



Village of Palmetto Bay Fiscal Model & Analysis

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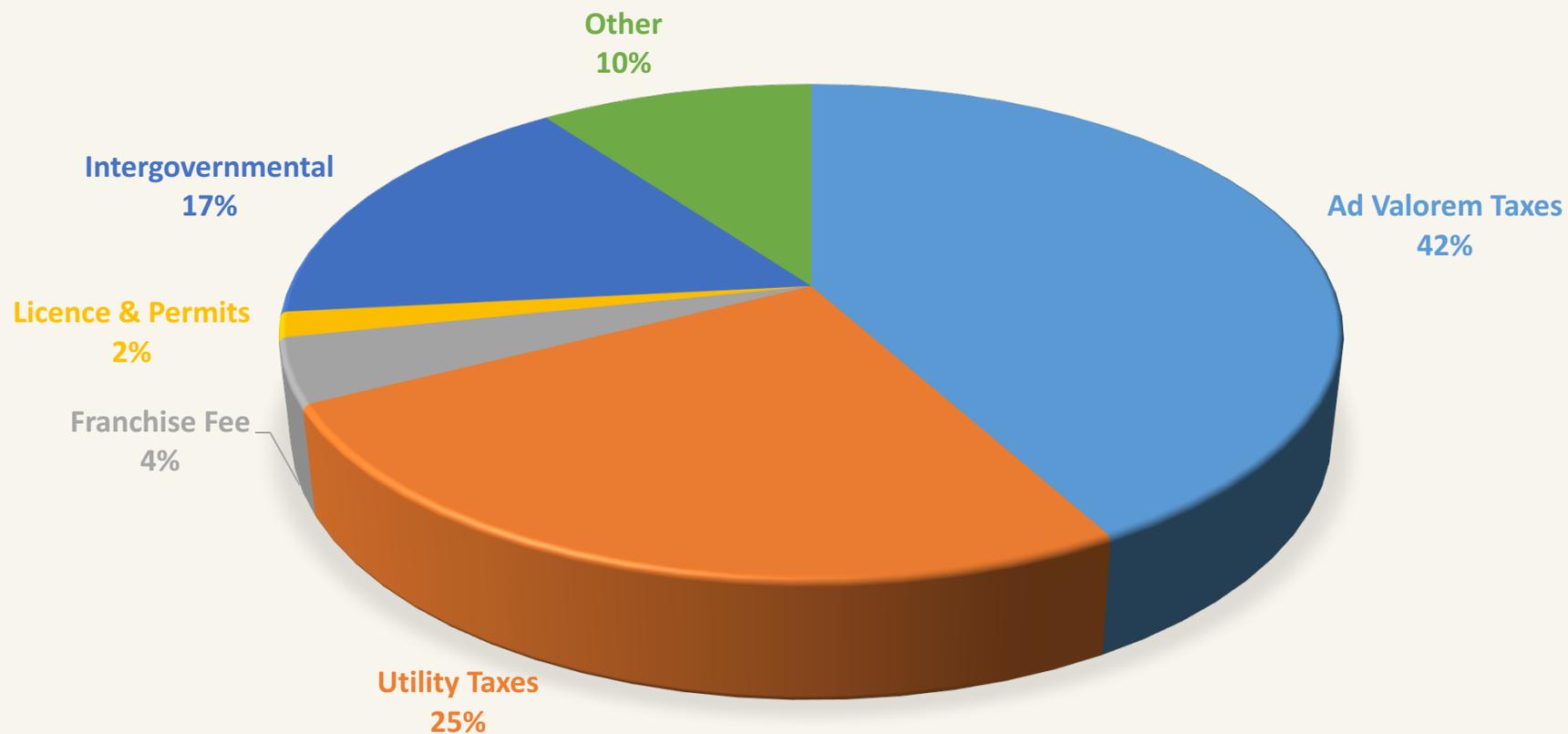
Village of Palmetto Bay

October 2017

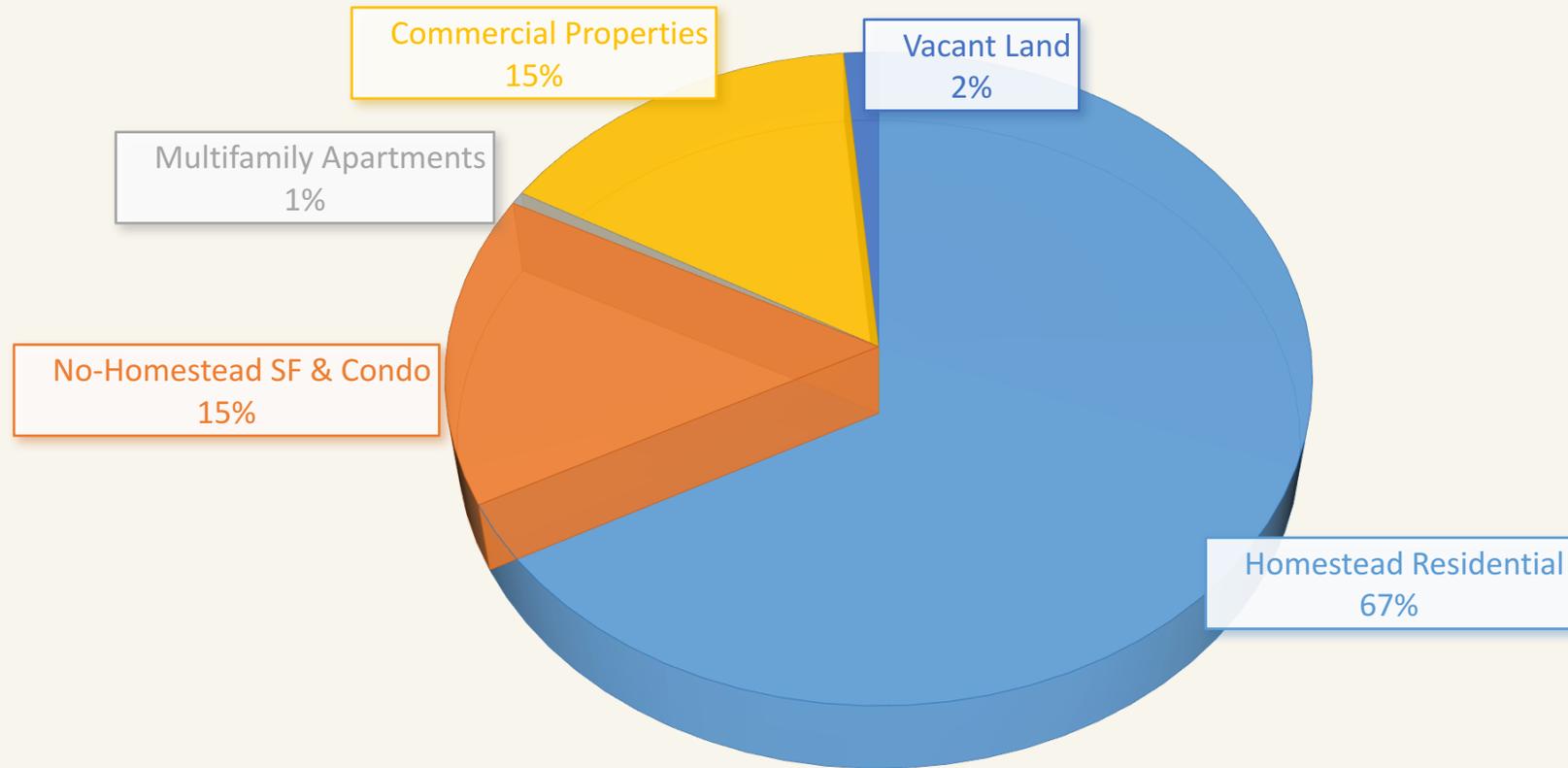
Scope of Service

- 5 year forward looking estimate of general fund revenue and expenses
 - Historic ad valorem trends broken down by commercial land use category, homestead residential, non-homestead residential, and vacant land.
 - Projects-in-planning in the Village to establish the total amount of new units or space to apply to aggressive growth scenario;
 - Benchmarked taxable values against similar newly developed projects in Miami-Dade County
 - Review prior year budgets to determine historic trends as it relates to growth in expense and non-ad valorem sources of revenue;
 - Review with Village staff exposure to changes in costs over five year period;
 - Work with staff to develop cost metrics that can be applied to additional residential unit and commercial space.

Property Taxes Represent 42% of Village's General Revenue



Property Tax Base – Homestead residential represents 2/3 of Village’s total property taxes and over 80% of residential property taxes



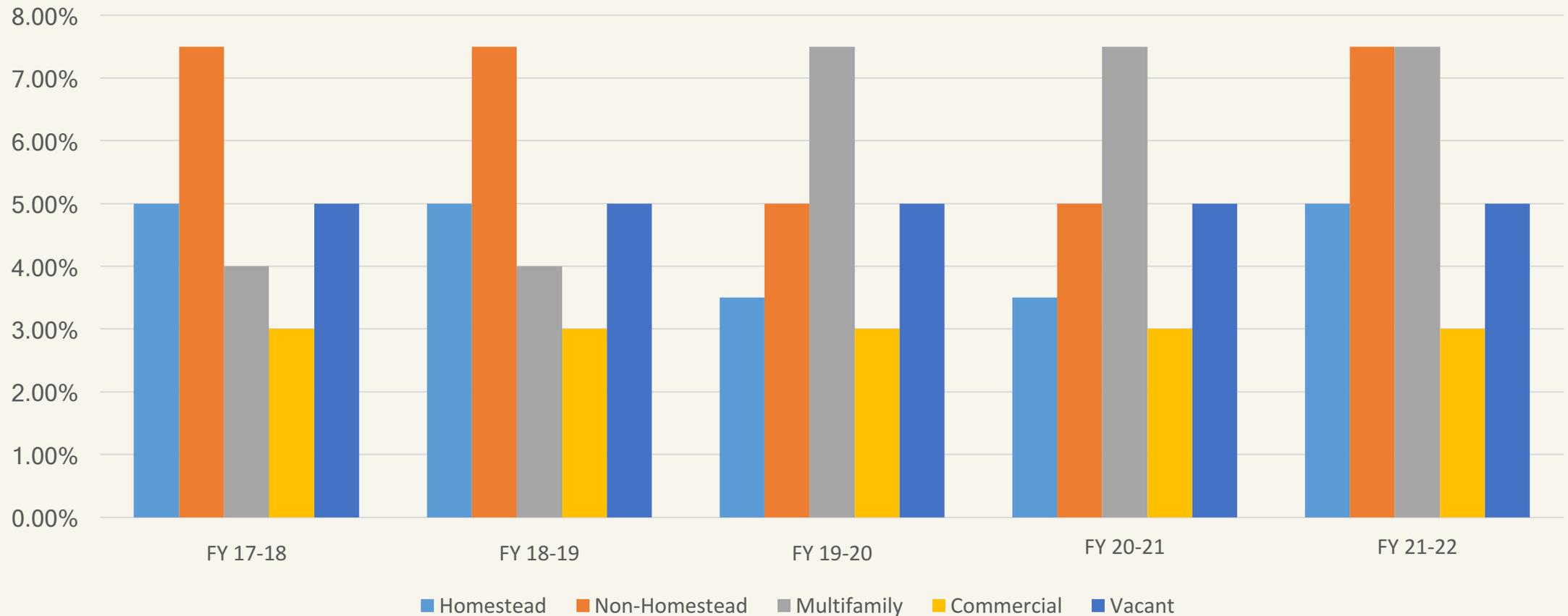
Homestead property taxable values grow faster than Save Our Homes 3% cap each year

- +/- 4-5% of the 6,300 homesteaded properties are sold every year
- Because most homestead properties reset to market upon sale, which often cause major jumps in value, this small minority of properties have an outsized influence on the increase in taxable values every year
- Taxable values in the last year for homesteaded properties increased at over 6.0%.
- Utilize in the model a 5.0% growth over the first two years with a slowing to 3.5% as economy is expected to slow
- Non-homestead residential grown at 7.5% for first two years slowing to 5.0% as economy is expected to slow
- Commercial grown at 3% given historic reasonably flat commercial values but settling of market more recently

Concentration of Commercial Taxes: 10 largest tax payers account for 40% of total commercial and vacant land taxable value

<u>Property</u>	<u>2016 Taxable Value</u>
PALMETTO BAY VILLAGE CENTER	\$29,794,435
BRANDSMART USA	\$29,000,000
COLONIAL PALMS PLAZA	\$28,230,461
AUTONATION USA (Nissan/Infinity)	\$16,649,745
SOUTH MOTOR COMPANY (BMW)	\$13,000,000
PUBLIX SUPER MARKETS	\$12,262,757
NE CORNER OF 152 nd & DIXIE HIGHWAY	\$10,300,000
GUS MACHADO FORD	\$8,747,950
KINGS BAY SHOPPING CENTER	\$7,357,900
FCI PALMETTO BAY SSITE (TOTAL BANK SITE)	<u>\$6,416,146</u>
	\$161,759,394

Forward Looking Existing Property Estimated Growth in Values



5 Year Of New Development Under 3 Scenarios 'No Growth'; Base Case; Aggressive Case

Use	'No Growth'	Base Case	Aggressive Case
Single Family	20 units (infill)	75 units	195 unit
Multifamily Rental		990 units	1,605 units
Condominium		350 units	575 units
Retail		2,800 sq. feet	150,000 sq. feet
Auto		275,000 sq. feet	275,000 sq. feet
Office		50,000 sq. feet	135,000 sq. feet
Hospitality			90,000 sq. feet

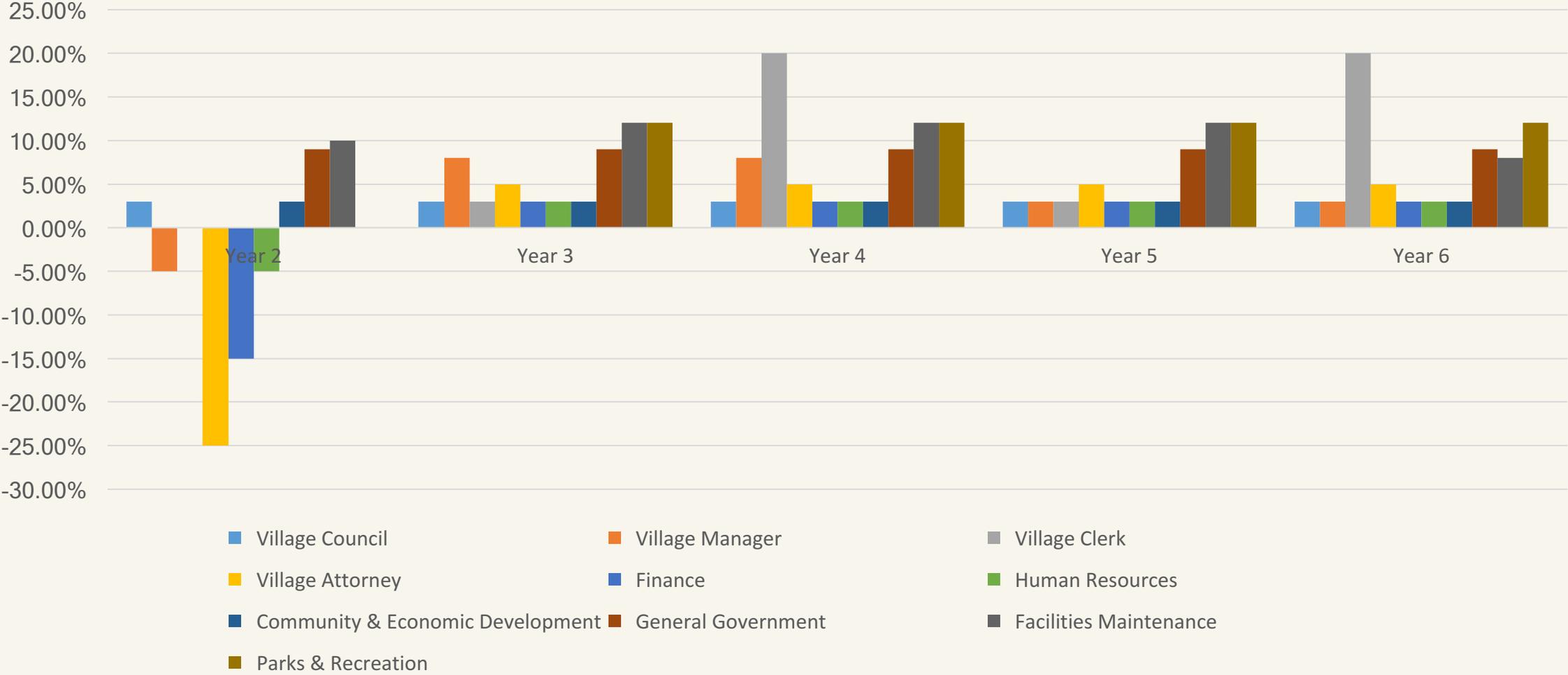
Non-Property Tax Revenue 5 Year Growth Estimates & Basis

Source of Revenue	Annual Increase	Source of Estimate
Electric Tax	4.67%	Pop & business growth and village estimate
Water Tax	4.67%	Pop & business growth and village estimate
Gas Tax	5.92%	County UMSA benchmark
Unified Communications Services	4.38%	County UMSA benchmark
Franchise Fee	8.89%	Village notification for FY 17-18 and estimated renegotiated franchise fee in 2020
Licenses & Permits	0.80%	Village estimate
State Revenue Sharing	3.19%	County UMSA benchmark
Alcoholic Beverage Licenses	2.97%	Village estimate
Local 1/2 Penny Share of Sales Tax	3.19%	County UMSA benchmark
Other Revenue	2.14%	Village estimate

Expenses: Police Accounts for 55% of Village's General Fund Budget and is Principal Variable Expense

- Base Growth Rate of 0.0% first year then 4.0% per year
- Village estimates rate of 6 new officers for every 10,000 new residents
- Additional cost of \$125,000 per officer (2017 dollars)
- 1 additional sworn officer for every 1.0 million square feet of commercial space
- 'No Growth' Case: No new officers over next five years
- Base Case: 1 new officer over next five years
- Aggressive Case: 1 new officer over next five years

Expenses: Non-Police Growth Estimates



Model Basics

- Designed for Maximum Flexibility
 - Revenue Inputs by Component Parts
 - Expense Inputs by Line Item
- Real Estate Inputs allow Breakout between Existing and Homesteaded Properties vs. Commercial and Non-Homesteaded Properties
- New Construction vs. Existing Property Value Growth
- Variable & Fixed Expenses with Police Costs Driven by Coverage Standards Tied to Growth
- Trigger related to additional homestead (or not)
- Set Up to Automatically Run Iterative Simulations: “Monte Carlo Simulation”

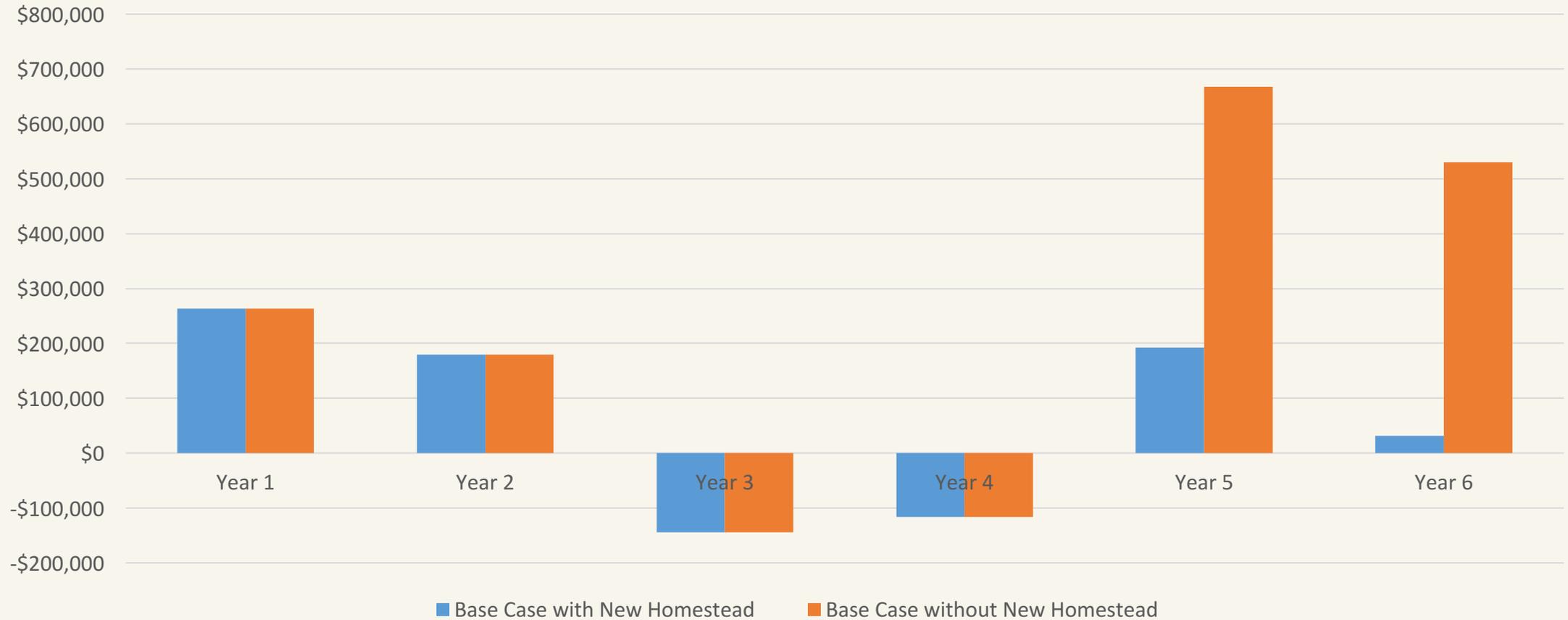
Village of Palmetto Bay Moderate growth)													
Forward Looking Fiscal Estimates													
Revenue Input & Assumption Page													
	Baseline			Future									
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6							
Village Ad Valorem Property Tax	2.3292	2.3292	2.3292	2.3292	2.3292	2.3292							
Additional \$25,000 Homestead Approved Starting FY19-20 ("YES" or "NO" ALL CAPS)	YES												
	Baseline			Future									
	Year 1	Year 1	Year 2	Year 2	Year 3	Year 3	Year 4	Year 4	Year 5	Year 5	Year 6	Year 6	
	Taxable Units	Avg. Taxable Value	Taxable Units	% Growth in Tax Value Over FY 16-17 (Existing Units)	Taxable Units	% Growth in Tax Value Over FY 17-18 (Existing Units)	Taxable Units	% Growth in Tax Value Over FY 18-19 (Existing Units)	Taxable Units	% Growth in Tax Value Over FY 19-20 (Existing Units)	Taxable Units	% Growth in Tax Value Over FY 19-20 (Existing Units)	
Residential - Single Family to Three Plex													
Homestead	6,133	\$ 277,000	6,138	5.00%	6,188	5.00%	6,211	3.50%	6,278	3.50%	6,301	5.00%	
Non-Homestead	825	\$ 408,200	826	7.50%	833	7.50%	836	5.00%	845	5.00%	848	7.50%	
New Units Added to Tax Rolls		4	6		57		26		76		26		
Average Value of New Units		\$400,000	\$ 420,000		\$ 580,000		\$ 580,000		\$ 850,000		\$ 690,000		
% New Units Homesteaded			88%		88%		88%		88%		88%		
			Avg 6 infill units per year		SW 152 lot and FPL 40		FPL site add 20 units		FPL site 50 units of SF @ \$750k FPL added 20 units				
Residential - Multifamily Rental*													
Rental Units	298	\$ 52,300	569	4.00%	794	4.00%	1084	7.50%	1553	7.50%	1903	7.50%	
New Units Added to Tax Roll			271		225		290		469		350		
Average Taxable Value New Units			\$200,000		\$208,000		\$ 216,320		\$ 232,544		\$ 249,985		
			Total Bank site		Shore Development		Estates Homes and new site		235 units Parkview (Jan 2020)		250 units new development (Jan 2020)		
									84 units Sandpiper (Jan 2020)		100 market rate Palmetto Villag		
									150 units Elderly Palmetto Village Center (Jan 2020)				
Residential - Condominium													
Homestead	127	\$ 46,400	127	3.50%	277	3.50%	277	3.50%	415	3.50%	415	5.00%	
Non-Homestead	400	\$ 133,300	400	7.50%	550	7.50%	550	5.00%	688	5.00%	688	7.50%	
New Units Added to Tax Rolls			0		300		0		275		0		
Average Value of New Units					\$ 450,000				\$ 450,000				
% New Units Homesteaded					50%				50%				
*includes mixed use development which is principally residential										Condo of 175 units at FPL site (Jan 2020 tax roll)			
										Condo of 100 units at BK site (Jan 2020 tax roll)			

Model Results with Additional Homestead Extension

Annual Surplus/(Deficit)



Base Case with and without Additional Homestead Extension Annual Surplus/(Deficit)





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