



Memorandum

Date: July 12, 2023

To: Honorable Mayor and City Commission

From: David Hebert, City Manager

Subject: Recommended Fiscal Year 2024 Annual City Budget

Introduction & Summary

I respectfully present our Recommended Annual City Budget and Capital Improvement Plan for the Fiscal Year (FY) 2024. Like past budgets, the FY 2024 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 and new construction continues to redefine our City, providing new housing and business opportunities. The Sky Building's construction has begun and it will bring the first mixed-use development to our downtown, in addition to being the future home of City Hall. The Horizon of Oakland Park project will set the stage to bring commuter rail to the City, along with more 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. Oakland Park's Centennial will occur in 2029 and we are actively "Building Our Second Century" through public investment. Including projects underway today, well over \$130 million in capital improvements are planned over the next five years. These projects will enhance the resiliency of our infrastructure and our community, improve recreational opportunities for residents, beautify the City, and more. [Oakland Park is on the move](#) and it is kicking into high gear.

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 2024 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 continue to confront the effects of record inflation, rising interest rates, supply chain disruptions, and the 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 2024 is valued at \$142 million and includes a capital infrastructure program of \$26.1 million. **The FY 2024 budget recommends a decrease in the operating millage rate, lowering it from 5.8550 to 5.8362 mills, a 0.0188 mill reduction. If adopted, this would be the lowest operating millage rate adopted in thirteen years and the ninth millage rate reduction within a ten-year period.** The accumulated value of these many reductions reflects a total decrease of 0.5633 mills since FY 2014 (6.3995 mills); this reduction has saved taxpayers more than \$13.3 million since FY 2014, or about \$1.3 million a year.

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, Coronavirus Aid Relief and Economic Security (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-spurred 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 committing to sizable investments in vehicles, equipment, and capital infrastructure.

The 2023 fiscal year has been positive for the City, with record levels of permitting activity, the groundbreaking of Fire Station 9, the new Public Works Complex, and the Sky Building. Nonetheless, the City is confronting challenges. Construction inflation continues to have a negative impact on the City's capital program. During FY 2022 and FY 2023, 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. Even with funding available for critical items, supply chain troubles 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 quickly increase, multiple vendors have canceled contracts because they were unable to honor the pricing previously provided or have requested contract amendments to increase pricing.

The cost of personnel has also become a financial and operational challenge. Unemployment is low and demand for labor is high. Recruitment and retention have been impacted, with the City implementing various reorganizations, such as officer staffing levels within the Fire Rescue Department and an automatic progression system in Public Works, to help provide additional opportunities for advancement. The financial cost of maintaining existing staffing levels is increasing due to rising health insurance costs and dramatic growth in the employer contribution rates to the Florida Retirement System and the actuarially determined City contribution to the closed Police & Fire Pension Plan. Employee costs are also the primary driver of the increase to the contract cost with the Broward Sheriff's Office. The City's contracts with the three labor groups within the organization all expire on 9/30/2023. Successor agreements are being negotiated, but the final impact of these negotiations on FY 2023 is unknown. The impact of inflation is real and affects the well-being of the City employees who work so hard to make Oakland Park a City on the move. The cost of wages and benefits increases must be supported by recurring revenues. These revenues are primarily derived from the residents and businesses of Oakland Park, all of whom are also facing the economic challenges of inflation.

Despite these challenges, many favorable tailwinds are blowing 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 2024 marks eleven years of consecutive growth in the City's tax base. The total taxable value now stands at \$5.07 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, however, 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.

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. In addition, the City Commission adopts a debt service millage rate to pay for the principal and interest on the general obligation bonds that fund the City's facility building campaign.

In 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 in 2016. A fire assessment rate of \$251 per residential unit was approved, an increase of \$52 from the prior rate of \$199. 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, most on fixed incomes, receiving savings of \$251 on their tax bills. **The Recommended Budget proposes the Fire Assessment be increased to \$276 per residential unit, a \$25 increase over FY 2023.** The rate remains well below the \$322 average rate charged by other Broward County jurisdictions.

The Recommended Budget proposes a Stormwater Assessment rate of \$114 per equivalent residential unit (ERU), which is unchanged from FY 2023. The current rate was established as a result of the Stormwater Master Plan in 2022. This plan, and corresponding financial analysis, were presented to the City Commission last June and outlined over \$45 million in new drainage and stormwater management projects to be considered over the next 15 years. As noted in the Master Plan's presentation, future adjustments to the rate will be needed to provide the financial capacity to fund future infrastructure projects.

The City's Solid Waste Fund provides residential and commercial services to 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. Current operating costs are far greater than they were in FY 2013. The FY 2022 budget included funding for a new Solid Waste Rate Study. The results of this study were presented to the Commission June 2022 and showed that the current rate structure is not supportable and complete exhaustion of the Solid Waste Fund's reserves was imminent. For FY 2023, commercial fees were increased by 10% and the residential assessment was increased to \$280.50. Due to recent significant cost escalations, **an increase of \$29.50 per**

year is recommended for the Residential Solid Waste Assessment and a corresponding 11% increase is proposed for commercial rates.

Abundant, clean water is a necessity for any community. The City of 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, though allowed by State Statute, 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, a new water agreement with Fort Lauderdale was approved last August. The 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. Similar to the City water, much of Oakland Park's wastewater is processed by Fort Lauderdale. A new wastewater processing agreement with Fort Lauderdale has been approved by Commission. With new agreements for both water and sewer, Oakland Park is now able to prepare its own Water and Sewer Master Plan, which was included as an initiative for FY 2023. The results of the master plan and rate study are expected to be presented to the Commission in the coming months.

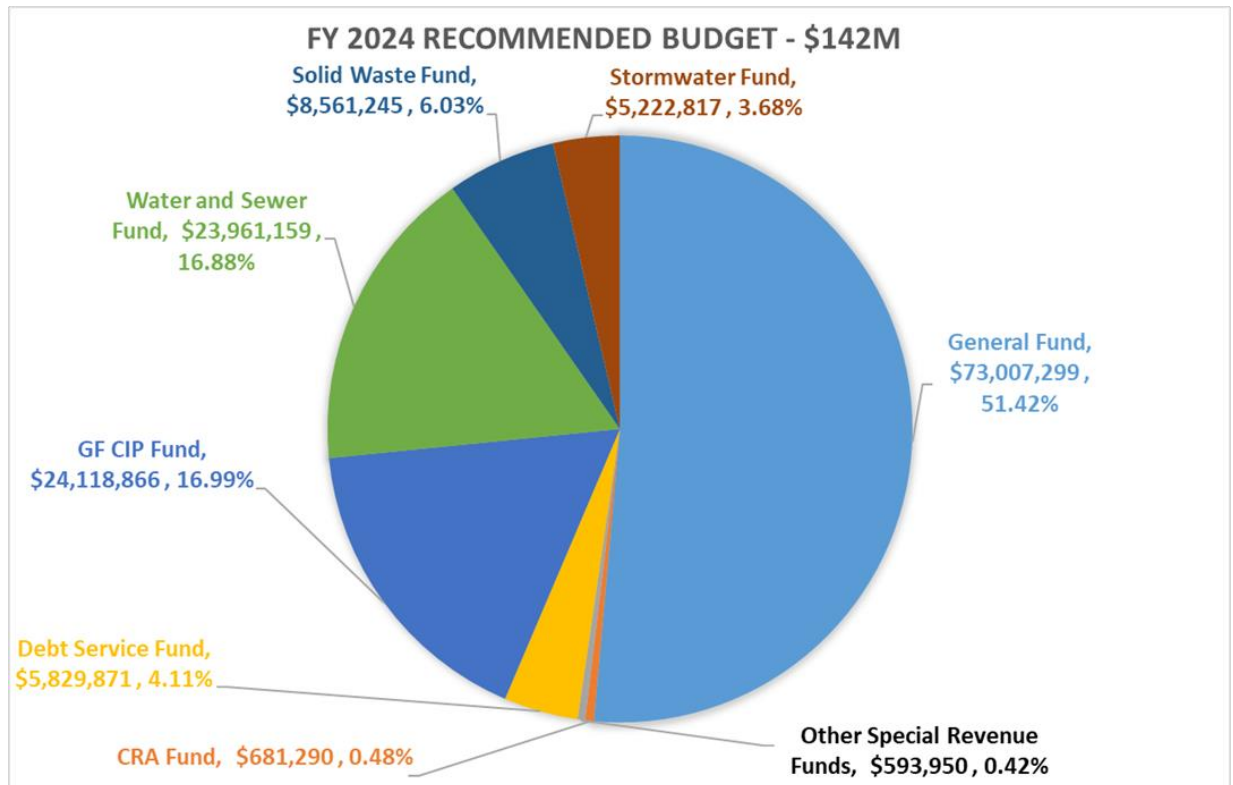
One of the most historic signs of the City's continued progress is the City's facility modernization campaign. In 2018, over two-thirds of Oakland Park voters approved the issuance of \$40 million in general obligation bonds to rebuild and enhance the City's Fire Rescue stations and community facilities. 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). For these bonds, the City secured a low effective interest rate of 2.26%. 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 and the City obtained an effective interest rate of 2.59%. 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 requires that a debt service millage of 0.4109 mills be adopted. The required debt service millage for Series 2022 is 0.2229 mills. 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. **The combined debt service millage rate is 0.6338 mills, a decrease of 9.1% compared to FY 2023, which is the equivalent of a \$10.32 decrease to the median single-family home.** With all bonds sold, the cost to the median single-family home is approximately \$8.59 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. With these debt service rates, there will be a \$10.32 decrease in the total annual

debt service cost paid through the tax bill by the median home.

All of the above rates provide major funding components for the sustainability of the City's operations.

The Recommended Budget for all funds is \$142 million, which is \$3.8 million more than the FY 2023 Adopted Budget of \$138.2 million, a 2.8% increase. The breakdown of funds is as follows:



The largest fund is the City's General Fund, which has a budget of \$73.0 million, an increase of \$7.1 million over FY 2023. Much of this increase is attributed to higher vendor costs due to inflation, growing public safety costs, staff compensation, projected increases in property and health insurance premiums, higher pension costs, and new business plan initiatives. The General Fund budget also includes \$5.4 million in transfers to other funds, including \$2.2 million to the Capital Improvement Program (CIP) fund for various projects, \$2.8 million to the City's Debt Service Fund to pay non-bond related governmental debt, and \$0.5 million to the Community Redevelopment Agency (CRA) fund. These transfers are up by \$1.9 million over FY 2023, primarily driven by increased CIP funding. The City's Governmental Funds Capital Improvement Program fund (GF CIP), which only reflects governmental-type projects, is \$24.1 million, or 17% of the total budget. This is similar to the FY 2023 Adopted Budget of \$25.7 million. The other budgetary funds

are the City's Enterprise Funds, which reflect self-supporting, business-like activities: Water & Sewer \$24.0 million, Solid Waste \$8.6 million, and Stormwater \$5.2 million. The Water & Sewer Fund remains largely flat with a \$0.7 million increase. The Solid Waste Fund is decreasing by \$0.5 million, largely due to a change in the volume of vehicles being purchased, but actual operating costs of the fund have increased considerably. The Stormwater Fund budget is decreasing by \$2.9 million due to the timing of various capital projects.

On July 19th, 2023, 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 the estimated financial impact of proposed tax and assessment rates.

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 5.8550 to 5.8362 mills, a 0.0188 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 \$33.22 (3.62%) increase in operating property tax over last year. This change is below the reported 6.5% increase in CPI. The debt service millage rate for the 2020 Series bonds is 0.4109 mills and the rate for the 2022 Series bonds is 0.2229 mills. The combined debt service millage rate is 0.6338 mills, which is 9.1% lower than FY 2023's debt service rate. With these debt service rates, there will be a \$10.32 decrease in the total annual debt service cost paid through the tax bill by the median home.

Oakland Park's millage structure remains competitive and compares favorably 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 6.9277 mills, which is 0.4577 mills higher than Oakland Park's combined millage rate of 6.4700. Among cities closest to our size, the lowest millage rate is Parkland at 4.2979 mills and the highest is Lauderdale Lakes at 9.3350 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 19. To ensure the financial stability of the Solid Waste Fund, a \$29.50 increase in the residential solid waste assessment is recommended (\$310 for FY 2024). No change is recommended to the stormwater assessment rate (\$114 for FY 2024). Due to growing personnel costs, a \$25.00 (9.96%) increase to the fire assessment rate is recommended (\$276 for FY 2024).

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 \$77.40, or \$6.45 a month. The total financial impact is 4.62% more than last year and is well below the inflation rate of 6.5%

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-planned 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 enjoy a game of pickleball at City Park, take walks along the Middle River Promenade at Blys, go biking on the Oak Tree Greenway, shop at new organic markets, or watch the construction cranes at work. **Oakland Park is on the move.**

At \$142 million in size, the recommended budget for FY 2024 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 2024 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.

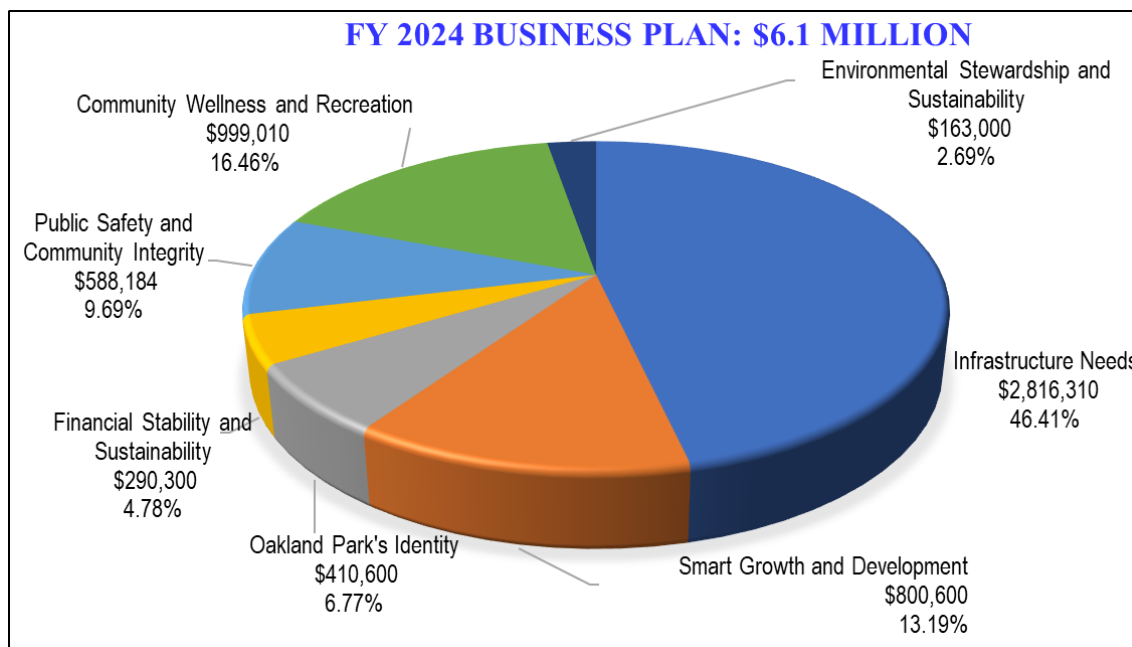
In October 2021, the City Commission held a public workshop at the Jaco Pastorius Community Center that resulted in various updates to the Strategic Plan. A recording of the workshop is available for viewing on the City’s [website](#). The strategic plan was approved by the City Commission in January 2022 and made the following changes to the Strategic Performance Areas:

Old Performance Areas	New 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 renewed commitment to championing 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 remain available while promoting economic opportunities throughout the City.

The Recommended Budget for FY 2024 is the second budget developed using the revised Strategic Plan. The proposed budget includes over \$6 million in new business plan initiatives and capital purchases that help advance the Strategic Plan. A summary of these initiatives for next year is provided below:



Infrastructure Needs

The proposed operating budget includes eighty-eight separate initiatives and capital expenditures valued at \$2.8 million. Highlights of the operating program include, an Information Technology Services Operations Study, continued support for the City's Americans with Disabilities Act Transition Plan development, replacement of handheld radios

in Public Works, \$0.8 million in vehicle replacements, continued expansion of the asset management software for Public Works, additional landscape and tree canopy replacements and enhancements for City medians, funding for the maintenance of NW 21st Avenue landscaping, the initial phase of replacement of entryway signs, Summer Lakes wall repainting, and additional

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.

funding for sidewalk repairs and pressure washing. Various information technology infrastructure upgrades are included, such as the first phase of upgrading the City's network switch infrastructure, additional cybersecurity improvements, the rolling replacement of workstations, and mobile device and asset management systems. In addition to these operating budget initiatives, the City's Capital Improvement Program for infrastructure is valued at \$26.1 million, with much of the work driven by the Building Our Second Century facilities program, mobility improvements, and other enhancements.

Financial Stability & Sustainability

The proposed operating budget contains seven business plan initiatives, valued at \$0.3 million. These include the continued support of online utility billing payments for customers by absorbing all convenience fee charges, new lease management software to assist in new GASB reporting requirements, 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 budget's development as a whole is intended to advance this performance area. The proposed \$142 million budget maintains fund balance at almost 21% of General Fund expenditures by the end of the year and proposes the ninth reduction in the operating millage rate over a ten-year period and the first reduction in the debt service millage.

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 2024 budget contains twenty-three different initiatives valued at \$0.8 million. These initiatives involve various planning studies for affordable housing, community appearance, and residential standards. Continued 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 in the CRA, and additional marketing and branding of the City to attract new businesses and investors. To promote high-quality development outside the CRA, a new pilot program to provide business incentive grants within and adjacent to the City's qualified census tract west of I-95 is funded. New CRA initiatives include a Restaurant/Culinary Art

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.

Incubator Program and the launch of the City's Entrepreneurship Academy. Effort is being made to better utilize economic data, with new funding for GIS consulting services and customer reporting improvements with Energov. 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.

Public Safety and Community Integrity

The proposed budget contains \$0.6 million in funding for thirty-five different business plan initiatives to support Public Safety and Community Integrity. This includes funding for new Fire Rescue Department command vehicles, a training initiative for Driver/Engineer positions, replacement of personal protective equipment, traffic pre-emption devices, and continued community

outreach, including the Heartsafe Program. The budget includes funding for a new fire assessment study to ensure the existing rate structure is allocated fairly among property classes and that sufficient revenue is generated to provide for rising costs. A 4.8% increase in the Sheriff's contract is accommodated within the budget. The City has applied for a FEMA SAFER grant that would provide funding to hire an additional five firefighter/paramedic positions. The CIP also contains a variety of projects related to public safety, including grant-funded renovations to Fire Station 20.

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-seven different business plan initiatives, valued at approximately \$1.0 million, are included in the proposed budget to promote parks and recreation, wellness, and education. This includes funding the City's Local Government Academy, the second year of the grant-funded afterschool MOST program, Phase 6 Grant afterschool tutoring, and outdoor programming at City parks. Support

for National Neighborhood Day is included, in addition to funding to promote Little Free Libraries in Oakland Park. Financial aid packages for youth sports and childcare are maintained. The special events budget maintains all City events. Purchases include a new barbeque grill and trailer, replacement of Parks vehicle wraps, and replacement chairs for Jaco Pastorius Community Center. An automatic increase of the Parks Impact Fee paid by new residential development is

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.

scheduled for November 2023, which will provide additional funding to support efforts to increase recreational amenities in the City.

Oakland Park's Identity

There are twenty different initiatives planned for FY 2023, which together are valued at more than \$0.4 million. The City's award-winning food distribution program to low-income seniors will continue, as will the annual delivery of hurricane kits to at-risk residents. The City's grant program to non-profits will be maintained. Various improvements to the City Commission's agenda system are contemplated, as is Oakland

Park's annual birthday & appreciation event, the cost of a potential special election, new resident welcome packages, and continued support of 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 Diversity Ambassador Program. The capital budget also continues and expands funding for the recently redesigned neighborhood entryway signs, in addition to implementation of the City monument signage program.

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 2024, this newest addition to the City's strategic performance areas has ten planned initiatives, which together are valued at roughly \$0.2 million. This includes an Iguana Removal Program to limit the impact of this invasive species in parks, outreach on recycling and water conservation, various stormwater maintenance improvement, including canal & lake cleaning. 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 enhanced Tree-Give-Away program is budgeted for two events next year, as is new funding to support those seeking gardening plots at the City's future Harlem McBride community garden in conjunction with the Urban Farming Institute.

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 are found in the appendices of the budget book and capital infrastructure project details can be found within the CIP section of the same document.

FY 24 Recommended Budget Summaries by Fund

The following table summarizes the FY 24 Recommended Budget by fund (in \$ millions) and compares it to the adopted budget for FY 23. A comprehensive budget 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 23 Adopted	FY 24 Recommended
General Fund	66.0	73.0
Community Redevelopment Agency (CRA) Fund	0.7	0.7
Debt Service Fund	5.3	5.8
Other Special Revenue Funds	0.0	0.6
Governmental Funds Capital Imp Plan Fund*	25.7	24.1
Water & Sewer Fund	23.3	24.0
Solid Waste Fund	9.1	8.6
Stormwater Fund	8.1	5.2
Total Budget (in \$Millions)	138.2	142.0

*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 2024 General Fund is \$73.0 million and anticipates revenues of \$67.3 million. The below summary shows changes in the revenue categories of the fund:

Fund Description	FY 23 Adopted	FY 24 Recommended	\$ Change	% Change
Property Tax	\$25,041,777	\$28,103,913	\$3,062,137	12.2%
Other Taxes	\$8,092,916	\$8,162,105	\$69,189	0.9%
Fire Assessment	\$6,704,786	\$7,397,586	\$692,800	10.3%
Permits & Fees	\$7,270,987	\$7,391,350	\$120,363	1.7%
Intergovernmental Revenue	\$5,030,302	\$5,224,500	\$194,198	3.9%
Charges for Services	\$7,898,963	\$8,164,082	\$265,119	3.4%
Judgment Fines & Forfeitures	\$285,000	\$302,500	\$17,500	6.1%
Misc. Rev & Interest	\$513,454	\$2,238,100	\$1,724,646	335.9%
Debt/Transfers/Other	\$325,647	\$319,556	(\$6,091)	-1.9%
Total Budget (in \$Millions)	\$61,163,832	\$67,303,692	\$6,139,860	10.0%

As shown, there is a \$6.1 million increase in revenue, a 10% increase compared to FY 2023's Adopted Budget. A reduction to the existing operating millage rate is proposed, but property tax revenues are anticipated to increase by \$3.0 million due to the expansion of the City's property tax base. Fire assessment revenues are expected to increase by \$0.7 million due to the proposed increase in the assessment rate and new construction. Other revenue streams show only modest growth, with the exception of miscellaneous revenue, which includes recognition of the interest earned by the City, including interest earned on the American Rescue Plan Act (ARPA) funds. 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.

Many of the City's revenue streams are tied to general economic activity, such as utility tax revenues, sales taxes, etc. These accounts were largely stagnating prior to COVID-19 and experienced major declines during the pandemic due to disruptions in economic activity. These accounts experienced improvements recently as the economic effects of pandemic conditions lessened. Nonetheless, the long-term prospect of continued growth is limited and declines in these revenues are possible due to rising inflation, growing interest rates, and overall economic slowdowns.

Property tax continues to represent the single largest source of revenue for the General Fund, providing 38% of all revenue. 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 eleventh time since 2007. The City's total tax base is now \$5.07 billion and exceeds the pre-recession peak of \$3.54 billion. The increase over last year is \$0.58 billion, an increase of 12.94%. This was the seventh-highest increase among all Broward County cities and higher than the countywide increase of 11.73%.

Construction cranes abound throughout Oakland Park and the City's Building & Permitting Division has never been busier. The Blys project was completed earlier this year and will appear on tax rolls beginning in FY 2025. The Sky Building and Oaklyn are both under construction. The final phases of Oak Tree are currently underway. Construction of the Horizon development is expected to begin in early 2025. These projects represent hundreds of millions of dollars 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 \$5.07 billion, the Property Appraiser shows a market value of over \$8.0 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 annual growth in the taxable value for homesteaded properties is also limited to 3% or the change in the consumer price index (CPI), whichever is lesser. For this year, the increase in the CPI was 6.5%, meaning that the growth in the taxable value of homesteaded properties will be limited to 3%. The City has approximately 15,565 single-family homes, townhomes, and condominiums; of these, 61% are homesteaded and benefit from the Save-our-Homes growth cap of assessed value for taxes.

City taxes only comprise a small portion of what appears on residents' tax bills; only about a third of the tax bill represents the City levy. The vast majority of taxes appearing on bills are levied by separate taxing authorities, including Broward County, the School Board, and other special taxing districts.

Since adopting a peak operating millage rate of 6.3995 in FY 2014, the City has reduced the operating millage rate eight times in the past nine years. Those reductions did not inhibit the ability of the City to compensate staff or to accomplish new projects and initiatives; these millage rate reductions 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 general revenues were reduced, maintaining the existing millage rate would have created an additional burden on our community. As a consequence, the FY 2021 budget reduced the rate from 6.0880 mills to 5.8910 mills, 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. This rate was further reduced for FY 2023 to 5.8550.

For FY 2024, the proposed operating millage rate is 5.8362, a reduction of .0188 mills. This is the City's lowest operating millage rate in thirteen years and the ninth reduction in the past ten years. The recommended millage rate is expected to generate \$28.1 million in property tax revenue to fund the general operations of the City. The recommended millage is 10.74% greater than the calculated rolled-back rate of 5.2701 and generates an additional \$2.7 million over the rolled-back rate. The consistent decreases in the millage have resulted in a total reduction of 0.5633 mills since FY 2014, a reduction of 8.8%, saving taxpayers more than \$13.3 million.

The second most significant source of General Fund revenue is the Fire Assessment fee. All proceeds from the assessment can only be 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 among different property classes

(residential, industrial, commercial, institutional). In FY 2022, the Commission approved the recommendations presented as part of the 2021 fire assessment study, which 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. 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.

As noted in last year's budget message, the 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 (19% raises over two years) and new benefits. With consideration of these growing costs and to ensure that proper funding exists to meet the operational needs of the critical fire suppression functions of the Department, an adjustment to the rate structure is proposed. **For FY 2024, a fire assessment rate of \$276 per residential unit is recommended.** The proposed increase is a \$25 dollar increase in the residential rate and approximately a 10% increase for all other property classes. With the proposed increase, Oakland Park's fire assessment still remains well below the countywide assessment average of \$322 per residential unit.

Public safety costs represent the largest costs and the largest increases in the General Fund Budget. The Fire Rescue Department is recommending an increase to their emergency medical services transport fee schedule. This schedule has not been adjusted since 2011 and the proposed adjustments would include increasing the basic life support service trip fee from \$670 to \$750 and the advanced life support service trip fee from \$700 to \$1,000. The adjustments will bring Oakland Park to a level comparable to other Broward agencies. The Fire Rescue Department's budget was adopted at \$13.93 million for FY 2023 and the proposed budget for FY 2024 is \$15.39 million, an increase of 10%, or \$1.46 million. Compensation costs are expected to increase by over \$1.7 million, with the majority of the increase due to growing Florida Retirement System and closed City pension costs. The increase is partially offset by a reduction in the volume of capital equipment purchases.

The contract with the Broward Sheriff's Office for services next year will be \$18.95 million, a \$0.86 million, or 4.8%, increase over FY 2023. This is the largest increase since the \$0.83 million increase included in the FY 2023 budget. Staff continues to work with the Sheriff's Office to identify potential target areas to reduce the size of the increase, but 94% of the cost increase is

attributable solely to the growing compensation costs to maintain the existing staffing level of 88 sworn positions and 11 non-sworn positions.

Personnel costs are the largest component of expenses within the General Fund. Total General Fund pension costs are anticipated to increase by \$1.4 million due to higher Florida Retirement System rates and increased contributions to the closed Police & Fire Pension Plan and General Employees Pension Plan due to poor market performance. Health insurance costs are projected to increase by 8%, or \$0.2 million over FY 2023. FY 2023 was the second of the two-year labor contracts that were approved by the Commission. As part of these contracts, each year general employees (non-public safety) received 3% wage adjustments in October and all position grades were increased by 3% at the same time, which raised the minimum and maximum pay rates for all non-public safety positions. Over the two years of the fire union contract, the majority of employees received 9% raises each year. All union contracts expire on September 30, 2023 and management, in consultation with the Commission, is currently in negotiations with the City's three unions. The results of these negotiations will have a substantial financial effect on the FY 2024 and future budgets. The administration is committed to achieving a reasonable and financially sustainable resolution to contract negotiations that balances the realities of growing inflation with the financial capacity of the City's residents and businesses.

The overall cost of operations has increased. As the costs of labor, gas, and materials grow, the prices charged by the City's vendors have also increased. The dollar value of individual increases may be minor within the context of the entire General Fund's budget, but the aggregate of these increases elevates the cost of maintaining existing operations and levels of service. It is beyond the scope of this document to identify every increasing cost to the General Fund, but the reality of inflation is tangibly affecting departmental budgets. The Parks & Leisure Services Department, for example, has seen a substantial increase in operating costs simply to support the same events, facilities, and services offered in the past. Rides for Youth Day, for example, increased from \$29 thousand to \$39 thousand – a small and manageable cost to the Department's budget on an individual level, but the rising costs of special events vendors for lavatory rentals, lights, security checkpoint staffing, performers, etc., have resulted in the total special events budget for next year growing by 16%. An amendment to the Cherry Creek Park utilization agreement with the Archdiocese of Miami was approved, raising the cost of annual rent from \$9,133 to \$63 thousand, an increase of 590%. The multi-year crossing guard contract will increase by \$32 thousand, resulting in a total increase of over \$100 thousand in the past two years. These specific examples alone total hundreds of thousands in recurring costs to maintain the status quo of a single department.

Non-departmental costs are also growing. General liability insurance through the Florida Municipal Insurance Trust is expected to grow by 15%, from \$2.1 million to \$2.3 million. Utilities costs are growing both due to pricing and also volume as new projects are completed, such as the landscaping on NW 21st Avenue and City Park Phase 1. Irrigation and water costs for next year are expected to grow by 9%, or \$50 thousand; electrical costs by \$88 thousand, or 12%. As the City continues to invest in new projects, maintenance costs will continue to grow.

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 23 Adopted	FY 24 Proposed	\$ Change	% Change
To CIP	\$660,000	\$2,148,168	\$1,488,168	225.5%
To Debt Service*	\$2,336,916	\$2,777,496	\$440,580	18.9%
To CRA	\$549,583	\$515,806	-\$33,777	-6.1%
Total	\$3,546,499	\$5,441,470	\$1,894,971	53.43%

* FY 24 includes \$1,000,000 from Restricted Building and Permitting Fee Funds

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

The transfers from the General Fund to other funds have increased by approximately \$1.9 million. The transfer to the Debt Service Fund has been increased by \$0.4 million, which is needed to fund the partial annual principal and interest payments for the planned Sky Building construction loan. The CRA transfer has a slight reduction but maintains sufficient funding to continue existing programs and incentives, in addition to new activities. The CIP transfer has more than tripled, growing by \$1.5 million. The CIP projects funded by the transfer include the planned upgrades to Royal Palm Park (\$20 thousand), continued funding for neighborhood entryway sign (\$50 thousand), the second year of funding for new City entryway signage (\$150 thousand), the City's grant match contribution for streetscape improvements to NE 34th Court between NE 12 Terrace and NE 16th Avenue (\$928 thousand). The transfer also includes a \$1 million contribution of permitting fee revenue to fund the construction of the Building & Permitting Division's portion of the Sky Building City Hall leasehold. These projects are discussed in depth as part of the Capital Improvement Program Plan section in this document.

Total General Fund expenditures are \$73 million and total revenues are anticipated to be \$67.3 million. Approximately \$5.7 million in available fund balance, or reserves, are planned to be utilized to help balance the budget. This level of utilization is forecasted to maintain the City's reserves at 20.95% of General Fund expenditures. This is within the City Commission's 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. Beginning roughly 10 years ago, Oakland Park received \$4.8 million through Broward County's Redevelopment Capital Program (RCP) to acquire properties downtown and fund various infrastructure projects. Distributions from the RCP were 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 included a months-long process to redevelop Oakland Park's City Hall property 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 City Commission ultimately selected a joint venture by Kaufman Lynn Construction and the Falcone Group to redevelop the site into "Horizon of Oakland Park." After negotiations, purchase and sale and development agreements were approved by the Commission in fall 2022 and the developers are currently preparing their submissions to the City's Development Review Committee this summer. The project will construct a "Woonerf", or living street, and bring 310 apartment units to the downtown, along with structured public parking, a dog park centered around the historic ficus tree, and new retail spaces. The developers will also construct a new Greenleaf Park on the site of the former Omega Church. The sale price of the City property is \$11 million, which can be utilized to offset other City expenditures.

FY 2023 also played host to an historic moment: the groundbreaking of the Sky Building project's construction. Located on the west side 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 20-year long-term lease for space within the Sky Building; this space will be the new home for Oakland Park's City Hall. The end of the lease will coincide with the final repayment of the general obligation bonds, providing future flexibility to construct a new City Hall at that time. Spatial planning for the City Hall area of the Sky Building is nearing completion and construction is planned as part of the FY 2024 CIP. As part of the project, Broward County has committed to providing an approximately \$1 million incentive as gap financing, which helps reduce the City's outlay on the project.

The FY 2024 budget for the CRA is \$0.7 million, the same size as the FY 2023 budget. Funding for existing programming is maintained, such as Find It In Oakland Park (\$25 thousand) and the Business Incentive Grants program (\$100 thousand). New initiatives are also contemplated, including an Entrepreneurship Academy (\$20 thousand) and a Restaurant/Culinary Arts Incubator Program. As FY 2024 will be the first year of the new CRA strategic plan's implementation, the budget also includes \$75 thousand to fund new strategic plan initiatives, with the specific use to be determined as the plan is developed and adopted. The CRA will coordinate the West Dixie Side Streets capital improvement project. This project, which is within the CIP budget, will use \$606,841 in American Rescue Plan Act funding to improve the NE 35th Street and NE 36th Street side streets west of Dixie Highway.

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. Oakland Park and the Oakland Park CRA are currently preparing an interlocal agreement with Broward County that will help finance approximately \$5 million in City infrastructure costs related to the development of the Horizon of Oakland Park. A final agreement for consideration by the Commission is expected later this year.

The City is also in negotiations with the Broward County School Board to modify the 2005 Education Mitigation Agreement. This agreement was intended to address overcrowding in schools within the CRA's Local Activity Center (now OP3D) area, charging a "mitigation fee" in lieu of a standard student impact fee on new residential development. Although schools within the Local Activity Center are all under capacity today, the mitigation fee is still being assessed on new residential units. The cost of the mitigation fee is much higher than regular impact fees: a one-bedroom midrise apartment would pay a mitigation fee of approximately \$8,000, whereas a standard impact fee would only be \$375. The higher costs are a major impediment to redevelopment within the CRA. The City is working actively with the School Board to craft a mutually agreeable amendment that addresses capacity concerns without hindering redevelopment.

Expenditures in the CRA for FY 2024 total \$681,290, of which \$515,806 is funded through a transfer 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 the City's governmental debt, meaning all 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 of recreational amenities. The proposed debt service budget for FY 2024 is \$5.8 million, an increase of \$0.5 million over FY 2023. The increase is directly related to the planned issuance of a loan for the interior build-out of the City Hall spaces at the Sky Building. The estimated cost of the leasehold improvements is approximately \$9 million, of which \$8 million would be funded through external financing.

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 issued the \$40 million in two tranches of debt. A tranche is a "slice", or portion, of the total \$40 million in bonds that would be sold, or issued, together at the same time; this is the process by which the City "draws down" on the approved \$40 million to provide funding for the bond program.

The first tranche was issued in June 2020 in the amount of \$26 million. This first tranche funded 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 Bonds debt service millage rate for FY 2024 is 0.4109.

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 was the first year these costs were paid and the first year the City Commission adopted a debt service millage to fund those principal and interest payments. The 2022 Series General Obligation Bonds debt service millage rate for FY 2024 is 0.2229.

The combined debt service millage rate of the 2020 Series (0.4109 mills) and 2022 Series (0.2229 mills) is 0.6338 mills, a reduction of 0.0634 mills, or 9.1%, from last year's rate of 0.6972 mills. As part of the education and community outreach on the proposed bond program in 2018, the City estimated that the monthly cost of the bonds once fully issued would be less than \$10 a month for the median, homesteaded single-family home. With all bonds issued, the cost is \$103.14 a year, or \$8.59 a month – a result that is significantly lower than the estimates provided

to the public. The \$103.56 annual cost is a \$10.32 reduction from last year's impact on the median home. The decrease is attributable to the expansion of the City's tax base. As the annual debt service costs of the bond series will remain about \$3.0 million each budget year, 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 rate needed to support the debt service, 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 the final payment will be made in July 2028. The second loan was for \$3.2 million 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. Other loans were issued at the same interest rate by the Water & Sewer and Stormwater Funds for their portions of the Public Works Facility.

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 raised 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 noted above. The issuance of a loan for the Sky Building leasehold improvements is included as part of the FY 2024 budget. The value of the loan is estimated to be \$8 million, with annual debt servicing costs in FY 2024 budgeted at approximately \$550 thousand. The City intends to issue the solicitation for the loan with clear language allowing for early payment of the loan principal without penalty, which will allow the City the flexibility to either partially or fully pay off the loan earlier, reducing servicing costs. If it is in the best interest of the City, proceeds from the sale of City land as part of the Horizon of Oakland Park project may be applied to this end.

Given the higher cost of borrowing, any vehicle and capital equipment debt financing for future consideration 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 19, 2023 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 combined debt service for the 2020 and 2022 General Obligation Bond series is 0.6338 mills. Tentative and final debt service millage rates will be set during the September budget hearings.

Enterprise Funds

Water & Sewer Fund

The Water & Sewer Fund is the City's largest Enterprise Fund; the fund includes the 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 & 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 service area does not cover the entirety of Oakland Park. Certain areas of the City are outside the 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 another existing utility system. An example of this is North Andrews Gardens, which was serviced by Broward County prior to annexation and remains within Broward County's service area.

The overall Water & Sewer Fund budget for FY 2024 is \$24.0 million, an increase of \$0.7 million from the FY 2023 adopted budget of \$23.3 million. General operating and personnel costs show increases due to inflation and the introduction of a new auto-progression system for staff positions. The budget also reflects an assumed increase in the volume and price of water purchased from Fort Lauderdale and increased infrastructure investment in the CIP.

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 and \$7,500 for maintaining the existing low-flow toilet rebate program. Additional funding is also allocated as part of the ongoing implementation of the Commission-approved asset management software (\$24,000). Hand-held radios will be replaced for both divisions

(\$13,750). Capital equipment and vehicle replacements for next year include a 2005 utility crane for \$155,000, a 2004 mini-excavator for \$75,000, a 2006 trailer-mounted generator to provide power to lift stations in emergencies for \$80,000, a 2007 utility-body van for \$75,000, and a 2004 SUV for \$40,000. The fund also has \$915,000 in capital infrastructure projects planned, including \$500,000 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 \$102,000 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 to the City, 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. Due to supply chain issues with installing new meters, the third-year verification report has been delayed, but a similar level of benefit is anticipated. The smart meter system provides tangible benefits both to 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, which supports sustainability and cost savings.

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 2024 is anticipated to be \$98,000. As more customers shift to convenient online payments, this cost is anticipated to grow. As part of next year's Utility Billing Division budget, \$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. Changes to the payment processing system are planned for FY 2024, including the launch of IVR.

The Water & 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. In recent years, the City was in 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 replaced 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 and lacked accountability and oversight by the full system's membership group.

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, which was set to terminate in 2024. 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 was approved in August 2022 and allows for the phased implementation of a surcharge over four years, ending with a final and maximum 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. FY 2024 is the second year of the agreement, and the surcharge rate will be 6.25% on all water purchases.

The last comprehensive study of Oakland Park's utility system was completed prior to the issuance of the 2010 and 2012 bonds. With new agreements for water purchases and sewer processing in place, Oakland Park is poised to conduct its own Water and Sewer Master Plan. In January of this year, the City Commission approved a work authorization with Craven Thompson and Associates to update the City's Water and Wastewater Assessment Reports, which serve as the long-term master plan for the utility system. The master planning process will include an evaluation of the infrastructure of the water and sewer system, a review of operating conditions, and the development of a long-term capital program. A separate solicitation for a water and sewer rate study has also been performed and a contract will be awarded this summer. This study will review the existing rate structure and design, including pricing tiers and customer classes, and make additional recommendations on various miscellaneous fees and system functions. The results of the master plan and the rate study will be presented to the Commission for consideration and implementation during FY 2024.

The current 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.

Oakland Park's water and sewer rates will be adjusted automatically on October 1, 2023, in accordance with the City Code's rate adjustment provisions. The rate adjustment will be presented in September after the provider rates from Fort Lauderdale and Broward County are made available.

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. 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. In 2003, the assessment, then included on monthly utility bills, was \$72 per ERU. This was increased for the first time for FY 2016 to \$84 per ERU.

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. The master plan and accompanying rate study were presented to the City Commission in June 2022. The master plan identified fifteen projects at an estimated cost of

\$48.8 million to be constructed over a 15-year period. These projects range from the County-required raising of sea walls to improvements to outflow systems and pump stations. Funding these projects will require a combination of grants and low-interest loans through Florida's Clean Water State Revolving Fund program.

Due to the challenging financial situation of the fund and the need to fund capital improvements, the rate study recommended a \$30 increase to the existing assessment of \$84 per ERU. The Commission approved this recommendation and the rate for FY 2023 was set at \$114 per ERU, the second increase over a 20-year period. The study also recommended subsequent increases of \$11 in FY 2024, \$6 in FY 2025, \$7 in FY 2026, and another \$7 increase in FY 2027, which would result in a rate of \$145 per ERU by FY 2027. The gradual increase in rates was intended to provide the revenue capacity to service payment to the state revolving loan program loans, while also taking into account growing operational and construction costs.

The City is working actively with the firm of Hazen & Sawyer to secure state revolving loan funding. Given the lengthy application process, loan proceeds are not anticipated to be received until FY 2025 at the earliest and the additional debt service costs are not contemplated for FY 2024. While personnel and operational costs have increased, the existing rate level is sufficient to accommodate these costs. **No change to the existing stormwater assessment rate of \$114 per ERU is recommended for FY 2024.** The current rate will generate approximately \$4.6 million.

The proposed Stormwater Fund budget for FY 2024 is \$5.2 million, a decrease of \$2.9 million from the adopted FY 2023 budget of \$8.1 million. This decrease is largely attributable to a decrease in capital projects. The FY 2023 budget included \$3.6 million in projects, including a \$2.1 million surtax-funded drainage project in North Andrews Gardens. The FY 2024 CIP contemplates \$0.7 million for capital projects, which includes funds for storm drain lining, canal embankment improvements to the Lady Lake Trail at Blue Heron Lake, and design for the NE 6th Avenue Pump Station Project south of Oakland Park Boulevard. Other non-infrastructure capital planned for FY 2024 includes \$110,000 to replace two 2006 trailer-mounted trash pumps, which are specially designed to pump large amounts of water that contain mud, leaves, twigs, sand, and other drainage debris.

The proposed operating budget includes an increased emphasis on outreach, including \$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 canal and lake cleaning, \$10,000 for new aquatic planting, \$40,000 for swale maintenance improvements, and \$20,000 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 19, 2023, 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 Wednesday, September 13 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 applies to parcels with no more than four dwelling units and replaced a monthly utility bill in FY 2012, at which time the residential fee was set at \$300 per residential unit. Parcels with five or more dwelling units continue to be charged via utility bills. In FY 2013, the \$300 residential fee was reduced by \$45 to \$255 in response to challenges posed by the recession. 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 and significantly depleted fund reserves.

In 2017, a comprehensive study of 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, but still substantially lower than the FY 2012 rate of \$300. Personnel, operating and capital costs of the fund are higher than in FY 2013.

A new rate study was prepared during FY 2022 and the results were presented to the Commission in June 2022. As outlined in the presentation, Oakland Park's rates, the third lowest among Broward cities surveyed as part of the study, were 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 and 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 was included in the rate design. As noted in last year's budget message, total expenditures exceeded revenues by \$0.2 million during the five-

year forecast period, meaning that the use of reserves was anticipated and that further adjustments would be needed if cost escalations exceeded forecast assumptions.

Based on the results of the rate study, a solid waste residential rate of \$280.50 per dwelling was approved for FY 2023, along with a 10% increase in commercial rates. During FY 2023, the City experienced tangible increases in the cost of providing solid waste services. This includes a 48% increase (\$109.67 to \$162 per ton) in the recycling processing rate paid by the City to Waste Management and an average 91% increase in the cost of commercial dumpster maintenance and repair. Notice has also been received that Waste Connection, which provides solid waste disposal services (landfill) to Oakland Park, is seeking to increase its rate by 28%, from \$44.71 to approximately \$57.00 per ton. These three increases alone are anticipated to increase costs by approximately \$650 thousand.

Based on the financial needs of the fund, a solid waste residential rate of \$310 per dwelling is recommended for FY 2024. This 10% increase raises the rate by \$29.50 a year, or roughly \$2.46 a month. The adjusted rate will generate approximately \$0.32 million more over FY 2023. For commercial rates, an increase of 11% is recommended, which is anticipated to generate an additional \$0.44 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.

The total budget of the fund for FY 2024 is \$8.6 million, a decrease of \$0.5 million from FY 2023's adopted budget. The decrease is primarily due to the large number of fleet vehicles purchased last year; the FY 2023 budget included a \$1.3 million loan with Truist Bank to replace six vehicles, whereas the FY 2024 only contemplates the replacement of one vehicle, a bulk trash truck, for \$0.2 million. The proposed budget also includes \$65 thousand for the City's portion of the countywide Solid Waste Disposal Authority study, truck bed flooring replacements for \$50 thousand to extend the lifespan of vehicles, ongoing implementation of the asset management system for \$15 thousand, and \$3 thousand for promotional activities.

Increases in the residential and commercial rates will help address the immediate financial needs for FY 2024, but even with these increases, the fund will require the use of approximately \$0.1 million in reserves to balance the fund. This use of reserves in the proposed budget is to fund one-time expenditures only, specifically a portion of the vehicle replacement budget next fiscal year.

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. This summer, the Solid Waste Division will begin another rate study assessment. In addition to looking at overall financials, the study will review the City's residential bulk trash program. At present, these collections are performed monthly with no limit as to the volume of materials and are paid for as part of the annual residential assessment. Other jurisdictions place cubic yard limitations on bulk trash or weigh the materials being collected and bill accordingly. Recommendations to the rate structure, bulk trash service, and other elements will be presented to the Commission for consideration during FY 2024.

The City Commission approved the countywide interlocal agreement to create a solid waste authority. The authority is currently in the planning stages. When the authority eventually becomes operational in coming years, it will affect how and at what cost the City disposes of garbage and processes recycling. Adjustments to the City's solid waste system can be expected in the future to reflect the implementation of the authority.

The City will continue the placement of the annual residential solid waste assessment on the property tax bill. During the July 19, 2023, 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 Wednesday, September 13 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 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. In 2018, over two-thirds of Oakland Park voters approved \$40 million in general obligation bonds to fund facilities improvements. These bonds were sold in 2020 and 2022, providing the bulk of the funding available for the City's *Building Our Second Century* campaign, which is also supported by various state and federal grants, including ARPA funding. This grant funding is critical to the City, as construction inflation has increased significantly since the bonds were approved in 2018.

The scope of the City's CIP has grown dramatically in recent years. The 2020 fiscal year adopted CIP was \$3.8 million, with a significant emphasis on design and planning work for new facilities and park amenities. The CIP increased threefold for FY 2021, reaching \$12.4 million, and was marked by a shift in focus to general obligation and surtax funded projects. Most importantly, it marked the official construction groundbreaking for the *Building Our Second Century* general obligation bond projects with the beginning of City Park Phase 1. The year also saw major roadway improvements on NW 21st Avenue, Prospect Road, and Powerline Road underway.

The FY 2022 adopted CIP was \$27.4 million, an increase of more than \$15 million over the prior year. Groundbreaking occurred on the new North Andrews Gardens Community Center and 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. 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.

The CIP for FY 2023 included 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. Over the course of the fiscal year, the capital budget was amended multiple times to reflect the rolling over of prior years' projects and the award of new projects: the current FY 2023 revised budget totals over \$75 million in projects. The major milestone included the opening of City Park Phase 1, which hosts the City's first splash pad, new and improved pickleball and basketball courts, playground spaces, restrooms, a batting cage, and more to the heart of the City. Two of the largest facilities projects also began construction: Fire Station 9, which will also host Fire Administration and Fire

Prevention and the Public Works Complex. Renovations and improvements began at Dr. Carter G. Woodson Park, including the grant-funded addition of a community garden. Grant-funded improvements at the nearby Giusti Heart Par Cours entered into construction, adding parking and a new dog park (Wag Park). Grant-funded improvements to the Lloyd Estates Park were completed, including new site furnishing and installation of a rubberized playground surface. New sidewalks are currently under construction in the Lakeside neighborhood and near Oakland Park Elementary, both projects being funded by grants. Award of another grant-funded sidewalk project for the Lloyd Estates Elementary School area is expected this summer. FY 2023 also saw the opening of the Middle River Promenade. Constructed by RAM as part of the Blys development, this scenic pedestrian trail along the Middle River is open to the public and connects NE 6th Avenue to Oakland Park Boulevard.

Given the magnitude of the FY 2023 CIP, it is beyond the scope of this document to provide a full recounting of all activity that is underway. Readers are strongly encouraged to visit the City's website and watch the [CIP Presentation](#) that was given during the June 21st City Commission meeting.

FY 2024 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 the recommended budget for next year. The proposed CIP for FY 2024 includes 25 different projects that together total \$26.1 million, a decrease of \$4.1 million over FY 2023 adopted budget's CIP of \$30.2 million. **The FY 2024 CIP budget of \$26.1 is funded by over \$13.5 million in grants, which is 52% of the total budget.** The CIP includes \$8 million in external debt as part of the financing strategy for the City Hall Sky Building. General obligation bonds fund 1.6% (\$0.4 million) of the CIP and the remaining 16% (\$4.1 million) is funded directly by City resources from the General Fund and the Enterprise Funds.

A full description of each CIP project is contained in the CIP appendix of the budget book and a presentation on these projects was made during the June 21st Commission meeting. Major projects for next year include:

- **Facilities Projects:** Facilities projects are 40%, or \$10.4 million, of the budgeted CIP expenses in FY 2024. Two projects are planned for FY 2024. The interior build-out of the City Hall leasehold on the 1st and 5th floor of the Sky Building is the larger of the two projects, with an estimated cost of \$9 million. This project is funded through an \$8 million loan and a \$1 million transfer of restricted permitting fees revenues, which will be utilized to fund the construction cost share of the Building & Permitting Division. Although not shown in the budget itself, as part of the City's agreement with the developer, the value

of the Sky Building Educational Mitigation Fees paid by the City may be utilized to offset the costs of construction or applied as credits to the lease under the amended development agreement approved by Commission in January 2023. The second project is \$1.4 million in renovations to the existing Fire Station #20 building. Approximately \$1.1 million of these renovations are related to hardening and resiliency improvements and are funded through a Hazard Mitigation grant from the State. The remaining balance of the project is funded through the use of interest earned on the general obligation bonds.

- **Parks Projects:** Parks projects are \$2.7 million (10%) of the FY 2024 CIP. Approximately \$0.9 million in grants for Carter G. Woodson Park will add rubberized surfaces to the playground area, new equipment, and replacement of the existing basketball court. CDBG funding in the estimated amount of \$0.2 million is appropriated for Giusti Heart Park Phase II, which will be used to replace the existing exercise equipment, install new picnic tables, and pergolas. An additional \$35 thousand is also budgeted to purchase dog agility equipment for the new dog park at Giusti. Royal Palm Park has received a Recreational Trails Program grant of \$400 thousand, which will be used to enhance the existing pathway and pedestrian lighting. \$50 thousand has been budgeted for additional environmental remediation work at City Park should it be needed. Stevens Field is currently being used as a staging area for Fire Station 9's construction; once the station is completed, the City will utilize a \$1 million Land Water Conservation Fund grant to renovate and improve the athletic field.
- **Streetscape/Mobility/Neighborhood Improvements:** These projects represent \$11.0 million (42%) of the FY 2024 CIP. \$150 thousand is budgeted using General Fund monies for the construction of City entryway/welcome signage using the design approved by Commission. The installation of neighborhood monument signs also continues with a \$50 thousand budget. The City has received a surtax award of \$7.9 million for the implementation of the citywide mast arm conversions and design for the project is currently underway, which has identified 19 signalized intersections that currently use traditional span wire mounting for conversion to stronger, wind-resistant mast arm assemblies. The CRA has been coordinating the West Dixie Side Streets project, which will use \$0.6 million in ARPA funding to improve the functionality and appearance of this area. The City has received a \$1.8 million Local Agency Program grant to partially fund streetscape and safety improvements on NE 34th Court from NE 12th Terrace to NE 16th Avenue, helping to improve the South Corals neighborhood's connectivity to a growing downtown Oakland Park.

- **Enterprise Funds (Water/Sewer/Stormwater):** Water, sewer, and stormwater infrastructure projects are roughly \$2 million (8%) of the CIP budget for FY 2024. Projects include an additional \$500 thousand for additional sewer lining to address inflow and infiltration within the wastewater system, which will reduce processing charges for the City. Other Water and Sewer related infrastructure projects for FY 2024 include the continued upgrading of galvanized water services (\$100 thousand), lift station projects (\$150 thousand), Oakland Park Boulevard water main improvements and relocation required by FDOT to avoid conflicts with planned improvements on that roadway (\$150 thousand), new gate valves (\$50 thousand) sewer lateral upgrades, including relining and installation of clean-outs (\$100 thousand), and continued water main improvements (\$150 thousand). Stormwater projects for next year include embankment stabilization for the Lady Lake service trail (\$20 thousand), design of drainage improvements on NE 12th Terrace north of Commercial Blvd (\$60 thousand), continued support of the multi-year storm system pipe relining program (\$50 thousand), design of the Floranada Business District Pump Station and Drainage Well improvements in accordance with the Stormwater Master Plan (\$43 thousand), and \$200 thousand for the design work for improvements to the Emerald Lakes Drainage Basin. This basin is a high priority and experienced flooding challenges during Hurricane Eta in 2020; the basin includes a substantial portion of the City's western neighborhoods, including Lake Emerald, Tamarac Forest, Lake Pointe, Oak Tree, Summer Lake, and Montage. The largest FY 2024 drainage project is \$600 thousand in design for pump station improvements for NE 6th Avenue south of Oakland Park Blvd.

It should be noted that the CIP is a plan and good plans are flexible enough to adapt as needed to changing circumstances and priorities. The slate of projects contemplated for FY 2024 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. 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 and equipment with longer lead times. 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 results in 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 2024. The proposed five-year CIP is \$64.8 million. The five-year plan contemplates approximately \$17.7 million in streetscaping and mobility projects, \$16.7 million in new facilities and parks projects, \$5.0 million in water-sewer projects, and \$22.7 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, 52% of FY 2024's proposed CIP is grant, surtax, or other agency funded. Approximately \$3.7 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 \$1.6 million in FY 2026 to a low of \$0.1 million in FY 2027. The City works to apply for grants to provide funding, but success is not guaranteed and project delays due to funding availability should be anticipated. In addition to long-term financial challenges related to funding future projects, it should 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 ability 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, have increased rapidly, raising the costs 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 2024 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 expenditure for City operations; approximately 41% of all General Fund expenditures are compensation costs. The General Fund reduced total staff positions by one-third 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 administration 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, increased 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 budget as adopted included no changes in staffing, but during the fiscal year the City Commission amended the budget to create three building inspector and plans examiner positions and a new Information Technology

Services position. The costs of these new positions were offset by increased revenues and savings from reductions in contracting costs. 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 the City's 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 underway. The total Citywide staffing at the end of the 2022 fiscal year was 314 positions.

The FY 2023 budget was adopted with a Citywide staffing level of 317 positions, of which three were new additions to the budget: a Business License Coordinator, an Environmental Sustainability Coordinator, and a Landscape Designer. The Business License Coordinator was created to increase the City's capacity to work with new and existing businesses to guide them into voluntary compliance with how to do business in Oakland Park. The Environmental Sustainability Coordinator position was created to serve as a key component for the implementation of the City's Climate Action Plan, develop strategies for implementing and managing sustainability initiatives and programs, and coordinate outreach to the public and businesses on these issues. The new Landscape Designer position is intended to provide the in-house expertise needed to create landscape plans for City projects that will promote sustainable practices, utilize native plants, and take into consideration long-term maintenance requirements and costs. During the fiscal year, the City adopted budget amendments to recognize the funding of MOST Grant aftercare programming – this included the net addition of seven grant-funded positions within the Parks & Leisure Services Department. The Commission also approved a budget amendment authorizing the conversion of Information Technology contractual services funding into a new Network Administrator position.

With the changes during FY 2023, Citywide staffing stands at 325 positions, of which 271 are full-time and 54 are part-time. These numbers exclude short-term, temporary internship positions and the staffing count of the local Oakland Park Sheriff's District (99 total positions, 88 sworn and 11 non-sworn). **The recommended budget for the 2024 fiscal year proposes no changes to the existing level of staff.**

In early 2023, staff worked with Fitch Consulting on a Fire Rescue Department Staffing & Scheduling Review as part of a broader effort to reduce overtime in the department. The study recommended that the City consider increasing the number of firefighter/paramedic positions. Although no changes are being proposed as part of the budget itself, the City has applied for a FEMA Staffing for Adequate Fire & Emergency Response Grant (SAFER Grant) in response to this recommendation. The SAFER Grant program was created to provide funding directly to fire departments to help increase the number of trained, "front line" firefighters available in their communities. The SAFER grant is a three-year program and the City successfully applied to the program in 2020, which resulted in the addition of three new firefighter/paramedic positions. **The City has submitted a request for five new firefighter/paramedic positions through the SAFER program. If the grant is awarded and accepted, it would increase the staffing count of firefighter/paramedics from 28 to 33.**

Retirement Costs

Oakland Park has two City pension plans: the General Employees' Pension Plan (GEPP) and the Police & Fire Rescue Plan. Both City plans are closed, and new employees are members of the Florida Retirement System. Poor market performance has increased the City required contributions to the two closed City pension plans and the State legislature approved public safety and other FRS enhancements that have increased pension costs for all FRS employers. **The cost to the City for retirement benefits in FY 2024 is projected to be \$8.1 million, an increase of 25%, or \$1.6 million, over FY 2023's overall costs of \$6.5 million.**

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 the GEPP was frozen, members 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 2023 were \$0.31 million. **Due to poor market performance, the required GEPP contribution for FY 24 is \$0.41 million, an increase of \$0.10 million.** Future contributions will be heavily affected by the performance of the markets.

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 in 2000. 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, 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 these 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. This results in higher City contributions to the plan. Any market losses experienced by the plan also will increase the unfunded liability, which must be amortized at an accelerated schedule as required by the State.

The Police & Fire Pension Plan actuarial valuation determining the City's contribution to the closed plan for FY 2024 was based on the unfavorable investment returns as of the market downturn in 2022. **The required contribution by the City to the Police & Fire Plan for FY 2024 is \$3.3 million, an increase of \$0.8 million, or 34% over FY 2023's required contribution of \$2.5 million.**

The majority of the City's employees are participants in the Florida Retirement System. General employees fall within the System's Regular Class designation, whereas Fire Rescue personnel are within the Special Risk Class, which has substantially greater benefits. All FRS employees contribute 3% of their earnings into the system. The City, as the employer sponsor, is required to contribute a specified percentage of employee earnings to FRS. This percentage varies by FRS class and new contribution rates are set by the legislature every year. As part of the 2023 legislative session, substantial increases to the employer rates were approved. These increases were in part to offset new benefit enhancements provided, including lowering the retirement

age for Special Risk Class employees from 60 to 55, lengthening the window of participation in the Deferred Retirement Option Plan (DROP) from five to eight years, increasing the interest earned on DROP accounts from 1.3% to 4%, compounded monthly, and increased monthly health insurance subsidies received by eligible retirees.

The FRS Special Risk class employer contribution rate has increased from 27.8% to 32.67%, an increase of 17.39%. This employer contribution rate has increased steadily as the employee contribution rate remains fixed at 3%. The new rate of 32.67% is a 40.40% increase over the July 1st, 2017 rate of 7.92%. The total cost of public safety pensions (FRS and the closed plan) is anticipated to be \$5.1 million for FY 2024, an increase of \$1 million, or 26.7% over FY 2023.

The FRS employer contribution for Regular Class members, i.e. general employees, or non-public safety, is also increasing. The rate for this class increased from 11.91% of pay to 13.57% effective July 1st, 2023, an increase of almost 14%. The employer contribution rate has increased steadily. The new rate of 13.57% is a 71.34% increase over the July 1st 2017 rate of 7.92%. The City also has a small number of Senior Management Class FRS employees. The FRS rate for this class is increasing from 31.57% to 34.52%, an increase of 9.34% over the prior year. For the General Fund, the FRS and 401(a) cost of general employees is approximately \$2.9 million for FY 2024, an increase of \$0.5 million over FY 2023 (\$2.4 million).

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 and FOPE represents foremen, utility technicians, equipment operators, and other similar positions in Public Works; both of these unions represent "General Employees", i.e. not Public Safety, and consistent effort has been made to maintain parity between AFSCME and FOPE with regards to wage and benefit increases. In the past, the Commission has provided general employees not covered by either union with the same wage adjustments as FOPE and AFSCME employees. The final union is the IAFF, which represents the City's firefighters, who are the only public safety employees directly employed by Oakland Park. The City has two-year labor contracts with each union, all of which began October 1, 2021, and expire September 30, 2023.

AFSCME, FOPE, and non-union general employees received 3% wage increase at the start of the fiscal years 2022 and 2023. These increases were concurrent with 3% wage range adjustments which raised the minimum starting wage and the maximum wage for each position. These adjustments meant that even members who were currently "topped out" received a full 3% base wage increases. These adjustments were intended to keep the City competitive for hiring and retention purposes.

The expiring IAFF contract maintained 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. The IAFF plan has 13 steps for each position and each step increase is equivalent to a 4% raise. Under the contract, members all went up one step (4%) in their step plan on their anniversary date each year of the contract with the exception of members at the maximum step. As part of the contract, the value of each step was increased by 5% on September 30, 2022, and will again increase by 5% on September 30, 2023. The change in step values 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 at the maximum step at the beginning of the contract (60% of all members) will have received 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 have received raises ranging from 10% to 15%.

Labor negotiations with the City’s unions began again in Spring 2023 and will cover a contract period beginning October 1, 2023. The impact of inflation is real and affects the well-being of the City employees. The cost of wages and benefits increases must be supported by recurring revenues. These revenues are derived from the residents and businesses of Oakland Park, all of whom are also facing the economic challenges of inflation. These contract negotiations are pending as of the time of this message.

Other Compensation Costs

The City’s current insurance provider, Humana, is leaving the commercial insurance market effective December 31st, 2023, the end of the current plan year. The City is coordinating a solicitation for a new insurance provider through our insurance agent of record. Based on plan experience, it is estimated that insurance costs will likely increase by 8%, an approximate increase of \$166,000. This is after a roughly 16% increase in insurance costs in FY 2023 and 8% in FY 2022. The actual cost of insurance will not be known until after the solicitation is completed during the summer. Commission approval of the new insurer is anticipated in autumn of this year. Any cost increases would be effective January 1, 2024, the beginning of the plan year.

Future Considerations

The current labor market is one of the most challenging on record. Recruitment and retention have become difficult 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 interest rates continue to rise and 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 limited in how they can be used; permit revenue could not be used to fund wage increases for solid waste drivers, for example. Cities are publicly funded; funding to improve compensation in the public sector comes from raising revenues 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 be competitive. 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 efforts included temporary incentives for new hires, the structural redesign of positions, and the creation of a skills-based automatic progression system to retain new drivers and attract new applicants. The success of these efforts led to Commission's approval of expansion of the auto-progression structure to other Public Works Divisions during FY 2023. The City also approved a memorandum of understanding with the City's fire union that resulted in a restructuring of the department, phasing out certain positions while creating additional opportunities for promotion.

Oakland Park has maintained a conservative staffing philosophy, keeping positions below 2008 levels. The City 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.

Other Pending Issues Impacting the Budget

Broward Sheriff's Office

On July 10, 2023, two days prior to the publication of this document, the City received a letter from the Broward Sheriff's Office advising that their budget submittal would need to be revised to incorporate the cost of benefit changes to the Florida Retirement System. The letter included a revised budget submittal totaling \$19.25 million, an increase of \$300 thousand over the budget submitted in May. The revised budget request is a \$1.16 million increase (6.4%) over the FY 2023 budget of \$18.09 million. The untimely submission of this revised budget does not allow it to be considered as part of the Recommended Budget. Adjustments for this change will be provided for consideration as part budget adoption process in September, or as a budget amendment at the beginning of the next fiscal year.

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 for FY 2024. 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 2024 fiscal year.

SAFER Grant

The City has applied for a FEMA Staffing for Adequate Fire & Emergency Response Grant (SAFER Grant). The SAFER Grant program was created to provide funding directly to fire departments to help increase the number of trained, "front line" firefighters available in their communities. The SAFER grant is a three-year program and, at the time of application, provides 100% reimbursement of regular salary and benefits costs for all three years of the grant. No City match is required during this funding cycle, but the grant will not cover the cost of raises, benefit increases, overtime, etc. If the grant is awarded and accepted, it would increase the staffing count of firefighter/paramedics from 28 to 33, providing an additional position to each of the City's three shifts. No grant revenue or personnel costs related to this grant are included in the FY 2024 budget. If awarded, a budget amendment would be prepared for consideration.

Conclusion

During the past nine 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 nine years while lowering the millage rate eight 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.

The FY 2024 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 ninth operating millage rate reduction in ten years and the lowest millage rate in over a decade.** The decrease in the operating millage is coupled with a decrease in the City's debt service millage, as well. The proposed use of fund balance remains within Commission policy. The stormwater assessment remains unchanged. Recommended increases to the solid waste and fire assessments are both based on growing costs that cannot be reduced without reducing the quality and quantity of services provided. The proposed capital program is one of the most ambitious in the City's history at \$26.1 million, more than six 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 a significant level of grant funding: **the FY 2024 CIP is funded by over \$13.5 million in grants, meaning 52% of the total \$26.1 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 the aftermath of the 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 respond to unanticipated changes as warranted.

The City is truly Building Our Second Century: the revised capital program for FY 2023 is in excess of \$70 million and the proposed five-year capital improvement plan is over \$64 million. These public investments are not alone; private investments are redefining and revitalizing Oakland Park - hundreds of millions of dollars in new residential and mixed-use projects are under construction or in permitting. These are exciting times for the City and the FY 2024 budget continues the 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. **Oakland Park is on the move.**

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 works tirelessly to achieve 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 2024 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 12, 2023 Distribution of the FY 2024 Recommended Budget;
- July 19, 2023 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 6, 2023 Public Hearing: Adopt Tentative Millage Rates & Tentative Annual Budget; First Reading of Solid Waste Commercial Rates Ordinance; Tentative adoption of CRA budget;
- September 13, 2023 Public Hearing: Adopt Final Fire, Stormwater & Residential Solid Waste Assessments (Held at 6:00pm);
- September 20, 2023 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

Allyson C. Love, Assistant City Manager

Renee Shrout, City Clerk

Andrew Thompson, Chief Financial Officer

Recommended Budget - Fiscal Year 2024 Summary of All Funds by Division			
	FY 2023		FY 2024
	Amended Budget	Forecast	Recommended Budget
Funding			
General Fund	\$ 71,611,220	\$ 69,372,122	\$ 73,007,299
Community Redevelopment Agency Fund	770,936	737,729	681,290
Other Special Revenue Funds	1,511,128	1,543,628	593,950
Debt Service Funds	5,318,788	5,318,788	5,829,871
CIP Funds	48,339,426	48,339,426	24,118,866
Water and Sewer Fund	43,860,440	43,074,115	23,961,159
Solid Waste Fund	11,917,448	12,114,384	8,561,245
Stormwater Fund	10,435,476	10,511,011	5,222,817
Total Funding	193,764,862	191,011,203	141,976,497
Expenditures			
GF - City Commission	449,313	428,395	351,528
GF - City Manager	1,561,159	1,492,438	1,694,451
GF - City Clerk	768,175	768,527	899,949
GF - Human Resources	880,452	788,020	916,470
GF - Risk Management	853,532	853,532	930,037
GF - Legal	576,000	576,000	667,500
GF - Financial Services	1,542,829	1,396,528	1,650,314
GF - Information Technology Services	1,573,347	1,441,261	1,735,627
GF - Police	18,166,910	18,018,178	19,094,543
GF - Fire-Rescue	15,812,194	15,768,516	15,387,704
GF - Parks and Recreation	3,934,984	3,827,899	4,075,211
GF - Library and Cultural Services	934,750	859,189	985,746
GF - CED: Planning & Zoning *	1,385,333	1,167,210	1,168,581
GF - CED: Community Enhancement (Code) *	1,558,523	1,331,169	1,739,034
GF - Engineering and Construction Management *	1,823,205	1,454,437	1,909,124
GF - Building & Permitting	3,445,085	3,174,683	3,796,985
GF - Public Works-Administration	179,911	146,505	237,976
GF - Public Works-Streets	2,572,775	2,438,649	2,741,768
GF - Public Works-Building Maintenance	1,663,238	1,644,570	1,871,060
GF - Public Works-Fleet Maintenance	2,133,565	2,109,963	2,269,091
GF - Public Works-Parks Maintenance	2,856,676	2,625,284	2,880,620
GF - Non-Departmental	6,939,264	7,061,169	6,003,980
Total General Fund Expenditures	71,611,220	69,372,122	73,007,299
Departmental Only	64,671,956	62,310,953	67,003,319
SR - CRA Admin.	770,936	737,729	681,290
SR - Other Special Revenue Funds	1,511,128	1,543,628	593,950
Debt Service Fund	5,318,788	5,318,788	5,829,871
GF CIP Fund	48,339,426	48,339,426	24,118,866
Water and Sewer Fund	43,860,440	43,074,115	23,961,159
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Total Expenditures	\$ 193,764,862	\$ 191,011,203	\$ 141,976,497