



120 Malabar Road, SE - Palm Bay, FL 32907 (321-952-3400)
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Mayor
WILLIAM CAPOTE

Deputy Mayor
TRES HOLTON

Councilmembers
HARRY SANTIAGO, JR.
JEFF BAILEY
BRIAN ANDERSON

AGENDA

WORKSHOP

TUESDAY

June 19, 2018 – 6:30 P.M.
City Hall Council Chambers

CALL TO ORDER:

ROLL CALL:

PRESENTATION:

1. Erick Van Malssen, Managing Consultant – Financial Services, Stantec Consulting Services – Fiscal Year 2018-2019 General Fund Sustainability Analysis.

PUBLIC COMMENTS:

BUSINESS:

1. Mid-year review of the Fiscal Year 2017-2018 budget.
2. Discussion on proposed budget for Fiscal Year 2018-2019.

ADJOURNMENT:

If an individual decides to appeal any decision made by the City Council with respect to any matter considered at this meeting, a record of the proceedings will be required and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based (FS 286.0105). Such person must provide a method for recording the proceedings verbatim.

In accordance with the Americans with Disabilities Act, persons needing special accommodations for this meeting shall, at least 48 hours prior to the meeting, contact the Office of the City Clerk at (321) 952-3414 or Florida Relay System at 711.

Pursuant to Council Policies and Procedures, members of the public wishing to use electronic media when addressing City Council must provide the electronic file to staff for screening no later than noon two (2) business days prior to the meeting.



City of Palm Bay, FL

FY 2018-19 General
Fund Sustainability
Analysis

June 18, 2018



Agenda

1. Introduction
2. Data Sources & Assumptions
3. Key Challenges
4. Interactive Modeling & Discussion

Project Team

City of Palm Bay
General Fund

Mike Burton

Principal

Years of Experience: 30+



Erick van Malssen

Managing Consultant

Years of Experience: 10





Peter Napoli

Consultant

Years of Experience: 3



Introduction

- **Stantec has been retained by the City to perform a Financial Sustainability Analysis of the City's General Fund**
 - A 5-10 year Cash Flow Projection Model was developed to analyze the projected sustainability of the City's General Fund
 - Sustainability is defined as having adequate revenues to fund ongoing costs while maintaining minimum reserve balance requirements
 - The model is calibrated for live "what-if" scenarios
 - Allows for on-the-fly adjustments to key variables, assumptions and decision points with instantaneous feedback
 - The model projects available reserves predicated upon annual cash flows
 - Cash Inflows exceed Cash Outflows = Surplus adding to fund balance 
 - Cash Outflows exceed Cash Inflows = Deficit depleting fund balance 

Data Sources & Assumptions

- **Beginning General Fund Reserve Balance based on FY 2017 Audited Financials**
 - Minimum Reserve Requirement (target): 10% of annual expenses
- **Revenues and Expenses based upon Amended FY 2018 Budget**
 - Revenues & Expenses projected on a line item basis
 - Based on population estimates, trends, and staff input
 - Certain line items projected by known schedules:
 - Debt Service
 - Capital Improvement Plan
- **FY 2019 Preliminary property values provided by Brevard County Property Appraiser**
 - Approximate 10.4% increase in total property values vs. FY 2018
 - 2.3% is due to new construction
- **City adopted policy of 3% Ad Valorem revenue growth cap included in model**
 - Model is adapted to show this as a roll-back millage
 - Ability to show the full impact of property value increases

Data & Assumptions

- **Additional Homestead Exemption**
 - Proposed amendment to the State Constitution to increase the homestead exemption by exempting the assessed valuation of homestead property greater than \$100,000 and up to \$125,000 for all levies other than school district levies, etc.
 - \$1.2 million of estimated lost Ad Valorem Revenue beginning FY 2020
- **Model Assumes no future hiring of FTEs within Fund**
 - Per discussions with City Management, no hiring is projected
 - City population growth and development may require hiring to maintain level of service standards
 - Model can quickly accommodate inputs of new hiring to show impact on financial projections

Live Interactive Modeling & Discussion