

CITY COMMISSION BUDGET WORKSHOP

7 P.M. SEPTEMBER 2, 2009

Present: Mayor John P. "Jack" Seiler
Vice Mayor Bruce G. Roberts, Commissioners Bobby B. DuBose,
Romney Rogers, and Charlotte E. Rodstrom

Absent: None.

Also Present: City Manager – George Gretsas
City Auditor - John Herbst
City Clerk - Jonda K. Joseph
City Attorney - Harry A. Stewart

Mayor Seiler announced that the first budget meeting will be on September 9, 2009, 7 p.m. and the second budget meeting will be on September 23, 2009, 7 p.m., Commission Chambers.

Proposed Budget

Shonda Singleton-Taylor, Acting Director of Management and Budget, and Norm Mason, Assistant Director of Management and Budget, reviewed slides on this matter. A copy of the slides is attached to these minutes.

Budget Advisory Board Recommendations

Mayor Seiler recognized the value of the Budget Advisory Board and commented about holding a workshop with the board in October.

Alan Silva, Chair of the Budget Advisory Board, reviewed as follows the board's recommendations outlined in a summary, dated August 25, 2009, attached to these minutes. With respect to the endorsement of passing and approving in principle the 2009-2010 budget, Mr. Silva indicated that given the extent to which there were parameters established by the Commission, they were realized and the budget made sense from that point of view. The board recommended making best efforts not to use the \$10 million taken from the fund balance during the year or to replace it to the maximum extent possible. Not only expense cuts but also revenue enhancements should be examined next year. Revenue enhancements should be implemented during mid-year in order to achieve an experience factor. The board accepted the City Auditor's revenue projections, along with his noted \$500,000 variance (miscellaneous income).

The City Auditor advised that today information was received that removes his reservation on the \$500,000.

Mr. Silva elaborated upon the zero-based budgeting concept. The approach may have to be modified to some extent. For example, that portion of a departmental budget considered essential would not be analyzed, but the remaining 25-50% would be examined in-depth. Zero-based budgeting is very helpful in establishing and assessing priorities. However it is very labor intensive. If the City Manager determines that a consultant is needed, the board felt the Commission should consider it. With respect to

their recommendation on pension costs, he pointed out the larger pension liability for public safety compared to general employees.

Commissioner Rodstrom asked whether the board compared the number of employees who receive a COLA and a merit increase. Mr. Silva explained the board was only empanelled on June 17; there was not enough time to go into detail. This is why the budget was approved in principle. The board talked of having a COLA that is equal to the real cost of living or a wage reduction. If it is not a COLA, then it should be called what it is.

Commissioner Rodstrom wanted to know if there is any itemization of the \$10 million being taken from the fund balance. Mr. Silva indicated that the board inquired as to the impact of zero based budgeting on individual programs, processes and operations, including deletions. Commissioner Rodstrom expressed concern about repeated use of the reserve. Mr. Silva noted that there was a 5-2 vote on use of the reserve and approval of the budget. The dissenting votes had to do with the belief to make more cuts on the expense side before using any reserve, as well as concern about long-term reliance on it. The reserve has steadily decreased. In some cases it has to do with capital outlay items. The City Manager advised that the previous Commission decided to use \$15 million of the reserve for one-time capital projects; it was not a bridge. Commissioner Rodstrom liked the idea of trying not to use the \$10 million during the year.

Vice Mayor Roberts looked forward to working with the board. He felt the reserve has been too high. The City has taxed people too much. He looked forward to working on quality control and zero based budgeting, although it may not be used for every department.

Commissioner DuBose wanted more insight about the dissenting votes. With respect to use of the reserve, Mr. Silva indicated it may have come from those individual members' experience with a limited reserve. They were concerned about using the reserve without a full analysis. There are things in the reserve for which the City has commitments, but there is not enough money for now. Those items should be delineated, particularly if they are one-time in nature. These could be classified as restricted reserve items. The board was concerned that there may be other commitments that could bite the City. He questioned if there are outstanding commitments for the \$48 million reserve. He noted an example of using reserve funds would be purchase of land for a fire station site. The difference between what was voted upon for the fire stations and the actual cost should also be part of the restricted reserve. The board would have appreciated an analysis as to how much of the reserve came from revenue increases and how much from expense reductions.

Commissioner Rogers agreed with the standard of having a reserve between 5% and 15% of the operating budget. The reserve is taxpayer money and without using it, taxes would be raised. He did not want to raise taxes. The City is still 3% above what government account standards has indicated is the top level of reasonableness. Mr. Silva explained this is why the argument is to use the reserve for one-time items that do not create an unsustainable base going forward and plus into the expense side. In response to Commissioner Rogers, Mr. Silva indicated that conceptually, he would not have a problem with use of the reserve for capital outlay but he noted the City's financial goals indicated that one percent of the operating budget should be dedicated to capital

outlay each year. Along with capital outlay, one must weigh the downstream operating costs. For example, the capital improvement program will probably mean \$1.4 million expenses next year. Consideration has to be given to paying for maintenance and operating expenses thereafter.

Commissioner Rogers wanted to be certain he grasped the scope of what the board was able to accomplish in the limited timeline and to rely upon the City Auditor for his counsel on the budget. Mr. Silva reiterated the board's position on use of the reserve this year and for the future.

Mayor Seiler agreed when there is too much in reserve it is a result of overtaxing or improper budgeting in previous years. The reserve belongs to the taxpayers. He questioned holding the money for the taxpayers. He did not want \$83 million in reserves. He did not agree with the recommendation to replenish the \$10 million (from the reserve), although he understood the concerns about use of that money. He wanted the board to recommend a target percentage for the reserve next year.

Mayor Seiler was pleased with the recommendation concerning City-owned surplus property.

Mayor Seiler also agreed with the board concerning fine-tuning of the zero-based budgeting approach.

Mayor Seiler agreed with the board concerning an analysis of the level of supervisory staff by an independent consultant.

As to previous COLA adjustments, Mayor Seiler agreed that any salary adjustments should be accurately labeled.

Mayor Seiler recognized all of the board in attendance and thanked them for an excellent report.

City Auditor Recommendations

The City Auditor reviewed his memorandum of August 28, 2009 and review of the proposed budget, attached to these minutes. He felt enough has been said this evening about zero-based budgeting. There are opportunities to improve next year. He noted their scope, indicating his office did not make recommendations for cost cutting areas. There are material items recommended to achieve a more accurate budget which will impact whether more money should be taken from the reserves, operating area cuts or other changes. Commission direction to management in terms of taxes and staff levels made it very difficult to adjust the level of revenues to the level of services that the public expects, which drives use of the fund balance to accomplish that since 65%-70% is personnel based. He felt the Manager did a good job of reducing discretionary expenses without impact the level of service and use of \$10 million from the fund balance is appropriate. He has advocated reducing the fund balance level for several years. It is more appropriate to use the reserve for one-time expenses, however, he felt it is appropriate this year given the extraordinary circumstances being experienced. Overall the challenges will be greater next year. He did not think the fund balance can continually be the source for filling the gap. He did not think restrictions placed on the Manager this year are sustainable going forward. He strongly recommended five-year

financial planning. A list of funded vacancies has been provided, which includes enterprise funds. With respect to the Fort Lauderdale Stadium, if the property is fenced and not used, it would be the Airport's responsibility to maintain the property. If activities are conducted on the property, it becomes park property and some, if not, all of the maintenance cost would have to be charged to the General Fund. Observation 6, concerning the U.S. Department of Justice Community Oriented Policing Services Hiring Recovery Program grant, was addressed at the September 1, 2009 Commission meeting.

Commissioner Rodstrom asked for an overview of the Commission's decision on \$15 million for capital improvements last year and the \$10 million this year from the reserve. The City Auditor explained that the \$15 million was moved to the capital improvement program plan (CIP). Some \$1.5 million was moved back into the General Fund because it was deemed to be operational in nature. Ms. Singleton-Taylor advised it was approximately \$2.8 million. The City Auditor noted there are some items that have historically been included in the CIP that are not capital projects, such as Motorola radios. It is not an uncommon practice. Equipment should not be in the CIP. As to Commissioner Rodstrom's question, he believed the balance of those funds is still in the CIP Holding Account. Use of those funds will come back to the Commission for a decision as to which projects. The \$10 million is separate from the \$15 million; plus there was \$9 million removed for closing the General Employees Pension Plan to new participants. Generally these are both excellent uses of excess reserve dollars.

With respect to the Auditor's recommendation to fund the WAVE, the City Manager indicated this is a thirty to forty year project. Typically, funds are borrowed and spread out over the life of the project which could be budgeted next year. Also, he was concerned about providing any funding until the Downtown Development Authority provides assurances on the assessment program and all other governmental agencies involved. Mayor Seiler believed the Commission's approval was conditioned upon other governmental entities coming forward.

In response to Commissioner Rogers, the City Auditor strongly supported the role that the Budget Advisory Board would like to take next year with respect to zero-based budgeting, community outreach and monitoring. Given the constraints on the Manager and time constraints, he felt their recommendations and endorsement of the budget were appropriate.

Mayor Seiler asked that staff respond to the Auditor's observation concerning vacant positions both to the Commission and the Auditor. In response to Mayor Seiler, the City Attorney explained the reason for budgeting an additional attorney position. Commissioner Rodstrom wanted to know how long the positions have been vacant. Commissioner DuBose wanted to know how many of the positions are new. The City Manager explained that staff was asked to look at vacant positions to determine what would not diminish services. It should not be assumed that because they are vacant, they are also no vital services. Also, these are almost two-thirds in enterprise funds. Information will be provided for the September 9, 2009 meeting.

Mayor Seiler wanted an analysis from staff on use of Fort Lauderdale Stadium. He mentioned the current shortage of soccer fields. Federal Aviation Administration (FAA) limitations should be a consideration. The City Auditor pointed out historic maintenance costs should be a factor. Commissioner Rodstrom thought the Manager to first consult

with the FAA. The City Manager noted that at the onset of discussions with the Orioles, staff expressed reservations about securing FAA approval which turned out to be accurate. Discussion ensued on the permissible use whether it be a private commercial venture or governmental and the public perception. The City Manager noted that the FAA has been fairly clear. There is also a matter with the zoning that needs to be changed and would involve Broward County and the Land Use Plan. The City Manager anticipated providing cost and various levels of service information for September 9, 2009. Commissioner Rodstrom wanted assurance from the FAA on use of the stadium before proceeding with planning and use of staff time.

With respect to a five-year financial plan, Mayor Seiler questioned including this in the charter. The City Attorney indicated it could be included in the charter or accomplished by ordinance. This could be considered by the Charter Revision Board. Mayor Seiler asked it be assigned to the board. The City Clerk advised that the deadline for a question on the November ballot needs to be submitted to the Supervisor of Elections by June 18, which would require Commission action.

Capital Improvement Plan

Albert Carbon, Director of Public Works, reviewed slides on this matter. A copy of the slides is attached to these minutes. He noted tonight's focus will be on projects slated to be funded in 2009-2010. There is \$3.1 million coming from the \$15 million discussed earlier.

Mayor Seiler asked if improvements to the Florida East Coast railroad crossings are needed in light of ongoing discussions concerning the corridor. He asked that they be consulted as to whether these improvements are needed now.

With respect to bridge repairs, Commissioner Rodstrom wanted to first check with Florida Department of Transportation on funding before expending City dollars.

Mr. Carbon advised the sidewalk replacement program will be presented to the Commission. The previous Commission directed that the cost would be shared equally with the adjacent property owner.

Commissioner Rodstrom asked that staff examine the public restroom facility near the Museum of Art for possible maintenance improvements.

In response to Vice Mayor Roberts, Phil Thornburg, Director of Parks and Recreation, advised that about ten parks could be funded with lighting warning systems with the proposed funding amount. The City Manager offered to furnish a list.

With respect to the A-1-A Greenway, Mr. Carbon indicated that in October, November staff will present the basic option using all Florida Department of Transportation (FDOT) funding and the option that most of the residents want to address the funding gap. In response to Commissioner Rogers, Mr. Carbon noted the FDOT funding would be to break ground in 2011-2012. He elaborated upon other grant funding possibilities that will be pursued.

In response to Commissioner DuBose, Mr. Carbon noted the two top priority sea wall repair projects are the north side of the Riverwalk area and the Broward Center of Performing Arts. He offered to furnish a list.

Mr. Carbon noted as a result of comments made at the July 21, 2009 meeting, \$75,000 will be used to examine flooding issues in Riviera Isles. Therefore three projects will be reduced to accommodate this work. More detail will be available at the September 9 public hearing.

In response to Commissioner Rogers, Mr. Carbon advised that the street resurfacing program is funded strictly by gas tax revenue. There are restrictions on the use of these funds. Mayor Seiler questioned if gas tax monies could be used for seawall repair. Mr. Carbon explained that the City is already falling behind on the resurfacing. Commissioner Rodstrom wanted a list of permitted uses so that the Commission could prioritize. Mr. Carbon offered to furnish that information but explained that the revenue is decreasing; it is based on gallons used.

With respect to lighting in the Beach Community Redevelopment Agency area, Mayor Seiler wanted to make sure what is done is LEED certified. Commissioner Rodstrom hoped it could be brighter if possible.

In response to Commissioner Rodstrom and Mayor Seiler, Donald Morris, Beach Community Redevelopment Agency Director discussed revenues coming into this CRA and advised that it extends to 2019. Commissioner Rodstrom wanted to know how the funds are being allocated and that the Commission be able to decide on it. Mayor Seiler asked about the master plan. Mr. Morris advised that \$2 million has been reserved for the master plan and \$3 million for the aquatic complex. Mr. Carbon clarified these monies are for improvements associated with the master plan and aquatic complex. In response to Mayor Seiler, Mr. Morris advised that the interest income stays within the CRA. There is a total of almost \$18 million. The City Manager advised that the CRA budget allocations are contained in the budget proposal. Mayor Seiler wanted to see plans for use of this funding and for the Commission to consider it because there is an ending timeline of 2019. The City Manager indicated it depends on what decisions are made with respect to the aquatic complex and the beach master plan improvements. Mayor Seiler asked the Commission be provided all of the backup on this matter.

In response to Commissioner Rodstrom, the City Auditor indicated that annual ongoing repairs should be in the operating budget in the future. On a percentage basis, it is not material. Procedurally, budget amendments will be necessary.

In response to Commissioner Rodstrom, Mr. Carbon advised \$3.1 million was carried over from last year's capital improvement plan. She questioned why it takes so long to get some of the projects completed. The City Manager explained it depends on the type of project and funding coming available from various sources as well as the project size. Mr. Carbon indicated that public participation is another factor. Commissioner Rodstrom pointed out that the capital improvement plan document does not show use of Community Development Block Grant (CDBG) funding. The City Manager explained it is an outcomes based plan. The Commission provides direction on projects. The projects are then prioritized. Staff works on how to fund the projects. Depending on funding sources and priorities, staff tries to fit everything in. Mr. Carbon added that annually in

June a presentation is made on the status of the projects. He explained the process for deciding on use of funds that may be left over from a project.

In response to Vice Mayor Roberts, the City Manager clarified that those projects shown on pages 112 and 113 are those being carried forward. Mr. Carbon indicated it totals \$20 million. Commissioner Rodstrom noted there is also the \$3.1 million. The City Manager pointed out each project amount is an estimate. The City Auditor clarified that carry forward is projects that have not yet begun or are partially completed as well as some completed projects that have not been closed out in the system. Mayor Seiler noted that essentially these are all encumbered funds. The City Auditor concurred and added that at any given time there is always money left over so that when the Commission requests something, there can be accommodations.

In further response to Commissioner Rodstrom, the City Manager advised that the \$10 million being considered is a budget stabilization not specifically earmarked. Mayor Seiler indicated that is a typical approach and is the amount staff feels comfortable using. Ms. Singleton-Taylor referred to the challenges previously noted, the key general fund revenues and non-discretionary increases and indicated that is the \$30 million. Solutions have been identified through the budget process. The \$10 million will primarily fund the non-discretionary increases. Commissioner Rodstrom wanted to use the (funded) vacancies and reduce expenses. Commissioner Rogers wanted to concentrate on the expense side. Mayor Seiler indicated his goal is not to spend the \$10 million and give it back to the taxpayers. Next year there should be agreement on a reserve percentage and be able to reduce taxes. Commissioner Rodstrom felt that is an important goal.

In response to Commissioner Rodstrom, Commissioner Rogers indicated elimination of sixty-eight positions is shrinking the government. Mayor Seiler felt the Commission will provide input in this area. Commissioner Rodstrom did not want to take \$10 million from the reserve, but conceded that she agreed with the philosophy.

Commissioner Rodstrom questioned potential impact on the bond rating when the \$10 million is taken from the reserve. The City Manager explained that everything has an impact, including a healthy fund balance as well as tax and revenue increases. Mayor Seiler added it is a matter of navigating the fund balance and so forth.

In response to Vice Mayor Roberts' question about the off-site data center at \$1.3 million, Mr. Carbon advised it will secure the computer system separately. Tim Edkin, Director of Information Technology Services, added that it would be an operations center in a hardened building with generators; about 1,500 square feet. Mayor Seiler questioned why this was not considered when the emergency operations center was built. Mr. Edkin explained it was considered, but the cost added to the bonds was also considered. Mayor Seiler suggested using CIP funds and build an addition instead of a free-standing structure which would be more expensive. Mr. Edkin mentioned another thought was to lease space to others who might also want to secure their data. Commissioner Rogers asked about contracting with a private company. Mayor Seiler wanted to explore both options, but did not favor constructing a building and leasing it. Vice Mayor Roberts suggested exploring grant funding. He was concerned about the availability and security of the City's data. He remarked about the government having a different standard with the need for more security. Mr. Edkin indicated that Broward

County leases space near the airport but does not own the facility. Mayor Seiler brought forth the idea of the City leasing in that facility also.

Mayor Seiler opened the floor for public comment.

Robert Alcock, president of South Middle River Civic Association, noted their size and that they are impoverished. He noted that South Middle River is situated in the vicinity of Sunrise Boulevard, which is a disgrace and in need of attention. He appreciated the Police Department's assistance with fighting crime. He asked for support on their master plan and generally. He thanked the district commissioner, Commissioner Rodstrom. He commented that he became involved because his home was burglarized eight times.

There were no other comments.

There being no other matters to come before the Commission, the meeting was adjourned at 10:16 p.m.