

**RESOLUTION NO. 2005-25832**

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING RESOLUTION 2004-25697 WHICH ESTABLISHED A CAPITAL RENEWAL AND REPLACEMENT FUND TO PROVIDE A DEDICATED SOURCE OF FUNDING FOR CITY CAPITAL RENEWAL AND REPLACEMENT PROJECTS THAT EXTEND THE USEFUL LIFE OF GENERAL FUND ASSETS; ESTABLISHED A PROCEDURE FOR ANNUAL APPROPRIATION OF FUNDS; ESTABLISHED A PROCEDURE FOR THEIR USE; AND ADOPTED THE FISCAL YEAR (FY) 2004/05 BUDGET FOR THE FUND, IN THE AMOUNT OF \$1,347,070.**

**WHEREAS**, the Mayor and Commission adopted Resolution 2004-24697 on September 28, 2004 establishing a capital renewal and replacement reserve to provide a dedicated source of funding for capital renewal and replacement projects that extend the useful life of general fund assets including the initial annual transfer from the General Fund to the Capital Renewal and Replacement Fund, for Fiscal Year 2004/05, in the amount of \$1,347,070; and

**WHEREAS**, on September 28<sup>th</sup> 2004, the Mayor and Commission further directed that more stringent criteria be established regarding the use of these funds; and

**WHEREAS**, the City has a significant infrastructure investment that includes 322 buildings, structures and facilities; 472 acres of recreational open space; over 25 miles of inland canals, oceanfront beaches, City-owned seawalls; and 140 miles of paved streets; with associated swales landscaped medians, street and landscape lights, and curbs and gutters; and

**WHEREAS**, despite \$27.4 million budgeted in the Fiscal Year (FY) 2004/05 General Fund Operating Budget for general ongoing maintenance, as well as \$4.25 million funding from the proposed Miami-Dade County General Obligation Bond issue for Old City Hall; the Sixth Street Community Center; Flagler Monument; and Scott Rakow Youth Center improvements, there remains \$1,816,000 in immediate renewal and replacement needs without funding; and

**WHEREAS**, the City in process of developing a proactive schedule of renewal and replacement needs for the City's existing infrastructure that will require additional funding in future years; and

**WHEREAS**, as a result of the City's ongoing \$400 million Capital Improvement Program, there will be a significant additional increase in renewal and replacement needs; and

**WHEREAS**, annual capital renewal and replacement needs compete for General Fund resources with other needs, such as public safety, with the result that capital renewal and replacement needs may be deferred; and

**WHEREAS**, bond rating agencies, (Moody's, and Standard & Poor's) view renewal and replacement policies as a significant criteria in assessing a government's credit worthiness; and

**WHEREAS**, the Mayor and City Commission recognize the need to maintain a dedicated source of funding to ensure annual renewal and replacement of the City's General Fund capital assets on an ongoing basis; and

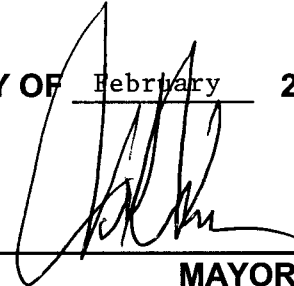
**WHEREAS**, there is a need to maintain flexibility in the use of the funds in the event that the City Commission is faced with an emergency project or event.

**NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that Resolution 2004-24697 is hereby amended as follows:**

1. A permanent Capital Renewal and Replacement Fund is hereby established to be used for capital projects that extend the useful life of the City's General Fund assets shall be limited to projects defined as follows:
  - A. Projects that extend the useful life of a asset by at least 5 years with a threshold value of at least \$25,000; for example the replacement of a major component of the asset such as roofs, HVAC systems, electrical systems, fire alarm systems, sprinkler systems that due to significant deterioration would constrain the remaining useful life of the asset,
  - OR
  - B. Projects that significantly reduce future maintenance cost over the remaining life of the asset in an amount that is greater than the renewal and replacement costs of the project.
2. The Mayor and Commission may authorize additional uses of the funds for unforeseen or unanticipated events affecting life, health, property or public safety subject to a five-sevenths (5/7) vote.
3. The Capital Renewal and Replacement Fund shall be funded annually, commencing in Fiscal Year 2004/05, through a transfer from the General Fund.
4. The initial annual transfer from the General Fund to the Capital Renewal and Replacement Fund, for Fiscal Year 2004/05, shall be the amount of \$1,347,070.
5. In subsequent fiscal years, the Fund will be increased by, at a minimum, the amount which would represent the value of the debt service millage reduction resulting from growth in the assessment value of the tax base. It is expected that this increase should not result in a total combined millage rate greater than in the preceding fiscal year.

6. Appropriation of project specific expenditures from the Capital Renewal and Replacement Fund shall be included in the City Manager's annual proposed budget based on an annual recommendation of the City Manager or his designee regarding range of asset life extended; identification of fully depreciated or deteriorated components of City assets; inventory requirements for large capital components of assets; or reduction in maintenance costs over the remaining life of the asset.
7. Appropriation of project specific expenditures shall be adopted by the Mayor and City Commission.
8. Interest earnings that accrue in the Capital Renewal and Replacement Fund shall be included in the appropriation for the Fund in the following fiscal year.
9. Changes among project specific appropriations may be authorized by the City Manager to the extent that no new projects be added and the total annual allocation is not exceeded.
10. During a fiscal year, changes to the total allocation and changes to the list of projects to be funded from the Capital Renewal and Replacement Fund shall require prior approval and authorization by a majority of the City Commission. Excess project specific appropriations not required will be available for re-appropriation the following year.
11. Project specific appropriations that are not expended in a given fiscal year shall remain in the Capital Renewal and Replacement Fund for the life of the project.
12. The City of Miami Beach hereby amends the FY 2004/05 Capital Renewal and Replacement Fund Budget, in the amount of \$1,347,070, as provided in Attachment A.

**PASSED AND ADOPTED THIS 23rd DAY OF February 2005.**

  
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**MAYOR**

**Attest:**  
  
\_\_\_\_\_  
**CITY CLERK**

**APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION**

  
\_\_\_\_\_  
**City Attorney**      2/18/05  
**Date**