

COMMISSION CONFERENCE**SEPTEMBER 3, 2003**

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COMMISSION CONFERENCE

1:30 P.M. SEPTEMBER 3, 2003

Present: Mayor Naugle
Commissioners Hutchinson, Teel, Moore and Trantalis

Also Present: City Manager
City Attorney
City Clerk
Sergeant At Arms – Sgt. Johnston & Sgt. Roddy

**I-A – Beach Redevelopment Advisory Board Recommendations –
Urban Land Institute (ULI) Panel Report on Fort Lauderdale Beach**

The City Manager stated that a presentation would be given today by the Chair of the Beach Redevelopment Advisory Board.

Ina Lee, Chair of the Beach Redevelopment Advisory Board, stated that the Board had put in a lot of hard work and effort regarding this matter.

Ms. Lee stated that the ULI had conducted their review of the beach in November, 2002 and had submitted their report in April, 2003. She stated that the Board had received public and City staff input regarding that report, and were now ready to make their recommendations to the City Commission.

Ms. Lee stated that the study area consisted of 455 acres of the Regional Activity Center, and also included the 125 acres of the Beach CRA. She stated that the report was not a comprehensive plan, but a “Call to Action.” She further stated that this report came at a time when issues relating to the Beach, including maintenance, improvements, infrastructure, new development, quality of life, and viability of the Central Beach as a tourist destination, were being reviewed to generate a renewed interest of the Central Beach.

Ms. Lee emphasized that there were two directions that could be taken regarding the beach. One would be a direction of benign neglect or one of affirmative attention, and obviously the latter was being recommended. She proceeded to show photographs that had recently been taken of the beach area showing homeless, unmaintained newsracks, overgrown landscaping, concrete pedestals obstructing pedestrian movement, construction debris and obstruction, and abandoned and neglected buildings. She reiterated that the vision of the Beach was to be a “World Class Destination.” She believed the work to be done on the Beach was extremely important.

Ms. Lee continued stating that the ULI report had different elements. They recommended market potential, planning and design principles (i.e. Vision and Master Plan), traffic circulation and parking plan, development strategies, catalyst projects, implementation plan, and the 5-year plan. She stated that this report

identified what it believed to be the current market forces directing opportunities for the Central Beach which included a strong economic base with tourism and marine-related economic engines, more moderately priced family segments, upgraded street-level retail and physical appearance of the area's buildings to encourage visitors to extend their stays, the encouragement of revitalization of historic properties, and identify locations for marine-related and special office space.

Ms. Lee further stated that the planning and design strategies of the report recommended that the Vision and Master Plan be updated by outside consultants to reflect and capture the current marketing opportunities for the Central Beach, which should be done in conjunction with public participation and consensus building. She stated that the major implementation tools to be derived through the updating of the Master Plan included a clarified vision, thematic districts, market testing and revised zoning if warranted, and clarification of the ULDR approval and permitting process. She further stated that the ULI's vision for the Fort Lauderdale Beach was a "Resort Community with a Beach Lifestyle." Ms. Lee stated that the Beach Redevelopment Advisory Board found this statement consistent with the intent of the Beach Vision which had been created as part of the 2020 Vision Statement which had been accepted by the City Commission in July, 1998. She explained that further review was proposed during the year 2004 in order to update and modify the Vision Statement to have it made clearer with emphasis placed on continuing to maintain the reputation of the Beach as a World Class Destination.

Ms. Lee proceeded to show a map of the thematic districts proposed by the ULI.

Ms. Lee stated that the Board endorsed the concept of establishing thematic districts, but did not necessarily endorse the ULI's proposed locations or naming designations. She further stated the Board recommended that \$25,000 be committed from this year's Beach CRA funds in order for EDSA to conduct two to three community workshops and work with the Beach Advisory Board to establish the thematic districts to be recommended to the City Commission. She explained that emphasis would be placed on image building, and not regulatory in order to assure design compatibility with the Central Beach Streetscape Master Plan.

Ms. Lee proceeded to show a map of the existing zoning of the Beach, along with the proposed zoning as suggested by the ULI.

Ms. Lee continued stating that the ULI Report suggested that there may not be a short-term market for resort hotel development due to the country's present economic condition, and that the current market was more for residential, including high-medium residential fronting A-1-A in the currently zoned A-B-A and NBRA districts. She stated that the Board wanted to point out that there were less than 1400 remaining residential units allowed by the City's Comprehensive

Plan to be constructed in the Central Beach Area. She stated at this time the Board did not endorse changes to the zoning allowing more residential development on A-1-A. She stated that staff had advised the hiring of independent consultants to undertake the creation of a master plan would cost at least \$500,000 which was not available at this point in time. As an alternative to updating the master plan, the Board concurred with the City staff's action plan to:

1. Codify currently approved zoning in progress in Year 1.
2. Work with residents and stakeholders in conducting the scheduled Community Action Planning (CAP) Initiative that would include the Central Beach in Years 2 and 3.
3. Re-assess whether further revisions to the adopted Master Plan were really necessary, and address any identified deficiencies in a more cost efficient manner in Years 4 and 5.

Ms. Lee further stated that the Board was cognizant of the current City budgetary limitations, and believed the call for action necessitated a more immediate response to some issues than a master planning process could timely provide. Therefore, the Board recommended the following:

1. Prioritize the review and development of a "Conservation Overlay District" for the NBRA and possibly the SLA zoning districts.
2. Review current policies and code for possible amendment to better recognize "condominium hotels" as a permitted use in the A-B-A zoning district.

Ms. Lee stated that the above-mentioned recommendations could be acted upon in the next few months when the Commission approves the City's Development Services fiscal 2004 list of prioritized projects.

Ms. Lee further stated the Board believed that the City should continue to look for ways to clarify the approval and permitting process in order to streamline the process and provide more predictability. She stated that by removing the uncertainty of what could and could not be developed would eliminate the present disconnect between real estate development and government regulations, and ultimately increase reinvestment and quality development within the Central Beach Area.

Ms. Lee continued stating that the ULI Report recommended implementation of the 4+2 Traffic Circulation Plan in order to create a more pedestrian friendly environment, improve the resort image with expanded walkways, bike lanes, and water taxi stops, offering alternative routes for bus service and deliveries, and provide additional and more convenient parking. She stated that the Board had been advised by City staff and their consultants that this plan would cost an

additional \$45 Million to \$50 Million to implement north of Las Olas Boulevard. Therefore, the Board recommended the following:

1. Construct the modified 3+2 Plan currently in detailed design south of Las Olas Boulevard.
2. Modify the Adopted Trafficways Plan to provide a sufficient corridor, north of Las Olas Boulevard for the future implementation of the 4+2 Plan. The cost for surveying work to lay out the corridor as estimated by the consultants would be approximately \$35,000.

Ms. Lee explained that the ULI Report recommended that the City continue to develop its remote parking and transit shuttle program; but also to acquire additional property and construct scattered site parking garages, and to create an independent City-wide Parking Authority. She stated that the Board recommended that the City continue to develop the remote parking and transit shuttle program, but on-site on the Barrier Island. She further explained that the construction of the Palazzo Las Olas Project would implement the first phase of such a plan providing the amount of additional public parking determined by professional study to be warranted at that location. She emphasized that the Board did not endorse the ULI's recommendations encouraging further land acquisition for scattered site parking unless part of the remote parking plan. She further stated that the Sunrise Lane area was considered by the Board to be the most logical place for a remote parking facility.

Ms. Lee continued stating that the City should continue to maintain the current inventory of surface parking lots and consider alternative uses for those properties in the future only if they incorporate retained or enhanced public parking, or the need for public parking at those sites was clearly determined at a future date to no longer be needed. She proceeded to show a map and legend showing the locations of the current supply of municipal parking within the beach area.

Ms. Lee emphasized that the Board did not endorse the ULI's recommendations to establish an independent Parking Authority that would operate City-wide. The City already possessed similar powers pointed out by the ULI as being the benefit of such an approach. She stated that the Board believed the City Commission might want to reflect in its long-range financial planning how retained earnings in the Parking System Fund could be better dedicated to the purposes of the Parking System, and not relied on for purposes more appropriately paid for by the General Fund or other City resources.

Ms. Lee stated that the ULI Report identified 14 Catalyst Projects to undertake as strategies to stimulate or foster redevelopment. Most proposed projects would be implemented within the next five years and were as follows:

1. Bahia Mar Redevelopment
2. Hall of Fame
3. Public Beach Facilities
4. Public Market
5. Las Olas Park
6. Redevelopment/Public Parking
7. Palazzo Las Olas/Public Parking
8. A-1-A Promenade
9. Alhambra-Sebastian/Public Parking
10. North Beach Community Park
11. Bonnet House/Access-Visibility
12. Sunrise Lane/Public Parking
13. Water Taxi Stops
14. H. Taylor –Birch State Park/Access Utilization

Ms. Lee further stated that the Board felt that redevelopment of the Bahia Mar Project needed to be encouraged and supported to include a new “marque” hotel that would be a show place for the beach. Representatives of Bahia Mar should be urged to proceed with presenting plans for the upland development of the property, and the City should encourage use of the new PUD Ordinance in providing design flexibility.

Ms. Lee explained that the Board did not agree that retaining the International Swimming Hall of Fame Museum was essential to the success of the Aquatics Program, but continued to support the rebuilding of the facility at the estimated cost of \$25 Million as its major funded initiative from the Beach CRA Five-Year Plan.

Ms. Lee stated that the ULI’s recommendation for centralized beach services (i.e. restrooms, lifeguard and locker facilities, police substation, and food concessions) at Alexander Park was inconsistent with current programming for both that site and such services. The Board did recommend that City Parks and Recreation staff continue to explore additional possible locations for public restrooms, but that the facilities should not be located on the sandy beach and should be incorporated into other public/private projects to the greatest extent possible.

Ms. Lee continued stating that the Board did concur with the ULI in that the Central Beach needed more planned special events which would be smaller in scale and held more frequently. They should be programmed in a way to assist local merchants and be attractive both to local residents and tourists. She stated that the Board realized that due to current budget restraints such work could not be explored during fiscal 2004.

The Board concurred with the ULI in that improved coordination between City and State park officials could lead to the expansion of recreational programming at Hugh Taylor Birch State Park, and should be pursued by the Department during fiscal 2004. The Board also agreed that street level retail and restaurant needs continued to be encouraged along the west side of the A-1-A Promenade, and that uniformed guidelines for a Façade Program should be explored as a Board initiative during fiscal 2004. Ms. Lee stated that the Board did not support the ULI 's recommendation for placement of seasonal carts or kiosks, and recommended that the concrete seating blocks be removed to enhance pedestrian flow.

Ms. Lee reiterated that the Board did not endorse the recommendation to acquire property for a public market as a means to increasing activity on the beach, or to otherwise encourage an open air public market on the Central Beach. She further stated that the Board had mixed feelings regarding the recommendation to redevelop the Oceanside Parking Lot/Las Olas Park for a public plaza with reduced public parking. The idea of a bandstand was being explored as part of the Aquatics Center Project. The Board felt that the success of the City's efforts to construct remote parking facilities, including the Palazzo Las Olas Project, would need to be further along before this proposal could be actively re-reviewed.

Ms. Lee advised that the Board continued to support and urged approval of the Palazzo Las Olas Project which was consistent with the adopted Beach Redevelopment Plan, the approved Request for Proposals, and recent public parking demand studies for the site and the Central Beach. She further stated that the Board felt the Alhambra/Sebastian block/mid-beach parking garage should continue to provide surface parking and land-banked for future development with retained public parking being provided. In the interim, the City could clean-up and landscape the vacant City-owned lots on the block in order to improve the aesthetic environment.

Ms. Lee stated that the Board agreed that zoning incentives should be provided to preserve existing uses and encourage adaptive re-use within the NBRA and SLA zoning districts without the necessity to fully comply to new construction standards under the ULDR. Approval of the Board's earlier recommendation to consider development of a Conservation Overlay District would address this need in a timely manner.

While not identified as a Catalyst Project, the ULI supported the implementation of the Central Beach Streetscape Program. The Board enthusiastically supported the \$10 Million Beach CRA funded initiative. In addition to uniformed streetscapes and entranceway identification features, pedestrian oriented wayfaring signage would also be incorporated into design objectives. Approval of the Board's earlier recommendation to solidify the image to be created for the

Thematic Districts would assure that signage and amenity features were consistent.

The ULI also supported the expansion of parks and open space. The Board realized that City Parks and Recreation would be working with Broward County to develop a beach greenways and open space plan, and would continue to provide input as those plans progress.

Ms. Lee advised that the Board agreed that maintenance and renourishment of the Beach in environmentally sensitive ways was essential and an on-going responsibility. The Board continued to support the replacement of the fiber optics in the Beach Wave Wall that was currently being rebid and would be scheduled for Commission approval in the next few months.

Ms. Lee stated that the ULI Report suggested the implementation plan include an increase in City financial resources, an increase in City human resources, an increase in beach activities and smaller scale special events, and prioritization and implementation of catalyst projects within a five-year time frame. The Board recommended that additional human and financial resources should be dedicated to the Beach and believed that existing levels of services were absolutely essential to maintain. The Beach CRA office was recommended in fiscal 2004 to supplement its additional requirements through use of consulting services and potentially additional staff assistance.

As previously recommended by the Board, the establishment of the Conservation Overlay District and clarifying condo-hotels as a permitted use should be immediately addressed and prioritized for review by the City Commission. Ms. Lee stated that the Board previously commented extensively on its recommended priorities for implementation of public initiatives. Over the course of fiscal 2004, those to be actively encouraged include: Bahia Mar, Palazzo Las Olas, Central Beach Streetscape Program (Schematic Design), Fort Lauderdale Aquatics Center (Schematic Design), Beach Renourishment; Beach Wave Wall Fiber Optic Lights, and Building Façade Program Design Guidelines.

Diane Smart, Central Beach Alliance Board, stated that they had participated and attended the Beach Redevelopment Advisory Board meetings regarding this matter, but they disagreed vehemently with the position the Board had taken regarding the Palazzo Project. She stated that they felt there was desertion from the original concept. She stated that the Central Beach Board in 2000-2001 dealt with the original request for proposal and the Board approved, but not the general membership, the plan based on the fact it had been the least dense of the 3 projects being presented at that time. She stated that the original plan discussed a ribbon of greenery which they felt would be consistent with the 2020 Vision. She reiterated that they had also requested a tennis court and additional shops for the area. She stated the density now increased in the project, and the ribbon of greenery had disappeared, and instead of a promenade there were

sidewalks. She felt this plan appeared as dense as the other two which had been presented originally.

Mayor Naugle stated that any recommendation would come before the Commission for implementation, and today the City Manager was requesting conceptual approval. He stated that he was glad it was recognized that the 4+2 plan could not be funded, and he did not understand how a 4-lane roadway would be more pedestrian friendly. He stated that the Board recommended the 3+2 plan, and possibly in the future the 4+2 plan could be kept in the works so as development came forward right-of-ways could be dedicated. He felt the 3+2 plan was a solid recommendation. Conceptually, he announced the Commission would not be taking a position regarding Palazzo or Bahia Mar because that was not yet before them, but he appreciated the Board's input. He felt all other recommendations were open for discussion or further clarification.

Commissioner Hutchinson stated it was fine conceptually, but she was concerned about the financial aspects of the various items being recommended for implementation.

Mayor Naugle asked for further clarification of items mentioned regarding resources allocated in the budget involving cutbacks on maintenance and programming. The City Manager stated that included in the "laundry list" of recommendations that there would be reduced levels of maintenance. Specific reference had been mentioned by the Beach Board that 7-day a week maintenance was desired for the beach, and a recommendation had also been made to paint the wave wall twice a year.

Ms. Lee reiterated that the Board recommended more activities on the beach. The City Manager stated that possibly the City could obtain sponsors or promoters for some events. The other item was the removal of the concrete benches, but he had not yet received an estimate for that work.

Commissioner Trantalis stated that the goals appeared to be outlined in 3 phases which were immediate, intermediate, and the five-year plan. He stated that he continually received e-mails regarding the condition of the beach, and therefore, continual maintenance was important. Remarks had been made by citizens that workers on the beach did not appear to pay attention to their responsibilities.

The City Manager stated that he had received similar calls of concern, but the maintenance workers were out there early in the morning to get the beach ready before the bathers arrived.

Commissioner Trantalis further stated that complaints were being made by residents around the various construction sites that the perimeters of those areas were becoming "battle zones." He also stated that another problem was vacant land waiting for construction which resembled gravel pits. He suggested that

possibly some landscaping could be installed temporarily until construction began. He further stated that some of the suggestions would not cost a lot of money to implement such as the thematic districts. He stated that possibly signage for new construction could maintain a certain scheme which could be worked into the projects or in conjunction with neighborhood associations.

Ms. Lee remarked that it was also part of the streetscape plan.

Commissioner Trantalis stated that the long-term goals outlined involved differences of opinions, and even if only half of what had been recommended was implemented, the Beach would have undergone a great transformation. He felt the Board had taken on a major task and had done a great deal of work. He realized there were some immediate items which should be addressed, including maintenance and construction issues.

Commissioner Hutchinson thanked the Board for their work and report. She stated that many discussions had been held over the years regarding construction sites at the Beach, but yet nothing got done. She reiterated she was in favor of such a project, but did not know how it could get pushed to the next level. Mayor Naugle suggested an ordinance be prepared. Commissioner Hutchinson reiterated that some of the construction sites were horrible and a detriment to the community.

Ms. Lee stated that there were various places around the country where very creative ideas had been implemented at construction sites.

Commissioner Hutchinson stated that regarding beach maintenance, she noticed there was \$300,000 listed on the budget for overtime for beach maintenance and she further questioned why the area was not clean. Mayor Naugle stated the City might want to explore privatization for such work which could possibly be more economical. Commissioner Hutchinson reiterated they did not want to lose the level of service they had now, but if it could be done cheaper such matters should be explored.

Commissioner Teel stated that ground cover was necessary and the issue had dragged on for too long a time. She reiterated that abandoned buildings needed to be demolished and the policy of the City has been too loose in such matters. She asked how many coats of paint could the wave wall hold.

Greg Kisela, Assistant City Manager, stated that the wall needed to be further evaluated because at some point the wall would have to be stripped down and major work done. Mayor Naugle felt a better job could be done enforcing roller blades and skateboards off the wall.

Commissioner Teel reiterated that she was in total support of the thematic districts. She also thanked the Board for all their hard work and the excellent report given.

Commissioner Moore stated he appreciated the report and felt the Board's comments were more important than the recommendations of the ULI. He felt there were two missing points which were the involvement of the actual residents and business operators. He stated the thematic plans made a lot of sense, but asked who would make such decisions. He felt there needed to be a clearly defined methodology as to getting the people involved.

Ms. Lee reiterated that was why the Board had proposed the spending of \$25,000 for such workshops and public input programs to be conducted by the EDSA. Then, the Beach Board could redefine the recommendations and then present them to the City Commission as specific recommendations. The concept of thematic districts was a good idea, but now they had to begin the work.

Commissioner Moore stated that he was slightly concerned about who would be involved and he wanted involvement of individuals, and he felt that was also true regarding the recommendation for more special events. He agreed the City should play a major role in the beach, but he believed the present users and investors should also be involved. He felt that many problems which had arisen since the redevelopment of the beach dismantled it, rather than redeveloped it. He believed there would be greater results if there was peer review and pressure put on operators who were not doing positive things for the beach.

Commissioner Moore felt the missing link was the same one missing throughout the City which was an ineffective code operation that did not get results. He stated that he did not understand why the recommendations made by the Commission over and over again kept going back to code and its ineffectiveness. He stated that no property owner in the City felt the wrath of the municipal government regarding code. He stated there were maintenance agreements with operators on the beach because there was not enough revenue generated by the City to maintain the beach 24/7.

Commissioner Moore further stated that he did not disagree about the Aquatic Center, but was concerned about utilizing TIF Funds for its development. He felt that possibly relationships with future developers could assist with this project. He felt the TIF Funds needed to be managed better.

Mayor Naugle stated that there had been mention about the definition of a condo/hotel and its enforcement, and he hoped it was realized that there were areas on the beach which were suitable for hotel development, and if the regulations were slightly weakened to allow them to proceed with condominiums it could be a quick fix, but would deplete the City of such sites. Commissioner

Hutchinson stated that a resort community would never get constructed. Mayor Naugle remarked that they needed to be cautious.

Commissioner Moore left the meeting at approximately 2:22 p.m.

Commissioner Trantalis remarked that at his district meeting, it had been mentioned that the Atlantic was strictly selling condominiums and were not focusing on the short-stay aspect. He stated that he had asked for some further investigation of the matter.

Action: Commission conceptually approved the Beach Redevelopment Board's recommendations.

I-B – First Phase of the Consulting Engagement – Joseph A. Epstein, CPA, Berkowitz Dick Pollack and Brant

Joey Epstein, Director of the CPA firm, stated that Paul Kaplan, Supervisor, was also in attendance at today's meeting. He stated this was a two-phase consulting engagement which was to be completed by the end of September. He explained that the first phase was purely a performance of basic procedures regarding interfund transfers from the beginning of October through July, 2003. He explained further that he had a letter which outlined the procedures they had performed and the findings which would be distributed to the Commission. He stated that: "All specific interfund transfers were either approved in the original operating budget and/or were approved by the City Commission and/or were considered appropriate based upon the explanation received from personnel of the City of Fort Lauderdale."

Commissioner Moore returned to the meeting at approximately 2:24 P.M.

Mr. Epstein explained that the second phase of the engagement involved the formulation of a strategy for dealing with financial pressures coming from different constituencies in the City. He stated their approach to this included benchmarking, best practices of other cities with similar demographic, geographic and regional characteristics, and in addition they would assist in prioritizing the City's needs to assist and enable the Commission to deal with financial issues on a pro-active basis, instead of a re-active basis. He further stated they would assist in creating the tactics to develop such strategies in a long-term plan. He realized this was a general commentary, but they wanted to get a better feeling from the Commission regarding this phase.

Commissioner Hutchinson explained that when she had made the motion to hire an outside consultant to look at what she perceived were problems in the budget and involved Items M-42, PH-1 and PH-2 which were on the agenda for tonight's meeting, she felt they were in dire financial straits. She believed some of the problems stemmed from their predecessors, and they continued to do business

as done before. She stated that the past could not be changed, but they had an opportunity to change the future regarding how this City should be run. She stated that the items mentioned on tonight's agenda did not give them the financial strategic plan necessary to get out of this problem. She felt that some of the documentation from the City Manager stated that a plan was necessary in order to carry them through 2004. She stated that she was not confident that staff could supply the plan they needed and were looking for. She stated that this outside consultant had been instrumental in assisting the City of Miami who had dire financial problems. They now had money in reserve. She reiterated that as of tomorrow, this City did not have any money in their reserve. She stated that she was very concerned and had some questions she wanted to ask. She asked if there was any opportunity to retire the debt the City was in at this time, and could it be paid off. She felt they needed an overall plan which they did not have and business was being conducted as in the past.

Commissioner Hutchinson stated that in reviewing transfer of funds in the Charter it was so vague as to whether the money had to be paid back or not to the Enterprise Funds. She stated that monies were being taken out from sanitation and she asked if the bonds were in compliance at this time, or did fees have to be raised in order to get the bonds and the compliance to pay for it. She felt it did not make sense if they were transferring funds out of Enterprise Funds, they had to be paid back. She felt they needed to get a handle on the situation and it was vital to have a plan. She stated that some of the expenditures that had not been done in 2003, but they wanted to do them in 2004, dealt with trash. She suggested that the existing contracts be reviewed and possibly they could out-source the work. She reiterated that no one wanted to lose the level of services they had in the City, and she did not want anyone to lose their job, but things had to be done cheaper. She stated taxes were easy because there was the \$25,000 homestead exemption, but raising fees meant balancing the budget on the backs of the poor. She stated there was an opportunity now for someone to create a better plan, and reiterated that they could not wait until the end of the year.

Commissioner Hutchinson further stated that some departments had overspent their budgets, and she asked if anything would be done with the department heads that had overspent. She stated that some government entities sent out letters of reprimand if one went over their budgets. She stated the departments had to be kept under budget. She added there were tremendous amounts spent on overtime, but yet the City was talking about hiring freezes. She stated she did not understand the logic being used by the City, and reiterated that a plan was necessary at this time so they could rise up out of the problems they were now facing, and look to the future.

Commissioner Moore stated that he agreed with Commissioner Hutchinson's remarks, but he did not feel hiring an outside consultant was the way to get things done. He stated there had been no bidding process involved in the hiring of this consultant. He further stated that he did not understand what the

consultant had explained was going to be done in the second phase of work. He stated that in reviewing the contractual obligations that had been given to the consultant, he did not see anything about a second phase. He reiterated that he had asked for documentation regarding what the consultants were to do, and he saw nothing in that material referring to what had been described by the consultant.

The City Attorney stated that the Commission had decided to hire this consulting firm in order to do budget consulting and to review information that had been given to the Commission and more clearly understand such information. He stated that he had spoken with Mr. Epstein regarding the budget for the work and the time frame for doing such work. He explained they had gone through the list that had been reviewed by the Commission, including the review of the management letter, procedures of the finance office, and the transfer of funds. He added that the transfer of funds was one of the major points discussed by Commissioner Hutchinson in her presentation. The City Attorney further stated that other items discussed by the Commission were projected revenues, review of benefits for staff, insurance plan, long-range financial plan, evaluate the proposed budget and note whether costs had been accurately reflected to provide services and carry out the policies set forth by the City Commission.

The City Attorney stated that the scope of services that could be performed by this consultant within the time frame and within the budget had been sent to the Commission. He stated it was his recommendation that Mr. Epstein return because the item causing most conversation pertained to the transfer of funds. He explained the report from this firm had to be distributed before the adoption of the budget. He stated most importantly was to have the transfer of funds issue resolved since there appeared to be some misunderstanding regarding that matter. He further explained the transfers were to carry out the policy set by the Commission. The policy set was that the user fees supplemented the cost providing the service. He stated they did not have to charge a sanitation fee because it could be added to the ad valorem tax, and then the people having more expensive homes would pay more than the individuals who did not. He further stated the transfer of those funds were not borrowing money, but were to pay the Enterprise Fund back for what the General Fund had provided in the way of services, and then that fund was totaled and that would be the total cost for the collection of the sanitation service.

Commissioner Hutchinson asked if the user fees were paying back the \$2.5 Million deficit to the health insurance. The City Attorney explained that was the cost for providing the personnel.

Commissioner Moore stated that the consultant made it clear they were not doing an audit, but he thought that had been requested of them.

The City Attorney explained further that he had sent a memorandum to the Commission on August 19, 2003, which included the scope of services to be provided by the consultant which included six items. The first item was to obtain and prepare a schedule of cash transfers which had been done. He stated that some items on the list required continual work. The second item was to prepare actual budgeted results for the last 10 months and have the accounts identified which were over budget and document the departmental inner control of procedures and make suggested improvements if necessary. Another item was to obtain and review internal audit reports for the various departments, and select significant accounts from last year's financial statements and analyze the major cost components. He explained another item was for the consultants to meet with each of the Commissioners. He stated that Mr. Epstein had met with some individuals, but the remaining meetings had been put on hold since he was attending today's meeting to discuss the matter.

The City Attorney continued stating that the Commission might want to add scope of services to the consultant's list.

Commissioner Moore asked if the consultant had received the \$10,000 retainer, and further asked if the consultant had submitted a bill for the work done thus far. Mr. Epstein stated that they had not yet received the \$10,000 retainer because he had not yet submitted a bill for it.

Commissioner Moore asked if the consultant could estimate what the costs were at this point in time for the work incurred. Mr. Epstein explained he had not reviewed the hours spent thus far, but his hourly rate was \$250 per hour, and the field work would be done at a rate of \$160 per hour. He added that possibly some work would be done at the \$125 per hour level.

The City Attorney clarified that based upon the contract with the consultants they would compare the actual budgeted results for the last 10 months and identify the accounts which were significantly over budget. Those accounts over budget would be reviewed and then recommendations would be forthcoming. He added that he did not know if they had yet reviewed the internal audit reports. He further stated that Commissioner Hutchinson had raised a question as to whether or not there was any question if there was a long-term commitment for continued use of this consultant or if the work would all be done within the short period of time prior to the adoption of the budget. He stated a question also was raised as to whether this scope of services was what the Commission had in mind when approving the hiring of this consultant.

Commissioner Moore asked what was the difference in the request they were making to this non-bid process of CPA work that was different from the external auditors.

The City Attorney explained that the external auditor was making a financial review and audit, and this firm was performing a budget consultation.

Mayor Naugle stated that he had supported this because two Commissioners had asked questions at the budget workshop for which they had not been given answers. He felt this was an unusual circumstance and involved a situation where expenditures had been made which had not been part of the budget, and several accounts were significant over budget. He added that he had hoped they would get a recommendation that could be implemented quickly so there would be a system whereby the City Manager would have a picture of the position of the City on a monthly basis. He reiterated that they had been six months into the current budget before they had been made aware of any problems which existed. He felt that was unexcusable. He had hoped to get a recommendation that there would be a monthly accounting so the City Manager would know the position of the City, thereby avoiding such glaring deficiencies in the future.

Commissioner Moore left the meeting at approximately 2:46 p.m.

Mayor Naugle stated that he felt management needed to recognize that a large mistake was made this year, and such a recommendation should be embraced to avoid such a thing happening again in the future. He felt such a monthly reporting was necessary for the City to function properly.

Commissioner Hutchinson stated that what concerned her the most was that if they had known in March that problems existed, the carried forward money used to bail out the overbudgeted departments continued to go over budget, and there was no curtailment. Now, funds were being taken from the departments who were under budget to bail out the ones over budget. She stated she wanted some further explanation, and also asked when they would get a handle on overtime. She reiterated that there were a lot of unanswered questions.

Commissioner Moore returned to the meeting at approximately 2:48 p.m.

Commissioner Hutchinson reiterated that she was not comfortable with what was on tonight's agenda because it did nothing to bail them out for next year. She stated they could not rely on salaries and hiring freezes to bail the City out because that only screamed overtime which was where the trouble arose. She stated if they had had the management letter when she asked to hire the consultant, they would have known there were problems then. She asked why they had not had such a letter at that time. She stated there was a reason they did not get it on time and why it was late every year. She felt accountability was needed and they did not have it.

Commissioner Teel believed these were unusual times which required unusual actions. She felt comfortable with what had taken place so far with the consultants and realized there was limited time left before the second reading of

the budget took place. She asked if the consultants were comfortable with the amount of time left to complete the job, and if the work would fall within the amount of money budgeted.

Mr. Epstein stated they did not want the taxpayers to pay a dime to them without receiving something of value back. He explained that steps 2-6 of the original engagement letter were outlined several weeks ago, and in retrospect to that there were some things being done by the auditor already. He proposed that steps 2-6 be changed and had an amended letter to distribute to the Commission which would cover the items he had suggested earlier. Those items would be creating a plan of action, identifying problem areas, and implementing a long-term plan. He stated they could put together a report outlining the areas and giving comparisons with other cities. Suggestions could also be made regarding the "big picture." He stated they would then have to prioritize the items and begin implementation.

Commissioner Teel asked if the firm was comfortable with the time frame remaining to finish their work. Mr. Epstein confirmed and remarked that their new list of work would be more beneficial to the City. Commissioner Teel stated that a point person from the Commission should deal with the consultant on a daily basis in order to get the job done. She proposed the Mayor was the logical person to do that. Mayor Naugle stated he would be glad to perform such a task if the Commission desired him to do so. She stated that something needed to be done long-term and the same mistakes could not continually be made as in the past.

Commissioner Trantalis stated that maybe because he was new he viewed things differently. There was a \$4 Million shortfall which appeared to be about a 2% problem. He felt they had a cash flow problem, and not necessarily a management problem. He stated that management issues had been raised during the discussions, but he was not quite sure this was the time to begin attacking management. He agreed they needed answers regarding strategic planning. He felt they were placing an undue burden on this consultant to arrive at a strategic planning course within the next two weeks. He agreed that monies were overspent, but he did not feel that they were in such bad shape as everyone was making it to be. He stated that the reality was, and the consultant proved it, that the Manager spent what had been approved to be spent. He stated that possibly there were other areas involving the Manager's capacity which involved shortcomings, but he did not feel this was the appropriate time to hold such discussions. It clearly had an impact on the situation, but he felt it was unfair to have this firm arrive at answers in a short period of time.

Commissioner Trantalis stated that even though they agreed to spend \$50,000, he felt they should stop the process and thank the firm for their work which appeared to corroborate with what the other accountants had stated, and look for

a strategic planning format, rather than a budgetary format, in an attempt to identify the City's problems.

Commissioner Moore stated that he agreed, but he also felt they needed to find a method that would give a true concept of what the City wanted to be. He reiterated the reserves were depleted due to the actions taken by the policymakers. He stated the City was not in a crisis, but the problem was the methodology by which they wished to do business. He explained that the City had for several years followed the "pay as you go" theory, and that had put them in danger of depleting reserves. Therefore, many projects could not be done. He reiterated that adequate amounts of money were not put in the funds to even pay for what was needed, let alone create a reserve. He felt that they should follow the correct procedure and have individuals bid on a job to help the City, and he did not feel this had been the appropriate way to conduct business. He stated that the present external auditor had given them the checks and balances needed.

Commissioner Moore suggested that possibly workshops were needed to see how to conduct this business for the future. He stated he was concerned that the proposed budgets they had over the years had not allowed them to give the citizens what they wanted.

Mayor Naugle stated that he had studied other budgets and it was probably true in the '80's that the City had conducted business on a "pay as you go" system, but they had been borrowing money and investing in the City more than what other cities did, and were not currently running on a "pay as you go" system. Furthermore, the notion that taxes were constantly rolled back was false because taxes had been consistently raised every year for the last 6 years.

Commissioner Moore stated that 1 ½ to 2 years ago they had done something out of the norm which was the floating of a half-billion dollar bond to do what citizens had been requesting for over 30 years, which was to deal with infrastructure within the City. He stated that other bonds done out of necessity had also been taken to the people such as the parks and riverwalk bonds which had been voted on by the citizens. He stated he was concerned about how they should deal with reserves and were there adequate amounts, and what could be done. The only way he saw to do that was through ad valorem taxes, as well as stating how much of a reserve should be developed over a certain period of time. He felt that was what they should do. He reiterated that there was a small amount of increase in taxes which had hit the homeowner. He felt there was a more proper way to discuss this matter.

Mayor Naugle stated that while focusing on revenue, they should also focus on expenditures because the City had grown and could operate more efficiently and do a better job with the funds available.

Commissioner Hutchinson stated she had serious concerns about the 2011 Waterworks Program. She stated the monies were going fast and if rates were to be increased yearly in order to pay for that program, the people were going to object. She stated she did not want to stop the work of the consultants because she felt this was the first step in a strategic financial plan. She felt the firm had done "wonders" with other governments, and she wanted them to have the opportunity to give this City suggestions on how to run their business better. Commissioner Hutchinson stated she had not authorized the overspending in the departments and she took serious concern to some comments that had been made.

Commissioner Hutchinson stated that the transfers were legal, but not the overspending in the departments.

Commissioner Trantalis stated that he understood the comment made that expenditures made by the City Manager had been authorized by the original budgetary process or by the City Commission.

Commissioner Moore left the meeting at approximately 3:12 p.m.

Mr. Epstein explained that what had been stated was that they performed specific procedures on all the transfers and determined they were either included in the budget, approved in the minutes of the Commission meetings, or properly approved through the staff process.

Mayor Naugle stated that Item M-42 on tonight's budget involved the Commission being asked to approve transfers after-the-fact.

Commissioner Moore returned to the meeting at approximately 3:13 p.m.

Commissioner Moore stated that they had approved the expenditures but had not had the revenue source to pay them. He explained the consultants were dealing with the policies that the Commission recommended. He further stated that a city adopted a budget based on projections, and corrections sometimes had to be made. He felt the way to solve the problem was to increase fees or taxes, or reduce the level of service being offered to the residents.

Mayor Naugle remarked there were other choices that could be made. Commissioner Hutchinson agreed.

Commissioner Moore felt the work should be done by the City or someone who went through the correct RFP process.

The City Attorney reiterated there was a contract which stated that Items 2-6 were remaining. A suggestion was made by the consultant offering alternative proposals.

Commissioner Moore stated that the contractor wanted to change the scope of work of the contract, and based on those changes, he felt that was an opportunity whereby the problems could be addressed through the normal competitive bidding process which could possibly even save the City some money.

Mayor Naugle stated he preferred to have items 2-6 included in the scope of work. He felt item 4 should be changed and so meetings could be held with the Commissioners to discuss additional concerns. Commissioner Hutchinson stated that items 2, 3, 5, and 6 should remain.

Commissioner Moore reiterated that from what had been stated, this was only an opinion and he felt it did not make sense to have the same work done that had been done by the auditor. He felt it was not justified to continue with the consultants.

Mr. Epstein stated they had looked at the budgets and the actuals, and he further stated that weaknesses needed internal control. He added that took additional time but was already being provided by the internal auditor. He stated their approach was to point out the problem areas, explain why they were problem areas, and direction to correct such problems.

Commissioner Hutchinson stated she felt the issue was to find the problem areas and fix them. She asked if there was an opportunity to add benchmarking. Mr. Epstein replied it involved time and the question of dollars. He added it would be possible to do some benchmarking and pinpoint some of the problems and report in two weeks.

Mayor Naugle stated he was still not comfortable working and not knowing when they were over budget. He wanted some information as to how other cities handled the situation. He stated that he wanted some form of recommendation for implementing a mechanism to keep track of the spending.

Mr. Epstein replied that it appeared the Mayor wanted to implement new procedures and receive timely financial statements.

Action: Consultants to provide a report within two weeks of problem areas, including possible remedies.

I-C - Increase in Taxicab Permits

Commissioner Hutchinson left the meeting at approximately 3:22 p.m.

Lori Milano, Director of Community Inspections, stated that the Commission was being asked to consider the recommendations made by the Community Services Board to increase the number of taxicab permits by 6, and further to establish a

procedure for staff to follow in allotting such permits. She stated that the Community Services Board had been supplied with historical data, along with population statistics, which enabled them to make the recommendation to increase the permits by 6 based on population. Based on the annexation which recently took place, the population had increased about 13,000.

Mayor Naugle asked if a lottery was held for the 6 permits, could the person who was chosen transfer or sell their permit. Ms. Milano explained there was a provision in the Code which allowed for a transfer of a license.

The City Attorney stated that part of the request was to ask the Commission for direction as to how they wanted them to be distributed. Now, it was on a first-come/first-serve basis. He stated they were proposing a lottery system, and an ordinance would be presented to the Commission which would provide for a minimum period of time for the license to be held before transfer.

Commissioner Hutchinson returned to the meeting at approximately 3:25 p.m.

Commissioner Trantalis asked of the 200 licenses which existed, how many companies were represented. Ms. Milano stated she did not have the information with her, but it was less than 20 different companies. Commissioner Trantalis asked if the 20 companies were owned by 20 different entities. Ms. Milano stated it was a combination. Commissioner Trantalis stated that he was curious how diverse the 200 permits were and asked if that information could be provided to the Commission. Ms. Milano confirmed.

Commissioner Trantalis asked if there were minimum qualifications that were necessary in order to apply for the lottery and were there established standards outlining eligibility. He further asked if there was one cab company which dominated the number of permits and would that company be permitted to participate in the lottery. Ms. Milano explained that there was no process in place at this time in regard to the issuing of permits. She stated that the criteria was outlined in the ordinance as to what documentation had to be submitted, but did not preclude anyone that was already in business from submitting an application. She explained that the County Commission held a lottery and announced that applications were going to be excepted and that there would be a certain number of permits available, and she did not believe there were any exclusions. She stated that she did not know if individuals who already had permits could be excluded from the process. A date was set for the drawing and then a public hearing was held to award the certificates.

Commissioner Moore clarified that the City was now utilizing the County's ordinance in addressing this matter. Ms. Milano confirmed. Commissioner Moore asked if it was a requirement that the City do this. The City Attorney explained they were following the maximum number of taxicabs set by the County, and they had the authority under their Charter to do so. He stated that the City then set up

a policy by which the certificates were distributed. When the ordinance was first adopted by the County, they had given 200 licenses to the City which were distributed. He stated that the City wanted to use a different methodology for selecting the applicants. Commissioner Moore asked why they did not change the findings as to why a certain number of cabs were a necessity. He reiterated that more tourists came to this City, and therefore, more of these types of services were in demand. Based upon the County's process, the City was only getting 200 such certificates. He stated that he was concerned that number was not appropriate for the City. He reiterated that the market showed there was a need for an increase in these types of services.

Commissioner Trantalis left the meeting at approximately 3:32 p.m.

Commissioner Moore asked if there was a limited number of passenger vans which were permitted to operate in the City. Ms. Milano stated there was no limitation set. The City Attorney advised there was a provision which called for a number of limousines based on population. Commissioner Moore asked if there was a limitation on the number of sedans permitted. Ms. Milano replied there was no such limitation. Commissioner Moore stated there was an unfair obligation placed on a taxicab in comparison to the other forms of transportation for the carrying of passengers. He asked why they had to use the County's figure in establishing the allocation of such certificates.

Commissioner Trantalis returned to the meeting at approximately 3:35 p.m.

The City Attorney explained that the County, through their Charter, had the authority to set the limitation which they had done. In regard to the City needing more due to the number of tourists, a standard was adopted of 1 per 2,000 people. When that standard was adopted, the City had a population of about 150,000 which meant they were to receive 75 certificates. In recognition of the fact that more taxicabs were needed due to the number of tourists, the number was set at 200. Then, the County stated that for every additional 2,000 people, an additional permit would be issued. The City Attorney advised that the City could ask the County to change the ordinance.

Commissioner Moore suggested that be considered. He also stated that he wanted to find a way to regulate the other unlicensed operators. He felt there should be an ordinance to regulate this service.

Mayor Naugle suggested that matter be placed on the agenda for discussion at a future date.

The City Attorney stated that there had been a Herculean effort by Code to enforce the regulation and many vans had been cited, but the problem persisted. Commissioner Moore suggested that if the vehicle was taken out of service for a period of time, they would not continue to operate in this City.

The City Attorney stated they would return with a recommendation after meeting with Ms. Milano and her department.

Jesse Gaddis stated that the code was violated when the Community Services Board had not followed the procedure. He read as follows: "Each certificate holder must be notified by certified mail...." He replied that no one had received such notification. Mr. Gaddis stated the issue was whether they had the authority to increase the number of taxicab permits, and based on the County's ordinance they did not have such authority. He stated that the way this came about was not that the County permitted the City to have 200 permits, but the City already had them because the City was servicing many other surrounding areas, including the Airport. The cities which had not formally regulated such services were then placed under the County's authority. He explained there had been a State Statute which stated that Chartered Counties could take over the regulation of taxicabs, but before that it had been regulated by cities and the Public Service Commission. He further stated that Fort Lauderdale was the only City in the County that decided they did not want the County to regulate their taxis. He explained that the County set the overall regulations, including color schemes, rates, safety standards, and insurance, but the number of cabs were regulated basically by the City.

Commissioner Moore asked if the present certificate holders had been contacted via certified mail. Ms. Milano stated that it appeared there had been an oversight regarding the certified mail, but they had ran an advertisement and the Community Services Board was scheduled to discuss the matter.

Mr. Gaddis further stated if they had been notified, they would have appeared before the Community Services Board and presented them with information to assist them in making their determination.

Mayor Naugle suggested that possibly this should be redone. Commissioner Moore stated that possibly this should go back to the Community Services Board for further investigation and discussion. He stated that if the City had opted out of the County's process, then he wanted to know that, and if so, could the City write their own guidelines for such services.

Commissioner Moore asked the City Attorney to explore the matter and make a determination as to the procedure that had been followed and supply such information to the Commission.

B.C. Hasso, B.C. Express, stated that he had requested permits in the past and was not part of the taxicab process. He further stated that he wanted some understanding regarding comments he had heard regarding vans. He asked if some type of law could be passed regarding the unlicensed vans. He stated that he had submitted a request to the City in February for 5 permits for his vans and

the matter was delayed due to the situation in the City. He urged the Commission to look into the matter further.

Action: City Attorney to provide further information.

EXECUTIVE CLOSED DOOR SESSION 3:48 P.M.

CONFERENCE MEETING RECONVENED AT 4:46 P.M.

CLOSED DOOR SESSION AT 4:47 P.M.

CONFERENCE MEETING RECESSED AT 6:00 P.M.

City Commission Conference Meeting recessed at 6:00 p.m.