



Memorandum

Date: July 13, 2022

To: Honorable Mayor and City Commission

From: David Hebert, City Manager

Subject: Recommended Fiscal Year 2023 Annual City Budget

Introduction & Summary

I respectfully present our Recommended Annual City Budget and Capital Improvement Plan for the Fiscal Year (FY) 2023. Like past budgets, the FY 2023 budget has been developed by the administration to meet the City Commission's strategic vision and accelerates our progress 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 recently conducted representative residential survey showed that over two-thirds of residents feel that the City of Oakland Park is headed in the right direction. Others agree. Investment in Oakland Park is booming. Home values continue to grow faster than the countywide average. Construction cranes have migrated into the City as the first of our large mixed-use developments are built. After years of study, code updates, planning efforts, community input, and capital investments, the Horizon of Oakland Park project will set the stage to bring commuter rail to the downtown, along with affordable housing, shopping, parking, and a Woonerf, a walkable "living street." More than \$400 million in new residential and mixed-use developments are anticipated to be completed in the coming years. **Change is taking shape, 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 responsibility, sustainability, and stability. The recommended budget for the 2023 fiscal year is an ambitious document. It was prepared with the benefit of a newly revised Strategic Plan, the result of City Commission efforts to update Oakland Park's Strategic Performance Areas that guide the long-term goals of the City. The proposed budget works to advance these goals. Maintaining a commitment to fiscal prudence is paramount as we begin to confront the effects of record inflation, rising interest rates, supply chain disruptions, and the strong potential of an economic slowdown. Oakland Park continues to maintain taxes and rates at lower levels than our peer cities in Broward County. The proposed budget for FY 2023 is valued at \$138.2 million and includes a capital infrastructure program of \$30.2 million. **The FY 2023 budget recommends a decrease in the operating millage rate, lowering it from 5.8890 to 5.8550 mills, a 0.0340 mill reduction. If adopted, this would be the lowest operating millage rate adopted in twelve years and the eighth millage rate reduction within a nine-year period.** The accumulated value of these many reductions reflects a total decrease of 0.5445 mills since FY 2014 (6.3995 mills); this reduction has saved taxpayers more than \$10.6 million since FY 2014, or about \$1.2 million a year.

It would be impossible to discuss the FY 2023 budget without first reflecting on the COVID-19 pandemic. 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. Oakland Park's efforts in response to COVID-19 have also become nationally recognized: it was recently announced that Oakland Park will be receiving the International City/County Management Association's (ICMA) 2022 Community Health & Safety Award. This award will be formally presented to the City during the 2022 ICMA Annual Conference and is a testament to how our community joined together to meet the challenges of this unprecedented pandemic and serving those most in need.

The 2021 budget was driven by the uncertainties posed by the COVID-19 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. As a consequence of these aggressive cost saving strategies, the 2021 fiscal year proved better than anticipated. Revenue performance during FY 2021 exceeded

expectation, CARES Act funding through Broward County allowed the City to recover some COVID-19 costs and to create grants for local businesses, and federal stimulus was matched by employment gains and increased consumer spending. The improving circumstances led to a fiscal year 2022 budget that was more optimistic, funding the City's traditional slate of special events and contemplating sizable investments in vehicles, equipment, and capital infrastructure.

The 2022 fiscal year has been positive for the City, with record levels of permitting activity, the groundbreaking on the new North Andrews Gardens Community Center, the receipt of the first tranche of the American Rescue Plan Act, and the return of Holiday Village, Soulfest, and other community events. Nonetheless, the City is confronting new challenges. Construction inflation created a negative impact on the City's capital program, but during FY 2022 inflation began to broaden in nature, with the cost of goods, services, fuel, and labor increasing. Federal efforts to tame the highest levels of inflation seen in decades have been spearheaded by the Federal Reserve, which has implemented interest rate increases of a frequency and magnitude not yet seen in the 21st century. This has made debt and external financing costs for capital expenditures more difficult and costly to secure. The City moved quickly, though, in advance of these interest rate increases, issuing the last tranche of General Obligation bonds in February 2022 to secure the low interest rate of 2.585%. Even with funding available for critical items, supply chain troubles have intensified, increasing lead time and pricing. The City has experienced multiple cancellations of vehicle orders due to lack of availability. Likewise, as labor and material costs increase quickly, multiple vendors have canceled contracts because they were unable to honor the pricing previously provided. Others have requested contract amendments to increase pricing.

These challenges are not expected to subside during the 2023 fiscal year. Nevertheless, many favorable tailwinds have worked in Oakland Park's favor as the proposed budget was developed. 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 2023 marks ten years of consecutive growth in the City's tax base and the total taxable value now stands at \$4.5 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. New infrastructure creates new operating expenses that must be funded in order to properly maintain our investments. Operating costs for departments increase over time and capital equipment, such as vehicles and machinery, must be replaced as it reaches the end of its useful lifespan. We have made responsible compensation commitments to our employees to achieve competitive salaries. Labor contracts with the City bargaining units

have provided wage adjustments and new benefits, including the conversion of firefighter employees from the less stable local pension plan to the Florida Retirement System and the implementation of a Step Plan.

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 assessments are collected as separate lines on property tax bills and 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.

For FY 2022, the City Commission approved the implementation of a new fire assessment rate schedule based on the results of a fire assessment rate study. The study showed that the cost of fire suppression services had increased by \$1.4 million since the last rate adjustment. A fire assessment rate of \$251 per residential unit was approved, an increase of \$52 from the prior rate of \$199. The rate remained well below the \$311 average rate charged by other Broward County jurisdictions. To help those most in need, the Commission approved a new fire assessment exemption on residential, homesteaded properties identified by the Broward County Property Appraiser as receiving low-income senior property tax exemptions or total/permanent disability property tax exemptions. This results in over 700 of Oakland Park's homeowners, many on fixed incomes, receiving savings of \$251 on their tax bills. **The Recommended Budget proposes no adjustments to the Fire Assessment rate (\$251 per residential unit).**

The Recommended Budget proposes a Stormwater Assessment rate of \$114 per equivalent residential unit (ERU), an increase of \$30. This is the first-rate adjustment since 2016, at which time a rate of \$84 per ERU was adopted. This is also only the second increase in the fee since 2003, at which time a rate of \$72 was adopted. As noted in last year's message, adjustment to this rate was anticipated based on the results of the Stormwater Master Plan. This plan, and corresponding financial analysis, were presented to the City Commission in June and outlined over \$45 million in new drainage and stormwater management projects to be considered over the next 15 years. As noted in Master Plan's presentation, future adjustments to the rate will be needed to provide the financial capacity to fund infrastructure projects planned for the future.

The City's Solid Waste Fund provides residential and commercial services in Oakland Park. Residential customers are charged for services through a special assessment placed on the property tax bill. Commercial customers are billed monthly for services. The City's solid waste rates remain well below 2012 levels (\$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. As shown in the 2017 Solid Waste Study, these rate decreases were not sustainable. Costs are far greater than they were in FY 2013 and the FY 2022 budget included funding for a new Solid Waste Rate Study. The results of this study were presented to Commission in June and showed that the current rate structure is not supportable and would result in complete exhaustion of the Solid Waste Fund's reserves in the near future. **An increase of \$25.50 per year is recommended for the Residential Solid Waste Assessment, increasing the rate from \$255 per residential unit to \$280.50. A corresponding 10% increase is proposed for commercial rates.**

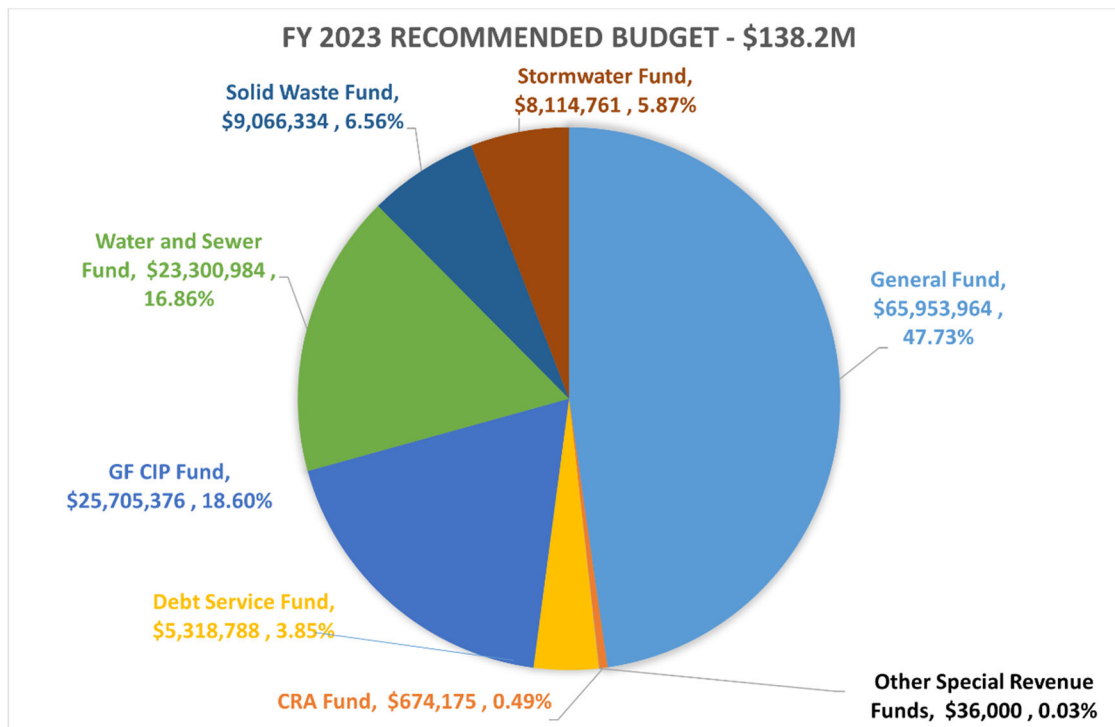
Oakland Park purchases water from Fort Lauderdale, which completed a rate study in 2019 and implemented a new rate structure. As part of the new structure, Fort Lauderdale levied a 25% surcharge on water sales to Oakland Park. Such charges had never been previously levied on water purchases and were not contemplated in the existing water agreement between the two cities. Oakland Park disputed these charges. After long negotiations to resolve this issue, both cities jointly funded a consultant to help achieve a mutually agreeable solution. A new water agreement with Fort Lauderdale has been drafted and will be considered by Commission this year. The draft agreement provides for a multi-year phasing of a surcharge, which will be capped at 12.5% rather than the 25% originally imposed by Fort Lauderdale. A new wastewater processing agreement with Fort Lauderdale has been approved by Commission, which did not include new fees or charges. With new agreements for both water and sewer, Oakland Park is now able to prepare its own Water and Sewer Master Plan, which is included as an initiative for FY 2023.

One of the most historic signs of the City's continued progress is the City's facility modernization campaign. 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 (Series 2020). As interest rates looked to rise, the City moved quickly to sell the remaining bonds to secure low interest rates; in February 2022, the last \$14 million in bonds were sold as Series 2022. These bonds again were rated as "AA" by Standard and Poor's. The proceeds from the 2020 and 2022 Series are being utilized to fund Oakland Park's **Building Our Second Century** program.

The Series 2020 general obligation bond debt service to be paid next fiscal year is approximately \$2.0 million which will require that a debt service millage of 0.4628 mills be adopted. With the sale of bonds this year, an additional debt millage rate must also be adopted to fund the new principal and interest costs. **The required debt service millage for Series 2022 is 0.2344 mills.** The Commission is required to adopt each debt service millage rate separately. 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. With all bonds sold, the cost to the median single, family home is approximately \$8.11 a month. This is consistent with the 2018 general obligation bond education program, which estimated the total impact as being less than \$10.00 a month.

All of the above rates provide major funding components for the proposed budget. The Recommended Budget for all funds is \$138.2 million, which is \$10.3 million more than the FY 2022 Adopted Budget of \$127.9 million, an 8.0% increase. The breakdown of funds is as follows:



The largest fund is the City's general fund, which has a budget of \$66.0 million, an increase of \$3.0 million over FY 2022. Much of this increase is attributed to growing public safety costs, projected increases in property and health insurance premiums, approved increases in wages and benefits, and new business plan initiatives. The general fund budget also includes \$3.5 million in transfers to other funds, including \$0.7 million to the Capital Improvement Program (CIP) fund for various projects, \$2.3 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 \$0.1 million over FY 2022. The City's Governmental Funds Capital Improvement Program fund (CF CIP), which only reflects governmental-type projects, is \$25.7 million, or 19% of the total budget. This is similar to the FY 2022 Adopted Budget of

\$26.0 million, which itself was a \$15.8 million, or 155%, increase over FY 2021's budget of \$10.2 million. 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 \$23.3 million, Solid Waste \$9.1 million, and Stormwater \$8.1 million. The Water-Sewer fund remains largely flat with a \$0.6 million increase. The Solid Waste Fund is increasing by \$1.7 million, which reflects a planned \$1.3 million vehicle replacement program to be funded through a loan. The Stormwater Fund is increasing by \$4.0 million, or 98% - this increase is entirely attributable to a sizable increase in capital projects contemplated for FY 2023.

On July 20th, 2022, the City Commission will adopt a preliminary operating millage, preliminary debt service millage rates, and preliminary special assessment rates. These rates are sent to the Broward County Property Appraiser. Oakland Park's rates, and those of other governments, will appear as separate lines on the TRIM ("Truth-in-Millage") notices sent to property owners in August, which will provide their estimated financial impact.

The Commission will adopt a preliminary operating millage rate and two preliminary debt service millage rates to pay for the 2020 Series and 2022 Series bonds. The proposed budget lowers the operating millage rate from 5.8890 to 5.8550 mills, a 0.0340 mill reduction. Despite a reduction in the millage rate, growing property values mean that the median homesteaded single-family residence will see an increase of \$27.77, or 3.52%, increase in operating property tax over last year. This change is below the reported 7% increase in CPI. The debt service millage rate for the 2020 Series bonds is 0.4628 mills and the rate for the 2022 Series bonds is 0.2344 mills. With these debt service rates, there will be a \$24.76 increase in the total annual debt service cost paid through the tax bill by the median home.

Oakland Park's millage structure remains competitive and can be favorably compared to our peer cities. In Broward County, there are nine cities with populations between 30,000 and 60,000. If all operating and debt rates are combined, the average millage rate among these cities is 6.8792 mills, which is 0.3270 mills higher than Oakland Park's combined millage rate of 6.5522. Among cities closest to our size, the lowest millage rate is Parkland at 4.2979 mills and the highest is Lauderdale Lakes at 9.6950 mills. Oakland Park is comfortably in the middle, with the fifth-lowest combined millage rate.

The City Commission will also adopt tentative rates for the three non-ad valorem special assessments on July 20. To ensure the financial stability of the Solid Waste Fund, a \$25.50 increase in the residential solid waste assessment is recommended (\$280.50 for FY 2023). No change is recommended to the fire assessment rate (\$251 for FY 2023). As the first part of implementing the City's new Storm Water Master Plan, a \$30 adjustment to the stormwater assessment rate is recommended (\$114 for FY 2023).

For the median homesteaded single-family property, these recommended changes in the millage and assessment rates would result in a total increase on the TRIM notice of \$108.03, or 7.44% over last year. This is roughly the equivalent of \$9.00 a month.

In recent 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. We can see the tangible results of these efforts as we pedal along the green bike lanes on our newly beautified corridors, take walks through the Stunson Nature Trail, shop at new organic markets, or watch the construction cranes at work. **Change is taking shape, Oakland Park is on the rise.**

At \$138.2 million in size, the recommended budget for FY 2023 is Oakland Park's largest and most ambitious budget in history. The following pages provide the context and background for understanding the opportunities, challenges, and variables that were considered when developing this exciting plan for the 2023 fiscal year.

Strategic & Business Plan

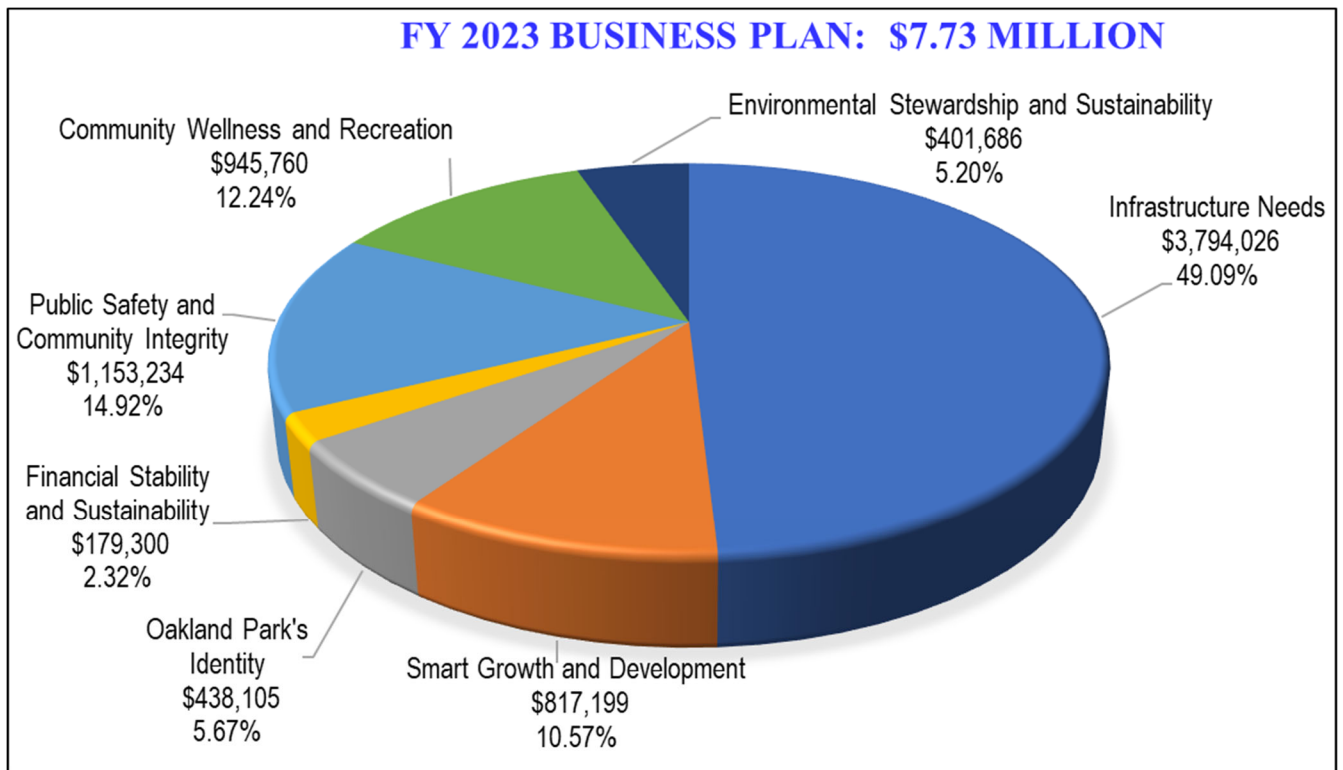
The Strategic Plan is a tool to help guide the long-term direction of the City. The Strategic Plan identifies specific Strategic Performance Areas, or long-term goals for Oakland Park. These Strategic Performance Areas drive the budget's annual business plan initiatives.

In October 2021, the City Commission held a Strategic Planning Workshop at the Jaco Pastorius Community Center. During this public workshop, Dr. Robert Lee facilitated a Commission review and discussion of the Strategic Plan's Strategic Performance Areas. Various updates and additions to these performance areas were considered and staff were directed to revise the strategic plan based on the Commission consensus reached during the workshop. A recording of the workshop is available for viewing on the City's [website](#). This revised strategic plan was approved by the City Commission in January 2022 and made the following changes to the strategic performance areas:

FY 2022 Performance Areas	FY 2023 Performance Areas
Financial Stability and Sustainability	No change
Infrastructure Needs	No Change
Smart Growth, Redevelopment, and Community Appearance	Smart Growth and Development
Parks, Leisure Facilities, and Activities	Community Wellness & Recreation
Public Safety and Security	Public Safety and Community Integrity
Focus on Oakland Park's Image	Oakland Park's Identity
N/A	Environmental Stewardship and Sustainability

As shown above, the Commission created a new, seventh strategic performance area: Environmental Stewardship and Sustainability. This new performance area emphasizes environmental issues, improved resiliency, and promotes sustainable practices both in City operations and within our community. Other changes included an increased focus on establishing a wholistic view of inclusivity and promoting community wellness. A balanced approach to growth and development was articulated that focuses on the need to ensure diverse and affordable housing options are available while promoting economic opportunities throughout the City.

The Recommended Budget for FY 2023 is the first budget developed using the revised Strategic Plan. The proposed budget includes over \$7.7 million in new business plan initiatives. A summary of these initiatives for next year is provided below:



Infrastructure Needs

The proposed operating budget includes seventy-five separate initiatives and capital expenditures valued at \$3.8 million. Highlights of the operating program include funding for Water & Sewer Master Plan, a new Landscape Designer position in the Engineering Division, continued support for the City's Americans with Disabilities Act Transition Plan

development, another phase of planned upgrades to City computer workstations, \$2.5 million in vehicle replacements, an inflow & infiltration study, continued expansion of the asset management software for Public Works, additional landscape replacements in North Andrews Gardens, includes funding for maintenance of Prospect Road and NW 21st Avenue medians, and enhanced street cleaning to reduce garbage and debris entering the City's drainage systems. In addition to these operating budget initiatives, the City's Capital Improvement Program for infrastructure is valued at \$30.2 million, with much of the work driven by the Building Our Second Century facilities program, mobility improvements, and drainage enhancements.

Infrastructure Needs

Effective management of the City's infrastructure is necessary for the sustainable economic and social vitality of the City.

To accomplish this, the City will provide quality management of its utilities (potable water, sanitary sewers, stormwater drainage, and solid waste) and provide safe, accessible public facilities and transportation systems.

Financial Stability & Sustainability

The proposed operating budget contains five business plan initiatives, valued at \$0.2 million. These include the continued support of online utility billing payments for customers by absorbing all convenience fee charges, grant writing and management services, new contract management software, and funding to begin the design and

implementation of an interactive voice response system for the Utility Billing Division, allowing customers to make payments over the phone. The planned Water & Sewer Master Plan will also include a financial review of the City's own water and sewer rates. The budget's development as a whole is intended to advance this performance area. The proposed budget maintains fund balance at 20% of General Fund expenditures by the end of the year and proposes the eighth reduction in the millage rate within a nine-year period. The budget adjusts the stormwater assessment rate from \$84 to \$114 as part of the long-term implementation of the Stormwater Master Plan and increases the solid waste assessment rate from \$255 to \$280.50 in accordance with the recently completed rate study.

Financial Stability and Sustainability

The fiscal viability of the City is the foundation upon which all other activities are supported.

To accomplish this, the City will develop and maintain a structurally balanced budget and provide transparency for all financial transactions, including an accessible budget summary written in plain language.

Smart Growth and Development

The FY 2023 budget contains twenty different initiatives valued at \$0.8 million. These initiatives include funding for West Oakland Park Boulevard Planning, enhanced overtime for permitting due to the volume of new construction, and a new Business License Coordinator position with Community Enhancement to support the outdoor storage ordinance, massage parlor regulations, certificate of use programs, and new sign code revisions. New funding for community outreach efforts on City regulations is included, as is continued support for the CRA's **Find It In Oakland Park** campaign, new money for business incentive grants, and additional marketing and branding of the City to attract new businesses and investors. The budget also includes funding to support new CRA strategic plan initiatives to be developed as part of the Agency's new five-year plan.

Smart Growth and Development

A balanced, coordinated citywide approach to growth and redevelopment, including the availability of diverse and affordable housing options, is critical to the City's sustainability and the well-being of the community.

To accomplish this, the City will consider the impact of development on the City as a whole and engage the community to participate in the development process and expand economic opportunities in every part of the City.

Public Safety and Community Integrity

The proposed budget contains \$1.2 million in funding for forty-two different business plan initiatives to support Public Safety and Community Integrity. This includes funding for a new Fire Department Operations Study, new initiatives to reduce overtime, \$0.3 million in new capital equipment, and three vehicles, including an incident response command vehicle. The budget also includes funding for the multiple wage increases required in this second year of the City's current labor agreement with firefighters. A 4.8% increase in the Sheriff's contract is accommodated within the budget. The City has also applied for a Community Orientated Policing Services (COPS) grant that would provide partial funding to create a new deputy sheriff position for the Oakland Park BSO District. The Information Technology Services Division budget includes additional initiatives to improve cybersecurity, enhance firewalls, and integrate the City's cameras into the BSO "Real Time Crime Center" system. Additional funding is provided to fund the distribution of hurricane kits to vulnerable residents. The CIP also contains a variety of projects related to public safety, including the start of construction on Fire Station 9.

Public Safety and Community Integrity

Protecting the integrity and safety of neighborhoods, businesses, and activity centers is a vital priority for the City and must never be compromised.

To accomplish this, the City will collaborate with available civic resources to maintain and enhance Police, Fire-Rescue, and Emergency Management Services, and will provide effective zoning and community enhancement in a manner that prioritizes public safety, improves aesthetics, and supports the diversity of our community.

Community Wellness and Recreation

Forty different business plan initiatives, valued at \$1.0 million, are included in the proposed budget to promote Community Wellness and Recreation. This includes new funding for a food-distribution program to support vulnerable residents, a new grant-funded afterschool tutoring program, and outdoor programming at City parks. Support for National Neighborhood Day is included, as is

funding to promote Little Free Libraries in Oakland Park. Financial aid packages for youth sports and childcare are maintained, as is funding for the City's Tree Give Away events. The special events budget contemplates the return of all City events. An automatic increase of the Parks Impact Fee paid by new residential development is scheduled for November 2022, which will provide additional funding to support efforts to increase recreational amenities in the City.

Community Wellness and Recreation

A well-developed, diversely located, parks and recreation system provides a positive contribution to the overall quality of life in the City.

To accomplish this, the City will focus attention on health and wellness programs and activities that consider residents of all ages and needs in a manner that creates an inclusive, holistic, positive, and health-conscious identity among residents.

Oakland Park's Identity

There are twenty-three different initiatives planned for FY 2023, which together are valued at \$0.4 million. These include various improvements to the City's agenda system, ADA review of the City's website, new resident welcome packages, and continued support of news publications sent to every Oakland Park household. The City will continue to support a retirement incentive program for employees,

encouraging them to invest in optional retirement programs, tuition reimbursement to support educational attainment, employee coaching to provide guidance, and continued investment in the vital Diversity Ambassador Program. The City will again host an Annual City Birthday Party Event to celebrate advisory board members, volunteers, and staff, while also including support for the many groundbreakings and ribbon cutting ceremonies expected next year. The capital budget also continues and expands funding for the recently redesigned City monument signs, in addition to the implementation of City entryway signage.

Oakland Park's Identity

Developing and maintaining a unified, positive identity with an overall sense of pride is necessary for the City to be a desirable place to live, work, and play.

To accomplish this, the City will allocate resources to proactively market the positive attributes of the community and will continue to improve the aesthetics of City property and right-of-ways and encourage private property owners to keep and maintain their own properties with care and pride.

Environmental Stewardship and Sustainability

For FY 2023, this newest addition to the City's strategic performance areas has eleven planned initiatives, which together are valued at \$0.4 million. This includes the City's portion of the Solid Waste Disposal Authority, an Iguana Removal Program to limit the impact of this invasive species in parks, and vegetation management at the Stunson Nature Trail and Lakeside Sandpine Preserve. Additional aquatic plantings are planned to support local bodies of water. Funds for new public outreach on drainage issues and the effects of sea-level rise are included. The budget maintains the existing Toilet Rebate Program, but also includes funding for new water conservation promotions and outreach. Many of these efforts will be assisted by a new Environmental Sustainability Coordinator position within the Public Works Department, who assist in the development and implementation of sustainability initiatives.

Environmental Stewardship and Sustainability

Development of City policy should consider the environmental and sustainability issues that are impacted by policy decisions.

To accomplish this, the City will foster resilience and environmental stewardship and promote sustainability to preserve and enhance our natural environment.

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 same document.

FY 23 Recommended Budget Summaries by Fund

The following table summarizes the FY 23 Recommended Budget by fund (in \$ millions) and compares it to the adopted budget for FY 22. A comprehensive budgetary summary of all funds by division is attached hereto as Exhibit A of this message and a higher-level fund summary is below:

Fund Description	FY 22 Adopted	FY 23 Recomm.
General Fund	63.0	66.0
Community Redevelopment Agency (CRA) Fund	0.7	0.7
Debt Service Fund	4.0	5.3
Other Special Revenue Funds	0.0	0.0
Governmental Funds Capital Imp. Plan Fund*	26.0	25.7
Water & Sewer Fund	22.7	23.3
Solid Waste Fund	7.4	9.1
Stormwater Fund	4.1	8.1
Total Budget (in \$Millions)	127.9	138.2

*The Governmental Funds 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 2023 General Fund is \$66.0 million.

The Recommended General Fund Budget anticipates revenues of \$61.2 million and the below summary shows changes in the general revenue categories of the City:

Fund Description	FY 22 Adopted	FY 23 Recom.	\$ Change	% Change
Property Tax	\$22,338,631	\$25,041,777	\$2,703,145	12%
Other Taxes	\$8,026,129	\$8,092,916	\$66,787	1%
Fire Assessment	\$6,735,074	\$6,704,786	(\$30,288)	0%
Permits & Fees	\$6,048,241	\$7,270,987	\$1,222,746	0%
Intergovernmental Revenue	\$4,388,370	\$5,030,302	\$641,932	15%
Charges for Services	\$8,368,556	\$7,898,963	(\$469,593)	-6%
Judgment Fines & Forfeitures	\$364,500	\$285,000	(\$79,500)	-22%
Miscellaneous Revenues	\$428,697	\$513,454	\$84,757	20%
Debt/Transfers/Other	\$2,500,000	\$325,647	(\$2,174,353)	-87%
Total Budget (in \$Millions)	\$59,198,198	\$61,163,832	\$1,965,634	3%

As shown, there is a \$2.0 million increase in revenue, or 3% increase compared to FY 2022's Adopted Budget. Property tax is anticipated to increase by \$2.7 million. Building and permitting fees are expected to increase by \$1.2 million due to the volume of activity, but State law restricts the use of these revenues and they can only be used to pay building, permitting, and inspection costs. Intergovernmental revenues are anticipated to grow by \$0.6 million; this category includes revenues provided to the City through the State, such as the Half Cent Sales Tax. This increase helps offset a decline in Charges for Services of \$0.5 million due to an increase in non-payment of EMS transport fees. A small and temporary decrease in the fire assessment is caused by the demolition of the former K-mart building; revenues are expected to increase after the completion of RAM's Blys mixed-use development on the same site. Code enforcement and court fines have continued to decline, primarily due to increased and earlier compliance. It should be noted that approximately \$0.3 million of General Fund revenues represent the use of debt obtained in FY 2022 to purchase equipment and vehicle purchases that could not be purchased earlier due to vendor supply issues.

Many of the City's revenue streams are tied to general economic activity, such as utility tax revenues, sales taxes, etc., and they had reached a "revenue plateau" and were stagnating prior to COVID-19. These same accounts experienced major declines due to COVID-19 and the resultant disruption to economic activity. These accounts experienced improvements over the

course of FY 2021 and into FY 2022 as the economic effects of pandemic conditions have lessened. Nonetheless, the long-term prospect for continued growth is limited and declines in these revenues are possible if the elevated levels of inflation and high fuel prices reduce consumer spending.

Property tax continues to represent the single largest source of revenue for the General Fund, providing 38% 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 tenth time since 2007. The City's total tax base is now \$4.5 billion and exceeds the pre-recession peak of \$3.54 billion. The increase over last year was \$0.53 billion, an increase of 13.3%. This was the eighth highest increase among all Broward County cities, with the countywide increase being 11.65%. The magnitude of the increase is the largest in Oakland Park's history, exceeding the \$0.35 billion increase in FY 2007. It should be noted that this prior peak increase immediately preceded the collapse of the real estate market and five years of major declines in the property tax base, totaling \$1.44 billion, or 41% of the total base.

New construction is expected to help bolster the property tax base in the coming years. Construction cranes abound throughout Oakland Park and the City's permitting division has never been busier. The Oaklyn, Blys, Oak Tree, Ceiba, and Sky Building projects are all in construction or permitting and together represent hundreds of millions in new construction that will expand the City's property tax base in coming years.

The property tax roll of Oakland Park does not represent the market value of properties in the City. While the tax base of Oakland Park is now \$4.5 billion, the Property Appraiser shows a market value of over \$7.0 billion. The difference in the market value and the taxable value is due to the State's various property tax exemptions and the Save-Our-Homes law. The most common exemption is the "homestead" exemption for owner-occupied residential properties; this exemption provides a \$50,000 reduction in the taxable value of a home. Under the Save-Our-Homes law, the growth in the taxable value for homesteaded properties is also limited to the lesser of 3% or the change in the consumer price index (CPI). For this year, the increase in the CPI was 7.0%, meaning that the growth in the taxable value of homesteaded properties will be limited to 3%. The City has approximately 15,432 single-family homes, townhomes, and condominiums; of these, 61% are homesteaded. The market value of these properties is approximately \$4.4 billion; the combined effect of the Save-Our-Homes law and property tax exemptions reduces the taxable value of these properties to \$2.3 billion, a \$2.1 billion differential.

City taxes only comprise a small portion of what appears on residents' tax bills; about a third of the tax bill represents the City levy and the rest is paid to separate taxing authorities, including 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 reduced millage each year during that period.** Those reductions were not drastic, nor did they inhibit the ability of the City to 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.

During the COVID-19 pandemic, many members of our community were unemployed or underemployed and our local businesses struggled. Although revenues were decreasing, maintaining the existing millage rate would have created an additional burden on our community as the taxable values of properties 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. The FY 2022 budget continued the operating millage rate reduction, with the rate reduced to 5.8890 mills.

For FY 2023, the proposed operating millage rate is 5.8550, a reduction of .0340 mills. This is the City's lowest operating millage rate in twelve years and the eighth reduction in the past nine years. The recommended millage rate is expected to generate \$25.04 million in property tax revenue to fund the general operations of the City. The recommended millage is 11.60% greater than the calculated rolled-back rate of 5.2464 and generates an additional \$2.6 million over the rolled-back rate.

Another 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 total 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. Fire assessment studies are conducted on a regular basis to ensure the costs of fire suppression are appropriately allocated. Based on changes in the proportional demand for fire services among the different property classes, adjustments to the rate schedule are required to ensure revenue collection is proportional to service demand by class. Rates also change to reflect the cost of providing these services. In FY 2022, the Commission approved the recommendations presented as part of the 2021 fire assessment study. This increased the \$199 annual residential rate set in FY 2017 to \$251. This increased rate was primarily a reflection of the increased cost of equipment replacement, training, wage increases, staffing increases, and the considerable

additional expense of converting to the Florida Retirement System. The average rate charged by other Broward cities exceeds \$300 a year. As part of the FY 2022 budget, the Commission adopted a policy to 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. Over 700 properties have qualified for this exemption.

The proposed FY 2023 budget maintains the existing fire assessment rate structure; the rate of \$251 per residential unit remains unchanged. Costs for the Fire-Rescue Department continue to grow, with the cost of equipment increasing and the most recent labor agreement providing substantial salary increases and new benefits. The fire assessment rates for FY 2024 will take into consideration these growing costs to ensure that proper funding exists to meet the operational needs of the critical fire suppression functions of the Department.

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 \$18.1 million, a \$0.8 million, or 4.8%, increase over FY 2022. 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, but the majority of cost increases relate to rising personnel costs. The Fire-Rescue Department's budget has decreased from \$14.9 million to \$13.9 million. This reduction is due to a \$2.4 million debt-funded capital program that was included in the FY 2022 budget, which included the purchase of rescue transports, a fire ladder truck, an incident command vehicle, and various equipment replacements. The non-capital portions of the department's budget (personnel and operating costs) have increased by \$0.7 million.

Personnel costs are the largest component of expenses within the General Fund. FY 2023 is the second of the two-year labor contracts that were approved by the Commission. General employees (non-public safety) are receiving 3% wage adjustments in October and all position grades are increasing by 3%, which raises the minimum and maximum pay rates for all non-public safety positions. Fire union employees are receiving the equivalent of a 9% raise during FY 2023. The wage costs are expected to increase by approximately \$0.8 million. Other personnel costs are also growing, with the required employer contribution rate for all Florida Retirement System members increasing. Health insurance costs are expected to increase by 16%, a \$0.3 million cost. A \$0.2 million, or 20%, increase in the cost of other insurances, such as worker's compensation and general property, is anticipated.

Two additional positions are contemplated to be added to the General Fund and a third new position will be partially attributed to the fund. A Landscape Designer is proposed for the Engineering Division to coordinate to provide the in-house expertise needed to design and oversee the development of landscape elements within the many projects contemplated in the CIP. The Business License Coordinator will be housed in the Community Enhancement Division and will assist with the outreach and compliance efforts needed to successfully administer the City's various business regulations. The Environmental Sustainability Coordinator will work within the Public Works Department and will coordinate and assist with the implementation of the Climate Action Plan and develop strategies for implementing and managing sustainability initiatives and programs. The total cost of these positions to the General Fund is \$0.2 million. Total General Fund staffing would increase from 252.65 to 254.9 positions.

The cost of operations has increased for the General Fund. As the costs of labor, gas, and materials grow, vendor pricing increases have become common. On an individual level, these increases are often minimal, but the aggregate of these increases elevates the cost maintaining existing operations and levels of service. For example, the Commission approved renewals in 2022 for the Parks and Leisure Services Department's Youth Day rides, holiday lighting, and crossing guard contracts; just these three renewals together result in approximately \$100,000 in new costs for FY 2023. As the City continues to invest in new projects, maintenance costs will continue to grow. Examples of this include the additional landscaping enhancements currently underway on NW 21st Avenue and the costs of operating and maintaining the amenities included in City Park Phase 1, such as the splash pad, playground, pickleball courts, and concessions building.

The General Fund not only supports the majority of governmental functions in the City, it also transfers a sizable portion of its revenues to other funds. Proposed transfers are as follows:

General Fund Transfer	FY 22 Adopted	FY 23 Proposed	\$ Change	% Change
To CIP	\$839,936	\$660,000	-\$179,936	-21.4%
To Debt Service*	\$2,019,647	\$2,336,916	\$317,269	15.7%
To CRA	\$556,566	\$549,583	-\$6,983	-1.3%
Total	\$3,416,149	\$3,546,499	\$130,350	3.82%

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

The transfers from the General Fund to other funds have increased by approximately \$0.1 million. The transfer to the debt service fund has been increased by \$0.3 million and is needed to pay the annual principal and interest payments of loans issued in FY 2022. The CRA transfer remains flat and maintains existing programs and incentives. The CIP transfer has been reduced by \$0.2

million. CIP projects funded by the transfer include renovations to the Dillon Tennis Center's clay courts, interior design of the City Hall area in the Sky Building, Dog Park improvements, additional funding for neighbor entryway signs, design for potential grant-funded improvements at Royal Palm Park, and construction funding for new entryway/welcome signage. These projects are discussed in depth as part of the Capital Improvement Program Plan section in this document.

Total General Fund expenditures are \$66.0 million and total revenues are anticipated to be \$61.2 million, \$4.8 million in available fund balance is being utilized to balance the budget. This level of utilization is forecast to maintain the City's reserves at 20.87% of General Fund expenditures. This is within the City policy of maintaining reserves within a range of 20 to 25% of general fund expenditures.

Community Redevelopment Agency (CRA) Fund

In recent years, the Community Redevelopment Agency has helped revitalize Oakland Park and spur new interest in redevelopment. During FY 2017, the City Commission approved a new 5-year strategic plan for the CRA, and the subsequent budgets reflected continued efforts to accomplish the strategic plan's goals by funding initiatives, innovative projects, and studies. These efforts have attracted new development, promoted redevelopment, and stimulated new economic activity and investment 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 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.



In 2021, the City's longstanding efforts to modify the terms of the Redevelopment Capital Program were achieved. Oakland Park received \$4.8 million through 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 had successfully converted a portion of these loans, but the program did not provide credit for the financial impact of these investments after 2026, meaning that Oakland Park was not getting full credit for major projects that occurred within the CRA. 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. By September 2021, the County had finished the review of Oakland Park's final conversion package and all outstanding loans were successfully converted to grants, producing an annual savings of \$200,000 and a total estimated savings of \$3.2 million that otherwise would have been paid as principal and interest.

FY 2022 was a momentous year for the CRA, that culminated in a months-long process to find the right partner to redevelop Oakland Park's City Hall and adjacent parcels into a new, transformative mixed-use development that will redefine the City's downtown, in addition to setting the stage for a future commuter rail platform. The magnitude and complexity of this effort cannot be overstated, from the preparation of the solicitation and marketing material, the review of proposals, and ongoing negotiations with the top-ranked developer. A purchase and sale agreement and a development agreement with the Horizon of Oakland Park, LLC (a joint venture of Kaufman Lynn and the Falcone Group) will be considered by the Commission this summer. FY 2022 also included funding for an update of the CRA's 5-year strategic plan. This update was awarded by Commission to R. Miller Consulting, the CRA's primary consultant. R. Miller Consulting has been one of the core team members for the downtown properties redevelopment efforts. Due to the intensity of those activities, the updates to the CRA's strategic plan were put on hold but are expected to resume before the end of FY 2022.

The FY 2023 budget for the CRA is \$0.7 million, the same size as the FY 2022 budget. Funding for existing programming is maintained, such as Find It In Oakland Park (\$25,000) and the Business Incentive Grants program (\$90,000). New initiatives include \$10,000 for the development of new reporting functionality in the City's Energov system to better analyze and track business development and development activities within the CRA. As FY 2023 will be the first year of the new CRA strategic plan, the budget also includes \$95,000 to fund new strategic plan initiatives, with the specific use to be determined as the strategic plan is developed.

The Sky Building has reached the permitting phase. Located on the westside of the intersection at Dixie Highway and Park Lane, the Sky Building project is an exciting mixed-use, public-private partnership that will



deliver structured parking, retail, and affordable housing. As part of the partnership to develop these two previously vacant City properties, the Commission has approved a long-term lease for space within the Sky Building; this space will be the new home for Oakland Park's City Hall. Spatial planning for the City Hall area has begun and the proposed CIP for FY 2023 includes \$200,000 for the architectural design.

The CRA will coordinate the West Dixie Side Streets capital improvement project. This project, which is within the CIP budget, will use \$525,000 in American Rescue Plan Act funding to install and improve sidewalks, raise paver brick areas, enhance lighting, and add landscaping to the downtown area west of Dixie Highway. Other capital projects within the CRA area include a \$1.2 million renovation to Carter Woodson Park and sidewalk projects within the Lloyd Estates neighborhood and within the proximity of Oakland Park Elementary.

Unlike most traditional CRA organizations, Oakland Park's CRA is not funded by tax-increment financing. Regular operational expenses are funded almost entirely by transfers from 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.

Expenditures in the CRA for FY 2023 total \$674,175, of which \$549,583 is funded through transfers from the General Fund. The remaining expenditures are funded by the CRA's rental and 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 pays all principal and interest payments for all City debt other than debt related to the Enterprise Funds (Water & Sewer, Solid Waste, and Stormwater). The City utilizes debt for the acquisition of vehicles, municipal facilities and buildings, property acquisition, and the development and upgrading recreational amenities. The proposed debt service budget for FY 2023 is \$5.3 million an increase of \$1.3 million over FY 2022. The increase is directly related to

two new debt issuances that occurred during FY 2022. The first being the issuance of the final \$14 million tranche in general obligations bonds resulted in \$1.0 million in new debt servicing costs. The second being a \$3.2 million loan with Webster Bank to fund the non-Enterprise Fund portion of the Public Works Facility, with a servicing cost of approximately \$0.25 million a year.

The Debt Service Fund has two primary sources of revenue: transfers from the general fund and the proceeds from levying the City's voter-approved debt service property tax. The City's debt service property tax 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 anticipated 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. Each specific tranche is supported by a separate debt service property tax stream, meaning that the City Commission adopts a separate debt service millage rate for each tranche that has been sold. Voter-approved debt millage is separate and distinct from the operating millage used to support the General Fund and the operating millage and debt service millage appear as separate lines on the TRIM notices sent to properties by the Broward County Property Appraiser in August.

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 its 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 annual cost of the combined principal and interest payments is approximately \$2.0 million, which is the same as last fiscal year. The City Commission is required to adopt a debt service millage to pay these costs. The 2020 Series General Obligation Bond debt service millage rate for FY 2023 is 0.4628.

Given the changes occurring in the market and the high likelihood of large interest rate increases, the City worked quickly and diligently to prepare the sale of the remaining \$14 million in General Obligation Bonds. This second and final tranche was issued in February 2022. Standard and Poor's affirmed the City's strong "AA" credit rating and the sale was again oversubscribed, with

\$24 million in orders placed for the \$14 million in bonds available. The bonds were sold at a total interest cost at the low effective rate of 2.585% over the twenty-year lifespan of the bonds. The annual cost of the combined principal and interest payments is approximately \$1.0 million; the FY 2023 budget is the first year these costs will be paid. The City Commission is required to adopt a debt service millage to pay these costs. The 2022 Series General Obligation Bond debt service millage rate for FY 2023 is 0.2344.

The combined debt service millage rate of the 2020 Series (0.4628 mills) and 2022 Series (0.2344 mills) is 0.6972 mills. As part of the education and community outreach on the then proposed bond program that occurred during 2018, the City estimated that the monthly cost of the bonds once fully issued would be less than \$10 a month to the median, homesteaded single-family home. With all bonds issued, the cost is \$97.31 a year, or \$8.11 a month – a result that is significantly better than the estimates provided to the public! The \$97.31 annual cost is a \$24.76 increase over FY 2022, which is fully attributable to the new servicing costs of the 2022 Series. With all bonds issued, total debt service on the General Obligation Bonds will remain approximately \$3.0 million each budget year until each separate series ends. Changes in future debt service millage rates will be driven primarily by changes in the property tax base; increases in the property tax base will lower the millage rates needed to support the debt, whereas decreases in the property tax base will raise the millage rates needed to support the debt.

During FY 2022, overall non-general obligation debt increased due to the issuance of two loans. The FY 2022 budget was adopted with the plan to secure a mid-term \$2.5 million loan for vehicles and capital equipment; when this loan was competitively bid, the City was able to secure a very favorable interest rate of 1.31%. Due to the low borrowing costs, the City increased the value of the loan to \$3.0 million, utilizing the additional funding for Fire-Rescue capital equipment and other departmental vehicle replacements. The debt servicing costs remained within the budgeted range of \$0.48 million annually and final payment will be made in July 2028. The second loan was for \$3.2 million with Webster Bank to fund the governmental portion of the Public Works Facility; this long-term loan has an interest rate of 2.28% and will mature in 2037. The annual servicing costs are approximately \$0.25 million. It should be noted that this second loan was not part of the FY 2022 budget but was added midyear to secure lower interest rates before shifts in the market occurred.

As shown above, the City was able to secure very favorable interest rates during FY 2022 by securing financing in advance of major Federal Reserve actions that raised interest rates and thus raise the price of borrowing. Future financing needs are limited, with the only planned issuance being the external financing for the interior construction of the new city hall space as part of the Sky Building project. Any vehicle and capital equipment debt financing 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.

During the July 20, 2022 City Commission meeting, the City Commission will adopt the preliminary debt service millage rates that will appear on TRIM notices sent to Oakland Park property owners. The 2020 Series debt service millage rate for FY 2023 is 0.4628 mills and the 2022 Series debt service millage rate is 0.2344 mills. Tentative and final debt service millage rates will be set during the September budget hearings.

Enterprise Funds

Water & Sewer Fund

The Water and Sewer Fund is the City's largest Enterprise Fund; the fund includes Water and Sewer Divisions of Public Works and the Utility Billing Division of Financial Services. As an Enterprise Fund, it relies entirely on revenues generated by the utility fees paid by the City's water and sewer customers. The utility fees are set to generate sufficient revenue to meet ongoing operational needs and to support capital infrastructure. The Fund also issues bonds and other debt that are secured solely through pledges of water and sewer revenue; these bonds and loans are used to fund major infrastructure projects to improve the water and sewer system. These bonds have their own credit ratings unrelated to the City's general obligation bond credit rating ("AA"). The Water and Sewer Fund's revenue bonds are highly rated: they are rated by Standard and Poor's as "AA" and as "AA-" by Fitch Ratings.

The City's water and sewer utility system does not cover the entire City. Certain areas of the City are outside Oakland Park's service area and residents and businesses in those areas are direct customers of either Fort Lauderdale or Broward County. These areas are typically ones that were annexed into Oakland Park after they were already built and were already part of an existing utility system. An example of this is North Andrews Gardens, which was serviced by Broward County before and remains within Broward County's service area.

The overall Water & Sewer Fund budget for FY 2023 is \$23.3 million, an increase of \$0.6 million from the FY 2022 adopted budget. This \$0.6 million increase is due to the new annual debt service cost of the recently approved \$8.2 million loan with Webster Bank, proceeds of which will be utilized to fund the water and sewer portion of the planned Public Works Facility.

Promoting water conservation and sustainability remains a paramount priority and funding is provided in the budget to promote water conservation measures, with \$12,000 for new outreach programming, \$7,500 for maintaining existing the low-flow toilet rebate program, and \$25,000

for the development of new conservation promotions and incentives. The administration of these conservation efforts will be assisted by a new Environmental Sustainability Coordinator position, which will be partially funded through water and sewer revenues. Additional funding is also allocated as part of the ongoing implementation of the Commission-approved asset management software (\$12,653). The FY 2022 budget included funding for the purchase of a grouting trailer, which will allow City staff to perform targeted relining of wastewater pipes experiencing inflow-and-infiltration issues; the FY 2023 proposed budget includes \$40,000 for additional parts and tools for the trailer to improve performance and expand its capabilities. Capital purchases for the next fiscal year include \$305,000 for the replacement of a 2001 backhoe and three trucks with service lives in excess of 15 years. The fund also has \$915,000 in capital infrastructure projects planned, including \$300,000 for additional relining of pipes to reduce inflow-and-infiltration.

Funding is included for the ongoing costs of the Smart Meter Badger Beacon portal, which are estimated to be \$96,000 annually. 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 was presented in 2021 and showed an annual financial benefit of \$1.15 million, an improvement over the prior year. The third-year verification report is currently being prepared, but a similar level of benefit is anticipated. The smart meter system provides tangible benefits both the City and to customers. Using the EyeOnWater phone or web application, customers can track their water usage helping them to monitor and manage their water consumption and to identify potential leaks.

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 in FY 2023 is anticipated to be \$98,300. As more customers shift to convenient online payments, this cost is anticipated to grow. As part of next year's Utility Billing Division, \$50,000 has been added to assist in the development and implementation of an interactive voice response (IVR) system for Utility Billing. IVR is an automated, interactive telephone system that allows customers to securely look up account information and pay bills over the phone 24 hours a day. Although these new methods of payment add costs to the utility system, they also provide City customers with increased flexibility to make payments without the need to mail a check or come to City Hall.

The Water and Sewer Fund does not operate a water plant or a wastewater processing facility. All City water is purchased from Fort Lauderdale. Wastewater is sent to Fort Lauderdale and Broward County for processing. The cost of purchasing water and processing wastewater represent together the largest annual costs to the fund. As discussed in last year's budget message, Oakland Park entered into active negotiations with Fort Lauderdale on successor agreements to the existing water purchase and wastewater processing agreements.

In February 2022, the City Commission approved a new agreement with the Central Region Large Use Wastewater System, which is operated by the City of Fort Lauderdale. The system members, in addition to Fort Lauderdale, include Oakland Park, Wilton Manors, and portions of Lauderdale-by-the-Sea, Port Everglades, and Davie. The new agreement replaces the old agreement that was set to expire in March 2022. The new 20-year agreement maintains the existing rate setting system but improves transparency and accountability by adding language that requires an annual audit of the Central Region Fund. Previously the Central Region Fund was included in Fort Lauderdale's annual audit.

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 other municipalities, including Oakland Park for the first time in the history of the relationship between the two cities. Although the surcharge is allowable under State law, Oakland Park did not agree that the surcharge could be imposed under the existing contract between the two cities. As part of efforts to resolve the dispute, a new long-term water agreement was negotiated that addresses the surcharge and other issues. The new agreement allows for the phased implementation of a surcharge over four years, beginning with a surcharge rate of 3.125% effective October 1st, 2022, and ending with a final surcharge rate of 12.50% effective October 1st, 2025, and lasting until the end of the 25-year agreement. The new agreement also requires that updated water rate studies be conducted no less than every five years. This new agreement is expected to be presented to both cities before the end of the current fiscal year. As part of these negotiations, it has been agreed that all previous surcharge amounts will be credited to the Oakland Park's water accounts.

With new agreements for water purchases and sewer processing in place, Oakland Park is poised to conduct its own Water and Sewer Master Plan. The master planning process will include an evaluation of the infrastructure of the water and sewer system, a review of operating conditions, the development of a long-term capital program, and an assessment of the existing rate structure and fees. The last comprehensive study was completed prior to the issuance of the 2010 and 2012 bonds. The FY 2023 budget includes \$250,000 in funding for the development of a master plan.

The Oakland Park water and sewer rate schedule was adopted by ordinance in 2009 and provides for programmed water and sewer rate adjustments to support operations and the City's utility bond credit rating. The scheduled rate increases also provide for the pass-through of rate increases from Fort Lauderdale and Broward County. These programmed rate adjustments will keep the fund on track to absorb increased operating costs. A full review of the City's rate structure will be included as part of the master plan.

Oakland Park's water and sewer rates will be adjusted automatically on October 1, 2022, in accordance with the City Code's rate adjustment provisions.

Stormwater Fund

The Stormwater Fund is the Enterprise Fund responsible for the construction, operation, and maintenance of the City's public drainage and stormwater management infrastructure. This infrastructure is responsible for the public areas of the City, such as public roadways. It is not responsible for the drainage and flooding issues on private property. Flooding in Oakland Park is a challenge as the City exists in a topographical "bowl." Although not a coastal community, Oakland Park's water table and many canals are directly affected by sea-level rise, meaning that flooding issues are expected to grow in the future. Mitigating these issues requires a commitment to cultivating resiliency and improving the City's stormwater infrastructure.

The Stormwater Fund is exclusively funded by revenues generated by the citywide stormwater assessment. With the exception of governmental entities, all properties in Oakland Park are assessed for stormwater services through a non-ad valorem special assessment placed on the property tax bill. As a utility service, governmental entities are billed monthly for the prorated value of the assessment. Properties are assessed using an equivalent residential unit (ERU) basis. Each residence is considered a single ERU; a parcel with two residences would be assessed for two ERUs, for example. For non-residential properties, the number of ERUs to be assessed is based on the impermeable surface area of the parcel, with every 1,507 square feet treated as one ERU. The current assessment rate is \$84 per ERU. This rate was set as part of the FY 2016 budget and was the first increase to the rate since 2003, at which time the rate had been set at \$72 per ERU.

As an Enterprise Fund, it is critical that the City sets user rates to provide the financial resources needed to operate this important service. 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. The master plan's purpose was to 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. Projects are contemplated to improve drainage along NE 6th Avenue, the Floranada Business District, the Western Lakes Basin, Oakland Park Boulevard, North Andrews Gardens, and other areas. As part of the master plan, a rate study was also conducted to develop the appropriate rate structure needed to fund planned infrastructure improvements. As discussed in the last year's budget message, the rate study would make direct recommendations on the rate structure for consideration as part of the FY 2023 budget.

The master plan and accompanying rate study were presented to the City Commission in June 2022. The master plan identified fifteen critical projects at a cost of \$48.8 million to be constructed over a 15-year period. Funding these projects will require a combination of grants and low-interest loans through Florida's Clean Water State Revolving Fund (CWSRF) program.

With the present rate structure, the Stormwater Fund has been challenged to meet growing operating costs and lacks the capacity to fund the projects through use of reserves or by taking on additional debt. The financial challenges of the fund were further exacerbated when 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. This unexpected non-payment represents a recurring loss of approximately 5% of fund revenues, which resulted in greater than anticipated use of stormwater reserves to fill budgetary shortfalls.

Based on the results of the rate study, a stormwater assessment rate of \$114.00 per ERU is recommended for FY 2023. This is an increase of \$30 a year, or \$2.50 a month, and it is only the second increase in the rate since 2003. The adjusted rate will generate approximately \$4.6 million, a \$1.3 million increase over FY 2022.

As outlined in the rate study, this rate change is intended to stabilize the fund's finances, which became strained due to increased operating costs since rates were last adjusted in FY 2016. Future rate changes are recommended for subsequent fiscal years, \$11.00 in FY 2024, \$6.00 in FY 2025, \$7.00 in FY 2026, and another \$7.00 increase in FY 2027, which would result in a rate of \$145 per ERU. The gradual increase in rates is intended to provide the revenue capacity to secure CWSRF loans, while also taking into account growing operational and construction costs.

The proposed stormwater fund budget for FY 2021 is \$8.1 million, an increase of \$4.0 million over the adopted FY 2022 budget of \$4.1 million. This significant increase is driven by the intensity of the capital program: the FY 2023 stormwater CIP is \$3.6 million, an increase of \$3.1 million over

FY 2022. This includes the construction of a \$2.1 million drainage project in North Andrews Gardens funded by the Broward County surtax and \$1.3 million in grant funding through the Resilient Florida program for the design of the NE 6th Avenue pump station and pipeline improvements. Other non-infrastructure capital for FY 2023 includes the replacement of a 16-year-old Vac-Con truck for \$400,000.

The proposed operating budget includes an increased emphasis on outreach, including \$25,000 for Sustainability Initiatives, \$10,000 for the Save Our Swales program, and \$25,000 for public education on drainage issues. Repair and maintenance initiatives include \$80,000 for the lining of corroded drainage pipes, \$25,000 for City boat dock repairs, \$40,000 for swale maintenance improvements, and \$30,000 for additional street cleaning efforts to remove trash from the City's streets before it enters into the drainage system.

The City will continue the placement of the annual assessment for the Stormwater program on the property tax bill. During the July 20, 2022, City Commission meeting, the City Commission will adopt the preliminary stormwater assessment rate that will appear on TRIM notices sent to Oakland Park property owners. The final stormwater assessment rate will be set during a special meeting of the City Commission to be held on Monday, September 12 at 6:00 PM.

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 replaced a monthly utility bill in FY 2012 and the residential fee was set at \$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 a recurring revenue reduction of approximately \$1.2 million per year, with total reductions to the fund of over \$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. The City gradually increased rates in the following years and by FY 2022 the rate was set at \$255 per residential unit, the same rate that had been charged in FY 2013 and still substantially lower than the FY 12 rate of \$300. Personnel, operating and capital costs of the fund are higher than in FY 2013. The need for further rate adjustments to ensure the viability of

the fund was discussed as part of the FY 2022 budget's development, as reserves were required to be utilized to meet the operating costs of the fund. The FY 2022 budget included funding to conduct a financial review of the fund's finances and rate structure for consideration during the FY 2023 budget development process.

The results of the rate study were presented to Commission in June 2022. As outlined in the presentation, Oakland Park's rates, the third lowest among cities surveyed as part of the study, are not sustainable. The revenue sufficiency analysis showed a continued need to utilize fund reserves to meet regular operating costs, resulting in reserves being totally depleted during FY 2025. The rate study recommended a 10% increase in residential commercial rates for FY 2023, with regular 4% adjustments thereafter to accommodate projected growth in personnel and operating costs. As shown in the forecasts using these recommendations, the proposed rate structure attempts to minimize the impact of rate changes on customers and no "excess" revenue is included in the rate design. Total expenditures exceed revenues by \$0.2 million over the five-year forecast period, meaning that the use of reserves is anticipated and that further adjustments will be needed if cost escalations exceed forecast assumptions.

Based on the results of the rate study, a solid waste residential rate of \$280.50 per dwelling is recommended for FY 2023. This is an increase of \$25.50 a year, or roughly \$2.13 a month. The adjusted rate will generate approximately \$3.0 million, a \$0.3 million increase over FY 2022. For commercial rates, an increase of 10% is recommended, which is anticipated to generate an additional \$0.5 million. The actual value of commercial solid waste revenue is variable, as individual accounts can change dumpster size and frequency of pick-ups. The combined value of these increases is expected to be slightly less than \$0.8 million.

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.

The total budget of the fund for FY 2023 is \$9.1 million, an increase of \$1.7 million over FY 2022's adopted budget. The primary driver of the increase is the planned issuance of \$1.3 million in debt to fund the replacement of six solid waste vehicles (one light truck and five collection trucks). The external financing of the trucks would be for a seven-year period, with the estimated annual debt service being \$0.2 million per year, with partial servicing costs beginning in FY 2023. The financing plan for the new Public Works Facility included additional solid waste fund debt, which was issued earlier this year. The annual debt service allocated to fund the construction of the Public Works Facility is \$0.2 million a year, with the final payment occurring in 2037. This

combined additional debt service cost of \$0.4 million a year will be offset in part after FY 2024, at which time two vehicle loans for the fund will have been completely paid off, savings of a little over \$0.1 million annually. The proposed budget also includes \$0.1 million for the City's portion of the countywide Solid Waste Disposal Authority study.

Increases in the residential and commercial rates will help offset the immediate financial needs for FY 2023, but even with the increases, the fund will require the use of approximately \$0.1 million in reserves to balance the fund. This use of reserves does not reflect major variance from the results of the rate study, which showed the implementation of the rate recommendations would result in the fund generating only \$26 thousand more in revenues than expenses in FY 2023. This use of reserves in the proposed budget is to fund one-time expenditures only, specifically the \$0.1 million for the Solid Waste Disposal Authority study.

The solid waste fund is a capital-intensive operation; the typical front-line life of a solid waste truck is 7 seven years and the cost of replacing just a single refuse truck can easily exceed \$0.3 million. 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.

The City will continue the placement of the annual residential solid waste assessment on the property tax bill. During the July 20, 2022, City Commission meeting, the City Commission will adopt the preliminary assessment rate that will appear on TRIM notices sent to Oakland Park property owners. The final assessment rate will be set during a special meeting of the City Commission to be held on Monday, September 12 at 6:00 PM. Monthly commercial billing rates are set via ordinance. The first and second readings of the ordinance will be held in September.

Capital Improvement Program

Building on Past Successes

The City's Capital Improvement Program (CIP) is a five-year plan that guides Oakland Park's delivery of capital infrastructure, from conceptual design to construction and ribbon cuttings. For many years, the focus of the Capital Improvement Program was upgrading water, sewer, and stormwater infrastructure through large bid pack projects that were primarily funded by water, sewer, and stormwater revenue bonds. The completion of these critical investments has led to the next stage of planning and implementation for the City's future needs, needs that include the replacement or renovation of aged facilities, drainage improvements, water and sewer utility

upgrades, and 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.

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 Bid Pack 8, the City's final bid pack project, and the completion of the grant-funded NW 10th Avenue roadway improvement project.

The fiscal year 2021 adopted CIP budget was \$12.4 million, a three-fold increase from the previous year, and was marked by a shift in focus to general obligation and surtax funded projects. Most importantly, it marked the official construction groundbreaking for the *Building Our Second Century* 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.

FY 2021 also marked the continued efforts to beautify and improve the City's major corridors. Major roadway improvement projects were underway on NW 21st Avenue, Prospect Road, and Powerline Road. Improvements to NW 21st included repaving of the roadway bridge, resurfacing, safety improvements, bike lanes, and the addition of medians. The City has also applied for grant funding to continue these improvements on NW 21st Avenue south of Oakland Park Boulevard. The long-awaited Prospect Road enhancement and lane reduction project covered the area from Commercial Blvd to Dixie Highway and construction is now complete. Improvements from the project include the addition of bicycle lanes in each direction, ADA improvements, resurfacing of the roadway, and landscape enhancements. The Powerline Road project funded by a Transportation Investment Generating Economic Recovery Grant (TIGER) entered into construction in FY 2021. The project scope includes lane reduction, buffered bicycle lanes, raised landscape islands, and milling and resurfacing. The project's Oakland Park portion is largely completed, with staff coordinating with FDOT and the MPO on the remaining landscaping elements.

The FY 2022 adopted CIP was \$27.4 million, an increase of more than \$15 million over the prior year and is more than seven times larger than the 2020 CIP.

Major headway was made relating to the City's ongoing Building Our Second Century campaign, with the ribbon-cutting of City Park Phase 1 scheduled for this summer. This ribbon cutting comes hot on the heels of the construction award for the new North Andrews Gardens Community Center (design rendering shown). Renovation of Park Place at Jaco Pastorius Park was completed, along with the CDBG-

funded parking lot on the north side of the building. Grant-funded resiliency improvements to the Municipal Building were completed, including the installation of impact windows and doors and the replacement of the



emergency generator. Other efforts include the Public Works Facility and Fire Station 87, both of which are nearing the finalization of their design and approaching constructability. Both projects are partially funded by the Hazard Mitigation Grant Program awards, with approximately \$1 million to fund an emergency operations center at the new Public Works Facility and \$834 thousand for Fire Station 87 for hardening and roof replacement. Engineering continues to work on design of Fire Station 9, which will also house Fire Administration and Fire Prevention.

Stunson Nature Trail Phase 2 was completed, adding ADA-improvements and a new boardwalk area, as well as landscaping improvements. CDBG-funded improvements to the Giusti Heart Parcourse are in procurement, as are grant-funded improvements to the Lloyd Estates Neighborhood Park

Transportation and mobility efforts in FY 2022 included the completion of Phase 2 of the Oakland Park Boulevard Landscape Enhancements project, which added new landscaping from NW 21st Avenue to NW 31st Avenue. This project was funded through surtax proceeds and a Florida Highway Beautification grant. The Lakeside and Oakland Park Elementary School sidewalk projects entered into construction, with funding for both coming from the Broward MPO's Complete Streets and other Localized Initiatives Program. Funded through an interlocal agreement with Broward County, the City began constructing the landscaping improvements to NW 21st Avenue, which will further beautify this corridor. Development of a citywide mast arm conversion design will begin this summer, with funding coming from the County surtax program. The design will evaluate twenty signalized intersections that currently use traditional span wire mounting for conversion to stronger, wind-resistant mast arm assemblies.

Given the magnitude of the FY 2022 CIP, it is beyond the scope of this document to provide a full recounting of all activity that occurred. Readers are strongly encouraged to visit the City's website and watch the [CIP Presentation](#) that was given during the June 15th City Commission meeting.

FY 2023 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 2023 includes more than 25 different projects that together total \$30.2 million, an increase of \$2.8 million over FY 2022 adopted budget's CIP of \$27.4 million. **The FY 2023 CIP's \$30.4 million budget is funded by over \$18.6 million in grants, which is 62% of the total budget.** General obligation bonds fund 32% (\$9.8 million) of the CIP and the remaining 6% (\$1.8 million) is funded directly by City resources in the General Fund and the Enterprise Funds. Facilities projects are 46% of the budget, or \$13.9 million. Streetscapes are the second largest component at \$10.1 million, or 35%. Parks improvements are approximately \$1.6 million, or 5%. Stormwater, water, and sewer projects are 15% of the total, or \$4.5 million.

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 15th Commission meeting. Major projects for next year include:

- **Facilities & Parks Projects:** The City's Fire Station 9, which will also house Fire Administration & Prevention, is budgeted for construction to begin as part of the *Building Our Second Century* program. The City has been allocated funding from the Resilient Florida program in the amount of \$2.5 million for this project; the City has also applied for \$950 thousand from Hazard Mitigation Grant Program for the station. The Carter Woodson Park improvements are planned to enter into construction, with total funding at \$1.175 million, \$800 thousand of which is grant funding and the remaining \$375,000 coming from the City's American Rescue Plan Act (ARPA) allocation. The FY 2023 CIP includes \$300,000 for design of City Park Phase 2 and additional funding for remediation services as needed. The interior design of the new City Hall space at the Sky Building is budgeted for \$200,000. The 250 Building, formerly leased to Broward 2-1-1, is slated for renovation using \$640,000 in ARPA funds, with the structure being used as a potential swing space for City operations. Using transfers from the General Fund, \$200,000 is budgeted for improvements to the Dillon Tennis Center, including the resurfacing of clay courts and improvements to the Center's buildings. An additional \$30,000 transfer from the General Fund is budgeted to fund the replacement of agility equipment at the

Oakland Park Bark Park. Design for trail improvements at Royal Palm Park is included for \$80,000 and funded by the General Fund; this design budget would be utilized if the City's Recreational Trails Program grant is approved.

- **Surtax Projects:** The CIP includes two surtax projects. The first is a \$2,072,800 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. The other surtax project included in the CIP is \$7,875,000 for the implementation of the citywide mast arm conversion design package being awarded in FY 2022. 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.
- **Transportation, Mobility, Roadway Improvements:** Streetscapes and mobility projects represent another major portion of the FY 2023 CIP. Design of new city welcome/entryway signs began in FY 2022 and \$100,000 from the General Fund will be utilized to begin construction; an additional \$50,000 is also included to continue the neighborhood entryway sign program. The CRA will coordinate the West Dixie Side Streets project, which will use \$525,000 in ARPA funding to install and improve sidewalks, raise paver brick areas, improve lighting, and add landscaping improvements. Funded by a \$922,748 Safe Routes to Schools grant, construction will begin on the Lloyd Estates Elementary Sidewalk Network. Grant-funded design for sidewalks on Floranada is also part of the CIP, funded through the CSLIP program; the project will add sidewalks and appropriate safety features along Floranada from Dixie Highway to Federal Highway. In addition to the earlier County project, design will begin on the CSLIP funded NW 21st Avenue Improvements project, which will include beautification and safety enhancements south of Oakland Park Boulevard and will also include green bike lanes from NW 26th Street to Commercial Boulevard.
- **Enterprise Fund (Water/Sewer/Stormwater):** A variety of water, sewer, and stormwater infrastructure activities will take place in FY 2023, 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 Water and Sewer related infrastructure projects for FY 2023 include the continued upgrading of galvanized water services (\$75,000), lift station projects (\$250,000), Oakland Park Boulevard water main improvements and relocation required by FDOT to avoid conflicts with planned

improvements on that roadway (\$115,000), sewer laterals upgrades including relining and installation of clean-outs (\$100,000), and continued water main improvements (\$75,000). In addition to the major surtax funded North Andrews Drainage projects, Stormwater Fund projects include a multi-year storm system pipe relining program (\$50,000), NE 6th Avenue Pump Station Drainage design for \$1.3 million, and funding for improvements to City-owned seawalls to comply with new Broward County requirements (\$200,000).

It should be noted that the CIP is a plan and good plans are flexible enough to adapt as needed. The slate of projects contemplated for FY 2023 may change as circumstances change, with plans for construction or design to be reevaluated as needed. Record-high construction inflation, supply chain challenges, and material shortages are prime examples of circumstances that require flexibility to address. The City is working to develop creative solutions to these challenges. These solutions include the additional phasing of projects, such as City Park being divided into three phases rather than two, as a means of adjusting to changes. The City has utilized owner-direct purchasing for certain goods and materials for projects in advance of construction awards to ensure the availability of playground equipment. The City has sought creative means to leverage existing funding by aggressively applying for grant programs. These programs have their own specific timelines for funding availability, procurement standards, and contract requirements. Very few grants provide funding for projects that have already begun construction, meaning the City cannot procure a project, begin construction, and then apply for grants. Successfully obtaining grant funding very often means a substantial change to the schedule of a project.

Future Years

The CIP is a multi-year document, and the above-listed projects only represent the first year of the CIP, FY 2023. The proposed five-year CIP is \$95.1 million. The five-year plan contemplates approximately \$25.7 million in streetscaping and mobility projects, \$25.1 million in new facilities and parks projects, \$8.3 million in water-sewer projects, and \$36.0 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, 62% of FY 2023’s proposed CIP is grant, surtax, or other agency funded. Approximately \$6.7 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 \$3.8 million in FY 2024 to a low of \$0.1 million in FY 2027. The City works to apply for grants to provide funding, but success is not a guarantee and project delays due to funding availability should be expected. In addition to long-term financial challenges related to funding future projects, it must be noted 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 as they become available. External financing presents a potential opportunity for funding; for example, the issuance of debt for the interior build-out of the new City Hall space has been planned as part of that project since inception. 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. Interest rates, while still much lower than historical norms, are growing quickly, raising the cost of external financing. 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.

The CIP for FY 2023 will be presented for final Commission consideration and adoption with the City budget in September.

Citywide Staffing & Compensation Summary

Citywide Staffing Levels

Compensation costs represent the largest category of expenditures for City operations. The General Fund reduced by one-third total staff positions during the prior recession. A similar reduction is something the City seeks to prevent in the future, both to avoid disruptions in service delivery to residents and 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 the current departmental organization or increased efficiency in processes. With the exception of first responders, 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. Due to this philosophy, the City's staffing level remains well below 2007 levels, when the number of total positions in the City's budget was 344.

In FY 2015, the first budget developed by the current City administration, the total staffing count for the City was 289 employees and for the FY 2019 budget, the count was 299, an increase of 10. FY 2020 began with a count of 301 positions by way of two additional positions, a Solid Waste Inspector and a Sustainability Manager position. 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 over a three-year period 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 add three firefighter/paramedics, resulting in a total City staffing of 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 building 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 to a full-time position. Despite concerted efforts to fill the Sustainability Manager position, there were no qualified candidates. To fill this void, the City awarded four

continuing contracts with sustainability consulting firms to provide guidance and, due to operational needs, the Sustainability Manager position was converted into a Streets & Stormwater Management position. The result of these changes resulted in the FY 2021 total staffing count increasing from 304 to 307 positions.

The FY 2022 adopted budget increased staffing to 309 by adding two critical positions: a new Division Chief for Training in the Fire Rescue Department and a Chief Planning Officer. The Division Chief position is 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 Chief Planning Officer was created as an Assistant City Manager-level position responsible for the successful delivery of a capital program growing in complexity and size, managing capital grants, and coordinating the logistics needed to ensure the continual delivery, continuity, and expansion of City services. During the fiscal year, the Commission approved budget amendments that provided funding to create five additional positions. Two part-time plans examiner/inspector positions for the Building & Permitting Division were added due to the magnitude of private development occurring in the City, which is well in excess of \$300 million in projects in permitting or under construction. With the substantial increase in capital projects, including vertical construction, a Senior Project Manager and a Project Manager were approved for Engineering. A new Contract Administrator position was also approved for the Financial Services Department, a critical position given the volume of procurement activity. The total Citywide staffing stands at 314 positions, of which 265 are full-time and 49 are part-time.

The FY 2023 budget proposes a Citywide staffing level of 317 positions, of which three are new additions to the budget:

Dept/Division	Title	Grade	General Fund	Other Funds	Total
Engineering	Landscape Designer	23	\$90,146	\$0	\$90,146
CED: Code	Business License Coordinator	25	\$92,419	\$0	\$92,419
PW: Admin.	Environmental Sustainability Coordinator	28	\$24,172	\$72,515	\$96,686
		Total Cost	\$206,737	\$72,515	<u>\$279,251</u>

As shown in the CIP, there is a substantial increase in the number of projects with landscaping elements. The Engineering Division's staff is largely comprised of engineers and project managers; the addition of a **Landscape Designer** position will provide the in-house expertise needed to design and oversee the development of landscape elements within projects. The position will ensure that the appropriate plants are placed in the appropriate places and that

landscape plans are designed to promote sustainable practices, utilize native plants, and take into consideration long-term maintenance requirements and costs.

The Community and Economic Development Department's Community Enhancement Division Business Regulatory Unit oversees and administers multiple business initiatives, including Short Term Rental Registration, Massage Establishments, Business Tax Receipts, and the Certificate of Use Program. The demands made of the Business Regulatory Unit are increasing as more businesses move to Oakland Park and as recent changes to City code are implemented. At present, the Business Regulatory Unit has a single position to manage all outreach, administration, and compliance activities. A new **Business Licensing Coordinator** position is proposed, which would bring staffing within the Business Regulatory Unit to two positions. The additional staffing would provide an increased capacity to work with new and existing businesses to guide them into voluntary compliance with how to do business in Oakland Park.

In FY 2022, the City Commission adopted a revised Strategic Plan. This revision created a new strategic performance area: Environmental Stewardship and Sustainability. With Commission guidance, the City has made tremendous efforts to promote sustainability: among many other activities and accomplishments, Oakland Park has been an active participant in the Broward County Climate Change Task Force, adopted a Joint Climate Action Plan with neighboring city Wilton Manors, was one of the jurisdictions in Florida to issue "Green Bonds," and is an Alliance for National & Community Resilience benchmark community for Buildings, Housing, and Water. The last new position being proposed as part of the City's FY 2023 budget is an **Environmental Sustainability Coordinator**. This position will coordinate and assist with the implementation of the City's Climate Action Plan, develop strategies for implementing and managing sustainability initiatives and programs, research grant funding opportunities related to sustainability, resiliency, and climate change, and coordinate outreach to the public and businesses on these issues.

All three proposed positions are new classifications. These positions will be included in the September adoption of the FY 2023 budget as part of the Compensation Plan amendment.

Retirement Benefits

Oakland Park has two City pension plans: the General Employees' Pension Plan (GEPP) 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). Each local plan is managed by its own board of trustees, which appoints a plan attorney, actuary, administrator, investment advisor, and others. 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 Rescue Plan Board of Trustees is 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 General Employees Pension Plan was closed and then frozen, meaning that no new employees may participate (closed) and no additional benefits are being accrued by existing members (frozen). At the time of the GEPP frozen, members of the GEPP who had not elected 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 2022 were \$0.64 million, a decrease of \$0.41 million from FY 2021. These costs have continued to decline and the required GEPP contribution for FY 23 is \$0.31 million, a decrease of \$0.33 million. Much of this decline is predicated on the high valuation of returns recorded on 9/30/2021, the measurement date used in the plan's actuarial report that determined the City's contribution requirement for FY 2023. Future contributions will be heavily affected by the performance of the markets.

The decrease in costs within the GEPP helps to offset the increase in the FRS employer contribution for Regular Class members, i.e. general employees, or non-public safety. The employer contribution rates for FRS are set annually by the legislature and the rate for this class increased from 10.82% of pay to 11.91% effective July 1st, 2022, an increase of over 10%. The employer contribution rate has increased steadily. The new rate of 11.91% is a 50% increase over the July 1st, 2017 rate of 7.92%. For the General Fund, the FRS and 401(a) costs of general employees are approximately \$2.07 million for FY 2023, an increase of \$0.34 million over FY 2022 (\$1.73 million). Actual costs will be determined by actual payroll, including overtime. The total cost of general employee pensions (FRS, 401(a), and GEPP) is anticipated to be \$2.38 million for FY 2023.

The Police and Fire Pension Plan is the City's other local plan. 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.

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 retirees and City taxpayers who support their pension 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 increased substantially after 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 FY 2019 required contribution was \$2.2 million, growing to \$2.8 million in FY 2022.

The Police & Fire Pension Plan actuarial valuation determining the City's contribution to the closed plan for FY 2023 was based on the favorable investment returns as of the 9/30/2021 measurement date. The required contribution by the City to the Police & Fire Plan has declined to \$2.5 million, a reduction of \$0.3 million. Future contributions will be heavily affected by the performance of the markets and current performance suggests a sizable increase should be expected for FY 2024 as any losses experienced by the plan will increase the unfunded liability, which must be amortized at an accelerated schedule as required by the State.

The FRS Special Risk class employer contribution rate has increased from 25.89% to 27.83%, an increase of 7.49%. The Fire FRS contribution for FY 2023 is estimated to be \$1.58 million, an increase of \$0.27 million. Actual costs will be determined by actual payroll, including overtime. The total cost of public safety pensions is anticipated to be \$4.06 million for FY 2023.

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). AFSCME represents the City's employees in clerical positions, FOPE represents foremen, utility technicians, equipment operators, and other similar positions in Public Works, and IAFF represents the City's firefighters. The City has two-year labor contracts with each union, all of which began October 1, 2021, and expire September 30, 2023. Fiscal Year 2023 is the second year for each contract. Budgeted wage increases for FY 2023 are in accordance with these contracts.

City employees not covered by a collective bargaining agreement receive wage adjustments in accordance with R-2021-148, which was adopted by the City Commission to provide non-union general employees with the same wage adjustments as FOPE and AFSCME employees. This continues the Commission's historic practice of working towards parity in wages and benefits among general employees (non-public safety). The City budget for FY 2023 also incorporates a new \$15.00 minimum wage for all staff, new and existing.

AFSCME, FOPE, and non-union general employees will receive a 3% wage increase at the start of the first full pay period in FY 2023. A 3% wage range adjustment was also approved, which raises the minimum starting wage and the maximum wage for each position. These adjustments mean that even members who are currently "topped out" will receive full 3% base wage increases and will also help keep the City competitive for hiring and retention purposes. The increase in the wage ranges will be included as part of the Compensation Plan adoption in September.

The new contract with IAFF was approved by Commission in February 2022 and was approved 42 votes to 4 by union members. This new contract includes the Step Plan that was added in the prior contract. Step Plans work by creating a defined number of "Steps" for each position, with each step assigned a specific wage value. For example, a new hire would be placed in "Step 1" for firefighter/paramedic. On the anniversary date of hire, the employee would move from "Step 1" to "Step 2." Under the contract, members will receive a 1 step increase (4%) in their step plan on their anniversary date each year of the contract with the exception of topped out members. On September 30, 2022 and September 30, 2023, the step plan for all fire bargaining unit members (including topped out members) will increase by 5%. This will result in additional 5% salary increases at the close of each fiscal year of the contract and also raises the salary ranges for each position, i.e. the minimum starting salary and maximum salary for each position.

The above changes represent the largest bargaining wage increases since the recession. Existing firefighter employees not topped out at the beginning of the contract (60% of all members) would receive the equivalent of a 19% raise over the two-year contract period, whereas other existing members, those topped out or hired at the beginning of FY 2021, would receive raises ranging from 10% to 15%.

Labor negotiations with the City's unions will begin again in Spring 2023 and will cover a contract period beginning October 1, 2023.

Other Compensation Costs

The proposed budget anticipates that health insurance costs will increase by 16%, an approximate increase of \$294,000. This is more than double the increase experienced in FY 2022, which was approximately \$140,000, or 8%. This increase is predicated upon growing health care costs from increased claims. The new rates will be effective in January 2023.

Future Considerations

The current labor market is one of the most challenging on record. Recruitment and retention have become challenging for all positions, from firefighters and building inspectors to skilled and specialized labor. We are experiencing the highest level of inflation in the 21st century to date, a trend that is not affecting just goods, services, and construction materials, but also labor costs. This inflation is occurring as many economic indicators point to the possibility of a future recession.

City operations can only be successful by recruiting and retaining competent, skilled employees. This requires that the local governments offer competitive wages and benefits. With unemployment well below 4.0%, it is a struggle to fill vacancies. Cities must compete against not only other governments, but also the private sector. When compared to the private sector, local governments lack the structural flexibility to easily adjust salaries and benefits for recruitment and retention efforts. Salary compression issues emerge when new hires are paid at rates near or exceeding existing employees. Local governments also lack the flexibility to reduce any benefits and wages during economically challenging times. Benefits and wages once granted cannot be reduced easily, requiring negotiations and labor contracts. Funding compensation increases is also difficult. Unlike private companies that can adjust prices and fees with greater ease, there is no functional ability to adjust City revenues in any meaningful way after the adoption of the property tax and special assessment rates. Many City revenue streams are legally limited in how they can be used; permit revenue could not be used to fund wage increases for solid waste drivers, for example. Cities publicly funded; funding to improve compensation in the public sector comes from raising rates that directly impact the financial well-being of residents and businesses in Oakland Park. These issues represent a major challenge to Oakland Park and other cities.

Oakland Park has seen tangible success from efforts to compete. During FY 2022, the City lost many solid waste drivers to the private sector and struggled to attract qualified candidates to fill vacancies. The Public Works and Human Resources Departments worked to reorganize the position structure of the Solid Waste Division to create incentives to attract new hires and retain existing employees. These incentives included a new \$1,500 hiring incentive, with \$750 provided at hiring and \$750 after the satisfactory completion of a six-month probationary period. Other changes included a structural redesign of the Division's positions, replacing the single "Refuse Service Operator" position with Refuse Service Operator I, II, and III positions, which created a skills-based automatic progression system that helped retain existing drivers and attract new applicants, including a number of former employees who had left for the private sector. The costs of these changes were incorporated into the City's Solid Waste Rate Study's projections and incorporated into the development of the rate structure in the FY 2023 budget.

Oakland Park has maintained a conservative staffing philosophy, keeping positions well below 2008 levels. The Commission has worked diligently to provide wage adjustments that are equitable and reflective of the outstanding, customer service focused work performed by our employees, but also do not place unreasonable burdens on taxpayers. The City's commitment to finding this balance has not changed. As part of this commitment, the City is currently in the midst of a compensation plan study, the results of which will be considered during the upcoming fiscal year.

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 2023. 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 2023 fiscal year.

Children Services Council of Broward County Grant

Oakland Park's Parks and Leisure Services Department was recently awarded a "Maximizing Out of School Time" (MOST) grant through the Children's Services Council of Broward County. This grant will provide funding to expand and enhance the City's year-round and summer childcare programs, which are operated at Lloyd Estates Elementary. The focus of the MOST grant is to provide a safe, positive environment for elementary school children from economically disadvantaged areas in Broward County, and for children and youths with special needs. Quality

activities will offer exposure to art, culture, science, and community service while boosting academic achievement, supporting social and physical development, and strengthening children's relationships within their families, schools and communities. A sliding fee scale is used to determine program fees to ensure the program is accessible to all applicants. The contract for the MOST grant will be considered by the City Commission this summer. Due to the timing of the grant award, it could not be included in FY 2023's budget development. A budget amendment will be required recognize the grant for the remainder of FY 2022. A second budget amendment will be provided in October 2022 to recognize the grant during FY 2023. To implement the program, the City will establish a new Special Revenue fund to budget and track costs associated with the grant, including new grant-funded personnel and operating expenditures. The estimated value of the grant is \$500,000.

Conclusion

During the past eight 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 recommended budgets, adopted without revisions, were built to be responsive to the City's plans and Commission direction. Much was accomplished during these eight years, while also lowering the millage rate seven times. Compared to cities of similar size, Oakland Park residents continue to benefit from one of the lowest millage rates and among the lowest assessment rates in Broward County.

When the COVID-19 pandemic hit, Oakland Park did not step back, it stepped up. Volunteers and City staff were there to help those in need, running food distribution events, operating the vaccination site, delivering much-needed grants to small businesses, and 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. We never stopped taking the next step.

The FY 2023 budget is another step forward. It prioritizes fiscal responsibility while keeping the City moving forward to accomplish our goals. The proposed operating millage rate, if adopted, will mark the eighth operating millage rate reduction in nine years and the lowest millage rate in over a decade. The proposed use of fund balance remains within Commission policy. The fire assessment remains unchanged and well below the countywide average and exemptions

approved last year provide much needed relief for those homeowners most in need of assistance. Recommended increases to the solid waste and stormwater assessments are both based on recent financial studies. The proposed capital program is one of the most ambitious in the City's history at \$30.2 million, seven times greater than the FY 2020 CIP of \$3.8 million. Every effort is being made to minimize costs as we make these critical infrastructure investments. The City has secured an unprecedented level of grant funding: **the FY 2023 CIP is funded by over \$18.5 million in grants, meaning 62% of the total \$30.2 million budget is funded by grants.**

The recommended budget is a financial plan, 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 is never an easy endeavor, but under current circumstances it is particularly challenging to predict the impact of supply chain challenges, record inflation, rising interest rates, and the realities of a COVID-19 pandemic. Nevertheless, the estimates used to build this budget were carefully considered and fiscally conservative. Thanks to the strong fiscal management of the City, we can propose a budget that maintains the delivery of City services, provides needed staffing levels, advances the strategic plan, invests in our capital infrastructure, and maintains sufficient reserves for the City to respond to a potential hurricane or financial difficulties. Plans adapt as circumstances change. We will continue our diligent monitoring of City finances and we will bring updates and budget amendments to the Commission as warranted.

Over the past year, the City has gone through a competitive and transparent solicitation process to identify and secure the right partner to bring a high-quality, mixed-use development to Main Street that will serve our community, expand our tax base, create affordable housing, and support efforts to bring a commuter rail stop to our downtown. This project, Horizon of Oakland Park, is just one of many private investments that are redefining and revitalizing Oakland Park - hundreds of millions of dollars in new residential and mixed-use projects are either under construction or in permitting. The City is matching these investments with a five-year capital improvement plan that is valued in excess of \$95.1 million. These are exciting times for the City and the FY 2023 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. We've broken the ground and we are building our future. **Change is taking shape, 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 the Oakland Park's goals in a cost effective, efficient, and courteous manner, and strive for nothing short of excellence for our community.

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 FY 2023 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 13, 2022 Distribution of the FY 2023 Recommended Budget;
- July 20, 2022 City Manager's Budget Presentation to Commission;
Set time, date and place of the first Public Hearings for the Tentative Millage Rates 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 7, 2022 Public Hearing: Adopt Tentative Millage Rates & Tentative Annual Budget; First Reading of Solid Waste Commercial Rates Ordinance; Tentative adoption of CRA budget;
- September 12, 2022 Public Hearing: Adopt Final Fire, Stormwater & Residential Solid Waste Assessments (Held at 6:00pm);
- September 21, 2022 Public Hearing: Adopt Final Millage Rates, Final Budget, Fiscal Policies, Compensation Plan, and CIP. Second reading of Solid Waste Commercial Rates Ordinance; final adoption of CRA budget

c: D.J. Doody, City Attorney

Jennifer Frastai, Assistant City Manager

Renee Shrout, City Clerk

Andrew Thompson, Chief Financial Officer

Recommended Budget - Fiscal Year 2023 Summary of All Funds by Division			
	FY 2022		FY 2023
	Amended Budget	Forecast	Recommended Budget
<u>Funding</u>			
General Fund	\$ 66,630,735	\$ 66,174,235	\$ 65,953,964
Community Redevelopment Agency Fund	719,022	618,701	674,175
Other Special Revenue Funds	66,146	150,146	36,000
Debt Service Funds	3,997,272	3,997,272	5,318,788
CIP Funds	36,821,188	35,033,487	25,705,376
Water and Sewer Fund	24,004,958	24,036,521	23,300,984
Solid Waste Fund	7,375,364	7,686,921	9,066,334
Stormwater Fund	4,384,820	4,228,333	8,114,761
Total Funding	143,999,505	141,925,616	138,170,382
<u>Expenditures</u>			
GF - City Commission	340,965	339,890	449,313
GF - City Manager	1,372,601	1,437,753	1,548,159
GF - City Clerk	693,163	693,163	768,175
GF - Human Resources	813,442	760,699	844,474
GF - Risk Management	682,553	682,553	853,532
GF - Legal	575,000	575,000	576,000
GF - Financial Services	1,493,619	1,459,536	1,555,975
GF - Information Technology Services	1,414,435	1,292,849	1,529,035
GF - Police	17,411,948	17,394,492	18,233,441
GF - Fire-Rescue	15,196,331	14,975,445	13,930,921
GF - Parks and Recreation	3,531,315	3,532,156	3,722,890
GF - Library and Cultural Services	939,725	930,081	934,750
GF - CED: Planning & Zoning	1,560,531	1,531,997	1,162,916
GF - CED: Community Enhancement (Code)	1,308,909	1,312,049	1,468,523
GF - Engineering and Construction Management	1,860,937	1,834,802	1,780,084
GF - Building & Permitting	2,899,479	2,971,384	3,342,137
GF - Public Works-Administration	133,376	152,906	179,911
GF - Public Works-Streets	3,056,112	3,006,638	2,511,023
GF - Public Works-Building Maintenance	1,525,214	1,520,288	1,653,663
GF - Public Works-Fleet Maintenance	1,872,886	1,988,046	2,118,945
GF - Public Works-Parks Maintenance	2,713,208	2,435,865	2,522,189
GF - Non-Departmental	5,234,986	5,346,643	4,267,908
Total General Fund Expenditures	66,630,735	66,174,235	65,953,964
Departmental Only	61,395,749	60,827,592	61,686,056
SR - CRA Admin.	719,022	618,701	674,175
SR - Other Special Revenue Funds	66,146	150,146	36,000
Debt Service Fund	3,997,272	3,997,272	5,318,788
GF CIP Fund	36,821,188	35,033,487	25,705,376
Water and Sewer Fund	24,004,958	24,036,521	23,300,984
Solid Waste Fund	7,375,364	7,686,921	9,066,334
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Total Expenditures	143,999,505	\$ 141,925,616	\$ 138,170,382