

APPROVED
BUDGET ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8th FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FLORIDA, 33301
SEPTEMBER 18, 2013 – 6:00 P.M.

Board Member	Attendance	10/2012 through 9/2013	
		Cumulative Attendance Present	Absent
June Page, Chair	P	8	0
Drew Saito, Vice Chair	P	8	0
Chip Burpee	A	1	1
Josias Dewey	P	6	0
Nadine Hankerson	A	4	4
James McMullen	P	5	0
Fred Nesbitt	P	8	0
Robert Oelke	P	3	0
Bryson Ridgway	A	5	3

Personnel Attending

Stanley Hawthorne, Assistant City Manager
 John Herbst, City Auditor
 Kirk Buffington, Deputy Director of Finance
 Cate McCaffrey, Assistant Director of Parks and Recreation
 Norm Mason, City Manager's Office
 Diane Lichenstein, Senior Financial Management Analyst
 Charmaine Eccles, Budget Department and Board Liaison
 Jamie Opperlee, 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 6:00 p.m.

2. Roll Call

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

3. Approval of Meeting Minutes

A. August 21, 2013 Regular Meeting

Mr. Oelke apologized for using the word “fudged” at the last meeting.

Motion made by Mr. Saito, seconded by Mr. Dewey, to approve the minutes of the Board’s August 21, 2013, meeting. In a voice vote, motion passed unanimously.

4. Old Business

A. Payroll/Time Keeping RFP, 3rd Party Service Opportunities Update

Mr. Buffington stated IT was working to implement Kronos for all City employees who were not currently using it. Once it was implemented, he remarked there would be tremendous labor savings because the payroll information would no longer need to be entered manually from time sheets.

Mr. Buffington recalled that they were talking about an ERP for Resource Planning Software and they would also look into the payroll function. He was unsure they would have the ability and funding to change the payroll from Cyborg, which was a complicated system to maintain and program. On October 1, they would award an ERP to a consultant to help conduct a needs analysis.

Mr. Nesbitt asked if the monthly \$400 retirees’ health checks could be done through a payroll company. Mr. Buffington thought that many of these payments were done by direct deposit, but he agreed to confirm the situation and report back to the Board.

Mr. Buffington reported that increased use of the P-Card not only sped up payments to vendors but also provided a rebate to the City for every transaction. They received 165 basis points from SunTrust for every dollar spent on a P-Card. Mr. Buffington said they were working to increase their use. For businesses that did not want to use the P-Card, they would implement ACH. He explained that the City’s general ledger finance system did not adapt well to multiple forms of payment to one vendor.

5. New Business

A. Citywide Spending on Homelessness Discussion

Ms. McCaffrey reported the City had received a \$455,000 HUD grant to create a program to take the most vulnerable homeless and place them in permanent supported housing. They worked with Broward County, the Broward Partnership for the Homeless

and the Fort Lauderdale Housing Authority to provide the units. Broward Partnership for the Homeless would provide the support services.

Chair Page said the Board's main concern was that "It didn't necessarily sound like it was the most efficient system to go about spending the City's resources on a problem that maybe no one is coordinating." Ms. McCaffrey stated \$30,000 was budgeted for a part-time program administrator; the Police Department budgeted for an officer to work on the task force to speak to the homeless to try to get them into the shelter. Mr. Saito recalled that when they had met with the Fire Department, representatives had remarked on the number of times that life safety personnel addressed homeless issues and they had asked if it was possible to quantify these costs to the City.

Ms. McCaffrey explained that the Frequent Users model was used by municipalities to calculate the cost of providing services to individuals and to compare it to the cost of supplying permanent supported housing. She stated the most expensive way to treat a person was to take him/her to the emergency room, to call the Police or the Fire Department. The costs could be halved by placing a person in housing.

Mr. Saito said there were non-profit groups who provided services using federal funds. Ms. McCaffrey informed the Board that Broward County was trying to bring all the non-profit providers together to help the most vulnerable homeless.

Mr. Nesbitt recalled a line item in the Police Department and Fire Department budgets specifically for assisting the homeless and he asked who was coordinating the services. Ms. McCaffrey said the Police and Fire Departments were both partners in administering the grant. Mr. Mason said there was no general ledger line item for homeless assistance but some funds might have been earmarked for specific items.

Ms. McCaffrey explained that the outreach designed into the program helped to develop relationships with the most vulnerable. Chair Page asked if there were studies regarding success rates. Ms. McCaffrey had read reports indicating success rates of up to 90% after one year.

Mr. Oelke asked if there was a way the City could determine how much they were spending across departments on issues related to the homeless. Ms. McCaffrey felt they could determine these costs, but the underlying answer was making sure that people were no longer homeless. Mr. Saito felt the starting point was to "quantify the scope of where we're at, where is it concentrated and then we can back into what are the possible solutions." He thought non-profits could address this issue better than the City could.

Mr. Nesbitt asked Mr. Hawthorne to go through the budget and determine where funds had been earmarked for homeless issues and report back to the Board in October so they knew where the City was spending on the issue. Mr. Hawthorne agreed they

needed to know what was being spent. He said they were moving toward identifying core services or programs, and homelessness was one of these.

B. FY 2014 Work Plan Discussion

Mr. Hawthorne distributed the Draft FY 2014 Work Plan for the Board and said they had listed items specific to the budget process. He noted that from March until July 2013, the Board had been concerned solely with budget items and they wanted to space those items out better. As they identified other discussion topics, the Board could add those in as they saw fit.

Mr. McMullen recalled that they had discussed the bonding issue at the joint workshop and he felt the Board needed to start learning about this as soon as possible. Mr. Saito remarked that the City-wide facilities assessment would be done by the summer and Mr. McMullen said they could then determine which projects could be candidates for bonding.

Chair page asked how long it took from the time they decided to issue a bond until the bonds were issued and Mr. Herbst replied that if the bond required a referendum it could take two to three years. Mr. Buffington agreed that at least a year was needed to educate the public properly. Mr. Nesbitt requested someone attend a meeting to describe the process to the Board.

Mr. Herbst thought they needed to discuss the City Manager's proposal for a County-wide infrastructure sales tax because there were many municipalities with the same needs. This could create an ongoing revenue stream and 60% of it would be paid for by visitors, having less impact on residents. Mr. Hawthorne said a white paper was being written discussing how donor cities such as Fort Lauderdale had no say in how the tourist tax funds were being used and how they could channel more funds toward infrastructure. Mr. Herbst commented that an infrastructure tax could be a bond funding source. Mr. Hawthorne stated the first things they would want to look at were what revenue sources would be most feasible for bonding.

Mr. Herbst recalled that Jacksonville had wanted to implement a bond for a \$1.5 billion infrastructure program and had set up a tax to fund it. He said the tax had been sunsetted after 20 years, making it more palatable to residents. Mr. Herbst stated a County-wide tax would require a coordinated effort from municipalities, but he felt that many municipalities were "in the same boat" as far as deferred maintenance and capital and there would be broader support to move such as tax forward.

Mr. Saito suggested two agenda items for the Board's 2014 calendar year: a presentation on the Vision Plan and a discussion on pensions. Mr. Hawthorne reported that Ms. Torriente and Amy Knowles had planned on giving presentations on the Vision Plan to advisory boards. He stated the Vision Plan, nicknamed "Fast Forward" was long-term and needed incremental plans to accomplish its goals. The City Commission

had approved the first five-year Strategic Plan increment of the Vision Plan, nicknamed "Press Play." He said the Board should also see a presentation on the Strategic Plan. Mr. Hawthorne said the Commission was focused on the need to do something about infrastructure.

Chair Page asked why the City did not receive grants for infrastructure like smaller communities seemed to do. Mr. Oelke stated the City's intergovernmental revenues as a share of the budget were smaller than other cities. Mr. Hawthorne argued the City did get its share of grants. He felt infrastructure projects came down to residents wanting the City to be better, and he thought the Board had begun to push that.

Mr. Saito wanted to know if the City could lease buildings instead of paying to build new ones. Mr. Herbst explained that there had been a bias toward ownership of government buildings. Mr. Saito remarked that the City had done a bad job of maintaining its real estate.

Mr. Herbst stated there was a cost to quality of life to having "the second lowest tax rate of the 20 largest cities in the State." Cities with higher tax rates had higher levels of beautification, services and infrastructure. Mr. Oelke pointed out that the City's millage was 4.11 but their tax base per capital was \$140,000 and not one of the other ten top cities in the State came close to that. The revenues coming in were as high per capita as any city in the State. Mr. Oelke said, "It's not that we don't necessarily have the money; we may not be spending it correctly to get the results we want." He took exception to the idea that the City did not have the money to do these things; he thought the money was not going where they would prefer it to go. Mr. Herbst brought up the fact that Fort Lauderdale was not a newer city, and this was reflected in the infrastructure.

Chair Page summarized that at their October meeting, they would get some education on bonding and revenue options. At the end of that meeting they would decide whether they had enough information to hold a workshop with the Commission.

Regarding the discussion on pensions, Mr. Oelke reported the State had rejected the General Employees' actuary statement last year because they had not adjusted the assumed interest down to 7.5%. The actuary estimated they had a 35% chance of meeting their assumed interest rate over 20 years. Reducing it to 7.5% gave it a 39% success rate. The actuary stated it needed to be under 7% to have a 50% success rate. Mr. Oelke said if General Employees had not adjusted the assumed interest rate, the State would have withheld all funds it paid the City. He remarked that pensions needed "a dose of reality" and reform must be discussed.

Mr. Nesbitt stated the General Employees plan was closed so there was no reform. Mr. Herbst said he had been trying to impress upon General Employees that they must change their actuarial assumptions and shift asset allocation because it was a closed

plan. Mr. Oelke said someone must look at what they were spending and what they were promising and if the promises were going to result in escalating contributions that would continue to eat the budget, there would be no money for infrastructure, landscaping or a new City Hall. Mr. Hawthorne agreed to arrange a pension presentation for the Board. He reminded everyone that pension reform was subject to collective bargaining. This had been identified by the City Commission as a priority item they wanted to see change. The Commission had determined the City needed to save \$300 million over 30 years to make the pension system sustainable.

Mr. Nesbitt reminded everyone that the pension issue could not be looked at in isolation. There had been a long history of unions giving up wages in order to get better pensions and health benefits. He pointed out that when the City had been in financial straits in the past, Police and Fire employees had given up pay increases. Mr. McMullen stated what he need was a primer on pensions.

Mr. Hawthorne agreed to schedule someone to educate the Board on bonding and revenue options in October.

6. Joint Commission Budget Workshop: November 12, 2013

The Board agreed to wait until their October meeting to determine whether to hold the workshop with the Commission in November.

7. Communications to the City Commission

None.

Other Discussion Items and Announcements

Mr. Hawthorne reported the City Commission had acted at their last meeting to make appointments to the Board to fill the vacancies.

8. Adjourn

Upon motion duly made and seconded, the meeting was adjourned at 7:33 p.m.

Documents Attached:

Budget Advisory Board Draft FY 2014 Work Plan