



September 10, 2021

Mayor Chris Vincent  
Vice Mayor Buz Oldaker  
Commissioner Elliot Sokolow  
Commissioner Edmund Malkoon  
Commissioner Randy Strauss

Honorable Mayor and Commissioners:

In accordance with Article V, Section 5.5 (7) of the Town's Charter, I hereby submit the Interim Town Manager's recommended budget for the Fiscal Year 2022, which begins on October 1, 2021 and ends on September 30, 2022. Throughout this budget message, I will refer to the upcoming fiscal year as FY22.

Staff is aware of your concerns regarding the budget process last year and has worked diligently to provide a draft budget to the Commission in advance of your decision-making meetings. It is our expectation that we have provided sufficient information to ensure the Commission is well equipped with information necessary to make a well-informed budgetary decision.

In summary, there is no change to the number of Town employees or contract employees (although we have increased our BSO budget to include an additional sergeant and reduced a BSO administrative position). The Commission requested staff to reduce the proposed millage rate to the rolled-back rate of 3.3923 and the proposed budget accommodates this directive.

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 the proposed operating and capital expenditures by fund, by department, and by line item, as well as detailed revenue projections. In order to assist the Commission in analyzing the proposed budget, the worksheet also shows actual revenues and expenditures in FY20, the current year budget, the revenues we expect to receive and the expenditures we expect to make in the current fiscal year.

This budget binder includes information to assist you in establishing the FY22 budget organized in the following manner: this budget message, the complete FY22 proposed budget worksheet and tabs that include the historical, current and FY22 proposed budget information.



Many thanks to the Town's Finance Director, Lucila Lang, and Assistant Finance Director, Edner Saint-Jean for their assistance and hard work in developing the budget for this year.

My deep appreciation is also shared with Ken Rubach, Public Works Director, Jhanelle Campbell, Acting Development Services Director, Neysa Herrera, Lisa Slagle, Tedra Allen, Debbie Hime and Steve D'Oliveira for working hard to ensure that our departments were proposing budgets that were fiscally prudent while maintaining the customer service that the Town residents have come to expect. My appreciation is also extended to our Public Safety organizations – Tom Palmer, Broward Sherriff's' Office, Jud Hopping, Volunteer Fire Department and Brooke Liddle, AMR for their participation in the budget process.

The Commission adopted the tentative millage rate and Fire Assessment fees at the July 27, 2021 special meeting. At that meeting, the Commission approved a tentative millage rate of 3.3923. This rate was submitted to the Property Appraiser, 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 Monday, September 13<sup>th</sup>. The second and final hearing will be held on Tuesday September 28<sup>th</sup> at 6:00 p.m.

In closing, I am thankful for the confidence that the Town Commission has placed with me during this Interim period. I value the leadership that you have shown and appreciate your input in creating this document.

Respectfully submitted,

Linda Connors  
Interim Town Manager

## OVERVIEW OF THE FY22 ALL FUNDS BUDGET

Staff is pleased to present a balanced budget that requests a .1077 reduction (3.3923) to the current millage rate and no change in Fire Assessment fees. This was particularly challenging as the proposed budget absorbs an additional Broward Sheriff's sergeant, the continuation of a downtown evening police presence that was funded with COVID funds last year and increases for insurance, retirement and employee raises.

We have been fortunate over the past decade to have a strong leadership that has focused on the rebranding of the Town with the redevelopment of Commercial Boulevard corridor, the creation of a marketing program including the new logo and branding of the town and funding significant improvements to the Town's infrastructure. A considerable amount of funding was directed to expand the Town's public parking program where revenue now annually exceeds \$2,000,000 and is regularly utilized to fund our capital improvements.

With this vision in place, the focus of this year's budget will be ensuring that the foundation for the Town is strong. The Commission started this process in FY21 when you amended the FY21 CIP to include improvements to the Town Hall by replacing storm shutters and dedicating funding for a new roof for the administrative building. This will continue by replacing aging roofs on the Development Services and Public Works buildings. This year's budget not only includes funding for the Town's building improvements, but also funding to proactively care for the Town's infrastructure. We will continue improvements started in 2021 by allocating an additional \$200,000 from the Sewer Fund to line our sewer pipes to extend their life and reduce the need for emergency repairs. The Capital fund includes expenditures to complete the Palm Club septic to sewer project as well as funds to correct long standing drainage issues on Codrington Drive.

Strengthening does not only relate to physical buildings and utility and transportation infrastructure, but to the infrastructure for the Town administrative functions. The proposed budget ensures that staff has the software they need to efficiently provide services to the public. We propose replacing our twenty-year old financial management system with one that is not only up to date but also includes systems to manage the Town's Business Tax Receipt program (also antiquated) and our Human Resources and Public Works functions as well. This infrastructure upgrade will make it easier for the community to interact with town staff and also allow staff to be more efficient and provide the excellent customer service our residents have come to expect.

We will continue effectively planning for our future and ensure our preparedness for storms by continuing the update to the Town's Comprehensive Plan (over 10 years outdated) and completing our Comprehensive Emergency Management plan. Finally, the budget includes funding to develop a 1) Vision and Strategic Plan for the Town (our current Vision statement is to 2018), 2) to procure a study that evaluates the current Fire Assessment fees to ensure our Fire Department is fully funded (last completed in 2016), and 3) a Storm water utility study to make recommendations regarding the creation of a storm water utility assessment that would fund necessary improvements to ensure that the Town is prepared for the inevitable increases to the sea level. With these planned documents in place, the Commission will have the information necessary to make educated decisions that plan for the Town's future. Another benefit to funding these documents is so that we have necessary

information that may support grant funding opportunities to assist planned improvements and reduce the direct cost to our residents.

## FY22 All Funds Budget Overview

The recommended All Funds Budget is \$26.8 million which is \$1.2 million less than the current FY21 Amended Budget. The Town's All Funds Budget is divided into six different funds which include; General Fund, Capital Fund, Sewer Fund, Building, Fire, and Parking.

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 the overall operations of the Town; the Capital Fund which pays for major construction, infrastructure, and Capital Projects (such as drainage improvements) 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 the Capital expenses of the Town.

As stated previously, the recommended All Funds Budget is \$26.8 million which is \$1.2 million less than the current adopted budget. The primary increases in the budget are:

1. A \$280,000 increase in the BSO Contract for police services to support the addition of a 4<sup>th</sup> sergeant and overtime expenses to provide additional staffing during season.
2. The costs associated with increased insurance rates and the increased costs of the employee retirement system.
3. Increase in Capital Projects – this year's Capital Budget is aggressive and includes \$5.88 million for projects such as:
  - a. The Palm Club septic to sewer project which was required by the settlement of the Palm Club Lawsuit;
  - b. The construction of the Codrington drainage project;
  - c. Improvements to the downtown parking areas; and
  - d. Funds to address deferred maintenance on Town properties as well as Town's public art.



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

**FY 22 B U D G E T S U M M A R Y**

*Town of Lauderdale-By-The-Sea*

*The Recommended All Funds Budget is \$26.8 million, which is \$1.2 million less than the FY21 Amended Budget.*

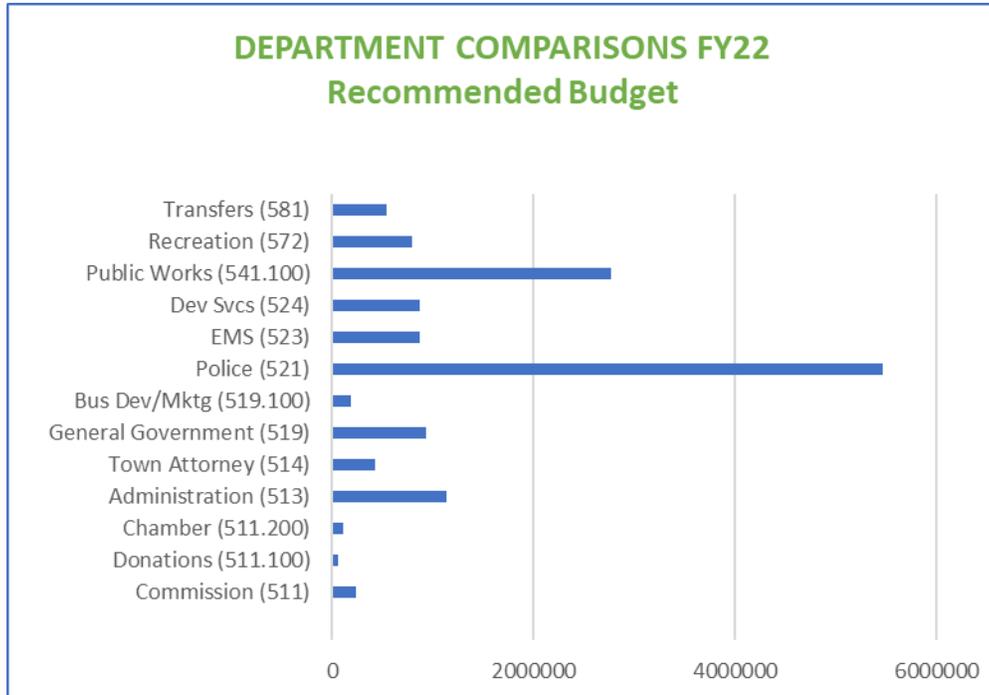
*Because of accounting requirements, some large budget accounts are effectively double counted in the All Funds budget.*

General Fund Millage: **3.3923**

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>							
<b>Ad Valorem Taxes</b>	<b>8,996,323</b>							8,996,323
Assessment (Fire)					1,012,348			1,012,348
Utility Taxes	1,083,100							1,083,100
Franchise Taxes	800,200							800,200
Building Permits			824,683					824,683
Licenses & Permits	129,500						18,300	147,800
Intergovernmental Revenues	1,262,595	1,668,844						2,931,439
Charges for Services	7,650			1,193,155	33,900		2,150,583	3,385,288
Fines & Forfeitures	60,000						125,000	185,000
Miscellaneous Revenues	237,683	600		1,500	1,000		1,000	241,783
<b>TOTAL SOURCES</b>	<b>\$ 12,577,051</b>	<b>\$ 1,669,444</b>	<b>\$ 824,683</b>	<b>\$ 1,194,655</b>	<b>\$ 1,047,248</b>	<b>\$ -</b>	<b>\$ 2,294,883</b>	<b>\$ 19,607,964</b>
Transfers In	22,000	1,649,962						1,671,962
Fund Balances/Reserves/Net Assets	1,688,752	2,733,903	50,000	200,281	898,507		\$ -	5,571,443
<b>TOTAL REVENUES, TRANSFERS &amp; BALANCES</b>	<b>\$ 14,287,803</b>	<b>\$ 6,053,309</b>	<b>\$ 874,683</b>	<b>\$ 1,394,936</b>	<b>\$ 1,945,755</b>	<b>\$ -</b>	<b>\$ 2,294,883</b>	<b>\$ 26,851,369</b>
ESTIMATED EXPENDITURES	GENERAL FUND	CAPITAL FUND	BUILDING FUND	SEWER FUND	FIRE FUND	POLICE FUND	PARKING FUND	GRAND TOTAL
General Government	3,066,253	415,743						3,481,996
Culture/Recreation	719,384							719,384
Physical Environment		5,637,566		1,394,936				7,032,502
Public Safety	7,200,417		874,683		1,945,755			10,020,855
Roads & Streets	2,761,087							2,761,087
Transportation							1,185,583	1,185,583
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,747,141</b>	<b>\$ 6,053,309</b>	<b>\$ 874,683</b>	<b>\$ 1,394,936</b>	<b>\$ 1,945,755</b>	<b>\$ -</b>	<b>\$ 1,185,583</b>	<b>\$ 25,201,407</b>
Transfers Out	540,662						1,109,300	1,649,962
<i>Fund Balances/Reserves/Net Assets</i>								-
<b>TOTAL APPROPRIATED EXPENDITURES TRANSFERS, RESERVES &amp; BALANCES</b>	<b>\$ 14,287,803</b>	<b>\$ 6,053,309</b>	<b>\$ 874,683</b>	<b>\$ 1,394,936</b>	<b>\$ 1,945,755</b>	<b>\$ -</b>	<b>\$ 2,294,883</b>	<b>\$ 26,851,369</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>	<b>53%</b>	<b>23%</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>		<b>9%</b>	<b>100%</b>

A full 30.88% (\$8.29 million) of the All Funds budget is allocated to public safety services (police, fire, and emergency medical services; does not include development services or building). The next largest component of the All Funds Budget is capital improvements projects, which, between the Capital, Sewer and Parking funds total \$5.1 million (which does not include transfers to/from funds).

At \$2.7 million, Public Works Department is the second largest expenditure. This department maintains our beach, streets, sidewalks, public buildings, and public landscaping.



Because of the requirements of accounting principles, several large expenditure items are effectively double counted in the All Funds budget. For example, the Town has a Capital Fund where capital projects are budgeted, but that fund receives a large amount of money via a transfer from the General Fund, so the \$540,662 that is transferred from the General Fund shows up as an expenditure in that fund, and the \$540,662 worth of projects it pays for show up as expenditures in the Capital Fund. We are not spending \$1 million, we are only spending \$540,662, but both “expenditures” roll up into the All Funds budget.

## General Fund Budget

The General Fund is the most encompassing fund and comprises 53.21% of the total Operating budget. It finances most of the functions of government, excluding the Fire, Parking, and Building Departments/Divisions and the Capital and Sewer projects which have their own individual funds.

The recommended General Fund budget for FY22 is \$14 million. This year, the General Fund was impacted by two significant Commission decisions. First, the Commission voted to adopt the budget at the rolled-back millage rate thus reducing the millage from 3.5000 mills to 3.3923. This decision reduced the estimated revenues by \$285,619. The Commission's decision to add an additional sergeant to the BSO contract and the decision to add a dedicated downtown police presence during season, added an additional \$280,000 to the General Fund budget and further challenged the development of a balanced budget for FY22. In addition to these challenges, staff raises were also included in the budget. We also made general increases to a FY21 budget that was artificially reduced because it accommodated a year in which COVID-19 impacted the economy and services were not provided at their normal rate because of the COVID-19 pandemic.

The General Fund budget anticipates a \$540,662 transfer to the Capital Fund to support the completion of the approved capital projects.

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 Revenues

The General Fund's largest sources of recurring revenues are shown below:

<b>GENERAL FUND REVENUES</b>		
<i>The General Fund's largest sources of recurring revenues are shown below:</i>		
Sources	FY 22 Budget	%
Ad Valorem Property Taxes	8,996,323	78%
FPL Utility Tax	897,700	8%
FPL Franchise Tax	600,500	5%
Sales Tax	422,700	4%
Communication Service Tax	321,000	3%
Waste Franchise Collection Tax	171,000	1%
Municipal Revenue Sharing	169,000	1%
<b>Total:</b>	<b>11,578,223</b>	<b>100%</b>

### Appropriations from Fund

The budget proposes to appropriate \$1.68 million (of this amount, \$540K is a transfer to fund capital projects) from the General Fund balance to support the FY22 budget and an additional \$406k of appropriated fund from Capital Fund Balance to support our capital projects.

### 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, 2021 to be \$2.79 billion. This reflects a new taxable value of \$7.45 million (3.45%) increase in property values over the prior year, considering the property value reductions granted by the Value Adjustment Board. That taxable value also 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 2019 Taxable Value	2020 Net New Taxable Value	Change + (-)
Taxable Value	\$2,609,201,941	2,703,392,243	3.61%
New Taxable Value		6,287,120	0.24%
<b>Total</b>		<b>\$ 2,709,679,363</b>	<b>3.85%</b>

## Millage Rate

The Town's FY21 millage rate is 3.5000 and it is currently the second lowest rate in Broward County; only Weston is the lower. Hillsboro Beach shares the same millage rate as Lauderdale-By-The-Sea.

Actual revenue collections from ad valorem taxes in LBTS during the period FY07 through FY21, 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:

MILLAGE AND PROPERTY TAX HISTORY				
Year	Millage	Property Tax Collected	+ (-) From Prior Year	
			\$	%
FY 07	4.3500	9,300,482		
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	<b>9,145,710</b>	341,950	3.88%
<b>FY22 Proposed (95%)</b>	<b>3.3923</b>	<b>\$ 8,996,323</b>	<b>\$ (149,387)</b>	<b>-1.63%</b>

As has been the Town's practice for many years, the FY22 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.

## **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 \$7.44 million in new construction.

The rolled-back rate for FY22 is 3.3923 mills which is a 3.17%% reduction from the FY21 millage rate of 3.5000. This rate results in expected collected taxes in the amount of \$8,996,323 which is \$149,387 less than FY21. This odd situation occurs because the Value Adjustment Board approved more reductions in valuations than we gained in the value of new construction.

At the July 27th Commission Budget meeting, the Commission determined that they would not levy a millage rate in FY22 that was higher than the rolled-back rate of 3.3923. Therefore, the FY22 proposed budget is based on the property tax that we will collect with the rolled-back millage rate which is 3.3923.

## **State Shared Revenues**

State-shared revenues include municipal revenue sharing, sales tax, the communication services tax (taxes collected on telephone and cell phone bills) and a portion of state gasoline taxes. They will produce about \$1.04 million in revenue to the General Fund next year based on the State's estimates. Last year's budget was extremely conservative to accommodate the effects of COVID-19. The proposed budget is a little less conservative as we believe the effects of COVID-19 on the general budget will lessen.

## 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 as a result 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 FY22. They are the second largest source of revenues to the General Fund. As you can see in the chart below, the bulk of these revenues come from Florida Power and Light billings.

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## General Fund Expenditures

### General Fund Department Budgets

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	FY21 Amended Budget	FY22 Recommended Budget	Change	
			\$	%
Commission (511)	185,600	233,275	47,675	25.7%
Donations (511.100)	53,259	63,259	10,000	18.8%
Visitor Center (511.200)	103,500	104,441	941	0.9%
Administration (513)	1,164,709	1,131,230	(33,479)	-2.9%
Town Attorney (514)	408,000	426,000	18,000	4.4%
General Government (519)	987,960	936,635	(51,325)	-5.2%
Bus Dev/Mktg (519.100)	185,465	171,413	(14,052)	-7.6%
Police (521)	5,168,897	5,472,607	303,710	5.9%
EMS (523)	848,251	873,699	25,448	3.0%
Development Services (524)	895,684	854,111	(41,573)	-4.6%
Public Works (541.100)	2,622,322	2,761,087	138,765	5.3%
Recreation (572)	650,600	719,384	68,784	10.6%
Transfers (581)	2,401,467	540,662	(1,860,805)	-77.5%
<b>Total</b>	<b>\$ 15,675,714</b>	<b>\$ 14,287,803</b>	<b>\$ (1,387,911)</b>	<b>-8.9%</b>

\*Red represents a reduction from FY21

### The larger cost impacts in the General Fund are:

- The Commission approved the addition of a fourth sergeant for the BSO. This and the continuation of the enhanced security detail during the Season will add approximately \$280,000 to the budget.
- We have assumed a 20% increase in health insurance premiums, which accounts for a \$119,000 increase in the General Fund budget. The affect the COVID-19 pandemic will have on insurance rates is an unknown, but we are anticipating a significant increase. Our insurance broker is seeking competitive renewal quotes, which should be available before we adopt the final budget in September.
- The budget provides for merit increases for employees, whose performance warrants, one in accord with the personnel rules. The Commission and I have every reason to be proud of the professionalism, dedication, and performance of our staff and therefore, I support this expense. The quality of managers we have been able to attract and retain is outstanding. Our Public Works staff works tirelessly in every weather condition to keep this Town beautiful, and our support staff offers highly personalized service to our residents who have grown

accustomed to a high level of attention. This financial impact to the budget is an estimated \$113K.

- The Town participates in the Florida Retirement System and the employee and employer contribution rates are set by the State legislature each year. Despite the good investment performance of the fund last year, the Legislature once again raised the employer contribution rates as follows:

Employee Classification	FY21	FY22
HA/PA-Regular Class	10%	10.82%
HI/PI- County, City, Special District Elected Officers-EOC	49.18%	51.42%
HM/PM-Senior Management Service Class (SMSC)	27.29%	29.01%

The cost impact of these contribution rate increases is approximately \$41,000.

### Staff Proposed Budget

With the help of the Department Directors, the Interim 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.

Additional programs that were proposed prior to the Commission decision to roll back the millage rate have been tabled and some of the proposed projects extended to future years in order to submit a balanced budget.

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)

The recommended Town Commission budget is approximately \$48,000 more than the current budget. This significant increase, 25.7% over last year, is primarily due to the funding adjustments that the Supervisor of Elections has made to ensure that the costs attributed to the municipalities account for the actual cost of the election. We have included \$2,400 to increase Commission salaries by 5% if the Commission chooses to do so. An increase in the budget was also made to accommodate for the higher insurance premiums that we are expecting, as well as the rate increase in FRS.

## Donations to Non-Profit Organizations (511.100)

At the June 8th Commission meeting, the Commission's direction was to fund the following non-profit organizations in the amounts indicated below:

<b>Donations to Non-Profit Organizations</b>	
<b>Organization</b>	<b>Amount</b>
Area Agency on Aging of Broward County	8,759
Broward 2-1-1	5,000
Broward Children's Center	10,000
Broward College	2,000
Camp Victory Resorts for the Homeless	8,000
Center for Hearing and Communication	2,000
Early Learning Coalition of Broward County, Inc.	2,000
Goodman Jewish Family Services of Broward County	5,000
Hillsboro Lighthouse Preservation Society, Inc.	2,500
House of Hope	5,000
Lionfish Derby	5,000
South Florida Wildfire Center	5,000
Women in Distress	3,000
<b>Total</b>	<b>\$ 63,259</b>

This budget includes two organizations that have previously not been funded by the town, Goodman Jewish Family Services and Lionfish Derby. The total donation for FY22 is \$63,259 which represents a \$10,000 or 19% increase in the amount of total contributions. Due to the Commission's decision to reduce our millage rate, the Commission may choose to direct staff to reduce the donations this year so that additional events that were removed from the budget may be funded.

## Visitor Center formerly listed as Chamber of Commerce (511.200)

The effects of COVID-19 had a major impact on the Chamber of Commerce's operation of the Visitor Center. In the past, the Town and Chamber have shared the costs associated with the Visitor Center operation. Last year, the Commission increased the donation to the Chamber of Commerce by \$25,000 to supplement the operation of the Visitor Center since the Chamber was closed due to COVID-19 and their funding was drastically reduced.

After discussions between the Commission and the Chamber regarding the operation of the Visitor's Center for FY22 at the June 29th Commission meeting, the Commission agreed to fully fund the Visitors Center operations and take a more active role in the operations of the Center. The Chamber

would manage the day-to-day operations of the Visitor's Center and the Visitor Center employees would still fall under the umbrella of the Chamber organization.

To accommodate these changes, staff has proposed a budget that deletes the contractual services (\$29,000) that was utilized to pay the Chamber for a portion of the salaries and created a new line item, Visitor Center Salaries (\$55,000), that will be utilized to pay the Visitor Center staff salaries other Visitor's Center related expenses (telephone, internet, office supplies, etc.). In addition, the operating expenses have remained the same to cover the costs associated with postage and printing. Last year, this line item included a one-time cost of \$25,000 to pay for the operations since the Chamber was impacted by COVID-19, so the impact to the overall budget is an increase of 10.57% over last year's budget.

This is the first year for this new relationship between the Chamber and the Town and we will be working together throughout the year to collaborate in hopes that the Visitor Center's mission and operations can be streamlined and improved in an effort to provide the service with a reduced budget next year.

For clarity, staff is also suggesting retitling this line item from Chamber of Commerce to Visitor's Center so it is clear the Town is funding the Visitor Center's operations and not funding the Chamber of Commerce.

### **Administration Department (513)**

The administration budget includes staff personnel that oversee the Town Manager, Town Clerk, Human Resources and Finance functions of the Town. The proposed budget contemplates the completion of a Strategic Plan for the Town as well as finalizing the Town's Comprehensive Emergency Management Plan. The proposed budget represents a reduction of 2.9% over last year.

### **Town Attorney (514)**

The Town Attorney's contract includes a provision to increase their rates by 5% on an annual basis. The Interim Town Manager has added staff training from the Attorney's staff on issues such as Ethics, Procurement and Purchasing Ethics to ensure that we are following best practices while meeting legal requirements. As in years past, the budget also includes funding (\$105,000) to cover potential litigation efforts that may come up throughout the year. The proposed increase to the Attorney budget is slight at 4.4%.

### **General Government Department (519.000)**

The General Government Department includes the expenditures that have a broad impact on government operations. We allocated 100% of our Marketing and Special Events staff to this budget, (it was previously covered in Administration), added a contingency fund to accommodate additional unfunded Commission directives throughout the year, and reallocated funds for capital improvements (bus stops) to the Capital Fund. 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). The overall budget was reduced by 5.2%

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## **Business Development & Marketing Department (519.100)**

This budget line item Includes the Strategic Marketing Plan which was previously developed for the years 2019-2021 and therefore, this year's budget includes funds for a new Plan that reflects the Community and Commission's Vision for the next three years. To keep the costs in check and meet rolled-back rate, we have reduced the advertising and marketing expenses by 25%. The overall budget was reduced by 7.6%

## **Police Department (521)**

The Town Contracts with BSO to provide policing services. The Commission approved the BSO Budget at their May 25, 2021 meeting. This year's budget of \$5,472,607 is an increase of 5.9% and includes an additional sergeant and funds to continue enhanced security during season.

## **Emergency Medical Services (523)**

The Town contracts with AMR to provide emergency services to the Town. The Contract, which was approved in 2015 and renewed in 2021 for another five years, provides for an increase of 3% for FY22.

## **Development Services (524)**

The Development Services Department budget, which is decreasing by 4.6%, includes funding for the Planning and Code Compliance Services (Building Department Services are allocated from a separate Building Fund). This year's budget includes funding Comprehensive Plan updates, but in order to accommodate the rolled-back rate, the final phase for Comprehensive Planning was removed from FY22 and will be included in FY23.

## **Public Works (541.100)**

The Public Works Department is increasing by 5.3%. In addition to insurance increases, the department is proposing a \$13,000 increase for a private janitorial service to clean the Downtown public bathrooms. This will allow the bathrooms to remain open later, which was a request of our downtown businesses and will better serve the residents and visitors of the Town. The budget also contemplates continuing to update the fleet with a new utility club car, however we eliminated the request for one additional Polaris ATV to meet the rolled-back rate. It also considers the continued use of contractors to "blow" mulch twice a year. This was well received by the public and was not a significant expense.

## **Recreation (572)**

The Town's Recreation budget increased by 10.6% primarily because last year's budget did not include a fully funded Special Events calendar due to the impact of COVID-19. To meet the rolled-back rate, staff eliminated a proposed new outdoor class (like our very popular Yoga class) and a new family-oriented special event.

This concludes the General Fund discussion.

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## 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 the fire services. There are no changes proposed for the assessment, so residential properties will continue to pay \$129.85 annually.

In FY21, Lauderdale-By-The-Sea's residential fire fee was the lowest in Broward County, followed by Lighthouse Point (\$134.50) and then Oakland Park (\$199.00). It is important to note that the Town is the only municipality in Broward County in which the fire assessment fully funds the Fire Department so even though our assessment may be a little bit higher, no money from other funds support the budget which is not true for all other communities.

This year, the overall budget is increasing by 82.5% to \$1,945,755. While this number seems high, it includes the purchase of a Squirt 12 vehicle (\$900,000) to replace the current vehicle that is more than 25 years old. The budget also includes \$30,000 to complete a fire assessment fee study as the last study was completed in 2016 and a modest 3% increase to the general operating budget.

## Proprietary (Enterprise) Funds

Proprietary Funds are funds that account 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.

## Sewer Fund

The FY22 Sewer Fund budget is proposed to increase 13% to accommodate the continuation of the sewer lateral lining project that was started in FY21.

The Town owns the sewer system from Pine Avenue to the Town's southern boundary but does not have a sewage treatment plant. We have a contract with Pompano Beach to accept our wastewater flow and transmit it through their lines and pump station to the County's treatment plant on Copans Road. The master sewer agreement with Pompano Beach provides that they maintain our two pump stations and they pay the County for the treatment of our wastewater. When we complete the new Palm Club pump station, Pompano Beach will maintain this station as well. The fees to pay for this service are set by Pompano Beach 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.

## Building Fund

The Florida Legislature adopted regulations to require local governments to create a report that 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 \$874,680 which is a 28% 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. Half of these funds were approved in FY21 budget but will not be expended before the end of that fiscal year and are therefore proposed in the FY22 budget. By scanning our permit files, we will be better prepared for any damage that may occur due to storms or roof failures.

## Parking Fund

Last year, the Town conservatively budgeted parking revenues and limited expenditures to the fund because of the uncertainty caused by the COVID pandemic. Visitors have returned, and we are seeing revenues at pre-COVID rates. While our parking lots are busy, we are losing revenue from 30 temporary parking spaces due to the redevelopment of the Seaside Villas hotel (formerly Eastward Strand) and potentially losing up to 35 parking spaces if the Commission approves a redesign of the East Commercial Boulevard sidewalk. Even with these limitations, the Town anticipates a 31% increase in the parking fund over last year's projections.

We included a transfer of \$1.1 million to fund the proposed Capital Projects Fund budgeted for FY22. Unlike last year, there are no proposed transfers to the General Fund.

## Capital Project Fund

The sources of funding for the Capital Fund in FY22 are listed in the table below.

<b>FY22 CAPITAL FUND</b>	
<b>Source</b>	<b>Amount</b>
Oriana Settlement	\$ 677,566
FDG Liens (which were transferred to the Capital Fund in FY21)	\$ 1,650,000
General Fund (proposed)	\$ 540,622
Transfer from Parking (proposed)	\$ 1,109,300
Capital Fund Appropriated balance	\$ 406,337
American Rescue Act Grant	\$ 1,668,844

### Capital Project Expenditures

The Commission approved an aggressive Multi-Year Capital Project Plan in March of this year. The plan was developed to continue the efforts to strengthen the foundation of the Town – both with infrastructure improvements such as Codrington Drive drainage construction and software improvements to ensure the Town’s government is efficiently managed. To ensure the budget was balanced with the current millage rate and a healthy Parking Fund balance, staff proposes moving some of the previously approved projects to future years.

In FY22, staff is proposing to amend the following Capital Fund projects included in the 5 Year Capital Fund Budget that was reviewed and approved by the Commission on March 9<sup>th</sup> and May 11<sup>th</sup>. The projects identified for inclusion in the FY22 budget are listed below (please note description of changes, if applicable):

- Roofing repairs for the Town Hall complex buildings (moving previously discussed flooring improvement to FY23 to accommodate rolled-back rate).
- Canal dredging (Extending one year for completion in FY23 to accommodate rolled-back rate)
- Palm Club Septic to Sewer project (Reduced by \$50K to better reflect the construction estimates).
- Drainage Improvements for Codrington Drive-(Reduced by \$50K to accommodate rolled-back rate).

Other projects that were included in the FY22 Capital fund that have no proposed changes include:

- Stormwater Rate Study
- ADA improvements to community bus shelters
- Establish a Dog Park at Friedt Park
- El Mar Drive Improvements
- Town Management Software (Financial, Human Resources, Public Works, and Development Services)

Town staff is suggesting adding two projects that have been discussed by the Commission since the March meeting to establish the 5-year capital fund budget,

West Tradewinds Street Improvement  
Downtown Parking reconfiguration

The following chart summarizes the Capital Fund Projects discussed above:

<b>Capital Improvement Projects-FY22</b>	
Town Hall Complex	\$ 251,000.00
Canal Dredging	70,000.00
Storm Water Rate Study	40,000.00
Pedestrian Amenities	150,000.00
Palm Club Sewer	1,450,000.00
Downtown Parking Reconfiguration	350,000.00
West Tradewinds Improvement	50,000.00
Dog Park Pilot	50,000.00
Street Project-Codrington Drive	1,150,000.00
El Mar Drive	2,327,566.00
<b>Total Capital Improvement Projects:</b>	<b>\$5,888,566.00</b>

This is an aggressive program and staff is suggesting that we move the following projects to future years to (see Fund Balance and Reserves) balance the budget:

- Bougainvilla/Poinciana drainage construction and repairs
- Offsite roof replacement (FY2023)
- Beach Portals Design and Construction

## 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 projections on what will be available at the end of the current and next fiscal year.

<b>FUND BALANCES AND RESERVES</b>				
	Actual 9/30/2020	Estimated as of 9/30/2021	Appropriated for Use in FY 22	Estimated 9/30/2022
<b>GENERAL FUND</b>				
Emergency Reserve	2,500,000	2,500,000		2,500,000
Unassigned Fund Balance	5,893,870	7,713,110	1,688,752	6,024,358
<b>Subtotal</b>	<b>\$ 8,393,870</b>	<b>\$ 10,213,110</b>	<b>\$ 1,688,752</b>	<b>\$ 8,524,358</b>
<b>CAPITAL FUND</b>				
El Mar Drive Improvements-Restricted	677,566	677,566	677,566	-
Fund Balance-Designated for Capital Projects	2,863,032	3,701,609	406,337	3,295,272
<b>Subtotal</b>	<b>\$ 3,540,598</b>	<b>\$ 4,379,175</b>	<b>\$ 1,083,903</b>	<b>\$ 3,295,272</b>
<b>FIRE FUND Balance Restricted</b>	<b>\$ 1,505,315</b>	<b>\$ 1,576,382</b>	<b>\$ 898,507</b>	<b>\$ 677,875</b>
<b>LET FUND Balance Restricted</b>	<b>\$ 13,743</b>	<b>\$ 13,743</b>		<b>\$ 13,743</b>
<b>BUILDING FUND</b>	<b>\$ -</b>	<b>\$ 208,976</b>	<b>\$ 50,000</b>	<b>\$ 158,976</b>
<b>PARKING FUND</b>	<b>\$ 5,154,853</b>	<b>\$ 7,938,573</b>		<b>\$ 7,938,573</b>
<b>PILOP</b>	<b>\$ 32,621</b>	<b>\$ 42,621</b>		<b>\$ 42,621</b>
<b>SEWER FUND</b>	<b>\$ 1,437,301</b>	<b>\$ 1,547,786</b>	<b>\$ 200,281</b>	<b>\$ 1,347,505</b>

## Conclusion

In closing, the Town Commission conservatively budgeted this year by proposing the rolled-back rate. In order to present a balanced budget, staff eliminated the following projects from the budget:

- Training
- Comprehensive Plan (phase 2)
- 2021 Polaris ATV 4x4
- Special Event: Farmer's Market License Agreement
- Special Event: Sandcastle Building/Watersports
- New Year's Eve Celebration

As discussed in this message, the Town has a healthy reserve and; therefore, if the Commission would like to fund any of these proposals, the Town has the funds to do so. However, staff would caution that using one-time funds to pay for on-going projects would lead to a future deficit if not replaced by recurring income.

**END OF BUDGET MESSAGE**

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