

Board of County Commissioners

Agenda Request

Date of Meeting: May 17, 2010

Date Submitted: May 14, 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 Second Development Budget Workshop for FY 2010/11
Held on May 6, 2010

Statement of Issue:

This item requests ratification of Board actions taken at the May 6, 2010 2nd Budget Development Workshop for FY2010/11.

Background:

On March 4, 2010, the Board held the first workshop in the development of the FY2010/11 Budget. 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.

On May 6, 2010, the Board held the second budget development workshop of the FY2010/11 budget cycle (Attachment 1). This workshop provided the Board with mid-year revenue and expenditure update of the current year budget and a legislative update on state revenue funding to be expected during the upcoming fiscal year.

Analysis:

The May 6, 2010 workshop was held and attended by the Board and staff as well citizens from the community. There was limited public input and discussion followed by Commissioner's comments of the following items:

The Board was presented with mid-year expenditure and revenue reports as well as a legislative update. The mid-year reports were received with general optimism as most revenues and expenditures were on-track with estimates. After presentations by the Office of Management and

Budget and Special Projects Coordinator, the Board began with a discussion headed by Commissioner Stewart in which he presented a plan to assist with the formulation of the FY2010-11 budget. The initial plan included:

Plan Recommendations

1. Prepare the FY2010-11 tentative budget to reflect a potential \$880,000 shortfall in anticipated ad-valorem revenue as a result of a lowered taxable value estimated by the Property Appraiser’s office. This also includes a BOCC desire to work toward a millage rate target of 8.25 which is below the current estimated rolled back millage rate of 8.9647mills.
2. Direct all General Fund supported programs at the Constitutional Office level to cut budgets by an estimated 4.1% to cover the \$880,000 potential revenue shortfall as well as absorb all additional health care and retirement costs with those reductions.
3. Adjust the Fire MSBU to cover all fire services costs, including the \$474,189 Fire Services costs currently paid by the general fund. This savings to the general fund could lower the estimated revenue short fall to approximately \$405,811 to be shared by all General Fund supported programs equally and thus potentially reduce the percentage of needed programs cuts at the Constitutional Officer level to approximately 2.5% each.

Other Items of Note Discussed

- Commissioner Brock requested staff work towards reducing the tapping of \$150,000 (increase) in cash balance forward from the previous year in support of the general fund.
- Commissioner Artz discussed potential cost reduction strategies through incentive programs associated with cash reimbursement for cost savings realized by the County associated with any idea presented by individual employees or departments.
- A potential increase to Local Communication Services Tax was also discussed without formal direction being given. Currently Wakulla County imposes a 1.82% CST. As a Charter County, Wakulla County Board my charge up to a 5.22% CST. The Board was presented with a report on May 3, 2010 (Attachment #2) discussing the possible revenue increases by raising the CST. The table below reflects those potential increases and possible impact to the millage rate.

Fiscal Year	Rate	Additional Revenue	Millage Equivalent for Reduction
FY2010/11	3.53%	\$226,184	0.1776
	5.22%	\$452,369	0.3553
FY2011/12	3.53%	\$268,744	0.2111
	5.22%	\$570,324	0.4479

According to Florida Statutes, sections 202.19 and 202.21, any change in the rate of the local communication services tax must be made by ordinance and notice must be provided to the Florida Department of Revenue on or before September 1st. If the Board is choosing to

proceed with consideration of this in time for FY2010/2011, Board direction to work toward a future agenda is sought at present.

- The Board also raised the question about whether or not lowering the millage rate would affect the County's current fiscally constrained funding from the State. Staff has reviewed this question with the County Attorney and has determined the fiscally constrained funding is associated with the 2007 millage rate of 7.6252. If the millage rate is lowered below the 2007 threshold of 7.6252, mills it would potentially have the effect of decreasing the fiscally constrained counties distribution for Wakulla County, as per Florida Statute 1218.12 (2), (Attachment 3).
- The commissioners discussed potential health care increases and agreed that a 6% increase could be expected based upon previous year's increases.

Summary of Requests for Board Action:

- Direct staff to prepare the FY2010-11 tentative budget utilizing Plan Recommendations 1, 2, and 3 outlined in this ratification item
- Work towards decreasing the General Fund Cash Forward Revenue by \$150,000
- Address the Communications Service Tax (CST) and use additional revenue to further decrease the millage rate
- Any millage rate reduction should not exceed 7.6252, the 2007 level needed to maintain current Fiscally Constrained Funding.

Next Steps:

Staff will continue to work toward formulation of the tentative budget in order to meet the July 15th statutory deadline. Part of that process will be working with Constitutional Officers to produce balanced budget, with Board directed reductions, while maintaining current levels of service. The 3rd Development Budget Workshop discussing the Operating and Capital Improvement Program is scheduled for June 17, 2010.

Options

1. Ratify workshop and approve step outlined the Summary of Requests for Board Action.
2. Provide any Direction on the Communication Services Tax issue for direction in the development of the FY2010/2011 budget.
3. Do not ratify workshop and do approve step outlined the Summary of Requests for Board Action
4. Do not ratify workshop and approve modified actions as per the Board direction.
5. Board Direction

Recommendation:

Options #1 & #2

Attachments:

1. May 6, 2010 Workshop Agenda Item.
2. May 3, 2010 Agenda Item
3. Florida Statue ¹218.12