



Memorandum

Memorandum No: 25-050

TO: Honorable Mayor and Members of the Fort Lauderdale City Commission

FROM: Rickelle Williams, City Manager *RW*

DATE: June 10, 2025

SUBJECT: Fiscal Year 2026 Preliminary Budget

From a legislative, administrative and operational perspective, the City's budget reflects the organization's foremost policy statement on an annual basis. Each year, City staff, championed by the Office of Management and Budget, engage in a thoughtful and lengthy process to develop a budget for consideration and approval by the City Commission.

I have personally met with each department over the past few months to discuss their challenges and opportunities for the upcoming year. I have also carefully reviewed each department's funding requests and weighed them against the City's other competing priorities. While the budgetary information is still preliminary, it conveys the Commission's priorities and provides detailed departmental budget requests and strategies recommended for achieving a structurally balanced budget for Fiscal Year (FY) 2026. The budget invests in the City's highest priorities and charts our course toward a financially sustainable future.

The City promotes and invites public engagement during various stages of the budget development process with input from the Budget Advisory Board. Departments have presented their budget requests to the Budget Advisory Board for additional guidance and input. The Budget Advisory Board will share its initial thoughts regarding the FY 2026 Preliminary Budget with the City Commission at a Joint Workshop scheduled for June 17, 2025.

At the June 30, 2025, City Commission Regular Meeting, the City Commission will set the maximum millage rate and non-ad valorem assessment amounts for FY 2026. This memo provides early information regarding the FY 2026 General Fund budget to allow for adequate time to review staff's recommendations prior to setting these rates. The adoption of the budget will occur at public hearings scheduled for September 3, 2025, and September 12, 2025.

Property Values – Ad Valorem Revenue

The Broward County Property Appraiser’s June 1, 2025, estimate indicates that the City of Fort Lauderdale’s taxable property value has increased by 8.15%, from \$58.5 billion to \$63.3 billion. Of the \$4.8 billion increase, \$1.1 billion is attributed to new construction. This growth in taxable value and new development is projected to generate a 7.3% increase, or \$17.1 million in additional revenue, above the FY 2025 budget. This increase in taxable

Five-Year History of the City of Fort Lauderdale’s Taxable Value			
Calendar Tax Year	Net New Construction (In Billions)	Final Gross Taxable Value (In Billions)	Increase from Prior Year
2025 - June	\$1.11	\$63.31	8.15%
2024 - Final	\$0.52	\$58.54	7.74%
2023 - Final	\$1.13	\$54.34	11.34%
2022 - Final	\$1.68	\$48.80	12.95%
2021 - Final	\$1.14	\$43.21	5.73%

value will help to offset many of the City’s rising expenses including, but not limited to, personnel costs such as pension contributions, contractual obligations related to bargaining groups, and increases in health insurance premiums. A recent history of the City of Fort Lauderdale’s taxable values and net new construction is included in the adjacent chart. Due to the continued increase in taxable values and other one-time funding sources, the City can maintain its current low millage rate of 4.1193 for the nineteenth (19th) consecutive year and provide the same level of service as in the prior year, even with increases in General Fund operating expenditures.

Fire Assessment Fee & Fire Rescue Facilities

The City’s Fire Assessment Fee provides a crucial funding mechanism, which is used to support personnel and equipment costs associated with the City’s fire protection services. Consistent with the City’s historic practice of conducting a fire assessment study every three (3) years and moving to full cost recovery, the fire assessment is scheduled to be adjusted from \$328 to \$403 per residential dwelling unit. This adjustment is projected to generate an additional \$10.4 million in revenue, which will help expand critical emergency services infrastructure, address growing service demands, and prepare the City for a safe and prosperous future.

This year, the City is making significant capital investments in public safety infrastructure, including a \$7.1 million appropriation through the Preliminary Community Investment Plan (CIP) as outlined in **Attachment 8** to complete construction of the new Downtown Emergency Medical Services (EMS) Substation #88 and the Heron Garage Substation. Each of these full-service stations are strategically located to improve response times in high-demand areas of the City’s downtown corridors. The City is also contributing \$3.7 million in CIP funds to finish construction of the new Fire Station #13, which will mark the completion of the City’s Fire Rescue Bond projects. The upgraded station will provide the City’s first responders with a modern facility, equipped with the latest technology and resources, to better serve the community.

These long-delayed capital improvements, along with an updated fire assessment study that aligns required staffing levels with Effective Response Force (ERF) standards set by the National Fire Protection Association, underscore the need to increase the fire assessment fee for full cost recovery. This adjustment allows the City to phase-in the forementioned capital investments over a three (3)-year period while sustaining current Fire Rescue operations.

Key Revenue and Expenditure Changes

Highlights of revenue and expenditure changes from the FY 2025 Adopted Budget, including the recommended decision packages, are included in **Attachment 1** and are summarized below:

Revenue Changes - \$36.4 Million		Expenditure Changes - \$21.4 Million	
\$17.1M	Ad Valorem	\$17.4M	Public Safety
10.4M	Fire Assessment	3.9M	Culture and Recreation
5.9M	Franchise and Utility Taxes	3.0M	Other General Government
4.8M	PFAS Settlement Funds	0.4M	Human Services
1.5M	General Administration Service	0.1M	Economic Environment
1.3M	Other Revenues	(0.2M)	Transportation and Mobility
(4.6M)	Appropriated Fund Balance	(3.2M)	Physical Environment

State revenues such as the Communications Service Tax and Half Cent Sales Tax have not been updated for FY 2026 estimates. These revenue estimates will be updated in the budget once the State releases its estimates.

Commission Priorities

In alignment with the City’s commitment to openness and transparency, the Commission participated in a public goal-setting workshop on January 21, 2025, to develop FY 2026 Commission Priorities and articulate the organization’s highest priorities for the upcoming year. As part of the budget process, our management team closely re-evaluated every program offered by the City to maintain or refocus efforts and resources to strategically move the most pressing priorities of the City Commission forward.

To ensure the City’s long-term financial sustainability, I am recommending a budget that strategically prioritizes the initiatives that are aligned with the City Commission’s key objectives. The full listing of recommended service level enhancements is outlined in **Attachment 2**.

Key enhancements include:

- Funding for public safety technology and equipment enhancements;
- Funding to enhance the City’s services to address homelessness including condition-specific residential treatment programs and a pilot safe parking program;
- Funding to enhance the City’s cultural programming including public art sponsorships, permanent and temporary art installations, and advertising for cultural initiatives;
- Funding to establish a municipal services affordability program, aimed at assisting financially burdened families with paying for their water, sewer, and sanitation service; and
- Funding to advance technology initiatives, such as Microsoft Copilot, that will help City staff work more efficiently while improving services to our neighbors.

Attachment 3 highlights how specific funding allocations in the FY 2026 Preliminary Budget and Community Investment Plan support the Commission's FY 2026 strategic priorities. This budget reaffirms the City's commitment to supporting public safety through staffing enhancements and investments in technology and facilities. Details on these initiatives can be found in the Overview of Public Safety Initiatives in **Attachment 4**. Additionally, the City's continued commitment to addressing homelessness and protecting the environment are outlined in **Attachment 5** and **Attachment 6**, respectively. This budget also includes a \$2.0 million placeholder for nonprofit organizations to support key community services that align with the City's Strategic Plan, annual Commission Priorities, and operational needs. Lastly, **Attachment 7** provides a summary of the City Special Events funded in the Preliminary Budget.

Overall, the preliminary budget makes foundational investments that will improve the quality of life for our neighbors today and also prepare the City for tomorrow's challenges. These enhancements respond to the needs of a growing community as the City of Fort Lauderdale progresses into the future.

Budget Balancing Strategies

During the budget development process, each department was challenged to identify strategic reductions and revenue enhancements that will ensure that we are efficiently utilizing and leveraging the resources entrusted to us by our neighbors. The results of that review are woven into various elements of this budget. Departments were able to:

- Explore current operations to identify where service levels can be maintained while reducing the budgeted funding;
- Evaluate investments that could be made this year to yield savings in future years; and
- Reassess Community Investment Plan initiatives to ensure timing of funding is closely aligned with project implementation schedules.

As a parallel process, departments also began to explore revenue enhancements that will be reviewed over the coming fiscal year and will be implemented in time for the next budget development cycle.

In addition to these ongoing efforts, the City anticipates receiving non-recurring funding associated with the City's Per- and Polyfluoroalkyl Substances (PFAS) Settlement and Community Development Block Grant Disaster Recovery (CDBG-DR) program. These two (2) funding sources represent a monumental opportunity to advance City priorities. Over the summer, City staff will develop a comprehensive plan to strategically leverage these funding sources to maximize the impact to our neighbors.

- PFAS Settlement - The City has four (4) pending settlements related to damages caused by the unlawful, deceptive, and fraudulent practices of PFAS manufacturers. These settlements are projected to result in approximately \$24.5 million by 2033. A proposal for the use of the initial \$14.3 million payment, which is expected in the

current fiscal year, will be presented via a budget amendment. The \$4.8 million payment expected in FY 2026 is incorporated in this preliminary budget.

- Community Development Block Grant Disaster Recovery (CDBG-DR) Funds – These grant funds, anticipated at \$88.1 million, are intended to help the City recover from the flooding that occurred in April 2023, which destroyed property and highlighted the need for mitigation efforts to prevent or lessen the severity of future events. Staff is working to fulfill the grant’s risk assessment and action plan requirements and will present the City Commission with a full implementation plan.

Planning for the Future – NEW Emergency Management Reserve

For the first time ever, due to the volatility and recent uptick of natural disasters across the nation, coupled with an uncertain economic outlook from State and Federal agencies, I am recommending the establishment of an emergency management reserve. While fund balance from the General Fund has historically served as a funding source for unforeseen challenges, the creation of this new reserve will transparently and boldly demonstrate that we are prepared for catastrophic emergencies.

This resilient strategy will dedicate \$4.8 million from the PFAS settlement that the City will receive during Fiscal Year 2026 - meaning there is no additional financial burden on the neighbors of Fort Lauderdale. Leveraging this financial advantage is another tool in the toolbox as we combat an uncertain future. It also aligns with governmental best practices, promoting long-term financial stability and providing assurances that Fort Lauderdale is being deliberate about resource allocation. As the budget development process advances, the City will be sharing more about this initiative as we move the City toward a more resilient future together.

Infrastructure and Community Investment Plan

The City’s infrastructure assets need to be carefully managed and maintained to ensure Fort Lauderdale remains the City you never want to leave. In the FY 2026 – 2030 Preliminary Community Investment Plan, staff has strategically outlined a roadmap that includes all the critical initiatives the City plans to undertake over the next five (5) years. This is designed in a strategic, careful, and impactful manner to maximize economic development and maintain and improve quality of life.

The Preliminary FY 2026 – 2030 Community Investment Plan (**Attachment 8**) includes \$21.3 million from the General Fund, \$700,000 from Community Development Block Grant funds, \$2.1 million from Transportation Surtax funds, and the reallocation of \$9.9 million from existing projects to address the most pressing infrastructure needs of our community. Key highlights of the Community Investment Plan are listed below:

- \$10.8 million to complete the construction of Fire Station #13, Emergency Medical Substation #88, and the Heron Garage Substation
- \$8.6 million for the repair, enhancement and replacement of roadways and sidewalks, including Breakers Avenue and Birch Road
- \$5.7 million for the replacement of the NE 1st Street Bridge
- \$1.9 million for the repair and maintenance of existing City facilities

- \$1.5 million for seawall restoration and replacement
- \$500,000 for streetlight improvements
- \$100,000 for solar panel installation on City facilities

Replacement Plans

The City has committed to systematically updating existing and developing new replacement plans as a part of the annual budget development process. This approach strengthens the City's long-term financial planning and minimizes fluctuations in annual expenditures. Furthermore, replacement schedules ensure that City staff are properly equipped to serve the community and maintain accountability for assets. The preliminary FY 2026 City investment in replacing key equipment and assets, as a part of these plans, is recommended at \$17.4 million for General Fund departments. These replacement plans have been provided as part of the preliminary budget information (**Attachments 9 – 16**).

We are proud of this year's inclusive and comprehensive budget process. I would like to thank the Budget Advisory Board for its valuable assistance in reviewing departmental needs and providing the taxpayer's perspective. I would also like to acknowledge the efforts of the Office of Management and Budget for its continued leadership throughout the budget development process.

Following the City Commission/Budget Advisory Board Joint Workshop scheduled for June 17, 2025, the FY 2026 Proposed Budget and FY 2026 - FY 2030 Community Investment Plan are scheduled to be presented at the City Commission Regular Meeting on June 30, 2025. Additional details on recommended reorganizational strategies will be included as a part of the FY 2026 Proposed Budget.

The FY 2026 Preliminary Budget, including detailed department request packages, has been posted on the City's website at the following link: www.fortlauderdale.gov/preliminarybudget. I encourage you to review the full scope of comprehensive departmental budget requests, and contact me directly with any questions, comments, or concerns.

Attachments

- (1) FY 2026 General Fund Preliminary Budget Summary
- (2) FY 2026 Strategic Service Enhancements
- (3) Funding the City Commission's Priorities
- (4) Overview of Public Safety Initiatives
- (5) Overview of Funding to Address Homelessness
- (6) FY 2026 Funding to Support Sustainability and Climate Resiliency
- (7) FY 2026 Special Events and Public Space Activation Budget Summary
- (8) FY 2026 – FY 2030 Community Investment Plan
- (9) FY 2026 – FY 2030 Fleet Replacement Plan
- (10) FY 2026 – FY 2035 Fleet Services Critical Equipment Replacement Plan
- (11) FY 2026 – FY 2030 Police Department Ballistic Vest and Animal Replacement Plan
- (12) FY 2026 – FY 2030 Police Department Equipment Plans
- (13) FY 2026 – FY 2035 Fire Rescue Equipment Replacement Plan
- (14) FY 2026 – FY 2035 Parks and Recreation Equipment Replacement Plan

(15) FY 2026 PC Replacement Plans

(16) FY 2026 Information Technology Equipment Replacement Plans

c: Budget Advisory Board
D'Wayne M. Spence, Interim City Attorney
David R. Soloman, City Clerk
Patrick Reilly, City Auditor
City Manager's Office
Department Directors