

APPROVED

REVENUE ESTIMATING CONFERENCE COMMITTEE (RECC)

**CITY OF FORT LAUDERDALE
101 NE 3RD AVENUE, SUITE 1400
FORT LAUDERDALE, FL 33301
MARCH 6, 2013 – 4:00 P.M.**

Committee Members

Marty Kurtz
Norm Mason
June Page
Pamela Winston

Staff

Stanley Hawthorne, Assistant City Manager
Kirk Buffington, Deputy Director of Finance
Emilie Smith, Budget Manager
Douglas Wood, Director of Finance

I. Call to Order

Ms. June Page called the meeting to order at 4:10PM.

II. Roll Call

All members present.

III. Approval of Meeting Minutes

- a. Mr. Marty Kurtz offered a motion, seconded by Mr. Norm Mason, to accept the February 27, 2013 Meeting Minutes as presented. The motion was approved.

IV. Old Business

- a. None

V. New Business

- a. Committee Work Plan:

Mr. Stanley Hawthorne expressed concern over getting information as early as possible.

- Draft Burton Model – Reference document
- Draft Fiscal Capacity Study
- Work-plan can be adjusted as needed
- Ms. Emilie Smith: Discussion of Committee Work-plan and setup by major categories; Taxes – this week, Intergovernmental Revenue next week.
- Revenue Manual (RM) developed by staff with information from Burton Manual
- 5-year forecast in RM from the Burton Model

- City Staff worked since December, staff confident information presented will be helpful.
- Burton working session on 3/7/12 – Ms. June Page asked about the completion of the model. Ms. Emilie Smith stated it should be finished in about one month or less.

b. Discussion of Assumptions for Revenues:

Taxes Category

Ad Valorem:

No early projections from property appraiser June 1 – preliminary, July 1, Final

- Burton Model presents residential growth assumption information for 5 years

Mr. Hawthorne suggested that at this point we should not focus too much on the numbers 5 years out but mainly on 2014.

Ad valorem based on assumption that millage rate will be the same. Ms. June Page mentioned that the 2.07% increase is what the City has been projecting. Mr. Douglas Wood advised that there are limitations on residential increases as a result of Save Our Homes. Save Our Homes limits the increase to 3% if homesteaded and 10% if non-homesteaded. Ms. Emilie Smith informed us that we had 1.7% increase for FY13 and only generated \$500,000. There is a ceiling on the increase but not the decrease. Mr. Stanley Hawthorne advised that we may have to revise our numbers once numbers are released by the property appraiser's office.

Mr. Norm Mason stated that the Realtor Association Fort Lauderdale saw an increase of 28-30% homes purchased above appraised value in 2012. The 5 years prior to this time there was a decline.

Mr. Marty Kurtz was concerned about the general nature of the explanations in the Burton Model. To determine the reasonableness of the numbers, we need more information on the calculations.

Mr. Stanley Hawthorne explained the allowance for discounts for early payment (4%) and errors and omissions.

Mr. Marty Kurtz inquired about Truth in Millage (TRIM). Ms. Emilie Smith explained the State provides the millage rollback rate annually. This rate explains what the millage rate should be to generate the same amount of revenue.

FPL Franchise Fee:

Ms. Emilie Smith and Mr. Stanley Hawthorne explained the assumption

- 6% of FPL revenues, this amount is set by an agreement the City has with FPL
- the annual FPL revenue forecast includes a 2.5% rate increase, which was passed in January

- the franchise fee allows use of City space and right of ways

Mr. Douglas Wood stated that an audit of the FPL franchise fees will be conducted once a contract is approved.

Mr. Stanley Hawthorne pointed out the decrease in revenue in 2011 and 2012. Ms. Emilie Smith and the budget office analyzed the revenue numbers for 10 years, plotted trends, usage, and timing of payments – found no relation that would explain the decrease. She also checked neighbor cities to ensure our revenue was not mistakenly given to another city.

Ms. Pamela Winston added that there was no corresponding decrease in the utility tax based on the same revenue. She also that there may be issues with the TECO (Peoples) franchise fee as well and staff is currently reviewing.

Mr. Stanley Hawthorne stated that the objective of the Budget Office is to track the progress of budget development and reporting and the Finance Department is responsible for the receipt and recording of the revenue. There must be a dedicated arm to analyze revenues and the office must be properly staffed to determine if revenue received is reasonable and accurate.

Mr. Norm Mason stressed that the City must have a stable forecast of revenues, otherwise, you have to look at expenses. FPL sends true-up adjustment so it is sometimes hard to forecast.

Peoples Gas Franchise:

- Mr. Marty Kurtz stated that the amount for this revenue source minimal. Ms. June Page questions if they intend to make any efforts to increase market share?
- Mr. Stanley Hawthorne pointed out that the trend line is similar to the FPL franchise fee
- Mr. Norm Mason stated that the Burton model used a 5-year look back to forecast the 2.0% increase
- Mr. Stanley Hawthorne wants to ensure that the conversation with Burton includes RECC in interactive sessions
- Discussion about Ms. Pamela Winston and Mr. Norm Mason attending the Thursday meeting with Burton since both are members of the RECC. Ms. Pamela Winston will not attend
- FPL, Gas, and City Utility Tax have been assessed the maximum 10% already

Communication Services Tax (CST)

- Possible legislative changes being discussed would affect the way the allocation is calculated.
- These revenues are dedicated to the Pension Obligation Bonds (POB) issued this fiscal year.

Business Tax

- Possible legislative changes
- Mr. Doug Wood discussed the possibility for a fee increase
- Revenue is dedicated to the POBs.

VI. **Adjourn**

Motion made to adjourn by Mr. Norm Mason, seconded by Mr. Marty Kurtz. Meeting adjourned at 5:45PM.