



Memorandum

Date: July 10, 2024

To: Honorable Mayor and City Commission

From: David Hebert, City Manager

Subject: Recommended Fiscal Year 2025 Annual City Budget

Introduction & Summary

I respectfully present our Recommended Annual City Budget and Capital Improvement Plan for the Fiscal Year (FY) 2025. Like past budgets, the FY 2025 budget has been developed by the administration to meet the City Commission’s strategic vision and to accelerate our progress in redefining, revitalizing, and rebuilding Oakland Park.

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 2025 fiscal year is an ambitious document. It was prepared with the benefit of the Strategic Plan. The proposed budget advances 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 potential economic slowdown. Oakland Park continues to maintain taxes and rates that are fiscally responsible and competitive. The proposed budget for FY 2025 is valued at \$166.2 million and includes a capital infrastructure program of \$38.4 million. **The FY 2025 budget recommends a decrease in the operating millage rate, lowering it from 5.8362 to 5.7243 mills, a 0.1119 mill reduction. If adopted, this would be the lowest operating millage rate adopted in fifteen years and the tenth millage rate reduction over the past eleven years.** The accumulated value of these many reductions reflects a total decrease of 0.6752 mills, or 10.55% since FY 2014 (6.3995 mills); this reduction has saved taxpayers more than \$17 million since FY 2014.

The Commission’s consistent leadership in moving the City forward has been broadly supported by the community: in 2018, over two-thirds of voters approved the City’s \$40 million General Obligation Bond and a representative residential survey 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. Oakland Park’s property values increased by 14.78% for FY 2025, the second-highest increase among all of Broward County’s 31 cities and well above the countywide municipal average of 9.56%. There are record high levels of new construction throughout our City, providing new housing and business opportunities. More than \$400 million in new development has been added to the tax rolls since 2021, with 2024 alone seeing an increase of over \$260 million. The City’s long-term plans are reaching fruition. The Sky Building, Public Works Complex, and Fire Station 9 are all nearing completion. Sky will bring the first mixed-use development to our downtown, in addition to being the future home of City Hall. The relocation of City Hall allows for the Horizon of Oakland Park project to begin, a project that will accommodate commuter rail in the City, along with more housing, more shopping, more parking, and Woonerf, a walkable “living street, part park, part gathering place, for our community.”

The “Building Our Second Century” bond campaign is a public investment. Including projects underway today, well over \$130 million in capital program 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, and beautify the City. The grand opening of the North Andrews Gardens Community Center in FY 2024 was just a sample of the new Oakland Park. Next year, the community will celebrate three major ribbon cuttings as the City opens the largest of our new facilities: the Fire Station 9 and Administration building, the Public Works Complex, and the City Hall at Sky. Opening new facilities means more than simply constructing them: each site requires the relocation of staff, equipment, supplies, technology, and more. Over the course of 2025, approximately 9 out of every 10 City employees will relocate to a new facility. This is a monumental and unprecedented undertaking, one that requires prudent planning, sound logistics, and time and effort to ensure a successful transition. Every effort will be made to minimize the impact on the delivery of public services to the community during this transition period. **Next year, Oakland Park is both figuratively and literally ON THE MOVE!**

The economic conditions facing the FY 2025 budget are challenging. Inflation remains historically high but has begun to slow. Interest rates remain elevated, although there are hopes that the slowing of inflation may trigger a rate reduction by the Federal Reserve. Supply chain challenges persist, particularly as relates to specialty equipment, vehicles, and construction materials. The cost of personnel also continues to be a financial and operational challenge. Unemployment is low and demand for labor is high. Recruitment and retention have been impacted. The City is

implementing creative strategies such as increasing officer staffing levels within the Fire Rescue Department and an automatic progression system for many positions, to help provide additional opportunities for advancement and retention. The financial cost of maintaining existing staffing levels is increasing due to rising health insurance costs and retirement costs, in addition to wage increases approved through collective bargaining. Employee costs are also the primary driver of the increase in the contract cost with the Broward Sheriff's Office.

Despite these challenges, many favorable tailwinds are supporting Oakland Park as our 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 2025 marks twelve years of consecutive growth in the City's tax base. The total taxable value now stands at \$5.8 billion, the highest valuation in the City's history.

As property values appreciate, the City continues to reduce tax rates while investing and improving infrastructure and amenities, with much of the cost funded through grants. New infrastructure creates new operating expenses that must be funded in order to properly maintain our investments. Operating costs for departments increase over time and capital equipment, such as vehicles and machinery, must be replaced as it reaches the end of its useful lifespan.

In addition to the decrease in 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 the fire suppression activities of 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.

The fire assessment helps fund our Fire Rescue team. In 2022, 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 resulted in over 700 of Oakland Park's neediest homeowners, most on fixed incomes, receiving savings on their tax bills. As part of the FY 2024 budget, funding for a fire assessment study was provided. The results of this study were presented to the Commission in May 2024. **The Recommended Budget proposes the Fire Assessment be increased to \$382 per residential unit, a \$106 increase over FY 2024.**

The Recommended Budget proposes a Stormwater Assessment rate of \$125 per equivalent residential unit (ERU), an increase of \$11 over the current rate of \$114. This will fund the

City's aggressive efforts to confront flooding and storm water accumulation in our community. The current rate of \$114 was established as a result of the Stormwater Master Plan in 2022. This plan, and corresponding financial analysis, were presented to the City Commission and outlined over \$45 million in new drainage and stormwater management projects to be considered over the next 15 years, with future adjustments to the assessment rate scheduled to provide the financial capacity to fund these and other future infrastructure projects. For FY 2024, the master plan called for increasing the rate to \$125. This increase was deferred to FY 2025. The City has already been awarded over \$5 million in grants for drainage improvements and staff will continue to pursue such funding opportunities to help ease the financial burden borne by residents as we implement these critical improvements in the stormwater system.

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 have been comparatively low. In FY 2013, the residential fee of \$300 per year 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%. 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 in 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. Rates were further adjusted for FY 2024 to reflect growing costs, with the residential rate set at \$310. Due to recent significant cost escalations with tipping fees for bulk trash and municipal solid waste and essential vehicle replacements, **a Residential Solid Waste Assessment rate of \$340 is recommended for FY 2025, an increase of \$30 per year.** A 9.68% 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 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. For FY 2025, the third year of phasing begins, which sets the surcharge at 9.375%. Similar to water rates, much of Oakland Park's wastewater discharge is processed by Fort Lauderdale. A new wastewater processing agreement with Fort Lauderdale

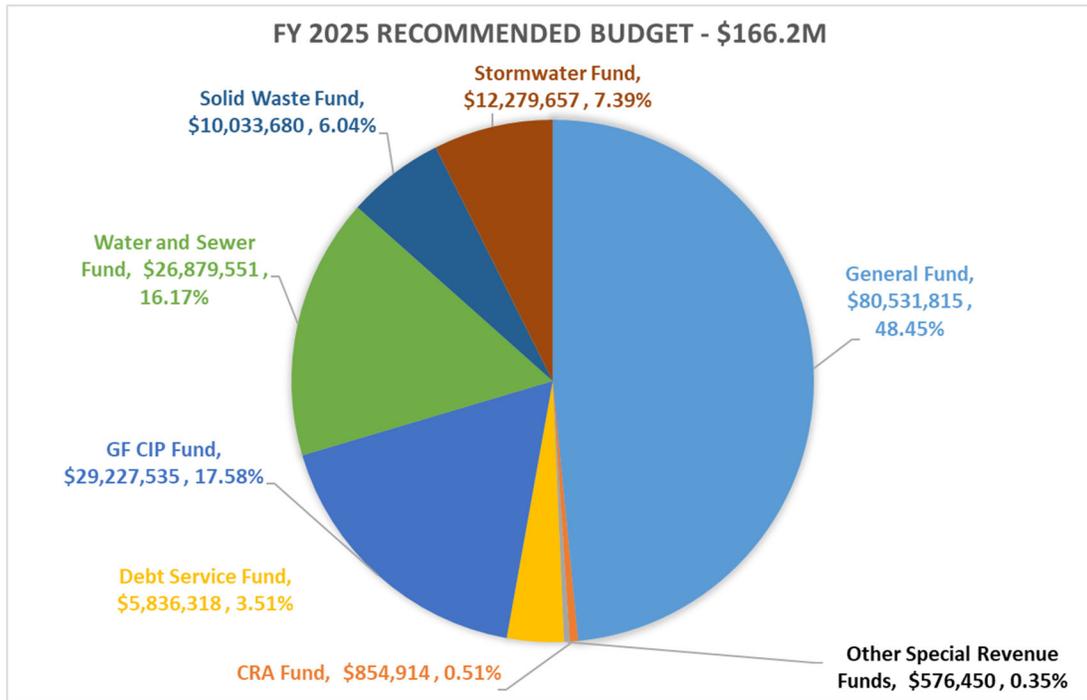
was also approved by the Commission. With new agreements for both water and sewer, Oakland Park began its own Water and Sewer Master Plan. The results of the master plan and rate study were intended to be presented in FY 2024, but completion of these efforts is on hold due to wastewater capacity allocation issues with Fort Lauderdale. The City and other municipal wastewater customers, including Wilton Manors, are currently in active discussions with Fort Lauderdale regarding these issues. With the rate study on hold, Oakland Park's water and sewer rates will be automatically adjusted on October 1, 2024, based on the provider charges from Fort Lauderdale (water and sewer) and Broward County (sewer only); these increases will be determined by the providers as part of their own budget processes and passed on to consumers.

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 annually requires that a debt service millage of 0.3589 mills be adopted. The required debt service millage for Series 2022 is 0.1945 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 0.5534 mills, a decrease of 12.7% compared to FY 2024, which results in a \$10.44 decrease on the median single-family home's tax bill.** With all bonds sold, the cost to the median single-family home is approximately \$8.46 a month. This is consistent with the 2018 general obligation bond education program, which estimated the total impact as being less than \$10.00 a month.

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

The Recommended Budget for all funds is \$166.2 million, which is \$24.2 million more than the FY 2024 Adopted Budget of \$142 million, a 17.1% increase. The breakdown of funds is as follows:



The largest fund is the City’s General Fund, which has a budget of \$80.5 million, an increase of \$7.5 million over FY 2024. 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, vehicle replacements, capital improvements, and new business plan initiatives. The General Fund budget also includes \$4.5 million in transfers to other funds, including \$1.0 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 \$0.8 million to the Community Redevelopment Agency (CRA) fund. The City’s Governmental Funds’ Capital Improvement Program fund (GF CIP), which only reflects governmental-type projects, is \$29.3 million, or 18% of the total budget. This a 21% increase (\$5.1 million) over the FY 2024 Adopted Budget’s GIF CIP fund of \$24.1 million. This increase reflects the larger scope and value of CIP projects contemplated next year, including City Park Phase 2, renovation of the Collins Center, and renovation work at Royal Palm, Veterans, and North Andrews Gardens Community parks. The other budgetary funds are the City’s Enterprise Funds, which reflect self-supporting, business-like activities: Water & Sewer \$26.9 million, Solid Waste \$10 million, and Stormwater \$12.3 million. The Water & Sewer Fund is increasing by \$2.9 million, which reflects a substantial enlargement of the capital program and increased operating costs. The Solid Waste Fund budget has grown by \$1.4 million, which is largely driven by higher tipping fee costs from providers and the planned purchase of two garbage trucks. The Stormwater Fund budget has increased by 136%, \$7.1 million, which is almost entirely driven by the fund’s capital program.

On July 17th, 2024, 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 5.8362 to 5.7243 mills, a 0.1119 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 \$19.16 (1.86%) in operating property tax over last year. This change is below the reported 3.4% increase in CPI. The combined debt service millage rate is 0.5534 mills, which is 12.7% lower than FY 2024's debt service rate of 0.6338 mills. With these debt service rates, there will be a \$10.44 decrease in the total annual debt service cost paid through the tax bill by the median home. **With both operating and debt service millage considered together, the effective property tax increase for the median, homesteaded single-family home is \$8.72 over FY 2024, an increase of 0.76%.**

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 6.8882 mills, which is 0.6105 mills higher than Oakland Park's combined millage rate of 6.2777. 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. Of similarly sized cities, Oakland Park's combined millage rate is the fourth lowest.

The City Commission will also adopt tentative rates for the three non-ad valorem special assessments on July 17, 2024. To ensure the financial stability of the Solid Waste Fund, a \$30 increase in the residential solid waste assessment is recommended (\$340 for FY 2025). An \$11 increase is recommended to the stormwater assessment rate to help fund the implementation of the stormwater master plan (\$125 for FY 2025). Due to growing fire suppression costs shown in the recently completed fire assessment study, a \$106.00 increase to the fire assessment rate is recommended (\$382 for FY 2025).

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 \$155.72, or \$12.98 a month.

In recent years, Oakland Park has enjoyed the favorable tailwinds of an expanding national 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 are enjoying a game of pickleball at City Park, walking along the Middle River Promenade at Blys, biking on the Oak Tree Greenway, shopping at new organic markets, or watching the construction cranes at work.

Oakland Park is on the move, both figuratively and literally. Next year will see major transitions for City operations as staff, equipment, and services are moved to their new homes. Fire administration, fire prevention, and Fire Station 9 crews will relocate from their existing facility to the new one located next to Stevens Field. Public Works staff will relocate from their yard at City Park and their temporary workspace in the Park Place Building at Jaco Pastorius Park to the new Public Works Complex north of Commercial Boulevard. Departments located at the Municipal Building and City Hall will relocate to the Sky Building across Dixie Highway. Once renovations to the Collins Center are completed, the Library will transition to City Park. These moves are major operational, logistical, and financial challenges: City administration is dedicated to completing these transitions expeditiously and in a way that minimizes the disruption of services to our residents and does not impede our progress as a City.

At \$166.2 million in size, the recommended budget for FY 2025 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 2025 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.

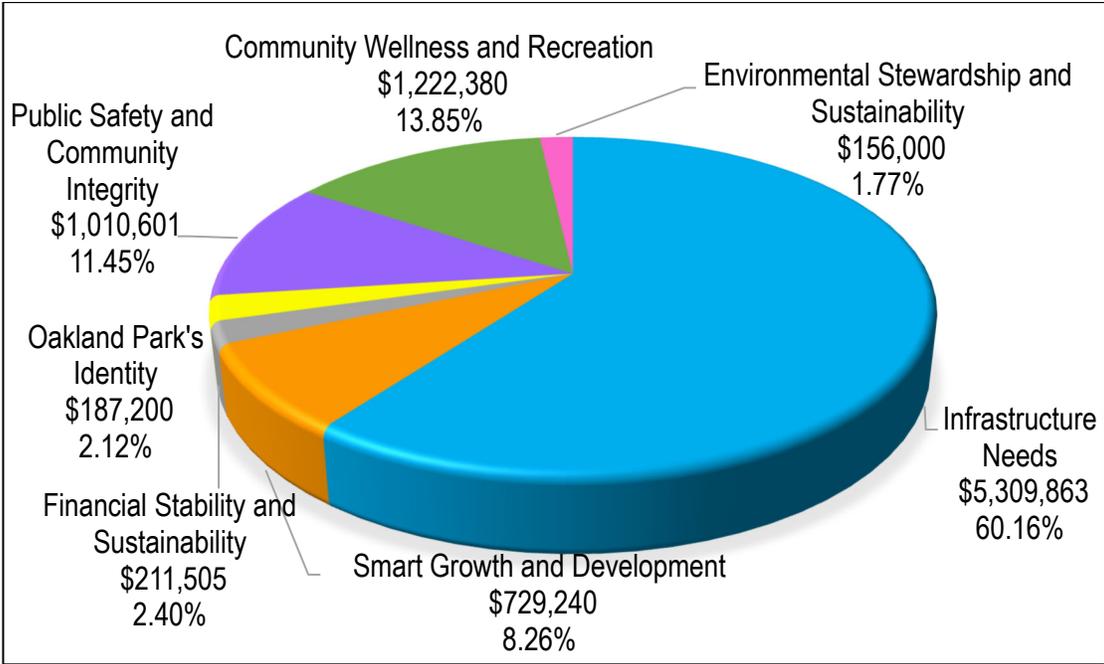
In October 2021, the City Commission held a public workshop at the Jaco Pastorius Community Center that resulted in various updates to the Strategic Plan. A recording of the workshop is available for viewing on the City's [website](#). The strategic plan was approved by the City Commission in January 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, improving resiliency and promoting 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 2025 is the third budget developed using the revised Strategic Plan. The proposed budget includes \$8.6 million in business plan initiatives and capital purchases that help advance the Strategic Plan. A summary of these initiatives for next year is provided below:

FY 2025 Business Plan: \$8.8 Million



Infrastructure Needs

The proposed operating budget includes over seventy separate initiatives and capital expenditures valued at over \$5.3 million. Highlights of the program include a \$3.3 million investment in new and replacement vehicles, \$0.9 million for mandated railway crossing contributions to SFRTA and FEC, the replacement of three trailer-mounted

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.

generators for use in emergency situations by the Wastewater Division for \$0.4 million, rapid defense barriers for the Streets division at \$0.3 million, new fuel tank storage at the Public Works Complex for \$0.1 million, continued support for the City's Americans with Disabilities Act Transition Plan development, funding for AI improvements with ITS, SCADA upgrades for the LERIX pump station, camera upgrades and replacements, new routing software for Solid Waste to improve efficiency, cybersecurity enhancements, and more. In addition to these operating budget initiatives, the City's Capital Improvement Program for infrastructure is valued at \$38.4 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 \$0.2 million. These include the new IVR phone pay system for utility billing services, the continued efforts to support customers paying online and by phone by absorbing all convenience fee charges, new lease management software to assist in new GASB

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.

reporting requirements, grant writing and management services, and new financial reporting and budget software. The budget's development as a whole is intended to advance this performance area. The proposed \$166.2 million budget maintains the fund balance level at 22.24% of General Fund expenditures by the end of the year and proposes the tenth reduction in the operating millage rate over an eleven-year period and the second reduction in the debt service millage.

Smart Growth and Development

The FY 2025 budget contains over twenty different initiatives valued at \$0.7 million. These initiatives involve various planning studies for affordable housing, community appearance, and residential standards. Continued funding for the new grants program to support qualified census tract areas along Oakland Park Boulevard west of I-95 and along Andrews Avenue 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. Effort is being made to better utilize economic data, with new funding for two new City GIS positions and customer reporting improvements with Energov are planned. The budget also includes funding to support new CRA strategic plan initiatives to be developed as part of the Agency’s new five-year plan.

Smart Growth and Development

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

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

Public Safety and Community Integrity

The proposed budget contains \$1.0 million in funding for forty-seven different business plan initiatives to support Public Safety and Community Integrity. This includes funding for six new Fire Rescue Department vehicles, including a new rescue transport, new battery-operated extrication equipment, an update to the City’s Continuity of Operations Plan and Comprehensive Emergency Management Plans, new SCBA mask voice boxes, and a new drone to monitor emergency situations. The budget also continues community outreach, including the Heartsafe Program and hurricane kits for at-risk members of the community. A 7.1% 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 the existing Fire Station 20, and the operational budget also includes a variety of site-specific equipment for the new Fire Station 9.

Public Safety and Community Integrity

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

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

Community Wellness and Recreation

Over 40 different business plan initiatives, valued at approximately \$1.2 million, are included in the proposed budget to promote parks and recreation, wellness, and education. This includes funding the third year of the grant-funded afterschool MOST program, which is supported by a grant of over \$500 thousand from the Children Services Council of Broward County. Financial aid packages for youth sports and childcare are maintained. Funding is provided in the Library’s budget to work with a consultant to identify meaningful partnerships that can be developed with local schools to improve the coordination of services for the community’s school-age population. Funding for the second year of the Harlem McBride Community Garden Pilot Program is included. The safety of our parks is essential, and funding is included to support BSO special details to supplement regular road patrol. The special events budget maintains all City events. An automatic increase of the Parks Impact Fee paid by new residential development is scheduled for November 2024, which will provide additional funding to support efforts to increase recreational amenities in the City.

Community Wellness and Recreation

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

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

Oakland Park’s Identity

There are seven initiatives planned for FY 2025, which together are valued at more than \$0.2 million. The City’s award-winning food distribution program for low-income seniors will continue. The City’s grant program to non-profits will be maintained, which allows the City to partner with agencies to expand their budgets and services to the community. The City will continue to support a retirement incentive program for employees, encouraging employees to invest in optional retirement programs. Investment in our employees continues, with funding for an updated tuition reimbursement to support educational attainment and employee coaching to provide guidance and support. The capital budget also continues and expands funding for the recently redesigned neighborhood entryway signs, in addition to the 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 2025, this newest addition to the City’s strategic performance areas has seven planned initiatives, which together are valued at roughly \$0.2 million. This includes a 10-year water supply plan, which will help the City understand and shepherd water resources in the future; this effort is supplemented with a continued water conservation outreach to the public. Additional aquatic plantings are planned to support local bodies of water, as is continued maintenance and development of bioswales. The enhanced Tree-Give-Away program is budgeted for two events next year. FY 2025 also marks the first full year of the *Keep Oakland Park Beautiful* program, which was approved by the Commission earlier in 2024.

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 25 Recommended Budget Summaries by Fund

The following table summarizes the FY 25 Recommended Budget by fund (in \$ millions) and compares it to the adopted budget for FY 24. 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 24 Adopted	FY 25 Recommended
General Fund	73.0	80.5
Community Redevelopment Agency (CRA) Fund	0.7	0.9
Debt Service Fund	5.8	5.8
Other Special Revenue Funds	0.6	0.6
Governmental Funds Capital Imp Plan Fund*	24.1	29.2
Water & Sewer Fund	24.0	26.9
Solid Waste Fund	8.6	10.0
Stormwater Fund	5.2	12.3
Total Budget (in \$Millions)	142.0	166.2

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

Governmental Funds

General Fund

The Recommended Budget for the FY 2025 General Fund is \$80.5 million and anticipates revenues of \$75.6 million. The below summary shows changes in the revenue categories of the fund:

Fund Description	FY 24 Adopted	FY 25 Recommended	\$ Change	% Change
Property Tax	\$28,103,913	\$31,520,675	\$3,416,762	12.2%
Other Taxes	\$8,162,105	\$9,371,524	\$1,209,419	14.8%
Fire Assessment	\$7,397,586	\$10,706,650	\$3,309,064	44.7%
Permits & Fees	\$7,391,350	\$7,653,036	\$261,686	3.5%
Intergovernmental Revenue	\$5,224,500	\$6,109,500	\$885,000	16.9%
Charges for Services	\$8,164,082	\$7,944,073	(\$220,009)	-2.7%
Judgment Fines & Forfeitures	\$302,500	\$365,150	\$62,650	20.7%
Misc. Revenue & Interest	\$2,238,100	\$1,951,158	(\$286,942)	-12.8%
Debt/Transfers/Other	\$319,556	\$0	(\$319,556)	-100.0%
Total Budget (in \$Millions)	\$67,303,692	\$75,621,765	\$8,318,073	12.4%

As shown, there is an \$8.3 million increase in revenue, a 12.4% increase compared to FY 2024's Adopted Budget. A reduction to the existing operating millage rate is proposed, but property tax revenues are anticipated to increase by \$3.4 million due to the expansion of the City's property tax base. Fire assessment revenues are expected to increase by \$3.3 million due to the proposed increase in the assessment rate and new construction.

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. Within the "Other Taxes" category are the various electric, water, and utility taxes: combined, these revenues are anticipated to grow by 15% (\$839 thousand), which reflects higher utilization by existing customers, the completion of new developments bringing in new residents and businesses, and rate increases by utility providers. Similarly, the franchise fees within the "Permit & Fees" category show an increase of 13% (\$410 thousand) for the same reasons. Within the "Intergovernmental Revenues" category, Half Cent Sales Taxes, which are shared by the State with cities, show an estimated increase of \$350 thousand, or 11%; this increase is based on strong levels of consumer spending, coupled with inflation increasing the price of items subject to sales tax.

Other revenue streams have seen their growth tapering off or are actively declining. Revenues from building permits are anticipated to decline by \$288 thousand, a 7% reduction from FY 2024. A decline in building permit revenue was anticipated as in prior years when the City benefited from the review fees associated with major projects such as Oak Tree, Oaklyn, Blyss, and others. Fees from building permits are a type of restricted revenue and can only be spent on activities related to the enforcement of the Florida Building Code. Within the “Charges for Services” category, there are minor decreases among a variety of accounts that, in aggregate, result in a decline of \$220 thousand. This includes a decline in the success of collecting EMS transport fees and an overall decline in Parks & Services revenues, which reflects limited facility rental options and declining activity in the City’s tennis program. Miscellaneous revenues show a decrease of \$286 thousand, which reflects an anticipated decrease in the value of the City’s purchasing card rebate. As a bulk customer of water and sewer processing services from Fort Lauderdale, Oakland Park utilized purchasing cards to pay these major monthly utility fees. During FY 2024, Fort Lauderdale announced that they would begin charging all customers credit card processing fees. The cost of these fees exceeds the value of the rebate, and the City is now making utility payments via check. The FY 2025 budget does not include the issuance of any new debt or transfers in from other funds, whereas the FY 2024 adopted budget included \$320 thousand of transfers and residual loan proceeds.

Property tax continues to represent the single largest source of revenue for the General Fund, providing 39% of all revenues. Property tax revenue is determined by two elements: 1) the assessed property tax base, and 2) the millage rate set by Commission. A mill represents \$1.00 of tax obligation for every \$1,000 of assessed, taxable value. The certified data provided by the Property Appraiser shows that the City’s property tax base has expanded for the twelfth time since 2007. The City’s total tax base is now \$5.80 billion. The increase in the tax base over last year is \$0.75 billion, or 14.78%. Oakland Park’s tax base growth was higher than all of Broward County’s 31 cities with the sole exception of Sea Ranch Lakes. The average for all cities was an increase of 9.56%.

Construction cranes abound throughout Oakland Park and the City’s Building & Permitting Division has never been busier. Many of these major projects are now fully or partially completed, such as Blys, Oaklyn, and Oak Tree. As stated in prior budget messages, these and other projects represent hundreds of millions of dollars in new construction that will expand the City’s property tax base. The value of new construction appearing on the tax roll for the first time in FY 2025 is \$265.5 million. This is the highest level of new construction hitting the tax rolls in Oakland Park’s history, and more than triple the amount of new construction for FY 2024, which was \$81.3 million. In total, since FY 2022, the City has seen the addition of \$400 million in new construction to the tax rolls. The Sky Building, Horizon of Oakland Park, and O2 on Federal

Highway are just three other major, mixed-use projects that will continue to expand the City's tax base and grow our City.

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 \$5.80 billion, the Property Appraiser shows a market value of over \$9.0 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 3.4%, meaning that the growth in the taxable value of homesteaded properties will be limited to 3%. Last year, the CPI increase was 6.5%, and 7% for FY 2023. The 3% cap in the taxable value creates automatic savings for residents and helps limit the growth in the tax burden. The City has approximately 15,738 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's 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 nine times in the past ten 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. FY 2024 maintained this trajectory by further lowering the operating millage rate to 5.8362 mills.

For FY 2025, the proposed operating millage rate is 5.7243, a reduction of .1119 mills. This is the City's lowest operating millage rate in fifteen years and the tenth reduction in the past eleven years. The recommended millage rate is expected to generate \$31.52 million in property

tax revenue to fund the general operations of the City. The recommended millage is 7.42% greater than the calculated rolled-back rate of 5.3289 mills and generates an additional \$2.2 million over the rolled-back rate. The consistent decreases in the millage have resulted in a total reduction of 0.6752 mills since FY 2014, a reduction of 10.55%, saving taxpayers more than \$17 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 set the annual residential rate at \$251 per residential unit. This 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 discussed in last year's budget message, the costs for the Fire Rescue Department continued 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 was adopted for FY 2024 that adjusted fire assessment to \$276 per residential unit. The FY 2024 budget also included funding for a fire assessment rate study, with the intention of incorporating the results into the FY 2025 budget.

The new fire assessment study was presented to the Commission in May. As outlined in the presentation, the cost of fire suppression services grew from \$7.75 million in FY 2021 to \$10.24 million in FY 2024, an increase of 32%. Five-year projections showed this trend continuing into the future. The City has historically attempted to recover approximately 91% of all fire suppression costs through the fire assessment program, with property tax subsidizing the costs not recovered. Maintaining this recovery rate would result in a fee structure that would include a residential rate of \$402 per residential unit. Rather than maintaining this continued rate of recovery, it is recommended that a lower increase be contemplated, one that balances the

financial needs of public safety, and the financial burdens funding fire suppression creates on property owners. **For FY 2025, a fire assessment rate of \$382 per residential unit is recommended.** The proposed rate is a \$106.00 increase in the residential rate.

Public safety costs represent the largest costs and the largest increases in the General Fund Budget. The Fire Rescue Department's budget was adopted at \$15.39 million for FY 2024 and the proposed budget for FY 2025 is \$16.98 million, an increase of 10%, or \$1.59 million. New retirement costs at approximately \$1 million represent the largest share of the increase, followed by a \$0.7 million increase in capital equipment and vehicles, including a new rescue transport vehicle. These increases are partially offset by a reduction in operating costs.

The contract with the Broward Sheriff's Office for services next year will be \$20.6 million, a \$1.4 million, or 7.1%, increase over FY 2024. This increase comes on the heels of the \$1.2 million increase in the FY 2024 budget. Staff continues to work with the Sheriff's Office to identify potential target areas to reduce the size of the increase; however, the vast majority 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, in addition to vehicle replacements.

Personnel costs are the largest component of expenses within the General Fund. Total General Fund pension costs are anticipated to increase by \$1.3 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 14%, or \$0.3 million over FY 2024. Property insurance and worker's compensation insurance are expected to increase by 12%, roughly \$0.2 million. In accordance with labor agreements approved by the Commission, members of the City's two general employee unions will each receive 5% salary increases in October. By action of the City Commission last year, these increases will also be extended to non-union employees. At the time of this memorandum's preparation, the City reached a tentative agreement with the City's fire union, which will effectively provide 6% salary increases for members during FY 2025. The addition of four new positions within the General Fund is recommended. Two of these positions would be in the Information Technology Services Division and would oversee GIS technology and data within the City, duties which are currently provided by contracts. A new Administrative Assistant position is recommended for the Building & Permitting Division to provide for the administration of the 40-Year Building Inspection program. The final position is a Volunteer Services Manager for the Parks & Leisure Services Department to manage and grow the City's Volunteer Corps. All compensation and staffing matters are further discussed in the Citywide Staffing & Compensation Summary section found towards the end of this document.

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 FY 2025 budget for the General Fund also includes the replacement of 18 vehicles for \$1.2 million, a third of which is for the Fire Rescue Department, including a new \$400 thousand rescue transport. The vehicles being replaced are on average 12 years old. Approximately \$0.8 million in capital equipment purchases are recommended, which includes camera upgrades, rapid defense barriers for street closures, public safety equipment, and other items. In FY 2024, the City completed a surtax-funded project to repave 14 miles of City streets. With the conclusion of this project, the General Fund includes the return of an annual \$0.2 million resurfacing budget for Public Works. The budget also includes funding for moving costs as City departments relocate to the Sky Building: \$250,000 has been budgeted for this purpose.

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

General Fund Transfer	FY 24 Adopted	FY 25 Proposed	\$ Change	% Change
To CIP	\$2,148,168	\$974,421	-\$1,173,747	-54.6%
To Debt Service*	\$2,777,496	\$2,789,318	\$11,822	0.4%
To CRA	\$515,806	\$788,520	\$272,714	52.9%
Total	\$5,441,470	\$4,552,259	-\$889,211	-16.34%

* FY 25 includes \$30,000 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 decreased by approximately \$0.9 million. The transfer to the Debt Service Fund is flat. The CRA transfer has increased to reflect the reallocation of personnel costs into the CRA and maintains sufficient funding to continue existing programs and incentives, in addition to new activities. The CIP transfer has been reduced by \$1.2 million. This reduction reflects the one-time transfer of \$1 million in permitting revenues to the CIP to fund the construction of Building & Permitting Division areas in the Sky Building. The CIP projects funded by the transfer include the planned upgrades to Giusti Heart Par Cours Park (\$59 thousand), enhancements to the North Andrews Gardens Neighborhood Park (\$50 thousand), Royal Palm Park Trail improvements (\$100 thousand), City Park improvements (\$40 thousand), the city entryway sign program (\$150 thousand), neighborhood monument signs (\$50

thousand), NE 13th Avenue infrastructure improvements (\$390 thousand), NE 34th Court roadway improvements (\$105 thousand), and ADA improvements for planned community shuttle stops (\$30 thousand, paid by mobility fees).

Total General Fund expenditures are \$80.5 million and total revenues are anticipated to be \$75.6 million. Approximately \$4.9 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 22.24% 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 2021, the County agreed to extend the conversion period to 2036. By September 2021, the County had completed 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. The project will construct a “Woonerf”, or living street, and bring over 300 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.

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. A new CRA strategic plan was adopted during FY 2023, helping to maintain the successful strategy supported by the County.

FY 2024 was a year of transition for the CRA. As part of an organizational restructuring, the CRA once again became an independent department overseen by a director-level position. This change in structure will place the CRA in a leadership role to shepherd the redevelopment of the downtown area and the broader CRA, in addition to helping coordinate economic development

activities throughout the City. An example of these efforts was the City Commission’s approval of a new incentive program outside the CRA. This program provides similar incentives previously offered only within the CRA to the west side of North Andrews Avenue and along Oakland Park Boulevard west of I-95. Both of these areas are federally designated “Qualified Census Tracts”, meaning that at least 50% of households have an income of less than 60% of the area median gross income. It is hoped that these grants will support existing local businesses while also attracting investment in these areas.

One of the CRA’s most prominent projects is the Sky Building. During FY 2024, construction of the City Hall spaces in the building began and City staff are anticipated to move into the building in the first half of 2025. The CRA is committed to the success of this mixed-use project and as part of the development agreement, the CRA will be providing incentives to attract retail and restaurants to the site. Staff has been working with the developer to create a new incentive program that will help fund payroll expenses during the first few critical years of operations. This program is expected to be launched in FY 2025.

Next year’s budget for the CRA is approximately \$0.9 million, an increase of \$0.2 million, or 22%. Funding for existing programming is maintained, such as Find It In Oakland Park (\$25 thousand) and the Business Incentive Grants program (\$60 thousand). Newer initiatives are also maintained, such as the Entrepreneurship Academy (\$20 thousand) and a Restaurant/Culinary Arts Incubator Program. A provision of \$75 thousand to fund new strategic plan initiatives is included to provide the new CRA leadership with the ability to develop and implement new programs and activities.

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, such as the recent 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 \$854,914, of which \$788,520 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 2025 is \$5.8 million, which matches the FY 2024's adopted budget of \$5.8 million. The FY 2025 budget does not contemplate the issuance of any new debt.

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 \$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 was 0.4109. With the expansion of the City’s property tax base, a lower millage rate is needed to generate funds sufficient to pay the required principal and interest. The FY 2025 budget recommends a debt service millage rate of 0.3589 mills, a reduction of 0.0520 mills (12.7 percent).

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 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 was 0.2229. The recommended rate for FY 2025 is 0.1945 mills, a reduction of 0.0284 mills (12.7 percent).

The combined debt service millage rate of the 2020 Series (0.3589 mills) and 2022 Series (0.1945 mills) is 0.5534 mills, a reduction of 0.0804 mills, or 12.7%, from last year’s rate of 0.6338 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 \$101.54 a year, or \$8.46 a month – a result that is significantly lower than the estimates provided to the public. For the median single-family home, this results in a decrease of approximately \$10.44 from the amount paid last year (\$111.99). The decrease is attributable to the expansion of the City’s tax base. As the combined 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 2024, the City obtained external financing to fund the Sky Building's City Hall leasehold improvements. The City Commission approved two loans with TD Bank, one taxable (\$8.7 million, 5.01% interest) and one non-taxable (\$1.56 million, 3.96% interest). Both loans fully mature on July 15, 2038. As part of the agreement with TD Bank, the City is afforded the ability to prepay up to 25% of the loans outstanding any given year without an applicable prepayment penalty. 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, or from other sources, may be applied to this end. The combined debt service for these two loans is approximately \$927 thousand for FY 2025. The loans do not create a major escalation on the budget on a year-over-year basis. As the loans were issued during FY 2024, the budget for that year included funding for a partial year's debt service costs. The remaining costs are largely offset by the full maturity of two different Fire Rescue Department vehicle loans that occurred during FY 2025.

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 17, 2024 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 0.5558 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 from 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 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 \$26.9 million, an increase of \$2.9 million, or 12%, over the FY 2024 adopted budget of \$24 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 of 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. The budget also includes a 10-year Water Supply Plan study for \$75,000. Capital equipment and vehicle replacements include the replacement of three 2006 trailer-mounted generators for the Wastewater Division, with \$125,000 budgeted for each new unit, and the replacement of a 2013 Vac-Con Sewer Cleaner for \$550,000. The fund also has \$1,885,000 in capital infrastructure projects planned, including \$1,000,000 for additional relining of pipes to reduce inflow-and-infiltration.

As part of efforts to allow for easier access to online payments, the City Commission approved the migration to Tyler Payments during FY 2024 for online and phone payment solutions. As part of this transition, the City will continue to absorb the convenience charge for credit card, debit card, and e-check payments. As part of the implementation, the City launched an interactive voice response (IVR) system for Utility Billing. IVR is an automated, interactive telephone system that allows customers to securely look up account information and pay bills over the phone 24 hours a day. Although these new methods of payment add costs to the utility system, they also provide City customers with increased flexibility to make payments without the need to mail a check or come to City Hall. The cost of Tyler Payments is projected to be \$120,000 for FY 2025, but the actual costs may increase as more customers transition to online and phone payments. In FY 2024, the City also worked with Amscot to allow utility customers to make cash payments at their locations, providing customers with the ability to make these payments offsite. Rather than coming to City Hall, customers can now easily "skip the line" using any of these new and improved payment options.

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 2025 is the third year of the phasing and the surcharge rate will be 9.375% 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 was 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 were intended to be presented to the Commission for consideration and implementation during FY 2024, but Fort Lauderdale has recently begun discussions with Oakland Park, Wilton Manors, and other wastewater system users regarding overcapacity issues. The City has been working to address these concerns, but a resolution has been delayed due to changes in leadership in Fort Lauderdale.

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, 2024, 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 as part of 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 payments to the state revolving loan program loans, while also taking growing operational and construction costs into account. For the FY 2024 budget, a rate increase from \$114 to \$125 per ERU was scheduled. This increase was deferred, and the FY 2024 rate remained unchanged from FY 2023's rate of \$114 per ERU.

The City is working actively with the firm of Hazen & Sawyer to secure financing through the State Revolving Loan Fund. 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 contemplated in the budget for FY 2025, as are various capital improvement projects called for as part of the master plan. **It is recommended that the existing stormwater assessment rate of \$114 per ERU be increased to \$125 per ERU in accordance with the stormwater master plan.** The proposed rate increase of \$11.00 will generate approximately \$5.1 million, an increase of approximately \$485 thousand over the FY 2024 rate.

The recommended Stormwater Fund budget for FY 2025 is \$12.3 million, an increase of \$7.1 million from the adopted FY 2024 budget of \$5.2 million. This growth is driven by the enlargement of the Stormwater Fund's capital outlay funding: the adopted FY 2024 budget contemplated \$0.73 million in capital projects, whereas the proposed FY 2025 budget includes

\$7.26 million in capital infrastructure, an increase of \$6.53 million, or 895%. The planned capital improvements include \$35,000 for curbing and swale improvements, \$150,000 for improvement to the Lady Lake Trail area at Veteran's Park, and \$80,000 for storm drain pipe lining. The budget includes \$150,000 for design work related to the Emerald Lakes Basin Drainage Improvements project included in the stormwater master plan. The most significant project for stormwater next year is the NE 6th Avenue Pump Station improvements project, which is budgeted for \$4.8 million. Funding for this project consists of a \$2.4 million State grant, which will be matched by a planned \$2.4 million loan through the State Revolving Loan Fund.

The fund's operating personnel and operating budget remain largely unchanged. 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 \$12,500 for activities related to *Keep Oakland Park Beautiful*, \$10,000 for aquatic planting, and \$15,000 for swale enhancements. Non-infrastructure capital outlay for next year includes the replacement of two F-150 trucks for \$55,000 each, two replacement trailer-mounted trash pumps for \$60,000 each, a compact street sweeper for \$200,000 and SCADA system upgrades for the Lloyd Estates Pump Station facility for \$50,000. The proposed budget for next year also includes approximately \$140 thousand for increased debt service payments for the State Revolving Loan Fund.

The City will continue the placement of the annual assessment for the Stormwater program on the property tax bill. During the July 17, 2024, 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 Thursday, September 12, 2024, 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 significantly 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 FY 2023 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 included 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 had also been received that Waste Connections, which provides solid waste disposal services (landfill) to Oakland Park, was seeking to increase its rate by 28%, from \$44.71 to approximately \$57.00 per ton. These three increases alone were anticipated to increase costs by approximately \$650 thousand. Based on this information, the solid waste residential rate for FY 2024 was set at \$310 per dwelling unit and commercial rates were increased by 11%.

During FY 2024, costs for the fund continued to escalate. In December 2023, the City Commission approved new solid waste disposal agreements with Waste Connections and Waste Management. Waste Connections, the City's vendor for regular solid waste disposal, increased its rates by 38% to \$61.50 per ton, well in excess of the 28% that had been anticipated. Waste Management increased its rate for bulk trash disposal by 31%, raising the rate per ton from

\$41.35 to \$54.00. Due to the magnitude of these increases, the FY 2024 budget was amended to utilize additional reserves.

The total budget of the fund for FY 2025 is \$10.0 million, an increase of \$1.4 million from FY 2024's adopted budget. Personnel, operating, and capital costs have all increased. The combined budget for regular solid waste, bulk trash, and recycling disposal is projected to increase from \$2.6 million to \$3.4, an increase of 29%, or approximately \$0.8 million. This reflects the full-year cost increases from December 2023 and the additional rate adjustments under their contracts that will occur in October based on CPI changes. Staffing levels remain unchanged, but retention efforts and market competitive starting wages for new employees have increased personnel costs for the fund, with wages and benefits growing by 12%, or roughly \$0.3 million. With regard to capital needs, the purchase of two replacement side loader refuse trucks is included in the budget, with the cost of each vehicle estimated at \$0.4 million.

Based on the financial needs of the fund, a solid waste residential rate of \$340 per dwelling is recommended for FY 2025. This 9.68% increase raises the rate by \$30 a year, or roughly \$2.50 a month. The adjusted rate will generate approximately \$0.38 million more over FY 2024. For commercial rates, a matching increase of 9.68% is recommended, which is anticipated to generate an additional \$0.58 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 residential and commercial increases is expected to be slightly less than \$0.96 million. Increases in the residential and commercial rates will help address the immediate financial needs for FY 2025 but, despite these increases, the fund will require the use of approximately \$0.5 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 two vehicles' purchases budgeted for the next fiscal year.

The ability to continue to utilize reserves to fund capital purchases is highly limited. Reserves must be replenished to provide a sufficient "cushion" to cover emergency management costs/debris removal that are incurred during major storm and hurricane events. 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 shown in the five-year vehicle replacement schedule, eight solid waste vehicles, with an average age of 12 years, need replacement in FY 2026. The estimated cost of these vehicles is \$2.3 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, including the potential issuance of debt in fiscal year 2026 to help fund fleet purchases.

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 the near future, 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. It is hoped that these countywide efforts, once realized, will help control solid waste costs in the near future.

The City will continue the placement of the annual residential solid waste assessment on the property tax bill. During the July 17, 2024, 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 Thursday, September 12, 2024, at 6:00 PM. Monthly commercial billing rates are set via ordinance. The first and second readings of the commercial rates 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 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 facility 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. 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-and-bond funded resiliency improvements to the Municipal Building were completed, including the installation of impact windows and doors and the replacement of the emergency generator. Phase 2 of the Oakland Park Boulevard Landscape Enhancements project was completed, which included the grant-and-surtax funded addition of new landscaping from NW 21st Avenue to NW 31st Avenue. The Lakeside and Oakland Park Elementary School sidewalk projects entered into construction, with funding for both being from the Broward MPO's Complete Streets and other Localized Initiatives Program.

The CIP for FY 2023 included more than 25 different projects that together total \$30.2 million, an increase of \$2.8 million over the FY 2022 adopted budget's CIP of \$27.4 million. 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). Funded through an interlocal agreement with Broward County, the City completed the installation of the landscaping improvements to NW 21st Avenue, further beautifying this critical corridor in western Oakland Park. 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. Grant-funded improvements to the Lloyd Estates Park were completed, including new site furnishing and installation of a rubberized playground surface.

The FY 2024 Adopted Budget's CIP was valued at \$26.1 million and comprised over 25 different projects, of which 52% were funded by grants. The single largest project that began construction was the interior build-out of the City Hall areas of the Sky Building, which will be the future home

for the majority of City staff. Completion of the project is anticipated to occur during the first half of the 2025 calendar year and the project is a seminal achievement in the redevelopment of Oakland Park's downtown. New park projects included the award of additional grant-funded improvements for Dr. Carter G. Woodson Park, as well as new playground areas with rubberized surfaces, additional parking, new lighting/security upgrades, and the renovation of the basketball courts. Many major projects awarded in FY 2023 were continued into FY 2024, including Fire Station 9, the Public Works Facility, and Fire Station 87: Phase 1. Each of these projects has seen substantial progress and completion of these facilities is anticipated to occur before the end of the 2024 calendar year. FY 2024 was also marked by the completion of many projects throughout Oakland Park. Early in the fiscal year, the City celebrated the opening of the new North Andrews Gardens Community Center and playground with a ribbon-cutting ceremony. As the first brand new, bond-funded facility in Oakland Park to be opened, it represents a milestone for the *Building Our Second Century* campaign. Other completed projects include the Harlem McBride Community Garden, the surtax-funded resurfacing of 14 miles of City streets, the Wag Dog Park at Giusti Heart Par Cours Park, and renovations to the 250 Building. Three major sidewalk projects will be completed by the end of the year: one for the Lakeside neighborhood, one in the area around Oakland Park Elementary School, and another in the Lloyd Estates Elementary School area. All three of these projects were funded by grants. The CIP for FY 2024 also marked the beginning of the implementation of the City's stormwater master plan, with funding for design work related to the NE 6th Avenue pump station and Emerald Lakes Drainage basin.

Given the magnitude of the FY 2024 CIP, it is beyond the scope of this document to provide a full recounting of all projects that were completed and activities that are underway. Readers are strongly encouraged to visit the City's website and watch the [CIP Presentation](#) given during the June 5 City Commission meeting.

FY 2025 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 2025 includes 30 different projects that together total \$38.4 million, an increase of \$12.3 million over FY 2024 adopted budget's CIP of \$26 million. **The FY 2025 CIP budget of \$38.4 is funded by over \$25.4 million in grants, meaning approximately two-thirds of the total budget is grant-funded.** The CIP includes \$2.4 million in external debt through the State Revolving Loan Fund as part of the financing strategy for the stormwater master plan. General obligation bonds fund 16% (\$6.0 million) of the CIP and the remaining 11% (\$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 major projects was made during the June 5 Commission meeting. Major projects for next year include:

- **Facilities Projects:** Facilities projects are 16%, or \$6.3 million, of the budgeted CIP expenses in FY 2025. Two projects are planned for FY 2025. The City has received a \$2.5 million grant to renovate the Collins Community Center, which will be supplemented by the use of \$2.1 million in general obligation bond proceeds. The project will include substantial interior and exterior renovations and parking improvements. Renovations are currently under design and the finished project will blend seamlessly into the City Park campus and will provide a new home for the City's library. The second project is \$1.6 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 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 \$9.2 million (24%) of the FY 2025 CIP. City Park has multiple projects contemplated for next year, including the beginning of Phase II, which redevelops the area south of Phase 1 to the immediate north of the existing Fire Station 9. Improvements include additional parking, a performance platform, a butterfly garden, walking trails, and landscaping. The cost of the project is \$6 million, of which \$2.9 is funded by grants and the remainder funded by general obligation bonds. A separate project will add improvements to the Phase 1 area, including ADA parking along NE 5th Avenue and the installation of shade features in the playground area; the cost of the project is \$390 thousand, which includes \$200 thousand in CDBG funding. An additional \$50 thousand is also budgeted for additional environmental remediation at City Park if needed. The City has been successful at securing grant funding to continue renovations at a variety of other parks. Giusti Heart Par Cours Phase II (\$250 thousand, of which \$191 thousand is CDBG) will include the replacement of existing exercise equipment, new picnic tables, miscellaneous site furnishing, and hedge plantings. North Andrews Gardens Neighborhood Park will see the mulch playground surface replaced with a rubberized safety surface, new site furnishings, and landscaping (\$200 thousand total, of which \$150 thousand is grant-funded). Royal Palm Park's existing park trail will be rehabilitated, and new pedestrian lighting installed (\$500 thousand total, of which \$400 thousand is grant-funded). Likewise, Veterans Park's existing gravel pathway will be replaced with a new asphalt trail accompanied by a new kayak launch, parking lot improvements, and additional pedestrian lighting (\$560 thousand, of which \$400 thousand is grant-funded). With the impending completion of the new Fire Station 9, Stevens Field will no longer be

used as a construction staging area and the CIP for next year includes \$1.1 million to restore and upgrade this amenity; the City has been awarded a \$1 million grant from the Land Water Conservation Fund to support this effort. Design of Glenwood Garden in our City's downtown is contemplated at the cost of approximately \$120 thousand; the cost of the design is entirely funded through the generous donations of local resident and philanthropist, Mr. John Scheer.

- **Streetscape/Mobility/Neighborhood Improvements:** These projects represent \$13.9 million (36%) of the FY 2025 CIP. \$150 thousand is budgeted using General Fund monies for the construction of City entryway/welcome signage using the design approved by the 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 City has received a \$1.4 million Local Agency Program grant, which will be supplemented by \$1 million in City funds, to 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. The City has received a \$210 thousand Florida Highway Beautification grant to install additional landscaping along the Dixie Highway corridor. As part of the City's surtax-funded community shuttle planning, \$30 thousand is budgeted to make various ADA improvements to planned shuttle stops. Funding for these improvements will come from mobility fees already paid to the City. The City has been awarded a \$3 million Local Agency Program grant for infrastructure, roadway, and sidewalk improvements on NE 13th Avenue, which will be supplemented by \$450 thousand in City Funds. As part of ongoing pedestrian safety efforts, the City applied for and was awarded CSLIP funding for a continuous sidewalk network along Floranada Road from Dixie Highway to Federal Highway; the project has been designed by FDOT and will be constructed by them. The estimated value of the project is \$1.9 million.
- **Enterprise Funds (Water/Sewer/Stormwater):** Water, sewer, and stormwater infrastructure projects are roughly \$9.1 million (24%) of the CIP budget for FY 2025. Projects include an additional \$1 million for added 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 2025 include the continued upgrading of galvanized water services (\$100 thousand), lift station projects (\$650 thousand), sewer lateral upgrades, including relining and installation of clean-outs

(\$100 thousand), and water main interconnections with Broward County (\$350 thousand). Stormwater projects for next year include continued support of the multi-year storm system pipe relining program (\$80 thousand), curbing and swaling improvements (\$35 thousand), and improvements to the Lady Lake service trail (\$150 thousand). The budget includes \$150 thousand for additional 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 2025 drainage project is the NE 6th Avenue Pump Station south of Oakland Park Boulevard, which is budgeted for \$4.8 million. The City has received a \$2.4 million grant for this project and plans to secure an additional \$2.4 million match through the State Revolving Loan Fund.

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 2025 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 equipment and other materials 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 2025. The proposed five-year CIP is \$72.6 million. The five-year plan contemplates approximately \$16.9 million in streetscaping and mobility projects, \$11.0 million in new facilities, \$9.4 million in parks projects, \$0.8 million in water-sewer projects, and \$27.3 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 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, particularly parks, facilities, and streetscapes, 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, 66% of FY 2025's proposed CIP is grant, surtax, or other agency funded. Approximately \$1.4 million in General Fund projects are identified as "unfunded" for the out-years in the proposed plan and many other projects in the CIP have no specific timeline or funding source. 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 that 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 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 2025 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. When the personnel costs of Oakland Park's BSO contract employees are included, this cost grows to more than 60%. 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 to avoid disruptions in service delivery to residents and also 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 below 2007 levels, when the number of total positions in the City's budget was 344.

In FY 2015, the total staffing count for the City was 289 employees in the first budget developed by the current City administration. 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. 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 grant, the City was able to add three firefighter/paramedics, for 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. 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 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, 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 the 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 these changes, a total of 325 positions existed in the City, of which 271 were full-time and 54 part-time.

No staffing additions were requested as part of the FY 2024 budget and no new positions were requested during the fiscal year through budget amendments, although position changes were made as part of the reorganization of various departments and divisions. 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 2025 fiscal year proposes the addition of four new positions, increasing the City’s staffing from 325 to 329 positions. These positions are as follows:

Proposed New Positions					
Dept/Division	Title	Grade	General Fund	Other Funds	Total
ITS	GIS Administrator	31	\$54,675	\$66,824	\$121,499
ITS	GIS Technician	24	\$42,611	\$52,080	\$94,691
Building & Permitting	Administrative Assistant I	22	\$89,728	\$0	\$89,728
Parks & Leisure Services	Volunteer Services Manager	26	\$109,933	\$0	\$109,933
Total Cost			\$296,947	\$118,905	\$415,851

Geographic information systems (GIS) have become increasingly important as a critical tool for data analysis and visualization of City operations and infrastructure. At present, the City relies on various consultants and contractors to manage all GIS activities, which range from map production for the Planning Division to the maintenance of critical utility atlas documentation for Public Works. After internal reviews by the Information Technology Services Division and various departments, it was determined that the City would be better served by bringing GIS expertise in-house in lieu of continued reliance on third-party providers. To facilitate this transition, two new positions are recommended for the Information Technology Services Division: a GIS Administrator and a GIS Technician. The GIS Administrator would oversee the GIS function and develop and manage GIS data and the organizational structure/database environment. The position would analyze and interpret spatial data used in the production of maps, reports, and other products, in addition to assisting with departmental requests. The GIS Technician would report to the GIS Administrator and would compile and integrate new cartographic data, draw maps using design software, and manage the data that is entered into the GIS database. This position would also be heavily involved with fieldwork for various departments to help create and log geographic data, such as the spatial location data of water mains, drains, new infrastructure, etc. Although part of the Information Technology Services Division, the costs of these positions would be allocated among the General Fund and the Enterprise Funds. Both proposed positions are new classifications and will be brought before the Civil Service Board for consideration.

In the wake of the Surfside condominium collapse, the Florida legislature enacted a vigorous program of 40-year-old building inspections to ensure structures remain in good condition and safe for continued utilization. Enforcement and management of these programs is the responsibility of local governments and Oakland Park’s Building & Permitting Division oversees this function. The volume of inspections has increased considerably and given the already existing high volume of activity in the division; additional administrative support is needed. The addition of a new Administrative Assistant position is recommended. This position would provide

administrative support and oversight of the program and provide a single direct liaison for the public affected by the program. The cost of this position is anticipated to be offset by revenues from the inspection process.

The fourth position recommended is the Volunteer Services Manager for the Parks & Leisure Services Department. This position oversees the City's volunteer corps, managing their activities and recruiting new members, and working with local organizations. This position previously existed within the department but was merged into a Recreational Program Manager as part of a prior re-organization of Parks operations. With the restoration of the position, it is hoped that the City will continue to grow our energetic cadre of volunteers who work so hard - and greatly enrich - the Oakland Park community.

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.** These new positions are not included in the proposed FY 2025 budget, but if awarded they will be added to the budget via the amendment process during the fiscal year.

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 (FRS).

Poor market performance has increased the City's required contributions to the two closed City pension plans and the State legislature approved public safety and annual legislation from the State has raised contribution rates and increased pension costs for all FRS employers. **Within the General Fund, the cost of retirement benefits in FY 2025 is projected to be \$8.6 million, an increase of 18%, or \$1.3 million, over FY 2024's overall costs of \$7.3 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 the FRS employer contribution rate. The GEPP costs in FY 2024 were \$0.28 million for the General Fund. **Due to poor market performance, the required GEPP contribution for FY 2025 is \$0.34 million, an increase of \$0.06 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 was 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 are 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 will also 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 2023. **The required contribution by the City to the Police & Fire Plan for FY 2025**

is \$4.26 million, an increase of \$0.94 million, or 28% over FY 2024's required contribution of \$3.32 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. During the 2024 legislative session, no major changes were made to FRS and employer contribution rates received only minor adjustments.

The FRS Special Risk class employer contribution rate has increased from 32.67% to 32.79%, an increase of 0.37%. This is lower than the prior year's increase of 17%. Although the increase for next fiscal year is lower, the employer contribution rate has increased steadily as the employee contribution rate remains fixed at 3%. The new employer rate of 32.67% is a 40.91% increase over the July 1st, 2017 rate of 23.27%. The total cost of public safety pensions (FRS and the closed plan) is anticipated to be \$6.2 million for FY 2025, an increase of \$1 million, or 19.67% over FY 2024.

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 13.57% of pay to 13.63% effective July 1st, 2024, an increase of 0.44%. The increase compares favorably to last year's increase, which was 14%. Despite the minimal increase this year, the new rate of 13.63% still represents 72.10% increase over the July 1st, 2017 rate of 7.92%. For the General Fund, the FRS and 401(a) cost of general employees is approximately \$2.1 million for FY 2025, an increase of \$0.2 million over FY 2024 (\$1.9 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 FOPE and AFSCME, which run from October 1, 2023, to September 30, 2025, the end of the upcoming fiscal year. There is not a current contract with IAFF; the most recent contract expired on September 30, 2023, but the City and union have reached a tentative agreement on a contract.

As part of their two-year labor contracts, AFSCME and FOPE members received 5% wage increases in FY 2024 and are scheduled to receive another 5% increase in FY 2025 at the beginning of October 2024. These increases are concurrent with 5% wage range adjustments which raised the minimum starting wage and the maximum wage for each position. These adjustments meant that the members who were currently "topped out" also received a full 5% base wage increase last year and will do so again this October. These adjustments were intended to keep the City competitive for hiring and retention purposes. The City Commission adopted a resolution providing these same wage adjustments to the City's non-union employees for both FY 2024 and FY 2025.

IAFF does not currently have a contract with the City; the City and the union have reached a tentative agreement for a two-year contract that, if ratified, would be effective from October 1, 2023, to September 30, 2025, the end of next fiscal year. Ratification of the contract by the City Commission is scheduled for July 2024. The tentative agreement with IAFF maintains the Step Plan that was added in prior contracts and expands it. Step Plans work by creating a defined number of "Steps" for each position, with each step assigned a specific wage value. The IAFF plan at present has 13 steps for each position and each step increase is equivalent to a 4% raise. Under the contract that will be considered, an additional Step will be added in Year 1 of the contract and then again in Year 2, taking the contract to a total of 15 steps. Members will all advance one step (4%) in their step plan on their anniversary date each year of the contract. As part of the contract, the value of each step will increase by 2% retroactive to October 2023 and will again increase by 2% in October 2024. In addition to these wage increases, which are effectively 6% each year, the City and the union have agreed to reduce the number of hours needed to begin being paid overtime from 159 hours worked to 144 hours. If approved, this change would be effective on the last day of the contract final year, September 30, 2024; this change will have a profound financial impact on the FY 2026 budget and the fire assessment rate structure.

Labor negotiations with the City's three unions will begin again in 2025 to prepare successor agreements for the contracts expiring at the end of fiscal year 2025.

Other Compensation Costs

The City's current insurance provider, Humana, left the commercial insurance market effective December 31st, 2023. The City prepared a competitive solution and selected Florida Municipal Insurance Trust/United Healthcare. The transition was successfully made during open enrollment last year. Based on the current loss ratio, it is projected that health insurance rates will increase by approximately 14%. For the General Fund, this is an estimated cost increase of \$297 thousand. Any cost increases set as part of the annual renewal would be effective January 1, 2024, and the beginning of the plan year and the costs will be dependent not just on the renewal rates, but also on the coverage selected by employees during open enrollment.

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 remain elevated and as housing options in South Florida continue to grow more expensive for most of the population.

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 historical norms, it remains 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 the Commission's approval of expansion of the auto-progression structure to other Public Works Divisions during FY 2023 and then for various positions in the Financial Services Department in FY 2024. Additional progression systems are being considered elsewhere in the City to provide a career path for current and prospective employees.

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

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 2025. 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 have included conservative revenue estimates within the budget for the 2025 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 2025 budget. If awarded, a budget amendment would be prepared for consideration.

Conclusion

During the past ten 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 over the past ten years while lowering the millage rate nine times. Compared to cities of similar size, Oakland Park residents continue to benefit from one of the lowest millage rates.

The FY 2025 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 tenth operating millage rate reduction in eleven years and the lowest millage rate in fifteen years.** 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. Non-ad valorem special assessments are being adjusted to reflect the cost of providing services. 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 increase to the stormwater assessment is a crucial part of implementing the City's stormwater master plan. The proposed capital program is one of the most ambitious in the City's history at \$38.4 million, more than nine 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 2025 CIP is funded by over \$13.5 million in grants, meaning 66% of the total \$38.4 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 difficult to predict the impact of supply chain challenges, record inflation, rising interest rates, and the presidential election in November. 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. In recent years, the City has invested millions in infrastructure improvements, rewritten development codes, and worked to encourage high-quality development. These efforts have been successful: over \$400 million in new construction has occurred in Oakland Park since FY 2022. These are exciting times for the City and the FY 2025 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 2025 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 10, 2024 Distribution of the FY 2025 Recommended Budget;
- July 17, 2024 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 4, 2024 Public Hearing: Adopt Tentative Millage Rates & Tentative Annual Budget; First Reading of Solid Waste Commercial Rates Ordinance; Tentative adoption of CRA budget;
- September 12, 2024 Public Hearing: Adopt Final Fire, Stormwater & Residential Solid Waste Assessments (Held at 6:00pm);
- September 18, 2024 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 2025			
Summary of All Funds by Division			
	<u>FY 2024</u>		FY 2025
	Amended Budget	Forecast	Recommended Budget
Funding			
General Fund	\$ 76,720,944	\$ 76,720,942	\$ 80,531,815
Community Redevelopment Agency Fund	747,638	747,638	854,914
Other Special Revenue Funds	603,125	597,375	576,450
Debt Service Funds	6,348,341	6,348,341	5,836,597
CIP Funds	43,910,549	43,910,549	29,227,535
Water and Sewer Fund	37,508,216	37,508,216	26,879,551
Solid Waste Fund	11,092,177	11,092,177	10,033,680
Stormwater Fund	7,823,291	7,823,291	12,279,657
Total Funding	184,754,281	184,748,529	166,220,199
Expenditures			
GF - City Commission	439,973	429,645	491,268
GF - City Manager	1,717,333	1,695,595	1,904,635
GF - City Clerk	892,013	758,651	900,329
GF - Human Resources	917,517	910,461	1,010,880
GF - Risk Management	1,105,020	1,105,020	1,270,902
GF - Legal	692,000	692,000	667,500
GF - Financial Services	1,685,462	1,575,077	1,892,006
GF - Information Technology Services	1,708,745	1,480,132	1,622,455
GF - Police	19,314,642	19,281,855	20,854,923
GF - Fire-Rescue	17,210,173	17,160,749	16,976,359
GF - Parks and Recreation	4,147,687	3,898,224	4,590,624
GF - Library and Cultural Services	985,823	921,499	1,118,762
GF - ECD: Planning & Zoning	1,267,038	1,074,839	1,352,221
GF - ECD: Engineering and Construction Managem	1,948,605	1,563,937	2,045,967
GF - BCS: Building & Permitting	3,820,716	3,538,214	4,337,838
GF - BCS: Community Enhancement (Code)	1,739,844	1,600,965	1,664,383
GF - Public Works-Administration	238,060	170,915	183,501
GF - Public Works-Parks Maintenance	3,023,434	2,859,619	2,756,171
GF - Public Works-Streets	2,681,120	2,416,447	4,169,580
GF - Public Works-Building Maintenance	1,849,536	1,734,248	2,256,746
GF - Public Works-Fleet Maintenance	2,370,350	2,350,886	2,596,664
GF - Non-Departmental	6,965,853	7,020,165	5,868,101
Total General Fund Expenditures	76,720,944	74,239,143	80,531,815
Departmental Only	69,755,091	67,218,978	74,663,714
SR - Community Development Agency Fund	747,638	646,427	854,914
SR - Other Special Revenue Funds	603,125	539,566	576,450
Debt Service Fund	6,348,341	6,326,641	5,836,597
GF CIP Fund	43,910,549	43,910,549	29,227,535
Water and Sewer Fund	37,508,216	36,804,573	26,879,551
Solid Waste Fund	11,092,177	11,092,177	10,033,680
Stormwater Fund	7,823,291	7,715,329	12,279,657
Total Expenditures	184,754,281	\$ 181,274,405	\$ 166,220,199