



CITY OF
FORT LAUDERDALE

July 21, 1998

Mayor Jim Naugle
Vice-Mayor John E. Aurelius
Commissioner Jack Latona
Commissioner Carlton B. Moore
Commissioner Tim Smith

Honorable Mayor and Commissioners:

In accordance with Article IX, Section 9.2 of the City Charter, I hereby submit the proposed budget for FY 1998/99. The proposed property tax rate for operating and debt service purposes is 5.6919, which is 2.2 percent below the present tax rate of 5.8209 and will translate into no tax increase for the average homeowner with a homestead exemption.

I have often stated in previous budget messages that the budget is a continuum and with a defined plan of action we could accomplish the goals of the City Commission and our citizens while maintaining acceptable tax levels. This year's proposed budget is a good example of that continuum. As you recall, we recommended that in order to attain the goals of the Commission, we need a four-pronged approach: 1) productivity and competition, 2) expansion of the tax base through economic development and redevelopment, 3) improvement in the quality of life so that we not only maintain our present values but enhance them, and 4) transfer expenditures for services to regional providers and the County. Without each leg of this four-legged stool, we would not be able to present this budget in such a favorable light.

Tax Assessment Analysis

The booming economy has proved to be a double-edged sword for Fort Lauderdale. The tax base growth provides new construction revenue, a lower millage rate in absolute terms, and a reduction in the tax burden to completely offset increased values in real terms to the homestead property owner as shown in Tables I and II.

CITY MANAGER'S OFFICE
100 North Andrews Avenue, Fort Lauderdale, Florida 33301
Telephone (954) 761-5013, FAX (954) 761-5021

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Table I

<u>Tax Year</u>	<u>July 1st Assessed Value</u>	<u>New Construction/Annexation</u>
1998	\$11,041,122,687	\$219,590,660
1997	10,148,684,675	120,482,510
1996	9,635,986,462	70,258,720
1995	9,375,691,485	103,045,126
1994	9,204,530,702	64,842,220
1993	9,059,847,107	49,336,317
1992	8,986,150,191	95,011,682
1991	9,219,741,711	68,936,590
1990	8,758,469,188	76,210,170
1989	8,129,428,863	113,469,930
1988	7,614,260,898	124,466,120
1987	7,283,338,797	136,169,390
1986	6,744,340,170	97,856,330
1985	6,542,725,819	122,654,410

In addition to growth, the State Constitutional Amendment limits increases in taxable value of homestead property to no more than three percent or the percentage change in the Consumer Price Index -- whichever is lower. The current low inflation conditions translate to only a 1.7 percent increase and allows us to reduce the tax burden on residential property owned by long-time residents who traditionally have faced a tax burden equal to commercial and seasonal property owners.

Unfortunately on the other side of the sword, this low inflation rate, while minimizing our expenditure increases for supplies, contracts, and equipment, has also dampened the growth of revenue sources that have benefited from inflationary increases in the past. These revenues include utility and franchise sources, which represent over \$26 million in General Fund revenue. In past years, such revenue would increase to offset City expenditures and often exceed current year budget projections. With low inflation, the basis for these revenues is fairly stagnant and thus, we are not seeing the increases of the recent past. Additionally, we appear to be approaching saturation in the telephone market where we had seen significant jumps in utility taxes from cellular and long-distance carriers.

We discussed at your Budget Workshop the lower revenue in building permits due to building inspector vacancies, along with a delay in implementing the update of building permit fees recommended by an outside consultant. Fine and forfeiture citations have remained stagnant due somewhat to judicial review. In spite of these financial limitations, we have been able to present a proposed budget that calls for no increase in taxes to homeowners as shown in Table II.

Table II

Impact of Property Rates on Average Homeowner

	<u>Levied FY 97/98</u>	<u>Proposed FY 98/99</u>
Assessed Value	\$100,000	\$101,700
Homestead Exemption	<u>25,000</u>	<u>25,000</u>
Taxable Value	\$ 75,000	\$ 76,700
Operating Millage*	5.0633	5.0062
Debt Service Millage	0.7576	0.6857
Total Millage	5.8209	5.6919
Total Tax Bill	\$ 436.57	\$ 436.57

*Pursuant to s.200.065(3)(1), F.S., we will advertise a property tax increase for operations even though the average homeowner in reality will see no change bottom line.

Non-Discretionary Expenditures

Much of the increases in the General Fund budget are in non-discretionary areas. Union contracts, approved tax incentive payments, rent for delivery of City services, funding of a police officer previously grant funded, and increases in debt service account for 70 percent of the budget increase. Commission priorities can be attributed to 35 percent of the increase. Obviously, we have more expenditure increases for non-discretionary and Commission priorities than the budget increase itself. Therefore, we have had to streamline in other areas to cover these items. Other important improvements, in our professional opinion, such as better financial control for recreation and docks has been included in the budget. We have allocated 87% of our General Fund contingencies (\$2 million out of the original \$2.3 million appropriated) during FY 1997/98 for such items as the planning "to do list" for \$600,000 and \$200,000 for traffic projects, which reduces the beginning fund balance for next year's budget. We have reduced original budget requests by \$12.7 million. Recognizing that a 1% increase in property taxes brings a \$500,000 increase in revenue providing for non-discretionary expenditures alone has been a challenge.

Table III

FY 1998/99 BUDGET OVERVIEW

	<u>FY 1997/98</u>	<u>FY 1998/99</u>	<u>% Change</u>
General Fund	\$157,685,853	\$162,893,262	3.3%
All Funds	\$292,404,535	\$306,299,581	4.8%

REMINISCENCE

There is no greater testament to our success as a community than the general obligation bond projects which have been undertaken and completed in the last decade. Beginning with the ambitious 1986 bond election, the vision of the Commission and the sound projections of staff have been confirmed by the voters not only in that election but also with a new parks bond authorization in 1996. The improvements resulting from these processes have improved our quality of life and reflects the Commission's sense of the pulse of our neighborhoods: to develop a workable plan, to obtain the necessary support, and to implement and fulfill our dreams. The preliminary results of our third annual citizen survey indicates continued satisfaction with living in Fort Lauderdale and the quality of neighborhood life. Every City service in the survey received a higher satisfaction rating than prior years.

Table IV

Comparison of Satisfaction Levels in 1996, 1997, and 1998 Citizen Surveys

Percent Somewhat or Very Satisfied	1996	1997	1998
Fire Protection	60%	86%	92%
Sanitation	85%	88%	92%
Emergency Medical Services	*	80%	90%
Police	64%	85%	87%
Parks and Recreation	73%	77%	85%
Code Enforcement	52%	63%	84%
Streets	77%	74%	82%
Public Information	60%	72%	80%
Economic Development	71%	57%	75%

*Question not posed in 1996 survey.

This is but one tool to assess our progress as a community and our commitment to customer service.

We have found that by working together, we can accomplish even more than we anticipated, such as the boom of development downtown, at the beach and along Riverwalk. While we have learned that some of these externalities can be challenges to overcome, I believe that overall our efforts have resulted in an improved Fort Lauderdale poised to take on the next century.

PUBLIC SAFETY

The Commission has consistently set public safety as its highest priority while seeking to minimize the impact on the taxpayer and this budget certainly reflects this priority. We have included sufficient resources leveraged with grant dollars to have the impact of fifteen additional police officers on the street. Five will be assigned specifically to traffic and driving under the influence (DUI) enforcement. Six officers will be redeployed from administrative work duties with the anticipated receipt of grant funds to civilianize their current duties and additional technology will result in a greater impact on police presence than just the six officers. Four additional officers would be hired to supplement current downtown patrol. These four positions are contingent upon the financial participation of the Downtown Development Authority (DDA) and I have asked them to become a financial partner in this endeavor. Over the last eight years, we have increased the Police Department budget by a greater percentage than the increase in the total General Fund budget. The number of positions in the Police Department have increased while the total number of positions citywide has dropped.

<u>Full-Time Permanent Positions</u>	<u>FY 90</u>	<u>FY 98</u>
Police	765	787*
All Positions	2,303	2,224*

*Includes seventeen positions which are funded outside of the operating budget.

Obviously the 787 positions do not reflect the substantial increases we have proposed for next fiscal year.

We also are now devoting more resources to code enforcement than at the beginning of this decade. The FY90 budget for code enforcement was \$1.2 million compared to the FY98 budget which was \$1.8 million. In addition, other priorities that have a positive effect on our quality of life such as parks and recreation, beautification of medians, parks, and other public places, has placed added challenges to our operating departments.

While the General Fund budget has grown by 38 percent since 1990, the operating millage rate has only increased nine percent. Our tax roll, meanwhile, has grown by 35 percent, which supports the fact that we have purposely not taken full advantage of all the

improved value of property owned by our taxpayers. Approximately 34 percent of the growth has been in new construction (sixty percent of that coming since FY94) and much of it in non-residential development, which reduces the tax burden on the homeowner while supplying necessary capital for City service delivery. Although assessments have increased, we have minimized rates to maintain acceptable tax levels. Table IV supports this statement.

Table IV

Ten Years of Tax Rolls and Rates

Fiscal Year	Tax Roll (in millions)	New Construction (in millions)	Operating Millage	Total Millage
FY 89/90	\$ 8,200	\$ 113	4.5872	5.2005
FY 90/91	8,818	76	4.5274	5.1055
FY 91/92	9,202	69	4.6245	5.1493
FY 92/93	8,806	95	5.0257	5.5651
FY 93/94	8,871	49	5.0536	5.5651
FY 94/95	9,071	65	5.2485	5.7860
FY 95/96	9,389	103	5.3907	5.9069
FY 96/97	9,659	70	5.2570	5.7373
FY 97/98	10,080	120	5.0633	5.8209
FY 98/99 Proposed	11,041	220	5.0062	5.6919
Increase over FY90	\$ 2,841	\$ 107	0.4190	0.4914
% Change	35%	95%	9%	9%

It is difficult to list our many achievements over the last decade without overlooking some or underestimating the effort it took to reach them. However, I would like to delineate some of the areas of productivity where I am most pleased. In Police, we have made a significant effort to implement major technological improvements and community policing. Thanks to the efforts of many City departments, the Federal Bureau of Investigation has acknowledged an 18.92 percent reduction in reported Part I crimes. In Finance, we have transitioned to an on-line, real-time financial information system, improved our Moody's bond rating on Water and Sewer bonds from A1 to AA, refinanced bonds to obtain lower interest costs, and improved our customer service for bill paying. In Fire-Rescue and Building, we have melded our diverse inspection and development services into a synergistic whole and greatly expanded our capabilities to deliver emergency medical services. In Parks and Recreation, we have revitalized our facilities through the bond programs as well as programming efforts for the War Memorial and Fort Lauderdale Stadium; improved the profit margin of our cemeteries by 240 percent while maintaining quality service; met the maintenance challenge of increased usage of the beach, Riverwalk, and Mills Pond Park; and improved the visual

appeal of our entranceways and throughways with increased maintenance standards and landscaping. In Planning and Economic Development, we have revamped the zoning code, updated the City's long-range plans, increased the dockage available for boaters through two new marinas, and expanded our efforts to serve neighborhoods through capital improvements, education, and redevelopment. In Public Services, we have conducted a thorough evaluation of our sanitation services with the public, developed a workable Wingate Landfill closing process, initiated an enhanced replacement program for water and sewer infrastructure, and established a stormwater enterprise fund for long-range solution of drainage problems. In Administrative Services, we have facilitated a nationally-recognized labor/management process, migrated to a distributed information system which eases our hurdling of the year 2000, and adapted our parking systems to meet the demands of our growing economy and attractions.

EXPECTATIONS

On June 9, 1998, you identified priorities for the FY 1998/99 budget. Each issue, which would have an operating budget impact, has been addressed in this proposal.

Public Safety

Nine new officers plus six more through civilianization are included via grant funds to add to our present emphasis upon traffic accidents, drunk driving, drug intervention, and community policing. Our \$10 million police technology plan will take effect in the next fiscal year that includes the full unveiling of the pen-based mobile reporting which is scheduled for Phase I completion by the end of 1998. This is anticipated to free up significantly more time for officers to spend on varied enforcement efforts such as driving under the influence, pedestrian safety, and community policing.

We now have forty-two police employees fully dedicated to the community policing initiative. However, you have made it clear that you would like to see this initiative expanded. Therefore, I have included six grant funded civilian positions that will also allow six officers currently assigned these duties to be deployed where their full capabilities can be used in community policing. Finally, our plan calls for the addition of four new officers for patrolling areas downtown and I have requested the DDA to be our financial partner.

We are entering the final year of our current agreement with Broward County for delivery of emergency medical services; police and fire-rescue dispatch; and jail booking and space. Discussions for a new agreement have been initiated and we hope to have recommendations to you in October. The concept now being pursued would include squaring off our service boundaries to serve City and

County residents more efficiently and to establish joint power agreements with adjacent communities to operate as one service delivery system for Fire-Rescue.

Police and Fire-Rescue Overtime

Overtime budgets in Police and Fire-Rescue continue to be constantly monitored. Police overtime is due mostly to contractually-mandated court and holiday pay followed by detective and other unit call-outs, late arrests and reports, and off-duty arrests.

Since we have been actively involved in emergency rescue, we must keep our employees trained to meet medical standards. In Fire-Rescue, overtime is incurred to ensure adequate staffing while new employees are being trained as paramedics. This can take three to six months. Additionally, there has been increased turnover the past several months since Broward County has taken back twenty-six of their paramedics who had been assigned to the City. Some overtime is reimbursed through our agreement with Broward County such as detention, communications, and limited Fire-Rescue.

This budget does not increase the amount appropriated for Police and Fire-Rescue overtime. We will continue to closely monitor the situation and have challenged the two chiefs to look for ways to reduce our costs.

Police and Fire-Rescue Technology

In the current year's budget, the Commission authorized the financing of \$10 million for new technology. Bids and proposals have been solicited during this fiscal year and time is near for implementation of much of the plans outlined. The major components of this plan are: computer-aided dispatch and records management (\$3.8 million), pen-based mobile reporting for Police (\$2.2 million), office automation (\$2.1 million), imaging of Police records (\$535,000), a manpower allocation system (\$175,000), evidence and supply bar coding (\$100,000), jail management automation (\$100,000), digital photography/livescan (\$100,000), and a mobile operations simulator (\$150,000). In addition, Fire-Rescue and Building is planning a \$450,000 technology boost by leveraging dollars generated from a technology surcharge on permits to improve the building and inspections side of their operation.

Fire Station Location

The fire station location plan being developed will enable us to analyze all of our historic data on incident responses to electronically track the various types of emergency calls and in what areas of the City they are occurring. Final software programming will be completed in August which will allow the City to initiate the incident data analysis. It is estimated that the final station location plan should be complete by October. Other related activities currently taking place are the

merger of four of the fire stations into two new facilities to increase cost efficiencies and response capabilities.

Code Enforcement

In order to increase code enforcement presence in the various neighborhoods, the proposed budget includes funding for four additional code enforcement officers at a net cost of \$100,000. A total of \$200,000 has been added to Community Inspections (four positions), who along with two new building inspectors budgeted in the current year to assist with code enforcement, will be aggressively recruited to keep them filled and available for duty.

Transportation and Neighborhood Planning

A large and comprehensive transportation study of the beach area is currently underway. It is anticipated that a number of issues will require further study and refinement when the Commission revisits the beach moratorium issue. The proposed budget includes an additional traffic engineer as well as \$75,000 in funding for outside consulting to address not only beach traffic problems but those of neighborhoods as well. Funding has been included in this proposed budget to continue the temporary staff added in the current year to the "to do list". This should also provide additional capability for studying small area planning issues requested by our citizens. I have also provided for \$500,000 in contingencies for traffic calming measures to meet the citizen's expectations for neighborhood traffic solutions.

International Relations

This proposed budget includes \$35,000 in Planning and Economic Development to provide support for visitors from other countries, business contacts from overseas, and Sister Cities, International. As directed by the Commission, these funds will be leveraged with private dollars on at least a dollar-for-dollar matching basis. This funding is in addition to the \$5,000 included in the Commission budget for your expenses related to greeting foreign dignitaries.

Teen Programming

The Parks and Recreation Department has included \$208,000 in additional support for teen programming for afterschool arts and intramural programs at Stranahan, Dillard, and Fort Lauderdale High Schools as well as Sunrise and Rogers Middle Schools. We plan to expand the tennis programs for youth and adults at all tennis facilities including Bayview and George English Tennis Centers. At Holiday Park and George English Park, we will increase our teen programs and add roller hockey at Holiday Park once the appropriate facility is constructed.

Median Tree Replacement

The Parks and Recreation Department is compiling a citywide median tree replacement policy funded by the tree beautification trust fund. It is anticipated that 200 hundred trees will be replaced citywide at an estimated cost of \$20,000. In addition, the tree program of the 1996 bond issue calls for 400 trees this year and 2,000 to be planted over the next five years.

Parks Bond Projects

Many new parks bond projects will be coming on line over the next two to three years. Likewise, there will be a demand to staff and maintain these facilities in the fashion the voters expected when they were approved. In FY 1998/99, three new employees plus a summer worker are being recommended for maintenance related to Holiday Park and Riverwalk improvements at a cost of \$154,000 (including equipment).

Commission Support

In an effort to facilitate the City Commission's ACTION tracking system, an additional position has been included in the City Manager's Office. Such action will free up one position in the City Clerk's Office and the addition of another secretarial position should help to lighten the voluminous workload of the Commission.

FUTURE

In the longer term, I believe the City should continue its efforts to concentrate on the four-pronged approach I mentioned in my introductory remarks:

1). Productivity and Competition

The City will weather the ups and downs of economic fluctuations by being lean and mean with its organized delivery of service. The CALM process and the use of performance measures will help lead the way to continuous improvement. The application of technology citywide should enhance our efficiency and effectiveness with the Police Department leading the way.

2). Expansion of the Tax Base

We should continue to seek support for the beach, Riverwalk, and other areas of the City where non-residents work, vacation, and entertain but do not substantially contribute to the funding of the services provided. I urge the City Commission to maintain a strong economic development presence creating an atmosphere conducive to do business as one way to expand the tax base, and minimize the tax burden on the Fort Lauderdale homeowner.

3). Improvement in the Quality of Life

In the last eight years, we have focused on quality of life issues because a clean city is a safe city and one that everyone can enjoy. Fort Lauderdale should not lose its emphasis upon landscaping, entryways, and clean city initiatives to remain a truly “Beautiful City”. Code enforcement is a high priority to our residents and the latest citizen survey provides a guide to the Commission on which problems are of utmost concern.

4). Transfer Expenditures for Services to Regional Providers

The City should continue to work out beneficial relationships with Broward County and surrounding communities to effectively deliver public safety services as efficiently as possible. We should also invite partners to join us in mutual efforts such as the State, County, or citizens outside of Fort Lauderdale. For instance, we are exploring joint service agreements with Broward County, Oakland Park, and Hollywood for fire and EMS as a way to transfer ad valorem expenses to a special service fund. Also as further example through the property tax increment, we are projecting \$720,000 in revenue to both components of the Community Redevelopment Agency (CRA) combined from Broward County and the North Broward Hospital District.

If these four features are vigorously pursued, our future looks bright because of the foundation their implementation has allowed us to lay.

OTHER RESOURCES

Besides property tax rates, the proposed budget assumes adjustments in building permits to ensure recovery of costs. There are sufficient resources within the CRA to cover our projected operating costs, as for tax increment bonds and post office financing, and provide for the partial payback to the General Fund. The budget proposal includes a 4 percent increase in water and sewer rates to provide working capital for neighborhood projects. This increase will give the City Commission the flexibility to approve any water and sewer project without delay, if needed for health reasons or requested by neighborhoods.

EMPLOYEE COMPENSATION

The second year of labor contracts provide for predetermined increases in compensation. The Fraternal Order of Police contract calls for a 3.8 percent increase in wages, \$10 more per month for health insurance, increases in longevity and retiree health insurance benefits for a projected increased cost of \$1.1 million. The International Association of Firefighters contract includes a 2 percent COLA as well as an increase in Emergency Medical Technician and Paramedic certification pay of 2.5% at an

incremental cost of \$530,000. The AFSCME contract includes a 3.5 percent wage increase and a \$10 per month increase in health insurance amounting to an additional \$990,000. I have included a 2 percent increase for Category I and II managers and a 4 percent increase in pay for all other employees who are not represented by bargaining groups.

To address pension costs and provide flexibility in retirement benefits, the budget anticipates offering a defined contribution plan for all employees, at their choice, that are not represented by a bargaining unit. A study is currently being conducted for general employees to begin an education process for possible selection.

CONCLUSION

As you are aware, I will be leaving as City Manager before this budget is implemented, however, I will continue to be a resident of Fort Lauderdale and therefore have a vested interest in assuring a continued efficient and effective municipal government. I am confident that sufficient resources have been incorporated into this proposal to meet your expectations and I appreciate all who have assisted with the preparation of this and all budget documents over the last eight years. This process is the most important, annually-recurring process, any organization undertakes.

This budget message marks my thirtieth year of public service to municipal government. Since June of 1968, I have utilized the advice of my mentor, Thomas F. Maxwell, the City Manager in Norfolk, Virginia, and I have dedicated myself to serve the elected officials who hired me and the employees I lead. I have striven to uphold the high ethical ideals of my profession while tackling the challenges of the modern city today. I am proud of all that can be accomplished when elected officials, the constituents they represent, and professional staff are able to work together as a team, with good character, for the betterment of their community. In that respect, I believe that we have much to admire in the last eight years of Fort Lauderdale city government.

We ask you to formally set the dates of September 9 and 23 at 6:00 PM for the budget public hearings as discussed at your workshop. We stand ready to respond to your questions and to assist you in adopting the FY 1998/99 budget.

Sincerely,



George L. Hanbury
City Manager