



June 16, 2020

City of Fort Lauderdale

FY 2021 Revenue Sufficiency Study

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Agenda



Financial Forecasts

General Fund

Airport

Building

Parking

Regional Sewer

Water & Sewer

Stormwater

Sanitation

Foundation of the Study

Source Data & Key Assumptions:

- FY 2020 Amended Budget and FY 2021 Preliminary Budget
- FY 2021-FY 2025 Preliminary CIP
- COVID 19 impacts (May 8, 2020 Memorandum No: 20-036)
- Forecast assumptions reflect staff input

Why We Do This:

- Identify short-term and long-term impacts of current-year decisions
- Provide a framework for scenario evaluation and sensitivity tests
- Consider future cost requirements/events to ensure sustainability
- True-up assumptions based on current conditions



1. General Fund

Key Planning Observations & Considerations

Fire Assessment:

- Full cost recovery true-up every 3 years

Community Redevelopment Areas (CRAs):

- Central Redevelopment (beach) sunsets in FY 2021
 - \$3.7M transfer ends
- North West Progresso sunsets in FY 2026
 - Ends Tax Increment Financing (TIF) Transfer
 - \$650K increase in O&M expected

City's Annual Required Pension Contribution:

- Planning for annual reduction in assumed rate of return (FY 2022-FY 2030) of \$1.8 Million per year

New EMS Station:

- \$850K added in FY 2022 for staffing

Key Planning Observations & Considerations (Cont.)

Government Center:

- \$4M added operational cost FY 2025

Return on Investment (ROI):

- Revenue removed in FY 2020

Capital Investment:

- Beach Nourishment moved to FY 2022-FY 2024 (\$3.3M per year)
- Southeast Medical Substation \$1.8M moved to FY 2021
 - \$1.2M in project for land purchase in FY 2020

Interactive Model Review



2. Airport Fund

Key Planning Observations & Considerations

Transfer from General Fund to End in FY 2024:

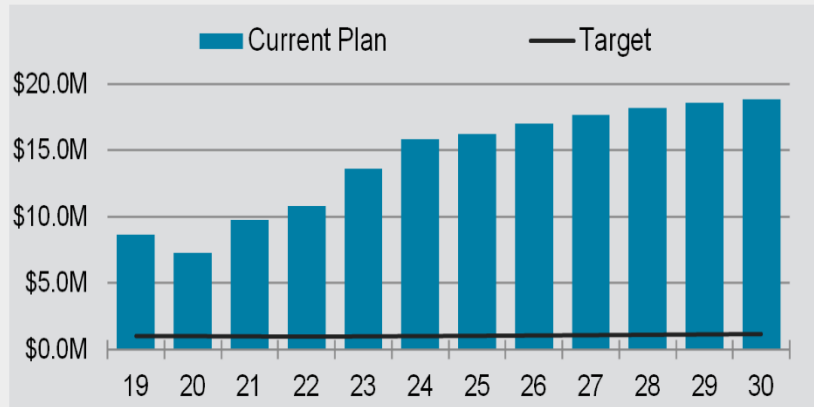
- Loss of \$1.3 million in annual revenue from General Fund

FY 2020 COVID 19 Rent Deferral to FY 2021 - \$823,000

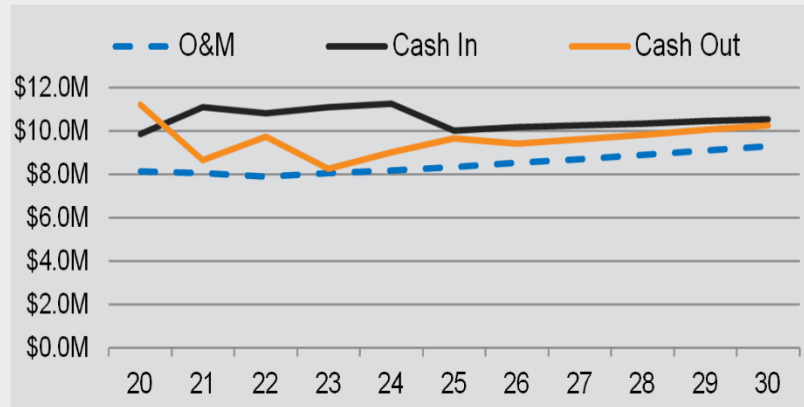
Assumed New Revenue for Joint Public Works Facility in FY 2023 - \$170,000

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030		
Net Cash Flow	(1.35)	2.45	1.06	2.83	2.24	0.39	0.74	0.65	0.52	0.39	0.27	Check	-

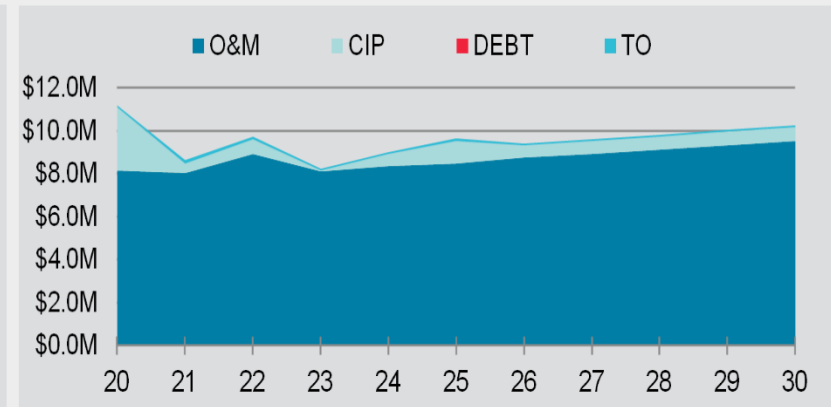
Operating Fund



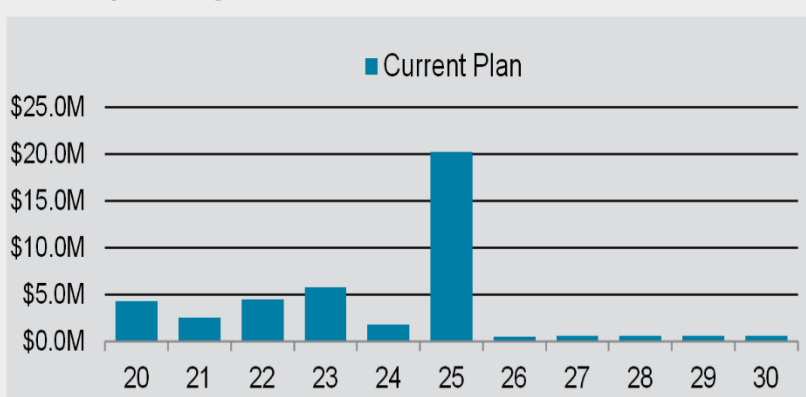
Revenues vs. Expenses



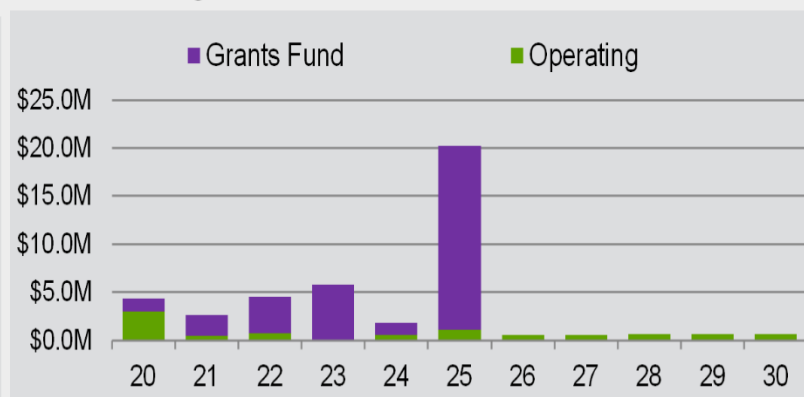
Expenses by Type



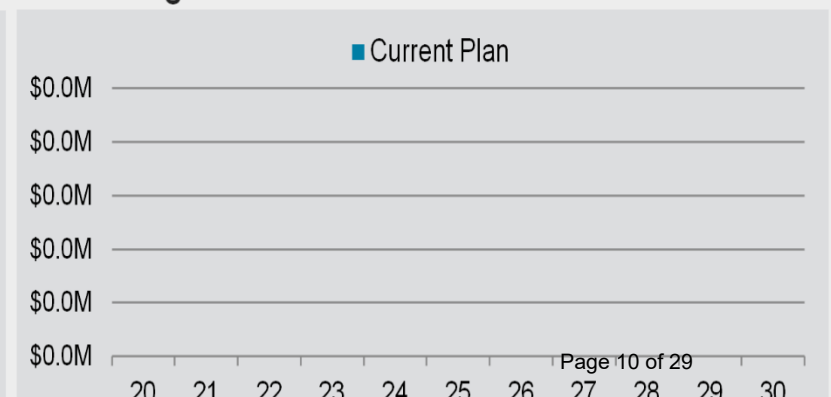
CIP Spending



CIP Funding



Borrowing





3. Building Fund

Key Planning Observations & Considerations

Recent Rate Study realigned fees and revenue level

House Bill 447 put new limits on fund balance

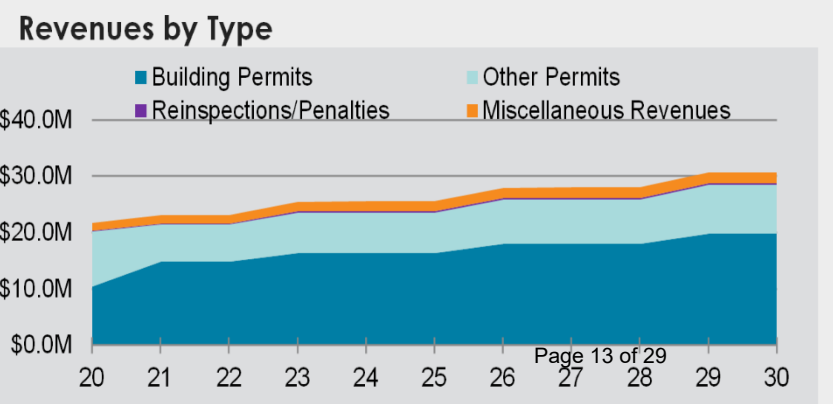
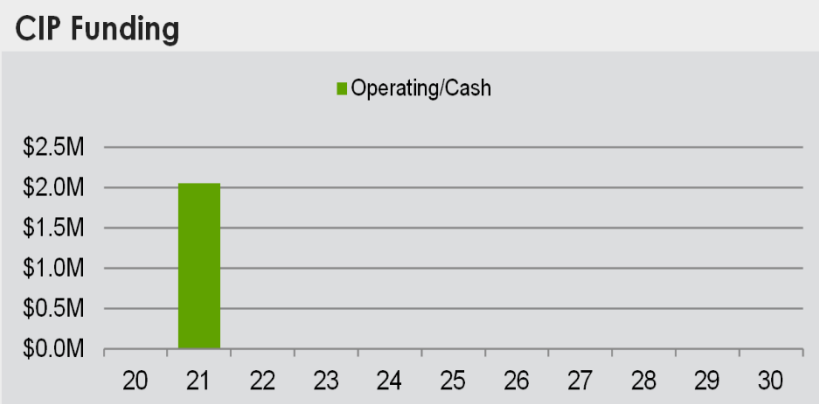
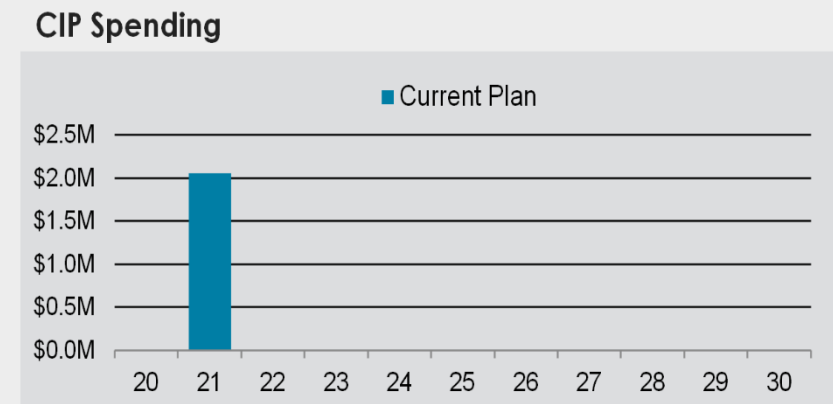
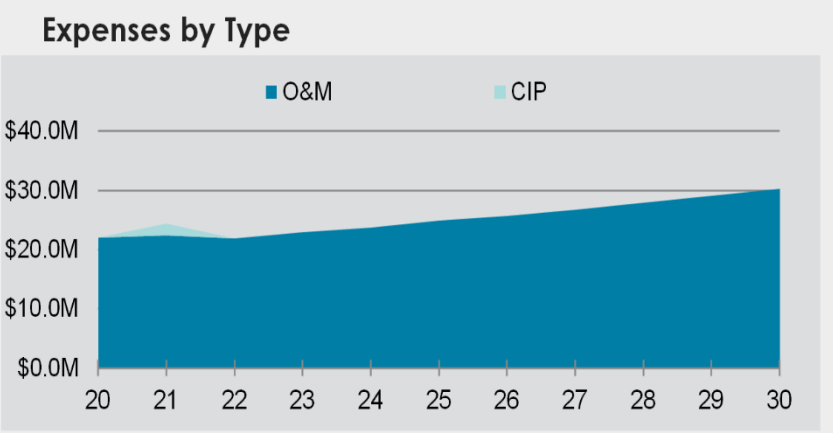
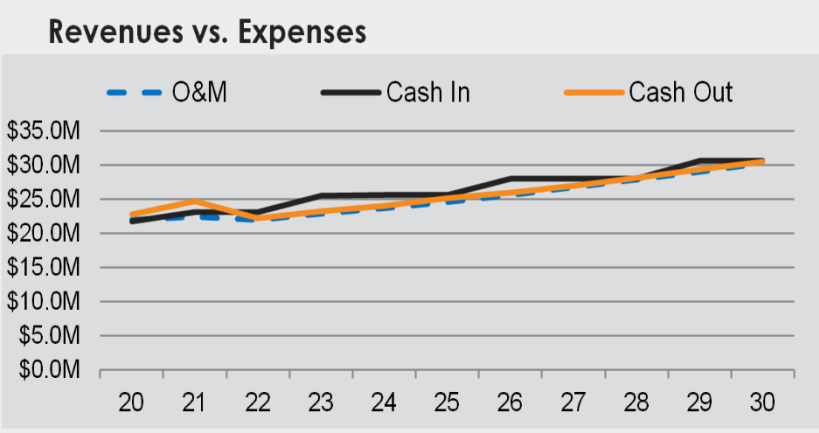
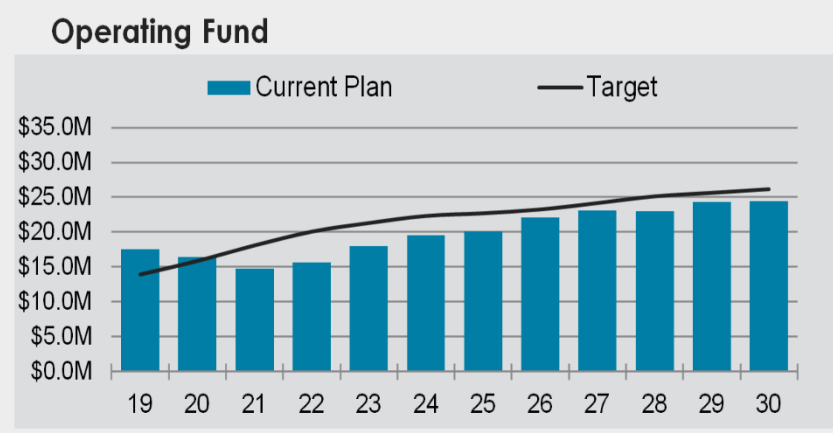
- May not carry forward an amount exceeding the average of operating budget for the previous 4 fiscal years

Transfer of building ownership from General Fund

Possible Purchase of Land from the Sanitation Fund in FY 2021:

- \$2M use of operating reserves

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025	FY 2030
Building Permits Revenue Plan	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	10.00%	30.00%
Other Permits Revenue Plan	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	10.00%	30.00%
Reinspections/Penalties Rev. Plan	0.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	10.00%	30.00%
Combined Fund Cash Flow	(1.19)	(1.69)	0.89	2.33	1.59	0.48	2.03	1.00	(0.12)	1.31	0.15	Check	-





4. Parking Fund

Key Planning Observations & Considerations

Spend Down of Fund Balance for Las Olas Garage:

- Approximately \$14M in total

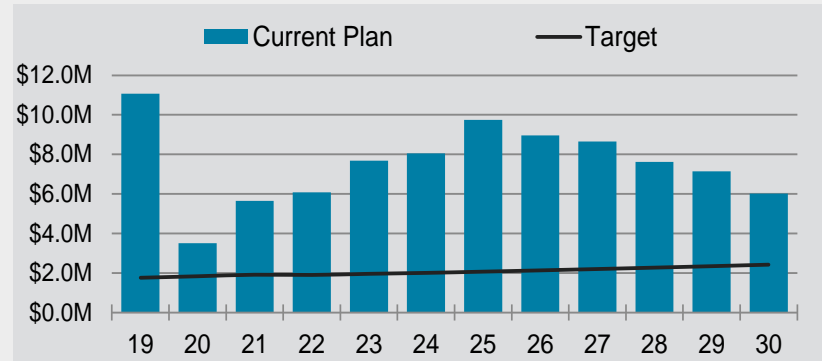
CIP Assumes R&R Funding in FY 2021 and Forward

Parking Lot Revenues:

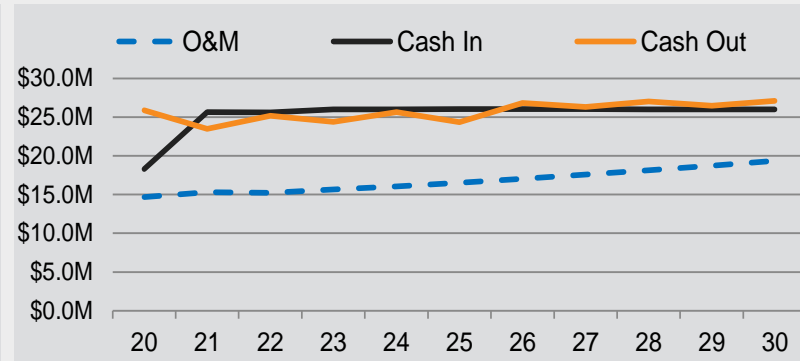
- Anticipated new zonal structure resulting in \$7.1M in new revenue annually
 - \$900K anticipated in FY 2020
 - Assumed Effective date July 1st
- Riverwalk Garage assumes City operation
- Las Olas Garage and Beach Parking Lot increased activity for 2 months in FY 2021 due to Aquatics Complex reopening (full year FY 2022)
- Additional metering revenue from urban core expansion

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2023	FY 2029
Metered Parking Rate Plan			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Permit Parking Rate Plan			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Citations Rate Plan			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Senior-Lien DSC	6.59	85.54	83.71	80.83	75.89	70.31	64.74	59.12	53.58	56.08	0.00	Scenario Manager	
Net Cash Flow	(7.57)	2.14	0.43	1.60	0.36	1.70	(0.79)	(0.30)	(1.02)	(0.49)	(1.12)		

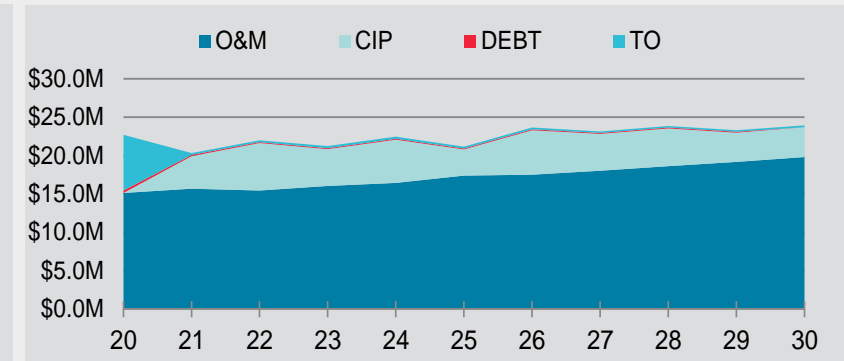
Operating Fund



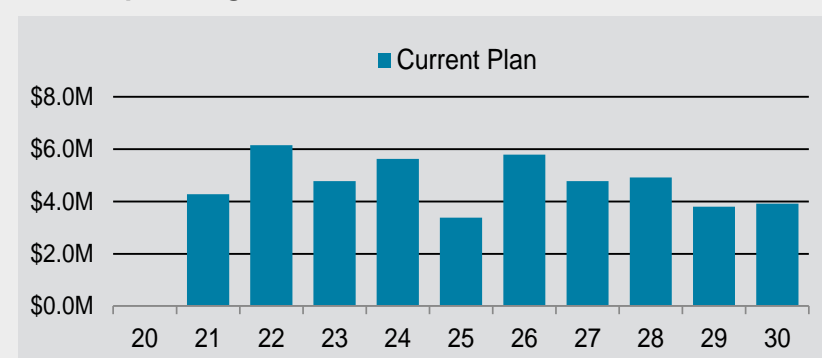
Revenues vs. Expenses



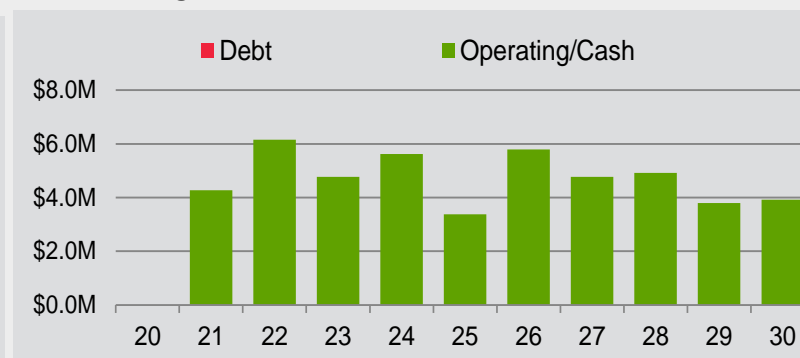
Expenses by Type



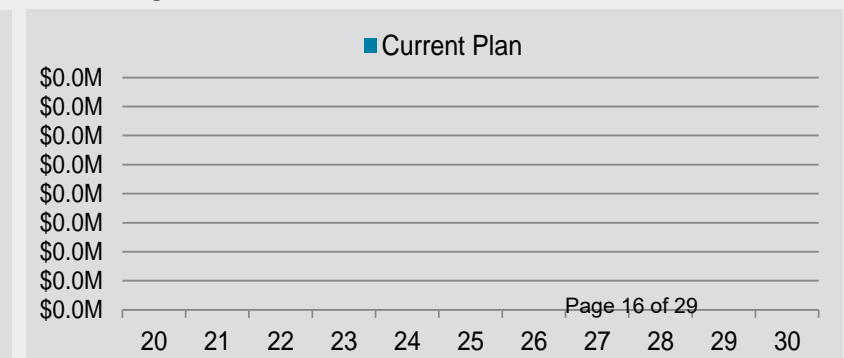
CIP Spending



CIP Funding



Borrowing





5. Regional Sewer Fund

Key Planning Observations & Considerations

Renewal and Replacement Contribution:

- Funded based upon annual Renewal and Replacement Requirement Analysis

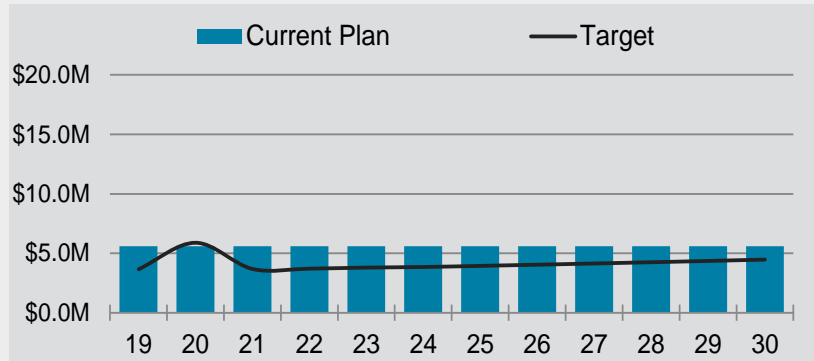
ROI Phase Out

- Expense phased out beginning in FY 2019 (\$4.2M total)
 - Reduction offset by increased CIP and corrosion inhibitor chemical feed program

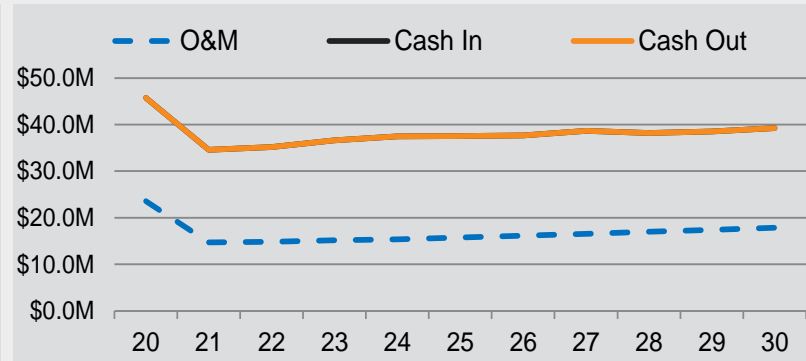
Assuming \$30M in Bond Issuance FY23/FY28

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025	FY 2030
Bulk Wastewater Rate Plan	0.00%	3.63%	2.06%	4.01%	2.27%	0.24%	0.43%	2.55%	-1.15%	0.74%	1.92%	12.65%	17.74%
Senior-Lien DSC	2.61	5.40	5.62	4.50	4.10	4.04	4.00	4.04	3.22	2.95	2.99	Scenario Manager	
All-In DSC	1.98	4.07	4.22	3.60	3.35	3.31	3.27	3.32	2.83	2.95	2.99		
Bulk Wastewater Rate	\$2.28	\$2.36	\$2.41	\$2.51	\$2.56	\$2.57	\$2.58	\$2.65	\$2.61	\$2.63	\$2.68	Solver	Yes
Net Cash Flow	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		

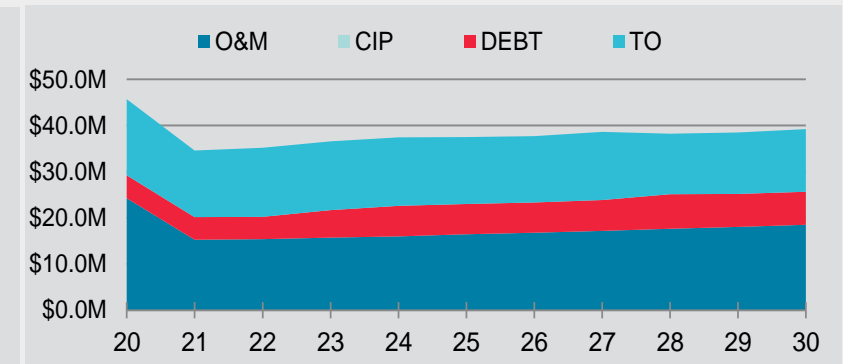
Operating Fund



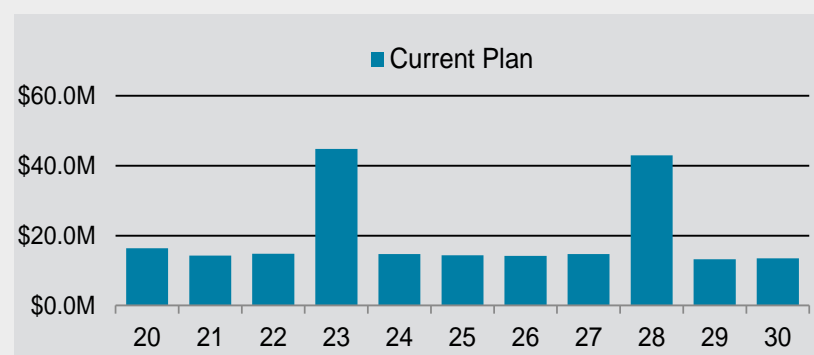
Revenues vs. Expenses



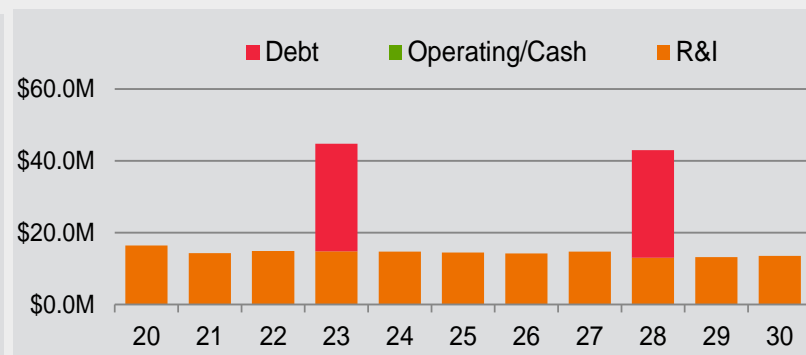
Expense by Type



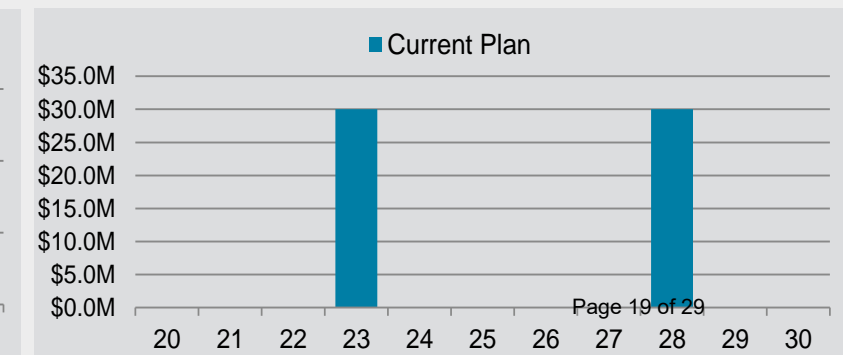
CIP Spending



CIP Funding



Borrowing





6. Water & Sewer Fund



Key Planning Observations & Considerations

Minimum Reserve Level:

- Target 3 months of operations and maintenance

Capital Investments

- Targeting \$20M cash funded capital annually
- \$170M bond in FY 2023 & 2028

ROI Phase Out:

- Expense phased out beginning FY 2019 (\$16.2M total)
 - Reduction offset by increased CIP and Central Regional expenses

New Water Plant Scenario:

- \$432M Bonded in FY 2025
- Conceptual annual operation and maintenance cost increase of \$16.7M in FY 2028

Interactive Model Review



7. Stormwater Fund

Key Planning Observations & Considerations

New Non-ad Valorem Assessment

- Anticipated implementation in FY 2021

Stormwater Bond:

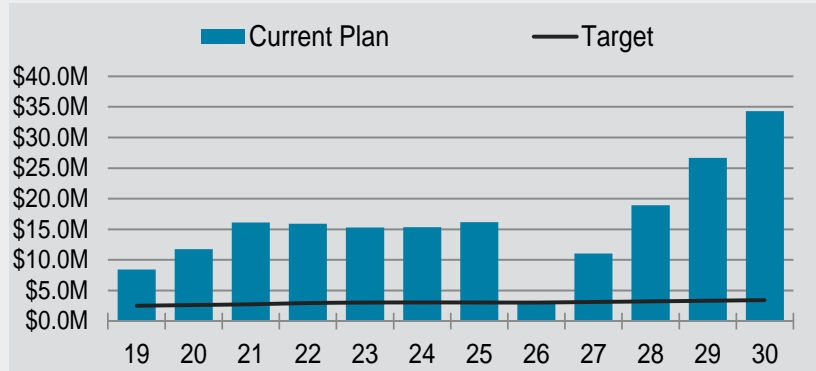
- FY 2021 - \$200M
- FY 2026 - \$200M
- Assumes interim financing FY 2020 (first draw in August)

Operations and Maintenance Cost:

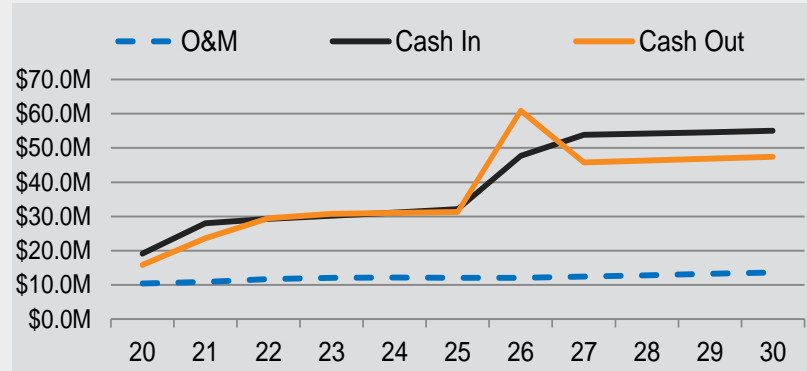
- New investments expected to lead to increased O&M
 - .05% of new investments added each year as a placeholder

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025	FY 2030
Stormwater Revenue Plan	0.00%	54.00%	3.00%	3.00%	3.00%	3.00%	49.80%	12.54%	0.25%	0.28%	0.31%	67.98%	194.15%
Senior-Lien DSC	0.00	1.74	1.31	1.36	1.42	1.50	1.50	1.50	1.50	1.50	1.50	Scenario Manager	
Residential Assessment (Per Unit)	\$168.00	\$258.26	\$266.01	\$273.99	\$282.21	\$290.67	\$435.43	\$490.03	\$491.25	\$492.63	\$494.18		
Net Cash Flow	3.31	4.35	(0.21)	(0.61)	0.07	0.80	(13.13)	8.04	7.90	7.73	7.63		

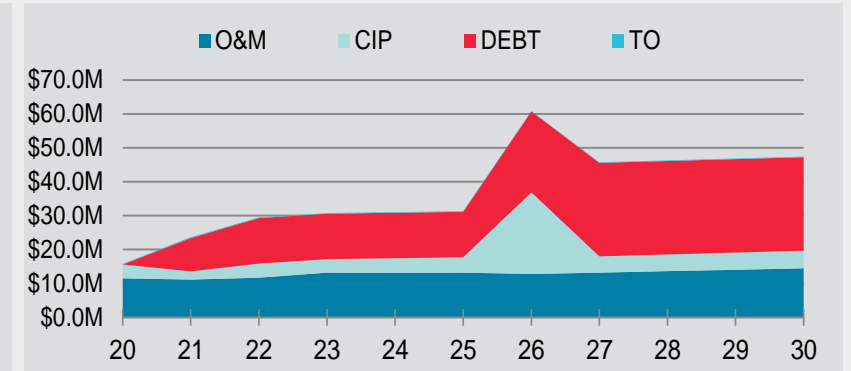
Operating Fund



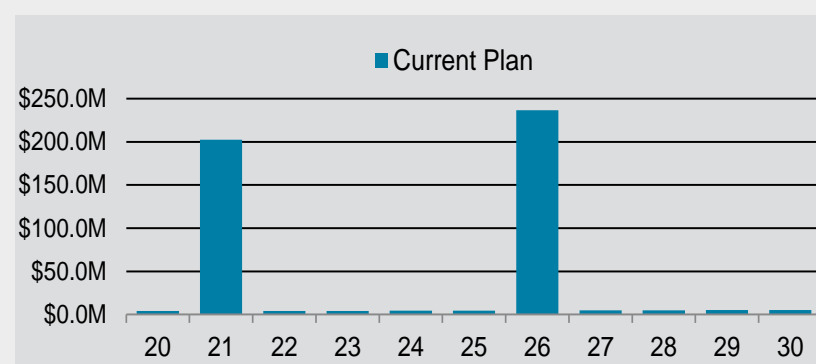
Revenues vs. Expenses



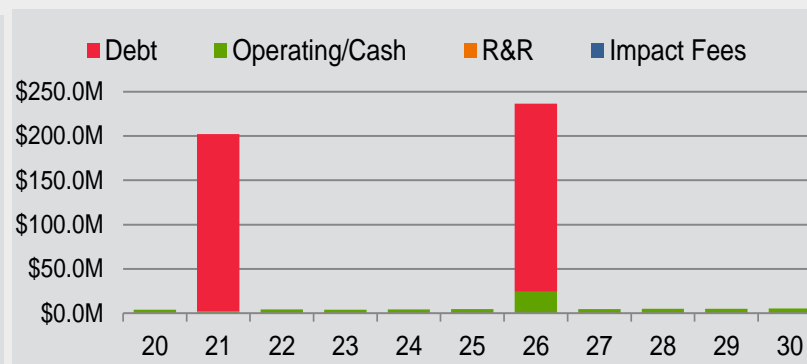
Expenses by Type



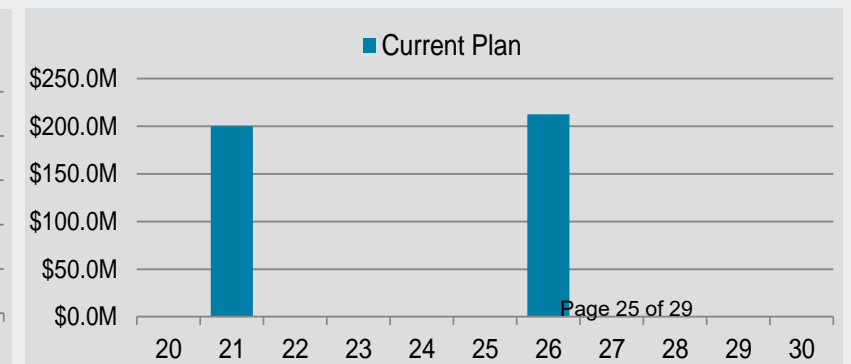
CIP Spending



CIP Funding



Borrowing





8. Sanitation Fund

Key Planning Observations & Considerations

Sanitation Rates:

- 4% annual increase approved through FY 2024

COVID-19 Reduce Franchise Fees by \$1.3M

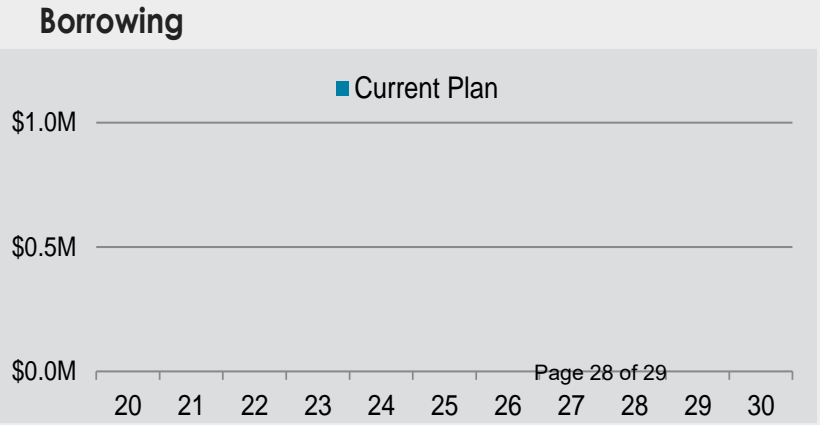
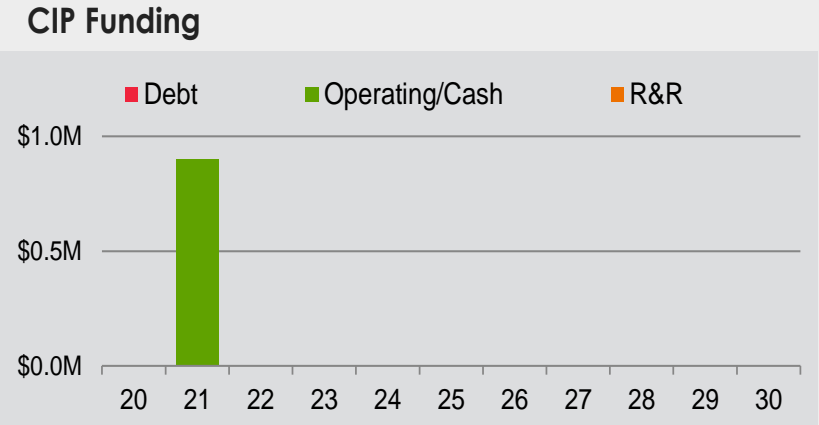
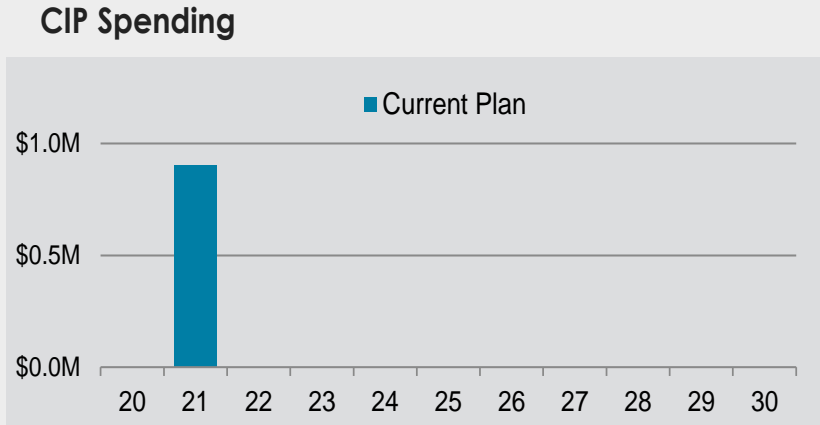
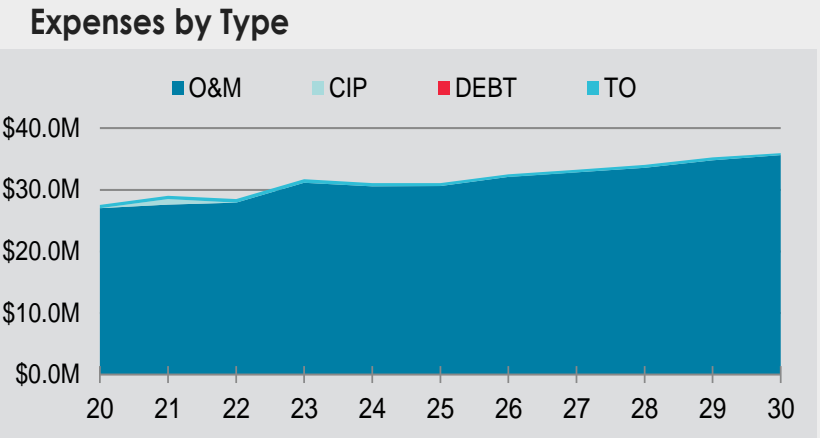
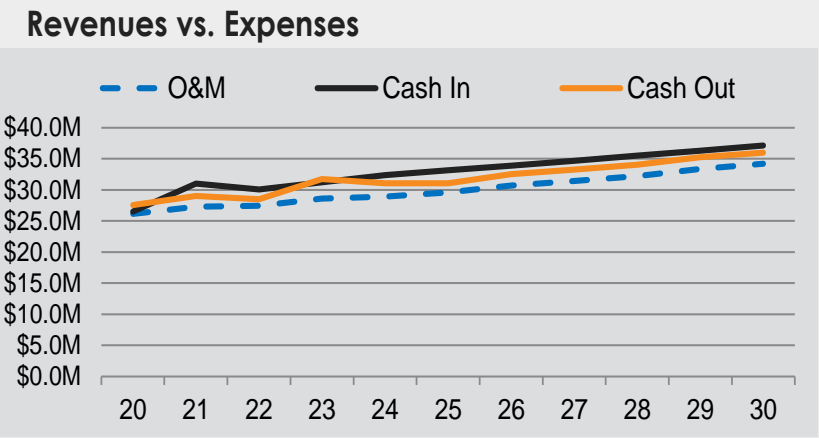
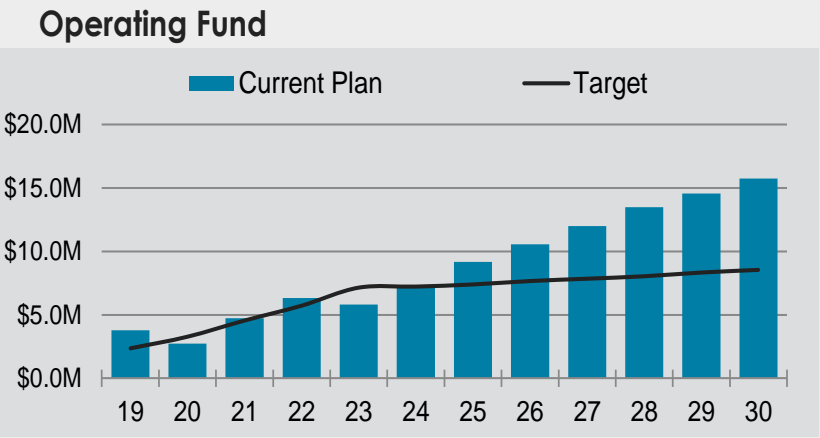
Possible Sale of Land to Building Fund:

- \$2M in proceeds in FY 2021 from sale of land
- Reduced Plant A remediation cost to \$900K in FY 2021

Reserve Target:

- Currently 1.5 months of operating costs
- Target based upon industry practices is 3 months (included in projections)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025	FY 2030
Rate Plan	0.00%	4.00%	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	19.33%	31.75%
Single Family Sanitation Bill	\$40.70	\$42.33	\$44.02	\$45.78	\$47.61	\$48.56	\$49.54	\$50.53	\$51.54	\$52.57	\$53.62		
Net Cash Flow	(1.05)	2.02	1.59	(0.53)	1.30	2.07	1.38	1.44	1.48	1.07	1.20		





Additional Questions/Discussion



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