

COMMISSION WORKSHOP 12:00 P.M. FEBRUARY 13, 2007

Present: Mayor Naugle
Commissioners Teel, Rodstrom, Moore and Vice Mayor Hutchinson

Also Present: City Manager – George Gretsas
City Auditor - John Herbst
City Clerk - Jonda K. Joseph
City Attorney - Harry A. Stewart
Sergeant At Arms – None

Discussion of Legislative Issues with Senator Steven A. Geller, Florida Senate, District 31

Senator Steven Geller said he represents most of the City of Fort Lauderdale and outlined the boundaries. He represents about 10 cities which include Hallandale, Hollywood, Dania, Davie, Sunrise, Plantation, Fort Lauderdale, Cooper City, Miramar, Pembroke Pines and some unincorporated areas.

Property Tax Reform

Senator Geller indicated that property taxes will have the most impact on the municipalities. He did not feel the cities have paid appropriate political attention paid to this issue. It is clear that the public is angry about property taxes. People cannot afford to live here anymore between taxes and insurance. It is also clear that the solution is more difficult than what people think. He discussed the public sentiment at yesterday's meeting on this topic. No real solution was brought forward. This is one of the top three issues the legislature will be confronting this year. He believed there will be some sort of property tax reform. Things they are talking about now could devastate the cities. He discussed the inaccurate perception amongst citizens as to how much of a municipal budget is dedicated to police and fire. The unions are a lot to blame for this. There is a lack of knowledge about the percentage of the budget that goes for police and fire. There are four basic groups fed by property taxes which are schools, cities, counties and everyone else. Of those four categories, schools are the highest. When Governor Bush took office one-third of the total amount spent on education came from property taxes. When he left office, it was 45%. The legislature can increase the required local effort, which is the amount that school boards are required to spend. In general the amount that school boards raise through property taxes is set by the legislature. During the years Tallahassee was giving dramatic tax cuts, they were also mandating that the local school boards increase their property taxes. It was actually a shift of taxes. Almost every year something is done for police and fire. Most cities could probably make some cuts. The majority of the problem was caused by Tallahassee. The dramatic property tax increases began in 2001. This was when the dramatic run up in home values occurred at that time and so there was more money to spend. Secondly, 9/11 occurred in 2001, causing dramatic increases in security.

Mayor Naugle added that at last night's meeting he also mentioned erosion of investments in the pension funds after 2001 from 100% to 80% funded. Senator Geller concurred. Also property insurance, soaring gasoline prices and many issues. These increases are not only happening to government but also to the average voter. There are things that are happening just to cities, like pension costs, increased security and

actions of the legislature. The legislature is presently discussing hard caps on cities, such as 3% or cost of living. During an inflationary period of some 4% and 5%, he did not know how the cities would deal with being capped at a number lower than inflation. The Governmental Accounting Standards Board (GASB) program which requires cities to identify their unfunded pension liability will have a substantial impact. Cities have not been doing a good job explaining to the public where the money goes or lobbying the legislature. This oncoming train is about to run over the counties and cities.

Mayor Naugle said there is an absence of journalism; misrepresentations are published.

Senator Geller suggested the cities send people who do not want a budget reduction, police and fire unions and parents to Tallahassee, as they will get more attention than elected officials.

Senator Geller mentioned the COPS Program ended by President Bush caused more impact on property taxes at the municipal level. The federal government has been cutting and downloading issues to the counties, local governments and the states. The State has been trying to cut its budget and downloading responsibilities. The Department of Juvenile Justice has been transferred from the State to counties. Health care has been downloaded to property tax assisted hospital districts.

Senator Geller emphasized that the cities need to start organizing immediately on this issue.

Mayor Naugle asked about the timing of the special election. Senator Geller was not sure if there would be one. They want it to be held in September. The problem with September. The Tax Watch group is against a special election because they feel the legislature is acting too quickly and should examine the fiscal impact. He presumed property taxes would go down next year because of property values.

Mayor Naugle said if there is a special election in September, would it not go into effect until the following year. Senator Geller replied no, cities would be given thirty days to adjust their budgets. The time that makes the most sense is the March presidential primary. If it is done in March or June, 2008, it would take effect in the October 2008 local budgets. There is talk about September 2007 to take effect in October 2007.

Because of the public anger, Senator Geller anticipated there will be bad public policy enacted.

In response to Mayor Naugle, Senator Geller noted that the extra fifty and portability are two items widely mentioned for placement on the ballot. Also there is the intangible personal property tax.

Vice Mayor Hutchinson felt the City needs to go back to 2000 and 2001 and include in their analysis what responsibilities the legislature made cities take on. Senator Geller said the legislature has been asking for such mandate information for years, but no cities have complied. The League of Cities or the Association of Counties put together the information, however, he did not know if it is accurate.

Senator Geller said he would lay down in the middle of the train tracks to avoid the current proposal on portability. There are questions whether it is constitutional under the

right to travel clause of the U.S. Constitution and the commerce clause. Law Professor Hellerstein from the University of Georgia, who wrote the Save Our Homes amendment was retained to provide a legal opinion. The opinion was that it was overwhelmingly likely to be held unconstitutional. If so, the cities and school boards would owe tens of billions of dollars in refunds.

Commissioner Moore asked what form of portability would Senator Geller agree to. Senator Geller said that he would support whatever is structured to make it constitutional. He filed this year what he thinks is the best bill on portability with the least impact on local governments while still substantially freeing the real estate market. It would permit complete portability for downsizing. Before he could support anything, it needs to be constitutional. In response to Commissioner Moore, Senator Geller clarified his bill is statewide portability.

Mayor Naugle noted the right to travel is impacted because taxes would be different for someone moving from out of state and someone moving within the state. Senator Geller concurred. It has to do with the U.S. Constitution. He would not act in direct conflict of legal advice.

Commissioner Moore asked about the idea of an additional homestead exemption and assessing on the first \$5,000 and then the exemption. It would mean substantial revenue because everyone would be paying into the pool. Senator Geller said he met with the Association of Counties' President who advised that if the legislature passed the second \$25,000 his county, Bradford County, would go out of business. Their entire budget goes towards their county constitutional officers and the police. They have a volunteer fire department. Their millage rate is over 9.9.

Commissioner Moore asked if Senator Geller is in favor of the additional \$25,000 homestead exemption, and if so, how would he design it. Senator Geller said that he has not yet reached a firm conclusion because it will be part of a comprehensive bill, but at this point he is probably not in favor of it. People complaining are not current homeowners with homestead exemptions, but rather they are snowbirds, small business owners, rental landlords and some homeowners complaining they cannot sell their properties due to high rates. Taxes for people who have been living somewhere for a long time have actually been going down; they are happy.

Senator Geller guessed that there would be a constitutional amendment that would institute a second \$25,000 homestead exemption, rollback spending to last year's rate and hard cap of 3% or cost of living whichever is lower. When this occurs, local government will either slash services or continue doing the same thing but everything will be user fees.

Commissioner Teel agreed that people do not understand where their money is going and how it is being spent, but they are starting to learn. With the City being a small portion of the tax bill, whatever they do, it will be a band-aid or feel good thing. Senator Geller said the majority is the schools and it cannot be eliminated. Most of the reason for the school tax level is the legislature. Local school taxes and municipal taxes have been raised every year by the legislature doing things for pension, worker compensation, police and fire.

Commissioner Moore agreed. It is not right to mandate police and fire pension levels and then tell the cities they have too much revenue. The legislature should look at its own budget. The state's budget has increased much more than the City over the past five years. He also referred to the many non-elected entities being created with taxing power that are making the taxpayer want to revolt.

Mayor Naugle felt the voters would accept expanding the sales tax and eliminating or capping property taxes at 1%. Senator Geller felt the chances of passing such a measure are not good. Commissioner Moore said that there are some service taxes that should be passed. Senator Geller said there is a philosophical issue in the legislature; many legislators will not vote for any taxes.

Mayor Naugle said it is not passing a tax, but letting people decide which tax they want.

Continued Funding: State SHIP (Sadowski Act funds)

Commissioner Teel was concerned about the Sadowsky funds. Senator Geller said he filed legislation to lift the cap on these funds. He believed Governor Crist is doing a good job. He believed there is a new day in Tallahassee. When it was enacted, there was a commitment that it would only go toward affordable housing. The legislature then broke their word. There is a huge need for affordable housing.

Satellite Service

Commissioner Moore understood the State would collect funds relating to delivery of satellite service and redistribute them to municipalities. Last year, it was changed to go to counties. Some of those counties have lower millage rates but they are getting those revenue instead of the cities. Senator Geller was not familiar with this issue, but he would check into it and report back. One of the biggest fights in the legislature this year will be between telephone and cable companies. The telephone companies say they want a state-wide agreement to serve certain areas without giving control to the cities, but they would pay the cities for what they do. This would provide competition. The other argument is that they would only pick profitable areas. He told the telephone companies he would not be supportive unless they work something out with the League of Cities.

Insurance

Senator Geller said some mortgage holders will not accept a deductible higher than 2%. He requested that the insurer require the homeowner acknowledge that by buying the insurance if there is a hurricane, he or she will have no coverage for the first "X" amount of dollars.

Budget Requests

Senator Geller believed he submitted 80%-90% of budget requests submitted to him. If he thought he could not defend it, he did not file it. There are budget shortfalls at the State. As to areas of jurisdiction and in the best position to help, Senator Geller indicated it would be him or Senator Atwater.

CRA's; Lobbying Strategy to Combat Proposed Changes to Chapter 163 of the Florida Statutes

Commissioner Moore did not feel the City's position last year should have been changed. The counties' suggestions as to why changes are a necessity can be locally addressed. It should not require a state statute. Senator Geller said he told the counties repeatedly that he would not support changes to the CRA statute that the cities oppose, but he would support a compromise.

Land Use

Senator Geller said a similar issue is the fight between cities and counties regarding land use. It began in Broward and has spread to the rest of the state. He has been asked by the overwhelming majority of cities to support legislation that would take away from the counties the ability to determine land use. He will only get involved in the fight pursuant to a written request from the Broward League of Cities.

Mayor Naugle thought the Commission voted 4-1 to accept the League's position. In response to Mayor Naugle, Commissioner Moore believed the majority of cities adopted the League's position. Vice Mayor Hutchinson believed there will be more discussion on Thursday evening by the full body. Commissioner Moore felt the key is that cities should always have home rule.

Senator Geller said he supported the cities' position in the past and his only complaint is that many cities did not back him; they were afraid to fight the counties. He will require a written request in the future.

Commissioner Moore indicated the Florida League of Cities feels the counties should have no play in this. Senator Geller said because Broward County is unique, other counties want what Broward has. In previous fights in Tallahassee, the cities were dramatically outgunned in terms of lobbying. One problem is that cities hired lobbyists who also work for counties. Counties threatened to fire the lobbyists if they did not support them.

In summary, Senator Geller will await instructions from the Broward League of Cities.

Vice Mayor Hutchinson said one of the biggest discussions at the last Broward League Board of Directors' meeting was knowing that the big issue this year in the legislature will be taxes, they should not battle each other because they will need each other because of the tax issue.

Commissioner Moore commented that at one time one representative from the County offered the world. He felt the City should send correspondence from the Mayor to the County Mayor asking for an understanding that that the full County Commission will do what the one representative portrayed.

Senator Geller said there was an agreement between the League's negotiating committee and the County. The County Commission has not performed according to the agreement. The County Planning Council was supposed to speak on behalf of the cities and make sure the County would not dominate, instead the County Commission

was able to appoint the city members and they do what the County wants them to do. He elaborated on the appointment process and some historical perspective.

Vice Mayor Hutchinson asked for a draft of the letter to be brought before the Commission for their review.

Remote Red Light Violation Enforcement

Mayor Naugle said this item is not about revenue, but about individuals dying unnecessarily in automobile deaths. Senator Geller said privacy is a concern. It has to be an infraction comparable to parking because points could not be imposed without knowing who is driving the vehicle. Mayor Naugle noted that it is used around the country. Senator Geller indicated that there have been problems in other jurisdictions, but he would consider it. Typically, this is done by a private company that share the revenue and there is concern whether the company has a interest in altering the film to be most favorable to it. If the shows what is happening in the car, he asked if it is a public record.

Commissioner Moore thanked Senator Geller.

Senator Geller urged everyone to call him at any time at the office or his home on any issue. He introduced his staff and noted often his staff can help with state agency issues.

Mayor Naugle felt the City Lobbyists should keep track of when the votes occur and when communications should occur with the Senator. He also thanked Senator Geller.

There being no other items for discussion, the meeting ended at 1:20 p.m.