

July 15, 2010

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Honorable Chairman and Commissioners:

I am pleased to present the Tentative Fiscal Year 2010/2011 Operating Budget and Five Year Capital Improvement Program (CIP). The total overall tentative budget is \$55,759,364; an increase of 15% from the current fiscal year. This is not from an increase in our operating costs but rather is largely due to an increase in funding for the Solid Waste, Waste Water, Fire Services and Courthouse Renovation projects included in our five-year Capital Improvement Program of approximately \$17 Million dollars.

***Budget Process Overview***

As the Board is aware, the formulation of the FY2010/2011 began back in January 2010, when the Board held its first of four workshops on the budget. These workshops provided the Board the opportunity to give staff direction in the budget development process as well an opportunity for the public to voice their opinions and concerns regarding this budget plan's development. Adherence to this Board direction, as presented further below, served as staff's foundation for the development of this tentative budget plan. This budget plan will be further reviewed, modified as desired, and then adopted by the Board during two public hearings on the budget in September.

In accordance with Florida law, the maximum millage rate that may be approved by a simply majority (three out of five) vote of the Board of Commissioners is the roll back rate (or "roll-up" rate due to the decline in taxable value this year). Calculated pursuant to section 200.065, F.S., adjusted for growth in personal income, that roll back millage rate is 9.2875 mills. At the third budget workshop, and reflective of the Board's ongoing commitment to providing further tax relief to citizens, the Board directed staff to prepare the Tentative Budget with a millage rate of 8.7500. Significantly, this tentative millage rate reflects a 5.79% property tax reduction below the county's roll back rate, as defined under state law.

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The Board's direction to reduce countywide property tax revenues by capping the tentative millage rate at 8.7500 mills created a (-\$528,335) deficit in property tax revenues generated as compared to fiscal year 09/10. This factor, as well as a reduction in a number of other key revenue sources, has led to the general contraction of core operating costs (expenditures) for public services that are detailed further in this budget proposal. If approved during the upcoming final budget public hearings, the tentative millage rate utilized in this budget plan will generate \$9,976,249 to support core government services within Wakulla County.

This tentative budget plan, in accordance with the Board's direction from their first three workshops of the 2011 budget development cycle, has been prepared using this proposed millage rate of 8.7500 mills as described above. As the total taxable value for the County has decreased by \$133,731,744, or 10.3% below the current fiscal year valuations, numerous property (commercial and residential) owners will experience net property tax decreases, per this budget plan, with a millage rate set below the roll back rate.

The Board will be able to accomplish this property tax reduction through the following direction given during their first three (of four) budget development workshops:

1. Zero program growth across county government,
2. No cost of living adjustment or salary increase for county employees,
3. Elimination of 4 "OPS" positions under BoCC programs, and 1 position cut from the Property Appraiser's Office,
4. Sharing healthcare costs increases with employees,
5. Cooperative budget cutbacks shared throughout all County programs and services,
6. Drastically reduced reliance on tapping of the General Fund cash balance to support recurring operating expenses and similar reductions to the budgeted reserve accounts.

Put simply, this Tentative Budget plan seeks to balance the Board priorities of providing further property tax relief to citizens and businesses (though the setting of a millage rate below the rolled back rate) while better accounting for the previously unanticipated reduction in other revenues (such as jail bed revenues) via shared across the board cuts to operating expenses, countywide, but *without* tangible program and service reductions and without staff layoffs (beyond the contraction/loss of the four OPS positions). That is achieved across this budget plan via targeting cuts to operating expenses, such as focusing upon and capturing energy efficiencies, holding the line on salaries, sharing cost increases to healthcare plans with employees and capturing minor levels of OPS position reductions.

It is also important to note one key change NOT included in this Tentative Budget plan that was recently discussed at the Board's third Budget Development Workshop: Staff furloughs.

Due to last minute negotiations following the last budget workshop, and with the key assistance from Commissioner Stewart, I am pleased to report the Sheriff's Office has agreed to join with the Board to supplant revenues supporting the General Fund program activities with a \$550,000 infusion from the Jail Bed Revenue "Rainy Day" Account for the FY 10/11 Tentative Budget. I believe this action and agreement was made possible with the acknowledgement of a series of key factors:

- 1) That the recent unanticipated revenue reductions in the Jail Bed Revenues has resulted in a sharp drawdown in General Fund cash balance reserves (reported upon last month by the Auditor), that this Tentative Budget Plan sets forth to correct (creating a deficit),
- 2) That the Board and WCSO establishment of this "Rainy Day" Account, many years ago, was done with the intent that it would be utilized as needed and when fluctuations in Jail Bed Revenues were experienced over time necessitating its use, and
- 3) With the expectation that recent and successful WCSO-led negotiations with the federal government to increase their per diem charge (fee) for the housing of federal inmates at the County Jail is anticipated, within FY 10/11, to rebound that revenue source and *not* require further tapping of this account to support recurring costs in future fiscal years.

I would like to thank those employees, across county government, who stood ready to accept a furlough should one be required of us all. I am relieved, however, that such action appears avoidable with this specific jail bed revenue amendment provided for in this budget plan.

General highlights of the Tentative Budget Plan are found in the following sections:

#### **Board Programs and Services**

This tentative budget for all programs and services under the Board of County Commissioners is \$19,991,165. This represents a 5.9% decrease from the current fiscal year.

General highlights of Board programs and services, beyond those described previously, include the movement of paid fire staff out of the General Fund, and into the Fire Municipal Services Benefit Unit (MSBU) Fund. Accordingly, this MSBU is the planned mechanism for FY 10/11 that will be used to fund the fire service operating expenses and equipment for both the one professional and 16 volunteer fire service units. Also for the FY2010/2011 tentative budget, the Board has directed staff to update this assessment so that all paid firefighters currently being paid from the General Fund would be paid from the MSBU. The Board direction also stated that this transition be "millage neutral" in that costs currently being paid from the General Fund would be reflected in offsetting reduction in the proposed millage rate. This creates a secure, none competing source of revenue to fund the County's fire services.

Beginning in January 2007, the Board effectuated a contract with ESG to provide public works, solid waste and utility management services for Wakulla County citizens. The FY 2010/2011

tentative budget for these services complies with the County's contract with ESG by budgeting \$2,209,662, a -5.6% increase from the previous year. ESG, recognizing the need for the County to reduce costs in all areas of operations, opted not to exercise their contractual right to increase their fees next year by the Consumer Price Index (2.5%), while at the same time providing additional staffing in the county's sewer and water billing functions. Significantly, this action will provide the county a cost savings of \$130,000 and is an excellent example of the public/private partnerships that the County is working diligently to cultivate.

Each year the Board approves funding for local service agencies and organizations that perform critical public services that may otherwise fall to government. The services provided by these agencies greatly enhance the quality of life for our citizens and also leverage substantial private sector funding and support for these human service-type programs. The tentative FY 2010/2011 budget includes \$728,995 of funding for local and regional initiatives, mostly at only slightly reduced levels. This includes continuation of funding for the Senior Citizens Center at a rate 5% below the current fiscal year and maintenance of the local contribution to the Wakulla County Health Department and mosquito control activities at a 10% reduction below the present fiscal year. The Board's ability to maintain funding for these services during an otherwise historically tight budget year is a remarkable achievement and indicative of their ongoing support of these local initiatives. I would hereby also like to thank those service providers for working with the County in absorbing minor reductions from year to year in specified areas.

Finally, please note that this Tentative Budget Plan still reflects \$0 for operation of the Community Center. As staff is continuing their work on formalization of an action plan for these operational Community Center services, be they ultimately provided by a private service contractor or by county staff or by a blend of both, it is our expectation that any such budget amendment will be ready in time for the Board's final adoption of their Final FY 10/11 Budget plan in September. Moreover, please recall that both Parks and Recreation staff and the private contractor (YMCA) that presented to the community last month, at the Board's Workshop on the Community Center, indicated that fee revenues would likely support facility operating and personnel costs. Additionally, I am prepared (under further BoCC direction, if required) to move existing staff from other program areas to operate this facility, as needed.

#### Constitutional Offices

Constitutional Offices provide services ranging from property appraisal and tax collection to law enforcement and election services. The FY 2010/2011 tentative budget for all constitutional offices is \$12,802,438, a 0.01% decrease from the previous fiscal year.

Decreases made to provide relief to the taxpayer include the Property Appraiser's Office budget decreasing by 3.0%. This decrease in costs is due the elimination of one position and the reduction of other program costs while maintaining existing levels of service. I also wish to

acknowledge the Supervisor of Elections Office offering a cut of 2% and the Clerk's Office presenting a cut of 0.01% below the current fiscal year.

While, at the bottom line level, the Tax Collector's Office budget will increase by 2%, this is due to their assuming the functions of the driver's license bureau from the State – an important move that allows the citizens of Wakulla County to still be serviced for these needs at home. However, it is expected that this modest expenditure increase will be offset by anticipated fee revenue increases directly related to maintaining this service for citizens.

#### ***Capital Improvement Program***

Included in this year's tentative budget is a holistic five-year Capital Improvement Plan of \$42,691,856. A Capital Improvement Plan, (CIP) is designed to anticipate capital improvement projects or equipment and schedule them over a period of time so they may be purchased in the most efficient and cost effective method possible. A CIP allows the matching of costs to anticipated income. As potential projects are reviewed, the County considers the benefits, alternatives, and impact of operating costs.

Projects included for FY10/11 in the recommended CIP range from transportation projects such as paving of Shell Point Road and Old Bethel Road, to the purchase of a new ambulance, to funding for expansion of facilities such as the new community center, to the renovation of the County Courthouse, to the construction of a new transfer station at the landfill, to the relocation of the equestrian center into a potential regional park focused on the historical heritage that exists in Wakulla County. Significantly, this CIP also moves forward with the construction of multiple playgrounds and related facilities for the use of our citizens at Medart Park as well as completing the full improvement to the county's library. Also included in this plan is funding for the construction of the new transfer station at the landfill as well as continued improvements and expansion of the County's wastewater system. In summary, the CIP continues to serve as the Board's critical planning tool to meet the need for providing infrastructure to our growing community. Please keep in mind, staff has scheduled the fourth budget development workshop, to occur on August 5<sup>th</sup> to gain further Board input on the CIP.

#### ***Summary***

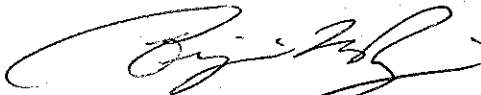
As detailed in the sections above, I am pleased to present the Chairman and Honorable members of the County Commission their Tentative FY 2010/2011 budget. The Board will be able to take up, modify (as desired) and approve this budget plan in accordance with state law, and during the public hearings on September 7<sup>th</sup> and 21<sup>st</sup> 2010. This budget plan totaling \$55,759,364 provides funding for the effective and efficient provision of public services to the citizens of Wakulla County at maintained service levels.

This budget document places a strong emphasis on practicing fiscal discipline, while focusing public resources on important programs for the community. Moreover, this spending plan

provides for the County to halt the tide of tapping cash balances in various funds and move us back toward a stronger fiscal position. As the county addresses the numerous negative economic challenges facing county revenues and the services they support, at a time when economic pressures are increasing the citizen demand for county services, I am appreciative of the direction provided by the Board as reflected in this tentative budget document. I would also like to extend my appreciation to the constitutional officers, judiciary and other county partners for their cooperation during what could have been a much harder budget development process during a time of limited fiscal resources. The spirit of teamwork in crafting this tentative budget plan exhibited by each of these partners resulted in a very smooth developmental process and I believe improved its outcome for all involved and to the Board's benefit as you must now prepare to act on this proposal.

Finally, I am very grateful to the staff of the Office of Management and Budget and to other county staff for the considerable number of hours spent assisting me in formulating this tentative budget document. I maintain my confidence that the many ongoing improvements reflected in this annually crafted budget plan will continue to improve the quality, efficiency and transparency of Wakulla County government services for our citizens.

Respectfully submitted,



Benjamin H. Pingree, MPA  
County Administrator