

Financial Overview and Strategic Planning for Harbor Bay CDD

Introduction

The Harbor Bay Community Development District (CDD) is currently navigating a challenging financial landscape, influenced by internal management decisions, the addition of new developments, inflationary pressures, and upcoming changes to Florida's minimum wage laws. This report provides a detailed analysis of the CDD's financial situation, highlighting key factors contributing to increased costs and proposing strategic measures to address these challenges effectively.

Fiscal Contributions and Expenditures

For Fiscal Year 2024 (FY24), the Harbor Bay CDD made significant contributions to its reserve fund. The breakdown is as follows:

- **Direct Contribution:** \$730,000
- **Interest from Seawall Bond Revenue Account:** \$167,098
- **Interest from Operating Account:** \$88,494
- **Total Contribution:** \$985,592

Reserve Expenditures:

- **Total Spent:** \$325,715 (excluding \$150,000 for pickleball facilities)
- **Remaining Funds:**
 - \$659,877 (excluding pickleball)
 - \$510,877 (including pickleball expenses)

Mira Bay Fund Analysis

The Mira Bay Fund (Vesta non-contract expenses) experienced an overspend of \$122,494. The specific figures are:

- **Actual Transfer:** \$254,909
- **Overspend:** \$122,494

Over the past few years, costs associated with the Vesta Services contract have skyrocketed, regularly exceeding the budgeted amounts. In response, the board has decided to rebid the contract in an effort to curb costs while preserving the level of service our community is accustomed to. This decision aims to address budget discrepancies and

ensure better financial management. I expect to be able to reduce this cost budgetary item by over \$150,000, and get the over spend to zero- bringing that number down by \$270,000.

Vendor Expenditure Analysis over the past 3 years: Vesta LLC

The costs associated with Vesta LLC, the current service provider, have shown significant year-over-year increases:

- **FY22 Budget:** \$705,112
 - **Actual Spend:** \$1,011,064.59
- **FY23 Budget:** \$1,050,583 (48.9% increase)
 - **Actual Spend:** \$1,063,263
- **FY24 Budget:** \$1,028,743- contracted amount \$893,000
- **FY25 Budget:** \$982,220 (39.29% increase from FY22)

These increasing costs highlight the need for a reassessment of vendor contracts and service delivery efficiency.

Utility and Operational Cost Increases

Utility expenses have also risen notably, particularly in the area of electric street lighting:

- **FY23 Cost:** \$100,000
- **FY25 Cost:** \$150,000
- **Increase:** \$50,000 (50% increase)

Additionally, utility costs have increased by 48% since 2024, or 53% since 2023, further straining the CDD's financial resources.

Impact of New Developments and Inflation

The addition of new parcels within the CDD has introduced an additional cost of \$200,000 annually for the expected maintenance of these parcels. This cost covers necessary infrastructure setup and landscaping. Furthermore, inflation has significantly impacted overall costs, leading to a cumulative rise of \$529,579 projected between FY24 and FY25. Key areas affected include:

- **Property Insurance Increase:**
 - FY23: \$92,577

- FY25: \$165,000
 - Increase: 78%
- **Contracted Services and Wage Costs:**
 - Impacted by higher wage demands and operating expenses

Response to Economic Pressures

To address these financial challenges, the Harbor Bay CDD must consider several strategic responses:

1. **Reevaluation of Budget Priorities:** Prioritizing essential services and projects to ensure critical community needs are met despite rising costs.
2. **Cost-Saving Measures:** Implementing efficiency initiatives, such as energy-saving measures, and renegotiating contracts to mitigate the impact of increased expenses.
3. **Assessment Adjustments:** Considering adjustments to community assessments to align with increased costs driven by inflation and the upcoming minimum wage increase.

Conclusion

The Harbor Bay CDD faces a complex and evolving financial environment marked by rising costs from various internal and external factors. The projected increase of approximately \$529,579 across key budget items underscores the need for robust financial planning and effective resource allocation. The decision to put Vesta LLC out for bid reflects the CDD's commitment to finding cost-effective solutions that maintain high-quality service delivery. Strategic budgeting, careful oversight, and proactive management will be essential to maintaining fiscal responsibility and supporting the community's sustainable development.