



Memorandum

Date: July 14, 2021

To: Honorable Mayor and City Commission

From: David Hebert, City Manager

Subject: Recommended Fiscal Year 2022 Annual City Budget

Introduction & Summary

I respectfully present our Recommended Annual City Budget and Capital Improvement Plan for the Fiscal Year (FY) 2022. Like the past eight budgets, the FY 2022 budget has been developed by the administration to meet the City Commission's strategic vision and maintains a steady pace of progress on a path to redefine, revitalize, and rebuild Oakland Park. The Commission's consistent leadership in moving the City forward has been broadly supported by the community: in 2018 over two-thirds of voters approved the City's \$40 million General Obligation Bond and a representative residential survey conducted in 2021 showed that over two-thirds of residents feel that the City of Oakland Park is headed in the right direction. Others agree. Investment in our downtown and throughout the City continues, home values continue to grow faster than the countywide average, and more than \$335 million in new residential and mixed-use developments are anticipated to be completed in the coming years. Oakland Park is on the rise.

The leadership of the City has consistently balanced a commitment to new initiatives and investments with an equal commitment to fiscal sustainability and stability. The recommended budget for the 2022 fiscal year is an ambitious document developed to advance the strategic goals of the City but balances ambitions with the responsible financial philosophy that has served us so well and allows us to continue to maintain taxes and rates at lower levels than our peer cities in Broward County. The proposed budget for FY 2022 is valued at \$127.9 million and includes a capital infrastructure program of \$27.4 million. **The FY 2022 budget recommends a decrease in the operating millage rate, lowering it from 5.8910 to 5.8890 mills, a 0.0020 mill reduction. If adopted, this would be the lowest operating millage rate adopted in ten years and the seventh millage rate reduction within an eight-year period.** This proposed reduction

follows the major decrease from 6.0880 mills to 5.8910 mills last year as part of the FY 2021 budget. This 0.1970 mill reduction in FY 2021 was the single largest millage rate reduction in Oakland Park since 2008.

It would be impossible to discuss the FY 2022 budget without first looking back at the COVID-19 pandemic that began last spring. The impact on our community was significant: unemployment went from record lows to record highs, local businesses suffered, and the need for assistance and services increased dramatically even as City revenue streams collapsed. The City immediately implemented various cost-savings measures, modified operations to safely provide City services, coordinated food assistance and delivery programs with our partners and Volunteer Corps, provided support and grants to local businesses, and created the first municipally run COVID-19 vaccination site in Broward County. This site served as a model for helping at-risk and underserved communities. We can be proud of how our community joined together to meet the challenges of this unprecedented pandemic over the last year and how the City retained financial security throughout these challenges.

Due to COVID concerns, the 2021 budget was an anomaly. As such, comparisons of year-over-year revenues and expenditures are not reflective of the norm. Rather, the FY 2021 reflects the uncertainties posed by the pandemic on the finances of the City; capital purchases were deferred, operating budgets reduced, and a hiring and overtime freeze was implemented citywide, with the exception of Fire-Rescue and Solid Waste functions. Even with major cost reductions, it was anticipated that the City's fund balance, or reserves, needed to balance the budget would be so large that the remaining reserves would be below the required minimum 20% of the General Fund's operating expenditures. As shown in the most recent financial reports, the revenue trajectory for FY 2021 is proving more favorable than was anticipated last summer when the budget was developed; the economy has improved in part due to the mass distribution of COVID-19 vaccines, Federal stimulus, employment gains, and increased consumer spending. Based on more favorable revenue returns and a \$1.9 million reimbursement of COVID-19 costs from Broward County through the CARES Act, it is anticipated that FY 2021's use of fund balance will only be approximately \$1 million instead of the \$3.6 million originally contemplated.

The better than anticipated financial performance in FY 2021 and the CARES Act reimbursement are coupled with another favorable tailwind: Oakland Park's tax base continues to expand. During the last recession, the City's tax base was reduced by more than a third, from \$3.54 billion in FY 2008 to \$2.10 billion in FY 2013 – a loss of more than \$1.4 billion. FY 2022 marks nine years of consecutive growth in the City's tax base and the total taxable value now stands at \$4 billion, the highest valuation in the City's history.

As property values have grown, the City continued to reduce tax rates while investing and improving the infrastructure and amenities provided to our residents and businesses, with much of the cost funded through grants and matched through the use of City reserves. New infrastructure creates new operating expenses that must be funded in order to properly maintain this infrastructure investment. Operating costs for departments increase over time and capital equipment, such as vehicles and machinery, must be replaced over time. We have made responsible compensation commitments to our employees to achieve competitive salaries. Labor contracts with the City bargaining units have provided wage adjustments consistently above changes in the consumer price index and provided new benefits, such as the conversion of firefighters from the local pension plan to the Florida Retirement System.

As costs increase over time, the rates funding specific services must be adjusted. As discussed above, the recommended budget includes a proposed decrease in the operating millage rate. In addition to the operating millage, Oakland Park has three non-ad valorem special assessments that are set by the City Commission during the budget process: the stormwater assessment, fire assessment, and residential solid waste assessment. These rates can only be used to fund their associated services; the fire assessment, for example, can only be used to directly fund fire suppression activities by the City's Fire-Rescue Department.

As planned, the City completed a Fire Assessment Study in advance of this budget recommendation. These studies are required every four to five years to ensure that the rates being assessed to property owners are validly based on the cost of providing fire suppression services to each property class (residential, commercial, industrial, and institutional). The results of the study were presented on April 7 to the City Commission. The cost of fire suppression services had increased by \$1.4 million since the prior study and the residential property class's share of service costs had increased. In accordance with the rate study, **a Fire Assessment rate of \$251 per residential unit is recommended, an increase of \$52 from the current rate of \$199.** The rate remains well below the Broward County average rate of \$293 per residential unit. A new Commission supported fire assessment exemption is also recommended that will completely exempt the fire assessment fee on residential, homesteaded properties identified by the Broward County Property Appraiser as receiving a low-income senior property tax exemption or a total/permanent disability property tax exemption. This recommendation will result in over 600 of Oakland Park financially strapped homeowners, many on fixed incomes, saving \$251 on their tax bills in the upcoming year.

The Recommended Budget proposes no adjustments to the Stormwater Assessment (\$84 per unit). Adjustments to this rate should be anticipated next year based on the results of the Stormwater Master Plan. The Stormwater Master Plan is a multi-year effort that includes

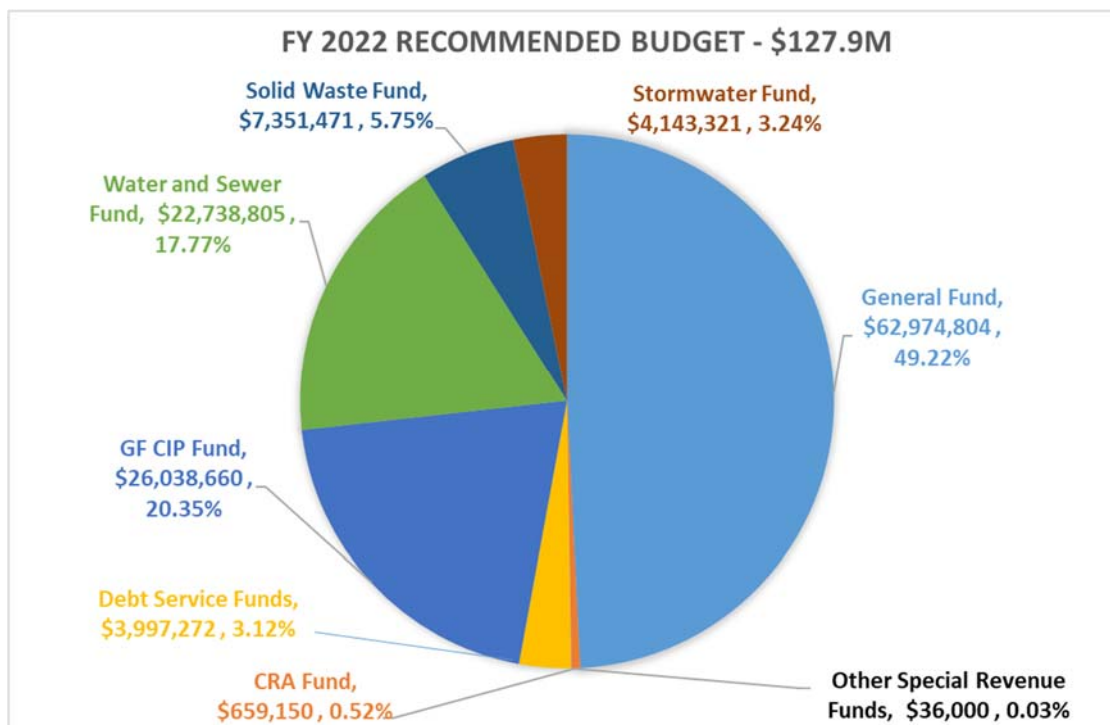
hydrologic storm modeling, a grant-funded flooding vulnerability assessment, development of climate change adaptation strategies, and identification of future infrastructure needs. Future rate adjustments will reflect the operating needs of the stormwater and drainage program, in addition to providing the financial capacity to fund infrastructure projects planned for the future.

The City's solid waste rates remain well below 2012 levels (\$300 per residential unit) even as operating costs for the solid waste fund have increased. **An increase of \$20 per year is recommended for the Residential Solid Waste Assessment, increasing the rate from \$235 per residential unit to \$255.** The recommended rate of \$255 returns the fee to the \$255 level established for FY 2013, which was then reduced down to \$205 for FY 2014. As outlined in the 2017 Solid Waste Study, this fee reduction was not sustainable, and the City has been incrementally increasing the rate to maintain financial stability. The proposed \$255 rate is also well below the FY 2021 County average assessment of \$313 per year for residential units. A 5% increase in solid commercial rates, which are billed monthly, is also recommended. Unlike the residential assessment, the commercial rates are set by ordinance and will be considered in September. The City, like most solid waste providers, has experienced substantial challenges with the costs of recycling in recent years, with rates per ton reaching in excess of \$88, more than double that of regular waste. Since last autumn, recycling rates have experienced a favorable, downward trend and are now below \$25 a ton for the first time in over two years. Severe fluctuations in recycling costs can be favorable or unfavorable during any given year, but the City remains committed to maintaining an effective and responsible recycling program.

Oakland Park purchases water from Fort Lauderdale, which completed a rate study in 2019 and implemented a new rate structure. As part of the new structure, Fort Lauderdale levied a 25% surcharge on water sales to Oakland Park. Such charges had never been previously levied on water purchases. While staff works with Fort Lauderdale on a potential successor water agreement (the current agreement runs through October 2023), the City, with Fort Lauderdale's knowledge and consent, has deferred incurring the surcharge. As a consequence of these ongoing negotiations, Oakland Park's own water rate study was placed in abeyance until a resolution is reached on the long-term agreement. At present, a consultant jointly funded by Fort Lauderdale and Oakland Park is assessing the positions of the parties in hopes of achieving a recommended solution to the stalemated negotiations. Should these negotiations prove unsuccessful, the City is prepared to open discussions with the County to secure a water supply for our residents. It should be noted that this option would require substantial costs be borne to connect to the County infrastructure. The City's bulk user agreement for wastewater processing will expire at the end of calendar year 2021 and a successor agreement will need to be negotiated during the next fiscal year. Oakland Park's water and sewer rates are based on provider costs and will be determined over the summer.

One of the most historic signs of the City’s continued progress is the new facilities modernization efforts. In 2018, over two-thirds of Oakland Park voters approved the issuance of \$40 million in general obligation bonds to rebuild and enhance the City’s Fire-Rescue stations and community facilities. In May 2020, the City was assigned an investment grade “AA” credit rating by Standard and Poor’s and in June the first bonds were sold, securing \$26 million in bond proceeds. This money is being utilized to fund Oakland Park’s **Building Our Second Century** program. This initial amount will pay for phase 1 construction and phase 2 design. These bonds are financed over a 20-year period and principal and interest payments began in FY 2021, which marked the City’s first year of levying the voter approved debt millage. **The general obligation bond debt service to be paid next fiscal year is approximately \$1.9 million, which will require that a debt service millage of 0.5198 be adopted.** The debt service millage is separate and distinct from the operating millage; it appears as a separate line on all property tax notices and bills. Nonetheless, the bond expenditures must be included in the City budget and consequently the year-over-year increase in total budget.

All of the above rates provide major funding components for the proposed budget. The Recommended Budget for all funds is \$127.9 million, which is \$25.7 million more than the FY 2021 Adopted Budget of \$102.2 million, a 25.2% increase. The breakdown of funds is as follows:



The largest fund is the City's general fund, which has a budget of \$63.0 million, an increase of \$8.4 million over FY 2021. The City's general fund for FY 2021 was reduced from the FY 2020 budget by \$1.6 million; the FY 2022 budget restores many elements eliminated in the prior budget and also makes provisions for purchases and programs that were planned but deferred due to COVID-19, such as \$2.5 million in vehicle and capital equipment replacements funded through external financing while interest rates remain low. The general fund budget also includes \$3.4 million in transfers out to other funds, including \$0.8 million to the Capital Improvement Program (CIP) fund for various projects, \$2.0 million to the City's debt service fund to pay non-bond related governmental debt, and \$0.6 million to the Community Redevelopment Agency (CRA) fund. These transfers are up by \$1.1 million over FY 2021; the increases reflect increased CIP activity, debt service payments on the new vehicles, and the restoration of CRA funding to pre-pandemic levels. The City's Capital Improvement Program fund, which only reflects governmental-type projects, is \$26 million, or 20% of the total budget. This is a major increase over FY 2021's budget of \$10.2 million, an increase of \$15.8 million, or 155%. This increase is almost exclusively driven by the use of general obligation bond proceeds, surtax funding, and grants. The other budgetary funds are the City's enterprise funds, which reflect self-supporting, business-like activities: Water-Sewer \$22.7 million, Stormwater \$4.1 million, and Solid Waste \$7.4 million.

On July 21, 2021, the City Commission will adopt a preliminary operating millage rate, a preliminary debt service millage rate, and tentative rates for the three non-ad valorem special assessments. These will appear as separate lines on the TRIM ("Truth-in-Millage") notices sent to property owners in August, which will provide the estimated impact of the preliminary rates adopted. Due to the major reduction last year in the operating millage rate, the median home had no increase in operating property tax burden. **Under this recommended budget for FY 2022, the median homesteaded single-family residence would see an increase of \$13.98 in operating property tax over last year.** This outcome is achieved due to three critical factors: 1) the proposed budget remains fiscally conservative; 2) the City's property tax base has grown, generating additional revenue, and 3) the use of General Fund reserves to balance expenditures. All three of these factors contribute to the City's ability to limit the burden on Oakland Park's taxpayers as we continue through this recovery period.

The development of this budget has been one filled with cautious optimism as we see the lessening impact of COVID-19 and tangible improvements in our regional, state, and national economy.

Other increases are proposed for the City's tax bills due to changes in assessment rates. **To ensure the financial stability of the Solid Waste Fund, a \$20.00 increase in the residential solid waste assessment is recommended (\$255). In accordance with the Fire Assessment Rate**

Study, a residential rate increase of \$52 is recommended (\$251). A minor adjustment in the debt service millage will result in a \$0.11 increase. **Compared to last year, the median homesteaded single-family property would see a total increase on the TRIM notice of \$86.09, or 6.60%: the monthly equivalent of \$7.17.**

Before COVID-19, the City faced a “revenue plateau” as various revenues began to stagnate. With costs increasing more quickly than revenues, this plateau represents a very real challenge for the City as local governments have few meaningful options to raise additional general revenues beyond raising property tax, which is exactly what the City did for the first time in FY 2020 after five consecutive millage rate decreases. As always, the City will continue to look to grants and creative solutions to meet financial challenges. The American Recovery Plan Act and the pending federal Infrastructure Bill both present opportunities to help fund projects to help move the City forward. One-time revenues do not sustain recurring costs. With higher inflation, new maintenance needs, growing labor costs, and anticipated increases in interest rates, it is imperative that the City strike a proper balance between revenues and expenditures, while maintaining appropriate levels of City reserves. The City is finalizing plans for the strategic application of any additional COVID-19 related revenues within the pursuant guidelines and timelines of the grant.

New developments in the City will play a major role in the long-term stability of public finances. The Sky Building, Project O, Oak Tree by Pulte, the Ram Realty project on the former K-mart site, ID Oakland PARK (Ceiba Groupe), and Central Park alone represent over \$335 million in new construction. These projects don’t only mean growth in tax rolls and property tax revenues, but also hundreds of new residents patronizing local businesses and new retail and commercial opportunities attracting locals and shoppers from outside the City. Development negotiations have also resulted **in more than 25 acres of parkland and recreational spaces being added** in the City, with Pulte developing a public use greenway on NW 44th Street and RAM Realty agreeing to construct a public Middle River Promenade recreational area at no cost to the City.

Oakland Park’s City Commission has consistently supported quality over quantity with development. The redesign of our downtown development district codes as part of the OP3D program is a good example of efforts being made to attract redevelopment that matches the strategic vision of the City and reflects community input. The City’s innovative public-private partnership (P3) at the Sky Building is another prime example of how to creatively achieve City goals in a P3 project; by serving as the key tenant, Oakland Park secures a modern, City Hall space, grows the tax rolls, and adds a publicly accessible parking garage and created a catalyst for future mixed-use development in the downtown. This project is the first new major construction in the downtown in decades.

A budget is, strictly speaking, a financial plan of revenues and expenditures. This recommended budget is a summary or plan of the intended revenues and expenditures of our municipality. It is a fiscal snapshot in time. It is not permanently fixed. It will be subject to alteration and amendment as conditions warrant throughout the course of the next fiscal year.

In addition to being a financial plan, the budget is also an allocation of how City employees will spend their time during the year. Much of staff's focus will be placed on planning for the future of the downtown. The coming months will be critical to the continued efforts to secure a commuter rail station here in Oakland Park. This rail station has been a longstanding goal of the City Commission, with a unanimous resolution of support approved in August 2010 and then by a supermajority in August 2019. Planning and design of the new City Hall space in the Sky Building will begin. With the eventual movement of City services from City Hall and the Library to the Sky Building and City Park, we will also chart the course for the development of the City's downtown properties. Through a competitive and transparent solicitation process, we will work to identify the appropriate development partner to bring a high-quality, mixed-use development to Main Street that will serve our community, expand our tax base.

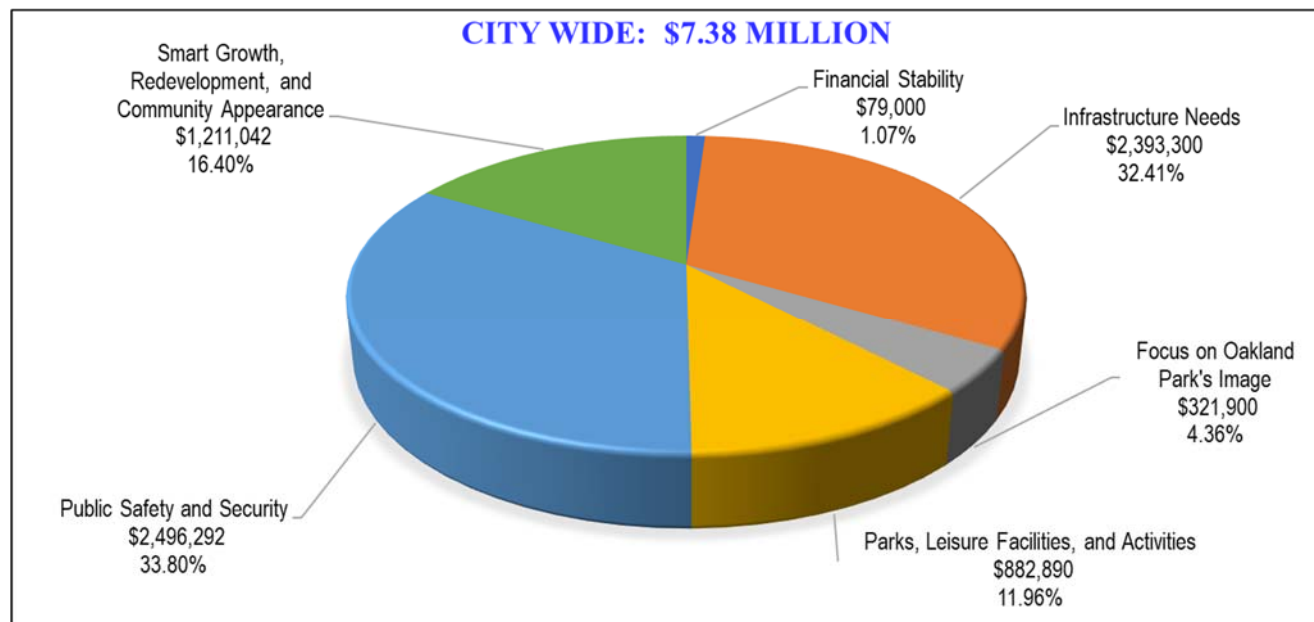
The Fiscal Year 2022 budget continues our path of progress as a City. It is a path that the community supports. Earlier this year, the City worked with the Kitchens Group to conduct a scientific survey of residents using a representative sample of residents; the results of the survey were presented to Commission in April. Over two-thirds of residents say that the City is headed in the right direction. Over 78% of residents say the City is doing a great or excellent job in managing services. Again, 76% of residents agreeing that downtown needs to be redeveloped in order to attract new businesses and create jobs and 77% of residents support a local commuter rail stop in Oakland Park.

On June 11th, 2021, we broke ground on Phase 1 of City Park, which will add 5 acres of parkland for our residents. City Park is a multi-phase project that will reshape central Oakland Park and create a beautiful, sprawling recreational campus that can be enjoyed by our diverse community. This marked the beginning of an impending wave of construction that is reflected in our \$27.5 million capital program for FY 2022, a program that includes starting construction on the new North Andrews Gardens Community Center, the new Fire Station 9, and so much more. Oakland Park is on the rise and a bright future is on the horizon.

Strategic & Business Plan

The Recommended Budget continues the goals of the City's Strategic and Business plan. The strategic plan was most recently extended in February 2021, prior to the development of the Fiscal Year 2022 budget. This strategic plan itself will be revisited in autumn 2021 at the request of the Commission. The Strategic Performance Areas ensure delivery of quality services and

provide for investment in the future of the City of Oakland Park. The recommended budget meets these strategic goals as outlined below:



- *Infrastructure:* provides an aggressive Capital Improvement Program that continues the facilities program, **Building Our Second Century**, with construction awards planned for Phase 1 projects, including Fire Station 9 and North Andrews Gardens Community Center. Transportation projects include constructions of the Lakeside and Oakland Park Elementary School sidewalk networks. Continued improvements and investments to the City's technological infrastructure are also planned, with funding included for virtual collaboration programs, cybersecurity, hardened data centers for servers, and additional network security engineering. Other infrastructure activities include \$2.5 million in vehicle replacements funded through debt financing, a recycling study in the solid waste fund, pipe relining, and the water conservation/toilet rebate program. The budget also creates a new Chief Planning Officer position to oversee the delivery of the facilities program, in addition to coordinating the City's capital planning efforts with Engineering and Public Works.
- *Financial Stability & Sustainability:* maintains fund balance at 20% of General Fund expenditures by the end of the year; proposes the seventh reduction in the millage rate within an eight-year period, increases the fire assessment fee from \$199 to \$251 in



accordance with the results of the April 2021 study, maintains the stormwater assessment rate at \$84, and increases the solid waste assessment rate from \$235 to \$255 to maintain fund financial sustainability. A solid waste fund rate study is also included. The City's utility billing division is now absorbing the convenience fees for online transactions, resulting in a cost of \$63,000 to the City, but also providing more customers with access to online payments at no cost to them. The City will also continue to work with Fort Lauderdale to develop successor agreements to existing large-user agreements for water purchases and wastewater processing.

- *Smart Growth, Redevelopment and Community Appearance:* new studies and planning activities include the Five-Year CRA Plan update, an Affordable Housing Study, a westside Oakland Park Study to begin planning efforts, Comprehensive Plan Updates based on the evaluation and appraisal reports, a refreshed downtown mobility study to better integrate the results of the OP3D efforts, and a community appearance study to create new design standards. Smaller studies include additional sustainability planning initiatives and a broadband assessment. Within the CRA, the budget builds on recent successes to continue the support of local businesses through the *Find It In OP* campaign and restores the business assistance and incentive grant program to pre-COVID-19 funding levels. Supports implementation for new online permitting services, while also providing continued resources for the implementation of the outdoor storage ordinance, massage parlor regulations, the certificate of use program, and short-term vacation rentals.
- *Public Safety:* as part of the facilities campaign, construction of Fire Station 9 begins, as does the hardening of Fire Station 87. The budget creates a new Fire-Rescue Division Chief for Training. The budget also contemplates increased Police & Fire Pension Plan costs due to the State's accelerated amortization of the Plan's unfunded liabilities, costs which are borne exclusively by the City; this commitment to funding will ensure the long-term solvency of the plan for the City's current and future retirees. Over \$2 million in vehicle and capital equipment purchases are included for Fire-Rescue, including the purchase of two rescue transports and a fire ladder truck. The budget reflects salary increases for Fire-Rescue pursuant to the contract's step plan approved by Commission. The City's proposed budget includes funding for "LifeScan," a screening program that will help identify potential health problems and allow for earlier intervention and treatment. The budget accommodates a 3.8% increase over last year's submitted budget for the Broward Sheriff's Office (BSO) for police services to protect and safeguard our community; FY 2021 also marks the second year of the new 5-year agreement for law enforcement services approved by the City Commission in February 2020.

- *Parks, Leisure Facilities & Activities:* Restores funding for all events and programming that was reduced or eliminated due to COVID-19. Creates a new lending library of e-Readers within the Library, in addition to new tablets for use within the premises. Provides funding for Parks & Leisure Services program management software (RecTrac). Bleachers and event table replacements are also included. Financial aid packages for youth sports and childcare are maintained, in addition to creating new senior rates and tiered childcare rates. The budget will also reflect the first year of a four-year phased-in increase in the parks impact fee, with developers going from paying \$1,500 per residential unit to \$1,687.50; this rate will increase each year until reaching \$2,250 in FY 2025; this increased impact fee rate will provide additional resources to fund new recreational amenities for residents.
- *Focus on Oakland Park's Image:* planned redesign and replacement of banners throughout the City along roadways. New Annual City Birthday and Volunteer Appreciation Reception events. Public Information Officer position moved to the City Manager's Office to closely coordinate outreach efforts, including changes to the City's physical and electronic mailing and social media strategies. Funding for the City's twice-a-year tree-giveaway events has been maintained and the City's multi-year commitment to expanding the tree canopy has likewise be incorporated into various CIP projects, as has continued rehabilitation of fountains on Main Street. The City has also successfully lobbied Broward County to include the costs of adding landscaping to NW 21st Avenue to its budget and is working to secure funding for Prospect Road, which will continue the ongoing efforts to beautify Oakland Park's major corridors. As part of the City's facility program, the effort is being made to develop a distinctive Oakland Park aesthetic and a consistent sense of place for the City. The budget also continues and expands funding for the recently redesigned City monument signs, in addition to preliminary design and planning work related to City entryway signs. Funding for new art projects is also included.



Specific details on the business plan can be found in Appendix A of the budget book and capital infrastructure project details can be found within the CIP section of the budget book.

FY 22 Recommended Budget Summaries by Fund

The following table summarizes the FY 22 Recommended Budget by fund (in \$ millions) and compares it to the adopted budget for FY 21.

A comprehensive summary of all funds by division is attached hereto as Exhibit A of this message and a high-level summary is below:

Fund Description	FY 21 Adopted	FY 22 Recomm.
General Fund	54.6	63.0
Community Redevelopment Agency (CRA) Fund	0.4	0.7
Debt Service Fund	3.7	4.0
Other Special Revenue Funds	0.1	0.0
General Fund Capital Imp. Plan Fund*	10.2	26.0
Water & Sewer Fund	20.9	22.7
Solid Waste Fund	6.9	7.4
Stormwater Fund	5.5	4.1
Total Budget (in \$Millions)	102.2	127.9

*The CIP excludes projects from the Enterprise Funds. These projects are reflected within each of the separate Enterprise Fund Budgets.

Governmental Funds

General Fund

The Recommended Budget for the FY 2022 General Fund is \$63 million.

The Recommended General Fund Budget anticipates revenues of \$59,198,198 and the below summary shows changes in the general revenue categories of the City:

Category	FY 21 Revised	FY 22 Proposed	Inc/(Dec)	% Change
Ad Valorem	\$ 21,218,215	\$ 22,338,631	\$ 1,120,416	5%
Other Taxes	6,791,400	8,026,129	1,234,729	18%
Fire Assessment	5,707,327	6,735,074	1,027,747	18%
Permits & Fees	4,809,532	6,048,241	1,238,709	26%
Intergovernmental Revenue	3,611,185	4,388,370	777,185	22%
Charges for Services	7,808,755	8,368,556	559,801	7%
Judgment Fines & Forfeitures	453,000	364,500	(88,500)	-20%
Miscellaneous Revenues	448,320	428,697	(19,623)	-4%
Debt/Transfers/Other	100,000	2,500,000	2,400,000	2400%
Total Revenues and Other Sources	\$ 50,947,734	\$ 59,198,198	\$ 8,250,464	16%

As shown, there is an \$8.3 million increase in revenue, or 16% compared to FY 2021's Adopted Budget. Although accurate for presentation purposes, the actual increase in general revenues

(i.e. those that can be spent on any purpose) is much less than the \$8.3 million. Of the increase, \$2.5 million represents one-time revenue from the planned issuance of debt to finance capital equipment and vehicle purchases. The two revenue streams experiencing the most growth are “restricted” in nature, meaning that they can only be spent on specific activities. Building and permitting fees are anticipated to increase by \$1.2 million. These fees can only be used to fund operations related to the building, permitting, and inspection functions. Likewise, the fire assessment revenues, up by \$1 million must be directly spent on fire suppression costs. Removing debt and these two revenue streams, the actual value of the increase in general revenues is approximately \$3.5 million, or 7%.

It has been noted that many of the City’s revenue streams tied to general economic activity, such as utility tax revenues, sales taxes, etc., had reached a “revenue plateau” and were stagnating. These same accounts experienced major declines due to COVID-19 and the resultant disruption to economic activity. These accounts have begun to experience improvements over the course of the current year as pandemic conditions have lessened. Nonetheless, the long-term prospect for continued growth is limited.

Property tax continues to represent the single largest source of revenue for the General Fund, providing 35% of all general fund revenues. Property tax revenue is determined by two elements: 1) the assessed property tax base, and 2) the millage rate set by Commission. The certified data provided by the Property Appraiser shows that the City’s property tax base has expanded for the eighth time since 2007. The City’s total tax base is now \$4.0 billion and exceeds the pre-Great Recession peak of \$3.54 billion. Though this represents a positive milestone for the City, the rate of growth has slowed, with growth at 11% for FY 2019, 8.14% for FY 2020, 7.43% for FY 2021 and 6.81% for FY 2022. Although growth has slowed, Oakland Park’s growth rate still remains above the 5.88% countywide rate. In years to come, the developments of O & O2, CEIBA, the Sky Building, construction at the former K-mart site, Oaktree, and other projects will add a significant amount of new construction to the City’s tax rolls and help generate new revenue.

Under the Save-Our-Homes law, the growth in the taxable value for homesteaded properties is limited to the lesser of 3% or the change in the consumer price index (CPI). For this year, growth in the taxable value of homesteaded properties is limited to the change in CPI, which is 1.4%. The City has approximately 16,486 single-family homes, townhomes, and condominiums; of these, 60% are homesteaded. City taxes only comprise a small portion of what appears on residents’ tax bills; about 31% of the tax bill represents the City levy and the rest is paid to separate taxing authorities, such as Broward County, the School Board, and other special taxing districts.

Since adopting a peak millage rate of 6.3995 in FY 2014, the City reduced millage for five consecutive years, with a rate of 5.9985 mills achieved in FY 2019. **Oakland Park was one of only**

four cities in Broward County that consecutively reduced millage over that period. Those reductions were not drastic, nor did it inhibit the ability of the City to adequately compensate staff or to accomplish new projects and initiatives; the recommendations to reduce millage were done with a firm commitment to maintaining the financial sustainability of the City's operations. This recommended budget continues our efforts to prioritize the best interests of the taxpayers of the City.

Due to the COVID-19 pandemic, many members of our community were unemployed or underemployed and our local businesses were struggling. Although revenues were decreasing, maintaining the existing millage rate would have created an additional burden on our community as property tax values continued to rise. As a consequence, a reduction from 6.0880 mills to 5.8910 mills was proposed and adopted, which was the single largest reduction to the operating millage rate in over a decade.

For FY 2022, the proposed operating millage rate is 5.8890, a reduction of .0020 mills or .034% less than the 5.8910 mills of FY 2021. **This is the City's lowest operating millage rate in eleven years** and is expected to generate \$22.3 million in property tax revenue. The recommended millage is 6.45% greater than the calculated rolled-back rate of 5.5323 and generates an additional \$1.4 million over the rolled-back rate.

Another key source of General Fund revenue is the Fire Assessment fee, which generates approximately \$6.7 million and represents 10.7% of the General Fund's revenue. All proceeds are used to fund the Fire-Rescue department's fire protection/suppression services; emergency medical service-related activities cannot be funded through this assessment. A fire assessment rate study was last conducted in 2016 and the results of this study were incorporated into the FY 2017 budget. Based on changes in the proportional demand for fire services among the different property classes, adjustments to the rate schedule were adopted ensuring revenue collection would be proportional to service demand by class. The residential rate adopted for FY 2017 was \$199 per residential unit. This rate was maintained for FY 2018, FY 2019, FY 2020, and FY 2021. In FY 2020, the City Commission approved an update to the fire assessment study that was last conducted this past year. The results of the study were presented to the City Commission and in accordance with the study results, the adoption of a new fire assessment rate schedule is recommended in line with the change in the proportional demand by class. The new recommended schedule increases the residential fire assessment rate from \$199 to \$251, an increase of fifty-two dollars (\$52) for the year or \$4.33 a month. The proposed rate remains significantly lower than the countywide average of \$293.

The City's existing budget for the Fire-Rescue Department has grown in recent years to reflect increased funding for equipment replacement, training, wage increases, staffing increasing and the considerable additional expense of converting to the Florida Retirement System. Although increasing costs must be offset by revenues, staff recognizes that the structure of the fire assessment fee is regressive and disproportionately affects those least able to afford it. With this in mind, a new fire assessment exemption is recommended for consideration that will completely exempt the fire assessment fee on residential, homesteaded properties identified by the Broward County Property Appraiser as receiving a low-income senior property tax exemption or a total/permanent disability property tax exemption. This recommendation will result in over 600 Oakland Park homeowners, many on fixed incomes, saving \$251 on their tax bills in the upcoming year.

In addition to restoring pre-coronavirus levels of funding, the City continues to experience increases in certain areas of personnel and operating costs.

Public safety costs represent the largest increases in the General Fund Budget. The contract with the Broward Sheriff's Office for services next year will be \$17.3 million, a \$0.5 million, or 3.8%, increase over FY 2021. This is the largest increase since the \$650 thousand increase included in the FY 2017 budget. Staff continue to work with the Sheriff's Office to identify potential target areas to reduce the size of the increase. The Fire-Rescue Department's budget also has increased from \$11.8 million to \$14.9 million, an increase \$3.1 million, or 26%. Much of this reflects the purchase of rescue transports, a fire ladder truck, an incident command vehicle, and various capital equipment replacements. Other cost increases related to growing compensation and operational costs.

As the City continues to invest in new projects, maintenance costs continue to grow. Examples of this include the recently completed Prospect Road and NW 21st Avenue projects; as part of these County-funded projects, the City agreed to take over various maintenance responsibilities, including landscaping maintenance and irrigation. The City will be bidding out for landscaping contractors in the coming months, with increased pricing anticipated due to increasing labor costs of service providers and the necessary expansion of these services to include the additional areas.

Other costs include an increase in the employer contribution rates of the Florida Retirement System which are increasing from 10.00% to 10.82% for general employees, 27.29% to 29.01% for Senior Management, 24.45% to 25.89% for Special Risk. After multiple years of relatively flat health insurance costs, an increase of 8% is anticipated. Likewise, a 6.4% increase in general insurance (property, automobile, etc.) is expected.

Contracts with the City's three labor unions expire at the end of FY 2021 and negotiations will proceed in advance of their expiration.

Only minor changes to staffing levels in the General Fund are proposed for FY 2022. The Public Information Officer (PIO) has been moved from the City Clerk's Office to the Office of the City Manager. A new Division Chief of Training in the Fire Rescue Division is recommended, as is the creation of a new Chief Planning Officer to oversee and direct the implementation of the facilities program.

A more detailed, department-by-department description of costs and activities can be found in the General Fund Departmental Summary sections contained later in this document.

The FY 2022 Budget also recommends transfers from the General Fund to other funds. Proposed transfers are as follows:

General Fund Transfer	FY 21 Adopted	FY 22 Proposed	\$ Change	% Change
To CIP	\$217,316	\$839,936	\$622,620	287%
To Debt Service*	\$1,814,784	\$2,019,647	\$204,863	11%
To CRA	\$309,034	\$556,566	\$247,532	80%
Total	\$2,341,134	\$3,416,149	\$1,075,015	45.92%

*Debt service transfer only for non-general obligation governmental debt.

The transfers from the General Fund to other funds are increased by approximately \$1.1 million. This increase is predicated on more activities and grants within the Community Redevelopment Agency's budget, an escalation of debt service costs due to the planned \$2.5 million loan for vehicles and equipment, and Capital Improvement Program needs. CIP projects funded by the transfer include preliminary design and planning of the new City Hall space at the Sky Building, Neighborhood Entryway Signs and City Entryway Design, Lakeside and Oakland Park Elementary School sidewalk network non-grant expenses, design for NE 13th Avenue improvements, Phase 1 of the West Stevens Field Parks Maintenance Area, and funding for Main Street Fountain rehabilitations as part of a multi-year plan.

Total General Fund expenditures are \$63.0 million and total revenues are anticipated to be \$59.2 million, \$3.8 million in available fund balance is being utilized to balance the budget. This level of utilization is forecasted to maintain City's reserves at 20.20% of General Fund expenditures. This is within the City policy range of 20 to 25% of general fund expenditures.

Community Redevelopment Agency (CRA) Fund

In recent years, the Community Redevelopment Agency has revitalized Oakland Park and helped spur new interest in redevelopment. During FY 2017, the City Commission approved a new 5-year strategic plan for the CRA, and the FY 2021 budget reflects continued funding for initiatives, innovative projects, and studies to continue this momentum. This attracts new development, promotes redevelopment, and stimulates economic activity in the CRA.

During 2019 and 2020, the CRA played a critical role in ongoing planning studies concerning revisions to the Downtown Mixed-Use District regulations through the new OP3D program that will better shape development in the City's downtown. The FY 2021 budget was reduced in scope due to the COVID-19 pandemic, but continued substantive effort was made to support and promote local businesses by way of a new program: **Find It In Oakland Park**. The purpose of the campaign is to spur a movement among residents to dine and shop within their own community to support local businesses. With the ongoing effects of the COVID-19 pandemic, Oakland Park businesses have been significantly impacted. With Find it in Oakland Park, the CRA will partner with local businesses to provide incentives to residents who support local merchants and promote social engagement and pride through its #livelikealOAKI tagline



The FY 2022 budget for the CRA is \$0.7 million, an increase of 0.3 million over FY 2021. This increase is primarily attributable to reallocation of staffing costs to reflect the hiring of an Assistant CED Director to manage CRA activities, the restoration of prior funding levels for programs, and various new initiatives. Major activities for the CRA next year include a new Five-year Strategic Action Plan (2022 to 2027) for \$40,000. Funding is also included for Phase II of the Downtown Mobility Study to better align transportation needs and options with the results of the new OP3D planning efforts. An additional \$100,000 in new funding for CRA business incentive grants is also provided, in addition to \$11,600 for the conversion of the application process from paper-based to the online Neighborly grant application system. Support for the Find It In Oakland Park campaign is also included in the amount of \$25,000. Fifteen-thousand dollars are also included in the CRA budget to fund additional art projects and placemaking activities. Although not in the CRA budget itself, downtown banners will also be redesigned and replaced as part of a larger banner replacement program within the Public Works Department. Likewise, the level of event activity within the CRA and downtown will increase dramatically with the recommencement of major Parks & Leisure Services events as part of the FY 2022 budget, such as Oktoberfest, Taste of Oakland Park, Dancing in the Street, and more.

Unlike most traditional CRA organizations, Oakland Park's CRA is not funded by tax-increment financing. Regular operational expenses are funded almost entirely by the General Fund. For capital programming and major development incentives, the CRA has relied on a close partnership with Broward County to provide funding. This continued partnership between the County and the CRA has provided fruitful economic investments for the community.

The City's CRA participated in the County's Redevelopment Capital Program (RCP) to acquire properties downtown and fund various infrastructure projects. Distributions from the RCP are loans to the City. These loans can be converted into grants if certain levels of development are achieved as measured by improvements in the CRA's property tax base. The City has 11 different RCP loans, totaling \$4.8 million in principal. Debt service for these loans is staggered and the first two of these loans began debt service payments in 2017. Staff worked directly with the County to defer principal payments of these first two loans, as a result of the continued economic activity in the CRA. In FY 2018, the CRA submitted conversion documentation using the most recent data from the Broward County Property Appraiser. Based on these initial submissions, the City successfully converted \$1.4 of the \$4.8 million owed, completely eliminating two loans and partially converting another.

One of the challenges of conversion of RCP conversions was that the conversion window was set close in 2026. The City engaged in a multi-year effort to modify the terms of the RCP program to extend the grant conversion period. In April of 2021, the County agreed to extend the conversion period to 2036, which will allow the CRA to receive more conversion credit for recent and future projects included in conversion packages, such as Oakland Park Square, Central Park on Dixie Highway, and the riverfront project by RAM at the former K-mart site on Oakland Park Blvd. A second conversion packet from the City is under review by the County under the revised terms and based on feedback from the County, almost all RCP loans will be successfully converted to grants. The remaining balance of the RCP loans will be converted upon submission of a third and final conversion packet to the County. This will result in annual savings in excess of \$200,000, with total savings of more than \$3.2 million.

Expenditures in the CRA for FY 2021 total \$351,262, of which \$309,034 is funded through transfers from the General Fund. The remaining expenditures are funded by the CRA's rentals and leases revenue and other sources. A separate adoption of the CRA's budget by the CRA Board will occur during September as part of the larger budget adoption process.

Debt Service Fund

This fund reflects principal and interest payments and is for all City debt other than that related to the Enterprise Funds (Water & Sewer, Solid Waste and Stormwater). This is repayment of debt

for the acquisition of vehicles, municipal facilities and buildings, property acquisition, and the development and upgrading of some of the City's recreational facilities. The proposed debt service budget for FY 2022 is \$4.0 million an increase of \$0.3 million over FY 2021. The increase is attributable primarily to a proposed \$2.5 million loan for the purchase of vehicles and capital equipment. The servicing costs of this loan are offset in part by the anticipated loan-to-grant conversion of all Redevelopment Capital Program loans with Broward County this summer. In addition, the City refinanced an existing loan with BB&T that resulted in savings of \$930,000, with annual savings of approximately \$63,000 for the debt service fund.

The Debt Service Fund has two primary sources of revenue: transfers from the general fund and the proceeds of the City's debt service millage rate. The City's debt service millage can only be used to make debt service payments related to general obligation bonds approved by voters in November 2018 for the purposes of funding the City's facilities program, Building Our Second Century. A total of \$40 million in general obligation bonds was approved by voters. The City anticipates issuing the \$40 million in two to three tranches of debt. A tranche is a "slice", or portion, of the total \$40 million in bonds that would be sold, or issued, together at the same time; this is the process by which the City "draws down" on the approved \$40 million to provide funding for the bond program. The first tranche was issued in June 2020 in the amount of \$26 million. This first tranche will fund the reimbursement of prior bond-related expenditures, planning and design efforts, and construction of Phase 1 projects.

Due to Oakland Park's commitment to strong financial management and the success in attracting new developments to Oakland Park, the City was assigned an "AA" credit rating score by Standard and Poor's. "AA" rated bonds are considered to be "high grade" investment quality and demonstrate the very strong creditworthiness of Oakland Park. This rating generated overwhelming investor demand for the bonds, with investors placing \$66 million in orders for the \$26 million in bonds available – this resulted in a total interest cost at the low effective rate of 2.26% over the twenty-year lifespan of the bonds.

The debt service payments for the initial \$26 million tranche began as part of the FY 2021 budget and that year marked the first appearance of a separate debt service millage rate on the annual tax bills of residents and other property owners. This voter-approved debt millage is separate and distinct from the operating millage used to support the General Fund. The debt service cost of the general obligation bonds for FY 2022 is \$2.0 million, which requires a millage rate of 0.5198 mills be levied. The estimated cost to the median single-family home will be \$64.96 a year. The debt service millage will appear as a separate line on the property tax bill of residents.

Overall debt servicing costs for non-general obligation debt shows a modest increase for FY 2022, which reflects the projected \$2.5 million loan for the purchase of vehicles within the General Fund.

The overall debt service fund is anticipated to grow in future years. There remains \$14 million in general obligation bonds to issue for costs after Phase 1 of the facilities program. This second tranche will result in a higher debt service millage levy. Other planned debt issuances include additional vehicle replacements and possible external financing for the interior construction of the new city hall space as part of the Sky Building project. To the extent possible, future issuances will be tied to the maturity of other outstanding loans to avoid significant spikes in the City's debt service profile and value of transfers to the General Fund.

The preliminary debt service millage will be set during the July 21, 2021 City Commission meeting. A tentative and final debt service millage rate will be set during the September budget hearings.

Enterprise Funds

Water & Sewer Fund

This fund generates revenues through user fees paid by the City's water and sewer customers. The City's water and sewer utility system covers most of the City, with the exception of certain areas, e.g. North Andrews Gardens, Twin Lakes South, and parts of the Lakeside neighborhood. Recent major infrastructure projects have been funded by the proceeds of the 2010 and 2012 bond issuances. Service charges cover ongoing operations, debt service, and capital expenditures. All City water is purchased from Fort Lauderdale. Wastewater is sent to Fort Lauderdale and Broward County for processing. In certain areas of Oakland Park, residents and businesses are direct customers of the Broward County and Fort Lauderdale water and sewer utilities.

The overall Water & Sewer Fund budget for FY 2022 is \$22.7 million, an increase of \$1.8 million from the FY 2021 adopted budget. This increase is primarily due to changes in the Capital Improvement Program. The FY 2021 Adopted budget included \$0.3 million in CIP projects, whereas the FY 2022 CIP's water & sewer projects total \$0.9 million. The remaining increase is primarily attributable to growing wastewater processing costs paid to Fort Lauderdale and Broward County. In certain areas of Oakland Park, residents and businesses are direct customers of the Broward County and Fort Lauderdale water and sewer utilities.

Operating activities for next fiscal year include the negotiation of a new successor agreement to the existing wastewater large user agreement with Fort Lauderdale, which expires in November

2021; \$25,000 is included to provide legal and other support in crafting this critical document that is currently being negotiated. Funding for valve exercising maintenance is included for \$90,000, as is the replacement of three 16-year-old utility trucks for \$150,000. The wastewater fund also includes an appropriation for the purchase of a grout trailer, which will allow City staff to perform targeted relining of wastewater pipes experiencing inflow-and-infiltration issues.

Funding is included for the ongoing costs of the Smart Meter Badger Beacon portal, which is estimated to be \$108,000. The smart meter program was completed in April 2019 and the results of the first full year were reported to the Commission in June of 2020. As indicated in the report, the estimated operational cost savings and increase in meter accuracy resulted in a financial benefit of \$1.12 million, well in excess of the costs of the Badger Beacon portal and the annual debt service taken on by the City to fund the program. The second-year verification report will be presented to Commission this fiscal year and shows an annual financial benefit of \$1.15 million, an improvement over the prior year.

As part of efforts to allow for easier access to online payments, the City implemented an e-check payment method option and has absorbed the convenience charge for credit and debit card payments; the cost of the City absorbing these fees is the equivalent of a \$63,000 revenue loss. Promoting water conservation and sustainability remains a paramount priority and funding is provided in the budget to maintain the existing water conservation rebate for the purchase of high-efficiency toilet fixtures (\$10,000).

The Oakland Park water and sewer rate schedule was adopted in 2009 that provided for programmed water and sewer rate adjustments to support the projects and maintain the City's utility bond credit rating. The scheduled rate increases are also required to provide for pass-through of rate increases from Fort Lauderdale and Broward County (which provide the City's potable water and wastewater processing services). These programmed rate adjustments will keep the fund on track to retain the City's favorable credit rating and maintain the schedule for construction of infrastructure improvements. The success of this strategy was demonstrated when the City's rating was upgraded by Standard and Poor's to AA in 2015 and has been consistently affirmed as AA- by Fitch Ratings. The Standard and Poor's AA rating was affirmed in 2019 as part of the City's \$10.1 million refunding of the City's Series 2010B Build America Bonds. The refunding resulted in present value savings in excess of \$1.2 million. The refunding bonds were issued as "Green Bonds", receiving Standard and Poor's highest green rating score, E1. These ratings are separate from the rating for the 2020 General Obligation bonds.

In 2019, Fort Lauderdale engaged in a water rate study and the new rates were implemented for the 2020 fiscal year. As part of this implementation, Fort Lauderdale began to levy a 25%

surcharge on the water sold to Oakland Park for the first time in the history of relationship between the two cities. The City is currently in the process of negotiating a successor water agreement with Fort Lauderdale.

Oakland Park's water and sewer rates will be automatically adjusted on October 1, 2021 to in accordance with the City Code's rate adjustment provisions.

Stormwater Fund

The Stormwater Fund is almost exclusively funded by revenues generated by the citywide stormwater assessment. In FY 2015, the City conducted a utility rate analysis of the stormwater system in order to ensure the fiscal stability of the fund to meet current and future needs at that time. Based on the results of this study, it was determined that the then-current rate was not adequate to meet the ongoing operational and capital demands of the stormwater system over the next four years. The assessment rate was increased for the FY 16 budget from \$72 to \$84 per equivalent residential unit (ERU), the first increase since 2006.

With the exception of governmental entities, all properties in Oakland Park are assessed for stormwater services. As a utility service, governmental entities are billed monthly for the prorated value of the assessment. In September 2018, the School Board provided notice that it would no longer pay these charges beginning October 2018, citing legal precedents concerning sovereign immunity that limit the ability of Oakland Park to force payment of these utility services. The refusal to pay for these vital services resulted in an unanticipated \$0.2 million loss of revenue in FY 2019, which continues to impact all City budgets thereafter. This represents a recurring loss of approximately 5% of fund revenues, which has resulted in greater than anticipated use of stormwater reserves to fill budgetary shortfalls.

In February 2020, the City Commission approved an update to the City's Stormwater Master Plan and a Flood Vulnerability Assessment study, funded in part by a grant from the State of Florida. These efforts will help identify the new long-term needs for drainage infrastructure in the City, with emphasis on how to address the challenges of sea-level rise, flooding, and surface water quality. The capital intensity of the master plan will be a major factor in the fund's future rate structure as sufficient revenue will need to be generated to fund these improvements. The results of these efforts were originally included to be incorporated into the FY 2021 budget proposal, but the plan was not finalized in advance of the recommended budget's preparation due to COVID-19 delays. The forthcoming results of the master plan will be incorporated into recommended changes to the City's comprehensive plan, additions to the capital improvement

program, and a new recommended rate structure for consideration as part of the FY 2023 budget development process.

The proposed stormwater fund budget for FY 2021 is \$4.1 million, a decrease of \$1.4 million over the adopted FY 2021 budget of \$5.5 million. The decrease reflects a smaller capital improvement program for the fund in FY 2022 and also a reduction of \$0.3 million in professional fees. The proposed budget also includes funding for the City's "Save Our Swales" program (\$3,000), the lining of service piping (\$40,000), additional capital planning (\$25,000), and the replacement of a 14-year-old dump truck needed for operations (\$55,000).

No change to the stormwater assessment rate of \$84 per ERU is recommended at this time. The current rate will generate approximately \$3.4 million in FY 2022. This is \$0.7 million less than the \$4.1 million in budgeted expenditures for FY 2022. Residual debt proceeds will be used in the amount of \$0.35 million to fund capital costs in FY 2022 and the remaining balance of \$0.33 million will be funded using reserves. As an Enterprise Fund, it is critical that the City set user rates to provide the financial resources needed to operate this important service. The FY 2023 budget will include rate adjustments based on the Stormwater Master Plan and operational needs.

The City will continue the placement of the annual assessment for the Stormwater program on the property tax bill.

Solid Waste Fund

The Solid Waste Fund has two primary revenue sources: a non-ad valorem special assessment for residential customers and monthly utility service charges for commercial services. The residential special assessment program was introduced in FY 2012 and the residential fee was \$300 per residential unit. In FY 2013, the residential fee was reduced by \$45 to \$255. For FY 2014, this rate was further reduced by \$50 to \$205. This resulted in a total rate decrease over a two-year period of \$95, or 32%. Reductions in the commercial rates also occurred during this time. These changes resulted in recurring revenue reduction of \$1.2 million per year and total losses of approximately \$5 million since FY 2014.

In 2017, a comprehensive study on the City's solid waste program concluded that the reduction in rates that occurred was not financially sustainable. Adjustments to the rates would be needed to provide increased stability in the fund's reserves and to cover increasing disposal, fleet, and other operating costs. In FY 2018, the rates were adjusted slightly, with the residential assessment increased by \$12 and the commercial rates by 5.5%. In FY 2019, the residential rate

of \$217 remained unadjusted and the commercial rates were increased by 3.5%. The FY 2020 budget increased the residential assessment rate to \$227 and increased the commercial rates by 3.5%. The budget for FY 2021 included increasing the residential rate to \$235 and a 6% increase in the commercial rates. Rates remain well below historic levels even as operating costs have increased substantially over the same period. It is likely that future rate adjustments will be needed to keep the fund viable.

The total budget of the fund for FY 2022 is \$7.4 million, an increase of \$0.5 million over FY 2021's adopted budget. The overall operating costs of the fund are increasing. The increase is driven primarily by the purchase of a replacement for a 2007 sideloader truck for \$0.3 million, but also reflects an increase in anticipated 4.5% increase disposal costs (from \$2.2 million to \$2.3 million). The budget also reflects an increase in professional services for a new recycling study and a fund financial assessment/rate study.

The City's solid waste rates remain well below 2012 levels (\$300 per residential unit) even as operating costs for the solid waste fund have increased. A \$20.00, or 8.5%, increase in the special assessment rate for residential properties (an increase from \$35 to \$255 per residential unit per year) is recommended. The rate still remains \$45 lower than the earlier 2012 rate. The proposed \$255 rate is well below the FY 2021 County average assessment of \$313 per year for residential units even with the proposed increase. Oakland Park would have the 7th lowest solid waste assessment rate in Broward. The proposed \$20 increase in the residential assessment will generate an additional \$213,000 for the fund.

Not all residential properties are assessed for residential solid waste services. Residential properties with more than four dwelling units, such as condominium developments, receive commercial services rather than residential ones, the same as private businesses. The utility bills for these commercial services are billed monthly.

For commercial rates, an increase of 5% is recommended, which is anticipated to generate an additional \$86,000. The actual value of commercial solid waste revenue is variable, as individual accounts can change dumpster size and frequency of pick-ups; the FY 2021 forecast, for example anticipates under performance in commercial revenues due to decreased service demands resulting from COVID-19 related economic disruption. Commercial accounts are billed monthly.

Increases in the residential and commercial rates will help offset the immediate financial needs for FY 2022, but even with the increases, the fund will require the use of approximately \$0.45 million in reserves to balance the anticipated \$6.9 million in revenues with the \$7.4 million in expenditures.

The solid waste fund is a capital-intensive operation, and the five-year vehicle replacement plan shows that 14 vehicles will need to be replaced in the next few years at an approximate cost of \$2.4 million. The typical front-line life of a solid waste truck is 7 seven years. As of today, these 14 vehicles average 13 years of service already. As an Enterprise Fund, it is critical that the City sets user rates to provide the financial resources needed to operate this important service. Continued rate adjustments will be needed in subsequent budget years to maintain financial sustainability, matching operating revenues with operating expenses and providing resources for the replacement of solid waste trucks. As noted above, the FY 2022 budget appropriates monies for a solid waste fund financial assessment/rate study. The results of this study will be employed to make future rate recommendations to the Commission.

The City continues the revenue collection process by placing the annual assessment for the residential solid waste program on the property tax bill. Monthly commercial billing rates are set via ordinance. First and second readings of the ordinance will be held in September.

Capital Improvement Program (CIP) Plan

Building on Past Successes

For many years, the focus of the Capital Improvement Program was upgrading water, sewer, and stormwater infrastructure. The completion of these critical investments has led to the next stage of planning and implementation for the City's future needs. The five-year CIP continues to provide projects that promote a sustainable future through enhancements in our City parks and other above-ground beautification improvements that promote walkable, bicycle-friendly, landscaped streetscapes and park amenities.

The FY 2019 adopted CIP was \$3.4 million. It included the award of the NW 10th Avenue Improvement Project, demolition of the old Public Works wastewater facility, additional enhancements to the Stunson Nature Trail, significant outlays for sewer system lining to reduce inflow and infiltration, and other improvements to the City's water and sewer system. During FY 2019, the City also had a variety of projects that continued construction begun in FY 2018, including Bid Pack 8, and a new municipal parking lot on the corner of Dixie Highway and NE 34th Street. The year also marked the completion of the grant-funded Andrews Avenue roadway improvement project, which beautified one of the City's major corridors.

For the 2020 fiscal year, the adopted CIP was \$3.8 million. Grant-funded Oakland Park Elementary and Lakeside neighborhood sidewalk design began, as did design and planning work

for the Public Works facility, Municipal Building hardening, North Andrews Gardens Community Center, Fire Station planning, elements of City Park, and more. Major accomplishments during the year included the close-out of the Bid Pack 8, the City's final bid pack project, and the completion of the grant-funded NW 10th Avenue roadway improvement project. Due to the financial uncertainty that resulted from the COVID pandemic, funding for certain projects, such as Main Street Enhancements, was reallocated to provide resources to offset declining revenues.

The fiscal year 2021 the adopted CIP budget was \$12.4 million and was marked by a shift in focus to general obligation and surtax funded projects. Most importantly, it marked the official construction groundbreaking for general obligation bond projects with the beginning of City Park Phase 1. This first phase of the City Park project includes a splash pad, playground, fieldhouse, basketball courts, pickleball court renovations, and other amenities in the area abutting Wimberly Field. Construction also began on Phase 2 of the Stunson Nature Trail, which includes ADA improvements and a boardwalk area. Design began for the grant-funded Lloyd Estates Sidewalk Network project and design continued for the various other bond projects, including North Andrews Gardens Community Center, City fire stations, and City Park Phase 2.

For FY 2021, Oakland Park was awarded \$5,833,560 in surtax funding for capital design and construction. The largest project is citywide street resurfacing for \$2,981,440; these funds will be prioritized based on the City's pavement management system and to avoid conflicts with other current and near-term capital projects. The City typically budgets between \$230,000 to \$330,000 on an annual basis for roadway resurfacing; this successful request for surtax funds is the equivalent of 9 to 10 years' worth of the City's resurfacing plan and should resurface 14 miles of the City's streets. Surtax funded drainage improvements within the North Andrews Gardens neighborhood within the area of Cypress Creek and North Dixie Highway were also included in the CIP. The City received surtax funding in the amount of \$330,000 for the Oakland Park Boulevard Median Improvements Phase 2 project; this project is also funded by a \$105,306 Highway Beautification Grant and a \$6,694 transfer from the General Fund. The improvements will continue the beautification efforts begun in Phase 1 of the project and will cover the area from NW 21st Avenue to NW 31st Avenue. The final surtax project included in the CIP was for development of a citywide mast arm conversion design package. For each project, the City is required to enter into a project-specific agreement with Broward County prior to solicitation. At the time of this budget message's drafting, the City has only received the agreement for the Oakland Park Boulevard Median Improvements Phase 2 project. Two projects, North Andrew Gardens drainage and the citywide Mast Arm Conversion Study, are not expected to be ready for award in FY 2021, but we are hopeful that the other outstanding surtax projects will be able to be awarded in FY 2021. Any outstanding surtax projects will be added to the FY 2022 budget via the budget amendment process if needed.

Other agency projects that were underway in FY 2021 included three major roadway improvement projects, one for Northwest 21st Avenue, one for Prospect Road, and one for Powerline Road. The Metropolitan Planning Organization's \$7.6 million improvement project on Northwest 21st Avenue spanned from Oakland Park Boulevard to Commercial Boulevard. The project included road widening to provide bicycle lanes with two-foot buffers on both sides of the road, the addition of medians, and the replacement of the bridge. Construction ended in spring 2021. The City has also applied for grant funding to continue these improvements on Northwest 21st Avenue south of Oakland Park Boulevard. The long-awaited Prospect Road enhancement and lane reduction project covers the area from Commercial Blvd to Dixie Highway. Construction began during 2020 and was substantially completed this year. Improvements from the project include the addition of bicycle lanes in each direction, ADA improvements, resurfacing of the roadway, and landscape enhancements. Both projects will improve the aesthetic appearance and functionality of these important corridors. Oakland Park is working with the County to obtain funding for both Northwest 21st Avenue and Prospect Road for the installation of landscaping. The Powerline Road project is funded by a Transportation Investment Generating Economic Recovery Grant (TIGER) also entered into construction in FY 2021. The project scope includes lane reduction, buffered bicycle lanes, raised landscape islands, and milling and resurfacing.

FY 2022 Overview – Year 1 of the Five-Year CIP Program

The CIP is a five-year document, with only the first year being fully appropriated as part of recommended budget for next year. The proposed CIP for FY 2022 includes more than 25 different projects that together total \$27.4 million, an increase of \$15 million over FY 2021 adopted budget's CIP of \$12.4 million. Of the \$27.4 million in projects contemplated, 59% are bond-funded and 33% are funded by grants, surtax proceeds, and other agency contributions. The remaining 8% of the CIP is funded directly by City resources in the General Fund and the Enterprise Funds.

A full description of each CIP project is contained in the CIP section of the budget book and a presentation on these projects was made during the June 16th Commission meeting. Major projects for next year include:

- Facilities Bond Projects:** The FY 2022 CIP includes the beginning of construction and renovation of City fire stations. Construction of Fire Station 9 at its new location directly east of Stevens field will begin. The facility will also house Fire Administration and Fire Prevention; the estimated cost of the project is \$9,375,000. Fire Station 87's capital renovations will begin, which will include hardening of the structure, roof replacement, and generator replacement. The budget for Fire Station 87 is \$1,585,000, which includes an \$834,000 grant through the State's Hazard Mitigation Grant Program. Other bond-funded projects in City Park Environmental Remediation (\$400,000) and City Park Phase 2 Design (\$2,000,000). The total budgeted bond expenditures are \$16,226,000.



- Surtax Projects:** The CIP includes two surtax projects that were originally budgeted for FY 2021 but are expected to be awarded in FY 2022. The first is a \$2,322,800 drainage improvement project within the North Andrews Gardens neighborhood in the area of Cypress Creek and North Dixie Highway. The project will include a new pump system, storm water force main improvements, and other enhancements; \$250,000 of the total project budget is from the City's Stormwater Fund to cover project components that are not eligible for surtax funding. The other surtax project included in the CIP is \$945,000 for development of a citywide mast arm conversion design package. The design will evaluate 20 signalized intersections that currently use traditional span wire mounting for conversion to stronger, wind-resistant mast arm assemblies. These modern assemblies will help allow for the continued operation of traffic signals during and after storm events, which will improve traffic safety for residents and first responders. The City will apply for additional surtax monies for the actual construction element of the project.
- Transportation, Mobility, Roadway Improvements:** Streetscapes and mobility projects represent another major portion of the FY 2022 CIP. New neighborhood entryway signs and design for city entryway signs are included in the budget in the amount of \$65,000. A general fund transfer of \$71,459 is budgeted to fund the Lakeside Sidewalks project's construction phase, which is primarily funded through a \$1,429,176 CSLIP grant. The sidewalk project will improve pedestrian safety within the neighborhood by adding approximately 17,800 linear feet of new sidewalks, which will also connect existing, non-continuous sidewalks in the area. The project will be constructed by FDOT. Another

major sidewalk improvement project will also begin construction in FY 2022 in the area around Oakland Park Elementary. This \$2,394,973 project is funded primarily through a \$2,280,927 CSLIP grant and will add approximately 36,800 linear feet of sidewalk to create a network of sidewalks that will improve pedestrian safety for students, parents, teachers, and residents of the area. Grant-funded design for sidewalks on Floranada is also part of the CIP; the project will add sidewalks and appropriate safety features along Floranada from Dixie Highway to Federal Highway. The City also hopes to receive an interlocal agreement from Broward County to fund landscaping improvements along NW 21st Avenue (\$412,500) and is also seeking County funding for landscape improvements to Prospect Road. Design for NE 13th Avenue Improvements is budgeted in the amount of \$600,000; the City has applied for grant funding for the construction of this project, which will add sidewalks, curbing, and safety improvements. The NE 34th Court Improvement Project enters into the design phase and is intended to make roadway, landscaping, and safety improvements similar to those already completed on NE 34th Court west of Dixie Highway. The project is being funded through a Broward MPO LAP grant.

- **Other Projects:** The CIP includes a variety of smaller projects that do not fit into any of the prior categories. The City will utilize \$193,442 in Community Development Block Grant funds to enhance the Giusti Heart Parcourse by adding new surface parking and a dog park. Construction of Phase 1 of the Stevens Field Parks Maintenance Area will begin, with funding provided through a \$100,000 transfer from the General Fund. A multi-year program of capital maintenance for the Main Street fountains continues in FY 2022, funded by a \$25,000 General Fund transfer. A \$100,000 transfer from the General Fund will be utilized to begin planning and early design of the City Hall spaces within the Sky Building.
- **Enterprise Fund (Water/Sewer/Stormwater):** A variety of water, sewer, and stormwater infrastructure activities will take place in FY 2022, including an additional \$300,000 for additional sewer lining to reduce inflow and infiltration within the wastewater system, which will reduce processing charges for the City. Other Enterprise Fund related infrastructure projects for FY 2022 includes design of water main interconnections with Broward County for use in emergencies to improve system resiliency (\$25,000), Oakland Park Boulevard water main improvements and relocation required by FDOT to avoid conflicts with planned improvements on that roadway (\$110,000), design and study of seawall improvements required by Broward County that are owned by Oakland Park (\$50,000), a multi-year storm system pipe relining program (\$50,000), miscellaneous curbing and swaling for drainage needs as part of a multi-year program (\$35,000), design for the Lady Lake Trail between the C-13 canal and Veterans Park to stabilize the canal

and lake banks and remove overgrown and invasive vegetation, and \$300,000 in additional smaller water and sewer capital maintenance projects.

Future Years

The CIP is a multi-year document and the above listed projects only represent the first year of the CIP, FY 2022. Considering only the first year of projects does not provide the full, long-term scope of the proposed five-year CIP. The proposed five-year CIP is \$75.6 million. The five-year plan contemplates approximately \$15.3 million in streetscaping and mobility projects, \$30.4 million in new facilities and parks projects, \$22.7 million in water-sewer projects, and \$7.2 million in stormwater projects. Commission direction, the integration of studies and master planning recommendations, grant awards, changing economic conditions, community priorities, and other factors, will invariably result in changes to the timing, modification, addition, or even removal of some projects over time.

Long-term capital planning requires long-term financial planning. Many of these projects are related to the City's enterprise funds, with project funding coming from user fees. The long-term capital needs of these funds are contemplated in rate studies. Rate adjustments are made to provide sufficient resources for these critical infrastructure improvements. Many potential projects included in the CIP are attributable to the General Fund and, as such, cannot rely on enterprise fund user fees as a basis for financing. With the exception of G.O. bond projects, future streetscapes, parks, and other "governmental" capital improvements are largely funded by contributions from the City's General Fund. The City has worked diligently to secure external funding through grants to support the CIP; as noted above, 33% of FY 2022's proposed CIP is grant, surtax, or other agency funded. Approximately \$3.2 million in General Fund projects are identified as "unfunded" for the out-years in the proposed CIP, with individual unfunded values per year ranging from a high of \$1.5 million in FY 2023 to a low of \$0.1 million in FY 2026. In addition to long-term financial needs for funding future projects, many of these projects will add substantial maintenance costs for the City.

A viable capital program requires that funds for future capital improvements be available. The City will continue to aggressively pursue additional grant and surtax funding and review potential federal funding options through the American Rescue Plan Act and the 2021 Infrastructure Bill, should it be approved. External financing presents a potential opportunity for funding; for example, the possible issuance of debt for the interior build-out of the new City Hall space has been planned for as part of that project. The City's debt capacity, though, is limited by the financial capacity of the City to pay new debt servicing costs and by debt ratio covenants contained in existing loan agreements. Issuance of too much long-term debt for capital projects

will limit the City's ability to issue medium term debt to fund vehicle and capital equipment purchases. Increasing the General Fund's transfer of monies to the CIP is another method of funding future shortfalls but doing so requires that the General Fund have sufficient fund balance or annual revenues to fund such transfers. As the City considers the implementation of planned capital projects and the addition of new projects, it will remain critically important to review the financial feasibility of projects.

An overview of the CIP plan was presented to the Commission on June 16, 2021. The CIP for FY 2022 will be presented for final Commission consideration and adoption with the City budget in September.

Departmental Organization

Over the years, the reorganization of City departments and divisions has been needed from time-to-time to ensure the best delivery of services to residents and businesses. These reorganizations reflect particular "synergies" between specific functions that have complementary services and/or provide a more effective opportunity to implement strategic goals. For example, in FY 2016 the Utility Billing Division was moved from the Public Works to Financial Services to create a single entity administering the City's Tyler Munis financial systems and to better coordinate billing and accounting activity. Likewise, the Information Technology Services division was moved to Human Resources shortly thereafter to better manage the deployment of technology to the workforce and to promote appropriate internal controls.

The adopted FY 2020 budget document discussed the future need for more reorganizational efforts to address the upcoming increase in capital infrastructure planning, design, and construction. During FY 2020, the functions of the Engineering and Community Development Department were divided into two separate reporting structures: Engineering & Building Services (EBS) and Community & Economic Development (CED). CED at that time was also expanded to formally include the administration and management of the Community Redevelopment Agency (CRA).

The FY 2021 budget included the further reorganization of EBS into two separate departments: Engineering & Construction Management (ECM) and Building & Permitting Services (BPS). Staffing changes within the new departments resulted in further review and the determination was made to merge ECM and BPS back into a single Engineering & Building Services Department. With the merger, the City has maintained the excellent quality of permitting services, while also ensuring that enough focus and resources exist to provide strong oversight of the numerous critical infrastructure projects as we continue to Build Our Second Century.

General Fund Departmental Summaries

Below is a summary of actions, assumptions, and reductions proposed in the FY 2022 Recommended Budget for the City's General Fund.

The intention of the below summaries is not to provide an exhaustive list of all individual departments within the General Fund, but only to highlight new costs, changes, and other elements. Readers are encouraged to review the Business Plan for FY 2022 included as Appendix A of the budget book and the individual departmental sections within the main section of the book for further information.

Broward Sheriff's Office (BSO)

- Increase in existing contractual police service costs over FY 2020 of 3.8%, a cost increase of \$633,871; the City is working with the Sheriff's Office to reduce this number
- BSO Oakland Park District administration to coordinate with ITS on the use of Federal Equitable Sharing Fund monies to purchase security camera systems for City properties

City Commission

- Maintain travel budget to accommodate lobbying, advocacy, training, and other activities (\$20,000)
- Funding for membership with the National League of Cities, Broward League of Cities, Florida League of Cities, Florida League of Mayors, United States Conference of Mayors, Great Fort Lauderdale Alliance, and the Broward Metropolitan Planning Organization (\$26,850)
- Funding for attendance at regional civic events, including United Way Mayors' Gala and the Broward League of Cities Annual Gala (\$8,800)
- Continued funding of lobbyist services (\$66,000)

Clerk's Office

- Americans with Disabilities Act document compliance software and broadcasting closed captioning support (\$18,600)
- Image management software to create a searchable database of photographs, images, and videos (\$6,000)
- New online municipal campaign reporting software for candidate reporting (\$4,000)
- New publication programming coordinated with Public Information Officer (\$50,000)
- Welcome packages for new residents and businesses (\$5,000)
- New Advisory Board Member Appreciation Reception and Oakland Park City Birthday Party events (\$27,200)

Community & Economic Development

- Planning Division preparation of the update to the Comprehensive Plan (\$150,000)
- Beginning of multiple studies, including Westside Oakland Park Study (\$100,000), Affordable Housing (\$65,000), Community Appearance (\$130,000), and Broadband Assessment (\$9,000)
- Replacement of three vehicles in the Community Enhancement Division, with all three replacements intended to be hybrid vehicles (\$90,000)

Engineering & Building Services

- Overtime for new construction project inspections and permit reviews (\$20,000)
- Federally required ADA Title II Transition Plan to review accessibility challenges for programs and services created by physical barriers (\$100,000)

Fire-Rescue

- Fire-Rescue immunization program (\$3,000) & LifeScan program to allow for early detection of potential medical problems (\$31,395)
- Public outreach materials and programs, including the Heartsafe Program, CPR training, school outreach, and general public education (\$14,000)
- Replacement of existing medical bags (\$4,746) on vehicles
- Replacement of station cardio equipment and tables/furniture (\$15,000)
- New Challenger K12 saw tree and ladder hoist system (\$5,800)
- Replacement and addition of capital equipment, including replacement of AEDs, Fire Prevention laptops, Lifepak systems, and now pre-fire planning software (\$348,039)
- Purchase of two new rescue vehicles, one command vehicle, fire ladder truck, and equipment for new vehicles (\$1,734,384)
- Creation of a new Division Chief, Training position to coordinate and manage all training needs of the department (\$154,828)

Financial Services

- Grant management assistance to handle the increase in grant awards received by City (\$16,000)
- Online financial transparency portal support (\$8,500)
- Finalization of banking services implementation with Wells Fargo (no cost)
- Strategic planning workshops and follow-up revisions (\$15,000)
- Maintenance of the new smart meter customer portal and monthly cellular costs (\$108,000)
- Continued utilization of the purchasing card program (expected rebate of \$235,000)

Human Resources & Administrative Services (Including Information Technology Services)

- Maintain program to incentivize contributions to individual Retirement Health Savings Accounts, which provide a mechanism to fund post-retirement healthcare expenses on a pre-tax basis (\$4,000)
- Increased budget for City's Tuition Reimbursement Program (\$18,000)
- Continue the elective retirement incentive program, to encourage employees to establish and actively contribute to supplemental retirement accounts (\$4,000)

- City summer internship program for students (\$15,000)
- Broadband planning study to review options for the deployment of fiber networks within the City (\$50,000)
- Information security vulnerability assessment to ensure the continued security and integrity of the City's network infrastructure and IT environments (\$25,000), end-user security training (\$5,000), and firewall software and network upgrades (\$87,000)
- Engineering and security support services to assist in network security improvements (\$30,000) and additional remote user support services (\$64,000)
- Zoom Meeting Licenses expansion (\$15,000)
- Annual maintenance for hardened data center services (\$18,000)
- 24/7 Network security monitoring (\$70,000)
- Computer equipment refresh, replacement of 30 devices (\$45,000)

Legal Services (City Attorney's Office)

- Increase in monthly retainer from \$12,000 to \$15,000 (annual impact of \$36,000)
- Budget reflects the estimated impact of the increase in hourly rates approved by Commission (from \$215 to \$250 per hour); this last adjustment to hourly rates occurred in 2014 (\$23,000 estimated impact)

Library and Cultural Services

- Improvements to patron services with mobile device printing and online reservation system (\$1,800)
- Local Government Academy, either in traditional format or "virtual" as needed (\$12,000)
- BSO detail to ensure the safety of patrons and visitors (\$26,900)
- Continued development of the OP History Book and related promotional activities (\$3,500)
- Annual School Partnership Breakfast (\$2,300)
- Replacement of aged laptops with new models for use in public instruction and programming (\$20,650)
- Creation of a new "device check out program", including the purchase of e-readers (\$8,000)
- Tablets for Teen program, for use within library (\$3,875)

Manager's Office

- Professional services related to special projects, marketing, strategic planning, etc. (\$35,000)
- City promotional materials (\$20,000)
- Public Information Officer position transferred from City Clerk's Office to Manager's Office
- Creation of Chief Planning Officer position to oversee the successful delivery of the City's facilities campaign and capital infrastructure program (\$212,344)

Park & Leisure Services

- Restores the City's annual event programming to pre-COVID-19 roster, with the first such event being Oktoberfest (\$605,000)
- Funding for two Tree-Give Away events (\$18,000)
- Childcare program and youth sports financial aid (\$25,000)

- Implementation of new, tiered childcare rates with lower costs for household eligible for reduced school lunch and free lunch programs.
- Replacement of bleachers for fields and round tables at Collins Community Center (\$13,000)
- COVID-19 related cleaning supplies and vehicle cleanings (\$8,600)
- BSO security detail for parks, programs, and special events as needed (\$47,000)
- Replacement of aged, torn vehicle wraps and Showmobile graphics (\$6,000)
- Ongoing implementation and use of new RecTrac Program Management software (\$30,000)

Public Works (General Fund Divisions)

- Expansion of workorder and Asset Management software to Building, Parks, and Fleet maintenance divisions (\$40,000)
- Additional cleaning related to COVID-19 within Building Maintenance division (\$10,000)
- Habitat specialists and specialized maintenance for Stunson Nature Trail and Sandpine Preserve (\$30,150)
- Replacement of two service trucks and one aerial bucket truck within the Parks Maintenance Division (\$280,000)
- Review of decorative lighting conversion to LED systems (\$10,000)
- Landscaping contracts will be expiring and rebid, with unknown potential pricing impact
- Design and installation of new banners along City roadways (\$65,000)
- Purchase of an additional trailer mounted LED message board (\$12,000) and replacement of two trucks within Streets Division (\$70,000)
- Funding for asphalt speed tables or other devices for traffic calming as needed (\$70,000)
- GPS monitoring system for City vehicles for safety and asset control (\$36,000)
- Anticipated increase in electric rates (\$28,600)

Multi-Department/Other

- Aid to non-profits, with additional weighting for non-profits receiving matching funds from another entity (\$80,000)
- Increase in property, liability, and other insurance costs for the City (\$57,000)
- General Fund Contingency for unanticipated expenditures. (\$250,000)

All Funds Staffing and Compensation Summary

All Funds Staffing Summary

Compensation costs represent the largest category of expenditures for City operations. The General Fund lost one-third of all positions during the prior recession. A similar loss is something the City seeks to prevent in the future, both to avoid disruptions in service delivery to residents, but also to avoid disruptions in the lives of our employees and their families. This City has maintained a conservative philosophy regarding staffing levels. Existing and future vacancies are evaluated to ensure that the functions of the vacant position cannot be filled by some other

adjustment to current departmental organization or increased efficiency in processes. Additions to staffing have been chiefly predicated on the ability to largely offset new compensation costs through reductions in contractual services costs, increase revenues, or the elimination of vacant positions.

Staffing increases have been limited over the past six years. In FY 2015, the total staffing count for the City was 289 employees and for the FY 2019 budget, the count was 299, an increase of 10. These increases reflected the addition of permitting, building inspection, code enforcement, and fire rescue positions. For FY 2020, the budget included two new Enterprise fund positions: a Sustainability Manager position and a Solid Waste Inspector. After the adoption of the FY 2020 budget, the City was awarded a FEMA Staffing for Adequate Fire & Emergency Response (SAFER) grant. The SAFER program was created to provide funding directly to fire departments to help increase the number of trained, "front line" firefighters available in their communities. With the award of the grant, the City was able to increase the staffing count of firefighter/paramedics from 25 to 28, which increased the total count of certified firefighter positions to the highest level in a decade. With the addition of these positions, the total citywide staffing increased to 304 positions. These numbers exclude temporary internship positions and the staffing count of the local Oakland Park Sheriff's District (99 total positions, 88 sworn, 11 non-sworn).

The FY 2021 Adopted Budget made no changes to these staffing levels, but during the 2021 fiscal year the budget was amended by the Commission to provide funding for the creation of three new inspector and plans examiner positions, in addition to the creation of a new Information Technology Services position. The costs of these new positions were offset by increased revenues and savings from reductions in contracting costs. In addition, during the year a part-time Public Works position was vacated; after review, the position was eliminated, and the value of the savings was used to convert the Parks & Leisure Services Outreach Coordinator from a part-time position to a full-time position. Despite concerted efforts to fill the Sustainability Manager position, it could not be filled. To fill this void, the City awarded four continuing contracts with sustainability consulting firms to help provide the same level of guidance and due to operational needs, the Sustainability Manager position was converted into a Streets & Stormwater Management position. The City will continue to evaluate the potential addition of the full-time Sustainability Manager. The result of these changes resulted in the FY 2021 total staffing count increasing from 304 to 307 positions.

The proposed budget for FY 2022 includes the creation of two new positions. The first is a new Division Chief-level position that will be responsible for researching, planning, and coordinating the training of all Fire Department personnel and ensuring compliance with applicable federal, state, and local guidelines and regulations. The position will also provide operational and

administrative duties as required. The second is a Chief Planning Officer (CPO) position. As discussed earlier in this message, Oakland Park's capital improvement program has reached a record level of complexity, intensity, and size. The proposed CPO position would be an Assistant City Manager-level position that would be responsible for the successful delivery of the capital program, manage capital grants, and coordinate the logistics needed to ensure the continual delivery of City services. The cost for these two positions is as follows:

Dept	Title	Grade	General Fund
Fire-Rescue	Division Chief - Training	36	\$ 154,828
CM Office	Chief Planning Officer	42	\$ 212,344
		Total Cost	\$ 367,172

As new positions classifications, the positions will be included in the September adoption of the FY 2022 budget as part of the Compensation Plan amendment.

Pensions

Oakland Park has two City pension plans: the General Employees' Pension Plan and the Police & Fire Rescue Plan. Both plans are closed to new members and all eligible new hires are compulsory members of the Florida Retirement System (FRS).

The General Employees Pension Plan (GEPP) is a closed and frozen plan, meaning that no new employees may participate (closed) and no additional benefits are being accrued by existing members (frozen). Members of the GEPP who did not elect to join FRS were enrolled in a 401(a) plan, with the City contribution set to match FRS employer contribution rate. The GEPP costs in FY 2021 were \$1.05 million, a decrease of \$0.42 million from FY 2020. These costs have continued to decline and the contribution for FY 22 is \$0.64 million, a decrease of 0.41 million. The decrease in costs helps offset an increase in the FRS contributions for Regular Class members, i.e. general employees. The employer contributions for this class increased from 10.00% to 10.82% effective July 1st, 2021. The GEPP Board of Trustees consists of the Financial Services Director, the Human Resources Director, and one additional staff member as designated by the City Manager.

The Police and Fire Pension Plan is the City's other local plan. This plan is managed by an independent Board of Trustees, comprised of one Firefighter appointed trustee, one Police appointed trustee, two trustees appointed by the Commission, and a fifth trustee that is mutually appointed by the other four trustees. The duty of the board is to administer the pension plan as adopted by the City Commission. The police plan component was effectively closed when Oakland Park began contracting for police services with the Sheriff's Office. Police who moved to the Sheriff's Office were allowed to continue in the plan and accrue benefits, but at this time

there are no longer any active police members, meaning that this side of the plan is effectively frozen.

During FY 2021, the City worked together with retired police members of the plan to resolve a longstanding “13th check”, or COLA Reserve Fund, issue. Retirees monthly pension checks, 12 time a year. The COLA Reserve Fund was created in 1998 to provide a 13th check to police retirees to function as a cost-of-living adjustment when certain criteria were met. Due to the State’s criteria to issue the checks, no payments were made since 2000 and there was no expectation the ability to do so in future would ever occur. The City and retired police members together prepared an ordinance that split the balance of the fund, with each police retiree receiving a \$4,000 check; the remaining balance after the payments were retained by the City for use in paying down the plan’s required contributions. No firefighter members were affected by these changes.

Decreasing funding ratios and increased City costs resulted in the benefit structure of the fire portion of the plan being modified in 2013 within the larger context of an imposed labor contract for firefighters. The changes to benefit structure became a major issue in subsequent contract negotiations. In 2018, the Commission approved a labor contract with the fire union that included closing the fire side of the Police & Fire Pension Plan to resolve longstanding pension concerns. Existing vested members of the plan were given the opportunity to stay within the City plan and continue to accrue benefits or could elect to join the Special Risk Class of FRS. Firefighters participating in FRS have the advantage of a reduced contribution to their retirement, which is 3% of wages compared to the 8% required by the City plan. The average effective increase in take-home pay for members who converted to FRS is approximately \$3,200 a year. Overtime is also pensionable under FRS, whereas under the City Plan it is not. For existing members who transitioned to FRS, the City worked closely with the State Division of Retirement to develop a mechanism that permits mid-career firefighters with the City to collect their City pension benefits when they become eligible while continuing employment with the City and accruing additional FRS benefits. This ensures members unable to participate in the FRS Deferred Retirement Option Program were compensated with an alternative program.

The transition to FRS raises costs for the City now and into the near-future, but is projected to result in longer-term savings and, more importantly, provide financial stability to the City’s Police and Fire Pension Plan for the benefit of our public safety pensioners and City taxpayers who support their retirement benefits. The City is legally committed to funding the closed local pension plan while concurrently funding FRS benefits. City-required pension contributions to the closed local plan have increased substantially since the conversion to FRS as the State’s Division of Retirement is now requiring that the plan amortize the pension fund’s unfunded liability within

a much shorter span of years than had been anticipated. This smaller window creates a period of elevated pension costs. The current draft of the Police & Fire Pension actuarial valuation determining the City's contribution to the closed plan shows a required contribution of \$2.76 million, an increase of \$0.28 million, or 11 percent, over the FY 2021 budget. The FRS Special Risk class employer contribution rate has also increased from 24.45% to 25.89%. The total cost of all Fire-Rescue Departmental pensions is approximately \$400 thousand, an increase of 11 percent.

Salary & Wages

The City has three labor unions: the International Association of Firefighters (IAFF), the American Federation of State, County, and Municipal Employees (AFSCME), and the Federation of Public Employees (FOPE). The contracts for all three labor unions expire on September 30, 2021. These contracts covered Fiscal Years 2020 and 2021.

The expiring contract for AFSCME provided for 3% salary adjustments in years 1 and 2 of their contract. The same adjustments were provided to civil service and non-classified employees. Lengthy impasse proceedings with FOPE resulted in a contract being approved that provided 3% wage increases in years 1 and 2, in addition to 3% lump sum payments both years for employees who had reached the maximum of their salary grade. A "Me, Too" clause in AFSCME's contract provided these lump sum benefits to their members and the Commission chose to extend these lump sum benefits to civil service and non-classified employees for the purpose of maintaining parity.

The expiring contract for IAFF was approved by Commission in 2020 after a lengthy and complex impasse process. The contract that was approved expanded vacation time and created a step plan for firefighters within the City that guarantees 4% salary increases every year. The implementation of the step plan also included additional salary increases in Year 1 of the contract. Excluding firefighters who were recently hired or had reached their maximum salary, the average increase was approximately 10% over the two years of the contract.

The above salary changes are part of an eight-year trend by the City to provide raises equal to or greater than changes to the consumer price index. Although the City has maintained a conservative staffing philosophy, it has worked to provide salary adjustments that exceed changes in the consumer-price index and that are equitable and reflective of the hard work performed by our employees, but also do not place unreasonable burdens on City residents.

The City hopes that a reasonable and financially sustainable resolution will be achieved as part of the negotiation of labor contracts that will take effect in FY 2022.

Other Compensation Costs

The proposed budget anticipates that health insurance costs will increase by 8%, an approximate increase of \$140,000. This reflects the current year's plan experience. The City will receive the actual renewal rates prior to the adoption of the budget and the new rates will be effective in January 2022.

Other Pending Issues Impacting the Budget

State Revenue Estimates

At the time of this document's publication, the State's Office of Economic & Demographic Research has yet to release all County and Municipal Revenue Estimates to be used for FY 2021. The City uses the estimates to budget Communications Services Tax, Local Government Half-Cent Sales Tax Program, Local Option Fuel Taxes, and Municipal Revenue Sharing Program revenue accounts. In the absence of these State estimates, staff has included conservative revenue estimates within the budget for the accounts that presumes that the current level of revenue declines will remain constant during the 2021 fiscal year.

Federal Funding

The American Rescue Plan Act (ARPA) was approved earlier this year, which included \$350 billion Coronavirus State and Local Fiscal Recovery Funds. Rollout of this program is through the U.S. Treasury Department. Oakland Park is classified as a "non-entitlement City", meaning that it does not receive funding directly from the Treasury Department. Instead, the funding will be provided to the State, which is then required to provide it to Oakland Park. Upon receipt, regular reporting will be required to ensure that uses of the funds are in line with the legislation and Treasury rules regarding the program. The value of Oakland Park's allocation is not finalized. The Treasury is in the process of developing final rules relating to reporting and allowable uses. As stated during Commission meetings, there is a preliminary intent to utilize a large portion if not all of the proceeds to assist in the funding Public Works Facility, a final plan for use will be developed as Treasury's interim rules are replaced with final rules. Staff will also monitor and report on federal infrastructure legislation and potential opportunities for the City of Oakland Park.

Florida East Coast Railway – Grade Crossings Notice of Intent

On June 25, the City received a formal notice of intent from Florida East Coast (FEC) Railway advising that the company intends to engage in crossing maintenance on NE 45th Street and NE 38th Street in the upcoming calendar year of 2022. The estimated cost of this work is \$329,769.95. Under the agreements between the City and FEC, the City is responsible for these

costs. This notice was provided too late to address as part of the FY 2022 budget proposal. Available fund balance would be insufficient to cover these costs and remain within City policy guidelines. Staff will work during FY 2022 to address this unanticipated challenge, but this significant outlay may require the utilization of budgeted contingency in addition to other measures.

Conclusion

During the past seven years, Oakland Park has enjoyed the favorable tailwinds of an expanding American and regional economy. Under the Commission's leadership, those years were well spent and well-managed, with budgets funding major projects and initiatives implemented to address quality of life issues, improve infrastructure, enhance services, and attract redevelopment. The budgets that were recommended were built to be responsive to the City's plans and Commission direction and after presented in July each year, these budgets were adopted without alteration. In those seven years, much was accomplished while also lowering the millage rate six times during the past seven years. Compared to cities of similar size, Oakland Park residents benefit from one of the lowest millage rates and among the lowest assessment rates in Broward County.

The COVID-19 pandemic wasn't something anyone expected. There was no playbook to rely on. When people were alone, uncertain, and needed help, volunteers and City staff were there. We can be proud of Oakland Park's response as a community to the challenge. We can also be proud that we didn't let COVID-19 slow us down. Even as the City was running food distribution events, staffing the vaccination site, delivering much needed grants to small businesses, or working with vendors to secure temporary price reductions, others were working from home reviewing building permits, answering customer calls, and working on the next phases of our facilities program and the many different planning efforts underway. We never stopped moving forward.

The FY 2022 budget prioritizes fiscal responsibility while keeping the City moving forward to accomplish its goals. The proposed operating millage rate, if adopted, will mark the seventh operating millage rate reduction in eight years and the lowest millage rate in over a decade. The proposed use of fund balance remains within Commission policy. Even with increases to the fire assessment and solid waste assessment rates, both fees remain well below Broward County averages. The proposed capital program is one of the most ambitious in the City's history at \$27.4 million, seven times greater than the FY 2020 CIP of \$3.8 million. Every effort is being made to minimize costs to City residents as we make these infrastructure investments; almost \$9 million, 33%, of the proposed CIP is funded by grants or other agencies.

The recommended budget is a financial plan for the upcoming fiscal year, a plan that is based only on what we know at this time. Attempting to forecast an entire year's worth of revenues and expenditures for a City is never an easy endeavor, but the current circumstances present even greater difficulties as we continue recovery from COVID-19 and face the possibility of new strains and future disruptions. Nevertheless, the estimates used to build the budget proposal were carefully considered and fiscally conservative. Thanks to the strong fiscal management of the City, we are able to propose a budget that maintains the delivery of City services, provides needed staffing levels, advances the strategic plan, and maintains sufficient reserves for the City to respond to a potential hurricane or financial difficulties. Plans can, and should change, as circumstances evolve. We will continue our diligent monitoring of City finances and we will bring updates and budget amendments to the Commission as needed.

The budget reflects a balance of City priorities, fiscal resources, and time allocation. Each new initiative or project requires more than just funding, it requires staff time to implement and manage. In the coming year, staff's time will be spent managing the construction of Phase 1 facilities projects and Phase 2 design, working to secure a residential commuter rail stop, finding the right partner to develop the soon to be vacated City properties in the downtown, and updating or creating plans to support quality affordable housing opportunities, westside development, CRA activity, and more.

This budget continues our commitment to make Oakland Park a safer, more successful, more financially sound, and more beautiful place for our families, businesses, and visitors for generations to come. The past year may have stalled the country's economic progress, but here in Oakland Park, we didn't stop pursuing our goals. Hundreds of millions of dollars in construction in residential and mixed-use projects will be underway in the near future throughout the City, bringing in new neighbors and businesses. Our own five-year capital is valued in excess of \$75 million. We've made the plans and we've broken the ground. Now is the time we start building the future. **Oakland Park is on the rise.**



Acknowledgements

I extend my sincere appreciation to the staff involved in the budget process and to the department heads for their cooperation and responsiveness in developing this budget. Staff work tirelessly to achieve your goals in a cost effective, efficient, and courteous manner, and strive for nothing short of excellence for our community.

I would also like to thank Mr. Amos Chess for his donation of \$50,000 to the City for the purchase of a piano for the new library at City Park, a generous gift that is greatly appreciated.

Finally, my thanks to the Mayor, Vice-Mayor, and City Commissioners for providing the leadership and strategic direction that guided the development of this budget.

Proposed Budget Calendar

The progression through adoption of the Final FY 2022 Annual City Budget and CIP Budget involves a series of Regular and Special City Commission meetings. Each of these meetings allows for additional opportunity to clarify the recommendation and receive Commission and citizen input. Below are the critical dates that are currently scheduled:

- July 14, 2021 Distribution of the FY 2021 Recommended Annual City Budget;
- July 21, 2021 City Manager's Budget Presentation to Commission;
Set time, date and place of the first Public Hearings for the Tentative Millage Rate and Budget and the Final Assessment Rates for Fire, Stormwater and Residential Solid Waste; Adopt Preliminary Millage Rates, Fire, Stormwater & Residential Solid Waste Assessments for TRIM Notice;
- September 8, 2021 Public Hearing: Adopt Tentative Millage Rates & Tentative Annual Budget; First Reading of Solid Waste Commercial Rate Ordinance; Tentative adoption of CRA budget;
- September 13, 2021 Public Hearing: Adopt Final Fire, Stormwater & Residential Solid Waste Assessments (Held at 6:00pm);
- September 22, 2021 Public Hearing: Adopt Final Millage Rates, Final Budget, Fiscal Policies, Compensation Plan, and CIP. Second reading of Solid Waste Commercial Rate Ordinance; Final adoption of CRA budget

c: D.J. Doody, City Attorney

Jennifer Frastai, Assistant City Manager

Renee Shrout, City Clerk

Andrew Thompson, Financial Services Director

Recommended Budget - Fiscal Year 2022 Summary of All Funds by Division			
	FY 2021		FY 2022
	Amended Budget	Forecast	Recommended Budget
Funding			
General Fund	\$ 57,297,229	\$ 56,563,915	\$ 62,974,804
Community Redevelopment Agency Fund	520,125	511,443	659,150
Other Special Revenue Funds	167,100	159,500	36,000
Debt Service Funds	3,670,548	3,670,548	3,997,272
CIP Funds	16,593,302	16,440,702	26,038,660
Water and Sewer Fund	23,216,628	21,790,305	22,738,805
Solid Waste Fund	6,981,427	6,969,851	7,351,471
Stormwater Fund	5,791,787	5,657,128	4,143,321
Total Funding	114,238,146	111,763,392	127,939,483
Expenditures			
GF - City Commission	262,323	275,712	294,588
GF - City Manager	918,935	1,050,598	1,353,601
GF - City Clerk	711,665	665,550	687,083
GF - Human Resources	668,800	702,558	786,442
GF - Risk Management	641,376	641,376	682,553
GF - Legal	510,000	510,000	575,000
GF - Financial Services	1,377,828	1,335,007	1,343,799
GF - Information Technology Services	1,220,132	1,264,930	1,404,826
GF - Police	16,649,069	16,786,625	17,411,948
GF - Fire-Rescue	11,870,372	12,038,463	14,845,656
GF - Parks and Recreation	2,909,681	2,868,984	3,449,637
GF - Library and Cultural Services	856,812	795,223	935,225
GF - CED: Planning & Zoning	1,187,791	995,155	1,247,953
GF - CED: Community Enhancement (Code)	1,380,470	1,216,055	1,403,951
GF - Engineering and Construction Management	1,492,549	1,490,902	1,675,322
GF - Building & Permitting	2,290,765	2,535,648	2,487,941
GF - Public Works-Administration	128,206	127,794	133,001
GF - Public Works-Streets	2,268,083	2,248,388	2,585,295
GF - Public Works-Building Maintenance	1,627,696	1,406,352	1,534,084
GF - Public Works-Fleet Maintenance	1,596,487	1,682,938	1,816,886
GF - Public Works-Parks Maintenance	2,048,336	2,035,291	2,520,230
GF - Non-Departmental	4,679,853	3,890,365	3,799,783
Total General Fund Expenditures	57,297,229	56,563,915	62,974,804
Departmental Only	52,617,376	52,673,549	59,175,021
SR - CRA Admin.	520,125	511,443	659,150
SR - Other Special Revenue Funds	167,100	159,500	36,000
Debt Service Fund	3,670,548	3,670,548	3,997,272
GF CIP Fund	16,593,302	16,440,702	26,038,660
Water and Sewer Fund	23,216,628	21,790,305	22,738,805
Solid Waste Fund	6,981,427	6,969,852	7,351,471
Stormwater Fund	5,791,787	5,657,128	4,143,321
Total Expenditures	114,238,146	\$ 111,763,392	\$ 127,939,483
Excess (Deficiency) of Revenue Over Expenditure	-	-	-