

RESOLUTION NO. 17-200

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, BROWARD COUNTY, FLORIDA ADOPTING THE FINAL 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 final 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 Tax Increase" advising the public that a public hearing on the final millage rate and final budget would be held on September 13, 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 final millage rates and final budget have been heard and considered; and

WHEREAS, as set forth during the final budget hearing the City Commission acknowledges that said final 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;

Fund (s)	FY 2018 Final 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
<b>Total FY 2018 Final All Funds Budget</b>	<b>\$770,353,226</b>

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
<b>Total FY 2018 ROI Final Budget</b>		<b>\$22,656,988</b>

and;

WHEREAS, it is the desire of the City Commission of the City of Fort Lauderdale to adopt a final 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 final budget, titled "FY 2018 FINAL ALL FUNDS BUDGET" as amended, is hereby adopted and approved as the final 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 Staffing Levels, 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 Final Budget, is hereby adopted as Exhibit "3", for the fiscal period beginning October 1, 2017 and ending September 30, 2018.

SECTION 4. That the adopted final 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 during the course of the 2018 fiscal year the City Commission may transfer budgeted amounts from one department, fund or project to another department, fund or project and otherwise amend the budget by Motion in accordance with Section 9.04 of the City Charter. For all other amendments of the budget not falling within the provisions of Section 9.04 of the City Charter, the budget shall be amended by Resolution.

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

ADOPTED this the 13th day of September, 2017.

  
\_\_\_\_\_  
Mayor  
JOHN P. "JACK" SEILER

ATTEST:



\_\_\_\_\_  
City Clerk  
JEFFREY A. MODARELLI

# FY 2018 Final All Funds Budget

General Fund	Water & Sewer	Central Regional	Water & Sewer	Diast Service Funds	Self-Insured Health Benefits	Community Redevelopment Agency	Building Funds	Sanitation	Central Services (ITS)	Vehicle Rental (Lease)	Parking	City Property & Casualty Insurance	Stormwater	Airport	Housing & Community Development	Special Assessment	Arts & Science District Garage	Continuity Perpetual Care	Beach Business Improvement District	School Crossing Guard	States Housing Improvement Program	Police Certification Points	nuisance Abatement	Smile Key Neighborhood Improvement District	Total Operating Funds
133,789,237																									133,789,237
4,139																									4,139
0,069																									0,069
1,000																									1,000
5,860,782				2,211,087																				111,470	5,860,782
2,333,245																									2,333,245
3,211,500																									3,211,500
21,272,313																									21,272,313
24,580,278																									24,580,278
1,702,200																									1,702,200
952,454,525	147,860,794	4,471,599	104,438	2,325,525	31,294,779	11,949,811	24,288,066	16,171,851	21,546,309	38,000,893	38,176,284	16,377,651	24,885,827	7,846,066	9,415,285	2,248,421	1,703,530	1,452,580	964,443	397,111	787,920	22,128	737,667	111,430	952,454,525
500,000																									500,000
500,000																									500,000
362,294,925	147,860,794	4,471,599	104,438	2,325,525	31,294,779	11,949,811	24,288,066	16,171,851	21,546,309	38,000,893	38,176,284	16,377,651	24,885,827	7,846,066	9,415,285	2,248,421	1,703,530	1,452,580	964,443	397,111	787,920	22,128	737,667	111,430	362,294,925
5,263,042																									5,263,042
1,262,147																									1,262,147
1,916,106																									1,916,106
1,388,814																									1,388,814
7,709,604																									7,709,604
6,635,685	2,987,010																								6,635,685
86,102,483																									86,102,483
3,707,009																									3,707,009
46,588,661																									46,588,661
129,983,905																									129,983,905
10,516,806																									10,516,806
13,038,138																									13,038,138
4,199,883																									4,199,883
97,887																									97,887
31,837,676	127,929,921	32,852,528	31,294,779	11,949,811	21,546,309	38,000,893	38,176,284	16,377,651	24,885,827	7,846,066	9,415,285	2,248,421	1,703,530	1,452,580	964,443	397,111	787,920	22,128	737,667	111,430	180,000	302,680	652,512,921	31,837,676	
17,607,113																									17,607,113
1,615,008																									1,615,008
25,325,314																									25,325,314
44,548,135																									44,548,135
362,294,925	147,860,794	4,471,599	104,438	2,325,525	31,294,779	11,949,811	24,288,066	16,171,851	21,546,309	38,000,893	38,176,284	16,377,651	24,885,827	7,846,066	9,415,285	2,248,421	1,703,530	1,452,580	964,443	397,111	787,920	22,128	737,667	111,430	362,294,925

**Estimated Revenues:**

Mills: 4.139  
 Ad Valorem - Operating: 0.069  
 Ad Valorem - Debt Service: 1.000  
 Ad Valorem - Smile Key: 5,860,782  
 Sales and Use Tax: 2,333,245  
 Franchise Fees: 3,211,500  
 Utility Services Fees: 21,272,313  
 Utility Service Fees: 24,580,278  
 Intergovernmental: 1,702,200  
 Charges for Services: 952,454,525  
 Fines and Forfeitures: 500,000  
 Other: 500,000

**Appropriations from Fund Balance Transfers and Other Sources:**

500,000  
 500,000

**TOTAL REVENUES & OTHER SOURCES:**

362,294,925  
 147,860,794  
 4,471,599  
 104,438  
 2,325,525  
 31,294,779  
 11,949,811  
 24,288,066  
 16,171,851  
 21,546,309  
 38,000,893  
 38,176,284  
 16,377,651  
 24,885,827  
 7,846,066  
 9,415,285  
 2,248,421  
 1,703,530  
 1,452,580  
 964,443  
 397,111  
 787,920  
 22,128  
 737,667  
 111,430

**Expenditures by Department:**

City Attorney: 5,263,042  
 City Auditor: 1,262,147  
 City Clerk: 1,916,106  
 City Commission: 1,388,814  
 City Manager: 7,709,604  
 Community Redevelopment Agency: 6,635,685  
 Finance: 86,102,483  
 Fire/Rescue: 3,707,009  
 Human Resources: 46,588,661  
 Information Technology Services: 129,983,905  
 Jobs and Recreation: 10,516,806  
 Public Works: 13,038,138  
 Sustainable Development: 4,199,883  
 Transportation & Mobility: 97,887  
 Debt Service: 31,837,676  
 Other General Government: 127,929,921  
 Total Operating Expenditures: 32,852,528

**Other Resources Allocated:**

Required Transfers Out: 17,607,113  
 Discretionary Transfers Out: 1,615,008  
 Transfer to Fund Balance: 25,325,314  
 Transfer to Community Investment Plan: 44,548,135  
 Total Other Resources: 31,837,676

**TOTAL EXPENDITURES & OTHER RESOURCES:**

362,294,925  
 147,860,794  
 4,471,599  
 104,438  
 2,325,525  
 31,294,779  
 11,949,811  
 24,288,066  
 16,171,851  
 21,546,309  
 38,000,893  
 38,176,284  
 16,377,651  
 24,885,827  
 7,846,066  
 9,415,285  
 2,248,421  
 1,703,530  
 1,452,580  
 964,443  
 397,111  
 787,920  
 22,128  
 737,667  
 111,430

**\*The departmental budgets include debt service expenses for pension special obligation bonds.**

# City of Fort Lauderdale Personnel Complement\*

	Fiscal Year 2015 Amended				Fiscal Year 2016 Amended				Fiscal Year 2017 Amended				Fiscal Year 2018 Tentative			
	Summ	Part Time	Part Time	Total	Summ	Part Time	Part Time	Total	Summ	Part Time	Part Time	Total	Summ	Part Time	Part Time	Total
<b>GENERAL FUND:</b>																
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	-	-	-	-	-	-	-	-	15.0	-	-	15.0	15.0	-	-	15.0
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
<b>General Fund Total</b>	<b>1807.0</b>	<b>107.6</b>	<b>5.0</b>	<b>1920.6</b>	<b>1848.0</b>	<b>107.1</b>	<b>8.0</b>	<b>1963.1</b>	<b>1923.0</b>	<b>107.3</b>	<b>10.0</b>	<b>2040.3</b>	<b>1974.0</b>	<b>107.3</b>	<b>10.0</b>	<b>2091.3</b>
<b>Community Redevelopment Agency Fund (CRA):</b>																
Sustainable Development**	9.0	-	-	9.0	9.0	-	-	9.0	-	-	-	-	-	-	-	-
Community Redevelopment Agency	-	-	-	-	6.0	-	-	6.0	-	-	-	-	-	-	-	-
<b>Community Redevelopment Fund Total</b>	<b>9.0</b>	<b>-</b>	<b>-</b>	<b>9.0</b>	<b>15.0</b>	<b>-</b>	<b>-</b>	<b>15.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grants and Confiscation Funds:</b>																
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
<b>Grants Fund Total</b>	<b>19.0</b>	<b>-</b>	<b>-</b>	<b>19.0</b>	<b>19.0</b>	<b>-</b>	<b>-</b>	<b>19.0</b>	<b>19.0</b>	<b>-</b>	<b>2.0</b>	<b>21.0</b>	<b>20.0</b>	<b>-</b>	<b>2.0</b>	<b>22.0</b>
<b>Building Permit Fund:</b>																
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
<b>Building Permit Fund Total</b>	<b>75.0</b>	<b>0.7</b>	<b>-</b>	<b>75.7</b>	<b>95.0</b>	<b>9.6</b>	<b>-</b>	<b>104.6</b>	<b>100.0</b>	<b>9.6</b>	<b>-</b>	<b>109.6</b>	<b>101.0</b>	<b>9.6</b>	<b>-</b>	<b>110.6</b>
<b>Sanitation Fund:</b>																
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
<b>Sanitation Fund Total</b>	<b>87.0</b>	<b>8.4</b>	<b>-</b>	<b>95.4</b>	<b>97.0</b>	<b>8.4</b>	<b>-</b>	<b>105.4</b>	<b>98.0</b>	<b>8.4</b>	<b>-</b>	<b>106.4</b>	<b>100.0</b>	<b>8.4</b>	<b>-</b>	<b>108.4</b>
<b>Water &amp; Sewer Fund:</b>																
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
<b>Water &amp; Sewer Fund Total</b>	<b>324.0</b>	<b>-</b>	<b>1.0</b>	<b>325.0</b>	<b>330.0</b>	<b>1.0</b>	<b>1.0</b>	<b>332.0</b>	<b>341.0</b>	<b>1.0</b>	<b>-</b>	<b>342.0</b>	<b>341.0</b>	<b>1.0</b>	<b>-</b>	<b>342.0</b>
<b>Central Regional Fund:</b>																
Public Works	35.0	-	-	35.0	36.0	-	-	36.0	36.0	-	-	36.0	37.0	-	-	37.0
<b>Central Region Fund Total</b>	<b>35.0</b>	<b>-</b>	<b>-</b>	<b>35.0</b>	<b>36.0</b>	<b>-</b>	<b>-</b>	<b>36.0</b>	<b>36.0</b>	<b>-</b>	<b>-</b>	<b>36.0</b>	<b>37.0</b>	<b>-</b>	<b>-</b>	<b>37.0</b>
<b>Parking Fund:</b>																
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
<b>Parking Fund Total</b>	<b>69.0</b>	<b>10.1</b>	<b>-</b>	<b>79.1</b>	<b>71.0</b>	<b>7.0</b>	<b>-</b>	<b>78.0</b>	<b>73.0</b>	<b>7.8</b>	<b>-</b>	<b>80.8</b>	<b>73.0</b>	<b>11.2</b>	<b>-</b>	<b>84.2</b>
<b>Airport Fund:</b>																
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
<b>Airport Fund Total</b>	<b>20.0</b>	<b>0.8</b>	<b>-</b>	<b>20.8</b>	<b>21.0</b>	<b>0.8</b>	<b>-</b>	<b>21.8</b>	<b>20.0</b>	<b>0.8</b>	<b>-</b>	<b>20.8</b>	<b>20.0</b>	<b>0.8</b>	<b>-</b>	<b>20.8</b>
<b>Stormwater Fund:</b>																
Public Works	26.0	-	-	26.0	28.0	-	-	28.0	29.0	-	-	29.0	31.0	-	-	31.0
<b>Stormwater Fund Total</b>	<b>26.0</b>	<b>-</b>	<b>-</b>	<b>26.0</b>	<b>28.0</b>	<b>-</b>	<b>-</b>	<b>28.0</b>	<b>29.0</b>	<b>-</b>	<b>-</b>	<b>29.0</b>	<b>31.0</b>	<b>-</b>	<b>-</b>	<b>31.0</b>
<b>City Casualty Insurance Fund:</b>																
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
<b>City Health Insurance Fund:</b>																
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	5.0	-	-	5.0
<b>City Insurance Funds Total</b>	<b>13.0</b>	<b>-</b>	<b>-</b>	<b>13.0</b>	<b>14.0</b>	<b>-</b>	<b>1.0</b>	<b>15.0</b>	<b>14.0</b>	<b>0.8</b>	<b>1.0</b>	<b>15.8</b>	<b>14.0</b>	<b>0.8</b>	<b>-</b>	<b>14.8</b>
<b>Central Services Fund (ITS):</b>																
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
<b>Central Service Fund Total</b>	<b>66.0</b>	<b>4.7</b>	<b>-</b>	<b>70.7</b>	<b>74.0</b>	<b>4.2</b>	<b>-</b>	<b>78.2</b>	<b>74.0</b>	<b>4.2</b>	<b>-</b>	<b>78.2</b>	<b>77.0</b>	<b>4.2</b>	<b>-</b>	<b>81.2</b>
<b>Vehicle Rental Fund (Fleet):</b>																
Public Works	4.0	-	-	4.0	5.0	-	-	5.0	4.0	-	-	4.0	5.0	-	-	5.0
<b>Vehicle Rental Fund Total</b>	<b>4.0</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>5.0</b>	<b>4.0</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>5.0</b>
<b>Arts &amp; Science District Garage Fund:</b>																
Transportation & Mobility	-	1.6	-	1.6	-	1.6	-	1.6	-	1.6	-	1.6	1.0	1.6	-	2.6
<b>Arts &amp; Science Garage District Fund Total</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>	<b>1.0</b>	<b>1.6</b>	<b>-</b>	<b>2.6</b>
<b>ALL FUNDS TOTALS</b>	<b>2,354.0</b>	<b>135.8</b>	<b>7.0</b>	<b>2,496.8</b>	<b>2,453.0</b>	<b>139.7</b>	<b>10.0</b>	<b>2,602.7</b>	<b>2,531.0</b>	<b>141.4</b>	<b>13.0</b>	<b>2,685.4</b>	<b>2,594.0</b>	<b>144.8</b>	<b>10.0</b>	<b>2,748.8</b>

\*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:



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

*\*Formerly Progress Energy Florida*