

**MEMORANDUM**  
FROM  
**OFFICE OF THE COUNTY MANAGER**

DATE: May 21, 2014

To: BoCC

FROM: Roger J. Desjarlais  
County Manager

**RE: Continuation Budgets – May 27, 2014 Workshop**

Commissioners:

This memo for your May 27 Budget Workshop focuses on the Fiscal Year 2014-15 “continuation” budget and policy questions for which we will need Board direction.

**After last year’s budget process, the Board expressed a desire to:**

- 1. Begin the budget process earlier so that issues would be resolved well in advance of the Aug./Sept. timeframe;**
- 2. Receive an initial budget that shows what it will cost next year to provide the exact same service levels as this year – known as the continuation budget.**

**Continuation Budget**

Some key points regarding the continuation budget:

1. We requested that all entities the Board funds -- including the Constitutionals and Courts -- comply;
2. It DOES NOT include service level enhancements;
3. It DOES NOT include cost increases we control – such as salary increases; and
4. It DOES include cost increases over which we have no control – such as price increases for external goods and services, Florida Retirement System, Medicaid, and Juvenile Justice.

**General Fund**

Current budgets have the General Fund increasing 5.3% from \$336.5 million to \$354.3 million, as follows:

Constitutionals & Courts (including Sheriff)	+\$7.6 million
BoCC Departments	-\$0.1 million
Major Maintenance	+\$7.8 million
Other (Juvenile Justice)	<u>+\$2.5 million</u>
<b>TOTAL</b>	<b>+\$17.8 million</b>

This includes no cost of living increases for BoCC departments and backs out pay increases submitted by Constitutional Offices.

As the Board requested, staff developed a continuation budget, then backed 0.5 mills out of revenues for Conservation 20/20 (0.4 mills for acquisition and 0.1 mills for management), so the Board could see if there is a gap.

Current revenue projections for the General Fund, based on a 6% increase in the tax base (per the Dec. state revenue estimating conference) and after backing out 0.5 mills, have revenues decreasing from \$337.9 million this year to \$330.2 million in FY14-15 (a gap of negative -\$24.1 million).

An alternative scenario is to back out just 0.1 mills for Conservation 20/20 management. This projection (revenues of \$352.2 million) results in a gap of negative -\$2.1 million.

Finally, using all 0.5 mills for General Fund balancing results in a surplus of positive +\$3.4 million.

To balance the General Fund and still transfer a 0.5 mills equivalent to Conservation 20/20, without raising tax rates, would require an increase in the tax base next year of nearly 17%.

The current balances in the Conservation 20/20 funds are Acquisition (\$63,324,484) and Management (\$34,837,070).

FY 2014-15 General Fund Continuation Budget Scenarios (dollars in \$000,000)			
Millage Rate	Revenues	Expenses	Surplus/Gap
3.65 (↓ .5 mills)	\$ 330.2	\$ 354.3	\$ (24.1)
4.05 (↓ .1 mill)	352.2	354.3	(2.1)
4.15 (current rate*)	357.7	354.3	3.4

\*includes 0.5 mills from 20/20

## **Unincorporated MSTU Fund**

This fund pays for services provided only in the unincorporated areas of the county.

The BoCC departments in this fund include a portion of DOT, the Community Parks System, Community Development, Hearing Examiner, Animal Services, and a portion of Natural Resources.

Current budgets have the Unincorporated MSTU Fund decreasing 4.3% from \$50.9 million to \$48.7 million.

The Unincorporated MSTU is the last major fund to be unbalanced, or running a shortfall, although it still has reserves. The gap is estimated at negative -\$8.8 million. Current projections have Unincorporated MSTU reserves at \$28.6 million at the end of this year, \$19.5 million at September 30, 2015, and \$10.9 million at September 30, 2016.

Additional pressure will be placed on the Unincorporated MSTU if the Village of Estero incorporates. We currently are analyzing the impacts and much will depend on whether the potential new city contracts a majority of its services to the county.

## **Library Fund**

The Library budget is decreasing 0.5% from \$24.6 million to \$24.5 million.

The Library Fund is balanced and the community libraries sinking fund will have \$6.8 million by the end of FY14-15.

Additionally, the Library Fund's operating reserve is estimated to be \$6.8 million at the end of FY14-15 (28% of operating expenditures). We would recommend transferring some of this excess to the sinking fund.

All entities pay into the Library Fund except Fort Myers Beach and Sanibel.

## **Further Budget Considerations**

We would like to make the Board aware of the following issues:

1. Major Maintenance/Capital Items --
  - a. One-time renovations that we recommend be taken directly from General Fund reserves that are non-recurring and do not increase on-going operating costs:
    - i. Consolidate the Public Defender's offices (\$2.5 million);
    - ii. Enlarge the jury room (\$1.25 million);
    - iii. Replace Brooks Park lighting (\$420,000); and
    - iv. Enhance Kelly Road soccer fields irrigation (\$450,000).

2. Outstanding Operating Items --
  - a. Engage a consultant to work with FEMA on its upcoming Coastal Remapping Project (\$215,000);
  - b. Comply with the National Fire Protection Association's new standard for fire damper inspections (\$119,000); and
  - c. Get Board direction on potential restoration of transit routes that were modified for the current year budget process (\$358,168).
3. Salary increases have not been included in the continuation budget. A 3% increase would be \$4 million in the General Fund (\$1.5 million for BoCC departments and \$2.5 million for Constitutionals).

### Policy Questions

**We will be seeking direction to the following policy questions so we can complete the budget in June:**

1. **Will the Board consider making an annual line-item (\$) appropriation to Conservation 20/20 based on current needs instead of a recurring millage equivalent?** Even after the Continuation Budget, backing 0.5 mills out of projected General Fund revenues (0.4 mills for Conservation 20/20 acquisition and 0.1 mills for 20/20 management) will result in a projected gap of negative -\$24.1 million. Backing out only 0.1 mills for management will result in a projected gap of -\$2.1 million.
2. **How will the Board treat General Fund reserves currently earmarked for conservation 20/20 land management and land acquisition?** Current reserves levels are \$35 million for land management, and \$63 million for acquisition.
  - a. **If the Board chooses to levy 0.5 mills for Conservation 20/20, the options are:**
    - i. **Find further cuts to balance the General Fund;**
    - ii. **Increase the General Fund tax rate;**
    - iii. **Consider General Fund Reserves as discussed below.**
3. **What will be the Board's rules for use of General Fund reserves?** Projected General Fund reserves at the end of this fiscal year (September 30, 2014) are projected to be \$94 million. That amount equates to 26.5% of the continuation budget.
  - a. **Would the Board be willing to appropriate reserves above 20% pursuant to applicable guidelines?**
4. **What policy will the Board adopt for impact fees?**

**GENERAL FUND  
FY 2014-2015**

(in millions)	ADOPTED FY 12-13	ADOPTED FY 13-14	CONTINUATION FY 14-15
<b>Constitutionals &amp; Courts</b>			
Sheriff	\$ 137.0	\$ 140.9	\$ 147.9 *
Tax Collector	13.0	12.8	13.0
Property Appraiser	7.6	8.0	7.8 *
Courts	6.8	7.6	7.6
Clerk	7.5	7.5	7.6 *
Supervisor of Elections	6.2	6.4	6.5
Medical Examiner	2.4	2.5	2.7
State Attorney Support	0.9	0.9	1.0
Public Defender Support	0.6	0.6	0.7
Guardian Ad Litem Support	0.2	0.2	0.2
Support All Others	11.7	11.9	11.9
	\$ 193.9	\$ 199.3	\$ 206.9
<b>BoCC Operating Departments</b>			
Public Safety	\$ 36.8	\$ 35.4	\$ 36.5
Human Services	22.1	19.5	17.9
Parks (Regional)	12.6	12.8	13.3
Facilities	11.6	12.2	12.3
Other (13 depts.)	20.2	19.2	19.0
	\$ 103.3	\$ 99.1	\$ 99.0
Debt Service	\$ 13.4	\$ 12.3	\$ 12.5
Transit Transfer	10.4	10.3	10.3
Medicaid	8.2	7.0	7.1
Major Maintenance	11.9	4.2	12.0
Juvenile Justice	4.2	0.5	2.5
Non-departmental/Transfers	3.6	3.8	4.0
	\$ 51.7	\$ 38.1	\$ 48.4
<b>TOTAL GENERAL FUND</b>	<b>\$ 348.9</b>	<b>\$ 336.5</b>	<b>\$ 354.3</b>

\* Budget reduced by pay increases (Sheriff, \$1.9 million), (Prop. Appr. \$180K), (Clerk, \$55K)

**UNINCORPORATED MSTU  
FY 2014-2015**

(in millions)	ADOPTED FY 12-13	ADOPTED FY 13-14	CONTINUATION FY 14-15
<b>Operating Budgets</b>			
Parks (Community)	\$ 12.4	\$ 12.6	\$ 13.1
Community Development	10.1	8.2	8.3
Animal Services	4.1	4.4	4.7
Hearing Examiner	0.6	0.7	0.7
Other	1.8	1.1	-
	<u>\$ 29.0</u>	<u>\$ 27.0</u>	<u>\$ 26.8</u>
<b>Transfers and Other</b>			
SROs	\$ 0.7	\$ 0.7	\$ -
Major Maintenance	\$ 2.5	\$ 1.6	\$ 1.2
Other Transfers	\$ 4.9	\$ -	\$ -
Transfer to DOT	\$ 16.0	\$ 16.5	\$ 15.5
Transfer for Nat. Res./DOT	\$ 3.5	\$ 3.5	\$ 2.7
Transfer for Dispatch (GF)	\$ 1.6	\$ 1.6	\$ 1.8
Other	\$ -	\$ -	\$ 0.7
	<u>\$ 29.2</u>	<u>\$ 23.9</u>	<u>\$ 21.9</u>
<b>TOTAL</b>	<u><u>\$ 58.2</u></u>	<u><u>\$ 50.9</u></u>	<u><u>\$ 48.7</u></u>