City of Fort Lauderdale
Infrastructure Task Force Committee
June 4, 2018
2:00 p.m. to 5:00 p.m.
8th Floor City Commission Room – City Hall
Fort Lauderdale, FL 33301

1. Call to Order:
- **Roll Call**

MEMBERS		**PRESENT**	**ABSENT**
Marilyn Mammano	P	13	1
Ed Kwoka	P	12	2
Ralph Zeltman	P	14	0
Keith Cobb	P	9	5
Roosevelt Walters	P	13	1
Fred Stresau	A	11	3
Norm Ostrau	P	11	1
David Orshefsky (arrived at 2:14 p.m.)	P	11	0

Staff Present
Meredith Shuster, Administrative Assistant
Raj Verma, Interim Assistant Public Works Director
Christopher Lagerbloom, Assistant City Manager
Rhonda Montoya Hasan, Assistant City Attorney
Michael Mitchel, Prototype-Inc. recording secretary

2. Approval of Agenda

Motion made by Mr. Walters, seconded by Mr. Kwoka, to approve the agenda. In a voice vote, the motion carried unanimously.

3. Approval of Previous Meeting Minutes

A. May 7, 2018

Mr. Zeltman made the following corrections, additions, and deletions:

- Page 13 at the bottom should read as, "***Mr. Zeltman advised that it is to meet code compliance, maintenance, and structural integrity of the buildings".***
- Page 15, fourth line, should read as, "***Mr. Zeltman mentioned Federal, State, and Broward County Schools are exempt***" instead of certain buildings.
- Page 15, sixth line, second sentence that starts with "Mr. Zeltman asked if there were inspections at that location because it is well over 40 years" then add "***and***

the maintenance people at the Police Headquarters indicated a lot of the Fire protection issues were grandfathered in".

- Page 18, fifth comment from the bottom should read as, ***"Mr. Zeltman indicated that he obtained some photographs".***
- Mr. Zeltman requested to change someone's comment about his language to a ***comment or concern.***
- Mr. Kwoka believed that the appropriate phrase was that he took issues with Mr. Zeltman's ***comment.***

Mr. Orshefsky made the following corrections, additions, and deletions:

- Page 5, third paragraph, second line, should read as "***Wall Street***".
- Page 7, sixth paragraph, should read as, "***70 mills"***, not 70 million.
- Page 15, paragraph 7, first sentence, remove "***not".***

Mr. Verma requested clarification on Page 20, third paragraph, last sentence, "Where the base material fails resurfacing would work" should read as, "would ***not*** work".

Motion made by Mr. Walters seconded by Mr. Kwoka, to approve the May 7, 2018 meeting as amended. In a voice vote, the motion carried unanimously.

4. General Discussion (Board Members)

Chair Mammano introduced Jacquelyn "Jackie" Scott, representative from the Planning and Zoning Board. She has not yet been appointed by the Planning and Zoning Board to be its representative on the Infrastructure Task Force Committee. Ms. Scott is not a voting member at this meeting; however, her comments should be recorded as a guest.

Chair Mammano was very pleased with graphics provided by staff that describe the bond fund projects by categories so they can be visually seen.
Mr. Orshefsky mentioned the second handout for Public Works, which was transmitted electronically. It is a CIP and Fund 331 budget model. Everyone said they received the handout.

5. Old Business

A. City Attorney Response to Board Member Term

Mr. Kwoka explained that at the last meeting there was vigorous debate about whether appointment to the ITFC once made was for the duration of the Infrastructure Task Force Committee or when an ITF member was no longer a member of the underlying board would that mean there would be a new appointment. There was a great deal of concern about the amount of time and effort that has gone into coming up to speed and what turnover would do to the Committee. It was decided that an interpretation would be provided from the City Attorney's Office. There was a fairly strong consensus amongst the members of the

Committee, the initial order from the Commission was for the duration of the Infrastructure Task Force Committee now 36 months.

Mr. Orshefsky asked if the positions on this Committee were ex-officio or if they were for the term of the Committee. There is language in the Resolutions that does both.

Assistant City Attorney, Rhonda Montoya-Hasan advised the original Resolution,17-46, delineates the requirements of membership for the Infrastructure Task Force Committee. Members must be a resident and property owner in the City of Fort Lauderdale. Then there are various members who are appointed either by the Mayor and Commission or that come from various Boards, the Chamber, and the Civic Association. In the case of Mr. Hansen, he was no longer a Board designee of the Planning and Zoning Board; however, he could have served until a new Board member was appointed for that position. If it is the desire of the Infrastructure Task Force Committee to have the Commission consider having Mr. Hansen stay on this Committee through the end of the term, the composition of the Infrastructure Task Force Committee that is delineated in the original Resolution, 17-46, would need to be modified.

Mr. Ostrau commented that the original Resolution says, “Each member shall serve the term of appointment.” Term is defined in the Resolution title and it says term in the Resolution; nothing was said about status.

Ms. Montoya-Hasan stated the original Resolution delineated the requirements for membership in the Infrastructure Task Force Committee. Additionally Resolution 17-127 delineates the category under which all the appointments were made. It says members were appointed for an 18-month term that would go through September 6, 2018. As mentioned, the life of the Infrastructure Task Force Committee was extended until March 2020. Resolution 18-07 delineates that all the Infrastructure Task Force Committee members appointments are extended from September 7, 2018 until March 7, 2020. Implicit in the extensions of those terms was that members must maintain their eligibility. If members move out of the City of Fort Lauderdale or if they sell their property, they would no longer be a member by the membership requirements of the original Resolution. One of the questions was what if the Chamber decided to appoint somebody else. They cannot as long as the member maintains the other eligibility requirements because their term has been extended through March 2020. If a member is no longer a member of one of the particular Boards, either the Budget Advisory or the Planning and Zoning Board, then they do not have the eligibility requirements to continue on. If they are appointed by the Mayor or Commission that is different; those appointments clearly serve until 2020 as long as they are residents and maintain property in the City of Fort Lauderdale.

Ms. Montoya-Hasan indicated that Mr. Hansen could have served until someone else was appointed because the language in all the Resolutions allow a member to serve until a successor is appointed.

Chair Mammano questioned if Mr. Hansen could have continued if the Planning and Zoning Board Chair took the position that it would be better for the general work of the Committee not to appoint a successor even though Mr. Hansen was no longer a member of the Planning and Zoning Board.

Ms. Montoya-Hasan advised that the language of the Resolutions allow for that. If the Planning and Zoning Board fails to make any appointment, Mr. Hansen would serve because by the language consistent in all the Resolutions, any of the members, if they were to lose their eligibility, would continue to serve until such time as a successor member is appointed.

Mr. Orshefsky questioned how the Committee would ask the Commission to resolve this and if they should communicate with the Commission and say, “Please make these permanent non-ex-officio appointments”.

Ms. Montoya-Hasan replied yes.

Motion made by Mr. Kwoka, seconded by Mr. Walters, recommending the City Commission consider all current appointments made to this Committee as of its inception to be for the duration of the Committee through the current 36 months or as extended.

Ms. Montoya-Hasan assumed that would include the issue of other eligible requirements about resident and property owners.

> Member Edward Kwoka made the motion, seconded by member Roosevelt Walters recommending the City Commission consider all current appointments as of its inception to this Committee to be for the duration of the 36 months or as extended. Residency and property ownership should be a consideration for the duration.
>
> In a voice vote, the motion carried unanimously.

Ms. Hasan advised that the Communication goes to the City Clerk as a communication from this Board and then goes to Conference.

Mr. Orshefsky questioned if Ms. Shuster would make sure that the copy of the Communication is circulated to the Committee and that the Committee be kept advised as to when it is going to be heard by the Commission.

Ms. Montoya-Hasan indicated that a Resolution would have to be done and brought forward. Chair Mammano commented that the Committee would have to be there to express why.

B. Description of the $200 Million Bond Fund Projects

Mr. Orshefsky spent some time with Assistant City Manager Chris Lagerbloom trying to address some of the bond issues. He understood the green and the red portions of the pie chart included in the backup. The green portion was not in the CIP but was in the Master Plan and has now been added to the CIP because there are bond funds. The red portion were projects to be deferred, abandoned, otherwise, not immediately funded under the CIP. Fiveash was put back but others were deferred. Mr. Orshefsky questioned if this was the list of the deferred items now funded.

Mr. Verma replied yes.

Mr. Orshefsky asked for clarification of the purple section. His understanding was it was City policy to have 90 days in operation reserves and noted that it is now 50 – 55 days in order to fund operations with the emergency repair. That is different than the capital funding that was otherwise funded by the CIP. He questioned if it was 90 days and noted that it is now below the 90-day level. The purple amount was to go back into the reserve to fund from the current 50 or 55 days or whatever it was back to 90 days to fulfill the elements of the policy. Ultimately, what used to be capital dollars are becoming operational dollars.

Chair Mammano expressed concern about that as well.

Mr. Orshefsky referenced the blue section of the pie chart and stated that there was an overlap between the Consent Order projects and projects that were funded or partially funded by the CIP. When the bond dollars came in, the bond dollars substituted for those CIP dollars. The $97 million number was clear based on the budget amendments done to pour the $200 million into the CIP; that is the number. The number Mr. Orshefsky was still chasing was what percentage, if any, of the $97 million was substituted for existing CIP dollars and if so, where those CIP dollars went.

Mr. Lagerbloom stated that a large spreadsheet was put together that was not immediately available but provides an insight. Mr. Orshefsky was still looking for the answer because if there was some or all of the $97 million-dollar amount of CIP dollars floating around loose, he would like to know where it went; he thought some of it went to the operational fund. Mr. Orshefsky questioned if there were other dollars and if so, where they went. Then, there would be an idea of how much actually was in the CIP to spend in Fiscal Year 2018 or 2019.

Chair Mammano indicated that was also her concern. The purple was returning money to the reserve fund. It was questioned why money was not being taken out of the Enterprise fund to up the reserve, which is where the reserve money comes from.

Mr. Orshefsky did not know if that was true and noted that the money comes from the ratepayers. It is believed that is where the replacement dollars were coming from; they were coming from CIP within those funds.

Chair Mammano stated that those funds were coming from the bond.

Mr. Kwoka mentioned that an incredible amount was spent moving sewage from one side of town to the other; $25 million to $26 million was spent on the 30-inch force main project. Mr.

Kwoka questioned if that came out of the general fund or if it was reallocated someplace from the CIP.

Mr. Walters indicated that when there was an emergency with the sewer and the streets and the 30-inch force main had to be done; it was not originally in the budget and was emergency money that had to come from somewhere. Mr. Walters questioned if that money went back to where it was before the emergency took place once the City got the $200 million bond.

Mr. Verma advised that it probably went into the bond funds. When reviewing the spreadsheet, it showed approximately $8.5 million charged to the Consent Order project of emergency repairs to the 30-inch force main.

Mr. Orshefsky commented that if more than $8 million was spent on that project it came from a different source.

Mr. Walters stated that it was not complete. It says there was money moving around and he did not know where it was going or where it came from. Mr. Walters previously asked the City Manager about this and was told that staff would do a report twice a month to keep the Committee informed as to what has been funded and paid.

Mr. Verma indicated he was translating what was prepared in both the graphical form and in the spreadsheet. That is the maximum information.

Mr. Kwoka mentioned that there was a check for the $200 million and someone somewhere transferred $200 million into an account; they did not transfer it into 47 accounts. There has to be a register. Mr. Kwoka would like to see a breakdown of $200 million to zero. The sheet given shows the 2 accounts 495 and 495 that the money went into and how it is allocated. It is in the process of being spent.

Mr. Verma believed a copy of the spreadsheet could be made that gives a list of projects, how much money came in from the bonds, what has been expended so far, what has been encumbered, and what is remaining. If there are more detailed questions, he would be happy to contact the right people and get back to the Committee as an informational item at the next meeting.

Chair Mammano mentioned the priority deferred projects, the $55 million, and stated that a good amount of it was to put back money into the Fiveash plan. There was $33 million for Fiveash and she assumed there was an account somewhere for Fiveash. Chair Mammano questioned if $33,500,000 went back into that account.

Mr. Verma stated that whenever an account code has been set up for a project it has been tied together.

Chair Mammano noted that they were back to the funding they had for Fiveash before they had to borrow from Fiveash and likewise, for the Victoria Park small water mains.

Mr. Orshefsky was only concerned about CIP dollars that were already allocated. The other ones are subject to out-year vagaries and whatever the budget comes in at. The out-years are not allocated, not encumbered.

Mr. Verma mentioned that that was done because certain projects that did not have enough monies were planned over a two or three-year period. Rather than coming back and spending more money, because the monies are now available, those projects were consolidated. There would probably be some more monies than what was in the five-year plan and in some cases, it was taken away and that was why there may be some discrepancies.

Mr. Walters questioned how someone would know what Mr. Verma just said.

Mr. Verma has not checked the City's website but was sure all the information was available.

Chair Mammano advised that the red portion of the pie chart was priority deferred projects and currently funded by the bond, which is $55 million.

Mr. Verma stated that these are deferred projects because they did not have the monies at the time they were in the CIP. Now, the monies are available and the projects are being funded as a part of this bond.

Chair Mammano commented that these are very clearly projects that would have been funded with CIP dollars if the bonds were not purchased.

Mr. Orshefsky clarified that the $97 million represents the Consent Order dollars. The Consent Order list was primarily based on existing CIP projects. Under the existing CIP projects, some or all of those projects had been funded or were intended to be funded in the near term. Mr. Orshefsky questioned what happened to the CIP dollars when the bond dollars came in, if anything. He was not presuming that the funds went anywhere but there was an overlap between the Consent Order projects and previously funded for allocated CIP projects and he would like to know what the overlap was.

Mr. Verma stated that he would get a specific answer.

Mr. Orshefsky questioned if the new piece of paper was all CIP or just Consent Order.

Mr. Verma indicated that these were all the projects allocated under two different accounts. The projects add up to $200 million and the expenditures to date is about $12 million, which leaves, as of June 1, 2018, $188 million.

Mr. Walters questioned if they are encumbered funds or not.

Mr. Verma advised this is how the funds have been budgeted from various types of projects. He referenced the last page and noted that it gave a breakdown by funds. On the pie chart exhibit, the blue and purple add up to $84 million and the red and green add up to $115 million. The 495 fund is the Water Wastewater Master Plan fund and the 496 is the Central Region. That is the same $200 million; there are two exhibits; one breaks it down by funds and the other by projects; both add up to $200 million.

Mr. Cobb questioned what happened to the transaction cost.

Mr. Verma did not have the details but thought it was separate.

Mr. Kwoka clarified that Mr. Verma was saying that the City was holding onto $188 million. He referenced the 30-inch force main and the $8.5 million. That is the sheet that shows $386,000 of $8.5 million has been spent and he questioned how that was possible. More than $8.5 million was spent; $26 million was spent; they are not sitting on $188 million.

Mr. Orshefsky stated that the main was finished and questioned if that meant that at least the $8.5 million had been spent.

Mr. Verma stated that he would check on that.

Chair Mammano thought that the simplified pie chart enabled the Committee to ask more questions with more specificity.

Mr. Kwoka indicated that the Committee could not say to the public that there is $188 million of $200 million sitting in the bank when there is not; it is not possible. The real question is what is the lag behind what is said there is and what there really is. Mr. Kwoka understood there was some trickle down. This is not just a couple of hundred thousand dollars difference; an $8.5 million discrepancy was pulled out. When talking about a $200 million bond he would like a person who can answer the questions to sit at this table.

Chair Mammano questioned if this discussion could be continued at the July meeting.

Mr. Verma stated that as far as those projects are concerned, they are the planning numbers; estimates that have been assigned to different projects. Until the projects are completed, the actual numbers are not available.

Mr. Kwoka commented that project management staff will do rolling budgets. He questioned how long the 30-inch main project has been going on. He heard that the numbers are not certain until projects are complete. This was discussed at the last meeting and the City should understand where they are at any point in a project.

Mr. Orshefsky indicated that the contractor managing these projects should be able to generate a report.

Mr. Verma stated that because the projects have been encumbered and are not done yet, a final number would not be available to compare the planning numbers to the actual dollars.

Mr. Orshefsky commented that it is appropriate to ask the project manager without telling them how to project manage.

Mr. Verma stated that when the project is bid out staff does the quantity take off. The quantities are taken out by staff for all the items and based on the estimated quantities, the project goes out for bids. At the time of payment, amounts are paid based on the estimate. Prices are adjusted depending on the contract and the final actual amount when the project is completed.

Mr. Kwoka would like to see a copy of the original contract for the 30-inch force main and where they are at progress wise.

Mr. Verma believed that all the documentation could be provided. The only caveat was, because it was an emergency project, he could not say with certainty how it was then and how it is now. It would not be a good example. Mr. Verma stated construction is not definite.

Mr. Cobb thought the simple question was what was done with the $200 million. He thought the Financial Director and the Deputy Financial Director of the City should be present to explain what happened to the finances with the $200 million bond.

Mr. Orshefsky advised that the entire Finance Department from Procurement on is currently in the middle of a multi-million-dollar upgrade of their software system. The problem is that these people can talk to the Committee but because they do not have those software elements in place we may not get the level of detail desired.

Mr. Cobb would like to know if the $200 million was net or gross.

Mr. Walters mentioned that some of the bond money has been used to replace other monies and that needs to be accounted for.

Chair Mammano stated that $55 million went back for CIP projects.

Mr. Verma advised that the 30-inch force main project was allocated or assigned to the bond monies; the rest of the projects are in design phases.

Chair Mammano commented that everyone was in agreement that progress was being made. There are more questions and additional information will be provided at the next meeting. The Director and Deputy Director from the Finance Department will be invited to explain the $200 million as well as the transaction costs. Chair Mammano noted that the new Commission is running ahead; they are already talking about the Stormwater Management Fee methodology. A lot of things are moving faster than they were under the previous Commission.

C. Recommendation to City Commission on Six Priorities

i. Preliminary Report by Board Member David Orshefsky

Mr. Orshefsky advised that the basic elements are needed and based on the direction given on May 7, 2018, he thought most of that was in this document.

Mr. Kwoka was reluctant to inject much more into this and thought the information should be wrapped up. The temperament of the new Commission needs to be tested.

Mr. Orshefsky advised that the tail end of the memo was not organized the way it needed to be; there is a lot that needs to be a next step. The Committee needs to think about what the next step should be.

Mr. Ostrau suggested that it would be hard for a first-time reader to find the precise recommendations. After the introduction, he would list the five or six recommendations in abbreviated summary form and then let the rest of the document justify that.

Mr. Orshefsky indicated that he was going to do something with fonts and noted that if it was a recommendation it would be bold, underlined, italicized, or something so it jumps out. He will run through what has been heard on each of the recommendations from the City and they can be discussed some more. Ultimately, what must happen for cut #2, is to massage these recommendations so they are consensus of the Committee and to deal with suggestions from the City administration. Mr. Orshefsky reiterated that he was trying to be scrivener. One of the people he is scrivening is City administration; they are at the table too. He was not taking their agenda or the Committee's agenda unless he is given direction to do so. It is important to listen to City administration because they are the ones that have to either implement or make recommendations about the Committees' recommendations.

Chair Mammano believed some of the things could be put in the appendices; they do not have to be put in the report. In the front where we talked about the directive; this is our scope and then membership.

Mr. Orshefsky stated there are two audiences; the City Commission, which may or may not have read the enabling resolutions, and the public, which is a minimum amount.

Chair Mammano mentioned the Committee's first workshop. She noted that she would be happy to send comments to Ms. Shuster, who could then forward them to Mr. Orshefsky.

Mr. Kwoka felt like each of the members should be able to put together no more than a single page of their overall thoughts.

Mr. Orshefsky reminded everyone that the Committee knows more about the background than anyone else who would see this document. He needed to know how the Committee felt about the recommendations and if there were some that he missed.

Mr. Kwoka did not think anymore recommendations should be made.

Mr. Orshefsky stated that until the City Manager is directed otherwise, he is going to continue using ROI as a funding method. A history of disinvestment has been seen over the last ten years. There are only two ways to do this; raise ad valorem and make sure it gets little capital earmarks on it, which is the established minimum on Page 11. Ad valorum may need to be raised for other things like ending ROI, but ad valorum needs to be raised to a minimum amount and it needs to remain earmarked. The problem is that ROI comes out of the Enterprise funds, goes into general funds, and does not have capital earmarks. The end of ROI has two pieces, one is how to replace the ROI dollars in the general fund, which is where the City Manager is coming from, and $20 million is plus or minus 7% to 10% of the overall budget of the City; which is a hit. Ad valorum tax dollars need to be raised to replace ROI. In speaking with administration, one of the mechanisms is to leave the ROI transfer where it is, is to do the transfer to general fund, but as ROI dollars are transferred, leave the capital earmarks and it is done over a certain number of years. That is a policy direction that the Committee would recommend to the Commission.

Mr. Cobb did not think the Committee should give an alternative solution. The Infrastructure Task Force Committee disagrees with the ROI and it should stop today.

Mr. Kwoka agreed.

Ms. Scott suggested phasing it out over one year.

Mr. Orshefsky advised that he has heard that discussion and that was why an alternative was provided.

Mr. Cobb believed that two choices should not be given and that it should be effective with Fiscal Year 2020 instead of Fiscal Year 2019.

Mr. Kwoka believed the statement should be strong because they just pulled a $200 million bond that fills all kinds of back-holes. Those back holes have been dug by nine years of ROI; that is $200 million.

Mr. Orshefsky mentioned the recommendation of ending ROI and was hopeful that the gavel would fall on the final version of this interim report by July 2, 2018 so it would go to the Commission in time to set ad valorum tax rates for the oncoming year.

Mr. Cobb suggested not putting a timeframe, just recommend ending it.

Mr. Orshefsky stated that the potential fiscal affect is that the ROI stays in the Enterprise Fund flush with $200 million worth of cash that cannot be spent; however, if the ROI mechanism is left in place, it gets brought over to the General Fund side with capital earmarks. If it is left in the Water and Sewer Enterprise Fund, which is where ROI is currently coming from, it can either be used for capital elements of the funds or the operational elements of those funds. It is still locked in to these two funds. The Commission asked what happens if the ROI is ended and in response, the City Manager came up with the list over the last fiscal year of what ROI

funded, which was about $17 million to $18 million worth of operational costs, soft costs, and $2 million worth of capital expenditures mostly in the form of maintenance.
Chair Mammano commented that there was no bond in there.

Mr. Orshefsky advised that there would be an operational shortfall in FY19 if there is no ROI transfer. A portion of that ROI transfer, which has been used in the past for capital, streets, parks, etc. is no longer available because they are busy trying to deal with operational costs. They will end up with a surplus of capital dollars in one area. The question is whether the City wants to use some or all of the ROI transfer with capital earmarks to fund bridges, streets, etc.

Mr. Orshefsky stated that the capital account in the General Fund is 331, which every department uses if they do not have access to enterprise funds. Police needed $4.1 million, about $1.5 million of which is to replace freight elevators in a 50-year-old building. Public Works number unfunded in the utility funds or in the enterprise funds was $64 million. There is a huge shortage.

Mr. Cobb commented that should not be funded with water/sewer money.

Mr. Ostrau questioned how capital earmarks would be added if ad valorum was done.

Mr. Orshefsky stated that a recommendation would be made to the Commission and the City administration would be directed to do it.

Mr. Cobb believed that the fundamental issue was the difference of the tax base and the fee base. There was no logic behind the ROI that he could endorse.

Mr. Orshefsky advised that Mr. Feldman did not want to give up the ROI.

Mr. Kwoka indicated that Mr. Feldman and the auditor were challenged at a previous meeting at which time it was said if the ROI were eliminated they would have to figure out where to cut costs. Something like 85% or 90% of the City's budget was in employees.

Chair Mammano stated that Mr. Feldman told her if the ROI was taken out, that money would have to be replaced.

Mr. Orshefsky commented that there was an existing policy that says if there is too much money in the enterprise funds, rates would be reduced.

Mr. Kwoka stated that was very unlikely that eliminating the ROI would leave them with a surplus of cash.

Mr. Orshefsky advised that the operating reserves were just replaced and it is being recommended that the City get back up to their policy line. Conceivably the City could end up with $20 million worth of excess cash in that fund. Mr. Orshefsky was all for reducing water and sewer bills.

Chair Mammano stated that was one of her comments in the draft; reducing water and sewer rates as a possibility of one of the recommendations.

Mr. Cobb commented that if the City Commission decided to eliminate the ROI the City Manager would find a way to do so.

Chair Mammano mentioned that the City's tax base is increasing next year because of the increase in all of the property values.

Mr. Cobb picked up a copy from the accountant and noted that the fund balance of the City is substantially in excess of the City's policy by some $25 million.

Chair Mammano stated that Mr. Feldman told her they could not buy down the bonds if they stopped taking the ROI.

Mr. Orshefsky advised that they could not because the Federal law just changed.

Ms. Scott indicated that if the ROI was discontinued they would find a solution.

Mr. Kwoka stated there are a lot of other things that need to be dealt with.

Mr. Walters mentioned the $200 million and noted that they have to be careful about what would happen if it were applied for other future monies.

Paul Chettle, resident, commented that the ROI must be ended. Referenced was made to the pie chart and it was noted that it could be broken down very simply. Mr. Chettle stated that $90 million was in Reiss as $70 million; therefore, Reiss built in a $20 million cushion. Two big observations were that there was $60 million from the $200 million that was for fully funded CIP items. Of that $60 million, $31 million was from the balance carried forward in the first year; therefore, $31 million is real dollars. There is a Charter in the City that does not address reimbursing the fully funded CIP. Mr. Chettle questioned the status of the $60 million worth of projects that have been funded by the bond that were not abandoned. The CIP was effective October 1, 2018, so there would have been a consolidated budget amendment between October 1, 2018 and today to the tune of at least $31 million of the $60 million. In addition, there was about $28 million of partially funded CIP documents and of those, again, the balance carried forward the first year was $13 million. There was at least $45 million at a minimum when the cash balance was carried forward in the first year. Staff has to give better information. This data says June 1 but there is no way this is June 1st information; the City has done a disservice. Mr. Chettle referenced Project P11589, the project referred to on Fiveash. Fiveash was in the CIP from 2013 to 2017, and the City abandoned $15 million, then used that money for the 30-inch force main. Within the $200 million bond is $33.5 million and half of that money went to Fiveash. The 30-inch force main was not on the 2017 CIP but it was on the 2018 CIP; it was a fully funded amount of about $15 million or $15.5 million. There is $45 million somewhere that someone needs to explain. There also needs to be an explanation as to how the City did not have a consolidated budget amendment to abandon those projects per the Charter.

Mr. Orshefsky advised that he needed a consensus.

There was a consensus for no ROI.

Mr. Orshefsky mentioned there were two pieces; one was end the ROI and the other was to replace the ROI to the general fund or leave it open.

There was a consensus for no replacement recommendation and no phase out.

Mr. Cobb suggested not saying no replacement; do not offer it.

Mr. Orshefsky questioned what the Committee wanted to do with ad valorem; this was half of ad valorum. The other half of ad valorum was that ad valorum dollars for capital expenditures on an annual basis need to be raised and that has to be tied down as much as possible.

Chair Mammano mentioned that the report says 1% is currently allocated..

Mr. Orshefsky stated that was the policy. In April 2014, the Budget Advisory Board made a recommendation to the City Commission to set a goal of a 2.5% annual contribution to the capital projects fund, which was never implemented. These were capital expenditures funded out of general revenue. The latest information as of April 2018 says it is the policy of the City that the annual contributions of this program from the general fund are at a minimum of 1% of total general fund expenses. Additional contributions may be made during the fiscal year throughout the budget amendments as desired projects and funding sources become available; however, additional funding from the general fund will not be permitted if the use of the fund balance causes the unrestricted fund balance to fall below the minimum requirement. It is subject to the reserve requirement. There is a minimum unrestricted fund balance and there is a maximum unrestricted fund balance. If the City goes above the maximum they have to start spending. The City Manager may pursue alternate methods by funding these projects through Federal, State, or Local grants that are publicly innovated financial options of public private partnerships. The City's general fund contribution to capital projects in FY16 was $8.7 million plus or minus or 2.8% of the FY16 adopted budget. The FY17 general fund CIP allocation was $14.4 million or 4.4% of operating expenses. The FY18 adopted general fund CIP was $25.8 million plus or minus or 7% of operating expenses. The FY18 includes $13 million in one-time funding received from the sale of surplus property. The real allocation was $12 million. It is currently way above the 1%. If taxes need to be raised to get the minimum funding level done, then do it.

Ms. Scott questioned what the number needs to be.

Mr. Orshefsky stated that half a mill in taxes is $16 million, which is approximately what was spent last fiscal year. The budget is $300 million so $2.5 million of the overall budget is 14 mills; a half mill is about 2.5%.

Mr. Cobb was not sure that it was this Committee's job to figure out what the ad valorum tax should be. He thought the recommendation should be to do these things and that it be funded with ad valorum tax. Perhaps it is the Committee's purview to say that the number should be 5% instead of 1%; it certainly should not be 1%.

Chair Mammano commented that maybe the number could be tied to a percentage of the City's capital.

Mr. Orshefsky clarified that the Committee does not want to tell the Commission how many mills but everyone was in favor of telling them what percent of the general revenue budget should be allocated to capital expenditures. He questioned that percentage.

Mr. Cobb believed the percentage should be 5%.

Ms. Scott questioned what percentage of the budget was the ROI.

Mr. Cobb replied 7% or 8%.

Ms. Scott commented that the basis was from the beginning and since it was known that they are using 7% or 8%,that could be used.

Mr. Orshefsky commented not Citywide.

Ms. Scott questioned if a specific amount could be increased immediately.

Mr. Orshefsky stated that the question was what the policy "floor" should be. Personally, since the tax roll keeps going like this, he thought there should be a minimum "floor" without worrying about the assets. As the tax roll goes up every year so should the percentage, which should go to capital investment.

Chair Mammano believed everyone was in agreement that there should be a dedicated minimum amount of money going into that fund. There was nothing to say they could not do more if they wanted.

Mr. Cobb indicated that the reason there were no funds for the Police Department or City Hall was because that money has not been set aside.

Mr. Kwoka advised that the administration felt they should pull bonds and residents should pay for it going forward as they are using it.

Ms. Scott questioned the number.

Chair Mammano stated that the number has been going up.

Mr. Orshefsky indicated that the number has been going up because ROI has relieved pressure on the general fund.

Mr. Kwoka was concerned that this was being made too complicated. He thought a recommendation should be made before going too deep.

Mr. Ostrau was in favor of having the ad valorem tax in the recommendation. He would like to stand behind that.

Mr. Orshefsky mentioned that 7% in FY18 was more than $25 million and questioned if that was a nice round number.

Ms. Scott suggested higher.

Chair Mammano did not think they would ever catch up; the consequence of that would be raising taxes.

Mr. Cobb stated that he was thinking 5%.

Mr. Ostrau believed 7% to 10% funded should be from ad valorum.

Mr. Orshefsky questioned if it was to be locked into the 331.

Chair Mammano replied yes.

Mr. Orshefsky advised that in FY16 it was 2.8% of the adopted budget; in FY17 it was 4.4% of operating expenses; in FY18 it was 25% of operating expenses; therefore, he was going to 7% to 10% of operating expenses.

Chair Mammano mentioned there was a third recommendation; the storm water rate.

Mr. Orshefsky stated that money was needed to fund the storm improvement. He questioned whether the 5% increase to water and sewer should be examined for potential reduction.

Chair Mammano advised that there was previous discussion about support for new rate methodology on a basis of not raising more money necessarily; that was a consequence. The new methodology is more equitable; the question of equity became very important. During that discussion the Committee did not want to change the methodology because they wanted to raise more money; it was more equitable and this way the individual homeowners were not carrying a bigger burden than the condominium owners.

Mr. Orshefsky indicated that the recommendation was to approve whatever the methodology was.

Chair Mammano stated it was also best practices and it made more sense.

Mr. Orshefsky questioned if the equity argument should be mentioned, which he fully agreed with.

Chair Mammano would mention it but deferred to the Committee members.

Mr. Kwoka recommended staying with the recommendation from the consulting part.

Mr. Orshefsky advised that the consultant's numbers would be straight forward and the recommendation was going to be, "If they wanted to raise $200 million here are the three ways to do it."

Mr. Kwoka stated that going to equitable opens a can of worms. There is value in the equity component to this.

Chair Mammano commented that the Committee was recommending that a dedicated amount of money be put into the capital budget so there is money to do what needs to be done. The recommendation was not doing the ROI so there was more money in the Enterprise funds to do whatever. She questioned why there was a recommendation to change the rate methodology.

Mr. Kwoka replied to resolve substantial stormwater and flooding issues in the City.

Chair Mammano indicated that if the Committee was in favor of changing the methodology to raise more money she would prefer to go with an equity argument. If the recommendation was to just raise more money the same methodology could be kept and continue raising the rates.

Mr. Orshefsky advised that was one of the things that was going to be presented; that existing single-family rates from $10 to $18 per month be doubled.

Mr. Kwoka stated there is a lot of claim for doing the right things for neighborhoods that were built 50 years ago that can arguably be flooding because of additional development in the City that is not being addressed.

Mr. Orshefsky indicated that the question was if they want to do it with an equitable mechanism or inequitable mechanism.

Mr. Kwoka mentioned that for every condo owner that comes out there would be someone who comes from another neighborhood that floods who has a legitimate bit of grief.

Chair Mammano understood but that was not the equity issue she was talking about. She was saying that money has to be raised to address those problems. Under the current methodology they just keep raising rates. Under the current methodology, the burden is on the home owner. If the recommendation is to change the methodology it is not only to raise more money but to do so equitably.

Chair Mammano stated that was one of the reasons that recommendation was being made was because it also has a consequence of raising sufficient money to deal with other issues.

Mr. Orshefsky commented that the slightly less aggressive argument drafted was that the City needs to start banking against future potential emergency requirements and things in the FDEP Consent Order. In the first two years, an inventory will be done and then a Capacity Management Plan. After that, additional things may be found that need to be done.

Mr. Cobb believed the Commission would agree to this if it was recommended unequivocally.

Mr. Kwoka thought staff would push back hard. He questioned how many times has this Committee was going to recommend something unanimously and they keep saying no before this Committee says this is a waste of time.

Chair Mammano agreed that the Committee has already done this three times but let's do it a fourth time.

Mr. Orshefsky advised that the Budget Advisory Board scheduled the same thing. He referenced the bottom of Page 7; 5% increases to water and sewer. The recommendation was that the City consider this be reviewed annually or every three years.

Chair Mammano commented that Mr. Feldman told her that it was not automatic; it was reviewed every five years.

Mr. Orshefsky stated there is a resolution that frames water and sewer rates. In the body of that resolution there is an automatic 5% annual increase. The do not collect too much money policy is in a separate policy that says if your water and sewer fund meets these five criteria start returning some of the rates. This ends up in a situation where there is a possibility of lowering rates across the board, which gets to Mr. Cobb's argument that it can be funded with ad valorum or with rates.

Chair Mammano questioned the recommendation was to review it every year or every two years.

Mr. Cobb reiterated that he would tell them to do it rather than say consider it.

Mr. Verma mentioned the regulatory requirement becomes extremely complicated year by year. The Committee may want to consider the practicalities that go into running a utility. He has never found any regulatory requirements getting easier.

Mr. Orshefsky stated that he was going to draft generically and say consider modifying the existing Resolution for water and sewer issues. The Committee wants an executive summary, recommendations will be put in colors or fonts, end ROI, no replacement recommendation in terms of ad valorum, etc., no phase out offer, and use the existing rationale, banking against future disasters, capital needs. A minimum floor for the general capital funds will be created, 331, there will be a lock box, and 7% to 10% of operating expenses will be funded by ad valorum. With regard to stormwater, the methodology presentation was not going to be the same as before. It is going to be a flat piece of paper that says if the existing methodology is used, rates need to be bumped to this. If a trip methodology is used this is what happens and if a blended methodology is used this is what happens. A recommendation is not going to be made.

Chair Mammano emphasized that at the last Commission Workshop meeting the Commission was told to adopt a new methodology, the trip methodology.

Mr. Orshefsky stated that was what he needed; now they are into the equity rationale.

Mr. Verma questioned the 5% increase.

Mr. Orshefsky advised that generic language would be used saying do not make it 5% or automatic.

6. Board Member Comments – None.

7. New Business

a. Gridics Zonar Software

Chair Mammano advised that this is a graphics software used by architects and planners to estimate development potential on individual lots.

Mr. Orshefsky questioned if this has been run by GIS.

Chair Mammano stated this is the future; everyone is using it. The City of Fort Lauderdale has a contract with this company to use it in the City for its development review process and planning process, and they also have a contract with them to do infrastructure analysis. They are able, through this program, to take the entire City, run a scenario of what would happen if everything were developed at its existing potential and calculate how many gallons of water, how many gallons of sewage, how much electricity is needed, etc. It is a combination GIS and a visual graphic program. At the end of this year, this information will be available, which is incredibly pertinent to our long-term discussion. She recommended that at some point we get a face-to-face presentation of this technology and what we can expect the work product to be at the end of this year beginning of next year.

Mr. Orshefsky suggested there be a couple of hypotheticals by way of example because that is the purpose of visualization software.

Mr. Verma stated that this company has taken the development code and translated it into a 3D model. There is a scale on their program that simplifies the review process. It is not a substitute for the analysis of the pipe or lift station but it does tell how much flow is going to be generated so that can be added onto your system and analyzed.

Ms. Scott questioned if it could tell some of the existing issues with some of the plants that are substandard and need to be repaired and if that could be put into the model. Last month, the Planning and Zoning Board talked about a standard letter that showed the capacity was fine. They are interested in knowing capacity.

Mr. Verma advised that the capacity Ms. Scott was talking about was different than the capacity that deals with the flow generated by new development.

Mr. Kwoka stated that he has seen this tool. It is a great tool when all of the information is available. Two years from now, when they are done analyzing what was provided, it will be a good tool; currently it is propaganda.

Chair Mammano disagreed. The City is using this to analyze what happens if every piece of property along Federal Highway was developed to its current density and how many cars would be generated so a build out could be done.

Mr. Orshefsky mentioned one more recommendation; impact fees.

Mr. Ostrau commented that in the last minutes Dr. Gassman stated that she equated seawalls to Code Enforcement just like fences and yards.

Chair Mammano advised that was said because that is what the previous Commission said. The new Commission's action plan lists seawalls.

Mr. Ostrau emphasized that seawalls are not a code enforcement issue; they are a world issue.

Mr. Orshefsky stated that special assessments were discussed in the past and were suggested for canal maintenance and others. They could be used for seawalls or drainage.

Chair Mammano advised that everyone has to recognize that this is an interim report and recommendations are being made. She thought it would be beneficial in the next steps to say that more recommendations would be coming.

Mr. Verma stated that the Assistant City Manager shared the Commission's request to the Committee of seven priority areas. The Committee needs to consider prioritization for those seven areas along with any other recommendations.

Mr. Orshefsky commented that if he was told how to prioritize it he would write it.

Chair Mammano believed the way it was written was in no particular order.
Mr. Verma reiterated that there are seven different areas including the seawalls and the sea level rise as well.

8. Public Comments – None.

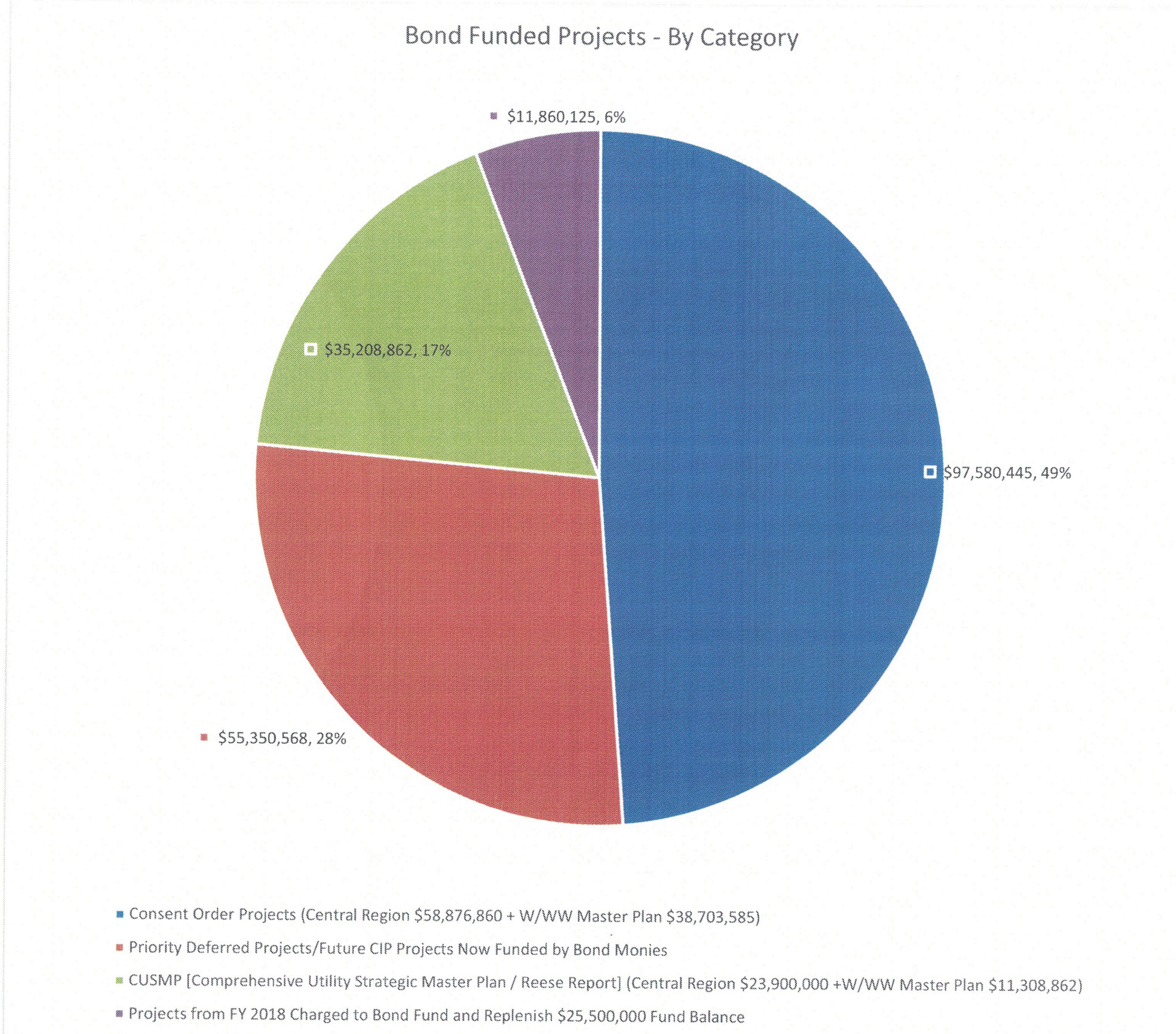
9. Adjournment – Next Regular Meeting –July 2, 2018

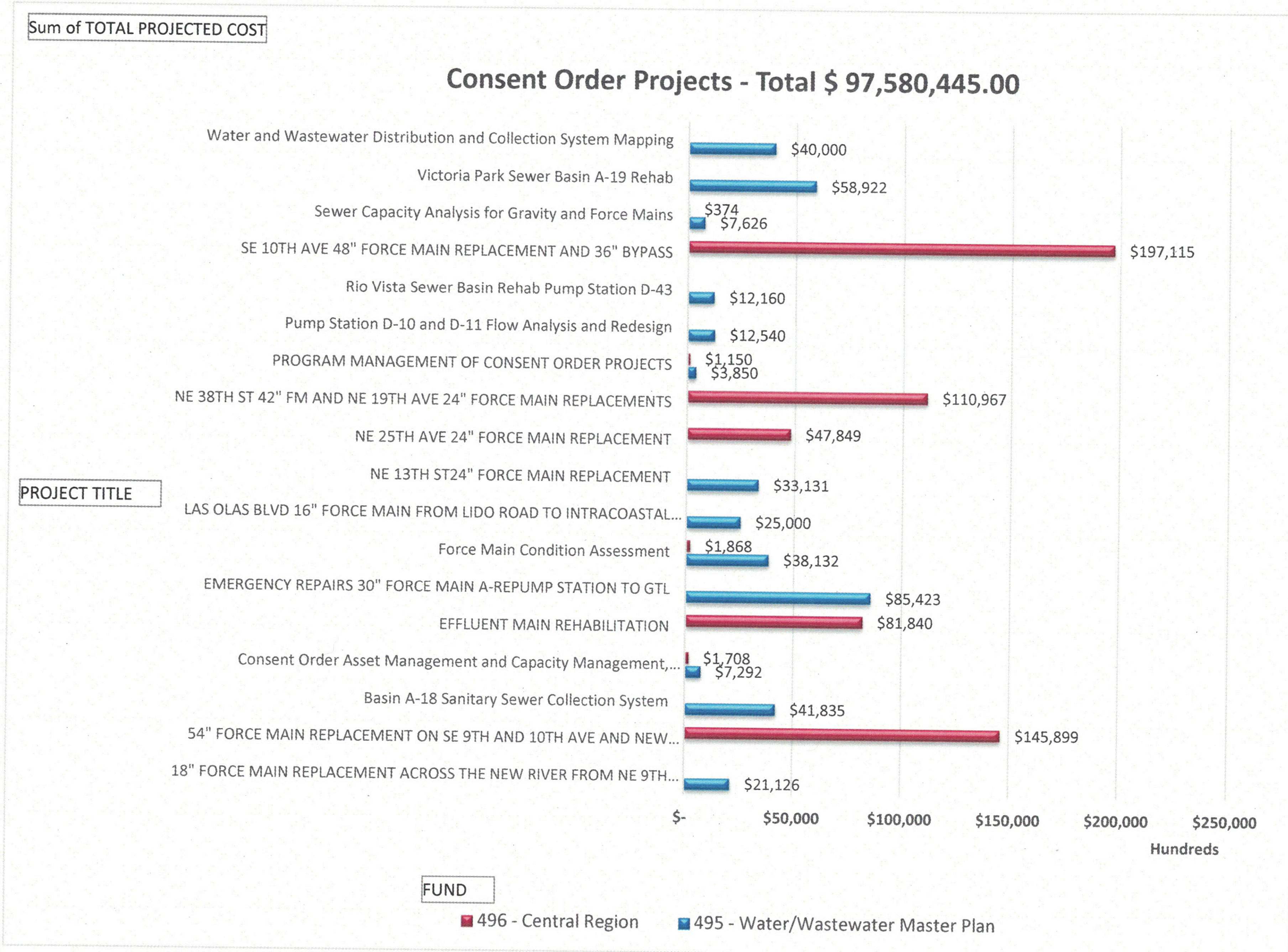
Chair Mammano questioned if everyone could make it to the next meeting on July 2nd?

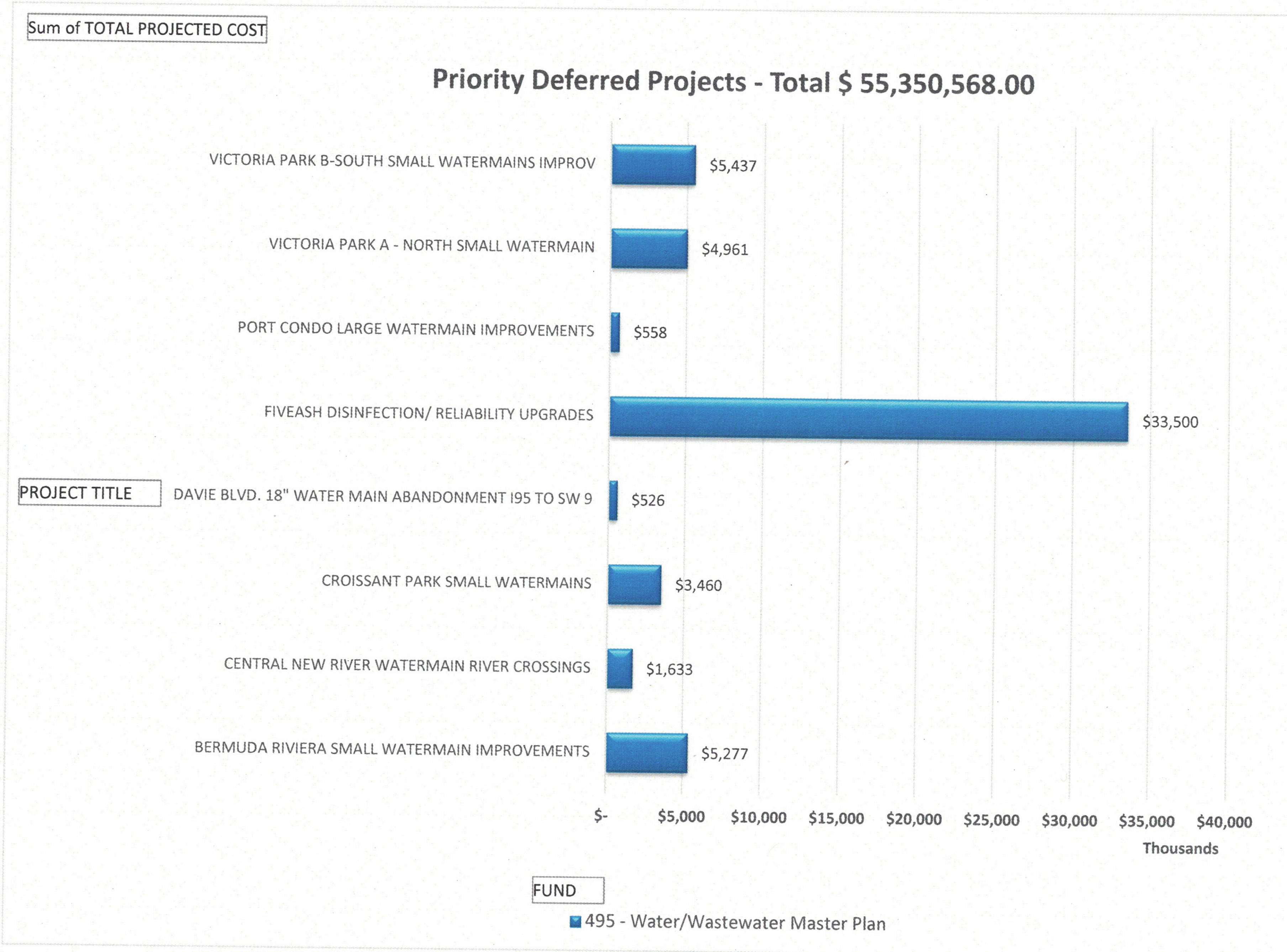
All of the members said they would be present.

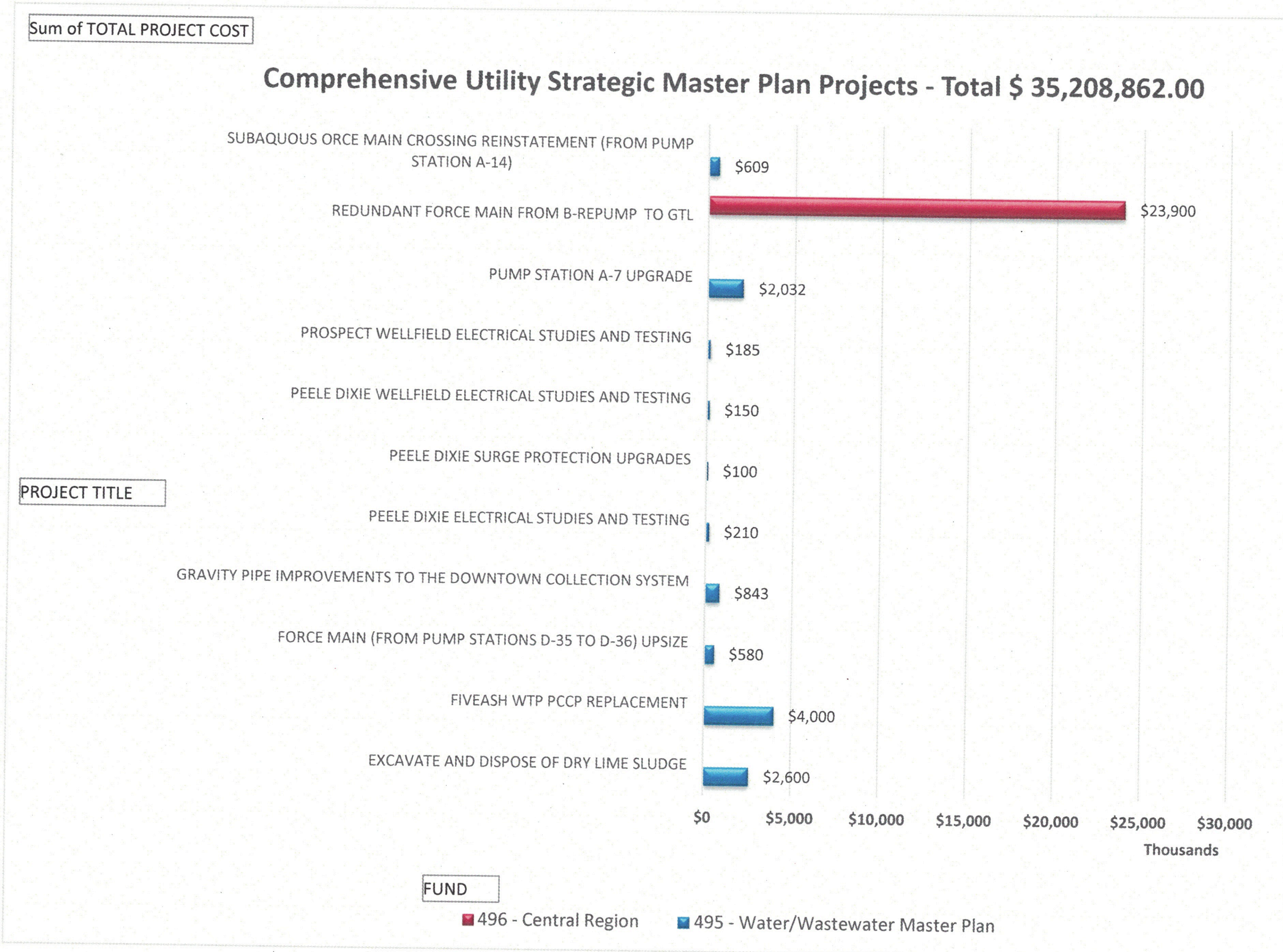
There being no further business to come before the Committee at this time, the meeting was adjourned at 4:41 p.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.


Bond Funded Projects - By Category
$11,860,125, 6%
$35,208,862, 17%
$97,580,445, 49%
$55,350,568, 28%
Consent Order Projects (Central Region $58,876,860 + W/WW Master Plan $38,703,585)
Priority Deferred Projects/Future CIP Projects Now Funded by Bond Monies
CUSMP [Comprehensive Utility Strategic Master Plan / Reese Report] (Central Region $23,900,000 +W/WW Master Plan $11,308,862)
Projects from FY 2018 Charged to Bond Fund and Replenish $25,500,000 Fund Balance


Sum of TOTAL PROJECTED COST
Consent Order Projects - Total $ 97,580,445.00
Water and Wastewater Distribution and Collection System Mapping
$40,000
Victoria Park Sewer Basin A-19 Rehab
$58,922
Sewer Capacity Analysis for Gravity and Force Mains
$374
$7,626
SE 10TH AVE 48" FORCE MAIN REPLACEMENT AND 36" BYPASS
$197,115
Rio Vista Sewer Basin Rehab Pump Station D-43
$12,160
Pump Station D-10 and D-11 Flow Analysis and Redesign
$12,540
PROGRAM MANAGEMENT OF CONSENT ORDER PROJECTS
$1,150
$3,850
NE 38TH ST 42" FM AND NE 19TH AVE 24" FORCE MAIN REPLACEMENTS
$110,967
NE 25TH AVE 24" FORCE MAIN REPLACEMENT
$47,849
NE 13TH ST24" FORCE MAIN REPLACEMENT
$33,131
PROJECT TITLE
LAS OLAS BLVD 16" FORCE MAIN FROM LIDO ROAD TO INTRACOASTAL...
$25,000
Force Main Condition Assessment
$1,868
$38,132
EMERGENCY REPAIRS 30" FORCE MAIN A-REPUMP STATION TO GTL
$85,423
EFFLUENT MAIN REHABILITATION
$81,840
Consent Order Asset Management and Capacity Management,...
$1,708
$7,292
Basin A-18 Sanitary Sewer Collection System
$41,835
54" FORCE MAIN REPLACEMENT ON SE 9TH AND 10TH AVE AND NEW...
$145,899
18" FORCE MAIN REPLACEMENT ACROSS THE NEW RIVER FROM NE 9TH...
$21,126
$-
$50,000
$100,000
$150,000
$200,000
$250,000
Hundreds
FUND
496 - Central Region
495 - Water/Wastewater Master Plan


Sum of TOTAL PROJECTED COST
Priority Deferred Projects - Total $ 55,350,568.00
VICTORIA PARK B-SOUTH SMALL WATERMAINS IMPROV
$5,437
VICTORIA PARK A - NORTH SMALL WATERMAIN
$4,961
PORT CONDO LARGE WATERMAIN IMPROVEMENTS
$558
FIVEASH DISINFECTION/ RELIABILITY UPGRADES
$33,500
PROJECT TITLE
DAVIE BLVD. 18" WATER MAIN ABANDONMENT I95 TO SW 9
$526
CROISSANT PARK SMALL WATERMAINS
$3,460
CENTRAL NEW RIVER WATERMAIN RIVER CROSSINGS
$1,633
BERMUDA RIVIERA SMALL WATERMAIN IMPROVEMENTS
$5,277
$-
$5,000
$10,000
$15,000
$20,000
$25,000
$30,000
$35,000
$40,000
Thousands
FUND
495 - Water/Wastewater Master Plan


Sum of TOTAL PROJECT COST
Comprehensive Utility Strategic Master Plan Projects - Total $ 35,208,862.00
SUBAQUOUS ORCE MAIN CROSSING REINSTATEMENT (FROM PUMP STATION A-14)
$609
REDUNDANT FORCE MAIN FROM B-REPUMP TO GTL
$23,900
PUMP STATION A-7 UPGRADE
$2,032
PROSPECT WELLFIELD ELECTRICAL STUDIES AND TESTING
$185
PEELE DIXIE WELLFIELD ELECTRICAL STUDIES AND TESTING
$150
PEELE DIXIE SURGE PROTECTION UPGRADES
$100
PROJECT TITLE
PEELE DIXIE ELECTRICAL STUDIES AND TESTING
$210
GRAVITY PIPE IMPROVEMENTS TO THE DOWNTOWN COLLECTION SYSTEM
$843
FORCE MAIN (FROM PUMP STATIONS D-35 TO D-36) UPSIZE
$580
FIVEASH WTP PCCP REPLACEMENT
$4,000
EXCAVATE AND DISPOSE OF DRY LIME SLUDGE
$2,600
$0
$5,000
$10,000
$15,000
$20,000
$25,000
$30,000
Thousands
FUND
496 - Central Region
495 - Water/Wastewater Master Plan