

# *CITY OF FORT LAUDERDALE*

## OFFICE OF THE CITY AUDITOR

*Review of the WAVE Streetcar Funding Commitments  
and Related Expenditures*

*Report #17/18-05*

April 23, 2018



## Memorandum

Memo No: 17/18-06

Date: April 23, 2018

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA  
City Auditor

Re: Review of the WAVE Streetcar Funding Commitments and Related Expenditures

At the request of the City Commission, we have completed a review of the various WAVE Streetcar funding agreements to determine the total financial commitments of all parties, amounts spent to date, unspent cash on hand, and the remaining amounts of the grants and loans not yet drawn down as of March 31, 2018.

A review consists principally of applying analytical procedures and making inquiries of persons responsible for financial, accounting, and operational matters. A review ordinarily does not contemplate (a) tests of accounting records through inspection, observation, or confirmation, or (b) obtaining corroborating evidential matter in response to inquiries. It is substantially less in scope than an audit, the objective of which would be the expression of an opinion on the matters described above. Accordingly, we do not express such an opinion.

The attached Financial Analysis Schedule details the funding commitments by all parties, transfers between the parties, expenditures by the parties, unspent balances of funds held and the remaining amounts of the grants and loans not yet drawn down. In addition, there is a Schedule of Cash Flows and Balance of Funds Held. Finally, each of the Schedules contains numerous footnotes to provide the reader with further clarifying details regarding the individual components.

Summary of the City's commitment, including the amount of Assessments spent/pledged for debt service:

General Fund	In-kind (Land donation)	\$ 2,000,000
	Cash	8,500,000
Assessments	SIB Loan (To be Paid by City Assessments)	19,490,000
	Assessment Receipts-Used to Reduce SIB Loan	1,100,000
	Assessment Receipts-DDA Share of Capital Cost Overrun	1,000,000
CRA Fund	Cash (Northern Loop)	7,544,568
Water & Sewer Fund	City Additional Commitments for Capital Cost Overruns	5,621,566
	<b>TOTAL CITY FUNDING</b>	<b>\$ 45,256,134</b>

cc: Lee R. Feldman, City Manager  
Stanley Hawthorne, Assistant City Manager  
Christopher Lagerbloom, Assistant City Manager  
Alain E. Boileau, Interim City Attorney  
Jeff Modarelli, City Clerk



**Wave Streetcar Project  
Financial Analysis  
As of March 31, 2018**

Funding Source			Commitments	Provided to:					Expended By:			Land	Transfers	Unspent Balance of Funds Held				Unspent Grant/Loan Funds	
			Total Obligated	SFRTA [1]	FDOT	County [5] (c)	DDA [5] (c)	City [5] (c)	SFRTA	FDOT	DDA (net of interest earnings)	Land Deeded to SFRTA	SFRTA Cash Transferred to FDOT	FDOT	SFRTA	County	City		DDA
Federal Funds	FTA	TIGER IV grant [9]	18,000,000	7,263,831	-	-	-	-	-	7,263,831	-	-	-	-	-	-	-	-	10,736,169
		Section 5309 Small Starts grant [13]	60,660,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,660,000
		Broward MPO [10]	2,111,200	2,111,200	-	-	-	-	-	2,111,200	-	-	-	-	-	-	-	-	-
		FHWA - Preliminary Engineering [11]	1,800,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,800,000
		<b>SUBTOTAL FTA</b>	<b>82,571,200</b>																
State	FDOT	State New Starts Program [14]	35,730,000	7,867,670	3,242,234	-	-	-	-	7,867,670	3,242,234	-	-	-	-	-	-	-	24,620,096
		Betterment Match [3] [14]	5,815,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Additional Commitments for Capital Cost Overruns [2] [14]	11,243,132	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>SUBTOTAL FDOT</b>	<b>52,788,132</b>																
City	General Fund	In-kind (Land donation)	2,000,000	2,000,000	-	-	-	-	-	-	-	2,000,000	-	-	-	-	-	-	
		Cash	8,500,000	8,500,000	-	-	-	-	6,929,807	-	-	-	1,570,193	1,570,193	-	-	-	-	
	Assessments	Assessment Receipts Transferred to DDA	-	-	-	-	6,624,069	-	-	-	954,571	-	-	-	-	-	-	5,669,498	
		Assessment Receipts Held in Escrow by City	-	-	-	-	-	777,440	-	-	-	-	-	-	-	777,440	-	-	
		Assessment Receipts-Used to Reduce SIB Loan	1,100,000	1,100,000	-	-	-	-	-	-	-	-	-	1,100,000	-	-	-	-	
		Assessment Receipts-DDA Share of Capital Cost Overrun	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000	-	-	-	
	CRA Fund	Cash (Northern Loop)	7,544,568	7,544,568	-	-	-	-	844,883	-	-	-	6,699,685	6,699,685	-	-	-	-	
	Water & Sewer Fund	City Additional Commitments for Capital Cost Overruns [2]	5,621,566	-	-	5,635,343	-	-	-	-	-	-	-	-	5,635,343	-	-	-	
	<b>TOTAL CITY</b>	<b>25,766,134</b>																	
Other Local	County	Betterments Match [3]	5,815,000	1,476,939	-	4,338,061	-	-	549,790	-	-	-	895,137	895,137	32,012	4,338,061	-	-	
		County Additional Commitments for Capital Cost Overruns [2]	4,621,566	-	-	4,635,343	-	-	-	-	-	-	-	-	-	4,635,343	-	-	
	SFRTA	Broward MPO [12]	4,228,800	4,228,800	-	-	-	-	3,976,280	-	-	-	-	-	252,520	-	-	-	
	DDA	SIB Loan (To be Paid by City Assessments) [15] [5] (d)	19,490,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,490,000	
		<b>SUBTOTAL OTHER</b>	<b>34,155,366</b>																
	<b>TOTAL - ALL SOURCES</b>	<b>\$ 195,280,832</b>	<b>\$ 42,093,008</b>	<b>\$ 3,242,234</b>	<b>\$ 15,608,747</b>	<b>\$ 6,624,069</b>	<b>\$ 777,440</b>	<b>\$ 29,543,461</b>	<b>\$ 3,242,234</b>	<b>\$ 954,571</b>	<b>\$ 2,000,000</b>	<b>\$ 9,165,015</b>	<b>\$ 9,165,015</b>	<b>\$ 1,384,532</b>	<b>\$ 15,608,747</b>	<b>\$ 777,440</b>	<b>\$ 5,669,498</b>	<b>\$ 117,306,265</b>	

**Footnotes:**

[1] FDOT assumed the project management and oversight of consultant services in February 2016. SFRTA retained the consultant contracts and continued to make invoice payments through March 31, 2018.

[2]

**The Additional Commitments for Capital Cost Overruns:**

- Amounts reflected as commitment "provided to", as of March 31, 2018, \$11,243,132, \$5,635,343, \$4,635,343 and \$1,000,000 FDOT, City, County and DDA (from City) respectively, were calculated and based upon the void in funds as of May 17, 2016, the date of the original ILA. This is the difference between the total estimated project cost (195,280,832) and the commitments (172,794,568).
- These amounts will change based upon the Amended and Restated ILA Among the County, the City and the DDA (Third amendment) and current Cost Overruns.
- The amount of Additional Commitments as of March 31, 2018 does not include the financial impact created for the Enhanced Vehicle Maintenance Facility (VMSF) as stipulated in the County created and executed Amended ILA executed February 9, 2018.
- The additional commitments (not inclusive of the Enhanced VMSF) is calculated as follows: 50% FDOT; of the remaining 50% ; 25% County and 25% City less \$1,000,000 paid by DDA with net assessment receipts.
- Based upon information presented, the amounts reflected as additional commitment do **not** appear to include costs relative to the enhanced vehicle maintenance facility related.
- The local share of the additional commitment is being held by the County for vehicle procurement.
- The State's share, \$11,243,132 is being held by FDOT.
- The City's share was paid with the understanding that it was for the moving of water and sewer lines and is currently posted in a water and sewer deposit account (130-454004) to be used when the notified by the work is complete. As noted above, the County currently has this money encumbered for use on vehicles.
- The County has access to a \$37.3 million SIB Loan that can be used for County's 50% share of cost overruns with FDOT. This is funding vehicle for the County to FDOT to keep the project moving. This has been taken into consideration on the above schedule based upon the Amended and Restated ILA Among the County, the City and the DDA (Third amendment).

[3] **Betterments Match:**

- As per Funding Agreement between County and SFRTA executed April 24, 2015.
- County Betterments totaling \$11,630,000 for – SCADA, Train Control, Traffic Control, Station Communications, and Operations & Control Center.
- Costs to be shared 50/50 between the County and FDOT
- Amount paid by County to SFRTA (\$1,476,939) was professional services-related; Balance (\$4,338,061) of County commitment (\$5,815,000) to be used towards vehicle procurement

[4] City land swap with All Aboard Florida (AAF) and subsequent transfer of deed to SFRTA for Vehicle Maintenance and Storage Facility (VMSF). Appraisal \$2,000,000; Closing cost \$75,000

[5]

(a) The Wave Assessment is a non-ad valorem assessment levied by the City, pursuant to City Ordinance C-13-14 and Resolution Nos. 13-95 and 13-131, upon real property receiving a special benefit from the construction of the Wave Streetcar project. The assessment commenced in fiscal year 2014 and will continue to be assessed until fiscal year 2037. The total Wave assessment revenue received by the City as of March 31, 2018 is \$9,858,525. Of that amount, \$1.0 million was provided to DDA whom provided to Broward County towards the Additional Commitments and \$357,016 was retained by the City for out of pocket cost and administrative fees.

(b) City wired \$1.1 million of the assessment receipts directly to SFRTA. This use of net assessment receipts for project commitments other than debt service allowed for the reduction of the SIB Loan from \$20.59 to \$19.49 million.

(c) The City wired \$7,624,069 of assessment receipts to DDA and DDA subsequently provided \$1.0 million of that to Broward County as part of cost overrun agreement. As of March 31, 2018, the City is holding \$777,440 in a separate ledger account (219-148001) for amounts paid under protest by Broward Hospital District.

[6] This \$1.0 million represents the use of assessment receipts by the DDA in accordance with the ILA between the County, the City and the DDA dated 05/17/2016.

[7] Consists of payments as required by section 5 of the Agreement Between SFRTA and City of Fort Lauderdale for the Wave Streetcar Project as follows: \$1,100,000, \$1,000,000, \$1,100,000, \$2,500,000 and \$2,800,000 (after subtracting value of in-kind contribution of land at \$2 million).

[8] Community Redevelopment Agency (CRA) issued a loan to pay for the Northern Loop (Flagler Village area) of the WAVE project. CRA TIF funds are committed to repay the debt. See Schedule of Cash Flows, Footnote 11 for further details.

[9] Award details:

Name: WAVE Streetcar Project  
FAIN: FL-79-0002-01  
Date: 7/10/2013  
Award: \$18,000,000  
Reimbursement Based Disbursements: 7,263,831  
Status: Active (Executed)

[10] Award details:

Name: WAVE Streetcar Preliminary Engineering  
FAIN: FL-95-X078-01



Wave Streetcar Project  
Financial Analysis  
As of March 31, 2018

Date(s): 6/19/2014, 8/20/2015  
Amount(s): \$1,700,000, \$411,200  
Disbursements 2,111,200  
Status: Closed

- [11]** The FHWA funds are normally provided by FDOT to FTA but since these funds would be coming back to FDOT, FDOT will use the \$1.8 million as needed.
- [12]** As per the 08/26/2016 Executed Wave Project Assumption Agreement by FDOT and SFRTA:  
The Wave Partnership Agreement further provides that the MPO would provide funding for the capital costs of the Wave Streetcar totaling \$8,140,000. Of that amount, \$3,911,200 were flexed to FTA and \$4,228,800 of the MPO funds were exchanged with local funds by the SFRTA.
- [13]** Award details:           Name: WAVE Streetcar - Fort Lauderdale, Florida  
                                  FAIN: FL-2017-100-00  
                                  Date: 11/14/2017  
                                  Award: \$60,660,000  
                                  Reimbursement Based Disbursements: \$0  
                                  Status: Active (Executed)
- [14]** FDOT is holding the state funds for the Wave project in state work program accounts.
- [15]**
- Federally funded State Infrastructure Bank (SIB) Loan CFDA No. 20.205, DUNS: 80-939-7102 executed 1/6/2015 entered into between FDOT, the City, SFRTA and DDA.
  - To be used for design, acquisition and construction of the Project.
  - The DDA is the borrower and the administrator of the loan and is responsible for repayment of the loan. The City shall become the borrower if the DDA no longer exists.
  - The City is responsible for assessing the Wave Assessment and for providing the Net Wave Assessments to the borrower
  - No disbursements were made from this loan as of March 31, 2018.

**Wave Streetcar Project**  
**Schedule of Cash Flows and Balance of Funds Held**  
**As of March 31, 2018**

	Provided to:							Total
	FDOT	SFRTA	County	City	DDA			
<b>Cash Inflow:</b>								
Cash and In-kind Donation from:								
City:								
General Fund	\$ -	\$ 8,500,000 [10]	\$ -	\$ -	\$ -	\$ -	\$ 8,500,000	
Water & Sewer Fund	-	-	5,635,343 [9]	-	-	-	5,635,343	
CRA Fund - Flagler Heights	-	7,544,568	-	-	-	-	7,544,568	
Land Purchase/Donation	-	2,000,000 [10]	-	-	-	-	2,000,000	
Subtotal Cash and In-kind Donation from City	-	18,044,568	5,635,343	-	-	-	23,679,911	
City (Net-Assessment Collections)	-	1,100,000 [2]	1,000,000 [1]	777,440 [8]	6,624,069 [1]		9,501,509 [6]	
<b>Total Cash and In-kind Donation from City</b>	<b>-</b>	<b>19,144,568</b>	<b>6,635,343</b>	<b>777,440</b>	<b>6,624,069</b>		<b>33,181,420</b>	
Cash and In-kind Donation from non-City:								
Federal	-	9,375,031	-	-	-	-	9,375,031	
FDOT	3,242,234	7,867,670	-	-	-	-	11,109,904	
SFRTA	-	4,228,800	-	-	-	-	4,228,800	
County	-	1,476,939	8,973,404 [7]	-	-	-	10,450,343	
Total Cash and In-kind Donation from non-City	3,242,234	42,093,008	15,608,747	777,440	6,624,069		68,345,498	
Less: Land for Vehicle Maintenance Facility	-	2,000,000	-	-	-	-	2,000,000	
<b>Total Cash Inflow</b>	<b>\$ 3,242,234</b>	<b>\$ 40,093,008</b>	<b>\$ 15,608,747</b>	<b>\$ 777,440</b>	<b>\$ 6,624,069</b>		<b>\$ 66,345,498</b>	
<b>Cash Outflow:</b>								
Design Stage Related Costs	3,242,234 [5]	26,859,418 [5]	-	-	-	-	30,101,652	
20% Match for TIGER Grant Funds	-	2,684,043	-	-	-	-	2,684,043	
Assessment Roll Administration and Admin Fees - Net of Interest Earnings	-	-	-	-	186,563		186,563	
Reimbursement of Prior Costs	-	-	-	-	764,008		764,008	
Other Wave Consulting and Costs	-	-	-	-	4,000		4,000	
<b>Total Cash Outflow</b>	<b>3,242,234</b>	<b>29,543,461</b>	<b>-</b>	<b>-</b>	<b>954,571 [6]</b>		<b>33,740,266</b>	
Balance of Funds Held Before Transfers	-	10,549,547	15,608,747	777,440	5,669,498		32,605,232	
Transfers (10/19/2017)	9,165,015 [3]	(9,165,015) [3]	-	-	-		-	
<b>Balance of Funds Held</b>	<b>\$ 9,165,015 [4]</b>	<b>\$ 1,384,532 [4]</b>	<b>\$ 15,608,747 [4]</b>	<b>\$ 777,440 [4]</b>	<b>\$ 5,669,498 [4]</b>		<b>\$ 32,605,232</b>	

**Footnotes:**

- [1] The City provided \$7,624,069 to DDA whom then provided \$1,000,000 to the County as per Additional Funding Commitment
- [2] \$1,100,000 provision of assessment receipts to SFRTA for the reduced SIB Loan borrowing from \$20,590,000 to \$19,490,000
- [3]
  - FDOT assumed the project management and oversight of consultant services in February 2016.
  - SFRTA retained the consultant contracts and continued to make invoice payments through March 31, 2018.
- [4] The applicable project partner confirmed the amount reflected (with only rounding differences) as balance held except for FDOT. FDOT at the present time was able to confirm the receipt of the transfer from SFRTA. Additional confirmations will be forthcoming.
- [5] FDOT confirmed their project expenditures as preliminary engineering. SFRTA was still waiting on final confirmation from their project engineers. Based upon the project still being in the Design Stage, expenditures to date should include all costs to prepare the project for the Construction Stage. These types of costs would be preliminary engineering, engineering, land acquisition, obtaining permits and other related activities.
- [6] The amount paid by the City to DDA for assessment receipts was net of the SIB Loan allowed deductions for; reimbursement of prior costs (\$124,848), and fees - net of interest earnings (\$232,168).
- [7] Equals County's Additional Commitments of \$4,635,343 and the balance of the Betterments Match \$4,338,061.
- [8] Amount paid under protest by the Broward Hospital District. Currently held by the City in ledger account 219-148001.
- [9] Additional Commitment for the moving of water and sewer lines.
- [10] As per First Amendment to the Wave Modern Streetcar Partnership Agreement, the City's local share was \$10,500,000 or an equivalent combination of capital contribution as mutually agreed. The mutual agreement was for land valued at \$2,000,000 and cash \$8,500,000. They City paid \$75,000 additional for closing costs on the land transaction.