



## Memorandum

**Memorandum No: 23-070**

**Date:** June 8, 2023

**To:** Honorable Mayor and Commissioners

**From:** Greg Chavarria, City Manager   
Greg Chavarria (Jun 8, 2023 11:43 ADT)

**Re:** Fiscal Year 2024 Preliminary Budget Information

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At the July 5, 2023, Regular Meeting, the City Commission will set the maximum millage rate and non-ad valorem assessment amounts for Fiscal Year (FY) 2024. This memo provides early information regarding the FY 2024 General Fund budget to allow adequate time to review staff's recommendations prior to setting these rates. The adoption of the budget will occur at public hearings scheduled for September 5, 2023 and September 13, 2023.

### ***Property Values – Ad Valorem Revenue***

As staff prepares the budget for FY 2024, the City received positive news regarding one of the largest revenue sources: ad valorem (property) taxes. Property taxes account for approximately 47.3% of ongoing General Fund Revenues. The Broward County Property Appraiser's June 1, 2023 estimate indicated an increase of 11.7% in the City's taxable property value. This is an increase from \$48.8 billion to \$54.5 billion based on the final valuation for 2023. Of the \$5.7 billion increase, \$1.0 billion is associated with new construction, which is a positive outcome of the City's ongoing focus on smart growth and economic revitalization. Overall, this increase is expected to yield approximately \$20.9 million of additional revenue that the City can use to offset its increasing expenses.

A portion of this increased property value will result in an increased transfer of funds in the amount of \$1.2 million to the Community Redevelopment Agency (CRA), due to the growth in taxable values in the CRA areas. CRA funding comes from the property tax dollars generated above the special district's baseline property value when the CRA was first established. The City's FY 2024 transfer to the Northwest Progresso Flagler Heights CRA will be \$9.4 million and the transfer to the Center City CRA will be \$1.1 million based upon June 1<sup>st</sup> estimates.

***Because of the large increase in taxable values, the City can maintain its current low millage rate of 4.1193 for the seventeenth (17<sup>th</sup>) consecutive year.***

### ***Fire Assessment Fee***

The City's Fire Assessment Fee was reviewed as a part of the FY 2024 budget development process. In prior years, the City reviewed and adjusted the fee to full cost recovery every three years. However, based upon the rising costs of salaries, benefits, and equipment due to inflation and based upon the City's planned public safety service enhancements, staff recommends transitioning to an annual adjustment. This will allow the City to accurately recover the costs associated with increased expenses and service enhancements like the planned addition of twenty-three fire rescue personnel.

Based upon the FY 2024 update, the preliminary fee per residential dwelling unit is recommended to increase from \$321 to \$337 per year. The proposed assessment will generate \$2.9 million in increased revenue to the General Fund as compared to FY 2023.

### ***Key Revenue and Expenditure Changes***

Highlights of revenue and expenditure changes from the FY 2023 Adopted Budget are included in **Attachment 1**. Notable increases to revenues - apart from property taxes and the fire assessment fee - include Florida Power and Light's (FPL) Utility Tax and Franchise Fees, which are expected to increase by \$4.4 million due to an approved FPL rate increase. Other revenue increases include \$4.2 million in additional Solid Waste Franchise Fees, and \$668 thousand for the Parks and Recreation Service Charges. Expenditure increases are expected in the estimated amount of \$13.5 million for personal service expenses, \$1.6 million for the lease of a temporary City Hall location, \$752 thousand for water and sewer utilities, and \$4.2 million in additional transfer to the Sanitation Fund.

### ***Inflation and Market Volatility***

The all-items Consumer Price Index for All Urban Consumers (CPI-U) in the Miami-Fort Lauderdale-West Palm Beach region increased by 9.0 percent for the 12 months ending in April 2023. This higher-than-expected rate of inflation means that the cost of goods and services have increased dramatically. For the City of Fort Lauderdale, this type of market volatility heavily impacts the cost of salaries and benefits, planned capital projects and routine service delivery. Due to the current economic climate, the FY 2024 Preliminary Budget includes carefully considered inflationary factors for contracts, service agreements, and replacement plans whenever there is a known or anticipated cost increase. Inflation will also continue to disproportionately impact capital projects as there is a timing delay between the initial approval of a capital project and the completion of the procurement process. Project managers have reviewed all capital project budgets as a part of the budget development process and have updated their cost estimates to be included in the Community Investment Plan.

***Personnel Service Expenses – Collective Bargaining Agreements***

A substantial risk that the City faces in balancing the FY 2024 budget is the unknown personnel costs associated with ongoing collective bargaining negotiations. The City approved three-year agreements with the general employee bargaining groups, including the Teamsters Local 769 (Teamsters) and Federation of Public Employees (Federation). The City's collective bargaining agreements with public safety - International Association of Firefighters Local 765 (IAFF) and Fraternal Order of Police Lodge 31 (FOP) - have expired and are still in the process of being renegotiated. Salaries and benefits account for approximately 64.9% of General Fund expenditures, excluding transfers to the Community Investment Plan (CIP). Of 1,831 General Fund Employees, 995 or 54.3% are represented by IAFF or FOP collective bargaining agreements. The preliminary budget includes estimates for wages and benefits consistent with ratified agreements with Teamsters and Federation and based upon current proposals at this juncture in the collective bargaining sessions with IAFF and FOP. Before any FY 2024 strategic enhancement recommendations, the estimated increases in salaries and benefits in the General Fund are approximately \$13.5 million based upon the assumptions described above.

***Commission Priorities***

As part of the City's commitment to openness and transparency, the Commission participated in a public goal setting workshop to develop 2024 Commission Priorities to articulate the organization's highest priorities for the upcoming year. As a part of the budget process, our management team closely reevaluated every program offered by the City to re-focus efforts and resources and to strategically move the most pressing priorities of the City Commission forward. To maintain the City's long-term financial sustainability, I am recommending strategic prioritization in certain functions and reductions in some program areas to offset proposed enhancements. The full recommendations of service level enhancements and reductions are outlined in **Attachment 2**. In addition, **Attachment 3** provides highlights of how specific funding allocations in the FY 2024 Preliminary Budget and Community Investment Plan align with the Commission's FY 2024 priorities. This budget also includes \$2.1 million in funding for nonprofit organizations to support key community services that align with the City's Strategic Plan, annual Commission Priorities, and operational needs (**Attachment 4**). The Special Events funded in the preliminary budget are included as **Attachment 5**. The proposed budget makes foundational investments that will improve the quality of life for our neighbors today and will prepare the City for tomorrow's challenges.

At the May 2, 2023, joint workshop with the Budget Advisory Board, staff was directed to prioritize public safety and infrastructure in the development of the FY 2024 Operating Budget and Community Investment Plan while maintaining the current millage rate. To this end, our team thoughtfully considered ways to align resources towards addressing these priorities to provide the best infrastructure and public safety services for our neighbors at a continued low cost.

## ***Public Safety***

This budget makes significant investments in public safety to meet the growing demand for services, which are due primarily to population growth and increased tourism.

### **Police Department**

In the Police Department, the City Commission has prioritized enhancing patrol services and is continuing to make significant investments in the department. Full details are available in the Commission Priority matrix (**Attachment 3**)

Below are some funding highlights included in the preliminary budget:

- **Technology:** ShotSpotter service, license plate readers and cameras are funded to support the real-time crime center - so that sworn personnel are strategically serving our neighbors based upon real time data. With this investment, sworn personnel may spend more time patrolling City streets, interacting with neighbors, and building community.
- **Equipment:** The preliminary budget includes \$738,000 for critical equipment replacement as well as \$4.6 million for the replacement of 88 vehicles which are used both on the job and to provide an off-duty presence.
- **Facilities:** The new Public Safety Headquarters (\$140 million) will provide state-of-the-art facilities designed to meet the needs of 21<sup>st</sup> century policing.
- **Internal Support:** Two (2) Human Resources analysts have been transitioned to be fully dedicated to the Police Department to address the growing number of vacancies and to fill the twenty (20) sworn positions added last year. This proposed action will ensure that the City is proactive in maintaining a full complement of its police force.
- **Staffing Enhancements:** The Police Department is taking a dual approach to enhance its homeless outreach team and patrol services for our community, with the aim of adding a cumulative 20 officers to these programs:
  1. **Additional Positions:** This budget recommends \$2.8 million for the addition of 14 police officers and the equipment to support them. This expansion will provide 11 officers dedicated to patrol and three (3) officers dedicated to the Homeless Outreach Team (HOT) to enhance night and weekend services.
  2. **Grant Initiatives:** The City recently applied for a new Community Oriented Policing Services (COPS) hiring grant with the Department of Justice, which supports hiring six (6) additional officers. The grant could be awarded as early as October 2023, and if awarded, the City will commit to making these officers permanent members of the police force.

Ultimately, we expect that these recommendations will result in a Police Department that will meet the growing demand of our thriving and expanding downtown.

Fire Rescue Department

As part of the Commission's priority to enhance public safety services, the City has increased the Fire Rescue Department's budget by 34 positions over the past two fiscal years. Unfortunately, due to the retirements of long-serving firefighters, our community has not yet experienced the enhanced service levels associated with these increases. These increases should be experienced in FY 2024.

Below are some funding highlights included in the preliminary budget:

- **Equipment:** The preliminary budget includes \$4.3 million for the replacement of equipment such as Self-Contained Breathing Apparatus (SCBA), extrication equipment, bunker gear and \$3.9 million in funding for the replacement of 78 vehicles.
- **Facilities:** Approximately \$55 million in funding has been appropriated to support Fire Rescue Bond Projects. The last of the bond supported projects, Fire Station 13, has approximately \$12.8 million in funding appropriations to date and is expected to be in construction by FY 2024. The Ocean Rescue Temporary Headquarters project is also included in the FY 2024 CIP at \$250,000 to provide a temporary location for Ocean Rescue Staff after Fire Station 13 is demolished.
- **Internal Support:** Fire Rescue Department budget includes approximately \$130,000 for the addition of a civilian Public Information Officer position to allow the current sworn position to be reassigned to operations.
- **Staffing Enhancements:** In the Fire Rescue Department, I am recommending significant funding to implement a three-pronged approach to enhance its service to the community:
  1. **Advanced Staffing for EMS Substation 88:** To address the fire rescue service needs of downtown, this FY 2024 preliminary budget includes \$1.5 million in funding for fourteen (14) fire rescue personnel, who will eventually staff the new downtown Emergency Medical Substation 88 which is expected to open in FY 2025.
  2. **Enhancing Third-Person Rescues:** To decrease the amount of time that units are offline, this budget includes \$912,000 in funding for nine (9) additional fire rescue staff beginning April 2024. Third person staffing allows the fire engine to address a non-EMS simultaneous incident thus increasing unit availability. The full-year cost of this enhancement for FY 2025 is estimated at \$1.3 million.
  3. **Grant Initiatives:** The City has applied for a Staffing for Adequate Fire and Emergency Response (SAFER) grant from the Department of Homeland Security to fund 28 additional firefighter positions. If awarded, the City is committed to providing \$3.8 million in financial support over the three-year grant period.

Also included in this budget is \$1.2 million for a fire engine that will be assigned to the new Heron Garage-Las Olas EMS Substation, further enhancing the service levels provided to our community. Staffing for the new Heron Garage is anticipated to be included in the FY 2025 budget depending upon the project construction schedule.

The investments and economic development through the Northwest Progressive Flagler Heights (NWPFH) CRA area over the last 30 years has resulted in tremendous growth and a significant reduction of blight. With the sunseting of the NWPFH CRA in FY 2026,

approximately \$9.4 million in General Funds will be made available to address service impacts, including much needed public safety enhancements, created by development in these areas.

These enhancements respond to the needs of a growing community and promote accountability in public safety. In addition, these prospective services reimagine what serving the public should be as the City of Fort Lauderdale progresses into the future.

### ***Infrastructure and Community Investment Plan***

The City's infrastructure assets need to be carefully managed and maintained to ensure that Fort Lauderdale remains the City you never want to leave. In the FY 2024-2028 Preliminary Community Investment Plan, staff has strategically outlined a roadmap that includes all the critical initiatives the City needs to undertake over the next five years. This is done in a strategic, careful, and impactful way to maximize economic development and to maintain and improve quality of life.

The FY 2024 Community Investment Plan (**Attachment 6**) includes \$23.1 million in General Funds, \$1.0 million in Gas Tax Funds, and \$500,000 in Community Block Grant Funds to address the most pressing general infrastructure needs of our community.

- \$6.6 million for bridge repairs and replacements
- \$3.5 million for the repair and replacement of roadways and sidewalks
- \$4.1 million for the City Hall replacement startup costs
- \$2.5 million for mobility improvements along Las Olas Boulevard
- \$2.0 million for City Facility Repairs and Replacements
- \$2.0 million for the City's portion of Broward County Segment II Beach Nourishment
- \$1.3 million for the Restoration and Replacement of Seawalls
- \$700,000 for the Renovation of Parker Playhouse
- \$500,000 for Streetlight Improvements
- \$500,000 for Traffic Flow Improvements
- \$250,000 for a Temporary Ocean Rescue Headquarters
- \$200,000 for Lifeguard Tower Replacements

### ***Replacement Plans***

The City has committed to systematically developing new, and updating existing, replacements plans as a part of the annual budget development process. This approach strengthens the City's long-term financial planning and minimizes fluctuations in annual expenditures. Furthermore, replacement schedules ensure that City staff are properly equipped to serve the community and ensures accountability for assets during the annual budgeting process. The preliminary FY 2024 City investment in replacement of key equipment and assets as a part of these plans is recommended at \$25.9 million. These replacement plans have been provided as part of the preliminary budget information (**Attachments 7 – 12**).



### ***American Rescue Plan Act Funding***

The FY 2024 Preliminary Budget includes one-time expenses that we can fund because of the \$1.9 million one-time revenue received from the third – and final - tranche of the American Rescue Plan Act's revenue replacement provision (**Attachment 13**).

The FY 2024 Preliminary Budget, including detailed department request packages, has been posted on the City's website at the following link: [www.fortlauderdale.gov/preliminarybudget](http://www.fortlauderdale.gov/preliminarybudget). State revenues such as the Communications Service Tax and Half Cent Sales Tax have not been updated for FY 2024 estimates. These revenue estimates will be updated in the proposed budget once the State releases their estimates.

We are proud of the inclusive and comprehensive budget process. I have personally met with each department over the past few months to discuss their challenges and budget requests for the upcoming year. It is important to carefully review each department's funding requests and weigh them against the City's other competing priorities. In addition, departments have presented their budget requests to the Budget Advisory Board for additional guidance and input. The Budget Advisory Board will share their initial thoughts regarding the FY 2024 Preliminary Budget with you at a Joint Workshop scheduled for June 20, 2023. I would like to thank the Budget Advisory Board for their assistance in reviewing departmental needs and providing the taxpayer's perspective for the budget development process.

While the budgetary information is still preliminary, it conveys the Commission's priorities and provides detailed departmental budget requests and strategies recommended for achieving a structurally balanced budget for FY 2024. The budget invests in the City's highest priorities and charts our course towards a financially sustainable future.

The FY 2024 Proposed Budget and FY 2024 - FY 2028 Community Investment Plan are scheduled to be presented at the City Commission Regular Meeting on July 5, 2023. I encourage you to review the full scope of comprehensive departmental budget requests, and contact me directly with any questions, comments, or concerns.

### **Attachments**

- (1) FY 2024 General Fund Preliminary Budget Summary
- (2) FY 2024 Strategic Enhancements and Balancing Strategies
- (3) FY 2024 City Commission Priorities
- (4) FY 2024 Recommended Not for Profit Grant Participation Agreement Funding
- (5) Special Events and Public Space Activation Budget Summary
- (6) FY 2024 – FY 2028 Community Investment Plan
- (7) FY 2024 – FY 2028 Fleet Replacement Plan
- (8) FY 2024 – FY 2028 License Plate Reader Replacement Plan
- (9) FY 2024 – FY 2028 Police Animal and Bulletproof Vest Replacement Plan
- (10) FY 2024 – FY 2028 Police Equipment Replacement Plan
- (11) FY 2024 – FY 2034 Fire Rescue Equipment Replacement Plan
- (12) FY 2024 PC Replacement Plan
- (13) American Rescue Plan Act – FY 2024 Recommendations

c:     Anthony G. Fajardo, Assistant City Manager  
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