

Fort Lauderdale Budget Bulletin

SEPTEMBER 2004

a publication of Riverside Park Residents' Association

Fort Lauderdale Proposes 16% Budget Increase Property Tax Rate to Increase 34% from Rollback Rate

In his July 15 Budget Message to the City Commission, outgoing Acting City Manager Alan Silva proposed increasing the City budget by 15.7% from the current \$215 million this year (FY2004) to \$249 million in the upcoming fiscal year (FY2005). (See Table 1.)

**TABLE 1 – FORT LAUDERDALE
PROPOSED BUDGET**

ITEM	Adopted FY2004	Proposed FY2005	% CHG.
"All Funds"			
Budget	\$377M	\$416M	+10.4%
General Fund			
Budget	\$215M	\$249M	+15.7%

Source: July 15 Budget Msg., p. A-1

The budget process started prior to the Commission's August recess, and will continue on September 8 when the Commission reconvenes. So far, the City Manager has proposed a budget and the Commission has set a tentative millage rate, which cannot be increased, but can be reduced. During September, the Commission will consider whether to reduce the millage rate for the City, which accounts for about 21% of total property taxes. (Broward County and School Board taxes account for about 35% and 30% of total property taxes, respectively. See Table 2.)

**TABLE 2 – COMPONENTS OF PROPERTY TAXES
IN BROWARD CURRENT ADOPTED
MILLAGE RATES**

	FY2004	% of Total
Broward County Schools	8.1240	35.3%
Broward County	6.6065	28.7%
Fort Lauderdale	4.8288	21.0%
NBHD	2.5000	10.9%
Other	0.9635	4.2%
TOTAL	23.0228	100%

Source: Budget Msg., p. B-3

The Commission has set the proposed millage rate for operating expenses at 5.8466 dollars per \$1000 of assessed value, which represents a 21% increase from the current FY2004 rate of 4.8288, or a 34% increase from the so-called "roll-back" rate of 4.3545.

TABLE 3 – MILLAGE RATES & FIRE-RESCUE FEE

Adopted	Proposed		
	FY2004	FY2005	% Chg.
Operating	4.8288	5.8466	+21.1%
Debt - Subtotal	0.3682	0.3632	- 1.4%
Total Millage	5.1970	6.2098	+19.5%
Fire-Rescue Fee	\$63	\$125	+98%

Source: Fort Lauderdale Finance Dept.

In addition, the Commission has tentatively set the Fire-Rescue fee. Like the millage rate, this fee can be reduced, but cannot be increased from the amount tentatively adopted. The Commission initially rejected the Acting City Manager's proposal to increase the Fire Rescue fee from \$63 to \$123, but at a follow-up meeting, decided to raise the tentative rate to \$125 pending final approval.

The Commission's proposed millage rate is well above the rate of 5.4319 proposed by Acting City Manager Silva because the Commission initially rejected Mr. Silva's proposal to nearly double the fire-rescue fee.

At this point, the Commission has the flexibility to reduce either the millage rate, or the fire-rescue fee, or a combination of both, in order to meet the City's revenue targets for the upcoming fiscal year.

To learn more about the City's proposed budget, or to voice your opinion about the budget, attend the City Commission meetings where the budget will be discussed, or contact City Hall directly. The meetings will be held on the following dates shown in the box below. So get informed, and let your City know your budget priorities!

**TABLE 4 – PROPOSED FY2005 MILLAGE RATE
VS. "ROLL-BACK" RATE (OPERATING BUDGET)**

Roll-back Millage Rate	4.3545
Proposed Millage Rate	5.8466
PERCENT CHANGE	+34.3%

Note: The Roll-back rate is the millage rate that would raise the same amount of tax revenue as in the prior year, given the increase in taxable property value.

Editor's note: The roll-back rate is the tax rate which would raise the same amount of tax dollars this year as last year, after taking into account the increase in taxable property value. Since taxable value in the city increased by about 10%, the roll-back rate is about 10% lower than last year's millage rate. (See Tables 3 and 4.)

**Fort Lauderdale City Commission
BUDGET HEARINGS
Sept. 8 and 21
6:00 PM City Hall**

Frequently Asked Questions

Q: WHAT IS A "MILLAGE RATE"?

A: The millage rate is a tax assessed per \$1000 of property value ("Mil" means "Thousand" in Latin). For example, a tax of 6 mills on a \$200,000 home (without the homestead exemption) would equal \$1,200.

Q: WHAT IS THE HOMESTEAD EXEMPTION?

A: In Florida, the Homestead Exemption allows homeowners to exclude the first **\$25,000** of value from taxation, if the homeowner lives in the house and filed the exemption with the Property Appraiser's office. For example, with the Homestead Exemption, a property owner with a \$200,000 home would only pay taxes on \$175,000 of property value.

Q: WHAT IS THE SAVE OUR HOMES AMENDMENT?

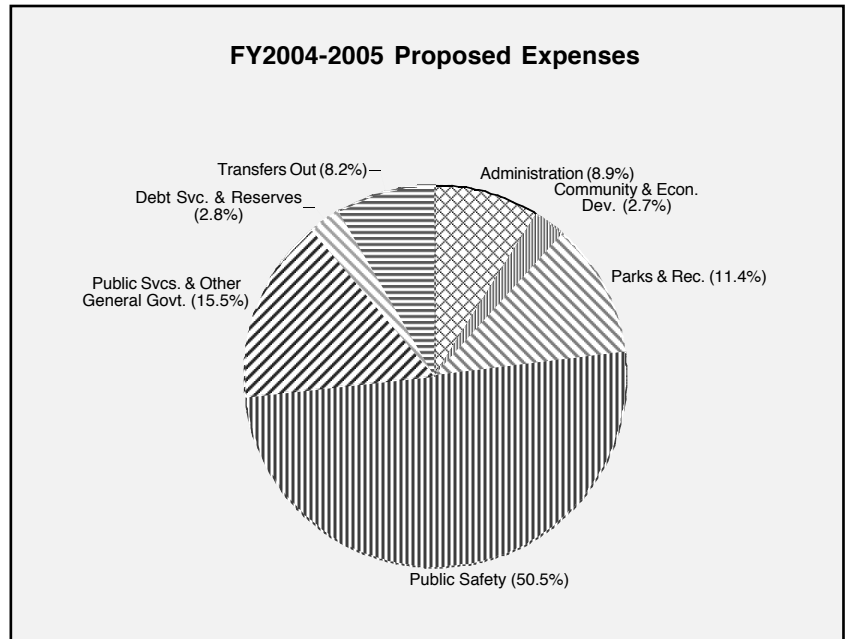
A: In Florida, the assessed value of a homesteaded property can only increase by 3% or the rate of inflation, whichever is less. This year inflation is 1.9%. The Save our Homes amendment keeps property taxes for long-time residents from rising quickly when property values rise. However, people who moved to their current home recently will pay more in taxes than people who have lived in the same house for a long time.

Q: WHERE WILL THE PROPOSED \$30+MILLION INCREASE IN SPENDING GO?

A: The increase will cover the following structural deficits in the budget:

Insurance Deficits*	\$21M
Reserve Draw-downs	\$7M
Capital Outlay/Deferred Maintenance	\$4M
Unrealistic Property Tax Collections (County)	\$4M
FY2004 One-time revenue "fixes"	\$1M
TOTAL:	\$37M

*To be paid over 3 years
Source: Budget Message, p. A-1 and A-2

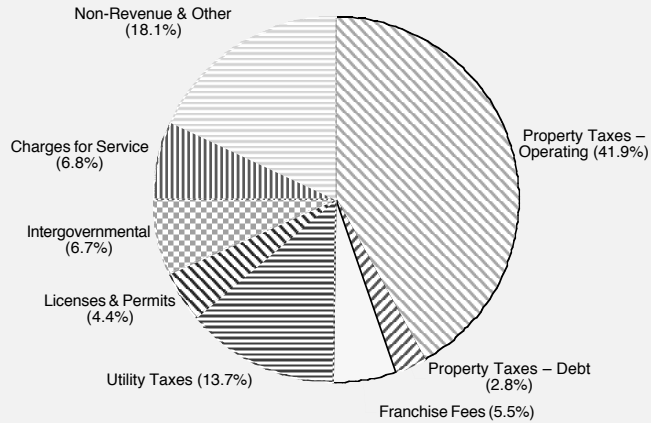


Where the Money Goes City Of Fort Lauderdale Expenditure Summary

GENERAL FUND	FY2004 Est. Actual	FY2005 Proposed
Administration		
Admin. Svcs.	8,842,368	7,502,415
City Attorney	2,467,057	2,877,635
City Clerk	908,062	1,150,425
City Commission	285,690	300,258
City Mgr.	2,752,278	3,254,000
Finance	3,635,694	4,292,364
Human Rsrcls.		2,305,018
Ofc. of Prof. Stds.	432,835	454,203
Community & Econ. Dev.		
Community & Econ. Dev.	6,114,163	6,739,035
Parks & Rec.		
Parks & Rec.	27,145,562	28,309,683
Public Safety		
Police	70,967,386	76,060,290
Fire-Rescue	44,007,392	49,536,052
Public Svcs. & Other Gen. Govt.		
Public Svcs.	21,146,186	26,212,238
Other Gen. Govt.	7,368,212	12,462,082
Debt Svc. & Reserves		
Debt. Svcs.	514,833	
Contingencies		1,000,000
Working Capital Reserve	3,000,000	3,000,000
Stabilization Acct.		1,000,000
Emergency Reserve		2,000,000
Year-End Balance	910,876	
Transfers Out		
Transfers Out	15,175,040	20,425,361
TOTAL RESOURCE ALLOCATED	\$215,673,634	\$248,881,059

Source: Budget Msg., Table 5, p. B-7

FY2004-2005 Proposed Revenue



Where the Money Comes From City Of Fort Lauderdale Revenue Summary

	FY2004 Est. Actual	FY2005 Proposed
GENERAL FUND		
Property Taxes – Operating	84,470,000	104,336,576
Property Taxes – Debt	6,387,200	6,990,459
Franchise Fees	13,783,000	13,800,400
Utility Taxes	33,614,000	34,049,176
Licenses & Permits	10,333,716	10,955,700
Intergovernmental	16,574,055	16,767,601
Charges for Service	16,611,229	16,852,977
Fines & Forfeitures	3,904,374	2,274,000
Misc.	28,504,329	38,175,988
Non-Revenue	1,491,731	4,678,182
TOTAL RESOURCES AVAILABLE	\$215,673,634	\$248,881,059

Source: Budget Message, Table 1, p. B-1

EDITOR'S NOTE: These figures do NOT reflect the increased millage rate tentatively adopted by the City Commission

**TABLE 5 –
Fort Lauderdale Property Tax Base (In \$ Millions)**

	JULY 2003	JULY 2004	%CHANGE
Preliminary	\$18,313M	\$20,191M	10.3%
Final	\$17,877M	Not Avail.	
New Construction	\$326M	\$357M	
New Construction (% of Existing)	+2%	+2%	

Source: DR-420 Certification of Taxable Value, July 2003 and July 2004

Q: WHAT WILL THE CHANGE IN TAXES MEAN FOR ME?

A: Including the Fire-Rescue Fee and the proposed tax rates from the Commission's most recent changes, the impact For the average property owner will be:

TAX IMPACT	INCREASE PER YEAR
INCREASE on Average (\$199,920) Homesteaded Property:	+ \$259
INCREASE on Average (\$252,604) Non-Homesteaded Condo	+ \$468
INCREASE on Average (\$363,275) Non-Homesteaded Single-Family House	+ \$646

Source: Budget Msg., p. A-2, plus Finance Dept. update
Note: This figure includes the \$62 increase in the Fire Assessment Fee.

(More Q&A on the following page)

**TABLE 6 –
Recommended Budget Increases**

- A. \$4M for Financial Stability (replenish reserves)**
Note: propose protecting reserves by ordinance
- B. \$1M for Contingencies**
- C. \$14.4M for Non-Discretionary Expenses**
 - a. \$5.4M for Insurance Fund Deficit (Exc.Health Care)
 - b. \$0.9M for Health Care Insurance Fund Deficit
 - c. \$1.6M Insurance increases for FY2005
 - d. \$5M Incr. in Pension Plan Pmts.
 - e. \$1.5M in Termination (DROP/Retirement) Pay
- D. \$7M in Capital Improvements/Outlay**
- E. \$5.4M for Commission-Articulated Priorities**
- F. \$468K for Public Safety Enhance./Requirements**
- G. \$1M to extend service to Annexed Areas**
- H. \$977K for Enhanced Management & Analysis**
- I. \$334K to Achieve Operational Efficiencies**
- J. \$130K to Maintain Grant Commitments**

Source: Budget Msg., pp. A-10 through A-17



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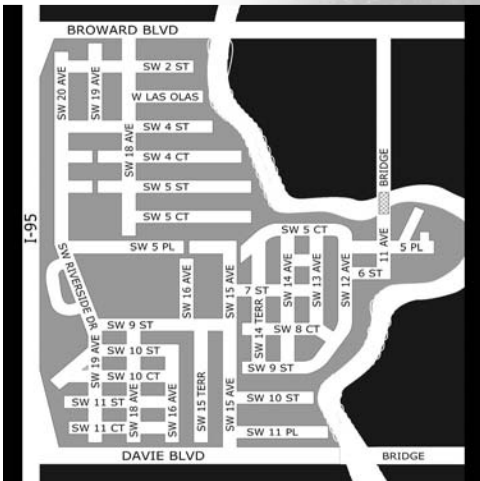
About this Brochure

This brochure was prepared by Riverside Park Residents' Association, Inc. The information contained herein is believed to be complete and accurate, and great effort was made to clarify and check this information with City of Fort Lauderdale Finance Department. However, RPRA and its associates do not warrant this information to be free from errors, and suggest that anyone wanting more information about budgets and taxes for the City of Fort Lauderdale contact the city directly.

RPRA periodically prepares and disseminates information and facts of interest to residents of our own and nearby neighborhoods. We're always looking for additional support, volunteers, and information regarding matters that affect our area and our lives here in the City of Fort Lauderdale.

About RPRA

Riverside Park is a neighborhood in southwest Fort Lauderdale, Florida bordered by Broward Boulevard, Davie Boulevard, I-95 and the north and south forks of the New River. See below:



If you're interested in learning more about RPRA or our neighborhood, please visit us online at:

www.riversidepark.org,

or contact Dave Marshall, RPRA President,

via e-mail at marshalldave@att.net,

phone at 954-761-7164

Dave Marshall

c/o Riverside Park Residents' Association

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Questions & Answers continued

Q: I SEE LOTS OF CONSTRUCTION IN THE CITY – CAN'T WE JUST GROW OUR WAY OUT OF THE BUDGET PROBLEM?

A: No – The increase in taxable value in the City for the past two years has been about \$325-\$350 million – an increase of only 2% on the City's total taxable value of nearly \$20 billion. This increase in value is not even enough to cover the built-in salary increases in the budget. (See Table 5.)

Q: CAN'T WE BALANCE THE BUDGET BY CUTTING THE CITY WORKFORCE A LITTLE MORE?

A: The proposed budget does eliminate 8 positions, for a savings of \$379,000. According to Acting City Manager Alan Silva, "The workforce base has been dramatically reduced, and further reductions will impact service quality and/or the existence of certain services/programs" (Budget Msg. p. A-3)

Q: WHAT IS HAPPENING TO THE CITY'S PENSION CONTRIBUTIONS?

A: They have increased rapidly over the last 3 years:

PENSION CONTRIBUTIONS

	2003	2004	2005P.	%CHG.
General Empl. Retirement Sys.	\$9M	12M	14M	+56%
Police & Firefighters Ret. Sys.	\$6.4M	12M	16.4M	+167%

Note: The City's contributions to GERS and PFRS are 22% and 37% of base pay, respectively.

Source: Budget Message, p. A-7



**Riverside Park
Residents' Association, Inc.**