



July 10, 2018



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) 2019 beginning October 1, 2018. 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](http://www.fortlauderdale.gov/budget).

### **Budget Overview**

The FY 2019 total proposed operating budget for all funds is \$790,341,082 including balances and transfers. This is approximately \$35.9 million less than the FY 2018 Amended Budget of \$826,191,967 or a 4.34% decrease.

The FY 2019 Proposed Budget allows the City to fund its General Fund commitments including \$10.7 million for wage increases; \$1.0 million for employee health, wellness and life insurance costs; \$1.6 million for an increase in Workers Compensation insurance; \$800,000 for increases in utility expenses; and, an increased transfer of \$1 million to the Community Redevelopment Agency (CRA) due to increased taxable values within the CRA area boundaries.

In addition to addressing the funding commitments outlined above, the proposed budget will allow for strategic new positions, infrastructure investment, and enhanced programming aligned with the priorities enumerated in the City's Vision, Strategic Plan, Neighbor Survey, and Commission Annual Action Plan. For example, I am recommending \$131,000 to fund two positions for a new food repatriation program to serve our homeless neighbors; \$117,000 for a new Chief Education Coordinator position; \$805,000 for Equipment Replacements and Upgrades for the Fire-Rescue Department; \$102,000 to fund new events; \$650,000 to beautify our City through enhanced median maintenance; \$224,000 to fund a new position and three additional vehicles to enhance the Parks and Recreation Department's facilities maintenance program; \$158,000 to add a new position and resources to enhance Economic Development; and \$160,000 for Transportation technology solutions including Blue Tooth Sensors and Speed Radars.

The Budget Advisory Board (BAB) shared its sentiments with you at your joint meeting on June 20<sup>th</sup>. Their recommendations recognize the constraints of the budget and place an emphasis on the efficient use of resources. "The BAB wants to ensure that there are measurable results for new dollars requested". Within budgetary constraints, the BAB supported improvements to infrastructure, training, and selected service enhancements.

### **Office of the City Manager**

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CAM #18-0520

Exhibit 1

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The FY 2019 proposed General Fund Operating Budget, including balances and transfers, is \$362,553,864. This proposal maintains our current millage rate of 4.1193 for the twelfth consecutive year and produces a structurally balanced budget for the sixth straight year. It also maintains the Fire Assessment Fee at the current annual rate of \$256 per single-family residential dwelling. This Proposed Budget maintains our current Return on Investment transfer from the Water and Sewer, Central Regional Wastewater, and Parking Funds. Estimates for state revenues such as the Communications Service Tax and Half Cent Sales Tax have not been received for FY 2019. The General Fund budget represents a 1.6% decrease from the FY 2018 Amended Budget of \$368,480,845. It maximizes available resources to build, enhance, and sustain the future of our great City.

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!"* A heightened sense of optimism and excitement permeates Fort Lauderdale as 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, taxable property values increased by 8.79%, with new construction valued at \$824 million, area tourism is estimated at 12.8 million visitors annually, and we are experiencing a continued low crime rate. In addition, Fort Lauderdale's unemployment rate is 3.2%, which is the lowest in over eight years and lower than the 3.4% rate of the State. Working together, we have built a better, stronger organization and a more vibrant community.

This success does not happen by chance – it is the direct result of innovation, strategic planning, hard work, and continuous process improvement. We have been diligent 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 "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 health 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 "credit position for Fort Lauderdale is very strong, and its 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.

These successes also bring new challenges and higher expectations. As the urban hub of the tri-county area, the City of Fort Lauderdale serves a huge influx of commuting workers, tourists and business travelers. In addition to approximately 179,000 neighbors, the City provides police, fire-rescue, water, sanitation and other municipal services to a daytime population of 360,000, more than double our size. As our neighbors invest money into new commercial and residential buildings in the downtown core and along our beach, we must ensure that our infrastructure and service levels fulfill expectations.

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 most effective and efficient manner 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. The Proposed Budget is more than a collection of spreadsheets detailing the City's revenues and expenditures. 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 and the Commission's Annual Action Plan priority setting session.

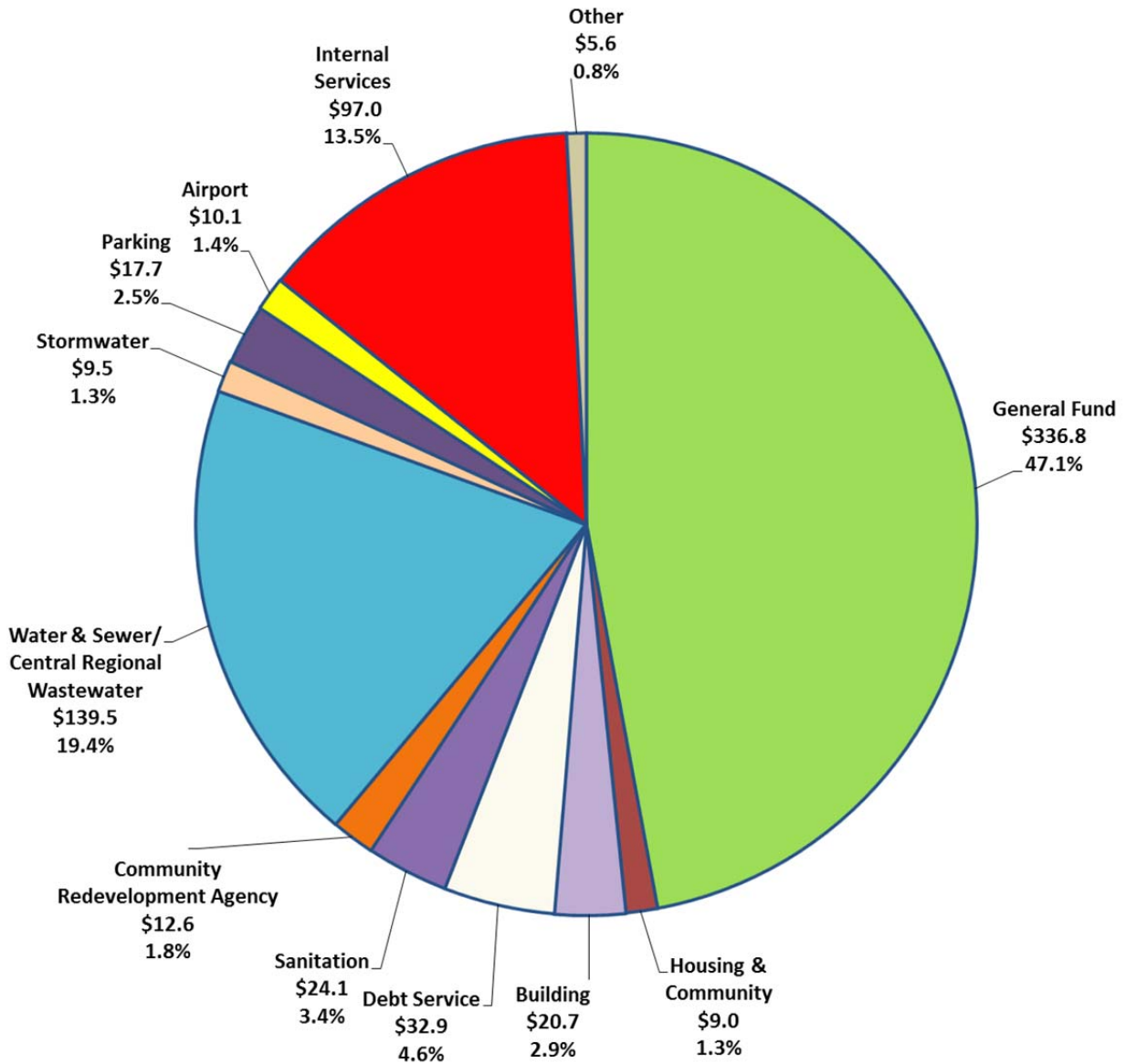
In order to maintain service levels and to propose service enhancements, Community Builders in each department used their best professional judgment and neighbor input to analyze the trends and market forces impacting revenues and expenses to establish funding proposals. The Revenue Estimating Conference 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 Community Builders, 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 of its 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 Community Builders, 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.

## FY 2019 Proposed Operating Budget without Transfers - \$715.5 (All Funds - In Millions)



### Annual Neighbor Survey Results

In December 2012, the City of Fort Lauderdale conducted its first Annual Neighbor Survey to measure service performance; to benchmark service quality ratings; to assess community needs; to make long-range, short-term, or strategic plans; to demonstrate the receptivity of our government; to evaluate potential policies or community characteristics; and to use as a tool for evaluating our performance. We recently completed the fifth Annual Neighbor Survey, in December 2017.

In order to help to identify priorities, 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 of time 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 2017 survey have been prioritized by the City Commission for focused resources and progress has been made in many of these areas already. To highlight our efforts, the City produces a quarterly progress report to transparently share accomplishments and challenges related to its initiatives and performance indicators in the Strategic Plan.

### **How the Proposed Budget Implements the City's Strategic Plan**

The annual operating budget is our opportunity to prioritize City resources. Funding is allocated in alignment with the Vision, Strategic Plan, and Commission Annual Action Plan. While we may not be able to fund all priorities in the upcoming fiscal year, we can make strategic investments in our future. Leveraging community partnerships and seizing grant opportunities will help to stretch our dollars and maximize results. The budget process also integrates the strategic alignment of departments. Each department identifies major initiatives and performance targets; helping decision makers allocate resources for specific service level results. The five-year Community Investment Plan (CIP) includes ongoing projects, new projects, and projects in progress that require additional funding. The CIP also includes a plan for future projects based on expected revenues, bond issuance, and other financing mechanisms. CIP projects are carefully assessed and prioritized by objective criteria to ensure the most pressing needs of the community are addressed. Additionally, CIP projects support the Cylinders of Excellence and the 2035 Community Vision.



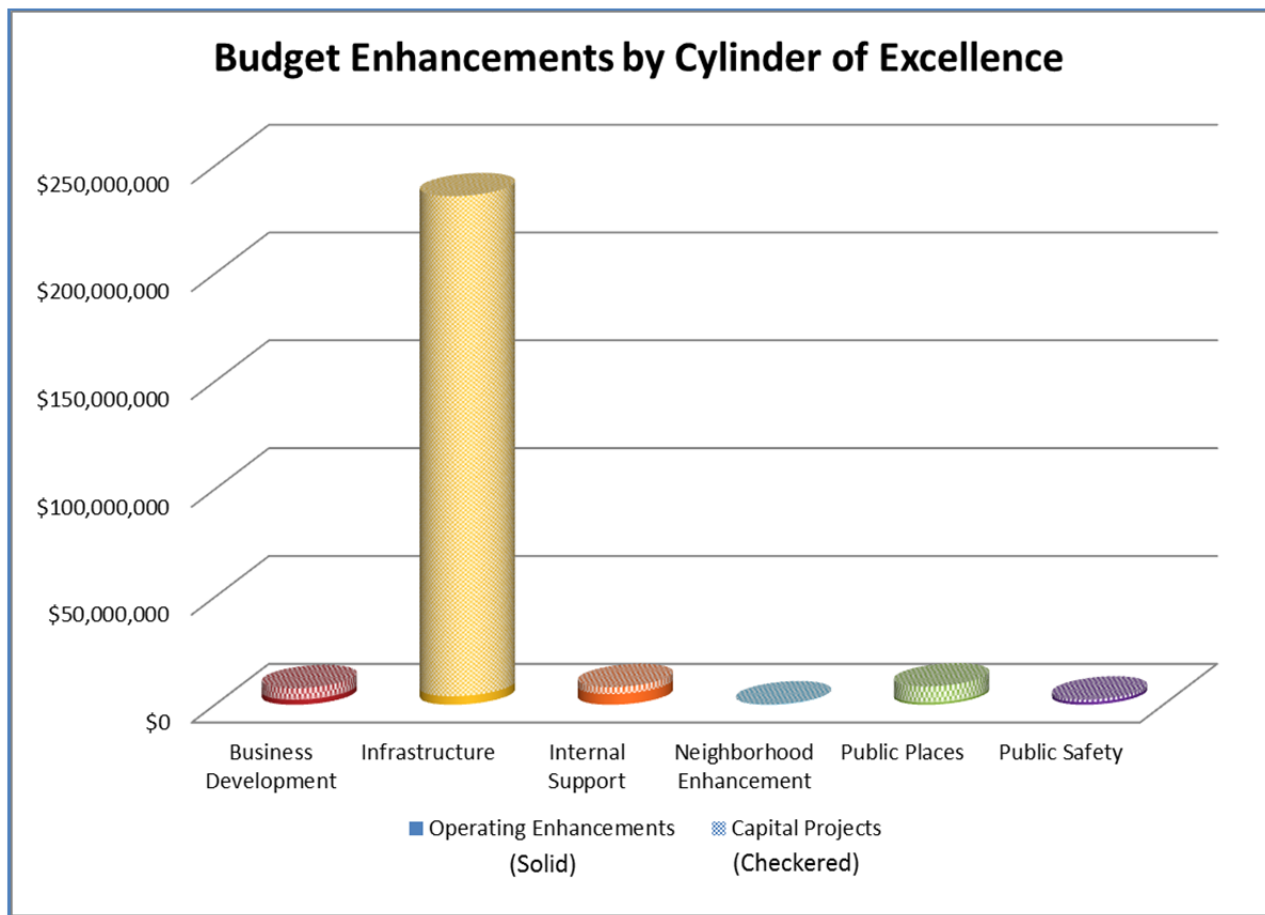
### ***City of Fort Lauderdale Vision Statements***

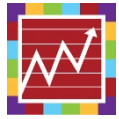
The City Commission adopted the City's Strategic Plan in September 2013. This year was our fifth budget process that allowed staff to look to the Strategic Plan for priorities and guidance. The Cylinders of Excellence are integrated into daily operations and are now the focus of the City. In an effort to emphasize the importance of this focus, I am presenting recommended operating budget enhancements and community investment plan projects based upon their alignment with the six Cylinders of Excellence of the Strategic Plan.





The FY 2019 proposed operating budget and community investment plan includes over \$262.5 million in funding enhancements and new or reprioritized projects, including 34 new positions that are presented by Cylinder of Excellence. Each project and funding enhancement recommendation was made in an effort to enhance the City's capacity to meet the needs of the Community in each Cylinder. Many projects and enhancements have co-benefits to other cylinders in addition to the primary cylinder where they are listed.





## BUSINESS DEVELOPMENT

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Fort Lauderdale is home to a **thriving local economy, tourism industry, and boating and marine industry, attracting regional and global markets.** It is the coastal epicenter of South Florida connecting Miami-Dade to Palm Beach and west Broward to Port Everglades and Fort Lauderdale-Hollywood International Airport. Strategic alliances with businesses, associations, and schools contribute to local talent supply. Investments in transportation and mobility, infrastructure, public places, education, and public safety have exponential impacts on businesses and economic development.

In support of the Business Development Cylinder of Excellence, the FY 2019 CIP includes \$5.3 million in new funding for capital projects. The operating budget includes \$2.3 million in enhancements including 3 new positions. The CIP and operating budget enhancements for this cylinder include:

- Aviation equipment and service facility expansion, and runway improvements for Fort Lauderdale Executive Airport (FXE) - \$4.7 million
- Develop strong partnerships with educational institutions and to enhance the effectiveness of educational development of youth and adults within the City - \$117,348
  - One Chief Education Officer
- Expand of Business Engagement Assistance & Mentorship (BEAMs) program - \$158,033
  - One Economic Development Representative
- Enhance technology and safety systems at Fort Lauderdale Executive Airport (FXE) - \$750,000
- Land and asset management system project - \$596,278
- Enhance public perception of FXE - \$965,000
- Enhance services and equipment at FXE - \$251,000
- Contribution to the Nova Southeastern University Museum of Art – Fort Lauderdale - \$500,000
- Improve communication with the Northwest Progresso Flagler Heights community - \$97,470
  - One Strategic Communications Specialist





## INFRASTRUCTURE

Infrastructure directly impacts our community every day. Quality infrastructure leads to neighborhood enhancement, active and safe public places, and business development. The country as a whole is facing a critical dilemma with aging infrastructure and shrinking government budgets. In many areas of America, the roads, drinking water and wastewater systems are simply out dated. This trend directly applies to Fort Lauderdale as one of the oldest cities in Broward County, and is exacerbated by an additional challenge - sea level rise. **Strategic community investments** are important now and for future generations. The City must also build a **sustainable and resilient infrastructure**. This means smart investments in our community infrastructure for long-term economic and environmental viability and quality of life. This includes maintaining and updating our roads, bridges, water, wastewater systems, and drainage systems that plan for sea level rise projections.

In support of the Infrastructure Cylinder of Excellence, the FY 2019 CIP includes \$231.6 million in new funding for capital projects. The operating budget includes \$4.0 million in enhancements, including 11 new positions. Highlights of the CIP and operating budget enhancements follows below:

- Enhance the City's solid waste and recycling program - \$92,517
  - One Administrative Assistant II
- Improve response to utilities services - \$242,280
  - Two Utility Field Representatives
- Enhance maintenance and repair of collection system - \$500,000
- Conduct a traffic study and preliminary engineering along SE/NE 3<sup>rd</sup> Avenue and Andrews Avenue - \$75,000
- Create an Adopt-A-Drain program - \$9,000
- Create a speed radar sign program - \$45,000
- City-wide inspection and assessment of streets and alley ways - \$180,000
- Enhance sewer cleaning services - \$300,000
- Improve the City's stormwater maintenance program - \$232,290
  - One Utility Service Worker
  - Two Utility Service Worker III
  - One Utility Service Worker IV
- Improve the City's Water & Sewer preventative maintenance program - \$323,536
  - One Utility Service Worker
  - One Utility Service Worker III
- Improve tidal valve maintenance – \$81,161
  - One Utility Service Worker
- Two (2) trucks to enhance stormwater operation's functionality - \$67,446
- Improve water treatment process and management quality - \$85,955
  - One Regional Chief Water Operator
- Central Region Wastewater System Capital Projects - \$9.4 million
- Complete streets and walkability improvements - \$700,000
- Corridor improvements along State Road A1A - \$8.0 million
- Improve response time for line stops - \$250,000
- Increase efficiency of stormwater drying beds - \$70,302

- Establish a Watershed Asset Management Plan (WAMP) - \$1.4 million
- Additional funding for Breakers Avenue and Birch Road Improvements - \$410,000 (bringing total project appropriations to \$3.0 million)
- Priority bridge restoration projects - \$750,000
- Priority Water and Sewer Community Investment Plan Projects - \$6.7 million
- Stormwater infrastructure improvements - \$203.3 million (subject to bond financing)
- Road maintenance and resurfacing - \$1.2 million
- Priority sidewalk and paver replacement projects - \$1.0 million



## NEIGHBORHOOD ENHANCEMENT

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Fort Lauderdale is a community of communities with more than 60 unique and charming neighborhoods, a beautiful beach and a vibrant business and entertainment center. It has both historic charm and modern urban amenities. The City of Fort Lauderdale is proud of its active and engaged community of neighbors and businesses, with 62 recognized civic and homeowners associations and 49 commission advisory boards. The City Commission relies heavily on their participation in the public policy process that enhances the quality of life for our communities. The work and services in this area are aligned to **help our neighborhoods be healthy, strong and stable**. With the goal of being an **inclusive community made up of distinct, complementary and diverse neighborhoods**, the City Commission is also committed to ensuring that no one neighborhood is left behind. This requires both effective code enforcement and investments in community aesthetics and features.

The operating budget includes \$171,152 in enhancements, including the addition of 1 full time and 1 part time position. Highlights of the CIP and operating budget enhancements follows below:

- Create a food repatriation program - \$131,152
  - One Administrative Assistant I
  - One Part Time Driver
- Create personal property asset search program - \$40,000



## PUBLIC PLACES

Great cities worldwide have great **public places**, from a small passive parks, to grand open gathering forums, to pleasant pathways. Our public places **create a sense of place, reflective of our tropical, urban lifestyle**. This is where our community comes together to enjoy simple activities such as listening to music or shopping at a farmer's market, or to celebrate large-scale events. These places are where both public and private recreational programming can be held for all ages, and directly influence community health and activity levels. The City of Fort Lauderdale strives to be a City with **safe, clean, and interconnected** Public Places. This cylinder of excellence overlaps with Infrastructure by focusing on easy accessibility to parks and public places, through increasing connectivity through mass transit, greenways and blueways. The City also strives to leverage private developments to ensure thoughtful and positive benefits to the public realm.

The FY 2019 CIP includes \$7.6 million in new funding for parks and other public places. The operating budget includes \$942,172 in enhancements, including the addition of 5 full time positions and the reduction of 2 part time positions. Below is a summary of the CIP and operating budget enhancements for the Public Places Cylinder of Excellence:

- Improve program coordination at Carter Park - \$83,756
  - One Recreation Program Coordinator
- Improve maintenance of tennis facilities by increasing full-time community builders and reducing part-time positions - \$17,783
  - One Municipal Maintenance Worker II
  - Reduce Two Part Time Municipal Maintenance Workers
- Reduce water consumption and expense by expanding new technology irrigation program – (\$38,127)
  - One Irrigation Technician
- Increased maintenance at Snyder Park – \$106,208
  - Two Apprentice Municipal Maintenance Workers
- Enhance community building through programs and events - \$102,552
- Mills Pond basketball courts - \$400,000
- Florence C. Hardy Park improvements - \$800,000
- Enhance median maintenance - \$650,000
- Funding for an annual box wrap program - \$20,000
- Mills Pond Park artificial turf field - \$3,000,000
- Aquatics Complex renovations - \$337,711
- Mills Pond Park “green” improvements - \$749,300
- City-wide playground replacements - \$497,250
- City park renovations and improvements - \$1.1 million
- Riverwalk park improvements - \$200,000
- Parker Playhouse renovation - \$500,000



## PUBLIC SAFETY

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One of the most important and essential roles of government is public safety. We must be a **safer city for all neighbors, including our daily commuters, visitors, and tourists**. The City is committed to **saving life and property** through rapid, effective, and specialized response. Spanning advanced medical programs, such as, fire and accident response, and ocean and fire rescue are a constant presence and service. The City must also be **well-prepared for and responsive to all hazards** to reduce the risk to neighbors and critical assets from hazards storms, flooding and fire. Moving forward, climate change concerns and risks must be integrated into emergency management planning.

The FY 2019 CIP includes \$1.2 million in new funding for public safety related capital projects. The operating budget includes \$1.2 million in enhancements in support of the Public Safety Cylinder of Excellence. Highlights of the CIP and operating budget enhancements include:

- Fire-Rescue Department equipment replacements and upgrades including: Power Lift Stretchers (10), Replacement of all expired Body Armor, New Self-Contained Breathing Apparatus (10 sets), Thermal Imaging Cameras, and Fire-Rescue Humvees (3) - \$805,000
- Improve storage and architecture for the Police information technology services - \$414,000
- Police marine patrol vessels - \$710,000
- Additional funding for the fire alerting system replacement - \$500,000 (bringing total project appropriations to \$1 million)



## INTERNAL SUPPORT

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The City's mission is to build community. The Cylinders of Excellence are **how we build community**. None of this would be possible without the Internal Support platform to motivate and support our internal workforce community to deliver best-in-class municipal services. **An innovative, neighbor-centric, and well-trained workforce** needs fundamental tools, such as phones, internet, facilities, and equipment. It also needs programs in place such as employee safety and wellness, training, strategic performance management and process improvement; this is how we keep up with progressive communication and service delivery mechanisms desired by our neighbors. In order to be smarter, faster, and cheaper, we must **manage our resources wisely and sustainably** through sound fiscal management, integrating sustainability into daily operations and planning, and procurement of goods for the best value.

The FY 2019 CIP includes \$3.3 million in new funding for the Internal Support Cylinder of Excellence. The operating budget includes \$4.9 million in enhancements, including the addition of full time 14 and 5 part time positions. A summary of the CIP and operating budget enhancements follows below:

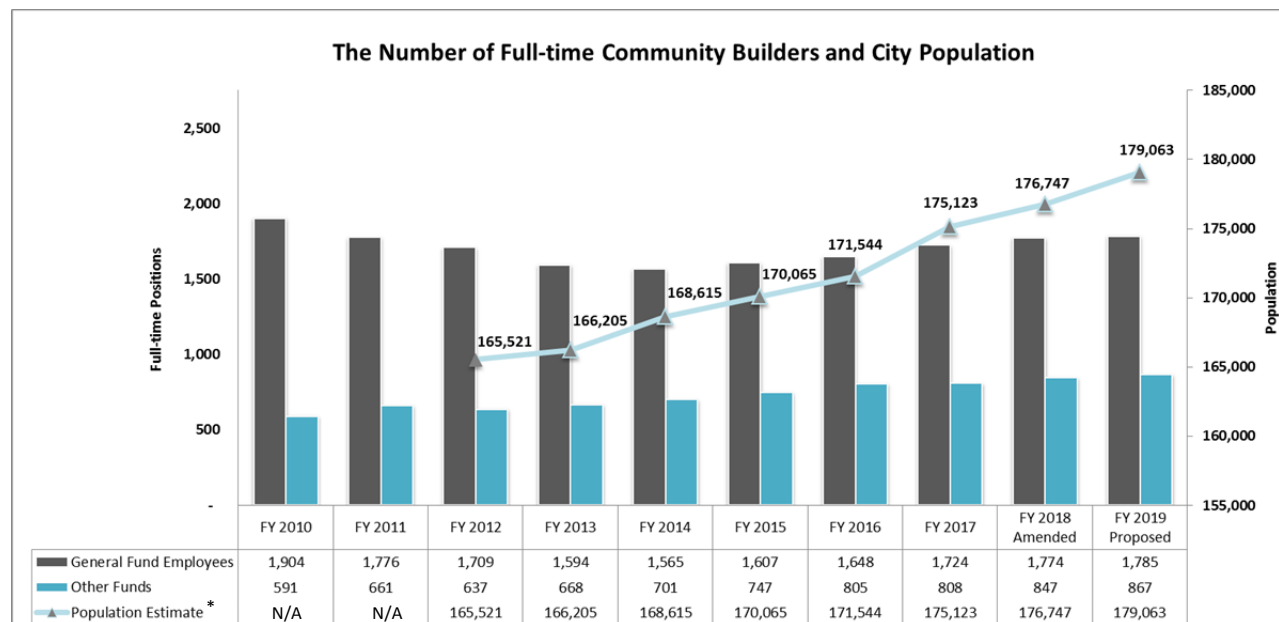
- Enhance the City's data analytics and transparency with open data software - \$100,000
- Security improvements and lobby renovation for the Department of Sustainable Development facility - \$954,720
- Replace furniture at the City Prosecutor's office - \$36,511

- New Assistant City Auditor III position - \$142,570
  - One Assistant City Auditor III
- Improved integration and support of City's land asset management system - \$1.3 million
  - One Technical Support Coordinator
  - Two Senior Technology Strategist
- Enhance call center support staff and improve data management - \$277,202
  - Two Service Clerks
  - One Administrative Assistant I
  - Four Part Time Service Clerks
- Improve staff mobility and efficiency through the purchase of additional vehicles - \$1.0 million
- Improve financial transaction efficiency and accuracy through technology - \$200,210
  - One Accounting Clerk
- Enhance Geographic Information System (GIS) resiliency for the City's land asset management system - \$195,170
- Enhance the City's communication and information technology infrastructure - \$275,692
- Enhance support for the City's enterprise resource platform implementation - \$80,756
  - One Part Time Clerk
  - One Technology Strategist
- Increase community builder safety and training - \$135,501
  - One Training Specialist
- Improving efficiency and compliance with the City business tax requirements - (\$78,963)
  - One Business Tax Office Supervisor
- Enhance the City's lien search services – (\$172,500)
- Citywide camera initiative - \$300,000
- Implement an annual purchasing card audit - \$25,000
- Enhance the City's insurance policy coverage for community builders - \$220,240
- Improve the City's technology security and encryption services - \$270,000
- Enhance the Fire-Rescue Department's administrative support - \$11,354
  - One Administrative Assistant I
- Increase staffing and relocate the health and wellness center - \$264,252
- Conduct a special neighbor survey to more accurately understand neighbor concerns - \$25,000
- Enhance the water and sewer systems critical infrastructure control system - \$100,762
  - One Technology Security Analyst
- Funding to contract with an attorney/instigator service to assist the Office of Professional Standards - \$50,000
- Enhance the City's fuel and charging stations - \$314,575
- Enhance the City's facility maintenance program with dedicated purchasing support - \$87,323
  - One Procurement Specialist II
- Enhanced traffic data by utilizing Bluetooth sensors - \$116,250
- Priority citywide facility repairs - \$2.0 million

The enhancements and position additions reflect the increased demands being placed on Community Builders and the high quality services desired by our neighbors. Attracting and retaining a talented and diverse workforce of Community Builders is essential to achieving the goals and vision we all have for our City. We must also ensure that our staffing levels are sufficient to achieve the plans that we have set forth. As presented above, I am recommending an increase in staffing to further the work of our Vision and Strategic Plan. These positions include: 11 positions needed to maintain and improve

the City's **Infrastructure**, 1 full time and 1 part time position for continued **Neighborhood Enhancement**, 5 full time and the reduction of 2 part time positions for neighbor programs and maintaining our beautiful **Public Places**, 3 positions to increase our **Business Development** efforts, and 14 full time and 5 part time positions in **Internal Support** to ensure efficient delivery of services.

The net effect of the proposed position additions and changes proposed for FY 2019 is an increase to the position complement of 33.5 full-time equivalent positions or a 1.2% increase over last year's amended budget of 2,775.8 full-time equivalent positions. The total General Fund personnel complement for FY 2019 is proposed at 1,785 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. The General Fund Proposed personnel complement of 1,785 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 this period of time.



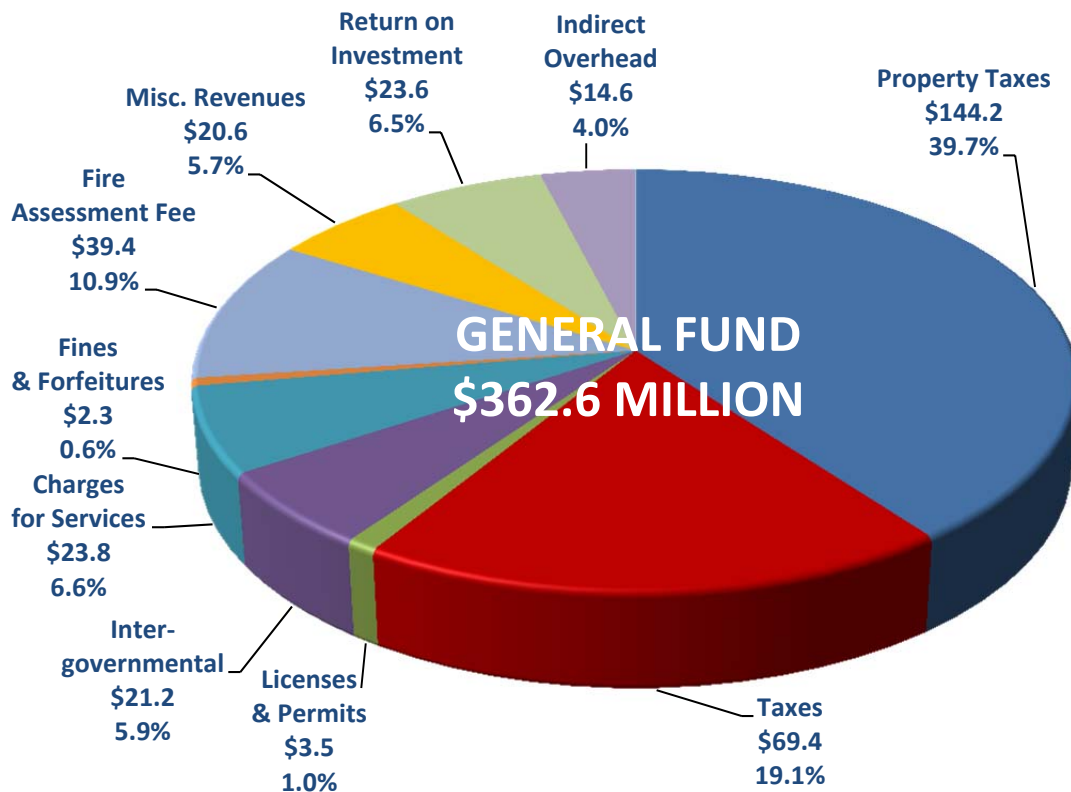
\*Population Estimate begins in FY 2012 with the 2010 Census data.

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.

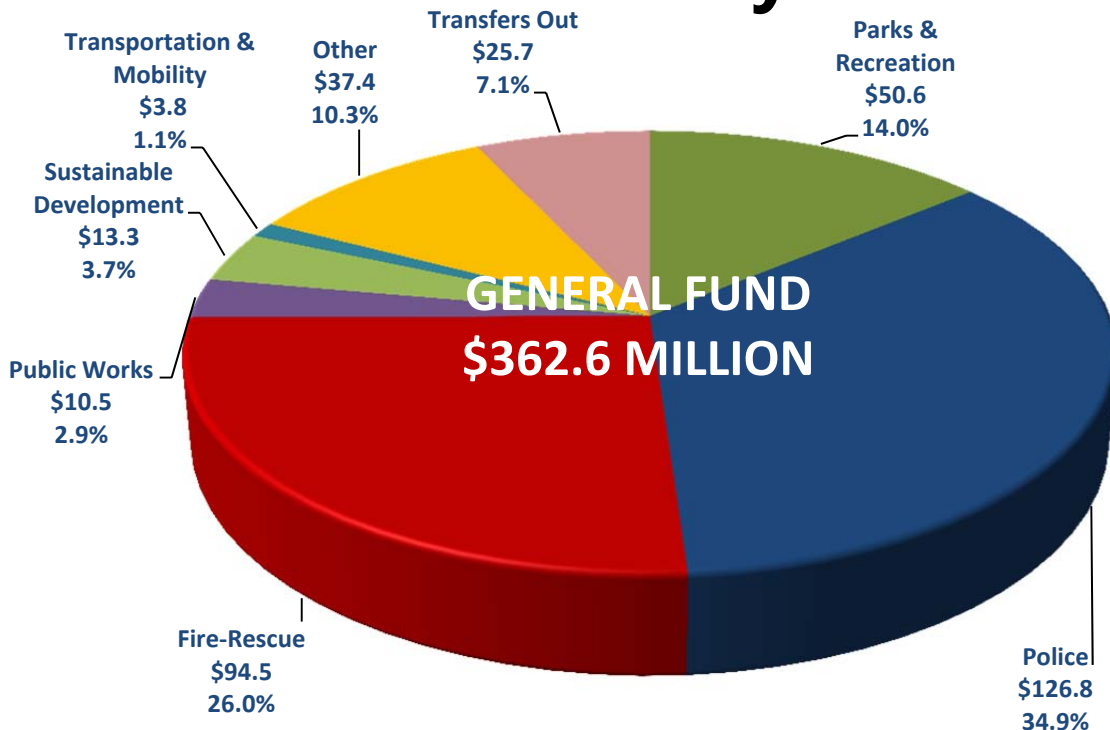
	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Amended	FY 2019 Proposed
General Employee Retirement System Annual Contribution	\$ 19,351,946	\$ 21,498,801	\$ 22,358,550	\$ 13,562,595	\$ 15,061,353	\$ 15,501,180	\$ 14,393,012	\$ 14,650,881	\$ 10,459,835	\$ 8,824,651
Police & Fire Annual Contribution	25,752,119	30,664,176	30,928,447	15,075,469	15,388,327	15,599,916	13,867,934	17,325,393	19,328,568	18,108,528
Debt Service for Pension Obligation Bonds	-	-	-	27,399,827	26,453,846	26,361,882	26,358,764	26,362,004	26,321,313	26,493,149
401(a) Defined Contribution Plan	995,757	1,007,210	1,210,445	1,600,100	1,984,272	2,583,362	3,118,307	3,752,128	4,804,102	5,257,505
Total City Retirement Contributions	\$ 46,099,822	\$ 53,170,187	\$ 54,497,442	\$ 57,637,991	\$ 58,887,798	\$ 60,046,340	\$ 57,738,017	\$ 62,090,406	\$ 60,913,818	\$ 58,683,833

**Note: The City issued Pension Obligation Bonds in 2012**

# Where the Money Comes From



# Where the Money Goes



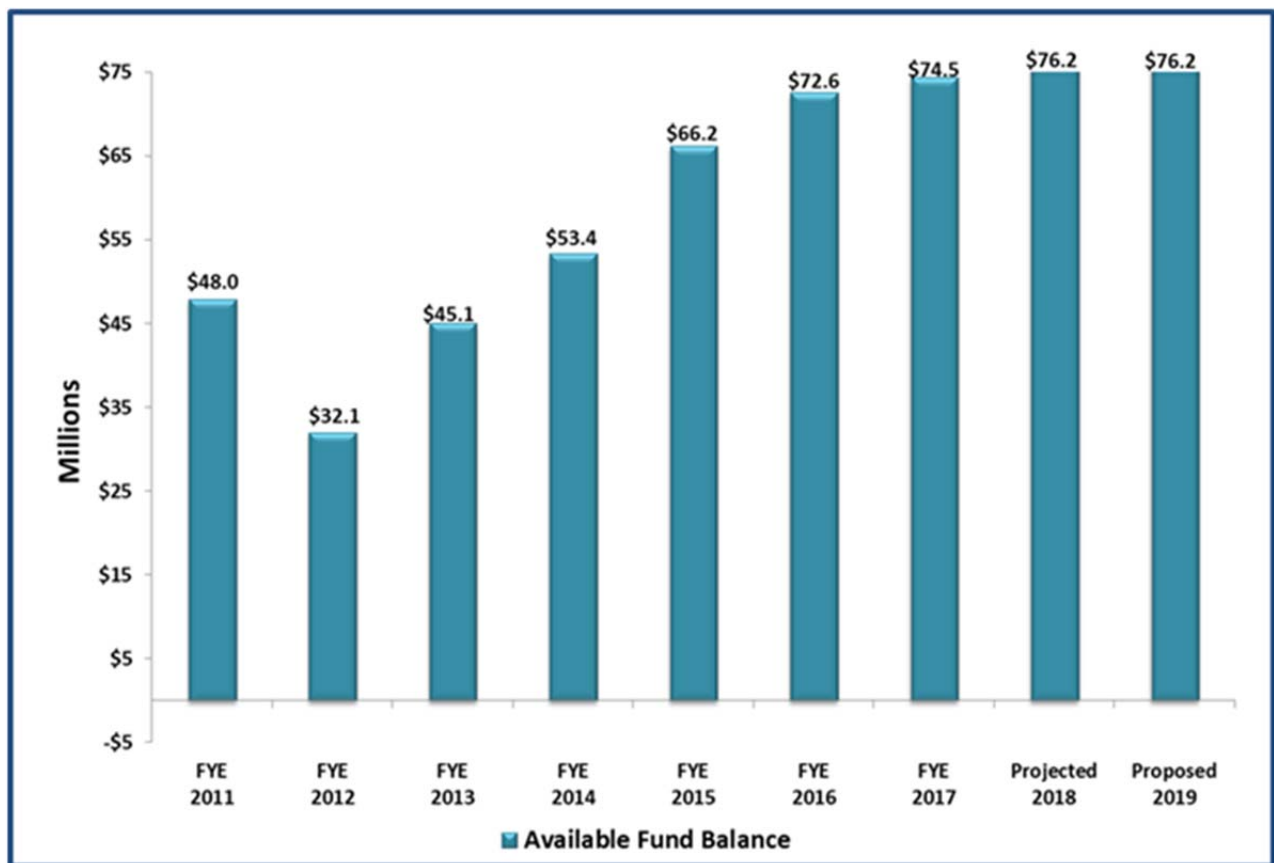
\*Other includes Charter Offices, Finance, Human Resources and Information Technology Services Departments.



### 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 2019 estimated fund balance exceeds our minimum policy requirement by \$19.0 million with a total available fund balance of \$76.2 million or 22.19% of the General Fund budget as shown in the following chart. However, we are still a 2.81% below our target fund balance of 25%.

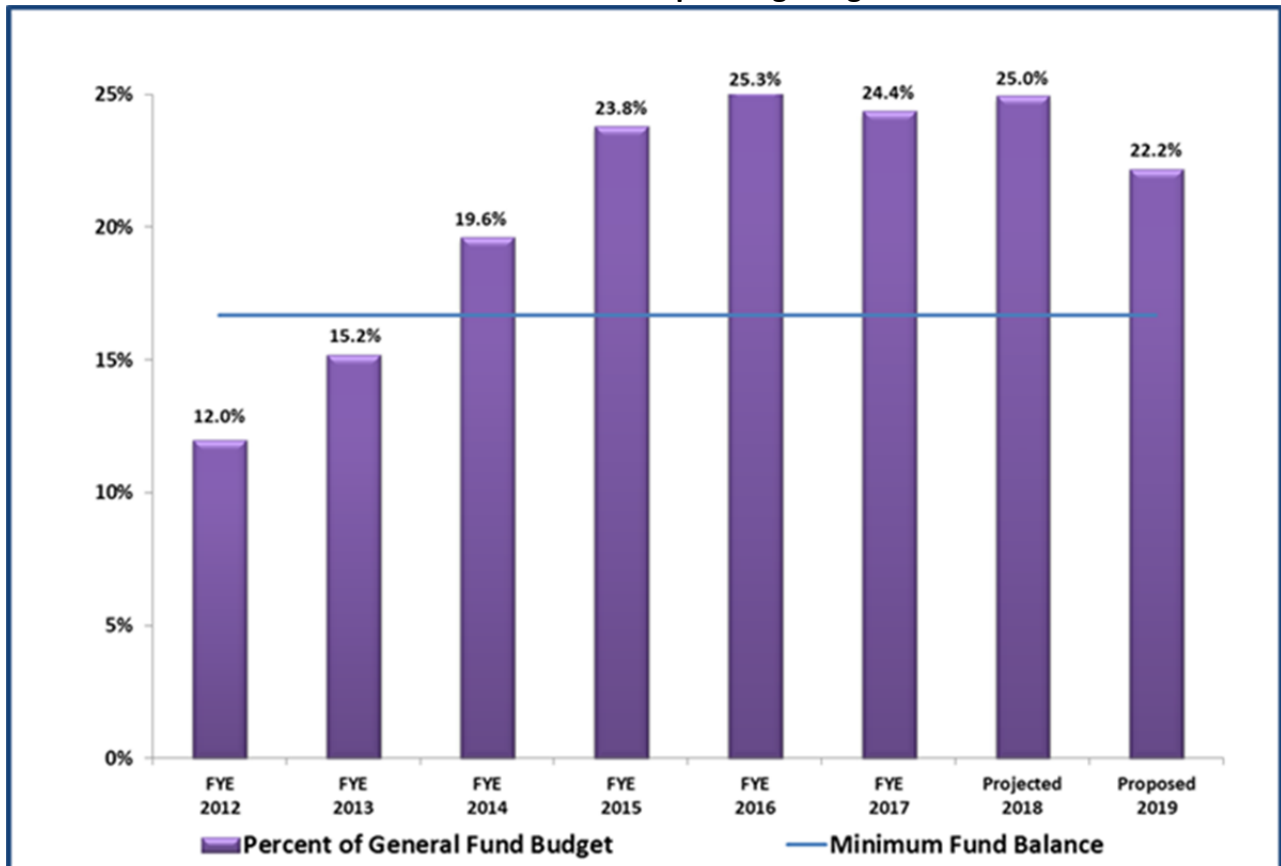
### General Fund – Fund Balance in Dollars



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



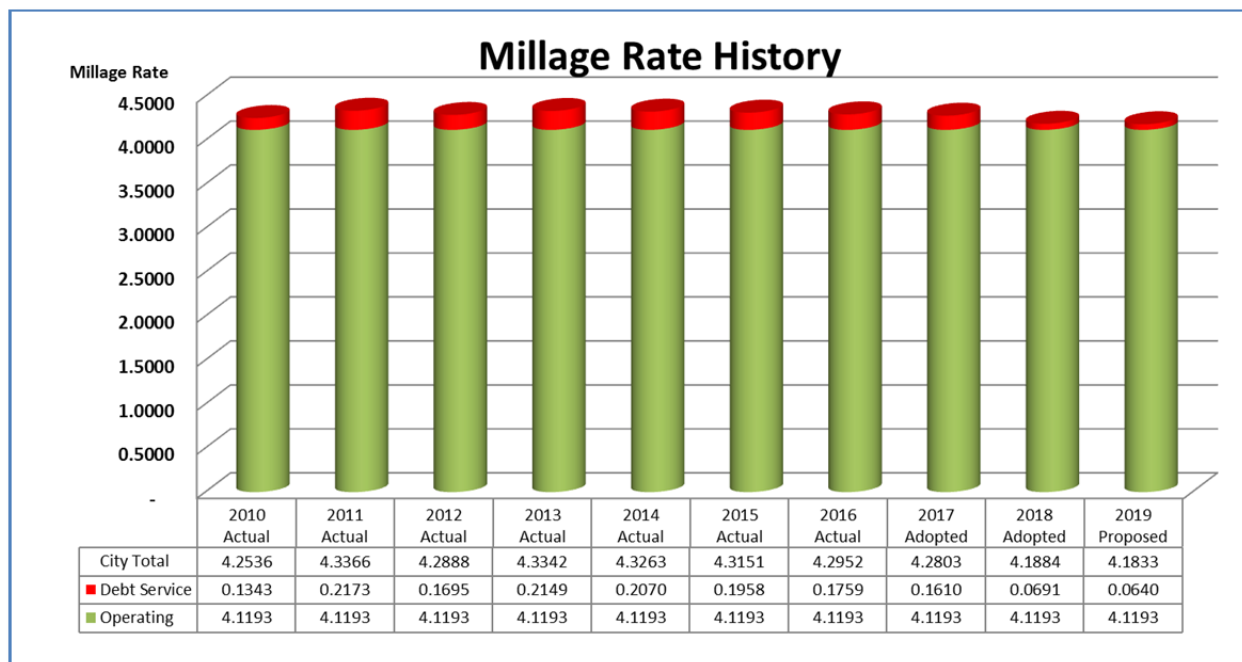
### Property Taxes

The City of Fort Lauderdale's total taxable assessed valuation as of the June 1<sup>st</sup> estimate is \$36.4 billion, an increase of \$2.9 billion, or 8.79%, from the prior year final valuation. The net new construction assessed during the last year totaled \$824 million. This increase in the taxable value is expected to generate approximately \$10.5 million in additional revenue for the City of Fort Lauderdale in FY 2019. Revenue from ad valorem taxes is projected at \$144.2 million, which represents approximately 39.8% of the total General Fund revenue. The chart below presents the taxable values and net new construction for the last ten years.

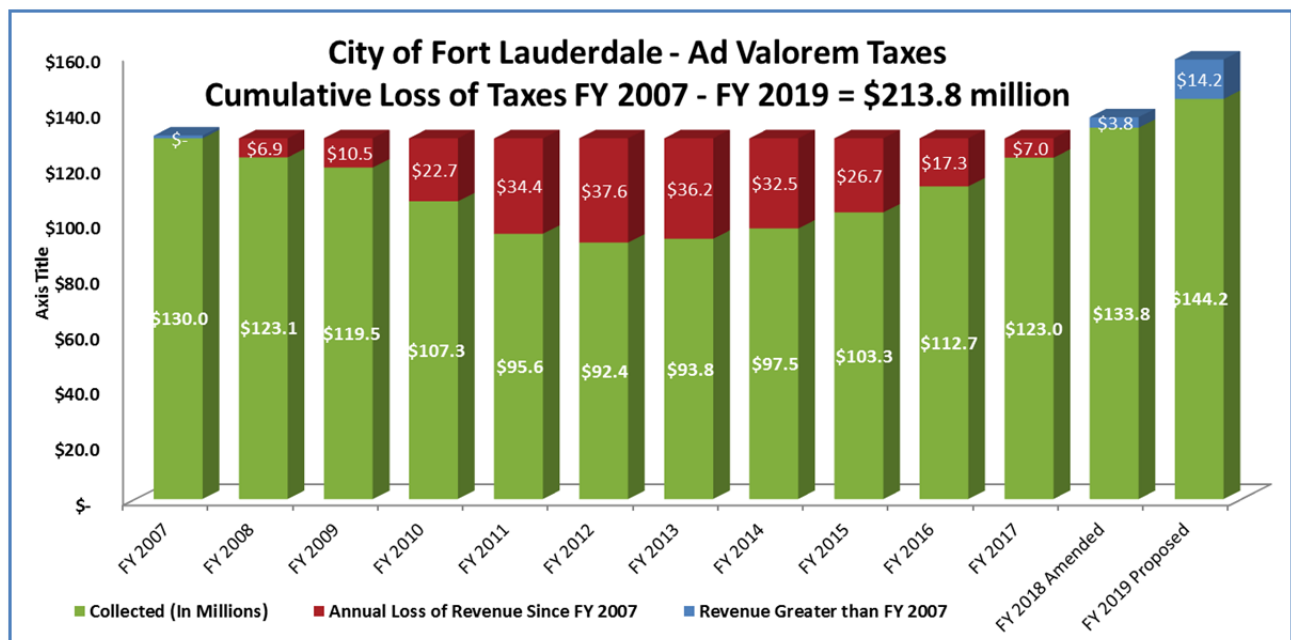
#### Taxable Value & Millage Comparison

Calendar Tax Year	Net New Construction	Final Gross Taxable Value	Increase/Decrease from Prior Year	Operating Millage Rate
2018-July 1st	\$ 824,076,040	\$ 36,476,192,981	8.79%	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
2009 Final	\$ 271,277,218	\$ 27,422,141,727	-9.73%	4.1193

The FY 2019 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 4.1833 which is a 0.12% decrease from the prior year rate of 4.1884. The debt service millage adjusts annually based on the property valuation and debt service requirement.



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 \$232 million from 2007 to 2017. Property tax revenue finally recovered in FY 2018 and in the FY 2019 proposed budget exceeds the FY 2007 level by \$14.2 million.



### **FY 2019 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 2019 Water & Sewer Fund proposed expenditures are \$121.8 million, which is \$14.9 million less than the FY 2018 Amended Budget. The City is currently reviewing and updating its Water & Sewer Rates. The new rate structure, once approved, will be incorporated into the FY 2019 operating budget. Based on the existing rate ordinance, a 5% rate increase for both water and sewer will become effective October 1, 2018. The impact of the approved rate increase on a residential neighbor using 5,000 gallons of water per month amounts to an increase of \$3.16 per month, as illustrated below:

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

<b>5/8 Inch Meter</b>	<b>Old Rate</b>	<b>Proposed Rate</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Water Charge</b>	\$23.59	\$24.77	\$1.18	5%
<b>Sewer Charge</b>	\$39.52	\$41.50	\$1.98	5%
<b>Total</b>	<b>\$63.11</b>	<b>\$66.27</b>	<b>\$3.16</b>	<b>5%</b>

### **Central Regional Wastewater System Fund**

The Central Regional Wastewater System Fund proposed expenditures are \$32.0 million which is \$2.0 million more than the FY 2018 Amended Budget. The large customer wastewater rate will increase from \$1.92 to \$2.25 per 1,000 gallons.

### **Self-Insured Health Benefits Fund**

The City managed self-insured health programs are funded through insurance charges to employees and retirees along with a City contribution on behalf of employees. The City's contribution for health has varied by employee group in prior years. However, the City's health contribution for every Community Builder will be \$847 per month beginning January 1, 2019. The City's contribution is adjusted annually by the total medical and pharmacy trend for plans with a medium level of member cost sharing plus 2%, as published in the 2<sup>nd</sup> Quarter Arthur J. Gallagher & Co. GBS Actuarial Consensus Trend Forecast. Self-Insured Health Benefits Fund proposed expenditures are \$34.2 million, which is \$2.9 million more than the FY 2018 Amended Budget. In 2013, the City opened a health and wellness center to provide insurance participants with convenient access to health care and has enhanced the contracted levels of staffing at the wellness center in Fiscal Year 2018. This

initiative decreases the cost of health claims from other providers and is an enhanced benefit for our Community Builders and their dependents.

### **Central Services (Information Technology Services) Fund**

The Central Services Fund is established to provide citywide technical resources, deliver customer care, and provide computers, telephones, mission critical two-way communications infrastructure and handheld radios, website, intranet, internet, electronic mail, wireless and mobile communications, business software applications, desktop software applications, training, and supports citywide hardware and software security. This fund is supported by charges to user departments based upon services provided. The Central Services Fund proposed expenditures are \$22.0 million, which is \$580,001 less than the FY 2018 Amended Budget.

### **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, public trash receptacles, and street sweeping services. 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 \$24.1 million, which is \$864,157 less than the FY 2018 Amended Budget.

Effective October 1, 2018, the residential rates are recommended to increase by 3%. The impact of the approved rate increase on a residential customer is illustrated below:

#### **Effect of Increase on Base Monthly Sanitation Rates**

<b>FY 2018</b>	<b>FY 2019 Proposed Rate</b>	<b>\$ Change</b>	<b>% Change</b>
<b>\$31.61</b>	<b>\$32.56</b>	<b>\$0.95</b>	<b>3%</b>

### **Vehicle Rental (Fleet) Fund**

The City's fleet consists of approximately 1,604 vehicles and rolling stock. The Public Works Department oversees four fueling facilities. This fund is supported by charges to user departments and funds based on the services provided. The FY 2019 Proposed Budget, including transfers is \$21.3 million, which is \$1.7 million less than the FY 2018 Amended Budget.

### **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 2019 proposed operating budget and transfers for the Stormwater Fund is \$17.8 million, which is 3.0 million more than the FY 2018 Amended Budget.

The City is undertaking a rate study with an intended implementation date of January 1<sup>st</sup> 2019 with the goal of developing a stormwater rate structure sufficient 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 as of October 1, 2018. They are critical to the continued success of the Stormwater Management program:

**Stormwater Fee  
 Effect of Monthly Increase on Neighbors**

Stormwater Charge	Old Rate	Adopted Rate	\$ Change
<b>Residential &lt;= 3 Units</b>	\$10.00/unit	\$12.00/unit	\$2.00/unit
<b>Commercial, Industrial, and Residential &gt; 3 Units</b>	\$100.80/acre	\$120.96/acre	\$20.16/acre
<b>Vacant Land, Parks, and Well Fields</b>	\$31.95/acre	\$38.34/acre	\$6.39/acre

**Parking System Fund**

The Parking Fund is a self-sustaining fund, using no tax dollars to fund the parking operation. It includes garages; lots; enforcement; and managerial, administrative, and field personnel. All salaries, benefits, and expenses are paid exclusively from user-based revenues collected from meters, the sales of permits, and citations. Excess revenues are accumulated in the fund balance to finance major reconstruction and rehabilitation projects of the City's garages and parking lots. The Parking System Fund proposed expenditures are \$18.2 million, which is \$13.1 million less than the FY 2018 Amended Budget.

**Airport Fund**

The Fort Lauderdale Executive Airport is a major job center, employing over 5,130 people in its aviation and non-aviation properties and provides an estimated \$839 million annual economic impact to the area. The Airport is self-sustaining, with revenue generated by land leases and fuel flowage fees. The Division administers 37 land leases for both aviation-related and Industrial Airpark parcels on the 1,200-acre property. The Airport Fund proposed expenditures are \$14.8 million, which is \$1.3 million less than the FY 2018 Amended Budget.

**Housing and Community Development Grants Fund**

In FY 2019, the City anticipates receipt of \$9.5 million in Federal Entitlement Grants. These Housing and Community Development programs benefit our neighbors through quality affordable homes for all, strengthening the housing market to bolster the economy, and improving the overall quality of life for our neighbors. These direct programs are 100% grant funded with no contribution from the City. Community Development Block Grant funds provide flexibility to address quality of life issues in the communities of Fort Lauderdale including housing, public service needs, public facility needs, and



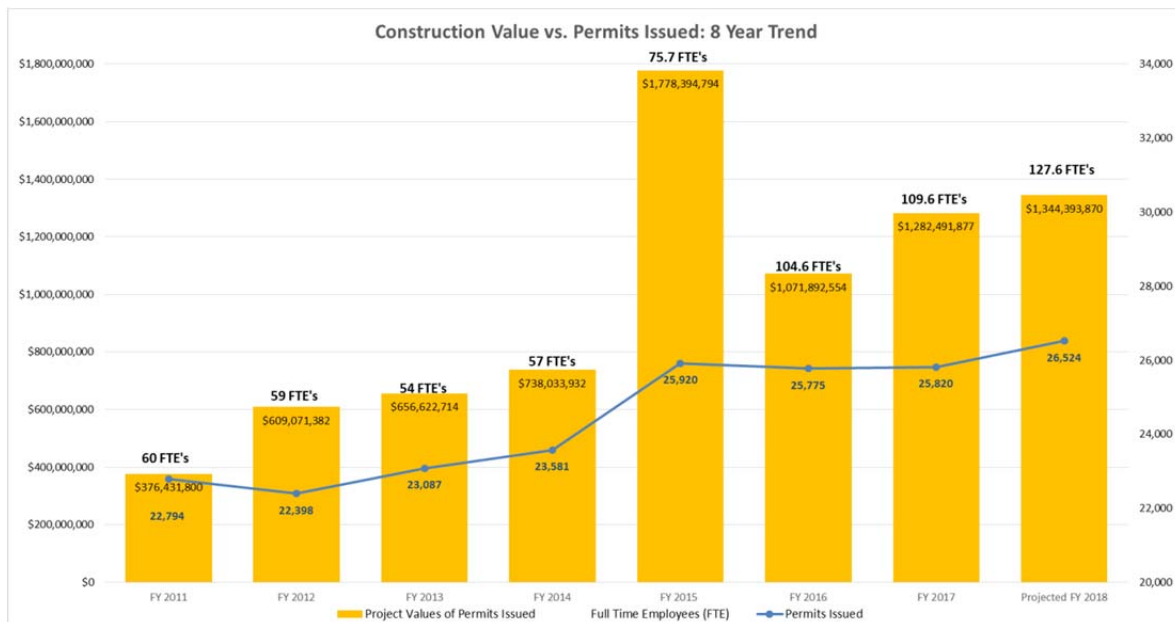
economic development. Home Investment Partnership Program funds are used primarily to address housing assistance to eligible homeowners, agencies, renters, and homebuyers. Assistance is provided in the form of down payment assistance or housing rehabilitation loans. Housing Opportunities for Persons with AIDS/HIV provides funding for housing assistance, social services, program planning and development costs for targeted special needs clients who are diagnosed with HIV/AIDS.

### City Property & Casualty Insurance Fund

The Property/Casualty City Insurance Fund proposed expenditures are \$20.0 million, which is \$3.4 million more than the FY 2018 Amended Budget. Workers compensation claims increased by \$1.9 million due to claims history. The budget amounts are tied to actuarial reports or the cost of the insurance policy and include workers compensation, general liability, public official liability, employment practices liability, auto liability, and all-risk property insurance. The fund maintains a reserve of 100% of the actuarially calculated liability.

### Building Funds

The Building Funds have proposed expenditures of \$23.2 million, which is \$1.1 million less than the FY 2018 Amended Budget. The City's Building Division enforces to the Florida Building Code which establishes the standards to which any new construction or improvements to existing buildings must be built. In FY 2017, the City processed approximately 25,800 permits with a value of over \$1.2 billion. The revenue generated from the permit and inspection fees supports the City's Building Division operating expenditures as well as their technology and certification maintenance needs. The chart below represents the number of permits issued as compared to the construction value over the last eight years. The City is currently reviewing and updating its Building Permit Fee Schedule. The new rate structure, once approved, will be incorporated into the FY 2019 operating budget.



### **Conclusion**

Building a balanced budget is a challenging process; we are forced to consider difficult trade-offs between competing priorities and develop innovative solutions to enhance our service delivery within available resources. I am confident the Proposed Budget presents a balanced approach to achieving the City's goals and delivers the quality services our neighbors expect.

I want to express my appreciation to the Mayor and City Commission. This budget could not have been created had it not been for their leadership and courage in addressing dynamic challenges through engaging with our neighbors, contemplating the impacts of policy decisions, and identifying priorities through the development of the Commission Annual Action Plan. In addition, I would like to thank our Budget Advisory Board, Revenue Estimating Conference Committee, City Auditor's Office, Community Building Leadership Team, Budget Coordinators, Budget, Community Investment Plan and Grants teams, and all of our Community Builders for their efforts to create a comprehensive, strategic, transparent, and meaningful budget.

The FY 2019 Proposed Budget will be formally presented to City Commission at the first public hearing on September 6, 2018 and final public hearing on September 12, 2018 at City Hall, starting at 6:00 PM. I look forward to working with you, our neighbors, and our community builders to adopt and implement the Fiscal Year 2019 Budget.

Respectfully submitted,



Lee R. Feldman, ICMA-CM  
City Manager

***"Taxes are just the government's way of crowdfunding"***

***-anonymous***