

Board of County Commissioners

Agenda Request

Date of Meeting: April 5, 2010

Date Submitted: March 15, 2010

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Timothy Barden, Director, Assistant County Administrator

Subject: Ratification of the March 4, 2010 Budget Workshop for FY 2010/11

Statement of Issue:

This item requests ratification of Board actions taken at the March 4, 2010 Budget Workshop for FY2010/11.

Background:

On March 4, 2010, the Board held the first workshop in the development of the FY2010/11 Budget (Attachment #1). This was the first of four workshops that the Board will hold during the budget process. The Board provided its initial direction to the preparation of the FY2010/11 budget. Presented to the Board was an overview of the following:

1. Big picture analysis of major revenues and State projections.
2. Update cost containment activities.
3. Big picture challenges for policy direction.
4. Provide analysis of initiatives to pursue in the next few months to provide balanced and efficient budget plan.

Analysis:

The March 4, 2010 workshop was held and attended by the Board and staff as well citizens from the community. There was public input and discussion followed by Commissioner's comments of the following items:

Overview of Major Revenues and Projections for FY2010/11

Analysis of major revenues and State projections was discussed at length by the Board. The Board determined most projections were as expected with the exception of the taxable value. The County Property Appraiser felt a 2% reduction in taxable value for the County was too conservative and that a more realistic projection would be 7-10%. Since the time of the workshop, staff has independently confirmed this 10% reduction estimate in meetings with the state revenue estimators, Department of Revenue (DOR) officials, and published DOR analysis. The Board agreed and suggested using the estimate provided by the Property Appraiser as a baseline to begin formulating the tentative budget.

Update on Cost Containment Activities

The update on cost containment section of the workshop focused on the following:

- Zero Position Growth
- No COLA
- Enhanced Focus on Grant Opportunities
- Identification of continued program cuts based upon further state funding cuts as may be approved by the 2010 Legislature and/or directed by the Board.

The Board discussed expanding the County's ability to acquire new grant funding from the State and Federal sources as well as using creative incentive programs for cost reductions to the budget. The initiatives would be used to increase division level efforts on grants research and increased focus on energy saving grants. The Board noted that pursuing grants which contain match requirements should be considered carefully.

Big Picture Challenges for Policy Direction

While discussing big picture challenges for policy direction the Board initiated a discussion to reduce current (general fund supported) operating budgets by 5-10% on the whole per each constitutional office unit that is supported by those funds. The Board suggested the reduced budget would be the starting point for the development of the FY2010/11 tentative budget by all constitutional offices and by the Board, as a reduction from their total General Fund supported budget expenditures as approved in FY2009/10. Commissioners expressed concern over the potential loss of positions. The County Administrator assured the Board that the attrition of positions over the past three years had reached a limit and that any further cuts to budgets would result in losing positions currently occupied and negative reductions to current program levels. The Board discussed the potential loss of filled positions and ultimately did not provide definitive consensus to the discussion.

The March 4, 2010 workshop item also presented potential challenges anticipated in the upcoming budget cycle.

The main points presented in the big picture challenges for policy direction were as follows:

- *Reduce County Reliance on Fund Balances,*
- *Maintain Reasonable Emergency Funds for Unforeseen Issues,*
- *Initiate County-wide Storm water Control Fund (to be supported by MSBU revenues),*
- *Maintaining Current Level of Service with Decreased State Revenue Whenever Possible,*
- *Review Discretionary Line Item Funds.*

There was limited Board discussion on many of these policy direction points. However the consideration of any revenue shortfalls being bridged by increases to the millage rate was considered

a not actionable option by some on the Board who felt a better option would be to decrease operating costs as needed to impacted programs. Moreover, during the Board meeting on March 4th, the Board later clarified that the creation of a Storm water Control Fund should be supported by targeted Storm water MSBU funding (as noted above). Staff is working to implement this direction in time for, and as a part of, the FY2010/11 budget.

Initiatives to pursue in the next few months to provide balanced and efficient budget plan

The initiatives to pursue discussion item specifically outlined several key points staff is seeking direction from the Board.

Discussion Items for Board Direction:

Discussion Item #1-Maintain service levels through conservation techniques utilizing conservative projections of existing revenue sources and implementing the following options:

- No New Services and/or Programs (excluding storm water) as noted below and unless grant funded (such as stimulus funding for expanded Housing program activities).
- No COLA for County employees at this time.
- Increased Lobbying Efforts of the Legislature by Commissioners and existing staff to maintain current funding and avoid further cost shifts.
- Establish MSBUs to support road paving and possible storm water initiatives
- Expand grants for Capital Projects County-wide
- Attempt to further reduce cash reserves reliance in support of operating activities.
- Tying of available emergency funds to budgeted emergency reserves
- Continued attrition across the County whenever possible during the remainder of FY2009-10
- Pursue contracting possibilities such as performance contracting (i.e. energy cost reductions through improved efficiencies in operations)

Discussion Item #2-Continue to Explore Targeted Alternate Revenue Options to support existing and new Priority Board services such as the following:

- Storm water Utility
- Solid Waste Assessment
- Adjustment to the existing Fire MSBU to 1) Meet existing level of service costs and 2) to correspondingly reduce pressure on the County millage rate.

There was limited Board discussion on the other alternative revenue options presented in the workshop. The Storm water Utility and Solid Waste MSBUs were presented under separate workshop and agenda items for Board consideration therefore, there was no discussion of these revenue options at this workshop.

The Board discussed at length the possibility of adjusting the Fire MSBU fee. An increase to the Fire MSBU could be used to off-set fire services costs currently paid for out of the general fund. The savings to the general fund would be realized through a lower millage rate, or reduce the need, otherwise, for a “roll-up” millage rate to meet existing service needs for Fire Services. The Board discussed incorporating the Fire MSBU rate increase and subsequent reduction in the General Fund and millage rate in the formation of the FY2010/11 budget.

The current Fire MSBU rate is \$65 per residential property as well as commercial property up to 1,000 square feet of total floor area per unit, plus \$.05 per additional square foot above 1,500 square feet per commercial building as outlined in the attached Resolution #06-59(Attachment #2). The current Fire MSBU generated \$868,187 during FY2008/09. However, the true cost of fire services is \$1,335,500. Accordingly, the current Fire MSBU level, which has never been adjusted for inflation, presently supports 65% of the current service level costs.

The chart below represents the estimated increase in revenue that could be realized with an increase in the Fire MSBU. The estimates are based on an increase in the Fire MSBU rate going to \$100.

Chart #1 **FIRE MUNICIPAL SERVICES BENEFIT UNIT (MSBU)**

	FY2009/10 Budget	Potential Fire MSBU Increase (Study required to determine actual need)
Fire MSBU Fee	\$65.00	\$100.00
Estimated Revenue (based on previous year actual)	\$868,187	\$1,335,500

At this time, it is staff’s recommendation that a rate study be performed. There is funding available in the current Fire MSBU to cover the costs of the study. Since consultant services are exempt under our current purchasing policy, staff will solicit quotes for rate study services. The estimated cost of this service is approximately \$20,000. If the Board directs staff to move forward with this rate study, a contract will be brought forth for approval at a future Board meeting. Once such a study is performed, the Board will better understand the true present cost of supporting our fire protection services system and can the analyze their option on how to support that present service level most appropriately.

Discussion Item #3-Provide blanket direction to Board Departments and Constitutional Offices that any budget reductions be shared equally and on the whole.

The Board discussed at length the possibility of asking all programs across county government, that are general fund (property tax) supported to reduce their budgets by 5-10%. Staff is seeking clarification to requiring all constitutional offices (note: The BOCC is a constitutional office) to prepare general fund supported budgets with a 5% or 10% reduction from FY2009/10 budget, on the total budget level and constitutional office by constitutional office for all impacted program budgets within those offices.

Discussion Item #4-Continued focus on existing and new grant opportunities.

The Board discussed earlier in the meeting a desire to continue pursuing new grant opportunities with emphasis on energy conservation and division level research. Commissioners discussed the possibility of some initiative programs to help facilitate increased involvement from all County employees with grant research in an attempt to reduce the County's budget.

Discussion Item #5-Continue process to maximize application of all existing CIP projects to promote the local economy in FY2010/11 and beyond.

The Board did not discuss the continued maximization of all existing CIP projects to promote the local economy in FY2010/11 and beyond. However, it is generally accepted by all governments that the approval of CIP projects, as are budgetarily available, are valuable tools to put local laborers back to work while improving local infrastructure for all citizens. This item promotes the use of local contractors and labor when considering bids for CIP projects.

Discussion Item #6-Anticipated Roll Back Rate Calculation

The Board did not discuss the use of the Roll Back Rate during the first budget workshop. However, analysis was provided to the Board to use the Roll Back Rate when formulating the FY2010/11 Budget. Clarification on this point is now sought.

Summary of Requests for Board Action:

- Direct staff to maintain service levels through conservation techniques utilizing conservative projections of existing revenue sources and implementing options outlined in Discussion Item #1.
- Direct staff to begin the process of increasing the current Fire MSBU and solicit quotes for a rate study.
- Direct staff to prepare the FY2010/11 Tentative Budget using a (5 to 10%) reduction (to be further determined by the Board during the budget development process) and provide blanket direction to staff and to Constitutional Offices that any budget reductions be shared equally and on the total budget level for all impacted programs that are general fund supported. Non-general fund supported programs should reduce in accordance with the reductions in their supporting revenues/grant levels.
- Direct staff to continue the focus on existing and new grant opportunities.
- Direct staff to continue the process of maximization of CIP projects to promote the local economy in FY2010/11 and beyond.
- Direct staff to use the roll back rate using the calculations in personal income growth as prescribed by Florida Statutes as a baseline for the preparation of the FY2010/11. However, a Fire Services MSBU increase that may be ultimately approved should directly cause a corresponding reduction below the roll back millage rate.

Ratification of the March 4, 2010 1th Budget Development Workshop for FY 2010/11.

April 5, 2010

Page 6

Options

1. Ratify workshop and approve recommended actions outlined in the Summary of Requests for Board Action.
2. Do not ratify workshop and approve modified actions as per the Board direction.
3. Board Direction

Recommendation:

Option #1

Attachments:

1. March 4, 2010 Workshop Agenda Item.
2. Resolution # 06-59