

December 19, 2017



Honorable Mayor and Members of the City Council:

It is my pleasure to present to you, the balanced Operating and Capital budgets for the City of Palm Bay for fiscal year 2018, beginning October 1, 2017 and ending September 30, 2018. The City's economy is recovering after the downturn that has faced the entire nation. Economic conditions have improved, and the City has continued to provide a level of quality service to our community. The 2018 Budget was established with the goal to maintain resources at sustainable levels to ensure that services are delivered. The budget maintains services, increases total positions by 24.67 FTEs, and maintains minimum required reserves. The City continues to assess how it delivers services, adjusting as appropriate, all the while still utilizing less staff and recovering financial resources. The City's General Fund financial position has weakened from the prior fiscal year. Unforeseen emergency and hurricane related expenditures for Hurricanes Matthew and Irma contributed to the decline. Despite these unanticipated expenditures, the budget reflects the City's continued progress towards its goals of maintaining financial stability, maintaining and improving our aging infrastructure and providing customer service excellence. The budget reflects investments in infrastructure and enhanced public safety within the City's financial means.

The City's tax base of \$3,608,872,087 is beginning to move towards a level last reached in 2009 which had a total taxable value \$4,078,487,209. While still below 2009, property values have continued to rise and the number of foreclosures in the City has significantly declined. The City realized an 8.71% increase in real estate values. New construction of \$45,003,422 was added to tax roll. The adopted budget reflects a millage rate of 8.4500 for FY 2018, the same rate as FY 2017. Growth and development have returned and is expected to continue, bolstered by renewed efforts to complete large-scale mixed-use developments within the City.

On November 8, 2016, the electorate voted to approve an ad valorem tax limitation of no more than a three percent increase in revenue over the current year's budgeted revenue amount. Under the three percent limitation, the City's Ad Valorem millage rate was capped at 8.1888 mills, an increase in revenue of \$792,792. In anticipation of the arrival of Hurricane Irma projected to impact the area, the City Council approved, by a supermajority, retaining of the 8.4500 millage rate for FY 2018. The additional funding would be used to cover a portion of expenses incurred from the hurricane.

Maintaining balanced operations while continuing to meet our sizeable infrastructure needs continue to be the City's largest challenge. With stable revenues and rebounding economic activity, the City has been able to meet some, but not all the demands placed upon it. The adopted budget covers current operations, current debt serves obligations, required pension contributions by the city, contractual obligated pay increases for all union employees and a pay increase of 2.5% to general employees. The FY 2018 budget increased from the FY 2017 Adopted Budget for General Fund by \$4,088,097 leaving \$16,563,160 in unfunded requests for the General Fund alone.



Another referendum item approved by the electorate in November 2016, granted City Council the power to levy special assessments for (1) construction, repair, and maintenance of roadways and all appurtenant facilities and infrastructure and (2) construction, repair, and maintenance of Stormwater and wastewater management facilities, water supply and distribution systems, canals, and all appurtenant infrastructure. The FY 2018 budget reflects the adding of a Stormwater Assessment to the tax bills, at a higher rate. Along with the increase in rate, having the Stormwater Fee on the tax bill will guarantee collections and provide more funding to alleviate some of the Stormwater infrastructure needs the City did not have funding to meet.

Council's goal of improving road conditions remains a top budget priority. Since 2015, funding has been dedicated for transfer from the General Fund into the Road Maintenance Fund. A total of \$1,657,558 was budgeted for transfer in FY 2017 Adopted Budget, but none in FY 2018 Adopted Budget based on deferred critical needs and available resources. Road funds remaining from FY 2017, will be used for road maintenance projects to be done in FY 2018. Also, for the second year, funds received from the sale of City owned properties, will be transferred to the Road Maintenance Fund. Now that the Heritage Parkway road is fully accessible through neighboring communities, the City will see planned growth by private developers, which will further expand the City's resources available to meet needs.

Modest revenue growth with increasing expenses have also impacted our ability to allocate resources for critical needs in technology investments, capital equipment and public safety needs. To accommodate certain needs for public safety, communication technology, and other pressing one-time expenditures, the City has appropriated funds from General Fund balance in FY 2017. The 2018 budget, like previous years' adopted budgets, is balanced without use of reserves. The ability to return to a balanced budget without use of reserves must become a priority for the City to avoid potential impacts on its credit worthiness in the future.

The City's total taxable property value has increased for the fifth consecutive year. Increase in ad valorem revenues is due to increasing property values and new construction. To maintain and improve its fiscal soundness, the City's leadership team is continuing to implement initiatives to promote sustainable economic growth by attracting new businesses and working with existing businesses to expand within the City.

2018 Operating Budget

The operating budget totals \$150,140,333, representing an increase of \$16,258,297 from FY 2017's Adopted Budget of \$133,882,036. This represents a 12.14% increase from the FY 2017 Adopted Budget. Of the total operating budget, \$68,315,437 is for the General Fund, \$6,301,979 is for the Debt Service Fund and \$49,572,612 is related to the enterprise funds (Utilities, Building, etc.) The capital budget totals \$18,415,706, representing an increase of \$3,609,200 or a 24.38% increase from the FY 2017 budget.

The City realized an 8.71% increase in real estate value for 2017. With rising property values and an unchanged millage rate, Ad Valorem revenue is budgeted for \$28.4 million in FY 2018 for General Fund, up from actual receipts of \$26.2 million in FY 2017. These revenues will support higher pension costs, higher health insurance costs, emergency funding for Hurricane Irma, deferred critical needs, contractual

obligated pay increases for all union employees, and a 2.5% compensation increase for General employees starting October 1, 2017.

Ad Valorem is the largest revenue source for the General Fund and the source Council has the most flexibility in changing. The Council adopted a FY 2018 tax rate of 8.4500 mills. The tax rate is the same as the tax rate for FY 2017. The City is seeing modest revenue growth allowing for funding of current operations and a few enhancements, which include:

General Fund Department	Description of Major Funded Requests	Total
Human Resources	NeoGov Software Upgrade	12,000
C&IT	Repl Servers for Public Admin & Safety	85,061
C&IT	Datacenter UPS - Mod Power Upgrade	22,300
C&IT	VOIP Network & Telephone Upgrade	640,000
C&IT	Superion Cognos Reporting	34,340
Parks & Recreation	Parks Fencing Replacements project	100,000
Facilities	Repl PD Dispatch Halon System project	40,000
Facilities	Repl City Hall Fire Panel project	20,000
Police	Police Radio Replacements	153,000
Fire	Fire Personal Protection Equipment	60,000
Fire	Upgrade Vehicle Rescue Cutters	19,200
Total of Major Items General Fund Funded Requests:		1,185,901

The strategy for the creation of the budget remained the same as last year. Departments created their budgets within operating maximums, no automatic increases. Department directors prioritized their requests with the understanding that only some of their requests would be funded from increased operating revenues.

Citywide, the budget includes changes to personnel and minor reorganizations as efficiencies continue to be addressed. Staffing in many cases remain at a lower level than desired to accommodate the heightened volume of work the City is facing as economic activity increases here in the City.

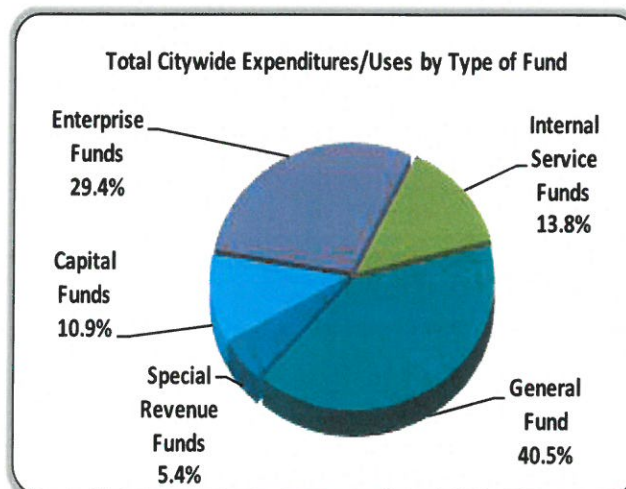
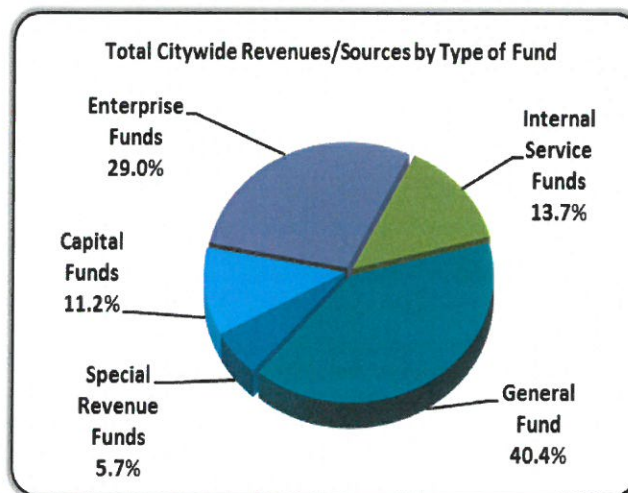
The I-95 road construction project, originally planned for FY 2017 is now scheduled for FY 2018. The City will have to increase its outstanding debt to fund the construction of a road to the I-95 exit being placed in south Palm Bay. Repayment of the new debt will begin in FY 2019.

Quantitative Budget Overview

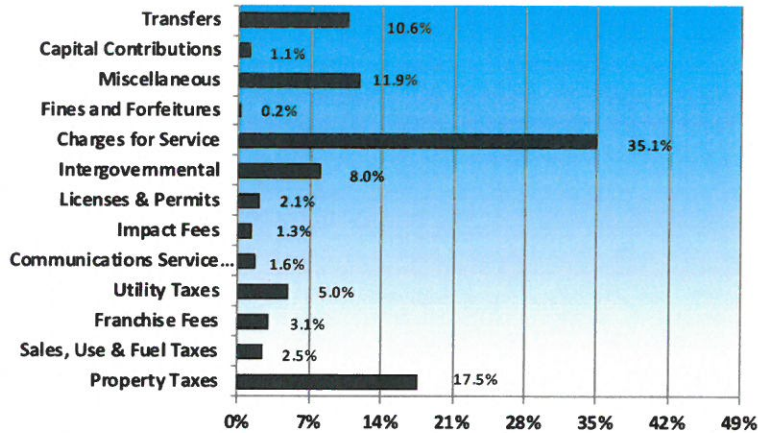
The FY 2018 budget totals \$168,556,039 and includes funding for both capital and operating. Much of the difference in capital budgets is due to the funding of FY 2016-2017 Amended Budget that will carry over to the Amended Budget in FY 2017-18 until projects are completed. New funding sources are the only amounts that are in the FY 2017-2018 budget, which include Community Development Block Grant Fund, HOME Investment Fund, Stormwater Fund, and the Utilities Renewal and Replacement Fund and the Utility SRF Loan Fund. Also, there were operating budgets that were included in FY 2016-17 Amended

Budget that do not pertain to FY 2017-2018 Budget: Hurricane Matthew and Hurricane Irma \$1,485,000 and 2016 Franchise Fee Revenue Refunding Note proceeds \$4,028,931.

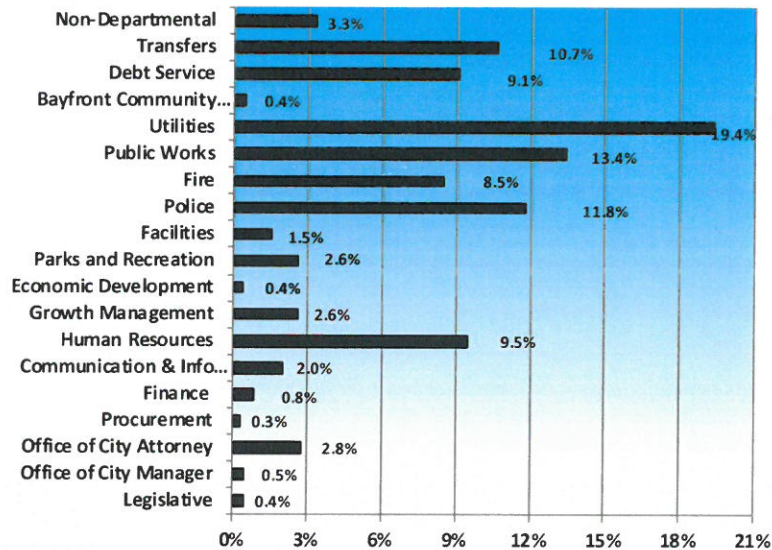
Total Financial Program (excluding Reserves)		
	FY 2016-17 Amended Budget	FY 2017-18 Budget
Operating Budget	\$ 152,664,345	\$ 150,140,333
Percent Change		-2%
Capital Improvements Budget	\$ 31,185,036	\$ 18,415,706
Percent Change		-41%
Total Financial Program	\$ 183,849,381	\$ 168,556,039
Percent Change		-8%



Where the Money Comes From by Type



Where the Money is Expended by Department



The City's operating budget includes the General Fund, several Special Revenue Funds, Debt Service Funds, Enterprise Funds and Internal Service Funds.

Operating Budget Summary				
	FY 2016-17 Amended Budget	FY 2017-18 Budget	Change in Budget	Percent Change
General Fund	\$ 68,942,439	\$ 68,315,437	\$ (627,002)	-0.9%
Special Revenue Funds				
Law Enforcement Trust Fund ¹	\$ 165,047	\$ 65,922	\$ (99,125)	-60%
Nuisance Fund ²	\$ 195,206	\$ 93,536	\$ (101,670)	-52%
Housing & Neighborhood Development Fund ³	\$ 2,982,049	\$ 1,349,820	\$ (1,632,229)	-55%
Environmental Fee Fund ⁴	\$ 9,975	\$ 6,500	\$ (3,475)	-35%
Bayfront Community Redevelopment Fund	\$ 1,388,084	\$ 1,207,041	\$ (181,043)	-13%
Debt Service Funds⁵	\$ 10,469,445	\$ 6,301,979	\$ (4,167,466)	-40%
Enterprise Funds				
Utilities Operating	\$ 29,440,593	\$ 33,117,235	\$ 3,676,642	12%
Building Fund ⁶	\$ 1,465,415	\$ 1,788,978	\$ 323,563	22%
Stormwater Utility Fund ⁷	\$ 7,278,691	\$ 8,965,309	\$ 1,686,618	23%
Solid Waste Fund	\$ 6,442,194	\$ 5,701,090	\$ (741,104)	-12%
Internal Service Funds				
Employee Health Insurance Fund	\$ 11,630,952	\$ 12,220,944	\$ 589,992	5.1%
Risk Management Fund	\$ 4,834,380	\$ 4,132,132	\$ (702,248)	-15%
Other Employee Benefits Fund	\$ 2,972,507	\$ 3,010,195	\$ 37,688	1%
Fleet Services Fund	\$ 4,447,368	\$ 3,864,215	\$ (583,153)	-13%
Total Operating Budget	\$ 152,664,345	\$ 150,140,333	\$ (2,524,012)	-2%

¹The reduction in the Law Enforcement Trust Fund reflects Florida Statute 932.7055. Law Enforcement Trust Funds are budgeted based on Amendments since the City cannot anticipate future forfeitures or proceeds. For FY 18 sufficient funding in Fund Balance for Crossing Guards.

²The reduction in the Nuisance Fund reflects the estimation of lower code violations costs than in prior years based on historical trends.

³The reduction in the Housing and Neighborhood Development Fund for FY 2018 does not include the balance of budgets for those projects still under construction or uncommitted funds that will roll to FY 2018 \$2,105,403.

⁴The reduction in the Debt Service Funds reflects the Bond Proceeds received in FY 2017 for the 2016 Franchise Fee Revenue Refunding Note \$3,983,000; Prepayment of 2003 USA1 Principal payments \$620,000 in FY 2017 and the partial refunding of the 2004 Pension Bond Debt Service Bond \$276,835.

⁵The increase in the Building Fund reflects increase of personnel needed due to City growth and handling the needs of the Public.

⁶The increase in the Stormwater Utility Fund reflects increased capabilities to Fund needed services based on new Stormwater Fee on tax bill effective Jan 2018.

The City's capital investment program for FY 2018 includes primarily utility projects and debt service payments for prior years' capital projects. FY 2017 budget, the State Housing Initiative Program Fund (SHIP), Community Development Block Grant Fund (CDBG), HOME Investment Fund, Parks Impact Fee Fund, Bayfront Community Redevelopment Agency Fund (BCRA), Community Investment Program Fund, Bayfront CRA CIP Loan Fund, I-95 Interchange Fund and Road Maintenance CIP Fund include numerous multi-year capital infrastructure projects that are not re-budgeted in FY 2018. Only new sources of funding are budgeted in the current year. Budgets for those projects still under construction will roll from FY 2017 to FY 2018.

The following chart reflects Capital Funds that are utilized only for capital projects:

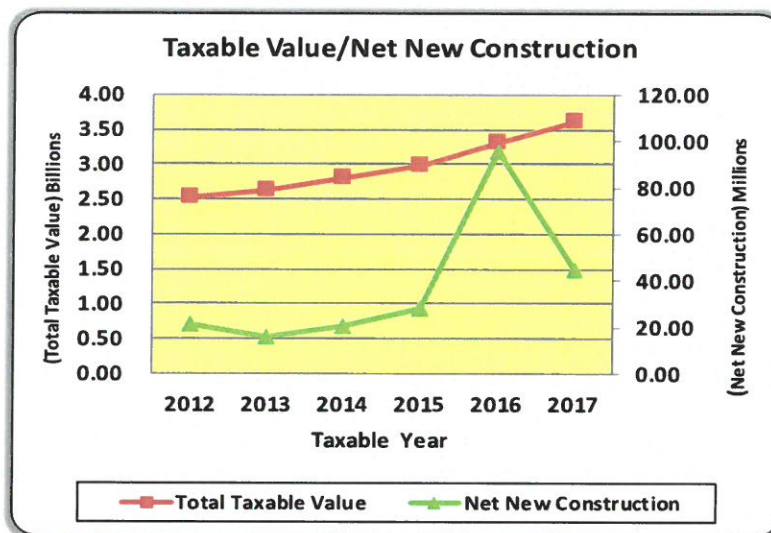
Comparison of FY 2016-17 and FY 2017-18 Capital Budgets (includes transfers)		
Capital Program	FY 2016-17 Amended Budget	FY 2017-18 Budget
Police Impact Fees	16,840	24,500
Fire Impact Fees	138,506	121,666
Parks Impact Fees	512,227	160,000
Transportation Impact Fees	986,324	858,636
Community Investment Program Fund	444,997	50,000
Bayfront CRA CIP Loan	1,152,622	750
I-95 Interchange Fund	907,722	-
Road Maintenance CIP Fund	6,705,375	-
Utilities Connections Fee Fund	2,279,571	1,614,176
Utilities Renewal and Replacement Fund	9,481,688	4,356,467
Main Line Extension Fee Fund	73,136	693,000
2005B Bond Construction Fund	1,363,250	1,364,490
2001 Bond Construction Fund	1,917,136	1,917,676
2004 Bond Construction Fund	151,639	148,755
Assessment USA 1 Fund	874,627	219,608
Assessment Unit 31 Fund	403,376	290,982
Utility SRF Loan Fund	3,776,000	6,595,000
Total	31,185,036	18,415,706

The Utilities operating budget, Community Development Block Grant Fund (CDBG), General Fund, Bayfront Redevelopment Agency (BCRA) Fund, Stormwater Utility Fund, and Fleet Services Fund also include capital items, as follows:

Capital Projects not in Capital Funds Above		
Capital Projects	Funding Source	Amount
Servers for Public Administration & Safety	GENF/GF	85,061
Telephone Upgrade	GENF/GF	640,000
Portion of Fire Station 5 Rebuild	CDBG	457,497
FY 18 Land Acquisition/Bank/Site	BCRA/TIF	250,549
New Meter Installations	UTO	225,000
Thermography Camera	UTO	14,011
Vehicle Replacements-Maintenance	UTO	79,500
Vehicle Replacements-Field Service	UTO	20,000
Autoclave Equipment	UTO	11,567
Vehicle Replacements-Laboratory	UTO	22,000
Valve Exercise Machine	UTO	64,375
Mini Excavator and Trailer	UTO	49,192
Vehicle Replacements-Water Distribution	UTO	10,789
Tokay Software Upgrade	UTO	20,040
NRWTP Treatment Unit Aerator Tray	UTO	40,000
NRWTP Rear Yard Swale & Fence Imprvs	UTO	33,000
Palm Vista Lift Station	UTO	1,380,000
Lift Station 4 Generator Installation	UTO	205,000
Vehicle Replacements-Wastewater Collections	UTO	94,000
WWTP Odor Control at Headworks	UTO	48,000
WRF Denitrification	UTO	1,300,000
Various Stormwater/Culver Locations	SWU	4,100,000
Police Vehicles purchase	FLEET	163,444
Total		9,313,026

Financial Assessment

The City's economic situation has improved over the last few years, as property values have begun to show slow but steady increases since 2013, and new construction with slow but steady increases from 2013 to 2015 until tax year 2016 showed a 236% increase. The increase in 2016 was largely due to a single large-scale commercial project. New construction in Tax Year 2017 is down 52.8% from the prior year. It is up from 2015 by 58.8%, which is more in line with the steady increase reflected prior to 2016.

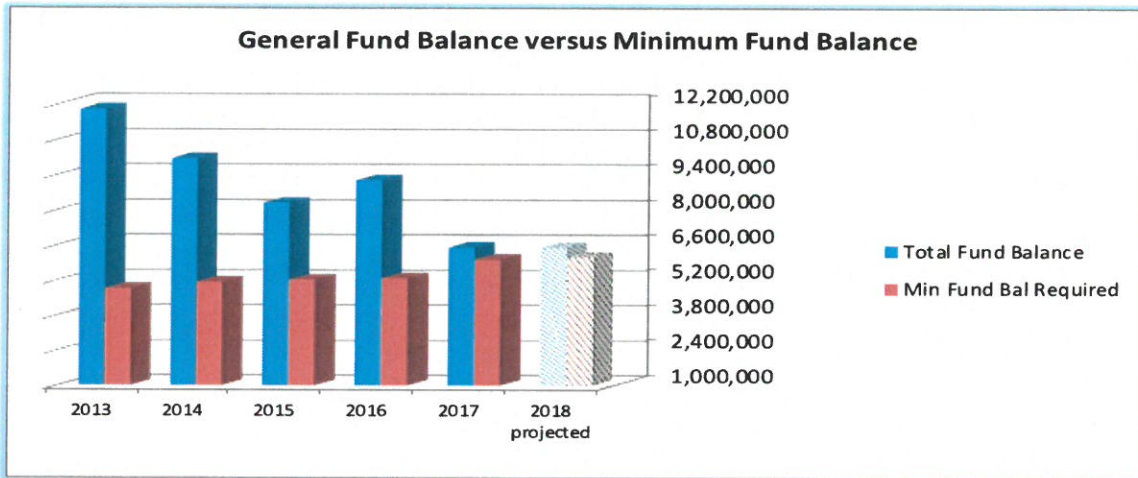


The FY 2018 continues to be financially conservative while investing in the City's strategic priorities. The Approved Budget is based on a tax rate of 8.4500, which is the same as in FY 2017. Instead of adhering to the 3% city imposed cap, the Council adopted by a supermajority, to help offset hurricane related cost.

Looking forward regarding Tax revenue, a proposed constitutional amendment (HJR 7105), if passed by voters in 2018 ballot, will increase the non-school homestead exemption by \$25,000 effective in 2019, which will result in a loss of revenue to the City.

General Fund – Fund Balance

The City Council's fund balance policy for the General Fund, requires that the Fund shall establish an Unrestricted Fund Balance equivalent to a minimum of (10%) percent of the subsequent fiscal year's budgeted expenditures less capital outlay and transfers out as originally adopted by ordinance in September. The minimum required fund balance for 2018 is \$6,107,113 or 10 percent. General Fund's fund balance is projected to be \$6,508,454 or 10.7 percent going into FY 2018.



The General Fund fund balance provides a measure of the financial resources available for future spending or appropriation. While the fund balance itself does not reflect the general health of the government, the increase or decrease in the unassigned fund balance is an important indicator. It is equally important to look at the likelihood of potential unanticipated costs or revenue reductions that can draw on the City reserves. The City's Leadership Team is generally targeting an increased percentage as a financial planning tool; however unexpected one-time costs for things like hurricane debris removal has made it necessary to go back to General Fund for appropriation to cover these unanticipated costs.

Debt Obligations

The City's General Fund bond indebtedness is such that the City will have limited bonding capacity for the foreseeable future, unless the new debt is directed by the voters based on a new source of revenue.

Much of the City's lease purchase and bank loan debt will be retiring in the next several years. However, the assets purchased with these loans are assets with a relatively short service life, so the City will likely be considering more lease purchase options in the future. Consequently, even though the long-term debt structure appears relatively stable, the City will have to finance the cost to construct a road leading to the I-95 exit.

The Solid Waste Fund budget includes an annual payment of just over \$300,000 on the initial CART purchase through FY 2020.

The Bayfront Community Redevelopment District is repaying its bond indebtedness at just under \$500,000 annually through 2024. The tax increment revenue for the District is between \$600,000 and \$800,000 annually. The expectation is that property values in the District will continue to grow and the annual tax increment revenues will be able to cover the debt and the cost of operations in the future.

The Utility debt includes overall utility system debt; as well as, debt funded by special assessments. The Utility debt is monitored for opportunities to refinance to reduce costs. The City's bond ratings remain stable as indicated by the following table. The City's Long-Term Issuer ratings by "Big Three" credit rating agencies stayed the same from December 12, 2016 to November 30, 2017.

Palm Bay, Florida Underlying Bond Issue Ratings			
As of November 30, 2017			
	Moody's	S&P	Fitch
Long-Term Issuer Rating (Implied GO):	Aa3	A+	AA
Sales Tax Revenue Refunding Bonds, Series 2015	---	A+	---
Taxable Special Obligation Refunding Bonds, Series 2013	---	A+	AA
Public Service Tax Revenue Bonds, Series 2010 (Taxable BABs)	---	AA-	AA
Taxable Special Obligation Bonds, Series 2004 (Pension Funding Project)	---	---	---
Utility System Improvement Revenue Bonds, Series 2001	Aa3	AA-	---
Special Assessment Bonds, Series 2003A (W&S Improvements - USA 1)	A1	A+	---

National and State Economic News

Prompted by accelerating job growth and home construction, Florida's economy is anticipated to move at a momentum more significant than the average projection for the United States. This is expected to be the trend for at least the next four years.¹

The primary driver of this statewide expansion has been an increase in employment opportunities and associated population growth. Florida's labor market is projected to exceed the upturn in the national employment market through 2019. Job expansion is expected to increase at a rate of approximately 2 percent through 2019. Florida's payroll estimates have outperformed U.S. job expansion year-over-year.

Florida is the fifth fastest growing state in the nation. Its recent population growth rate of 7.8% is near twice the national average of 4.1%. While Florida continues to attract new residents, data suggests that the City of Palm Bay's population growth rate to be equal to state growth and higher than the national average in 2017.

In 2016, Florida's Gross Domestic Product (GDP) was ranked 4th in the nation at \$926.0 billion. GDP grew by 2.4 percent compared to the national GDP at 1.5 percent. The major industries comprising the state's GDP are finance, insurance, real estate, rental, and leasing. These sectors represent 22.7 percent of the states GDP. 12.8 percent of the state GDP is comprised of professional and business services, followed by residential and commercial construction.²

¹ University of Central Florida. (2016, June 28). Florida & Metro Forecast: State Economy Will Outpace U.S. Retrieved from <https://today.ucf.edu/florida-metro-forecast-state-economy-will-outpace-u-s/>

² Bureau of Economic Analysis. (2017). Personal income. Retrieved from U.S. Department of Commerce website: <https://www.bea.gov/regional/bearfacts/pdf.cfm?fips=12000&areatype=STATE&geotype=3>

2018 projections for National, State, and local economic growth is anticipated to trend upward, barring an adverse national economic event. Federal actions continue to assist in local and state economic expansion. In 2018, Congress is expected to debate a \$1 trillion investment in a national infrastructure program. If enacted, the additional funds would spur job growth in local infrastructure construction trades. Additionally, increases in defense spending should result in further opportunities for local and regional defense contractors. Congress is expected to approve the President's military funding request of \$700 billion. The proposed budget is \$151 billion above the defense budget cap of the 2011 Budget and Control Act (BCA).³

Future Plans and Priorities

The City of Palm Bay has experienced steady growth in 2017 in employment and commercial investment. This growth pattern is anticipated to continue into the near future. These successes are in line with the City Council's priorities in relation to enhancing economic development through targeted messaging and seizing on opportunities.

The primary strategy set by the City Council and Administration is continued diversification in the City's economic base. The objectives set in 2016 regarding the desire to increase the percentage of commercial property permitting relative to residential property permitting has shown continued improvement. Palm Bay has attained a 12% increase in overall construction values. Total values have risen from \$155 million in fiscal year 2015/2016 to \$210 million in the 2016/2017. Commercial permits have increased by 21% at the same time. This is a \$4.7 million increase in permitted commercial activity.

Continued focus on this economic indicator will be paramount. Assisting in the attainment of this objective is the completion of the western segment of the St. Johns Heritage Parkway in October 2016 and the start of the I-95 southern interchange, slated for completion in fourth quarter 2018. This will provide the opportunity to develop over 1.6 million square feet of commercial amenities.

Other priorities include augmentation of funds for projects enhancing the protection of the Indian River Lagoon through utilization of voter approved Storm Water Utility fund; investing in utility expansion projects to foster additional economic development opportunities; intensified support of private investment in the Bayfront Community Redevelopment area; supporting public-private partnerships (P3) undertakings; and recreational facility expansion strategies that increase quality of life standards, encourage tourism, and assist in workforce retention and recruitment for local companies.

³ U.S. Department of Defense. (2017). DoD Releases Fiscal Year 2018 Budget Proposal. Retrieved from The Under Secretary of Defense (Comptroller) and Chief Financial Officer website:
http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2018/fy2018_Press_Release.pdf

Award for Distinguished Budget

The Government Finance Officers Association of the United States and Canada (GFOA), a national organization, each year nationally recognizes budgets that meet certain rigorous standards. GFOA has awarded the City of Palm Bay this recognition for each of the past 27 years. To receive the budget award, a government must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

We believe that this budget document continues to conform to program requirements, and will be submitted to the GFOA to determine its eligibility for another award. This award, along with the Certificate of Achievement for Excellence in Financial Reporting received for the City's Comprehensive Annual Financial Report, helps the City of Palm Bay present a quality image to our citizens, bond rating agencies and any other outside agencies with which the City does business.

Public Process

The proposed budget was presented to the City Council July 1st. At the July 20th Council meeting, City Council set the tentative millage rate of 8.4500 mills. Budget workshops were held August 10th and August 24th for Council's direction.

The first public hearing on the tentative millage rate, budget, and Utility fees was held on September 5th. The second public hearing adopting the final millage rate and budget, position control plan, capital improvements program, and all other fees was held on September 19nd. All citizens were encouraged to attend and participate in all above meetings. The budget is posted to the City's website two days prior to the first public hearing. The budget agendas are posted to the City's website approximately one week prior to all public budget hearings.

Summary

There are still numerous concerns for the City's budget. While the budget does include some moderate investments in deferred projects and programs, the budget is very lean and does not have much margin in the event actual revenues or expenditures vary from the estimates. Overall, capital asset maintenance and replacement, except for Utilities, continues to remain significantly underfunded. The placing of Stormwater fees on the tax bills will guarantee generation of additional resources to start working on long overdue projects throughout the City. The City is still not in a position where it can plan and purchase appropriately. The situation has improved; however, further economic recovery is required for the City to be able to plan and budget appropriately. The City is not using any reserve to balance recurring expenditures for FY 2018. However, for the last four years, the City has had to go to reserves to fund certain one-time, and emergency purchases. This has now become less of an option for this year, as the

City's General Fund financial reserves have declined further, and its fund balance is now closer to the minimum fund balance requirement. Additionally, there will be a possible negative revenue impact for the City in 2019 of approximately \$1,143,790 and each subsequent year, if the additional \$25,000 homestead exemption is passed in 2018.

Despite the various challenges, the FY 2018 budget reflects continuing collaboration among the Leadership Team to present a budget to the Council that not only provides excellent service to the City's residents but also continues to build the foundation for future growth and improving financial stability.

Thank you for your continuing support of the City's team as we work together in service to our community.



Gregg Lynk
City Manager