

M E M O R A N D U M

To: Tom Harmer, Town Manager
From: Isaac Brownman, Public Works Director
Report date: April 28, 2021
Meeting date: May 3, 2021
Subject: Resolution 2021-08, Amending the FY21 Water and Wastewater Operating Fund Budget and Capital Fund Budget

Recommended Action

Pass Resolution 2021-08.

Background

The State of Florida Department of Environmental Protection (FDEP) and the Town of Longboat Key entered into a Consent Order on February 24, 2021 (OGC File No. 20-1261) as a result of the Town's 20" Force Main Leak in June 2020. Requirements of the Consent Order include, but are not limited to, professional consulting and legal services and also infrastructure and environmental corrective actions and reports as shown below.

- Sanitary Sewer Overflow Response Plan ("SORP")
- Corrective Action Plan
- Operations and Maintenance Manual ("O&M")
- Quarterly Reporting
- Uniform Mitigation Assessment Method (UMAM) Score Assessment
- Evaluation Summary
- Restoration Plan, including U.S. Army Corps Nationwide Permit 27 update
- Purchase of Mitigation Bank credits
- Pre-construction/Construction Oversight for Road Removal and Area Restoration
- Haul road fill removal and grade restoration
- Physical Planting
- Environmental Maintenance & Monitoring Reports semi-annually for five (5) years

As of March 31, 2021, the Town incurred approximately \$160,000 of legal costs and an additional \$745,000 is needed to fulfill the requirements of the Consent Order, in the operating fund (Fund 401). A budget amendment is requested in order to cover legal costs and other professional services.

The requested budget amendments are detailed below:

Fund 401 Water and Wastewater Operating Fund

An additional appropriation of \$795,000 is requested for professional services to be funded from Unrestricted Fund Balance in the amount of \$645,000 and a transfer from depreciation expense in the amount of \$150,000. Depreciation was originally budgeted at \$2.5 million and may be reduced based on last year's final calculation.

Transfer from:

401-30-54-559.5901	Depreciation Expense	\$150,000
401-00-51-399.0001	Use of Fund Balance	<u>\$645,000</u>
		\$795,000

Transfer to:

401-30-53-531.3102	Professional Services Town Attorney	\$40,000
401-30-53-531.3109	Professional Services Other Attorneys	\$220,000
401-30-53-531.3122	Pollution /Conservation Management	<u>\$535,000</u>
		\$795,000

The Water and Wastewater Fund ended the fiscal year ending September 30, 2020 with an Unrestricted Fund Balance of \$12.2 million. The operating budget for FY21 anticipated the use of \$848,000 of Fund Balance, including depreciation expense. The estimated Unrestricted Fund Balance after this budget amendment is \$10.7 million for FY21.

Fund 404 Water and Wastewater Capital Project Fund

As part of the Town's routine maintenance of our existing pipeline, the Town had planned to perform a re-assessment of the existing pipeline in Fiscal Year 2021. The funding exists in the FY 2021 budget to accommodate the re-assessment through available funding in existing programs. Based on the latest technology, there are a number of pipeline re-assessment tools and techniques. The Town is working with an engineer to finalize the desired protocols and related costs for this year's assessment. The fund transfer below is expected to be adequate to accomplish the full assessment as recommended by our engineer. In addition, we are setting up a separate project line item to accommodate the expected costs to facilitate the accounting of the project. Funding sources for the project include: Wet Well and Manhole Repairs, Rehabilitation of Sewer Lines and GMD Gravity Crossing. In order to consolidate the funding into one account, the proposed budget transfers are shown below:

Transfer from:

404-30-53-563.6355	Wet Well and Manhole Repair	\$115,000
404-30-53-563.6378	GMD Gravity Crossing	\$100,000
404-30-53-563-6356	Rehabilitation of Sewer Lines	<u>\$190,000</u>
		\$405,000

Transfer to:

404-30-53-563.6360	WW Collection Subaqueous Rehab	\$405,000
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There is no impact to Fund Balance with this transfer.

Staff Recommendation

Pass Resolution 2021-08.

Attachments

Resolution 2021-08

RESOLUTION 2021-08

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING THE ADOPTED BUDGETS FOR THE WATER AND WASTEWATER OPERATING FUND AND THE WATER AND WASTEWATER CAPITAL FUND, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021; TRANSFERRING FUNDS FROM REVENUES, OTHER FINANCING SOURCES OR OTHER EXPENSE LINES TO COVER OVERAGES IN OPERATING AND CAPITAL DEPARTMENT EXPENSES WITHIN ADOPTED FUND BUDGETS, PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the State of Florida Department of Environmental Protection (FDEP) and the Town of Longboat Key entered into a Consent Order on February 24, 2021 (OGC File No. 20-1261) as a result of the Town's 20" Force Main Leak in June 2020; and,

WHEREAS, the Town notified FDEP on March 3, 2021 of the Town's intent to perform in-kind projects to satisfy the civil penalty portion of the Consent Order, and the notice was accepted by FDEP on March 4, 2021; and,

WHEREAS, as of March 31, 2021, the Town incurred approximately \$160,000 of legal costs in the Water and Wastewater Operating Fund (401); and,

WHEREAS, an estimated \$745,000 of additional expenses related to the Consent Order are anticipated for costs that include professional consulting and legal services, infrastructure and environmental corrective actions, and these expenses also necessitate an adjustment in the Water and Wastewater Operating Fund (401); and,

WHEREAS, the Town is also prepared to procure an assessment of the existing Sub-Aqueous Force Main at an estimated cost of \$405,000.00 within the Water and Wastewater Capital Project Fund (404); and,

WHEREAS, the assessment of the existing pipe will be funded through the reduction of budget appropriations for Wet Well and Manhole Repairs, Rehabilitation of Sewer Lines and GMD Gravity Crossing within the Water and Wastewater Capital Project Fund (404); and,

WHEREAS, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations), pursuant to Town Charter is at the Department level; and,

WHEREAS, budget transfers exceeding \$20,872.00 between departments or funds or the use of Fund Balance, require an amendment to the adopted Budget, and require Town Commission approval; and,

WHEREAS, the Finance Director certifies that sufficient unexpended balances are available within the Water and Wastewater Utility Operating Fund (401) and the Water and Wastewater Utility Capital Project Fund (404) to make the additional budget transfers described above; and,

WHEREAS, Article V, Section 9 of the Town Charter provides for such transfers.

NOW, THEREFORE, be it resolved by the Town Commission of the Town of Longboat Key, Florida, that:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified, confirmed, and fully incorporated by reference.

SECTION 2. The budget of Water and Wastewater Operating Fund (401) of the Town of Longboat Key for the fiscal year beginning October 1, 2020, and ending September 30, 2021, as adopted pursuant to Resolution 2020-14 are hereby amended to transfer a total of Seven Hundred Ninety-Five Thousand and 00/100 dollars (\$795,000.00) as shown below.

Transfer from:

401-30-54-559.5901	Depreciation Expense	\$150,000.00
401-00-51-399.0001	Use of Fund Balance	<u>\$645,000.00</u>
		\$795,000.00

Transfer to:

401-30-53-531.3102	Professional Services-Town Attorney	\$40,000.00
401-30-53-531.3109	Professional Services Other Attorneys	\$220,000.00
401-30-53-531.3122	Pollution /Conservation Management	<u>\$535,000.00</u>
		\$795,000.00

SECTION 3. The budget of Water and Wastewater Capital Project Fund (404) of the Town of Longboat Key for the fiscal year beginning October 1, 2020, and ending September 30, 2021, as adopted pursuant to Resolution 2020-14 are hereby amended to transfer a total of Four Hundred Five Thousand and 00/100 dollars (\$405,000.00) as shown below.

Transfer from:

404-30-53-563.6355	Wet Well and Manhole Repair	\$115,000.00
404-30-53-563.6378	GMD Gravity Crossing	\$100,000.00
404-30-53-563-6356	Rehabilitation of Sewer Lines	<u>\$190,000.00</u>
		\$405,000.00

Transfer to:

404-30-53-563.6360	WW Collection Subaqueous Rehab	\$405,000.00
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SECTION 4. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of the Resolution shall not be affected.

SECTION 5. This Resolution shall become effective immediately upon adoption.

Passed, following public hearing, by the Town Commission of the Town of Longboat Key, Florida this 3rd day of May, 2021.

Kenneth Schneier, Mayor

ATTEST:

Trish Shinkle, Town Clerk

End of Agenda Item