



Annual City Budget

The annual City budget for the coming fiscal year has been under development for many months and will be finalized with three budget hearings in September. Since 2007, the Oakland Park City government, similar to municipal governments throughout the country, has shrunk in response to declining revenue. Initially, the State Legislature adopted legislation imposing constraints on municipal governments' ability to increase property tax revenue. This was followed by the near collapse of the U.S. economy in 2008 which continues to adversely impact municipal government's traditional sources of income, including property taxes, sales taxes and development activities.

In response to declining revenues, Oakland Park has significantly reduced expenses. For Governmental operations, which provide all City services other than utility (water, sewer, solid waste collection and stormwater) services, full-time positions have been reduced since 2007 from 246 positions to 188 positions. In addition to the additional workload assumed by staff with these staffing reductions, staff has been further impacted by wage freezes (one year for most staff members, two years for senior management and three years for the City manager), the closing of the traditional City pension plan to new employees, new requirements for staff pension contributions and implementation of higher deductible health plans to lessen health plan cost increases.

Non-personnel operating expenses for these operations have been similarly reduced from \$28.2 million in 2007 to \$22.5 million. This was accomplished in part through increased efficiencies in delivering services and in part through elimination of some non-critical services. The Fire department, by reevaluating how it responded to service calls, reduced staffing while continuing to achieve its response targets. This rebalancing of resources saves approximately \$1 million annually while maintaining service standards. Automation has also allowed for services to be provided more cost-effectively. On the other hand, non-critical services such as the community bus, crossing guard services for older children attending the City's middle school, the park rangers, landscaping, the City's performing arts program and several other non-critical programs have been reduced or eliminated. Even with these cost pressures, it should be noted that the City has reprioritized its expenditures during this period to allow BSO, which provides police services to the City, to add deputies to further strengthen the City's aggressive focus on crime prevention.

For the coming year the fiscal pressures continue undiminished. The property tax base is down 16.7%, increasing pressure on property tax revenues. With the economy unimproved, there is no growth in other revenue sources. One-time revenues, which were available in 2010, will not be available in 2011. Pension costs will be up \$1.2 million and health costs are estimated to be up 20%. Due to County budget problems, the cost of BSO services could be up by at least \$750,000. In light of these factors, the City was looking at a \$5.5 million gap between revenues and expenses when planning began for the coming year.

The City Commission has very preliminarily reviewed the recommended budget over three meetings in July and, after further extensive review in August, will provide final guidance during three budget hearings in September.

At this time, key components of the recommended budget include the following:

- Property tax rate increase of 20.9%. This will result in the City receiving slightly less property tax revenue next year than this year. The average residential homesteaded property will have a City property tax reduction of 1.6%.
- Fire assessment increase. For residential properties, a rate of \$178 per year is recommended. This reflects an adjustment after having been at \$149 per year for the past five years and \$140 per year for the two years before that.
- Further staff reduction with the net elimination of five full-time City positions. The reductions were designed to streamline operations with most reductions being senior management.
- Elimination of five BSO positions. These will be restored if a requested grant is received.
- Wages for all staff frozen for another year.
- Implementation of City-provided solid waste cart service in the areas annexed in 2005, effective as of January 1, 2011 with rates unchanged from this year.
- Increased water and sewer rates to cover increased costs of buying the City's drinking water from Fort Lauderdale and paying Fort Lauderdale and the County for processing the City's wastewater. The increased rates also cover the debt service for bonds being sold to finance the first half of the City's \$26 million major upgrade to the water and sewer systems.
- Implementation of an aggressive Information Technology strategy to allow the City to continue to improve service delivery in an environment of declining resources.
- Continued emphasis on revamping the City's traditional pension plan to lessen future cost pressures such as the \$1.2 million increase experienced for next year.

- Minor reduction in services such as the Volunteer Appreciation event, the City's Local Government Academy and Parks & Leisure Services special events.

- Continued focus on quality performance through continuation of the City's Performance Excellence initiative.

On September 13th there will be a special hearing for the Commission to obtain community input and to adopt assessments for fire services for the entire City and for solid waste services for the recently annexed areas.

On September 15th and September 29th there will be public hearings to obtain community input, to establish the City's property tax rate for the coming year and to provide final direction as to activities to be added to, or eliminated from, the final budget to balance it with available funding.

For additional information, please call the City's Office of Management and Budget at **954-630-4251**.