

BOARD OF COUNTY COMMISSIONERS - BUDGET WORKSHOP

JULY 12, 2006

A Budget Workshop of the Board of County Commissioners was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman Moore and Commissioners D'Aprile, Cummings, DeBoer, and Devos. Also in attendance were County Administrator Loucks, County Attorney Knowlton, Chief Deputy White, Minutes Supervisor Nice, and Deputy Clerk Manley. The following members were absent: None.

The meeting was called to order at 1:30 PM (Proof of Publication was in order.)

I. Presentation - General Budget Overview

Raymond Sandrock gave a slide overview on the FY06/07 Budget.

Mr. Sandrock advised the purpose of the workshop is to update the Board since the May meeting, discuss proper reserve levels, determine how the County is doing financially since the hurricane, and set tentative millage rates; and explained that figures are subject to change before the final budget hearings in September.

Mr. Sandrock indicated new requests are included in the proposed budget; that significant changes since the May workshop are receipt of the certified property valuations, additional funding request for the jail expansion, new position requests, and funding request by the State Attorney's Office and Prosecuting Attorney's Office for the Criminal Justice Information System (CJIS).

Mr. Sandrock reported that significant items in the FY06/07 budget are the increased valuation, keeping pace with growth, infrastructure, impact fees, future property valuation increases, and wrapping up recovery. Mr. Sandrock explained in the General Fund Valuations, the total assessed valuation from the Property Appraiser is up nearly 50% from last year;

indicated New Revenue from Certified Property Valuations does not include the various Municipal Service Taxing Units (MSTUs); that the General Fund, Capital Projects Fund, and the Health Unit make up the countywide millage rate; that the Public Safety Fund excludes the City of Punta Gorda, and funds two-thirds of the Sheriff's law enforcement budget and the Community Development Department, excluding the Construction Services Department, which is now fee supported.

Mr. Sandrock reported that for Reserve levels in the General Fund, a study was done of other counties and found reserves averaged about 9%, split between two reserves in the General Fund, Cash Carried Forward, which should equal three months of operational expenses to bridge the gap until new revenues are collected, and Contingency Reserves of approximately 5%.

Mr. Sandrock stated there are few changes in the General Fund - Revenue Variances since the May workshop; ad valorem taxes changed, and figures reflected are before Tax Collector or other statutory reductions.

In the General Fund Expenditures Variances, Mr. Sandrock reported significant changes are an increase in this year's budget for Reserve - Cash Carried Forward in order to get closer to the three-month operational cost, and new position requests in the General Fund. Mr. Sandrock explained there are 35 full time and 11 part time new positions requested in the General Fund for various departments.

Mr. Sandrock said projections are that this could be the end of double-digit increases in Future Property Valuations and may need to be factored into the equation, but that is still unknown.

In the Capital Project Fund, Mr. Sandrock advised this is primarily ad valorem funded; impact fees help in this fund; many of the high profile projects are in this fund, such as the jail expansion and constitutional officers space needs; this is an area where dropping of millage rates is not recommended because so many key projects are going on; and that there was discussion at the May workshop of revenue shortfalls, and an adjustment made accordingly. **Commissioner Devos** asked what the shortfall

was in May. Mr. Sandrock indicated it was about \$12 Million and space needs was adjusted to make it balance.

Mr. Sandrock advised that in the Jail Expansion Project updated design recommendations are to increase the size of the intake and release areas of the facility, would increase the total project cost to about \$45 Million, and leave a shortfall of \$16 Million. Mr. Sandrock pointed out an option, and recommendation, is to extend the .6 mill increase for one additional year, which would generate sufficient funds to cover this item.

Mr. Sandrock advised the Public Safety Fund details increases and decreases in the fund's FY06/07 proposed budget, includes revenues from Construction Services for building fees, and the reserves for the building area to be used for space, technology, or related expenditures; and that Public Safety funds two-thirds of the Sheriff's law enforcement budget and Community Development Department, excluding Construction Services. Mr. Sandrock indicated major revenue increases in this fund are ad valorem from the property valuations, building permits, and miscellaneous reductions.

Mr. Sandrock reviewed new position requests; 26 within the Public Safety Fund, which include two environmental specialists in Natural Resources, 28 in Utilities, and 24.5 in all other funds, including fire rescue for back-fill spaces and to address growth issues, particularly ambulance needs in South County and West County.

Mr. Sandrock stated in Recovery at the two-year mark since Hurricane Charley the current gap between expenditures and reimbursement is \$11 Million; that an effort is being made to maximize the insurance reimbursements; and the Federal Emergency Management Agency (FEMA) will not give the remainder due until insurance is wrapped up.

Mr. Sandrock indicated if the \$10 Million from insurance is factored in, Hurricane Financial Impacts are about even with expenditures and reimbursements, but the extent with which continued reimbursements is received is questionable, is part of the future gap projection, and the need for reserves.

Mr. Sandrock advised that on Hurricane Reimbursements many appeals have been made to FEMA; it is not known yet where the appeals will end up because many are statewide issues, not just for Charlotte County, but we have been told there can be further discussion at closeout.

Mr. Sandrock advised the Tentative Millage Rates - Summary is before any reductions are considered; this is the beginning of the process with two more public hearings to be held, and millage rates could be reduced; many of the MSTUs are managed by Public Works staff; staff looked at millage rates versus the new valuations, and in most cases the recommendation is to hold the rates; and staff requests more time before the September hearings to determine if the MSTU rates could be held or reduced.

Mr. Sandrock advised significant budget events coming forward are setting of tentative millage rates today, July 12, 2006, Truth in Millage (TRIM) notices are to be mailed no later than August 24, 2006, the first Public Hearing is September 14, 2006, and the second Public Hearing is September 28, 2006. **Commissioner D'Aprile** inquired if the \$11 Million gap between total expenditures and reimbursements under Hurricane-Cash Flow Impact was bonded and still owed, or if it was paid from the General Fund. Mr. Sandrock said it came from various funds, and upon reimbursement would be reimbursed to the funds that held the initial expenditure. **Commissioner DeBoer** asked if the reserves were reduced with expectation of revenues coming back in. Mr. Sandrock indicated the revenues were not reduced. Mr. Sandrock reviewed various millage rate reduction scenarios through a slide presentation.

Commissioner D'Aprile inquired what reserves would be in the General Fund using the .25 mill scenario. Mr. Sandrock advised it would be about \$21 Million, or a \$6 Million increase in the General Fund from this year.

II. Board Discussion

Commissioner Devos advised that millage rates approved today can be reduced in September, but not increased; suggested that the millage rate not be altered until September; and expressed

concern of reducing the millage too much this year and having to raise it next year.

Chairman Moore agreed, but indicated he would like the Board to give preliminary thoughts of what their desires are. **Commissioner D'Aprile** agreed with **Commissioner Devos**, but stated the millage rate should go down in September.

Commissioner D'Aprile said there is the option to change in September; that history shows additional requests to the budget are minimal after this period of time in the budget process, short of an emergency situation, and that this is a good opportunity to show an effort of trying to give back to the public.

Commissioner Devos asked where the money would come from for the decision made by the Board to purchase property. Mr. Loucks said there are short-term and immediate sources, but to the extent that no Florida Communities Trust (FCT) grants are received, and the match that must be made, it is recommended not to lower the Capital Improvements Program (CIP) millage because those funds are expected to cover the cost of the property acquisitions over the long term. **Commissioner Devos** reported the 5-year CIP is short and projects must be prioritized; that ad valorem has never been used for roads but nothing prevents it; and she wants to be certain all information possible is available to make the correct decision in September.

Commissioner Cummings said he prefers keeping the millage rate high at the top and reduce in September; that the option of the .25 mill reduction from the current rates meets the goals for restoring the reserves after recovery and gives a better comfort level; he doesn't recall a year with so much unhappiness and shock with the notices sent out; doesn't think it is the intent of the Board to stay with the same millage rate, and inquired if it is appropriate to gesture in a direction that would reduce some of the stress for the citizens and the Board.

Commissioner DeBoer indicated the public was told revenues would increase by inflation, growth, mandates, and new facilities, and the Board should abide by that, and if there is justification for a tax increase next year, he believes the public would then support it. **Commissioner DeBoer** said he would work today with a

.05 mill reduction, and is looking at a .75 mill reduction for September.

Chairman Moore agreed that the CIP .6 should be kept with reference to expenses with the jail; believes millage should be cut, and is inclined to be in the .25 reduction range; but pointed out no matter what the reduction is, it is impossible to say it won't go up next year.

Commissioner DeBoer clarified his comment was that he would rather increase the millage next year with proper justification. **Commissioner D'Aprile** said his preference is to lower millage to .05 mills, provided he was assured the \$11 Million would be received from FEMA, but without that knowledge, he is in favor of the .25 mills.

Mr. Sandrock explained that any reimbursements would go into the funds to cover what they have already spent; reserves are set up to pay for the gap between what is anticipated not to be covered; and additional reimbursements would not increase the reserves.

Commissioner DeBoer stated he couldn't agree with all the increases being asked for at this time. **Chairman Moore** said he was impressed with the meeting of the Constitutional Officers and Administration for spaces needed.

III. Set tentative millage rates

COMMISSIONER DEBOER MOVED TO APPROVE REDUCING THE GENERAL FUND MILLAGE BY .05 MILLS, HEALTH UNIT MILLAGE BY .03 MILLS, AND THE PUBLIC SAFETY FUND MILLAGE BY .35 MILLS, SECONDED BY COMMISSIONER D'APRILE.

Chairman Moore stated he could not support the motion. **Commissioner Devos** agreed.

MOTION FAILED 2:3. CHAIRMAN MOORE, COMMISSIONER CUMMINGS, AND COMMISSIONER DEVOS OPPOSING.

Mr. Sandrock pointed out tentative millage rates need to be set today.

COMMISSIONER DEBOER MOVED TO APROVE REDUCING THE GENERAL FUND MILLAGE BY .25 MILLS, THE HEALTH UNIT MILLAGE BY .03 MILLS, AND THE PUBLIC SAFETY FUND MILLAGE BY .35 MILLS, SECONDED BY COMMISSIONER D'APRILE.

Motion Carried 4:1. Commissioner Devos opposing.

Adjourned 2:25 PM

Signature on file in Commission Minutes
Thomas G. Moore
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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