

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

Board Member	Attendance	10/2013 through 9/2014	
		Cumulative Attendance Present	Absent
June Page, Chair	P	3	0
Drew Saito, Vice Chair	P	2	1
Peg Buchan	P	3	0
Chip Burpee	P	3	0
Josias Dewey	P	2	1
Nadine Hankerson	A	1	2
James McMullen	P	2	1
Fred Nesbitt	P	3	0
Robert Oelke	P	3	0
Bryson Ridgway	A	1	2

Personnel Attending

Douglas Wood, Director of Finance
Stanley Hawthorne, Assistant City Manager
Kirk Buffington, Deputy Director of Finance
Emilie Smith, Budget Manager
John Herbst, City Auditor
Darlene Pfeiffer, Business Manager, Mobility and Transportation
Charmaine Eccles, Budget Department and Board Liaison
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 6:02 p.m.

2. Roll Call

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

3. Approval of Meeting Minutes

A. November, 2013 Regular Meeting

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

4. Old Business

A. Facilities Condition Assessment Update

Mr. Buffington said the oral presentations had been given and the committee would recommend Applied Management Engineering to the City Commission at their second January meeting. The recommendation was due to the software being the most user-friendly. Mr. Buffington thought it would take six months to complete the project. He agreed to ask the contractor to provide a preliminary report in April.

5. New Business

A. Alternative Funding Sources for Capital Improvements Discussion –
Robert L. Nabors, Shareholder, Nabors Giblin & Dickerson, PA

[This item was discussed out of order]

Mr. Nabors remarked that Florida was very progressive and liberal concerning empowering municipalities' adopting ordinances but was very conservative regarding incurring debt and taxes. Two criteria concerning General Obligation Bonds were that they would be payable from ad valorem taxation and they would mature in more than 12 months. All forms of taxation other than property taxes were preempted to the State, so if a municipality wished to pay for infrastructure by levying a tax, authorization must be provided by the Legislature.

Other forms of funding included:

- Lease/Purchase or Certificates of Participation, wherein a certificate of participation was used to sell parts of the lease obligation.
- Covenant to Budget, wherein money was borrowed and then covenanted to the budget from lawfully available funds.
- Tax Increment financing, which set up special taxing for a geographic area.

Mr. Nabors stated the Home Rule revenue sources were charges imposed that were not considered taxes. There were four categories:

- Regulatory Fees
- User Fees

- Special Assessments
- Tax Increment

Collection of Fees required a relationship between the fee payer and the charge being imposed and the amount charged must not exceed what a normal fee would be in the marketplace. A Special Assessment must provide a benefit to the property, such as fire and emergency protection, stormwater services and trash collection. It must also be consistently apportioned to properties that benefited. A Special Assessment could be added to an ad valorem tax bill. Tax Increments could be created by ordinance and be used to buy down Special Assessments.

Mr. Saito asked if the City could benefit from the County's plan to flip the FEC rail and develop the surrounding area. Mr. Nabors advised the City could utilize a Special Assessment/Tax Increment for transit station areas' operation and maintenance. A portion of the Tourist Development Tax could be also be reallocated by developing a statutory classification. Mr. Nabors explained that another potential source of funds was sale of assets. This could be done by creating an authority by an interlocal agreement and selling the wastewater and water treatment plants to the authority.

Ms. Buchan asked about public/private partnerships and Mr. Nabors said there had been roads built in Florida using this type of partnership.

Mr. Nabors remarked that assessments worked well when the private sector wanted something to happen and the municipality used an assessment to jump start it, particularly redevelopment based on value, tied up with an increment. He cautioned that there was no guarantee that the increment would generate enough to buy down the assessment.

Mr. Oelke asked about using assessments and increments to fund infrastructure maintenance and repairs. Mr. Nabors suggested the City could create a capital fund that could be replenished through an increment. He added that this was a good time for an increment because property values were down. Mr. Nabors explained that money put into the General Fund from increments was taken out of rollback rate calculations, resulting in a higher rollback rate.

Mr. Oelke asked if funds from an increment dedicated to a specific area resulted in "cannibalizing" the General Fund for other uses. Mr. Nabors stated this was true in a sense, but it was a way to take a slice of the General Fund and change the character of it. Ms. Smith confirmed this was how the City funded their three CRAs: Northwest Progresso, Central City and a portion of the Beach. Mr. Nesbitt referred to the Wave Streetcar project and Ms. Smith explained that the City had charged a \$99 fee to residences and a tiered rate to businesses the revenue from which would go to pay the debt service.

Mr. Nesbitt liked that fact that this gave the City Commission the opportunity to maintain the millage rate. He informed Mr. Nabors that the City was interested in funding for a new Police station and perhaps some other buildings, infrastructure renovation for bridges, sidewalks and roads, and development related to the City's Vision Plan. For a new Police building, Mr. Nabors suggested a lease/purchase, since the building would not generate revenue. For infrastructure such as a bridge, he suggested getting a neighborhood involved and using an assessment and an increment for neighborhood improvements. He pointed out that this would not work for larger areas where there was no specific community with an identity there.

Chair Page stated part of the City's Vision Plan included increasing walkability in certain areas and asked if nearby properties could be assessed to pay for it. Mr. Nabors agreed this was possible. Mr. Nesbitt stated the Board had discussed increasing the millage rate and dedicating the additional revenue for capital expenditures. Mr. Nabors said the City could seed a capital fund that could be replenished with an increment but the issue was finding the seed money. Mr. McMullen asked about selling excess assets for seed money and Mr. Nabors explained that this equity could be used for capital fund seed money.

Ms. Pfeiffer asked if TIF or an assessment could be used to support a transit system. Mr. Nabors said it was difficult because the trolley moved around the City, but it might be possible to fund this through an assessment.

Later in the meeting, Mr. Wood informed the Board that the City was already using some of the methods Mr. Nabors described, such as increments and TIF. Mr. Herbst stated there were several small special taxing districts in the City that used self-assessments to fund specific improvements. There were also larger, time certain taxing districts: the two CRAs, the Beach and Northwest Progresso.

Board members agreed to forward suggestions regarding Mr. Nabors' presentation to Ms. Smith prior to their January meeting.

Mr. Oelke suggested asking for public input and Ms. Pfeiffer said public input was always an agenda item at the General Employees Retirement meetings. Mr. Buffington informed the Board that the State Legislature had passed a statute effective October 1, 2012 requiring boards and committees to allow public input at meetings. Ms. Eccles agreed to add this item to the Board's agendas in the future.

6. Joint City Commission Budget Workshop

Chair Page said staff had requested a meeting in January but she felt they had nothing to discuss and suggested a February meeting. Mr. Hawthorne said the Board's first budget workshop with the Commission in 2013 had been in April. The Board's recommendations regarding capital improvement and the budget cycle needed to fit into the Commission's strategic planning cycle. When staff had determined the

Commission's strategic planning cycle they would provide it to the Board to help determine when their first workshop should be.

Mr. Wood reported the audit would be completed in mid-March and he believed they would have a larger fund balance than expected. Mr. Hawthorne suggested holding the first workshop in March or April. Ms. Smith agreed to notify the Commission that they would not hold the January workshop with the Board.

7. Communications to the City Commission

None.

Other Discussion Items and Announcements

None.

8. Adjourn

Upon motion duly made and seconded, the meeting was adjourned at 7:36 p.m.

Documents Attached:

Message from Chair Page document

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