

**Board of County Commissioners
Workshop Agenda Item**

Date of Meeting: August 28, 2006

To: Honorable Chairman and Members of the Board

From: Marlon Brown, County Manager
Davin J. Suggs, Director, OMB

Subject: Review of FY 2007 Proposed Tentative Budget

Issue:

The workshop seeks to provide an overview of the development of the tentative FY 2007 thru FY 2011 operating and capital budgets for Gadsden County.

Background:

As a part of the annual budget process, staff is seeking policy guidance from the Board regarding the development of the tentative FY 2007 thru FY 2011 operating and capital budgets. Direction provided at this workshop will be used to formalize the tentative and final adopted FY 2007 thru FY 2011 operating and capital budgets. The tentative budget will be distributed and presented to the Board for its approval during a public hearing on September 5th, 2006. The final budget will be presented for adoption during a public hearing on September 19th, 2006.

Analysis:

Goals and Purpose of the Budget Workshop

These preliminary budget workshops will provide an opportunity to discuss pertinent budget issues with staff. Major goals of this process include:

1. Provide a review of projections and estimates of the primary components of the operating and capital budgets.
2. Discuss issues raised by Board from previous budget workshops.
3. Seek further policy guidance and input for the final development of the tentative and final adopted budget.

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Overview of Major Budget Components

✓ **Major revenue sources.**

Table 1 displays anticipated major revenue collections for FY 2007. This table includes an analysis of the County's top eleven revenue sources as of FY 2006. Per final estimates from the Property Appraiser, Ad Valorem growth will be approximately 14.96% over the FY 2006 budgeted amount. However, existing payments to the City of Quincy CRA and the Town of Havana CRA are also expected to increase. Additionally, the State of Florida has released its revenue estimates for various revenue sharing proceeds due to Gadsden County. These figures are represented below. The table also takes into consideration the state required reduction of 5% of estimated revenues.

Table 1.0 Major Revenue Analysis**Major Revenue Analysis**

	FY 2006 Budget	FY 2006 Estimate	FY 2007 Projections	% +/- FY 06 Budget
General Fund				
Ad Valorem	10,756,026	10,418,000	12,364,765	14.96%
State Revenue Sharing	812,000	812,000	872,000	7.39%
Local Gov. Emergency Sales Tax Distribution	1,683,000	1,676,000	1,830,000	8.73%
1/2 Cent Sales Tax	1,270,260	1,212,000	1,300,000	2.34%
Fiscally Constrained Funding			805,000	
Sub-total General Fund	14,521,286	14,118,000	17,171,765	18.25%
Less 5%	(726,064)		(858,588)	
Less Quincy CRA	(212,222)		(244,055)	
Less Havana CRA	(22,044)		(25,351)	
General Fund Total	13,560,956	14,118,000	16,043,770	18.31%
\$ Difference			2,482,815	
Gas Taxes				
Tier II and III Diesel	1,646,000	1,646,000	1,698,000	3.16%
Local Option Gas Tax	1,334,497	1,334,000	1,375,942	3.11%
Constitutional Gas Tax	1,144,387	1,180,000	1,189,197	3.92%
County Gas Tax (7th Cent)	514,893	519,000	538,239	4.53%
Sub-total Gas Taxes	4,639,777	4,679,000	4,801,378	3.48%
Less 5%	(231,989)		(240,069)	
Gas Taxes Total	4,407,788	4,679,000	4,561,309	3.48%
\$ Difference			153,521	
Other				
Small County Surtax	2,020,244	2,200,000	2,266,000	12.16%
EMS Fees	1,264,000	1,400,000	1,432,200	13.31%
Sub-total Other	3,284,244	3,600,000	3,698,200	12.60%
Less 5%	(164,212)		(184,910)	
Other Total	3,120,032	3,600,000	3,513,290	12.60%
\$ Difference			393,258	

✓ **Recommended Expenditures**

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In reviewing initial projected expenditures for FY 2007 there are numerous issues that staff must contemplate in developing the upcoming budget. Major expenditure issues are highlighted below.

Maintenance of Current Service Levels

Personal Services

To fund the County's existing personal services, which includes salaries and fringe benefits, staff must contemplate increased costs for the following areas:

- **Employee Compensation**
The current proposed budget includes a \$2,600 raise for all employees except Department Directors. The proposed budget includes a \$5,200 raise for all Department Directors. The total cost for the proposed employee compensation increases is equal to approximately \$524,000. Total proposed salary expenses will be almost \$6,265,000 for FY 2007.
- **FICA Taxes**
FICA Taxes are based on employee salaries. Therefore, as salaries increase costs related to FICA Taxes will also increase.
- **Health Care Costs**
Healthcare costs for the County have increased approximately by 5%. In FY 2007 the County has budgeted approximately \$817,000 for health plan contributions.
- **Worker's Compensation**
Worker's compensation costs are expected to increase between 10%-15%.
- **Life Insurance**
Costs for the provision of life insurance to employees will remain constant with expenses incurred in FY 2006
- **Retirement Contributions**
Retirement contributions are based on both employee salaries and contribution rates established annually by the Florida Legislature. For FY 2007 retirement contributions will increase in proportion to proposed salary increases which will be compounded by the approved increase in contribution rates set by the legislature. For FY 2007 the County will contribute approximately \$734,000 to the State Retirement System on behalf of its employees. This represents a \$175,000 (approximate) increase over FY 2006.

Operating Expenditures

To fund the County's existing operations staff must contemplate increased costs for the following areas:

- Supplies
- Road Materials
- Utilities
- Gas and Oil
- Repair and Maintenance Costs
- Insurance Premiums
- Postage and Freight

Enhanced Service Level Funding

In February 2006 the Board of County Commissioners adopted an official Budget Development and Management Process. This process included the establishment of Board Priorities and Management Initiatives. Board Priorities consists of those goals and initiatives that have an overall effect on the policy and programs of the County as a whole. Management Initiatives focus more on administrative matters that are internal in nature but still have an effect on the County's operations in pursuing the implementation of existing policies and programs, as well as new policies and programs established by the Board.

The final adopted list of Board Priorities is summarized below:

- 1. Comprehensive Planning / Physical Environment**
- 2. Economic Environment**
- 3. Human Services**
- 4. Public Safety**
- 5. Transportation**
- 6. General Government**

The final proposed list of Management Initiatives was presented to the Board and was subsequently adopted. The list is summarized below.

- 1. Revenue Enhancement and Financial Planning**
- 2. Employee Compensation and Staffing**
- 3. Vehicle & Equipment Replacement and Management**
- 4. Facilities Master Planning & Maintenance**
- 5. Countywide Technology Enhancements**

Several Board operating departments submitted requests for enhanced service level resources. Decisions regarding the funding of these requests have been made based on

- 1) Board and Management Priorities;
- 2) Board or executive direction; or
- 3) Needs and demands of respective work environments within Gadsden County.

The following information highlighting budget requests related to enhanced service provision by County departments is also notated as to what Priority or Initiative the request directly affects. Highlights of some major enhanced service level funding include, but are not limited to:

Personnel Services

As the County continues to press forward in an effort to become a high performance organization a number of departments are performing duties with significant increased and sometimes intervening workloads. Due to this fact, staff is recommending the funding of new positions (listed below) in key areas to assist the County in achieving its goals.

- Community Development – Economic Development Specialist
(Economic Environment) - Board Recommended
- OMB – Senior Management and Budget Analyst **(Financial Planning)**
- OMB / IT – IT Services Coordinator **(Countywide Technology)**
- County Manager’s Office – Special Projects Coordinator **(General Government)**
- Management Services – Management Analyst **(General Government)**
- Recycling / Hazardous Waste – Truck Driver **(Physical Environment)**

Operating Expenditures

Several Board operating departments have submitted requests for enhanced service level resources. Funding decisions and recommendations were strategically made to address necessary areas of improvement, Board or Management Priorities, or either legally or otherwise mandate issues. Highlights of some major enhanced service level funding items include, but are not limited to:

- Housing services **(Economic Environment)** (\$75,000) **Board Recommended**
This includes the commitment of “County” funding to emergency housing repair of up to an amount of \$7,500 per case or request.

- Athletic and sports programs (**Gen. Government**) (\$50,000)
This includes initial funding for the creation of enhanced County wide “active” recreation programs.
- Information Technology (**Countywide Technology**) (\$342,491)*
This includes funding for Phase 1 of major BOCC countywide technology enhancements.

* Technology costs do not include capital components which will be financed. All Technology costs will be allocated among all benefiting County departments.

- Chattahoochee Landfill Assessment (**Physical Environment**) (\$150,000)
This includes funding for an evaluation of the County’s old landfill in Chattahoochee as mandated by the State Department of Environmental Protection.
- Revision of the Comp. Plan & Land Dev. Code (**Comp. Planning**) (\$50,000)
This includes funding for professional services to assist with major revisions of the County’s comprehensive plan and land development code.
- Increased Volume of Library Materials and Increased Accessibility to Libraries (**Gen. Government**) (\$41,740)
This includes funding for the acquisition of additional books and other library media for the County’s Library system
- Comprehensive Countywide Training and Employee Improvement Program (**Employee Comp. & Staffing**) (\$40,000)
This includes funding for the development of a BOCC county-wide training and employee improvement programs to assist County employees in maintaining a successful career with the County.

Capital Expenditures

A major goal of staff for the FY 2007 budget development process was to begin the initial development of a 5 year Capital Improvement Program. During the budget request phase of the process, staff compiled a comprehensive list of proposed capital projects to be completed over the next five years to benefit the County. FY 2007 Recommended capital projects include, but are not limited to the following:

- Major repairs to County Jail Facility (**Public Safety**)
 - Jail Boiler Replacement (\$50,000)
 - Jail Cell Doors w/ Control Panel (\$75,000)

- General Vehicle replacement and Fleet program (**Vehicles and Equipment**)
 - (1) Vehicle for General Fleet (\$15,000)
 - (1) Van for Veteran's Services (\$20,000)
 - (1) Vehicle for Library Services (\$15,000)

- Emergency Vehicle Replacement and Fleet program (**Vehicles and Equipment**)
 - Ambulance Re-Mounts (\$60,000)

- Continuance of Dirt Road Paving Program (**Transportation**)
 - Estimated 10 to 15 miles (\$1,500,000)

- Construction of Gretna Fire Station (**Public Safety**) (\$300,000)

- Emergency Medical Equipment (**Public Safety**)
 - New Motorized Stretchers (\$50,000)

- Countywide Information Technology Infrastructure and Enhancements (**Countywide Technology**)
 - Server and Datacenter Hardware (\$272,000)*
 - Enterprise Hardware (\$165,000)*
 - Network Infrastructure (\$63,449)*

* It is anticipated that all IT related capital will be financed through a governmental leasing program.

Constitutional and Judicial Officers

The following provides a brief synopsis of major highlights of budgets submitted by the Constitutional and Judicial Officers of the County.

- | | |
|--------------------------|--|
| Supervisor of Elections: | Recommended reduction in operating expenses.
(FY 06: \$572,908 vs. FY 07: \$425,919) |
| Tax Collector: | State Mandated - Fees for collection of Ad Valorem taxes.
(FY 06: \$394,401 vs. FY 07: \$460,831) |
| Property Appraiser: | State Mandated - No significant increase.
(FY 06: \$720,129 vs. FY 07: \$794,184) |
| Clerk of Courts: | Recommended funding for additional staffing and increased costs for the maintenance of current operations.
(FY 06: \$528,712 vs. FY 07: \$601,161) |

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Sheriff:	Recommended funding for employee salary increase, replenishing of vehicle fleet, and inflationary increase for general operations. *Sheriff's Budget also includes grant funding for Emergency Management and dedicated funding for 911 Operations. (FY 06: \$6,416,117 vs. FY 07: \$6,997,685)*
Judicial:	Article V funding (FY 06: \$107, 807 vs. FY 07: \$147,505)
Public Defender:	Article V; and one-time Technology enhancements (FY 06: \$24,933 vs. FY 07: \$82,881)
State Attorney:	Article V funding (FY 06: \$34,250 vs. FY 07: \$43,325)

Non – Operating, Debt Service, & Reserve Funds

Non-Operating Items

Non-operating funding is provided by the BOCC for those activities for which costs do not apply solely to any specific County department's function, but are either applicable to the operation of County government as a whole or are provided for the public good. The County employees that are responsible for the administration of these programs are located in specific County departmental budgets.

Non-operating items have been categorized into multiple categories for organizational purposes. Major non-operating expenses included in the FY 2007 budget are highlighted below:

Human Services:

Apalachee Mental Health:	\$136,000
Gadsden Health Council:	\$25,000*
Health Department:	\$100,000
Indigent Hospital Service:	\$25,000*
Non-Profit Funding:	\$50,000
Pauper Burials:	\$2,500
Welfare – Medicaid:	\$600,000

* Funding may be more or less depending on the passage of the ½ cent sales tax referendum

Line Item:

Apalachee Regional Planning Council:	\$5,000
Chamber of Commerce:	\$25,000
Capital Regional Trans. Planning Agency:	\$15,000

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Florida Association of Counties:	\$6,740
Gadsden County Sr. Citizens:	\$50,000
Medical Examiner:	\$100,000
National Association of Counties:	\$1,000
Opportunity Florida:	\$4,772
Small County Coalition:	\$4,350
Summer Youth Employment Program:	\$150,000

Other Programs:

County Auditing:	\$80,000
Courthouse Facilities:	\$55,000
Courthouse Security:	\$3,312
Family Law Assistance Program:	\$1,700
Forestry Assessment:	\$3,000
Guardian Ad Litem:	\$10,000
Hospital Operating:	\$112,300
Soil & Water Conservation:	\$711,040

Debt Service Items

The following items account for the debt service, including the accumulation of resources for the payment of principal and interest associated with existing bonds and other forms of debt issued by the County. The following funds have been established for the repayment of debt incurred on behalf the County:

Fire Debt Service Fund (\$132,000)

This funding is for the payment of principal and interest associated with the purchase of fire trucks for County VFD's.

Library Debt Service Fund (\$175,000)

This funding for the payment of principal and interest associated with the construction of the Quincy and Chattahoochee Library.

Public Works Debt Service Fund (\$1,125,000)

This funding is for the payment of principal and interest associated with the dirt road paving bond, and the purchase of various pieces of public works equipment.

Reserves

Staff is recommending that the County appropriate **\$150,000** in the **general fund reserve for contingency** and **\$100,000** in the **general fund reserve for fund balance/future years**. The reserve for contingency will assist the County in dealing with any "unplanned or unforeseen expenses" in FY 2007. The reserve for fund balance continues an effort to

“aggressively” grow the general fund fund balance to help strengthen the overall financial standing of the County.

✓ **Anticipated Grants and Legislative Appropriations**

For FY 2007 staff anticipates the receipt of several grants or appropriated funds from the Florida legislature for specific purposes. These include, but are not limited to:

SHIP Housing Assistance:	\$363,629
Water & Sewer Infrastructure:	\$350,000
FCT Land Grant (Parks):	\$469,000
Sawdust Park Renovations:	\$181,000
Transportation Grants:	\$3,123,755
Courthouse Renovations:	\$400,000

✓ **Anticipated Revisions**

Because of the fluctuating nature of the budget process, listed below are some of the anticipated changes/revisions to the proposed tentative budget before its final adoption.

- Allocation of anticipated technology costs among all County departments
- Recalculation of communication costs (Landline telephone, long distance, and mobile phone service).
- Allocation and recalculation of insurance costs as final estimates are provided.
- Modification of fee based revenue estimates for planning and zoning and building inspection.
- Addition or Reduction of various reserve funds based on estimated balances at end of FY 2006 (For reporting purposes to comply with the Florida Statutes).
- Modification of Hospital Operating Budget based on progression of efforts to establish an urgent care facility.

These anticipated changes are in addition to any revisions and modifications made by the Board during the remainder of the Budget development period.

Options:

1. Board Direction

Recommendation:

1. Board Direction