



BAREFOOT BAY RECREATION DISTRICT

**Board of Trustees Meeting
FY23-27 Budget Kickoff Townhall
January 25, 2022
6:00 PM- Building D&E**

Please silence all electronic devices

Welcome

Pledge of Allegiance to the Flag

Roll Call

Introduction and Overview of Significant Issues Impacting Future FY23-27 Budgets (by Community Manager)

Audience Dialogue with BOT

BOT Direction to Staff

Incidental Trustee Remarks

Adjournment

If an individual decides to appeal any decision made by the Recreation District with respect to any matter considered at this meeting, a record of the proceedings will be required and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based (FS 286.0105). Such person must provide a method for recording the proceedings verbatim. Barefoot Bay Recreation District Regular Meeting

Board of Trustees FY23-27 Budget Kickoff Agenda Memo

Date: January 25, 2022
Title: **Introduction and Overview of Significant Issues Impacting the Future FY23-27 Budgets**
Section & Item: N/A
Department: R&M/Capital
Fiscal Impact: TBD upon course of action
Contact: John W. Coffey, ICMA-CM Community Manager
Attachments: Project budgetary surplus per fiscal year, list of projects per fiscal year, and assessment calculator
Reviewed by
General Counsel: N/A
Approved by: John W. Coffey, ICMA-CM, Community Manager



Requested Action by BOT

Receive input from residents and provide staff direction regarding FY23-27 priorities.

Background and Summary Information

Beginning with the FY19 Budget preparation cycle, the BOT and staff have held “kick-off” meetings to solicit budgetary ideas early in the process versus the typical last-minute suggestions proffered by residents at the June BOT meeting when the annual budget is adopted. As in past years, staff will record comments made at this meeting and incorporate them in the FY23 Working Draft Proposed Budget (which will include the FY23-27 5yrFM&CIP) which will be submitted to the BOT on March 7, 2022.

With the unexpected surge of inflation and wages in 2021, future minimum wage increases, and assessment increase limitations, without the resurrection of Harry Houdini maintaining competitive employee pay and benefits and the recent years’ R&M/Capital project funding level will become increasingly difficult over the next 5 years. The 2022 and future BOTs will be faced with either eroding funding capacity for R&M/Capital needs or the impacts of deteriorating competitiveness of employee pay and benefits (i.e., increase vacancies, increase difficulty filling vacancies with quality candidates, and decreased productivity). FY23, and the next several years, will not be years of fiscal strain, but a budget preparation of increasingly difficult decisions of how to program the available funding. The current sizable one-time budget of approximately \$700,000-\$800,000 will be the source of debate as shifting said budget to recurring expenses (i.e. salaries, benefits, operating needs) will be a short-term fix that limits BBRD’s ability to fund projects in the future. Exhibit A provides a comparison of projected surpluses (typically used for one-time projects) per fiscal year with and without monies programed to address compression. The future possibility of revoking the assessment increase limitation agreement with Brevard County is the ray of hope for a long-term return to fiscal stability (although not possible for the next three years).

The table below summarizes the individual listing of projects attached to this memo as Exhibit B.

	Fiscal Year						FY23-27
	22	23	24	25	26	27	
Funded	36	12	7	12	12	5	48
Non-funded	-	-	-	-	4	46	50
New Requests	-	-	-	-	-	9	9
Total	36	12	7	12	16	60	107

FY22 Projects are currently budgeted and/or funding through the Approved FY22-27 5yrFM&CIP

FY23-27 funded projects are either funded in Approved FY22-26 5yrFM&CIP or recommended by staff

Staff requests the BOT provide direction regarding major FY21 Budget capital projects. Specific requested discussion items also include the following:

FY22-26

Revenues/Sources:

- **Assessment rate**
Currently, the BOT is limited in how much they can increase the annual assessment via a 2020 agreement with the Brevard County Board of County Commissioners. The CPI index specified within the agreement is anticipated to be released next week (and was not available at the date of the drafting of this memo). Attached as Exhibit C is a comprehensive spreadsheet showing the probable assessment revenue based upon CPI percentages ranging from 4.50-6.00%. Although General Counsel Repperger opined in 2021 that staff should use the latest CPI number for the four out years within future 5yrFM&CIPs as the maximum increases, staff believes the current level of inflation will decrease over time and thus a declining future CPI is being used in the preliminary preparation process.
- **One-time Social Membership Fee**
Per the action of the 2021 BOT, the one-time fee is planned to be increased by \$50 annually through FY25 from the current \$1,300 plus tax level. Anticipated increased receipts of \$21,000 annually is assumed given a continuation of a constant rate of genuine home sales. Any future recessions or sudden economic shocks that impact housing sales will negatively impact this revenue stream.
- **Food and Beverage Prices**
Per the adopted FY21-26 5yrFM&CIP, annual 5.00% increases are planned each year of FY23-27 as a result of the new State minimum wage law. Due to the elasticity of beverage prices, as compared to food prices, actual planned annual increases are 7.00% for beverage prices while food prices are planned to be increased by 2.50%. An annual 2.00% decrease in total sales is factored into the 5-year forecast due to higher prices discouraging residents with less disposable income from frequenting BBRD events.

- **RV Storage Fees**
Per the action of the 2021 BOT, the monthly fee is planned to be increased by \$5 annually in FY23 and FY24 from the current level of \$41 per month. Anticipated annual increased receipts of approximately \$22,000 for the next two years are assumed given a continuation of extremely high occupancy rates and higher priced alternate local storage options.
- **Golf/Pro Shop Fees**
A 10.00% increase in golf membership fees is recommended for FY25, resulting in approximately \$32,100 additional receipts annually given a constant number of members.

Expenditures/Uses

- **Personnel**
 - **Minimum Wage Increases**
 - Increased personnel cost due to the 2020 voter approved Florida Constitutional Amendment raising the minimum wage to \$15.00 an hour by October 1, 2026 (i.e. FY27).
 - Of the current 28 non-exempt (i.e. “hourly”) non-tipped positions within BBRD’s Pay and Classification Plan, only the top 8 pay grades currently start above \$15.00 an hour.
 - The 2021 employee COLA of 4.0% lifted 3 positions above the threshold.
 - FY23’s State minimum wage of \$11.00 an hour will result in the first 8 non-tipped pay grades being the same (the minimum of each pay grade used to 2.5% different).
 - All current tipped positions will see an \$1.00 an hour increase in FY23 to a minimum of \$7.98 an hour (with an additional \$1.00 an hour for the next 4 years).
 - The impact upon future budgets (calculated in early 2021) range from \$770,000 (33% increase) to \$1,750,000 (75% increase) in total payroll costs (FY27 estimated cost minus FY21 Budget) depending upon future BOT’s willingness to address “compression” within the Pay and Classification Plan. This equates to an increase in the monthly assessment rate of \$13.16 to \$29.91 over the 5-year period. Accurately forecasting the impact of the annual \$1.00 an hour increase in minimum wages (tipped and non-tipped) is not feasible given current staffing limitations and time demands of senior staff.
 - Ballpark estimate of FY23 impact of only the minimum wage increase is \$43,150 (not including payroll taxes) above the normal pay raises (total cost of \$135,512 which is the equivalent of \$2.32 increase in the monthly assessment rate)
 - The reader should note the more compressed the Pay and Classification Plan becomes the more likely there will be turnover in the semi-skilled and professional positions as other employers raise their pay to remain competitive in an environment of rapidly increasing wages.
 - **Employee Compensation Increases**
 - The 2021 BOT approved an external pay and compensation study to provide unbiased detailed analysis of the competitiveness of current BBRD pay and benefits. The results of the study are expected in late April to early May 2022.
 - Staff plans on programing a minimum of \$100,000 per fiscal year in the 5yrFM&CIP to allow the BOT flexibility in addressing the compression of the Pay and Classification Plan.
 - Due to the past practice of BOTs being focused almost solely on the next budget year (versus the 5-year window), staff recommends future BOTs hire an outside consultant in FY25 to conduct a follow-up comparable worth pay plan analysis to provide future BOTs independent guidance on how progress is being made toward addresses compression and to identify unforeseen shifts in pay and benefits trends in the public sector and the local economy.

- Employee Health Insurance increases
 - Due to our current group insurance provider (Health First) leaving the market at the end of 2022, BBRD can expect approximately a 15% or increase in premiums.
 - The current BBRD paid portions of premiums (85% of employee and 40% for dependent) are low compared to other public sector agencies and will need to be increased in future years if BBRD desires to maintain competitiveness in the recruitment and retention of management and semi-skilled employees.
- Inflation Increases
 - Operating
 - Operating costs
 - Subsidies to Food & Beverage and Golf/Pro Shop Departments
 - The BOT may wish to readdress the *Food & Beverage Principles of Operations* (which currently states convenience of residents is more important than breaking even financially each year) and the currently accepted subsidy level of the Golf-Pro Shop Department. Staff strongly recommends these reviews be data based and not trustees/residents' opinion based to discourage annual changes in direction to staff regarding how these departments should operate. A draft third edition of the *Food & Beverage Principles of Operations* is in the process of being created and is anticipated to be provided to the BOT in Mid-2022.
 - All departments are witnessing rapidly rising costs for operating goods and supplies. The FY23 WDPB will have increases in most line item accounts to offset these pressures.
 - Contractual services
 - BBRD has two contractual relationships that provide full-time staff in lieu of BBRD staff for specific functions. Anticipated continued inflation and upward pressures on wages can be assumed to impact the future cost of agreement renewals.
 - ABM (Golf Course, Softball Field turf, and Lawn Bowling maintenance)
 - The current agreement expires at the end of FY23. Due to the impacts of future minimum wage increases, and inflationary pressures for operating/capital needs, a significant increase in the next agreement should be expected.
 - Special District Services (Management services – i.e., Community Manager position)
 - Although the current agreement expires at the end of FY25, the retirement of the last group of baby boomers in the next few years will impact the competitiveness of compensation SDS is able to offer. A significant increase in the salary component of the agreement should be anticipated no later than FY26 (as has been seen in salaries for local government chief operating officials' positions over the last 18 months and anticipated to continue for the next few years). The reader should note, the current Community Manager is very satisfied with his compensation package from SDS and only provides this analysis for the edification of the BOT and residents regarding probable future events.
- Projects
 - All projects within the FY23-27 5yrFM&CIP will have a one-time inflation adjustment added to adjust anticipated costs upward. This should "true up" FY23 anticipated costs while the costs for FY24 through FY27 projects will remain questionable at this time as the level of long-term inflation is unknown.

- Staff will not attempt to reprogram the numerous projects within the FY23-27 5yrFM&CIP due to the last two years of the BOT only focusing on the “next year.” Staff will add needed R&M projects as identified by the past Facility Dude Assessment and leave the balance of expenditure/use budget in contingency for the BOT to distribute as they please.
- The 2020 Golf Course 100% reimbursable grant of \$50,000 and resulting reimbursement are not currently included in the list of projects. The grant program is ultimately revenue neutral, but expenditures will occur in one fiscal year and reimbursement in a following year. Current plans for the program include the following:
 - \$32,000 practice greens replacement (partial cost)
 - \$13,000 renovations and expansion of picnic area
 - \$5,000 enhanced landscaping

Said project costs will be expensed in the Golf-Pro Shop Department under the appropriate R&M line items. To ensure a full reimbursement of eligible expenditures, all associated work should be completed by the end of calendar year 2022.

Exhibit A: Estimated Surplus per Fiscal Year

FY	Scenario #1: No \$ for Compression	Scenario #2: Modest \$ for compression			Difference
	<i>Available One-Time \$</i>	<i>Compression \$</i>	<i>Available One-Time \$</i>	<i>Total</i>	
23	740,400	125,000	555,400	680,400	(60,000)
24	851,000	100,000	605,700	705,700	(145,300)
25	880,000	100,000	509,800	609,800	(270,200)
26	849,900	100,000	364,900	464,900	(385,000)
27	886,500	100,000	301,500	401,500	(485,000)

Exhibit B: FY22-27 List of Projects

FY22 Budgeted Projects (includes roll-forward projects from FY21 and projects added to the Budget since the FY22 Approved Budget was adopted))

- 1 FY22 Golf Course Lakebank Restoration
- 2 Shopping Center Electrical Infrastructure Upgrades
- 3 Bldg. A Retaining Wall Repairs
- 4 Lounge Outside Bar
- 5 Replace Damaged Concrete Sidewalks/Assembly Areas
- 6 Pool 3 Asphalt Parking Lot & Add Retention Pond
- 7 19th Hole Kitchen: New Hood and Stove
- 8 Lounge Walk In Cooler Replacement
- 9 Bldg. D/E Exterior Doors and Windows Replacement
- 10 Kitchen Trailer (replaces Pool #1 grill area)
- 11 Replace Pit Building at Pool #1
- 12 Tennis Court Resurfacing
- 13 Relocate Heater Equipment at Pool #1
- 14 19th Hole Walk in Cooler/Freezer
- 15 Restroom Trailer by Pickle Ball/Tennis Courts
- 16 Awning South Side of Lounge
- 17 Replacement R.R. Truck (2015 mid-size)
- 18 Replace Sidewalks at D&E / 19th Hole
- 19 Carpeting Miniature Golf Course
- 20 Shopping Center Roof Replacement
- 21 Electrical Outlets Under the Oaks East of the Building A Lake
- 22 Comm. Center Electrical Repairs
- 23 Replacement HD Utility Cart (2008) used by Softball Association
- 24 Replacement P.S. Utility Cart (2016)
- 25 Additional Sound Dampening Panels for Building A
- 26 Shopping Ctr. (937) HVAC Roof Condensing Unit Replacement
- 27 Shopping Ctr. (937) HVAC Roof Condensing Unit Replacement
- 28 Bldg. A Interior Doors Replacement
- 29 VGC Building HVAC Condensing Unit Replacement
- 30 Shopping Ctr. (935) HVAC Ground Condensing Unit Replacement
- 31 Lounge Bathroom Air Handling Unit Replacement
- 32 Water and Sewer Office HVAC Condensing Unit Replacement
- 33 Neighborhood Revitalize Program
- 34 Beach projects, Ph. 3 (Restrooms)
- 35 Golf Course Cart Barn Repairs
- 36 Bldg. D/E Restroom Upgrades

FY23 Funded Projects

- 1 Shopping Ctr. (937) sprinkler system and standpipe replacement
- 2 Replacement backhoe (used)
- 3 Shopping Ctr. (937) exterior windows replacement
- 4 Replacement damaged concrete sidewalks/assembly areas (Location TBD)
- 5 Portable 20kw emergency backup generator

Exhibit B: FY22-27 List of Projects

- 6 Golf Course maintenance facility (green building) repairs
- 7 Upgrade golf cart parking area (Lounge) to crushed concrete
- 8 Pool #2 tech closet electrical panel replacement
- 9 Replacement P.S. utility cart (2016)
- 10 Replacement courtesy golf cart (2016)
- 11 Pro Shop cart barn electrical panel replacement
- 12 19th Hole ceiling air handling unit replacement

FY24 Funded Projects

- 1 Bldg. D/E roof replacement
- 2 Replacement shed and canopy - pickle ball/tennis courts
- 3 VGC/Water and Sewer Office roof replacement (w/ metal)
- 4 Replacement damaged concrete sidewalks/assembly areas (Location TBD)
- 5 Replacement P.S. utility cart (2018)
- 6 Replacement P.S. utility cart (2018)
- 7 19th Hole ground HVAC condensing unit replacement

FY25 Funded Projects

- 1 P.S. (Falcon) exterior rollup doors replacement
- 2 P.S. (Falcon) interior lighting replacement
- 3 Shopping Ctr. (935) exterior doors replacement
- 4 Replacement damaged concrete sidewalks/assembly areas (Location TBD)
- 5 Bldg. D/E VCT flooring replacement
- 6 Bldg. C ceiling tile replacement
- 7 Pro Shop exterior door replacement
- 8 VGC exterior doors replacement
- 9 Pro Shop ceiling repair/painting
- 10 Additional long-term records storage unit
- 11 Bldg. D/E exterior walls repair/painting
- 12 Bldg. A HVAC ground mini-split system replacement

FY26 Funded Projects

- 1 P.S. (Falcon) roof replacement
- 2 P.S. (Falcon) exterior walls repair
- 3 Replacement damaged concrete sidewalks/assembly areas (Location TBD)
- 4 P.S. (Falcon) plumbing replacement
- 5 Softball Field lighting system replacement
- 6 Building D/E exterior doors replacement
- 7 19th Hole exterior door replacement
- 8 Pool #2 exterior doors replacement
- 9 VGC HVAC ground condensing unit replacement
- 10 Shopping Ctr. (937) HVAC roof condensing unit replacement
- 11 Building D/E air handler replacement
- 12 Replace Lawn Bowling gutters (new)

Exhibit B: FY22-27 List of Projects

FY27 Proposed Projects

- 1 Pool 3 Tool room electrical panel replacement
- 2 Shopping Center exterior door system replacement
- 3 Shopping Center condensing Unit - 1-5 RT Replacement
- 4 Bldg. C Air handler tower condensing Unit replacement
- 5 Replace P.S. truck (2013 full-size)

Total Budgeted/Funded/Proposed Projects

82

Unfunded projects from FY22-26 5yrFM&CIP

- 1 Electronic resident badging system and scanning stations at pools
- 2 Repave Shopping Center parking lot
- 3 Repave/reconstruct 19th Hole/Bldg. D/E parking lot
- 4 Repave/reconstruct West RV lot
- 5 Repave/reconstruct Micco RV lot
- 6 Replacement concrete & pavers Lounge (west side)
- 7 Expand paver area west of Lounge by 20 feet
- 8 Westside Rec. area pathways
- 9 Pool 2 asphalt parking lot & add retention pond
- 10 Concrete grass areas between pickle ball and tennis courts
- 11 Installation of mechanical pool covers (3) at Pools
- 12 Solar heating system for Pool #1
- 13 Pool 4 complex (pool, restrooms & small mtg rooms) south of Micco Rd.
- 14 Geothermal heater for Pool #1
- 15 Bldg. A, Lounge and traffic circle emergency backup generator
- 16 Lounge: new westside awning and panels
- 17 Lounge/Lakeside expansion (defunded by 2021 BOT)
- 18 Replacement D-E/ 19th Hole/Pro Shop complex
- 19 19th Hole Kitchen expansion
- 20 Additional storage at Falcon Drive (land and building)
- 21 Shopping Center metal roof (replaces shingles)
- 22 Veterans Building
- 23 Performing arts center
- 24 Indoor pool with fitness center
- 25 Leash free dog park
- 26 Golf Greens (4) Reconstruction
- 27 Golf Greens (4) Reconstruction
- 28 Golf Greens (10) Reconstruction
- 29 Golf Course irrigation system replacement, Ph. 3 (front nine, range, and practice greens piping/heads)
- 30 Golf Course irrigation system replacement, Ph. 4 (back nine piping/heads)
- 31 Golf maintenance worksite upgrade Ph. 1 (conversion of canal to piped drainage and filled for extra space)
- 32 Golf Maintenance worksite upgrade Ph. 2 (consolidated new building)
- 33 Golf Course maintenance office trailer and staff shed replacements
- 34 Golf Course greens expansion (holes 6, 9 & 18)

Exhibit B: FY22-27 List of Projects

- 35 Golf Course putting green rehabilitation
- 36 Golf Course tee boxes rehabilitation
- 37 Golf Course fairways rehabilitation
- 38 Beach projects, Ph. 4 (pavilion)
- 39 Beach gate access card system
- 40 Fountain in lake by Bldg. A
- 41 Beach volley ball court (by Pool #1)
- 42 Christmas decorations Ph. 3
- 43 Irrigation in Comm. Ctr. common areas & BFB median Ph. 1
- 44 Purchase of vacant land north of Falcon Dr. complex
- 45 Purchase of the 7 lots north of P.S. complex on Falcon Dr.
- 46 Expansion of Micco RV Lot (incl. purchase of land)

New requests from residents/trustees

- 1 Retractable awning to replace cloth awning at end of 19th Hole
- 2 Paving walking trail around East Lake
- 3 Reflection/Memorial area at eastern end of TuTu Walking Trail (5 benches and memorial brick pavers)
- 4 Indoor chairs without arms with a higher seat (to replace existing chairs
Webcam at Bldg. A with live stream on www.bbrd.org of Veterans Monument and trees (so residents up north can view local weather)
- 6 Beautification of Pinewood/Micco Road intersection (required Brevard County permission)
- 7 Extension of tall fence along Softball Field outfield
- 8 Softball Field shed replacement
- 9 Fencing between pickle ball courts

Exhibit C: Assessment Calculator

					FY23-27 Possible Assessment Chart						
					CPI	FY22		FY23			
						Monthly Rate \$	Inc. monthly \$	Inc. Annual \$	Monthly Rate \$	Assessment Revenue	Total Difference from FY22-26 projected FY23
						68.84	0.85	49,675	69.69	4,075,162	-
	Inc. %	Increase in monthly \$	Increase in Annual \$	Monthly Rate \$							
FY22				68.84	4.50%	68.84	3.10	181,147	71.94	4,206,635	131,472
FY23	5.00%	3.44	201,274	72.28	4.55%	68.84	3.13	183,160	71.97	4,208,648	133,485
FY24	3.00%	2.17	126,803	74.45	4.60%	68.84	3.17	185,172	72.01	4,210,660	135,498
FY25	3.00%	2.23	130,607	76.68	4.65%	68.84	3.20	187,185	72.04	4,212,673	137,511
FY26	2.00%	1.53	89,683	78.22	4.70%	68.84	3.24	189,198	72.08	4,214,686	139,523
FY27	2.00%	1.56	91,477	79.78	4.75%	68.84	3.27	191,211	72.11	4,216,699	141,536
				10.94	4.80%	68.84	3.30	193,223	72.14	4,218,711	143,549
				15.89%	4.85%	68.84	3.34	195,236	72.18	4,220,724	145,562
					4.90%	68.84	3.37	197,249	72.21	4,222,737	147,574
					4.95%	68.84	3.41	199,262	72.25	4,224,749	149,587
					5.00%	68.84	3.44	201,274	72.28	4,226,762	151,600
					5.05%	68.84	3.48	203,287	72.32	4,228,775	153,613
					5.10%	68.84	3.51	205,300	72.35	4,230,788	155,625
					5.15%	68.84	3.55	207,313	72.39	4,232,800	157,638
					5.20%	68.84	3.58	209,325	72.42	4,234,813	159,651
					5.25%	68.84	3.61	211,338	72.45	4,236,826	161,664
					5.30%	68.84	3.65	213,351	72.49	4,238,839	163,676
					5.35%	68.84	3.68	215,364	72.52	4,240,851	165,689
					5.40%	68.84	3.72	217,376	72.56	4,242,864	167,702
					5.45%	68.84	3.75	219,389	72.59	4,244,877	169,715
					5.50%	68.84	3.79	221,402	72.63	4,246,890	171,727
					5.55%	68.84	3.82	223,415	72.66	4,248,902	173,740
					5.60%	68.84	3.86	225,427	72.70	4,250,915	175,753
					5.65%	68.84	3.89	227,440	72.73	4,252,928	177,766
					5.70%	68.84	3.92	229,453	72.76	4,254,941	179,778
					5.75%	68.84	3.96	231,466	72.80	4,256,953	181,791
					5.80%	68.84	3.99	233,478	72.83	4,258,966	183,804
					5.85%	68.84	4.03	235,491	72.87	4,260,979	185,817
					5.90%	68.84	4.06	237,504	72.90	4,262,992	187,829
					5.95%	68.84	4.10	239,517	72.94	4,265,004	189,842
					6.00%	68.84	4.13	241,529	72.97	4,267,017	191,855