

# Mayor and Council Communication

**DATE:** 11/08/22

**M&C FILE NUMBER:** M&C 22-0896

**LOG NAME:** 60FY22BUDGETADJUSTMENTIII

**SUBJECT**

(ALL) Enact Fiscal Year 2022 Budget Adjustments in the Water & Sewer Fund by Allocating Projected Current-Year Revenues to Capital Projects, Authorize Acceptance of Funds from the Sale of Platted Lake Worth Lots in the Amount Up to \$330,026.00, Authorize the Use of Funds from the Water and Sewer Fund in an Amount Up to \$330,026.00 for the Purpose of Transferring to the Water and Sewer Capital Projects Fund, Adopt Appropriation Ordinances, and Amend the Fiscal Year 2022 Adopted Budget

**RECOMMENDATION:**

It is recommended that the City Council:

1. Accept funds in the amount of \$330,026.00 from the sale of platted Lake Worth lots to Lessees authorized by Mayor and Council Communication L-15964;
2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water & Sewer Fund in the amount of \$33,000,000.00, from newly recognized revenues and \$330,026.00 from available funds, for the purpose of transferring to the Water and Sewer Capital Projects Fund;
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water and Sewer Capital Projects Fund in an amount up to \$330,026.00 transferred from available funds within the Water and Sewer Fund, for the purpose of funding the Lake Worth Infrastructure programmable project (City Project No. P00101); and
4. Amend the Fiscal Year 2022 Adopted Budget.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to increase appropriations to the Utility's capital program. This M&C recognizes additional Water & Sewer revenue received by the Utility due to drier than usual weather conditions during the fiscal year. Receipts and appropriations in the Water & Sewer Fund will be increased to be used for supplementing the Utility's pay-as-you-go capital program. This M&C also accepts funds from the sale of platted Lake Worth lots to lessees.

*Per Ordinance No. 25073-09 2021* Section 4, the Fiscal Year (FY) 2022 adopted budget for the Water and Sewer Fund was \$491,582,041.00. M&C appropriations throughout the year increased the budget by \$47,385,052.00 to \$538,967,093.00 (M&C 22-0260, M&C 22-0043, M&C 22-0486, 22-0600 and M&C 22-0716). This M&C recommends an additional \$33,330,026.00 in revenue appropriations for FY2022, for an adjusted budget of \$572,297,119.00.

Expenditure appropriations in the Transfers and Other accounts will increase by \$33,000,000.00. The Utility's repair and rehabilitation projects have been affected by rising costs due to inflation and supply chain issues. To balance these increases in expenditures, revenue appropriations in the Use of Money and Property, Charges for Services and Other Revenues accounts will also increase by \$33,000,000.00. The fiscal year has been significantly warmer and drier than normal, and retail service revenue exceeded projections, helping to offset the aforementioned rising costs. In addition, this M&C authorizes the use of \$330,026.00 from the Water and Sewer Fund to be transferred to the Water and Sewer Capital Projects Fund for funding the Lake Worth Infrastructure projects in and around Lake Worth. The amount of funds being transferred represents FY 2022 revenues from the sale of platted Lake Worth lots to lessees authorized by Council action on M&C L-15964 on November 8, 2016. Because the Lake Worth lots were recorded as an asset in the Water and Sewer Fund at the time of Lake Worth's creation, revenues from the sale of the leases are deposited into the Water and Sewer Fund and subsequently transferred to the Water and Sewer Capital Projects Fund. Expenditure appropriations in the Transfer to Water Capital Fund accounts will increase by \$330,026.00 and to balance, revenue appropriations in the Sale of Lake Worth Assets account will also be increased by \$330,026.00.

The actions in this M&C will amend the FY2022 Adopted Budget as approved in connection with Ordinance 25073-09-2021, Section 4. Enterprise Funds, as listed on page 18.

Fund / Department	FY2022 Adopted Budget	Authority	Budget Adjustment	Revised FY2022 Budget
Budget Category				
Revenues				

License and Permits	\$1,345,700.00			\$1,345,700.00
Charges for Services	\$459,626,060.00	M&C 22-0486	\$22,100,000.00	\$481,726,060.00
		M&C 22-0600	\$13,500,000.00	\$13,500,000.00
		M&C 22-0716	\$9,000,000.00	\$9,000,000.00
		This M&C Rec 2	\$28,000,000.00	\$28,000,000.00
Use of Money and Property	\$1,166,503.00	This M&C Rec 2	\$500,000.00	\$1,666,503.00
Other Revenue	\$9,885,000.00	This M&C Rec 2	\$4,500,000.00	\$14,385,000.00
Sale of Capital Asset	\$80,000.00	M&C 22-0043	\$493,028.00	\$573,028.00
		This M&C Rec 2	\$330,026.00	\$330,026.00
Salvage Sales	\$25,000.00	M&C 22-0482	\$1,200,000.00	\$1,225,000.00
Transfer from Water Impact	\$11,500,000.00			\$11,500,000.00
Transfer from Sewer Impact	\$5,000,000.00			\$5,000,000.00
Transfer from Environ Protection Fund	\$452,726.00			\$452,726.00
Transfer from Stormwater Utility Fund	\$1,182,816.00			\$1,182,816.00
Transfer from Solid Waste Fund	\$1,318,236.00			\$1,318,236.00
COI Proceeds - Refunding Portion		M&C 22-0260	\$950,000.00	\$950,000.00
Transfer from 2018 Bond Program		M&C 22-0600	\$142,024.00	\$142,024.00
<b>Total Revenues</b>	<b>\$491,582,041.00</b>		<b>\$80,715,078.00</b>	<b>\$572,297,119.00</b>
<b>Expenditures</b>				
Water	\$181,248,103.00	M&C 22-0486	\$5,800,000.00	\$187,048,103.00

		M&C 22-0600	\$6,500,000.00	\$6,500,000.00
		M&C 22-0716	\$3,000,000.00	\$3,000,000.00
Reclaimed Water Department	\$108,421.00	M&C 22-0486	\$100,000.00	\$208,421.00
Wastewater Department	\$100,646,434.00	M&C 22-0486	\$6,150,000.00	\$106,796,434.00
		M&C 22-0600	\$5,500,000.00	\$5,500,000.00
		M&C 22-0716	\$1,000,000.00	\$1,000,000.00
Transfer to Water Capital Fund	\$5,121,000.00	M&C 22-0043	\$493,028.00	\$5,614,028.00
		M&C 22-0486	\$10,050,000.00	\$10,050,000.00
		M&C 22-0716	\$2,500,000.00	\$2,500,000.00
		This M&C Rec 2	\$330,026.00	\$330,026.00
Transfer to General Fund for Public Art	\$480,712.00			\$480,712.00
Transfer to General Fund for Position Expenses	\$78,953.00			\$78,953.00
Transfer to General Fund for Energy Savings Program	\$27,116.00			\$27,116.00
Transfer to Capital Fund	\$120,000.00			\$120,000.00
Transfer to Water/Sewer Capital Fund	\$77,625,532.00	M&C 22-0482	\$1,200,000.00	\$78,825,532.00
		M&C 22-0600	1,642,024.00	\$1,642,024.00
		M&C 22-0716	\$2,500,000.00	\$2,500,000.00
		This M&C Rec 2	\$33,000,000.00	\$33,000,000.00
Payment in Lieu of Taxes	\$5,355,686.00			\$5,355,686.00

Street Rental	\$23,549,018.00			\$23,549,018.00
Transfer to Water Debt Funds	\$97,221,066.00			\$97,221,066.00
COI Proceeds		M&C 22-0260	\$950,000.00	\$950,000.00
<b>Total Expenditures</b>	<b>\$491,582,041.00</b>		<b>\$80,715,078.00</b>	<b>\$572,297,119.00</b>

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are currently available within the Water & Sewer Fund and upon the approval of the above recommendations and adoption of the attached ordinances, funds will be available in the Water & Sewer Fund and the Water and Sewer Capital Projects Fund for the Lake Worth Infrastructure project. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

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Expedited