



## CITY OF LAKE WORTH

7 North Dixie Highway · Lake Worth, Florida 33460 · Phone: 561-586-1600 · Fax: 561-586-1750

**AGENDA**  
**CITY OF LAKE WORTH**  
**CITY COMMISSION BUDGET WORK SESSION NO. 2**  
**TUESDAY, JUNE 24, 2014 - 6:00 PM**

1. **ROLL CALL:**
2. **PLEDGE OF ALLEGIANCE:** Led by Commissioner Christopher McVoy
3. **UPDATES/FUTURE ACTION/DIRECTION:**

A. Discuss Fiscal Year 2015 proposed budget - estimated time 2 hours

- 1) Water, Local, and Regional Sewer Funds
- 2) Beach Fund
- 3) Golf Fund
- 4) Library Trust, Simpkin Trust
- 5) Code Remediation Fund
- 6) Building Funds

4. **ADJOURNMENT:**

If a person decides to appeal any decision made by the board, agency or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. (F.S. 286.0105)

NOTE: ONE OR MORE MEMBERS OF ANY BOARD, AUTHORITY OR COMMISSION MAY ATTEND AND SPEAK AT ANY MEETING OF ANOTHER CITY BOARD, AUTHORITY OR COMMISSION.

# FY 2015 City of Lake Worth Water Utilities Department Budget FAQ

1. What programs/services/functions does the Water Fund support?
  - The water fund supplies potable water, both within the City limits and within the utility service area located west of the City. Water is pumped from groundwater wells and treated at the City's combined lime softening and reverse osmosis plant.
2. What programs/services/functions does the Local Sewer Fund support?
  - The local sewer fund provides wastewater collection, pumping, treatment and disposal for customers within the City and within the utility service area west of the City. Wastewater is discharged into the Regional Sewer system.
3. What programs/services/functions does the Regional Sewer Fund support?
  - The Regional Sewer Fund provides wastewater pumping, transmission, treatment and disposal for the City and seven sub-regional municipal contract customers. Wastewater is collected in regional wastewater mains, pumped through the Master Pump Station to the East Central Regional (ECR) Wastewater Facility in West Palm Beach.
4. What are the main accomplishments being achieved in FY 2014?
  - Construction of Well # 16 and associated raw water main west of I-75 to reduce salt water intrusion, rehabilitation of well #9, award of construction for S 10<sup>th</sup> Ave and 14<sup>th</sup>, 15<sup>th</sup> and Crestwood water main projects, installation of 13 fire hydrants, rehabilitation of 50 manholes, and replacement of 1 master pump station variable frequency drive.
5. What programs/services/functions are being changed in FY 2015?
  - The Water Utility Department was renamed and the administration division was created by transferring functions and budget from the water treatment plant budget.
  - The water plant treatment process is being upgraded to provide better disinfection per FDEP requirements. This will help reduce the volume of water needed for flushing.
  - Design and construction of water distribution and sewer collection improvements are included in the Park of Commerce, Lake Worth 2020 and 2 inch steel water line capital projects.
  - The Regional Sewer Fund budget has been adjusted based on the planned 50% increase in the ECR wastewater fees for the capital improvements at the plant.

6. How many employees work for the Water Utilities Department? Is that changing in FY 2015?
- The Water Fund has 29.5 employees in FY 2015. This is a net increase of 1 (2 persons - 50% time) due to the proposed hiring of the accounting analyst and capital project manager in the Administration Division.
  - The Local Sewer Fund has the 16.5 employees in FY 2015. This is a net increase of 1 (2 persons - 50% time) due to the proposed hiring of the accounting analyst and capital project manager in the Administration Division.
  - The Regional Sewer Fund has 1 employe ( 2 persons – 50% time) in FT 2015. This is the same as in FY 2014.
7. Are the water or sewer rates going up in FY 2014?
- Yes, the water rates are increasing per the recommendations of the rate consultant.
  - Yes, the local sewer rates are increasing per the recommendations of the rate consultant due to the increasing pass through costs from the ECR wastewater facility.
  - Yes, the Regional sewer rates are increasing per the recommendations of the rate consultant due to the increasing pass through costs from the ECR wastewater facility.
8. Are the Water/Sewer Budgets going up in FY 2014?
- **Water Fund: Yes: FY14 \$19,207,381 FY15 \$22,011,324 (\$ 2,803,943 increase-15%)**  
Operating revenues are sufficient for operating expenses, debt service and contribution to general fund of \$1 million. The FY 15 budget includes capital projects of \$2,230,000, which are paid from reserves, and additional \$ 6,151,000 transfer from reserves planned for the LW 2020 project in FY 2015. The increase in Administration expense is offset by a reduction in non-departmental expenses. The budget increase is due to the increased capital outlays in FY 2015, including the transfers to the LW2020 project. Utility rate studies recommend cash reserves of 33% of the operating budget (\$5 million), which are maintained in the FY15 budget.
  - **Local Sewer Fund: Yes: FY14 \$8,526,912 FY15 \$10,508,231 (\$1,981,319 increase- 23%)**  
Approx. 45% of this budget is for contracted wastewater transmission/treatment services, Operating revenues are sufficient for operating expenses, debt service and contribution to general fund of \$0.2 million. The FY 15 budget includes capital projects of \$568,000, which are mostly paid from reserves, and additional \$2,094,000 transfer from reserves planned for the LW 2020 project in FY 2015. The increase in Administration expense is offset by a reduction in pumping expenses. The budget increase is due to the increased capital outlays in FY 2015, including the transfers to the LW2020 project.

- **Regional Sewer Fund: Yes: FY14 \$6,430,639 FY15 \$6,524,246 (\$93,607 increase -1%)**

The Regional Sewer Fund was adjusted based on the settlement agreement reached with contracted sub-regional customers in FY 2013. A true-up calculation was completed based on audited FY 13 financial reports. The Regional Sewer Fund budget has been adjusted based on the planned 50% increase in the ECR wastewater fees for the capital improvements at the plant.

**City of Lake Worth  
Proposed FY 2015 Budget- 1st Draft**

**Water Fund**

	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2013-2014	FY 2013-2014	FY 2014-2015	FY 2014-2015 Change between FY 15 Draft Budget & FY 14	FY 2014-2015 % Change
	Actuals	Actuals	Adjusted Budget	YTD Actuals (Oct-May)	Forecast	Budget Request	Forecast	% Change
Revenue change assumptions:								
<u>Source of Funds</u>								
General Government	-	-	-	-	-	-	-	-
Physical Environment	11,779,931	11,562,792	12,244,470	8,148,087	12,680,000	12,980,000	300,000	2.37%
Violation of Lake Worth Ordinance	200	-	500	-	500	-	(500)	-100.00%
Interest & other Earnings	72,290	61,626	107,838	11,367	107,838	60,000	(47,838)	-44.36%
Spec Assess/Impact	-	213,219	5,000	327,936	328,000	200,000	(128,000)	-39.02%
Advance Reimbursement	-	(217,828)	-	-	-	-	-	100.00%
Grants/Aid	-	245,723	-	-	-	-	-	-
Other Miscellaneous Rev	183,180	7,362	-	-	-	-	-	-
Transfers In	-	-	1,443,497	-	-	-	-	-
subtotal	12,035,601	11,872,894	13,801,305	8,487,390	13,116,338	13,240,000	123,662	0.94%
Use of Fund Balance	1,045,944	2,810,047	5,406,076	-	4,100,325	2,620,324	(1,480,001)	
<b>Total Sources of Funds</b>	<b>13,081,545</b>	<b>14,682,941</b>	<b>19,207,381</b>	<b>8,487,390</b>	<b>17,216,663</b>	<b>15,860,324</b>	<b>(1,356,339)</b>	
<u>Use of Funds</u>								
Administration	-	-	-	-	-	717,988	717,988	
Pumping	274,870	192,248	525,459	148,592	368,698	380,000	11,302	3.07%
Water Treatment Plant	4,148,279	4,164,958	4,810,814	2,203,427	4,145,827	4,051,786	(94,041)	-2.27%
Transmission & Distrib.	1,108,099	1,271,701	1,591,831	936,745	1,501,609	1,657,035	155,426	10.35%
Customer Service	-	-	-	-	-	-	-	-
Non-Departmental Other	1,692,719	1,647,774	1,575,304	985,000	1,569,009	802,041	(766,968)	-48.08%
Contribution to General Fund	1,071,160	1,075,572	1,030,564	687,043	1,030,564	1,022,788	(7,776)	51.92%
Transfers Out - to Capital Project Fund	-	400,500	810,000	(33,603)	810,000	400,500	(409,500)	151.92%
Transfers Out - Park of Commerce	-	-	-	-	-	-	-	251.92%
Capital Outlay	-	-	5,001,637	226,662	3,929,184	2,230,000	(1,699,184)	-43.25%
Debt Payments- Principal	1,333,567	2,461,675	1,034,214	-	1,034,214	1,500,000	465,786	45.04%
Debt Payments- Interest	1,396,276	1,170,326	770,984	471,323	770,984	800,000	29,016	3.76%
Depreciation	2,056,575	2,298,187	2,056,574	-	2,056,574	2,298,186	241,612	11.75%
subtotal	13,081,545	14,682,941	19,207,381	5,625,189	17,216,663	15,860,324	(1,356,339)	-7.88%
Reserve for future use	-	-	-	2,862,201	-	-	-	
<b>Total Uses of Funds</b>	<b>13,081,545</b>	<b>14,682,941</b>	<b>19,207,381</b>	<b>8,487,390</b>	<b>17,216,663</b>	<b>15,860,324</b>	<b>(1,356,339)</b>	
Net Assets Analysis:								
Actual Available Net Assets / Estimated	22,275,082	24,039,185	20,152,689	20,152,689	20,152,689	14,275,605	(5,877,084)	-29.16%
Use of Net Assets	(1,045,944)	(2,810,047)	(5,406,076)	2,862,201	(4,100,325)	(2,620,324)	1,480,001	-36.09%
Adjustment for Non-cash items (i.e. Depreciation)	2,056,575	2,298,187	2,056,574	-	2,056,574	-	241,612	100.00%
Less cash advances for the following:								
Grant Fund							-	100.00%
Beach project		(1,276,830)					-	100.00%
Casino project		(3,833,333)	(3,833,333)	(3,833,333)	(3,833,333)		3,833,333	100.00%
Estimated Remaining Fund Balance	23,285,713	18,417,162	12,969,854	19,181,557	14,275,605	11,655,281	(322,138)	334.74%
Capital Outlay	-	-	5,001,637	226,662	3,929,184	2,230,000	(1,699,184)	-43.25%
* Treatment	-	-	4,909,137	215,162	2,554,901	1,030,000	(1,524,901)	-59.69%
* Distribution	-	-	92,500	11,500	1,374,283	1,200,000	(174,283)	-12.68%
* Non-Departmental	-	-	-	-	-	-	-	

**City of Lake Worth**  
**Proposed FY 2015 Budget- 1st Draft**

**Local Sewer Fund**

	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2013-2014	FY 2013-2014	FY 2014-2015	FY 2014-2015 Change between FY 15 Draft Budget & FY 14 Forecast	FY 2014-2015 % Change
	Actuals	Actuals	Adjusted Budget	YTD Actuals (Oct-May)	Forecast	Budget Request		
Revenue change assumptions:			10%					
<u>Source of Funds</u>								
General Government	-	-	-	-	-	-	-	-
Physical Environment	7,736,162	7,263,337	6,352,524	4,392,262	6,822,500	6,970,000	147,500	2.16%
Interest & other Earnings	32,219	31,135	73,412	6,359	73,412	73,000	(412)	-0.56%
Spec Assess/Impact	-	165,535	5,000	254,400	255,000	250,000	(5,000)	-1.96%
Other Miscellaneous Rev	4,983	3,872,838	-	-	-	-	-	-
subtotal	7,773,364	11,332,845	6,430,936	4,658,460	7,150,912	7,293,000	142,088	1.99%
Use of Fund Balance	-	-	2,095,976	-	1,263,319	480,526	(782,793)	
<b>Total Sources of Funds</b>	<b>7,773,364</b>	<b>11,332,845</b>	<b>8,526,912</b>	<b>4,658,460</b>	<b>8,414,231</b>	<b>7,773,526</b>	<b>(640,705)</b>	
<u>Use of Funds</u>								
Administration	-	-	-	-	-	323,988	323,988	#DIV/0!
Pumping	372,724	384,629	828,293	617,042	756,350	479,248	(277,102)	-36.64%
Sewer Collection	952,221	1,041,947	1,258,043	721,632	1,207,938	1,517,274	309,336	25.61%
Non-Departmental Other	4,236,223	3,322,903	3,379,412	2,580,173	3,379,412	4,119,482	740,070	21.90%
Contribution to General Fund	229,997	223,037	595,817	397,211	595,817	177,511	(418,306)	100.00%
Subtotal Operating Expenses	5,791,165	4,972,516	6,061,565	4,316,058	5,939,517	6,617,503	677,986	
Transfers Out - to Master Plan Project Fund	-	-	283,101	(276,494)	283,101	-	(283,101)	100.00%
Transfers Out - Park of Commerce	-	-	-	-	-	-	-	
Capital Outlay	73,235	-	1,578,733	137,160	1,588,100	568,000	(1,020,100)	-64.23%
Debt Payments- Principal	255,000	3,570,000	-	-	-	-	-	
Debt Payments- Interest	53,257	24,535	-	-	-	-	-	
Depreciation	603,513	588,024	603,513	-	603,513	588,023	(15,490)	-2.57%
subtotal	6,776,170	9,155,075	8,526,912	4,176,724	8,414,231	7,773,526	(640,705)	-7.61%
Reserve for future use	997,194	2,177,770	-	481,736	-	-	-	
<b>Total Uses of Funds</b>	<b>7,773,364</b>	<b>11,332,845</b>	<b>8,526,912</b>	<b>4,658,460</b>	<b>8,414,231</b>	<b>7,773,526</b>	<b>(640,705)</b>	
<u>Net Assets Analysis:</u>								
Actual Available Net Assets / Estimated	8,060,060	9,660,767	10,485,360	10,485,360	10,485,360	9,825,554	(659,806)	-6.29%
Reserve for future use	997,194	2,177,770	(2,095,976)	481,736	(1,263,319)	(480,526)	782,793	-61.96%
Adjustment for Non-cash items (i.e. Depreciator	603,513	588,024	603,513	-	603,513	588,023	(15,490)	(0)
Estimated Remaining Fund Balance	9,660,767	12,426,561	8,992,897	10,967,096	9,825,554	9,933,051	107,497	1.09%
Capital Outlay	73,235	-	1,578,733	137,160	1,588,100	568,000	(1,020,100)	-64.23%
Pumping	-	-	85,000	-	-	65,000	65,000	#DIV/0!
Sewer Collection	-	-	1,493,733	137,160	1,588,100	503,000	(1,085,100)	-68.33%
Vehicles	73,235	-	-	-	-	-	-	

**City of Lake Worth  
Proposed FY 2015 Budget- 1st Draft**

**Regional Sewer Fund**

	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2013-2014	FY 2013-2014	FY 2014-2015	FY 2014-2015 Change between FY 15 Draft Budget & FY 14 Forecast	FY 2014-2015 % Change
	Actuals	Actuals	Adjusted Budget	YTD Actuals (Oct-May)	Forecast	Budget Request		
Rate per 1000 gallons			\$ 1.44	\$ 1.44		\$ 1.57		
<u>Source of Funds</u>								
Physical Environment	7,554,445	5,529,793	4,947,691	3,869,377	4,947,691	6,140,904	1,193,213	24.12%
Interest & other Earnings	24,311	4,427	40,000	2,484	40,000	5,000	(35,000)	-87.50%
Transfers In	-	1,713,405	-	-	-	-		
subtotal	7,578,756	7,546,875	4,987,691	3,871,861	4,987,691	6,145,904	1,158,213	23.22%
Use of Fund Balance	-	5,533,109	1,442,948	-	1,632,957	378,342	(1,254,615)	
<b>Total Sources of Funds</b>	<b>7,578,756</b>	<b>13,079,984</b>	<b>6,430,639</b>	<b>3,871,861</b>	<b>6,620,648</b>	<b>6,524,246</b>	<b>(96,402)</b>	
<u>Use of Funds</u>								
Pumping	5,267,163	4,949,631	3,432,993	2,895,127	3,397,167	5,435,130	2,037,963	59.99%
Non-Department Other	972,468	5,616,865	968,191	696,578	1,574,941	252,311	(1,322,630)	-83.98%
Interfund Admin Services	339,643	338,389	338,389	225,593	338,389	153,829		
Transfers Out	-	1,713,405	-	-	-	-	-	-
Debt Payments- Principal	-	-	-	-	-	-	-	-
Debt Payments- Interest	32,413	28,718	-	-	-	-	-	-
Reserve for Renewal & Replacement	-	-	298,524	-	-	-	-	-
Debt Payments- Principal	286,799	-	-	-	-	-	-	-
Capital Outlay	-	-	963,391	7,280	881,000	250,000	(631,000)	-71.62%
Depreciation	429,151	432,976	429,151	-	429,151	432,976	3,825	0.89%
subtotal	7,327,637	13,079,984	6,430,639	3,824,578	6,620,648	6,524,246	(96,402)	-1.46%
Reserve for future use	251,119	-	-	47,283	-	-	-	-
<b>Total Uses of Funds</b>	<b>7,578,756</b>	<b>13,079,984</b>	<b>6,430,639</b>	<b>3,871,861</b>	<b>6,620,648</b>	<b>6,524,246</b>	<b>(96,402)</b>	
<u>Net Assets Analysis:</u>								
Actual Available Net Assets / Estimated	5,415,396	6,095,666	18,256,194	18,256,194	18,256,194	17,052,388	(1,203,806)	-6.59%
Investment in Joint Venture			(18,662,012)	(18,662,012)	(18,662,012)	(18,662,012)		
Reserve for future use	251,119	(5,533,109)	(1,442,948)	47,283	(1,632,957)	(378,342)	1,254,615	-76.83%
Adjustment for Non-cash items (i.e. Depreciation)	429,151	432,976	429,151	-	429,151	432,976	3,825	100.00%
Estimated Remaining Fund Balance	6,095,666	995,533	(1,419,615)	(358,535)	(1,609,624)	(1,554,990)	54,634	-3.39%
Capital Outlay	-	-	963,391	7,280	881,000	250,000	(631,000)	-71.62%
Pumping	-	-	963,391	7,280	881,000	250,000	(631,000)	-71.62%



# Water Utility Fiscal Year 2014-2015 Annual Report & Budget Workshop

1. ANNUAL WATER UTILITY REPORT - FY14
2. WATER SYSTEM BUDGET AND RATES
3. LOCAL SEWER SYSTEM BUDGET AND RATES
4. REGIONAL SEWER SYSTEM BUDGET AND RATES





# The Art of Florida Living. <sup>SM</sup>

## CITY GOALS

- Improved Property Values and Quality of Life
- Protect Our Unique Character
- Provide Effective and Efficient Services

## WATER UTILITY GOALS

- Excellent Water Quality
- Reliable and Environmental Wastewater Removal
- Great Customer Service
- Improved Safety, Reliability and Sustainability
- Rebuilt Piping Infrastructure
- Long Term Financial Predictability and Value



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## Water System

- Wells – Shallow and Deep (fresh & brackish)
- Water Treatment Plant (lime and RO)
- Water Distribution (pipeline repairs, install hydrants and water quality flushing)
- Capital Projects (New wells, main expansion and 2 in water line replacement)

# Water System





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# Wastewater System

- Service laterals and Sewers (backups, inspections, manhole rehab and lining)
- Lift Stations (Pump ragging and replacement)
- Master Pump Station (Ragging and VFDs)
- Force Mains (ARV replacement)
- East Central Regional Wastewater Facility

# Wastewater System





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## Challenges

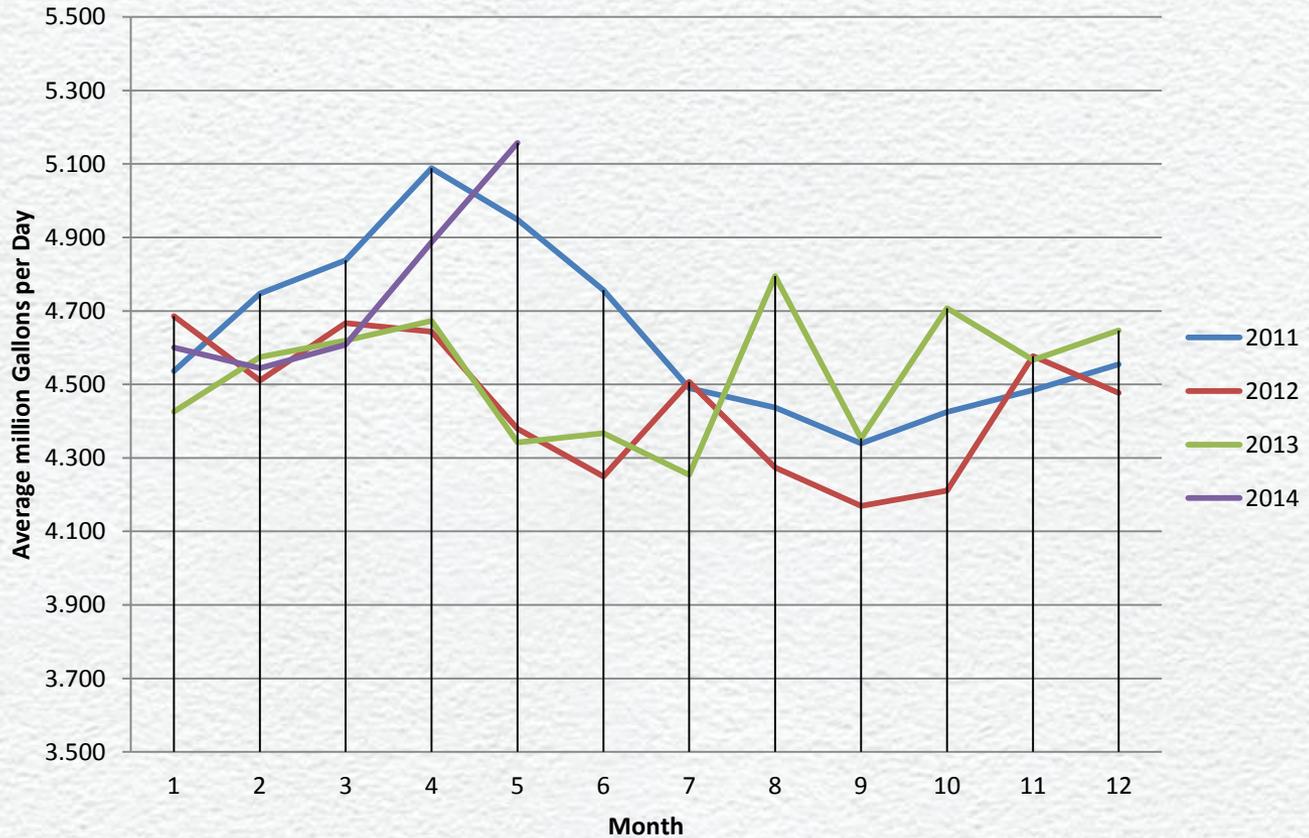
- Reduced water flows and revenues
- Salt water intrusion requires new wells
- WW treatment (ECR) prices increasing
- Old piping infrastructure



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# Water Plant Flows

Adj Highservice + Interconnect Average Daily Flow





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## Performance Measures

- Water Demand – Max. Day and Average Flow – MGD
- Wastewater Flow – Max. Day and Average Flow – MGD
- Average Water Expense, \$/MGD
- Average Wastewater Expense, \$/MGD
- Nos. work orders completed
- Nos. hydrants installed = 13



The Art of Florida Living. <sup>SM</sup>

## Accomplishments in FY 14

- Building Well 16 and RWM west of I-95
- Rehab of Well 9
- Building S 10<sup>th</sup> Ave. water main & road
- Building 14<sup>th</sup>, 15<sup>th</sup> & Crestwood water mains
- Rehab of 100 manholes
- Replaced VFD for MPS pump drive
- Replaced carbon filter for MPS odor control



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# Accomplishments in FY 14

Well 16 Drilling



Well 16 Water Main





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## Goals in FY 15

- Developing Water Utility Ordinance, Policies & Procedures
- Park of Commerce Team - Phase 1 Engr.
- Lake Worth 2020 Team - Year 1 Engr.
- Pilot Project- 2 in. water line replacement
- Install 30 new hydrants
- Develop Water Utility Expansion Plan



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## FY 15 Personnel Request

- New administration section with 5 employees (3 transfer and 2 new) to manage multiple large capital projects
  - Capital Project Manager
  - Accounting Analyst
- Total staff complement (47, 2 additional)
  - Water – 29.5
  - Local Sewer 16.5
  - Regional Sewer - 1



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## FY 15 Budget Request

<u>Water Utility</u>	<u>FY 14</u>	<u>FY 15</u>	<u>Change</u>
• Water Fund	\$19.2 M	\$22.0M	+\$2.8M
• Local Sewer	\$ 8.5M	\$10.5M	+\$2.0M
• Reg. Sewer	\$ 6.4M	\$ 6.5M	+\$0.1M

- Includes General Contribution of \$1.2 M
- Includes LW2020 Contribution of \$8.3 M
- Reg. Sewer Expense increase due to ECR Wastewater Treatment Plant Capital Project



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Backup material for the Beach Fund  
will be presented  
at the meeting



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Backup material for the Golf Fund  
will be presented  
at the meeting



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Backup material for the Library Trust/Simpkin Trust  
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No backup material  
will be provided



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No backup material  
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