

Board of County Commissioners

Agenda Request

Date of Meeting: February 17, 2009

Date Submitted: February 13, 2009

To: Honorable Chairman and Members of the Board

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

Subject: First Budget Workshop Regarding the Development of the FY2009/2010 Budget and Presentation of Alternative Revenue Options.

Statement of Issue:

This workshop is the first scheduled workshop in the development of the FY2009/2010 Budget whereby the Board shall provide its initial direction to the preparation of the FY09/10 budget as well as review the alternative revenue options available to fund critical services and infrastructure needs.

Background:

The FY2009/2010 budget calendar was approved by the Board on January 6, 2009. The approved Budget Calendar lays out the budget development process so that the Board and public are aware of the events that will lead up to adoption of the final FY2009/2010 budget in September. The tentative budget calendar is included as Attachment #1. This is first of five workshops that the Board will hold during the budget process. Significantly, this approved calendar includes four additional Board workshops and public hearings, including those required under state law, for further citizen and Board input throughout this process to enhance citizen access, input and ownership of the final budget.

Analysis:

These workshops provide the Board the opportunity to give staff direction in the budget process as well an opportunity for the public to voice their opinions and concerns regarding the upcoming budget. During these workshops, staff will receive direction from the Board regarding the formulation of the FY2009/2010 Tentative Budget. The analysis section of this workshop item will consist of the following:

1. Discussion of the roll-back rate and the maximum millage rate calculation and analysis of the potential FY 2009/2010 millage.
2. Components of the FY 2009/2010 Budget Plan
 - No new programs/maintain current funding levels
 - Zero position growth
 - Cost of Living Allocation (COLA) for Employees\
 - Enhanced focus on new grant opportunities

- Enhanced Board focus on the Capital Improvement Plan.
3. Overview of new funding options that will presented to the Board to coincide with a presentation by Nabors, Giblin & Nickerson, PA. Included in the presentation will be the following:
- Special Assessments
 - Public Service Tax (PST)
 - Solid Waste Licensing Fee
 - Utility Regulation

Roll-Back Rate: Millage rate needed to be levied in the new fiscal year to generate the same amount of tax dollars as adopted in the previous fiscal year. Voter approved debt levies are excluded from the calculation. Value of new construction is excluded from the current year total. Rolled-back rate adjusts prior year for reappraisals based on market value of property and represents "no tax increase." The only source of additional tax revenue, if the roll-back rate is levied, is the tax on new construction (Note: New construction, additions to existing structures, major rehabilitations and annexations are excluded from the roll-back). The roll-back rate for FY 2009/2010 will be calculated as follows:

Maximum Millage Determination for (FY2009/2010)

According to Florida Statute s. 200.065(5), beginning in the 2009-10 fiscal year, the maximum millage with a majority vote is "a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the higher rate." The intent appears to be that if a rate higher than the maximum millage rate was adopted in the prior year, a rolled-back rate based on this higher millage should be calculated and further adjusted for the change in per capita Florida personal income.

In the FY2009/2010, the Board adopted a millage rate of 8.0000 mills which generated a total \$11,564,621(95%=\$10,986,391) based on a taxable value of \$1,445,577,704. The maximum millage that the Board could have adopted by a simply majority vote was 8.1488 based upon the calculations prescribed by Florida Statutes. Had the Board not reduced the adopted millage rate and by simple majority adopted the 8.1488 as the millage, the total tax revenue would have been \$11,779,723. Therefore, for FY2009/2010 the roll back rate calculation formula will be as follows:

$$\frac{\text{Net 2008-2009 Max. Millage Tax Revenue}}{\text{Net 2009-2010 Taxable Value (Unknown at this time)}} = \text{Roll-Back Rate}$$

In accordance with statutory language, for FY2009/2010 the maximum millage rate that may be applied based upon a simply majority vote of the Board of Commissioners, is the roll back rate

calculated pursuant to Florida Statutes 200.065, adjusted for growth in personal income. At present, it is undetermined what the personal income growth will be calculated by the Department of Revenue. At this time, staff is seeking Board direction to develop the FY2009/2010 Tentative Budget with a millage rate calculated based upon the *assumption* that the personal income growth will be a percentage added to the roll-back rate as follows:

$$\begin{aligned}
 & \underline{\text{Net 2008-2009 Max. Millage Tax Revenue / Net 2009-2010 Taxable Value = Roll- Back Rate}} \\
 & \qquad \qquad \qquad + \\
 & \underline{\% \text{ Personal Income Growth}} \\
 & = \underline{\text{FY 2009/2010 Tentative Millage Rate for Wakulla County}}
 \end{aligned}$$

Below is an example of the possible tentative millage rate for FY09/10 if the personal income growth is a straight percentage provided by the Department of Revenue. In this example, a 1.0145% increase is used for personal income growth (consistent with FY07/08). Since the tax roll is still be calculated, the Property Appraiser’s office was not able to give an estimate of the FY2009/2010. Therefore, a 0% increase in the County’s net taxable value over last year is used in the calculation.

Year	Previous Year Tax Revenue	Net Taxable Value	Roll Back Rate	Personal Income Growth	Millage Rate	Adopted Millage Rate
2008/2009	11,963,462	1,445,577,704	8.5866	1.0145%	8.1488	8.0000
2009/2010	11,779,723	*1,445,577,704	8.1488	1.0145%	8.2314	TBD

**This number represents a 0% increase over last year’s net taxable value and assumes that the constitutional amendment does not pass.*

Staff is also seeking Board direction at present to develop next year’s budget plan with the following components:

No New Programs/Maintain Operation Levels

Staff will enter into the FY2009/2010 budget development cycle anticipating no new program growth from the previous budget. We will ask departments and Constitutional Officers to maintain their current operating funding levels into the new fiscal year.

Zero Position Growth

During the 2009/2010 budget development cycle, we will ask the departments as well as the Constitutional Officers to maintain no new growth in positions. In order to curtail operating expenses and reduce personnel costs overall, staff will ask that no new positions be created in formulating the budget for the upcoming fiscal year.

Cost of Living Allocation (COLA) Salary Increase for Employees

This will provide a modest increase for all county employees while at the same time maintain the conservative nature of the budget development process. Staff will propose the level of this COLA later in the budget development process as more information is available regarding what is affordable.

Enhanced Focus on Grant Opportunities

For the past few years, staff has been focused on the implementation of the numerous grants that the County has been successful in obtaining. Currently, Wakulla County has approximately \$8.5million dollars of grant funding this is in the implementation phase, not including the small EMS, Fire and Public Works Grants currently working.(Attachment #1) Grant funding is a vital resource to the County to fund many services and much needed infrastructure capital improvements. Infrastructure Staff has been diligent in ensuring that all grant funding received for the County by any outside agency is utilized to its fullest potential for the benefit of the community. In the current fiscal year, as well as in the upcoming FY2009/2010, staff will continue the implementation of existing grants, while having an enhanced focus on securing all additional grant funding made available to the County.

Enhanced Board Focus on Capital Improvement Plan (CIP) and Citizen Involvement

In the upcoming budget cycle, we anticipate a thoroughly more comprehensive CIP process that focuses on updating and maintaining the CIP Plan. Staff will present a CIP budget document that directly coincides with the Capital Improvement Element of the Comprehensive Plan and both will be updated accordingly based on Board action and direction. Included in that document will be those road projects identified during this year's budget process. There will also be an additional workshop later on the budget process that will focus entirely on the Capital Improvement Plan and that will seek Board direction for funding priorities for CIP projects.

Alternative Revenue Options:

With the anticipated decrease in property tax revenue and other tax revenue due to the decrease in property values and the sharp decline the economy, alternative revenues need to be considered to make for that loss of tax revenue. There are alternative revenue options available to the County to increase revenues to provide county vital services. Some of the alternative revenue options can now be realized because Wakulla County is now a charter county as of November 2008. The law firm of Nabors, Giblin, Nickerson, P.A., local government experts in alternative revenues options for counties and municipalities throughout Florida, will present at this workshop four (4) alternative revenues options that Wakulla County can utilize to offset the decrease in tax revenue. These four (4) possible alternatives are as follows:

Solid Waste Licensing Fee

A solid waste licensing fee would allow the county to collect a licensing fee from solid waste

collectors that deposit solid waste collected from their customers into the County's solid waste facility. This fee would also allow the County to regulate vendor that access the facility. The revenue generate could be used for the maintenance and repair as well as offset operating costs of the Solid Waste Facility.

Utility Regulation

Wakulla County currently does not have regulatory authority over any of the utility providers within the County. A regulatory authority would be responsible for the regulation of owners of water and wastewater treatment facilities in the County and move the jurisdiction of these providers from the State of Florida Public Service Commission to the County. Other jurisdictions fund this function by assessment fees as a percent of the gross income of the regulated utilities. These funds can be used only for regulation of these utilities. Regulation of these providers also assures that customers are provided safe, reliable, and quality service from these utilities

Public Service Tax

The Public Service Tax (PST) is a tax authorized by Florida Statute 166.231-.236, to be levied by municipalities and charter counties by ordinance. It is a tax on the purchase of electricity, metered natural gas, liquefied petroleum either metered or bottled. The tax shall be levied only on purchases within the municipalities or the unincorporated areas of the charter county. The tax cannot exceed 10% of the payments received by the seller. The proceeds from this revenue are considered general revenue and can be used for any general purpose.

Special Assessments.

Special assessments are governed by the Home Rule Authority established in Florida Statutes 125.01, 403.0893 and Chapter 170. Special assessments are a home rule revenue source that can be used to fund specific services or construct and maintain capital facilities. There are two requirements need to establish a special assessment:

- The property assessed must derive a special benefit from the improvement or service
- The assessment must be fairly and evenly apportioned among the properties that receive the benefit.

The mostly common and legally defensible use of special assessments is for solid waste collection and disposal, stormwater management and fire rescue. Currently, Wakulla County has a special assessment in place for fire rescue.

Summary of Requests for Board Action:

- Direct staff to set the tentative millage rate based on the roll back rate plus the percentage growth in personal income determined by the Department of Revenue. Allow this millage rate to be used in the development of the FY2009/2010 budget.
- Direct staff to begin the budget development cycle based on zero growth in programs and positions and a COLA increase for employees.

- Direct staff to enhance the focus on the Capital Improvement Plan. Included is this will be identifying road projects that are priorities.
- Provide direction on what revenue alternatives, if any, to pursue in preparation for FY2009/2010.

Options

1. Approve recommended actions stated above.
2. Approved modified actions per the Board
3. Board Direction

Recommendation:

Option # 1

Attachments:

1. FY 2008/2009 Budget Calendar