



Office of the
Town Manager

September 20, 2023

Re: Budget Transmittal Letter

Dear Mayor Roger Michaud, Vice Mayor Kim Glas-Castro, and Members of the Town Commission and the Residents of Lake Park:

The Budget Transmittal Letter Highlights the Operating and Enterprise Budgets Changes for the 2023-2024 Fiscal Year.

Budget Process:

The budget process began with the submittal of department initiatives on May 8, 2023. Budget initiatives may result in budget increases if incorporated into the operating budget. The budget initiatives originate with Department Directors and provide a snapshot of what each department requires in order to increase or enhance program and department services for the upcoming fiscal year. Budget initiatives are important to Department Directors because they need additional resources to manage their departments properly.

The operating budget for the 2023-2024 fiscal year is balanced. The millage rate has been reduced to 5.1870 from 5.3474, which has been the rate for the past seven years. The Fire MSTU remains at 3.4581. The total millage rate is 8.6451, which is always subject to change by a vote of the Town Commission. The State has capped the millage rate at \$10.00 per \$1,000. The millage rate for Fiscal 2023-2024 will raise \$5,090,951 in budget revenue. The increase in budget revenue is due to the rise in property values. Property value increases will increase \$449,552 in new property value revenue to support the General Fund budget expenses of more than \$13,736,384. The total General Fund revenue of \$13,736,384 is comprised of Ad Valorem taxes of \$5,090,951, and \$8,645,433 that comes from other revenue sources outside of the millage rate. Those budget revenue sources are essential to balance revenues to expenditures.

Rather than focus on budget numbers, the budget message will focus once again, on what residents can look forward to in this year's budget cycle regarding programs, services, infrastructure, and budget highlights. The budget is subject to change and is a fluid planning document of priorities the Town hopes to achieve between October 1, 2023 and September 31, 2024.

The financial outlook for the Town remains steady. We continue to provide myriad public services to our residents. Young families, seeing a desirable, affordable community that is on the move, are increasingly choosing to make their home in Lake Park. Lake Park remains an eco-friendly municipality with the Town Commission's commitment to providing green infrastructure solutions from bioswales to rain barrels and rain gardens in order to counter the increasing threat of sea level rise. The latest green infrastructure project completed last Fiscal Year was recognized as one of the most innovative design projects in the State of Florida. Although awarded in Fiscal Year 2021-2022, the Town received over \$11 million in grant funding to complete a three-phase green infrastructure drainage project known as the Southern Outfall Priority Rehabilitation Project. The three phases incorporate bioswales on 10th Street, underground filtration chambers at Bert Bostrom Park, and a second bioswale off Lake Shore Drive by the Lake Park Harbor Marina. The Southern Outfall drains 446 acres, representing approximately one-third of the Town's total area.

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Lake Park is a walkable, bikeable community in which sidewalks connect residents to the Town. Wide streets allow Lake Park to develop and implement a mobility plan and fee structure (paid by developers) to move residents throughout Lake Park using micro-mobility transportation options. The Lake Park Mobility Plan (the Mobility Plan) will directly serve development projects that pay the fee. The Mobility Plan also directly benefits residents through street and sidewalk improvements, new roads, and the implementation of alternative means of transportation options for Lake Park residents. The Mobility Plan will emphasize non-car-centric modes of transportation. We must provide families with the services they desire to remain a livable community. Our vision resonates with young families and is evident in the number of young families moving into the Town of Lake Park.

Construction on Nautilus 220 is well underway, with a scheduled completion date of the fourth quarter of 2024. In addition to Nautilus 220, the Town has permitted approximately 700,000 square feet of office warehouse development projects in our industrial park area. Over the next two fiscal years, the staff plans to permit 1,400 housing units in the downtown area. The Town received an unsolicited proposal for a train station project requiring staff to evaluate the proposal for development purposes. We expect to apply for Transit Oriented Development Funds to help offset transit expenditures, such as creating a third track for a train station. Such development projects will diversify our tax base and increase revenue at a time critical to our community's financial future.

HOMESTEAD EXEMPTION:

The Millage essential will reduce to 5.1870. This rate is the first reduction in at least the past seven fiscal years. Homestead exemption properties will not see an increase in the property tax bills for the Lake Park Operating portion of their bills resulting from increased property values. The millage tax rate was reduced by 3% to offset property value increases for Homestead properties. Since the rise in property values under the Homestead exemption for homestead properties is capped at 3% or less regardless of the total increase in property values. Due to the significant increase in property values this fiscal year, the Property Appraiser believes the total increase of 3% Homestead exempted properties will be realized this fiscal year. Once again, the most significant increase in property values will be within the CRA boundaries of the Town. Commercial property owners are not eligible for Homestead exemptions. The millage rate for all property in the Town of Lake Park raised \$5,090,951 in revenue for the Town of Lake Park compared to last year's revenue is an increase of \$481,103.

WHAT THE BUDGET WILL PROVIDE TO RESIDENTS AND BUSINESSES:

CAPITAL PROJECTS:

- The Town received a grant for \$11,067,635.00 in the previous Fiscal Year to complete the Southern Outfall Priority Drainage Project. We plan to sign the grant agreement with the Florida Department of Economic Opportunity (funding source) just before the beginning of the new Fiscal Year. The Town has four years to complete the project. The project, as stated earlier, will address drainage from 10th Street to the Lake Park Harbor Marina. When completed, the properties south of Park Avenue will realize an immediate impact on drainage. The project will also require the installation of filtration chambers under Bert Bostrom Park to slow drainage and mitigate discharge through the system to a second bioswale at the Marina. We expect construction to start in the first quarter of the 2023-2024 Fiscal Year. The project will drain 446 acres or nearly 50% of the 928 total watershed acres. The grant includes \$400,000 for the Southern Outfall (south of Park Avenue) pipe relining. In addition, the Stormwater budget will fund \$367,000 for pipe relining repair work to the northern area of the Town. The total funding for pipe relining is \$767,000.
- The Streets and Roads budget will appropriate \$275,000 for sidewalk repair work. Funding will come from the One-Cent Sales Tax revenue voted by the Palm Beach County Referendum Question on infrastructure repair throughout County. The Town's share of Once Cent Sales Tax revenue is estimated to be \$895,000 for the 2023-2024 Fiscal Year.
- The Town has received approved grant funding from the State of Florida, Department of State, Division of Historical Resources Grant for \$325,000 to replace the Town Hall roof and waterproof and paint the entire building. The Town will match the grant at 50% (\$325,000) from One-Cent Sales

Tax Revenue. Funding for this project began in the 2022-2023 Fiscal Year and will be completed in the 2023-2024 Fiscal year.

- Roof replacement for the Library will be completed in 2023-2024 Fiscal Year at a total estimated cost of \$266,000.
- The Town budget will fund an estimated \$93,500 for the remainder of the Town's Centennial activities.
- The Town will spend \$600,000 to update the Town Code.
- The Town received a grant from the CDBG Block Grant Program to fund the replacement of Ilex Park playground equipment and the Town will expend \$48,000 in matching grant funds for the Ilex Park refurbishment.
- The Town budget appropriates \$25,000 for local grants to residents and non-profits in Lake Park. The Commission previously approve \$7,500 in grants for Fiscal Year 2023- 2024 leaving \$17,500 available.
- The budget funds the JETSET Soccer program for \$15,000 through the Special Events Department.
- The Town budget plans to appropriate \$134,000 for upgrades to the PBSO parking lot and facility, \$26,000 for paving replacement at the Public Works office and \$80,000 for new security cameras and systems for the Town's properties.
- The Town will invest \$500,000 in new license plate reading (LPR) cameras to enhance public safety.
- The budget will contribute \$719,778 to the General Fund balance to replenish funds expended in the last two years.

CRA BUDGET:

The CRA budget benefits residents and businesses within the CRA district. The ad valorem taxes paid to the CRA from the County is \$696,877. By State Statute, the Town must contribute \$1,338,794 to the CRA, and include past unspent budget funds of \$1,555,578 for a total budget of \$3,591,249. The budget will fund business development grants in the amount of \$422,871, decorative holiday displays, community policing, and the remaining hardscape and landscape improvements in the CRA. The CRA PADD expansion incorporates the northern portion of 10th Street. The first phase of the improvements will occur north of 10th Street. The total amount committed for the remainder of the upgrade is \$200,000. This year, the CRA budget proposes maintaining one code officer for the CRA. Upon a recommendation from the CRA Board of Directors to increase density, the Town Commission approved the density increases away from the residential edges of the CRA. Density increases will yield approximately 1,000 to 1,300 new residential units over the next two to three years.

The CRA budget will set aside \$422,871 for business development grant funding

ONE CENT SALES TAX REVENUE:

Sales tax revenue passed by Palm Beach County residents benefits the Town of Lake Park through supplemental funding for road construction projects, road work, and related infrastructure projects. This fiscal year, \$275,000 for sidewalk construction will come from the One Cent Sales Tax, as will \$266,000 for Town Hall, Library roof repairs.

In addition, we are proposing to spend \$500,000 plus on security LPR (License Plate Readers and Surveillance camera infrastructure). The expenditure will expand the number of surveillance systems in Lake Park which over the past five years has contributed to a reduction in crime of over 78%. Creating a safer community which enhances community appeal and attracting young families, which are now moving into Lake Park. To witness residents walking the streets of Lake Park and feel safe is a heart-warming experience.

ENTERPRISE FUND BUDGETS:

Public Works Department Streets and Road Fund Budget:

The Public Works Department and Road Fund Budget will receive an increase in funds. This year, \$275,000 in funding will come from the One Cent Sales Tax for infrastructure repair work. During the past Fiscal Year, the

Marina Fund Budget:

The Marina Fund operationally is showing a small profit. Decisions made by previous boards saddled a significant amount of debt on the Marina with the upgrades to the Marina back in 2000. The number of boat

slips remained the same (108 slips). Currently, the revenue will not meet the Marina debt of approximately \$349,743 in the 2023-2024 Fiscal Year.

Item 2.

The Marina P-3 expansion and redevelopment of the Marina will permit the Town to shift the Marina debt to our P-3 (Public-Private Partnership) partners for approximately \$4 million. The infusion of private capital to expand the Marina and create a resort-style Marina accessible to the public will help reduce the outstanding debt paid by the General Fund subsidizing Marina debt. The Marina is an Enterprise Fund. Under this format, the Marina must operate as a business whereby the revenue received must meet all associated expenditures. Since the Marina upgrade in early 2000, the Marina has not been able to pay the debt associated with the capital improvements. In addition, large-scale capital projects will become a reality through the P3 partnership. The Town signed the P3 comprehensive agreement with Forest Development in August of 2023. The expansion and redevelopment of the Marina will result in a greater degree of profitability for both the Town and the P3 partner.

Stormwater Utility Fund Budget:

With the award of more than \$11 million for green infrastructure development, the expansion of bioswales, rain gardens and rain barrels is on the horizon. The ability to retain at least 10% of our run-off will ensure the Town's sustainability as the level of our waterways continues to rise. As part of the master plan for drainage, the installation of baffle chambers underground at Bert Bostrom Park will filter and clean water discharged through a series of bioswales and eventually into the Intracoastal Waterway. The Bert Bostrom Park construction project will take up to a year to complete. The Commission's decision to create a master drain system built on the premise of bioswales and rain gardens will take the Town's sustainability into the year 2122 and beyond. For the Town to finance, increase and develop bioswales and rain gardens throughout the Town, Staff will be proposing reasonable and necessary increases to the Stormwater Utility Fund. As a result of the Commission's leadership decision, we can implement significant green infrastructure projects to improve drainage and filter drainage discharge, and receive grant funds to construct the entire system. However, the Stormwater rate will have to fund the grant matches in future years and employ Stormwater Technicians to maintain and upgrade the swale systems throughout the Town.

By adopting a green infrastructure initiative consisting of bioswales, rain gardens and rain barrels, the Town is in a unique position to continue to receive Federal and State grants to design and construct our Master Drainage Plan.

Finally, for the first time, we will begin expanding our existing drainage infrastructure to those areas of Town without drainage. The implementation by the Commission vote of the Master Drainage Plan is underway. Over the next 10 years, we plan to achieve drainage resiliency using the most bio-friendly green infrastructure. Bioswales, rain gardens, and rain barrels will hold drainage water on properties throughout the Town longer, resulting in clean drainage discharge to the Lake Worth Lagoon/Intracoastal Waterway.

The budget will allocate \$367,000 to repair and maintain our existing drainage system (north of Park Avenue). As stated earlier, the \$11 million grant will address the repair and maintenance of the underground piping system (south of Park Avenue). In addition to the \$11 million from the Federal Government, thanks to the support of Representative Mike Caruso, the State of Florida granted a \$700,000 allocation to the Town to further enhance water purification efforts impacting the Lake Worth Lagoon that were undertaken as part of the previous Lake Shore Drive Drainage Improvement Program. The Lake Shore Drive bridge closure will be addressed as part of the Southern Outfall Priority Rehabilitation Project grant. A road will replace the bridge and cross over the newly redesigned drainage infrastructure on Lake Shore Drive.

The Stormwater fund will finance one new capital expenditure, a Vac-Con vacuum tanker truck for the Stormwater System.

Sanitation Fund Budget:

We have heard a lot about the Sanitation Fund. Staff finalized a total sanitation rate review to provide a comprehensive and viable solution to the Sanitation Fund which was adopted by the Commission in Fiscal Year 2022-2023. The adopted sanitation rate supports the level of service currently provided. Residents can place bulk items, vegetation and solid waste out for pickup twice a week. The rate has been structured to have emergency funds available for natural disasters and to meet unanticipated expenditures throughout the fiscal year.

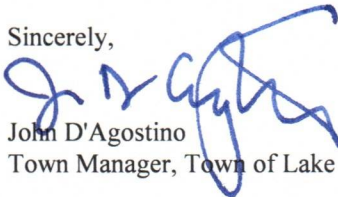
The sanitation budget proposes to purchase two new trucks for continuing service, one side loader and one front loader. These vehicles will be finance for three years at a total cost of \$265,096 per year.

CONCLUSION:

The new fiscal year 2023-2024 budget is balanced without significant changes in departmental service levels. The staff looks forward to continue working with the Town Commission. To further the goals and objectives of both the Commission and the Administration, we must support each other in moving the Town forward in a positive direction. The budget is taking in revenues from outside of the Ad Valorem tax rate. The budget is supplemented with grants, \$721,000 in American Rescue Plan Act Funds, and \$1.2 million in a Comprehensive Agreement to improve the Marina. The entire budget increased from \$19.6 million to \$25.7 million or a 31.5% increase. The \$2 million increase in the operating budget included \$1.5 million in funding outside of the Ad Valorem Tax Rate. Fees adopted for Sanitation and Stormwater contributed to the increase outside of the Ad Valorem tax rate

Staff would like to thank the Commission members for their insight, vision, advice and direction, as together we have balanced the budget with the best intentions of the Town at the forefront.

Sincerely,



John D'Agostino
Town Manager, Town of Lake Park