



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
SPECIAL MEETING

#21-0724

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: September 13, 2021

TITLE: Resolution Establishing a Capital Reserve for the Water and Sewer System
– **(Commission Districts 1, 2, 3 and 4)**

Recommendation

Staff recommends the City Commission adopt a resolution establishing a capital reserve to fund anticipated capital improvements as identified in a five-year capital improvement program, including a new water treatment plant, in the Water and Sewer System, effective October 1, 2021.

Background

At a joint meeting with the City Commission on August 17, 2021, the Budget Advisory Board presented a recommendation to the City Commission that additional 5% rate increases be implemented beginning October 1, 2021, in order to provide reserves to offset costs relating to the development and construction of a new water treatment plant. This includes the planning for, designing, and constructing a new water treatment plant, for which the City may issue bonds.

The capital reserve shall remain open and accumulate funds for a period not to exceed four years unless renewed by the City Commission. The funding plan will be as follows:

- (a) Fiscal year 2022, 4.6% of water revenue;
- (b) Fiscal year 2023, 9.0% of water revenue;
- (c) Fiscal year 2024, 13.19% of water revenue; and
- (d) Fiscal year 2025, 17.18% of water revenue.

No funds shall be expended from the Capital Reserve without approval by the City Commission through the budget process or other Commission action.

Resource Impact

It is estimated that the additional 5% water rate increases would generate \$45 million through Fiscal Year 2025.

Strategic Connections

This item is a *2021 Top Commission Priority*, advancing the Infrastructure initiative.

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan specifically advancing:

- The Internal Support Focus Area
- The Capital Improvements Element
- Goal 2: Ensure adequate funding for infrastructure and capacity exist concurrent with development or redevelopment

Attachment

Exhibit 1 - Resolution

Prepared by: Linda Short, Deputy Director, Finance

Department Director: Susan Grant, Finance