

## **Quantum Park Overlay District**

### **City of Boynton Beach Financial Impact Study**

#### **Issue:**

Quantum Park Overlay District is a Dependent Special District created by the City to operate and maintain public infrastructure within the District. In 2014, the City accepted the roadways, stormwater collection systems and open space (medians) for maintenance. The remaining public infrastructure that is maintained by the District includes the stormwater management facilities and the discharge pipes from the collection system along with associated easements and property.

Staff was requested to review the financial impact to the City if the City dissolved the Overlay District and accepted operation and maintenance responsibility for all infrastructure.

#### **Methodology:**

Staff reviewed the last three years of final approved budgets and the proposed budget for the District along with the last two financial audits and six months of meeting minutes to determine the current cost for maintenance within the District. Staff used this information along with the City's experience and current costs for similar activities to develop the cost impact to maintain the remaining public infrastructure at the current level of service. Based on the level of work, staff assumed that the current administrative and overhead cost of the District would absorb into existing City work without a cost impact.

#### **Estimated Current Financial Position:**

Using the FY2015 Financial Audit, the debt balance for the District was \$2,061,244 on September 30, 2015 with a debt service of \$364,377 scheduled for FY2015-2016. The total expenditures for FY2014-15 were \$810,521 with an ending fund balance of \$943,149. District staff provided additional information that shows that the outstanding debt as of July 7, 2016 is \$1,774,961. The total proposed budget for FY2016-2017 is \$973,815. Since the Financial Audit or the proposed budget does not classify individual expenditures, staff reviewed the minutes from meetings to find the individual contracts that have been awarded for maintenance of the infrastructure.

#### **Impact to the City if Operations and Maintenance is accepted:**

While it is difficult to determine the exact cost of maintenance that the District undertakes without a full audit of all accounts, based on the information available, staff has determined that the impact to the City for maintenance activities is approximately \$110,000 and the debt service is \$364,377. The total impact to the City would be approximately \$450,000 which is approximately \$420,000 dollars less than the current annual expenditures by the District. The maintenance requirements and costs should be further refined through a detailed audit of expenditures if it is the direction of the Commission to dissolve the District. There are several methods to cover these additional costs included special assessments or taxing districts that could be reviewed.