

BOARD OF COUNTY COMMISSIONERS

JUNE 8, 2007

A budget workshop was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman Loftus, Commissioner D'Aprile, Commissioner Moore, and Commissioner Duffy. Also in attendance were County Administrator Loucks, County Attorney Knowlton, Internal Audit Director Byrne, and Minutes Supervisor Nice. The following member was absent: Commissioner Cummings. The workshop was called to order at **2:00 PM**.

2:00 PM - Preliminary Budget Overview

1. Presentation of Preliminary FY 07/08 Budget
2. Board Questions

Raymond Sandrock explained the almost year-around budget process that starts in January with departmental budget submittals, the budget review workshops, July CIP workshop and MSBU public hearings, the information from the Property Appraiser in June and July, property tax reform, ending with the public hearings and final adoption September 13 and 27, 2007. Mr. Sandrock gave a slide presentation on the Budget Assumptions on operating expense increases, the \$1 million property casualty coverage increase, and reported the FRS rates are not increasing which will have a \$500,000 positive impact to the General Fund budget. **Commissioner Moore** questioned changes in the health benefit package. Mr. Sandrock stated that is no longer a consideration. Mr. Sandrock reviewed Central and Indirect Charges that were charged out to user departments in the amount of \$12.3 million, various Property Tax Reform proposals including the draft bill by the Joint Committee on Property Taxes that would create a \$22 million reduction in ad valorem revenues throughout the County; impacts are unknown on MSBUs and CRAs at this time; and staff will keep the Board up to date. Mr. Sandrock continued with Property Tax Expenditures for each department and Constitutional Officers model that has been developed to make adjustments on a prioritization of the level of service. Mr. Sandrock outlined Staff Reductions and Revenue Enhancements including the hiring freeze that has been in effect since April that pertain to 58 full time positions for a savings

of \$2.9 million and 7 part time or seasonal positions for \$137,103, explained the difference between positions in a hiring freeze and position cuts that are de-authorized, projected employee cuts at 37 full time positions for \$1.6 million and 8 part-time positions at \$145,761, reported the calculations reflect full year impacts, and these do not include the reductions issued yesterday in Community Development.

Mr. Sandrock explained the Proposed General Fund Budget decreases and increases for Constitutional Officers and BCC Departments e.g. the increases for Corrections are \$4 million and Law Enforcement for \$1.1 million; the Supervisor of Elections proposed an increase; BCC Departments changes are offsetting some of the increases for an overall budget increase of \$1 million; subsequent changes have occurred as a result of a reduction of \$300,000 by the Supervisor of Elections from the original submittal, FRS for a \$500,000 reduction, a \$200,000 reduction in the Property Appraiser's budget for almost a balance between the budget and requests; and advised it would not be unusual to have a \$8 to \$10 million gap at this stage in the process. Mr. Sandrock summarized the Growth Per Capita costs in the General Fund and Capital Improvements Funds that have increased since 2003 with the total being divided by the population; the General Fund has increased as a result of new facilities, services, the costs of EMS services, recovery, and the use of Reserves for recovery; and the Capital Projects Fund was fairly flat until 2005 when property valuations increased and the millage rate was increased by .6 mills for the jail, Event Center, Human Services Department, rebuilding of some of the fire stations and other facilities not covered by insurance. Mr. Sandrock explained the ad valorem revenues make up 60% of the General Fund Revenues and estimated a \$5.8 million increase from property valuations based on a 6% increase. Mr. Sandrock projected Franchise Fee Revenues derived from utility companies and rights-of-way usage will amount to \$8.8 million and explained revenues are split 50/50 between the General Fund and Public Safety Fund. Mr. Sandrock reported the base \$.06 Sale Tax Revenues returned to the County will be about to \$16.9 million; estimated an increase in Communications Services Taxes of \$1 million in FY 07/08; collections of the \$.01 Sales Tax Revenues are close to \$23 million per year; the Major General Fund Revenues increase is about \$972,838; reviewed the General Fund Changes for FY06/07 versus FY07/08 for a decrease of about \$2 million of all BCC line

items; a \$5.2 million decrease attributed to Reserves and Transfers; a \$105,000 decrease for the Clerk of Court; increases from other Constitutional Officers; Debt Service Payments; and the Department of Juvenile Justice. Mr. Sandrock commented on the Corrections and Jail Expansion proposal for the total requested of \$20.3 million; outlined the Sheriff's Law Enforcement total budget request of \$39.8 million which represents a \$3 million increase over FY 06/07; the Public Safety Fund Revenues fund the Community Development Department and two-thirds of the Sheriff's Law Enforcement; and ad valorem funds are collected in this fund but not from the incorporated area of the County e.g. the City of Punta Gorda. Mr. Sandrock stated Public Safety Fund Expenditures are decreasing overall by \$1.8 million which is offset by the \$1.9 million for the Sheriff's Law Enforcement from this Fund. Mr. Sandrock reiterated Legislative impacts are unknown; property valuation are estimated to increase by 6%; summarized the hiring freeze and cuts to positions and services; the first round of line item reductions is complete; Reserve levels need to be clarified; and State Revenue forecasts will be known in July and thereafter. **Commissioner D'Aprile** questioned the property valuation increase with the current market. Mr. Sandrock stated the early projection received from the Property Appraiser in June indicated a 6% increase based on new commercial growth and Save Our Homes cap versus actual values. **Commissioner D'Aprile** requested allocation of \$30 million in excess revenues. Mr. Sandrock advised excess monies were allocated to increase Reserves to acceptable levels and then to offset budgets for Constitutional Officers and BCC Departments and capital projects. **Commissioner D'Aprile** asked for an explanation on the allocation of the remaining \$19+ million because it was his belief that the monies were to be returned to taxpayers. Mr. Sandrock offered to review the information. Mr. Loucks explained the monies were not distributed to taxpayers but the millage rate was reduced. **Commissioner Moore** requested an explanation of the difference on ad valorem revenues reflected as 60% of the General Fund on page 12 and 15% of the total budget on page 13. Mr. Sandrock advised the near \$1 billion budget is funded by about 15% from property taxes and the remaining from utilities, gas taxes, etc. Mr. Loucks explained that not all of the 200 funds receive revenues from property taxes e.g. the General Fund receives most of the property taxes and the Public Safety Fund is the second largest Fund. **Commissioner D'Aprile** concluded MSTU/BU assessments are not included in the General

Fund. **Commissioner Duffy** referenced page 8 on staff reductions and questioned what the \$3 million in savings will be used for. Mr. Sandrock explained any savings from vacant positions now would roll into available funds for next year. **Commissioner Duffy** requested the 37 employee cuts. Mr. Sandrock stated 20 of the positions are currently vacant. Mr. Loucks stated 13 layoffs have occurred to date in Community Development and Building Construction Services, the 37 employee cuts will be effective October 1, 2007, and some of 23 or 24 of the positions are reflected in the frozen positions. Mr. Loucks advised that the number of employee cuts approved by the Board in September will be for a full year commencing October 1, 2007 whereas the freeze impacts positions for the current year. Mr. Sandrock stated the impact for FY07/08 will be \$2.9 million. **Chairman Loftus** concluded the \$2.9 million in savings and employee cuts approved in September will impact FY07/08 budget year. **Commissioner Duffy** concluded a savings of \$4 million. Mr. Loucks agreed. Mr. Sandrock stated plus the savings from the existing hiring freeze. **Commissioner Duffy** referenced the Public Safety Fund and questioned if Community Development is an Enterprise Fund. Mr. Loucks explained Building Construction Services is an Enterprise Fund. Mr. Sandrock stated Community Development and the Sheriff's Law Enforcement are heavily funded from the Public Safety Fund.

Commissioner Duffy requested Commissioners to think about the \$5 million Myakka River park acquisition because she has rethought her position, she was hopeful of getting a grant from the State but she has learned that Conservation Charlotte does not believe the acquisition qualifies for the grant. **Commissioner D'Aprile** recalled the acquisition was contingent upon the County getting the grant monies and he is opposed to paying \$5 million for another park. Mr. Loucks recalled discussion that the County would acquire the property with a possible reimbursement from the grant. **Commissioner Duffy** suggested using the \$5 million for Murdock Village. **Chairman Loftus** requested the County Attorney to research the ramifications of backing out of the acquisition contract. **Commissioner Moore** stated he voted in support but he needs more time. **Chairman Loftus** recommended these issues be discussed next Tuesday. Mr. Loucks stated pre-acquisition would provide more points for the grant. Laura Kleiss-Hoeft stated pre-acquisition would be required to pursue grant monies and suggested waiting for updated information from the County

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COUNTY COMMISSIONERS

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Attorney. **Chairman Loftus** reiterated discussion will take place next Tuesday. **Chairman Loftus** expressed appreciation to Mr. Sandrock for his and staff's efforts regarding the budget; noted final cuts by the Board will be made in mid-July; and opined vacant positions should be cut first instead of employee layoffs.

ADJOURNED: 2:50 PM.

Chairman

ATTEST:

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

By: _____
Deputy Clerk
djn