



July 9, 2019



Honorable Mayor and Members of the City Commission:

In accordance with the City of Fort Lauderdale Charter, the Code of Ordinances, and the laws of the State of Florida, it is my pleasure to present the City of Fort Lauderdale's Proposed Budget for Fiscal Year (FY) 2020 beginning October 1, 2019. A copy of the proposed budget is available for inspection in the City Clerk's Office. Additionally, a user-friendly electronic copy of the proposed budget can be found on the City's website, www.fortlauderdale.gov/budget.

Budget Overview

The FY 2020 total proposed operating budget for all funds is \$830,774,017 including balances and transfers. This is approximately \$45.8 million more than the FY 2019 Adopted Budget of \$785,015,992 or a 5.8% increase.

This year the City faced two (2) significant budgetary changes - the reduction of the Return on Investment Revenue to the General Fund and an increase in contractual wage and benefit adjustments for Public Safety positions. The initial assessment of the FY 2020 budget projected that at the current service level, the City's expenditures would exceed revenues by approximately \$20 million. To allow adequate time to find strategic solutions, we embarked on the budget development process early this year and engaged every department to find budget reductions that would present minimal impact to operations and ensure that the resulting budget aligned with the goals of the City's Vision Plan, Strategic Plan, and Commission Annual Action Plan.

I am pleased to report that the Broward County Property Appraiser's June 1, 2019 estimate of the City of Fort Lauderdale's taxable property value increased by 8.22% from \$36.1 billion to \$39.1 billion. This increase is expected to yield approximately \$10.3 million in additional property tax revenue for FY 2020. Consistent with the City's historic practice of conducting a fire assessment allocation study and moving to full cost recovery every three years, the fire assessment fee is also scheduled to be adjusted in FY 2020. The FY 2020 Proposed Budget includes an increase to the fire assessment fee of \$55 per year per single family residence to \$311 for full cost recovery. This adjustment will generate approximately \$8.9 million in additional revenue annually. Estimates for state revenues such as the Communications Service Tax and Half Cent Sales Tax have not been updated for FY 2020 and are expected to be available in the month of July.

Due to the revenue increases described above and the strategic reductions and balancing strategies that were developed, I am pleased to present a budget that will enable the City of Fort Lauderdale to maintain our current millage rate of 4.1193 for the thirteenth consecutive year and produce a structurally balanced budget.

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The FY 2020 Proposed General Fund Operating Budget, including balances and transfers, is \$372,572,773. The General Fund budget represents a \$13.8 million or 3.8% increase from the FY 2019 Adopted Budget of \$358,814,320.

The FY 2020 Proposed Budget allows the City to fund its General Fund commitments including approximately \$10 million for wage increases, \$1 million increase for employee health insurance, \$1.3 million increased transfer to the Sanitation Fund; and an increased transfer of \$800,000 to the Community Redevelopment Agency (CRA) due to increased values within the three (3) CRA area boundaries. The proposed budget invests in the City's priorities and lays the foundation for a financially sustainable future.

Our Fort Lauderdale community is a source of much pride and dignity. We continue to achieve successes that sustain our City as, *"The City You Never Want To Leave!"* Economic indicators confirm the City's sound fiscal management, progressive economic development initiatives, and long-term investment strategies are paying off. Over the past year, new construction valued at \$1.1 billion was added to the City's tax roll, area tourism is estimated at over 14 million visitors annually, and we are experiencing a continued low crime rate. In addition, Fort Lauderdale's unemployment rate is 2.8%, which is the lowest in over ten years and notably lower than the State's unemployment rate of 3.4%. Working together, we have built a strong organization and vibrant community.

This success does not happen by chance – it is the direct result of innovation, long term planning, hard work, and continuous process improvement. We have been diligent and consistent in our pursuit of excellence, which was evidenced by Standard and Poor's (S&P) assignment of its AA+ rating to the City's most recent 2018 series water and sewer system revenue bonds. At the same time, S&P affirmed its AA+ rating on the system's outstanding revenue secured bonds. In its evaluation, S&P noted a strong financial risk profile assessment and a very strong financial management assessment. For this same bond issuance, Moody's Investor Services assigned a rating of Aa1 noting "The stable outlook reflects the system's healthy financial position". In addition, S&P maintained the City's AA+ rating and Moody's Investor Services maintained the City's stable Aa1 rating on General Obligation debt, noting that the credit position for Fort Lauderdale is very strong. The Aa1 rating is above the US cities median of Aa3.

High bond ratings enable the City to borrow and repay money at a much lower interest rate which translates into millions of dollars in savings for taxpayers and ratepayers. Our fiscal discipline and vigilance have been instrumental in building a strong financial foundation and positioning Fort Lauderdale for a bright future.

Planning for a promising future began with the engagement of our neighbors to develop a long-term vision of what we want our community to be in 30 years. With this vision in mind, the City Commission adopted our Strategic Plan, *"Press Play Fort Lauderdale,"* to create a blueprint for the actions needed over the next five years to make our Vision a reality. These forward-looking plans have guided the City Commission's Annual Action Plan and have allowed staff to effectively prioritize projects each year. We have carefully crafted and focused our budget development to ensure that the City provides the outstanding services and community investment our neighbors deserve in the best way possible.

Budget Development Process

The City's Proposed Budget is the product of a strategic budgeting process involving numerous individuals and groups working together as a team to create a cohesive plan to achieve the City's long-term goals and objectives for the next fiscal year. Neighbor and community leader engagement was integral to identifying opportunities and solutions to community challenges. Engagement with neighbors and community leaders occurred through various efforts including the Annual Neighbor Survey, Budget Advisory Board and Revenue Estimating Conference Committee, and the Commission's Annual Action Plan priority setting session.

The Revenue Estimating Conference Committee met in the spring to review revenue trends to make recommendations regarding General Fund revenue estimates. The dedicated members of our Budget Advisory Board meet year-round to provide the City Commission with input regarding the neighbor's perspective for various budget related issues. Each department presented their Budget and Community Investment Plan requests to the Budget Advisory Board to allow them to make recommendations to management and the City Commission concerning how funds should be prioritized for the upcoming fiscal year.

The collaboration of these diverse community stakeholders, along with the professional expertise of our staff, ensures the Proposed Budget efficiently addresses the most pressing challenges faced by our community and continues to recognize our core mission, "We Build Community."

To ensure long term financial stability, the City of Fort Lauderdale performs a comprehensive financial sustainability analysis for each major fund annually as a part of the budget development process. This process allows us to examine the current revenues and expenditures and project ten years into the future to ensure that the City can meet all ongoing obligations such as operating expenses, capital investments, debt service, and minimum reserve targets over the ten-year horizon.

The City regularly responds in a myriad of ways to ever-changing challenges faced by our community. The organization's effectiveness, flexibility, and resiliency are testaments to the City Commission's vision and leadership. It is with a commitment to our neighbors, our businesses, our Staff, and the City's future that we will strive to do the very best we can with the resources and tools available to us. This Proposed Budget demonstrates the City's highest priorities to ensure that we live, work, and play in the best city possible, while remaining financially responsible.

Annual Neighbor Survey Results

The City recently completed the seventh Annual Neighbor Survey in December 2018 to:

- identify priorities,
- measure service performance,
- benchmark service quality ratings,
- assess community needs,
- inform strategic plans,
- and evaluate performance.

The Annual Neighbor Survey contains an analysis that examines the importance that neighbors placed on each City service and the level of satisfaction with each service. By identifying services of high importance and low satisfaction, we can identify the actions that will have the most impact on overall satisfaction with City services. Based on this, the top three areas of recommended focus for the City from the survey include: 1) the overall flow of traffic; 2) how well the City is preparing for the future; and 3) the overall maintenance of streets, sidewalks and infrastructure.

The annual Neighbor Survey results are an important step in our Strategic Planning and Budgeting Cycle by informing the foundation for a strategic budget that reflects neighbor priorities. It typically takes an extended period to address the concerns and perceptions identified in surveys. Often, the issues are multifaceted and require significant resources and time to complete associated initiatives. Areas identified for improvement in the survey have been prioritized by the City Commission for focused resources and progress has been made in many of these areas.

How the Proposed Budget Implements the City Commission's Annual Action Plan

As part of our commitment to open and transparent government, the Commission participated in a goal setting workshop in January 2019 to identify priorities for the upcoming fiscal year. Through facilitated sessions, the seventh Commission Annual Action Plan was developed. This document articulates our organization's highest priorities and strategic initiatives for the upcoming fiscal year. The table below demonstrates how funding in the FY 2020 budget will advance the City Commission's priorities.

TOP-PRIORITIES	FUNDED ITEMS (★ Newly funded initiatives)
Homelessness Response and Action Plan	★ The City was awarded a grant in the amount of \$250,000 for Rapid Rehousing through the State's legislative appropriations process.
	★ The City is administering a Community Court grant funded by the Center for Court Innovations in the amount of \$200,000.
	• Food recovery program funding of \$88,335 is included in the FY 2020 Public Works Department budget.
	• The Police Department will continue the efforts of the Homeless Outreach Unit (approximately \$350,000).
	• Entitlement grant funding to support homelessness initiatives managed by the Housing and Community Development (HCD) Division. <ul style="list-style-type: none"> - Housing Opportunities for Persons with AIDS (HOPWA) – Approximately \$150,000
	★ Community Development Block Grant (CDBG) funding for HOMES, Inc. (Housing Opportunities, Mortgage Assistance, & Effective Neighborhood Solutions) <ul style="list-style-type: none"> - In FY 2020 HCD will incorporate rapid rehousing language into the annual action plan for eligible grant programs.
Stormwater Management Master Plan: Implementation	• The City Manager's Office will continue to fund a Homeless Intervention Administrator position (\$141,411).
	★ The stormwater rate study, including the additional data collection and reconciliation effort in the amount of \$171,171 is funded and underway.
	★ The proposed budget includes a \$2 per month per single family home stormwater rate increase. The purpose of the increase is to build capacity in the rate structure to be able to issue significant future debt for prioritized stormwater improvements based upon the City's Stormwater Master Plan.
	★ Increase operating budget, asset management efforts - \$688,200 in enhancements to the Stormwater Operations budget.
	• The City's current Community Investment Plan (CIP) available balance in the stormwater fund as of April 30 is \$10 Million and the City plans to issue Stormwater Revenue Bonds equal to \$200 Million in FY 2020.

TOP-PRIORITIES	FUNDED ITEMS, continued (★ Newly funded initiatives)
Affordable Housing: Incentives	<ul style="list-style-type: none"> • The Housing and Community Development Division will continue to administer the State Housing and Initiatives Partnership (SHIP) entitlement grant program funded by the State. • Community Redevelopment Agency (CRA) support for Six13, a mixed-use, midrise project containing 142 units of workforce housing. • The Community Redevelopment Agency issuing requests for proposals for CRA lots. • Housing authority support –The City Commission approved a loan of \$783,250 in support of an application for low-income housing tax credits for Sailboat Bend Apartments II (CAM17-1440). ★ Affordable Housing Advisory Committee Recommendation – The Department of Sustainable Development presented recommendations to the City Commission on June 4th. The Department recommends that proposals be funded via the Affordable Housing Trust Fund.
Critical City Infrastructure: Utilities	<ul style="list-style-type: none"> • Water/Sewer Revenue Bond was issued in FY 2018 in the amount of \$200 Million to fund priority projects. • The funds appropriated and planned in 10-year revenue sufficiency analysis are projected to appropriately fund recommendations from the Water/Wastewater Master Plan and the Central Region Renewal and Replacement Plan.
Sidewalk Policy: Review	<ul style="list-style-type: none"> ★ \$1 Million in FY 2020 is funded in the City's General Fund Community Investment Plan to repair and replace priority sidewalks.
Waterway Quality and Algae Bloom Improvements	<p>The following funding is included in the FY 2020 Proposed Budget:</p> <ul style="list-style-type: none"> ★ \$50,000 to conduct research and utilize mechanical, biological, or chemical methods with the proviso that they do no harm to the environment or public using these methods. Experimental methods may also entail laboratory bench testing and research studies through consulting services. ★ \$100,000 to contract for algal bloom response and mitigation. The contract is expected to include algal mitigation that may include mechanical, biological, or chemical strategies. ★ The FY 2020 budget includes ongoing funding in the Parks and Recreation Marine Facilities Division budget to maintain public pumpout facilities that are accessible to the public free of charge to prevent degradation of the City's water quality. (\$45,000 for pumpout facility repairs, and \$5,000 to enhance marketing of the program)
HIGH-PRIORITY	FUNDED ITEMS (★ Newly funded initiatives)
Breakers-Birch Streetscape Project	<ul style="list-style-type: none"> ★ There is approximately \$5.2 Million in funding appropriated to this project in the City's Community Investment Plan.
LauderTrail Development	<ul style="list-style-type: none"> ★ There is \$5 Million earmarked in the Parks Bond for this effort.
Joint Government Complex	<ul style="list-style-type: none"> ★ The City's portion of design funding for this project in the amount of \$500,000 is included in the FY 2020 Community Investment Plan.
Las Olas Corridor Mobility Working Group	<ul style="list-style-type: none"> ★ Las Olas Corridor Mobility Improvements are funded in the FY 2020 Community Investment Plan in the amount of \$825,000. ★ There was \$100,000 appropriated mid-year in March 2019 in the Transportation and Mobility Department for traffic counts and data collection for the Las Olas Vision Plan, as requested by the working group and City Commissioners.
Streetscape and Tree Enhancements	<ul style="list-style-type: none"> • There is funding appropriated to major streetscape projects in the City's General Fund Community Investment Plan. • Las Olas Corridor Improvements (Barrier Island) are funded in the CRA for approximately \$14 Million. ★ A1A Streetscape improvements are funded in the CRA for approximately \$3.8 Million. • 3rd Avenue On-Street Parking and Streetscape is funded in the amount of \$400,000.

OTHER COMMISSION PRIORITIES	FUNDED ITEMS (★ Newly funded initiatives)
The Arts/Community Beautification	<ul style="list-style-type: none"> • A Median Beautification program for \$459,091 was approved in the FY 2019 Parks and Recreation budget to maintain 90 acres of medians throughout the City. Funding for this effort remains in the FY 2020 budget.
	<ul style="list-style-type: none"> ★ A Neighborhood and Business Community Investment Plan (NCIP/BCIP) maintenance program analysis was conducted in FY 2019. Based upon this review, funds were appropriated mid-year to address immediate maintenance needs in the amount of \$796,340.
	<ul style="list-style-type: none"> ★ \$600,000 in ongoing expenses is recommended in the FY 2020 Parks and Recreation budget for horticultural supplies and 4 positions to continue this program (two (2) maintenance workers, a painter, and a foreman).
	<ul style="list-style-type: none"> ★ \$263,998 is recommended in the FY 2020 Parks and Recreation budget for paint supplies and two (2) positions for the painting of the three-mile Fort Lauderdale Beach Wave Wall.
Historic Preservation: Next Steps	<p>Historic Preservation -- \$85,000 is included in the FY 2020 Proposed Budget for the Fort Lauderdale Historical Society.</p>
	<p>The Department of Sustainable Development's Budget includes funding for the following historic preservation efforts:</p>
	<ul style="list-style-type: none"> • Conducting archaeological surveys for historically significant sites;
	<ul style="list-style-type: none"> • Updating the Urban Land Development Regulations regarding historic designations;
	<ul style="list-style-type: none"> • Conducting architectural resource surveys throughout the City; and
	<ul style="list-style-type: none"> • Continuing to fund a Planner III position dedicated to historic preservation efforts in FY 2020.
Traffic Center	<ul style="list-style-type: none"> ★ There is a plan to dedicate funds to partner with the Broward Metropolitan Organization to have staff to represent the City's interests at the traffic center.
Parks Plan Bond	<ul style="list-style-type: none"> • A General Obligation Bond for Parks for \$200 Million was approved by voters in March of 2019. It is anticipated that the first \$80 Million in bonds will be issued to begin these projects in FY 2020.
Police Station of the 21st Century	<ul style="list-style-type: none"> • A General Obligation Bond for Public Safety in the amount of \$100 Million was approved by voters in March of 2019. It is anticipated that bonds will be issued for the Police Headquarters replacement project in FY 2020.

Strategic Reductions

This year's budget development process required us not only to consider which programs we would add or enhance but also challenged us to look for ways to reduce our budget with minimal impact to services. Through these reductions we were able to reduce the number of positions in the General Fund by 75.1 FTEs and reduce ongoing expenditures by approximately \$9 million. Significant savings were achieved by rethinking the way we provide certain services such as capital project management, servicing the City's nighttime economy, and budgeting for staff training. Explanations of these reductions is provided below.

The project management team has historically been funded through the Public Works General Fund budget. Although the City has a procedure in place to recover the cost of project management from capital projects, revenue shortfalls for this function were borne by the General Fund. This presented a unique and growing problem because although the City's General Fund was tasked with reducing expenses, the City is preparing to enhance its investment in its capital infrastructure including:

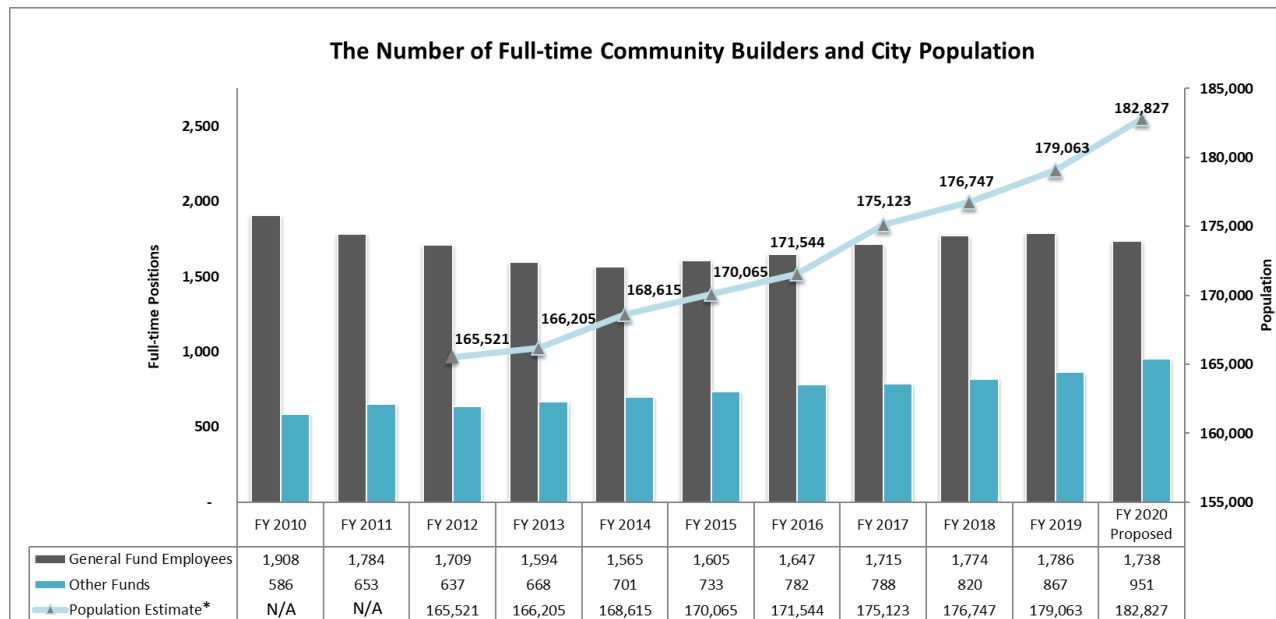
- Water and Sewer Revenue Bond projects (\$200 million issued in FY 2018)
- Parks and Recreation General Obligation Bond projects (\$200 million approved in March)
- Police Headquarters General Obligation Bond project (\$100 million approved in March)
- Stormwater Revenue Bond (\$200 Million planned for FY 2021)

To appropriately provide funding for project management services and to accurately allocate costs to these projects, we have created a new Project Management Fund in FY 2020. Through this new system of fully allocating costs through an internal service fund, the City will ensure that all cost for capital projects are captured in project accounts and not absorbed by the General Fund.

The Nighttime Economy Team was formed in FY 2018 by adding 11 positions (from Police Lieutenants to Municipal Maintenance Workers) reporting to the City Manager's Office. Upon further review of the program, I believe that nighttime economy issues and concerns can be effectively managed using staff resources within existing departments. This approach allows the City to remove 10 of the 11 positions added in 2018. The Nighttime Economy Manager position will be retained in the City Manager's Office to coordinate the program's objectives and an administrative aide will be added to the budget to support this position.

The City is committed to having a well-trained, innovative, and neighbor-centric workforce that builds community. To promote this goal, staff reviewed City-wide travel and training expenses and recommended a more equitable approach to allocating training budgets. This resulted in significant savings and improved equity while only minimally impacting individual departments.

The total General Fund personnel complement for FY 2020 is proposed at 1,738 full-time employees, which does not include part-time and seasonal (temporary) employees. Seasonal positions supplement staffing for temporary periods such as summer camps or special events but are not considered regular employees. This is a reduction of 48 positions or (2.8%) compared to the FY 2019 General Fund Adopted Budget. The General Fund Proposed personnel complement of 1,738 remains lower than the FY 2010 level of 1,904 full-time employees despite the new development and population increases that the City of Fort Lauderdale has experienced over the past ten years.



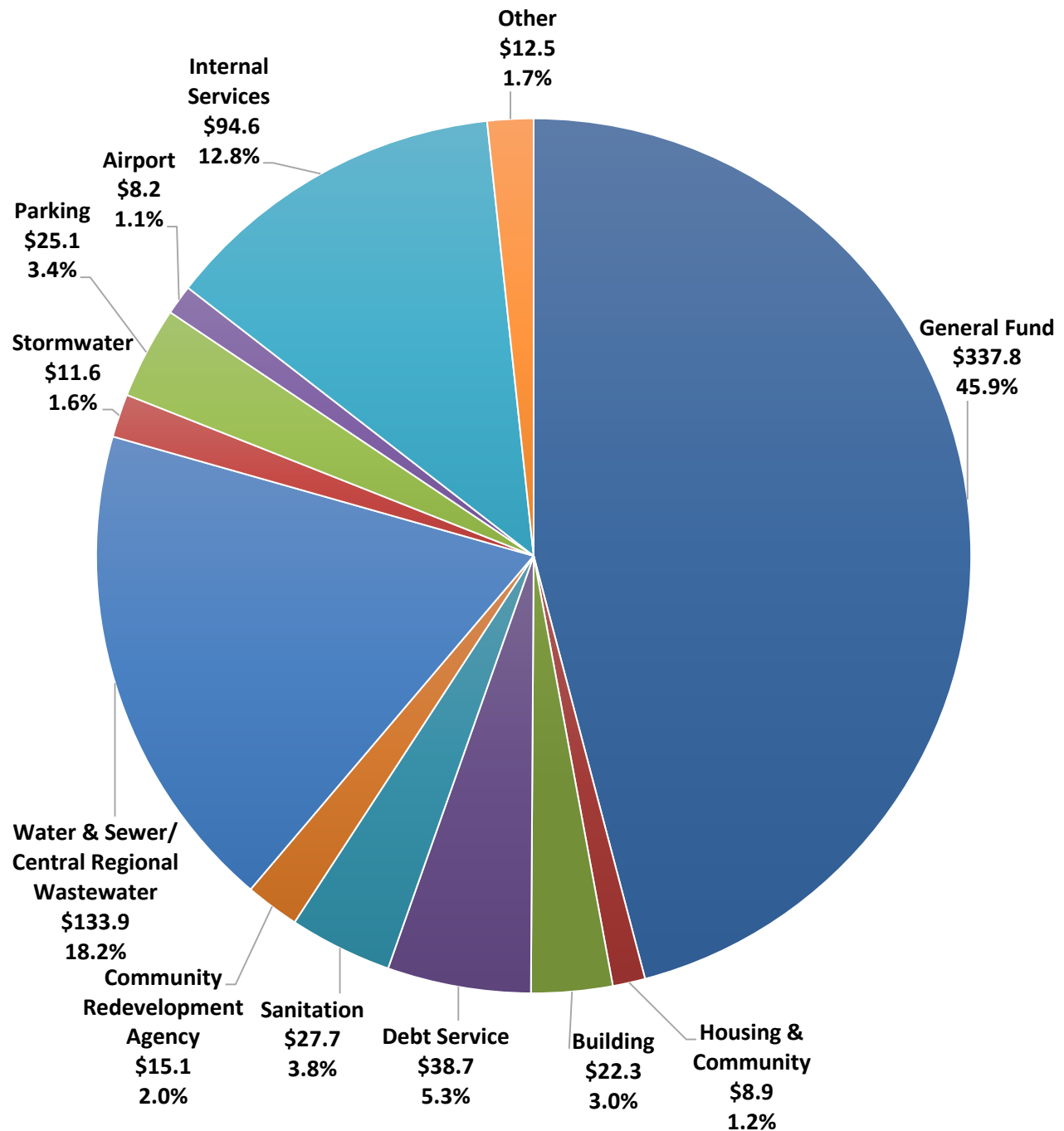
*Population Estimate begins in FY 2012 with the 2010 Census data.

The Proposed Budget for personnel also includes required retirement contributions and debt service for the Pension Obligation Bonds. The General Employees Retirement System (GERS) plan was closed in 2009 and replaced with a defined contribution 401(a) plan for all new general employees. The history of pension contributions is shown in the table below.

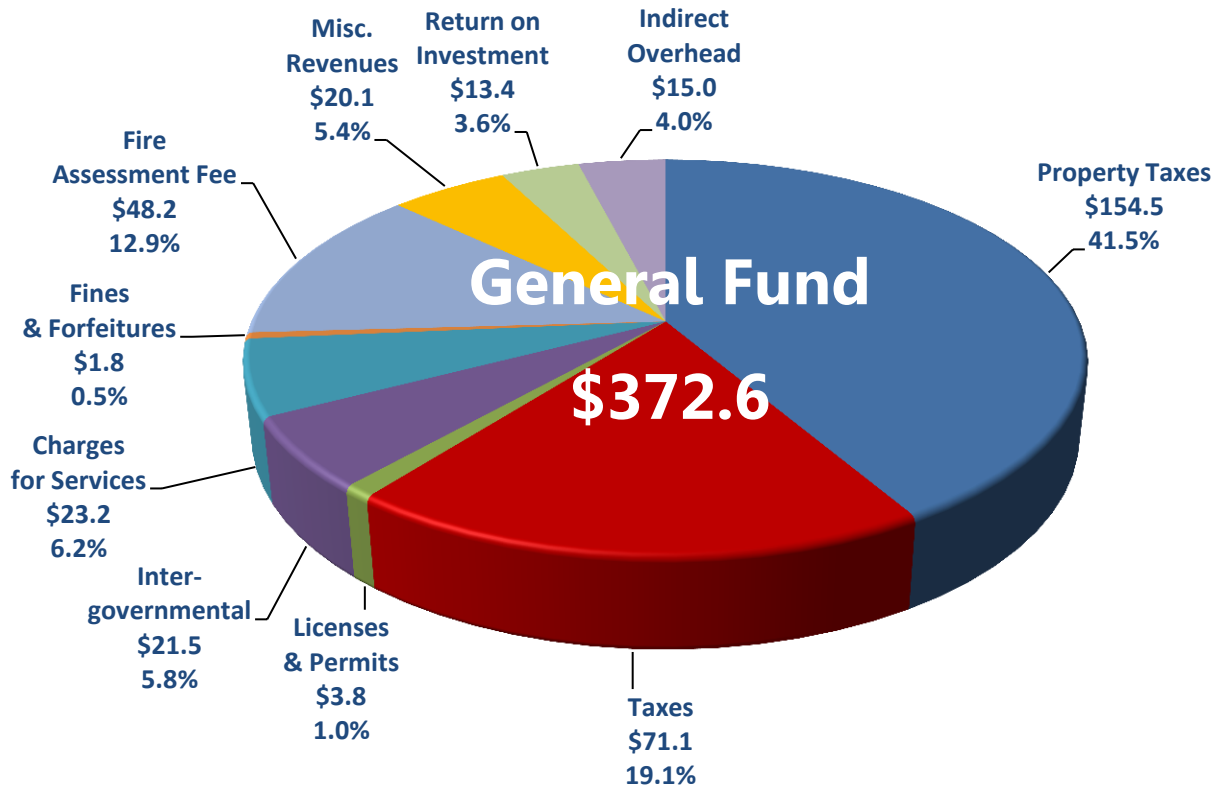
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budget	FY 2020 Proposed Budget
General Employee Retirement System Annual Contribution	\$ 22,358,550	\$ 13,562,595	\$ 15,061,353	\$ 15,501,180	\$ 14,393,012	\$ 14,650,881	\$ 10,459,835	\$ 8,824,651	\$ 8,164,058
Police and Fire Annual Contribution	\$ 30,928,447	\$ 15,075,469	\$ 15,388,327	\$ 15,599,916	\$ 13,867,934	\$ 17,325,393	\$ 19,328,568	\$ 18,108,528	\$ 17,923,079
401(a) Defined Contribution Plan	\$ 1,210,445	\$ 1,600,100	\$ 1,984,272	\$ 2,583,362	\$ 3,118,307	\$ 3,752,128	\$ 4,310,675	\$ 5,572,090	\$ 6,386,307
Debt Service for Pension Obligation Bonds		\$ 27,399,827	\$ 26,453,846	\$ 26,361,882	\$ 26,358,764	\$ 26,362,004	\$ 26,359,124	\$ 26,493,149	\$ 26,886,309
Total City Retirement Contributions	\$ 54,497,442	\$ 57,637,991	\$ 58,887,798	\$ 60,046,340	\$ 57,738,017	\$ 62,090,406	\$ 60,458,202	\$ 58,998,418	\$ 59,359,753

Note: The City issued Pension Obligation Bonds in 2012

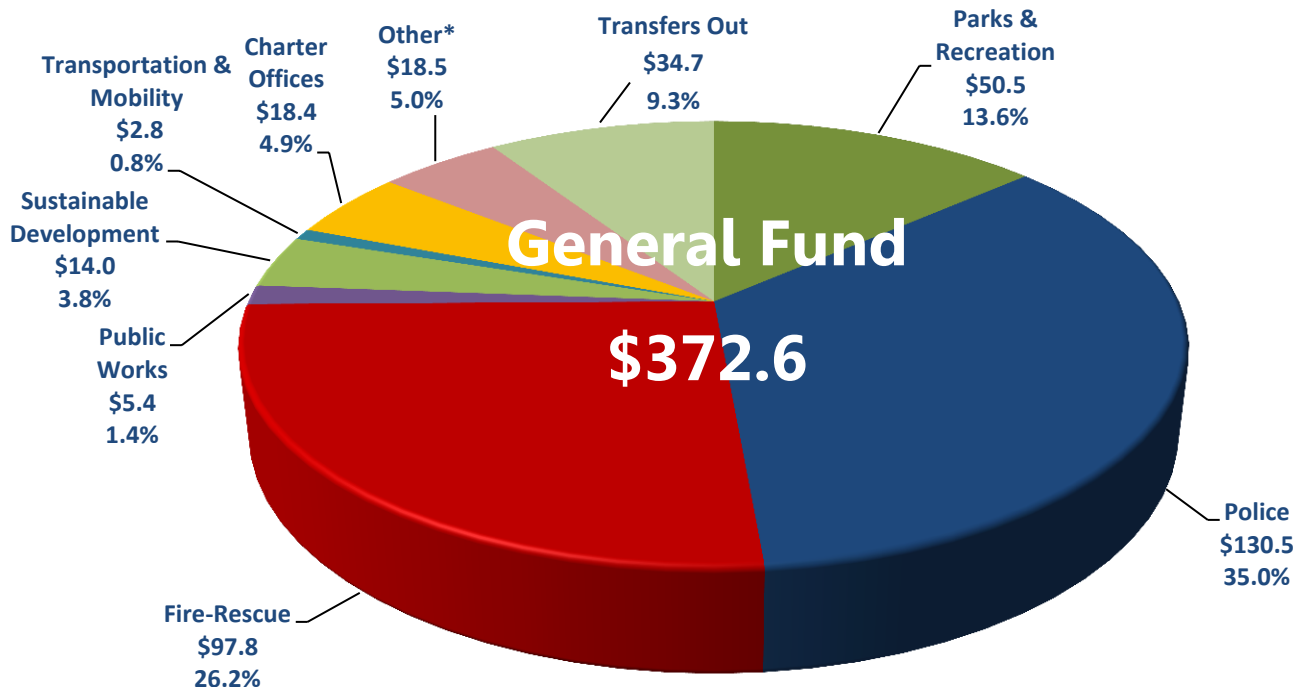
FY 2020 Proposed Operating Budget without Transfers - \$736.5 (All Funds - In Millions)



Where the Money Comes From



Where the Money Goes

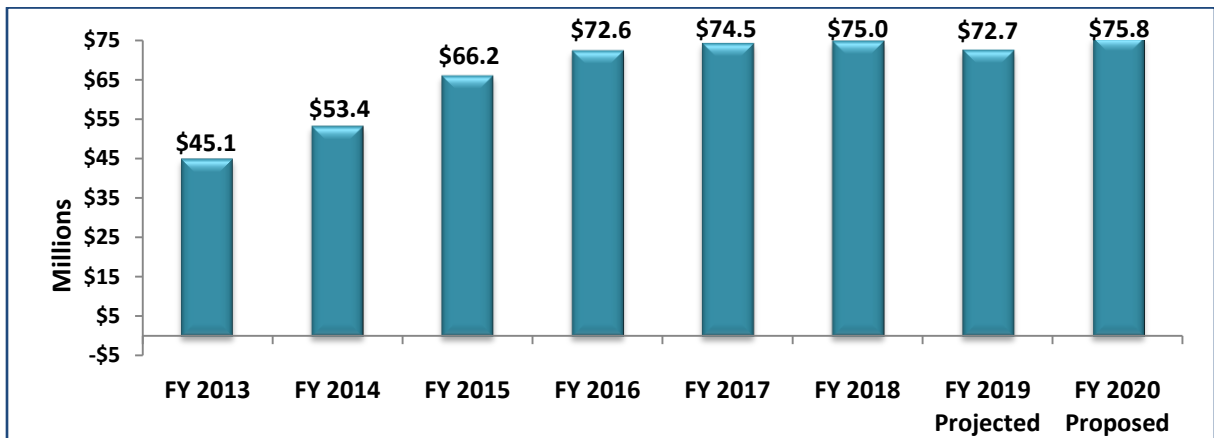


*Other includes Finance, Human Resources, and Other General Government Departments.

General Fund - Fund Balance

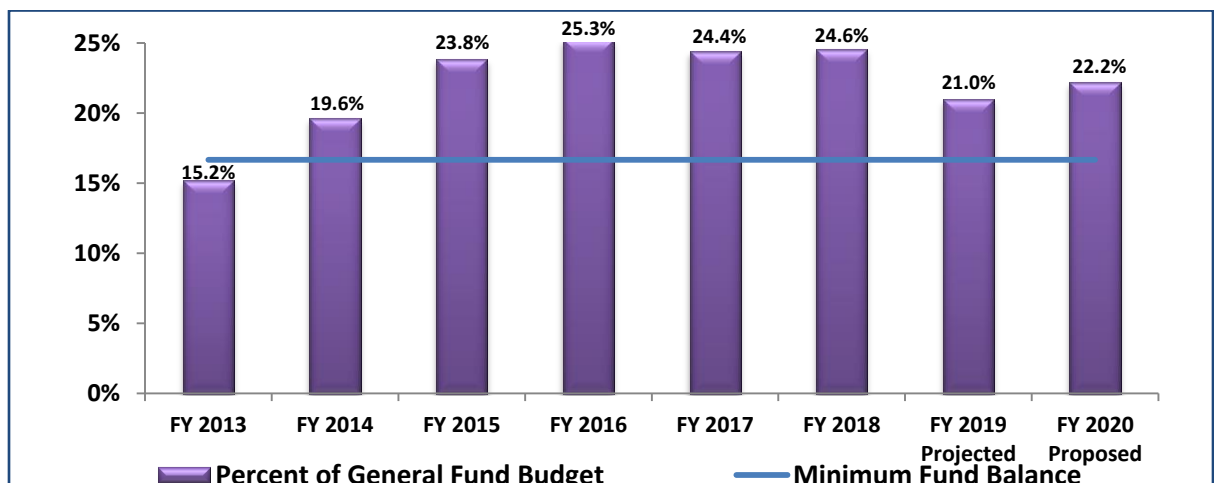
The fund balance in the General Fund provides a measure of the financial resources available for future spending or appropriation. These funds should be adequate to support potential unanticipated costs, like natural disasters and emergency repairs to City infrastructure. The City Commission's fund balance policy requires a minimum available fund balance for the General Fund of two months or 16.7% of the General Fund Budget including necessary transfers. In order to put the City into a favorable position to issue General Obligation Bonds, it is my recommendation that our target General Fund Balance should be another month above our minimum policy, or 25% of the General Fund Budget including necessary transfers. Since the policy is a percentage of the budget, as the budget increases, the required level of fund balance also increases. The FY 2020 estimated fund balance exceeds our minimum policy requirement by \$18.9 million with a total available fund balance of \$75.8 million or 22.2% of the General Fund budget as shown in the following chart. However, we are still a 2.8% below our recommended target fund balance of 25%.

General Fund – Fund Balance in Dollars



Maintaining a healthy fund balance is an indicator of the fiscal health of the government. We continue to monitor and assess the fund balance to ensure that the level of available funds is commensurate with the level of risk associated with our diverse City and our revenue and expenditure variability.

General Fund – Fund Balance As a Percent of the Operating Budget



Property Taxes

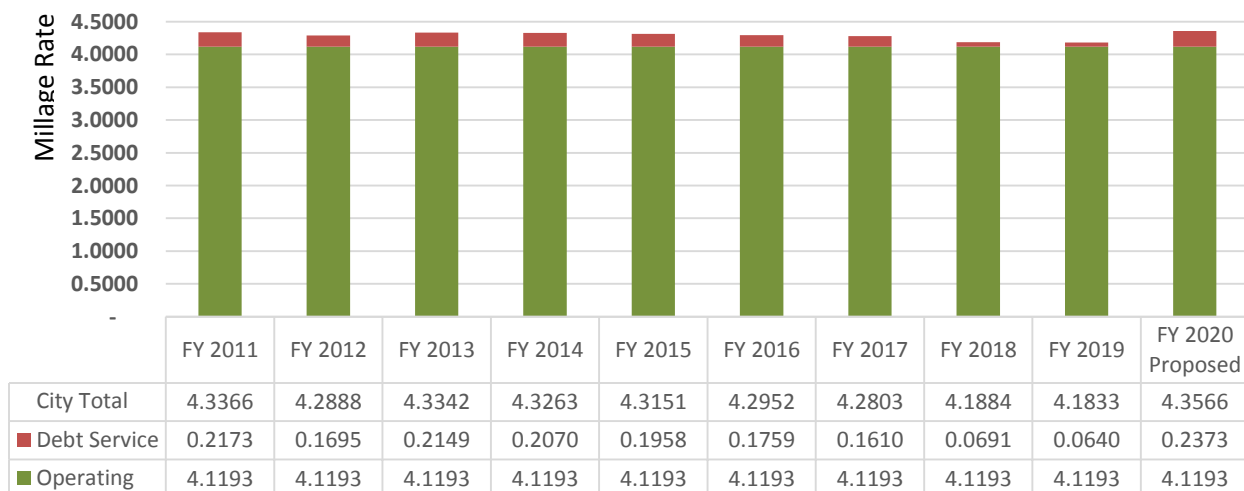
The chart below presents the taxable values and net new construction for the last ten years.

Taxable Value & Millage Comparison

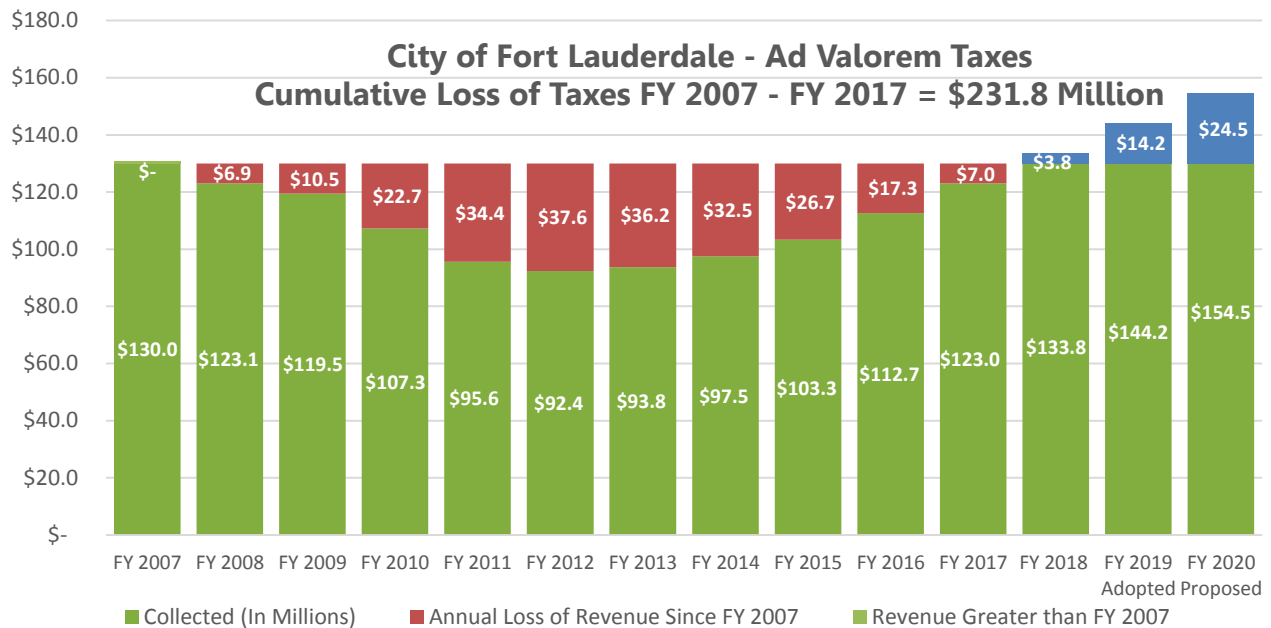
Calendar Tax Year	Net New Construction	Final Gross Taxable Value	Increase/Decrease from Prior Year	Operating Millage Rate
2019-June 1st	\$ 1,134,720,910	\$ 39,071,786,192	8.22%	4.1193
2018-Final	\$ 824,076,040	\$ 36,106,132,678	7.69%	4.1193
2017-Final	\$ 340,929,480	\$ 33,528,048,467	8.27%	4.1193
2016-Final	\$ 455,847,640	\$ 30,966,306,786	9.20%	4.1193
2015-Final	\$ 329,982,320	\$ 28,357,575,422	9.09%	4.1193
2014-Final	\$ 105,754,281	\$ 25,994,723,014	5.88%	4.1193
2013-Final	\$ 57,905,666	\$ 24,551,642,014	3.98%	4.1193
2012-Final	\$ 202,371,590	\$ 23,612,223,398	1.10%	4.1193
2011-Final	\$ 97,950,210	\$ 23,354,708,424	-4.26%	4.1193
2010 Final	\$ 494,110,613	\$ 24,393,809,310	-11.04%	4.1193

The FY 2020 Proposed Budget includes an operating millage rate of 4.1193 per \$1,000 of taxable value. The proposed aggregate millage rate (operating and debt service) is 4.3566 which is a 4.14% increase from the prior year rate of 4.1833. The debt service millage rate adjusts annually based on the property valuation and debt service requirement. The increased debt service millage in FY 2020 is related to two (2) new voter approved General Obligation Bonds approved in March of 2019 to fund Parks Improvements and a new Police Headquarters.

Millage Rate History



As shown below, holding the City's millage rate steady at 4.1193, even when the City's taxable property values decreased, resulted in a loss of approximately \$231.8 million from 2007 to 2017. Property tax revenue finally recovered in FY 2018 and in the FY 2020 proposed budget exceeds the FY 2007 level by \$24.5 million.



FY 2020 Funding Highlights Water & Sewer Fund

The City supplies water and sewer services on a regional basis for approximately 250,000 residents of central Broward County. Areas serviced by the City's water treatment and distribution system include Fort Lauderdale, Port Everglades, Sea Ranch Lakes, Lauderdale-by-the-Sea, Oakland Park, Wilton Manors, and portions of Davie, Tamarac, and unincorporated Broward County.

The FY 2020 Water & Sewer Fund proposed operating budget and transfers are \$128.7 million, which is \$9.9 million more than the FY 2019 Adopted Budget. The City recently completed a water and sewer rate study and is updating its Water & Sewer Rates based upon study recommendations. The new rate structure is designed to be revenue neutral for FY 2020.

Water and Sewer Charges Effect of Monthly Increase on Neighbors (Based on Average Usage of 5,000 gallons/month)

5/8 Inch Meter	Current Rate	Proposed Rate	\$ Change	% Change
Total	\$66.27	\$67.13	\$0.86	1%

Central Regional Wastewater System Fund

The Central Regional Wastewater System Fund proposed expenditures are \$33.3 million which is \$2.6 million less than the FY 2019 Adopted Budget. The large customer wastewater rate will decrease from \$2.48 to \$2.28 per 1,000 gallons.

Sanitation Fund

The Sanitation Fund supports a full complement of modern solid waste services by providing household garbage, recycling, yard waste, and bulk trash collection. The fund also supports household hazardous waste collection events, canal cleaning, lot cleaning and rights-of-way maintenance, and public trash receptacles. The City's Clean Team is funded through the Sanitation Fund, working to preserve the unique beauty of our City streets and high-traffic areas. The Sanitation Fund proposed expenditures are \$28.0 million, which is \$3.9 million more than the FY 2019 Adopted Budget.

Recent changes in collection costs and escalations in processing and disposal fees due to market challenges required that the sanitation rates be increased mid-year in FY 2019 to better reflect the true cost of services and to avoid a deficit in the Sanitation Fund. The revised solid waste and disposal charge in FY 2019 reflects an increase of 25% over the previous rate, representing an \$8.14 increase in the monthly charge for a single-family residential home. There is no rate increase proposed for FY 2020 and there is an annual increase of 4% proposed in FY 2021 through FY 2024. The impact of the proposed rates for a residential customer is illustrated below:

Current Rate	Proposed Rate	\$ Change	% Change
\$40.70	\$40.70	\$0.00	0%

Stormwater Fund

The revenues collected for the City's Stormwater Management Program are used for operating expenses and capital improvements directly related to the management of stormwater, including improvements designed to improve water quality in the City's waterways. The FY 2020 proposed operating budget and transfers for the Stormwater Fund is \$19.6 million, which is \$1.8 million more than the FY 2019 Adopted Budget.

The City is developing a hybrid stormwater rate structure to support a revenue bond in the amount of \$200 million to fund Phase II of the Stormwater Master Plan. The proposed rate increases below will be implemented on October 1, 2019. They are critical to the continued success of the Stormwater Management program:

Stormwater Fee Effect of Monthly Increase on Neighbors

Stormwater Charge	Current Rate	Proposed Rate	\$ Change
Residential <= 3 Units	\$12.00/unit	\$14.00/unit	\$2.00/unit
Commercial, Industrial, and Residential > 3 Units	\$120.96/acre	\$141.12/acre	\$20.16/acre
Vacant Land, Parks, and Well Fields	\$38.34/acre	\$44.73/acre	\$6.39/acre

Conclusion

In my first year as your City Manager, I would like to thank you for trusting me to lead the City through building this budget proposal. Developing a balanced budget was a time-intensive and challenging process. There were many difficult trade-offs to thoughtfully consider. I believe that my team and I have risen to the occasion and that I am proposing a budget that will address our organization's highest priorities for the upcoming fiscal year. This is a budget that will deliver the quality services that our neighbors expect.

I want to thank everyone who assisted in the development this year's budget proposal, including the Mayor and City Commission, Budget Advisory Board, Revenue Estimating Conference Committee, and Budget Coordinators. I am especially grateful for the leadership and technical expertise provided by staff in the Budget/CIP and Grants Division throughout the budget process. In addition, I would like to thank our amazing team for their efforts in support of a comprehensive and transparent budget process and for their outstanding service to our community every day.

The FY 2020 Tentative Budget will be formally presented to City Commission at the first public hearing on September 3, 2019 and adopted at the second public hearing on September 12, 2019 at City Hall. I look forward to working with you, our neighbors, and our team of public servants as we move forward as a City into our next fiscal year.

Respectfully submitted,



Chris Lagerbloom, ICMA-CM
City Manager