

MEMORANDUM
FROM
OFFICE OF THE COUNTY MANAGER

DATE: August 26, 2015

To: BoCC

FROM: Roger J. Desjarlais

County Manager

RE: Sept. 1 Work Session – FY15-16 Final Draft Budget Memo

Commissioners:

This memo briefly describes the FY15-16 budgets in your major funds that comprise the overall county budget, and the outstanding issues that remain unresolved.

At the Sept. 1 final work session, we will ask the Board for final decisions on:

- Historic Preservation Grant funding direction;
- Funding for Supervisor of Elections' ADA voting machines; and
- Additional marketing money (\$1.4 million) for the VCB.

The final budgets and millage rates will be approved at the Budget Public Hearings Sept. 9 and 15.

Additionally, per the Board's direction, we will be working during the fall and winter on a proposal to reduce the tax rate for FY16-17.

General Fund (\$390 million FY15-16 expenses; \$11.9 million estimated carryovers)

The General Fund budget is a reflection of the Board's policies and work session discussions to date. The overarching concepts in the development of the budget are the "Continuation Budget" and "CIP Pipeline." The following work sessions on the budget were held this year:

Mar. 3	FY15-16 Continuation Budget/CIP (Roads Only)
Apr. 7	FY15-16 Operating Budget Assumptions & Policies
Apr. 21	FY15-16 Draft Capital Maintenance and Capital Improvement Plan
May 19	FY15-16 Draft Capital Plan and Funding Discussion
June 2	1 st Draft FY15-16 Continuation Budget

June 16 2nd Draft FY15-16 Continuation Budget
 Aug. 4 3rd Draft FY15-16 Budget and Outstanding Issues

The General Fund is balanced and includes \$7.9 million for a Growth Increment Funding (GIF) infrastructure fund, a 4% pay adjustment for BoCC and Constitutionals employees, expansion of the Drug Court and Early Case Resolution programs, an additional Assistant Medical Examiner, and two new transit programs – expansion of LeeTran’s ADA Passport Service and a Partnering for Transportation Results Program.

General Fund FY15-16 revenues and expenditures are as follows:

Estimated Revenues	\$384,403,849
Transferred from Reserves for Capital Maintenance	<u>6,023,500*</u>
Total Revenues	\$390,427,349
“Continuation Budget” Expenses	\$376,624,317
Growth Increment Funding	7,856,910
Capital Maintenance Paid from Reserves	<u>6,023,500*</u>
Total Appropriations	\$390,504,727
DIFFERENCE	\$ <u>(77,378)</u>

*Paid from reserves in excess of the Board-adopted 20% level.

The FY15-16 Budget also includes \$93.2 million in a reserve for Conservation 20/20 land acquisition and a \$4.9 million budget for 20/20 annual maintenance expenses.

Three outstanding issues remain:

Historic Preservation Grants -- \$100,000 is budgeted in the Unincorporated MSTU to fund the FY15-16 round of historic preservation grants. The criteria for this program will be discussed at the Board’s Sept. 1 work session, to include whether grants should continue to be awarded to private concerns at which public access is not allowed.

Note: Board directed at its Aug. 18 meeting to discuss this issue at the next available work session.

Supervisor of Elections – The Supervisor of Elections has withdrawn her request to replace poll registration iPads. However, she has an outstanding request to purchase new ADA voting machines, called Express Votes, for \$714,325. The Supervisor’s Office held a product demonstration Aug. 14 attended by representatives of the local disability community and a majority of the attendees expressed support of the new technology. The representatives also said they did not believe they should have to wait until 2020 (the federally mandated deadline for new technology) to receive the equipment.

Recommendation: Apply excess funds the Supervisor returns from the FY14-

15 budget year to the purchase of these machines and fund any balance with remaining reserves. See attached technology plan from the Supervisor.

Visitor & Convention Bureau – \$1,418,097 has been added to the VCB’s marketing budget request in the FY15-16 budget. The plan is to hold a work session this fall on VCB reserves.

Note: As discussed at the Board’s Aug. 4 work session, an executive summary of how the additional \$1.4 million will be spent is attached.

Capital Improvement Plan (\$98.7 million in expenses; \$123 million in funding already in pipeline)

The FY15-16 CIP is \$98.7 million. Major projects include:

		<u>Total Cost</u>
Homestead Road*	\$13,500,000	\$21,000,000
Estero Boulevard (Second Segment)	7,000,000	
Burnt Store Road (North Segment)	6,580,000	
Joel Boulevard Park	1,500,000	
Bonita Springs/North Fort Myers Libraries*	11,334,375	\$25,000,000
5-Plex Player Development Complex	5,774,000	
Transit, South FM Transfer Station	3,000,000	
Fichter Creek Restoration	1,400,000	
Tidemark Permitting Upgrade*	850,000	\$ 1,850,000
Three Oaks Wastewater Plant Expansion*	10,864,855	\$29,600,000
EMS Trail Dairy Station (North Fort Myers)	500,000	

*Indicates multi-year funding in CIP Pipeline.

Major Maintenance (\$31.1 million; \$13.6 million in carryover projects)

Major Maintenance for FY15-16 is \$31.1 million with \$7.6 million from the General Fund (including \$1.5 million from reserves).

Major projects include the second-floor Justice Center renovations, Alva boat ramp/dock replacement, Matlacha Bat House Park (parking lot), Caloosahatchee Regional Park shoreline stabilization, an automated materials handling system at East County Regional Library, and road resurfacing.

Unincorporated MSTU (\$48.4 million in expenses; \$8.5 million deficit)

The Unincorporated MSTU fund pays for services provided only to the unincorporated

area, such as Animal Services, Building Services (planning, zoning, development review, permitting, plan review, inspections, code enforcement), Community Parks, Department of Transportation (road and ditch maintenance), a portion of Natural Resources (surface water management), and Hearing Examiner.

The Unincorporated MSTU continues to operate at a deficit of \$8.5 million a year, but still has adequate reserves through Sept. 30, 2017 as we work to balance the fund.

Estero's incorporation reduced revenues by about \$5 million. A services interlocal of \$3 million has been negotiated with the Village; Estero Park & Recreation Center funding was moved to the General Fund (\$1 million); and overall growth revenues increased by about \$1 million.

Reserves are estimated to be \$22.3 million at the end of this year, \$13.6 million at Sept. 30, 2016, and \$5.0 million at Sept. 30, 2017.

There still are variables that can't be predicted in the Unincorporated MSTU, including the rate at which revenues will recover from an improving economy.

Recommendation: We will continue to closely monitor the fund and during the coming year, county staff will prepare a thorough analysis of the current status and projections for the fund. Because of the unknown variables, now is not the time to make final decisions regarding this fund.

Library Fund (\$34.0 million in expenses; \$13.3 million in construction fund)

By the end of FY15-16, the county will have \$13.3 million in the construction fund for the two community library expansions (North Fort Myers and Bonita Springs). The estimated total cost for the two projects is \$25 million.

The original plan was to fund the two expansions over 10 years and build them consecutively.

The projects now are being planned and built concurrently. With more than half the cost already funded, the goal is for funding completion by FY17-18, which would minimize, if not eliminate, any need for an internal loan.

All Hazards (\$2.5 million in expenses)

The All Hazards fund pays for Emergency Management operations, disaster preparedness, and some response costs.

When Estero opted out of this millage, the fund was affected. However, the fund still is in balance and has reserves of about \$4.5 million. We recommend maintaining this

reserve level in case of emergencies.

MSTBUs (\$3.4 million in pass-through expenses)

The Municipal Services Taxing/Benefit Units allow communities to tax themselves to pay for added services, such as streetlights, dredging, road paving, and landscaping.

For those units that have citizen committees, the budgets for next year were approved by the committees and the tax rate is a reflection of what is required to pay the annual costs.

For those that don't have committees, the county charges a rate that pays for annual costs while maintaining a small operational reserve for variances in revenues and unanticipated costs.