fee and the millage rate be increased. Mr. Burton pointed out that the first concern was to stay solvent and increasing the Fire Assessment to 100% recovery would accomplish only that. The next concern was to improve the quality of life in the City, which required an increase in the millage rate as well.

Chair Page summarized that the Board would recommend 100% cost recovery for the Fire Assessment, along with increasing the millage rate to 4.5%, earmarking the funds from the increase in the millage for CIP projects. Mr. Feldman suggested the Board could get more specific about the CIP categories and projects over the summer.

Mr. Feldman suggested Board members contact their Commissioners between now and July 9 when the Commission would vote on the maximum possible millage increase.

Mr. Feldman had spoken to the Commission about the need to rethink the NCIP program because it did not include maintenance and used extensive staff time.

Mr. Hawthorne advised the Board to send their recommendations to the Commission in a letter because communications to the Commission would not be received before the next week's workshops.

Motion made by Mr. Nesbitt, seconded by Mr. Dewey, to recommend: 100% cost recovery of the Fire Assessment Fee, for the purpose of closing the budget gap as well as increasing the millage to 4.5%, with 90% going toward capital improvement and

rebuilding infrastructure, such as bridges, roads, sidewalks, bike paths and public safety equipment. In a voice vote, motion passed 5-1 with Mr. Oelke opposed.

Ms. Smith agreed to draft a memo to the Commission with the Board's recommendations.

Chair Page urged Board members to contact their Commissioners prior to July 9 as well. Chair Page and Mr. Saito agreed that one of them would attend the Commission's July 9 meeting to represent the Board.

B. Recommendations to City Commission

1. Property Tax Millage Rate

4.5% millage rate, with 90% going toward capital improvement and rebuilding infrastructure, such as bridges, roads, sidewalks, bike paths and public safety equipment.

2. Fire Assessment Fee

100% cost recovery, for the purpose of closing the budget gap.

3. Building Fees

No recommendation.

6. Next Joint Commission Budget Workshop Meeting: Monday, August 26, 2013

7. Communications to the City Commission

None.

Other Discussion Items and Announcements

Mr. Nesbitt recognized Fire Chief Justinak, who would be retiring soon. He thanked Chief Justinak for his department's cooperation with the BAB and for his long career with the department.

8. Adjourn

Upon motion duly made and seconded, the meeting was adjourned at 8:15 p.m.

Documents Attached:

Preliminary Budget Considerations

Preliminary Budget Modifications and Departmental Reductions

FY 2014 - FY 2018 Community Investment Plan General Capital Projects Ranking

FY 2014 - FY 2018 Preliminary Community Investment Plan