



FINANCE DEPARTMENT  
MEMO 17-72

Date: April 3, 2017

To: Mayor and City Commission

From: Andrew Jean-Pierre, Finance Director *AS*

Via: Suzette Sibble, Assistant City Manager  
Greg Harrison, City Manager

**Re: Use of General Fund Disaster Recovery Reserves**

It is my understanding that the Pier Replacement project is an integral component of private development efforts currently underway around the pier, as it relates to the City's contract with Pier Development Associates to develop various parcels, to include two restaurants (Beach House and Oceanic), as well as various retail establishments. It is critical that the pier construction get underway now, as delaying any further could compromise the success of the planned private development in the short term with the massive construction effort necessary for the pier. Staff has explored various means of financing the pier replacement and has determined that the best course of action right now is to commit approximately \$9.1 million of General Fund Disaster Reserve Funds. The General Fund currently has approximately \$19.7 million in funds specifically maintained as a disaster reserve contingency to allow the City to recover quickly in the event of damage or interruption of services caused by a hurricane or other disaster (act of God or manmade). This will leave approximately \$10.6 million in the disaster reserve account. Staff is recommending this course of action, given the following considerations:

1. The City plans on including the Pier Replacement on the General Obligation Bond (GO Bond) Project List with the disaster funds to be reimbursed from GO Bond proceeds. It is anticipated that approximately \$6 million of the \$9.1 million will need to be expended prior to the planned March 2018 Referendum date (in the interim the City has options to ensure the availability of resources so that our residents will be protected in the event of a disaster, as discussed below); and
2. The City's code of ordinances does provide for the borrowing of funds, without voter approval, in the event of an emergency, subject to Commission approval. Based on the City's amicable banking relationships and strong fiscal position, it is reasonable to believe that the City would be able to borrow funds in the short term, to subsidize any funds it has on hand, to navigate disaster recovery;
3. The City has reserves in other City Funds (i.e. water & sewer, building permit etc.), which would be able to contribute their share for disaster recovery preparation and recovery costs, primarily related to personnel costs;

4. The City's General Fund also has approximately \$20 million in operating contingency reserve funds. It would be a last resort for the City to utilize these funds, but it is available in the event of an emergency;
5. The City can build into its operating millage assessment, a component aimed at building back up the General Fund's disaster recovery reserves over time; and
6. The City has participated in the past and certainly does intend to participate in the future in the Federal Emergency Management Agency's (FEMA) Public Assistance Program. This program reimburses up to 75% of qualifying disaster recovery expenditures incurred by a participating entity, with the State of Florida reimbursing up to an additional 12.5% of costs incurred for disaster recovery. In addition, current FEMA guidelines does allow for a participating entity, such as the City, to be advanced certain funds (immediate needs funds), within 60-90 days following a disaster. The City was advanced funds for Hurricane Wilma, related to debris removal, which historically has been the City's largest expenditure post disaster, exclusive of potential property damage, for which the City has insurance coverage after contemplating deductibles. The City has invested time and effort in strengthening its disaster recovery framework, inclusive of developing processes and procedures, holding annual trainings for staff and maintaining a stand by contract with Witt Obrien's, experts in ensuring the City maximizes its reimbursement potential. Assuming FEMA continues this program, the City would seek to be reimbursed for any funds expended for disaster recovery, whether borrowed or from its own reserves Citywide.