



TOWN OF  
**LAUDERDALE • BY • THE • SEA**

4501 N. OCEAN DRIVE, LAUDERDALE-BY-THE-SEA, FL 33308  
Phone: 954-640-4200

September 6, 2022

Mayor Chris Vincent  
Vice Mayor Edmund Malkoon  
Commissioner Buz Oldaker  
Commissioner Randy Strauss  
Commissioner Theo Pouloupoulos

Honorable Mayor and Commissioners:

The theme of the FY22 budget is “Building a Stronger Foundation.” We are just over three-quarters of the way through the current fiscal year and we have accomplished many tasks outlined in the FY22 Budget with the goal of strengthening the Town’s foundation. These accomplishments include:

1. **Completing the Palm Club Sewer System.** The Palm Club septic to sewer project is substantially completed with the private property connections, which are the responsibility of Palm Club, being the only remaining work necessary to complete the project.
2. **Replacing the Town’s outdated financial software.** Our Finance Department staff has been working with Tyler Technologies for the last several months to incorporate the Fund Balance Program into the new Incode 10 system. The entire migration process will take through the first quarter of 2023; however, we are already utilizing the new monthly reporting system. Development Services staff has also started working with Tyler Technologies to update the Business Tax System which we anticipate will be ready for the FY23 BTR year.
3. **Overhauling the Town’s Public Information outreach.** This year, we have created a Crisis Communication Plan to help prepare Elected Officials and staff in addressing the public at large if a crisis occurs. We have improved our outreach by joining social media through Facebook, Twitter, and NextDoor and have developed an email blast to provide residents with highlights from the Commission meetings as well as weekly emails to provide community updates and information about events happening in the area.
4. **Reorganizing and Expanding the Community Events Staff.** Last year, the Commission decided to take over the management of the Visitor’s Center. To accomplish this and to improve our relationship with the community, we hired two part-time staff to work with the volunteers at the Visitor Center and we have reallocated staff so that we have an additional assistance with community and special events. Speaking of volunteers, we have improved our community volunteer program at the Visitor Center to encourage more involvement. All of this has been accomplished with less funds than were originally budgeted!
5. **Continuing the maintenance of our sewer system by proactively lining laterals.** In the past, we spent thousands on emergency repairs of our sewer system with each emergency disrupting the lives of our residents and guests. This year, we continued our policy of allocating funds to line

the laterals, reducing the probability that an emergency will occur. This proactive effort is saving the Town hundreds of thousands of dollars and inconvenience by eliminating costly emergency repairs and broken pipes.

6. Replacing the roofs on the Town Hall's Public Works and Development Services buildings. The reroofing of the Public Works and Development Services buildings are nearly complete.
7. Completing an audit of the Fire Department. The audit of the Fire Department was completed this year and it identifies recommendations for improvement. These recommendations will be incorporated into our new contract which will be presented to the Commission this fall. A review of our Fire Assessment was also completed to update our current assessment and recommend a new rate.
8. Completing an update of our Comprehensive Emergency Management Plan. This plan will ensure that we have a working document to follow in case of a physical emergency such as a hurricane or other natural disaster. This plan is tentatively scheduled to be presented to the Commission in September.
9. Working to secure \$811,000 for ongoing projects in the Town. We worked closely with State Representative Chip LaMarca and our lobbyists to secure a \$511,000 direct allocation from the State of Florida for the Codrington Drive drainage project. The County and Pompano Beach had previously authorized \$150,000 each toward the Palm Club project but did not reimburse the Town when the State failed to approve a direct allocation for that project. Staff contacted both governments and worked tirelessly to explain the benefit of the project and secure their allocation. We have received the funding from Pompano Beach and expect to receive funding from Broward County shortly.
10. Negotiating the purchase of the South Ocean Parking lot. The purchase of this lot will eliminate the requirement to turn over 85% of revenues to the property owner and ensure our control of the property going forward. The Commission approved this purchase at their July 12th meeting and we have scheduled the closing on September 1st.

The remainder of this page left blank intentionally.

# Overview of FY23 Budget

In accordance with Article V, Section 5.5 (7) of the Town's Charter, I hereby submit the Town Manager's recommended budget for the Fiscal Year 2022-2023, which begins on October 1, 2022 and ends on September 30, 2023.

This year's budget theme is "Staying the Course" which builds on the current budget's theme "Building a Stronger Foundation." Over the last year, staff has focused on making sure that we have a strong foundation both in the Town's physical and administrative infrastructure and as outlined in the above update, we have succeeded in ensuring that we are on the right track.

This year, we have worked hard to cut excess and delayed nonessential projects to present a budget that "Stay(s) the Course." The FY23 Budget includes the use of appropriated funds from the General Fund in the amount of \$471,553 from the Town's reserves to balance the budget. Using reserves for non-recurring expenditures is not sustainable and the FY23 budget reflects staff's efforts to move toward best practices by reducing our reliance on them. This was particularly difficult to accomplish this year as the budget also had to accommodate the staggering inflation rate that the nation has experienced resulting in increasing prices for utilities, supplies and labor. Although we have limited the increases in department expenses, this budget includes one additional Town employee to ensure that the Public Works staff can accommodate the community's needs.

Staff is proud to be able to present a budget based on 3.5 mills (an increase in .1077 and a return to 2021 millage rate). This rate is shared with Hillsboro Beach as the lowest municipal millage rate in Broward County with municipalities with a comparable organizational structure. This small increase will allow the Town to continue to "Stay The Course" and begin to plan for sustainability.

The purpose of the budget message is to provide context and a brief explanation of the significant items in the proposed budget, which is presented in the following worksheets attached to this message. These detailed worksheets include an overview of our personnel, the proposed operating and capital expenditures by fund, by department, and by line item, as well as detailed revenue projections. To assist the Commission in analyzing the proposed budget, the worksheet also shows actual revenues and expenditures in FY22, the current year budget, the revenues we expect to receive and the expenditures we expect to make in the current fiscal year. The budget binder is organized in the following manner: this budget message, the complete FY23 proposed budget worksheet tabs that include the historical, current and FY23 proposed budget information.

The Commission adopted the tentative millage rate and Fire Assessment fees at the July 26, 2022 special meeting. At that meeting, the Commission approved a tentative millage rate of 3.5000. This rate was submitted to the Property Appraiser for inclusion in the draft TRIM notices and can be lowered, but not increased by the Commission (without the Town incurring the cost to notice each taxpayer.)

The first of two Public Budget Hearings is scheduled for Wednesday, September 14<sup>th</sup>. The second and final hearing will be held on Wednesday, September 28<sup>th</sup>. Both meetings will be held at 5:30 p.m.

This year marks the second budget that I, as Town Manager, have been responsible for overseeing. In looking back over the past year and directing this process, I can only tell you how proud and humbled I am to manage such an exceptional group of people. This year has seen enormous growth, not only in our staff's individual professional abilities, but also in our efforts to work as a unified team. The Town residents should know that their employees genuinely care for their residents, work projects and each other.

My endless appreciation is shared with Ken Rubach - Deputy Town Manager, Lucila Lang – Finance Director, Edner Saint-Jean – Assistant Finance Director, Jhanelle Campbell – Development Services

Director, Katrina Adler, Courtney Easley, Debbie Hime and Lisa Slagle as well as all remaining staff members that make Lauderdale-By-The-Sea a special place to work. I would be remiss, if I did not mention our contract organizations and their staff, who are also an important part of the LBTS family. A special thanks to the Volunteer Fire Department members and Chief Hopping, BSO officers and Captain Palmer, AMR staff and Brooke Liddle as well as CAP, Calvin Giordano, Flynn Engineering and Reef (parking) employees. Finally, I would be remiss if I did not mention my deepest appreciation to our Town Attorney, Susan Trevarthen, and her legal team. They have always provided thoughtful guidance and legal advice and our Town is only the better for it.

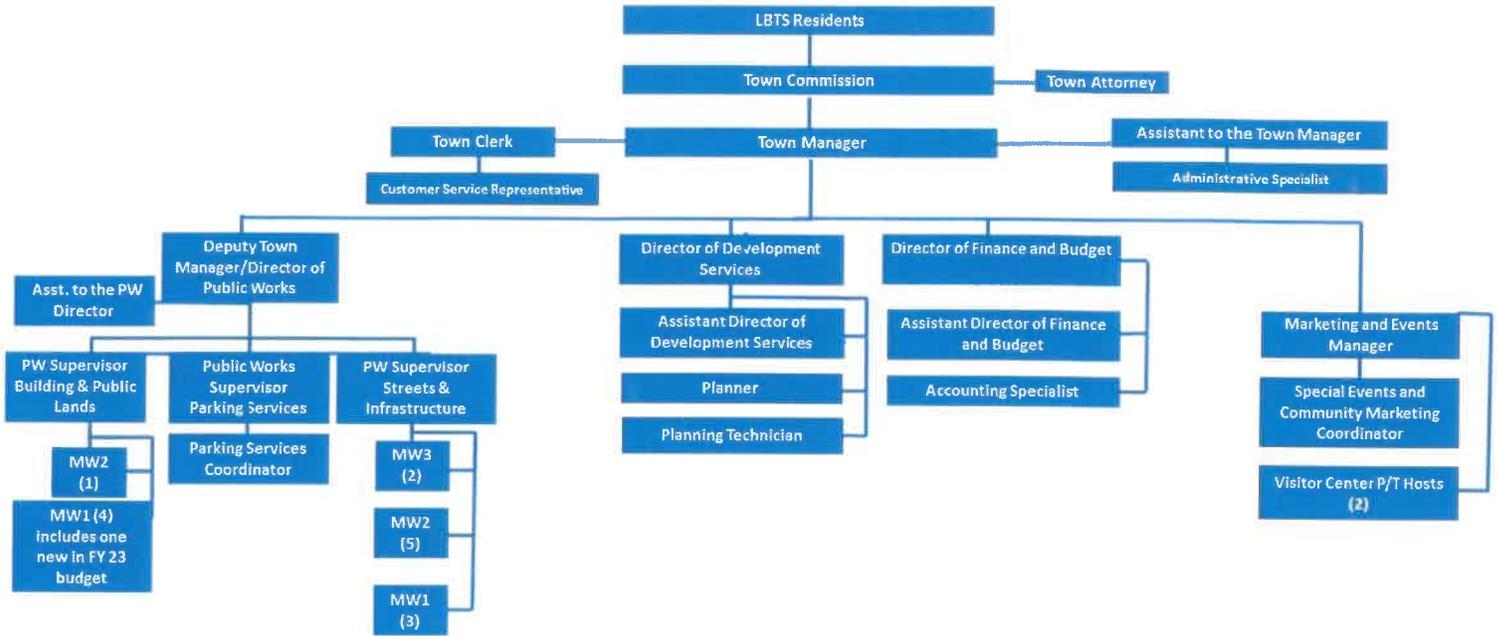
In closing, I am thankful for the confidence that the Commission placed in me when appointing me as the Town Manager. I value the leadership that you have exhibited and your input and insight in assisting in creating this document.

Respectfully submitted,

A handwritten signature in black ink that reads "Linda Connors". The signature is written in a cursive, flowing style.

Linda Connors  
Town Manager

# FY23 LAUDERDALE-BY-THE-SEA ORGANIZATIONAL CHART



## Personnel Overview

### Town Personnel

The Town's administration has worked hard to find the right balance to ensure that there are enough staff persons to complete the necessary tasks and provide exceptional customer service while ensuring that the Town's tax rate remains low. Over the years, we have been able to maintain a small workforce by incorporating contracted services and hiring exceptional employees. The Town's 36 employees and 5 elected officials are included above in the organizational chart. To complete the LBTS team, we also have contracts for Town Attorney, Building Department, Police, Fire, Emergency Services, Code Compliance, Engineering, Communications and Parking.

We strive to limit the number of employees, but we have noticed that our Public Works employees are no longer able to meet the community's needs. For this reason, total staffing for the FY23 budget is proposed to increase by 1.0 full-time equivalent (FTE) to 36 employees and 5 elected officials, as reflected in the above organizational chart and the authorized position list on the next page. This new position, Maintenance Worker 1, will ensure that the community has adequate municipal maintenance coverage on the weekend and will provide coverage for Sunday – Tuesday evenings (a time when we have previously not had staff scheduled).

<b>AUTHORIZED POSITIONS</b>			
	<b>FY22</b>	<b>Proposed FY23</b>	<b>+/-</b>
<b>Commission</b>			
Mayor	1.00	1.00	
Vice-Mayor	1.00	1.00	
Commissioner	3.00	3.00	
<b>Subtotal:</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>
<b>Visitors' Center*:</b>			
Visitors' Center (2 P/T)	1.00	1.00	0.00
<b>Subtotal:</b>	<b>1.00</b>	<b>1.00</b>	<b>0.00</b>
<b>Administration:</b>			
Accounting Specialist	1.00	1.00	
Assistant Director of Finance & Budget	1.00	1.00	
Assistant to the Town Manager	1.00	1.00	
Customer Service Representative	1.00	1.00	
Director of Finance and Budget	1.00	1.00	
Human Resources Manager <i>(FY23-Position reclassified as Administrative Assistant)</i>	1.00	1.00	
Marketing and Events Manager	1.00	1.00	
Special Events & Community Marketing Coordinator <i>(FY22: PIO; FY23-Position reclassified)</i>	1.00	1.00	
Town Clerk	1.00	1.00	
Town Manager	1.00	1.00	
<b>Subtotal:</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>
<b>Development Services:</b>			
Assistant Director of Development Services	1.00	1.00	
Director of Development Services	1.00	1.00	
Planner	1.00	1.00	
Planning Technician	1.00	1.00	
<b>Subtotal:</b>	<b>4.00</b>	<b>4.00</b>	<b>0.00</b>
<b>Public Works/Parking**:</b>			
Assistant to the Public Works Director	1.00	1.00	
Deputy Town Manager/Director of Public Works	1.00	1.00	
Maintenance Worker I	6.00	7.00	1.00
Maintenance Worker II	6.00	6.00	
Maintenance Worker III	2.00	2.00	
Parking Coordinator	1.00	1.00	
Public Works Supervisor, Building and Public Lands	1.00	1.00	
Public Works Supervisor, Parking Supervisor	1.00	1.00	
Public Works Supervisor, Street and Infrastructure	1.00	1.00	
<b>Subtotal:</b>	<b>20.00</b>	<b>21.00</b>	<b>1.00</b>
<b>Total FTE:</b>	<b>40.00</b>	<b>41.00</b>	<b>1.00</b>

\*These positions were created when the Town assumed responsibility for the Visitors' Center.

\*\*MW1-FY23 proposes one new staff member.

# FY23 All Funds Budget Overview

The proposed All Funds Budget is \$26,957,918 which is \$2.45 million less than the current FY22 Amended Budget. The Town's All Funds Budget is divided into six different funds which include General Fund, Capital, Sewer, Building, Fire, and Parking funds.

Of these, the Sewer, Building, and Fire fund are restricted and utilized to support the operations of these departments or divisions. The remaining funds include the General Fund which is utilized to support overall Town operations (Operational budget); the Capital Fund which pays for major construction and infrastructure projects and the Parking Fund which funds the parking program and, since the parking revenue has exceeded expenses in the past, this fund has historically been utilized to assist in funding the Capital expenses of the Town.

The primary increases in the budget are:

1. Purchasing the South Ocean Parking lot.
2. Increasing contractual services (Public Safety, Legal and Code Compliance contracts) in the amount of \$384,726 over last year's budget.
3. Reserving \$300,000 from the Fire Fund to begin saving for the construction or refurbishment of the Public Safety Facility.
4. Adding a Public Works staff member to ensure that the Town has coverage on Sunday – Tuesday nights.
5. Increasing funding to the Community Center to enhance their service to the public.
6. Funding two new special events – Kids by the Sea, a summertime event focusing and celebrating our ocean front and an outdoor movie night – and including funds to begin planning our 75<sup>th</sup> celebration.

While the proposed budget incorporates these increases, staff worked hard to offset the increasing by reducing the budget in the following areas:

1. 17% reduction in the Visitor Center budget as we were able to significantly reduce labor costs while maintaining high levels of service to our visitors.
2. 48% reduction in business development and marketing by reducing many of the costs associated with advertising due to the continuing popularity of the Town.
3. 6.85% reduction in Development Services department due to salary savings and more appropriate allocation to the Building Fund.
4. Minimizing the increase in the Public Works fund by postponing infrastructure maintenance projects to future years.
5. Eliminating the costs associated with the maintenance of the Dog Park (this also allowed the Town to forward funds associated with this project to the FY23 CIP).
6. Reducing Capital Projects budget to acknowledge the need to build reserves before moving forward. Remaining planned projects include:
  - Complete Codrington drainage improvements
  - New playground at Friedt Park
  - Downtown Enhancement
  - Bel Air Seawall Replacement
  - Canal Dredging

# FY23 BUDGET SUMMARY

## Town of Lauderdale-By-The-Sea

*The Adopted All Funds Budget is \$26.9 million, which is \$2.45 million less than the FY22 Amended Budget. The proposed operating budget expenditures of the Town of Lauderdale-By-The-Sea are 9% less than last year's total operating expenditures.*

*Because of accounting requirements, some large budget accounts are effectively double counted in the All Funds budget.*

**General Fund Millage: 3.5000**

ESTIMATED REVENUES	GENERAL FUND	CAPITAL FUND	BUILDING FUND	SEWER FUND	FIRE FUND	POLICE FUND	PARKING FUND	GRAND TOTAL
<b>Taxes:</b>	<b>Millage per \$1,000 :</b>							
Ad Valorem Taxes	10,112,946							10,112,946
Assessment (Fire)					1,134,209			1,134,209
Utility Taxes	1,086,000							1,086,000
Franchise Taxes	801,800							801,800
Building Permits			967,850					967,850
Licenses & Permits	186,500						20,000	206,500
Revenues	1,264,309	2,179,844						3,444,153
Charges for Services	13,000			1,303,077	34,808		2,336,024	3,686,909
Fines & Forfeitures	65,000						100,000	165,000
Miscellaneous Revenues	212,003	600		1,000			1,000	214,603
<b>TOTAL SOURCES</b>	<b>\$ 13,741,558</b>	<b>\$ 2,180,444</b>	<b>\$ 967,850</b>	<b>\$ 1,304,077</b>	<b>\$ 1,169,017</b>	<b>\$ -</b>	<b>\$ 2,457,024</b>	<b>\$ 21,819,970</b>
Transfers In	132,300	305,000						437,300
Fund Balances/Reserves/Net Assets	471,153	2,798,866	30,983	224,296	1,175,350			4,700,648
<b>TOTAL REVENUES, TRANSFERS &amp; BALANCES</b>	<b>\$ 14,345,011</b>	<b>\$ 5,284,310</b>	<b>\$ 998,833</b>	<b>\$ 1,528,373</b>	<b>\$ 2,344,367</b>	<b>\$ -</b>	<b>\$ 2,457,024</b>	<b>\$ 26,957,918</b>
ESTIMATED EXPENDITURES	GENERAL FUND	CAPITAL FUND	BUILDING FUND	SEWER FUND	FIRE FUND	POLICE FUND	PARKING FUND	GRAND TOTAL
General Government	3,198,659	692,765						3,891,424
Culture/Recreation	744,798	2,810,000						3,554,798
Physical Environment/ Economic Development		1,781,545		1,528,373				3,309,918
Public Safety	7,473,903		998,833		2,344,367			10,817,103
Transportation (Roads & Streets)	2,927,651						2,152,024	5,079,675
<b>TOTAL EXPENDITURES</b>	<b>\$ 14,345,011</b>	<b>\$ 5,284,310</b>	<b>\$ 998,833</b>	<b>\$ 1,528,373</b>	<b>\$ 2,344,367</b>	<b>\$ -</b>	<b>\$ 2,152,024</b>	<b>\$ 26,652,918</b>
Transfers Out							305,000	305,000
Fund Balances/Reserves/Net Assets			-					-
<b>TOTAL APPROPRIATED EXPENDITURES TRANSFERS, RESERVES &amp; BALANCES</b>	<b>\$ 14,345,011</b>	<b>\$ 5,284,310</b>	<b>\$ 998,833</b>	<b>\$ 1,528,373</b>	<b>\$ 2,344,367</b>	<b>\$ -</b>	<b>\$ 2,457,024</b>	<b>\$ 26,957,918</b>
<i>The tentative, adopted, and/or final budgets are on file in the office of the above referenced taxing authority as a public record.</i>								
<b>% of Estimated Expenditures</b>	53%	20%	4%	6%	9%		9%	100%

A full 33.47% (\$9.02 million) of the All Funds budget is allocated to public safety services (police, fire, and emergency medical services – an overall increase of 8.5% over last year). The next largest component of the All Funds Budget is capital improvements projects, which, between the Capital, Sewer and Parking funds total \$8.97 million (which does not include transfers to/from funds). At \$2.9 million, Public Works Department is the third largest expenditure. This department maintains our beach, streets, sidewalks, public buildings, and public landscaping.

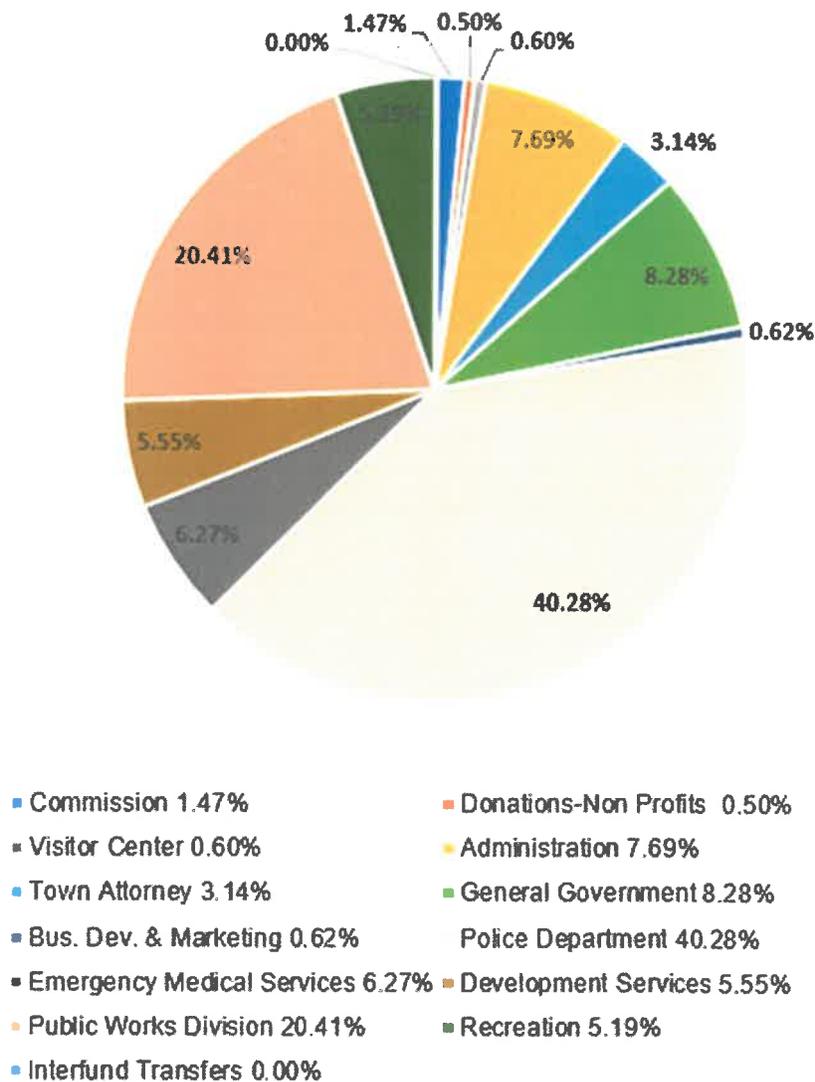
Following is an explanation of the proposed budget by fund including a discussion of large revenue accounts and each Department's expenditure budget.

## General Fund

The General Fund is the most encompassing fund and comprises 53% of the total operating budget. It finances most of the functions of government, excluding the Fire, Parking, and Building Departments/Divisions and the major capital and sewer projects which have their own individual funds.

The recommended General Fund budget for FY23 is \$14.3 million. This year, the General Fund was slightly increased by the Commission's decision to consider a budget at the Tax Year 2021 millage rate of 3.5000, an increase of .1077 mills over FY22 millage rate (3.3923). This decision increased the estimated revenues by \$311,189. This difficult Commission decision ensures that the Town can reduce its reliance on reserves to balance the budget. A breakdown of the General Fund recommended budget by percentages is highlighted in the following pie chart.

### FY23 Recommended General Fund Budget



## General Fund Revenues

The General Fund's largest sources of recurring revenues are shown in the table below with a description of each of the components following.

GENERAL FUND REVENUES		
<i>The General Fund's largest sources of recurring revenues are shown below:</i>		
Sources	FY 23 Budget	%
Ad Valorem Property Taxes	10,112,946	79%
FPL Utility Tax	898,000	7%
FPL Franchise Tax	600,000	5%
Sales Tax	450,000	4%
Communication Service Tax	325,000	3%
Waste Franchise Collection Tax	170,000	1%
Municipal Revenue Sharing	170,000	1%
<b>Total:</b>	<b>12,725,946</b>	<b>100%</b>

### Ad Valorem Taxes

The single largest revenue source in the entire budget is the ad valorem tax levied on real property and taxable commercial personal property located within our municipal boundaries. The millage rate is the multiplier applied to every \$1,000 of taxable property value in the Town.

The Broward County Property Appraiser has determined the gross taxable value of property in Lauderdale-by-the-Sea as of January 1, 2022 to be \$2.7 billion which is a 9.39% increase in property values over the prior year. This includes a new taxable value of \$132,780. The gross taxable value reflects the increasing market value of commercial and non-homesteaded properties in Town; and the statutorily dictated 3% adjustment or CPI (whichever is less) of valuations for homesteaded properties that are below their Save Our Homes taxable value provisions of the Florida Statutes.

CHANGE IN ASSESSED VALUE			
	Total 2021 Taxable Value	2022 Net New Taxable Value	Change + (-)
Taxable Value	\$2,780,377,130	3,041,354,868	9.39%
New Taxable Value		132,780	0.00%
<b>Total</b>		<b>\$ 3,041,487,648</b>	<b>9.39%</b>

## Millage Rate

The Town's budget for FY23 is based on a millage rate of 3.5000, a return to the FY21 millage rate. Actual revenue collections from ad valorem taxes in LBTS during the period FY08 through FY22, our year-to-date collections for the current year, and what we propose to budget for collections next fiscal year using the current millage rate are illustrated in the following table.

As has been the Town's practice for many years, the FY23 revenue budget assumes a 95% collection rate. This is a safeguard to cover tax delinquencies and Value Adjustment Board (VAB) decisions that reduce individual property valuations after our budget is adopted.

<b>MILLAGE AND PROPERTY TAX HISTORY</b>					
Year	Millage	Property Tax	+ (-) From Prior Year		
			\$	%	
FY 08	4.1012	9,369,341	68,859	0.74%	
FY 09	3.9990	8,441,885	(927,456)	-9.90%	
FY 10	3.9990	7,655,597	(786,288)	-9.31%	
FY 11	3.9990	7,032,034	(623,563)	-8.15%	
FY 12	3.9990	6,932,332	(99,702)	-1.42%	
FY 13	3.9312	6,722,881	(209,451)	-3.02%	
FY 14	3.9312	6,914,773	191,892	2.85%	
FY 15	3.8000	7,075,673	160,900	2.33%	
FY 16	3.7379	7,483,620	407,947	5.77%	
FY 17	3.6873	7,920,011	436,391	5.83%	
FY 18	3.5989	8,271,251	351,240	4.43%	
FY 19	3.5989	8,699,738	428,487	5.18%	
FY 20	3.5000	8,803,760	104,022	1.20%	
FY 21	3.5000	9,145,710	341,950	3.88%	
FY 22 (Budgeted Amount)	3.3923	8,996,323	(149,387)	-1.63%	
<b>FY23 Proposed (95%)</b>	<b>3.5000</b>	<b>\$ 10,112,946</b>	<b>\$ 967,236</b>	<b>10.58%</b>	

In 2008, the Town's millage rate was 4.1012 and we collected \$9.369 million in taxes. In FY23, at a 3.5000 millage rate, the Town will collect \$10.11 million. This anticipated amount is approximately \$750,000 more than what we collected fourteen years ago. Accounting for inflation, the \$9.69 million collected in 2008 would equal \$12.93 million in today's dollars. This is approximately \$2.8 million more than what is proposed for collection this year.

Since 2008 costs have skyrocketed with the labor market being particularly affected. For example, in 2009, we hired a senior office specialist at \$24,500. Today, that same position's salary range is \$42,000 – \$64,000. Another important comparison is funds that are expended for departments in 2008 vs 2023. Our Public Works budget in 2008 was \$638,350. In 2023, we are proposing a budget of \$2.92 million for this same department.

Staff's responsibility is to propose a budget that provides sufficient income to provide the basic services that ensures a safe environment, maintains the Town's infrastructure and provides other basic

government services. These examples provide a realistic picture to support staff's proposed slight millage increase. to ensure we can continue to maintain the basic services and staffing that our residents have become accustomed.

### **Rolled-Back Rate for Ad Valorem Taxes**

State Statutes dictate how taxable values are determined, how much millage a municipality may levy, and what process must be followed to levy taxes. The Statutes define the "rolled-back rate" as the millage rate that will generate the same tax revenue for the Town as last year's levy produced, without consideration of any new construction that may have occurred or of any downward adjustments granted by the Value Adjustment Board. The Property Appraiser reports Lauderdale-By-The-Sea had \$132,780 in new construction. This value represents a net amount due to several homes and large hotels being demolished which offset most of the new construction and/or additions that occurred last year.

The rolled-back rate for FY23 is 3.1012 mills which is a 9.39% reduction from the FY22 millage rate of 3.3923. This rolled-back rate results in expected collected taxes in the amount of \$8,960,648 which is \$35,674 less than was collected in FY22. This odd situation occurs because the Value Adjustment Board approved more reductions in valuations than were gained.

At the July 26th Commission Budget meeting, the Commission approved a tentative millage rate for FY23 of 3.5000, the same millage rate as levied in FY20 and FY21 and therefore, the FY23 proposed budget is based on that rate. The final millage rate will be decided at the budget adoption on September 28<sup>th</sup>.

### **State Shared Revenues**

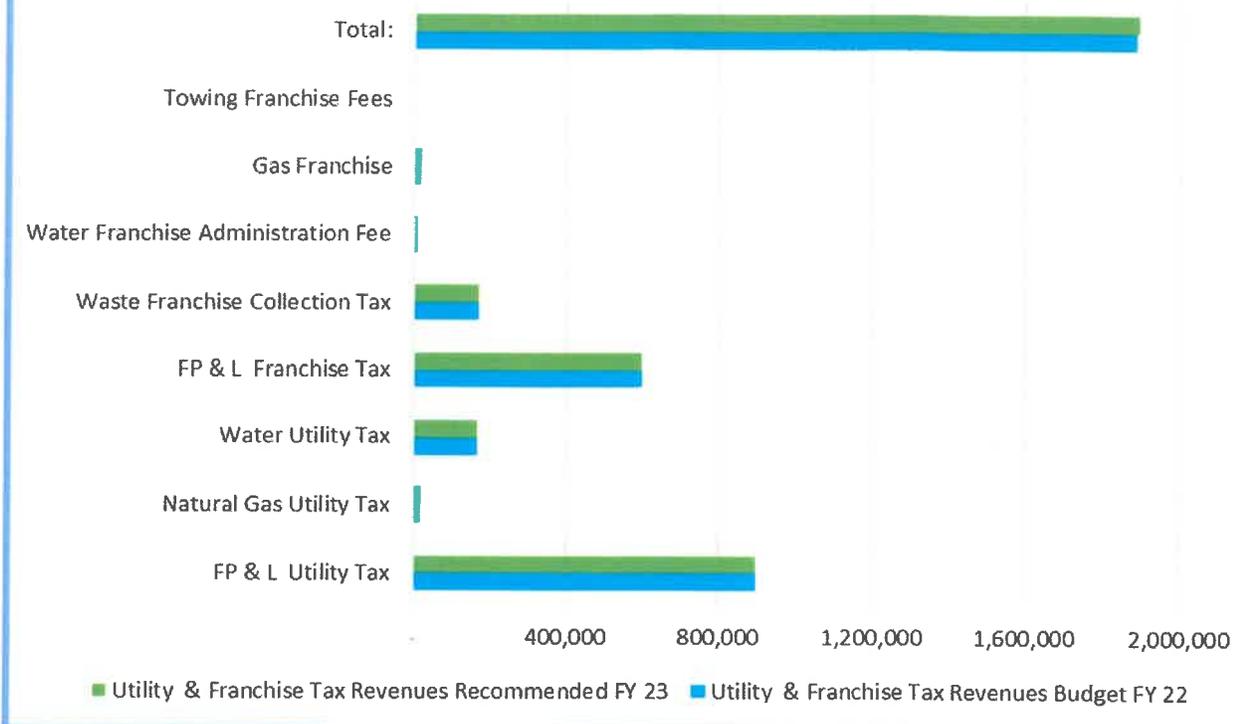
State-shared revenues include municipal revenue sharing, sales tax, the communication services tax (taxes collected on telephone and cellular phone bills) and a portion of state gasoline taxes. They will produce approximately \$1.06 million in revenue to the General Fund next year based on the State's estimates. Revenues continue to be lower than previously projected as the state continues to recover from the financial effects of COVID.

### **Utility Taxes and Franchise Fees**

Franchise fees are collected from FP&L, Waste Pro, TECO Gas and Sal's Towing vary according to the franchise business. Utility taxes are governed by state law and limited to a maximum 10% levy on the statutorily defined portion of utility bills. The utility tax levy in LBTS is 10% on electric and natural gas bills, but only 5% on water service because of the Commission's decision in FY13 to cut that rate in half.

Franchise fees and utility taxes combined are expected to generate approximately \$1.88 million in revenues to the General Fund FY23. They are the second largest source of revenues to the General Fund. As you can see in the chart on the next page, the bulk of these revenues come from Florida Power and Light billings.

### Utility & Franchise Tax Revenues



This concludes the General Fund Revenue discussion.

# General Fund Expenditures

## General Fund Department Budgets

With the help of the Department Directors, the Town Manager has worked diligently to provide a budget with few increases outside of Commission directives while continuing to provide the services that the community has come to expect. Inflation in costs for goods and services were addressed in this budget. This resulted in staff proposing several cuts or postponing projects so that we could reduce the reliance on reserves to balance the budget.

The Table below compares the budgets for all General Fund Departments in the current fiscal year to what is proposed for next year.

DEPARTMENT COMPARISONS				
DEPARTMENT	FY22 Amended Budget	FY23 Recommended Budget	Change	
			\$	%
Commission (511.000)	233,275	210,994	(22,281)	-9.6%
Donations-Non Profits (511.100)	63,259	71,490	8,231	13.0%
Visitor Center (511.200)	104,441	85,801	(18,640)	-17.8%
Administration (513.000)	1,131,230	1,103,681	(27,549)	-2.4%
Town Attorney (514.000)	426,000	450,000	24,000	5.6%
General Government (519.000)	936,635	1,187,662	251,027	26.8%
Bus Dev. & Marketing (519.100)	171,413	89,031	(82,382)	-48.1%
Police Department (521.000)	5,472,607	5,778,422	305,815	5.6%
Emergency Medical Services (523.000)	873,699	899,910	26,211	3.0%
Development Services (524.000)	854,111	795,571	(58,540)	-6.9%
Public Works Division (541.100)	2,761,087	2,927,651	166,564	6.0%
Recreation (572.000)	719,384	744,798	25,414	3.5%
Interfund Transfers (581.000)	540,662	-	(540,662)	-100.0%
<b>Total</b>	<b>\$ 14,287,803</b>	<b>\$ 14,345,011</b>	<b>\$ 57,208</b>	<b>0.4%</b>

The largest cost impacts to the General Fund are as follows:

- Contracts continue to see increases. This year, the increases to the Police, Emergency Services (AMR), Code Compliance and Town Attorney resulted in an addition of \$384,726 to the budget.
- Public Works Department is recognizing an increase of \$166,564. This increase includes an additional staff member so that the Department is better responsive to the community's needs. It also integrates the extreme cost increases for utilities and construction contracts. Costs for fleet maintenance have been combined into the Public Works department instead of spreading throughout many departments which also resulted in a slight increase. To keep this increase low, there are several projects that were eliminated from this year's budget and planned for future years.
- The Budget provides for merit increases for employees, whose performance warrants it in accordance with the personnel rules. These increases are particularly important in these tough economic times to show our appreciation to our hard-working employees who ensure that the

Commission directives are implemented, and the Town is kept beautiful. Salaries are a driving force in recruiting and keeping employees in this difficult market and failure to adequately compensate employees will make it increasingly difficult to retain our excellent staff. The financial impact to the budget is an estimated \$147,810.

A description of the departmental changes in their individual budgets is provided in the following pages. The department's individual budgets are discussed in the order in which they appear in the budget worksheet.

**Town Commission (511)**

**-9.55%**

The Town Commission budget has been reduced as this year is not an election year and we are not required to budget for elections. In addition, insurance shows a decrease because we budgeted on actual expenditures instead of the anticipated costs. Insurance rates are locked in after the budget is developed. Last year we were able to secure an excellent insurance rate and so the proposed 20% increase is based on the lower value, not the rate that was budgeted. The Commission salaries increased for the first time since October 8, 2016 and we decreased commission expenditures by \$5,000. The overall reduction to this department is 9.55%.

**Donations**

**+13.01%**

At the June 28<sup>th</sup> meeting, the Commission approved donations to fourteen non-profit organizations. For the first time, the Town Commission included funding for both of Lauderdale-By-The-Sea's long standing nonprofit organizations – the LBTS Garden Club and the LBTS Women's Club. The donations increased overall by \$8,231.

<b>Donations to Non-Profit Organizations</b>	
<b>Organization</b>	<b>Amount</b>
Areawide Council on Aging of Broward County	8,490
Broward 2-1-1	6,000
Broward Children's Center	10,000
Center for Hearing and Communication	5,000
Early Learning Coalition of Broward County	2,000
Goodman Jewish Family Services of Broward County	7,500
Hillsboro Lighthouse Preservation Society	2,500
House of Hope, Inc.	5,000
LBTS Merchants' Association	5,000
Lionfish Derby	5,000
South Florida Wildlife Center	5,000
Women in Distress of Broward County, Inc.	3,000
Lauderdale-By-The-Sea Garden Club	1,000
Lauderdale-By-The-Sea Women's Club	6,000
<b>Total</b>	<b>\$ 71,490</b>

**Visitor Center (511.200)**

**-17.85%**

Last year was the Town's first year in managing the Visitor Center as the LBTS Chamber of Commerce had always received a donation from the Town for their management of the Center. After a year under our belt, we have been able to reduce the proposed budget from last year as we realized significant savings in staffing by hiring two part time employees in place of Veronica, who retired in January. We are also proposing to reduce promotional items and printed material to reduce costs. The allocation of Public Works employees in this line item that we had included to identify costs associated with maintaining the building for Chamber purposes was removed so that our accounting of the maintenance of all our public buildings falls under said line item.

**Administration (513)**

**-2.44%**

Administration has been able to realize salary savings with the hiring of several new employees at a lower salary. We are including \$25,000 to contract with a grant writer in hopes of securing funds for future CIP projects. New annual costs for the Town's updated financial program are included in this year's budget.

**Attorney (514)**

**+5.63%**

The Commission approved a 10.62% increase in the Attorney's rate at their June 28<sup>th</sup> meeting. This was the first such increase since 2017. Staff was able to slightly reduce the overall budget by carefully reviewing costs over the past several years and adjusting the FY23 budget to match historic use.

**General Government (519.000)**

**+26.8%**

The general fund includes general government operations such as marketing and events staff, Pelican Hopper costs, insurance costs, lobbyist fees, costs for Town Clerk requirements (advertising, Granicus, etc.) and our contract with Conceptual Communications. The costs are lower because we predicted the increase in insurance based on actual cost instead of an increase over what was predicted last year. Costs for Town Topics have increased because we are recommending printing and mailing to all households. We will work towards moving residents to a digital format over the next year to reduce this portion of the General budget in future years. We have an opportunity to partner with the City of Pompano Beach and take advantage of their single ridership transportation option. This will be analyzed to determine if it is a good fit for the Town. It is important to note that \$153,000 expenditure for the Pelican Hopper is reimbursed by Broward County Transportation Penny Surtax (this is listed in the budget as a revenue).

**Business Development and Marketing**

**-48.06%**

We have significantly reduced the funds that we allocate toward marketing the Town. This is the second year in a row that we have reduced the advertising and marketing expenses for the Town.

**Police**

**+5.59%**

BSO is contracted with the Town. The Commission approved the BSO budget at their June 14<sup>th</sup> meeting. This year's budget of \$5,778,422 is an increase of 5.9% over last year.

## **Emergency Medical Services**

**+3.0%**

The Town contracts with American Medical Response to provide emergency medical services. Their contract, which is through 2025, includes a 3% annual increase.

## **Development Services**

**- 6.85%**

We allocated fewer funds in salaries because of the newly appointed Director was hired at a reduced rate. This reduction also reduced FICA and FRS allocations for the department. We also adjusted funds to better reflect the time the Director and staff allocate toward the building department (Building fund costs) and reduced the allocation from the general fund.

## **Public Works**

**+6.03%**

Public Works Department includes over half of our Town employees and as such is the largest line item in the budget (outside of BSO). Staff is asking for one additional employee so that we can cover the Town on Friday – Tuesday (currently we have no staff present on Monday or Tuesday evenings and the amount of work needed to be completed on Weekend evenings continues to increase). We have deferred several of our maintenance and non-urgent projects to future years to accommodate this year's budget constraints. We also did not significantly increase pressure washing for the upcoming year as we anticipate any of the downtown upgrades to be completed toward the end of the FY23 year. Some of the proposed increases in this budget can be attributed to a reallocation of expenses. For example, the costs for maintaining our vehicles were spread over several departments in previous budgets; the FY23 budget has concentrated them into one line item in the Public Works department since Public Works is traditionally responsible for the maintenance of all our vehicles.

## **Recreation**

**+3.53%**

The Recreation budget has seen a slight increase. The Town's Community Center, which is included as a portion of the Recreation line item, is a highlight of our Town and staff is proposing an 8% increase to provide additional funds to help the Center run more effectively. We have added costs in anticipation of our new Farmer's Market Contract and increased costs associated with the maintenance of our Buoys (our current contractor refused to extend their contract at their current rates). Staff is proposing a new special event, Kids-By-The-Sea, at the beginning of summer to celebrate watersports and the ocean and a resident outdoor movie night. We have increased BugFest budget \$8,000 so that it more accurately reflects the costs to produce the event. After initial discussions with the Commission, the budget does not include the maintenance requirements for a dog park (which would be approximately \$40,000 annually) and therefore the costs associated with establishing and maintaining a dog park were eliminated. This year, our focus will be on obtaining financial partners for some of our events in the hopes of further reducing costs.

This concludes the General Fund Expenditure discussion.

## **Proprietary (Enterprise) Funds**

Proprietary Funds are accounts for services that are provided to the public for a fee. The services provided should be priced to completely offset the cost of providing those services. The Town has three Proprietary Funds – the Building, Parking, and Sewer Funds. These funds are also referred to as Enterprise Funds.

### **Building Fund**

The Florida Legislature adopted regulations that require local governments to create a report to identify the direct and indirect costs of administering the building permitting program, including the revenue and balances carried forward each year. To accommodate this requirement, the Town established a Building Fund in which revenues and expenditures related to the Building Department are accommodated and can be clearly tracked.

This year, the Town's building fund expenditures are set at \$998,833 which is a 7.32% increase over last year. The costs included in this fund are a percentage of the salaries for:

- Director of Development Services
- Assistant Director of Development Services
- Accounting Specialist
- Customer Service Representative
- Director of Finance and Budget
- Planner
- Planning Technician
- Assistant Director of Finance and Budget

The Town is quickly running out of storage space for our permit files. Therefore, staff is proposing a \$100,000 expenditure to scan the historical permit files. By scanning our permit files, we will be better prepared for any damage that may occur due to storms or roof failures. The Building Fund also includes an \$82,300 transfer to the General Fund to account for the use of the Town's building and utilities.

### **Sewer Fund**

The Town owns the sewer system from Pine Avenue to the Town's southern boundary, but we do not have a sewage treatment plant. Instead, we contract with Pompano Beach to accept our wastewater flow and transmit it through their force mains and lift stations to the County's treatment plant on Copans Road. The master sewer agreement with Pompano Beach provides that they maintain our two pump stations (one located on Seagrape Drive and the other located on Hibiscus Ave) and they pay the County for the treatment of our wastewater. Pompano Beach will own the new Palm Club pump station as a part of their wastewater infrastructure which is separate from the Town's infrastructure. The City of Pompano Beach sets the fees to pay for this service on a calendar year and if rate changes are proposed they will be reviewed, and staff will suggest any necessary adjustments that may be warranted.

The Sewer fund is anticipated to increase by 9.57% for a balance of \$1,528,373. Staff proposes allocating \$200,000 to continue the ongoing work to maintain the infrastructure to reduce the need for emergency repairs.

## Fire Fund

The Volunteer Fire Department provides fire suppression services to the Town which is paid for through the assessment of a Fire Assessment Fee. This is the third largest source of revenue to the Town, and it is restricted for use for fire services. The Town reviewed the assessment which was presented to the Commission at their July 12<sup>th</sup> meeting. On July 26, the Commission increased residential assessment by \$17.52 and increase commercial assessment by .02 cents to set aside funds for the potential replacement of the public safety building. The new fire assessment would be \$147.37 for residential and \$0.22 per square foot of commercial building.

## Capital Project Fund

The Sources of funding for the Capital Fund in FY23 are listed in the table below.

<b>FUND 300-CAPITAL FUND</b>	<b>FY22</b>	<b>FY23</b>
<b>FUNDING SOURCES</b>	<b>Amended Budget</b>	<b>Proposed</b>
Appropriated Fund Balance	\$2,887,281	\$ 1,148,866
Appropriated El Mar Reserve-Remaining from Pier Point Settlement	\$ 677,566	
Appropriated El Mar Reserve-FDG Fines (Transfer from El Mar Reserve to General CIP)	\$1,650,000	\$ 1,650,000
Interest Earnings	\$ 600	\$ 600
Transfer from Parking Fund	\$1,109,300	\$ 305,000
Transfer from General Fund	\$ 540,662	\$ -
Palm Club Sewer (\$150K-Pompano Beach)	\$ 150,000	\$ -
Palm Club Sewer (\$150K-Broward County)	\$ 150,000	\$ -
State of Florida-Appropriation for Codrington Project	\$ -	\$ 511,000
American Rescue Plan Act Grant	\$1,668,844	\$ 1,668,844
<b>TOTAL REVENUE</b>	<b>\$8,834,253</b>	<b>\$ 5,284,310</b>

Funding for the CIP projects are supplemented from grants and allocations that we will receive from other government entities. The largest allocation to the CIP is the \$1.668 million from the American Rescue Plan Act Grant, the federal government's allocation to municipalities across the United States to assist with projects that offset the impact of COVID. We also received \$150,000 from both Pompano Beach and Broward County to offset costs associated with Palm Club project. Finally, we are proposing a \$305,000 transfer from the Parking Fund to this fund.

It should be noted that the Commission released the restriction for the \$1.65 million payment received from the Florida Development Group that would require their spending on El Mar Drive. Therefore, these funds can be allocated to other CIP projects.

### Capital Project Expenditures

The 5-year Capital Improvement Plan (CIP) anticipates the large-scale projects over the upcoming five fiscal years. This plan includes projects such items as paving, stormwater, critical facility upgrades and

other onetime expenses that are not considered standard operations/maintenance. It is important to note the 5-year CIP is living document which changes yearly based on the direction provided by the Commission, completion dates of projects being extended, and/or projects being deferred until a later date to accommodate funding and other issues. By years 3-5, the project costs are estimates only and serve as a placeholder due to unknowns regarding labor and material costs. An explanation of the FY23 CIP follows. The remaining years ('24 - '27) are included in the CIP worksheet tab of this document.

## FY23 CIP

EXPENDITURES	Amended Budget	Proposed FY23
A1A Hibiscus Crosswalk	\$ 45,000	COMPLETED
Town Hall Complex Improvements/Town Hall Campus Roof Replacement (Public Works and Development Services)	\$ 321,755	COMPLETED
Bel Air-Seawall Repair-East	\$ 220,297	\$ 215,545
Beach Renourishment	\$ 54,518	COMPLETED
East Tradewind Improvements	\$ 50,000	\$ 75,000
Offsite Roof Replacement		\$ 350,000
Street Project Design-Bougainvilla/Poinciana Drive	\$ 240,000	\$ 110,000
Complete Street Project Construction (Codrington Drive)	\$ 1,254,359	\$ 1,400,000
Canal Dredging (Possible completion in FY23)	\$ 109,954	\$ 231,000
Pedestrian/ADA Improvements (Crosswalks)	\$ 150,000	\$ 150,000
Beach Portal Design		\$ 150,000
Finance Software	\$ 125,000	\$ 98,000
Jarvis Hall A/V Equipment Upgrades		\$ 165,000
Friedt Park Playground Improvement		\$ 700,000
Storm Water Rate Study	\$ 40,000	\$ 60,000
Downtown Commercial Refurbishment Construction		\$ 1,200,000
Roadway Paving and Refurbishment		\$ 300,000
<b>TOTAL EXPENDITURES</b>	<b>\$2,610,883</b>	<b>\$ 5,204,545</b>

The Capital Project Plan for FY22 was aggressive. While the Town was able to initiate many of the projects identified for FY22, delays in securing supplies and their increased costs have led to several of the projects planned to be carried over to FY23. These ongoing projects include:

- Bel Air-Seawall Repair-East (in permitting)
- East Tradewinds Improvements (with contractor for construction cost estimate)
- Street Project Design-Bougainvilla/Poinciana Drive (FY23 start)
- Complete Street Project Construction-Codrington Drive (final design in progress)
- Canal Dredging (in permitting)
- Finance Software (several cohorts completed in FY22)
- Storm Water Rate Study (FY23 start)
- Downtown Commercial Refurbishment Design/Construction (design initiated in 2022)

Projects previously included in FY23 but moved to future years due to funding availability include:

- Complete Street Project Construction: (Bougainvilla/Poinciana-Phase 2)
- Complete Street Project Construction: Design Phase (TBD)

- Beach Portal Construction
- El Prado Park Refurbishment
- Stormwater Tidal Valve Installation
- Street Lighting Upgrades (Phase 1)
- West Plaza Beautification

## Parking Fund

The Commission is moving forward with designs to enhance the Downtown which includes eliminating several parking spaces in the downtown area. Therefore, the downtown parking space revenue has been removed from the budget. The Town Commission also agreed to purchase the South Ocean parking lot at their July 12<sup>th</sup> meeting. We will be increasing the revenue from this lot in stages and that is reflected in the budget. While the revenue will continue to increase over time, the cost to purchase the parking lot is being allocated from the parking fund over four years. A \$2 million payment was allocated in FY22 and the remaining cost (\$3.1 million) will be paid equally over the next three years. Therefore, the fund will remain flat for the next several years as revenues will cover the operating costs and the purchase of the South Ocean lot.

Regular operating expenses were reduced from this Fund as we transferred a portion of the cost for Public Works Supervisor/Parking to Public Works to better reflect the allocation of the employee. Staff is recommending a transfer of \$305,000 from the Parking fund to the Capital Project fund.

## Fund Balances and Reserves

The following table provides information on the amounts available in the various reserve and fund balance accounts as of the beginning of this fiscal year, as well as projection on what will be available at the end of the current and next fiscal year.

<b>FUND BALANCES AND RESERVES</b>				
	Actual	Estimated as	Appropriated	Estimated
	9/30/2021	of 9/30/2022	for Use in FY 23	9/30/2023
<b>GENERAL FUND</b>				
Emergency Reserve	2,500,000	2,500,000	-	2,500,000
Unassigned Fund Balance	6,094,081	4,405,329	471,153	3,934,176
<b>Subtotal</b>	<b>\$ 8,594,081</b>	<b>\$ 6,905,329</b>	<b>\$ 471,153</b>	<b>\$ 6,434,176</b>
<b>CAPITAL FUND</b>				
El Mar Drive Improvements-Restricted	677,566	677,566		677,566
Projects	3,097,457	4,043,923	1,148,866	2,895,057
<b>Subtotal</b>	<b>\$ 3,775,023</b>	<b>\$ 4,721,489</b>	<b>\$ 1,148,866</b>	<b>\$ 3,572,623</b>
<b>FIRE FUND Balance-Restricted</b>	<b>\$ 1,708,133</b>	<b>\$ 790,626</b>		<b>\$ 790,626</b>
<b>LETF FUND Balance-Restricted</b>	<b>\$ 14,369</b>	<b>\$ 14,369</b>		<b>\$ 14,369</b>
<b>BUILDING FUND</b>	<b>\$ 211,210</b>	<b>\$ 105,222</b>	<b>\$ 30,983</b>	<b>\$ 74,239</b>
<b>PARKING FUND</b>	<b>\$ 6,935,905</b>	<b>\$ 3,826,605</b>	<b>\$ 305,000</b>	<b>\$ 3,521,605</b>
<b>PILOP</b>	<b>\$ 148,871</b>	<b>\$ -</b>		<b>\$ -</b>
<b>SEWER FUND</b>	<b>\$ 1,652,461</b>	<b>\$ 1,452,180</b>	<b>\$ 224,296</b>	<b>\$ 1,227,884</b>