

**BUDGET ADVISORY COMMITTEE MEETING  
DAVIE TOWN HALL  
6591 Orange Drive, Davie, FL  
August 14, 2006 at 5:30 p.m.**

**1. ROLL CALL**

The meeting was called to order at 5:35 p.m.

Present at the meeting were Chair Dr. Bob Preziosi (arrived at 5:40 p.m.), Vice Chair Scott Spages (left at 6:20 p.m.), and Committee members Dan Barr, David Oakes, and Dr. Kerry Waldee.

Also present from the Town was Don Pritchard, Councilmember Judy Paul; and William Underwood, Director, Budget and Finance.

**2. APPROVAL OF MINUTES**

There were no minutes available to be approved.

**3. OLD BUSINESS**

**3.1 Quarterly Report - Deferred**

- a) **Space Study**
- b) **Cost Recovery**

**3.2 Set Fiscal Goals**

- a) **Debt Service**

Mr. Underwood advised that the Town has received three ratings: A from Fitch, A1-A2 from Moody's, and A+ from Standard and Poors, for both the limited GO for open space and unlimited GO for the fire. Those ratings saved the bonds approximately \$300,000.00 extra which will not have to be spent on insurance or other costs and will go into the construction fund. The Town can purchase MBIA insurance at significant savings also. Preclosing was done with funding being wired into the SBA.

- b) **Reserve Budget**

There was nothing new to report on the reserve budget. This current budget it is anticipated to use in excess of \$3 million to cover the areas that FEMA and insurance will not cover.

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Mr. Underwood stated he had a proposed debt service policy draft he would be emailing to the Board members.

### **3.3 Annual Report – Due January 31, 2006**

It is anticipated the Annual Report will be presented to the Board at their October meeting.

### **3.4 Capital Projects FY 2007-2011**

It was noted that the only requirement is that the budget be presented to the Town Council the first meeting in June of each year, which has been done.

Councilmember Paul stated that this item has been tabled by the Council several times and could be tabled again to give the Budget Advisory Committee more time to review the budget, discuss it more thoroughly, and make their recommendations to Council. She further suggested scheduling extra meetings during the budget review period.

Mr. Underwood stated that if they were proposing to integrate the budget with the CIE, it would entail getting several department directors and the planning people together to get a timeline for moving the CIE forward.

Mr. Underwood stated that a capital improvement element has been a requirement of the State since the 1980's which should address all infrastructure of a Town and updated annually. This has not been accomplished on a yearly basis. He advised there is also a process that the Town should go through annually to review their capital projects plan. Mr. Underwood advised that the State Legislature can withhold State funding for municipal revenue sharing, communications services tax, etc. There are guidelines requiring specific infrastructure areas be addressed with a process for annual review.

Mr. Underwood noted that the Town is doing two different capital improvement programs, one of which is the "Capital Improvement Element" which does not comply with State statute.

It was noted that it would be preferable for the Town to develop a true capital budget instead of a "wish list." It should be brought to the Town Council's attention that they need to comply with this State law.

**Motion** made by Mr. Oakes, seconded by Vice Chair Spages, to recommend to the Town Council that the Town of Davie capital improvement budget comply with Florida Administrative Code Rule 9J5. In a voice vote, the motion passed unanimously (5-0).

**Motion** made by Mr. Oakes, seconded by Vice Chair Spages, that the Board strongly urge the Davie Town Council to set a policy to have the Town's departments determine their

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capital budget expenses based on complying with the requirements of the actual useful life or a depreciation schedule that accepts the generally accepted accounting principles of consumable products. The Budget Advisory Committee further recommends the Town Finance Department adopt a policy to educate all departments on acceptable items that can be included in the Town of Davie's capital budget. In a voice vote, the motion passed unanimously (5-0).

Mr. Underwood stated the Capital Improvement Element has good criteria for what towns need to look at in terms of building space and where the town needs to be when it's built out.

### **4. NEW BUSINESS**

#### **4.1 FY 2007 Budget**

The Board reviewed the proposed budget document with the following comments:

- It is anticipated the millege rate will be low .8 or high .7 due to the Town's rating.
- With regard to Pine Island Ridge, it was indicated that this would have a negative financial impact on the Town with services costing more than income.
- As to Broadview Park, Councilmember Paul stated that the County had sent them a proposal stating there would be no financial negative impact on the Town. Meetings have been scheduled between County and Town staff, although Councilmember Paul did not feel much would be accomplished. She stated the Town had to reach an agreement with the County by 9/1 in order to proceed with annexation. The Town, however, wants the County to "ante up" so there will be no negative financial impact on the Town. The Town has made their proposal; however, no decision has yet been made. Councilmember Paul felt that the transit-oriented corridor of Highway 441 near Broadview Park would be an asset to the Town. Included in the proposal to the County was extending the annex of this corridor up to Peters Road.
- There will be no changes to the fire fee this year.
- An inquiry was made as to where the \$200,000 for community endowment comes from? Mr. Underwood stated these are Special Revenue Funds, which is a community endowment arising from the closeout of a pension fund in the 1980's now valued at \$4.6 million.
- The question was asked why the Town anticipates doing better next year with cost recovery as reflected in the budget. Mr. Underwood stated funds would be received to pay for development services, as well as the benefits of fast tracking. This should compensate for some staff time in theory, but will not be a "money maker."
- With regard to police special detail of \$865,000 in revenues, the funds come from off duty police services; however, the Town breaks even on this.
- Revenue and appropriations: public works goes from \$21.5 million to \$6.9 million with \$15 million for trash removal and funds received from FEMA as was reflected in the June amended budget.

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- The lack of a budget increase for public works was questioned considering the Town's number of trails, parks, etc.

Mr. Underwood pointed out that the major increases in the budget were due to health, pension; police, finance, and HR employees, as well as property liability insurance – adding millions to the budget.

Councilmember Paul asked what percentage of the budget goes to police and fire and was advised it is 57%.

Mr. Underwood noted that in the sense a blanket percentage is not applied, the Town has a zero-based budget. He stated he is surprised that the Town's operating costs have remained essentially flat over the past few years; however, this year they have fuel, asphalt, and concrete increases to deal with. A concern was expressed regarding possibly having inadequate reserves.

Hurricane related expenses should be included as a line-item.

**5. COMMENTS AND/OR SUGGESTIONS – None.**

**6. ADJOURNMENT**

As there was no further business to discuss and no objections, Mr. Oakes made a motion, seconded by Dr. Kerry, to adjourn the meeting at 6:55 p.m. In a voice vote, all voted in favor.

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**Date approved**

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**Chair/Committee Member**