



PALM BEACH
Gardens

**FY 2021/2022 Proposed Operating & Capital
Budget Oversight Review Board
July 22, 2021**

FINANCIAL BUDGET

FY 2021/2022



FY 2021 Property Valuation



PROPERTY VALUE

LOCATION
MARKET
CONDITION
NEIGHBORHOOD
AGE



FY 2022 Property Valuation



FY 2021 valuation
\$13.09 billion



New construction
\$165.3 million



2.3% increase in
existing property



FY 2022 valuation
\$13.5 billion



Overall, total taxable value up 3.56% from FY 2021 total

Proposed Millage Rate



Proposed Millage Rate



Operating rate = 5.55

- No change

Debt rate = 0

- No change

Total rate = 5.55

- No change

Roll back rate = 5.4253

- Proposed rate 2.3% above roll back

Effect of Proposed Rate on Typical Homesteaded Properties



Assessed Value (Before \$50K Exemption) (1)	Current 5.55	Proposed 5.55	Annual Increase	Monthly Increase
\$250,000	\$1,110	\$1,129	\$19	\$1.62
\$350,000	\$1,665	\$1,692	\$27	\$2.27
\$450,000	\$2,220	\$2,255	\$35	\$2.91



(1) Increased by Save Our Homes cap of 1.4% (lesser of CPI for previous year or 3%)

Effect of Proposed Rate on Typical Non-Homesteaded Properties



Assessed Value (Without Exemption) (1)	Current 5.55	Proposed 5.55	Annual Increase	Monthly Increase
\$250,000	\$1,387	\$1,419	\$32	\$2.66
\$350,000	\$1,942	\$1,987	\$45	\$3.72
\$450,000	\$2,497	\$2,554	\$57	\$4.79

(1) Increased by average City-wide increase 2.3%

How Much of My Tax Bill Goes to the City?



How Much of My Tax Bill Goes to the City?



About 28 cents of every \$1 in total property taxes paid goes to the City (based on prior year data)

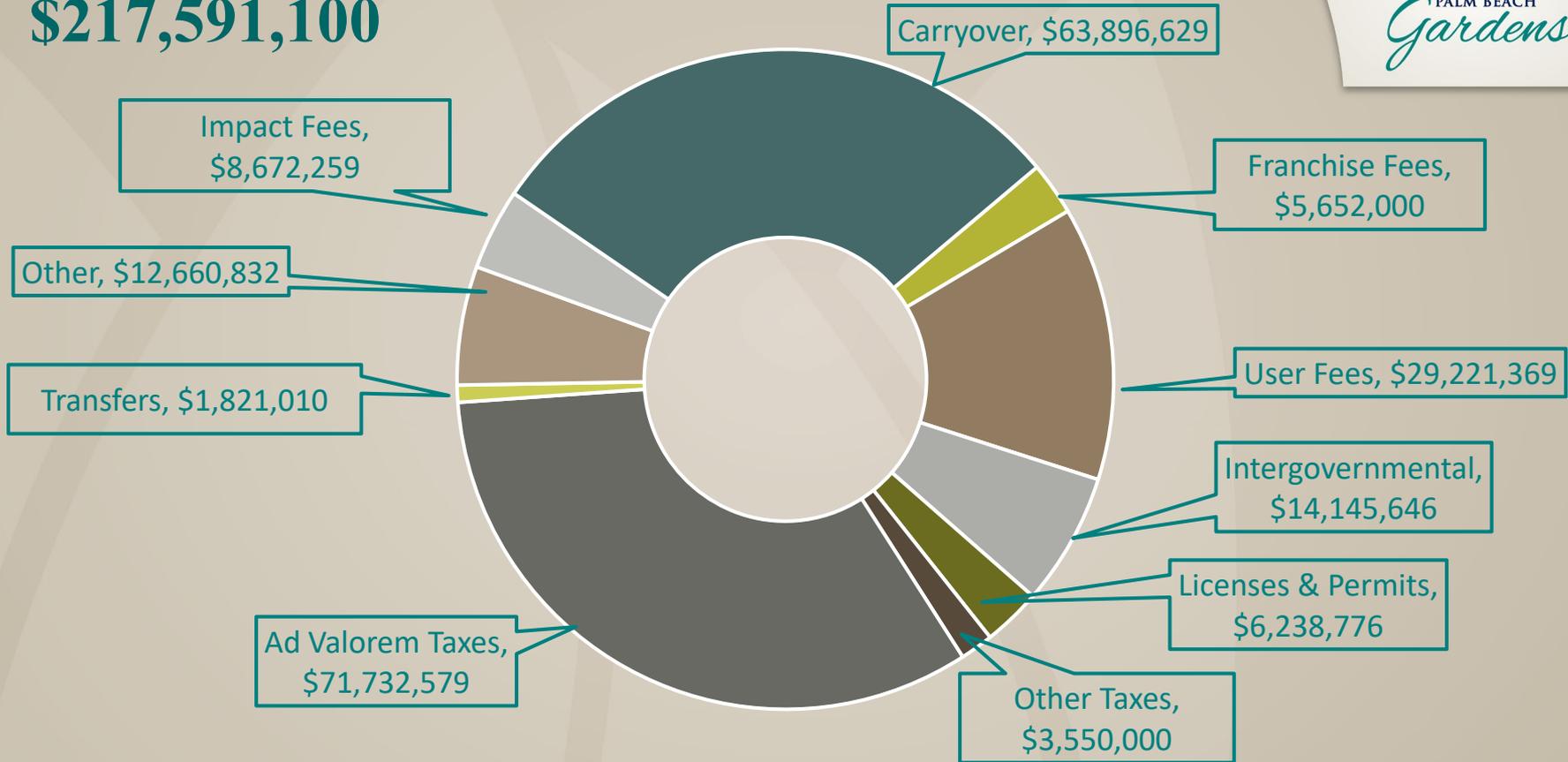


Other taxing authorities collect about 72 cents (PB County, School Board, Health Care District, other special taxing districts)

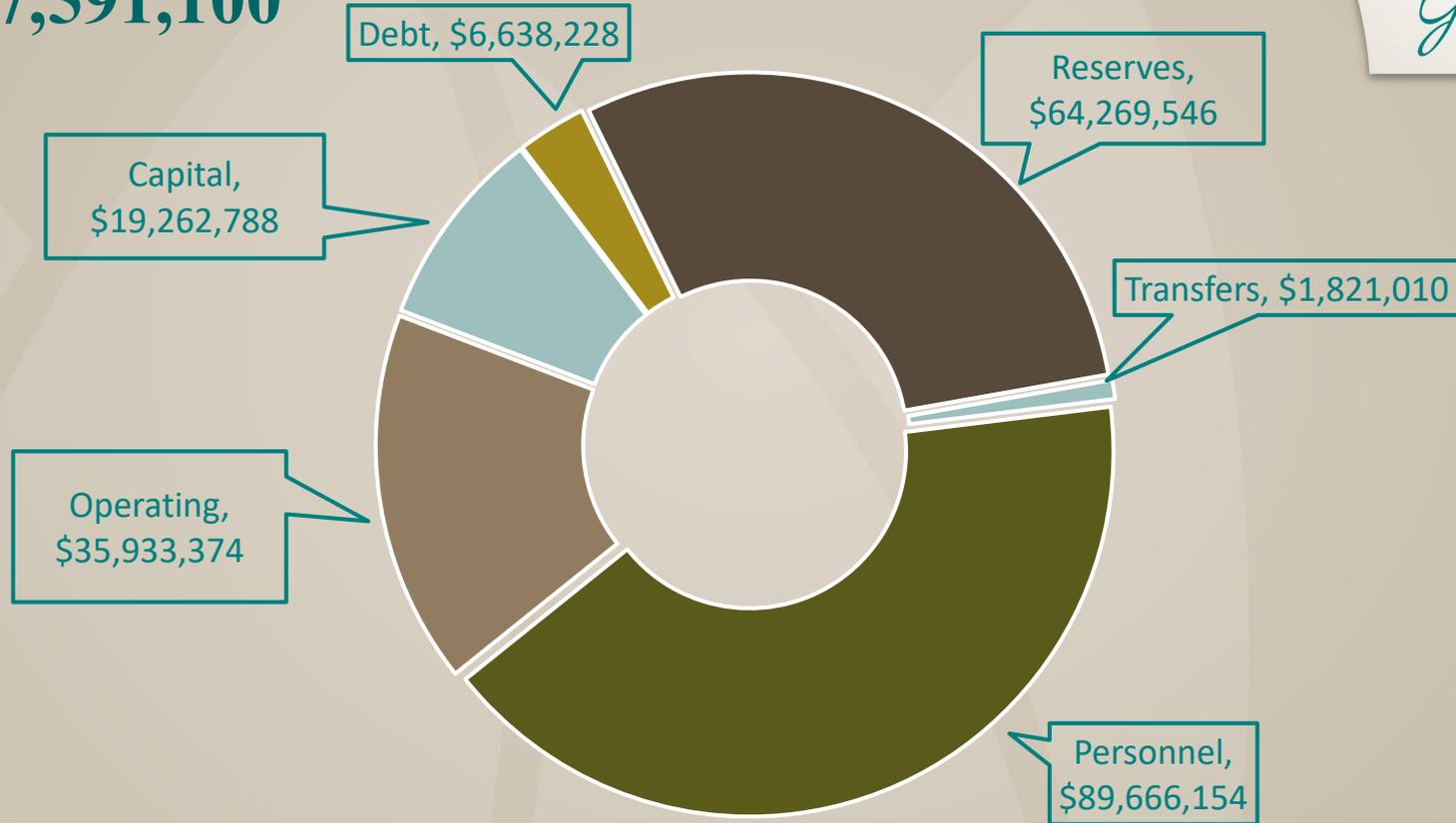


Total Revenues/Sources All Funds

\$217,591,100

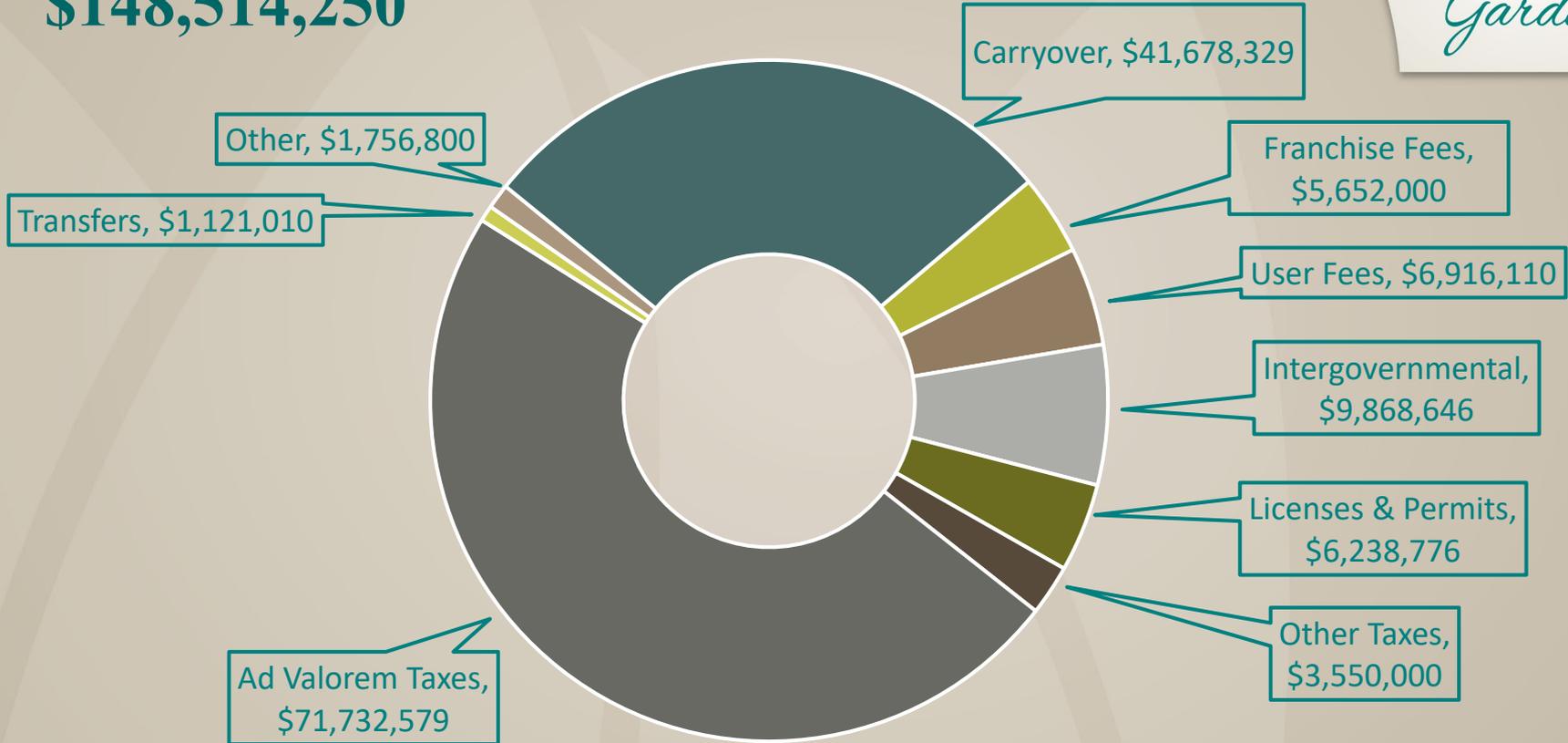


Total Expenditures/Uses All Funds \$217,591,100

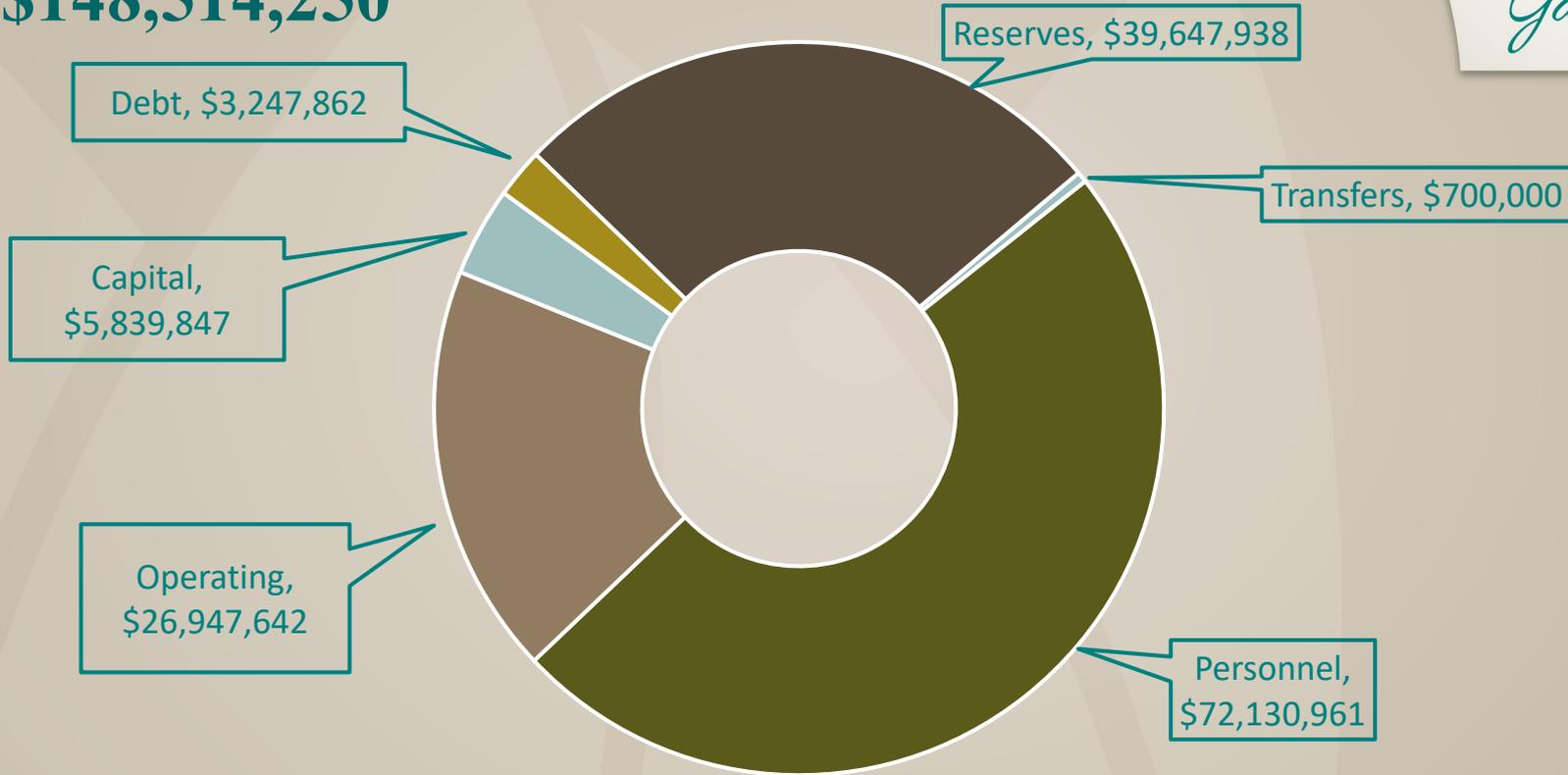


Total Revenues/Sources General Fund

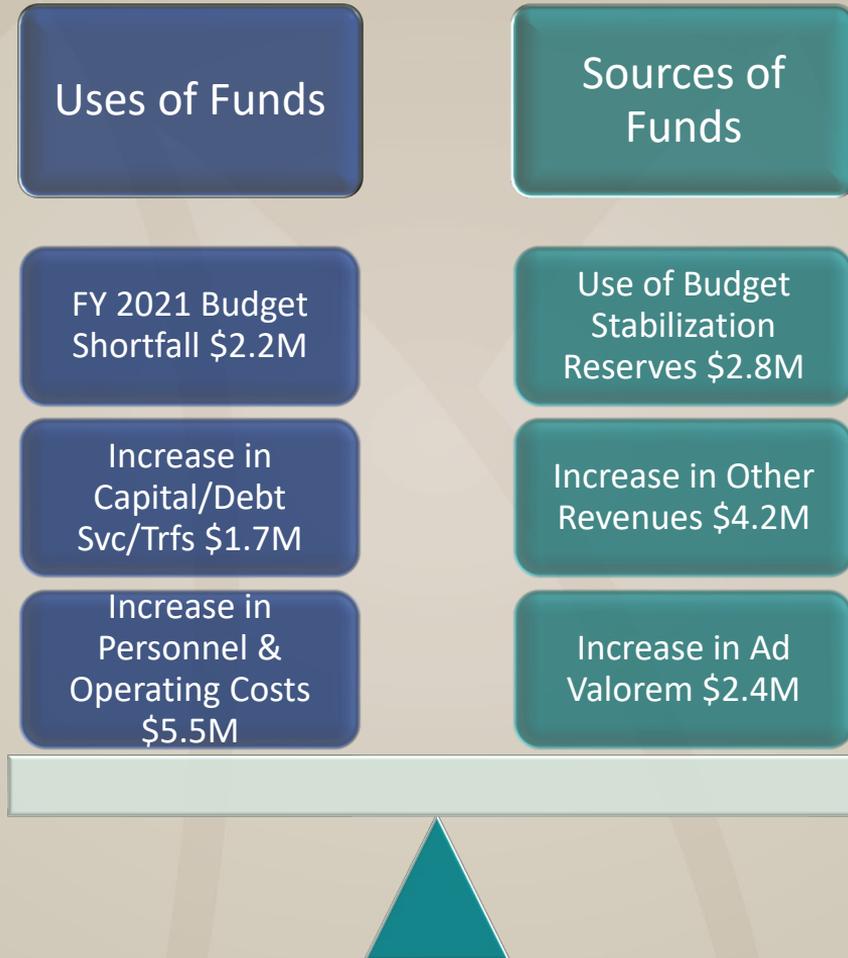
\$148,514,250



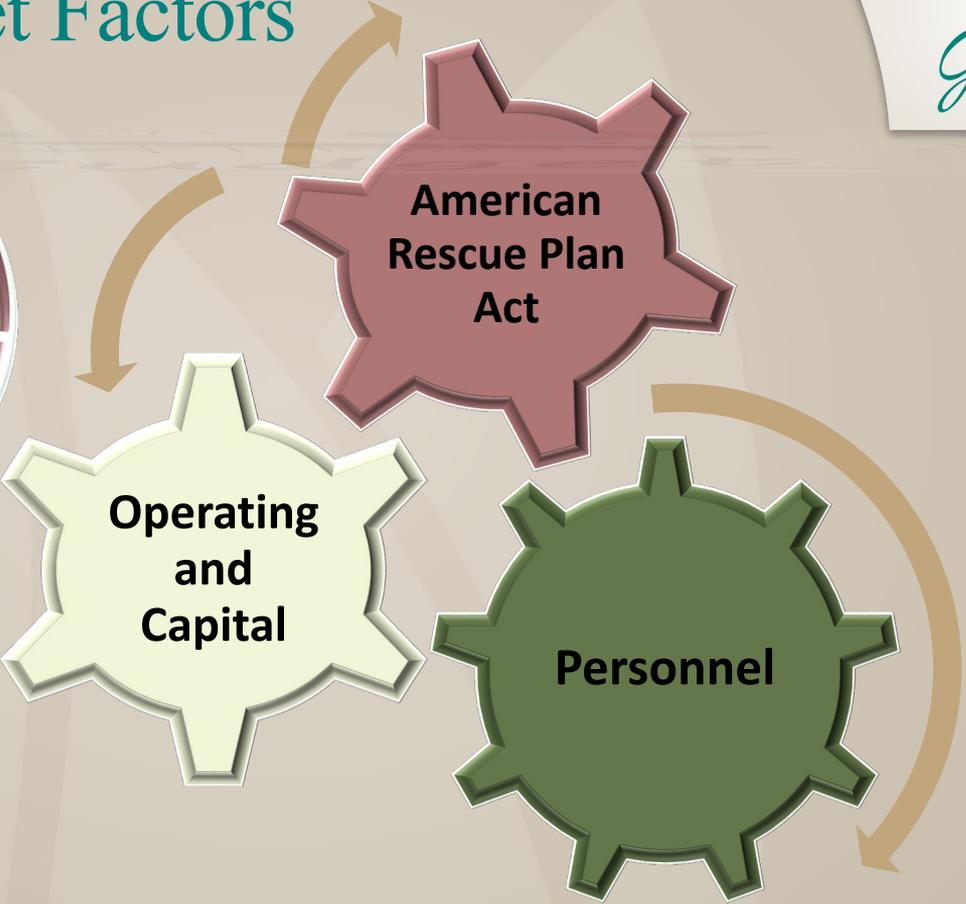
Total Expenditures/Uses General Fund \$148,514,250



Where is The Additional Tax Revenue Going Next Year?



Significant Budget Factors



American Rescue Plan Act



Signed into law on 3/11/2021

Total distribution to Palm Beach Gardens: \$5,857,791

Payable in two equal payments, or tranches:

- First payment: received \$2,928,895 on 5/20/2021
- Second payment: not earlier than 12 months after date of first payment

American Rescue Plan Act



Cover following expenses incurred 3/3/2021 through 12/31/2024 –

- To respond to the public health emergency, including assistance to households, small businesses, and nonprofits, or aid to impacted industries;
- Premium pay for essential workers, or grants to employers that have eligible workers who perform essential work;
- Government services to the extent of reductions in revenue due to COVID-19 relative to revenues collected in the most recent year prior to the emergency
- Make necessary investments in water, sewer, or broadband infrastructure;

What is Allowed Under Reduction in Revenue Provision?



Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue

Government services can include, but are not limited to:

- Maintenance or pay-go funded building of infrastructure; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or education services; and police, fire, and other public safety services, to the extent of the revenue reduction
- Does not include debt service; payments to a pension fund; or replenishing financial reserves such as budget stabilization, “rainy day”, or similar type reserves

How to Determine Revenue Loss



How is revenue defined?

- Based on definition of “General Revenue” used in the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances
- Recipients should calculate revenue on an entity-wide basis
- General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from debt or sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts.
- Includes transfers between state and local governments, but excludes transfers from the Federal government

How to Determine Revenue Loss



What is the formula for calculating the reduction in revenue?

- Start with revenues from last full year prior to pandemic (FY 2019), which is the Base Year
- Calculate a hypothetical 12-month revenue had pandemic not occurred as of December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023; referred to as “Counterfactual Revenue”
- Base Year * $[(1 + \text{growth adjustment})^{(n/12)}]$ where n is the number of months elapsed since the end of the base year to the calculation date, and the *growth adjustment* is the greater of 4.1 percent or the actual average annual revenue growth in the three full fiscal years prior to the pandemic

How to Determine Revenue Loss



What is the formula for calculating the reduction in revenue?

- In our case, the actual average annual revenue growth rate was 8.47% for the three prior years
- Compare hypothetical revenue to actual revenue

Budget

Calculation of Loss



	12/31/2020	12/31/2021	12/31/2022	12/31/2023
FYE 9/30/2019 actual revenue (Base Year)	\$113,710,654			
Number of months from 9/30/2019	15	27	39	51
Hypothetical revenue	\$125,874,630	\$136,536,211	\$148,100,829	\$160,644,969
Actual 12 months' revenue	123,760,906			
Revenue Loss	\$2,113,724	?	?	?

***Above calculations are based on staff's interpretation of most recent U.S. Treasury guidance and are subject to review by auditors and further review by U.S. Treasury of future required reports*

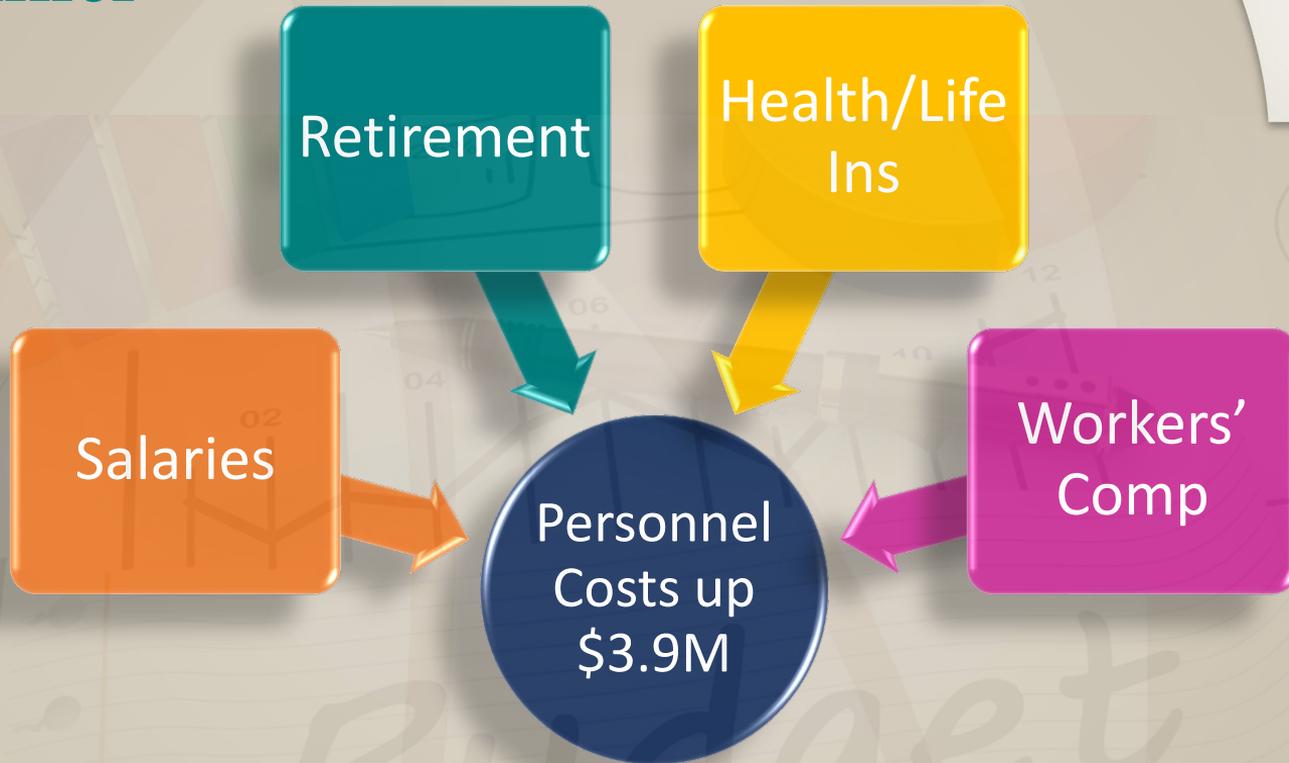


Allocation of First Payment

Total Disbursement 5/20/2021	\$	2,928,895
Allocation of First Payment:		
Available for Government Services		2,113,724
Restricted for Other American Rescue Plan Uses (1)		815,171
Total First Payment	\$	2,928,895

(1) We anticipate future revenue loss calculations will allow this amount and next year's second disbursement to be used for government services (\$815,171 + \$2,928,895 = \$3,744,066)

Personnel

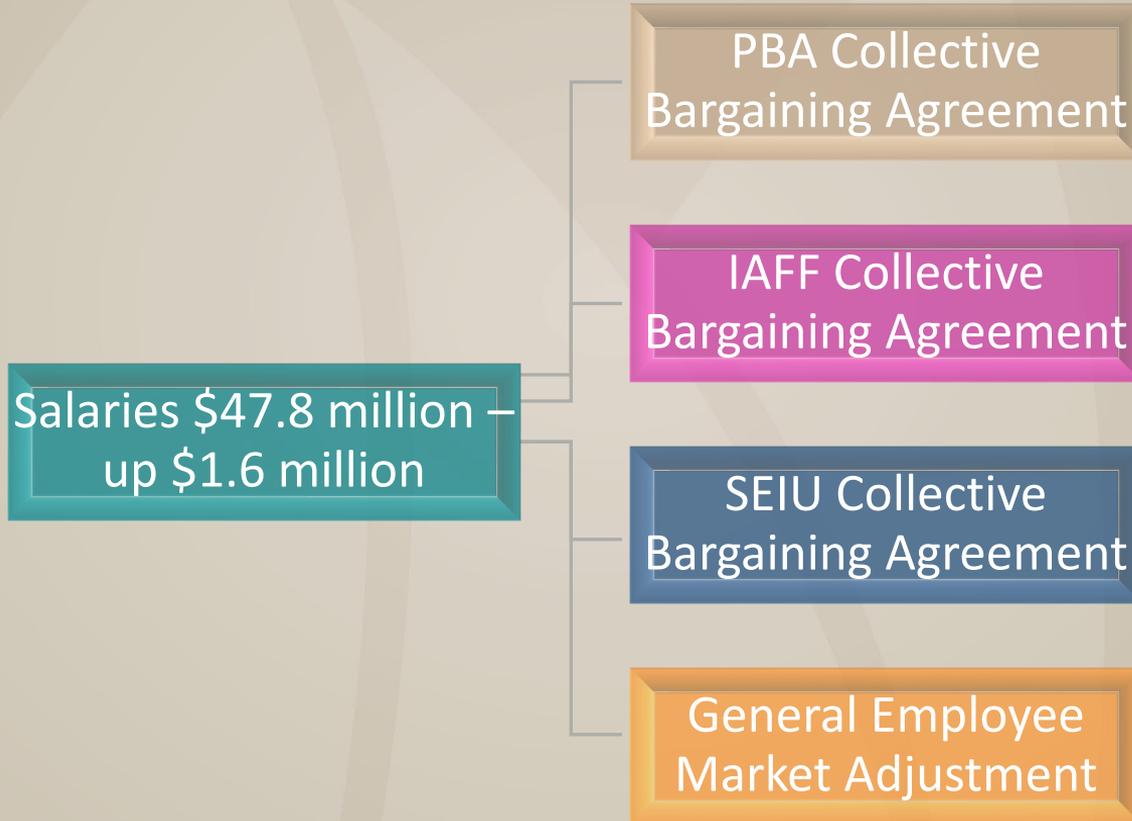


Budget

Personnel



Personnel



Personnel

DEFINED BENEFIT PENSION

Pensions: Full funding per actuarial valuations for Police and Fire pension plans and statutory rates for FRS - total \$11.9 million (\$1.2 million increase)



PALM BEACH
Gardens



Positions: Total 550 FT (up 11)

Per 1,000 population:

FY 2007 (514 positions) 10.41

FY 2022 (550 positions) 9.70

Personnel



Budget includes 11 requested new full-time positions:



One Police Officer to provide additional support to the Traffic Unit



One Fire Plans Examiner to keep up with pace of new development projects



One EVT Mechanic to provide additional in-house maintenance on fire-rescue apparatus

Personnel



One Director of Mobility to lead, coordinate, and implement transportation capital improvement program including mobility and transit



Seven new positions in the Golf Course Special Revenue Fund due to the addition of a new course: One First Assistant Golf Course Superintendent; One Golf Shop Manager; One Golf Maintenance Supervisor; Two Golf Operations Coordinators; One First Assistant Golf Professional; One Administrative Assistant III

Personnel



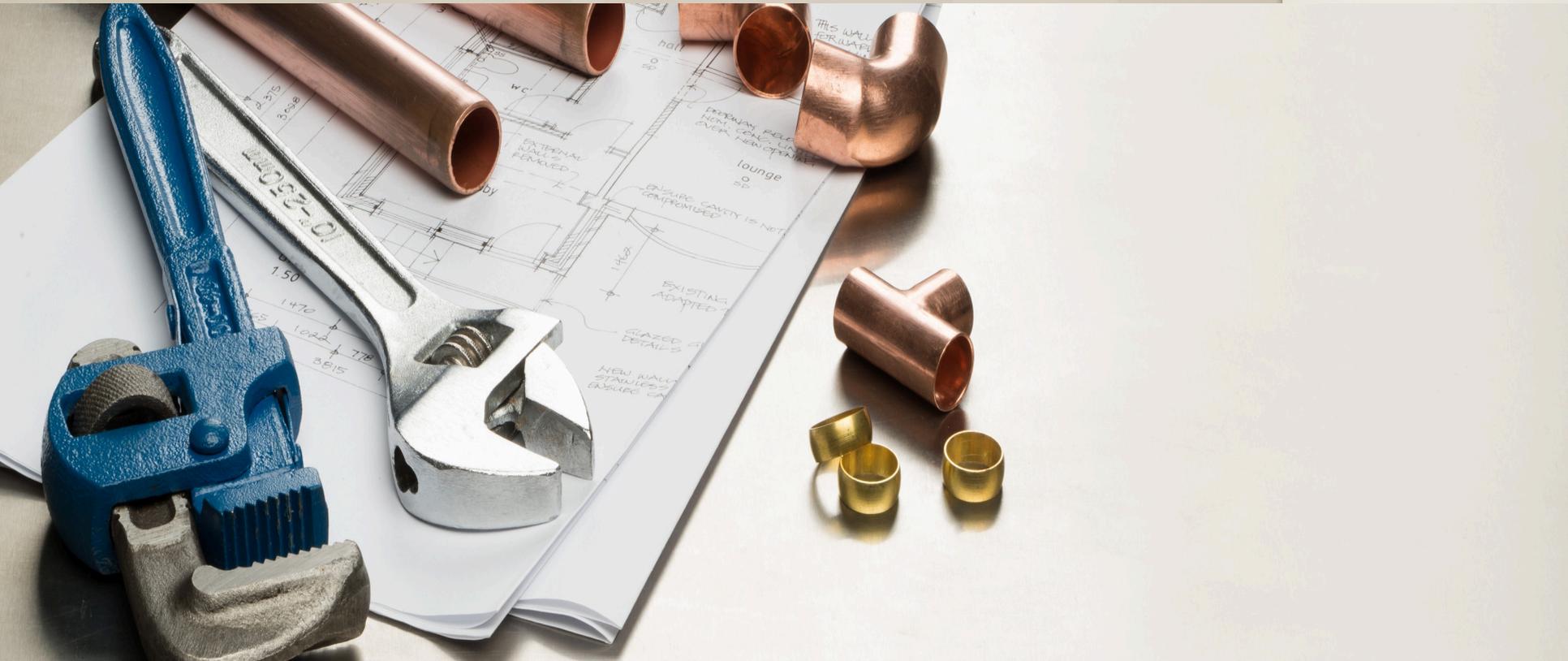
Personnel



Health/Life/Dental costs in the General Fund total \$8.1 million

- Increase of \$80,000 or only 1% due to the positive financial condition of Self-Insured Medical Fund

Maintenance, Repair & Operating Costs



Maintenance, Repair & Operating Costs



\$399,600 for parks irrigation, fencing, netting, sod, court resurfacing, equipment repairs, etc.



\$312,000 for repairs and maintenance of various equipment and structures, including roof maintenance and painting

Maintenance, Repair & Operating Costs



\$60,000 for parking lot and sidewalk repairs

The illustration shows a stylized parking lot with blue and white stripes. In the background, there are purple buildings, a yellow car, and a person on a bicycle. In the foreground, there are yellow figures of people walking on a sidewalk.

\$185,000 for roadway tree trimming and plant replacement

The illustration shows a pair of silver and pink pruning shears cutting through green foliage.

Maintenance, Repair & Operating Costs



\$250,000 for annual
stormwater repair
program



\$250,000 for canal
maintenance and
dredging program

Other Funds



Special Revenue



Gas Tax Special Revenue Fund

• Projected Revenue	\$913,617
• Significant Expenditures:	
• Street/Sidewalk Repairs	500,000
• Street Lighting	260,000
• FEC Maintenance Contingency	250,000
• Various Equipment	121,000
• Infrastructure	100,000
• Roadway striping	60,000
• Reserve Balance	303,353

Special Revenue



Golf Special Revenue Fund

• Projected Revenue	\$2,617,000
• Projected Expenditures	3,375,184
• Reserve Balance	630,214
• Transfer from General Fund	700,000

Recreation Special Revenue Fund

• Projected Revenues	\$4,979,456
• Projected Expenditures	6,010,013
• Tennis Revenues	1,750,184
• Tennis Expenditures	1,603,279
• Reserve Balance	436,097



Internal Service Funds



Fleet Maintenance Fund

- Projected Revenue \$4,510,987
- Projected Expenditures 4,782,697

- Reserve Balance 260,348

Self Insured Health Fund

- Projected Revenues \$10,944,566
- Projected Expenditures 11,380,381

- Reserve Balance 7,390,198



Capital Projects



Projected Revenue

\$8,672,259

Expenditures:

- | | |
|--|------------|
| • BRCC improvements | 10,000,000 |
| • Sandhill Crane Drive extension | 2,000,000 |
| • Improvements to Kyoto Gardens Dr. from Military Trail to Alternate A1A | 500,000 |
| • Holly Dr. pedestrian crossing improvements | 350,000 |
| • Improvements to Burns Rd. from Military Trail to Alternate A1A | 150,000 |
| • Improvements at Alternate A1A and Burns Rd. | 25,000 |

Ten-Year Financial Forecast



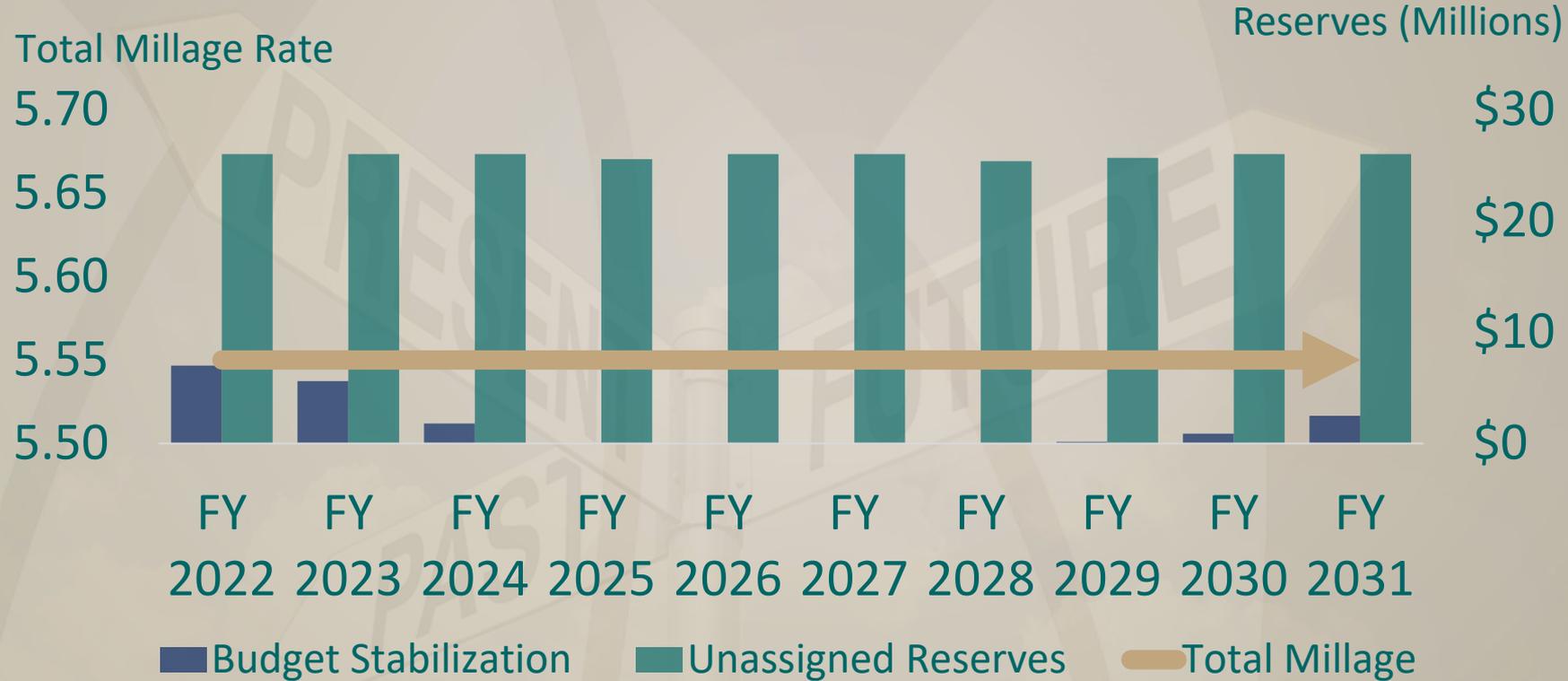
Ten-Year Financial Forecast



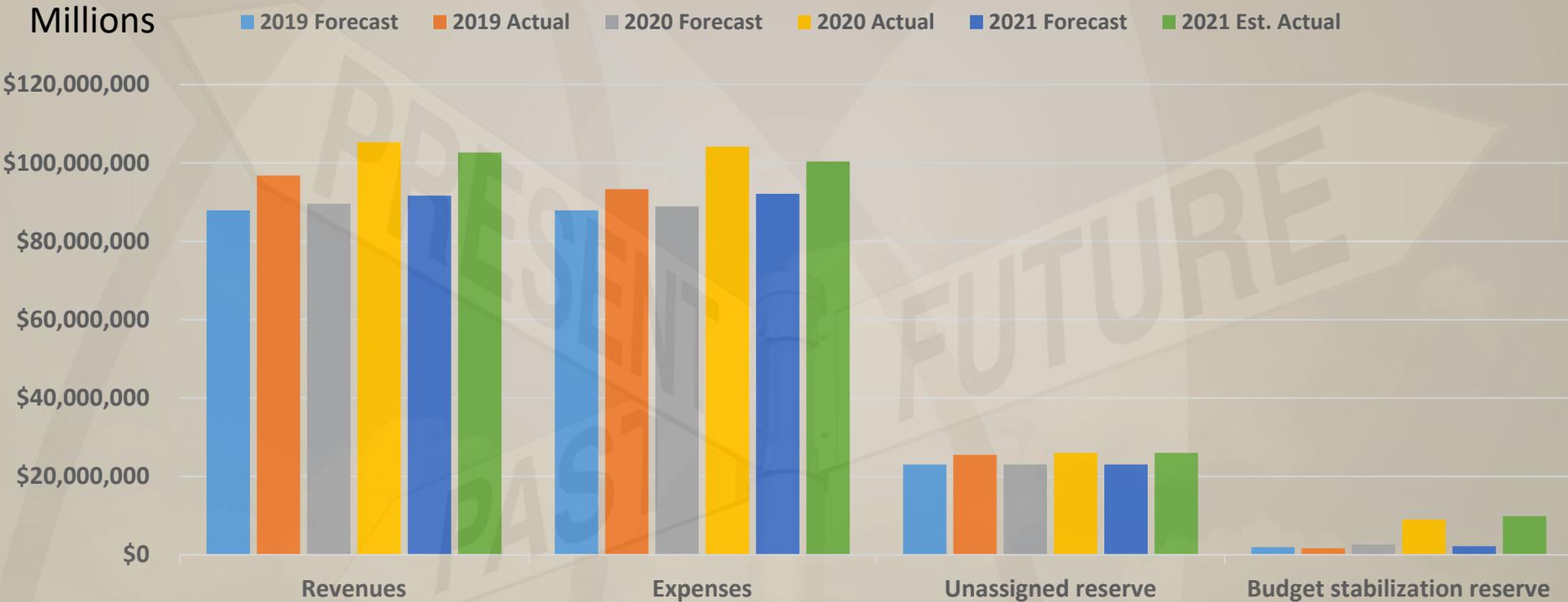
Highlights

- Maintains operating millage flat at 5.55 through FY 2031
- No debt service millage
- Unassigned reserves estimated at \$26M in FY 2022
- Gradual drawdown of unassigned reserves to \$25.3M by FY 2027; increasing to \$26M by FY 2029
- Exceeds council policy of at least 17% of expenditures every year
- Budget stabilization reserves estimated at \$7M in FY 2021
- Budget stabilization reserves reduced to zero by FY 2025 but increase to \$2.5M by FY 2031

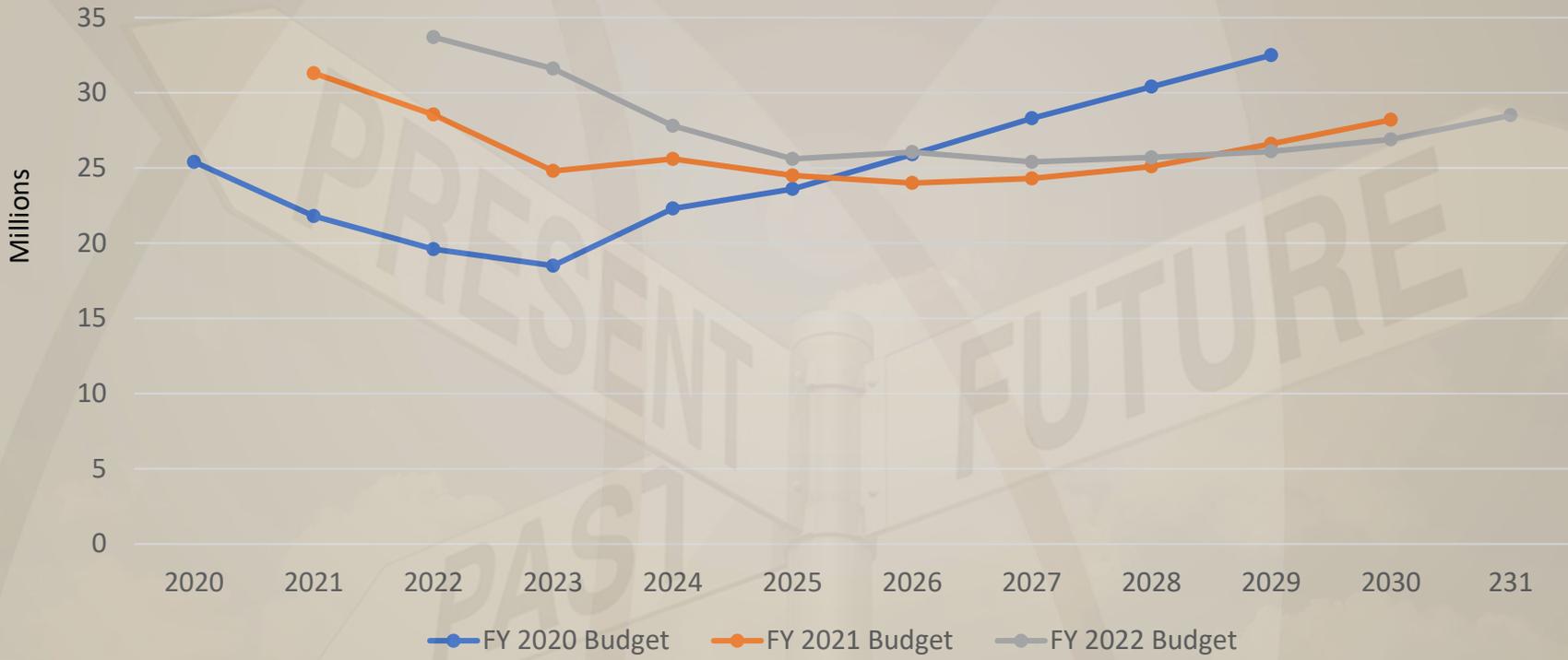
Ten-Year Financial Forecast



Comparison of Revenue, Expense and Reserve Projections From 3 Years Ago to Actual



Comparison of Current 10-Year Reserve Projection to Prior 2 Years' 10-Year Projections



Summary



Current FY 2022 Projection

- FY 2022 projection very similar to the FY 2021 projection
- Reserves will be reduced as expenditures are incurred to build and staff a new fire station located at Avenir
- As more units are added to the tax rolls, reserves will start to be replenished in FY 2028
- Unassigned reserves and budget stabilization are projected at \$26M and \$2.5M, respectively, by 9/30/2031

Next Steps

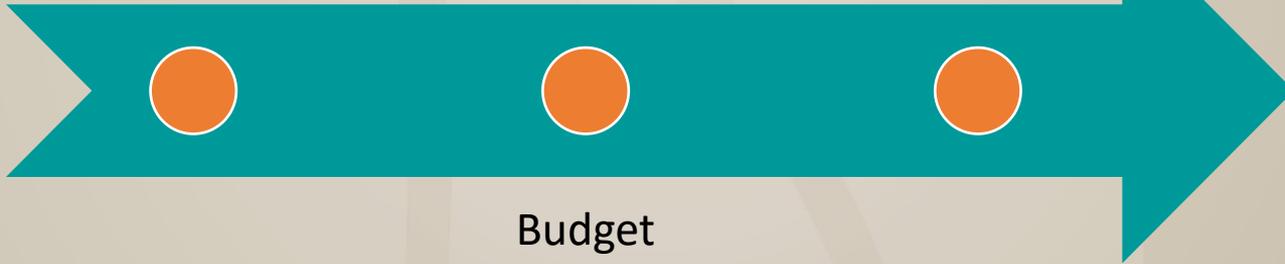


Next Meeting

- August 26
- Additional meetings?

Public Hearings

- September 8
- September 22



Budget
Oversight Board
prepares report
to Council