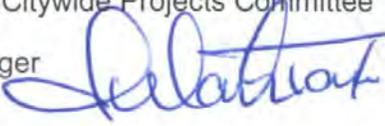




City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Members of the Finance and Citywide Projects Committee  
FROM: Jimmy L. Morales, City Manager   
DATE: July 17, 2015

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for July 17, 2015, at 12:00 P.M. in the Commission Chambers.

The agenda is as follows:

### **BUDGET BRIEFING:**

#### **OLD BUSINESS**

1. Finalizing proposed FY 2015/2016 Operating Budget and Capital Budget

#### **NEW BUSINESS**

2. Proposed Water and Sewer rates
3. Stormwater Update

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## COMMITTEE MEMORANDUM

TO: Members of the Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: July 17, 2015

SUBJECT: **FINALIZING PROPOSED FY 2015/16 OPERATING AND CAPITAL BUDGET**

At the July 1<sup>st</sup> Finance and Citywide Projects Committee meeting, direction was given regarding the proposed Millage Rate, enhancements and efficiencies for the Operating Budget, and changes to the Capital Budget. This memo summarizes the changes to date and provides the Committee an opportunity to make additional changes prior to development of the Proposed FY 2015/16 Budget that will be distributed prior to the first public hearing on September 10<sup>th</sup>.

### Proposed FY 2015/16 Millage Rate

At the July 1<sup>st</sup> Finance and Citywide Projects Committee meeting, the impact of the change from the June 1<sup>st</sup> preliminary taxable values of 12.0 percent to the July 1<sup>st</sup> certified taxable values that increased 13.2 percent was calculated at \$1.2 million. The Committee voted to reduce the combined millage rate by the remainder of the millage rate goal, 0.1114 mills. This reduced the millage rate from 6.0237 to 5.9123. The proposed millage rate is now the same as it was in FY 2009/10 prior to the millage rate increase in FY 2010/11 of 0.5902.

Fiscal Year	Millage Rate	Difference
FY10	<b>5.9123</b>	
FY11	6.5025	0.5902
FY12	6.4539	-0.0486
FY13	6.3477	-0.1062
FY14	6.1163	-0.2314
FY15	6.0237	-0.0926
FY16	<b>5.9123</b>	-0.1114

The impact of the proposed millage rate decrease to a property owner of a homesteaded property would be that the property tax bill to the City of Miami Beach would decrease \$10 for a median property and \$23 for an average property.

Homesteaded Properties				
	FY 2014/15		FY 2015/16 with 0.8% CPI	
	Median	Average	Median	Average
	<b>2014 Preliminary Taxable Value</b>	<b>\$ 143,680</b>	<b>\$ 351,189</b>	<b>\$ 144,829</b>
<b>City of Miami Beach</b>				
Operating	\$ 833	\$ 2,035	\$ 827	\$ 2,021
Voted Debt	33	81	29	72
<b>Total Miami Beach</b>	<b>\$ 866</b>	<b>\$ 2,116</b>	<b>\$ 856</b>	<b>\$ 2,093</b>
<b>\$ Change in Taxes</b>				
Operating			\$ (6)	\$ (14)
Voted Debt			(4)	(9)
<b>Total Miami Beach</b>			<b>\$ (10)</b>	<b>\$ (23)</b>

\* Source: Miami-Dade County Property Appraiser's - 2014-average-median-homestead-residential-values file

The Commission will set the proposed millage rate at their July 29th meeting and the City Manager will notify the Property Appraiser by August 4th. FS 200.065, entitled "Method of Fixing Millage" establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2014), to advise the Miami-Dade County Property Appraiser of the proposed general operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and tentative budgets for FY 2015/16. The required Debt Service millage rate must also be set at the same time as the general operating millage.

After setting the proposed operating millage rate, the Commission may, at any time prior to the final adoption, lower the rates by adjusting priorities. However, increasing the millage rate may only be accomplished by an expensive mailing and advertising process to every property owner on Miami Beach. The City's proposed operating millage rate as well as that of other taxing authorities will be included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City.

### **Reductions/Efficiencies and Enhancements in the Operating Budget**

On July 1st, the Committee accepted the recommended reductions/efficiencies except for the recommended reduction in City Clerk – Central Services for \$27,100 to eliminate printing of Commission meeting agendas, Commission committee agendas, Land Use Boards agendas, and annual Budget documents. The updated list of recommended reductions/efficiencies can be found in Attachment A. The updated savings from the recommended reductions/efficiencies totals \$1,211,750.

The Committee also recommended accepting the proposed additions and service enhancements with the following changes listed below:

- Remove \$100,000 for the Climate Action Plan in Building-Environmental Management
- Remove \$150,000 for the North Beach Marketing funds in Tourism, Culture, & Economic Development (funded by Resort Tax)

- Offset 50 percent (\$55,000) of the Assistant Director in Tourism, Culture, & Economic Development from Resort Tax funding
- Offset the \$220,000 cost of the Urban Forestry Tree Preservation Program in Public Works by budgeting the fee revenue associated with the new program
- Add \$200,000 for Out-of-Region Data Center in Information Technology
- Add \$500,000 in a reserve to offset the future cost of the Public Safety Radio project in Emergency Management/9-1-1

The updated list of recommended Enhancements can be found in Attachment B. The updated recommended reductions/efficiencies total \$3,824,000, which is offset by \$530,000 from additional Resort Tax contribution for tourism-eligible enhancements.

The Committee also recommended staff bring back information on the Freight Loading Zone (FLZ) enhancement in Parking to the next meeting.

Deployment of remaining FLZ and Residential Two Hour Parking zones would require enhanced parking enforcement levels. Enhanced patrols result in: (1) efficient turnover of FLZ and reduced traffic congestion and (2) efficient turnover of residential parking spaces thereby increasing parking availability. There are 130 FLZs and four residential neighborhoods with two hour parking maximum parking restrictions on weekdays planned citywide. The following are two enhancement options for parking enforcement staffing levels:

**OPTION NO. 1 – 10/2**

Ten (10) Parking Enforcement Specialists (PES 1) & Two (2) Parking Operations Supervisors (POS). These positions would provide FLZ coverage for the following areas:

- Entertainment District (2)
- Alton/West (1)
- Sunset Harbor (1)
- Lincoln Road (1)
- Collins Ave/23<sup>rd</sup> Street to 41<sup>st</sup> Street (1)
- Middle Beach/Collins Avenue (2)
- North Beach/Collins Avenue (2)

Two (2) POS positions will supplement Current Service Level (CSL) of five (5) POS providing additional supervision for the FLZ program and two hour restricted residential zones.

Projected Revenues net of Expenses: Year 1 \$64,000; Year 2: \$261,000

**OPTION NO. 2 – 7/1**

Seven (7) Parking Enforcement Specialists (PES 1) & One (1) Parking Operations Supervisors (POS). These positions would provide FLZ coverage for the following areas:

- Entertainment District (2)
- Alton/West & Sunset Harbor (1)
- Lincoln Road (1)
- Collins Ave/Indian Creek/23<sup>rd</sup> Street to 41<sup>st</sup> Street (1)
- Middle Beach/Collins Avenue (1)
- North Beach/Collins Avenue (1)

Projected revenues net of expenses include \$150,000 savings in overtime expense.

In addition, the Committee recommended staff bring back a list of contributions the City makes to non-profits and community organizations to the next meeting.

	FY 2014/15 Adopted Budget
<b>SOCIAL SERVICES</b>	
Hot Meals-Jewish Community Services of South Florida	\$ 47,000
Douglas Gardens	\$ 22,000
Miami Beach Community Health Center	\$ 22,000
Boys and Girls Club	\$ 17,000
<b>CONTRIBUTIONS</b>	
Jewish Museum	\$ 50,000
Latin Chamber of Commerce	\$ 18,000
Miami Beach Chamber/Visitor Ctr	\$ 36,000
Miami Design Preservation League	\$ 23,000
North Beach Development Corp.	\$ 18,000
Orange Bowl	\$ 17,000
S Beach/Grtr Miami Hisp. Chamber	\$ 18,000
<b>OTHER</b>	
Environmental Coalition of Miami Beach (from Boucher Contractual Obligation)	\$ 5,000
Tourism & Hospitality Scholarships (from Global Spectrum Contractual Obligation)	\$ Various

An updated list of potential enhancements requested by departments but not recommended for inclusion in the Proposed Budget can be found in Attachment C.

Since the July 1<sup>st</sup> meeting, an additional savings of \$130,000 has been identified in the Current Service Level Budget. The FY 2014/15 Vehicle/Equipment Replacement capital budget included \$900,000 for the replacement of a reserve fire engine for the Fire Department. The department evaluated its current needs and determined there is a sufficient amount fire engines with the existing fleet. Therefore the engine slated for replacement was completely removed from service (will not be replaced in the future). The department has 4 front line Fire Engines with the oldest being a 2009. Fire Engines usually have a life span 10 – 14 years before they need to be replaced. They do have 3 reserve engines and 2 of them have been pushed backed for replacement for 3 more years.

While completing its needs assessment, management determined instead of replacing a fire engine that was not needed the rescue division was in need of two rescue trucks. The increasing number of special events within the City has sometimes required the department to seek backup rescue units from neighboring municipalities. The cost of the two rescue trucks including all equipment is \$621,000. This would leave a balance of approximately \$279,000 from the original \$900,000 allocated to the engine replacement. The department proposes utilizing \$200,000 of the remaining funds (in addition to the \$70,000 of UASI funds) to purchase the fire boat which is included in the FY 2015/16 CSL budget and allocate approximately \$79,000 to the purchase a stationary air filling station for their SCUBA tanks. If these purchases are made from FY 2014/15 funding it will eliminate the need for the \$130,000 included in the FY 2015/16 CSL budget.

The net result of the changes above is an unallocated surplus in the General Fund of \$147,750.

Preliminary CSL surplus --based on June 1st values	3,600,000
Millage rate reduction --50% of remaining millage rate goal	(1,100,000)
<b>Updated CSL surplus</b>	<b>2,500,000</b>
Recommended enhancements	(3,824,000)
Additional Resort Tax contribution	530,000
Recommended reductions/efficiencies	1,211,750
Change in taxable values --based on July 1st values	1,200,000
Additional Millage rate reduction --Remainder of millage rate goal	(1,100,000)
Reserve for Public Safety Radio project	(500,000)
Savings to CSL from Fire Boat	130,000
<b>Unallocated surplus</b>	<b>147,750</b>

### **Changes to Proposed FY 2015/16 Capital Budget**

At the July 1<sup>st</sup> Finance & Citywide Projects Committee, the Commission approved the Proposed FY 2015/16 Capital Budget with the changes below. The revised Proposed Capital Budget can be found in Attachment D.

- Remove Española Way Conversion to Pedestrian Mall project estimated at \$1.1 million (Quality of Life – South Beach fund)
- Remove the Press Room portion of the City Hall Space Plan project in the amount of \$215,000 (PAYGO fund)
- Remove Traffic Circle at 47<sup>th</sup> Street and Meridian Ave in the amount of \$250,000 (Local Option Gas Tax - 3 Cent Gas Tax fund)
- Remove additional funding request of \$400,000 above the \$100,000 already funded for the Tent for North Beach Bandshell project (Quality of Life - North Beach fund)

The Committee recommended staff continue to refine the scope of the Commission Chambers Renovation project and directed the City Attorney to research and provide a Letter to Commission (LTC) detailing the specifications of the City's Code requirements regarding the potential use of Stormwater funds for seawalls.

The following changes were made after the July 1<sup>st</sup>, Finance Committee meeting. The referenced page numbers are from Attachment D.

#### Concurrency Mitigation Fund (page 1)

- Request from Public Works to increase funding for the *West Avenue Bridge project* by \$800,000 needed to proceed with construction in Q2 FY 2015/16, to coincide with completion of construction on the Venetian project

#### PAYGO (page 3)

- The omission of the Press Room from the *City Hall Space Plan* added \$215,000 in available balance for "Tier 2" funding making the total available balance in Tier 2 \$228,000. Therefore allowing for some projects in "Tier 3" to be moved up to "Tier 2".
  - Scott Rakow Youth Center Reception and Bowling Enhancements - \$66,000
  - Neighborhood Tennis Court Renovations - \$53,000 (Partial funding; the remaining \$39,000 to be funded in FY 2016/17)
  - Neighborhood Basketball Court Renovations - \$70,000 (Partial funding; the remaining \$67,000 to be funded in FY 2016/17)
  - Standardized Park Bench Replacements - \$20,000 (Partial funding; the remaining \$50,000 to be funded in FY 2016/17)
  - Standardized Park Trash Replacement - \$50,000 (Partial funding; the remaining \$16,000 to be funded in FY 2016/17)
- The *Flamingo Park Pool Playground Replacement project* was moved from "Tier 3" to be split funded from various GO bond funds.

Quality of Life – South Beach (page 4)

- Moved project named *Miami Beach Golf Course – Landscape Removal & Replacement* from Parks & Rec Beautification Fund to QOL-SB to accommodate new request from Parks & Recreation.

Quality of Life – Mid-Beach (page 4)

- Added new request from Parks & Recreation for *Beachview Park Improvements* in the amount of \$250,000.

Quality of Life – North Beach (page 5)

- Per Parks & Recreation, funding for *North Shore Open Space Dog Fountain project* is no longer needed as a pipe was found that can be used for the fountain.
- The *Altos del Mar Park project* can be fully funded from Quality of Life funds because the *Tent for the North Beach Bandshell* funding request was removed on July 1<sup>st</sup>. This freed up funding in various GO bond funds for the *Flamingo Park Pool Playground Replacement project* formerly on the PAYGO list.

GO Parks & Rec Beautification Fund (page 5)

- The *Miami Beach Golf Course - Landscape Removal & Replacement* was moved to Quality of Life - South Beach Fund.
- Removed *Altos del Mar Park* funding which will now be funded from QOL-NB and added partial funding of \$65,383 for the *Flamingo Park Pool Playground Replacement project* formerly on the PAYGO list

2003 GO Bonds Parks & Beaches (page 5)

- Per Parks & Recreation, deleted *Pine Tree Dog Park expansion*. This made available \$106,000.
- Per Parks & Recreation request, added funding for *Polo Park Improvements*, in the amount of \$70,000. In order to accommodate the request for *Polo Parks Improvements*, reduced project named *Palm Island Park Landscaping, Sod, and Irrigation* by \$21,000.
- Removed *Altos del Mar Park* funding which will now be funded from QOL-NB and added partial funding of \$75,442 for the *Flamingo Park Pool Playground Replacement project* formerly on the PAYGO list

1996 GO Bonds Recreation, Culture, and Parks (page 5)

- Removed *Altos del Mar Park* funding which will now be funded from QOL-NB and added partial funding of \$104,175 for the *Flamingo Park Pool Playground Replacement project* formerly on the PAYGO list

### **Enterprise Capital Budget**

The Proposed FY 2015/16 Capital Budget in Attachment D now includes the proposed capital projects for the enterprise funds. These capital projects are all supported by the revenues from these self-supported enterprise funds. Projects are included for the following funds:

- Parking Impact Fees: \$2.2 million (page 8)
- Parking Operations Fund: \$3.1 million (page 8)
- Proposed Stormwater Bonds: \$100 million (page 9 & 10)
- Proposed Water & Sewer Bonds: \$50 million (page 9 & 10)
- Water & Sewer Bonds 2000S: \$75,000 (page 8)

The Proposed FY 2015/16 Capital Budget reflects a new programmatic approach for managing bond proceeds for capital projects in the Stormwater and Water & Sewer funds. The new approach creates system-wide master program for each fund. The overall budget for each of these two funds will be in the master programs. Whenever a contract is awarded for a project during the fiscal year, a budget amendment will be processed to move the necessary amount of funding from the master program to the individual project budget. This approach will maintain maximum flexibility while facilitating the timely spending of bond funds.

### **Conclusion**

Any additional direction provided at the July 17<sup>th</sup> Finance Committee meeting for the development of the operating and capital budget will be incorporated into the FY 2015/16 Proposed Budget document that will be prepared by the Office of Budget & Performance Improvement in advance of the first public hearing on September 10<sup>th</sup>. At both the first and the second public hearing (September 30<sup>th</sup>) the Commission will have the opportunity to make any further changes to the operating and capital budget.

Attachment A – Proposed Efficiencies  
Attachment B – Proposed Enhancements  
Attachment C – Potential Enhancements Not Included in Proposed Budget  
Attachment D – Proposed Capital Budget

JLM/JW



**ATTACHMENT A  
PROPOSED FY 2015/16 REDUCTIONS/EFFICIENCIES**

Program/Function (before reduction)	Recommended Reduction	Potential Reduction/Efficiency	Potential Impact
<b>BUILDING</b>			
GENERAL FUND			
Elevator Permits: \$658K 5 FTE's	658,000	Move the elevator section to the Public Works department	The elevator section currently operates from the Building Department and has annual offsetting revenue. It has been determined that this revenue is not restricted for building enforcement purposes. As such, the function and offsetting revenue can be moved to Public Works and result in a net savings to the General Fund of 658,000.
<b>CITY MANAGER</b>			
GENERAL FUND			
City Management/Administration \$3.4M, 15 FTE's	70,000	Eliminate Ethics Hotline	This reduction would eliminate the Ethics Hotline funded during FY13/14. The recommended approach would be to leverage the existing FBI corruption hotline which is currently advertised on the City's website and MBTV. The FBI corruption hotline is preferable to an internal ethics hotline because it offers a potential whistleblower greater protection from an independent law enforcement agency. The City currently has a police officer assigned to the FBI public corruption investigation task force. In addition, the Miami-Dade County Office of the Inspector General has a "Report Fraud" phone number at 305-579-2593.
<b>CODE COMPLIANCE</b>			
GENERAL FUND			
Green Team: \$115K, 2 FTE's	115,000	Eliminate Green Team	These positions were planned to make up a "Green Team" to increase the City's monitoring of waste runoff. Initially funded in FY 13/14 pending the City obtaining some level of jurisdiction that ensured the enforcement authority over grease traps by Q2-2015. DERM has not relinquished the authority for the City to have full jurisdiction over grease trap investigations and penalties so these positions have not been filled. This elimination will have no impact.
<b>FINANCE</b>			
GENERAL FUND			
Investment Advisory Services contract \$572K	207,000	Reduce Investment Advisory Services fees	Due to a newly negotiated contract, the custodial fees and arbitrage costs for the Investment Advisory Services fee can be reduced without impacting service levels.
<b>HOUSING &amp; COMMUNITY SERVICES</b>			
GENERAL FUND			
Medical shelter beds provided by Citrus Health (ALF) \$47K	27,450	Eliminate medical shelter beds budget	In the past, clients with medical impairments have been placed in a medical shelter bed instead of a normal shelter bed, resulting in additional cost. Shelters have become increasingly ADA compliant resulting in less of a need for specialized medical beds. The recommended reduction is not anticipated to have a negative effect as the remaining \$20,000 in the program budget is expected to meet the anticipated need for medical beds. This need is anticipated to continue to decrease over time.
Criminal background checks for the homeless \$11K	4,800	Reduce criminal background checks budget	The recommended reduction has no impact due to new criminal background check contract costs being \$4,800 less than prior contract.
<b>INFORMATION TECHNOLOGY</b>			
INTERNAL SERVICES FUND			
PC Replacements \$850K	100,000	Accelerate planned implementation of Virtual Desktop Infrastructure	The implementation of Virtual Desktop Infrastructure was planned for a limited implementation in FY16/17 and this reduction would accelerate the rollout to FY15/16. Select users that are scheduled to have their PC's replaced would use Dell Virtual Desktop Infrastructure instead of a traditional PC. There may be initial challenges and lessons learned as part of the initial rollout, but there is potential for substantial long-term savings.
Support Services \$11.8M 21 FTE's	50,000	Estimated anticipated savings from Telecom Audit	A telecom audit has been initiated during FY14/15 that is anticipated to result in savings from billing errors, etc. The last audit was performed 1997. The audit is anticipated to have a minimal impact to users. IT staff is impacted as there is an amount of effort and labor that is involved. The more effort that IT and the selected vendor put forth, the more likely that savings are found. However, the labor committed to doing this reduces the work capacity for other projects. The recommended reduction of \$50,000 reflects a realistic savings target that could increase to as much as \$250,000.

**ATTACHMENT A  
PROPOSED FY 2015/16 REDUCTIONS/EFFICIENCIES**

Program/Function (before reduction)	Recommended Reduction	Potential Reduction/Efficiency	Potential Impact
<b>PROCUREMENT</b>			
<b>GENERAL FUND</b>			
Procurement, \$1.3M 12 FTE's	1,500	Eliminate distribution of solicitation documents via CD	The City Code requires that as part of our bid solicitation process, bidders are required to pay \$20 per CD to pick up copies of the construction documents. This reduction would result in distribution of construction documents via a File Transfer Protocol (FTP) or the Public Purchase Website. This reduction would require a change to the City Code.
	5,000	Eliminate newspaper advertisements for bids under \$300,000	The City Code requires that bids shall be published once in at least one official newspaper having general distribution in the city and at least five working days preceding the last day set for the receipt of proposals. Most bidders today, rather than relying on newspaper advertisements, rely on electronic bid notification systems. The City uses one such system, Public Purchase, to advertise all competitive solicitations. Florida statutes only require that bids for construction over \$300,000 be advertised. This reduction would require a change to the City Code.

GENERAL FUND	1,088,750
Internal Service Fund impact	123,000
	<u>1,211,750</u>

**ATTACHMENT B  
PROPOSED - FY 2015/16 ADDITIONS AND SERVICE ENHANCEMENTS**

	Request	Recommended Enhancement	Year 2 Impact	Total Positions	
				FT	PT
<b>GENERAL FUND</b>					
<b>Building</b>					
Maintain plan review turnaround time within current targets (Residential - 7 days; Commercial - 21 days) while absorbing the staffing impact of assigning building inspectors to the Convention Center project. This enhancement would add a Senior Building Inspector position and three contractual inspector positions for mechanical, electrical, and plumbing inspections at the Convention Center. Costs for this enhancement are anticipated to be offset by \$500,000 in additional revenue in year one and \$450,000 in year two. Anticipated offsetting revenue	512,000 (500,000)	512,000 (500,000)	528,000 (450,000)	1.0	
<b>Building-Environmental Management</b>					
Comprehensively outline the City's short, mid, and long-term climate adaptation and mitigation strategies by developing a Climate Action Plan. This enhancement would consolidate all of the City's disparate strategies into a comprehensive plan. <b>[ONE-TIME]</b>	100,000				
<b>City Clerk</b>					
Streamline the process of record storage, compliance, maintenance, and destruction of public records organization-wide by adding a Records Management Specialist position. This enhancement would help ensure regulatory compliance, reduce operating costs, control the creation and growth of records, and reduce the risks of liabilities associated with document disposal. This position is anticipated to identify substantial savings in excess of the position costs by proactively assisting departments develop and streamline their records management systems by reviewing records currently in storage to determine which should be retained and which should be destroyed consistent with statutory requirements.	62,000	62,000	73,000	1.0	
<b>City Manager</b>					
Increase response time for high priority citizen complaints regarding a wide range of issues by adding two part-time positions to the Rapid Response Team. These positions would complement two existing full-time positions to work in teams of two to expeditiously address citizen issues/complaints.	36,000	36,000	36,000		2.0
<b>Code Compliance</b>					
Improve coordination and oversight of departmental accreditation, staff certification, training, equipment maintenance, and customer service levels by adding a Code Compliance Administrator position. This position addresses the Crowe Horwath Audit's recommendations for increased supervision and organizational efficiency. <b>[FUND FROM RESORT TAX]</b>	69,000	69,000	82,000	1.0	
<b>Emergency Management/9-1-1</b>					
Improve quality of 911 calls by implementing Quality Insurance to review recorded calls to ensure that proper protocol and procedures are being adhered to by 911 operations. Utilizing off-site certified reviewers to evaluate recorded 911 calls would provide an accurate and impartial review of 911 operators performance.	27,000	27,000	-		
<b>Finance</b>					
Improve oversight of bond issuance and monitoring function by adding a Deputy Finance Director position. This function is anticipated to grow significantly given the number and complexity of anticipated bond issues.	110,000	110,000	133,000	1.0	
<b>Housing &amp; Community Services</b>					
Address recent audit findings by increasing oversight of HUD funded capital activities, perform inspections of work sites, ensure Federal Davis-Bacon compliance, and ensure the integrity of capital project costs by adding a Housing and Community Development Capital Projects Coordinator position.	93,000	93,000	112,000	1.0	
<b>Parks &amp; Recreation</b>					
Enhance programming for various recreation programs as follows: \$54,000 for inclusionary aides to meet the demand for special need children to be enrolled in summer camps; \$18,000 for the second season of Little League Baseball; \$10,000 to expand elderly programming from North Shore Park Youth Center to two additional locations in central and south beach; \$25,000 to increase the year-round level of service citywide for youth programming with new educational and cultural programs and at additional sites; \$6,000 to add Nautilus Middle School as an additional site for teen programming; \$35,000 to enhance special community events such as Winter Wonderland and Cupid's Carnival with additional rides and activities; and \$15,000 to meet the increasing demand for elderly programs and events by increasing funding for the Senior Enhancement Transportation Service program.	163,000	163,000	163,000		
Enhance opportunities for persons with disabilities by partially funding the para-rowing program at the Shane Rowing Center. The Miami Beach Watersports Center is a not-for-profit organization that runs a premier rowing club with over 250 members, mostly all Miami Beach residents. They have recently undertaken a para-rowing program which teaches people with disabilities how to row and provides a training facility for competitive para-rowers. They have been designated as Paralympic Sport Club by the US Olympic Committee, and have already qualified two members to the national para-rowing team. The program has grown in popularity and needs financial assistance in order to not have to turn rowers away. <b>[FUND FROM RESORT TAX]</b>	85,000	85,000	85,000		
Participate in the Fairchild Botanical Gardens Million Orchid Project as one of several municipalities that would begin to receive as many as 150 orchids throughout the next 3 years starting as soon as October, 2015. Fairchild Tropical Gardens proposes to introduce millions of native orchids into the South Florida within the next five years. This enhancement would provide funding for the Gardens to propagate seedlings for reintroduction. <b>[FUND FROM RESORT TAX]</b>	50,000	50,000	50,000		
<b>Planning</b>					
Meet increasing demand for administrative support of the City's five Land Development Review Boards by adding an Office Associate V position. The number of applications received and public record requests have increased substantially and with the future outlook of upcoming construction projects the need has arisen for a dedicated administrative resource to handle the increase in workload.	59,000	59,000	66,000	1.0	
<b>Police</b>					
Reduce crime by adding a License Plate Reader (LPR) system on MacArthur Causeway as well as two additional patrol vehicles and two portable kits. The City has successfully used police vehicles equipped with LPR system for the past two years to recover stolen vehicles and to make many felony and misdemeanor arrests. This enhancement would complement the fixed LPR system that is anticipated to be installed on the Venetian Causeway during FY 2014/15. <b>[FUND FROM RESORT TAX]</b>	276,000	276,000			
Provide support to the State Attorney's Office's Human Trafficking Task Force by assigning a Detective position to participate on the task force. Miami Beach has experienced a significant number of crimes associated with human trafficking and participation on the task force would allow MBPD access to additional resources to address this growing problem in the city, state, and region.	98,000	98,000	126,000	1.0	

**ATTACHMENT B  
PROPOSED - FY 2015/16 ADDITIONS AND SERVICE ENHANCEMENTS**

	Request	Recommended Enhancement	Year 2 Impact	Total Positions	
				FT	PT
Enhance the pool of qualified candidates that could be hired as police officers by reimbursing ten police recruits to complete Police Academy training supervised by a Training Advisor (Police Officer position). For the last 15 years, MBPD has only hired certified police officers with previous experience or academy certification, which has resulted in limiting hiring to applicants that have been trained with varying level of quality and/or transferred from other jurisdictions. This enhancement would serve as a pilot initiative to include ten quality applicants that have recently completed full academy training. Recommended by PERF study in 2014.	189,000	189,000	183,000	1.0	
Address traffic congestion by adding a Motor Unit consisting of one Sergeant and four Police Officer positions. This unit would work afternoon shifts to focus on rush hour traffic and enhance MBPD's ability to address traffic issues, improve enforcement, and visibility. Enforcement activity by this unit is anticipated to offset a portion of the cost of this enhancement. Costs would be offset by an estimated \$110,000 in revenue. Recommended by the Transportation, Parking, & Bicycle Pedestrian Facilities Committee. Anticipated offsetting revenue	1,287,000 (220,000)	673,000 (110,000)	645,000 (110,000)	5.0	
<b>Procurement</b>					
Bring departmental staffing in-line with national productivity benchmarks, reduce staff turnover rate of 63% over last two years, and expedite procurements for City departments by adding two Procurement Contracting Officer positions.	120,000	120,000	146,000	2.0	
<b>Public Works</b>					
Reduce the backlog of projects and enhance the ability to perform in-house engineering by adding a Civil Engineer position. This position would be split funded as follows: 30% General Fund, 30% Stormwater, 20% Water, 20% Sewer.	22,500	23,000	27,000	0.3	
Address the 21% increase in street light inventory from recently completed capital projects by adding two Street Light Technician I positions. These positions would conduct preventive maintenance, repairs, and rebuilding for landscape up-lighting.	103,000	103,000	124,000	2.0	
Provide adequate oversight of contracted grounds maintenance services by adding two Field Inspector positions. The City contracts for grounds maintenance services to all city rights of way, municipal buildings, parking facilities, Lincoln Road, and coastal areas for a total of 292 sites. These positions would ensure that the City receives the highest quality work product from contractors in the shortest amount of time. Monitoring includes mowing, edging, weeding, trimming of bushes/trees, blowing, and irrigation checks.	116,000	116,000	130,000	2.0	
Provide adequate oversight of the Urban Forestry Tree Preservation Program and enforcement of the Tree Preservation Ordinance No. 2014-3904 that was approved by Commission on November 19, 2014 by adding two Field Inspector positions and a Field Supervisor position. Under the new Ordinance, the City will be enacting its own tree preservation program and be 100% responsible for issuing and enforcing tree work permits and tree related code violations as delegated by Miami Dade County. This program will result in a large increase in tree-related office and field inspection work and requires a more specialized skill-set including International Society of Arboriculture certification. The new positions would enhance the City's ability to enforce the tenants of the Tree Preservation Ordinance, provide Tree Work Permits more expeditiously, and improve complaint and inspection request turnaround times. Anticipated offsetting revenue	222,000	220,000 (220,000)	232,000	3.0	
Allow for the proper monitoring, maintenance, and enhancement of the citywide urban forest by creating a GIS Tree Inventory. The citywide GIS inventory would enhance the City's ability to properly schedule and track tree/palm maintenance, monitor problematic trees, and ensure replacement of tree canopy in areas with insufficient canopy coverage. [ONE-TIME]	160,000	160,000			
Meet increasing demand for GIS programming and support by adding a Senior GIS Analyst position. This enhancement would allow the GIS division to address a backlog of projects for various city-wide applications.	76,000	76,000	93,000	1.0	
<b>Tourism, Cultural, &amp; Economic Development</b>					
Enhance department oversight and succession planning by adding an Assistant Director position. The position would add oversight of numerous large contracts and agreements and assist the Director administer eight functions including Tourism & Conventions, Entertainment, Cultural Affairs, Convention Center, Sponsorships & Advertising, Economic Development, Redevelopment Agency, and Asset Management. [FUND 50% FROM RESORT TAX]	105,000	105,000	127,000	1.0	
Promote North Beach by allocating marketing funds for items such as bus shelter ads, full wraps on county buses, light pole banners, on-line ads, print media, etc. Currently the City budgets approximately \$419,000 for marketing across all funds. Recommended by Mayor's Blue Ribbon Panel on North Beach. [FUND FROM RESORT TAX]	300,000				
<b>Citywide</b>					
Increase Pay-As-You-Go (PAYGO) funding for capital projects from \$1.4 million to \$2.4 million. This enhancement would help address pressing needs for additional PAYGO funding such as: neighborhood project costs that have increased over time; stormwater projects that are generating a need for above ground funds; replacement of \$1.7 million in PTP funding reprogrammed for the enhanced trolley system; Lighting and Crime Prevention Through Environmental (CPTED) improvements in non-tourist areas; park projects in non-tourist areas; and seawall projects.	1,000,000	1,000,000			
<b>Total General Fund Enhancements</b>	\$ 4,720,500	\$ 3,595,000	\$ 2,601,000	24.3	2.0
Additional Resort Tax Revenue		\$ (530,000)			
Impact from Internal Service Funds		\$ 229,000			
Savings from proposed reductions (for PAYGO)		\$ (1,000,000)			
<b>Net Impact to General Fund</b>		\$ 2,294,000			

**ATTACHMENT B  
PROPOSED - FY 2015/16 ADDITIONS AND SERVICE ENHANCEMENTS**

	Request	Recommended Enhancement	Year 2 Impact	Total Positions	
				FT	PT
<b>INTERNAL SERVICE FUNDS</b>					
<b>Information Technology</b>					
Improve procurement coordination, contract management, and compliance with procurement guidelines by adding an Information Technology Specialist I position. The \$60,000 cost of the full-time position would be offset by \$52,000 of temporary services funds.	8,000	8,000	19,000	1.0	
Improve disaster preparedness by backing up City technology data/systems in an out of region data center. This enhancement would be phased in over three years. Year one would be \$200,000 including a \$40,000 one-time charge. Year two would be \$175,000 and recurring costs thereafter would be \$75,000.	200,000	200,000	175,000		
Develop and maintain mobile applications and web-based applications by adding a Senior Systems Analyst position. In addition to maintaining current applications, this position would assist City departments add applications that would streamline their service delivery.	71,000	71,000	84,000	1.0	
<b>Total Internal Service Funds</b>	<b>\$ 279,000</b>	<b>\$ 279,000</b>	<b>\$ 278,000</b>	<b>2.0</b>	<b>0.0</b>
<b>Estimated Impact to the General Fund</b>	<b>\$ 229,000</b>	<b>\$ 229,000</b>			

<b>ENTERPRISE FUNDS</b>					
<b>Parking</b>					
Expand Freight Loading Zone (FLZ) program throughout the City by adding two Parking Operations Supervisors and ten full-time Parking Enforcement Specialist I positions. The FLZ program has been successfully implemented during FY 2014/15 in the entertainment district due to strict and contingent enforcement to minimize double parking and promote smooth traffic flow. Projected revenue is anticipated to offset all costs in year one by \$64,000 and by \$261,000 in year two.	548,000	548,000	555,000	12.0	
Anticipated offsetting revenue	(612,000)	(612,000)	(816,000)		
<b>Stormwater</b>					
Reduce the backlog of projects and enhance the ability to perform in-house engineering by adding a Civil Engineer position. This position would be split funded as follows: 30% General Fund, 30% Stormwater, 20% Water, 20% Sewer.	22,500	23,000	27,000	0.3	
Enhance preventive maintenance program to the storm water infrastructure system by adding two Municipal Worker II positions. These positions would focus on preventive maintenance of the storm sewer mains.	79,000	79,000	96,000	2.0	
<b>Sewer</b>					
Reduce the backlog of projects and enhance the ability to perform in-house engineering by adding a Civil Engineer position. This position would be split funded as follows: 30% General Fund, 30% Stormwater, 20% Water, 20% Sewer.	15,000	15,000	18,000	0.2	
Enhance preventive maintenance program to the sewer infrastructure system by adding two Municipal Worker II positions. These positions would focus on preventive maintenance of the sewer mains.	79,000	79,000	96,000	2.0	
<b>Sanitation</b>					
Expand the Can on Every Corner initiative by an additional 100 locations. The current inventory of trash cans is 2,065. The new locations would be determined by potential demand. <i>[ONE-TIME]</i>	132,000	132,000			
<b>Water</b>					
Reduce the backlog of projects and enhance the ability to perform in-house engineering by adding a Civil Engineer position. This position would be split funded as follows: 30% General Fund, 30% Stormwater, 20% Water, 20% Sewer.	15,000	15,000	18,000	0.2	
<b>Total Enterprise Funds</b>	<b>\$ 278,500</b>	<b>\$ 279,000</b>	<b>\$ (6,000)</b>	<b>16.7</b>	<b>0.0</b>

**ATTACHMENT C  
POTENTIAL FY 2015/16 ENHANCEMENTS NOT INCLUDED IN PROPOSED BUDGET**

	Request	Year 2 Impact	Total Positions	
			FT	PT
<b>GENERAL FUND</b>				
<b>Building-Environmental Management</b>				
Meet the mitigation needs of future construction projects by funding a feasibility study for the creation a Mitigation Bank within the City limits as part of the City's Sustainability Plan. This enhancement would reduce the costs of relocation of mangroves to a bank outside the city, while also providing more flexibility. (ONE-TIME)	75,000	-		
<b>City Attorney</b>				
Enhance organizational capacity by creating a Fellowship Program to hire two entry-level attorneys as independent contractors from schools such as the University of Miami and FIU. This program would provide opportunities for new attorneys to gain practical experience in the public sector while building proficiency and developing skills.	90,000	86,000		
<b>Communications</b>				
Produce additional programming, features, public service announcements, and training videos by adding a Media Assistant position. Demand for video services to support departmental initiatives continues to increase that cannot be met at the current service level.	57,000	67,000	1.0	
Enhance clerical and administrative support by adding an Office Associate IV position. Communications is the only department without a full-time administrative support position and the new OAIW would free up operations staff to address their core duties.	51,000	60,000	1.0	
<b>Emergency Management/9-1-1</b>				
Meet federally mandated interoperability radio requirements (P25) by replacing the current public safety radio system, which is at end of life. There are three options under considerations, subscribing to the Miami-Dade County radio system, joining with the City of Hialeah and/or other municipalities to purchase a radio system, or purchasing a radio system for the City's sole use. TUSA Consulting is currently working with Emergency Management to explore these options. The new system will likely need to be funded in FY 2016/17 and the cost would likely be financed over ten years using the City's equipment loan. (ONE-TIME)	5,000,000	-		
Improve the efficiency of public safety answering points (PSAP) call-taking and provide automatic call distribution in addition to remote deployment capabilities by upgrading VIPER with Automatic Number Information and Automatic Location Information Controller. This upgrade would permit the PSAP to receive messages texted to 911 and improve the accuracy of location information for calls originating from cell phones. (ONE-TIME)	440,000	-		
Support the new Emergency Operations Center Sharepoint site and other information technology systems by adding an Information Technology Specialist I position.	61,000	72,000	1.0	
Enhance 911 information by replacing the current call recording system with a new VPI System that captures and integrates CAD information associated with 911 calls. The current recordings solution is used to review calls by dispatch and call takers as well as provide all recordings for public records request. The VPI solution would allow the call center to record, analyze, evaluate and improve the quality of the emergency call taker and dispatcher and provides the ability to quickly redact the appropriate information when providing recordings requested for public records request. The VPI solution integrates with the Computer Aided Dispatch software and Emergency Medical Dispatch software to provide screen shots or video recording of key strokes at the time of the call which is helpful when recreating an incident to inform the evaluator/investigator of the appropriate steps taken. This solution is fully interoperable with the ability to support Next Gen 911 phone systems and has the ability to record all text messaging, videos, location, and number information provided to the 911 dispatch phone system. (ONE-TIME)	91,000	-		
Conduct a feasibility to assess the City's current and future CAD needs and select a replacement system. The CAD system is used to initiate public safety calls for service, dispatch, and maintain the status of responding resources in the field. The current system is at end of life and many new features are now available such as: automatic address verification, real-time GPS unit locations, instantaneous information such as preplans, hazards, warrants and warrants, and integration with GIS mapping. (ONE-TIME)	1,500,000	-		
Improve security and coordination by developing and implementing a master plan to integrate the City's existing disparate devices and information systems in order to monitor and control them through a comprehensive user interface at the City Warning Point. Systems would include video, access control, analytics, microwave network, parking applications, traffic monitoring, intrusion detection, etc. (ONE-TIME)	1,500,000	-		
Improve access control, asset tracking, and credentialing of personnel assigned to incidents and events. This system would allow for tracking of personnel such as volunteers, CERT Team members, mutual aid responders, and others to ensure safety and facilitate financial reimbursement for Federally Declared Disasters. (ONE-TIME)	28,000	-		
<b>Fire</b>				
Maintain effective response times for EMS transport units in North Beach by adding a second Rescue Unit consisting of 13 Fire Fighter positions to Fire Station #4. A 2015 study by the International City/County Management Association Center for Public Safety Management recommends the deployment of a second rescue unit based on current and future demand. Station 4 has high demand in certain blocks which is on par with demand blocks in the southern portion of the city and planned redevelopment in the area will drive demand higher over time. This unit would also be cross-trained to staff the new Fire Boat.	1,205,000	1,409,000	13.0	

**ATTACHMENT C**  
**POTENTIAL FY 2015/16 ENHANCEMENTS NOT INCLUDED IN PROPOSED BUDGET**

	Request	Year 2 Impact	Total Positions	
			FT	PT
<b>Police</b>				
Support the newly reconstituted Intelligence Unit, currently staffed with two positions, by adding two Detective positions. The positions would be assigned a range of intelligence and security-related tasks, including sergeant-at-arms security duties to support the Mayor and Commission, VIP protection for visiting dignitaries, threat assessments and related investigations, security and intelligence analysis for major events, support to the FBI Joint Terrorism Task Force, the Department of Homeland Security, the US Secret Service, and liaison with law enforcement with private security partners on all matters affecting the security of Miami Beach.	194,000	251,000	2.0	
Increase public safety in the Entertainment District by adding two patrol squads made up of two Sergeants and twelve Police Officers. The new squads would provide coverage seven days a week with one overlap day (Friday or Saturday). The squads would be deployed primarily on Ocean Drive, Washington Avenue, Collins Avenue, and on the beach.	1,865,000	1,724,000	14.0	
Increase patrol availability by adding three Detention Officers to provide seven day a week coverage on all shifts. This enhancement would optimize staffing by maintaining at least one position at police headquarters while one is available to transport prisoners to the County jail. Currently, police officers are often needed to backfill this function which results in a loss of patrol services.	299,000	204,000	3.0	
<b>Tourism, Cultural, &amp; Economic Development</b>				
Increase oversight and compliance of 141 contracts, leases, and concession agreements by adding a Leasing Specialist position. This enhancement would address the current staffing level of two employees, which each are responsible for over 70 contracts each.	71,000	83,000	1.0	
<b>Total General Fund Enhancements</b>	<b>\$ 12,527,000</b>	<b>\$ 3,956,000</b>	<b>36.0</b>	<b>0.0</b>

<b>INTERNAL SERVICE FUNDS</b>				
<b>Information Technology</b>				
Enhance development and administration of new collaboration software (Microsoft Sharepoint) for use throughout the organization. The software was acquired during FY 2014/15 and IT does not currently have dedicated staff time or necessary training to build out the system to its full potential.	71,000	84,000	1.0	
Improve the security of the City's network to maintain compliance with mandated PCI, Red-Flag, other Federal guidelines and proactively address the proliferation of sophisticated security issues by adding a Senior Systems Administrator position.	77,000	92,000	1.0	
<b>Property Management</b>				
Improve the efficient delivery of property management support and administrative services by adding an Office Associate IV position. Property Management transitioned to a contract service model during FY2014 and FY2015 which requires more administrative support in the areas of procurement, accounts payable, and general support.	55,000	64,000	1.0	
<b>Total Internal Service Funds</b>	<b>\$ 203,000</b>	<b>\$ 240,000</b>	<b>3.0</b>	<b>0.0</b>

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>125 Renewal &amp; Replacement Fund</b>														
	Marine Patrol Exterior Restoration / Roof Replacement						150,000	150,000						150,000
	Fire Station #3 Fire Alarm System Upgrade						100,000	100,000						100,000
	Flamingo Park Pool Roof Replacement Replace Roofs on (5) Structures						140,000	140,000						140,000
	Normandy Isle Park and Pool Pool Decking Resurfacing/Roof Repairs/ Painting & Waterproofing (4) Structures						200,000	200,000						200,000
	South Shore Community Center Exterior Restoration						100,000	100,000						100,000
	Fire Station #2 Exterior Paint & Waterproofing						90,000	90,000						90,000
	Fire Station #4 Exterior Paint & Waterproofing						16,390	17,000						17,000
	777 Building - 4th Floor Retrofit HVAC controls & dampers.						170,000	170,000						170,000
	Flamingo Pool Deck Renovations						43,000	43,000						43,000
	Replacement of Emergency Generator at Fire Station #3						95,000	95,000						95,000
	Police Station Building HVAC Retrofit Installation						50,000	50,000						50,000
	Fire Station #3 Restrooms Renovation Renovate dated restrooms.						75,000	75,000						75,000
	Streetlighting Improvements						300,000	300,000						300,000
	PAL Building Exterior Paint & Waterproofing Waterproof/paint exterior walls, windows, openings.						50,000	50,000						50,000
	City Hall Roof & Skylight Restoration						300,000	300,000						300,000
	Pavement & Sidewalk Program - FY 16						500,000	500,000						500,000
	North Shore Park Youth Center Facility Painting						113,000							-
	Fire Station #3 Kitchen Renovation						120,000							-
	City Attorney Office Renovation Demolition of existing library and constructing 4 new offices.						80,000							-
	Police Station Awning Installation - Exterior Garage Card Readers.						61,000							-
	<b>Sum</b>	<b>11,934,299</b>	<b>1,955,000</b>	<b>1,153,120</b>	<b>-</b>	<b>-</b>	<b>2,753,390</b>	<b>2,380,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,513,419</b>
	Available Balance													
	FY16 Proj Revenue (Assumes 12% Growth in Property Value)							2,694,000						
	Remaining Available Balance							314,000						
<b>147 AiPP</b>														
	Soundscape Park Art in Public Places						352,000	352,000						352,000
	<b>Sum</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>352,000</b>	<b>352,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>352,000</b>
	Available Balance							2,166,155						
	FY16 Proj Revenue (Estimate from FY 16 CIP Projects)							21,000						
	Remaining Available Balance							1,835,155						
<b>158 Concurrency Mitigation Fund</b>														
trs16stops	16th St. Operational Improv/Enhancement	3,550,160	-				4,777,934	4,777,934						8,328,094
rwbcicpepr	Bicycle Pedestrian Projects Citywide	135,000	-											135,000
rwccrosswa	Crosswalks	97,266	-											97,266
trcintsyst	Intelligent Transportation System Match	-	2,060,000				2,340,000							2,060,000
trnbtownc	North Beach Town Center Complete Streets	272,000	-											272,000
pwndaveshr	Seawall-Dickens Av Shoreline & Bike Path	200,000	-				(200,000)	(200,000)						-
rwceavbri	West Ave Bridge Over Collins Canal	108,068	-				800,000	800,000						908,068
	<b>Sum</b>	<b>4,362,494</b>	<b>2,060,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,717,934</b>	<b>5,377,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,800,428</b>
	Available Balance							8,477,783						
	Save for Contingency							2,340,000						
	FY16 Proj Revenue													
	Remaining Available Balance							759,849						
<b>165 Non - TIF RDA Fund ( Loews / Royal Palm Proceeds)</b>														
pfccconvctr	Convention Center	14,000,000	(12,312,000)											1,688,000
pfccconvhot	Convention Center Hotel	-	600,000											600,000
	<b>Sum</b>	<b>14,000,000</b>	<b>(11,712,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,288,000</b>
	Available Balance							14,338,704						
	FY16 Proj Revenue													
	Remaining Available Balance							14,338,704						

FY 16 Estimated Revenue = \$2,694,000

Proposed total of \$2,380,000

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>171 Local Option Gas Tax (3 Cent Gas Tax)</b>														
rwstnsisl	Streetlighting Improv-North Shore Island	544,000	-			-	300,000	300,000	300,000	300,000	-	-	-	1,444,000
pwmtrafcir	Traffic Circle- 22nd Street and Park Ave	-	336,000			-		-	-	-	-	-	-	336,000
	Pavement & Sidewalk Program - FY 16						1,000,000	695,000						695,000
	47th Street Traffic Circle						250,000	-						-
<b>Sum</b>		<b>915,190</b>	<b>336,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,300,000</b>	<b>995,000</b>	<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,151,190</b>
Available Balance								872,599						
FY16 Proj Revenue								373,355						
Remaining Available Balance								250,954						
<b>187 Half Cent Transit Surtax - County (PTP)</b>														
trs16stops	16th St. Operational Improv/Enhancement	3,030,934	-			1,747,000	(4,777,934)	(4,777,934)						(1,747,000)
rwneverpav	Everglades Court Alleyway Paving	-	150,000			150,000		150,000						300,000
pwepedcs15	Pedestrian Crossing Improvements FY 15	-	-			100,000		-						-
rwcrowim15	ROW Improvement Project FY 15	-	-			330,000		-						-
stcsideasv	Sidewalk Assessment Survey	-	75,000			75,000		-						75,000
rwcsiderep	Sidewalk Repairs (City-Wide)	-	225,000			-	225,000	225,000						450,000
rwswestrow	West Avenue/Bay Road Improvements	-	378,000			1,512,000		1,512,000						1,890,000
	On-Street Bicycle parking at Street Corners						33,000							-
	Bicycle Shared Path. Meridian Avenue (North) between 28th Street and Dade Blvd.						278,000	278,000						278,000
	Euclid Avenue between 17th Street and 5th Street Protected and Green Bike Lanes						470,000	470,000						470,000
	Alton Road between Chase Avenue and North Michigan Avenue protected bike lanes						418,000	418,000						418,000
	73rd Street Protected Bike Lanes						39,000	39,000						39,000
	72nd Street Protected Bike Lane						39,000	39,000						39,000
	Bike Lanes . 51st Street between Alton Road and Pine Tree Drive						50,000	50,000						50,000
pkcasprdrv	Driveway and Sidewalk Repairs						171,000	171,000						171,000
pwndaveshr	Seawall-Dickens Av Shoreline & Bike Path						200,000	200,000						200,000
	Shared Path on Parkview Island park from 73rd St to 77 St						320,000	320,000						
	Green Bike Lane - Royal Palm Avenue from 42nd Street to 47th Street						159,000	159,000						
	Green Bike Lane - Prairie Avenue from 28th Street to 44th Street						294,000	294,000						
	Green Bike Lane - 47th Street between Pine Tree Drive and Alton Road						210,000	210,000						
<b>Sum</b>		<b>18,358,937</b>	<b>2,333,000</b>	<b>-</b>	<b>-</b>	<b>3,914,000</b>	<b>(816,934)</b>	<b>(242,934)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,466,003</b>
Available Balance								92,962						
FY16 Proj Revenue								-						
Remaining Available Balance								335,896						

**-Revenue Re-programmed in Operating for Trolley System  
 -FY 16 Project Requests Funded by Reprogramming Existing Funds**

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>302 Pay-As-You-Go</b>														
pknturfrep	Fairway Park Turf Replacement & Other Im	-	-			918,000			-	-	-	-	-	-
eqcdfilifep	FD Lifepak Upgrade Project	60,000	60,000			60,000			-	-	-	-	-	120,000
pkcmgpsol	Maurice Gibb Soil Remediation	70,000	222,000			-	604,000	604,000	-	-	-	-	-	896,000
pfpolfire	MBPD Firearms Range Upgrades	-	-			100,000			-	-	-	-	-	-
pknpvientp	Park View Island- Entrance Planting	-	-			-			-	129,000	-	-	-	129,000
pmpkmain	Parks Maintenance Facility	-	-			965,000			-	-	-	-	-	-
pwndaveshr	Seawall-Dickens Av Shoreline & Bike Path	134,526	-			-	(131,106)	(131,106)	-	-	-	-	-	3,420
ensshanews	Shane Watersport Seawall	-	134,000			495,000			-	-	-	-	-	134,000
pkctablerr	Standardized Park Picnic Table Replaceme	-	50,000	(34,000)		50,000			50,000	-	-	-	-	66,000
rwstrestret	Street Pavement Restoration	400,000	-			-	1,000,000		1,000,000	1,000,000	-	-	-	2,400,000
rwceavbri	West Ave Bridge Over Collins Canal	1,303,396	-			(1,304,000)			-	-	-	-	-	1,303,396
pwcastrprp	Aluminum Streetlighting Pole Replacement	-	-				1,000,000		1,000,000					1,000,000
	Pavement & Sidewalk Program - FY 16						1,000,000							-
	Lumms Park Lighting Improvement - Turtle friendly lighting								100,000	2,000,000				2,100,000
	Commission Chambers Renovation						750,000	750,000						750,000
psfir1ref	Fire Station 1 Refurbishment						1,082,000							
	Stillwater Fitness Circuit						36,000	36,000						36,000
	Lighting Upgrades in Normandy Isles						100,000							-
pschsplim	City Hall Space Plan Implementation	170,000	265,000			-	135,000	135,000	-	-	-	-	-	570,000
	Pinetree Dr. Australian Pine Tree Structural Pruning						147,000	147,000						147,000
pknnorturf	Normandy Isle Park Turf Replacement	-	-			345,000	255,000	255,000	-	-	-	-	-	255,000
	Flamingo Football Stadium Bleachers Replacement						115,550	116,000						116,000
	Police Station Building Main Gate Replacement & Helipad Wheeled Fire Extinguisher Equipment						45,000	45,000						45,000
	Scott Rakow Youth Center Reception and Bowling Enhancements						66,000	66,000						-
	Neighborhood Tennis Court Renovations						92,000	53,000	39,000					-
	Neighborhood Basketball Court Renovations						137,000	70,000	67,000					-
pkcbenchrr	Standardized Park Bench Replacements	-	50,000			50,000		20,000	50,000					120,000
pkctrashrr	Standardized Park Trash Receptacle	-	16,000	34,000		16,000		50,000	16,000					116,000
	Normandy Isle Pool Playground Equipment						245,000							-
	North Shore Park Playground Safety Surface						31,000							-
	Palm Island Playground Safety Surface						79,537							-
<b>Sum</b>		<b>19,743,762</b>	<b>2,630,000</b>	<b>233,000</b>	<b>-</b>	<b>1,695,000</b>	<b>6,788,981</b>	<b>1,258,894</b>	<b>2,322,000</b>	<b>3,129,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,978,656</b>
Available Balance								(136,000)						
FY16 Proj Revenue								1,400,000						
Subtotal Remaining Available Balance								<b>5,106</b>						
Potential Additional Revenue to Pay Go / Enhancement								1,000,000						
<b>Funding for projects in New Tier 2</b>								<b>957,000</b>						
Remaining Available Balance								<b>48,106</b>						
Potential Revenue from County Reimbursement								1,304,000						
<b>Funding for Projects in Tier 3</b>								<b>355,537</b>						
Remaining Available Balance								<b>996,569</b>						

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>305 SB Quality of Life Resort Tax Fund - 1%</b>														
pksfountan	Alton Road Fountain @ 20th Street	-	-			-		-	-	-	-	-	279,000	279,000
encbeachag	Beach Access Control Gates	119,200	137,000			110,000		110,000	-	-	-	-	-	366,200
encduneres	Citywide Dune Restoration & Enhancement	57,861	25,000			-	25,000	25,000	-	-	-	-	-	107,861
pkstenproj	Flamingo Park Tennis Project	-	-			-		-	-	-	95,000	-	-	95,000
pkclifegds	Lifeguard Stands Replacement	600,000	-			-	720,000	-	720,000	-	-	-	-	1,320,000
pkcbenchrr	Standardized Park Bench Replacements Cit	-	10,000			10,000		10,000	10,000	-	-	-	-	30,000
pkctablerr	Standardized Park Picnic Table Replaceme	-	7,000	4,000		7,000		7,000	7,000	-	-	-	-	25,000
pkctrashrr	Standardized Park Trash Receptacle Repla	-	11,000	(4,000)		11,000		11,000	11,000	-	-	-	-	29,000
pkswwarmem	World War Memorial	-	-			-		-	-	-	-	-	62,000	62,000
	Espanola Way conversion to Pedestrian Mall Ocean Drive						1,111,485	-	-	-	-	-	-	-
							???	-	-	-	-	-	-	-
	Miami Beach Golf Course - Outdoor Furniture replacement	-	-				39,000	39,000	-	-	-	-	-	39,000
	Street Lighting Improvements CW - Tourist Areas						333,333	334,000	333,333	333,333	-	-	-	1,000,666
	Beach Showers/Drainage Drainage renovation of 26 Showers.						199,950	200,000	-	-	-	-	-	-
	Lummus Park Playground Replacement						127,489	128,000	-	-	-	-	-	-
	Lummus Park Volleyball Courts						48,265	49,000	-	-	-	-	-	-
	Replacement of Emergency Generator at the Bass Museum - R&R (other potential funding source 165 Non-TIF RDA Fund)						150,000	150,000	-	-	-	-	-	-
	Bass Museum Exterior Walls & Parapet Caps- R&R (other potential funding source 165 Non-TIF RDA Fund)						250,000	250,000	-	-	-	-	-	-
	Digital Cinema Projection System for Colony (other potential funding source 165 Non-TIF RDA Fund)						90,000	90,000	-	-	-	-	-	90,000
	Soundscape Speakers Painting and Other Improvements						28,000	28,000	-	-	-	-	-	-
	Collins Park Lighting & Sound System						236,000	236,000	-	-	-	-	-	-
enbchwalk2	Beachwalk II						500,000	500,000	-	-	-	-	-	500,000
	Maurice Gibb Park Floating Dock for non-motorized vessels	-	-			-	196,000	196,000	-	-	-	-	-	196,000
	Miami Beach Golf Course - Landscape Removal & Replacement						51,000	51,000	-	-	-	-	-	-
<b>Sum</b>		<b>3,439,686</b>	<b>1,870,000</b>	<b>-</b>	<b>-</b>	<b>138,000</b>	<b>4,105,522</b>	<b>2,414,000</b>	<b>1,081,333</b>	<b>333,333</b>	<b>95,000</b>	<b>-</b>	<b>341,000</b>	<b>8,286,352</b>
Available Balance								837,832						
FY 15 Revenue as of 3/31/15								863,642						
FY16 Proj Revenue								1,920,000						
Remaining Available Balance								1,207,474						
<b>306 MB Quality of Life Resort Tax Fund - 1%</b>														
encduneres	Citywide Dune Restoration & Enhancement	128,967	-			-	7,000	7,000	-	-	-	-	-	135,967
pkmcollaum	Collins Avenue Medians (41st To 60th Str	-	-			-		-	-	-	-	-	26,000	26,000
pkclifegds	Lifeguard Stands Replacement	300,000	-			-	240,000	-	240,000	-	-	-	-	540,000
enmbchwlk3	Middle Beach Rec Corridor Ph III	-	475,000			-		-	6,047,000	6,047,000	-	-	-	12,569,000
pkmgcpar3	Par 3 Golf Course Master Plan now Banyan Tree Park	490,000	-			-		-	5,000,000	5,000,000	-	-	-	10,490,000
pkcbenchrr	Standardized Park Bench Replacements Cit	-	15,000			15,000		15,000	15,000	-	-	-	-	45,000
pkctablerr	Standardized Park Picnic Table Replaceme	-	7,000	1,000		7,000		7,000	7,000	-	-	-	-	22,000
pkctrashrr	Standardized Park Trash Receptacle Repla	-	8,000	(1,000)		8,000		8,000	8,000	-	-	-	-	23,000
	Indian Creek Bridge Color Lights System						75,000	75,000	-	-	-	-	-	75,000
	Street Lighting Improvements CW - Tourist Areas						333,333	334,000	333,333	333,333	-	-	-	1,000,666
	28th Street Obelisk Phase II Grant Matching Funds						250,000	250,000	-	-	-	-	-	-
	Collins Avenue Boardwalk Replacement Replacement of Rotten joist and decking						150,000	150,000	-	-	-	-	-	-
	Beach Showers/Drainage Drainage renovation of 26 Showers.						88,350	89,000	-	-	-	-	-	-
	Accesible Ramp to Boardwalk on 41st Street						50,000	50,000	-	-	-	-	-	-
	Beachview Park Improvements						250,000	250,000	-	-	-	-	-	-
<b>Sum</b>		<b>2,061,342</b>	<b>5,044,000</b>	<b>191,900</b>	<b>-</b>	<b>30,000</b>	<b>1,443,683</b>	<b>1,235,000</b>	<b>11,650,333</b>	<b>11,380,333</b>	<b>-</b>	<b>-</b>	<b>26,000</b>	<b>30,799,908</b>
Available Balance								(710,591)						
FY 15 Revenue as of 3/31/15								863,642						
FY16 Proj Revenue								1,920,000						
Remaining Available Balance								838,051						

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>307 NB Quality of Life Resort Tax Fund - 1%</b>														
pkdcicavel	7300 Dickens Ave L/scape-Irrigation Sys.	-	-			-		-	-	-	-	-	37,000	37,000
pknkaylaun	Kayak Launch Docks	-	175,000			-	363,080	363,080	-	-	-	-	-	538,080
pkclifegds	Lifeguard Stands Replacement	300,000	-			-	240,000		240,000	-	-	-	-	540,000
pknnorsptp	North Shore Park Tennis Project	-	-			-		-	-	-	75,000	-	-	75,000
rrplbridnb	Painting & Lighting of Bridges in NB	-	1,100,000			-		-	60,000	165,000	165,000	165,000	910,000	2,565,000
pkcbenchrr	Standardized Park Bench Replacements	-	15,000			15,000		15,000	15,000	-	-	-	-	45,000
pkctablerr	Standardized Park Picnic Table Replaceme	-	7,000	(2,000)		7,000		7,000	7,000	-	-	-	-	19,000
pkctrashrr	Standardized Park Trash Receptacle	-	5,000	2,000		5,000		5,000	5,000	-	-	-	-	17,000
pkntnsbshe	Tent for the North Shore Bandshell	100,000	-			-	400,000		-	-	-	-	-	100,000
	Bonita Drive Street End Improvements						35,000	35,000	100,000	200,000				335,000
	North Beach Streetscape Pilot Program						330,000	100,000	230,000					330,000
	North Beach Streetscape							-	550,000	550,000	550,000	550,000	8,800,000	11,000,000
	Collins / Harding Alleyway Reconstruction							-	100,000	850,000				950,000
	86th Street Sidewalk & Roadway Improvements						285,000	285,000						285,000
	81st Street Pedestrian Bridge Area						30,000	30,000	150,000					180,000
	North Shore Open Space Park Dog Fountains	-	-				35,000							-
	North Shore Park Youth Center Restroom Addition	-	-				410,000	410,000						410,000
	Normandy Shores Golf Club - Landscape Removal & Replaceme	-	-				47,000	47,000						47,000
	Vendome Public Plaza						100,000	100,000	1,000,000					1,100,000
	Street Lighting Improvements CW						333,333	334,000	333,333	333,333	333,333	333,333		1,667,332
	Byron Carlyle West Roof Replacement Project						200,000							-
	Byron Carlyle HVAC Replacement Replacement of HVAC system.						105,000							-
	Byron Carlyle Renovation						1,500,000							-
	Beach Showers/Drainage Drainage renovation of 26 Showers.						176,700	177,000						177,000
	Altos Del Mar Park Project Phase I						862,416	1,000,000						1,000,000
														-
<b>Sum</b>		<b>2,895,207</b>	<b>2,787,000</b>	<b>771,669</b>	<b>-</b>	<b>27,000</b>	<b>5,737,529</b>	<b>2,908,080</b>	<b>2,790,333</b>	<b>2,098,333</b>	<b>1,123,333</b>	<b>1,048,333</b>	<b>9,747,000</b>	<b>26,169,288</b>
Available Balance								762,262						
FY 15 Revenue as of 3/31/15								863,642						
FY16 Proj Revenue								1,920,000						
Remaining Available Balance								637,824						
<b>366 Parks &amp; Rec Beautification</b>														
pkcmgpoil	Maurice Gibb Soil Remediation						196,000	196,000						
	Maurice Gibb Park Redesign	-	-			-	1,453,000	1,453,000	-	-	-	-	-	1,453,000
	Flamingo Park Pool Playground Replacement						245,000	65,383						
<b>Sum</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,733,383</b>	<b>1,714,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,453,000</b>
Available Balance								1,714,383						
FY16 Proj Revenue								-						
Remaining Available Balance								-						
<b>370 RCP - 1996 15M GO Bond</b>														
	Flamingo Park Pool Playground Replacement						245,000	104,175						
<b>Sum</b>		<b>1,005,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349,175</b>	<b>104,175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,005,358</b>
Available Balance								104,175						
FY16 Proj Revenue														
Remaining Available Balance								0						
<b>382 2003 GO Bonds - Fire Safety</b>														
	Fire Station #4 Exterior Paint & Waterproofing - R&R						43,610	43,610						43,610
<b>Sum</b>		<b>217,229</b>	<b>625,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>885,839</b>
Available Balance								43,610						
FY16 Proj Revenue														
Remaining Available Balance								-						
<b>383 2003 GO Bonds - Parks &amp; Beaches</b>														
pknnsptlss	Normandy Shores Park Fitness Circuit						112,000	112,000						112,000
	Palm Island Park Landscaping, Sod, and Irrigation	-	-			-	41,000	20,000						20,000
	Polo Park improvements						70,000	70,000						70,000
	Flamingo Park Pool Playground Replacement						245,000	75,442						
<b>Sum</b>		<b>12,862,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,000</b>	<b>277,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,064,226</b>
Available Balance								278,026						
FY16 Proj Revenue														
Remaining Available Balance								584						

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>389 South Pointe Capital (As of FY 16 only funding Sea Level Rise &amp; Seawall projects)</b>														
encbaywalk	Baywalk Phase 1										3,000,000			3,000,000
enninbchsw	Indian Beach Park Seawall	-	-			715,000		715,000	-	-	-		-	715,000
ensbayrdsw	Seawall-Bay Road Rehabilitation	-	-			275,000		275,000	-	-	-		275,000	550,000
enslincsw	Seawall-Lincoln Court Rehabilitation	-	-			548,000		548,000	-	-	-		-	548,000
ennindcrsw	Indian Creek Park Seawall						708,501	709,000						
	Normandy Shores Park Seawall						225,478	226,000						
<b>Sum</b>		<b>48,059,329</b>	<b>10,574,000</b>	<b>4,300,000</b>	<b>-</b>	<b>1,538,000</b>	<b>933,979</b>	<b>2,473,000</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>		<b>275,000</b>	<b>67,746,329</b>
Available Balance								13,840,952						
FY16 Proj Revenue														
Remaining Available Balance								11,367,952						
<b>cty Miami-Dade County Bond</b>														
pfconvctr	Convention Center	-	54,400,000			-			-	-	-		-	54,400,000
<b>Sum</b>		<b>7,509,847</b>	<b>54,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>61,909,847</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance														
<b>ppb Proposed Parking Bonds</b>														
pgcprefgar	Preferred Lot Parking Garage	-	59,500,000			-	5,300,000	5,300,000	-	-	-		-	64,800,000
<b>Sum</b>		<b>-</b>	<b>59,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,300,000</b>	<b>5,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>101,678,000</b>	<b>166,478,000</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance								(5,300,000)						
<b>prd Proposed Future RDA Bonds</b>														
rws17thstn	17th Street North Imprv Penn Av to Wash	-	2,000,000			-			-	-	-		-	2,000,000
pkcbassph2	Bass Museum Interior Space Expansion	-	3,750,000			-			-	-	-		-	3,750,000
pfconvctr	Convention Center	-	274,300,000			-			-	-	-		-	274,300,000
rwmconvctr	Convention Center Lincoln Rd Connectors	-	10,000,000			-			-	-	-		-	10,000,000
rwslinwash	Lincoln Road Washington Av to Lenox Ave	-	20,000,000			-			-	-	-		-	20,000,000
<b>Sum</b>		<b>-</b>	<b>310,050,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>310,050,000</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance														
<b>prt Proposed Future Resort Tax 1% Bond</b>														
pfconvctr	Convention Center	-	204,500,000			-			-	-	-		-	204,500,000
<b>Sum</b>		<b>-</b>	<b>204,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>204,500,000</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance														

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>unf Unfunded</b>														
pkcasprdv	Driveway and Sidewalk Repairs	-	-			Moved to Fund 187			-	-	-		-	-
enninbchsw	Indian Beach Park Seawall	-	-			Moved to Fund 389			-	-	-		-	-
rwmicbridg	Indian Creek Pedestrian Bridges	-	-						-	-	-		595,000	595,000
rwcirrmacc	Irrigation Sys MacArthur Cswy Repair/Upg	-	-						-	-	-		28,000	28,000
pkmnoptrrp	Nautilus / Orchard Park Tree Replacement	-	-						-	-	-		119,000	119,000
trnbtownc	North Beach Town Center Complete Streets	-	-						-	-	-		1,672,000	1,672,000
rwnnbtcsi	North Beach Town Center Streetscape Imp	-	-						11,790,000	-	-		-	11,790,000
pknsospmf	NSOP Beach Maint. Facility	-	-						-	-	-		2,745,000	2,745,000
pkspalmfou	Palm Island Fountain	-	-						-	-	-		100,000	100,000
pkmpinedog	Pinetree Dog Park Expansion	-	-			Moved to Fund 383			-	-	-		-	-
rwnrraltr	Repair & Upgrade Irr Sys 2000-6300 Alton	-	-						-	-	-		72,000	72,000
ensbayrdsw	Seawall-Bay Road Rehabilitation	-	-			Moved to Fund 389			-	-	-		275,000	275,000
ensbiscbse	Seawall-Biscayne Bay St End Enh Phll	-	-						-	-	-		542,000	542,000
pwndaveshr	Seawall-Dickens Av Shoreline & Bike Path	-	-						-	-	-		150,000	150,000
enmindcrkg	Seawall-Indian Creek Greenway	-	-						-	-	-		15,000,000	15,000,000
enslincsw	Seawall-Lincoln Court Rehabilitation	-	-			Moved to Fund 389			-	-	-		-	-
pkswatrest	Water Tower Restoration Star Island	-	-						-	-	-		593,000	593,000
pwnwbdpken	West Bay Drive Parking Enhancements	-	-						-	-	-		120,000	120,000
pkstflam10g	Flamingo 10g-6 Street ROW improvements	-	-						1,441,264	-	-		-	1,441,264
<b>Sum</b>		-	-			-	-		<b>13,231,264</b>	-	-		<b>22,011,000</b>	<b>35,242,264</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance														
<b>Possible Grant Funding Will know by July 2015</b>														
	Neptune		-				30,000	30,000	-	-	-		-	-
	Madeline						25,000	25,000						
	Lottie						150,000	150,000						
	Barclay (possibly be funded by a developer and we need to check with Trish if this will be a city asset.)						6,000,000	6,000,000						
<b>Sum</b>		-	-			-	<b>6,205,000</b>	<b>6,205,000</b>	-	-	-		-	-
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance								(6,205,000)						

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>155 Parking Impact Fees</b>														
	Construct Parking Garage at Parking Lot P16 Collins/13th Street						1,457,000	1,457,000	4,544,000	Remaining balance of projected construction costs for these garages is programmed in 480- Parking				6,001,000
	Construct Parking Garage at Parking Lot P13 Washington/10th Street						600,000	600,000	1,870,000					2,470,000
	Police Headquarters Visitors' Parking Garage Renovation						170,000	170,000	526,000					696,000
<b>Sum</b>		<b>450,000</b>	-	-	-	-	<b>2,227,000</b>	<b>2,227,000</b>	<b>6,940,000</b>	-	-	-	-	<b>9,617,000</b>
	Available Balance South Beach							9,166,113						
	Available Balance Mid Beach							238,832						
	Available Balance North Beach							2,789,948						
	FY16 Proj Revenue													
	REMAINING Available Balance South Beach							6,939,113						
	REMAINING Available Balance Mid Beach							238,832						
	REMAINING Available Balance North Beach							2,789,948						
<b>424 Water and Sewer Bonds 2000S</b>														
rwsflambpc	Flamingo Neighborhood - Bid Pack C	1,238,576	-	(85,453)		-		-	85,453	-	-	-	-	1,238,576
rwsislands	Palm & Hibiscus Island Enhancement	1,067,413	-	(679,147)		-		-	679,147	-	-	-	-	1,067,413
rswwestrow	West Avenue/Bay Road Improvements	303,138	-	764,600		-		-	(764,600)	-	-	-	-	303,138
	Sanitary Sewer Valves Assessment Program						75,000	75,000						75,000
<b>Sum</b>		<b>24,971,653</b>	-	-	-	-	<b>75,000</b>	<b>75,000</b>	-	-	-	-	-	<b>25,046,653</b>
	Available Balance							227,777						
	FY16 Proj Revenue													
	Remaining Available Balance							152,777						
<b>425 Water &amp; Sewer Enterprise Fund</b>														
utcinpph3	Infiltration & Inflow Program - Phase 3			1,000,000		-		-	(1,000,000)					1,000,000
rwsislands	Palm & Hibiscus Island Enhancement	480,383	-	(106,783)		-		-	106,783	-	-	-	-	373,600
utcpumpst1	Pump Station #1	1,000,000	-	(1,000,000)		-		-	1,000,000	-	-	-	-	-
rswwestrow	West Avenue/Bay Road Improvements	-	-	106,783		-		-	(106,783)	-	-	-	-	106,783
<b>Sum</b>		<b>9,468,753</b>	<b>150,000</b>	-	-	-	-	-	-	-	-	-	-	<b>9,618,753</b>
	Available Balance							11,812,397						
	FY16 Proj Revenue													
	Remaining Available Balance							11,812,397						
<b>440 Convention Center</b>														
trsbarricd	CC-200 Barricades (Bicycle Racks)	-	-			75,000	(75,000)	-	-	-	-	-	-	-
pfsblackst	CC-Black Powdered Coated Tape & Stanchia	-	-			50,000	(50,000)	-	-	-	-	-	-	-
eqscleaneq	CC-Cleaning Equipment	-	-			200,000	(200,000)	-	-	-	-	-	-	-
eqsgarrecc	CC-Garbage and Recycling Containers	-	-			250,000	(250,000)	-	-	-	-	-	-	-
pfsinsprr	CC-Installation of Portable Riser Seats	-	-			-	-	-	-	1,800,000	-	-	-	1,800,000
pfsmtbsfl	CC-Maintenance Boom Sissors & Fork Lifts	-	-			-	-	-	-	-	-	-	300,000	300,000
pfsrephrbs	CC-Replace High Reach Boom and Forklifts	-	-			300,000	(300,000)	-	-	-	-	-	-	-
pfstablesi	CC-Tables	-	250,000			-	-	-	-	-	-	-	200,000	450,000
<b>Sum</b>		<b>5,816,000</b>	<b>525,000</b>	-	-	<b>875,000</b>	<b>(875,000)</b>	-	-	<b>1,800,000</b>	-	<b>0</b>	<b>500,000</b>	<b>8,400,000</b>
	Available Balance							4,624,238						
	FY16 Proj Revenue													
	Remaining Available Balance (Will be needed to cover shortfalls projected over the next 3 years)							4,624,238						
<b>480 Parking Operations Fund</b>														
pgn72sppkg	72nd Street Park & Parking Structure	-	-			-		-	-	-	-	-	14,500,000	14,500,000
trcintsyst	Intelligent Transportation System Match	-	2,500,000			-	2,860,000	-	-	-	-	-	-	2,500,000
pgsodsurlf	Penrods @ 1 Ocean Dr	12,290				-	40,050	40,050	-	-	-	-	-	52,340
eqcrevcecp3	Revenue Control Eqp Phase III	-	-			219,000		219,000	-	-	-	-	-	219,000
pgsjasurlf	Surface Lot 10D P20 1620 Jefferson Ave	-	-			557,000		557,000	-	-	-	-	-	557,000
pgsnlsurlf	Surface Lot 10F S Lincoln Ln. & Meridian	-	-			302,000		302,000	-	-	-	-	-	302,000
pgs16surlf	Surface Lot 10G 1620 Michigan Avenue	-	-			175,000		175,000	-	-	-	-	-	175,000
pgn75surlf	Surface Lot 9F P106 75th & Ocean Terrace	-	-			1,490,000		1,490,000	-	-	-	-	-	1,490,000
	13th Street Garage Handrail Replacement - R&R							40,000						40,000
	Parking Lot Lighting Replacement - PW/Parking							200,000						200,000
	P14 - 6th Street and Collins Parking Lot							150,000						150,000
	Construct Parking Garage at Parking Lot P16								6,831,000					6,831,000
	Construct Parking Garage at Parking Lot P13								2,812,000					2,812,000
	Police Headquarters Visitors' Parking Garage Renovation								790,000					790,000
<b>Sum</b>		<b>9,780,995</b>	<b>2,270,000</b>	<b>2,608,000</b>	-	<b>2,743,000</b>	<b>3,290,050</b>	<b>3,173,050</b>	<b>10,433,000</b>	-	-	-	<b>14,500,000</b>	<b>42,765,045</b>
	Available Balance							7,800,574						
	Save for Contingency							2,860,000						
	FY16 Proj Revenue													
	Remaining Available Balance							1,767,524						

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
<b>boa Equipment Loan/Lease</b>														
eqc16vehre	FY16Vehicle/Equipment Replacement	-	-	-	-	4,835,000	274,500	5,110,000	-	-	-	-	-	5,110,000
eqc17vehre	FY17Vehicle/Equipment Replacement	-	-	-	-	-	-	-	5,115,000	-	-	-	-	5,115,000
eqc19vehre	FY18 & FY 19 Vehicle/Equipment Replacement	-	-	-	-	-	-	-	-	4,053,000	4,947,000	-	-	9,000,000
	FY20Vehicle/Equipment Replacement	-	-	-	-	-	-	-	-	-	-	4,376,000	-	4,376,000
<b>Sum</b>		<b>14,642,521</b>	<b>4,947,000</b>	<b>-</b>	<b>-</b>	<b>4,835,000</b>	<b>274,500</b>	<b>5,110,000</b>	<b>5,115,000</b>	<b>4,053,000</b>	<b>4,947,000</b>	<b>4,376,000</b>	<b>-</b>	<b>43,190,521</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance								(5,110,000)						
<b>ppb Proposed Parking Bonds</b>														
pgc17stefr	17th Street Garage East Facade Retail	-	-	-	-	-	-	-	-	-	-	-	50,000,000	50,000,000
pgnbnparkg	North Beach Parking Garage	-	-	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
pgcprfgar	Preferred Lot Parking Garage	-	59,500,000	-	-	-	5,300,000	5,300,000	-	-	-	-	-	64,800,000
pgssbparkg	South Beach Parking Garage	-	-	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
pgmsunharg	Sunset Harbor / Purdy Ave Garage	-	-	-	-	-	-	-	-	-	-	-	-	-
pgnsl26c79	Surface Lot 26-C (P-107) Collins and 79	-	-	-	-	-	-	-	-	-	-	-	798,000	798,000
pgnsl26d83	Surface Lot 26-D Collins and 83 (P-109)	-	-	-	-	-	-	-	-	-	-	-	880,000	880,000
<b>Sum</b>		<b>-</b>	<b>59,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,300,000</b>	<b>5,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,678,000</b>	<b>166,478,000</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance								(5,300,000)						
<b>prd Proposed Future RDA Bonds</b>														
rws17thstn	17th Street North Imprv Penn Av to Wash	-	2,000,000	-	-	-	-	-	-	-	-	-	-	2,000,000
pkcbassph2	Bass Museum Interior Space Expansion	-	3,750,000	-	-	-	-	-	-	-	-	-	-	3,750,000
pfconvctr	Convention Center	-	274,300,000	-	-	-	-	-	-	-	-	-	-	274,300,000
rwmconvctr	Convention Center Lincoln Rd Connectors	-	10,000,000	-	-	-	-	-	-	-	-	-	-	10,000,000
rwslnwash	Lincoln Road Washington Av to Lenox Ave	-	20,000,000	-	-	-	-	-	-	-	-	-	-	20,000,000
<b>Sum</b>		<b>-</b>	<b>310,050,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310,050,000</b>
Available Balance														
FY16 Proj Revenue														
Remaining Available Balance														
<b>psw Proposed Storm Water</b>														
	Storm Water Master Plan Program (See page 10 for anticipated sub-projects)						100,000,000	100,000,000	100,000,000		100,000,000			300,000,000
<b>Sum</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>300,000,000</b>
Available Balance														
FY16 Proj Revenue	Proposed Storm Water Bonds							100,000,000	100,000,000		100,000,000			300,000,000
Remaining Available Balance														
<b>w&amp;s Proposed Future Water &amp; Sewer Bonds</b>														
	Water & Sewer Master Plan Program (Seepage 10 for anticipated sub-projects)						50,000,000	50,000,000						50,000,000
<b>Sum</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>	<b>50,000,000</b>
Available Balance														
FY16 Proj Revenue	Proposed Water & Sewer Bonds							50,000,000						
Remaining Available Balance														

# ATTACHMENT D - Proposed FY 16 Capital Budget

FUNDING	PROJECT NAME	Prior Years	2014/15	FY15 Amendments	FY15 Borrowed \$	2015/16 Programmed	FY16 New Requests	FY16 Proposed Budget	2016/17 Programmed	2017/18 Programmed	2018/19 Programmed	2019/20 Programmed	Future	Total
	<b>Storm Water Master Plan Program - Anticipated Projects</b>													
	<i>Tier 4 FDOT Alton Road Integrated Solution</i>													
	Flamingo "A"						3,750,000	3,750,000			29,583,291			33,333,291
	Flamingo "C"						3,750,000	3,750,000		30,535,670				34,285,670
	City Center								28,571,392					28,571,392
	Flamingo Park 6th Street (5th/7th St)						3,000,000	3,000,000	5,869,160					8,869,160
	West Avenue & Bay Road						13,195,000	13,195,000	12,929,315					26,124,315
	North Shore								13,744,398	13,744,398				27,488,796
	Lower North Bay Road						12,662,228	12,662,228						12,662,228
	La Gorce / Upper Bay Road								24,507,596					24,507,596
	La Gorce Island/Allison Island										11,752,503			11,752,503
	Sunset Island 3 & 4						15,958,724	15,958,724						15,958,724
	Biscayne Point										12,750,368			12,750,368
	Star Island										4,251,475			4,251,475
	South Pointe									12,062,490				12,062,490
	Lincoln Road Washington Ave to Lenox									5,034,619				5,034,619
	Normandy Isle South								14,259,803	14,259,803				28,519,606
	Normandy Shores										28,519,606			28,519,606
	Nautilus									17,453,773				17,453,773
	Sunset Harbour						11,186,680	11,186,680						11,186,680
	<i>Other Pump Conversions</i>													
	Central Bayshore									3,981,578	3,981,578			7,963,156
	<i>New Pump Stations</i>													
	Belle Island										3,243,000			3,243,000
	Middle North Bay Road								9,992,025					9,992,025
	Sunset Island 1&2									7,537,563				7,537,563
	Town Center										5,519,500			5,519,500
	Bayshore Neighborhood - Bid Pack A						2,815,776	2,815,776						2,815,776
	Citywide Tidal Flooding Mitigation - Ph 1						2,062,000	2,062,000						2,062,000
	Drainage Hot Spots						2,210,000	2,210,000						2,210,000
	<i>Under Construction</i>													
	Venetian Islands						9,108,000	9,108,000						9,108,000
	Palm & Hibiscus Islands						10,000,000	10,000,000						10,000,000
	Central Bayshore South						10,300,000	10,300,000						10,300,000
	<b>SUM OF STORM WATER ANTICIPATED PROJECTS</b>						<b>99,998,408</b>	<b>99,998,408</b>	<b>109,873,689</b>	<b>104,609,894</b>	<b>99,601,321</b>	<b>-</b>	<b>-</b>	<b>414,083,312</b>
	<b>Water &amp; Sewer Master Plan Program - Anticipated Projects</b>													
	20-Inch Water Line Replacement	-	-			-			2,311,000					2,311,000
	30in Sub Aqueous Force Main Condition	-	-			-								-
	54in Diameter Redundant Sewer Force Main	-	-			-								-
	Automated Water Meters Program						250,000	250,000						250,000
	City Center Water Main Upgrades					3,696,000		3,696,000						3,696,000
	Citywide Storage Tank Rplc & Repairs													-
	Citywide Test Well Monitoring					140,000		140,000	140,000	140,000	140,000			560,000
	Citywide Water and Sewer Main Assessment					300,000	500,000	800,000	800,000					1,600,000
	Collins Ave Main: SP Drive-72nd Street													-
	County "DERM" & EPA Consent Decree PM Sv					400,000		400,000	400,000	400,000			500,000	1,700,000
	Flamingo Neighborhood - Bid Pack A					356,000	(356,000)		1,606,000	1,078,000				2,684,000
	Flamingo Neighborhood - Bid Pack C					379,000		379,000		1,331,000			1,148,000	2,858,000
	Infiltration & Inflow Program - Phase 3					2,855,000		2,855,000						2,855,000
	LaGorce Island (Street Pavement)													-
	Misc. Wastewater and Water Upgrades						2,000,000	2,000,000	2,000,000					4,000,000
	North Beach Town Center Complete Streets												319,000	319,000
	North Shore Neighborhood Improvements					3,055,000		3,055,000						3,055,000
	Sewer Pump Station Odor Control Equip.													-
	Sewer Pump Variable Frequency Drive Rplc					160,000		160,000	160,000	160,000	160,000		1,000,000	1,640,000
	Sunset Harbour Neighborhood Improvements						3,200,000	3,200,000						3,200,000
	Sunset Is. Force Main Redundant Discharge													-
	Upsizing Sewer Main Pump						250,000	250,000						250,000
	Utilities Relocations for State Projects												3,000,000	3,000,000
	Venetian Neigh - Venetian Islands													-
	Water Main Rehabilitation - Flamingo					5,047,000	(5,047,000)		6,431,000					6,431,000
	Water Main Rehabilitation - La Gorce					1,223,000		1,223,000	731,000					1,954,000
	Water Main Rehabilitation - Nautilus					1,849,000		1,849,000	1,839,000					3,688,000
	Water Mains - Painting Program						300,000	300,000	300,000	300,000	300,000	300,000		1,500,000
	West Avenue/Bay Road Improvements						6,000,000	6,000,000						6,000,000
	<b>SUM OF WATER &amp; SEWER ANTICIPATED PROJECTS</b>					<b>19,460,000</b>	<b>7,097,000</b>	<b>26,557,000</b>	<b>16,718,000</b>	<b>3,409,000</b>	<b>600,000</b>	<b>300,000</b>	<b>5,967,000</b>	<b>53,551,000</b>

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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: July 17, 2015

SUBJECT: **A DISCUSSION REGARDING WATER AND SEWER RATES FEE INCREASE**

### **ANALYSIS**

The City's utility rates for water and sanitary sewer services are structured to collect the necessary revenues to meet annual operating and maintenance costs of the water and sanitary sewer infrastructure, to cover debt service for water and sewer bonds, to maintain adequate operating fund reserves, and to pay Miami-Dade County for wholesale water purchased, the treatment of the City's sewage and other fees.

In general, the rates for water supply and sanitary sewer services consist of:

- Pass-through of the wholesale rate the City pays to Miami-Dade County for the purchase of potable water and treatment of sewage;
- Debt service for the Water and Sewer Revenue Bonds;
- Operating and maintenance costs for the water and sewer utility;
- 7.5% fee of previous year total revenue paid to the Miami-Dade County Environmental Resource Management Department (DERM).

### **FY2015/16 Miami Dade County Wholesale Water and Sewer Rates**

The Miami-Dade Water and Sewer Department has informed all wholesale customers that the proposed water rate for FY2015/16 would decrease by \$0.0475 to \$1.7341 per 1,000 gallons.

The operational expenditure for the County will increase due to projected operating expenses and debt service increases in FY2016, but a significant decrease in regional renewal and replacement requirements will result in a net decrease of 2.7%

WASD has also notified wholesale customers that their proposed sewer rate will be \$2.7879, an increase of \$0.2279 above the current rate of \$2.56 per 1,000 gallons. The cost of the proposed FY2015/16 sewer rate increase to Miami Beach is approximately 8.9%.

The proposed wholesale water and sewer rates are subject to approval by the Board of County Commissioners at their Public Budget Hearings, scheduled for September 2015.

### **Water and Sewer Revenue Review recommendations**

Millian, Swain & Associates, Inc. (MSA) were retained to assist in evaluating the level of revenues produced by current water and sewer rates and the potential need for rate adjustments. The following are their findings (below). A copy of their draft report is attached and will be finalized prior to the budget hearings:

**Water Findings**

Increase in debt service payments for new bonds is the driver for the potential FY16 deficit.

1. The increase is required to cover debt service on approximately \$35 million in water capital needs over the next few years.
2. The current rate of \$4.43 per thousand gallons is insufficient to cover the cost providing water service. Based upon the proposed FY16 budget, the water rate would need to be increased by 5% to \$4.65 per 1,000 gallons in FY16.
3. All operational expenditure increases related to the proposed cost of living adjustment to salaries, increased costs of health insurance and pension, and increases in other operating costs can be absorbed without the requirement to increase the water rate.

**Sewer Findings**

Increase in WASD Treated Sewer fees and scheduled increase in debt service payment for new bonds are the largest contributors to a rise in the projected FY16 deficit.

1. The current rate of \$7.55 per thousand gallons is insufficient to cover the cost of providing sewer service. Based on the proposed FY 16 budget provided by the City, rates would have to be increased by 9% to \$8.23 per thousand gallons in FY16.
2. Rate increases are needed to cover debt service requirements of a proposed \$18 million sewer debt issuance in FY16 and to cover further increases in costs (due to inflation, etc.) beyond FY15.
3. Fees charged to Satellite Cities to transport wastewater to WASD appear to be insufficient to cover the cost of providing this service. As part of the comprehensive cost of study, MSA also performed a detailed cost allocation study to address the proper charges to the Satellite Cities and found that those charges needed to be increased from \$2.727 to \$3.1047.

The consultants will be in attendance at the meeting to answer any questions related to their findings.

Fee (per thousand gallons)	FY 2015/ 15 Fee	Prop. FY 2015/ 16 Fee	Difference From FY 2013/ 14
Water	\$ 4.43	\$ 4.65	\$ 0.22
Sewer	\$ 7.55	\$ 8.23	\$ 0.68
Combined Fee	\$ 11.98	\$ 12.88	\$ 0.90
Monthly Cost to 11,000 Gallon Customer	\$ 131.78	\$ 141.68	\$ 9.90
Monthly Cost to 5,000 Gallon Customer	\$ 59.90	\$ 64.40	\$ 4.50

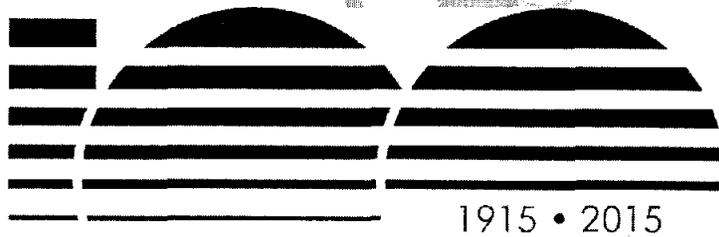
Based on the above, the Administration recommends that the Finance Committee approve a rate increase for water customers of \$0.22 and a rate increase for sewer customers of \$0.68 effective October 1, 2015. For the average 11,000 gallons per month customer, the combined water and sewer rates result in a monthly increase of \$9.90 in FY2015/16. For the minimum usage customer (5,000 gallons or less per month), the combined monthly impact would be a total of \$4.50. In addition, the Administration recommends moving forward with implementing the suggested modifications to the costs to the Satellite Cities.

JLM/MT/ETC/FRS

# City of Miami Beach

Public Works Department

## Water & Wastewater Rate Review



MIAMI BEACH

Prepared by:

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July 17, 2015

## Table of Contents

Disclaimer .....	3
Executive Summary .....	4
Basic Statistics for The City of Miami Beach .....	5
Our Rate Study .....	7
Budgeted Expenses .....	8
Purchased Water and Wastewater Treatment Services from WASD .....	8
DERM Fee .....	12
Debt Service .....	13
Other Operating and Administrative Costs .....	14
Operating Costs Contingency .....	15
Depreciation & Capital Expenditures .....	15
Capital Improvement Plan .....	16
Current Rates .....	17
Budgeted Water & Wastewater User Fees .....	18
Budgeted Other Revenues .....	18
Wholesale Wastewater Rate for Satellite Cities .....	19
Summary of Results – Wholesale Wastewater Rate .....	19
Our Analysis of Wholesale Wastewater Rate .....	20
Budgeted Satellite Cities Revenues .....	26
Calculation of Revenue Requirements .....	26
Recommendations .....	28
Projections .....	29
Customer Bill Impact .....	34
Appendix 1: Actual and Budgeted Expenses .....	35
Appendix 2: Actual and Budgeted Revenues .....	37
Appendix 3: Calculation of Water Revenue Requirement .....	38
Appendix 4: Calculation of Wastewater Revenue Requirement .....	39
Appendix 5: Assumptions Used in MSA's Projections .....	40

## Disclaimer

This report has been prepared by Milian, Swain & Associates, Inc. (MSA) for the sole and exclusive use of The City of Miami Beach (the City) for the purpose of assisting the City in evaluating the level of revenues produced by current water and wastewater rates and the need for rate adjustment; and shall not be (a) used for any other purpose, or (b) provided to, relied upon or used by any third party.

This report contains opinions and conclusions made by MSA, using its professional judgment and reasonable care. Use of or reliance upon this report by the City is subject to the following conditions:

- a. The report being read as a whole, with sections or parts hereof read or relied upon in context;
- b. The report is based on information made available to MSA by the City or by certain third parties; and unless stated otherwise, MSA has not verified the accuracy, completeness or validity of such information, makes no representation regarding its accuracy and hereby disclaims any liability in connection therewith;
- c. Target and forecast realization of revenues, expenses or cash flows have been formed on the basis of a series of assumptions regarding sales volume, prices, staffing levels, operating and maintenance expenditures, debt service requirements, interest rates, issuance of new debt, capital expenditures and other assumptions. These assumptions, which were provided by the City, are by their very nature highly uncertain. As a result, the actual performance of targets and forecasts may differ materially from the projections provided in this report. Projections are provided for illustrative purposes only, are not reliable indicator of future performance and should not be relied upon for or form the basis of rates, financial, operating or investment decisions. MSA accepts no liability for any rate, financial, operating or investment decisions based in whole or in part on the projections presented in this report.
- d. Any information or deliverable provided by MSA is provided solely for the specific purpose for which the Services were engaged. In no case will any such information or deliverable be used in connection with any sale of securities or other financial transactions. Nothing in this agreement provides either party with any rights to the proprietary information of the other party and each party shall maintain the confidentiality of all such information.

## Executive Summary

Milian, Swain & Associates, Inc. (MSA) has conducted a rate study for the City of Miami Beach water and wastewater systems, including a review of the rate to Satellite Cities for wholesale wastewater service.

Based on the FY16 proposed operating budget and capital improvement plan provided by the City, MSA estimates that current water, wastewater and wholesale wastewater rates need to be increased.

We recommend that water rates be increased by 4.9% from the current \$4.43 per thousand gallons to \$4.65.

Wastewater rates should be increased by the projected increase in the Miami-Dade County Water and Sewer Department (WASD) wholesale wastewater rate of 8.9% for FY16. We recommend wastewater rates be increased to \$8.22 per thousand gallons from the current \$7.55.

The City currently charges Satellite Cities \$2.727 per thousand gallons of wastewater it transport to WASD for treatment. The rate includes a pass-through of the WASD current rate of \$2.56 per thousand gallons plus a surcharge of \$0.167 per thousand gallons.

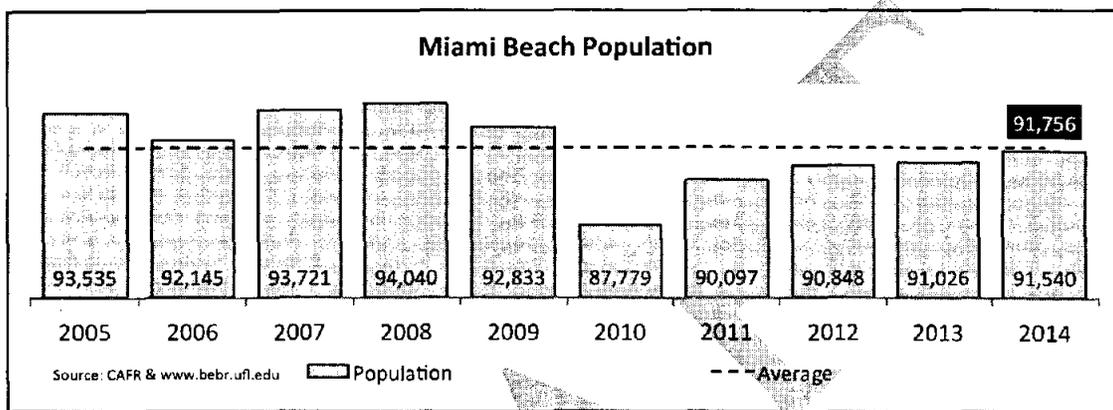
The surcharge was last revised in 2007 (and became effective for FY08). Based on our review we recommend the surcharge be increased to \$0.3168.

The WASD pass-through component of the wholesale wastewater rate charged to the Satellite Cities is adjusted annually. We recommend continuing to update the WASD component annually and updating the surcharge component in the same fashion. Rates for customer of the City (retail rates) are adjusted annually for expected change in the WASD rate.

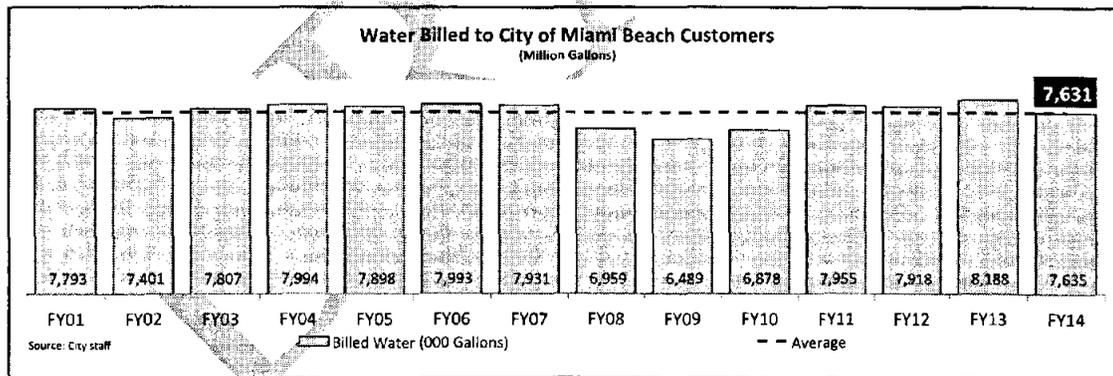
MSA estimates that an additional rate increase will be required for FY17 and beyond. The additional rate increase will be necessary to cover a) inflation, b) future increases in WASD, c) increase in debt service payments associated with existing debt and d) full year debt service associated with the proposed \$50 million debt issuance to finance FY16 CIP. MSA recommends an annual review of required revenues.

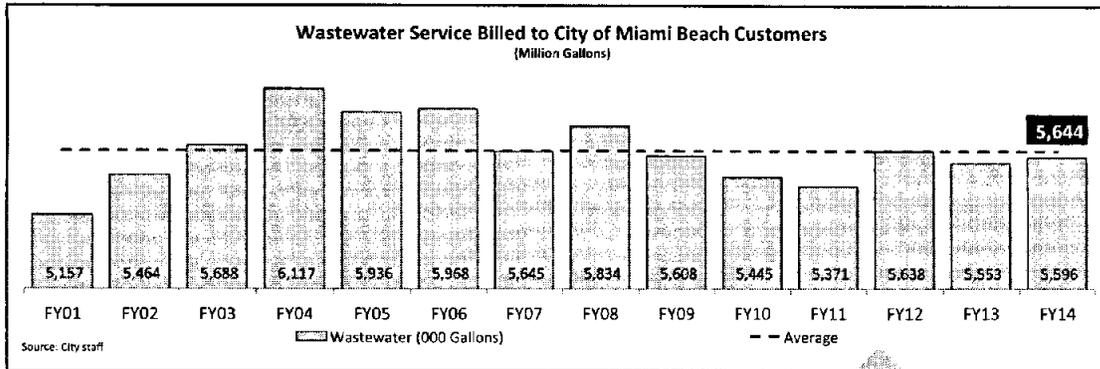
### Basic Statistics for The City of Miami Beach

The city of Miami Beach (City) provides potable water and wastewater disposal services to a population of approximately 91,000 people. The chart below shows the population for the City since 2005. Other than the dip in 2010, the population has remained relatively stable.



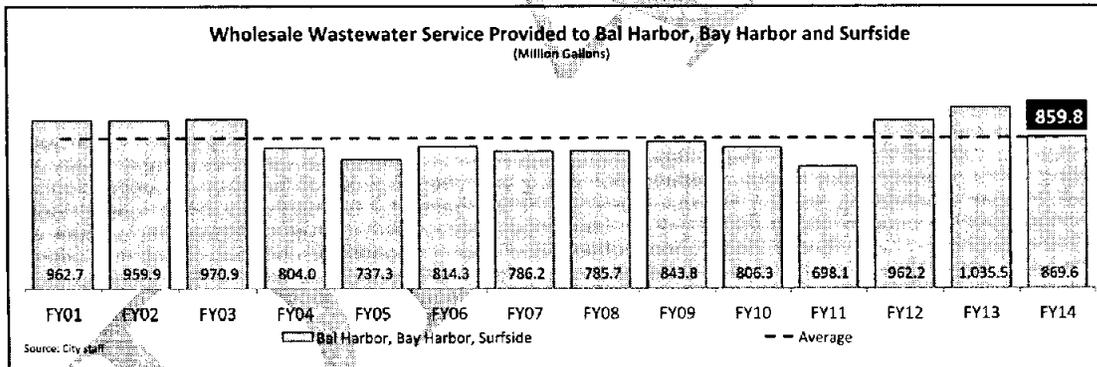
Water consumption and wastewater collected from City customers has averaged 7.6 billion gallons and 5.6 billion gallons per annum, respectively.





The City sources all of its water and procures wastewater treatment services from the Miami-Dade County Water and Sewer Department (WASD).

The neighboring cities of Bal Harbor, Bay Harbor and Surfside (Satellite Cities) send their wastewater for treatment to WASD using the City's sewer system. The City charges the Satellite Cities a surcharge for the use of the sewer system plus the WASD wholesale sewer rate as a pass-through. The graph below shows the annual volume transmitted by the City to WASD from the Satellite Cities since FY01. Please note that graph does not reflect wastewater from North Bay Village, a prior wholesale customer of the City.



The basic infrastructure for the City's water and wastewater system has remained relatively constant since 2005. The table below shows various statistics for the City's system. The table also shows the Full-time equivalent employees since 2005.

CITY OF MIAMI BEACH WATER & WASTEWATER SYSTEM STATISTICS										
Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Water</b>										
Water Mains (Miles)	180	180	180	180	180	180	180	180	180	180
Water Valves	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Fire Hydrants	1,006	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Fire Lines	712	717	717	717	717	717	717	717	717	717
Meters	12,424	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460	12,460
Water Pumping Stations	5	5	5	5	5	5	5	5	5	5
Storage Capacity (000 of gallons)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Full-Time-Equivalent Employees	69	69	69	63	59	54	56	52	52	52
<b>Wastewater</b>										
Sanitary gravity sewer pipes (miles)	144	152	152	152	152	152	152	152	152	152
Force main pipes (miles)	21	21	21	21	21	21	21	21	21	21
Manholes	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293
Wastewater pump stations	23	23	23	23	23	23	23	23	23	23
Full-Time-Equivalent Employees	41	42	42	41	38	33	35	35	34	34

Source: 2014 CAFR

## Our Rate Study

Milian, Swain & Associates, Inc. (MSA) was retained by the City to perform a rate review for its water, wastewater and wholesale rates for FY16.

In our analysis we have reviewed historic and budgeted financial information provided by the City including the following:

- Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014
- Adopted FY2014/15 through FY2018/19 Capital Improvement Plan & FY2014/15 Capital Budget (CIP)
- Trial balance information FY14
- Water and wastewater billed volume since FY01
- Water and wastewater volume purchased / treated by WASD since FY01
- Proposed FY16 budget and CIP
- Year-to-date budget information for FY15
- 2005 and 2007 wholesale rate study by CDM

In establishing rates we followed well-established ratemaking practices that in general include the following principles.

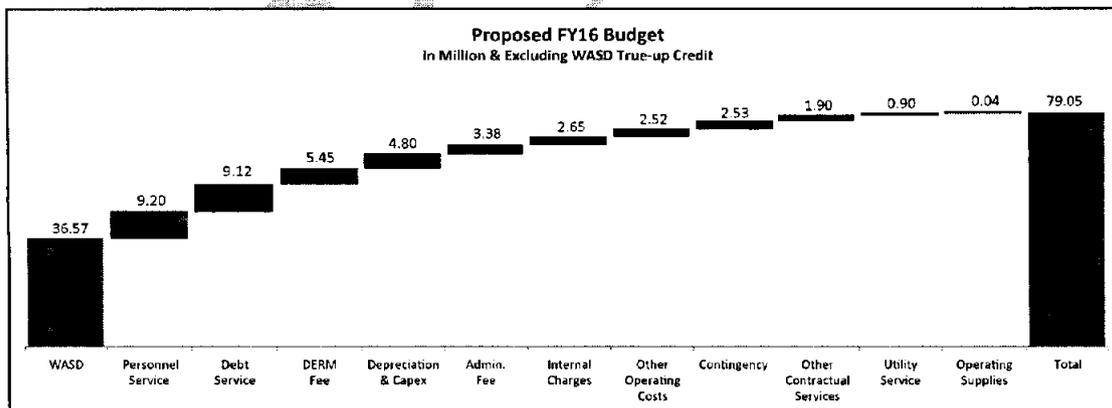
- Maintain the financial integrity of the water and wastewater systems
- Allocate costs of service based on the cost of providing the specific utility service (water and wastewater)
- Recover the costs of providing water and wastewater service (revenue requirement) including, but not limited to the following:

- Personnel services
- Operating supplies
- Contractual services
- Utilities
- Internal charges
- Administrative costs
- Other operating costs
- Pass-through the cost to purchase water from WASD
- Pass-through the cost to treat wastewater by WASD
- Debt service costs including scheduled principal payments and annual interest payments
- Renewal and replacement costs
- Contingency for unforeseen operating costs
- Meet required debt service coverage ratio

In this report we discuss our review of the financial and operating data provided by the City and our calculation of required revenues for FY16. We also compute projected required revenues for FY17 through FY20.

### Budgeted Expenses

For the fiscal year beginning on October 1, 2015 and ending September 30, 2016 the City is proposing a total combined water and wastewater budget of \$79.09 million excluding an anticipated prior-period WASD credit of \$1.75 million (\$77.34 million net). The chart below shows the composition of the FY16 budget.



Each of the expense categories is analyzed below.

### Purchased Water and Wastewater Treatment Services from WASD

As mentioned above, the City purchases water and wastewater treatment service from the Miami Dade Water & Sewer department (WASD).

WASD charges for water and wastewater treatment service based on metered volume and wholesale rates as shown on the table below.

WASD Wholesale Tariffs	FY15 Adopted	FY 16 Proposed	Increase
<b><u>Wholesale Water Rates</u></b>			
Per 1,000 Gallons	1.7816	1.7341	-2.7%
<b><u>Wholesale Wastewater Rates</u></b>			
Average per 1000 Gallons	2.5600	2.7879	8.9%
Wet Season	2.8800	3.1364	8.9%
Dry Season	2.2400	2.4394	8.9%
Source: WASD (Black & Veatch 6/17/15)			

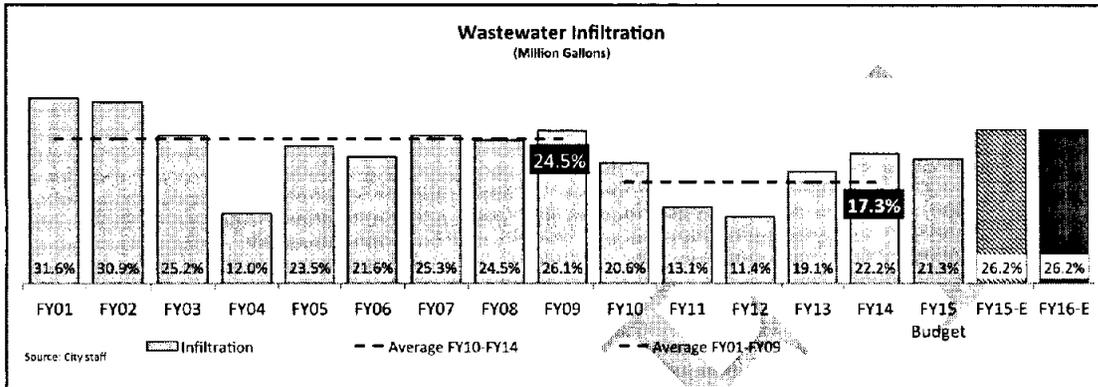
WASD wholesale rates are based on a cost of service study, which is updated annually. Proposed rates for the upcoming year are established based on estimated costs of service for that year. The actual cost of service is computed after the fact with any overrecovery or under recovery of cost by WASD being credited / charged to its wholesale customers.

The actual cost of service for FY14 was recently released by WASD. The City has received a credit of \$3,259,198 for over recovery from WASD for wholesale water purchased. Based upon actual results, the adopted wholesale water rate by WASD was too high. For FY14, the City owes \$1,506,924 to WASD since the adopted wastewater rate by WASD was too low. The net credit owed by WASD to the City is \$1,752,274.

The amount of purchased water from WASD is naturally related customer consumption and unaccounted-for water lost in the system. The graph below shows the budgeted volume of water that the City expects to sell in FY15 and FY16 compared to the historic trend. As can be seen from the chart, the budgeted water sales volume was 7,288 million gallons in FY15.

Based on actual experience through March 2015, the Office of Budget and Performance Improvement (OBPI) estimates that total sales volume for FY15 will be 3.5% below budget at 7,036 million gallons. For FY16, the City is projecting water sales volume of 7,036 million gallons, which is based on the most recent projection for FY15. The budgeted volume appears to be consistent with FY13 and FY14 actual.

If 100% of the water sold to retail customers were returned to the wastewater system, the projected sales volume and treated wastewater volume implies infiltration of 2,224 million gallons (8,475 million gallons of treated wastewater less 5,490 million gallons billed to customers of the City less 761 million gallons transported for the Satellite Cities). FY16 infiltration assumption is 26.2%, which is significantly higher than recent average of 17.3% (FY10-FY14 average) and slightly higher than the average of 24.5% for the period FY01 through FY09.



City staff attributes the increase in infiltration to ongoing construction in the city and anticipate that once the construction is completed, the amount will be reduced.

The budgeted WAST expense for wastewater treatment services for FY16 is \$23.63 million which is computed by multiplying the budgeted volume of 8,475,257 thousand gallons by the FY16 WAST rate of \$2.7879 per thousand gallons.

Please note that the City provided MSA the FY16 proposed budget which included a 3% increase in WAST wholesale wastewater rates and zero increase in WAST water rates. This assumption was made at the time that budget was prepared and before WAST published the proposed rate for FY16 (see above). The numbers included for water in the FY16 budget was \$13.293 million and \$22.369 million for wastewater (a total of \$35.66 million).

**DERM Fee**

The Division of Environmental Resources Management (DERM) imposes a 7.5% surcharge on water and wastewater user fees. The City budgets 7.5% of prior year’s water and wastewater user fees. For FY16, the City budgeted \$2.47 million for water and \$2.98 million for wastewater.

As discussed later in this report, MSA estimates DERM fees as 7.5% of current year user fee revenue since it is more appropriate to budget the liability in the year in which it is incurred.

## Debt Service

As of September 30, 2014 the City had revenue bonds totaling \$114.49 million outstanding and \$.37 million in loans payable. Scheduled debt service for the outstanding debt is \$9.12 million for FY16. The table below shows the scheduled debt service by issue through FY20.

Annual debt service is allocated to water and wastewater service based on the use of the proceeds of each debt. The City identifies the allocation percentages to water and wastewater in its budget, which are also shown on the table below.

The City anticipates issuing \$50 million of additional bonds to finance the majority of its proposed capital improvement program (see below). For budgetary purposes, the City provided MSA basic assumptions for the new issuance as follows:

- Amount borrowed \$50 million
- 30 year term
- 5% interest rate
- Mortgage style amortization without any grace period

Based on these assumptions, MSA estimated the quarterly debt service requirement for the new bond issuance as \$806,675 (\$3,226,699 per annum).

Debt service associated with the \$50 million new issuance will be allocated to 65.7% to water and 34.3% to wastewater service based on the proposed CIP (see below).

Issue	Allocation		Scheduled Debt Service				
	Water	Sewer	FY16	FY17	FY18	FY19	FY20
<b>Interest &amp; Fees</b>							
2000 Bond	63.56%	36.44%	1.64	1.64	1.64	1.64	1.64
2006 Refi 95 (\$36 mm)	29.49%	70.51%	0.03	-	-	-	-
2006 Refi 95 (\$24 mm)	29.49%	70.51%	1.14	0.98	0.79	0.59	0.39
2009 Add'l Bond	44.04%	55.96%	2.39	2.34	2.23	2.12	2.00
Equipment Loan	50.00%	50.00%	0.00	0.00	0.00	0.00	0.00
Line of Credit	38.46%	61.54%	0.05	0.05	0.05	0.05	0.05
<b>Total Interest &amp; Fees</b>			<b>5.26</b>	<b>5.02</b>	<b>4.72</b>	<b>4.40</b>	<b>4.08</b>
<b>Principal Payments</b>							
2000 Bond	63.56%	36.44%	-	-	-	-	-
2006 Refi 95 (\$36 mm)	29.49%	70.51%	1.29	-	-	-	-
2006 Refi 95 (\$24 mm)	29.49%	70.51%	2.49	3.92	4.10	4.29	4.51
2009 Add'l Bond	44.04%	55.96%	-	2.50	2.61	2.71	2.83
Equipment Loan	50.00%	50.00%	0.10	0.05	0.03	0.02	0.01
Line of Credit	38.46%	61.54%	-	-	-	-	-
<b>Total Principal Repayment</b>			<b>3.87</b>	<b>6.47</b>	<b>6.73</b>	<b>7.01</b>	<b>7.35</b>
<b>Total Debt Service</b>							
2000 Bond	63.56%	36.44%	1.64	1.64	1.64	1.64	1.64
2006 Refi 95 (\$36 mm)	29.49%	70.51%	1.32	-	-	-	-
2006 Refi 95 (\$24 mm)	29.49%	70.51%	3.62	4.90	4.88	4.87	4.90
2009 Add'l Bond	44.04%	55.96%	2.39	4.83	4.84	4.83	4.82
Equipment Loan	50.00%	50.00%	0.10	0.06	0.03	0.02	0.01
Line of Credit	38.46%	61.54%	0.05	0.05	0.05	0.05	0.05
<b>Total Debt Service</b>			<b>9.12</b>	<b>11.49</b>	<b>11.45</b>	<b>11.41</b>	<b>11.43</b>

### Other Operating and Administrative Costs

The table below shows various budgeted categories of expenses. More details for each of the categories can be found on Appendix I of this report.

Personnel cost is budgeted to increase by 6.6% in FY16 from the budgeted \$8.63 million in FY15. OBPI second quarter projection for FY15 estimates personnel services cost to be \$8.79 million. The budgeted increase for FY16 relative to OBPI's most recent estimate of personnel services cost is 4.66% (\$9.2 million / \$8.79 million -1).

Combined Water & Sewer (Million)	ACTUAL				Adopted Budget FY15	Proposed FY16	Increase FY16 vs FY15
	FY11	FY12	FY13	FY14			
Personnel Service	6.80	6.79	6.45	8.34	8.63	9.20	6.6%
Operating Supplies	1.33	1.45	0.63	0.04	0.04	0.04	5.1%
Contractual Services	0.58	0.63	0.98	0.94	2.94	1.90	-35.5%
Utilities	0.70	0.84	0.84	0.82	0.85	0.90	4.8%
Internal Charges	4.04	4.09	4.18	2.66	2.65	2.65	0.0%
Administrative Fees	3.09	2.89	3.14	3.09	3.38	3.38	0.0%
Other Operating	0.97	0.83	0.50	0.65	0.69	2.52	267.3%
<b>Sub Total</b>	<b>17.52</b>	<b>17.53</b>	<b>16.72</b>	<b>16.53</b>	<b>19.18</b>	<b>20.59</b>	<b>7.3%</b>

The large increase between FY14 and budgeted FY15 Contractual Services is due to increases in professional services and repair & maintenance. The reduction in FY16 is due to lower budgeted sewer professional services and sewer repair & maintenance costs offset by higher water contracted maintenance costs (See Appendix I).

Other operating cost is shown above without the budgeted water contingency of \$928,000 for FY16 and \$1,598,000 for wastewater, which is discussed below. The large increase in Other Operating cost between budgeted FY15 of \$0.69 million to \$2.52 million in FY16 is due to higher \$410,000 being reclassified from contractual services and the inclusion of various anticipated expenses (\$700,000 for a new VFD replacement, \$120,000 for spare motors, \$155,000 for replacement impellers and \$600,000 for spare pumps).

### **Operating Costs Contingency**

The City budgets a 5% contingency on WASD costs, Personnel Services excluding OPEB – PAYGO, operating supplies, contractual services (other than DERM), utilities (Electricity, telecommunication, etc.), internal charges and other operating costs.

For FY16, the City budgeted \$2.53 million in contingency (\$0.93 million for water and \$1.60 million for wastewater). In our calculation of revenue requirements, MSA includes a 5% contingency on the same cost items as the City.

### **Depreciation & Capital Expenditures**

The table below shows the historic and budgeted depreciation expense. Depreciation expense is computed based on an estimate of the useful life of the various assets of the water and wastewater system. The proposed budget for FY16 provided to MSA did not include a budgeted depreciation expense for the wastewater system.

The table also show historic and budgeted capitalized expenses such as motor vehicle, machinery & equipment purchases, etc.

Depreciation & Capitalized Expenses (Million)	ACTUAL				Adopted Budget FY15	Proposed FY16
	FY11	FY12	FY13	FY14		
Water - Depreciation	1.90	1.80	2.05	2.20	1.81	2.42
Sewer - Depreciation	2.14	2.06	2.19	2.55	2.06	-
<b>Total Depreciation</b>	<b>4.03</b>	<b>3.87</b>	<b>4.23</b>	<b>4.75</b>	<b>3.87</b>	<b>2.42</b>
<b>Capitalized Expenses</b>						
Fixed Assets	0.180	-	-	-	-	-
Motor Vehicles	0.096	0.044	0.036	0.009	0.381	0.226
Machinery & Equipment	-	0.014	0.004	-	0.024	0.948
Meter Services	0.038	0.201	0.042	0.054	0.075	0.075
Firelines	0.032	0.022	-	0.009	0.035	0.043
Hydrant	0.022	0.018	0.000	0.002	0.022	0.022
Water Mains	0.003	0.010	0.122	0.037	-	0.022
<b>Subtotal Water</b>	<b>0.371</b>	<b>0.309</b>	<b>0.205</b>	<b>0.111</b>	<b>0.537</b>	<b>1.336</b>
Fixed Assets	0.118	-	-	-	-	-
Motor Vehicles	-	0.153	0.117	-	0.668	0.500
Machinery & Equipment	0.018	-	0.011	-	0.049	0.534
Meter Services	-	-	-	-	-	-
Sewer Lines	0.000	0.001	-	(0.000)	0.003	0.003
Sewer Laterals	0.003	0.005	-	0.005	0.008	0.008
Force Mains	0.001	0.053	-	0.000	-	-
Pumping Stations	0.014	0.001	0.044	0.000	-	-
<b>Subtotal Wastewater</b>	<b>0.155</b>	<b>0.212</b>	<b>0.173</b>	<b>0.005</b>	<b>0.728</b>	<b>1.045</b>
<b>Total Water &amp; Wastewater</b>	<b>0.526</b>	<b>0.522</b>	<b>0.378</b>	<b>0.116</b>	<b>1.265</b>	<b>2.381</b>

For ratemaking purpose, MSA recommends recovering a provision for renewal & replacement expenditures. Industry practices for renewal and replacement provision vary, however we recommend using 5% of revenue as an appropriate level of renewal and replacement for the City. The renewal and replacement provision of 5% of revenue is further discussed below.

## Capital Improvement Plan

The proposed capital improvement plan (CIP) for FY16 and beyond is shown on the table below. Total planned expenditures is \$53.25 million of which \$34.98 million are water projects and the rest, \$18.27 million, are wastewater project. As discussed above, the City is planning a \$50 million bond issuance during FY16 to finance the majority of the CIP.

Proposed FY16 CIP (Million)	Allocation		FY16	FY17	FY18	FY19	FY20	Total
	Water	Sewer						
20-Inch Water Line Replacement	100%	0%	-	2.31	-	-	-	2.31
Automated Water Meters Program	100%	0%	0.25	-	-	-	-	0.25
City Center Water Main Upgrades	100%	0%	3.70	-	-	-	-	3.70
Citywide Test Well Monitoring	50%	50%	0.14	0.14	0.14	0.14	-	0.56
Citywide Water and Sewer Main Assessment	50%	50%	0.80	0.80	-	-	-	1.60
County "DERM" & EPA Consent Decree PM Sv	0%	100%	0.40	0.40	0.40	-	0.50	1.70
Flamingo Neighborhood - Bid Pack A	60%	40%	-	1.61	1.08	-	-	2.68
Flamingo Neighborhood - Bid Pack C	60%	40%	0.38	-	1.33	-	1.15	2.86
Infiltration & Inflow Program - Phase 3	0%	100%	2.86	-	-	-	-	2.86
Misc. Wastewater and Water Upgrades	50%	50%	2.00	2.00	-	-	-	4.00
North Beach Town Center Complete Streets	60%	40%	-	-	-	-	0.32	0.32
North Shore Neighborhood Improvements	60%	40%	3.06	-	-	-	-	3.06
Sewer Pump Variable Frequency Drive Rplc	0%	100%	0.16	0.16	0.16	0.16	1.00	1.64
Sunset Harbour Neighborhood Improvements	60%	40%	3.20	-	-	-	-	3.20
Upsizing Sewer Main Pump	0%	100%	0.25	-	-	-	-	0.25
Utilities Relocations for State Projects	50%	50%	-	-	-	-	3.00	3.00
Water Main Rehabilitation - Flamingo	100%	0%	-	6.43	-	-	-	6.43
Water Main Rehabilitation - La Gorce	100%	0%	1.22	0.73	-	-	-	1.95
Water Main Rehabilitation - Nautilus	100%	0%	1.85	1.84	-	-	-	3.69
Water Mains - Painting Program	100%	0%	0.30	0.30	0.30	0.30	-	1.20
West Avenue/Bay Road Improvements	60%	40%	6.00	-	-	-	-	6.00
<b>Total Capital Improvement Program</b>	<b>65.7%</b>	<b>34.3%</b>	<b>26.56</b>	<b>16.72</b>	<b>3.41</b>	<b>0.60</b>	<b>5.97</b>	<b>53.25</b>
Water Projects			16.37	14.05	1.82	0.37	2.38	34.98
Wastewater Projects			10.19	2.67	1.59	0.23	3.59	18.27

### Current Rates

The City charges water customer a minimum monthly service charge depending on the size of their water meter. The monthly service charge includes a specified number of gallons (see the table below). Excess consumption above the included gallons is billed at \$4.43 per thousand gallons. Consumption is rounded to the nearest 100 gallons of consumption.

Wastewater disposal service is charged for actual water consumption at a rate of \$7.55 per thousand gallons. Customers can request an irrigation meter. Customers for water used by irrigation meters incur no wastewater charge.

These rates became effective October 1, 2014 and are currently in effect.

Water Minimum Monthly Service Charge		
Meter Size	Gallons of Water per Month	Minimum Monthly Service Charge*
3/4"	5,000	22.15
1"	7,000	31.01
1.5"	11,000	48.73
2"	17,000	75.31
3"	40,000	177.20
4"	80,000	354.40
6"	120,000	531.60
8"	200,000	886.00

\* Effective October 1, 2014

The City charges Satellite Cities the WASD wholesale wastewater rate, currently \$2.56 per thousand gallons, plus a surcharge of \$0.167 per thousand gallons to transport their wastewater to WASD. Total current wholesale rate for the Satellite Cities is \$2.727 per thousand.

## Budgeted Water & Wastewater User Fees

The City budgeted \$32.9 million in water user fees and \$39.8 million in wastewater user fees for FY16 (see Appendix II). The table below shows the calculation of the budgeted user fees.

FY16 Budgeted User Fees	Water	Wastewater
Volume (thousand gallons)	7,036,383.5	5,489,903.9
Rate per thousand gallons	4.43	7.55
<b>Gross revenues</b>	<b>31,171,179</b>	<b>41,448,775</b>
Plus water minimum charge	1,860,770	-
Less adjustments	(155,448)	(1,692,987)
<b>Total Computed Revenues</b>	<b>32,876,501</b>	<b>39,755,788</b>
<b>Proposed FY16 Budget</b>	<b>32,892,000</b>	<b>39,759,000</b>
Difference (Rounding)	15,499	3,212

The City also budgets 5% of user fees for bad debt allowance; \$1.644 million for water and \$1.987 million for wastewater.

## Budgeted Other Revenues

The chart below shows budgeted other revenues for FY16. A 2.1% escalation was applied to each of the other revenue line items to project FY17 through FY19. The chart also shows expected interest income on pooled cash balance. No escalation was applied to interest income since we expect the cash balance to be relatively constant (assuming rates are revised to allow the utility to operate without a surplus or deficit).

Other Revenues (Million)	Allocation		FY16	FY17	FY18	FY19	FY20
	Water	Sewer					
Firelines	100%	0%	0.03	0.03	0.03	0.03	0.03
Water Tapping	100%	0%	0.12	0.12	0.12	0.12	0.13
Sewer Connection Fees	0%	100%	0.04	0.04	0.04	0.04	0.04
Utility Penalties	50%	50%	0.55	0.56	0.57	0.59	0.60
Miscellaneous Water Revenues	100%	0%	0.02	0.02	0.02	0.02	0.02
Miscellaneous Sewer Revenues	0%	100%	0.03	0.03	0.03	0.03	0.03
<b>Sub-Total Other Revenues</b>			<b>0.78</b>	<b>0.80</b>	<b>0.82</b>	<b>0.83</b>	<b>0.85</b>
<b>Interest Allocated - Pooled Cash</b>	50%	50%	<b>0.29</b>	<b>0.29</b>	<b>0.29</b>	<b>0.29</b>	<b>0.29</b>

## Wholesale Wastewater Rate for Satellite Cities

### Summary of Results – Wholesale Wastewater Rate

The City of Miami Beach (the City) provides wholesale wastewater disposal service to the cities of Bal Harbor, Surfside and Bay Harbor (Satellite Cities). The City transports wastewater from the Satellite Cities through its system to Miami Dade Water & Sewer Department (WASD) for treatment and disposal.

The current wholesale rate is 2.727 per thousand gallons applied equally to all Satellite Cities. The rate is the sum of a \$0.167 per thousand gallons surcharge to cover the City's cost plus WASD wholesale rate of \$2.56 per thousand gallons (pass-through).

For FY16, the City budgeted that the Satellite Cities will generate a total flow of 761,273.85 thousand gallons. Revenues associated with the Satellite Cities for FY16 is budgeted to be \$2.14 million of which \$127,133 is the surcharge imposed by the City.

The City engaged Milian, Swain & Associates, Inc. (MSA) to conduct an analysis of the current methodology for the Satellite Cities. Per unit charges for the Satellite Cities have not been revised since 2007 (FY08).

We reviewed the methodology used in the previous study performed by CDM (the previous Study) in establishing the current surcharge in 2005 and 2007. In the analysis the previous Study identified the facilities being shared with each of the Satellite Cities. These facilities are booster pump stations No. 28 and 29 plus force mains between the interconnection point for each of the Satellite Cities, the booster stations and WASD. We consulted with the City staff to gauge if any changes had occurred since the last previous Study; none were identified.

The previous Study incorporated estimated direct operating cost for booster stations No. 28 & 29 in 2005. Direct cost included labor, material, equipment rental, miscellaneous costs and electricity cost. No updated estimates were available by the City; therefore we believe escalating the 2007 cost estimate is a reasonable representation of today's costs.

The previous Study included an estimate of the replacement value of the facilities being shared by the Satellite Cities. An estimate of annual depreciation for each of the shared facilities was ascertained. The depreciation expense was then allocated to the City and the Satellite Cities based on their theoretical gallons per minute flow during peak condition. We find this analysis to be reasonable albeit theoretical. MSA recommends collecting renewal and replacement cost from the Satellite Cities using the same 5% methodology we recommend for the retail customers of Miami Beach, rather than basing it on a calculation of depreciation.

Finally, the previous Study did not include an allocation of the City’s administration, debt service or infiltration costs. MSA recommends that administration costs should be allocated to the Satellite Cities. MSA does not recommend adding debt service or infiltration cost to the wholesale rate.

The table below shows the results of our analysis. We recommend increasing the rate for wholesale service to the Satellite Cities from the current FY15 \$2.727 per thousand gallons to \$3.105 in FY16, an increase of 13.8% including the WASD pass-through and the surcharge increase. The table also shows our recommended surcharge of \$0.3168 per thousand gallons, an increase from the previous \$0.167 per thousand gallons.

Summary of Results: Proposed Charge per 1,000 gallons to Satellite Cities	ACTUAL			Proposed by MSA
	2005	2007	2015	
WASD Pass-Through Cost	1.700	1.800	2.560	2.7879
O&M Charge - Booster Station No. 28	0.0420	0.0460	0.0460	0.0540
O&M Charge - Booster Station No. 29	0.0470	0.0520	0.0520	0.0610
Depreciation (CDM Methodology)	0.0520	0.0690	0.0690	
Administration Fee (1.5%)	-	-	-	0.0466
Renewal & Replacement (5% of Revenues)				0.1552
<b>Total Surcharge</b>	<b>0.1410</b>	<b>0.1670</b>	<b>0.1670</b>	<b>0.3168</b>
Wholesale Tariff for Satellite Cities	1.841	1.967	2.727	3.105
Annual Increase - All in Tariff		3.4%	4.8%	13.8%

### Our Analysis of Wholesale Wastewater Rate

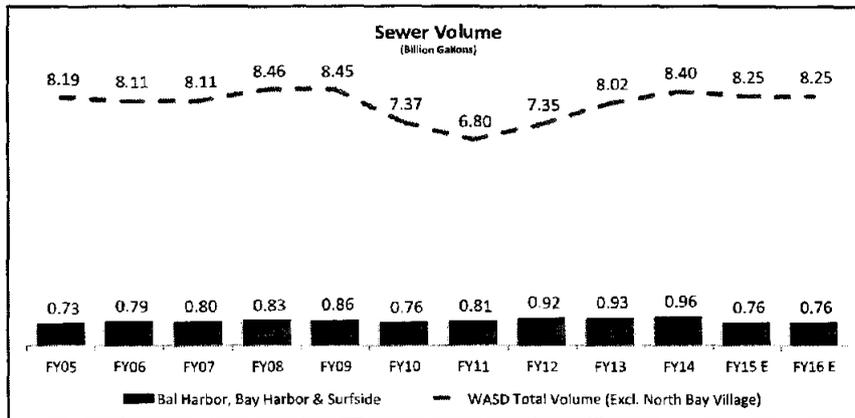
We started our review by analyzing how the sewer system has changed since 2005, the last time a detailed analysis was performed. Page 135 of FY14 Comprehensive Annual Financial Report (CAFR) shows the number of force main miles and number of wastewater pump stations since 2005. There have been no new wastewater pump stations built since then. In the previous Study there was a discussion of a possible South Pointe booster station that if built would have been utilized by the Satellite Cities. We confirmed with the City staff that the South Pointe booster station was never built.

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Sewer</b>										
Sanitary gravity sewer pipes (miles)	144	152	152	152	152	152	152	152	152	152
Force main pipes (miles)	21	21	21	21	21	21	21	21	21	21
Manholes	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293
Wastewater pump stations	23	23	23	23	23	23	23	23	23	23

Source: 2014 CAFR

The graph below shows the historic and budgeted wastewater flow treated by WASD and the sewer flow from the Satellite Cities. As can be seen from the chart, the volume has been relatively constant and the contribution by the Satellite Cities has also been stable. Please note that the total WASD volume was adjusted to remove sewer flow from the

City of North Bay Village, a previous wholesale customer of Miami Beach, which now pump their wastewater directly to WASD.



Based on this review, we believe that there have been no significant changes (if at all) in the facilities being shared between the City and the Satellite Cities. The City staff confirmed that the list of facilities identified in the previous Study is still valid.

Operating & Maintenance Costs:

We asked the City Staff for an updated estimate of the direct cost to operate Booster Station No. 28 and No. 29, which accepts the wastewater from the Satellite Cities and pump it to the WASD system. None was available. We believe that escalating the previously estimated operating cost of the booster stations is a reasonable estimate of today’s operating costs. The table below shows our estimate of FY16 O&M cost for Booster Station No 28 & 29. The proposed increase from \$0.098 per thousand gallons to \$0.115 represents an average of 2% annual increase since 2007 (8 years).

Calculation of Escalation of Wholesale Surcharge O&M Component:	Booster Station		
	No. 28	No.29	Total
Current O&M Charges (\$/1,000 Gallons) <sup>1</sup>	0.046	0.052	0.098
Inflation from September 2007 Through September 2014	14.9%	14.9%	14.9%
FY 2015 O&M Costs	0.053	0.060	0.113
Estimated CPI for FY15 <sup>4</sup>	2.1%	2.1%	2.1%
<b>FY 2016 O&amp;M Cost</b>	<b>0.054</b>	<b>0.061</b>	<b>0.115</b>

Notes:

- 1) Source: CDM City of Miami Beach 2007 Satellite City Wastewater Transmission Cost of Service Analysis Letter Report dated December 6, 2007 Tables 8 and 9.
- 2) Based on the change in Consumer Price Index All Urban Consumer - South Region All Items<sup>3</sup> from September 2007 (201.697) through September 2014 (231.762)
- 3) Source Bureau of Labor Statistics Consumer Price Index All Urban Consumer - South Region All Items, 1982-1984=100 - CUUR0300SA0 (<http://data.bls.gov/cgi-bin/surveymost?cu>)
- 4) Source Congressional Budget Office; Budget and Economic Outlook 2015-2025. Represents the average CPI projected increase from 2015 through 2019.

The table below shows the calculation of inflation factors.

Calculation of Escalation Factor	
(A) Consumer Price Index All Urban Consumer - South Region All Items <sup>1</sup> on September 2007	201.697
(B) Consumer Price Index All Urban Consumer - South Region All Items <sup>1</sup> on September 2014	231.762
(C) Change from September 2007 through September 2014 [ (B)/(A) - 1 ]	14.9%
(D) Estimated CPI for FY15 <sup>2</sup>	2.1%
(E) Total Inflation Adjustment From FY08 thru FY16	17.3%
Notes:	
1) Source Bureau of Labor Statistics Consumer Price Index All Urban Consumer - South Region All Items, 1982-1984=100 - CUUR0300SA0 ( <a href="http://data.bls.gov/cgi-bin/surveymost?cu">http://data.bls.gov/cgi-bin/surveymost?cu</a> )	
2) Source Congressional Budget Office; Budget and Economic Outlook 2015-2025. Represents the average CPI projected increase from 2015 through 2019.	

The previous Study’s methodology does not allocate administration, debt service or infiltration cost to wholesale customers.

Administration Costs:

We recommend that a portion of the City’s administration cost be allocated to the wholesale customers. The City has recently agreed with the City of Surfside to include 1.5% of revenues charge for administration cost. MSA agrees with the 1.5%.

Calculation of Administration Charge	
WASD Average Wholesale Rate	2.7879
O&M Charge for Booster Station No. 28	0.054
O&M Charge for Booster Station No. 29	0.061
(A) Sub-Total	2.903
Administration Charge [ (A) * 1.5% / ( 1 - 6.5% ) ]	0.047
Note: Gross-up factor of 6.5% include 1.5% Administration Charge and 5% Renewal & Replacement.	

Debt Service:

MSA reviewed the City’s bond document for currently outstanding debt. We were unable to identify funds raised through the existing debt that were specifically used to finance the shared facilities identified in the previous Study. No debt service cost should therefore be allocated to the Satellite Cities.

Infiltration:

With regards to infiltration costs; we do not recommend charging the Satellite Cities a portion of the cost associated with sewer system treatment costs due to infiltration. It is unlikely that the Satellite Cities will cause additional infiltration due to their volume passing through the City's system.

Renewal & Replacement (Depreciation):

The previous Study included an allocation of depreciation. Depreciation charges were based on an estimate of the replacement value for the facilities being shared by the Satellite Cities. The previous Study included the length and diameter of the shared forced main. Replacement value was estimated as \$3.93 per diameter inch per linear foot of force main. An estimate of the annual depreciation for each of the shared facilities was ascertained by assuming a 50 year useful life for force mains and 33 year useful life for pump stations.

The depreciation expense was then allocated to the City and the Satellite Cities based on their theoretical gallons per day flow during peak condition. Peak flows were estimated based on a previous assignment where hydraulic modeling was performed assuming the built out condition for Miami Beach. We find this analysis to be reasonable albeit theoretical.

MSA updated the previous Study by applying escalation rate discussed above to the replacement value estimates. Since the system has not changed noticeably, we assumed that the facilities and the allocation methodology (peak gpm) remain unchanged. The table below shows the results of our update. The depreciation component of the surcharge increases from the current 6.9 cents per thousand gallons to 8.5 cents.

CDM Methodology for Estimating Depreciation	Ba Harbor / Surfside	Bay Harbor	North Bay Village	Total Satellite Cities	Miami Beach	Total
<b>CDM 2007 Calculations:</b>						
Allocated Annual Depreciation For Shared Assets <sup>1</sup>	37,461	24,234	28,005	89,700	353,793	443,493
% of Total	8.4%	5.5%	6.3%	20.2%	79.8%	100.0%
Typical Annual Total Wastewater Flow (1,000 Gallons) <sup>2</sup>	456,960	329,196	519,612	1,305,768		
Charge for Depreciation to Satellite Cities (\$/1,000 Gallons)				0.069		
<b>MSA Update for FY2016:</b>						
Allocated Annual Depreciation For Shared Assets <sup>3</sup>	43,949	28,431	-	72,380	447,922	520,302
% of Total	8.4%	5.5%	0.0%	13.9%	86.1%	100.0%
Budgeted Annual Flow for Satellite Cities (1,000 Gallons)	535,183	226,091	-	761,274		
Charge for Depreciation to Satellite Cities (\$/1,000 Gallons)				0.095		
<b>Main Assumptions:</b>						
	<b>CDM 2007</b>		<b>MSA FY16</b>			
Capital cost for pipeline per diameter inch per linear foot	3.93		4.61			
Estimated construction cost for Booste Pump Station No.	5,277,694		6,191,740			
Estimated construction cost for Booste Pump Station No.	2,094,778		2,457,574			
<b>Notes:</b>						
1) CDM identified shared facilities used by the different Satellite Cities. The replacement value for each of the facilities was estimated. Useful life of 50 years was used to estimate the depreciation for pipelines; 33 years for pump stations. Annual depreciation was then allocated based on peak flows as estimated by CMB FM Hydraulic model.						
2) Typical flows from CDM study and represent the average for 2006/2007.						
3) Assumes no change in peak-flows or the inventory of shared facilities used by the Satellite Cities. North Bay Village is no longer a wholesale customer of Miami Beach.						
4) Escalated by 17.3% representing CPI change from September 2007 through September 2014 plus the estimated inflation for FY2015						

MSA recommends using a consistent methodology to recover renewal and replacement cost from all customers. We recommend using a 5% of revenue renewal and replacement charge instead of the previous Study's theoretical replacement value depreciation methodology. The table below shows our calculation of the renewal and replacement component of the surcharge. The depreciation component of the current rate would increase from 6.9 cents per thousand gallons to 15.5 cents.

Calculation of Renewal & Replacement:	Per 1000 Gallons
WASD Average Wholesale Rate	2.7879
O&M Charge for Booster Station No. 28	0.054
O&M Charge for Booster Station No. 29	0.061
Administration Charge	0.047
(A) Sub-Total	2.949
Renewal & Replacement [ (A) * 5% / ( 1 - 5% ) ]	0.155

WASD Treated Sewer Cost:

MSA recommends continuing the practice of treating WASD cost as a pass-through. WASD published its proposed wholesale wastewater rate in June. WASD anticipate the average FY16 WASD rate to increase to \$2.7879 per thousand gallons from the current \$2.56. The table below shows the calculation of the proposed increase.

Estimated WAST Sewer Treatment Costs per 1,000 Gallon for FY16	
Current FY15 Average WAST Rate per 1,000 gallons	2.56
WAST estimate of FY2016 adjustment	8.9%
FY16 WAST Sewer Treatment Cost per 1,000 gallons	<b>2.7879</b>
Note:	
1) Proposed wholesale wastewater rates for 2015-16: wet season of \$3.1364 per 1,000 gallons and \$2.4394 per 1,000 gallons for the dry Season (Source Black & Veatch presentation 6/17/2015)	

In summary, the current surcharge component of the wholesale rate has not been adjusted since 2008. We recommend the following update to the wholesale rate:

- Increase the WAST pass-through component by 8.9% for anticipated cost increase.
- Update the Operating & Maintenance component of the surcharged from 9.8 cents per thousand gallons to 11.5 cents to account for inflation from FY08 through FY16.
- Implement a 5% of Satellite City revenue for renewal and replacement instead of the theoretical replacement value depreciation approach used in the previous Study. Renewal and replacement charge would be 14.7 cents per thousand gallons (compared to the current 6.9 cents established in FY08).
- Includes 1.5% of Satellite City revenue for administration costs (4.4 cents per thousand gallons).
- No debt service or infiltration cost should be added to the wholesale surcharge.
- Wholesale charges would increase to \$2.943 per thousand gallons from the FY15 charge of \$2.727.
- The surcharge component of wholesale rate will contribute \$241,172 to the City's fixed costs; up from the current \$127,133 for the estimated flow utilized in the budget revenue projections of 761,273.85 thousand gallons.

The table below shows the components of our proposed rate and existing wholesale rate.

Summary of Results: Proposed Charge per 1,000 gallons to Satellite Cities	ACTUAL			Proposed by MSA
	2005	2007	2015	
WAST Pass-Through Cost	1.700	1.800	2.560	2.7879
O&M Charge - Booster Station No. 28	0.0420	0.0460	0.0460	0.0540
O&M Charge - Booster Station No. 29	0.0470	0.0520	0.0520	0.0610
Depreciation (CDM Methodology)	0.0520	0.0690	0.0690	
Administration Fee (1.5%)	-	-	-	0.0466
Renewal & Replacement (5% of Revenues)				0.1552
Total Surcharge	0.1410	0.1670	0.1670	0.3168
Wholesale Tariff for Satellite Cities	1.841	1.967	2.727	3.105
Annual Increase - All in Tariff		3.4%	4.8%	13.8%

## Budgeted Satellite Cities Revenues

The City budgeted \$2.136 million in revenues for FY16 from the Satellite Cities. The budget was prepared prior to WASD announcing their proposed FY16 wholesale wastewater rate. The City assumed a 3% increase instead of the proposed 8.9% increase in WASD wastewater wholesale rate. Also, the City did not have an estimate of the true-up amount when they prepared their budget. The City now estimated that the Satellite Cities owes \$157,667 WASD true-up amount for FY14. The table below shows the calculation of the budgeted amount and the proposed revenues using the more current information and MSA propose increase in the surcharge.

Satellite Cities Revenues	As Budgeted	Proposed
FY16 Volume (thousand gall)	761,273.8	761,273.8
FY16 WASD Rate	2.639	2.788
City's Surcharge	0.167	0.317
	<u>2.806</u>	<u>3.105</u>
WASD Pass-Through	2,009,276	2,122,355
Surcharge	127,133	241,172
<b>Gross revenues (FY16)</b>	<b>2,136,408</b>	<b>2,363,527</b>
WASD True-up (Debit FY14)	-	157,667
<b>FY16 Budgeted Revenues</b>	<b>2,136,408</b>	<b>2,521,194</b>

## Calculation of Revenue Requirements

Appendix 3 shows the detailed calculation of required revenues for water service. We estimate that cost of providing water service in FY16 to customers of the City is \$33.35 million. Other revenue is expected to contribute \$0.65 million of the total revenue requirements and the remainder, \$32.70 million, needs to be recovered through user fees.

### Water

In calculating the required revenues, we used the City's proposed FY16 budget as our starting point. We made certain adjustments to the budget as discussed below:

- Budget items are generally budgeted by type of service (water and wastewater). For utility penalties and interest income, we allocated those items to water and wastewater service equally.
- Added the estimated quarterly debt service of \$806,675 (\$3,226,699 annually) associated with the proposed \$50 million bond issuance to finance CIP. 65.7% of debt service was allocated to water and the rest to wastewater. 65.7% correspond to water projects in the CIP.
- Assumed two quarterly payment associated with the \$50 million bond issuance in FY16 (\$1,059,780 for water).
- Debt service for outstanding bonds was allocated to water and wastewater based on the intended use of the proceeds and as budgeted by the City.
- Debt service for the equipment loan was allocated equally to water and wastewater.

- Added interest income associated unspent proceeds associated with the \$50 million bond issuance assuming 0.25% interest rate.
- Included a 5% contingency on WASD costs, Personnel Services excluding OPEB – PAYGO, operating supplies, contractual services (other than DERM), utilities (electricity, telecommunication, etc.), internal charges and other operating costs instead of the budgeted amount by the City.
- Included the 7.5% DERM fee based on current year user fee revenues instead of prior year user fees as budgeted by the City, so that the liability for DERM fee is included in the year that cost was incurred.
- Similarly, MSA included a 5% revenue allowance on the current year user fee instead of the revenue allowance budgeted by the City.
- Incorporated a 2.1% inflation factor to expenses (including WASD) and other income (excluding interest income). The 2.1% represents the average inflation from FY15 through FY19 estimated by the Congressional Budget Office in their “The Budget and Economic Outlook 2015 – 2025” Dated January 2015.
- We excluded the non-recurring WASD true-up credit of \$3.26 million from the calculation of revenue requirements. The anticipated rate by WASD represents the best available estimate of the cost of service for purchased water. We treated the WASD true-up credit as a funding source.

As shown on Appendix 3, the annual revenue requirement to be recovered from user fees in FY16 is \$ 32,700,875. The City budgeted 7,036,383 thousand gallons of water will be sold in FY16. This translates to a required rate of \$4.65 per thousand gallons (\$32.70 million divided by 7,036,383 thousand gallons). The \$4.65 per thousand-gallon rate is 4.9% higher than the current \$4.43 per thousand-gallon rate.

Appendix 4 shows our detailed calculation of required revenues for wastewater service. We estimate that the cost of providing wastewater disposal service in FY16 to customers of the City is \$48.07 million. Other revenue is expected to contribute \$3.04 million of the total revenue requirements (including \$2.5 million from Satellite Cities) and the rest; \$45.03 million needs to be recovered through user fees.

#### Wastewater

Similar to our calculation of required water revenues, we used the City’s proposed FY16 budget as our starting point. We made certain adjustments to the budget as discussed below:

- Budget items are generally budgeted by type of service (water and wastewater). For utility penalties and interest income, we allocated them to water and wastewater service equally.
- Added estimated quarterly debt service of \$806,675 (\$3,226,699 annually) associated with the proposed \$50 million bond issuance to finance CIP. 34.3% of debt service was allocated to wastewater and the rest to waste. 34.3% correspond to wastewater projects in the CIP.
- Debt service for outstanding bonds was allocated to water and wastewater based on the original use of the proceeds and as budgeted by the City.

- Assumed two quarterly payment associated with the \$50 million bond issuance in FY16 (\$553,570 for wastewater).
- Debt service for the equipment loan was allocated equally to water and wastewater.
- Added interest income associated un-spent proceed associated with the \$50 million bond issuance assuming 0.25% interest rate.
- MSA computed a 5% contingency on WASD costs, Personnel Services excluding OPEB – PAYGO, operating supplies, contractual services (other than DERM), utilities (Electricity, telecommunication, etc.), internal charges and other operating costs instead of the budgeted amount by the City.
- MSA computes the 7.5% DERM fee based on current year user fee revenues instead of prior year user fees as budgeted by the City. It is more appropriate to compute the liability for DERM fee in the year that cost was incurred.
- Similarly, MSA computes a 5% revenue allowance on current year user fee instead of the revenue allowance budgeted by the City.
- We applied a 2.1% inflation factor to expenses (including WASD) and other income (excluding interest income). The 2.1% represents the average inflation from FY15 through FY19 estimated by the Congressional Budget Office in their “The Budget and Economic Outlook 2015 – 2025” Dated January 2015.
- We adjusted the volume of water to be treated by WASD to be consistent with the budgeted 8,254,688 thousand gallons in FY15. The City budgeted 8,475,257 thousand gallons which significantly increased the assumed infiltration amount. Our estimated WASD wastewater treatment expense is \$23.01 million (the City had budgeted \$23.63 million see above).
- We excluded the non-recurring WASD true up owed by the city of \$1.50 million from the calculation of revenue requirements. The anticipated rate from WASD represents the best available estimate of the cost of service for wastewater disposal service.
- We reduced wastewater other operating expense by \$1.95 million for non-recurring items. The discussed above, the City budgeted \$2.27 million for FY16.

As shown on Appendix 4, the annual revenue requirement to be recovered from user fees in FY16 is \$ 45,032,066. The City budgeted 5,489,904 thousand gallons of water will be sold in FY16. This translates to a required rate of \$8.20 per thousand gallons (\$45.03 million divided by 5,489,904 thousand gallons). The \$8.22 per thousand-gallon rate is 8.7% higher than the current \$7.55 per thousand-gallon rate. The increase percentage is roughly equal to the 8.9% WASD increase.

## Recommendations

The City’s customer base has been relatively stable since FY01. Sales volume for water and wastewater has also fluctuated within a relatively narrow band. Increases in costs due to inflation, increases in WASD wholesale rates, changes in scheduled debt service for existing bonds and issuance of new revenue bonds to finance the proposed FY16 CIP are contributing to the need to increase rates. As the cost to provide service to its

customer rises while the sales volume remains relatively constant, the end result is higher per thousand-gallon rate.

MSA reviewed the current charges to Satellite Cities for transporting their wastewater to WASD. Whilst the WASD cost is adjusted annually as a pass-through to the Satellite Cities, the \$0.167 surcharged by the City has not been adjusted since FY08. We recommend updating the operating and maintenance expense with shared facilities with the Satellite Cities for inflation since FY08. We also recommend adding administrative cost of 1.5% of Satellite Cities revenues and adding a renewal and replacement provision of 5% of the Satellite Cities revenues instead of the previously used depreciation approach (see above).

As discussed throughout this report, we have estimated the required water and wastewater rates to cover the budgeted FY16 expenses; debt service of existing bonds and the anticipated new \$50 million bond issuance. MSA recommends the following increases in rates:

- Increase water rates by 4.9% to \$4.65 per thousand gallons from the current \$4.43 per thousand gallons for FY16.
- Wastewater rates should be increased by 8.9% to \$8.22 per thousand gallons from the current \$7.55 per thousand gallons for FY16. The proposed increase is slightly higher than the MSA computed required rate of \$8.20 per thousand gallons, however, it is consistent with the Commission practice of annual increase tied to WASD wholesale rate increase (Ordinance 2014-3898).
- We recommend the City increase the surcharge to the Satellite Cities from \$0.167 per thousand gallons to \$0.3168 per thousand gallons. We also recommend the City continue the practice of passing through WASD wholesale wastewater rates to the Satellite cities. Our recommended total rate for the Satellite Cities in FY16 is \$3.105 per thousand gallons (WASD rate of \$2.7879 plus \$0.3168 surcharge), up from the current \$2.727.

As shown on Appendix 3 and 4 of this report, future rate increases are likely to be required to cover a) future increases in operating, maintenance and administrative costs, b) full year debt service associated with the proposed \$50 million bond issuance (starting in FY17, FY16 assumes half year debt service due to the issuance timing) and c) additional increases in WASD rates. MSA recommends the City evaluate the need for rate increases on an annual basis. Also, MSA recommends to the extent possible, the City evaluate ways to reduce the rate of growth in operating costs.

## Projections

The chart below shows the combined water and wastewater projection for FY16 through FY20 assuming MSA's recommended rate increases discussed above is implemented in

FY16. For FY17 through FY20 we have assumed a 2.1% escalation of expenses and other revenues. Debt service for existing bonds and equipment loan are the contractual amounts. Tariff increase for FY17 through FY20 are those computed in Appendix 3 and 4 of this report.

The chart also shows the projected funding plan for capital expenditures and the resulting cash balance. Our beginning cash balance was estimate by taking the unrestricted cash as of September 30, 2014 of \$41.99 million, adding the water and wastewater rate stabilization fund of \$9.25 million, adding OBPI 2<sup>nd</sup> quarter projected surplus / (deficit) of \$0.98 million and subtracting capital expenditures of \$1.34 million. The opening balance is estimated to be \$50.89 million (see below).

UNRESTRICTED CASH BALANCE	Balance	Account Number
Sun Trust - Pooled Cash	416,903	422-7000-101-025
Sun Trust - Pooled Cash	26,198,333	425-7000-101-025
Cash - Restricted (11% Contingency)	5,903,260	425-7000-159-110
Cash - Restricted (6% Contingency)	3,219,960	425-7000-159-111
Cash - Capital Project Reserves (Water)	3,126,604	425-7000-159-115
Cash - Capital Project Reserves (Sewer)	3,126,604	425-7000-159-117
<b>Unrestricted cash balance per CAFR on 9/30/2014</b>	<b>41,991,664</b>	
Cash - Rate Stabilization (Water)	7,765,601	425-7000-159-114
Cash - Rate Stabilization (Sewer)	1,488,725	425-7000-159-116
<b>Total Unrestricted cash &amp; rate stabilization cash (9/14)</b>	<b>51,245,990</b>	
OBPI Q2 projected water surplus / (deficit)	981,000	
OBPI Q2 projected sewer surplus / (deficit)	-	
Less OBPI Q2 capital expenditures - Water	(611,000)	
Less OBPI Q2 capital expenditures - Sewer	(730,000)	
<b>Unrestricted &amp; rate stabilization cash balance (9/15)</b>	<b>50,885,990</b>	

Finally the table shows the projected debt service coverage for all outstanding debt, which is in excess of the City's target 1.20x coverage every year.

Combined water and wastewater services	FY16	FY17	FY18	FY19	FY20
<b>REVENUES</b>					
User fees - Miami Beach water customers	32,700,875	35,740,856	36,331,703	36,923,079	37,544,778
Water minimum and adjustments	1,739,375	1,901,073	1,932,501	1,963,956	1,997,025
User fees - Miami Beach wastewater customers	45,137,716	48,408,590	49,200,764	50,005,457	50,867,619
Wastewater adjustments	(1,692,987)	(1,815,668)	(1,845,380)	(1,875,562)	(1,907,899)
Revenue allowance - water & wastewater	(3,894,249)	(4,211,743)	(4,280,979)	(4,350,847)	(4,425,076)
Satellite cities - wholesale services (inc. WASD Credit)	2,521,194	2,413,162	2,463,863	2,515,553	2,568,386
Other revenues - water & wastewater	784,000	800,464	817,274	834,436	851,960
<b>Total Revenues</b>	<b>77,295,923</b>	<b>83,236,734</b>	<b>84,615,745</b>	<b>86,016,074</b>	<b>87,496,792</b>
<b>OPERATING COSTS</b>					
Purchased water from Miami Dade County	12,938,024	13,209,602	13,487,150	13,770,665	14,050,150
Wastewater treatment service - Miami Dade County	23,013,243	23,496,143	23,989,773	24,493,309	25,007,576
DERM	5,841,373	6,317,614	6,421,469	6,526,270	6,637,614
Personnel services	9,201,000	9,394,221	9,591,500	9,792,921	9,998,572
Operating supplies	41,000	41,861	42,740	43,638	44,554
Contractual services (other than WASD)	1,897,720	1,937,572	1,978,261	2,019,805	2,062,221
Utilities	895,000	913,795	932,985	952,577	972,581
Internal charges	2,649,000	2,704,629	2,761,426	2,819,416	2,878,624
Other operating costs	574,280	586,340	598,653	611,225	624,050
Contingency	2,530,213	2,583,323	2,637,591	2,692,982	2,749,545
<b>Total Operating costs</b>	<b>59,580,854</b>	<b>61,185,100</b>	<b>62,441,547</b>	<b>63,722,807</b>	<b>65,035,498</b>
<b>OPERATING INCOME (LOSS)</b>	<b>17,715,069</b>	<b>22,051,635</b>	<b>22,178,198</b>	<b>22,293,266</b>	<b>22,461,294</b>
<b>NON-OPERATING COSTS / (INCOME)</b>					
Interest income - Cash balance and reserves	(290,000)	(290,000)	(290,000)	(290,000)	(290,000)
Interest income - bond proceeds	(91,804)	(97,710)	(129,551)	(7,540)	(3,395)
Debt service on existing debt	9,123,114	11,487,430	11,447,081	11,413,252	11,427,318
Debt service on planned issuance	1,613,350	3,226,699	3,226,699	3,226,699	3,226,699
Administration fee	3,379,000	3,449,999	3,522,408	3,596,379	3,671,903
Renewal and replacement	3,894,249	4,211,743	4,280,979	4,350,847	4,425,076
<b>Total non-operating costs / (income)</b>	<b>17,627,909</b>	<b>22,048,120</b>	<b>22,174,626</b>	<b>22,289,696</b>	<b>22,457,601</b>
<b>SURPLUS / (DEFICIT)</b>	<b>87,161</b>	<b>3,514</b>	<b>3,572</b>	<b>3,630</b>	<b>3,693</b>
Debt service coverage ratio	1.65x	1.50x	1.51x	1.52x	1.53x
<b>CAPITAL IMPROVEMENT PROGRAM</b>					
Renewal & replacement	3,894,249	4,211,743	4,280,979	4,350,847	4,425,076
20-Inch Water Line Replacement	-	2,311,000	-	-	-
Automated Water Meters Program	250,000	-	-	-	-
City Center Water Main Upgrades	3,696,000	-	-	-	-
Citywide Test Well Monitoring	140,000	140,000	140,000	140,000	-
Citywide Water and Sewer Main Assessment	890,000	800,000	-	-	-
County "DERM" & EPA Consent Decree PM Sv	400,000	400,000	400,000	-	500,000
Flamingo Neighborhood - Bid Pack A	-	1,606,000	1,078,000	-	-
Flamingo Neighborhood - Bid Pack C	379,000	-	1,331,000	-	1,148,000
Infiltration & Inflow Program - Phase 3	2,855,000	-	-	-	-
Misc. Wastewater and Water Upgrades	2,000,000	2,000,000	-	-	-
North Beach Town Center Complete Streets	-	-	-	-	319,000
North Shore Neighborhood Improvements	3,055,000	-	-	-	-
Sewer Pump Variable Frequency Drive Rplc	160,000	160,000	160,000	160,000	1,000,000
Sunset Harbour Neighborhood Improvements	3,200,000	-	-	-	-
Upsizing Sewer Main Pump	250,000	-	-	-	-
Utilities Relocations for State projects	-	-	-	-	3,000,000
Water Main Rehabilitation - Flamingo	-	6,431,000	-	-	-
Water Main Rehabilitation - La Gore	1,223,000	731,000	-	-	-
Water Main Rehabilitation - Nautika	1,849,000	1,839,000	-	-	-
Water Mains - Painting Program	300,000	300,000	300,000	300,000	-
West Avenue/Day Road Improvements	6,000,000	-	-	-	-
<b>Total Capital Improvement Program</b>	<b>30,451,249</b>	<b>20,929,743</b>	<b>7,689,979</b>	<b>4,950,847</b>	<b>10,392,076</b>
<b>FUNDING</b>					
WASD credit / debit	1,752,000	-	-	-	-
Transfer-in new bond issuance	26,557,000	16,718,000	3,409,000	600,000	2,716,000
Transfer-in renewal and replacement	3,894,249	4,211,743	4,280,979	4,350,847	4,425,076
Transfer-in to fund deficit	1,419,839	-	-	-	3,247,307
Transfer-out surplus	(3,259,000)	(3,514)	(3,572)	(3,630)	-
<b>Total funding</b>	<b>30,364,088</b>	<b>20,926,228</b>	<b>7,686,408</b>	<b>4,947,216</b>	<b>10,388,383</b>
<b>SURPLUS / (DEFICIT) after CIP and Transfers</b>	<b>(87,161)</b>	<b>(3,514)</b>	<b>(3,572)</b>	<b>(3,630)</b>	<b>(3,693)</b>
<b>UNRESTRICTED &amp; RATE STABILIZATION CASH BALANCE</b>					
Beginning Balance	50,885,990	52,725,151	52,728,665	52,732,237	52,735,867
Transfer-in renewal & replacement funding	3,894,249	4,211,743	4,280,979	4,350,847	4,425,076
Transfer-out renew & rep. water expenditures	(1,722,012)	(1,882,096)	(1,913,210)	(1,944,352)	(1,977,090)
Transfer-out renew & rep. sewer expenditures	(2,172,236)	(2,329,646)	(2,367,769)	(2,406,495)	(2,447,986)
Transfer-in water surplus	3,259,000	-	-	-	-
Transfer-out water deficit	-	-	-	-	-
Transfer-in wastewater surplus	-	3,514	3,572	3,630	-
Transfer-out wastewater deficit	(1,419,839)	-	-	-	(3,247,307)
Ending Balance	<b>52,725,151</b>	<b>52,728,665</b>	<b>52,732,237</b>	<b>52,735,867</b>	<b>49,488,560</b>
Average Balance	51,805,570	52,726,908	52,730,451	52,734,052	51,112,213
<b>NEW BOND ISSUANCE</b>					
Beginning Balance	-	23,443,000	6,725,000	3,316,000	2,716,000
Bond Issuance	50,000,000	-	-	-	-
Transfer out - water	(16,368,400)	(14,045,600)	(1,815,400)	(370,000)	(2,380,200)
Transfer out - sewer	(10,188,600)	(2,672,400)	(1,593,600)	(230,000)	(335,800)
Ending Balance	<b>23,443,000</b>	<b>6,725,000</b>	<b>3,316,000</b>	<b>2,716,000</b>	<b>-</b>
Average Balance	36,721,500	15,084,000	5,020,500	3,016,000	1,358,000

The table below shows the projections for water.

Water service	FY16	FY17	FY18	FY19	FY20
<b>REVENUES</b>					
User fees - Miami Beach water customers	32,700,875	35,740,856	36,331,703	36,923,079	37,544,778
Water minimum and adjustments	1,739,375	1,901,073	1,932,501	1,963,956	1,997,025
User fees - Miami Beach wastewater customers	-	-	-	-	-
Wastewater adjustments	-	-	-	-	-
Revenue allowance - water	(1,722,012)	(1,882,096)	(1,913,210)	(1,944,352)	(1,977,090)
Satellite cities - wholesale services (inc. WASD Credit)	-	-	-	-	-
Other revenues - water	440,000	449,240	458,674	468,306	478,141
<b>Total Revenues</b>	<b>33,158,237</b>	<b>36,209,073</b>	<b>36,809,668</b>	<b>37,410,990</b>	<b>38,042,853</b>
<b>OPERATING COSTS</b>					
Purchased water from Miami Dade County	12,938,024	13,209,602	13,487,150	13,770,665	14,060,150
Wastewater treatment service - Miami Dade County	-	-	-	-	-
DERM	2,583,019	2,823,145	2,869,815	2,916,528	2,965,635
Personnel services	5,633,000	5,751,293	5,872,070	5,995,384	6,121,287
Operating supplies	24,000	24,504	25,019	25,544	26,080
Contractual services (other than WASD)	1,354,720	1,383,169	1,412,216	1,441,872	1,472,152
Utilities	321,000	327,741	334,624	341,661	348,825
Internal charges	1,303,000	1,330,363	1,358,301	1,386,825	1,415,948
Other operating costs	250,280	255,536	260,902	266,381	271,975
Contingency	1,072,801	1,095,324	1,118,333	1,141,832	1,165,826
<b>Total Operating costs</b>	<b>25,479,844</b>	<b>26,200,677</b>	<b>26,738,429</b>	<b>27,286,682</b>	<b>27,847,878</b>
<b>OPERATING INCOME (LOSS)</b>	<b>7,678,393</b>	<b>10,008,395</b>	<b>10,071,239</b>	<b>10,124,308</b>	<b>10,194,974</b>
<b>NON-OPERATING COSTS / (INCOME)</b>					
Interest income - Cash balance and reserves	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)
Interest income - bond proceeds	(60,304)	(24,771)	(8,245)	(4,953)	(2,230)
Debt service on existing debt	3,622,906	4,666,452	4,649,944	4,636,202	4,638,351
Debt service on planned issuance	1,059,780	2,119,559	2,119,559	2,119,559	2,119,559
Administration fee	1,479,000	1,510,059	1,541,770	1,574,147	1,607,205
Renewal and replacement	1,722,012	1,882,096	1,913,210	1,944,352	1,977,090
<b>Total non-operating costs / (income)</b>	<b>7,678,393</b>	<b>10,008,395</b>	<b>10,071,239</b>	<b>10,124,308</b>	<b>10,194,974</b>
<b>SURPLUS / (DEFICIT)</b>					
Debt service coverage ratio	1.64x	1.47x	1.49x	1.50x	1.51x
<b>CAPITAL IMPROVEMENT PROGRAM</b>					
Renewal & replacement	1,722,012	1,882,096	1,913,210	1,944,352	1,977,090
20-Inch Water Line Replacement	-	2,311,000	-	-	-
Automated Water Meters Program	250,000	-	-	-	-
City Center Water Main Upgrades	3,696,000	-	-	-	-
Citywide Test Well Monitoring	70,000	70,000	70,000	70,000	-
Citywide Water and Sewer Main Assessment	400,000	400,000	-	-	-
County "DERM" & EPA Consent Decree PM 5v	-	-	-	-	-
Fleming Neighborhood - Bid Pack A	-	963,600	646,800	-	-
Fleming Neighborhood - Bid Pack C	227,400	-	798,600	-	688,800
Infiltration & Inflow Program - Phase 3	-	-	-	-	-
Misc. Wastewater and Water Upgrades	1,000,000	1,000,000	-	-	-
North Beach Town Center Complete Streets	-	-	-	-	191,400
North Shore Neighborhood Improvements	1,833,000	-	-	-	-
Sewer Pump Variable Frequency Drive Rpic	-	-	-	-	-
Sunset Harbour Neighborhood Improvements	1,920,000	-	-	-	-
Upsizing Sewer Main Pump	-	-	-	-	-
Utilities Relocations for State Projects	-	-	-	-	1,500,000
Water Main Rehabilitation - Fleming	-	6,431,000	-	-	-
Water Main Rehabilitation - La Gorce	1,223,000	731,000	-	-	-
Water Main Rehabilitation - Nautilus	1,849,000	1,839,000	-	-	-
Water Mains - Painting Program	300,000	300,000	300,000	300,000	-
West Avenue/Bay Road Improvements	3,600,000	-	-	-	-
<b>Total Capital Improvement Program</b>	<b>18,090,412</b>	<b>15,927,696</b>	<b>3,728,610</b>	<b>2,314,352</b>	<b>4,357,290</b>
<b>FUNDING</b>					
WASD credit / debit	3,259,000	-	-	-	-
Transfer-in new bond issuance	16,368,400	14,045,600	1,815,400	370,000	2,380,200
Transfer-in renewal and replacement	1,722,012	1,882,096	1,913,210	1,944,352	1,977,090
Transfer-in to fund deficit	-	-	-	-	-
Transfer-out surplus	(3,259,000)	-	-	-	-
<b>Total funding</b>	<b>18,090,412</b>	<b>15,927,696</b>	<b>3,728,610</b>	<b>2,314,352</b>	<b>4,357,290</b>
<b>SURPLUS / (DEFICIT) after CIP and Transfers</b>					

Wastewater projections are shown in the table below.

Wastewater service	FY16	FY17	FY18	FY19	FY20
<b>REVENUES</b>					
User fees - Miami Beach water customers	-	-	-	-	-
Water minimum and adjustments	-	-	-	-	-
User fees - Miami Beach wastewater customers	45,137,716	48,408,590	49,200,764	50,005,457	50,867,619
Wastewater adjustments	(1,692,987)	(1,815,668)	(1,845,380)	(1,875,562)	(1,907,899)
Revenue adjustments - wastewater	(2,172,236)	(2,329,646)	(2,367,769)	(2,406,495)	(2,447,986)
Satellite cities - wholesale services (Inc. WASD Credit)	2,521,194	2,413,162	2,463,863	2,515,553	2,568,386
Other revenues - wastewater	344,000	351,224	358,600	366,130	373,819
<b>Total Revenues</b>	<b>44,137,686</b>	<b>47,027,662</b>	<b>47,810,077</b>	<b>48,605,084</b>	<b>49,453,939</b>
<b>OPERATING COSTS</b>					
Purchased water from Miami Dade County	-	-	-	-	-
Wastewater treatment service - Miami Dade County	23,013,243	23,496,143	23,989,773	24,493,309	25,007,576
DERM	3,258,355	3,494,469	3,551,654	3,609,742	3,671,979
Personnel services	3,568,000	3,642,928	3,719,429	3,797,538	3,877,286
Operating supplies	17,000	17,357	17,721	18,094	18,474
Contractual services (other than WASD)	543,000	554,403	566,045	577,932	590,069
Utilities	574,000	586,054	598,361	610,927	623,756
Internal charges	1,346,000	1,374,266	1,402,126	1,432,591	1,462,676
Other operating costs	324,000	330,804	337,751	344,844	352,085
Contingency	1,457,412	1,487,999	1,519,257	1,551,149	1,583,719
<b>Total Operating costs</b>	<b>34,101,010</b>	<b>34,984,423</b>	<b>35,709,118</b>	<b>36,436,125</b>	<b>37,187,619</b>
<b>OPERATING INCOME (LOSS)</b>	<b>10,036,676</b>	<b>12,043,239</b>	<b>12,106,959</b>	<b>12,168,959</b>	<b>12,266,319</b>
<b>NON-OPERATING COSTS / (INCOME)</b>					
Interest income - Cash balance and reserves	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)
Interest income - bond proceeds	(31,500)	(12,939)	(4,307)	(2,587)	(1,165)
Debt service on existing debt	5,500,209	6,820,978	6,797,147	6,777,050	6,788,967
Debt service on planned issuance	553,570	1,107,140	1,107,140	1,107,140	1,107,140
Administration fee	1,900,000	1,939,900	1,980,638	2,022,231	2,064,698
Renewal and replacement	2,172,236	2,329,646	2,367,769	2,406,495	2,447,986
<b>Total non-operating costs / (income)</b>	<b>9,949,515</b>	<b>12,099,725</b>	<b>12,103,887</b>	<b>12,165,329</b>	<b>12,262,627</b>
<b>SURPLUS / (DEFICIT)</b>	<b>87,161</b>	<b>3,514</b>	<b>3,572</b>	<b>3,630</b>	<b>3,693</b>
Debt service coverage ratio	1.66x	1.52x	1.53x	1.54x	1.55x
<b>CAPITAL IMPROVEMENT PROGRAM</b>					
Renewal & replacement	2,172,236	2,329,646	2,367,769	2,406,495	2,447,986
20-Inch Water Line Replacement	-	-	-	-	-
Automated Water Meters Program	-	-	-	-	-
City Center Water Main Upgrades	-	-	-	-	-
Citywide Test Well Monitoring	70,000	70,000	70,000	70,000	-
Citywide Water and Sewer Main Assessment	400,000	400,000	-	-	-
County DERM & EPA Consent Decree PM Sv	400,000	400,000	400,000	-	500,000
Flamingo Neighborhood - Bid Pack A	-	642,400	431,200	-	-
Flamingo Neighborhood - Bid Pack C	151,600	-	532,400	-	459,200
Infiltration & Inflow Program - Phase 3	2,855,000	-	-	-	-
Misc. Wastewater and Water Upgrades	1,000,000	1,000,000	-	-	-
North Beach Town Center Complete Streets	-	-	-	-	127,600
North Shore Neighborhood Improvements	1,222,000	-	-	-	-
Sewer Pump Variable Frequency Drive Rplc	160,000	160,000	160,000	160,000	1,000,000
Sunset Harbour Neighborhood Improvements	1,280,000	-	-	-	-
Upsizing Sewer Main Pump	250,000	-	-	-	-
Utilities Relocations for State Projects	-	-	-	-	1,500,000
Water Main Rehabilitation - Flamingo	-	-	-	-	-
Water Main Rehabilitation - La Gorce	-	-	-	-	-
Water Main Rehabilitation - Nautilus	-	-	-	-	-
Water Mains - Painting Program	-	-	-	-	-
West Avenue/Bay Road Improvements	2,400,000	-	-	-	-
<b>Total Capital Improvement Program</b>	<b>12,360,836</b>	<b>5,002,046</b>	<b>3,961,369</b>	<b>2,636,495</b>	<b>6,034,786</b>
<b>FUNDING</b>					
WASD credit / debit	(1,507,000)	-	-	-	-
Transfer-in new bond issuance	10,188,600	2,672,400	1,593,600	230,000	335,800
Transfer-in renewal and replacement	2,172,236	2,329,646	2,367,769	2,406,495	2,447,986
Transfer-in to fund deficit	1,419,839	-	-	-	3,247,307
Transfer-out surplus	-	(3,514)	(3,572)	(3,630)	-
<b>Total funding</b>	<b>12,273,676</b>	<b>4,998,532</b>	<b>3,957,797</b>	<b>2,632,865</b>	<b>6,031,093</b>
<b>SURPLUS / (DEFICIT) after CIP and Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Customer Bill Impact

The table below shows the monthly bill for water and wastewater at two different consumption levels (11,000 and 5,000 gallons per month).

The monthly water bill for a water customer that consumes 11,000 gallons per month would increase by \$2.42. The wastewater bill for the same customer would increase by \$7.37 for a combined increase of \$9.79.

Similarly, the monthly water bill for a water customer that consumes 5,000 gallons per month would increase by \$1.10. The wastewater bill for the same customer would increase by \$3.35 for a combined increase of \$4.45 (see table below).

11,000 Gallon Customer	Water	Wastewater	Combined
Monthly bill using current rate	48.73	83.05	131.78
Monthly bill using proposed rate	51.15	90.42	141.57
Increase	2.42	7.37	9.79
5,000 Gallon Customer	Water	Wastewater	Combined
Monthly bill using current rate	22.15	37.75	59.90
Monthly bill using proposed rate	23.25	41.10	64.35
Increase	1.10	3.35	4.45
Rates per thousand gallons	Water	Wastewater	
Current Rate	4.43	7.55	
Proposed Rate	4.65	8.22	

Appendix 1: Actual and Budgeted Expenses

Account Number	Income Statement	Actual 9/30/11	Actual 9/30/12	Actual 9/30/13	Actual 9/30/14	YTD Actual 3/31/15	Adopted Budget 2015	Q2 08PI Proj 2015	Proposed FY16
<b>AL</b>	<b>Administrative Fees</b>	<b>3,092,416</b>	<b>2,894,979</b>	<b>3,143,000</b>	<b>3,087,000</b>	<b>1,689,500</b>	<b>3,379,000</b>	<b>3,379,000</b>	<b>3,379,000</b>
322 - 100	Water - Administration Fee	1,325,906	1,430,425	1,502,000	1,389,000	739,500	1,479,000	1,479,000	1,479,000
322 - 110	Sewer - Administration Fee	1,766,510	1,464,554	1,641,000	1,698,000	950,000	1,900,000	1,900,000	1,900,000
<b>DA</b>	<b>Personnel Service</b>	<b>6,796,458</b>	<b>6,792,588</b>	<b>6,445,657</b>	<b>8,337,856</b>	<b>3,854,936</b>	<b>8,632,000</b>	<b>8,798,000</b>	<b>9,201,000</b>
000 - 111	Water - Salaries and Wages	2,621,664	2,638,850	2,638,442	2,546,621	1,339,328	2,742,200	2,852,000	2,926,000
000 - 132	Water - Shift Differential	3,285	3,343	3,857	3,644	2,061	4,000	5,000	4,000
000 - 133	Water - Sleepjack	-	47	24	25	21	1,000	1,000	1,000
000 - 134	Water - Overtime	181,944	140,091	194,837	181,752	81,472	167,000	163,000	167,000
000 - 138	Water - Holiday Pay - Overtime	11,059	14,313	16,312	16,653	18,314	15,000	37,500	15,000
000 - 139	Water - Work Above Classification	8,005	2,432	3,146	4,395	4,247	5,000	9,000	5,000
000 - 153	Water - Allowances	194,972	207,877	225,510	227,764	132,043	215,000	265,000	267,000
000 - 154	Water - Uniform	19,389	20,882	17,902	17,198	5,595	27,000	27,300	27,000
000 - 159	Water - Transfer - Pension Obligation	-	-	-	-	-	-	-	-
000 - 160	Water - 401A Pension Contribution	10,921	11,317	11,498	11,613	6,631	12,000	13,000	17,000
000 - 161	Water - Retirement Contribution - Pension	482,592	558,660	669,623	802,000	408,000	812,000	813,000	812,000
000 - 162	Water - Health & Life Insurance	269,788	314,151	288,033	353,565	216,726	430,640	450,000	513,000
000 - 163	Water - Workmen's Compensation Pay	36,954	36,954	36,954	37,330	15,417	37,800	31,000	37,000
000 - 164	Water - FICA	1,350	712	1,721	-	-	2,000	-	2,000
000 - 165	Water - Social Security - Medicare	36,850	36,853	-	37,773	20,444	40,160	42,000	43,000
000 - 167	Water - OPEB Contribution	301,425	304,134	37,840	74,175	-	365,000	365,000	365,000
000 - 168	Water - OPEB pay-as-you-go	-	-	82,767	855,700	184,900	368,000	369,000	368,000
000 - 357	Water - Employee Fringe Benefits	53,871	39,946	33,896	21,854	19,935	52,000	40,000	52,000
000 - 111	Sewer - Salaries and Wages	1,586,385	1,485,366	1,242,180	1,223,971	758,834	1,707,700	1,724,000	1,923,000
000 - 132	Sewer - Shift Differential	9,158	2,862	1,679	2,554	1,213	5,000	3,000	5,000
000 - 133	Sewer - Sleepjack	4,024	11,596	9,866	6,073	4,441	15,000	9,000	15,000
000 - 134	Sewer - Overtime	138,298	89,934	81,183	72,387	29,720	120,000	60,000	120,000
000 - 136	Sewer - Holiday Pay - Overtime	15,017	14,614	12,319	13,247	8,898	15,000	18,000	15,000
000 - 139	Sewer - Work Above Classification	7,682	7,144	6,423	4,574	1,835	8,000	9,000	8,000
000 - 153	Sewer - Allowances	110,856	135,855	142,538	153,395	74,477	140,000	149,000	151,000
000 - 154	Sewer - Uniform	12,243	12,630	15,452	10,768	3,939	17,000	17,000	17,000
000 - 159	Sewer - Transfer - Pension Obligation	-	-	-	-	-	-	-	-
000 - 160	Sewer - 401A Pension Contribution	3,137	1,271	184	-	5,030	10,000	10,000	10,000
000 - 161	Sewer - Retirement Contribution - Pension	286,428	346,676	432,411	512,300	251,500	503,000	504,000	503,000
000 - 162	Sewer - Health & Life Insurance	131,794	150,598	110,075	145,456	95,766	231,640	225,000	251,055
000 - 163	Sewer - Workmen's Compensation Pay	32,099	32,099	32,099	33,000	13,750	33,000	28,000	33,000
000 - 164	Sewer - FICA	-	972	3,544	893	-	3,000	2,000	3,000
000 - 165	Sewer - Social Security - Medicare	25,449	23,374	20,640	19,998	11,849	25,760	25,000	28,000
000 - 166	Sewer - FICA Alternative (457)	140	820	279	-	-	-	-	-
000 - 167	Sewer - OPEB Contribution	187,235	160,202	45,351	41,570	-	227,000	227,000	227,000
000 - 168	Sewer - OPEB pay-as-you-go	-	-	-	690,100	119,500	237,000	237,000	237,000
000 - 357	Sewer - Employee Fringe Benefits	14,407	18,934	19,959	18,508	22,828	22,000	46,000	22,000
000 - 357	Sewer - Employee Fringe Benefits	-	-	-	-	1,504	-	-	-
<b>DB</b>	<b>Operating Supplies</b>	<b>1,334,259</b>	<b>1,454,926</b>	<b>627,143</b>	<b>40,843</b>	<b>3,022</b>	<b>39,000</b>	<b>39,000</b>	<b>41,000</b>
000 - 326	Water - Supplies - Other	-	-	-	9,787	-	-	-	-
000 - 341	Water - Supplies - Office	8,916	4,846	5,257	3,603	2,749	8,000	8,000	8,000
000 - 342	Water - Repair / Maintenance Supplies	395,445	651,047	375,751	-	-	-	-	-
000 - 358	Water - Subscriptions	-	300	347	300	348	-	-	-
000 - 367	Water - Training & Awards	11,349	2,580	7,684	1,130	958	16,000	16,000	16,000
000 - 326	Sewer - Supplies - Other	-	-	-	5,352	-	-	-	-
000 - 341	Sewer - Supplies - Office	-	-	5,477	90	-	-	-	-
000 - 342	Sewer - Repair / Maintenance Supplies	913,271	780,544	229,816	-	-	-	-	-
000 - 351	Sewer - Engine Fuel & Lubricants	3,484	2,979	1,425	5,981	(432)	5,000	5,000	7,000
000 - 358	Sewer - Subscriptions	-	-	82	-	-	-	-	-
000 - 367	Sewer - Training & Awards	3,793	2,576	975	2,400	-	10,000	10,000	10,000
000 - 350	Supplies - Construction	-	-	-	-	-	-	-	-
000 - 350	Supplies - Construction	-	-	-	-	-	-	-	-
<b>DC</b>	<b>Contractual Services</b>	<b>35,153,879</b>	<b>33,155,079</b>	<b>37,146,451</b>	<b>36,612,715</b>	<b>18,924,386</b>	<b>42,907,000</b>	<b>40,857,900</b>	<b>41,256,720</b>
000 - 311	Water - Temporary Labor	18,864	7,456	7,456	8,899	10,000	52,000	52,000	10,000
000 - 312	Water - Professional Services	73,913	151,088	91,519	153,219	26,869	458,000	458,000	458,000
000 - 321	Water - Postage & Shipping	-	2,523	21	22	-	3,000	3,000	3,000
000 - 323	Water - Rent-Building & Equipment	1,631	11,333	661	5,724	5,065	21,000	21,000	21,000
000 - 324	Water - Printing	3,554	5,912	4,507	1,635	6,000	6,000	6,000	6,000
000 - 325	Water - Contract Maintenance	143,546	39,439	535,300	230,082	4,841	54,000	54,000	393,000
000 - 327	Water - Advertising	1,021	1,903	546	-	-	2,000	2,000	2,000
000 - 336	Water - Water - Resale	13,841,489	12,743,325	11,709,321	12,433,922	5,200,006	14,383,000	13,283,000	13,283,000
000 - 342	Water - WASD Tru-up	-	-	-	-	-	(609,000)	(609,000)	(3,259,000)
000 - 342	Water - Repair & Maintenance	-	-	-	67,992	219,993	367,000	422,000	459,720
000 - 349	Water - Other (DERM fee 7.5%)	2,384,241	2,450,080	2,436,556	2,426,148	2,360,368	2,449,000	2,381,000	2,487,000
000 - 358	Water - Subscriptions	-	-	-	-	-	1,000	1,000	1,000
000 - 361	Water - Dues & Membership	142	668	472	684	-	1,000	1,000	1,000
000 - 363	Water - Travel	1,056	1,130	1,685	89	-	2,000	2,000	2,000
000 - 311	Sewer - Temporary Labor	100,328	108,912	124,666	141,050	-	112,000	175,000	138,000
000 - 312	Sewer - Professional Services	25,900	228,447	19,558	47,832	70,552	1,174,300	166,900	24,000
000 - 321	Sewer - Postage & Shipping	5,825	21	118	35	16,433	40,000	40,000	82,000
000 - 323	Sewer - Rent-Building & Equipment	33,039	30,965	36,973	144,641	(11,039)	159,000	119,000	170,500
000 - 325	Sewer - Contract Maintenance	170,703	51,309	161,287	67,723	84,121	159,000	119,000	170,500
000 - 327	Sewer - Advertising	531	370	144	-	-	1,000	1,000	1,000
000 - 337	Sewer - Sewage Treatment	15,927,474	14,927,368	19,556,666	18,399,353	8,164,436	21,132,000	21,718,000	22,369,000
000 - 342	Sewer - WASD Tru-up	-	-	-	-	-	(645,000)	(645,000)	1,507,000
000 - 342	Sewer - Repair & Maintenance	-	-	-	76,441	251,273	523,000	563,000	145,000
000 - 349	Sewer - Other (DERM fee 7.5%)	2,415,852	2,402,369	2,461,697	2,416,935	2,557,063	2,646,000	2,646,000	2,982,000
000 - 361	Sewer - Dues & Membership	240	-	43	-	-	1,000	1,000	1,000
000 - 363	Sewer - Travel	-	-	-	-	-	2,000	2,000	2,000
000 - 363	Sewer - Contracted Services - Repair & Maintenance	1,046	-	-	-	-	-	-	-
000 - 342	Other Contractual Services	-	-	-	-	-	-	-	-

Account Number	Income Statement	Actual 9/30/11	Actual 9/30/12	Actual 9/30/13	Actual 9/30/14	YTD Actual 9/30/15	Adopted Budget 2015	02/06/PI Prop 2015	Proposed FY16
<b>DD</b>	<b>Utilities</b>	<b>899,972</b>	<b>844,794</b>	<b>841,176</b>	<b>823,035</b>	<b>329,570</b>	<b>654,000</b>	<b>888,000</b>	<b>895,000</b>
000 - 314	Water - Electricity	187,273	205,408	239,465	221,715	69,822	240,000	240,000	240,000
000 - 316	Water - Telephone	13,383	13,606	13,792	13,754	7,743	14,000	16,000	14,000
000 - 317	Water - Water	946	942	942	863	478	1,000	1,000	1,000
000 - 318	Water - Sewer Service	222	1	2,026	1	5,384	1,000	1,000	1,000
000 - 329	Water - Storm Water	35,117	35,117	32,180	32,180	26,922	37,000	54,000	65,000
000 - 314	Sewer - Electricity	397,516	407,763	454,118	447,555	158,424	457,000	437,000	480,000
000 - 316	Sewer - Telephone	15,938	17,437	18,127	16,418	9,481	25,000	19,000	26,000
000 - 317	Sewer - Water	22,818	70,536	38,493	40,852	21,691	42,000	43,000	42,000
000 - 318	Sewer - Sewer Charges	21,850	88,722	41,362	46,806	25,843	50,000	62,000	46,000
000 - 319	Sewer - Sanitation Fees	5,000	5,300	-	59	-	5,000	5,000	5,000
000 - 329	Sewer - Storm Water	761	761	761	3,824	4,562	1,000	16,000	1,000
<b>DF</b>	<b>Internal Charges</b>	<b>4,042,112</b>	<b>4,085,988</b>	<b>4,181,912</b>	<b>2,855,096</b>	<b>1,285,282</b>	<b>2,649,000</b>	<b>2,649,000</b>	<b>2,649,000</b>
000 - 501	Water - Central Services - Internal Services	13,048	14,848	6,546	10,418	7,053	11,000	11,000	11,000
000 - 502	Water - Property Management - Internal Services	26,227	28,179	25,724	23,629	11,291	15,000	15,000	15,000
000 - 503	Water - Fleet Management - Internal Services	212,538	191,420	163,975	185,618	71,612	224,000	224,000	224,000
000 - 504	Water - Telecommunications / Telephone System / Citi WiFi	119,113	119,789	121,040	108,000	85,000	110,000	110,000	110,000
000 - 505	Water - Self Insurance - Internal Services	1,448,058	1,384,056	1,623,337	825,500	367,000	784,000	784,000	784,000
000 - 506	Water - Applications / Computer Hardware / Network	133,706	139,778	148,453	134,000	70,084	139,000	139,000	139,000
000 - 506	Water - Property Management - Construction	3,056	584	-	130	-	-	-	-
000 - 512	Water - Prop/Elec & Contracts - Internal Services	-	1,296	3,787	825	-	-	-	-
000 - 513	Water - Fleet Accidents - Internal Services	8,995	10,120	2,587	2,509	1,812	10,000	10,000	10,000
000 - 501	Sewer - Central Services - Internal Services	10,055	5,219	5,813	4,416	8,088	7,000	7,000	7,000
000 - 502	Sewer - Property Management - Internal Services	72,810	52,141	57,128	71,716	14,024	18,000	18,000	18,000
000 - 503	Sewer - Fleet Management - Internal Services	238,701	223,816	235,729	275,168	132,363	281,000	281,000	281,000
000 - 504	Sewer - Telecommunications / Telephone System / Citi WiFi	56,787	55,538	56,391	47,000	22,500	45,000	45,000	46,000
000 - 505	Sewer - Self Insurance - Internal Services	1,631,145	1,785,260	1,868,805	899,000	468,000	832,000	832,000	832,000
000 - 506	Sewer - Applications / Computer Hardware / Network	66,522	53,244	63,910	55,000	26,500	53,000	53,000	53,000
000 - 508	Sewer - Property Management - Construction	2,825	3,105	82	-	-	-	-	-
000 - 512	Sewer - Prop/Elec & Contracts - Internal Services	-	1,705	3,787	825	-	-	-	-
000 - 513	Sewer - Fleet Management - Internal Services	8,132	12,382	7,007	11,243	1,825	10,000	10,000	10,000
<b>DG</b>	<b>Depreciation</b>	<b>4,034,714</b>	<b>3,867,279</b>	<b>4,234,839</b>	<b>4,745,853</b>	<b>2,379,264</b>	<b>3,868,000</b>	<b>4,333,100</b>	<b>2,422,000</b>
000 - 484	Water - Depreciation	1,895,939	1,804,673	2,048,428	2,196,801	1,100,125	1,805,000	2,201,000	2,422,000
000 - 484	Sewer - Depreciation	2,138,775	2,062,606	2,186,411	2,549,052	1,279,140	2,063,000	2,132,100	-
<b>DK</b>	<b>Other Operating</b>	<b>972,137</b>	<b>827,429</b>	<b>495,491</b>	<b>547,085</b>	<b>252,960</b>	<b>3,161,000</b>	<b>1,799,000</b>	<b>5,049,280</b>
000 - 326	Water - Capital Purchases not Capitalized	-	10,623	-	9,856	-	-	-	-
000 - 343	Water - Other Operating Expenditures	391,652	314,550	211,054	300,365	114,095	363,000	308,000	250,280
000 - 356	Water - Contingency	-	-	-	-	-	1,082,000	-	928,000
000 - 360	Water - E-Recording Fees	-	-	-	-	139	-	1,000	-
000 - 674	Water - Machinery & Equipment	10,159	-	-	-	-	-	-	-
000 - 687	Water - Pumping Stations	501	-	-	-	-	-	-	-
000 - 326	Sewer - Capital Purchases not Capitalized	-	6,519	19,912	-	-	-	-	-
000 - 343	Sewer - Other Operating Expenditures	558,937	495,737	248,237	340,699	138,735	324,000	324,000	2,273,000
000 - 343	Sewer - Equipment Loan (Other Operating)	-	-	-	-	-	-	-	-
6822 - 380	Sewer - Capital Repairs and Maintenance	-	-	6,323	-	-	1,392,000	1,166,000	1,588,000
000 - 356	Sewer - Contingencies	-	-	-	-	-	-	-	-
000 - 674	Sewer - Machinery & Equipment	858	-	-	-	-	-	-	-
000 - 356	Sewer - Contingencies	-	-	-	-	-	-	-	-
000 - 356	Sewer - Contingencies	-	-	-	-	-	-	-	-
<b>DL</b>	<b>Reclassify to Capital Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,424</b>	<b>1,265,000</b>	<b>1,341,000</b>	<b>2,381,000</b>
000 - 672	Water - Capitalized Items - Fixed Assets	313,405	161,347	-	-	-	-	-	-
000 - 673	Water - Motor Vehicles	-	65,196	43,593	35,892	5,950	381,000	381,000	226,000
000 - 674	Water - Machinery & Equipment	-	-	14,075	4,330	-	24,000	24,000	948,000
000 - 680	Water - Meter Services	-	38,065	201,278	42,416	53,689	75,000	75,000	75,000
000 - 681	Water - Meters	-	32,154	22,472	-	8,078	35,000	35,000	43,000
000 - 682	Water - Hydrant	-	21,838	17,830	183	2,192	22,000	22,000	22,000
000 - 683	Water - Water Mains	-	2,584	10,075	122,333	36,657	-	74,000	22,000
000 - 690	Water - Fixed Assets Module Acquisition	(313,405)	(371,263)	(309,324)	(204,824)	(84,124)	-	-	-
000 - 672	Sewer - Capitalized Items - Fixed Assets	257,594	117,980	-	-	-	-	-	-
000 - 673	Sewer - Motor Vehicles	-	-	152,863	117,440	-	668,000	668,000	500,000
000 - 674	Sewer - Machinery & Equipment	-	18,488	-	11,003	-	49,000	49,000	534,000
000 - 680	Sewer - Meter Services	-	-	-	-	-	-	-	-
000 - 684	Sewer - Sewer Lines	-	391	937	-	(281)	3,000	3,000	3,000
000 - 685	Sewer - Sewer Lateral	-	2,860	4,768	-	4,843	8,000	8,000	8,000
000 - 686	Sewer - Sewer Mains	-	1,387	52,792	-	23	-	1,000	-
000 - 687	Sewer - Pumping Stations	-	14,001	1,360	44,259	167	-	-	-
000 - 690	Sewer - Fixed Assets Module Acquisition	(257,594)	(154,617)	(212,488)	(172,702)	-	-	-	-

Appendix 2: Actual and Budgeted Revenues

Account Number	Income Statement	Actual 9/30/11	Actual 9/30/12	Actual 9/30/13	Actual 9/30/14	YTD Actual 3/31/15	Adopted Budget 2015	Q2 OBP, Proj 2015	Proposed FY16
<b>AH</b>	<b>Revenue - Charges for Service</b>	<b>(68,551,995)</b>	<b>(68,178,881)</b>	<b>(68,031,764)</b>	<b>(68,899,267)</b>	<b>(35,774,310)</b>	<b>(74,620,000)</b>	<b>(75,327,000)</b>	<b>(71,540,000)</b>
343 - 310	Water Revenue	(32,695,217)	(32,481,194)	(32,333,901)	(33,097,418)	(15,838,131)	(33,973,000)	(32,892,000)	(32,892,000)
n.a.	Less 5% Allowance	-	-	-	-	-	1,674,000	-	1,644,000
343 - 320	Firelines	(86,776)	(97,911)	(81,500)	(40,200)	(14,900)	(50,000)	(29,000)	(29,000)
343 - 340	Water Tapping	(116,874)	(159,071)	(152,367)	(117,552)	(58,375)	(150,000)	(116,000)	(116,000)
343 - 510	Sewer Usage Fee	(32,031,582)	(32,822,621)	(32,225,741)	(34,495,076)	(18,957,830)	(41,297,000)	(35,759,000)	(39,765,000)
n.a.	Less 5% Allowance	-	-	-	-	-	1,784,000	-	1,887,000
343 - 520	Sewer Connection Fees	(33,100)	(28,000)	(31,500)	(24,500)	(19,500)	(30,000)	(30,000)	(30,000)
343 - 550	Sewer Fees - Outsiders (Satellite Cities)	(2,733,066)	(1,791,371)	(2,905,532)	(2,033,167)	(675,848)	(2,214,000)	(1,977,000)	(2,136,000)
343 - 920	Estimated Uncollectible Accounts	25,979	(177,035)	90,566	477,150	103,578	-	-	-
369 - 994	Utility Penalties	(854,464)	(682,856)	(38,300)	(429,198)	(275,695)	-	-	-
369 - 997	Miscellaneous Water Revenues	(28,234)	(21,116)	(16,948)	(20,579)	(9,788)	(30,000)	(30,000)	(50,000)
369 - 998	Miscellaneous Sewer Revenues	(28,457)	(17,506)	(36,540)	(58,728)	(28,160)	(30,000)	(30,000)	(30,000)
<b>AJ</b>	<b>Interest Income</b>	<b>(478,507)</b>	<b>(358,904)</b>	<b>(288,822)</b>	<b>(287,215)</b>	<b>(145,297)</b>	<b>(341,000)</b>	<b>(290,000)</b>	<b>(290,000)</b>
361 - 130	Interest - Repurchase Agreement	(5,588)	-	-	-	-	-	-	-
361 - 130	Interest - Repurchase Agreement	(6,469)	(287)	(233)	-	-	-	-	-
361 - 145	Interest - Allocated - Pooled Cash	(264,873)	(353,179)	(282,385)	(305,541)	(154,473)	(341,000)	(290,000)	(290,000)
361 - 150	Interest - Earned on Deposits	(756)	(5,437)	(5,403)	18,326	9,197	-	-	-
<b>BE</b>	<b>Permits, Rentals and Other</b>	<b>(124,438)</b>	<b>(85,013)</b>	<b>(63,727)</b>	<b>(96,710)</b>	<b>(48,473)</b>	<b>(478,000)</b>	-	-
331 - 245	FEMA - Hurricane Wmra FY 2016	(1,808)	-	-	-	-	-	-	-
343 - 310	Sub-meter Service Inspection Fees	(1,350)	(1,500)	(1,950)	(1,700)	(250)	-	-	-
343 - 320	Utility Service Fees	(40,755)	(73,671)	(52,068)	(63,983)	(26,911)	-	-	-
343 - 340	Water Impact Fees	(42,140)	-	-	-	-	-	-	-
343 - 510	Sewer Impact Fees	(26,325)	-	-	(34,915)	-	-	-	-
369 - 300	Prio Year Adjustment	-	-	-	-	(17,315)	-	-	-
369 - 400	Reimbursements	-	(2,057)	-	-	-	-	-	-
369 - 999	Miscellaneous	(12,260)	(8,786)	(9,708)	-	(4,397)	(478,000)	-	-
343 - 520	Miscellaneous	-	-	-	(7,031)	-	-	-	-
<b>BI</b>	<b>Budget Only Transactions</b>	-	-	-	-	-	<b>(1,265,000)</b>	-	<b>(2,016,000)</b>
389 - 100	Fund Balance / Retained Earnings	-	-	-	-	-	(1,265,000)	-	(2,016,000)



**Appendix 3: Calculation of Water Revenue Requirement**

Required Revenues Water Service	FY16	FY17	FY18	FY19	FY20
<b>i) Fixed Operating Costs</b>					
Personnel Services	5,265,000	5,375,565	5,488,452	5,603,709	5,721,387
OPEB - PayGo	368,000	375,728	383,618	391,674	399,899
Operating Supplies	24,000	24,504	25,019	25,544	26,080
Contractual Services (Other than WASD & DERM)	1,354,720	1,383,169	1,412,216	1,441,872	1,472,152
Utilities (Electricity, telecommunication, etc.)	321,000	327,741	334,624	341,651	348,825
Internal Charges	1,303,000	1,330,363	1,358,301	1,386,825	1,415,948
Other Operating Costs (Excluding Contingency)	250,280	255,536	260,902	266,381	271,975
Equipment Loan (Other Operating)	-	-	-	-	-
<b>Sub-Total Fixed Operating Costs</b>	<b>8,886,000</b>	<b>9,072,606</b>	<b>9,263,131</b>	<b>9,457,656</b>	<b>9,656,267</b>
ii) 5% Contingency on Operating Costs	425,900	434,844	443,976	453,299	462,818
iii) 5% Contingency on Fixed WASD Costs	646,901	660,480	674,357	688,533	703,008
iv) Interest Payment on Existing Debt	2,462,934	2,385,134	2,280,749	2,170,400	2,057,482
v) Principal Payment on Existing Debt	1,159,972	2,281,318	2,369,195	2,465,802	2,580,869
vi) Debt service on proposed debt issuance	1,059,780	2,119,559	2,119,559	2,119,559	2,119,559
vii) Administration Fee (Excluded from Debt Svc)	1,479,000	1,510,059	1,541,770	1,574,147	1,607,205
<b>Total Fixed Costs</b>	<b>16,120,486</b>	<b>18,464,000</b>	<b>18,692,737</b>	<b>18,929,398</b>	<b>19,187,208</b>
<b>viii) WASD Costs</b>					
Purchased Waster - WASD	12,938,024	13,209,602	13,487,150	13,770,665	14,060,150
Sewage Treatment Services - WASD	-	-	-	-	-
<b>Total Variable Costs</b>	<b>12,938,024</b>	<b>13,209,602</b>	<b>13,487,150</b>	<b>13,770,665</b>	<b>14,060,150</b>
<b>Calculation of Required Revenues:</b>					
(A) Current Expenses (incl. Contingency but Excl DERM)	22,896,825	23,377,532	23,868,613	24,370,154	24,882,243
(B) Debt Service	4,682,685	6,786,011	6,769,503	6,755,761	6,757,910
(C) Admin Fee	1,479,000	1,510,059	1,541,770	1,574,147	1,607,205
(D) Revenues to hit Target DSC [ (B) x 120% + (A) ]	23,130,959	23,716,833	24,207,089	24,707,942	25,220,139
(E) Revenue to Cover Expenses [ (A) + (B) + (C) ]	29,058,510	31,673,602	32,179,887	32,700,063	33,247,358
(F) Required Rev. Prior To Adj & Renewal & Replacement	29,058,510	31,673,602	32,179,887	32,700,063	33,247,358
(G) Less Other Revenues (Excluding Satellite Cities)					
Firelines	29,000	29,609	30,231	30,866	31,514
Connection Fees	116,000	118,436	120,923	123,463	126,055
Utility Penalties	275,000	280,775	286,671	292,691	298,838
Miscellaneous Revenues	20,000	20,420	20,849	21,287	21,734
Interest Allocated - Pooled Cash	145,000	145,000	145,000	145,000	145,000
Other Revenues	-	-	-	-	-
Interest on Proposed Bond Proceeds	60,304	24,771	8,245	4,953	2,230
Satellite Cities Revenues	-	-	-	-	-
Sub Total Other Revenues	645,304	619,011	611,919	618,259	625,371
(H) Required Revenues to Miami Beach (F) - (G)	28,413,206	31,054,591	31,567,968	32,081,804	32,621,987
(I) Revenue Adjustments (Minimum Charges & Other)	(1,739,375)	(1,901,073)	(1,932,501)	(1,963,956)	(1,997,025)
(J) 5% Revenue Allowance (I) x 5% / (1 - 17.5%)	1,722,012	1,882,096	1,913,210	1,944,352	1,977,090
(K) 7.5% DERM Fee (I) x 7.5% / (1 - 17.5%)	2,583,019	2,823,145	2,869,815	2,916,528	2,965,635
(L) 5.0% Renewal & Replacement (I) x 5.0% / (1 - 17.5%)	1,722,012	1,882,096	1,913,210	1,944,352	1,977,090
<b>Total Revenue Requirements - WATER</b>	<b>32,700,875</b>	<b>35,740,856</b>	<b>36,331,703</b>	<b>36,923,079</b>	<b>37,544,778</b>
Billed Volume - Water	7,036,383	7,036,383	7,036,383	7,036,383	7,036,383
<b>Required Tariff</b>	<b>4.65</b>	<b>5.08</b>	<b>5.16</b>	<b>5.25</b>	<b>5.34</b>
Increase in Tariff	4.9%	9.3%	1.7%	1.6%	1.7%

## Appendix 4: Calculation of Wastewater Revenue Requirement

Required Revenues Sewer Service	FY16	FY17	FY18	FY19	FY20
<b>i) Fixed Operating Costs</b>					
Personnel Services	3,331,000	3,400,951	3,472,371	3,545,291	3,619,742
OPEB - PayGo	237,000	241,977	247,059	252,247	257,544
Operating Supplies	17,000	17,357	17,721	18,094	18,474
Contractual Services (Other than WASD & DERM)	543,000	554,403	566,045	577,932	590,069
Utilities (Electricity, telecommunication, etc.)	574,000	586,054	598,361	610,927	623,756
Internal Charges	1,346,000	1,374,266	1,403,126	1,432,591	1,462,676
Other Operating Costs (Excluding Contingency)	324,000	330,804	337,751	344,844	352,085
Equipment Loan (Other Operating)	-	-	-	-	-
<b>Sub-Total Fixed Operating Costs</b>	<b>6,372,000</b>	<b>6,505,812</b>	<b>6,642,434</b>	<b>6,781,925</b>	<b>6,924,346</b>
ii) 5% Contingency on Operating Costs	306,750	313,192	319,769	326,484	333,340
iii) 5% Contingency on Fixed WASD Costs	1,150,662	1,174,807	1,199,489	1,224,665	1,250,379
iv) Interest Payment on Existing Debt	2,793,783	2,634,272	2,437,667	2,230,508	2,021,357
v) Principal Payment on Existing Debt	2,706,426	4,186,706	4,359,480	4,546,541	4,767,611
vi) Debt service on proposed debt issuance	553,570	1,107,140	1,107,140	1,107,140	1,107,140
vii) Administration Fee (Excluded from Debt Svc)	1,900,000	1,939,900	1,980,638	2,022,231	2,064,698
<b>Total Fixed Costs</b>	<b>15,783,191</b>	<b>17,861,829</b>	<b>18,046,616</b>	<b>18,239,495</b>	<b>18,468,870</b>
<b>viii) WASD Costs</b>					
Purchased Waster - WASD	-	-	-	-	-
Sewage Treatment Services - WASD	23,013,243	23,496,143	23,989,773	24,493,309	25,007,576
<b>Total Variable Costs</b>	<b>23,013,243</b>	<b>23,496,143</b>	<b>23,989,773</b>	<b>24,493,309</b>	<b>25,007,576</b>
<b>Calculation of Required Revenues:</b>					
(A) Current Expenses (Incl. Contingency but Excl DERM)	30,842,655	31,489,953	32,151,464	32,826,383	33,515,640
(B) Debt Service	6,053,778	7,928,118	7,904,287	7,884,190	7,896,107
(C) Admin Fee	1,900,000	1,939,900	1,980,638	2,022,231	2,064,698
(D) Revenues to hit Target DSC [ (B) x 120% + (A) ]	31,146,344	31,886,359	32,546,679	33,220,593	33,910,446
(E) Revenue to Cover Expenses [ (A) + (B) + (C) ]	38,796,434	41,357,971	42,036,389	42,732,804	43,476,446
(F) Required Rev. Prior To Adj & Renewal & Replacement	<b>38,796,434</b>	<b>41,357,971</b>	<b>42,036,389</b>	<b>42,732,804</b>	<b>43,476,446</b>
(G) Less Other Revenues (Excluding Satellite Cities)					
Firelines	-	-	-	-	-
Connection Fees	39,000	39,819	40,655	41,509	42,381
Utility Penalties	275,000	280,775	286,671	292,691	298,838
Miscellaneous Revenues	30,000	30,630	31,273	31,930	32,600
Interest Allocated - Pooled Cash	145,000	145,000	145,000	145,000	145,000
Other Revenues	-	-	-	-	-
Interest on Proposed Bond Proceeds	31,500	12,939	4,307	2,587	1,165
Satellite Cities Revenues	2,521,194	2,413,162	2,463,863	2,515,553	2,568,386
<b>Sub Total Other Revenues</b>	<b>3,041,693</b>	<b>2,922,325</b>	<b>2,971,769</b>	<b>3,029,271</b>	<b>3,088,370</b>
(H) Required Revenues to Miami Beach (F) - (G)	<b>35,754,741</b>	<b>38,435,646</b>	<b>39,064,620</b>	<b>39,703,533</b>	<b>40,388,076</b>
(J) Revenue Adjustments	1,692,987	1,819,928	1,849,710	1,879,962	1,912,375
(I) 5% Revenue Allowance (I) x 5% / (1 - 17.5%)	2,166,954	2,329,433	2,367,553	2,406,275	2,447,762
(K) 7.5% DERM Fee (I) x 7.5% / (1 - 17.5%)	3,250,431	3,494,150	3,551,329	3,609,412	3,671,643
(L) 5.0% Renewal & Replacement (I) x 5.0% / (1 - 17.5%)	2,166,954	2,329,433	2,367,553	2,406,275	2,447,762
<b>Total Revenue Requirements - SEWER</b>	<b>45,032,066</b>	<b>48,408,590</b>	<b>49,200,764</b>	<b>50,005,457</b>	<b>50,867,619</b>
Billed Volume - Sewer	5,489,904	5,489,904	5,489,904	5,489,904	5,489,904
<b>Required Tariff</b>	<b>8.20</b>	<b>8.82</b>	<b>8.96</b>	<b>9.11</b>	<b>9.27</b>
Increase in Tariff	8.6%	7.5%	1.6%	1.5%	1.7%

## Appendix 5: Assumptions Used in MSA's Projections

MSA used the proposed FY16 budget as provided by City staff and adjusted as discussed through this report. The following two tables summarize other assumptions used by MSA in its projections.

GENERAL ASSUMPTIONS	FY16	FY17	FY18	FY19	FY20
<b>ESCALATION RATES:</b>					
WASD Tariffs - Water	-2.7%	2.1%	2.1%	2.1%	2.1%
WASD Tariffs - Wastewater	8.9%	2.1%	2.1%	2.1%	2.1%
CPI For Expenses	2.1%	2.1%	2.1%	2.1%	2.1%
Water user fee increase	4.9%	9.3%	1.7%	1.6%	1.7%
Wastewater user fee increase	8.9%	7.2%	1.6%	1.6%	1.7%
Wholesale satellite cities surcharge increase	89.7%	2.1%	2.1%	2.1%	2.1%
Other revenue tariff increase	2.1%	2.1%	2.1%	2.1%	2.1%
<b>VARIABLE COST ASSUMPTIONS:</b>					
DERM Fee % of User Fees	7.5%	7.5%	7.5%	7.5%	7.5%
Revenue Allowance % of User Fees	5.0%	5.0%	5.0%	5.0%	5.0%
O&M Contingency % of Operating Costs	5.0%	5.0%	5.0%	5.0%	5.0%
Renewal & Replacement % of User Fees	5.0%	5.0%	5.0%	5.0%	5.0%
<b>CURRENT TARIFF (000 Gallons for FY15) :</b>					
Water User Fees	4.43				
Sewer User Fee	7.55				
WASD Water tariff	1.7816				
WASD waste water tariff	2.5600				
Wholesale satellite cities surcharge	0.1670				
All-in wholesale satellite cities rate	2.7270				
<b>NEW DEBT ISSUANCE</b>					
2016 issuance date (Qt of first Payment is made)	3.00	June			
Amount Issued	50,000,000				
Term (Years)	30				
Interest Rate (%)	5.0%				
Quarterly payments (mortgage style amortization)	806,675				
Annual payments (quarterly x 4)	3,226,699				
Water allocation (based on CIP)	65.7%				

RATES & VOLUME ASSUMPTIONS	FY16	FY17	FY18	FY19	FY20
<b>RATES (per 000 Gallons)</b>					
Water User Fees	4.65	5.08	5.16	5.25	5.34
Sewer User Fee	8.22	8.82	8.96	9.11	9.27
WASD Water tariff	1.7341	1.7705	1.8077	1.8457	1.8845
WASD wastewater tariff	2.7879	2.8464	2.9062	2.9672	3.0295
Wholesale satellite cities surcharge	0.3168	0.3235	0.3303	0.3372	0.3443
<b>BILLED VOLUME (000 Gallons):</b>					
Water sold to M.B. customers	7,036,383	7,036,383	7,036,383	7,036,383	7,036,383
Wastewater treated from M.B. customers	5,489,904	5,489,904	5,489,904	5,489,904	5,489,904
Wastewater transported to WASD for Satellite Cities	761,274	761,274	761,274	761,274	761,274
<b>UNACCOUNTED WATER / WASTEWATER (%):</b>					
Unaccounted for water	5.7%	5.7%	5.7%	5.7%	5.7%
Unaccounted for wastewater volume (infiltration)	24.3%	24.3%	24.3%	24.3%	24.3%
<b>PURCHASES FROM WASD (000 Gallons)</b>					
Water Purchased from Miami Dade County	7,460,945	7,460,945	7,460,945	7,460,945	7,460,945
Wastewater treated by Miami Dade County	8,254,688	8,254,688	8,254,688	8,254,688	8,254,688

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## COMMITTEE MEMORANDUM

TO: Members of the Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: July 17, 2015

SUBJECT: **AN UPDATE ON THE STATUS OF THE STORMWATER UTILITY**

### **BACKGROUND**

At its April 23, 2014 meeting, the City Commission approved Resolution 2014-28580 accepting the recommendations of the Mayor's Blue Ribbon Panel on Flooding and Sea Rise to design and implement the upgrade of the City's storm drainage system to meet the new design criteria set by the Commission with a potential estimated cost of \$300 million and with the completion time of 3 to 5 years.

At its May 20, 2014 meeting, the Finance and Citywide Projects Committee (FCWPC) presented the funding strategy for this program, and recommended the issuance of three separate \$100 million Stormwater bonds. The first one would be in FY 2014/15 and the other two would be in FY 2016/17 and FY 18-19 respectively. Although there is no proposed rate increase for the Stormwater Utility this year we felt it was appropriate to provide an update on the program.

### **CURRENT STATUS**

The City has completed construction of 3 out of 4 pump stations in the West Avenue neighborhood and upgraded all 3 pump stations in the Sunset Harbour neighborhood. We have also completed the pump station on Crespi Boulevard and upgraded the design of the Venetian Islands, Lower North Bay Road as well as Palm and Hibiscus neighborhood projects. The \$90 million Stormwater Revenue Bond Series 2015, which will provide \$100 million in proceeds is scheduled to be priced in the market in late July 2015 and close in early August 2015.

S&P has assigned a rating of AA- and a *stable outlook* to the Bonds and has also affirmed the rating of AA- on the City's outstanding Stormwater Bonds Series 2009 and 2011A and B. S&P's AA- rating is based on (1) historically positive financial results, strong revenue collections that produce good coverage and liquidity levels, (2) rate autonomy with a willingness to increase rates and (3) reserves targeted to cover at least two months of operations.

The *stable outlook* reflects the expectation that the City will increase rates as necessary to address the system's large CIP while maintaining good coverage and liquidity levels. However, S & P points out that the ability to increase the system's rating in the current outlook period is limited due to capital needs and their impact on the utility's financial status. Further, that a reduction in rating could be caused by deterioration of the utility's financial position resulting from additional debt and capital needs during the outlook period.

Moody's has assigned a rating of Aa3 and a *negative outlook* to the City's Stormwater Revenue Bonds, Series 2015. They have also affirmed the Aa3 rating and assigned a *negative outlook* to the outstanding Stormwater Bonds.

Moody's Aa3 rating is based on the stormwater system's healthy liquidity position, strong cash reserves, adequate debt service coverage, mature service area and high leverage. The Moody's *negative outlook* reflects the stormwater system's expectation of significant additional debt in the near term which will increase the system's already high leverage and require additional rate increases.

Moody's indicates that to remove the *negative outlook*, the City would need to significantly increase its debt service coverage. Although the City is meeting its legal coverage requirements under the Bond Resolution, its coverage is relatively less than other credits in the Aa3 category. This means that instead of maintaining the required 110% coverage, or the 120% coverage currently used for rate setting, we would need to maintain coverage in excess of the 135% level. Additionally, Moody's also indicates we could improve the outlook by not issuing additional debt. Further, Moody's indicates that Aa3 rating could be reduced by the issuance of additional debt without timely rate increases, by debt service coverage % reductions or significant declines in liquidity.

As part of the due diligence for the bond sale, an updated engineering report on the program was completed. As a result the original \$300 Million estimate has been updated to a figure of \$413 Million. The increase in cost is due to a more extensive calculation of the pump sizing requirements for the remaining locations as opposed to the one size fits all approach used in the initial order of magnitude cost estimate. Also impactful was the inclusion of elevating roadways to the minimum crown elevation and the related road and sidewalk modifications required as well as the latest construction cost data that has shown significant increasing trends. Based upon this information the Administration has identified the need for additional stormwater funding of approximately \$100 million required to fund the program above the initial estimates.

We are currently working with Bond Counsel and our Financial Advisor to develop the best strategy to fund the next \$100 million of Stormwater project needs. The goal is to fund these projects from the future capital payments from Miami Dade County in accordance with the 2014 Interlocal CDT Agreement. Depending on the timing of the projects, we would recommend consideration of a Pay-go approach which would be in keeping with the recommendations from the rating agencies, would save interest costs and would defer the need for rate increases for these projects. We will continue to seek alternate strategies, as needed, that will minimize debt and the need for rate increases.

In addition a Consultant is performing an evaluation of our Stormwater Utility to determine the appropriate calculations for determining the appropriate Equivalent Residential Unit methodology. Concurrently we are evaluating the appropriateness and methodology for implementing a Stormwater Impact fee for new construction projects and fee in lieu of providing stormwater infrastructure for all current illicit discharges. These evaluations should be complete by the end of the calendar year.

### **CONCLUSION:**

The preceding is presented to the members of the Committee for information and discussion.

JLM/PDW/ETC/JW

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