



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**REGULAR MEETING**

**#20-0268**

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

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** March 20, 2020

**TITLE:** Resolution Approving the Consolidated Budget Amendment to Fiscal Year  
2020 – Appropriation - **(Commission Districts 1, 2, 3 and 4)**

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**Recommendation**

It is recommended that the City Commission adopt a resolution amending the Fiscal Year (FY) 2020 Budget and FY 2020 – FY 2024 Community Investment Plan (CIP) and abandoning the Regional Replacement/Recapitalization Project.

**Background**

Examples of recommended actions within the budget amendment are:

- transfer between funds;
- transfer between capital and operating budgets;
- transfer between capital projects;
- acceptance and appropriation of grant funding;
- amendment to staffing level;
- appropriation from fund balance; and
- appropriation for modified revenue and related expenditures.

Staff recommends that the City Commission amend the FY 2020 Final Budget and FY 2020 – FY 2024 Community Investment Plan by approving the following transfers and appropriations:

## **Department of Sustainable Development**

### **A. Transfer from Capital Project to Operating Budget, Appropriation of Unanticipated Revenue and Expense Reduction – Building Permits Fund – Transfer of Greg Brewton Sustainable Development Center - \$6,050,000**

The Department of Sustainable Development, Building Services Division (BSD) has been paying rent for space to the General Fund and is renting other space from an external landlord at an estimated cost of \$750,000 per year combined.

In order to reduce this rental expense in the future and to allow for upgrades to the property to accommodate growth in staffing levels over the past several years, the General Fund will transfer the value of the building and parking areas to the Building Permits Fund at an estimated cost of \$6,050,000 based upon the average of appraisals received by the City dated October 22, 2019 and January 27, 2020.

Funding for the transfer is recommended to come from the Greg Brewton Center (DSD) capital project in the amount of \$5,689,761 that was slated for a building acquisition, unanticipated rental revenue to the Building Permits Fund in the amount of \$114,481 from rent generated from the General Fund, and Building Permits Fund operating budget savings related to rental expense in the amount of \$245,758.

Staff recommends that the City Commission amend the FY 2020 Operating Budget and FY 2020 – FY 2024 Community Investment Plan by amending the appropriate accounts in the in the amount of \$6,050,000, to account for the transfer of the value of the building and parking areas of the Greg Brewton Sustainable Development Center to the Building Permits Fund.

Source:

*Funds available as of March 2, 2020*

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE / ACTUAL RECIEVED (Character)	AMOUNT
140-P12560.140-6520	Greg Brewton Center (DSD)	Capital Outlay/ Building Acquisition	\$24,023,100	\$24,023,100	\$5,689,761
140-DSD034002-N343	Building Permits	Misc Revenues / Misc Property Rentals	\$1,081,531	\$459,708	\$114,481
140-DSD034002-3316	Building Permits	Services/ Materials / Building Leases	\$3,318,696	\$1,801,034	\$245,758
<b>TOTAL AMOUNT →</b>					<b>\$6,050,000</b>

Use:

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
140-FD140.01-9001	Building Permits	Other Uses/ Transfer to General Fund	N/A	N/A	\$6,050,000
<b>TOTAL AMOUNT →</b>					<b>\$6,050,000</b>

### **City Manager's Office**

#### **B. Transfer from Capital Project to Operating Budget and Appropriation of Unanticipated Revenue and Transfer between Operating Budgets – General Fund, General Capital Fund – Discontinuation of Return on Investment charge to the Water and Sewer and Central Region/Wastewater Funds - \$10,551,171**

The FY 2020 adopted budget includes a Return on Investment charge to the Water and Sewer and Central Region Wastewater Funds of approximately \$10.2 Million with associated revenues to the General Fund.

Due to the unbudgeted expenses associated with mid-year emergencies that have occurred in the City's Water and Sewer system during FY 2020, management recommends that the Return on Investment charge be discontinued immediately with no Return on Investment charges being expensed to the utility funds for FY 2020.

In order to discontinue these Return on Investment charges in FY 2020, staff has identified several one-time funding solutions in the General Fund to replace the \$10.2 Million in budgeted revenue from the utility funds. This one-time solution will need to be replaced with a permanent and ongoing solution as a part of the FY 2021 budget process to ensure a structurally balanced budget in the General Fund for future years. One-time funding sources identified to replace the Return on Investment revenue from the utility funds are outlined below:

- Unbudgeted revenue generated from the transfer of the Greg Brewton Center building

in the amount of \$6,050,000. This one-time revenue is offset by \$114,481 in an additional rental expense that the General Fund will incur as a result of the transfer value of the building and parking areas and a reduction of \$245,758 in revenue to the General Fund from the Building Fund related to rental expenses.

- Unbudgeted Building Permit Premium Fees revenue in the amount of \$1,000,000. The Premium Fee was adopted with the new building permit fees and went into effect on December 1, 2018. The fee was created to account for disparity in the increased number of permits issued, corresponding with an increase in plan reviews and inspections.
- Unbudgeted interest related to earned pooled investments estimated in the amount of \$450,000.
- Savings in the amount of \$500,000 budgeted for part time employees in order to implement the Florida Retirement System (FRS) in FY 2020. The FRS program will not be implemented until FY 2021.
- Due to the estimated timing of the Broward City Segment II Beach Nourishment Project, \$2,551,171 in budgeted funds available in this project will not be required in FY 2020. These funds are recommended to be utilized in FY 2020 to immediately offset the Return on Investment revenue reduction and must be replaced by FY 2022.

Staff recommends that the City Commission amend the FY 2020 Operating Budget and FY 2020 – FY 2024 Community Investment Plan by amending the appropriate accounts in the in the amount of \$10,551,171 to facilitate the removal of the Return on Investment charges to the Water and Sewer and Central Region/Wastewater Funds.

Source:

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE / ACTUAL RECEIVED (Character)	AMOUNT
001-FD001-Q140	General Fund	Other Sources/ Building Permit Fund	\$120,873	\$120,873	\$6,050,000
001-DSD010101-J048	Urban Design & Development	Charges for Service/ Building Permit - Premium Fees	\$1,020,800	\$1,282,629	\$1,000,000
331-FD331-N103	General Capital Projects	Misc Revenues/ Earn-Pooled Investments	\$288,272	\$173,638	\$450,000
001-GEN010101-2290	Other General Government - Social/ Cultural	Fringe Benefits/ Pension - Other	\$500,000	\$500,000	\$500,000
331-P12247.331-6599	Broward City Segment II Beach Nourishment	Capital Outlay/ Construction	\$7,376,752	\$7,376,752	\$2,551,171
TOTAL AMOUNT →					\$10,551,171

Use:

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE/ ACTUAL RECEIVED (Character)	AMOUNT
001-FIN040301-N602	Other General Fund Revenues	Misc Revenues/ Return on Investment W&S Inte	\$34,534,698	\$14,495,063	\$8,117,899
001-FIN040301-N603	Other General Fund Revenues	Misc Revenues/ Return on Investment Central Region	\$34,534,698	\$14,495,063	\$2,073,033
001-DSD100101-3316	Administration	Building Leases	\$104,858	\$32,306	\$114,481
001-GEN010101-N343	Other General Government - Social/ Cultural	Misc Revenues/ Misc Property Rental	\$1,447,795	\$603,248	\$245,758
TOTAL AMOUNT →					\$10,551,171

### Public Works

#### **C. Appropriation from Fund Balance, Transfer Between Capital Projects and Operating Budget, and Appropriation of Unanticipated Revenue and Expense - Water and Sewer General Capital Projects Fund, Water and Sewer Operations - Fund – Sewer Main Repairs, Replacements, Regulatory Fines, and NE 5th Street Force Main Improvement and NE 36th Street Force Main Improvement Projects - \$11,549,446**

Since December 10, 2019, the City has experienced several Force Main failures within the City's water and sewer system. Although repairs, remediation work, and pipe replacement continue, to date the identified costs including regulatory fines along with the capital project estimates stemming from these events, total \$11,549,446 in the City's Water and Sewer Fund.

Estimated emergency operating costs and capital projects including design, permitting and installation are outlined below:

- The removal and replacement of approximately 4,800 linear feet of 16-inch Force Main at Northeast 5th Street in Victoria Park and Coral Ridge 36<sup>th</sup> Street. The NE 5th Street Force Main Improvement Project consists of an emergency repair for a 16-inch force main located on NE 5th Street, between NE 9th Avenue and NE 19th Avenue in the Victoria Park Neighborhood. This project is for the removal and replacement of approximately 4,800 linear feet of 16-inch diameter cast iron force main pipe with new 16-inch diameter ductile iron force main pipe in the amount of \$1,929,050.
- The NE 36th Street Force Main Improvement Project is an emergency repair for a 12-inch force main located on NE 36th Street, between Bayview Drive and the Intracoastal Waterway in the Coral Ridge Neighborhood. This project is for the removal and replacement of approximately 1,200 linear feet of 12-inch diameter cast iron force main pipe with new 12-inch diameter ductile iron Force Main pipe in the amount of \$309,875.
- Operating Costs such as environmental cleaning, pumping services, lab supplies, air monitoring and pipe yard inventory in the amount of \$1,355,682.
- Legal Services assisting the City in responding to the Florida Department of Environmental Protection in the amount of \$150,000.
- Florida Department of Environmental Protection State fine in the amount of \$1,800,000.
- City of Fort Lauderdale increase for Large User Fees in the amount of \$6,004,839.

Staff recommends appropriations and transfers from unobligated fund balances, appropriation of unbudgeted Water and Sewer General Capital Projects Fund interest related to earned pooled investments, and savings from the discontinuation of the Return on Investment paid to the General Fund to fund these unbudgeted expenses.

Staff recommends that the City Commission amend the FY 2020 Operating Budget and FY 2020 – FY 2024 Community Investment Plan by amending the appropriate accounts in the Water and Sewer Operations, and in the Water and Sewer General Capital Projects Funds in the amount of \$11,549,446.

Source:

**Funds available as of March 2, 2020**

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
450-PBS700101-4316	Water & Sewer General Expenditures	Other Operating Expenses/ ROI Admin Charge	\$14,698,549	\$8,294,987	\$8,117,899
454-FD454-N103	Water & Sewer General Capital Projects	Misc Revenues/ Earn-Pooled Investments	\$0	\$238,623	\$800,000
450-FD450.01-X901	Water & Sewer - Operations	Balances & Reserves / Appropriated Fund Balance	N/A	N/A	\$392,622
495-FD495.01-X901	Water & Sewer Master Plan 2017	Balances & Reserves / Appropriated Fund Balance	N/A	N/A	\$2,238,925
<b>TOTAL AMOUNT →</b>					<b>\$11,549,446</b>

Use:

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
450-PBS060101-3437	Utilities Engineering Operations	Services & Materials/ Improvements Repairs & Maintenance	\$3,070,197	\$101,905	\$1,355,682
450-PBS060101-3119	Utilities Engineering Operations	Services & Materials/ Legal Services	\$3,070,197	\$101,905	\$150,000
495-P12569.495-6599	NE 5th Street Forcemain Improvement	Capital Outlay/ Construction	\$0	\$0	\$1,929,050
495-P12570.495-6599	NE 36th Street Forcemain Improvement	Capital Outlay/ Construction	\$0	\$0	\$309,875
450-PBS060101-3216	Utilities Engineering Operations	Services & Materials/ Cost/Fees/Permits	\$3,070,197	\$94,964	\$1,800,000
450-PBS010501-J282	Finance Services Support	Charges for Service/ Contra Large User Fees - City	\$116,229,589	\$49,161,027	\$6,004,839
<b>TOTAL AMOUNT →</b>					<b>\$11,549,446</b>

**D. Appropriation from Fund Balance, Transfer Between Capital Projects and Operating Budget, and Appropriation of Unanticipated Revenue and Expense - Central Regional Wastewater Fund, Central Regional Wastewater System Projects Fund – Sewer Main Repairs and Replacements and Rio Vista Tarpon River Subaqueous Redundant Force Main Project - \$16,269,512**

***Abandoning the Regional Replacement/Recapitalization Project.***

Beginning in December and continuing through January, the City experienced major sewer force main failures which were found to be caused by structurally deficient deteriorated pipes within the boundaries and responsibility of the Central Regional Sewer System.

Estimated emergency operating costs and capital projects including design, permitting and installation are outlined below:

- Acceleration of a design-build capital project for the Rio Vista Tarpon River Subaqueous Redundant Force Main Project. This project will result in the installation of a new redundant 48-inch sewer force main under the Tarpon River bend near the existing 54-inch force main in the Rio Vista Community in the amount of \$5,127,200.
- Operating Costs such as environmental cleaning, pumping services, lab supplies, air monitoring and pipe yard inventory in the amount of \$11,142,312.

Staff recommends appropriations and transfers from unobligated fund balances, the appropriation of unanticipated revenue from large users to the Central Regional Wastewater Fund, savings from the Corrosion Inhibitor Chemical Feed Program that was not yet implemented, and savings from the discontinuation of the Return on Investment paid to the General Fund to fund these unbudgeted expenses.

Staff recommends that the City Commission amend the FY 2020 Operating Budget and FY 2020 – FY 2024 Community Investment Plan in the amount of \$16,269,512 to support emergency operating expenses related to Central Region/Wastewater system sewer repairs and replacement and funding of the Rio Vista Tarpon River Subaqueous Redundant Force Main project.



Source:

**Funds available as of March 2, 2020**

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE/ ACTUAL RECEIVED (Character)	AMOUNT
451-PBS670502-4316	Lohmeyer Regional Plant Maintenance	Other Oper Exp/ ROI Admin Charge	\$2,116,154	\$1,237,431	\$2,073,033
451-PBS670503-3799	Lohmeyer Regional Plant Operations	Services & Materials/ Other Chemicals	\$8,324,958	\$4,175,991	\$2,300,000
458-FD458-X901	Central Regional W/W System Projects	Balances & Reserves/ Appropriated Fund Balance	N/A	N/A	\$771,772
451-FD451.01-X901	Central Regional W/W System - Operations	Balances & Reserves/ Appropriated Fund Balance	N/A	N/A	\$2,837,313
451-P00401-6599	Regional Replacement/ Recapitalization	Capital Outlay/ Construction	\$5,768,102	\$1,080,068	\$1,080,068
451-PBS670501-J304	Lohmeyer Regional Plant Support	Charges for Service/ Fort Lauderdale	\$32,826,214	\$13,128,958	\$6,004,839
451-PBS670501-J306	Lohmeyer Regional Plant Support	Charges for Service/ Oakland Park	\$32,826,214	\$13,128,958	\$930,516
451-PBS670501-J310	Lohmeyer Regional Plant Support	Charges for Service/ Tamarac	\$32,826,214	\$13,128,958	\$37,420
451-PBS670501-J311	Lohmeyer Regional Plant Support	Charges for Service/ Davie	\$32,826,214	\$13,128,958	\$9,974
451-PBS670501-J312	Lohmeyer Regional Plant Support	Charges for Service/ Wilton Manors	\$32,826,214	\$13,128,958	\$224,577
<b>TOTAL AMOUNT →</b>					<b>\$16,269,512</b>

Use:

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
451-PBS670503-3437	Lohmeyer Regional Plant Operations	Services & Materials/ Improvements Repairs & Maintenance	\$8,324,958	\$2,143,434	\$11,142,312
451-P12572.451-6599	Rio Vista Tarpon River Subaqueous Redundant Force Main	Capital Outlay/ Construction	\$0	\$0	\$5,127,200
<b>TOTAL AMOUNT →</b>					<b>\$16,269,512</b>

**Strategic Connections**

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

- The Internal Support Focus Area
- Goal 8: Be 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.

**Attachments**

Exhibit 1 – Return on Investment and Water-Sewer and Central Region Wastewater  
Emergency Fund Expenses

Exhibit 2 – Resolution

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Prepared by: Laura Reece, Director of Office Management and Budget

City Manager: Chris Lagerbloom, ICMA-CM