

BUDGET WORKSHOP

BOARD OF COUNTY COMMISSIONERS

JULY 13, 2005

A budget workshop of the Board of County Commissioners was held at the Murdock Administration Complex, Room 119, in Port Charlotte, Florida. The following members were present: Chairman Sara J. Devos and Commissioners Thomas G. Moore, Adam Cummings, Thomas C. D'Aprile, and Matthew D. DeBoer. Also in attendance were County Administrator, Bruce D. Loucks, County Attorney, Janette S. Knowlton, Chief Deputy Board Services Tommy Q. White, Supervisor of Minutes Diane J. Nice, and Deputy Clerk Gail Manley. The meeting was called to order at **1:35 P.M.**

Chairman Devos announced this is not a public workshop but a presentation by the Budget Department and there will be no public input.

I. Presentation - General Budget Overview on Preliminary FY 05/06 Budget and

III. Board Discussion

Bruce D. Loucks, County Administrator, recognized the efforts of all involved in the budget process stating it was tough to prepare the budget without full knowledge of what the ad valorem assessments would be; staff was asked to come in with frugal requests and the presentation represents a needs-based budget; last night there was an announcement of an increase in property evaluations and there is a recommendation of what to do with the additional funds. Mr. Loucks explained the budget reflects the need for a capital improvement millage increase; the increase is still recommended, but not at 0.6 mills as indicated; it is recommended that \$10 million of the additional revenues that come from the evaluation increase be set aside in a reserve

account for future potential hurricane-related activities. Mr. Loucks explained those presently homesteaded fall under the Save our Homes and the increase in Charlotte County would be 3% or the CPI, whichever is less. **Commissioner D'Aprile** said he heard on NBC News at 6:30am that Charlotte County would experience quadruple taxes in the coming year and expressed concern that the news media presented something that was far from the truth and is false information. **Chairman Devos** stated these are tentative millage rates that can go down between now and when the millage rates are approved in September 2005, but cannot be increased.

Purpose of the Workshop

Ray Sandrock, Budget Director, gave a slide presentation advised the purpose of the workshop as reflected on Page 2 of the information packet furnished is to review major funds, valuation increases and impacts to the budget proposal, new requests that are included in the proposed budget, capital fund millage rates, sales tax extension collections and requests for new sales tax collections, provide an update on recovery as related to FEMA and set tentative millage rates which will be set to the highest level but which could be reduced.

Changes Since May Workshop

Mr. Sandrock stated changes since the May 2005 workshop include certified valuations and explained certifications would normally have been received prior to the meeting and reflected in today's presentation but adjustments will be made throughout today's discussions; includes fund balancing - review of projected FY06 balances and the careful & conservative approach taken; utilizing the Capital Projects Fund for recovery and priority projects; and new requests now included in the budget.

General Fund - Valuations

Mr. Sandrock advised the General Fund-Valuations 4 would be completed upon officially receiving the certified valuations from the Property Appraiser.

General Fund - Revenue Variances

Mr. Sandrock reported the General Fund reflects major revenue variances from this year's 2005 amended budget to be discussed; at Monday's Revenue Workshop there was discussion about ad valorem taxes and a 3.8% increase which equated to \$2.1 million and factoring in the latest information on property evaluations, rather than \$2.1 million the figure becomes a little over \$12 million; other factors include the one-half cent sales tax allocation which is part of the State Revenue Sharing beginning balance impacts and an overall \$7.6 million increase in revenues, and factoring in today's news would change that amount to \$17.8 million.

General Fund Expenditures Variances, General Fund Summary and Public Safety Fund - New Requests

Mr. Sandrock pointed out the larger items reflected such as payroll cost increases due to lifting of some 70 positions that were frozen after the hurricane last year as part of a cost-savings initiative and are re-budgeted to next year; annual pay increases and new position requests for FY06; Law Enforcement increases to support the Sheriff's 5-year strategic plan; impact to the correction budget with loss of Federal inmate revenue and rising costs; health insurance to build a rate stabilization reserve and equipment which is largely the result of new requests tied into the landscape program and to bring new parks online; expense items that have decreased include transfer to the Fine and Forfeiture Department due to further clarification of Article V and court costs for civil cases that were previously paid for by the County which are now being paid by the State; there is a reduction in principal payments for voting machines because FY05 was the last year for payment; and a reduction in the General Fund Contingency Reserve from \$8.8 million in FY05 to a proposed FY06 level of \$3.4 million; and with the enhanced revenue from the property evaluation this can be reviewed to bring the reserve levels higher. Mr. Sandrock reported the General Fund Summary on Page 8 points out reserves would drop again but with the latest information the Board could decide to strengthen reserves back to the level of last year or higher. **Commissioner Cummings** inquired if the positions reflected on Page 7 were filled because the positions were previously discussed by the Board and there was concern if

resources were available to comply with the Board direction on projects and he does not know if that is reflected. Mr. Loucks advised the positions for Community Development are funded from the Public Safety Fund reflected on Page 14; no additional Planners were added because a couple Planners were added in previous staff increase requests and an effort is being made to fill the positions and move forward on other issues; the Natural Resources positions, General Fund positions and General Fund increases are shown on Page 7; one of the three positions is presently being filled; and additional staff was hired to help with the volume of work created by scrub jay property inquiries. **Commissioner Cummings** asked for clarification that with the other projects the issue is finding people to fill the positions that are available. Mr. Loucks said Jim Thomson is looking at reorganization in the Natural Resources Department before asking for additional staff; of the three positions, two are filled and the third one is being worked on at the present time. **Commissioner Cummings** expressed concern that there is a need to move at a faster pace; previous discussion indicated lack of resources and he wants to be certain the resources are available. Mr. Loucks said staff was added in the Planning Department and he needs to verify with Mr. Konafel if the capacity got absorbed; and with the increase in growth-related activities there has not been sufficient time to look to the future yet but it appears the staff level is okay. **Chairman Devos** asked what the new positions were in Community Development. Mr. Loucks said there was increase in Planning staff and in the Building Department for Building and Code staff. **Chairman Devos** recalled discussion in earlier budget meetings about neighborhood planning and positions but in last year's budget to be brought back and included in this budget. Mr. Loucks said the Neighborhood Specialist on Page 7 is added from last year. **Commissioner DeBoer** requested additional justification on parks and positions other than specific projects approved by the Board and will compare last year's approved budget to this year's increases. Mr. Sandrock said he missed going over Page 7 but 70% of the new requests on that page are tied to the new parks and landscape program.

Capital Projects Fund - Priority projects

Chairman Devos inquired as to how the abatement program impacts the budget due to the requirement of a sizeable staff. Mr.

Sandrock reported the jail expansion, auditorium, renovation of three fire stations, Public Safety Building, Courthouse restoration, Human Services and Health Department Buildings are the six priority projects that total \$35.9 million and are included in the Capital Projects Fund on Page 9; the projection on millage rate is it would require a \$.6 million increase within the Capital Projects Fund over four years to complete the projects. **Commissioner Moore** asked for clarification that the County does not have to pay back all of the \$13 million reflected on Page 7. Mr. Sandrock replied that was correct because part would come from the State and part from the Federal Government and the County share would be \$1.3 million in support of the Human Services Department needs. **Commissioner DeBoer** requested an update on the Public Safety Building for downsizing and cash carry- forwards for ability to carry out projects in the fiscal year budgeted and stated the County cannot spend Sales Tax as fast as it is coming in and debates the need to levy the tax now when the projects cannot be built that fast and it might be something to phase in over time. **Commissioner D'Aprile** asked for clarification if 12.7 million reflected for the auditorium is the total cost of the project and does not include anything the City of Punta Gorda might contribute to the project. Mr. Sandrock replied it was correct that nothing was factored in from the City of Punta Gorda. **Commissioner Cummings** agreed it is not necessary to take taxpayer monies until needed; charts and graphs are easier to understand and requested that cash flow trimlines be furnished to the Board as to dates for revenues received versus the need over five years. **Chairman Devos** explained large carry-overs in the budget are often misleading and the more information and clarity that is furnished will help taxpayers being misguided. **Commissioner DeBoer** explained many do not understand Florida Statutes requires that in order for a contract for services or purchase to be initiated all of the dollars for the entire contract must be on hand; if the County has a road improvement that will last three years, on the day the contract is awarded all of the funds must be available to encumber the entire three-year contract, and in order to do this reserve accounts are created which makes the budget look inflated, and if the projects were caught up the budget would drop off drastically.

Capital Projects Fund - FY06

Mr. Sandrock advised ad valorem funded Capital Projects previously discussed are reflected and can be reviewed for adjustment in the list of priority projects. **Commissioner Moore** indicated Page 10 reflects \$800,000 required to complete the land acquisition and \$2 million for development of the site for the Boat Ramp Development; believes the land should be purchased right away, but because of the many uncertainties in the budget due to the hurricane opposes development of the boat ramp at this time. **Commissioner Moore** said \$600,000 is reflected for Regional Library Land acquisition and recalled a library survey being done a number of years back that said there should be an expansion of the West County Library; a park instead of a new library is being built in West County although the need for a new library is still there and perhaps funds can be shifted around to accommodate these two issues. **Commissioner DeBoer** asked for an explanation for the reference to "Other Funding Requests" on pages ten and eleven. Mr. Sandrock explained these are projects that would have been included before the six priority projects on Page nine were added and are ongoing projects. **Commissioner DeBoer** said he had some questions and would get with staff for clarification; and asked if the reference to GDC Land Purchases was reimbursement for the land received in lieu of taxes long ago. Mr. Sandrock said that was correct. **Chairman Devos** explained for the record and county-wide understanding that some of the projects on the books are ongoing and can be removed in the future; the priority projects is what the 0.6 mills is being considered for; and has nothing to do with the almost \$100 million unfunded CIP projects. Mr. Sandrock said this is part of the Capital Improvements process each year; more requests come in than funding is available for; and part of the budgeting process is to match the amount of funds available to the projects that are scheduled and which can be accomplished with the funds available. Mr. Sandrock said the unfunded CIP projects is addressed with areas of transportation, other facility costs, and regional libraries, and it will be necessary to review that again because as potential decisions are made to fund some of the projects the numbers come down but the figures are still within the \$80 million - \$100 million range.

Capital Projects Fund - 0.6 Mills Inc

Mr. Sandrock said in order to generate \$35 million for the Capital Projects Fund, a 0.6 mills increase was discussed, however, with the recent valuations to 24%, it could be lowered to 0.47 mills or kept at a 0.6 mills level and adjusted downward in September 2005 as the projects are fine-tuned. **Commissioner Moore** is in favor of keeping the 0.6 mills increase because he thinks it is the right thing to do for the County to make certain the County has projects moving forward and to brace the County for another disaster. **Chairman Devos** agreed. **Commissioner DeBoer** stated he gives tentative support today but needs review and explanations over the summer; previously the Board requested guidance from the community how to establish what the revenue increase should be each year and was given the formula of growth, plus inflation, plus mandates, plus new facilities which is a good standard formula to measure by when looking at how revenue should increase. **Commissioner Cummings** stated he has mixed feelings about the 0.6 mills versus 0.47 mills; is willing to agree to the 0.6 mills for the present time but would be more comfortable building reserves on the General Fund side because it reserves faster and is more flexible in spending; and now is the time to invest because Charlotte County is on the verge of major growth and doesn't want to be behind and not able to catch up.

Public Safety Fund

Mr. Sandrock announced the Public Safety Fund remains healthy and excludes the incorporated areas of the County and funds two-thirds of the Sheriff's Law Enforcement budget and the Community Development Department budget not supported by building fees.

New Requests - Other Funds

Mr. Sandrock advised Utilities, Fine & Forfeiture, Solid Waste and Public Works are included. **Commissioner DeBoer** inquired if the same benchmarking of 1,000 customers as a basis for one new position was used in Utilities as in prior years. **Chairman Devos** said that would apply in many areas, including Community Development.

Commissioner Cummings requested confirmation of the different revenue sources where positions such as Probation Officers come from and inquired if it was all Fine and Forfeiture or augmented. Mr. Sandrock indicated there is an ad valorem General Fund and court fee component as well. **Commissioner Cummings** stated there is a need for the jail expansion and consideration should be given to recommendations from the Public Safety Coordinating Council for programs and other types of rehabilitative methods to deal with those going through the legal process that could be diverted from the jail as the expansion is done. **Commissioner DeBoer** indicated the Chief Judge, Sheriff, Public Defender, and State Attorney's Office agree it is time to come together as a group to lobby the Legislature next year to properly fund the responsibility under Article V because there has been under-funding in all these areas within the Twentieth Judicial Circuit and the County is beginning to subsidize again through taxes.

Sales Tax Extension - Excess Allocation and Additional Collections

Mr. Sandrock reported the original amount of revenue projected was \$96 million and there is a forecast of \$14 million overall excess collection, for a total of \$110 million; prior to yesterday's Board meeting \$1.61 million additional had been allocated and at yesterday's Board meeting \$1.2 million was allocated for the high school gyms; the requests for excess collections total \$26.34 million; the check-marked items are those that are included in the proposed budget and recommended for funding. **Chairman Devos** requested the Mental Health Facility be added to the list of those recommended for funding and recalled a previous discussion by the Board that a \$250,000 per year operational expense kept the Board from consideration of this project; the Mental Health Facility is an integral part to alleviate some overcrowding in the jail; and requests the Mental Health Facility project have a check-mark next to it as one of the priorities. **Commissioner Moore** inquired of the amount needed for the Mental Health Facility. **Chairman Devos** said \$700,000 is the capital part but there is also \$250,000 per year operating expense. **Commissioner Cummings** said the Mental Health Facility has his support. **Commissioner DeBoer** said if a project was not part of the first tier he is not ready to add funding; not until he knows everything in the first tier was funded; the

amount for continued operation and maintenance to the County of the requested 24-bed facility for the Mental Health Facility was over \$800,000 per year. **Chairman Devos** said she does not expect to add or vote on anything today but wanted to be certain the Mental Health Facility is not forgotten because the discussion was that when valuations were known it would be reconsidered.

Hurricane - Financial Update

Mr. Sandrock said Page 19 reflects a financial update related to the hurricane; total reimbursements to date are \$52.4 million which includes \$25 million from insurance; \$20.6 million from FEMA; \$5.9 million from FDOT Revenues and \$0.9 million from the State.

Hurricane - Financial Update

Mr. Sandrock explained total expenditures related to the hurricane to date are \$85 million; the largest amount is for debris and cleanup of \$56 million.

FEMA Reimbursement slowing

Mr. Sandrock stated debris removal project worksheets submitted to FEMA for reimbursement total \$40 million; \$16 million has been received to date and \$24 million is still due; FEMA put a hold on debris reimbursements in order for an audit team to look more closely at private property debris; FEMA did not want to get too far ahead in reimbursements to the County before being certain what was due; FEMA committed to \$5 million, which was received this week. **Commissioner Cummings** asked if there had been additional conversations with Mr. Morris; Mr. Sandrock stated he received a call from Mr. Morris' office this morning; FEMA is looking at several project worksheets that total \$12 million; a decision forthcoming in a few days; and the funds fast-tracked; Mr. Morris was unable to advise if that would be total close-out on the debris issue but was requested to advise if project worksheets are being changed so the changes could be accounted for. Mr. Loucks said either way a conference would be scheduled with Mr. Morris, assistance offered where needed, and the matter would be taken to Washington, D.C. if necessary. **Chairman Devos** said she planned to attend those meetings.

Commissioner DeBoer said he expects to have a phone conference on Friday with parties from Washington, D.C.

IV. Set tentative millage rates (motion to adopt tentative millage rates on page 22 of presentation handout)

Summary - Tentative Millage Rates

Mr. Sandrock advised Page 22 is a Summary of the Tentative Millage Rates for trim advertising. COMMISSIONER DEBOER MOVED TO SET THE TENTATIVE MILLAGE RATES OF 0.6 MILLS AS LISTED ON PAGE 22, SECONDED BY COMMISSIONERS MOORE AND D'APRILE AND DECLARED UNANIMOUS.

MEETING ADJOURNED: 2:35 P.M.

Signature on file in Commission Minutes

Sara J. Devos
Chairman

ATTEST:

BARBARA T. SCOTT, CLERK
OF THE CIRCUIT COURT AND
EX-OFFICIO TO THE BOARD
OF COUNTY COMMISSIONERS

By: Signature on file in Commission Minutes
Deputy Clerk

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