Five Year Financial Forecast for
The Town of Surfside, Florida
Fiscal Years 2013/2014 - 2017/2018

Five Year Financial Forecast for

The Town Of Surfside, Florida

Fiscal Years 2013/2014 – 2017/2018

Requested by and Presented to:

Mayor Daniel Dietch

Vice Mayor Michael Karukin

Commissioner Joe Graubart

Commissioner Michelle Kligman

Commissioner Marta Olchyk

Prepared and Written

Michael P Crotty, Town Manager

Donald Nelson, Director, Finance Department

Carl A. Berkey-Abbott

September, 2013

Table of Contents

Exhibits

Brief Description of Document:

The purpose of this 5 year financial forecast is to provide a high level review of Surfside's financial future for the period October 1, 2013 through September 30, 2018. These dates cover the five fiscal years of Fiscal Year 2013/14 through 2017/18. This document is based upon the current expenditure and revenue histories of the Town along with certain assumptions about forthcoming or continuing external trends. It serves as a baseline forecast against which the effects of certain policy and/or funding decisions may be compared. While the authors are aware of expressed interests in service delivery changes, this document generally assumes the intent to continue on course with current and enhanced service delivery goals.

Methodology:

The document was developed with the assistance of a consultant who worked closely with staff throughout the Town of Surfside under the general supervision of the Town's Finance Department Director. The methodology focused on the capture of the impacts of certain known developments within the Town. Items related to fund trending, fund balances, and rates were reviewed for each fund. Trending analysis for each revenue and expenditure area for each fund was reviewed back to FY 2006 to assist in grounding expectations for future projections. Wherever possible, Fiscal Year 2013/14 (FY 13/14) forecasts utilize the projections found in the Town of Surfside's FY 13/14 Proposed Budget Book.

Brief History:

In February of 2011, the Town of Surfside, Florida conducted its first "Five Year Financial Forecast." That document reviewed and forecast information for Fiscal Years 2011/12 through 2015/16. The macro-economic environment of the time was less optimistic as was the Town's financial position. It projected that without the benefits associated with quality, balanced infill developments, by FY 2016, the percentage of Town property taxes paid by residential property owners would be 92% (up from 90% in FY 2011). Further, had the Town chose not to use reserves to fund services and balance its budget, the Town's millage rate was forecasted to be 9.0 mills in FY 2016 from the actual 5.5 mills in FY 2011.

The 2011 forecast presented a range of potential financial outcomes that, in a worst case scenario, portrayed a somber view of the Town's financial future based on known conditions at the time. The advance warning of potential undesirable consequences from that report led the Commission to make policy decisions which have dramatically changed the financial forecast of the Town for the better. Aiding in these long-term strategic decisions is one of the fundamental advantages brought by this type of analysis.

As with the 2011 forecast, this document provides an opportunity to look beyond annual revenues and expenditures to policies promoting the sustainability of Town services and rate structures. This document seeks to answer the same important question from 2011: Will current policies be sustainable financially over the next five years? The broad answer to that question in 2013 is: Yes.

Items not addressed:

This document serves as a backdrop for the further consideration of policies, but is not itself inclusive. The Town Commission has considered a variety of substantial quality of life improvement projects, such as: adding a second story to the Community Center and addressing a long-standing parking deficiency in the business district and multi-family residences. Considerations of service delivery models are anticipated as well. Independent project analysis (parking studies, for example) are better informed by this forecast and integrated into it as a part of the project analysis. A full integration of each of these alternatives is beyond the current scope.

Long-range Forecasting:

To achieve and maintain a resilient financial position, long-term financial planning is critical as is institutionalizing financial policies related to: debt, reserves, ad valorem tax revenue goals, presidential/commercial property tax distribution and diversification of alternative revenue sources. Institutionalizing long-term financial planning provides a number of advantages, including:

- Helps prioritize services
- Involves and focuses employees
- Decentralizes budget responsibilities and holds Department Heads accountable
- Stabilizes services and service levels which can be consistently funded
- Encourages consensus from stake holders
- Plays a role in optimizing public investments
- Aids in avoiding potential emergencies / unanticipated challenges.

Given the potential for changes in elected and appointed officials, policy direction, intergovernmental relationships, and a variety of other influences, it is tempting to discount the value of this process. It should be noted, however, the more successful local governments utilize long range financial planning.

General Assumptions:

A variety of assumptions have been made regarding each of the nine funds analyzed in this report and a detailed list of all assumptions may be made available if desired. Some assumptions, however, apply to multiple funds and are articulated here:

1. *<u>Real and personal property tax revenue from renovations</u>: value assessments will continue to increase (1% is assumed) as properties are improved. The 1 percent growth is captured as new property tax revenue from renovation of property (largely residential) and is exclusive of specific commercial developments to be addressed later.*

2. *<u>Real and personal property tax revenue from development</u>: value assessments will increase for properties for which there are developer agreements. Increases to valuation resulting from new development (or redevelopment) of commercial properties are captured as new property tax revenues.*

3. *Real and personal property tax revenue from market force increases to valuation is not captured as revenue: For each year, two estimates of millage are provided. Both assume a growth to property values based on market forces (distinct from renovation or redevelopment). No increases to the tax levy are included in the analysis for valuation increases based on market forces. Both have the effect of increasing the value of a mill and reducing the millage rate needed to generate similar property tax revenues. The conservative annual growth assumptions from market forces are 1% and 5%.*

4. *Major development agreements (Chateau Ocean, Surf Club, Marriot (9200 Collins), Grand Beach and 95 On The Ocean), will continue on schedule. Permitting Fees, Tourist Resort Revenues, and Real Property revenues have been captured.*

5. *Minor indexing to other revenues: While there are signs of general market improvements, this analysis assumes a continuing low yield increase in other revenue streams; most are indexed by 1%.*

6. *Interest yields on reserves will continue to improve, but remain low for some time; no indexing is applied.*

7. *Personnel salaries are assumed to increase: Historically, aggregate personnel salaries (particularly in the General Fund which pays most police officers and staff) have increased approximately 2.5% annually. It should be noted, that the annual rate does not apply specifically to anyone's salary as across-the-board pay adjustments have not occurred with this frequency. Rather, the aggregate increase in a fund may result from individual adjustments or position changes/additions. The personnel salary cost line items are indexed at 2.5%.*

8. *Personnel insurances are assumed to increase: At current benefit levels, the Town of Surfside costs for employee health and life insurance may continue to increase at approximately 5% annually for the length of the forecast*.

9. *Limited increases to position count: The 2013/2014 Budget includes the addition of a* Neighborhood Police Resource Officer. Two additional Police Officers are projected FY 2018. It is acknowledged that staffing levels can be adjusted by the Town Commission during each budget cycle, but such changes are minimal. Examples would likely include such things as an additional life guard stand; Parks and Recreation staff for the new second floor of community center.

10. *Personnel pension payments modestly increased: Calculation of pension payments for defined benefit plans are calculated, in part, based on current yields. Lately that has meant approximately 8% annual increases. This report assumes that yields have generally stabilized.*

11. *Inflationary pressure will remain modest: Increases to costs of living will make their way to the United States resulting in inflationary pressures for general consumable goods of approximately two (2%) annualized.*

12. *Electric and Fuel Costs will outpace general inflation at a rate of 3%-3.5% annually respectively.*

13. *Existing programs are assumed to continue at current service levels.*

General Findings:

To fund the same level of services over the next five years, the Town of Surfside should consider concerted action to the following funds:

General Governmental Funds:

> General Operating Fund: Over the period considered, this fund is projected to be very healthy. Continued monitoring for substantial variation from forecast is recommended.
>
> Capital Projects Fund: Projects from the Proposed FY 2013/14 budget are included as are future projects for which developer proffers have been pledged.

Special Revenue Governmental Funds:

> Tourist Bureau Fund: Funding available for Tourism related activities and quality of life programs will be substantially enhanced as a result of the new developments referenced above.
>
> Police Forfeiture Fund: This restricted fund's revenues are substantially unpredictable as there is no calculation method or apparent trend leading to a reliable result. Continuing the practice of expending only unencumbered restricted realized revenues is recommended.
>
> Municipal Transportation Fund: This fund has a healthy reserve and will continue in this mode through the next several years. The key issue will be to use the revenues available prudently to enhance the downtown area and the residential neighborhoods within the constraints of the enabling legislation.

Enterprise Funds:

> Water / Sewer Fund: No substantive issues are anticipated for this fund. Utilization of the 2011 reserve models has created healthy restricted funding. Modest rate increases (<u>2% every other year</u>) are projected in the model based on an assumption of growth of 3.5% annually in the Town's costs for water purchases and sewage disposal.
>
> Municipal Parking Fund: Assuming no transfers, use of unrestricted funds, for parking improvements, the unrestricted net assets are projected to grow to 114% of operating expenditures by September 30, 2018. This fund could be used to support downtown improvements that are carefully selected to maintain our small Town feeling yet generate opportunities for existing and new businesses.
>
> Solid Waste Fund: An assumption of 2% in growth for waste and recycling expenses to the Town may require a rate increase of as much as 10% in FY 2015 and another 5% in FY 2017. With those assumptions, the unrestricted retained earnings for the fund remain below 6% of operating expenditures. The following comment from 2011 remains: The key to this fund is to review and adjust service levels which are very high in relation to peer cities and to determine if there are efficiencies that should be implemented through technology.

Stormwater Fund: This fund continues to perform well. Maintenance of existing rates for the next five years is the most likely occurrence for this fund. Consideration of how the unrestricted retained earnings could best be utilized to further assist in Water/Sewer debt payment, or other purposes, may be appropriate.

Notes on Presentation:

The Five Year Financial Forecast is designed to achieve these major goals:

1) Assist the Town's annual budget development process to incorporate a best practice of including a five year projection of revenues and expenditures by fund,
2) Assist the Town Commission in establishing reserve policies for each fund that allow smoothing of any potential rate increases and ensure that necessary repairs are made with available reserves to avoid the need for total replacement such as the recent water, sewer, and stormwater drainage projects,
3) Analyze the financial impact of various decisions regarding economic/tourism investments such as downtown improvements on the property tax burden of our residents and the future economic base of our business community, and
4) Analyze the distribution of the property tax burden to our residents.

Each fund's information includes most of the following elements:

- Introduction to Fund
- Trends in the Fund
- Assumptions Specific to the Fund
- Funding Requirements on Current Course
- Forecast Chart and Explanation
- Fund Balance Table and Explanation

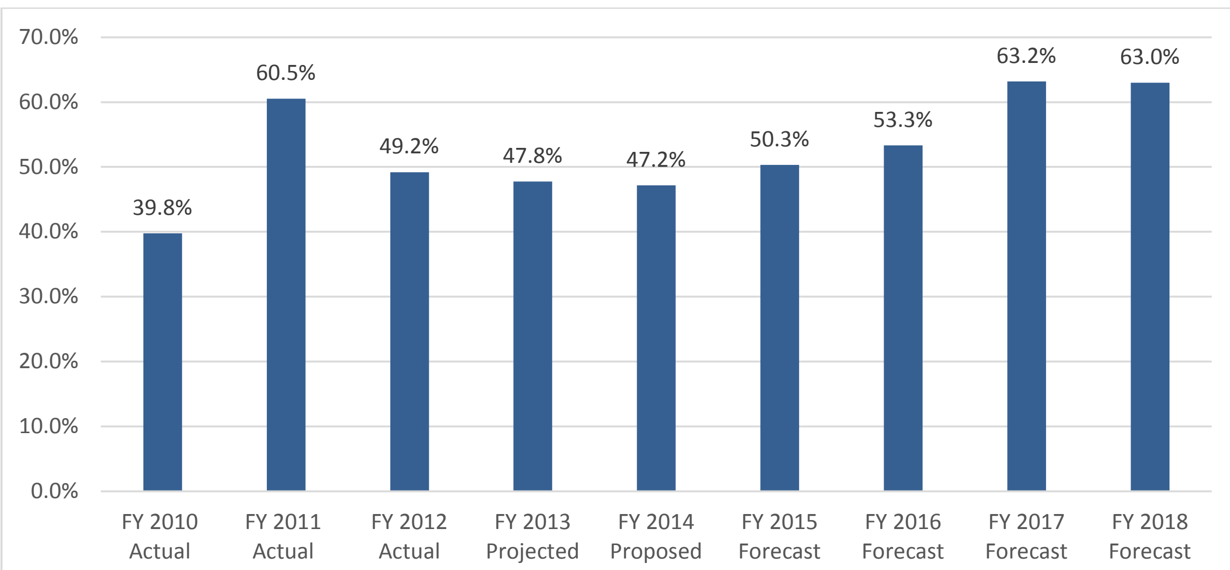
General Fund

Fund Introduction: The General Fund (or General Governmental Operating Fund) is the primary fund that supports governmental operations and services. The primary revenue supporting these services is ad valorem (property taxes) which account for 47.2% to 63.2% of all revenues for this fund over the 5 years under consideration.

Property Tax Information: Figure 1 below indicates that the Town's revenues for the General Fund will continue to rely heavily upon property tax collections to support general governmental operations. The percentage of all revenues from property taxes is expected to exceed FY 10/11 funding levels beginning in FY 2017.

Taken on its own, this figure suggests that property taxes on existing properties and the associated millage rate will be increased. Further analysis shows otherwise. Following sections of the report will show a decrease in the percentage paid by residents, no intention of raising property taxes on properties based on market forces, and a decline in the millage rate while at the same time having the financial capacity to retain or enhance existing service.

Figure 1: Percentage of Total General Fund Revenues from Property Taxes

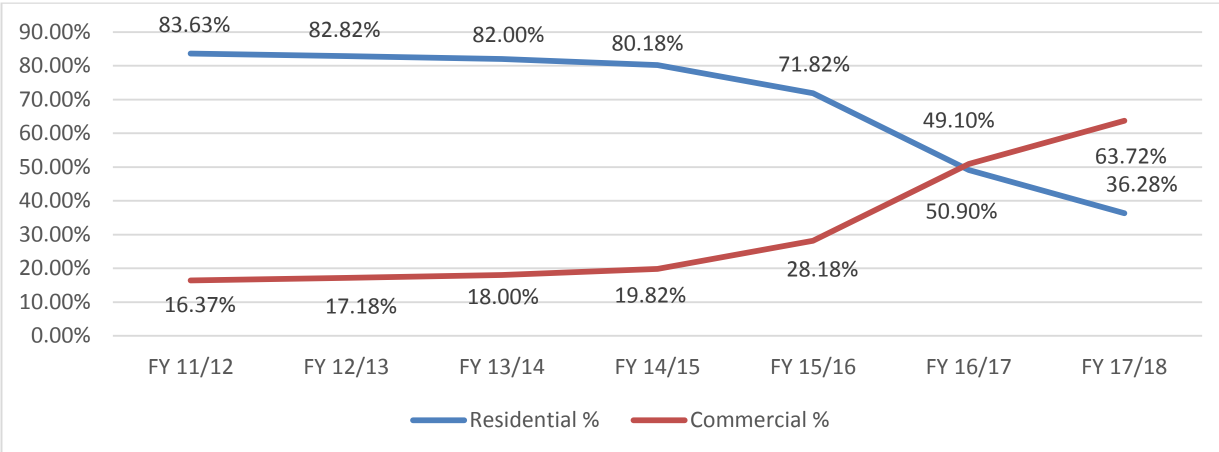


Percentage of Total Property Taxes by Property Type

While the percentage of all General Fund revenues from property taxes are increasing, the percentage of the property taxes paid by residents will diminish. As figure 2 below presents, the percentage of all property tax taxes to be paid increasingly relies upon payments from commercial properties. FY 16/17 marks the first year that the Town of Surfside receives more property taxes from business owners than residents.

Note: A separate chart comparing The Town of Surfside's FY 2013 division of Residential to Commercial property tax contributions is attached at the end of this report.

Figure 2: Percentage of All Property Taxes for Residential and Commercial Properties

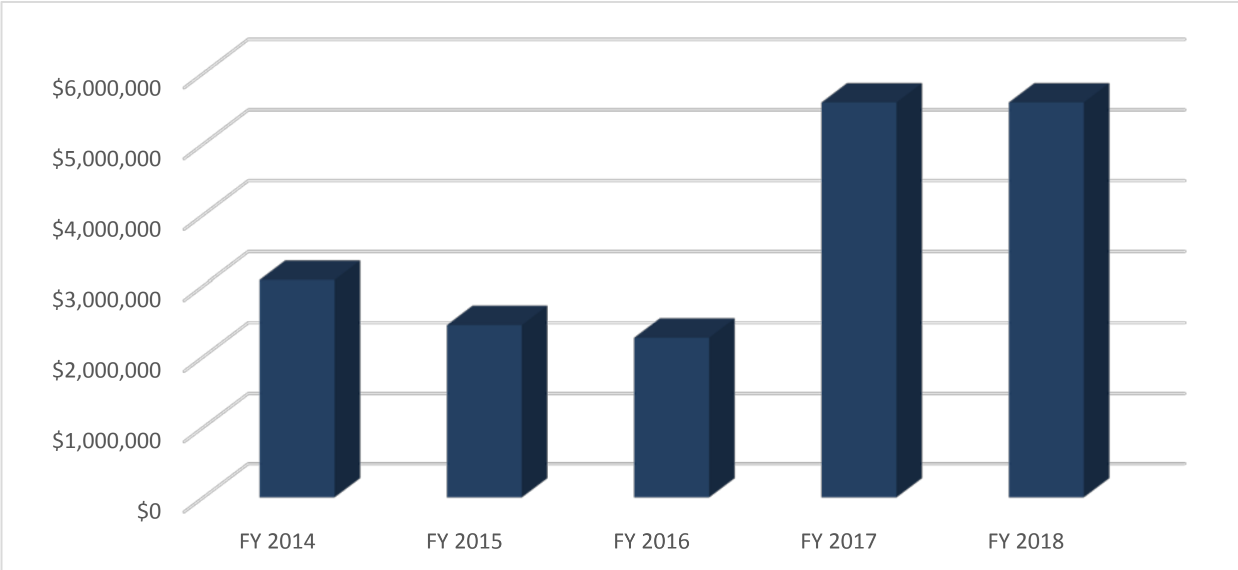


Fund Trends: General Fund operating expenditures grow at a rate of 3%-4% annually as a result largely of inflationary pressures and growth in personnel costs (principally bargaining unit increases). Revenue increase in recent budgets were derived largely from building permit fees. As the development are completed, revenues from building permits will revert to approximately pre-FY 2012 levels, resort tax dollars from new developments begin. As the resort tax revenues are stabilizing, property tax begins to be collectible from the larger developments.

The following chart illustrates the trending of permit fees, resort tax, and property taxes through FY 18. As it illustrates, the fiscal year of concern (when permit fees are down and property taxes have not yet become assessable is FY 15/16. Figure 3 illustrates development revenues in FY 13/14 that are primarily building permit fees and will significantly decrease the next fiscal year 2014/2015. Resort Tax Revenue grows beginning in FY 14/15, but only modest year-to-year property tax growth is anticipated until the majority of developments are taxable (FY 16/17).

The General Fund budget for 2013/2014 includes the addition of a budget contingency/reserve of $1,048,746 from building permit revenues projected to be received in 2013/2014. The projected increase in the General Fund reserves of $1,048,746 in 2013/2014 will be needed as transition funding source the following fiscal year as building permit revenues will significantly decline. The development revenues will be monitored during this transition period as other revenue sources are received.

Figure 3: Development Revenue (permits, resort tax, property tax) growth of revenues from developers through FY 2018.



Fund Assumptions: Assumptions specific to this fund are: 1) property tax levy will increase by approximately 1% annually as a result of new renovation and new construction beyond the development properties previously identified, 2) permit fees will return to historic levels once major known developments are permitted, 3) resort tax incomes will increase substantially as a result of development, and 4) property tax valuations will increase substantially as a result of quality infill developments.

These later points are worthy of further explanation. It is anticipated that the assessed and taxable values for current properties in the Town of Surfside will increase, conservatively, by 3%-5% annually over the next several years. During the last period of substantial increases in property values, many municipalities maintained the same millage rate applied to the increased valuation. The product of this application was a substantial growth in municipal revenues despite maintaining the same rate. Recognizing the impact of this “rate maintenance” the Florida electorate re-wrote the rules and now require that any such increase be advertised as a tax increase (as the actual tax levy is increasing).

Another item worthy of note in the General Fund projection is that it is the only fund which assumes a growth in personnel. For FY 2013/2014, a new position is funded to address an improvement to residential patrol (Neighborhood Resource Officer). By FY 2017/2018 (FY 2018) with all developments completed the addition of two more officers will add a complete shift rotation to address projected call volume increases. Vehicles for these positions are forecasted in the General Fund.

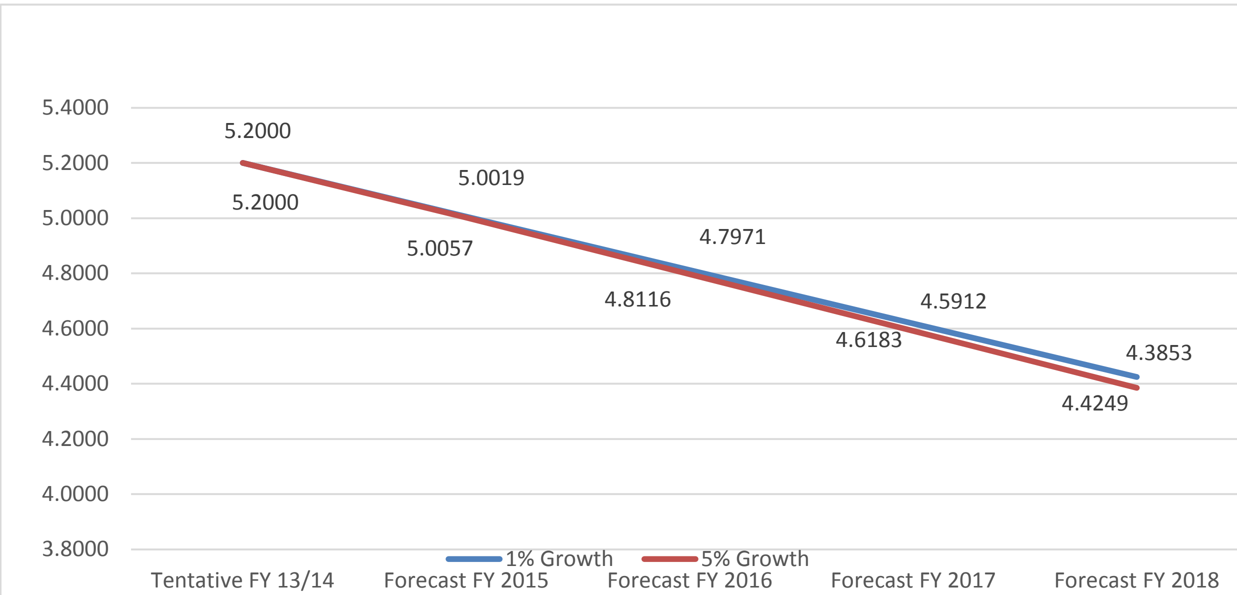
Millage Rate Projections on 5 Year Forecast Assumptions

The assumptions in property tax growth for the Town of Surfside over the next several years are re-stated here: 1) real property valuations are projected to increase annually, 2) no increases are proposed to the actual levy for existing properties (unless they are improved or exemptions are lost – regardless of market driven valuation changes), 3) annual taxable increases resulting from loss of exemptions, change in ownership, and/or building improvements will total approximately 1% of the total taxable value, and 4) improvements from development will increase taxable values and revenues and the values will be captured.

Figure 4 below projects the effect of the above assumptions utilizing property valuation increases of 1% and 5%. Assessment increases in the past few years have been substantially higher. Should those trends hold, the actual millage rate (based on higher values) could be even lower in the coming years. Both models assume substantial growth in property valuations from new development.

Should the assumptions hold, both models indicate that a millage rate of less than 4.8 mills (down from 5.2000 mills) may be achieved by the end of the 5 years. This declining rate does not translate into a reduction in absolute tax dollars for existing property owners. What it does allow is the October 1, 2013 property tax amount to be maintained through September 30, 2018 even as property values are increasing.

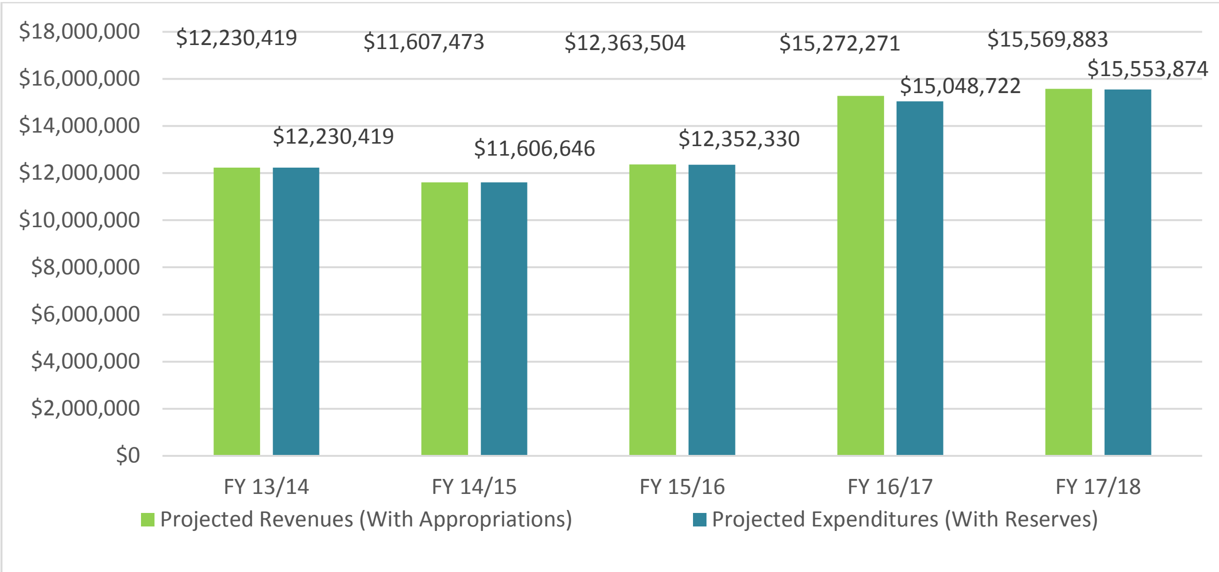
<u>Figure 4: Projected Millage Rates Over the Next Five Years With Assumptions of Property Growth Rates of One and Five Percent</u>



<u>Funding Requirements on Current Course:</u> Present analysis and assumptions indicate that no funding challenges should be minimal for this fund over the next five years. Once those years have passed, revenues will once again begin to stabilize while expenditures are projected to continue to increase. The expenditure increase in future years of approximately 3 – 5% annually addresses only operating items.

<u>Forecast Chart and Explanation:</u> As Figure 5 below illustrates, revenues are expected to meet or exceed expenditures in the General Fund for each of the five years. In Fiscal Year 2018, the excess of revenues over expenditures increases to $790,664 (post-budgeted reserves).

<u>Figure 5: Revenues Over Expenditure Chart:</u>



<u>Fund Balance Table and Explanation:</u> The excess of revenues over expenditures is widest in FY 2017. In just the next year (FY 2018) that gap is reduced over $300,000 (over one-quarter of a mill in current values). The stabilization of revenues with increasing expenditures after FY 2017 is anticipated. That pattern may be maintained in the short-term before regular rate increases are again required. To mitigate some of those future increases, a new reserve has been included in this forecast. A reserve for millage rate stabilization is proposed.

Developer proffers will have been collected by the end of this five year period as well. Capital improvements are achieved by funding transfers from the General Fund unrestricted reserves. To mitigate the impact of using reserves for these projects, a dedicated/budgeted increase to this reserve has been included. No reserve restricted solely for capital projects has been included.

It is recommended that a policy be adopted requiring up to 75% of the revenue growth from the ad valorem tax from the infill developments be allocated to three (3) specific reserve funds. Twenty-five percent (25%) be allocated to the General Funds undesignated reserves, a fund which also funds capital projects. An additional 25% allocated to a millage rate stabilization reserve. And an additional 25% to be allocated to the Hurricane Reserve.

The following tables show the anticipated effect on each of these reserves should the allocation strategy be adopted. By FY 2017 the annual increase to each of the reserves reaches $945,751.

A final note concerning the following Table I. FY 2015 and FY 2016 show a decrease of reserves and an increase to reserves in FY 2017 and FY 2018.

Table I – Impact of Recommended Reserve Policy

Annual Change to Reserves	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Unassigned Reserves	$939,549	($582,348)	($190,120)	$945,751	$945,751
Change to Hurricane Reserves		$13,852	$154,230	$945,751	$945,751
Change to Millage Stabilization Reserve		$13,852	$154,230	$945,751	$845,751
Total	$939,549	($554,644)	$118,341	$2,837,254	$2,737,254
Projected Reserves At Fiscal Year End					
Unassigned Reserves	$3,370,458	$2,788,110	$2,597,990	$3,543,742	$4,489,493
Hurricane Reserves	$2,000,000	$2,013,852	$2,168,082	$3,113,834	$4,059,585
Millage Stabilization Reserves	$0	$13,852	$168,082	$1,113,834	$1,959,585
Total	$5,370,458	$4,815,814	$4,934,155	$7,771,409	$10,508,662

Capital Projects Fund

Fund Introduction: The Capital Projects Fund is a governmental fund type without its own revenue stream(s) unless grants are received. The Capital Projects Fund reflects expenditures and funding for those projects greater than $25,000 which create enduring capital assets. The capital assets accounted for in this fund cannot be associated with other enterprise and/or special revenue funds, hence, their general governmental nature.

In the Town of Surfside Proposed FY 13/14 Budget, the fund accounts for Planning and Design of the 2nd floor on the Community Center and the Harding Avenue Streetscape project. The Capital Projects Fund is a general governmental fund as is the General Operating Fund. The governmental funds (General Operating Fund and Capital Projects Fund) share their reserves so a separate reserve is allowed, but not required for this fund.

Fund Trends: There are a number of capital improvements for the Town of Surfside in various stages of development. In 2011 it was recognized that a funding source to accomplish many of these projects needed to something other than the General Funds' reserves. As a result, a number of developer agreements now contain negotiated proffers for funding assistance for projects. This fund is increasingly funded through those sources. As the current developer agreements end or additional resources are needed for project completion, funding will need to be identified.

Fund Assumptions: Those projects identified in the FY 2013 / 2014 Proposed Budget have been included in the forecast. An additional $45,000 in revenues from developers is anticipated in FY 13/14 and is reserved for these projects. Other proffers are associated with non-governmental funds or the general fund and are not included in this fund.

Funding Requirements on Current Course: With the reduction to known developer proffers, alternative funding will be required for future projects. Potential funding sources include, among others, transfers from the General Fund and/or public/private partnerships.

Forecast Chart and Explanation: No chart is provided for this fund as the revenues are equivalent to expenditures for all but the police vehicles.

See Table I projections of General Fund unassigned reserves should the recommended policy on reserves be adopted.

Tourist Resort Fund

Fund Introduction: The Tourist Bureau Fund is a special revenue fund which accounts for special revenues generated through (and restricted by) Florida Statute. The funds are generated by a 4% charge on certain resort properties (bed tax) and a 2% tax on certain food service establishments. The funds are intended for tourism related promotional events and their use is articulated in and governed by the Town of Surfside Town Charter and State law. This special revenue fund is encouraged to spend its funds to comply with funding requirements. Maintenance of a fund balance is not required but as infill developments are completed, a fund balance policy should be established.

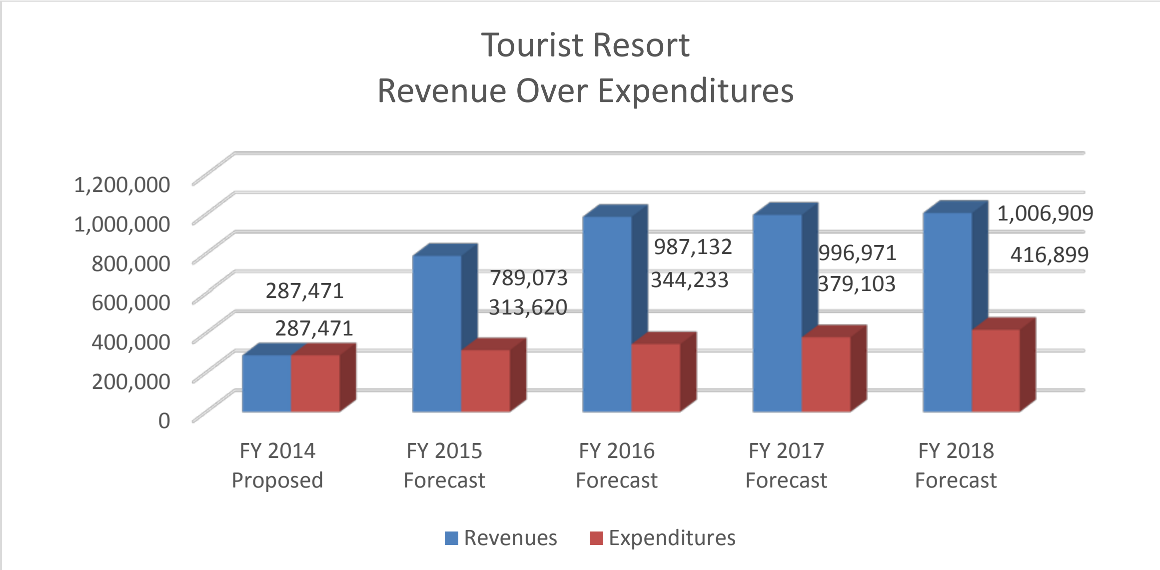
Fund Trends: In 2011 the trend for this fund was not dissimilar to a downward spiral. With the anticipation of major resort developments beginning operations, the forecasted trend is for substantial funds for future marketing.

Fund Assumptions: Assumptions specific to this fund are: 1) growth in revenues resulting from resort tax (bed tax), 2) growth in revenues resulting from increased business activity (beverage tax) from developments, 3) increases to professional and consulting services (15% annual indexing) and 4) an increase to marketing activity (10% annual indexing).

Funding Requirements on Current Course: On the current course, no funding beyond the restricted revenues for this fund are anticipated. A further review of performance to forecast in the next several years is anticipated to identify and adjust for any concerns.

Forecast Chart and Explanation: As Figure 3 (below) illustrates, revenues are expected to meet or exceed expenditures in the Tourist Resort Fund for each of the five years. The projected revenues assume a 1% increase for short-term rentals and beverage taxes for the four years after FY 2014. [Note: The financial projects listed in Figure 6 are the Tourist Resort Fund portion of the 4% and 2% taxes listed above].

Figure 6: Revenues Over Expenditure Chart:



Fund Balance Table and Explanation: Table 2 (below) identifies the year ending for each Fiscal Year. So, FY 2014 represents September 30, 2014. The second row captures in a table the difference in the revenues and expenditures from Figure 6 (above). The third row shows the projected reserve total (current plus additions/deletions). By the end of FY 2018, the reserve hits $2,396,686 allowing for considerable reserves and marketing program expansions.

Table 2: Predictable Effects to Tourist Resort Fund Restricted Reserve Balance

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Restricted Balance	$0	$475,453	$642,898	$617,868	$590,009
Projected Restricted Balance	70,457	545,910	1,188,809	1,806,677	2,396,686

Police Forfeiture Fund

Fund Introduction: The Police Forfeiture Fund is a general governmental fund which accounts for special revenues generated through (and restricted by) Florida Statue. Once a forfeiture occurs at the task force level, funds are used to pay for expenses of the task force. The remainder is distributed based upon the number of officers each municipality has assigned to the Task Force. Other funds may come from the Surfside Police Department conducting its own investigations that may result in seizures. Funds may also come from Surfside's participation is a joint investigation with a Federal agency that results in asset forfeiture[1]. The primary limitation on the expenditures is that they provide for a new / non-operational program and/or project aimed at reducing crime, drug awareness program and/or supporting new or expanded police initiatives.

Fund Trends: The Town of Surfside has utilized the accumulated reserves in the past several years. Historically, revenues are very sporadic.

Fund Assumptions: Assumptions specific to this fund are: 1) revenue collections will continue to be sporadic, 2) the Town will continue to fund, through the General Fund, an Officer who participates in the Task Force, 3) funds will only be used / budgeted after received, and 4) funds will be used to maintain existing recurring programs.

Funding Requirements on Current Course: No modification is needed to maintain this fund provided the restricted fund balance is not exceeded.

Fund Forecast Chart Explanation: No forecast is provided for this revenue as it would represent a balanced budget of radically unpredictable funding forecasts. In short, it is too unpredictable for the chart to be truly predictive or meaningful.

[1] E-mail from Chief David Allen January 2011

Municipal Transportation Fund

Fund Introduction: The Municipal Transportation Fund is a general governmental fund which results from restricted revenues from the Citizen's Initiative Transportation Trust (CITT) program. As with other special revenues funds, revenues are only received if they are spent on particular types of qualified projects. These projects generally include projects which will improve traffic safety or benefit or encourage the use of mass transit services. Some elements of downtown and residential transportation projects are likely qualified expenditures.

A Maintenance of Effort (MOE) is also required from the Town to continue to qualify for funding. The MOE is a level of expenditure which the Town must dedicate to transportation purposes from other funding sources. To receive the approximately $163,000 for transportation projects, the Town spends just over $62,000 from the General Operating Fund.

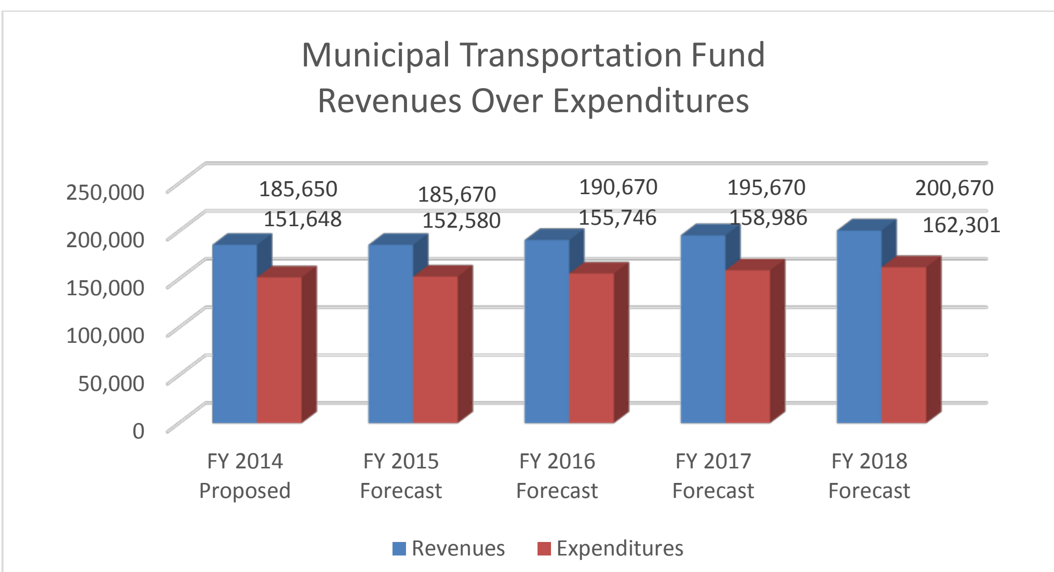
Fund Trends: The revenues for this fund result from the distribution of a one-half penny tax on each gallon of gasoline sold in Miami-Dade County.   As a result, the revenues were impacted by the recession. Subsequently, the revenues have begun to increase again. The trend is for moderate revenue increases. Staff is studying all qualified opportunities to utilize a growing fund balance to fund elements of transportation improvement projects consistent with this restricted revenue. .

Fund Assumptions: Assumptions specific to this fund include: 1) revenue growth of approximately $5,000 annually.

Funding Requirements on Current Course: Adequate funding is available for qualified and needed projects.

Forecast Chart and Explanation: As Figure 7 (below) illustrates, revenues are expected to exceed expenditures in the Municipal Transportation Fund for each of the five years.

Figure 7: Revenues Over Expenditure Chart:



Fund Balance Table and Explanation: Table 3 (below) identifies the year ending for each Fiscal Year. So, FY 2014 represents September 30, 2014. The second row captures in a table the difference in the revenues and expenditures from Figure 2 (above). The third row shows the projected reserve total (current plus additions/deletions). By the end of FY 2018, the reserve hits $197,339 which may be utilized to fund qualified transportation improvements.

Table 3: Predictable Effects to Municipal Transportation Fund Restricted Reserves

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Restricted Balance	$34,002	$33,090	$34,924	$36,684	$38,369
Projected YE Restricted Balance	54,272	87,362	122,286	158,970	197,339

Water and Sewer Utility Fund

Fund Introduction: The Water and Sewer Utility Fund is an enterprise fund which relies upon user fees for revenues and borrowing for major capital projects. The fund is established to provide for independent water and sanitary sewer planning, operations, and improvements.

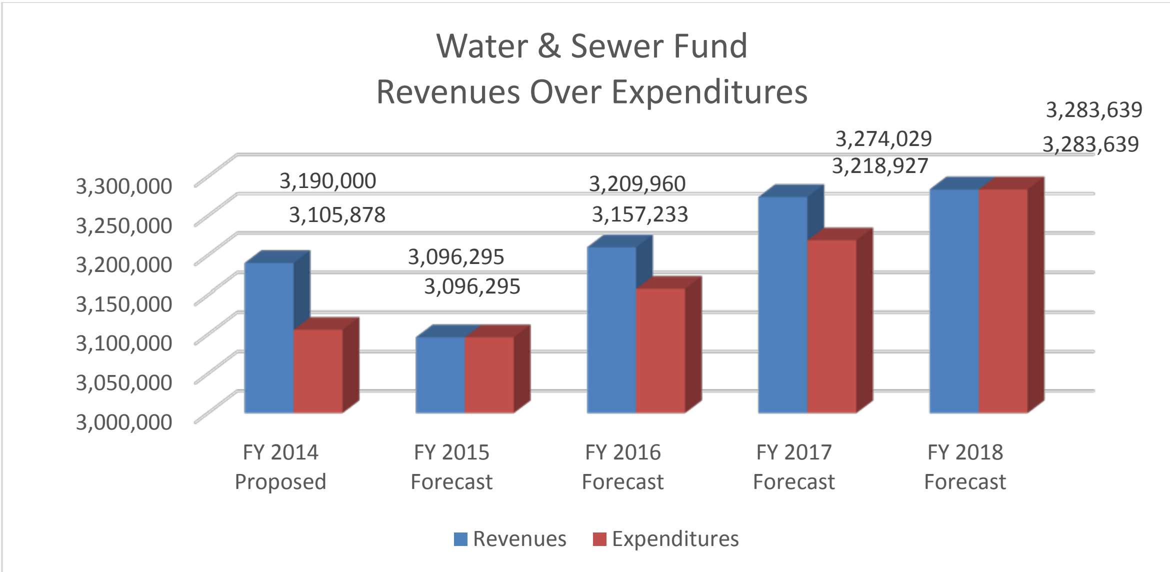
Fund Trends: South Florida water experts have said: "the cheapest potable water from now on in South Florida is the water that isn't used". Clean water sources are becoming more scarce in South Florida and are likely to continue to do so. Costs for water supply and waste water treatment have been increasing and are passed on to municipalities that distribute water and collect sewage. As a result of these costs and the implementation of overdue infrastructure repairs, combined with insufficient retained net assets, this fund has an operating debt payment which is included in the projections.

Fund Assumptions: Assumptions specific to this fund are: 1) water costs are forecasted to increase an average of 3.5% annually, 2) sewage treatment costs are forecasted to increase an average of 3.5% annually, and 3) funding of the increasing operating costs cannot be addressed long-term with use of the "Reserve for Rate Stabilization" alone, 4) passing along modest rate increases to end users is tolerable, and 5) a rate increase of 2% for water and sewer are included for both FY 2015 and FY 2017.

Funding Requirements on Current Course: Should the 3.5% annualized increases to the Town occur and projected, reserves (either rate stabilization or unrestricted retained earnings) may be utilized. Alternatively, a rate increase could be utilized or a combination of the two. The model assumes a rate increase of 2% in FY 2015 and FY 2017 and the use of $23,798 in unrestricted reserves and $33,407 in "rate stabilization" reserves. The projected rate structure captures the continued funding of the reserves, adopted in FY 2011, to restrict a portion of the rate for renewal and replacement.

Forecast Chart and Explanation: As Figure 8 (below) illustrates, revenues are expected to exceed expenditures in the Water & Sewer Fund for three of the five years. To bring the projected revenues up to the level of forecasted expenditures in FY 2015, $47,595 of reserves is used (half from unrestricted retained earnings and half from the rate stabilization reserve). To bring the projected revenues up to the level of forecasted expenditures in FY 2018, $9,610 of reserves is used (from the rate stabilization reserve). Each of these two years also includes a 2% rate increase. This is one option among many to fund the forecasted shortfalls for those years.

Figure 8: Revenues Over Expenditure Chart:



Fund Balance Table and Explanation: Table 4 (below) identifies the year ending for each Fiscal Year. So, FY 2014 represents September 30, 2014. The second row captures in a table the difference in the revenues and expenditures from Figure 2 (above). The third row shows the projected reserve total (current plus additions/deletions). By the end of FY 2018, the reserve hits $434,399 of unrestricted funds which represents 13.23% of operating costs.

The reserves available for rate stabilization end at $617,557 (32.04% of FY 2018 forecast operating expenses). "Renewal and Replacement" and "Loan Repayment Reserves" are neither increased nor diminished during this time period. "Renewal and Replacement Reserves" were established in FY 2011 to offset future substantial infrastructure improvement and maintenance projects. Reserving part of the costs associated with the "wear and tear" reduces the costs for replacement and helps to maintain a fully functioning system. The Renewal and Replacement Reserve shown in the Comprehensive Annual Financial Report as of September 30, 2012 was $1,017,776.

Table 4: Predictable Effects to Water and Sewer Fund Retained Earnings Reserves

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Unrestricted Net Assets	$0	$0	$52,727	$55,102	$0
Projected Unrestricted (Operating) Net	434,399	434,399	487,126	489,501	434,399
Unrestricted Percent of Operating Expense	13.62%	14.03%	15.43%	15.21%	13.23%

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Projected Loan Repayment Reserve Acct	324,000	324,000	324,000	324,000	324,000
Projected Renewal & Replacement Net	905,754	905,754	905,754	905,754	905,754
Projected Rate Stabilization	650,964	627,167	627,167	627,167	617,557

Municipal Parking Fund

Fund Introduction: The Municipal Parking fund is an enterprise fund which relies upon user fees for parking spaces and facilities as well as parking violations for revenues. The fund is established to provide for public parking planning, operations, and improvements.

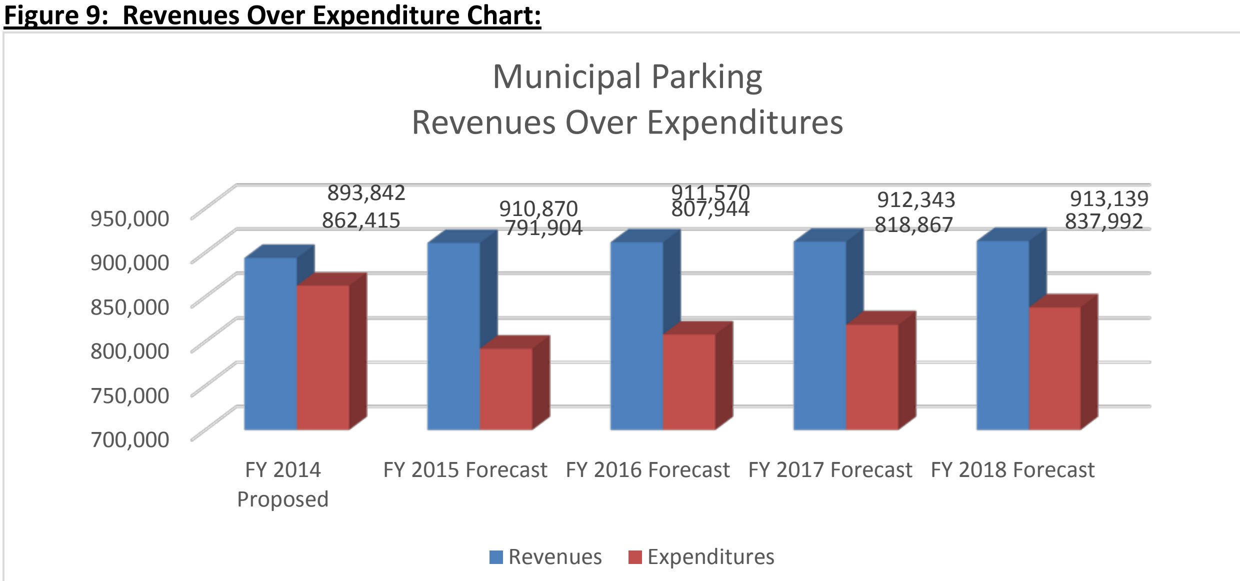
Fund Trends: The operations of this fund have been stable for a number of years and have kept pace with revenues over expenditures. The retained net assets have begun to be utilized in recent years to make infrastructure improvements or acquire land related to parking. Requested improvement costs exceed retained net assets. Careful consideration and prioritization of these requests will need to be undertaken. The operating revenue to expenditure comparison for this fund remains strong for the foreseeable future and in fact will increase greatly with the installation of the electronic multi-space meters.

Fund Assumptions: Assumptions specific to this fund are: 1) current available parking spaces are nearly fully utilized, 2) resulting from #1, increased demand does not amount to increased earnings, 3) additional land may be acquired or existing land may be developed for parking purposes, 4) a separate continuing analysis is required to best address parking issues, and 5) surplus revenues over expenditures may serve as a dedicated revenue to pay debt service on future improvements. New lots and/or structures are not within the scope of this document.

Funding Requirements on Current Course: For the current course of action (no new structure) additional funding is not required. Maintaining the current retained earnings for future debt payment should be considered.

Forecast Chart and Explanation: As Figure 9 (below) illustrates, revenues are expected to exceed expenditures in the Municipal Parking Fund each year.

Figure 9: Revenues Over Expenditure Chart:



Fund Balance Table and Explanation: Table 5 (below) identifies the year ending for each Fiscal Year. So, FY 2014 represents September 30, 2014. The second row captures in a table the difference in the revenues and expenditures from Figure 2 (above). The third row shows the projected reserve total (current plus additions/deletions). By the end of FY 2018, the unrestricted net asset balance hits $951,450 (131% of Operating Expenditures) which may be utilized to fund future municipal parking fund debt service or other purposes.

Table 5: Predictable Effects to Municipal Parking Fund Retained Earnings Reserves

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Unrestricted Net Assets	$0	$118,966	$103,627	$93,476	$75,147
Projected Unrestricted Net Balance	$560,235	$679,201	$782,828	$876,303	$951,450
Unrestricted Net As Percent of Exp	53.23%	85.77%	96.89%	107.01%	113.54%

Future Issue: The Town recently completed a Parking Structure Feasibly Study identifying a significant deficiency in the number of parking spaces in the business district and abutting multi-family residential areas. Additional financial analysis and forecasting will be required as part of the process to address this deficiency.

Solid Waste Fund

Fund Introduction: The Solid Waste fund is an enterprise fund which relies upon user fees for revenues. The fund is established to provide for solid waste planning, operations (collections), disposal at landfill sites, recycling and equipment replacement.

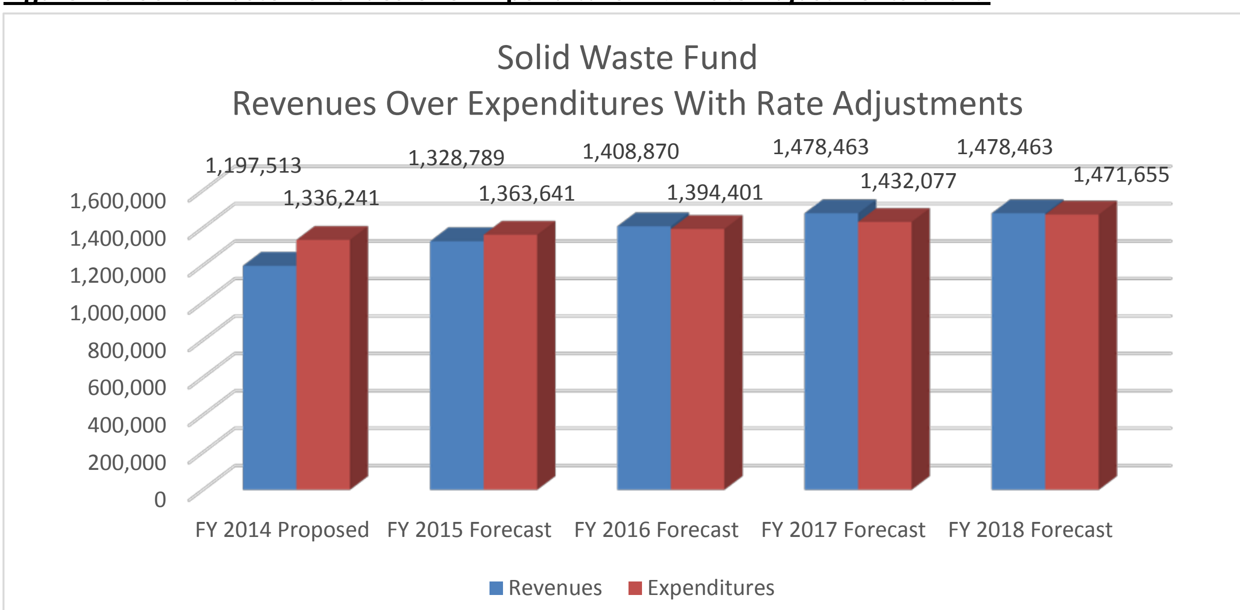
Fund Trends: Balancing of this fund in FY 13/14 relies upon $138,728 in retained earnings (10% of operating expenditures). Revenues continue to remain relatively flat without rate adjustments and expenditures continue to increase.

Fund Assumptions: Assumptions specific to this fund are: 1) waste disposal fees and recycling costs to the Town are indexed by 2% annually, 2) revenues will be increased in FY 14/15 through development, 3) continued reliance on retained earnings to fund operations cannot be sustained, 4) retained net assets should be greater than 1.47% of operating (where they may be even after a 10% rate increase in FY 14/15 and 5) two rate increases or an adjustment to operations is required to put this fund back on the track to sustainability. The model provided relies upon a 10% increase in rates in FY 14/15 and another 5% in FY 16/17. This financial conclusion identifies the need to immediately initiate a study on improving operations, reducing costs and completing a rate structure study.

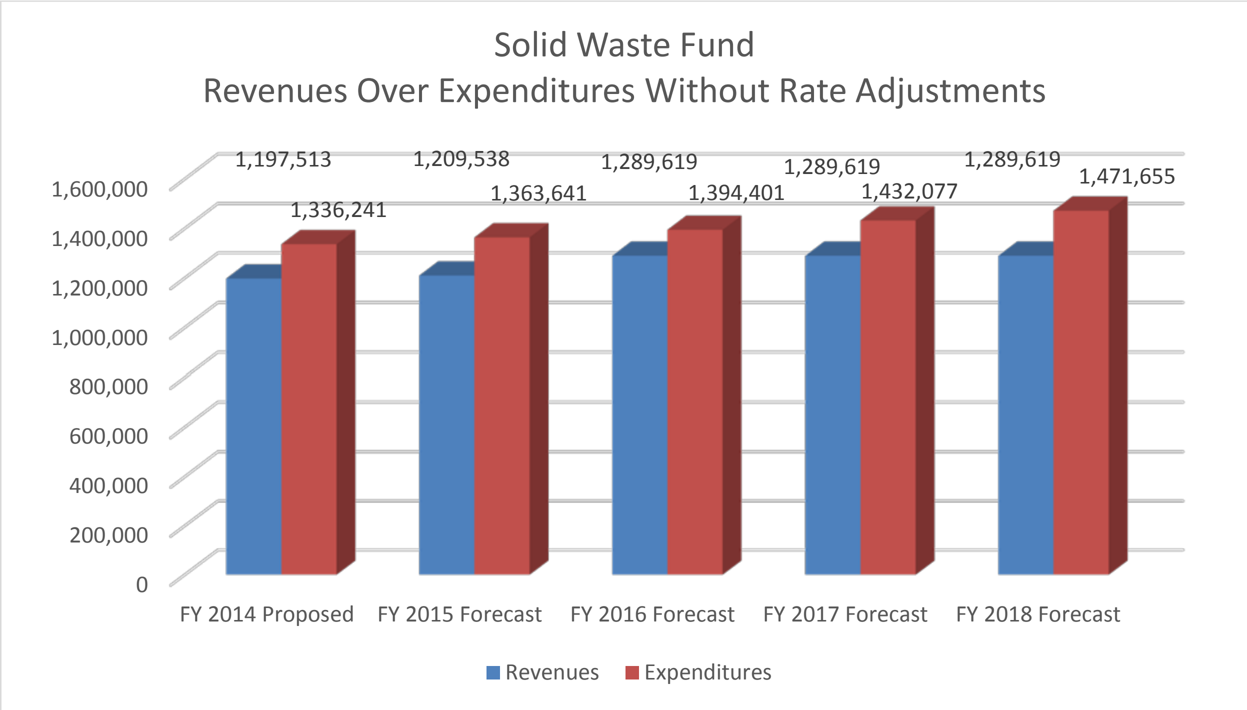
Funding Requirements on Current Course: On the current course, relying upon retained earnings to fund operations and providing for no rate adjustment the fund may be insolvent by October 2015.

Forecast Chart and Explanation: As Figure 10 (below) illustrates, revenues are expected to exceed expenditures in the Solid Waste Fund by a few thousand dollars in three of the five years provided the rate increases assumed are implemented. Figure 11 (also below) shows the projected revenue to expenditure shortfall if rates are not adjusted (or some other means of establishing equilibrium identified).

Figure 10: Solid Waste Revenues Over Expenditure with **Rate Adjustments Chart:**



<u>Figure 11: Solid Waste Revenues Over Expenditure</u> <u>without</u> **<u>Rate Adjustments Chart:</u>**



<u>Fund Balance Table and Explanation:</u> As shown in Table 6 (below), by the end of FY 2018, the unrestricted net asset balance (with the 10% and 5% rate increases) remains at $87,674 (5.96% of operating expenses). This number provides essentially no room for any variation which may cause an increase in expense or decrease in revenue collections.

<u>Table 6: Predictable Effects to Solid Waste Fund Retained Earnings Reserves</u> <u>with</u> **<u>rate adjustment</u>**

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Unrestricted Net Assets	$0	($34,852)	$14,470	$46,386	$6,807
Proj. Unrestricted Net Asset Balance	54,863	20,011	34,481	80,867	87,674
Unrestricted as % of Operating Expenses	4.11%	1.47%	2.47%	5.65%	5.96%

Stormwater Fund

Fund Introduction: The Stormwater fund is an enterprise fund which relies upon user fees for revenues. The fund is established to provide for stormwater drainage planning, operations and improvements.

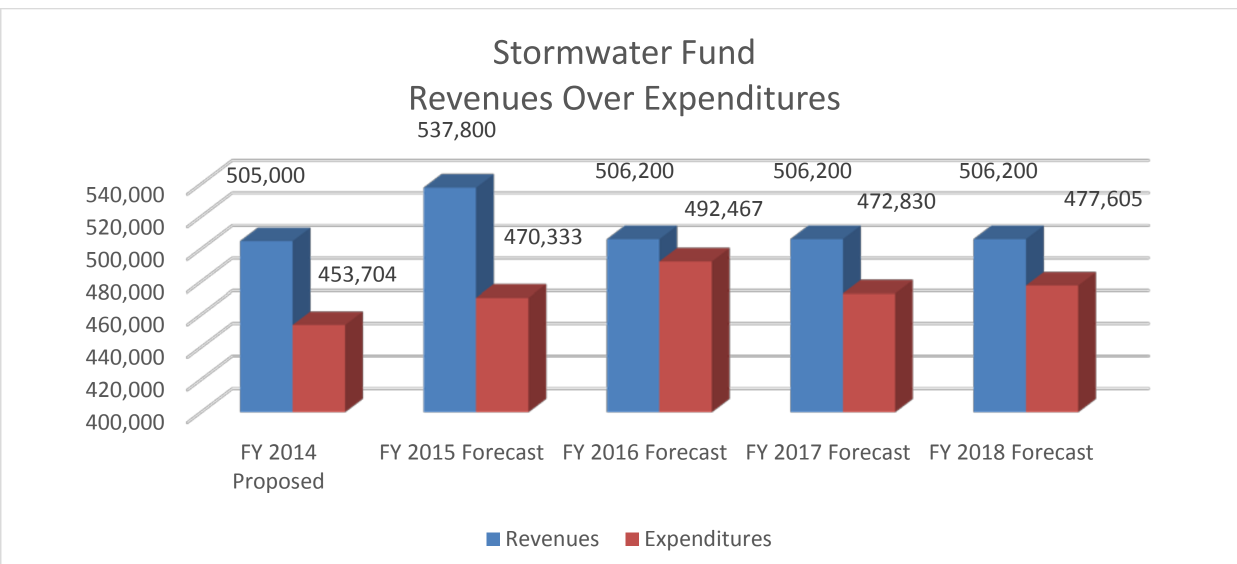
Fund Trends: The operations of this fund are stable. Major Stormwater infrastructure improvements have been completed and the fund is doing well. Revenues consistently outpace expenditures although there is no identified reserve for rate adjustments, or renewal and replacement as there is the Water & Sewer Fund.

Fund Assumptions: Assumptions specific to this fund are: 1) debt payment on the infrastructure loan continues, 2) revenues are increased modestly for development, and 3) bulkhead and seawall projects are upcoming.

Funding Requirements on Current Course: On the current course, the operating revenue to expenditure ratio in this fund is forecast to be favorable for the next several years. As with the other enterprise funds, the addition of new customers in a favorable environment increases profitability and ultimately provides an opportunity for future improvements for all stormwater customers.

Forecast Chart and Explanation: As Figure 12 (below) illustrates, revenues are expected to exceed expenditures in the Stormwater Fund in each of the next five years. This will result in an increase to unrestricted retained earnings which may help fund continuing seawall and bulkhead projects or be used for a variety of other purposes.

Figure 12: Stormwater Fund Revenues Over Expenditure



Fund Balance Table and Explanation: As shown in Table 7, by the end of FY 2018, the unrestricted net asset balance is projected to grow to $367,477 (76.9% of operating expenditures – a healthy rate). The Town may wish to consider how retained earnings (particularly in excess of 50%) may be best utilized.

Table 7: Predictable Effects to Stormwater Fund Retained Earnings

Projected YE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change to Unrestricted Net Assets	$51,296	$67,467	$13,733	$60,837	$28,598
Proj. Unrestricted Net Asset Balance	$196,842	$264,309	$278,042	$338,879	$367,477
Unrestricted Net Balance % of Expense	43.4%	56.2%	56.5%	71.7%	76.9%

Administrative Summary Report

The first Five Year Financial Forecast for the Town was completed in February 2011 and was accepted by the Town of Surfside's Mayor and Town Commission. At that time, it was clear that without development, the millage rate would continue to rise. If reserves had been utilized to keep the millage rate lower, the reserves would quickly be exhausted and millage rates would have to be increased dramatically (or services cut drastically) at that point.

Armed with the information from the first Financial Forecast, a series of policy decisions were implemented. As a result, the Town of Surfside has a strong financial outlook through at least FY 2017 / 2018. Should the assumptions of this report hold, the Town will be able to improve its unassigned reserves, hurricane reserves and fund a millage rate stabilization reserve.

The policy decisions from the information in by the first 5 Year Financial Forecast have changed the financial forecast considerably in this report. The improved outlook emphasizes the importance of long-range forecasting to inform long-range policy decision making. This forecasting tool helps inform long-term policy decision making, capital improvement timing, on-going operating decisions, personnel decisions, and debt issuance.

<u>FY 2014 and Forward Recommendations:</u> To meet the reserve, millage rate, and potential capital project expectations of this study, reserves need to be established and funded. Creating these reserves and establishing their funding mechanism in advance of initial development completion (projected in FY 2014) is recommended.

Minimal increases are expected for most utilities to cover the pass-through costs to the Town for water purchases, sewage disposal, and solid waste tipping fees. The one notable exception is the health of the Solid Waste Fund. It is currently operating with an essentially break-even operating position and nominal reserves while providing the highest service levels in Miami-Dade County. A study is needed to determine the optimal cost to service delivery.

Finally, it should be noted that there are substantial life-style improvement projects, such as park improvements, downtown development, beach improvements, and parking improvements, for which there is community interest. Those items are not directly addressed in this study and will impact future forecasts. The information provided herein may, however, serve as a backdrop for those discussions.

Exhibits

Fiscal Year 2014 Forecast Summary (Compared to FY 2013 Projected)

General Fund Revenues

	Increase	Decrease
Property Tax		
Property Tax Base	$363,463	
Property Tax Growth from Residential Rehabs (1%)		
Property Tax Growth from New Development		
Sub-total	$363,463	$0
Permit Fees		
Permit Fee Organic Growth		
Permit Fees from Development	$1,370,285	
Sub-total	$1,370,285	$0
Resort Taxes		
Resort Tax Organic Growth (1%)	$107,932	
Resort Tax Growth from Development		
Sub-total	$107,932	$0
Other Incremental Revenues		
Utilities (and all others)		$869,545
Sub-total	$0	$869,545
Forecast Revenue Change Sub-Total	**$972,135**	

General Fund Expenditures

	Increase	Decrease
Personnel Expenditures	$288,014	
Sub-total	$288,014	$0
Operating Expenditures		$80,246
Sub-total	$0	$80,246
Budgeted Contingency/Reserves		
Undesignated Reserves*	$939,549	
Hurricane Reserves		
Millage Stabilization Reserves		
Sub-total	$939,549	$0
Forecast Expenditure Change Sub-Total	**$1,147,317**	

*Note: These reserves are utilized to balance the next two years

Projected End of Fiscal Year Position

Total Projected Revenues**	$12,230,419
Total Projected Expenses (With Reserves)	$12,230,419
Projected Revenues in Excess of Expenses	**$0**

** FY 2014 Revenues and Expenses come from the Proposed Budget Book

Projected End of Year Reserves

	Change	Ending Balance
Undesignated***	$939,549	$3,370,450
Hurricane - Assigned	$0	$2,000,000
Millage Rate Stabilization - Assigned	$0	$0

***This figure derives from permitting fees in FY 2014

Millage Assumptions

Prior Year's Rate:	5.3000
Millage Rate Assumed for the Fiscal Year:	5.2000
Millage Rate Change:	(0.1000)

9/20/2013

Fiscal Year 2015 Forecast Summary

General Fund Revenues

	Increase	Decrease
Property Tax		
Property Tax Base*		$60,000
Property Tax Growth from Residential Rehabs (1%)	$55,317	
Property Tax Growth from New Development	$55,408	
Sub-total	$110,725	$60,000
Permit Fees		
Permit Fee Organic Growth		
Permit Fees from Development		$2,382,950
Sub-total	$0	$2,382,950
Resort Taxes		
Resort Tax Organic Growth (1%)	$4,862	
Resort Tax Growth from Development	$1,135,407	
Sub-total	$1,140,269	$0
Other Incremental Revenues		
Utilities (and all others)- $596,200 Fund Balance	$579,593	
Sub-total	$579,593	$0
Forecast Revenue Change Sub-Total	**-$612,363**	

*An inadvertant double capture of personal property values in FY 14 is removed here.

General Fund Expenditures

	Increase	Decrease
Personnel Expenditures	$275,184	
Sub-total	$275,184	$0
Operating Expenditures		$30,624
Sub-total	$0	$30,624
Budgeted Contingency/Reserves		
Undesignated Reserves*	$14,118	
Hurricane Reserves	$14,118	
Millage Stabilization Reserves	$14,118	
Sub-total	$42,354	$0
Forecast Expenditure Change Sub-Total	**$286,914**	

*Note: These reserves are also the source for funding capital improvements

Projected End of Fiscal Year Position

Total Projected Revenues (With Appropriations)	$11,607,473
Total Projected Expenses (With Reserves)	$11,606,646
Projected Revenues in Excess of Expenses	**$827**

Projected End of Year Reserves

	Change	Ending Balance
Unassigned* - Balance is 23.91% of operating	($582,340)	$2,788,110
Hurricane - Assigned	$14,118	$2,014,118
Millage Rate Stabilization - Assigned	$14,118	$14,118

*Includes an appropriation of budgeted reserves from FY 2014

Millage Rate Assumptions

Prior Year's Rate:	5.2000	5.2000
Millage Rate Assumed for the Fiscal Year (based on 1% growth):	5.0057	5.0019 on 5%
Millage Rate Change:	(0.1943)	(0.1981)

9/20/2013

Fiscal Year 2016 Forecast Summary

General Fund Revenues

	Increase	Decrease
Property Tax		
Personal Property Tax Base	$3,000	
Property Tax Growth from Residential Rehabs (1%)	$53,435	
Property Tax Growth from New Development	$561,513	
Sub-total	$617,948	$0
Permit Fees		
Permit Fee Organic Growth		
Permit Fees from Development		$29,850
Sub-total	$0	$29,850
Resort Taxes		
Resort Tax Organic Growth (1%)	$16,264	
Resort Tax Growth from Development	$424,432	$50,000
Sub-total	$440,696	$50,000
$50,000 represents loss of developer contrib to resort tax		
Other Incremental Revenues		
Utilities (and all others) ($344,350 Unassigned)	344350	
Sub-total	$344,350	$0
Forecast Revenue Change Sub-Total	**$1,352,994**	

General Fund Expenditures

	Increase	Decrease
Personnel Expenditures	$268,712	
Sub-total	$268,712	$0
Operating Expenditures	$55,835	
Sub-total	$55,835	$0
Budgeted Contingency/Reserves		
Undesignated Reserves*	$157,196	
Hurricane Reserves	$157,196	
Millage Stabilization Reserves	$157,196	
Sub-total	$471,588	$0
Forecast Expenditure Change Sub-Total	**$796,135**	

*Note: These reserves are also the source for funding capital improvements

Projected End of Fiscal Year Position

Total Projected Revenues (With Appropriations)	$12,363,504
Total Projected Expenses (With Reserves)	$12,352,330
Projected Revenues in Excess of Expenses	**$11,174**

Projected End of Year Reserves

	Change	Ending Balance
Undesignated (Represents 21.85% of Operating)	($190,120)	$2,597,990
Hurricane - Assigned	$154,230	$2,168,348
Millage Rate Stabilization - Assigned	$154,230	$168,348

Millage Rate Assumptions

Prior Year's Rate:	5.0057	5.0019
Millage Rate Assumed for the Fiscal Year (based on 1% growth):	4.8116	4.7971 on 5%
Millage Rate Change:	(0.1941)	(0.2048)

9/20/2013

Fiscal Year 2017 Forecast Summary

General Fund Revenues

	Increase	Decrease
Property Tax		
Property Tax Base	$5,000	
Property Tax Growth from Residential Rehabs (1%)	$62,604	
Property Tax Growth from New Development	$3,166,084	
Sub-total	$3,233,688	$0
Permit Fees		
Permit Fee Organic Growth		
Permit Fees from Development		
Sub-total	$0	$0
Resort Taxes		
Resort Tax Organic Growth (1%)	$20,676	
Resort Tax Growth from Development		
Sub-total	$20,676	$0
Other Incremental Revenues		
Utilities (and all others)		
Sub-total	$0	$0
Forecast Revenue Change Sub-Total	**$3,254,364**	

General Fund Expenditures

	Increase	Decrease
Personnel Expenditures	$276,902	
Sub-total	$276,902	$0
Operating Expenditures	$39,926	
Sub-total	$39,926	$0
Budgeted Contingency/Reserves		
Undesignated Reserves*	$945,751	
Hurricane Reserves	$945,751	
Millage Stabilization Reserves	$945,751	
Sub-total	$2,837,253	$0
Forecast Expenditure Change Sub-Total	**$3,154,081**	

*Note: These reserves are also the source for funding capital improvements

Projected End of Fiscal Year Position

Total Projected Revenues (With Appropriations)	$15,272,271
Total Projected Expenses (With Reserves)	$15,048,722
Projected Revenues in Excess of Expenses	**$223,549**

Projected End of Year Reserves

	Change	Ending Balance
Undesignated (Represents 29.00% of Operating Exp.)	$945,751	$3,543,741
Hurricane - Assigned	$945,751	$3,114,099
Millage Rate Stabilization - Assigned	$945,751	$1,114,099

Millage Rate Assumptions

Prior Year's Rate:	4.8116	4.7971
Millage Rate Assumed for the Fiscal Year: 1 %	4.6183	4.5912 on 5%
Millage Rate Change:	(0.1933)	(0.2059)

9/20/2013

Fiscal Year 2018 Forecast Summary

General Fund Revenues

	Increase	Decrease
Property Tax		
Property Tax Base		
Property Tax Growth from Residential Rehabs (1%)	$94,891	
Property Tax Growth from New Development		
Sub-total	$94,891	$0
Permit Fees		
Permit Fee Base		
Permit Fees from Development		
Sub-total	$0	$0
Resort Taxes		
Resort Tax Organic Growth (1%)	$18,751	
Resort Tax Growth from Development		
Sub-total	$18,751	$0
Other Incremental Revenues		
Utilities (and all others) - $100,000 MRS Appropriation	183971	
Sub-total	$183,971	$0
Forecast Revenue Change Sub-Total	**$297,613**	

General Fund Expenditures

	Increase	Decrease
Personnel Expenditures*	$463,475	
Sub-total	$463,475	$0
*Includes new patrol positions to accommodate growth		
Operating Expenditures	$48,927	
Sub-total	$48,927	$0
Budgeted Contingency/Reserves		
Undesignated Reserves*	$945,751	
Hurricane Reserves	$945,751	
Millage Stabilization Reserves	$945,751	
Sub-total	$2,837,253	$0
*Note: These reserves are also the source for funding capital improvements		
Forecast Expenditure Change Sub-Total	**$3,349,655**	

Projected End of Fiscal Year Position

Total Projected Revenues (With Appropriations)	$15,569,883
Total Projected Expenses (With Reserves)	$15,553,874
Projected Revenues in Excess of Expenses	**$16,009**

Projected End of Year Reserves

	Change	Ending Balance
Undesignated (represents 35.30% of operating costs)	$945,751	$4,489,492
Hurricane - Assigned	$945,751	$4,059,850
Millage Rate Stabilization - Assigned	$845,751	$1,959,850

Millage Rate Assumptions

Prior Year's Rate:	4.6183	4.5912
Millage Rate Assumed for the Fiscal Year 1%:	4.4259	4.3853 on 5%
Millage Rate Change:	(0.1924)	(0.2059)

9/20/2013

Combined Property Workbook for Select Properties (Ad Valorem, Resort Tax, Permit Fees and Proffers)
Surfside FY 13/14 - FY 17/18

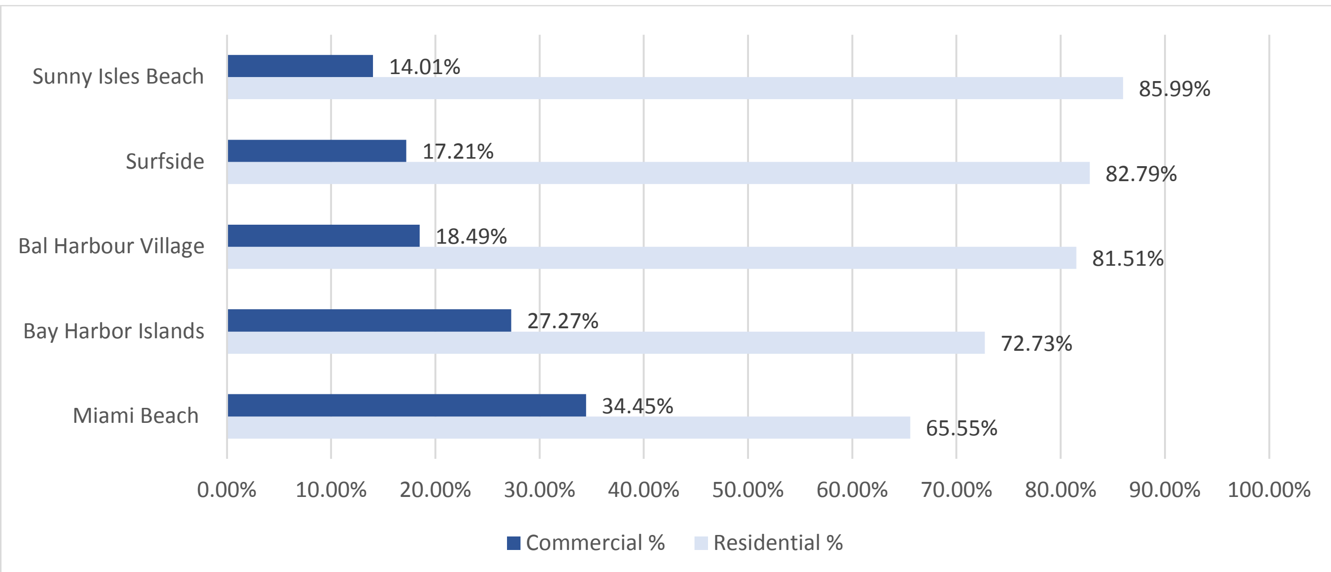
Name	Total Value (FY 13/14)	Total Projected Value at Build Out	Estimated Ad Valorem increase based on 5.200 mils	First Budget Year Projected	Projected Total Annual Resort Tax	Resort Tax Start Month	Projected FY 13/14 Permit Fees	Projected FY 14/15 Permit Fees	Projected Proffers before 9/30/13	Projected Proffers FY 13/14	Projected Proffers FY 14/15	Projected Proffers FY 15/16	Projected Proffers FY 16/17
Chateau Ocean	$7,443,500								$200,000	$15,000	$15,000		
	$7,747,375	$127,600,000		FY 16/17		Feb-15			$20,000	$200,000			
	$15,190,875								$150,000	$100,000			
										$400,000			
Project Revenues			$584,527		$112,931		$750,000	$140,000	$370,000	$715,000	$15,000	$0	$0
Surf Club	$37,835,487								Continuing Monthly Avg Resort Tax Payments				
	$2,856,100										$400,000		
	$2,855,100	$480,000,000		FY 16/17		Aug-15					$30,000	$20,000	$10,000
	$43,546,687										$500,000		
										$400,000	$25,000		
											$400,000		
										$250,000	$250,000		
Project Revenues			$2,269,557		$1,248,300		$1,500,000	$500,000	$0	$650,000	$1,605,000	$20,000	$10,000
Marriot	$3,144,000										Traffic Light		
9200 Collins	$900,000										$7,500		
AKA Transacta Lanai	$1,800,000			FY 16/17						$25,000			
	$630,540	$67,464,540				Feb-15							
	$990,000												
	$7,464,540												
Project Revenues			$312,000		$332,150		$480,000	$0	$0	$25,000	$7,500	$0	$0
Grand Beach	$14,625,000										$10,000	$10,000	$10,000
	$2,446,706	$125,055,000		FY 15/16		Jul-14	$0	Paid	$150,000	$15,000			
	$17,071,706									$7,500			
Project Revenues			$561,513		$697,004				$150,000	$22,500	$10,000	$10,000	$10,000
95 On The Ocean	$5,344,625	$16,000,000		FY 14/15		0	$0	Paid					
	$5,344,625										$25,000		
Project Revenues			$55,408		$0				$0	$0	$25,000	$0	$0
	$88,618,433	$816,119,540											
			$3,783,006	Total Ad Val	$2,390,385	4% Portion	$2,730,000	$640,000	$520,000	$1,412,500	$1,662,500	$30,000	$20,000
					$44,830	2% Portion	**$3,370,000**	Total Permits					
					$2,435,215	Total Resort			$3,645,000		Total Proffers Outstanding / Unpaid		

Development	Year	Amount	Description
Chateau Ocean	FY 12/13	$200,000	Partial Resort Tax Offset
Best Western		$20,000	Lifeguard Stand
		$150,000	Downtown Improvements
	FY 13/14	$15,000	Lifeguard Stand
		$200,000	Parks and Rec Proj
		$100,000	Downtown Improv
		$400,000	94th Street
	FY 14/15	$15,000	Lifeguard Stand
Surf Club	FY 13/14	$400,000	90TH Street Street-End
		$250,000	Parks/Rec Capital
	FY 14/15	$400,000	Traffic Mitigation
		$30,000	Lifeguard Stand
		$500,000	Utility undergrounding
		$25,000	Tennis Court Improv
		$400,000	Downtown Improv F
		$250,000	Parks/Rec Capital
	FY 15/16	$20,000	Lifeguard Operations
	FY 16/17	$10,000	Lifeguard Operations
Marriot (9200 C)	FY 13/14	$25,000	Town Tennis Courts
	FY 14/15	$7,500	92nd/Ocean Bulkhead
Grand Beach	FY 12/13	$150,000	Utility Undergrounding
	FY 13/14	$15,000	Beach Access Upgrade
		$7,500	Cost Recovery - legal
	FY 14/15	$10,000	Lifeguard Operations
	FY 15/16	$10,000	Lifeguard Operations
	FY 16/17	$10,000	Lifeguard Operations
95 On The Ocean	FY 14/15	$25,000	Beach Access Upgrade

Residential / Commercial Comparison

Of Total Property Tax for FY 2013

The following table illustrates the percentage of total property taxes paid for residential (single family and condominium) properties compared to all other properties for each of the identified municipalities in FY 2013. For simplicity, non-residential properties are identified as "commercial" properties. These values (from the Miami-Dade Property Appraiser) represent taxable values for calendar year 2013 (payable for FY 13/14).



Of the neighboring municipalities sharing the barrier island with the Town of Surfside, most have higher percentages of total property taxes paid for commercial properties. Some (Miami Beach) have more than twice the percentage of revenues coming from commercial interests in FY 13/14. By FY 16/17, however, the Town of Surfside will have a still higher percentage (nearly 51%) of taxes paid on commercial / non-residential properties while preserving the "small town feel" and height restrictions she finds desirable.