

Metro Transportation Engineering & Construction Cooperative Proposed Budget Fiscal Year 2023-2024

Background

The Metro Transportation Engineering & Construction Cooperative (MTECC) was established in 2022 by Interlocal Agreement “ILA” between the founding member municipal members of City of Hollywood, City of Plantation and the City of Pompano Beach under Section 163.01, Florida Statutes in cooperation with the Broward Metropolitan Planning Organization under Section 339.175, Florida Statutes. The founding municipal members appoint a MTECC Board Member from their elected officials that form the MTECC Board. The MTECC Board provides policy direction for the operation of MTECC. MTECC shall be a separate legal entity, pursuant to Section 163.01(7), Florida Statutes. This Agreement was filed and recorded on May 31, 2022 with the Clerk of Court for Broward County, Florida in accordance with Section 163.01(11), Florida Statutes.

MTECC as an organization was created to facilitate the planning, design and construction of transportation related projects throughout County. Under the ILA, additional municipalities in Broward County may join the MTECC through Interlocal Agreement with MTECC. A municipality must be a member of MTECC for MTECC to provide the planning, design, and construction of transportation related projects in the municipality.

From time to time Federal funds become available through the Florida Department of Transportation and the Federal Transit Administration to fund projects that are on municipal roads and other transportation facilities (transitways, sidewalks, bikeways, etc.). Projects funded through Federal funding must comply with Federal laws, regulations and standards which in most cases vary from other projects implemented by municipalities. MTECC was primarily established to specialize in delivering projects that must meet Federal requirements to be efficient in delivering these projects for the member municipality. This prevents the various municipalities from the expense of meeting the Federal requirements on what may be a Federal funded project once or twice every three to five years.

Budget/Fund Structure

Special Revenue Fund

Special Revenue funds include funds that contain revenues which are restricted for specific purposes. The MTECC Operating Fund is created as a Special Revenue Fund. The MTECC Operating Fund supports the administrative operations of MTECC including grants provided by MTECC municipality members under the ILA and the costs to support the following:

- MTECC Board activities and support.
- Executive Director for administrative activities.
- Board Attorney for administrative activities.

- Finance and Accounting for MTECC activities.
- Procurement support activities.
- Contract Management activities
- Board public relations and involvement activities.
- Other administrative support activities.

Capital Project Fund

In the initial budget there are no revenues or projects in the MTECC Capital Projects Fund. As projects are undertaken by MTECC these will be included in the MTECC Capital Project Fund and accounted for as unique projects when grant agreements are executed. Projects in the Capital Projects Fund by their nature may cover multiple years depending on the size and complexity of the project.

Budget Process

The Proposed Budget is provided to developed the proposed budget in the late Spring of each year with the proposed budget presented to the MTECC Board in July of each year to be adopted in September of each year for the subsequent fiscal year October 1 to September 30.

Adopting the Budget

MTECC must adopt a balanced budget. A balanced budget as defined in Florida Statutes 166.241(2) is where the amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves.

MTECC does not have any taxing authority and relies upon contributions from municipal members and grants for capital projects from partners such as FDOT and the Federal Transit Administration. MTECC will hold a public hearing on the tentative budget that is published for public review at least 5 days before the hearing. The budget becomes effective on October 1. The legal level of adoption is at the Fund Level for the MTECC Operating Fund and at the project level for the Capital Projects Fund.

Amending the Adopted Budget

State law allow changes to the adopted budget at any time throughout the fiscal year and up to 60 days after fiscal year end (Florida Statutes 166.241(4)). These changes include budget amendments, which increase or decrease the total budget of a fund. Any budget amendments move funds from Budgeted Reserve in the MTECC Operating Fund or at a project level for a capital project in the Capital Projects Fund require MTECC Board approval.

Budget Monitoring

The budget is monitored monthly by the Executive Director to track variances between the actual and budgeted amounts, to identify trends and to estimate end-of-year results. Monthly financial reports are distributed to the MTECC Board members and all MTECC municipal members, Broward MPO, and for each project to the funding partner for the project. The Executive Director shall monitor the MTECC Operating Fund and each project in the Capital Projects Fund to evaluate the adequacy of funds year to date and through the end of the year. The Executive Director shall propose budget amendments to increase or decrease revenues and/or appropriated expenditures to maintain a balanced budget during each fiscal year for the MTECC Operating Fund and each project in the Capital Projects Fund.

Operating Budget Policies

Budgetary basis refers to the reporting of revenues and expenditures or expenses in the financial statements as they are recognized in the accounts. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental Funds are accounted for using the modified accrual basis of accounting except that encumbrances are treated as the equivalent of expenditures, as opposed to a reservation of fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Expenditures are generally recognized, under the modified accrual basis of accounting, when the related fund liability is incurred. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due, using the current financial resources measurement focus of accounting. At year-end, open encumbrance balances lapse.

The Annual Comprehensive Financial Reporting presents the status of the MTECC's finances on a basis consistent with Generally Accepted Accounting Principles (GAAP) (that is, the Governmental Funds use the modified accrual basis of accounting) In order to provide a meaningful comparison of actual results with the budget, the Annual Comprehensive Financial Reporting presents MTECC's operations on a GAAP basis and also shows fund expenditures and revenues on a budget basis for the Special Revenue and Capital Projects Funds. MTECC is required to prepare a balanced budget in which current revenues will be sufficient to support current expenditures.

MTECC Operating Fund Financial Reserve Policies

In general MTECC should maintain adequate fund balances or reserves to handle unexpected decreases in revenues plus a reasonable level for extraordinary unbudgeted expenditures. For measurement purposes, the minimum target fund balance in the MTECC Operating Fund is the equivalent of 90 days of average expenditure for the MTECC Operating Fund and should be computed annually and remain unappropriated. On an annual basis, projections of reserve requirements and a plan for the use of additions for the current year shall be made in accordance with relevant MTECC policies.

Capital Projects Fund Project Level Financial Reserve Policies

The Executive Director will analyze each project grant amount and establish a reserve amount for each project in coordination with the project team experts, funding partner and municipal member where the project is located. This reserve shall be maintained at the project level of the Capital Projects Fund and used for unexpected expenditures on the project. This reserve shall be monitored monthly and updated as needed to ensure there is adequate funding for each project.

Capital Improvement Policies

MTECC shall coordinate the development of the MTECC Capital Improvement Plan with the development of the MTECC Operating Fund Budget and in coordination with funding partners such as the Broward MPO, FDOT, Federal Transit Administration and MTECC municipal members. MTECC shall have a five-year capital improvement plan that identifies specific projects and project phases by year within the five year period. Each year, a new year will be added to the five year capital improvement plan. Future operating expenditures and revenues associated with new capital improvement will be projected and included in the Five-Year Capital Improvement Plan.

MTECC shall capture the expenditures for capital improvement projects by project and at the completion of the project transfer the project value to the municipal member that by agreement will own the project for long-term operations and maintenance.

Revenue Policies

MTECC depends on funding partners to provide grants for the MTECC operations and capital projects being implemented by MTECC. MTECC will include revenues as required by the ILA in the MTECC Operating Budget and any other grants that may be made by MTECC municipal members for MTECC operations. MTECC Capital Projects Funds revenues shall be developed based on executed grant agreements from project funding partners. Legally restricted revenues will be used for the specific purpose dictated by the issuer. To ensure compliance with revenue, reserve and budget policies, MTECC staff shall analyze and prepare reports annually to monitor, project and estimate revenues and expenditures, on an annual basis and forward for the next fiscal year.

Expenditure Policies

Expenditures are a rough measure of MTECC's service output. While many expenditures can be easily controlled, unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures and provide for a quick and effective response to adverse financial situations, expenditures and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented. Also, expenditures and purchase commitments will be recorded in an accurate and timely fashion.

Budget In Brief

Actual amounts for fiscal year 2022-2023, through May 2023 includes:

Revenues. The revenues received include initial payments from available for allocation in the fiscal year 2022-23 of \$350,000. It is anticipated that an additional \$100,000 will be received from existing member cities prior to fiscal year end September 30, 2023. Fort Lauderdale expressed interest in joining MTECC and we expect their \$50,000 initial fee to be received before September 30, 2023. This totals \$500,000 member city fees in fiscal year 2022-23.

Expenditures. The actual expenditures through May 2023 have been limited to the Insurance payment and payment for activities of the Executive Director. These total _____ through the end of May 2023. It is anticipated that addition expenses will be incurred for general administrative activities through September 30, 2023. However, the amount required will be much lower than expected in the Adopted Budget for the fiscal year 2022-23.

Budgeted Reserve. The Budgeted Reserve for fiscal year 2022-23 was assumed to be \$200,000, or 78.7 percent of the annual expenditures of the MTECC Operating Fund. We anticipate this amount will be higher than expected due to lower than expected expenditures and higher than expected revenues in fiscal year 2022-23.

Proposed budget amounts for fiscal year 2023-2024 includes:

Revenues. The revenues will involve an assessment to the MTECC member cities (assumes cities of Deerfield Beach, Fort Lauderdale, Hallandale Beach, Hollywood, Pembroke Pines, Plantation, and

Pompano Beach), that is assumed to be \$25,000 per City to total revenues of \$175,000 for fiscal year 2022-23. Any new MTECC members will be assess a \$50,000 initial year fee for joining MTECC should additional cities join MTECC during fiscal year 2023-24.

Expenditures. The budget expenditures for general administrative activities in fiscal year 2023-24 include the following major categories.

General Administrative

- Board Expense – these include Board preparation, meeting minutes and related support
- MTECC Legal Counsel – general support for Board meetings and administrative activities
- MTECC Executive Director – general support for Board meetings and administrative management and oversight of MTECC activities
- Program Management Consultant –
 - general support for Board meetings and technical support for administrative activities,
 - web development and support,
 - media relations and public involvement support for general MTECC activities
- Finance and Accounting – supports finance and accounting activities for MTECC.
- Insurance – overall insurance coverage for the Board and MTECC activities
- Annual Audit – required annual audit of MTECC activities.
- Other Administrative Expenses – this covers general administrative expenses that made not be addressed in other categories.

Project Specific

While not included in the proposed budget, discussions are underway with Deerfield Beach, Hallandale Beach and FDOT about possible MTECC support for LAP projects in state fiscal year 2023-24. If this occurs, the budget will be amended to add project phases such as design that includes associated funding from FDOT/City to fund items such as:

- MTECC Executive Director – items such as project scope development, meetings, negotiations, oversight, reporting, management of consultants and related project specific activities
- MTECC Legal Counsel – project level items such as draft agreements, negotiations, finalizing agreements, and availability for any project level issues.
- MPO Support – project level task orders and procurement processes
- Program Management Consultant
 - PMC Project Manager – project scope development, meetings, negotiations, oversight, management of PMC staff, reporting, etc.
 - PMC Design Consultant Manager – contract/project manager for design consultant on behalf of MTECC – scope development, manage design consultant activities for oversight, coordination, reporting, invoicing, payments, etc.
 - MTECC/City – design reviews at 30%, 60%, 90% plans and acceptance of 100% plans
 - Construction Bid Preparation – assist design consultant will the development of the plans, specifications, special provisions to prepare for construction bid
- Design Consultant – team responsible for the implementation of the design project.

Budgeted Reserve. The Budgeted Reserve for fiscal year 2023-24 was assumed to be \$212,310, or 72 percent of the annual expenditures of the MTECC Operating Fund.

MTECC Operating Fund

Budget Item	Fiscal Year 2022-2023	Fiscal Year 2023-2024	Notes
Revenues			
Founding Member Contributions			
City of Hollywood	\$100,000	\$25,000	FY 23-34 Set
City of Plantation	\$100,000	\$25,000	By Board
City of Pompano Beach	\$100,000	\$25,000	Assessment
Non-Founding Member Contributions			
City of Deerfield Beach	\$50,000	\$25,000	
City of Hallandale	\$50,000	\$25,000	
City of Pembroke Pines	\$50,000	\$25,000	
City of Fort Lauderdale (pending)	\$50,000	\$25,000	
Total Member Contributions	\$500,000	\$175,000	
Interest Earnings	0	\$3,000	
Total Revenues	\$500,000	\$179,000	
Carry Over Prior Year		\$328,310	
Total Available		\$507,310	
Appropriations/Expenditures			
Board Expenses	\$5,000	\$10,000	
Board Attorney	\$12,000	\$48,000	
Executive Director	\$60,690	\$60,000	
Program Management Consultant	\$35,000	\$60,000	
Finance/Accounting	\$25,000	\$50,000	
Insurance	\$8,000	\$10,000	
Annual Audit	\$0	\$12,000	
Procurement	\$20,000	\$10,000	
Public Relations/Involvement	\$0	\$5,000	
Technology	\$5,000	\$10,000	
Other Administrative Expenses	\$1,000	\$20,000	
Total Appropriations/Expenditures	\$171,690	\$295,000	
Budgeted Reserve	\$328,310	\$212,310	