

# City of Fort Lauderdale

City Hall  
100 N. Andrews Avenue  
Fort Lauderdale, FL 33301  
[www.fortlauderdale.gov](http://www.fortlauderdale.gov)



## Meeting Minutes - APPROVED

Monday, August 25, 2014

7:00 PM

Joint Workshop with Budget Advisory Board

City Commission Conference Room

## CITY COMMISSION WORKSHOP

*FORT LAUDERDALE CITY COMMISSION*

*JOHN P. "JACK" SEILER Mayor - Commissioner*  
*ROMNEY ROGERS Vice Mayor - Commissioner - District IV*  
*BRUCE G. ROBERTS Commissioner - District I*  
*DEAN J. TRANTALIS Commissioner - District II*  
*BOBBY B. DuBOSE Commissioner - District III*

*LEE R. FELDMAN, City Manager*  
*JOHN HERBST, City Auditor*  
*JONDA K. JOSEPH, City Clerk*  
*CYNTHIA A. EVERETT, City Attorney*

Vice-Mayor Rogers called the meeting to order at 7:02 p.m.

## ATTENDANCE ROLL CALL

**Present:** 3 – Vice-Mayor Romney Rogers, Commissioner Bruce G. Roberts and Commissioner Dean J. Trantalis

**Also Present:** City Manager Lee R. Feldman, City Auditor John Herbst, City Clerk Jonda K. Joseph and Assistant City Attorney Cynthia A. Everett

**Absent:** 2 – Mayor John P. “Jack” Seiler and Commissioner B. Bobby DuBose

**Also Present: Budget Advisory Board:** Chair June D. Page; Members Josias N. Dewey, Frederick H. Nesbitt, James McMullen, Bob Oelke and David Orshefsky

**Absent:** Budget Advisory Board: Charles “Chip” Burpee, Drew Saito and Bryson Ridgway

Vice-Mayor Rogers noted that Mayor Seiler is engaged in a multi-week trial out of the county.

No public comments were submitted by email for this meeting.

## OLD/NEW BUSINESS

### **BUS-1 14-1017** BUSINESS UPDATES - June Page, Chair

Budget Advisory Board (BAB) Chair June Page read from a prepared statement, which is attached to these minutes.

### **BUS-2 14-1018** BOARD COMMUNICATION TO CITY COMMISSION OF JUNE 18, 2014 - FISCAL YEAR 2015 BUDGET RECOMMENDATIONS: 1)1% Infrastructure Sales Tax; 2) Infrastructure and Capital Needs; 3) Financial Integrity Principles and Policy; 4) Fiscal Approach of a Structurally Balanced Budget; 5) City Manager's Proposed Budget

#### 1) 1% Infrastructure Sales Tax and Capital Needs

It was noted that the 1 percent sales tax would require County involvement. Commissioner Trantalis felt there needs to first be a discussion on the scope of work. The Commission has discussed the challenge of imposing a regressive tax such as this because it hits the poor the worst. It is a way to raise revenue from visitors who may not necessarily benefit from the improvements. A sales tax has never been successful because people just do not like it. He mentioned a previous attempt for schools that failed. Chair Page confirmed for Commissioner Trantalis that the BAB was looking for ways to raise revenue other than a millage increase and this is one alternative. As to looking for potential ways to cut costs, she indicated that the BAB does not see their role of recommending staff cuts, for example. The Revenue Estimating Conference Committee looks at everything however. She went on to say that when the biggest cut is employee and pension costs, it is difficult to cut absolute necessities. Commissioner Roberts felt this is an area for the Commission to discuss on the Strategic Plan and Annual Action Plan. He went on to say that he does not fully agree with Commissioner Trantalis

concerning the regressiveness of a sales tax. The Metropolitan Planning Organization (MPO) and other transportation groups are looking to get a transportation sales tax passed in the County. Municipalities should receive a portion of it that could be used for infrastructure, maintenance and improvements. The more groups that will benefit the easier it will be to sell. The thought that eastern cities have more liability in respect to stormwater surge and rising sea level was touched on by Commissioner Roberts. He felt perhaps a consultant should be retained to decide how best to move forward.

Vice-Mayor Rogers recalled what happened historically in the past few years with respect to the budget and that it is understood that the City is now behind in the area of infrastructure. He agreed with Commissioner Trantalis that it will be necessary to tell the voters what they would be buying. The BAB has set out what is needed. The mechanism is a further discussion. He felt people would approve it if they know what they are buying. Commissioner Roberts noted that the City's Vision reflects what the people want. The City Auditor elaborated on the success of the bond issue in Jacksonville because they built key constituencies throughout the county and it was made very clear how the proceeds would be spent. Everyone got behind it because there was something in it for everyone. Commissioner Roberts indicated in addition to the Vision, there is information on streets and bridges and the City is looking into the cost for canal dredging. Vice-Mayor Rogers indicated that the City would need to be realistic about how much it can accomplish over a given period of time. Prioritizing is needed.

The City Manager advised that if the MPO is successful with a surtax (sales tax) for transportation, it will exclude the cities and County from levying a 1 percent sales tax for infrastructure. In the category of discretionary sale taxes, 1 percent in the aggregate cannot be exceeded.

In response to Commissioner Trantalis, Chair Page indicated that the BAB believes there will be significant infrastructure and capital needs in the immediate future and that the City will need to raise revenue from a variety of sources; one way would be to raise the millage which is less regressive. It is something the BAB thinks the Commission should examine. Commissioner Trantalis indicated that raising the millage has been the least favorable. He went on to discuss the advantages of a bond issue. He cited two successful bond issues in the City's history; WaterWorks 2011 and the bond issue for fire stations. He felt the sales tax idea is too complicated. With a bond issue, the City has control; it involves only Fort Lauderdale voters.

The City Manager and City Auditor described various types of bonds. The City Manager also described what is required for a special assessment.

Vice-Mayor Rogers felt it would be helpful to know the life spans of the various types of infrastructure improvements. This information could then be correlated with the type of financing. He felt the surveying shows that stormwater management is a priority to the citizens. It needs to get done. Commissioner Roberts envisioned several financing options being used.

## 2) Infrastructure and Capital Needs

Chair Page indicated that the BAB recommends the Commission annually set aside 2.5 percent of the General Fund for capital improvements. The City Manager advised that 1 percent is a minimum set aside. The proposed Community Investment Plan includes between \$7,359,000 and \$8,400,000 per year over the next five years. The BAB is suggesting this be memorialized by a change in the policy from 1 percent to 2.5 percent. He believed 2.5 percent can be supported and if the City has the opportunity to dedicate more, it should do so. Vice-Mayor Rogers agreed with setting a minimum and hitting that target. He felt these are good suggestions. The City Manager felt the minimum could be re-examined every few years with the goal of increasing it. He felt there is sufficient growth in the revenue base to allow the City to start catching up and commit to a minimum for planning purposes. Commissioner Roberts liked the idea of setting the minimum at 2.5 percent.

- 3) Financial Integrity Principles and Policy
- 4) Fiscal Approach of a Structurally Balanced Budget

Chair Page advised that the BAB recommends the Commission adopt the financial integrity principles and policies that were presented to the BAB. She explained most cities have budgetary processes with rules from which they cannot deviate. One example is having a structurally balanced budget. The City Manager explained another example would be replenishing the reserve within a three-year period as part of the budget process if reserve funding was used that brought the balance below the percentage level (Government Financial Officers Association's best practices). Budget Manager Emilie Smith agreed to provide copies to the Commission and advised that it will be submitted for approval during the budget process.

Board Member Oelke explained that he voted against this topic because he felt it should be stronger. The City Manager advised that a series of other financial policies are slated to come forward that will likely address Oelke's concerns.

Vice-Mayor Rogers felt the proposed budget should meet the guidelines and if it falls short, he would like to know. Smith explained that at this point only the principles have been drafted. The policies will be presented to the BAB and then the Commission. The City Manager explained that there are best practices for highly bond rated governments where certain policies are needed. Staff is developing these policies and making sure that such policies can be achieved and enhance the City's standing in the credit market. The policies come primarily from the Government Finance Officers Association.

- 5) City Manager's Proposed Budget

Chair Page advised that the BAB is in agreement with the City Manager's proposed budget.

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Board Member Oelke stressed the importance of sufficiently addressing capital improvements. During a general discussion, the City Manager elaborated on one example. The concept for the Neighborhood Capital Improvement Program (NCIP) and Business Capital Improvement Program (BCIP) has been that the homeowner or business association will maintain the improvement. However, it is not happening. The budget will need to be increased for ongoing maintenance so that those improvements do not fall into a state of disrepair. Commissioner Roberts felt it makes sense. He pointed out that is done with the Florida Department of Transportation projects.

**BUS-3 14-1019** BOARD COMMUNICATION TO CITY COMMISSION OF JULY 16, 2014: 1) CAPITAL ASSET REPLACEMENTS

Board Member Orshesky felt there should be a dedicated source of recurring funds for maintenance of the life of capital assets such as fire engines and so forth. He felt it should be more along the lines of a percentage and not a bond issue. Vice-Mayor Rogers felt this is done for the fleet now. He commented on the challenge of deciding on a number to put into a future replacement fund and the many varying funds that already exist. Chair Page thought there are expenditures that are not capital outlay that should be built into the General Fund. One example is the firefighters' breathing apparatus. The policy should be that the General Fund is used for capital assets with a certain life expectancy. Commissioner Roberts agreed that there should be a replacement plan for such items. Chair Page felt that items with a life of less than five years should not be considered a capital asset. The City Auditor felt in addition to the Community Investment Plan, there should be technology and equipment replacement plans. The

City Manager pointed out that the trade-off for such replacement funds is the need for dollars to provide other services. It becomes a delicate balance. Commissioner Roberts felt a list of items should be compiled. The City Manager explained that the City does not have that type of capacity for such reserves. Commissioner Roberts clarified that it would be helpful to identify the priorities and work toward developing a policy. The City Manager indicated that staff is trying to put general categories of reserves in place. For example, there is \$1 million annually in the CIP (Community Investment Plan) for facility renovations. Monies are set aside annually for bridge repairs and marine replacement items. The question is how much detail. Commissioner Roberts felt technology would be one to include although he agreed if \$10 million was needed, for example, he did not know where that money would be found. The City Manager advised that technology has been addressed. Vice-Mayor Rogers suggested a policy be developed. Exceptions could then be made. There should however be a minimum percentage set aside for replacements.

**BUS-3 14-1019** BOARD COMMUNICATION TO CITY COMMISSION OF JULY 16, 2014: 2) BOARD TERM LIMITS

The City Clerk advised that this board has six, one-year terms. She referred to her email (August 21, 2014) provided that lists their terms (including a typographical correction in the email thread for Board Member Nesbitt's term limit being 2015). A couple of members began with an interim or partial term which do not count toward term limits.

Commissioner Roberts was open to the idea of eliminating term limits or nine years recommended by the BAB which is the term limit of Commission members. He did not want to lose the expertise and the established working relationships. However, he recognized that an elected official may want a change. He questioned how these two points could be reconciled. The City Clerk noted that the vast majority of legislation for the City's boards was enacted before there were term limits for the Commission. Members of the boards are truly limited in that way. Commissioner Trantalis elaborated on the purpose of term limits in general and felt that the Commission needs such a policy to ensure there is a fresh outlook. In response to Vice-Mayor Rogers, the City Clerk explained that although Commission members may offer a certain number of names, the full Commission actually approves the appointments, therefore individual members of the Commission make nominations. Vice-Mayor Rogers agreed with Commissioner Roberts that this board's task is somewhat unique and requires a great deal of homework. Since there are term limits for the elected officials, he felt there should be term limits for all. He did not think this board's term limit should be less than nine years. Nine years is probably long enough for everyone. He did not wish to take the BAB off track. Commissioner Roberts pointed out that there is also a natural shake-out. Board Member Orshefsky felt term limits should be a policy decision of the Commission and one where all boards are taken into account. Staggering would be helpful to maintain institutional memory. Commissioner Roberts agreed it should be applied to all boards. He felt staggering shakes out normally. Board Member Nesbitt felt a one-year versus three-year term is palatable for volunteering one's time. He also brought attention to the reinstatement review process for repetitive absences.

Commissioner Trantalis raised the idea of rotating service as the chair. Board Member Nesbitt felt it could be problematic. He felt it is best that the board elect its own chair. There is an annual election. Commissioner Trantalis was aware of another board where there is hesitancy on the part of members in changing the chair.

Commissioner Roberts asked the City Attorney and City Clerk to revise the applicable legislation to provide for nine, one-year terms, looking at all boards. However, on some occasions there are no applicants where an existing board member has reached his or her term limits. He cited the Unsafe Structure Board wherein the board could not function in such case. The City Attorney indicated that her

office is in the process of preparing a memorandum on boards comprehensively and offered to address this as well.

**BUS-4 14-1029**            BUDGET FORECAST - Burton & Associates, Inc.

Burton & Associates representatives reviewed the following software models for 10-year financial forecasting with respect to: General Fund, Water and Sewer Fund, Stormwater Fund and Sanitation Fund. Assumptions for the General Fund have to do with property assessed values; fire assessment being increased by \$30 every three years, incremental increases to Community Investment Plan to 3 percent. The City Manager provided a chart of cumulative loss of taxes since fiscal year 2007 that is attached to these minutes. While market values may have returned to the 2007 level, taxes generated have not. He explained the Save Our Homes cap impact. Moreover the legislature enacted a 10 percent protection for commercial properties. It will be years before the revenue level returned to the 2007 point. Smith pointed out the impact of rate structures in other funds on the General Fund.

The City Manager advised that the bond market has substantially improved in the City's favor. Staff is looking into refunding two water and sewer bond issues that would potentially save \$500,000 annually on debt service.

Some discussion ensued about the fluctuations in revenues relating to consumer usage as well as evaluation of purchasing outright versus financing.

The City Manager noted that staff will be looking to make adjustments that will enable the City's bond rating to be raised. He elaborated. He also indicated that a stormwater rate study needs to be conducted in the year or two, examining the methodologies. With respect to the Sanitation Fund, the Commission should consider gradual increases starting in fiscal year 2016. The City has been taking on more and more sanitation work. There will also be upcoming purchases for more rigorous street cleaning.

Commissioner Roberts requested an estimate of the overall increase anticipated considering all of these funds.

There being no other matters to come before the Commission, the meeting adjourned at 9:30 p.m.

**Charmaine Eccles**

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**From:** June D. Page <pagegoetz@comcast.net>  
**Sent:** Monday, April 28, 2014 2:23 PM  
**To:** Emilie Smith  
**Subject:** BAB - Had to change last sentence second paragraph

**JOINT BUDGET WORKSHOP**

**April 28, 2014**

**Good Evening –**

**This is a particularly timely Workshop, occurring at the beginning of the budget season. The BAB has been especially hard at work over the last 6 months.**

**But before I go into the details of that work, I would like to introduce 2 new board members. Mr. Charles ‘Chip’ Burpee was with us only a week at our last Workshop. Chip is the Government Relations Manager at JM Family. Also new is David Orshefsky, an attorney and land use specialist.**

**I have a few comments before we get to our primary topic tonight.**

**First, because we are aware that there could be a gap between revenues and expenses this year, the BAB would like to remind the Commission of its policy of maintaining a structurally balanced budget. That means, of course, that expenses from ongoing operations cannot exceed revenues from recurring sources. We strongly support that the Commission continue this policy during your deliberations of next year’s budget.**

**Second, the Board is about to begin its annual departmental budget reviews. These reviews will take place once a week throughout the month of May. We will report on these at or before our next joint workshop.**

**Third, the Revenue Estimating Committee has finished its review of the FY15 estimated revenues. The Committee reduced estimated revenues only slightly for the upcoming fiscal year. There is still the possibility of a further negative impact if the State Legislature reduces the Communications Service Tax before the end of its current session.**

**Lastly, we would like to discuss limiting our Joint Budget Workshops to primarily the budgetary season. The Board has a work cycle that keeps us busy with the specifics of the budget from March through October of each year. During the November to February period, when we also typically have new board members, we use the time for educational and informational purposes, as well as for special projects. Over the last several years we have cancelled the February Budget Workshop. Perhaps we could make workshops during that period discretionary.**

**Moving now to our primary topic, let me begin with an important observation. You have given the Budget Advisory Board latitude in how we operate and what we review. This has given us the unprecedented and fortunate opportunity as a board to be flexible, fluid and effective, and, importantly, to act in a timely manner. With the continued improvement in the budgetary process by the administration, and under the direction and guidance of the Commission, we have been able to expand our scope, moving from topic to topic as required and directed. It has enabled us to look at many different aspects of the budget.**

**Last year we focused on the operating side of the budget. This year we have been more focused on the capital improvement side.**

**In that regard, at our last Budget Workshop, the Commission charged the BAB with researching alternate sources of funding for capital improvement projects.**



**We found that developing successful municipal financing strategies for capital assets has been a very complex and time-intensive endeavor. Board member Bryson Ridgway volunteered to take the lead on this issue, and has developed several documents that will be distributed to you tonight that form the framework for our analysis. These strategies will be presented to you in a matrix developed jointly by the Board and the City's Budget Department.**

**We need to emphasize that the BAB will not be giving you individual recommendations regarding which specific capital projects to pursue. We found, for instance, that not all funding sources are available for all types of assets. We will therefore instead be providing you with a matrix that matches funding options to general groups of capital projects.**

**At the end of our discussion this evening we anticipate that the Commission will give us further direction on this subject, and/or on other issues you would like us to consider.**

**We have also invited Robert Nabors, the City's Alternate Funding Consultant, to be with us tonight. Mr. Nabors has provided a wealth of information to the Board during its deliberations. He has written a concept paper on this topic for us, which will also be distributed tonight. He has made himself available to address some of the more specific, technical questions you will no doubt have tonight.**

**I will now turn the discussion over to Bryson, who will walk you through the Board's recommendations.**

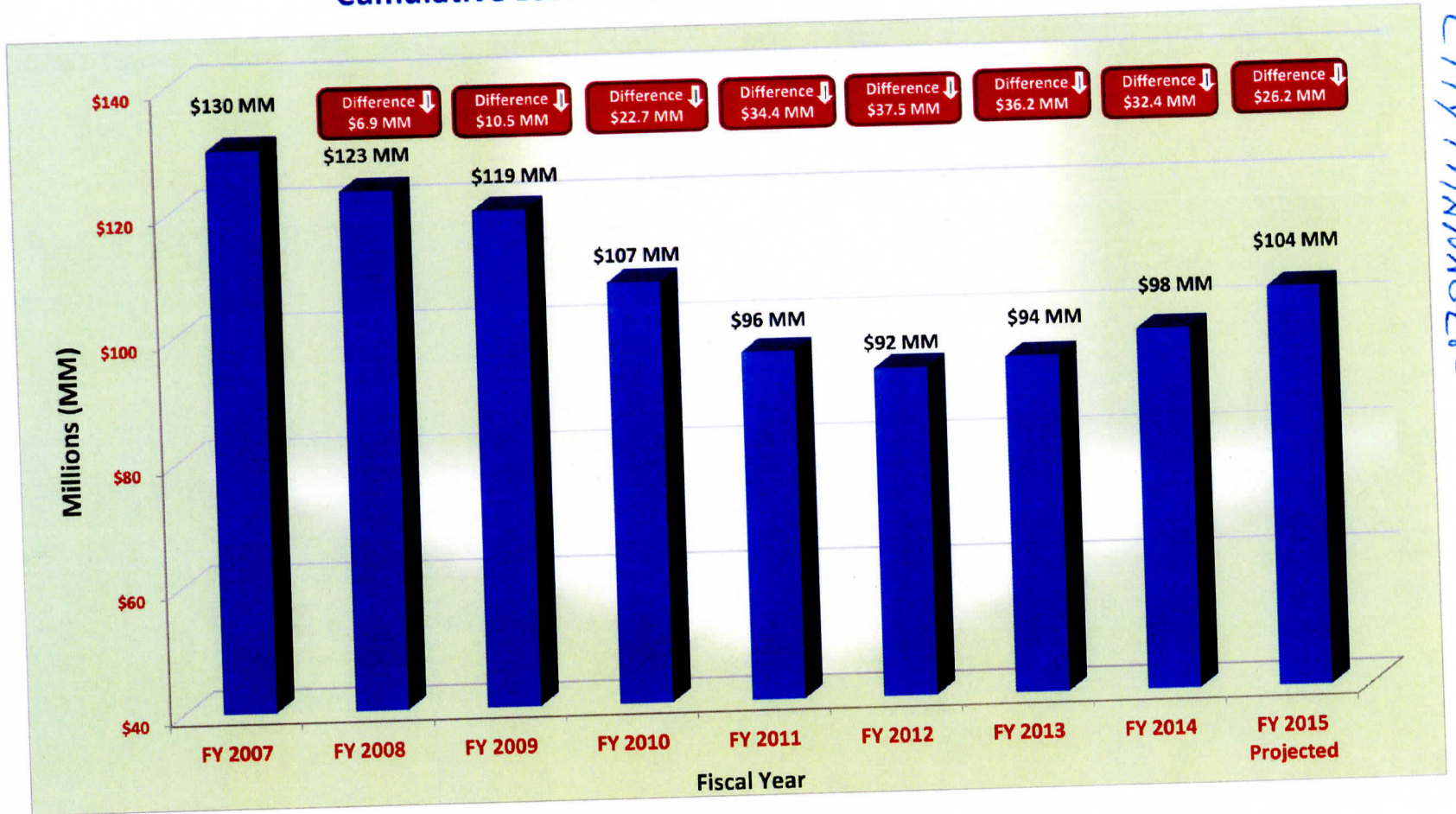
**Respectfully,**

**June D. Page**

**Chair**

**Budget Advisory Board**

**City of Fort Lauderdale - Ad Valorem Taxes**  
**Cumulative Loss of Taxes Since FY 2007 = \$207 million**



PROVIDED BY  
 CITY MANAGER

AUG 25, 2014