

# Town of Palm Beach Long Term Financial Plan FY2014 – FY2024



Prepared By: Finance Department

# Long Term Financial Plan

- ☞ FY14 Budget Status
- ☞ Reserve Status
- ☞ Initiatives to Restore and Maintain Fiscal Stability
- ☞ General Fund Revenue Trends
- ☞ General Fund Expenditure Trends
- ☞ General Fund Forecast
- ☞ Recreation Enterprise Fund
- ☞ Other Funds
- ☞ Questions

# FY2014 Budget

- ☞ FY14 Budget is 9.54% More than FY13
- ☞ Transferred \$4,200,000 to Coastal Protection Fund and Increased Capital Improvement Debt Service by \$2,600,000
- ☞ Reduced Staff by 5 FTEP
- ☞ Held the Line on Operating Expenditures
- ☞ Reduced Millage Rate from 3.2512 to 3.2468
- ☞ Property Tax Revenue Increased by \$1,782,300
- ☞ Revenues are As Expected and Expenditures are Below Budget
- ☞ Expect to End the Year with a Small Surplus

# Reserve Status

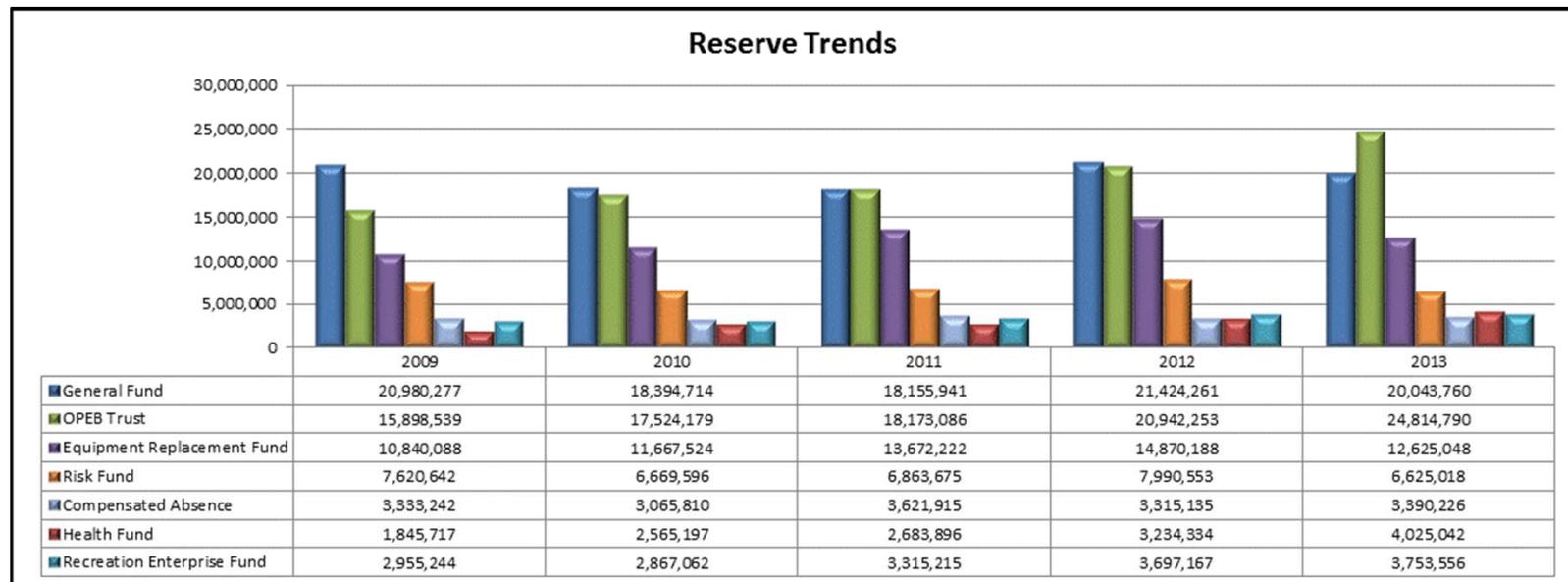


# Reserve Status

- ∞ General Fund – Minimum 25% of Budgeted Expenditures
  - FY13 Year End Balance = \$20 million
    - \$4.7 Million over Minimum
    - 32.7% of Budgeted Expenditures
- ∞ Risk Fund Reserves = \$6.6 million
- ∞ Equipment Replacement Fund = \$12.6 million
- ∞ Compensated Absence Reserve = \$3.4 million
- ∞ Health Insurance Reserve = \$4 million
- ∞ OPEB Trust (for Retiree Health) = \$24.8 million
- ∞ Recreation Enterprise Fund Reserves = \$3.7 million
  - Dock Replacement
  - Golf and Tennis Maintenance and Improvement
  - Equipment Replacement

# Reserve Status

- All Reserves Are At or Over the Required Minimum
- S&P and Moody's AAA Ratings Reflect Healthy Reserve Levels



# Initiatives to Restore and Maintain Fiscal Stability



# Summary of Initiatives

☞ FY14 Budget is 2.86% Less Than FY09 Budget.

## Cost Savings Initiatives Since 2008 Include:

### ☞ Salary and Wages

- Reduction in Staffing of 66.79 FTEP (16%) (1986 Staffing Level)
- Salary Freezes in FY10 and FY11
- Reinstated Merit Pay Increases
- Eliminated Across-the-Board Pay Increases

### ☞ Pension Reform

- Transition to Hybrid System and Board Consolidation

### ☞ Other Benefits

- Held Down Health Insurance Costs
- Modified Employee Bonus Program

# Summary of Initiatives (cont.)

## ☞ Contractual Services

- Contracted for Landscape Maintenance, Electrical Repairs, Some Vehicle Repairs, EMS Billing

## ☞ Capital Outlay

- Equipment Replacement Program
  - Eliminated Some Items and Extended Life of Others
- Transferred “Excess” Reserve to Coastal Protection: \$2,858,913

## ☞ Debt

- Issued Bonds in 2010 and 2013
  - First and Second Phase of ACIP
  - Refinanced 2003 Bond and 2008 Bank Note

# Summary of Initiatives (cont.)

## ∞ Capital Improvements

### ○ Phase 1 ACIP

- \$41,232,000 for Capital Projects
- Pump Station Improvements
- Sanitary Piping Improvements
- Force Main Replacements
- Street and Traffic Lighting Improvements
- Telemetry System Replacement
- Worth Avenue Commercial District

### ○ Phase 2 ACIP

- \$55,560,548 for Capital Projects
- North Ocean Boulevard Seawall
- Town Hall Square and Memorial Fountain Replacement
- Pump Station Improvements
- Force Main Replacements
- Drainage Improvements
- Curb, Gutter, Sidewalk Replacements

# Summary of Initiatives (cont.)

## ∞ Other Capital Projects

- Town Hall Renovation
- Sand Transfer Station Upgrade
- Par 3 Golf Course Renovation and Clubhouse Construction
- Peruvian Avenue Streetscape
- Fuel Tank Replacement

## ∞ Coastal Protection

- Adopted the 10 year Program Costing \$84,189,000
- \$20 million from Reserves
- Annual Funding \$4,776,000
- Ad Valorem Tax Increase in FY15:
  - \$401 for Every \$1 Million of Taxable Property Value

# Summary of Initiatives (cont.)

## Property Taxes

	FY09	FY14
Taxable Value	\$12.5 Billion	\$13.7 Billion
Millage Rate	3.2512	3.2468
Tax Revenue	\$42,543,000	\$38,647,700

Cumulative Savings for Taxpayers Since 2009 = \$23,508,445

# Summary of Initiatives (cont.)

## ∞ Recreation Enterprise Fund

- Enhanced Marketing Efforts
- Changed Structure of Teaching Contracts
- Eliminated 11.2 (37%) Positions
- Increased Transfer to General Fund from \$550,000 to \$885,000

## ∞ Recreation Capital Projects

- Par 3 Golf Course Redesign and Renovation
- Par 3 Clubhouse
- Electrical Upgrades at Australian Dock

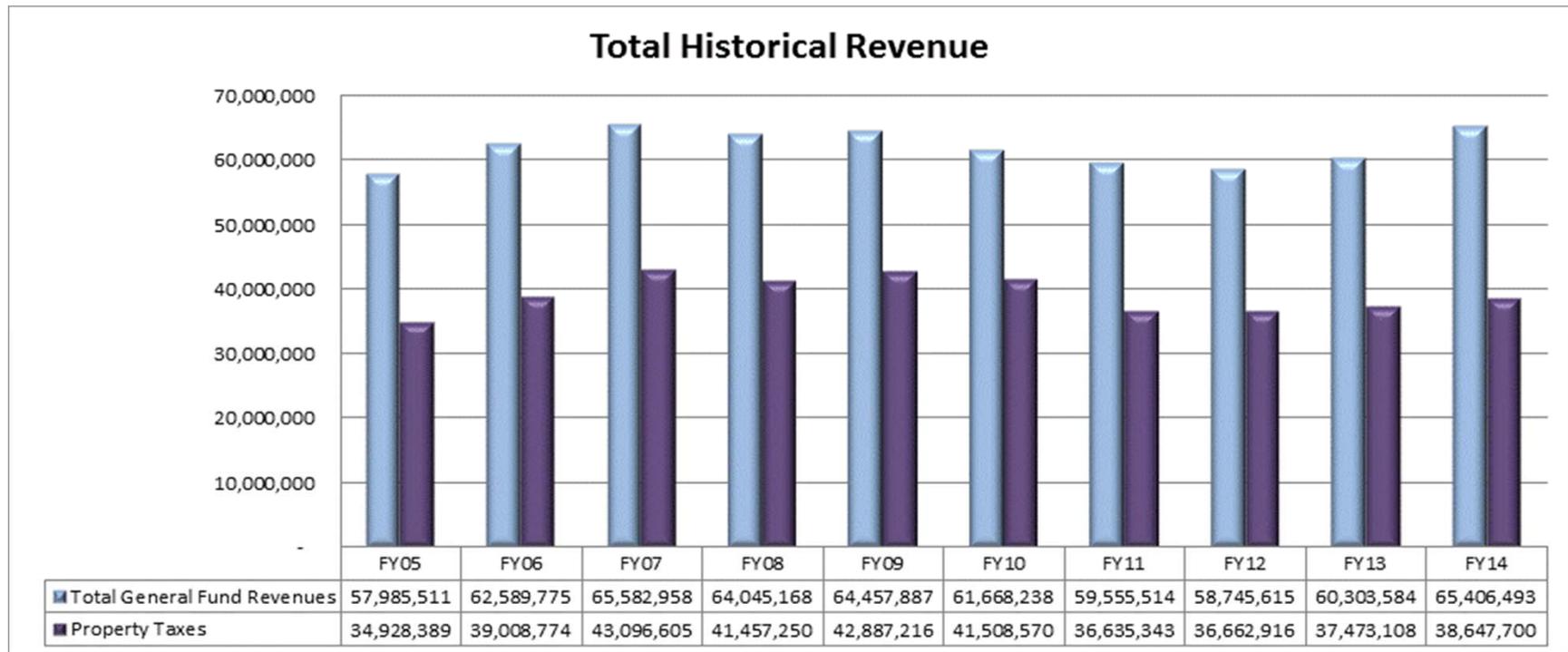
# Trend Analysis



# General Fund Revenue Trends

## General Fund Revenues

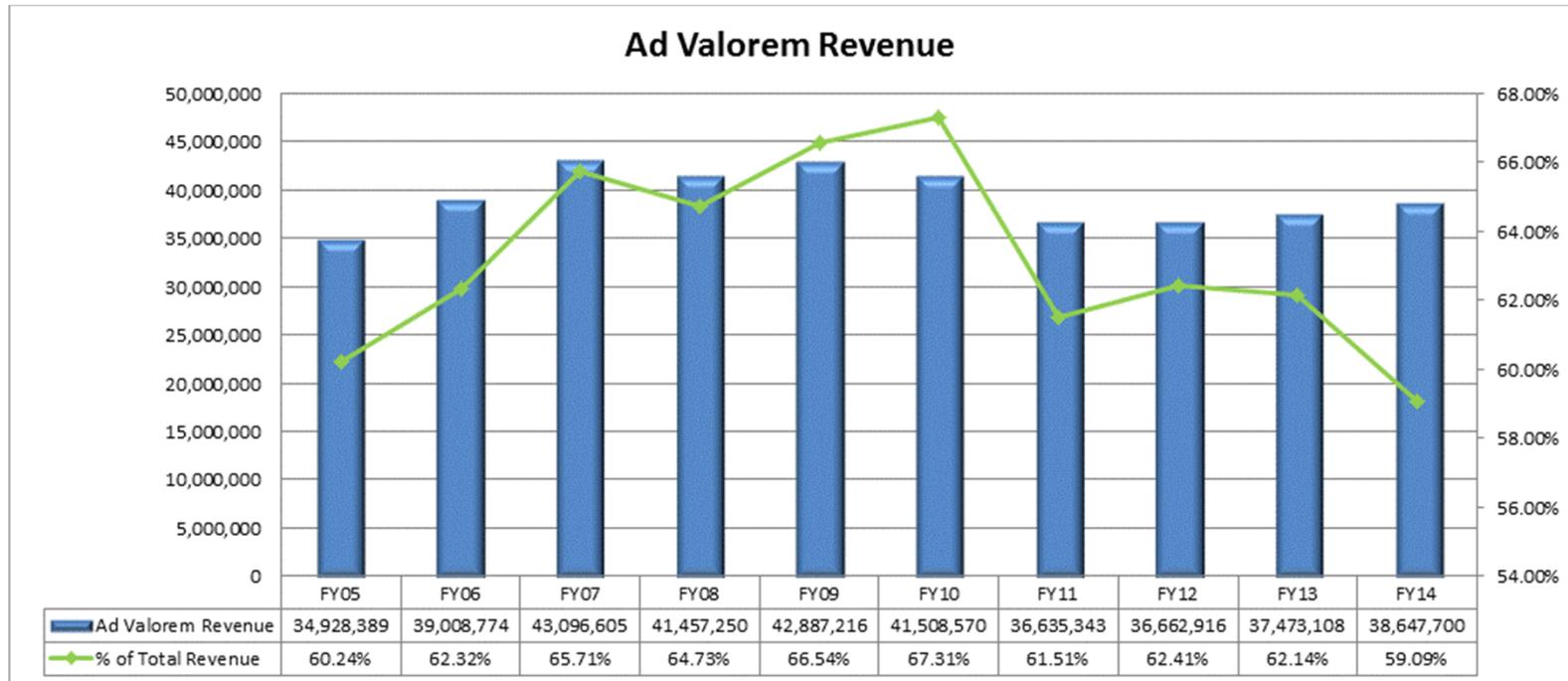
- Increase Between FY05 and FY07= 13.1%
- Decrease Between FY07 and FY12= 10.4%
- Increase Between FY12 and FY14 = 11.34%  
(Primarily for Debt Service and Coastal Transfers)



# General Fund Revenue Trends

## Ad Valorem Revenue (Property Taxes)

- Millage Rate was Maintained at 3.2512 from FY09 – FY13
- Millage Rate was Lowered in FY14 to 3.2468

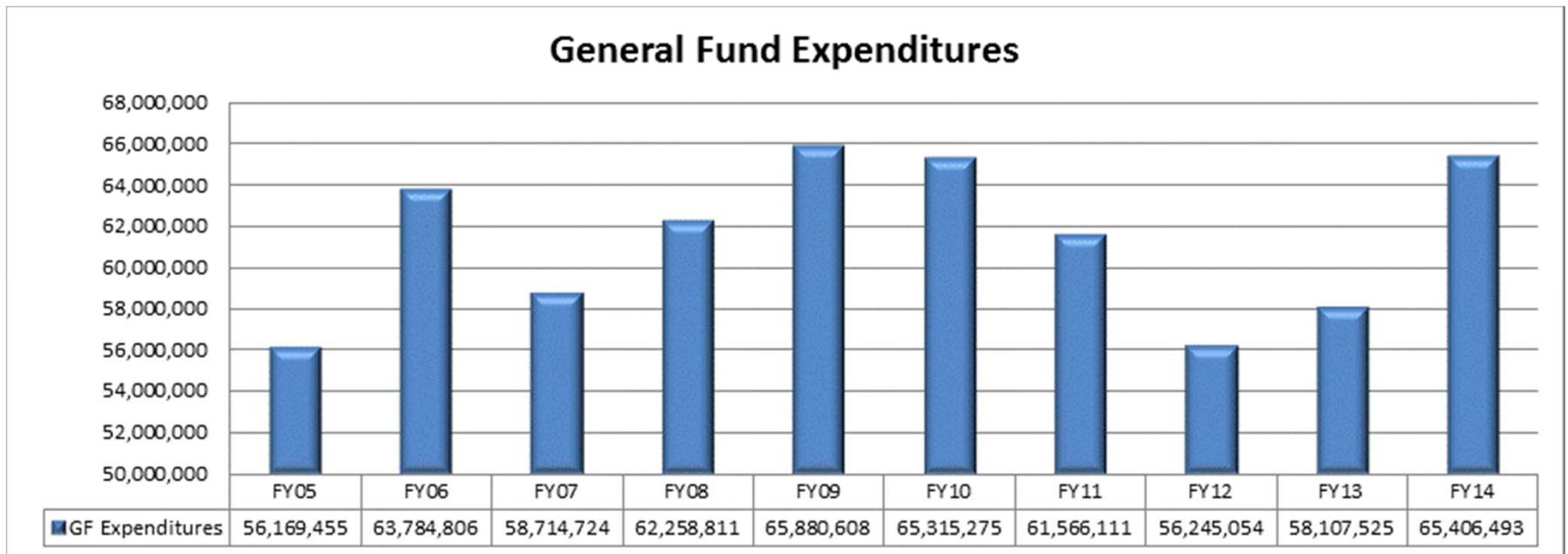


# General Fund Revenue Trends

- ∞ Non Ad Valorem Taxes – Slow, Stable Growth
- ∞ License and Permit Revenue – Declined in FY09 and FY10; Improved Since FY11
- ∞ Intergovernmental Revenue – Recent Improvement
- ∞ Charges for Services – Increased Parking Meter Rates and Decreased Public Safety Fees
- ∞ Fines and Forfeitures – Large Code Enforcement Fines Make this Source Erratic; FY13 Increase due to Parking Ticket Fines
- ∞ Investment Income – Extremely Low Interest Rates Have Caused Investment Revenue to Remain at Historic Low Levels

# General Fund Expenditure Trends

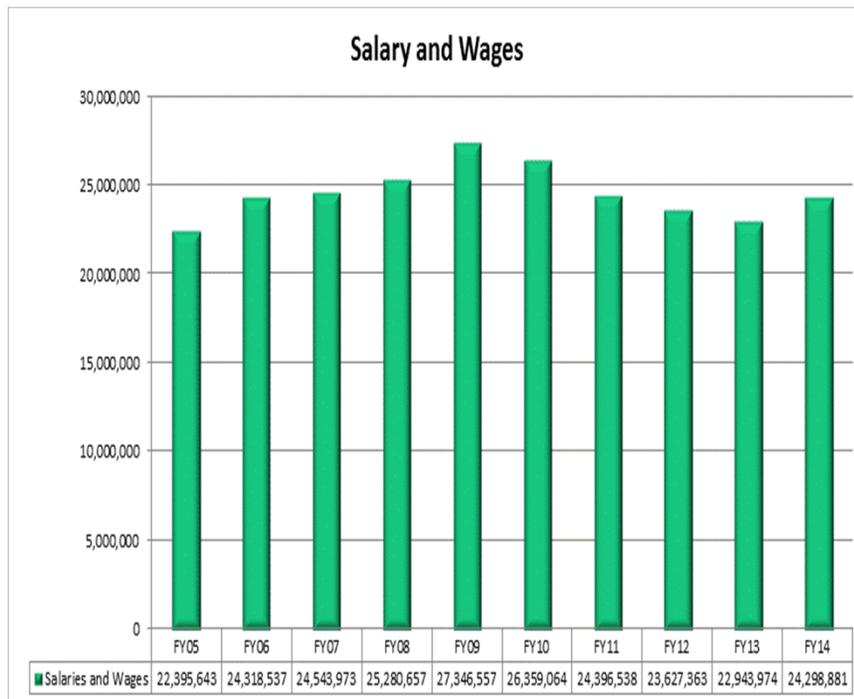
- ∞ Increase Between FY05 and FY09 = 17.3%
- ∞ Decrease Between FY09 and FY12 = 14.6%
- ∞ Increase Between FY13 and FY14 = 9.54% (For Coastal and Debt Service)
- ∞ Details of Major Changes Each Year Since FY05 are Included in LTFP



# General Fund Expenditure Trends

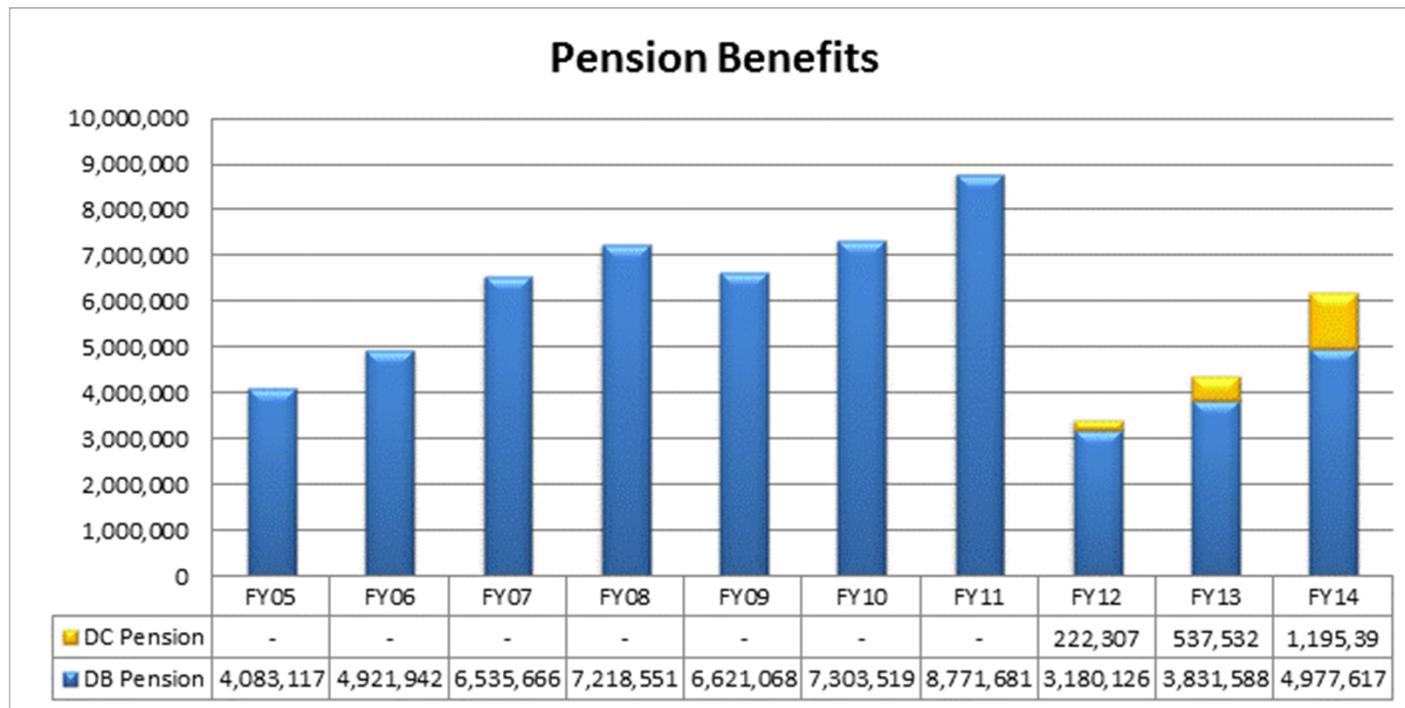
## Salary and Wages

- 66.79 Positions (16%) Eliminated Since FY07
- Current Staffing is Lowest Since 1986.



# General Fund Expenditure Trends

- ⌘ Pension Benefit Costs Increased 762% FY02 – FY11
- ⌘ Pension Reform Implemented May 1, 2012
- ⌘ Town Council Approved a 4% Discretionary DC Employer Match in FY14

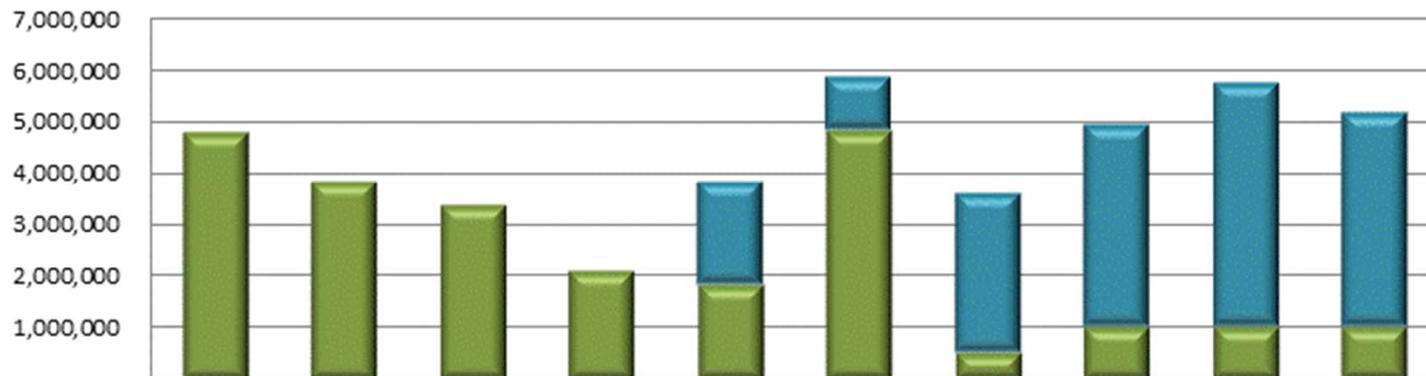


# General Fund Expenditure Trends

## ∞ Transfers to Capital Improvement Fund and Coastal Fund

- FY05 - \$1,200,000 for Town Hall Renovation Project
- FY09 - \$2,000,000 to Coastal Protection Fund
- FY10 - \$2,600,000 to Begin Accelerated Capital Improvement Program
- FY11 - \$3,090,000 to Coastal Protection Fund
- FY12 - \$3,960,000 to Coastal Protection Fund
- FY13 - \$2,765,099 to Coastal Protection Fund
- FY14 - \$4,200,000 to Coastal Protection Fund

**Transfer to the Capital Improvement Fund and Coastal Protection**



■ Transfer to Coastal	0	0	0	0	2,000,000	1,046,900	3,090,000	3,960,000	4,765,099	4,200,000
■ Transfer to CIP	4,788,000	3,835,063	3,378,801	2,096,000	1,817,000	4,828,957	500,000	1,000,000	1,000,000	1,000,000

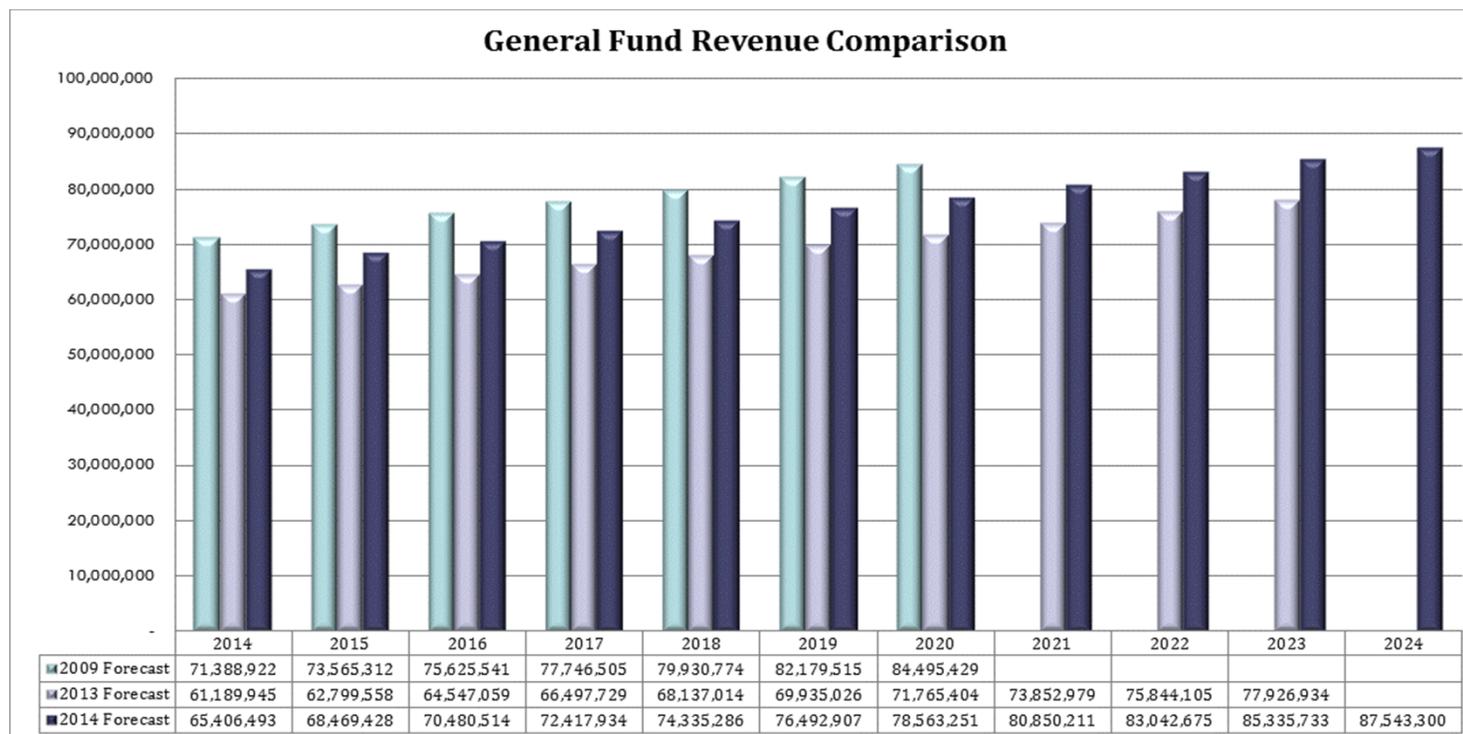
# General Fund Forecast



# General Fund Forecast

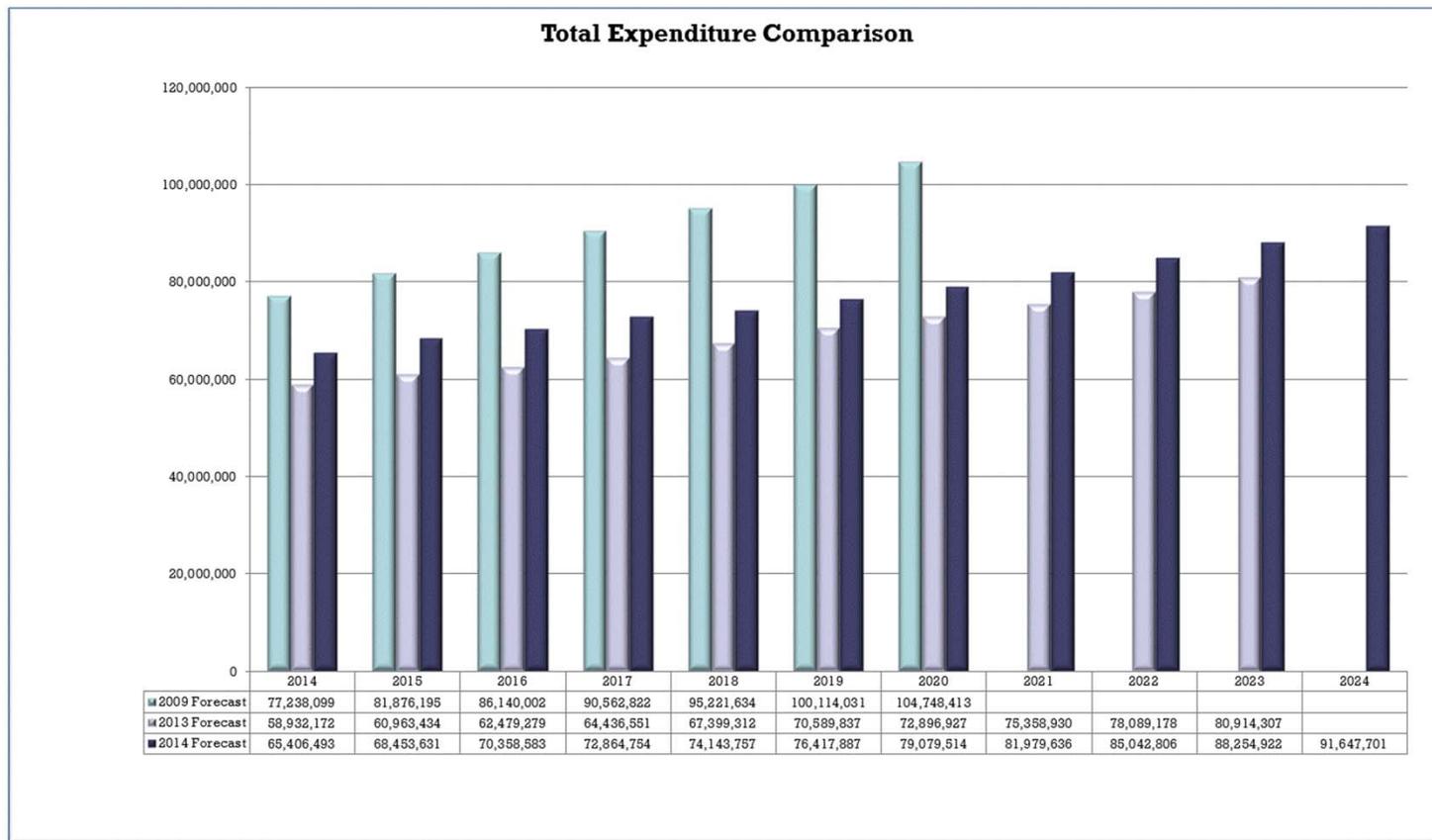
## Revenue Forecast for 2015 – 2024

- Forecast includes FY15 Property Tax Increase for Coastal Protection
- Non-Tax Revenues are Forecasted Conservatively



# General Fund Forecast

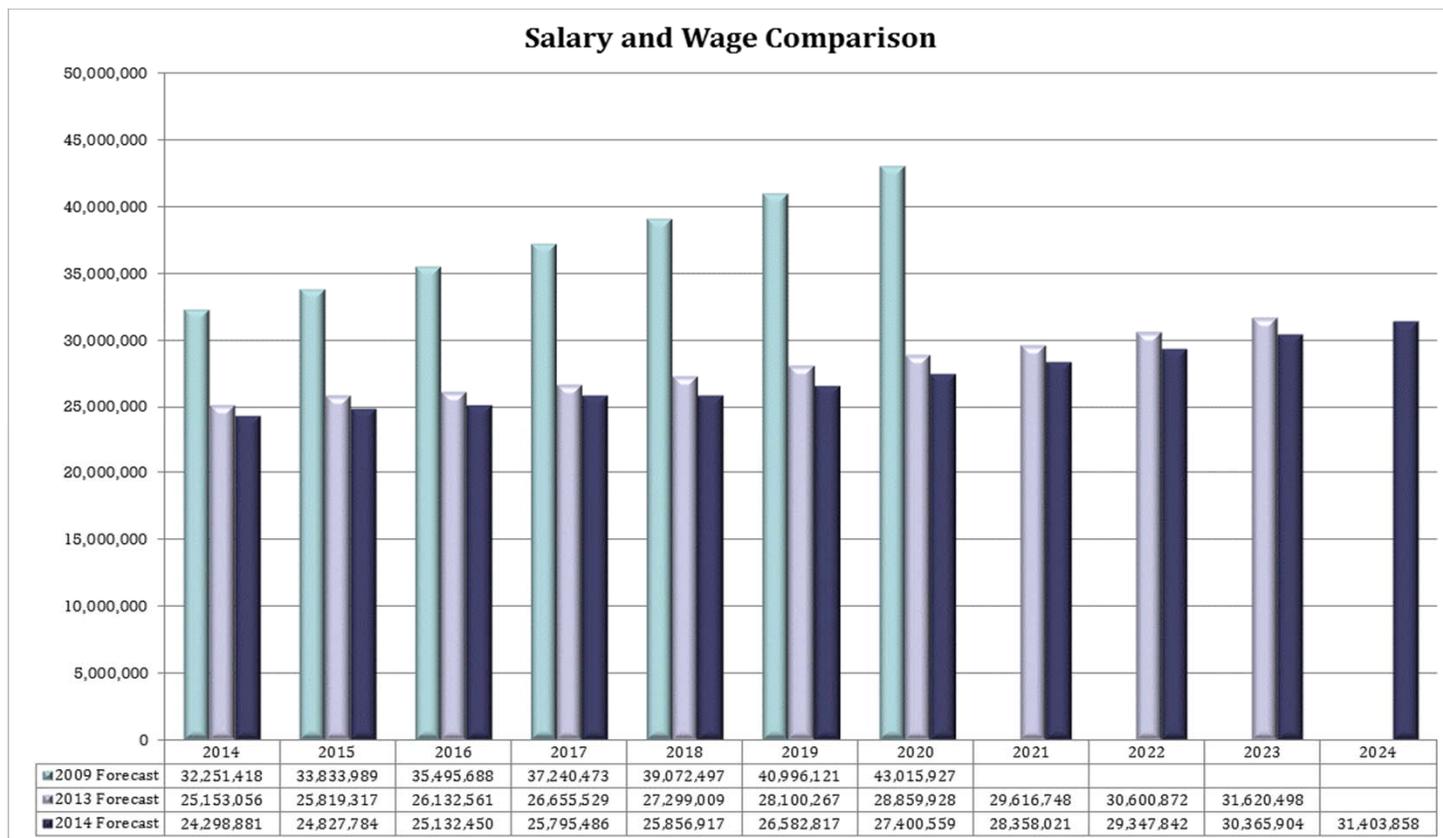
## ∞ Total General Fund Expenditure Forecast



# General Fund Forecast

## Salary and Wages

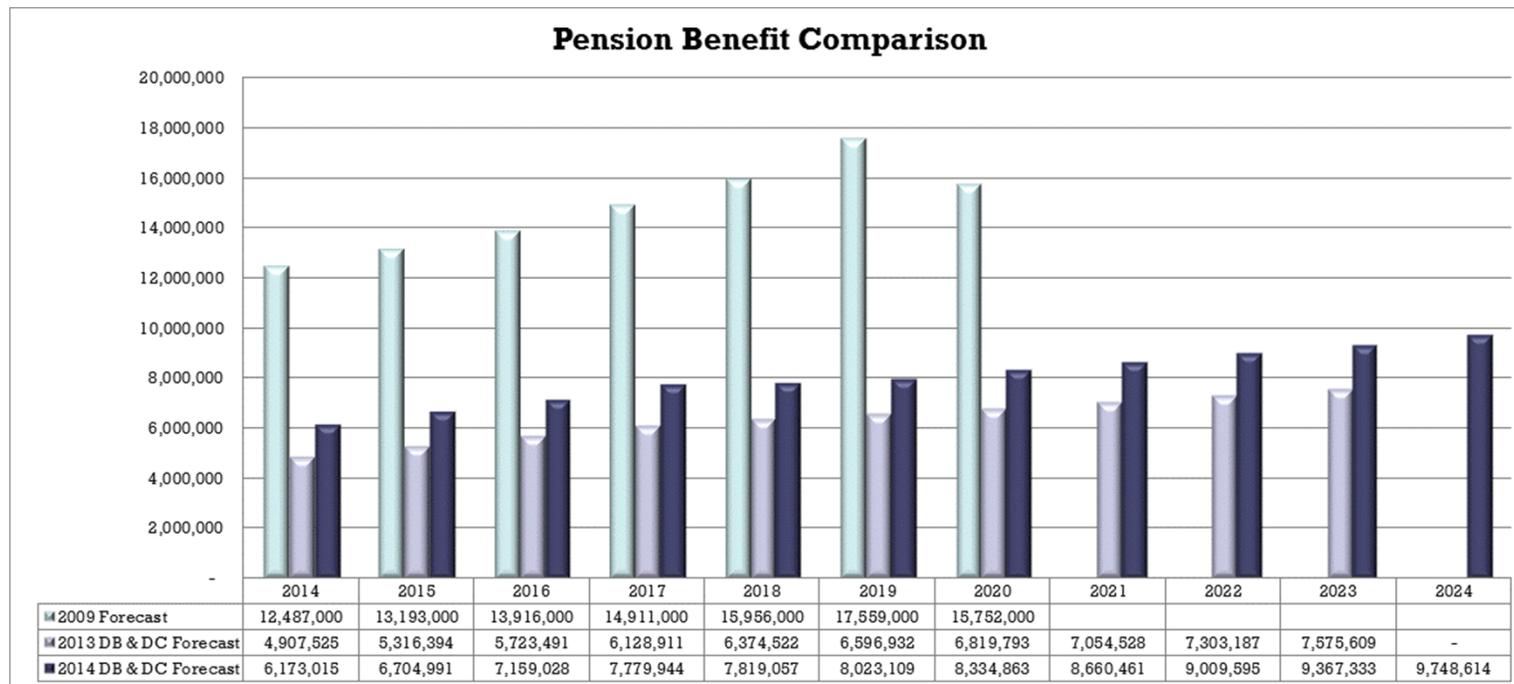
- Average Annual Growth of 3%



# General Fund Forecast

## ∞ Pension Benefits

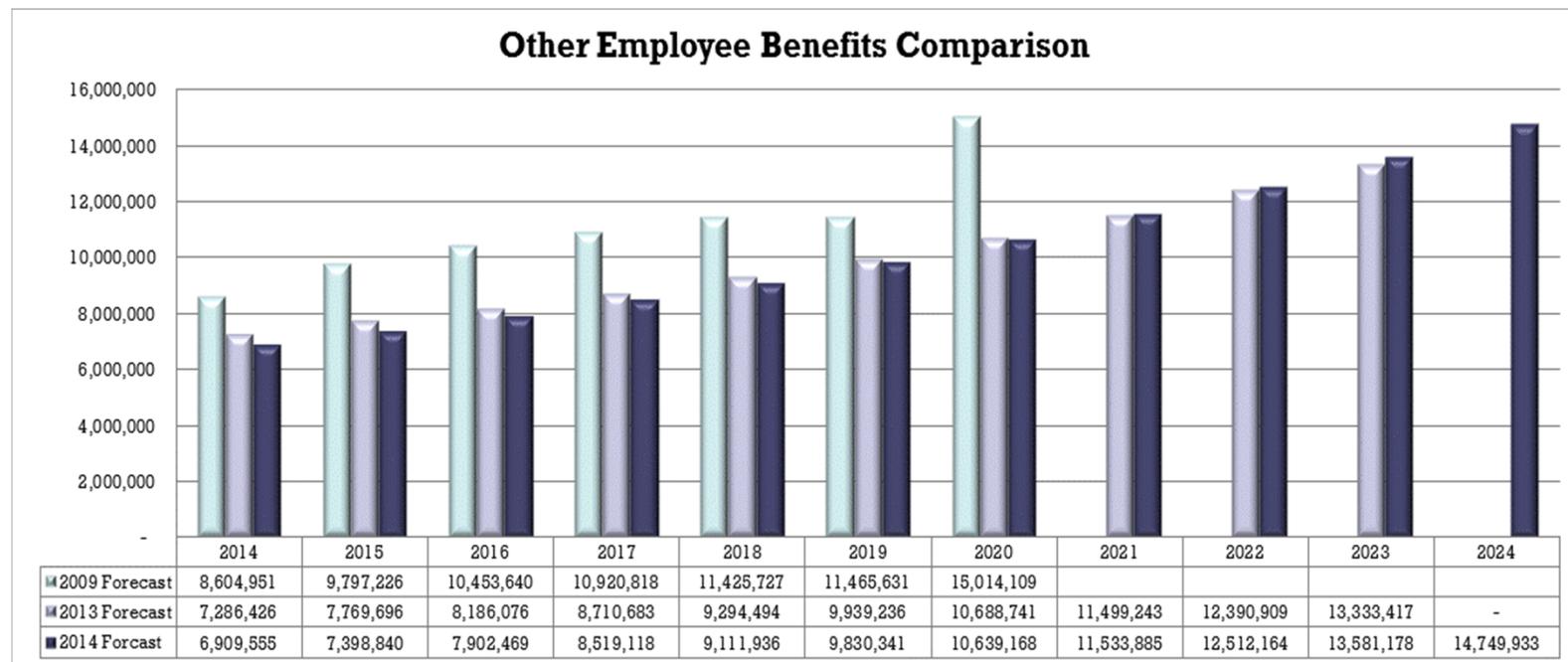
- Pension Estimate is Based on Actuary's Analysis
- Investment Return Assumption Reduced from 8% to 7.5%



# General Fund Forecast

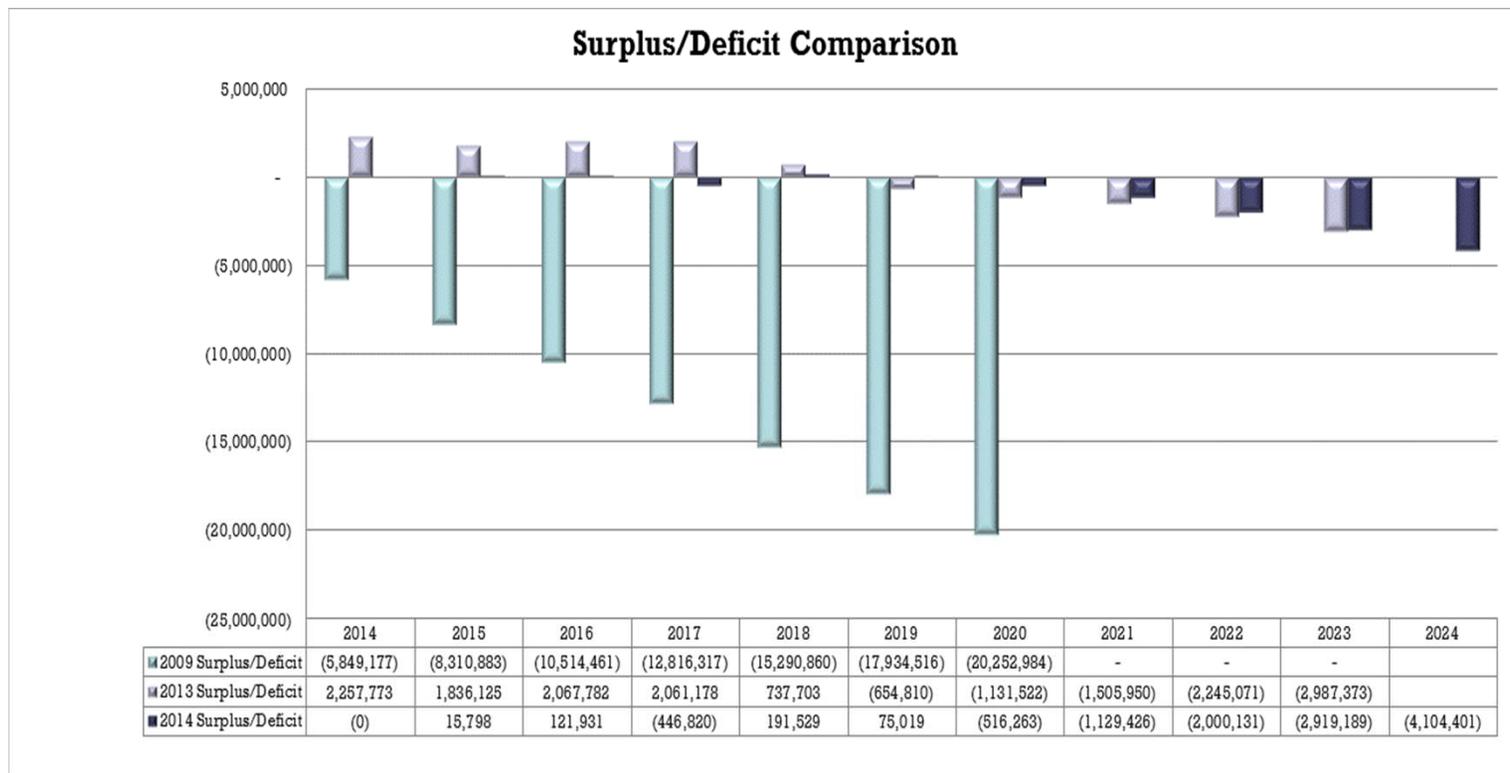
## Other Employee Benefits

- Health Insurance, FICA, Bonuses, Incentives, and Allowances
- Health Insurance Forecast Assumes 10% Growth Per Year



# General Fund Forecast

## Projected Surplus/Deficit



# Recreation Enterprise Fund



# Recreation Enterprise Fund

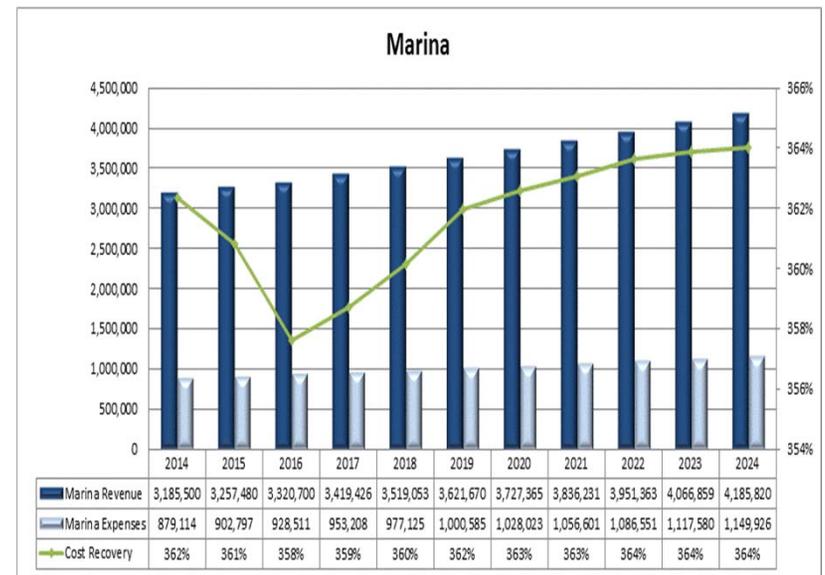
## Marina Trend

- Improvement in Cost Recovery from 336% to 368%



## Marina Forecast

- Continues to Provide Majority of the Enterprise Fund's Profit



# Recreation Enterprise Fund

## Par 3 Golf Course Trend

- Cost Recovery has Improved to 104% in FY13 and is Expected to Reach 115% in FY14
- Implemented Golf Manager Model
- Increased Promotions & Strategic Pricing
- Opened New Clubhouse

## Par 3 Golf Course Forecast

- Sustainable Positive Cost Recovery
- Growth in Play Anticipated
- Clubhouse Restaurant Adds to Profit



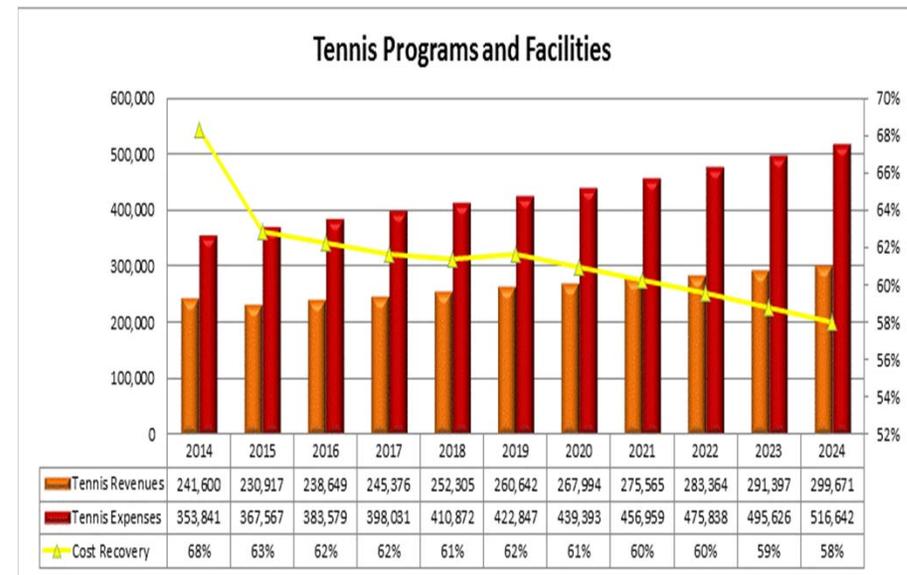
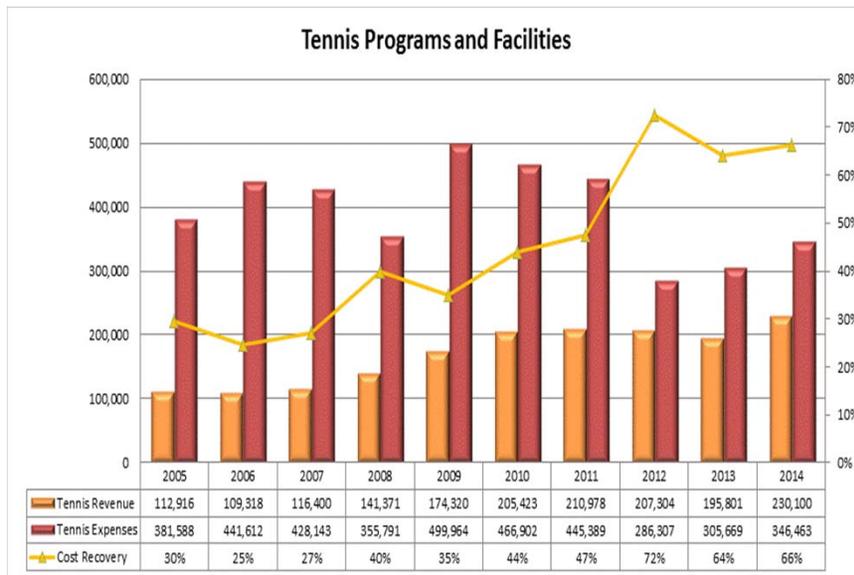
# Recreation Enterprise Fund

## Tennis Program Trend

- Cost Recovery up from 25% to 66%
- Implemented Tennis Manager Model
- Eliminated Facility Supervisor and Maintenance Worker positions

## Tennis Program Forecast

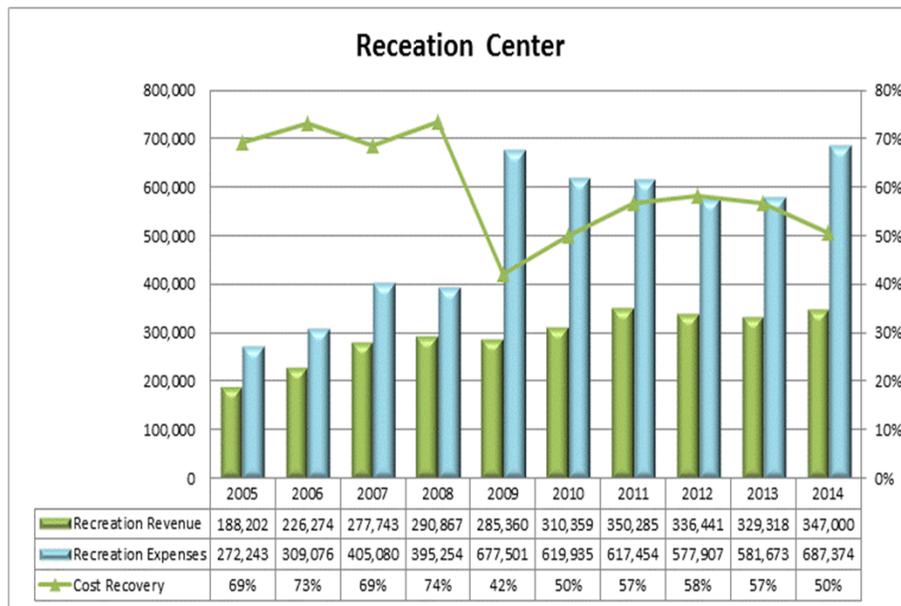
- Slow Growth of Both Revenues and Expenditures
- Cost Recovery to Remain Near or Above 60%



# Recreation Enterprise Fund

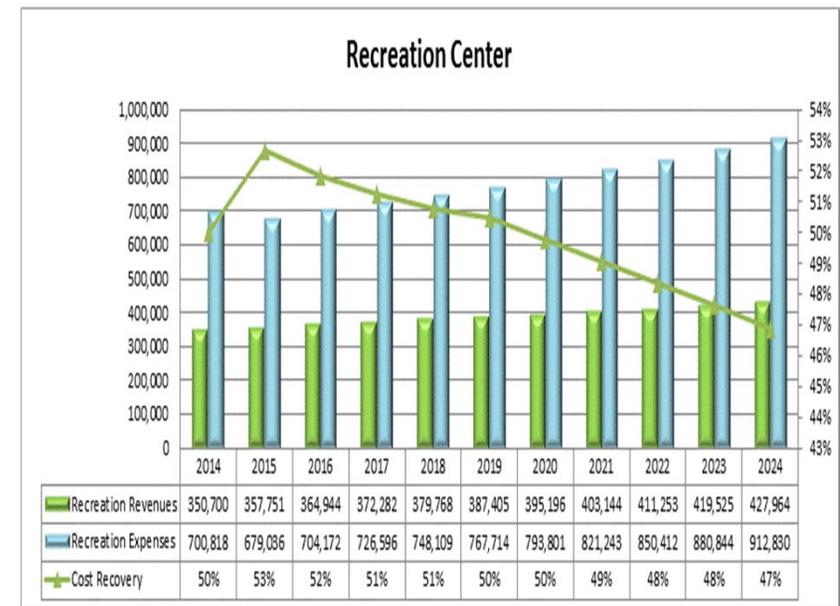
## Recreation Center Trend

- Reallocation of Expenses for Better Tracking and Reporting



## Recreation Center Forecast

- Planned Program Growth
- Cost Recovery at or Near 50%



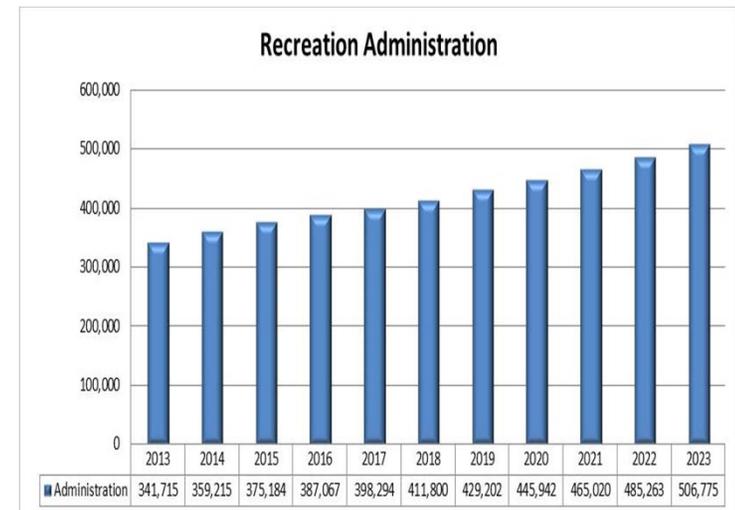
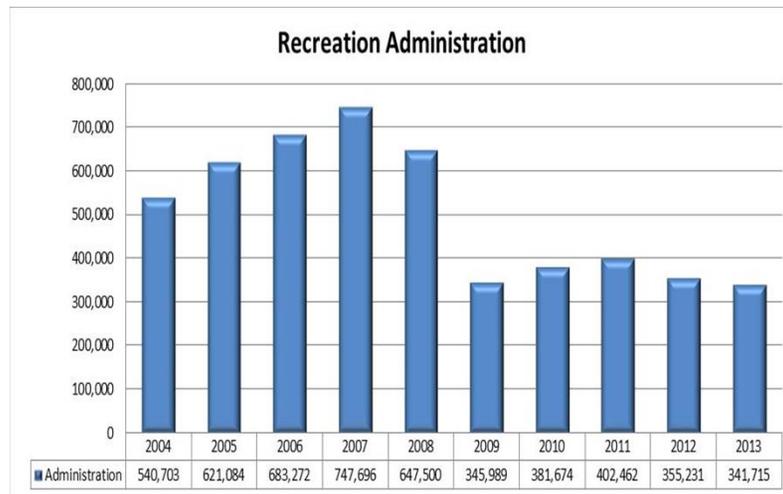
# Recreation Enterprise Fund

## Administration Trend

- Transferred Seaview Park Maintenance Expenses to Recreation Center in FY09
- Eliminated Assistant Director Position in FY13

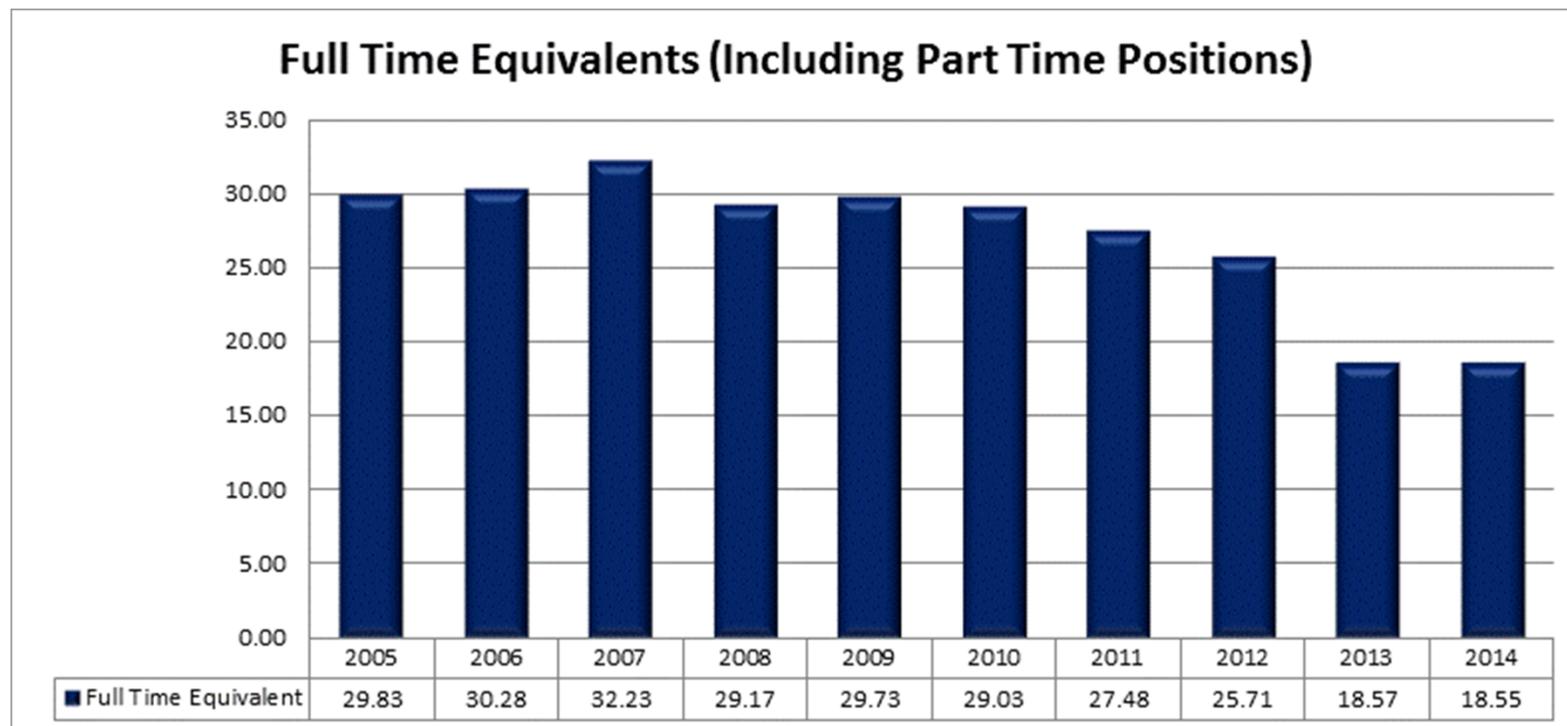
## Administration Forecast

- Increase in Line with Townwide Trend



# Recreation Enterprise Fund

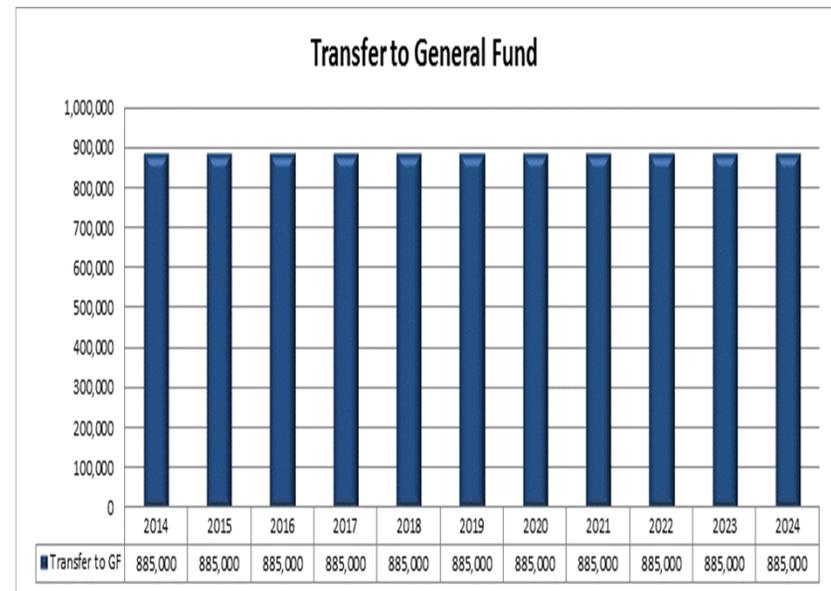
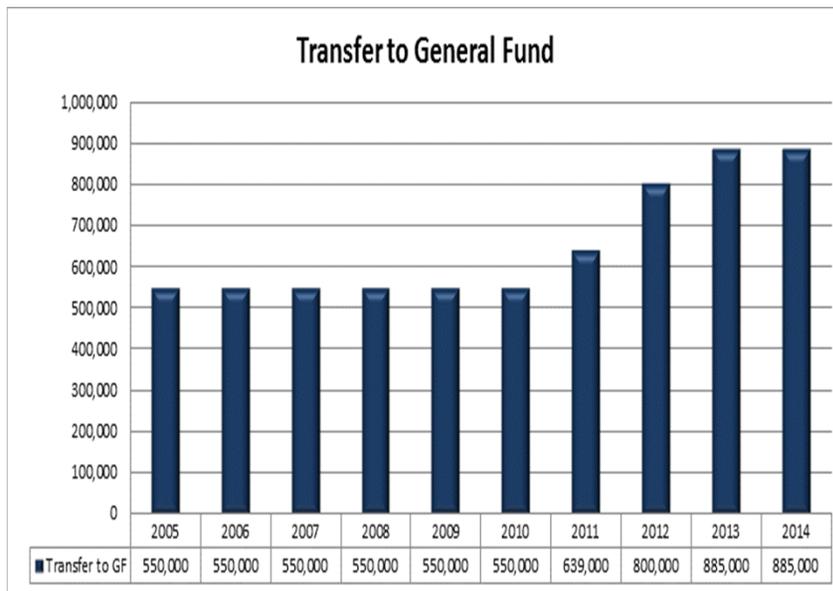
- Full Time Equivalent Positions
  - Reduction from High of 32.23 to 18.55 (37%)



# Recreation Enterprise Fund

- ∞ Transfer to General Fund Trend
  - Stable until FY11
  - Elimination of Positions Allowed Transfer to Increase

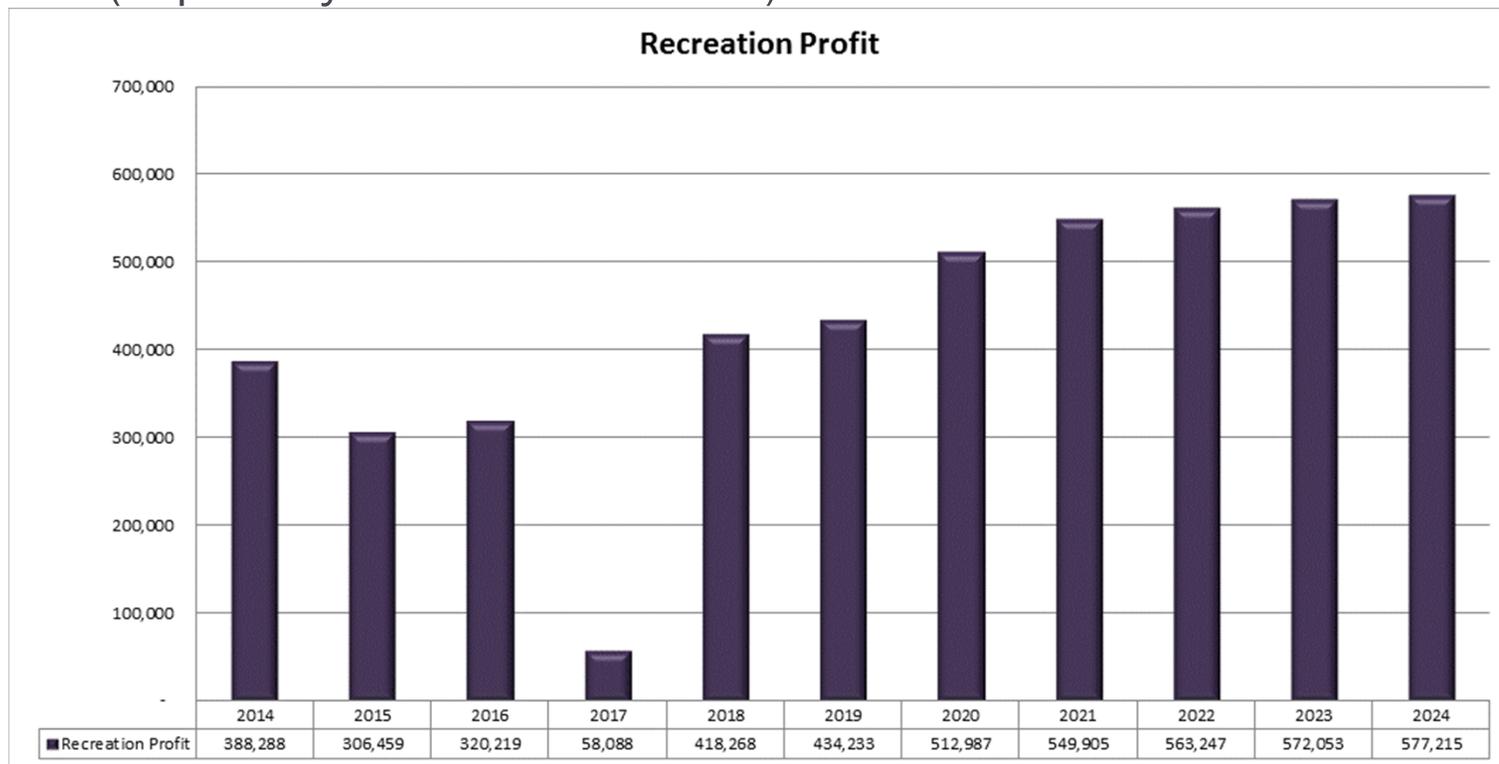
- ∞ Transfer to General Fund Forecast
  - Stable Throughout Forecast Period



# Recreation Enterprise Fund Forecast

## Recreation Profit Forecast

- Use for Future Capital Projects at Recreation Facilities  
(Especially at the Town Docks)



# Questions?

