



# Leon County

## Board of County Commissioners

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County Attorney

October 5, 2009

Members of the Board of County Commissioners  
Leon County Courthouse  
Tallahassee, Florida 32301

Honorable Chairman and Commissioners:

I am pleased to present the adopted FY 2009/2010 budget. The budget of \$247,165,925 represents a \$20.2 million decrease (7.6%) from last fiscal year. Since FY 2007/2008, the Board has reduced the budget by \$37.5 million or 13%.

The preparation of the budget involved dealing with a number of constraints caused largely by the current recession economy. These entail a drop in property valuations by \$1 billion, a decline in state shared sales tax and gas tax resources, and an uncertainty regarding when the economy will rebound to pre-recession levels. County, Constitutional, and Judicial staffs worked together to see where resources could be reduced while still maintaining the quality services that citizens require.

Major highlights of the budget include:

- Providing property tax relief to our citizens. Overall, property tax collections for next year will be \$8.8 million less than last year
- A \$2.6 million reduction in state shared sales taxes
- Maintaining appropriate levels of reserves, while utilizing fund balances to support one time capital projects
- No raises for employees including the Constitutional Officers' employees
- Maintaining the current level of health insurance benefits for employees
- A reduction of 33 positions; no employees will be laid off, as a result of the hiring freeze

### Community Investments

#### *Economic Development and Local Economic Stimulus Capital Funding*

The Board continues to provide additional funding to improve the economic environment in the community by investing in local infrastructure improvements such as roadways and stormwater systems. Including projected capital carry forward funding, total capital funding for FY 2009/2010 is \$97.7 million. This includes project funding for transportation (\$24 million), stormwater improvements (\$16.1 million), general government (\$11.3 million), solid waste (\$1.5 million), culture and recreation (\$18.3 million) and health and safety (\$26.5 million).

Beginning with the Board retreat in December 2008, and continuing through the FY 2009/2010 budget development process, the Board has continually looked for ways to stimulate the local economy through capital funding to ameliorate the effects of the current recession. Though not impacted as severely as other parts of Florida or the nation, Leon County has experienced the impacts of the recession. Specifically, the local construction industry has felt the results of the downturn. The benefits of accelerating capital funding are two fold: one, it provides immediate opportunity for construction job creation/maintenance and two, the current competitive nature of the market is offering reduced pricing for the taxpayer.

Additionally, the County has committed \$23.2 million to the Public Safety Complex that will house joint dispatch, the County's Emergency Operations Center (EOC), the State's Regional Traffic Management Center and the headquarters for the functionally consolidated Fire/EMS Department. After including additional funding from the City and State, the total project will put \$45 million into the local economy.

Furthermore, instead of waiting for the adoption of the FY 2009/2010 budget, the Board, ratified actions taken at the June budget workshop and authorized moving forward immediately with a \$14.3 million local stimulus package that included the following capital projects:

- The purchase and reuse of the Huntington Plaza Shopping Center for the purpose of expanding the Lake Jackson Branch Library
- The construction of the County's first LEED Certified Building – the new Southeast Branch Library, which will replace the 2,000 sq. ft. rental facility
- Expansions to the two most heavily used branch libraries – Northeast and B.L. Perry
- Funding to complete the improvements for Buck Lake Road

Based on an analysis performed through the Economic Development Council, that takes into consideration the local stimulus package and previously funded capital projects, the total construction job creation will be in excess 800 FTEs.

Staff and the Board have been actively involved in the monitoring of the American Recovery and Reinvestment Act (ARRA) of 2009. Over the past several months, the County has taken the lead in an effort to coordinate regional partners in identifying possible projects for funding consideration. On April 21, 2009, the Board accepted a status report on the ARRA that included providing additional funding for lobbying efforts to gain grant funding. Through the Florida Department of Transportation (FDOT), Leon County, including the CRTPA and Tallahassee, has received \$9.9 million in direct stimulus transportation funding.

State and Federal agencies are now beginning to finalize the application process, eligibility requirements and deadlines for many of the other funding opportunities. To best position the County to receive additional funding, the Board established a \$3.5 million matching account. The appropriation of these funds will strengthen the Board's standing when trying to leverage state and federal funds.

### **Community Service Level Enhancements**

#### *Fire/EMS*

The budget reflects the first full year of the new functionally consolidated Fire/EMS operation with the City of Tallahassee. Through this effort, the unincorporated area will see an increased level of service by having one additional fire fighter located at each of the rural stations – this is a 50% increase over the current staffing levels. In addition, with the joint dispatch effort the overall efficiency of service delivery will be improved. To support this, the budget includes the imposition of a fire services fee in the unincorporated area.

- The fee is based on proximity to fire stations and results in two distinct categories: Zone 1 \$179 and Zone 2 \$161 per single family residential
- For non-residential, the rates are based on square footage in the following categories: commercial, industrial/warehouse, and non-government institution. Depending upon size and zone, the rate ranges from \$27 to \$37,912. At the June 9, 2009 workshop, the Board was provided actual rates for all unincorporated non-residential properties.
- Places of worship associated with religious institutions will be exempt.
- The School Board will be charged \$163,699 for the unincorporated area (note: the charge for the schools within the City is estimated at \$613,871).
- The total revenue to be generated through the unincorporated area is \$6.8 million.
- The fee provides funding to support the Volunteer Fire Departments.

The \$11.4 million decline in revenues noted earlier obliged the Board to evaluate alternative revenues. In addition to the Fire Services Fee, the Board considered a number of options:

- Increasing the solid waste or stormwater fees: Both of these fees are not adequate to cover the current cost of services. Neither fee has been raised in over a decade. Both of these operations are intended to operate as businesses with their fees fully supporting the program. The Board decided not to raise these fees and continued to budget general revenue to support these service areas (\$1.357 million for solid waste and \$3.1 million for stormwater).
- Imposition of an additional five cent gas tax: Currently, gas taxes do not support the County's transportation program, which subsequently receives \$2.32 million in general revenue support. Due to the current economic climate, the Board decided not the time to raise gas taxes.
- Raising the millage rate to offset the \$1 billion decline in property values countywide: The Board resolved that increasing the millage was not appropriate during this budget cycle.

#### *Solid Waste*

In January 2009, the County closed the Solid Waste Facility to the public for the disposal of Class III waste (generally waste not expected to produce leachate) and began contracting with a private vendor to recycle this waste stream. This change allowed the County to restructure landfill operations and eliminate seven positions at the solid waste facility for a savings of \$284,500. Furthermore, this effort will assist the County in reducing the amount of Class III waste disposed of at the solid waste facility, and expand the recycling and reuse of Class III waste.

### **Fiscal Constraints**

#### *Property Taxes*

The adopted FY2009/2010 Budget includes the budget year and four planned years. Pursuant to Florida Statute, the Board adopts only the budget year and not the planned years. The out-years are provided for information only and are adjusted accordingly during the actual year of implementation.

The budget continues to provide property tax relief to our citizens. Overall, property tax collections for FY 2009/2010 will be \$8.8 million less than last year. These savings are a direct result of two factors: one, the Board maintaining the current combined millage rate of 8.35 (7.85 countywide and 0.50 Emergency Medical Services MSTU), and two, a decline in property values by \$1 billion. If property values continue to decline with no corresponding change in the millage rate, collections for the next cycle will also be reduced. The effect of these two variables on property tax collections will need to be deliberated by the Board during the development of the FY 2010/2011 budget.

The Board needs to consider that when property tax reform legislation passed last year, the legislature implemented various voting thresholds to address property tax collections. Under the law, the Board (on a simple majority 4-3 vote) can establish a millage rate that enables the collection equal to the prior year plus the growth in per capita income and new construction. The intent allows for the collection of additional revenue to address the normal increase in costs for operating government (e.g. raises, healthcare, retirement, and inflation). This process acknowledges that property values may not only decrease, but may increase over time. The focus therefore is not on the property value or the millage rate, but on the amount of property taxes being collected, and how much is necessary to fund the operations of government. Higher voting thresholds allow for greater property tax collections, which could be utilized to support different levels of service or to offset other revenue declines.

Out-year budgets from FY 2011/2012 reflect property tax collections growing at a nominal amount consistent with per capita income growth and new construction. Based on this assumption, it will take three years until collections equal FY 2008/2009 levels.

Again, the projection is focused on the amount of tax collection needed to fund County operations and not on the millage rate. Under the newly established property tax laws, the millage rate is now a variable used with property values to determine the level of property tax required to fund operations. An increase in the millage rate no longer equates to an increase in property taxes. In fact, the Board could have levied a half a mill (0.5) rate increase to 8.35, and still provided property tax relief.

Out-year budgets contemplate the usage of fund balance; however, it is either a small amount (approximately \$500,000) or it is associated with unique funding needs (i.e. spike in election cycle spending every four years).

#### *Building Inspection and Growth and Environmental Management*

Due to the recession, the Department of Growth and Environmental Management has seen a significant decline in revenue associated with building permit and development fees. To control costs in the department, a total of nine positions were eliminated from the budget; two in Building Inspection and seven in Growth Management. Combined, this produced savings

of \$544,686. Even with these savings, both Building Inspection and Growth Management utilized remaining fund balance to maintain service levels. If the recession continues through next year, the Board will need to contemplate further reductions for this Department or consider providing general revenue support. The Building Inspection fund has never received general revenue support, while generally half of Growth Management funding is provided by general revenue.

### **Long Term Outlook and Challenges**

To recap, recent property tax reform and the constraints placed on levying property taxes placed unprecedented challenges to the Board. Last year the Board prioritized County services in an effort to determine future funding priorities. Subsequently, an economic recession developed, intensifying the challenges to fund necessary County services. The recession affected not only property taxes by lowering values but also statewide and local sales tax collections. Given these conditions, policy decisions will need to be made next year as it relates to additional budget reductions, increased revenues (or at in some cases maintaining current levels) and/or the use of fund balances.

The Board, over the past three budget cycles has taken prudent and decisive actions regarding the use of available resources to achieve the long-term goals of Leon County. Through an ongoing hiring freeze and a restructuring of the capital funding program in FY 2008, the Board has achieved stability in Leon County's ability to provide necessary services. By prioritizing services, and taking actions to limit costs with the advent of property tax reform, the Board also placed the community in a position to weather the current economic recession. Leon County has not added additional operating expenses, which has allowed the Board to provide adequate resources to established programs, without having to make drastic personnel reductions like other Florida local governments.

These efforts led to a favorable financial review of Leon County's investment rating. In May 2009, Fitch Ratings conducted a review of Leon County's financial status and in June issued a press releasing maintaining Leon County's (AA-) rating on outstanding capital improvement bonds. Fitch concluded that "The County's financial profile remains stable... and that debt levels are very low."

No employee layoffs have occurred in the past three years; however, over the past two years 61 FTEs, or more than 5% of the Board's total work force, have been eliminated from the budget. Through the hiring freeze, the County was able to create vacant positions, which saved salary dollars, and allowed the County flexibility in moving employees from program areas that were reduced or eliminated. The Board will not have this flexibility moving forward. Moreover, in the next fiscal year, the Board will have to review issues relating to employee performance raises and the increasing cost of health care and retirement.

Through the judicious use of fund balance, the Joint Dispatch project with the City of Tallahassee and the Sheriff's Office will come to fruition. The Board has funded the long-term capital budget to fund the mandatory and maintenance needs of the community infrastructure. Furthermore as discussed earlier, the Board has funded a local economic stimulus package to create jobs and ensure savings to the community with the benefit of currently low construction costs.

The Board has provided a long-term template to provide County services for years to come. In addition, the Board has directed that diversified revenue resources be explored and that the County work with the City to functionally consolidate similar services. This was achieved with the Fire/EMS merger and has started with Building Inspection and Growth Management functions.

In the near future, the Board will convene the first Citizen Charter Review Committee. This committee will review the Charter and reflect upon its strength and try to improve its weaknesses. This review and the subsequent citizens' vote concerning any modifications will set a path for future Commissions.

Also, the 2010 census will determine how some revenue resources are allocated by the state and federal governments. The Board created the 2010 Citizens Census Committee to ensure that all citizens are counted.

**Conclusion**

Detailed fiscal analysis of County funds and information regarding County Departments, Constitutional and Judicial Offices are provided in the following pages. In reviewing the details, one will see the specificity with regard to the actions taken by the Board at meetings, workshops and retreats.

Board actions over the past year have placed the community in a strong position to move forward. Future Commissions will have a strong base from which to continue to improve the community and the quality of life it provides to its citizens.

Sincerely,



Parwez Alam  
County Administrator