



Memorandum

Date: July 15, 2020

To: Honorable Mayor and City Commission

From: David Hebert, City Manager 

Subject: Recommended Fiscal Year 2021 Annual City Budget

Introduction

I respectfully present our Recommended Annual City Budget and Capital Improvement Plan for the Fiscal Year (FY) 2021. Like the past six budgets, the FY 2021 budget has been developed by the administration to meet the City Commission's strategic vision and maintain a steady pace of progress on a path to redefine, revitalize, and rebuild Oakland Park. Even though these budgets were developed within a period of expansion and growth for the economy after the Great Recession, the leadership of the City balanced a commitment to new initiatives and investments with an equal commitment to fiscal sustainability and stability. The wisdom of this financial prudence is evident today as we face the realities of the global COVID-19 pandemic and the uncertainties of an economy now officially in a recession.

The recommended budget for the 2021 fiscal year acknowledges that financial stability will continue to be the bedrock for implementing the City Commission's vision for Oakland Park and safeguarding the City's ability to deliver services to our community. **The FY 2021 budget recommends a significant decrease in the operating millage rate, lowering it from 6.0880 to 5.8910 mills, a 0.1970 mill reduction. This equates to a 3.24% decrease in the operating rate millage.** If adopted, this would be the lowest operating millage rate adopted in ten years and the sixth millage rate reduction within a seven-year period. The reduction in the operating rate millage reflects the current economic difficulties for our community coupled with the legal requirement for the City to begin levying the voter-approved debt service millage for the first time, which will add a new line to the City's tax bills.

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. Over the past seven years, the City's tax base has been steadily growing and now stands at \$3.76 billion, slightly above the base prior to the Great Recession. During this time, the Commission prioritized improving the quality of life for our residents, enhancing the appearance of the City, attracting unique, desirable development, fostering the business community and focusing on sustainability, both environmental and fiscal. Over the past six years, the City Commission has adopted budgets developed to implement these priorities. The FY 2021 Recommended Budget has been prepared to build and expand on these successes. Guided by the City's mission, values and aspirations, the strategic plan, and direction from the Commission, the proposed FY 2021 budget maintains momentum as the City continues to progress.

Progressing as a City has created new costs, but the City has worked to help keep these costs reasonable. As property values have grown and the broader economy has done well, the City invested and improved the infrastructure and amenities provided to our residents and businesses, with much of the cost funded through grants and matched through the use of City reserves. New infrastructure creates new operating expenses that must be allocated in order to properly maintain this infrastructure investment. We have made responsible commitments to our employees to achieve more competitive salaries. The Commission approved labor contracts with wage adjustments consistently above changes in the consumer price index. These contracts restored benefits lost during the recession. The closing of the City's local Police & Fire Pension Plan and the migration of firefighters to the Florida Retirement System (FRS), created an additional annual cost of approximately \$1.0 million a year (an average cost of approximately \$19,000 per FRS-enrolled firefighter). In time, the payments to the closed plan will decline and help offset these new FRS costs, but these initial transition years significantly elevate personnel costs. These costs are within the context of other growing public safety costs, including the Sheriff's contract. From FY 14 to FY 21, the annual cost of police services has grown by \$3.3 million, from \$13.5 to \$16.8 million, an increase of 25%.

One of the most historic signs of the City's continued progress is the new facilities modernization efforts. In 2018, over two-thirds of Oakland Park voters approved the issuance of \$40 million in general obligation bonds to rebuild and enhance the City's Fire-Rescue stations and community facilities. In May 2020, the City was assigned an investment grade "AA" credit rating by Standard and Poor's and in June the first tranche of bonds was sold, securing \$26 million in bond proceeds. This money will be utilized to fund Oakland Park's **Building Our Second Century** program. This initial amount will pay for phase 1 construction, phase 2 design, and reimburse the City for prior bond related expenditures. These bonds are financed over a 20-year period and principal and interest payments begin in FY 2021. The City will be required to pay the debt service costs by

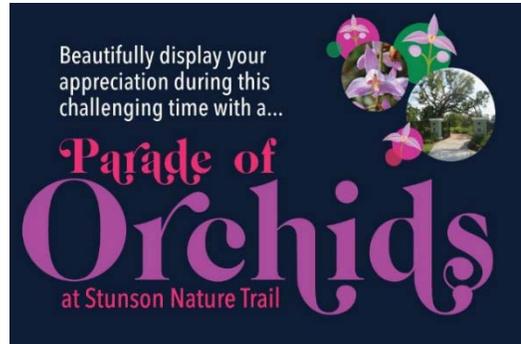
levying a voter-approved debt service millage. **The general obligation bond debt service to be paid next fiscal year is approximately \$1.9 million, which will require that a debt service millage of 0.5189 be adopted.** This debt service millage will appear as a separate line on property tax notices and bills and will be used only to pay for the costs of paying for the bonds.

In order to achieve a millage rate that keeps tax bill increases in check for our community, the recommended budget contemplates the use of \$3.6 million in fund balance, which would reduce the fund's reserves to \$9.9 million, or 18.1% of operating appropriations. This remains above the Government Finance Officers Association's guideline of maintaining a minimum of 16.7% of expenditures in reserve. City policy requires that if fund balance goes below 20% a plan must be developed to return the fund balance to 20% within four years. A plan will be developed should the Comprehensive Annual Financial Report for FY 2021 determine that fund balance does go below the 20%.

The upcoming fiscal year is uniquely challenging. The economic consequences ushered in by COVID-19 have been swift and extreme. The City immediately implemented various safety and cost savings measures in FY 2020 in anticipation of revenue declines which have materialized. These measures include a 10% reduction in hours for all staff (Fire Rescue first responders and Solid Waste operations excluded), non-critical hiring and overtime freezes, reassignment of staff to perform previously contracted services, review of debt refinancing opportunities, and requests to our vendors for voluntary reductions in their rates. New initiatives were implemented to ensure the continuity of city service delivery through online enhancements and the deployment of other new technology. Various steps were also taken to ensure the safety of our employees. These efforts include the closing of City facilities, the distribution of mask and hand sanitizer to staff, shifting to one person per vehicle, use of virtual meetings to facilitate social distancing, a shift to Alpha/Bravo schedules combined with remote work, and a strong program for testing, monitoring, and isolation. Every effort is being made to ensure the City continues to provide services to residents and businesses. Public briefings on the situation have been consistently made at City Commission meetings to ensure that the public is aware of what actions the City is taking in response to the pandemic.

Staff have worked diligently to assist the public during the pandemic. The City has continued to operate a hotline for residents and businesses to provide current information and referrals to agencies that can provide assistance. The Community Redevelopment Agency has begun a new program to promote local businesses (**Find It In Oakland Park**) and has hosted 11 webinars for local businesses to provide guidance on federal aid programs, COVID-19 reopening guidelines,

and business recovery information. In coordination with Fort Lauderdale, Wilton Manors, and Feeding South Florida, Oakland Park has taken an active role in weekly food distribution for our community, including home delivery of food and masks. We've also tried to uplift the spirit of the community. We hosted a graduation parade and hand-delivered more than 150 graduation gift bags to the newly minted Northeast High School Class of 2020 alumni that included yard signs, t-shirts, tote bags, and an "NEHS 2020" decorative license plate. With our partners at the Urban Farm Institute, Equality Garden Club, Fairchild Tropical Botanic Garden, and the Fort Lauderdale Orchid Society, we started the City's new **Parade of Orchids** program at the Stunson Nature Trail. This program provides an opportunity for our community to show appreciation and gratitude to those who have cared for us and provided aid by donating for the planting of orchids. In less than three weeks, the City received enough donations to plant more than 1,000 orchids.



The economic fallout from this pandemic will unfold over the next several months and even years. The impact on the City is unpredictable. Many expenditures related to COVID-19 were incurred by the General Fund in FY 2020. Oakland Park and other cities are working collaboratively with Broward County to develop a program that would provide CARES Act funding awarded to Broward cities. The exact amount and timing of these funds is unknown, but this potential future reimbursement would assist in improving the City's fund balance levels. As always, staff will vigorously advocate for, monitor and disclose the City's financial activity. As financial conditions evolve in Fiscal Year 2021, recommendations will be prepared to maintain the City's strong commitment to financial stability and sustainability.

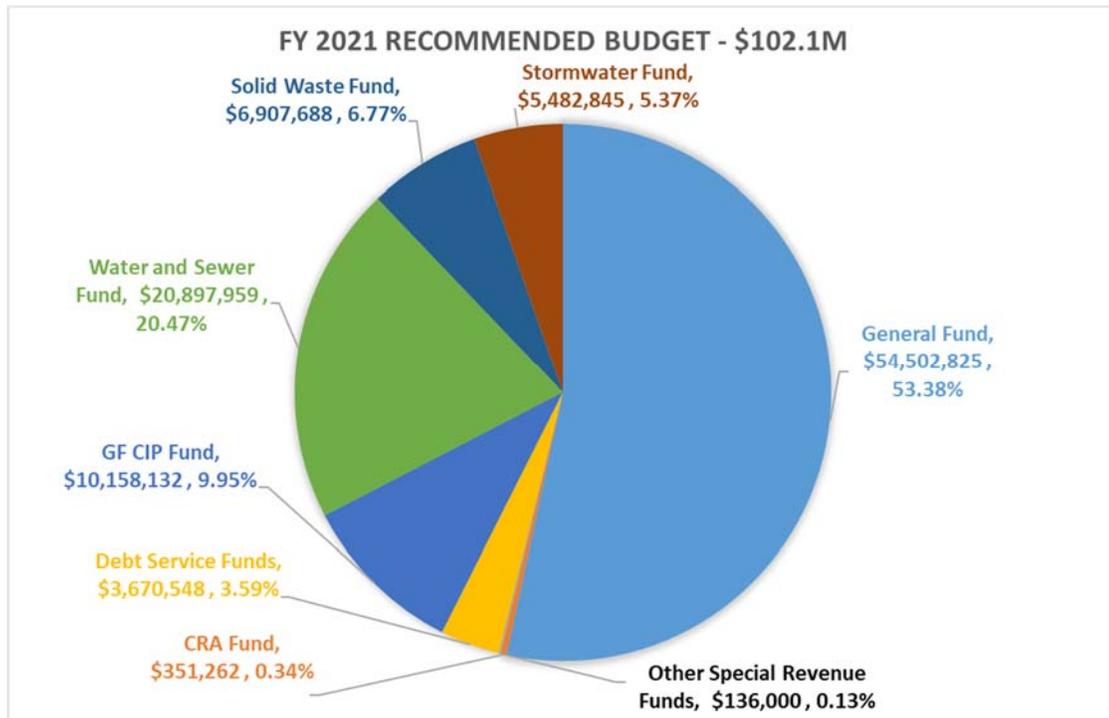
As discussed above, the recommended budget includes a proposed decrease in the operating millage rate and levying a debt service millage rate for the first time. In addition to these, rates Oakland Park has three non-ad valorem special assessments that are set by the City Commission during the budget process: the stormwater assessment, fire assessment, and residential solid waste assessment. **The Recommended Budget proposes no adjustments to the Stormwater Assessment (\$84 per unit) or the Fire Assessment (\$199 per residential unit).** Adjustments to both rates should be anticipated next year based on the results of the Stormwater Master Plan and a required Fire Assessment Rate study update.

An increase of \$8 per year is recommended for the Residential Solid Waste Assessment, increasing the rate from \$227 per residential unit to \$235. The Solid Waste Assessment rate remains well below the FY 2014 rate of \$255 and the proposed \$8 increase is based on growing disposal and operating costs. Notable is the increase in the cost of recycling as demand for

recyclable goods continues to decrease, reducing the sales value of these goods and increasing disposal costs. Since July 2018, recycling costs per ton have increased 835% and are twice that of garbage disposal costs. A 6% increase in solid commercial rates, which are billed monthly, is also recommended. Unlike the residential assessment, the commercial rates are set by ordinance and will be considered in September.

Oakland Park purchases water from Fort Lauderdale, which completed a rate study last year and implemented a new rate structure. As part of the new structure, Fort Lauderdale levied a 25% surcharge on water sales to Oakland Park. Such charges had never been previously levied on water purchases. While staff works with Fort Lauderdale on a potential successor water agreement (the current agreement runs through October 2023), the City, with Fort Lauderdale’s knowledge and consent, has deferred incurring the surcharge. As a consequence of these ongoing negotiations, Oakland Park’s own water rate study was placed in abeyance until a resolution is reached on the long-term agreement. Should these negotiations prove unsuccessful, the City is prepared to open discussions with the County to secure a water supply for our residents. The City’s bulk user agreement for wastewater processing will expire at the end of calendar year 2021 and a successor agreement will need to be negotiated during the next fiscal year. Oakland Park’s water and sewer rates are based on provider costs and will be determined over the summer.

The Recommended Budget for all funds is \$102.1 million, which is \$0.71 million more than the FY 2020 Revised Budget of \$101.4 million, a 0.7% increase. The breakdown of funds is as follows:



The largest fund is the City's general fund, which has a budget of \$54.5 million. The City's general fund for FY 2021 is reduced from the revised FY 2020 budget by \$1.6 million, or 2.85%. The general fund budget also includes \$2.4 million in transfers out to other funds, including \$0.2 million to the Capital Improvement Program fund for various projects, \$1.8 million to the City's debt service fund to pay non-bond related governmental debt, and \$0.3 million to the Community Redevelopment Agency fund for continued planning, marketing, and business support activities. These transfers are down \$0.5 million from FY 2020. Other reductions reflect various cost saving measures due to the current economic circumstances. The City's debt service fund has increased from \$2 million to \$3.7 million, an increase of \$1.7 million, or 83.52%, which reflects the net effect of the new servicing costs (principal and interest payments) for the general obligation bonds. This is offset by the new debt service millage revenue. The Community Redevelopment Agency and other special revenue funds are stable at \$0.5 million. The City's Capital Improvement Program fund, which only reflects governmental-type projects, is \$10.2 million, or 9.95% of the total budget. This is a major increase over FY 2020's budget of \$6 million, an increase of \$4.2 million, or 69%. This increase is almost exclusively driven by the use of general obligation bond proceeds, surtax funding, and grants. The other budgetary funds are the City's enterprise funds, which reflect self-supporting, business-like activities: Water-Sewer \$20.9 million, Stormwater \$5.5 million, and Solid Waste \$6.9 million.

On July 22, 2020, the City Commission will adopt a preliminary operating millage rate, a preliminary debt service millage rate, and tentative rates for the three non-ad valorem special assessments. These will appear as separate lines on the TRIM ("Truth-in-Millage") notices sent to property owners in August, which will provide the estimated impact of the preliminary rates adopted. Under this recommended budget, **the median homesteaded single-family residence would see no increase in City-attributable operating property tax.** This outcome is achieved due to three critical factors: 1) the proposed budget is fiscally conservative, deferring General Fund CIP projects, limiting capital purchases, and prudently reducing operating expenditures; 2) the City's property tax base has grown, generating additional revenue, and; 3) the use of General Fund reserves to balance expenditures in this current "rainy day" situation. All three of these factors contribute to the City's ability to provide relief to Oakland Park's taxpayers during this difficult and uncertain time.

Only two increases are proposed for the City's tax bills. **To ensure the financial stability of the Solid Waste Fund, an \$8.00 increase in the residential solid waste assessment is recommended. To finance the \$26 million in voter-approved general obligation bonds issued this year, debt service millage must be levied and is anticipated to cost \$59.03.** Compared to last year, the median homesteaded single-family property would see a total increase on the TRIM notice of \$67.03, or 5.68%: the monthly equivalent of \$5.59.

The development of this budget has been a balancing act, weighing a reduction in revenues with cost cutting measures, the desire to maintain City services with the need to retain the growing momentum to achieve strategic objectives, and prioritizing the need to manage our finances in a way that respects this difficult economic climate. The recommended budget achieves this balance and provides sufficient flexibility for the City to respond to ongoing and new challenges. Moreover, this budget reflects an exciting moment in the history of our City as bond-funded construction begins and new private development activities take place citywide. Together, we will overcome the challenges of today and tomorrow. Together, we will Build Our Second Century.

Strategic & Business Plan

The Recommended Budget continues the goals of the City's Strategic and Business plan. The strategic plan was most recently extended in January 2020, prior to the development of the Fiscal Year 2021 budget. The Strategic Performance Areas ensure delivery of quality services and provide for investment in the future of the City of Oakland Park. The recommended budget meets these strategic goals as outlined below:

- *Infrastructure:* provides an aggressive Capital Improvement Program that marks the beginning of vertical construction as part of the City's



facilities program, **Building Our Second Century**, with construction and design of various Phase 1 projects, including beginning construction on the first stages of City Park. Major transportation improvement projects are contemplated, such as the design of future grant-funded projects, including the NE 34th Court from NE 12th Terrace to NE 16th Avenue Roadway Improvements, the Lakeside and Lloyd Estate sidewalk networks, and NE 11th Avenue Improvements. The City will receive the first year of transportation surtax funding for projects, which includes almost \$3 million for citywide street resurfacing, drainage improvements to North Andrews Gardens near Cypress Creek Boulevard, design of City mast arms for traffic signals at intersections, and funding for phase 2 of the Oakland Park Boulevard Median Improvements projects, which also includes funding from the Florida Highway Beautification Grant Program. Non-city projects currently underway in Oakland Park include the improvements for NW 21st Avenue, and Prospect Road. Additional capital investments include grant-funded improvements to the Guisti Heart Parcourse, sewer system lining, repairs to Main Street fountains, and other minor drainage improvements. As remote working becomes an operational necessity, continued improvements to the City's technological infrastructure are contemplated, with funding included for virtual collaboration programs, cybersecurity, network vulnerability assessments, hardened data centers for

servers, and additional network security engineering. Other infrastructure improvements include the introduction of asset management software within the enterprise funds.

- *Financial Stability & Sustainability*: seeks to balance the financial challenges faced both by the City and its residents and businesses by strategic use of reserves while maintaining them above the Government Finance Officers Association’s recommended minimum of 16.7%, with a forecasted balance of 18.1% of General Fund expenditures by the end of the year; proposes the largest decrease in the operating millage rate in over a decade, with no changes to the fire and stormwater special assessment rates, an increase of \$8 per year on the residential solid waste assessment to maintain fund stability; includes the first year of debt service costs for the \$26 million in general obligation bonds issued earlier this year, resulting in a cost to the median single-family home of \$59.03 for the year, or approximately \$4.92 a month. To maintain the long-term financial stability of the City, numerous fee reviews occurred during FY 2020 and will be presented for the Commission’s consideration as part of the FY 2021 budget adoption process, including the first review of Parks fees since 2010 and a new, more modern methodology for Building & Permitting fees. The results of stormwater and fire assessment studies will be finalized in FY 2021 and presented as part of the FY 2022 budget’s development. The City’s utility billing division is now absorbing the convenience fees for online transactions, resulting in a cost to the City, but also providing more customers with access to online payments at no cost to them. The City will also continue to work with Fort Lauderdale to develop successor agreements to existing large-user agreements for water purchases and wastewater processing.
- *Smart Growth, Redevelopment and Community Appearance*: builds on recent successes to continue the support of local businesses through the *Find It In OP* campaign and supports implementation for a new online permitting service, while also providing continued resources for the implementation of the outdoor storage ordinance, massage parlor regulations, the certificate of use program, and vacation rentals. New studies include a refreshed downtown mobility study to better integrate the results of the OP3D efforts and phase 2 of the State-required Evaluation & Appraisal Report, a component of the larger process of updating the City’s Comprehensive Plan.
- *Public Safety*: as part of the bond implementation program, designs of the City’s three fire stations are underway. The budget recognizes the staffing addition and costs of three firefighter-paramedic positions through the City’s successful application to FEMA’s SAFER grant program in FY 2020. The budget also contemplates increased Police & Fire Pension Plan costs due to the State’s accelerated amortization of the Plan’s unfunded liabilities, costs which are borne exclusively by the City; this commitment to funding will ensure the long-term solvency of the plan for the City’s current and future retirees. The City’s proposed budget

includes funding for “LifeScan,” a screening program that will help identify potential health problems and allow for earlier intervention and treatment. The budget accommodates a 3.3% increase over last year’s submitted budget for the Broward Sheriff’s Office (BSO) for police services to protect and safeguard our community; FY 2021 also marks the first year of the new 5-year agreement for law enforcement services approved by the City Commission in February 2020.

- *Parks, Leisure Facilities & Activities:* provides for Phase 1 improvements to City Park, including the construction of the City’s first splash pad, and grant-funded improvements to the Giusti Heart Parcourse. The budget reflects the realities of needing to maintain social distancing in light of the COVID-19 pandemic and presumes that no physical events will be held by the City for at least the remainder of the calendar year, but includes funding to provide for a “virtual” Halloween Bash and Holiday Village. Funding is maintained to continue the City’s roster of events for the next calendar year, including favorites such as Taste of Oakland Park, Soul Fest, Dancing in the Street, and Summer Nights.
- *Focus on Oakland Park’s Image:* changes the City’s physical mailing strategy by replacing the existing monthly Oakleaf and semi-annual Oakland Park Live publications with a quarterly publication and resource guide, which will be coupled with a “refresh” of the City’s website to better help residents and businesses find and utilize the online services they need. Funding for the City’s twice-a-year tree-giveaway events has been maintained and the City’s multi-year commitment to expanding the tree canopy has likewise be incorporated into various CIP projects. The City has also successfully lobbied Broward County to include the costs of adding landscaping to NW 21st Avenue and Prospect Road in the County’s budget, which will continue the ongoing efforts to beautify Oakland Park’s major corridors. As part of the City’s facility program, the effort is being made to develop a distinctive Oakland Park aesthetic and a consistent sense of place for the City. The budget also continues funding for the recently redesigned City monument signs.

As outlined in Appendix A of the Recommended Budget book, there are over 100 different initiatives and investments valued at approximately \$2.5 million that will continue to further the strategic plan.

FY 21 Recommended Budget Summaries by Fund

The following table summarizes the FY 21 Recommended Budget by fund (in \$ millions) and compares it to the original budget adopted for FY 20 and the revised budget for FY 20. As is typical for local governments, much of the difference between the adopted and revised budget for a given fiscal year is attributable to the “rolling-over” of encumbered monies between fiscal years.

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

Fund Description	FY 20 Adopted	FY 20 Revised	FY 21 Recommended
General Fund	54.9	56.1	54.5
Community Redevelopment Agency (CRA) Fund	0.6	0.7	0.4
Debt Service Fund	2.0	2.0	3.7
Water & Sewer Fund	22.0	24.4	20.9
Solid Waste Fund	6.8	7.6	6.9
Stormwater Fund	4.1	4.5	5.5
Other Special Revenues	0.1	0.1	0.1
General Fund Capital Imp. Plan Fund	2.1	6.0	10.2
Total Budget (in \$Millions)	92.6	101.4	102.1

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

Governmental Funds

General Fund

The Recommended Budget for the FY 2021 General Fund is \$54.5 million.

The Recommended General Fund Budget anticipates revenues of \$50,937,929, a decrease of \$2.5 million, or 4.66% compared to FY 2020's Revised Budget. The below summary shows changes in the general revenue categories of the City:

Category	FY 20 Revised	FY 21 Proposed	Inc/(Decr)	% Change
Ad Valorem	20,413,847	21,218,215	804,368	3.94%
Other Taxes	8,038,295	6,791,400	(1,246,895)	-15.51%
Permits Fees & Special Assessments	4,285,832	4,809,532	523,700	12.22%
Intergovernmental Revenue	5,119,507	3,611,185	(1,508,322)	-29.46%
Charges for Services	14,184,107	13,516,082	(668,025)	-4.71%
Judgment Fines & Forfeits	551,000	453,000	(98,000)	-17.79%
Miscellaneous Revenues	669,589	448,320	(221,269)	-33.05%
Debt/Transfers/Other	175,460	100,000	(75,460)	-43.01%
Total Revenues & Other Sources	53,437,637	50,947,733	(2,489,904)	-4.66%

In prior years, it has been noted that many of the City's revenue streams tied to general economic activity, such as utility tax revenues, sales taxes, etc., had reached a "revenue plateau" and were stagnating. These same accounts are now experiencing major declines due to COVID-19 and the

resultant disruption to economic activity. The duration of this disruption is uncertain. When reviewing individual accounts, the aggregate losses within the General Fund exceed \$4 million. These decreases are offset in part by the modest increase in ad valorem (property tax) revenues and increased permit anticipated for developments currently underway.

Property tax continues to represent the single largest source of revenue for the General Fund, providing 39% of all general fund revenues. Property tax revenue is determined by two elements: 1) the assessed property tax base, and 2) the millage rate set by Commission. The certified data provided by the Property Appraiser shows that the City's property tax base has expanded for the eighth time since 2007. The City's total tax base is now \$3.76 billion and exceeds the pre-Great Recession peak of \$3.54 billion. Though this represents a positive milestone for the City, the rate of growth has slowed, with growth at 11% for FY 2019, 8.14% for FY 2020, and 7.43% for FY 2021. It is unclear how the current public health emergency and the corresponding new recession will affect property values for future budgets.

Under the Save-Our-Homes law, the growth in the taxable value for homesteaded properties is limited to the lesser of 3% or the change in the consumer price index (CPI). For this year, growth in the taxable value of homesteaded properties is limited to the change in CPI, which is 2.3%. The City has approximately 15,300 single-family homes, townhomes, and condominiums; of these, 60% are homesteaded. City taxes only comprise a small portion of what appears on residents' tax bills; about 31% of the tax bill represents the City levy and the rest is paid to separate taxing authorities, such as Broward County, the School Board, and other special taxing districts. In years to come, the developments of O & O2, CEIBA, Oakland Park Square, construction at the former K-mart site, Oaktree, and other projects will add a significant amount of new construction to the City's tax rolls and help generate new revenue.

Since adopting a peak millage rate of 6.3995 in FY 2014, the City reduced millage for five consecutive years, with a rate of 5.9985 mills achieved in FY 2019. **Oakland Park was one of only four cities in Broward County that consecutively reduced millage over that period.** Those reductions were not drastic and did not inhibit the ability of the City to adequately compensate staff or to accomplish new projects and initiatives; the recommendations to reduce millage were done with a firm commitment to maintain the financial sustainability of the City's operations. Increased operating costs led the City to modestly increase the millage rate by 1.49% in FY 2020, resulting in a millage rate of 6.0880.

Due to the COVID-19 pandemic, many members of our community are unemployed or underemployed and our local businesses are struggling. Although revenues are decreasing, maintaining the existing millage rate would create an undue burden on our community. A

reduction to the millage rate is recommended, which along with cost-saving measures in the general fund and a strategic use of City reserves, will help the City accomplish goals while assisting city taxpayers. **The proposed operating millage rate for FY 2021 is 5.8910, the lowest such rate for the City in ten years. The recommended rate is a decrease of 3.24%, or 0.1970 mills from the FY 2020 rate of 6.0880. The rate will generate \$21.2 million in property tax revenue.** The recommended millage is 3.57% greater than the calculated rolled-back rate of 5.6878 and generates an additional \$731 thousand over the rolled-back rate. This additional revenue is needed to offset the major revenue reductions anticipated among other general fund revenue accounts and to reduce the utilization of reserves.

Another key source of General Fund revenue is the Fire Assessment fee, which generates approximately \$5.7 million and represents 10% of the General Fund's revenue. All proceeds are used to fund the Fire-Rescue department's fire protection/suppression services; emergency medical service-related activities cannot be funded through this assessment. A fire assessment rate study was conducted in 2016 and the results of this study were incorporated into the FY 2017 budget. Based on changes in the proportional demand for fire services among the different property classes, adjustments to the rate schedule were adopted ensuring revenue collection would be proportional to service demand by class. The residential rate adopted for FY 2017 in accordance with the study results was \$199 per residential unit. This rate was maintained for FY 2018, FY 2019, and FY 2020. No change to the existing fire assessment residential rate of \$199 is recommended as part of the FY 2021 budget. The City's residential rate remains well below the countywide average. In 2014, the average residential rate was \$219 in Broward County; as of 2020, the residential rate average is \$282.

Staff recognizes that the structure of the fire assessment fee is regressive and disproportionately affects those least able to afford it. Nevertheless, as fire suppression costs increase, future adjustments to the assessment must be considered and adjustment of the rate structure is required to ensure revenues are proportional to demand for fire services among property use types. The City's existing budget for the Fire-Rescue Department has grown in recent years to reflect increased funding for equipment replacement, training, raises, and the considerable additional expense of converting to the Florida Retirement System. The results of the current fire assessment study will be presented during FY 2021 and will be incorporated into the FY 2022 budget. Preliminary results of this study indicate that the proportional demand by property use types has changed and the residential share of these services has increased, which will likely result in an increase to the residential rate simply to maintain the existing level of revenue.

In accordance with the goals for FY 2020, reviews of Parks & Leisure Services and Building & Permitting fee schedules were performed. Adjustments to these fees will be presented during

the budget adoption process for consideration. Transfers into the General Fund are also included in the budget, with \$60,000 in Library State Aid being utilized to offset salary costs and \$40,000 from the Law Enforcement Trust Fund to be utilized to help offset the cost of School Resource Officer positions (the City is also paid \$109,200 by Broward County Schools to partially offset the cost of these two positions).

The recommended General Fund budget includes \$54.5 in expenditures, which is \$1.6 less than the FY 2020 revised budget. Although there is an overall net decrease in the size of the fund due to various reductions and cost saving measures, the City continues to experience increases in certain areas of personnel and operating costs. Public safety costs represent some of the largest increases in the General Fund Budget. The contract with the Broward Sheriff's Office for services next year will be \$16.8 million, a \$0.5 million, or 3.3%, increase over FY 2020. This is the largest increase since the \$650 thousand increase included in the FY 2017 budget. Staff are working with the Sheriff's Office to identify potential target areas to reduce the size of the request. In accordance with the results of collective bargaining, the City closed the Police & Fire Pension Plan to new members and migrated to the Florida Retirement System for firefighters. The State has required that the City's amortization of the unfunded liability of the closed plan be accelerated, resulting in an increased cost of \$0.9 million (from \$1.8 million in FY 2020 to \$2.7 million in FY 2021). As the City continues to invest in new projects, maintenance costs continue to grow; an example of this is the recently completed NW 10th Avenue Roadway Improvement project, which requires landscape maintenance and irrigation.

Other costs include an increase in the employer contribution rates of the Florida Retirement System for general employees, which are increasing from 8.47% to 10.00%. After multiple years of relatively flat health insurance costs, an increase of 5% is anticipated due to current experience. Likewise, a 7.5% increase in general insurance (property, automobile, etc.) is expected. Contracts with the City's three labor unions expired at the end of FY 2019. Only one new contract was negotiated, and funding is included in the budget in accordance with this contract. Impasse was declared by two of the bargaining units. Although the country is facing an unprecedented recession and unemployment has reached levels unseen in this generation, the City has not retracted its wage proposals during impasse. The proposed budget includes reasonable funding to maintain continued parity in wage increases among all employee groups. Information technology costs are also increasing as the City shifts to remote work for employees and online delivery of City services.

No changes to staffing levels in the General Fund are proposed for FY 2021. After careful consideration, it was determined that the sheer magnitude of the capital improvement program requires reorganization of departments. As part of the budget recommendation, the current

Engineering & Building Services Department will be divided into two departments: an Engineering & Construction Management Department and a separate Building & Permitting Services Department. The division of these functions will allow for the oversight and focus needed to manage the tens of millions of dollars in construction projects that will begin in FY 2021. The new department director-level position for Building & Permitting Services would be funded through the conversion of an existing assistant director position. No net additions to General Fund staffing are contemplated.

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

The FY 2021 Budget also recommends transfers from the General Fund to other funds. Proposed transfers are as follows:

Transfers from General Fund				
	FY 20 Revised	FY 21 Proposed	\$ Change	% Change
To CIP	\$454,856	\$217,316	-\$237,540	-52%
To Debt Service*	\$1,962,629	\$1,814,784	-\$147,845	-8%
To CRA	\$417,919	\$309,034	-\$108,885	-26%
Total	\$2,835,404	\$2,341,134	-\$494,270	-17.43%

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

The transfers from the General Fund to other funds are reduced, with savings of approximately \$0.5 million. This reduction is predicated on modest decreases in the Community Redevelopment Agency's costs, the maturation of loan in the Debt Service Fund and the temporary suspension of payments for an interfund loan, and a Capital Improvement Program that is primarily funded through a combination of general obligation bond proceeds, transportation surtax funds, and grants.

The differential between anticipated revenues and expenditures is \$3.6 million, which requires the fund to utilize the same amount in reserves to balance the budget. This level of utilization is forecasted to reduce the City's reserves to 18.1%. The purpose of the City's policy mandating reserves in the range of 20 to 25% is to ensure that, under regular conditions, the City has sufficient resources in the event of a financial crisis or emergency. Today, we are faced with such a situation, the duration and extent of which are uncertain. The remaining level of reserves will still be in excess of the Government Finance Officers Association's minimum reserve guideline of 16.7% and provides the City with sufficient resources in the event of a hurricane. The only

alternative to utilizing these reserves would be increasing revenues through raising the operating millage rate, reducing the number of services offered, reducing quality of services provided, elimination of existing and future strategic planning initiatives, or layoffs. Should the City receive reimbursements from Broward County's CARES Act distribution, it is anticipated that fund balance levels will improve. The timing and size of any such reimbursements are unknown.

Community Redevelopment Agency (CRA) Fund

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

During 2019 and 2020, the CRA played a critical role in ongoing planning studies concerning revisions to the Downtown Mixed-Use District regulations through the new OP3D program that will better shape development in the City's downtown. The FY 2021 budget includes \$25,000 in funding for a new mobility study of the downtown to better align transportation needs with results of the new OP3D planning efforts. The Recommended Budget also includes \$15,000 for additional beautification projects and an additional \$20,000 in new money for façade and incentive grants. The CRA budget also includes \$96,000 for CRA consulting assistance to provide strategic planning implementation, special project planning and development, and enhanced marketing.

The CRA's activities have shifted in light of the COVID-19 pandemic, with additional emphasis on business assistance, recovery, and education. In the span of a few weeks, the CRA and its partners produced 11 webinars attended by over 350 local businesses. These webinars provided valuable information on federal aid programs, financial crisis management tools, COVID-19 reopening guidelines, and other business recovery information. Substantive support in promoting the patronage of local businesses came in the form of a new program, **Find It In Oakland Park**. The purpose of



this campaign is to spur a movement among residents to dine and shop within their own community to support local businesses. With the ongoing effects of the COVID-19 pandemic, Oakland Park businesses have been significantly impacted. With Find it in Oakland Park, the CRA will partner with local businesses to provide incentives to residents who support local merchants

and promote social engagement and pride through its #livelikealOAKI tagline. The budget for FY 2021 includes \$25,000 to support and expand this program.

Oakland Park's CRA is not funded by tax-increment financing. As such, it has relied on a close partnership with Broward County to assist in providing funding for major projects. This continued partnership between the County and the CRA has provided fruitful economic investments for the community.

The City's CRA participated in the County's Redevelopment Capital Program (RCP) to acquire properties downtown and fund various infrastructure projects. Distributions from the RCP are loans to the City. These loans can be converted into grants if certain levels of development are achieved as measured by improvements in the CRA's property tax base. The City has 11 different RCP loans, totaling \$4.8 million in principal. Debt service for these loans is staggered and the first two of these loans began debt service payments in 2017. Staff worked directly with the County to defer principal payments of these first two loans, as a result of the continued economic activity in the CRA. In FY 2018, the CRA submitted conversion documentation using the most recent data from the Broward County Property Appraiser. Based on these initial submissions, the City successfully converted \$1.4 of the \$4.8 million owed, completely eliminating two loans and partially converting another. Although not reflected in the CRA budget itself, the debt service budget for FY 2021 includes debt service costs for those RCP loans which are due and payable. Staff will continue to work with Broward County on the conversion of the outstanding loans and a second conversion package has been submitted to Broward County. The City is also engaged in efforts to modify the terms of the RCP program to extend the grant conversion period, which would allow the City to earn additional credit for upcoming projects in the CRA, such as the redevelopment of the old K-mart site.

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

Debt Service Fund

This fund reflects principal and interest payments and is for all City debt other than that related to the Enterprise Funds (Water & Sewer, Solid Waste and Stormwater). This is repayment of debt for the acquisition of vehicles, municipal facilities, property acquisition, and the development and upgrading of some of the City's recreational facilities. The proposed debt service budget for FY 2021 is \$3,670,480 an increase of \$1.67 million over FY 2020.

The increase is primarily attributable to the debt service costs of general obligation bonds issued earlier this year for the purposes of funding the City's facilities program, Building Our Second Century. The November 2018 approval of the \$40 million in general obligation bonds represented a major change to the City's governmental debt structure. The \$40 million program will be implemented over a period of approximately 10 years to coincide with Oakland Park's 100th anniversary in 2029.

The City anticipates issuing the \$40 million in two to three tranches of debt. A tranche is a "slice", or portion, of the total \$40 million in bonds that would be sold, or issued, together at the same time; this is the process by which the City "draws down" on the approved \$40 million to provide funding for the bond program. The first tranche was issued in June 2020 in the amount of \$26 million. This first tranche will fund the reimbursement of prior bond-related expenditures, planning and design efforts, and construction of Phase 1 projects.

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

The debt service payments for the initial \$26 million tranche will begin in FY 2021. The debt service cost is \$1.9 million. The cost of debt service will be funded through the voter-approved debt millage, which is separate and distinct from the operating millage used to support the General Fund. The millage rate needed to provide sufficient revenue for the servicing costs is 0.5189 mills. The estimated cost to the median single-family home will be \$59.03 a year, or \$4.92 a month. The debt service millage will appear as a separate line on the property tax bill of residents.

Overall debt servicing costs for non-general obligation debt shows a modest decline for FY 2021. The final payment of a capital lease for a fire ladder truck was made during FY 2020, which reduces debt service costs for FY 2021 by approximately \$100,000. The General Fund has an interfund loan with water and sewer that was used to fund the purchase of the Alster properties on NE 35th Street in the downtown. The proposed budget recommends that these payments be suspended for FY 2021; this results in a savings of approximately \$100,000.

The preliminary debt service millage will be set during the July 22, 2020 City Commission meeting. A tentative and final debt service millage rate will be set during the September budget hearings.

Enterprise Funds

Water & Sewer Fund

This fund generates revenues through user fees paid by the City's water and sewer customers. The City's water and sewer utility system covers most of the City, with the exception of certain areas, e.g. North Andrews Gardens, Twin Lakes South, and parts of the Lakeside neighborhood. Recent major infrastructure projects have also been funded by the proceeds of the 2010 and 2012 bond issuances. Service charges cover ongoing operations, debt service, and capital expenditures.

The overall Water & Sewer Fund budget for FY 2021 is \$20.9 million, a decrease of \$1.1 million from the FY 2020 Adopted budget. This decrease is primarily due to changes in the capital improvement program. The FY 2020 Adopted budget included \$1.6 million in CIP projects, whereas the FY 2021 CIP's water & sewer project roster is limited to \$0.3 million in additional funding for the City's multi-year sewer lining program to reduce inflow and infiltration, saving the City hundreds of thousands of dollars. Water and sewer funded projects for FY 2020 will eventually be rolled into the FY 2021 budget, including the design of the new Public Works facility.

Operating activities for next fiscal year include the negotiation of a new successor agreement to the existing wastewater large user agreement with Fort Lauderdale, which expires in November 2021; \$25,000 is included to provide legal and other support in crafting this critical document. The water and sewer divisions will also engage in a federally required risk assessment and develop an appropriate emergency response plan for adoption (\$25,000). The proposed budget also includes funding for new asset management software (\$56,000), valve exercising (\$90,000), and capital equipment purchases of a new forklift (\$25,000) and utility truck (\$50,000) to replace current City assets that have reached the end of their useful lifespans. Funding is also included for the ongoing costs of the Smart Meter Badger Beacon portal, which is estimated to be \$108,000. The smart meter program was completed in April 2019 and the results of the first full year were reported to the Commission in June of 2020. As indicated in the report, the estimated operational cost savings and increase in meter accuracy has resulted in a financial benefit of \$1.1 million, well in excess of the costs of the Badger Beacon portal and the annual debt service taken on by the City to fund the program. As part of efforts to allow for easier access to online payments, the City is implementing an e-check payment method option and has begun absorbing the convenience for credit card payments for a total combined estimated cost of \$63,000.

Promoting water conservation and sustainability remains a paramount priority and funding is provided in the budget to maintain the existing water conservation rebate for the purchase of high-efficiency toilet fixtures (\$10,000).

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

The FY 2019 budget included funding for a new utility rate study for Oakland Park. As indicated above, the City's current rate structure is based on a self-adjusting formula that takes into account cost increases from our service providers, Fort Lauderdale and Broward County. In 2019, Fort Lauderdale engaged in a rate study and the new rates were implemented for the 2020 fiscal year. As part of this implementation, Fort Lauderdale began to levy a 25% surcharge on the water sold to Oakland Park for the first time in the history of our relationship. The City is currently in the process of negotiating a successor water agreement with Fort Lauderdale that will resolve this outstanding issue. Oakland Park's own water rate study was placed on hold until a resolution is reached on this major, long-term agreement.

Changes to some of the miscellaneous rates for the water and sewer fund are being presented for consideration concurrent with the budget adoption process. These changes will simplify the deposit structure for customers, eliminating the distinction between tenants and owners, and will also update certain fees to reflect increased costs borne by the utility. An example of this is an increase in the cost to install a new meter, which reflects the increased cost and configuration expense of smart meters.

Stormwater Fund

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

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

The proposed stormwater fund budget for FY 2021 is \$5.5 million, an increase of \$1.4 million over the adopted FY 2020 budget of \$4.1 million. This increase is driven by the City's award of \$1.9 million in transportation surtax funding for roadway drainage capital improvements in sections of the North Andrews Gardens community near Cypress Creek Boulevard. The proposed budget also includes funding for the City's "Save Our Swales" program (\$3,000), the lining of corroded service piping (\$20,000), and the fund's share of new asset management software (\$18,000).

In February 2020, the City Commission approved an update to the City's Stormwater Master Plan and a Flood Vulnerability Assessment study, funded in part by a grant from the State of Florida. These efforts will help identify the new long-term needs for drainage infrastructure in the City, with emphasis on how to address the challenges of sea-level rise, flooding, and surface water quality. The capital intensity of the master plan will be a major factor in the fund's future rate structure as sufficient revenue will need to be generated to fund these improvements. The results of these efforts will be presented during FY 2021 and are expected to include recommended changes to the City's comprehensive plan, additions to the capital improvement program, and a new recommended rate structure.

No change to the rate of \$84 per ERU is recommended at this time. The current stormwater assessment rate will generate approximately \$3.4 million in FY 2021. The City will continue the placement of the annual assessment for the Stormwater program on the property tax bill.

Solid Waste Fund

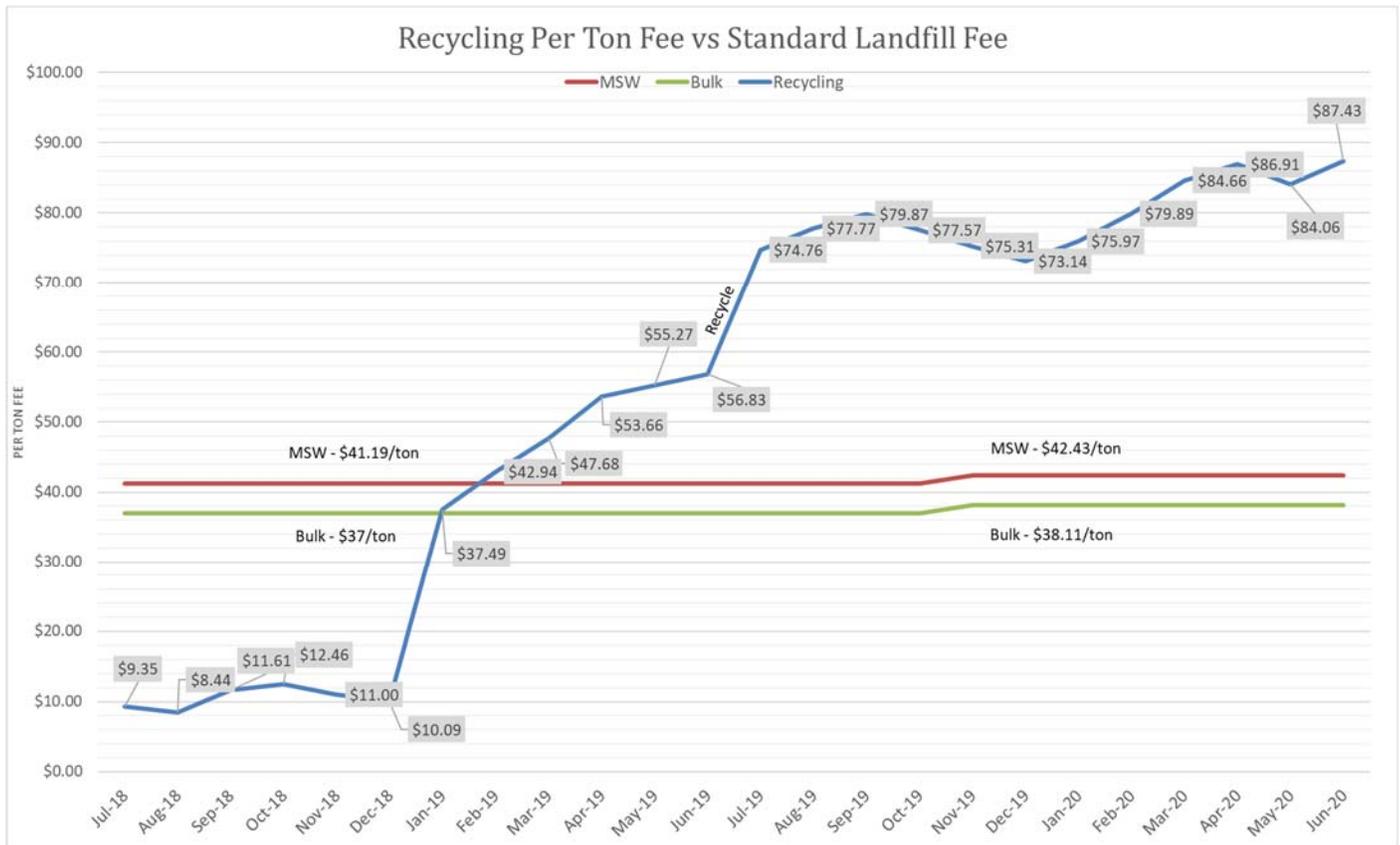
The Solid Waste Fund has two primary revenue sources: a non-ad valorem special assessment for residential customers and monthly utility service charges for commercial services. The residential special assessment program was introduced in FY 2012 and the residential fee was \$255. In FY 2014, the residential fee was reduced by \$50 to \$205, a 19.6% reduction, and commercial rates were decreased by the same proportion, resulting in a recurring revenue reduction of \$1.2 million.

A comprehensive study on the City's solid waste program concluded that the reduction in rates that occurred as part of the FY 2014 budget was not sustainable. Adjustments to the rates would be needed to provide increased stability in the fund's reserves and to cover increasing disposal, fleet, and other operating costs. In FY 2018, the rates were adjusted slightly, with the residential assessment increased by \$12 and the commercial rates by 5.5%. In FY 2019, the residential rate of \$217 remained unadjusted and the commercial rates were increased by 3.5%. The FY 2020 budget increased the residential assessment rate to \$227 and increased the commercial rates by 3.5%. Rates remain well below FY 2013 levels even as operating costs have increased.

The total budget of the fund for FY 2021 is \$6.9 million, an increase of \$0.1 million over FY 2020's adopted budget. The overall operating costs of the fund are increasing. The largest driver of the increase is disposal costs, which are projected to increase by 7% (from \$2.05 million to \$2.2 million). Growth in personnel costs are also reflected. These increases are offset in part by reductions in professional services and budgeted contingency.

Oakland Park's recycling program, like all such programs nationally, is highly affected by changes in the global market for recyclables. The City's contract with Waste Management's Recycle America costs the City \$102.16 per ton for processing the recyclables. The cost of sorting and processing single-stream recycling is partially offset by revenue generated by the sale of the recyclable materials. In prior years, the sales value of recyclable goods was greater than the processing cost, but as the market has cooled the sale of the goods has only partially offset processing costs. Historically, the market for recycling has been such that, after the sale of the materials, the net cost per ton of recycling was substantially lower than the cost of general municipal solid waste disposal (\$42.43 per ton).

Over the past two years, the sales value of recyclables has continued to decline due to a shrinking market of purchasers for recycled materials. These factors have greatly increased the net cost of recycling and the trajectory of costs is highly unfavorable.



As shown above, since the drafting of the last budget message, the net cost of recycling has grown from \$56.83 per ton in June 2019 to \$87.43 per ton in June 2020, an increase of 54%. During the period from July 2018 (rate of \$9.35 per ton) to June 2020, the rate increased by 835%.

Not all material placed by residents into their recycling carts is recyclable; the City’s contract allows a “contaminated” percentage of up to 10%. Loads with more than a 10% contamination level are deemed unsaleable and the City is then must pay the \$102.16 per ton processing fee in full without any offsetting sales value. Even with aggressive outreach efforts to decrease contamination, minimal financial recovery is possible; the \$102.16 cost per contaminated load is only mildly greater than the cost for an uncontaminated load, currently \$87.43 – this is a difference of only \$14.73 per ton. The uncontaminated load cost per ton is also more than double the regular, mainstream solid waste disposal fee of \$42.43 per ton. As part of the FY 2021 budget year, the City will re-examine how it delivers recycling services to residents and businesses, including a review of the current “single-stream” recycling method.

The City's solid waste rates remain well below 2013 levels (\$255 per residential unit) even as operating costs for the solid waste fund have increased. An \$8.00, or 3.5%, increase in the special assessment rate for residential properties (an increase from \$227 to \$235 per residential unit per year) is recommended. The rate still remains \$20 lower than the earlier 2013 rate. The proposed \$235 rate is also well below the FY 2020 County average assessment of \$301 per year for residential units. The proposed \$8 increase in the residential assessment will generate an additional \$84,000 for the fund.

Not all residential properties are assessed for residential solid waste services. Residential properties with more than four dwelling units, such as a condominium development, receive commercial services rather than residential ones. The utility bills for these commercial services are typically billed to condominium associations.

For commercial rates, an increase of 6% is recommended, which is anticipated to generate an additional \$180,000. Commercial rates are set by ordinance.

Increases in the residential and commercial rates will help offset increased disposal and operating costs, but even with the increase, the fund will require the use of approximately \$0.5 million in reserves to balance the anticipated \$6.4 million in revenues with the \$6.9 million in expenditures. The major rate reductions in 2013 for the FY 2014 budget were not sustainable. Continued rate adjustments will be needed in subsequent budget years to maintain financial sustainability, matching operating revenues with operating expenses and providing resources for the replacement of solid waste trucks.

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

Capital Improvement Program (CIP) Plan

The City's CIP plan over the past several years has focused on the upgrade of our infrastructure. These projects have ensured that the City's distribution and collection systems meet the needs of our current and future citizens. By providing the improved capacity to address flooding, as well as residential and commercial water and sewer needs, the City has realized significant reductions in operational and maintenance costs, which help offset the costs of the 2010 and 2012 Water-Sewer Bonds.

Building on Past Successes

The City's strategic CIP efforts to upgrade the infrastructure have led to the next stage of planning and implementation for the City's renewed prosperity. The five-year CIP continues to provide projects that promote a sustainable future through enhancements in our City parks and other above-ground beautification improvements that promote walkable, bicycle-friendly, landscaped streetscapes. As the CIP is a multi-year document, it is important to understand the capital improvements undertaken in recent years.

The Fiscal Year 2018 CIP budget was approved at \$19.6 million, of which approximately \$2.5 million was grant revenue. This was one of the largest single-year CIP investments in recent history, funded in part by a historic transfer of over \$3 million from the General Fund. Major projects awarded included Bid Pack 8, Smart Meters, Andrews Avenue Improvements, and Powerline Road Improvements. Like any budget, the CIP is not a static document. Additional projects not originally included were added via budget amendment during the year, including NW 5th Avenue Enhancements and the West Dixie Parking Lot on 34th Street (both partially grant-funded). The fiscal year also saw the completion of various City projects, including the first phase of the Stunson Nature Trail, Oakland Park West Landscaping Improvement Projects Phase 1, and multiple bid packs. Changing conditions also resulted in the retooling of some projects. The Oakland Park Boulevard West Landscaping Improvements Project Phase 2 was deferred as timing conflicts with planned FDOT improvements made it ineligible for the Florida Highway Beautification grant program.

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

For the 2020 fiscal year, the adopted CIP was \$3.8 million. This number is misleading, though, as throughout the fiscal year additional capital activity was incorporated into the budget via Commission approved amendments for various design and remediation activities related to the City's facilities program. Grant-funded Oakland Park Elementary and Lakeside neighborhood sidewalk design began, as did design and planning work for the Public Works facility, Municipal

Building hardening, North Andrews Gardens Community Center, Fire Station planning, elements of City Park, and more.

Major accomplishments during the year included the close-out of the Bid Pack 8, the City's final bid pack project, and the completion of the grant-funded NW 10th Avenue roadway improvement project. Due to the financial crisis, funding for certain projects, such as Main Street Enhancements, was reallocated to provide resources to offset declining revenues.

Other agency projects occurring within the City during FY 2020 include two major roadway improvement projects, one for Northwest 21st Avenue and the other for Prospect Road. The Metropolitan Planning Organization's \$7.6 million improvement project on Northwest 21st Avenue spans from Oakland Park Boulevard to Commercial Boulevard. The project includes road widening to provide bicycle lanes with two-foot buffers on both sides of the road, the addition of medians, and the replacement of the bridge. Construction is anticipated to begin this year and end in spring 2021. The City has also applied for grant funding to continue these improvements on Northwest 21st Avenue south of Oakland Park Boulevard. The long-awaited Prospect Road enhancement and lane reduction project covers the area from Commercial Blvd to Dixie Highway and recently began construction. The project will include the addition of bicycle lanes in each direction, ADA improvements, resurfacing of the roadway, and landscape enhancements. Both projects will improve the aesthetic appearance and functionality of these important corridors.

The Proposed FY 2021 to FY 2025 CIP

The proposed CIP for FY 2021 is \$12.4 million, an increase of \$8.6 million over FY 2020 adopted budget's CIP of \$3.8 million. The CIP is notable in that it reflects a major increase of bond-funded facilities projects and surtax-funded roadway projects. Of the \$12.4 million in projects contemplated, 38% are bond-funded and 57% are funded by grants, surtax proceeds, and other agency contributions. Major projects include:

- **Facilities Bond Projects:** The CIP includes the award of bond-funded design for Fire Station 87 Phase 1 (\$56,150) as part of a \$450,000 FEMA Hazard Mitigation construction grant for hardening improvements. The construction of phase 1 of City Park is included in the budget at a cost of \$3,908,410, which includes \$186,068 in Community Development Block Grant funds; the remaining amount is funded solely by bond proceeds. This first construction phase includes the construction of the splash pad facility, playground, new fieldhouse, pickleball courts, basketball courts, and other amenities located within the northernmost portion of the City Park area abutting Wimberly Field. The CIP also includes \$750,000 for the remediation of portions of the City Park area, the area currently housing

a portion of Public Works. The plan for City Park contemplates a significant addition to our park acreage once the existing Public Works facility is vacated.

- **Surtax Projects:** Oakland Park was awarded \$5,833,560 in surtax funding for capital design and construction that will take place during FY 2021. The largest project is citywide street resurfacing for \$2,981,440; these funds will be prioritized based on the City's pavement management system and to avoid conflicts with other current and near-term capital projects. The City typically budgets between \$230,000 to \$330,000 on an annual basis for roadway resurfacing; this successful request for surtax funds is the equivalent of 9 to 10 years' worth of the City's resurfacing plan and should resurface 14 miles of the City's streets. The City also received \$1,907,120 for drainage improvements within the North Andrews Gardens neighborhood in the area of Cypress Creek and North Dixie Highway. The project will include a new pump system, storm water force main improvements, and other enhancements. The City received surtax funding in the amount of \$330,000 for the Oakland Park Boulevard Median Improvements Phase 2 project; this project is also funded by a \$105,306 Highway Beautification Grant and a \$6,694 transfer from the General Fund. The improvements will continue the beautification efforts begun in Phase 1 of the project and will cover the area from NW 21st Avenue to NW 31st Avenue. The final surtax project included in the CIP is \$975,000 for development of a citywide mast arm conversion design package. The design will evaluate 20 signalized intersections that currently use traditional span wire mounting for conversion to stronger, wind-resistant mast arm assemblies. These modern assemblies will allow for the continued operation of traffic signals during and after storm events, which will improve traffic safety for residents and first responders. The City will apply for additional surtax monies for the actual construction element of the project.
- **Transportation, Mobility, Roadway Improvements:** The CIP includes a number of other design activities related to future mobility projects. A general fund transfer of \$140,000 is budgeted to fund the Lloyd Estates Sidewalks project, which also includes a \$917,749 Safe Routes to School grant for the construction phase. This project will add or replace approximately 14,750 feet of sidewalks and add handrails, ramps, and other improvements to promote pedestrian and bicyclist safety. Design for Complete Streets and other Localized Initiatives Program (CSLIP)-funded Lakeside sidewalks project began in FY 2020, but an additional \$15,000 of other agency funds for more design work is included in the budget. The grant value for the construction phase is \$1,529,747. The City secured a CSLIP grant for NE 11th Avenue improvements and a \$45,000 transfer from the General Fund is included in the budget for design work. The value of the grant for the later construction is \$424,144. A CSLIP improvement for NE 34th Court from NE 12th

Terrace to NE 16th Avenue enters the design phase in FY 2021 with other agency funding for \$470,000. The project will add roadway and streetscape improvements for these streets similar to what was installed on NE 34th Court west of Dixie Highway.

- **Other Projects:** The CIP includes a variety of smaller projects that do not fit into any of the prior categories. The City will utilize \$193,442 in Community Development Block Grant funds to enhance the Giusti Heart Parcourse by adding new surface parking. Design of drainage improvements along NE 41st Street near the Dillon Tennis Center is included in the stormwater fund for \$9,000 to plan the mitigation of flooding issues in that area. A multi-year program of capital maintenance for the Main Street fountains begins in FY 2021, with the first year of the program funded by a \$25,000 General Fund transfer. The CIP also includes an additional \$300,000 for additional sewer lining to reduce inflow and infiltration within the wastewater system, which will reduce processing charges for the City.

The CIP is a multi-year document and considering only the first year of projects appropriated as part of this budget process, can be misleading. Although the FY 2021 CIP is \$12.8 million, the proposed five-year CIP is \$66.3 million. The five-year plan contemplates approximately \$22.8 million in streetscaping and mobility projects, \$20.7 million in new facilities and parks projects, \$19.4 million in water-sewer projects, and \$3.4 million in stormwater projects. Commission direction, the integration 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.

Long-term capital planning requires long-term financial planning. Many of these projects are related to the City's enterprise funds, with project funding coming from user fees. The long-term capital needs of these funds are contemplated in rate studies. Rate adjustments are made to provide sufficient resources for these critical infrastructure improvements. Many potential projects included in the CIP are attributable to the General Fund and, as such, cannot rely on enterprise fund user fees as a basis for financing. 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, 57% of FY 2021's proposed CIP is grant, surtax, or other agency funded. Approximately \$3.4 million in General Fund projects are identified as "unfunded" for the out-years in the proposed CIP, with individual unfunded values per year ranging from a high of \$1.4 million in FY 2022 to a low of \$0.2 million in FY 2025. In addition to long-term financial needs for funding future projects, many of these projects will add substantial maintenance costs for the City. While the City will continue to aggressively pursue additional grant and surtax funding when

possible, future CIPs may require adjustment of the timing of projects to correspond to the financial capacity of the City, which in turn will be driven in part by how long the existing COVID-19 economic distress will continue.

An overview of the CIP plan was presented to the Commission on June 17, 2020. The CIP for FY 2021 will be presented for final Commission consideration and adoption with the City budget in September.

Departmental Organization

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

During the 2019 Fiscal Year, the City Commission approved the creation of a separate Director of Library & Cultural Services. The proposed FY 2020 budget reflects the addition of a new Library and Cultural Services Department, separate and apart from Parks & Leisure Services. The creation of this new department was intended to reflect the importance of our municipal library to our community and to provide a leadership structure for the creation of the City’s new library facility as part of the bond program. This change follows on the movement of parks maintenance activities from Parks & Leisure Services to Public Works in FY 2018.

The FY 2020 budget reorganized the delivery of Public Works’ maintenance activities, with staffing and funding moving between Facilities, Parks, and Streets maintenance divisions to better align activities and responsibilities. Streets Maintenance became responsible for not just roads and sidewalks, but also median landscaping and trees located therein. Facilities Maintenance is responsible for city buildings and structures, such as the City’s many pavilions and playgrounds. Parks Maintenance became responsible for grounds maintenance of our facilities landscaping, tree canopy, greenspaces, playfields, etc. These changes did not have a financial impact resulting in increased costs, but the realignment of crews, contracts, and operational supplies did result in substantial variances in account-level budgets between FY 2019

and FY 2020 to reflect the changed scope of each division. The FY 2020 budget also returned Community Enhancement/Code Enforcement to Engineering and Community Development to provide a single structure for implementing the various quality of life ordinances (certification of use, massage parlors, vacation rentals, etc.), which simplified management, public outreach, and oversight.

The adopted FY 2020 budget document discussed the future need for more reorganizational efforts to address the upcoming increase in capital infrastructure planning, design, and construction. During FY 2020, the functions of the Engineering and Community Development Department were divided into two separate reporting structures: Engineering & Building Services (EBS) and Community & Economic Development (CED). This separation has improved the quality of service for building and permitting activities and the management of engineering, but the scale of work for both engineering and permitting is growing rapidly.

The proposed five-year CIP contains over \$66 million in capital projects, which does not contemplate the full timeline or funding of the City's ten-year facilities bond program. Many of these projects are highly complex and require significant coordination and oversight to properly manage. The City currently has more than three dozen different private development projects throughout the City at various stages of planning and permitting; these projects include more than 1,700 new residential units and are estimated to add more than \$370,000,000 to our tax base once constructed, the equivalent of a 10% increase to our current \$3.7 billion base.

The FY 2021 budget proposes the reorganization of EBS into two separate departments: Engineering & Construction Management (ECM) and Building & Permitting Services (BPS). This additional reorganization of functions is crucial to maintain the excellent quality of permitting services, while also ensuring that enough focus and resources exist to provide strong oversight of critical infrastructure projects as we begin Building Our Second Century. Both ECM and BPS exist as separate cost centers within the General Fund and no additional positions are requested as part of this restructuring. The only financial cost to the City is the cost of converting an existing Assistant Director position to a full Department Director position.

The current COVID-19 pandemic has resulted in many changes to how our organization functions and it has also been the catalyst for accelerating changes that were already underway. Lockdowns, social distancing, and remote working have required that the City rethink organizational strategies for how services and information are delivered to residents and businesses. The City has made efforts to simplify online utility bill payments and implement online permitting, but these efforts alone are not enough. It is imperative that the City begin a

comprehensive review of how it handles customer service, online access, and public information. As this review is conducted, recommendations to reorganize related functions may be merited.

General Fund Departmental Summaries

Below is a summary of actions, assumptions, and reductions proposed in the FY 2021 Recommended Budget for the City's General Fund.

The intention of these summaries is not to provide an exhaustive list of all activities for individual departments within the General Fund, but to highlight new costs, changes, and other elements. Across-the-board reductions were made to the budget to limit various expenditures, such as non-critical overtime, travel, and other operational expenses. Readers are encouraged to review the Business Plan for FY 2021 included as Appendix A of the budget book and the individual departmental sections within the main section of the book for further information.

Building & Permitting Services

- Conversion into an independent department
- Upgrade of assistant director-level position to department-director level position (\$35,220)
- Additional overtime for plans review (\$15,000)
- Continued implementation of Energov functionalities

City Commission

- Maintain travel budget to accommodate lobbying, advocacy, and other efforts (\$20,000)
- Funding for membership in the Greater Fort Lauderdale Alliance (\$2,500)
- Funding for membership with the National League of Cities, Broward League of Cities, Florida League of Cities, Florida League of Mayors, United States Conference of Mayors, and the Broward Metropolitan Planning Organization (\$23,650)
- Funding for attendance at regional civic events, including United Way Mayors' Gala and the Broward League of Cities Annual Gala (\$8,200)
- Continued funding of lobbyist services (\$65,000)
- Implementation of the new compensation structure for elected officials under Ordinance No 2019-018 (\$20,439 increase)

Clerk's Office

- Americans with Disabilities Act website compliance measures (\$7,650)
- Conversion of the monthly Oakleaf and semi-annual Oakland Park Live publications into a single quarterly publication (\$40,780 cost; reduction of \$69,220)
- Welcome packages for new residents and businesses (\$2,000, reduction of \$4,000 from FY 2020)
- November 3rd, 2020 election costs (\$20,000)

Community & Economic Development

- Planning Division activities including preparation of the Evaluation Appraisal Report Part II as part of the update to the Comprehensive Plan (\$100,000) and other planning studies as needed (\$50,000)
- Community Enhancement Division outdoor storage grants (\$10,000)
- Community Enhancement Division's continued administration of the City's Vacation Rental regulations (\$60,238)

Engineering & Construction Management

- Reorganization into a separate department
- Continued planning and design of bond projects and beginning of construction for Phase 1 of bond projects

Financial Services

- Grant management assistance to handle the increase in grant awards received by City (\$16,000)
- Implementation of E-Check payments for online services and absorption of credit card processing fees for utility billing transactions (\$63,000)
- Preparation of solicitation for banking services and review of proposals (\$35,000)
- Maintenance of the new smart meter customer portal and monthly cellular costs (\$108,000)
- Continued utilization of the purchasing card program (expected rebate of \$235,000)

Fire-Rescue

- Additional overtime for officer development (\$23,040)
- Maintenance on new communications equipment for P-25 digital dispatch including station alerting systems (\$23,000) and Motorola portables (\$11,000)
- Target Solutions Inventory & Schedule programming (\$6,500)
- Fire-Rescue immunization program (\$3,000) & LifeScan program to allow for early detection of potential medical problems (\$32,305)
- New and replacement personnel protective equipment for staff (\$25,000)
- Auto-Pulse annual maintenance program (\$17,500), LikePak Titan III Gateway (\$3,300), and Stretcher/Power Loader repair contract (\$13,000) to extend the useful lifespan of critical medical transportation equipment
- Increased retirement costs to reflect FRS conversion and increase in required City plan contribution costs (\$0.9 million estimated cost)

Human Resources & Administrative Services (Including Information Technology Services)

- Maintain program to incentivize contributions to individual Retirement Health Savings Accounts, which provide a mechanism to fund post-retirement healthcare expenses on a pre-tax basis (\$4,000)
- Continue the City's Tuition Reimbursement Program (\$10,000)
- Continue the elective retirement incentive program, to encourage employees to establish and actively contribute to supplemental retirement accounts (\$4,000)

- City summer internship program for students (\$15,000)
- Information security vulnerability assessment to ensure the continued security and integrity of the City's network infrastructure and IT environments (\$25,000) and end-user security training (\$5,000)
- Engineering and security support services to assist in network security improvements (\$30,000) and additional onsite technical support services (\$60,000)
- Zoom Meeting Licenses (\$5,000)
- Annual maintenance for hardened data center services (\$18,000)
- 24/7 Network security monitoring (\$30,000)
- Workstation replacements/add-ons for remote working (\$15,000)
- Increased risk management costs to reflect anticipated renewal costs of City property and other insurances (\$67,000)

Manager's Office

- Strategic consultants for special projects (\$35,000)
- City promotional materials (\$20,000)

Park & Leisure Services

- Presumes that due to the COVID-19 pandemic that no events will be held for the remainder of calendar year 2020, which includes the cancellation of the City's Oktoberfest and the conversion of Halloween Bash and Holiday Village into virtual events; all events for 2021 are tentatively included (Events cost of \$403,555, a reduction of \$271,000)
- Funding for one annual Tree-Give Away program (\$9,000)
- Childcare program and youth sports financial aid (\$30,500)
- Conversion of existing Parks & Recreation Management Software to a new program with enhanced online service functionality (\$45,000)

Library and Cultural Services

- Improvements to patron services with mobile device printing and online reservation system (\$1,800)
- Local Government Academy, either in traditional format or "virtual" as needed (\$12,000)
- BSO detail to ensure the safety of patrons and visitors (\$26,900)
- Annual School Partnership Breakfast (\$1,500)
- Use of \$60,000 in State Aid funds to offset costs of existing salaries

Public Works

- Additional cleaning related to COVID-19 (\$18,000)
- Neighborhood road resurfacing and related projects, in coordination with construction of ongoing roadway projects. (\$20,000, a reduction of \$105,000, but more than offset by the \$2.9 million in surtax-funded resurfacing within the CIP)
- Installation of new neighborhood entryway signs and replacement of existing signs in poor condition (\$6,000)

- Funding for five asphalt speed tables to replace existing temporary speed tables for traffic calming (\$30,000)
- Median planting replacements (\$21,000)
- Habitat specialists and specialized maintenance for Stunson Nature Trail and Sandpine Preserve (\$30,150)
- GPS monitoring system for City vehicles for safety and asset control (\$36,000)

Broward Sheriff's Office (BSO)

- Increase in existing contractual police service costs over FY 2020 of 3.3%, a cost increase of \$532,142; the City is working with the Sheriff's Office to reduce this number
- Use of \$40,000 in Law Enforcement Trust Fund monies to offset the costs of the City's two School Resource Officer positions

Multi-Department/Other

- Aid to non-profits (\$80,000)
- Increase in property, liability, and other insurance costs for the City (\$67,000)
- Increase in workers' compensation insurance costs due to pending renewal (\$18,666)
- General Fund Contingency for unanticipated expenditures. (\$250,000)

All Funds Staffing and Compensation Summary

All Funds Staffing Summary

Compensation costs represent the largest category of expenditures for City operations. The General Fund lost one-third of all positions during the prior recession. A similar loss is something the City seeks to prevent in the future, both to avoid disruptions in service delivery to residents, but also to avoid disruptions in the lives of our employees and their families. This City has maintained a conservative philosophy regarding staffing levels. Existing and future vacancies are evaluated to ensure that the functions of the vacant position cannot be filled by some other adjustment to current departmental organization or increased efficiency in processes. Additions to staffing have been chiefly predicated on the ability to largely offset new compensation costs through reductions in contractual services costs, increase revenues, or the elimination of vacant positions.

Staffing increases have been limited over the past six years. In FY 2015, the total staffing count for the City was 289 employees and for the FY 2019 budget, the count was 299, an increase of 10. These increases reflected the addition of permitting, building inspection, code enforcement, and fire rescue positions. For FY 2020, the budget included two new Enterprise fund positions:

an Environmental & Sustainability Manager and a Solid Waste Inspector. After the adoption of the FY 2020 budget, the City was awarded a FEMA Staffing for Adequate Fire & Emergency Response (SAFER) grant. The SAFER program was created to provide funding directly to fire departments to help increase the number of trained, "front line" firefighters available in their communities. With the award of the grant, the City was able to increase the staffing count of firefighter/paramedics from 25 to 28, which increased the total count of certified firefighter positions to the highest level in a decade. With the addition of these positions, the total citywide staffing increased to 304 positions, of which 254 are full-time and 50 part-time. 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 proposed budget for FY 2021 maintains these existing staffing levels. As discussed earlier in this document, the proposed budget does recommend the restructuring of Engineering & Building Services into two separate departments: Engineering & Construction Management and Building & Permitting Services. The current Engineering & Building Services Director position would be converted into a Director of Engineering & Construction Management position at no cost. The current Engineering & Building Services Assistant Director position would be converted to a Director of Building & Permitting Services position. The cost of this conversion is as follows:

		Net Cost/(Offset)
Category	Title	General Fund
New Position	Director, Building & Permitting Services	\$ 185,807
Offsets	Assistant Director, Engineering & Building Services	\$ (150,587)
	Net Cost	\$ 35,220

The primary cost driver of this conversion is the change in the retirement package; the full director level position would be categorized as Senior Management Class of the Florida Retirement System as opposed to the Regular Class.

Compensation Summary

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

The General Employees Pension Plan (GEPP) is a closed and frozen plan, meaning that no new employees may participate (closed) and no additional benefits are being accrued by existing members (frozen). Members of the GEPP who did not elect to join FRS were enrolled in a 401(a) plan, with the City contribution set to match FRS employer contribution rate. The GEPP costs

next year are \$1.05 million, a decrease of \$0.42 million from FY 2020. Of this decrease, \$0.29 million is attributable to the General Fund, with the remaining \$0.13 million distributed among the City's Enterprise Funds. The decrease in costs helps offset an increase in the FRS contributions for Regular Class members, i.e. general employees. The employer contributions increased from 8.47% to 10.00% effective July 1st, 2020. The GEPP Board of Trustees consists of the Financial Services Director, the Human Resources Director, and one additional staff member as designated by the City Manager.

The Police and Fire Pension Plan is the City's other local plan. This plan is managed by an independent Board of Trustees, comprised of one Firefighter appointed trustee, one Police appointed trustee, two trustees appointed by the Commission, and a fifth trustee that is mutually appointed by the other four trustees. The duty of the board is to administer the pension plan as adopted by the City Commission. The police plan component was effectively closed when Oakland Park began contracting for police services with the Sheriff's Office. Police who moved to the Sheriff's Office were allowed to continue in the plan and accrue benefits, but at this time there are no longer any active police members, meaning that this side of the plan is effectively frozen.

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

The transition to FRS raises costs for the City now and into the near-future, but is projected to result in longer-term savings and, more importantly, provide financial stability to the City's Police and Fire Pension Plan for the benefit of our public safety pensioners and City taxpayers who support their retirement benefits. The City is legally committed to funding the closed local

pension plan while concurrently funding FRS benefits. The annual cost of FRS Special Risk Class retirements is approximately \$1 million. The City must also fund legacy payments to the closed plan. The current draft of the Police & Fire Pension actuarial valuation determining the City's contribution to the closed plan shows a required contribution of \$2.7 million, an increase of \$0.9 million. This increase is due to the State's Division of Retirement requiring that the plan amortize the pension fund's unfunded liability within a much shorter span of years than was expected. City staff are working with the plan's actuary and the Division of Retirement to find acceptable, alternative methodologies that would reduce this contribution to a more manageable amount given the current financial situation, but the City will be required to fund these elevated costs if no alternative is approved by the State.

The City has three labor unions: the International Association of Firefighters (IAFF), the American Federation of State, County, and Municipal Employees (AFSCME), and the Federation of Public Employees (FOPE). The FY 2019 budget included wage increases pursuant to approved labor agreements. These increases were 3% salary increases for all union employees with 2% lump sum payments for employees who had reached the maximum of their salary grades. The Commission approved comparable increases and payments for civil service and non-classified employees. These increases were well in excess of the 2.1% change in the Consumer Price Index for 2017 and 2018; the City has offered raises consistently above the consumer price index for the past six years.

The labor contracts with all three unions expired on September 30, 2019. Negotiations for successor agreements began well in advance of their expiration and the City maintained a consistent position of no retroactive payments. Since then, the City has approved a two-year agreement with AFSCME that provided for 3% salary adjustments in years one and two of the contract (FY 2020 and FY 2021). The City made similar offers to the other two bargaining units. IAFF and FOPE both declared impasse. Special magistrate hearings have been held with both bargaining groups, but the recommendations from both special magistrates have not yet been rendered as of the drafting of this budget message. The City's written summations for these hearings were provided to the Commission and the public as reports from the City Manager during the City Commission meetings of March 18 (FOPE) and June 17 (IAFF).

Although the City has maintained a conservative staffing philosophy, it has worked to provide salary adjustments that exceed changes in the consumer-price index and that are equitable and reflective of the hard work performed by our employees. The City faces significant financial challenges due to the COVID-19 pandemic. The National Bureau of Economic Research announced in June that February 2020 marked the end of a record 128 months of economic expansion and that the national economy thereafter entered into a pandemic-driven recession.

Despite being in a recession, the City has maintained its offer to both the IAFF and FOPE of two-year contracts with 3% salary adjustments. This is in stark contrast to the wage freezes of the prior recession.

The City hopes that a reasonable and financially sustainable resolution will soon be achieved. The proposed budget for FY 2021 includes funding to provide parity in salary increases among civil service and non-classified to match the 3% wage increases for AFSCME employees. The AFSCME contract will expire on September 30, 2021, and contract negotiations will be held during FY 2021 to develop a successor agreement.

In prior negotiations, the City committed to a compensation and class study to review the salary ranges and position grades in our compensation plan. The results of the study indicated that the City's salary ranges were competitive, requiring only minimal adjustment for most positions. The City Commission passed a 2.5% increase to the minimum and maximum salary ranges within the compensation and class plan effective January 2019. As part of this study, additional recommendations were made to increase the grade for certain positions which were determined not to be market competitive. In particular, the study determined that salary ranges of professional-level and non-classified senior management positions were uncompetitive. The Human Resources Department is evaluating the implementation of these recommendations as part of the compensation plan being prepared for consideration by the Commission in September. The recommendations included in the compensation plan will reflect the Commission's ongoing efforts to maintain equity, parity, and competitiveness for all staff. These changes would increase the minimum and maximum salary ranges for positions to ensure market competitiveness for the purposes of recruitment and retention. Individual salaries would only be affected if a given employee's salary is below the new minimum salary range.

The proposed budget anticipates that employee health insurance costs will increase by 5%, an approximate increase of \$90,000. This reflects the current year's plan experience. The City will receive the actual renewal rates prior to the adoption of the budget and the new rates will be effective in January 2021.

Other Pending Issues Impacting the Budget

State Revenue Estimates

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

estimates within the budget for the accounts that presumes that the current level of revenue declines will remain constant during the 2021 fiscal year.

Conclusion

For the past seven years, this City has enjoyed the tailwinds of an American economy that was expanding. These years have been well spent. Projects were undertaken to improve this City, new initiatives were implemented to address quality of life concerns, and plans were laid for the City's future. The budgets that were recommended and adopted without alteration during these years funded these endeavors while lowering the millage rate five times during the past six years to the point at which Oakland Park residents now benefit from one of the lowest millage rates in the County. The proposed operating millage rate, if adopted, will lower it even further. Like the budget recommendations that preceded it, this budget prioritizes fiscal responsibility while funding the continued progress of our cause.

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

We may not know what will happen to the economy and the course of the COVID-19 pandemic, but there are some certainties that we can rely on. One of these is that Oakland Park will remain a City on the Move. This spring, we were able to secure a high-quality AA credit rating even in the midst of the COVID-19 pandemic and issued \$26 million in general obligation bonds at a highly favorable interest rate. These proceeds allow the City to begin construction and continue the design of facilities bond projects even as we navigate our way through an economic recession and ongoing public health crisis. With the addition of transportation surtax funds and other grant resources, the proposed five-year CIP is the largest and most ambitious in the history of the City.

This budget continues our commitment to make Oakland Park a safer, more successful, more financially sound, and more beautiful place for our families, businesses and visitors for

generations to come. The past few months have stalled the country's economic progress, but here in Oakland Park, we aren't going to stop pursuing our goals. We're not slowing down. Together, we are moving forward. Together, we will continue Building Our Second Century.

Your support is greatly appreciated.

Acknowledgements

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

It is also important in this document to acknowledge the many sacrifices that have been made to provide us with the financial resources needed to go into the 2021 fiscal year. COVID-19 presents a major challenge to our community and our City's finances; as part of our response to these challenges, we introduced a variety of cost-saving measures, including a 10% reduction in hours worked for non-Fire Rescue and Solid Waste operations staff. The savings from the schedule modifications during FY 2020 were roughly the equivalent of saving one job per pay period. I am happy that as part of the development of the FY 2021 budget that we were able to reduce expenditures in such a fashion to provide us with sufficient resources to balance next year's budget without the need for elimination of positions and layoffs. The reduction in hours was a difficult decision and I extend my profound gratitude for all employees for their graciousness and understanding. I hope that during the next fiscal year that our finances will allow us to begin moving away from the current schedule reductions. As part of cost-cutting measures, our purchasing division sent letters to our many vendors asking them to make voluntary reductions in their pricing. Our thanks to the following vendors who, at the time I write this, have provided pricing discounts to the City of Oakland Park:

ACAI Associates, Inc.	Host Compliance
Baxter & Woodman	Kaufman Lynn Construction
Caltran Engineering Group	Keith and Associates
Calvin Giordano & Associates	Landscape Service Professionals
Colliers International	Langan Engineering and
Corradino Group	Environmental
Crain Atlantis Engineering	Marlin Engineering
Craven Thompson & Associates	R.J. Bejar & Company
Currie Sowards Aguila Architects	R. Miller Consulting Group
Dunlap & Associates	Russ Klenet & Associates
Habitat Specialists	Saltz Michelson Architects
Hazen & Sawyer	SCORE Broward
HBK Engineering	

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

Proposed Budget Calendar

The progression through adoption of the Final FY 2021 Annual City Budget and CIP Budget involve 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 15, 2020 Distribution of the FY 2021 Recommended Annual City Budget;
- July 22, 2020 City Manager's Budget Presentation to Commission;
Set time, date and place of the first Public Hearings for the Tentative Millage Rate and Budget and the Final Assessment Rates for Fire, Stormwater and Residential Solid Waste; Adopt Preliminary Millage Rates, Fire, Stormwater & Residential Solid Waste Assessments for TRIM Notice;
- September 3, 2020 Public Hearing: Adopt Tentative Millage Rates & Tentative Annual Budget; First Reading of Solid Waste Commercial Rate Ordinance; Tentative adoption of CRA budget;
- September 14, 2020 Public Hearing: Adopt Final Fire, Stormwater & Residential Solid Waste Assessments (Held at 6:00pm);
- September 16, 2020 Public Hearing: Adopt Final Millage Rates, Final Budget, Fiscal Policies, Compensation Plan, and CIP. Second reading of Solid Waste Commercial Rate Ordinance; Final adoption of CRA budget

cc: D.J. Doody, City Attorney
Renee Shrout, City Clerk
Andrew Thompson, Financial Services Director

Recommended Budget - Fiscal Year 2021			
Summary of All Funds by Division			
	FY 2020		FY 2021
	Amended Budget	Forecast	Recommended Budget
Funding			
General Fund	\$ 56,178,917	\$ 53,411,585	\$ 54,502,825
Community Redevelopment Agency Fund	670,354	566,819	351,262
Other Special Revenue Funds	99,232	99,232	136,000
Debt Service Funds	1,962,629	1,962,629	3,670,548
CIP Funds	5,916,459	4,946,288	10,158,132
Water and Sewer Fund	24,450,417	23,447,667	20,897,959
Solid Waste Fund	7,637,600	7,217,571	6,907,688
Stormwater Fund	4,501,042	3,916,850	5,482,845
Total Funding	101,416,650	95,568,641	102,107,259
Expenditures			
GF - City Commission	230,316	204,484	262,323
GF - City Manager	828,847	816,111	874,075
GF - City Clerk	800,714	658,011	702,912
GF - Human Resources	756,445	663,156	666,242
GF - Risk Management	558,731	558,731	641,376
GF - Legal	552,000	450,000	510,000
GF - Financial Services	1,398,283	1,223,778	1,323,767
GF - Information Technology Services	1,219,164	1,090,684	1,180,786
GF - Police	16,704,573	16,590,626	16,955,956
GF - Fire-Rescue	11,062,387	11,087,558	11,778,487
GF - Parks and Recreation	3,192,771	2,617,563	2,820,681
GF - Library and Cultural Services	879,740	823,982	856,812
GF - CED: Planning & Zoning	1,283,262	1,221,574	992,190
GF - CED: Community Enhancement (Code)	1,303,369	1,246,654	1,360,878
GF - Engineering and Construction Management	1,463,465	1,344,701	1,047,428
GF - Building & Permitting	2,119,467	1,897,857	2,195,051
GF - Public Works-Administration	174,417	131,352	128,206
GF - Public Works-Streets	2,505,094	2,380,169	2,165,960
GF - Public Works-Building Maintenance	1,709,728	1,594,824	1,630,344
GF - Public Works-Fleet Maintenance	1,786,351	1,470,570	1,596,487
GF - Public Works-Parks Maintenance	2,331,410	2,083,589	2,048,336
GF - Non-Departmental	3,318,383	3,255,610	2,764,528
Total General Fund Expenditures	56,178,917	53,411,584	54,502,825
Departmental Only	52,860,534	50,155,974	51,738,297
SR - CRA Admin.	670,354	566,819	351,262
SR - Other Special Revenue Funds	99,232	99,232	136,000
Debt Service Fund	1,962,629	1,962,629	3,670,548
GF CIP Fund	5,916,459	4,946,288	10,158,132
Water and Sewer Fund	24,450,417	23,447,667	20,897,959
Solid Waste Fund	7,637,600	7,217,571	6,907,688
Stormwater Fund	4,501,042	3,916,851	5,482,845
Total Expenditures	\$ 101,416,650	\$ 95,568,641	\$ 102,107,259