

RESOLUTION NO. 17-191

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, BROWARD COUNTY, FLORIDA ADOPTING THE TENTATIVE BUDGET OF THE CITY OF FORT LAUDERDALE, FLORIDA FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2017, AND ENDING SEPTEMBER 30, 2018, WHICH INCLUDES THE BUDGET FOR THE GENERAL FUND, WATER AND SEWER/CENTRAL REGIONAL WASTEWATER FUNDS, DEBT SERVICE FUNDS, SELF-INSURED HEALTH BENEFITS FUND, COMMUNITY REDEVELOPMENT AGENCY FUND, BUILDING FUNDS, SANITATION FUND, CENTRAL SERVICES FUND, VEHICLE RENTAL FUND, PARKING FUND, CITY PROPERTY & CASUALTY INSURANCE FUND (CITY INSURANCE), STORMWATER FUND, AIRPORT FUND, HOUSING AND COMMUNITY DEVELOPMENT FUND, SPECIAL ASSESSMENT FUND, ARTS AND SCIENCE DISTRICT GARAGE FUND, CEMETERY PERPETUAL CARE FUND, BEACH BUSINESS IMPROVEMENT DISTRICT FUND, SCHOOL CROSSING GUARD FUND, STATE HOUSING IMPROVEMENT PROGRAM FUND, POLICE CONFISCATION FUNDS, NUISANCE ABATEMENT FUND, AND SUNRISE KEY NEIGHBORHOOD IMPROVEMENT DISTRICT FUND.

WHEREAS, in accordance with the applicable provisions of the law, the City Commission of the City of Fort Lauderdale has prepared a tentative budget for the City of Fort Lauderdale, which includes the General Fund, Water and Sewer/Central Regional Wastewater Funds, Debt Service Funds, Self-Insured Health Benefits Fund, Community Redevelopment Agency Fund, Sanitation Fund, Central Services Fund, Parking Fund, City Property & Casualty Insurance Fund (City Insurance), Building Funds, Vehicle Rental Fund, Stormwater Fund, Airport Fund, Housing And Community Development Fund, Special Assessment Fund, Arts And Science District Garage Fund, Cemetery Perpetual Care Fund, State Housing Improvement Program Fund, Beach Business Improvement District Fund, School Crossing Guard Fund, Police Confiscation Funds, Nuisance Abatement Fund, and Sunrise Key Neighborhood Improvement District Fund, for the fiscal period beginning October 1, 2017 and ending September 30, 2018, and determined the amount of available funds on hand, the estimated revenues, and appropriated amounts for the support of the various operations of the City for such fiscal period; and

WHEREAS, a "Notice of Proposed Millage Rate and Tentative Budget Hearings" advising the public that a public hearing on the proposed millage rate and tentative budget would be held on September 6, 2017 at 6:00 P.M. in the City Commission Room at City Hall, 100 North Andrews Avenue, Fort Lauderdale, Florida has been published as required by Florida Statute 200.065; and

WHEREAS, said public hearing has been held as stated above and comments from the public concerning said proposed millage rates and tentative budget have been heard and considered; and

WHEREAS, as set forth during the tentative budget hearing the City Commission acknowledges that said tentative budgets reflect the following revenue and expenditure estimates for Fiscal Year starting October 1, 2017 and ending September 30, 2018 for all funds that total \$770,353,226; and

Fund(s)	FY 2018 Tentative All Funds Budget
General Fund	\$362,924,925
Water and Sewer/Central Regional Wastewater	\$147,860,794
Debt Service	\$32,950,706
Self-Insured Health Benefits	\$31,194,779
Community Redevelopment Agency	\$24,948,287
Building	\$24,289,066
Sanitation	\$23,769,826
Central Services (ITS)	\$21,546,309
Vehicle Rental (Fleet)	\$18,400,309
Parking	\$18,176,204
City Property & Casualty Insurance	\$16,377,651
Stormwater	\$14,805,327
Airport	\$14,147,763
Housing and Community Development	\$9,415,305
Special Assessment	\$2,146,821

Arts and Science District Garage	\$1,703,530
Cemetery Perpetual Care	\$1,452,500
Beach Business Improvement District	\$1,242,952
School Crossing Guard	\$950,987
State Housing Improvement Program	\$787,930
Police Confiscation	\$391,958
Nuisance Abatement	\$757,867
Sunrise Key Neighborhood Improvement District	\$111,430
Total FY 2018 Tentative All Funds Budget	\$770,353,226

Fund(s)	ROI Rate	FY 2018 Return on Investment (ROI) Budget
Central Regional Wastewater	3.90%	\$4,146,066
Parking	4.45%	\$2,275,124
Sanitation	0.00%	\$ -
Stormwater	0.00%	\$ -
Water and Sewer	3.90%	\$16,235,798
Total FY 2018 ROI Tentative Budget		\$22,656,988

WHEREAS, it is the desire of the City Commission of the City of Fort Lauderdale to adopt a tentative budget for the fiscal year beginning October 1, 2017 and ending September 30, 2018;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA:

SECTION 1. That the tentative budget, titled "FY 2018 TENTATIVE ALL FUNDS BUDGET" as amended, is hereby adopted and approved as the tentative budget of the City of Fort Lauderdale, as Exhibit "1", for the fiscal period beginning October 1, 2017 and ending September 30, 2018.

SECTION 2. That the City of Fort Lauderdale Personnel Complement, as amended, is hereby adopted as Exhibit "2", for the fiscal period beginning October 1, 2017 and ending September 30, 2018.


SECTION 3. That the Return on Investment (ROI) policy in support of the FY 2018 Tentative Budget, is hereby adopted as Exhibit "3", for the fiscal period beginning October 1, 2017 and ending September 30, 2018.

SECTION 4. That the Tentative Operating Budget for Fiscal Year 2018 establishes limitations on expenditures/expenses by fund total. Said limitation meaning that the total sum allocated to each fund for total expenditures/expenses may not be increased without specific authorization by a duly enacted resolution effecting such amendment or transfer.

SECTION 5. That a public hearing to adopt a final budget shall be held in accordance with Section 200.065, Florida Statutes.

SECTION 6. That this resolution will take effect immediately upon its adoption.

ADOPTED this 6th day of September, 2017.



Mayor
JOHN P. "JACK" SEILER

ATTEST:



City Clerk
JEFFREY A. MODARELLI

FY 2018 Tentative All Funds Budget

Estimated Revenues:	General Fund	Water & Sewer	Central Regional	Debt Service	Self-Insured Health Benefits	Community Redevelopment Agency	Building Funds	Sanitation	Central Services (02)	Vehicle Rental (02)	Parking	City Property & Casualty Insurance	Stormwater	Airport	Housing & Community Development	Special Assessment	Arts & Science	Cemetery	Business	School	State Housing	Police	Neighborhood	Sanitation	Abatement	Neighborhood	Sanitation	Total Operating Funds
AD Valorem - Operating	133,789,237	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133,789,237
AD Valorem - Debt Service	0,891	-	-	2,121,067	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,121,067
AD Valorem - Sanitis Key	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
AD Valorem - Sanitis Key	5,866,782	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,866,782
Franchise Fee	23,253,245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,253,245
Utility Service Taxes	39,313,411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,313,411
Licenses and Permits	3,231,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,231,500
Intergovernmental	21,272,313	-	-	-	-	11,897,264	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,272,313
Charges for Services	24,580,078	-	-	-	-	30,764,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,580,078
Fees and Forfeitures	1,702,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,702,200
Other	109,421,159	-	-	304,638	429,813	42,547	78,199	188,171	211,237	27,448	4,006,000	1,876,468	36,537	3,784,076	331,713	2,146,821	1,703,530	1,452,500	569,443	935,000	36,500	33,178	581,757	10	10	10	10	109,421,159
Total Revenues	382,424,925	147,860,794	31,154,779	2,825,225	31,154,779	31,949,811	26,282,046	36,782,866	21,646,267	36,652,229	18,212,224	36,377,851	14,805,227	7,644,046	9,415,305	2,146,821	1,703,530	1,452,500	569,443	937,711	787,930	22,128	757,867	10	10	10	382,424,925	
Appropriations from Fund Balance	500,000	-	-	30,625,181	-	12,898,476	-	754,478	-	-	-	6,218,452	-	514,092	-	-	-	-	278,509	13,276	369,830	-	-	-	-	-	-	500,000
Transfers and Other Sources	500,000	-	-	30,625,181	-	12,898,476	-	6,218,452	-	-	-	6,483,697	-	-	-	-	-	-	278,509	13,276	369,830	-	-	-	-	-	-	500,000
Total Other Sources	500,000	-	-	30,625,181	-	12,898,476	-	6,218,452	-	-	-	6,483,697	-	-	-	-	-	-	278,509	13,276	369,830	-	-	-	-	-	-	500,000
TOTAL REVENUES & OTHER SOURCES	382,924,925	147,860,794	31,154,779	2,855,406	31,154,779	24,848,287	26,282,046	37,501,318	21,646,267	36,920,829	18,212,224	36,377,851	14,805,227	7,644,046	9,415,305	2,146,821	1,703,530	1,452,500	1,242,952	950,987	787,930	381,958	757,867	-	-	-	382,924,925	
Expenditures by Department*	5,263,042	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,263,042
City Auditor	1,262,147	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,262,147
City Clerk	1,916,106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,916,106
City Commission	1,368,814	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,368,814
City Manager	7,709,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,709,604
Community Redevelopment Agency	6,835,695	-	-	-	-	11,296,125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,835,695
Finance	86,102,483	-	-	-	-	-	-	-	-	-	-	16,377,651	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,102,483
Human Resources	3,787,009	-	-	-	31,194,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,787,009
Information Technology Services	46,586,001	-	-	-	-	-	-	-	19,490,447	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,586,001
Parks and Recreation	120,893,495	-	-	-	-	-	-	-	12,573,662	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,893,495
Police	10,516,806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,516,806
Public Works	13,036,138	-	-	-	-	-	-	-	-	17,413,072	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,036,138
Sustainable Development	4,199,893	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,199,893
Transportation & Mobility	57,887	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,887
Debt Service	6,031,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,031,600
Other General Government	2,827,070	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,827,070
Total Operating Expenditures	317,969,931	-	-	32,855,228	31,154,779	11,298,125	17,714,146	23,769,826	21,149,850	17,413,072	16,244,285	16,377,651	8,401,198	9,240,106	8,915,305	2,146,821	1,703,530	871,446	1,242,952	950,987	787,930	381,958	757,867	100,000	100,000	100,000	317,969,931	
Other Resources Allocated:	17,607,413	-	-	-	-	6,802,596	-	-	397,259	-	-	-	18,452	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,607,413
Required Transfers Out	1,615,408	-	-	-	-	-	-	-	-	139,448	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,615,408
Discretionary Transfers Out	25,375,314	-	-	95,468	-	6,847,566	593,656	-	-	867,789	1,234,451	-	3,499,881	4,807,657	500,000	-	-	580,054	-	-	-	-	-	-	-	-	-	25,375,314
Transfer to Fund Balance	44,548,135	-	-	39,950,863	-	31,650,182	6,574,950	-	397,259	867,789	1,931,919	-	6,046,129	4,807,657	500,000	-	-	580,054	-	-	-	-	-	-	-	-	-	44,548,135
Total Other Resources	382,924,925	147,860,794	31,154,779	24,848,287	31,154,779	24,848,287	26,282,046	37,501,318	21,646,267	36,920,829	18,212,224	36,377,851	14,805,227	7,644,046	9,415,305	2,146,821	1,703,530	1,452,500	1,242,952	950,987	787,930	381,958	757,867	100,000	100,000	100,000	382,924,925	
TOTAL EXPENDITURES & OTHER RESOURCES	382,924,925	147,860,794	31,154,779	24,848,287	31,154,779	24,848,287	26,282,046	37,501,318	21,646,267	36,920,829	18,212,224	36,377,851	14,805,227	7,644,046	9,415,305	2,146,821	1,703,530	1,452,500	1,242,952	950,987	787,930	381,958	757,867	100,000	100,000	100,000	382,924,925	

*The departmental budgets include the pension special obligation bonds debt service as an operating expenditure.

City of Fort Lauderdale Personnel Complement*

	Fiscal Year 2015 Amended				Fiscal Year 2016 Amended				Fiscal Year 2017 Amended				Fiscal Year 2018 Tentative			
	Regular Full-Time	Regular Part-Time	Temporary Full-Time	Total FTE	Regular Full-Time	Regular Part-Time	Temporary Full-Time	Total FTE	Regular Full-Time	Regular Part-Time	Temporary Full-Time	Total FTE	Regular Full-Time	Regular Part-Time	Temporary Full-Time	Total FTE
GENERAL FUND:																
City Attorney	29.0	0.6	-	29.6	30.0	0.6	1.0	31.6	30.0	0.6	1.0	31.6	31.0	0.6	1.0	32.6
City Auditor	6.0	-	-	6.0	6.0	-	-	6.0	6.0	-	-	6.0	6.0	-	-	6.0
City Clerk	5.0	2.4	-	7.4	5.0	2.4	-	7.4	5.0	2.4	-	7.4	5.0	2.4	-	7.4
City Commission	12.0	-	-	12.0	12.0	-	-	12.0	12.0	-	-	12.0	12.0	-	-	12.0
City Manager	34.0	0.5	3.0	37.5	36.0	-	4.0	40.0	38.0	-	7.0	45.0	40.0	-	7.0	47.0
CRA Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance	41.0	-	0.5	41.5	42.0	-	-	42.0	44.0	-	1.0	45.0	45.0	-	-	45.0
Fire-Rescue	444.0	10.8	-	454.8	444.0	10.8	-	454.8	462.0	10.8	-	472.8	474.0	10.8	-	484.8
Human Resources	19.0	0.6	0.5	20.1	27.0	0.6	-	27.6	25.0	0.6	-	25.6	24.0	0.6	-	24.6
Parks & Recreation	224.0	69.5	1.0	294.5	218.0	68.0	1.0	287.0	228.0	71.1	1.0	300.1	229.0	71.1	-	300.1
Police	663.0	20.3	-	683.3	680.0	22.3	-	702.3	696.0	19.9	-	715.9	707.0	19.9	-	726.9
Public Works	56.0	-	-	56.0	57.0	-	-	57.0	58.0	-	-	58.0	70.0	-	-	70.0
Sustainable Development	63.0	2.4	0.5	65.9	77.0	1.9	1.0	79.9	89.0	1.9	-	90.9	95.0	1.9	-	96.9
Transportation & Mobility	11.0	0.5	0.5	12.0	14.0	0.5	1.0	15.5	15.0	-	-	15.0	21.0	-	-	21.0
General Fund Total	1,607.0	107.6	6.0	1,720.6	1,648.0	107.1	8.0	1,763.1	1,723.0	107.3	10.0	1,840.3	1,774.0	107.3	8.0	1,889.3
Community Redevelopment Agency Fund (CRA):																
Sustainable Development**	9.0	-	-	9.0	9.0	-	-	9.0	-	-	-	-	-	-	-	-
Community Redevelopment Agency	-	-	-	-	6.0	-	-	6.0	-	-	-	-	-	-	-	-
Community Redevelopment Fund Total	9.0	-	-	9.0	15.0	-	-	15.0	-	-	-	-	-	-	-	-
Grants and Confiscation Funds:																
Sustainable Development	11.0	-	-	11.0	-	-	-	-	-	-	-	-	-	-	-	-
City Manager***	-	-	-	-	12.0	-	-	12.0	10.0	-	-	10.0	11.0	-	-	11.0
Police	8.0	-	-	8.0	7.0	-	-	7.0	9.0	-	-	9.0	9.0	-	-	9.0
Transportation Mobility	-	-	-	-	-	-	-	-	-	-	2.0	2.0	-	-	2.0	2.0
Grants Funds Totals	19.0	-	-	19.0	19.0	-	-	19.0	19.0	-	2.0	21.0	20.0	-	2.0	22.0
Building Permit Fund:																
Sustainable Development	75.0	0.7	-	75.7	95.0	9.6	-	104.6	100.0	9.6	-	109.6	101.0	9.6	-	110.6
Building Permit Fund Total	75.0	0.7	-	75.7	95.0	9.6	-	104.6	100.0	9.6	-	109.6	101.0	9.6	-	110.6
Sanitation Fund:																
Parks & Recreation	82.0	8.4	-	90.4	92.0	8.4	-	100.4	93.0	8.4	-	101.4	95.0	8.4	-	103.4
Public Works	5.0	-	-	5.0	5.0	-	-	5.0	5.0	-	-	5.0	5.0	-	-	5.0
Sanitation Fund Total	87.0	8.4	-	95.4	97.0	8.4	-	105.4	98.0	8.4	-	106.4	100.0	8.4	-	108.4
Water & Sewer Fund:																
Finance	23.0	-	-	23.0	25.0	-	-	25.0	25.0	-	-	25.0	26.0	-	-	26.0
Public Works	301.0	-	1.0	302.0	305.0	1.0	1.0	307.0	316.0	1.0	-	317.0	315.0	1.0	-	316.0
Water & Sewer Fund Total	324.0	-	1.0	325.0	330.0	1.0	1.0	332.0	341.0	1.0	-	342.0	341.0	1.0	-	342.0
Central Regional Fund:																
Public Works	35.0	-	-	35.0	36.0	-	-	36.0	36.0	-	-	36.0	37.0	-	-	37.0
Central Region Fund Total	35.0	-	-	35.0	36.0	-	-	36.0	36.0	-	-	36.0	37.0	-	-	37.0
Parking Fund:																
Transportation & Mobility	69.0	10.1	-	79.1	71.0	7.0	-	78.0	73.0	7.8	-	80.8	73.0	11.2	-	84.2
Parking Fund Total	69.0	10.1	-	79.1	71.0	7.0	-	78.0	73.0	7.8	-	80.8	73.0	11.2	-	84.2
Airport Fund:																
Transportation & Mobility	20.0	0.8	-	20.8	21.0	0.8	-	21.8	20.0	0.8	-	20.8	20.0	0.8	-	20.8
Airport Fund Total	20.0	0.8	-	20.8	21.0	0.8	-	21.8	20.0	0.8	-	20.8	20.0	0.8	-	20.8
Stormwater Fund:																
Public Works	26.0	-	-	26.0	28.0	-	-	28.0	29.0	-	-	29.0	31.0	-	-	31.0
Stormwater Fund Total	26.0	-	-	26.0	28.0	-	-	28.0	29.0	-	-	29.0	31.0	-	-	31.0
City Casualty Insurance Fund:																
Human Resources	13.0	-	-	13.0	14.0	-	1.0	15.0	14.0	0.8	1.0	15.8	9.0	0.8	-	9.8
City Health Insurance Fund:																
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	5.0	-	-	5.0
City Insurance Funds Total	13.0	-	-	13.0	14.0	-	1.0	15.0	14.0	0.8	1.0	15.8	14.0	0.8	-	14.8
Central Services Fund (ITS):																
Information Technology Services	66.0	4.7	-	70.7	74.0	4.2	-	78.2	74.0	4.2	-	78.2	77.0	4.2	-	81.2
Central Service Fund Total	66.0	4.7	-	70.7	74.0	4.2	-	78.2	74.0	4.2	-	78.2	77.0	4.2	-	81.2
Vehicle Rental Fund (Fleet):																
Public Works	4.0	-	-	4.0	5.0	-	-	5.0	4.0	-	-	4.0	5.0	-	-	5.0
Vehicle Rental Fund Total	4.0	-	-	4.0	5.0	-	-	5.0	4.0	-	-	4.0	5.0	-	-	5.0
Arts & Science District Garage Fund:																
Transportation & Mobility	-	1.6	-	1.6	-	1.6	-	1.6	-	1.6	-	1.6	1.0	1.6	-	2.6
Arts & Science Garage District Fund Total	-	1.6	-	1.6	-	1.6	-	1.6	-	1.6	-	1.6	1.0	1.6	-	2.6
ALL FUNDS TOTALS	2,354.0	133.9	7.0	2,494.9	2,453.0	139.7	10.0	2,602.7	2,531.0	141.4	13.0	2,685.4	2,594.0	144.8	10.0	2,748.8

*Seasonal positions, which are utilized for events or seasonal programming are no longer included.

**Community Redevelopment Agency Division city employees were transferred to Other General Government Department in FY 2017

***Housing and Community Development Division transferred to City Manager's Office from Sustainable Development Department in FY 2016

Return on Investment Calculation

The range and calculation for the City's return on investment calculation are provided below.

Rate Base - The value of property in the enterprise funds that the rate of return will be applied to in order to determine the ROI. The rate base for the City's enterprise funds will be the fund's net position as reported in the most recent Comprehensive Annual Financial Report (CAFR). This is the same rate base that is currently used.

Range – A reasonable rate of return will be applied to the rate base in order to calculate a ROI to the General Fund. The range for the rate of return will be established every three years with a minimum rate based on the United States Treasury 30-year bond and a maximum rate based on the average rate of return allowed by the Florida Public Service Commission for the four largest investor owned electric utilities.

Tying the transfer to rate base is expected to result in a fairly predictable and stable transfer that should increase over time as new capital investments are made in the utility. If the utility is not making investments in its infrastructure, the rate base can depreciate resulting in a lower ROI.

Minimum Rate - The rate of return for a United States Treasury 30-year bond as of the first business day of the calendar year shall be used as the lower bound of the reasonable rate of return. As of January 3, 2017, this rate would be **3.04 percent**. The 30-year Treasury bond was selected as the lower bound to represent the lowest level of return the City would want to accept for a safe investment.

Maximum Rate - The average return on equity (ROE) allowed by the Florida Public Service Commission for the four largest investor-owned electric utilities shall be the basis for the upper bound. As of January 3, 2017 this rate would be calculated to be **10.39 percent**. This average rate shall be adjusted to account for the differences between an investor owned business and a municipally owned enterprise. The rate shall be reduced to account for the fact that the City is a tax-exempt entity and does not pay taxes on its collected return (30%) and reduced further due to the lower level of risk a City owned enterprise faces, as compared to an investor owned business (15%). Once the average rate is adjusted for risk, the maximum rate would be **6.18 percent**. The details of this calculation for January 3, 2017 are included below:

Electric Utility	Public Service Commission Allowable Return on Equity (ROE)
Florida Power & Light (FPL)	10.55%
Duke Energy Florida*	10.50%
Florida Public Utilities Company	10.25%
Tampa Electric (TECO)	10.25%
<i>Average</i>	<i>10.39%</i>
<i>Tax Exempt Adjustment</i>	<i>(30%)</i>
<i>Risk Adjustment</i>	<i>(15%)</i>
<i>Recommended Maximum ROI</i>	<i>6.18%</i>

**Formerly Progress Energy Florida*