

**Leon County Post-Disaster Redevelopment Plan  
Finance Strategy**

**May 5, 2012**

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## **I. Overview**

This section provides an overview of the financial structure in place for Leon County and the City of Tallahassee. It includes general information on revenues and policies in place which support the recovery of the community following a major disaster. It also includes a section about the various types of funding opportunities available both before and after a disaster which may assist in the reconstruction and recovery of the local community. Major disasters can reduce the revenue of communities that they impact and increase the need for funds for government, businesses and citizens. Communities that are well prepared to obtain funding and gain support from various organizations, in addition to the Federal Emergency Management Agency (FEMA), may experience a smoother recovery and post-disaster redevelopment period. Post-disaster impacts that strain local governments include physical damage to property and infrastructure including critical and historic properties, economic losses, environmental degradation and erosion of quality of life and the social fabric of the community.

## **II. County and City Revenue Resources**

Leon County relies on revenues from a variety of sources, 47% of the budget comes from property taxes while less than 8% of the total revenue is funded by state and federal sources. Property taxes provide the largest source of net available resources for Leon County. Damage to property from disasters may impact the amount of property taxes that are collected. It is also important to consider that most of the federal, state and volunteer funding provided for recovery purposes following a disaster will mainly be used to rebuild critical infrastructure and facilities.

<b>Table 2.1: Leon County Revenue Sources</b>		
<b>Source</b>	<b>FY 2010 Adopted</b>	<b>FY 2011 Budgeted</b>
General Property Taxes	\$116,467,741	\$114,666,437
Other Taxes	\$24,056,746	\$24,482,876
Licenses and Fees	\$9,260,287	\$9,427,197
Federal Shared	\$221,375	\$239,900
State Shared	18,013,645	\$19,193,310
Local Government Payments	\$1,431,436	\$1,519,445
Charges for Services	\$24,396,720	\$23,439,636
Fines and Forfeitures	\$686,285	\$572,375
Interest and Investments	\$4,127,467	\$2,963,889
Miscellaneous	\$2,201,660	\$2,382,889
Excess Fees	\$455,000	\$500,000
Interdepartmental Billing	\$7,583,813	\$7,805,894
Appropriated Fund Balance	\$38,263,750	\$36,936,232
<b>Totals</b>	<b>\$247,165,925</b>	<b>\$244,130,080</b>

*Leon County Office of Management and Budget, 2011*

The City of Tallahassee relies on revenues from a variety of sources. The majority of the revenue, 92% of the budget, comes from taxes and fees for services (Enterprise Funds). Of the fees that make up the Enterprise Funds, electrical and natural gas utilities are the largest contributor to the fund.

<b>Table 2.2: City of Tallahassee Revenue Sources</b>		
<b>Source</b>	<b>FY 2011 Approved</b>	<b>FY 2012 Proposed</b>
Charges for Services	\$8,674,311	\$8,730,386
Taxes	\$56,925,966	\$56,082,624
Licenses and Permits	\$2,788,993	\$2,801,836
Intergovernmental	\$14,630,176	\$15,314,290
Fines and Forfeitures	\$2,756,800	\$3,184,000
Miscellaneous	\$11,636,432	\$12,958,479
Enterprise Funds	\$561,557,831	\$522,785,281
Growth Management	\$1,228,560	\$1,228,560
Aviation	\$669,030	\$571,339
Transfers	\$2,672,254	\$1,846,131
<b>Totals</b>	<b>\$663,540,353</b>	<b>\$625,502,926</b>

*City of Tallahassee, 2011*

### III. County and City Financial Policies

Having access to funds will be critical in bridging the gap before funding becomes available through the FEMA reimbursement process for public assistance. The strength of the government's credit rating and a community's access to a line of credit available following a disaster can be important. Both Leon County and the City of Tallahassee currently have AA bond ratings from Fitch. The City and the County have the ability to access funds from current budgets in order to sustain recovery activities until other funding sources, such as Public Assistance (PA) from FEMA, becomes available. FEMA PA funding includes an administrative fee for local governments to use for staff costs. However, these funds are based on a sliding scale and do not always cover all associated costs. The PA program also provides funding for debris operations, emergency protective measures and repairs to critical, public facilities and infrastructure. Large project costs are reimbursed after expenses are accrued (and evidence of payment is submitted with required forms) by the local government, up to the federal cost share, which ranges from 75 to 100 percent.

The federal allocation is typically 75 percent, but has historically been greater depending on the severity of the event and Presidential Declaration stipulations. The 2011 large project threshold is \$63,900 and annually adjusts based on the Consumer Price Index. For disasters with less than a 100 percent cost share, final PA payments are paid after all work has been completed and a final inspection is performed.

In addition to FEMA PA funds, both the city and the county have been able to take advantage of disaster funds through the Hazard Mitigation Grant Program and the Community Development Block Grant Disaster funds to acquire properties. For a full listing of these properties please see the Hazards Identification and Vulnerability Assessment Chapter. The city and the county continue to remain eligible for these funding sources. Other innovative funding sources may become available through efforts of the Office of Sustainability discussed in the Capacity Assessment section.

#### A. Leon County Financial Policy and Grants Administration

Leon County adopted Policy 07-2 in 2008 which establishes a Catastrophe Reserve. This reserve fund is maintained at 2% of the general fund and fine and forfeiture fund. This equates to approximately two million dollars annually that is available immediately following a disaster event. These funds provide cash flow for staff overtime, equipment, contractual support and materials and supplies. In a declared local state of emergency, the County Administrator is authorized to use the Catastrophe Reserve to pay local fees for eligible residents for debris removal and home restoration/reconstruction. In

addition, the Board of County Commissioners has the ability to reallocate funds after a disaster event through an emergency meeting. All county buildings are currently fully insured through a private insurance company.

Leon County has a Grants Coordinator, who manages all federal grants. The standard process in a catastrophic event is to develop a team to address the grant funded aspects of long-term recovery. The team will include representatives from Public Works, Housing and the City of Tallahassee as a core group and include other entities deemed to be necessary. A Standard Operating Guideline is being developed by the Grants Coordinator that addresses this process.

#### **B. City of Tallahassee Financial Policy**

Two City Commission policies address funding for catastrophic events. Policy 214, "Risk Management/Self Insurance", establishes a Special Insurance Reserve Fund to meet unanticipated losses from catastrophic events or claims in excess of the Risk Management Fund. The reserve is set at 150% of the average claims for the last three years or three million dollars, whichever is greater. To cover any situation that exceeds the capacity of the Special Insurance Reserve, Policy 224, "Financing the Government", establishes the Deficiencies Fund to provide for unforeseen expenditures. Maximum funding for this reserve is set at two months of regular general government operating expenditures including transfers to other funds. Annually, the City of Tallahassee appropriates funds from this fund for declared disasters in order to have an established appropriation in place. Any expenditures above these appropriations require City Commission approval. This approval, as well as decisions related to reallocation of prior uncommitted capital budget appropriations, can be made after a disaster event through a regularly scheduled or emergency meeting of the City Commission. In addition, all of the City's Enterprise operations have established policies for operating reserves that could be appropriated for emergency or disaster expenditures with Commission approval. The Electric Operating Reserve specifically identifies emergencies as one component (Policy 224). All city buildings and other major equipment are fully insured.

#### **IV. Insurance Providers**

The private insurance industry also plays a major role in post-disaster redevelopment. Leon County and the City of Tallahassee government, businesses and citizens all rely on the funds made available from private insurance companies for the community to recover from any disaster event. In previous disasters the Florida Department of Financial Services has established "insurance villages" to assist insurance providers and policyholders to interface quickly after a disaster event. These villages are normally set up in common community locations such as large parking lots of a major retail stores like Target or Wal-Mart. These

areas are not just for residential policyholders but include assistance with all types of claims including automotive and businesses.

As defined in Florida Statutes, if a policyholder has a problem with an insurance company regarding a claim, they can contact the Division of Consumer Services at 1-877-693-5236, the insurance company is required to respond to the Division within 20 days.

## **V. Federal and State Funding Opportunities**

Agencies and departments from both the federal and state government offer various grant and funding opportunities for mitigation, preparedness and recovery from disasters. There are numerous grant programs which can be leveraged for recovery and redevelopment activities. Below are listed some of the most pertinent programs for local communities.

### **A. Federal Funding Opportunities**

- FEMA offers a wide range of programs related to disaster assistance, both pre and post-disaster.
  - Hazard Mitigation Grant Program
  - Flood Mitigation Assistance
  - Pre-Disaster Mitigation Grant Program
  - Community Assistance Program State Support Services
  - Repetitive Flood Claims Program
  - Severe Repetitive Loss Program
  - National Flood Insurance Program
  - Public Assistance Program
  - Individual Assistance Program
  - Disaster Unemployment Assistance

The most recent grant guidance for mitigation grants from FEMA is included as Annex 1 to this chapter.

- The Small Business Administration (SBA) offers Economic Injury Disaster Loans to assist businesses after declared disaster events. The SBA also provides loans to businesses for uninsured losses through Physical Disaster Loans.
- Housing and Urban Development (HUD)  
Through the Community Development Block Grant (CDBG) program HUD funds a variety of projects related to long-term recovery including the Emergency Shelter Grants Program which assists with transitioning the homeless into permanent housing.
- U.S. Department of Agriculture (USDA)

- The USDA offers the Community Facilities Loan Program. These funds may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation.
- U.S. Department of Transportation (DOT)  
The majority of infrastructure projects are funded through the Public Assistance program from FEMA, but the U.S. DOT manages the Emergency Relief Program which can be used to pay for extraordinary expenses for federal highway repair. More information on the National Transportation Recovery Strategy can be found at: [www.dot.gov/disaster\\_recovery/funding.html](http://www.dot.gov/disaster_recovery/funding.html)
  - U.S. Department of Commerce – Economic Development Administration (EDA)  
EDA is the lead agency for the Economic Recovery Support Function (RSF). The EDA offers competitive disaster relief grants intended for economic recovery for counties that have been presidentially declared. More information on the Disaster Relief Grants can be found at: [www.eda.gov/](http://www.eda.gov/)
  - The U.S. Army Corps of Engineers offers several programs mostly related to pre- and post-disaster flooding events.
    - Emergency Advance Measures for Flood Prevention
    - Flood Control Projects
    - Floodplain Management Services
    - Protection of Essential Highways, Highway Bridges and Public Works

#### **B. State Funding Opportunities**

- The Florida Division of Emergency Management manages the Residential Construction Mitigation Program. This is a state funded program which provides homeowners with the opportunity to retrofit their homes and mobile homes before a disaster event. Complete information is available at: [www.floridadisaster.org/mitigation/rcmp/index.htm](http://www.floridadisaster.org/mitigation/rcmp/index.htm)
- The Florida Department of Environmental Protection has two programs that while not directly related to post-disaster emergency events, can be accessed and leveraged by local communities with a related policy in place. These programs are the Conservation and Recreation Lands and the Expanded Local Management Hazardous Waste Program.

**VI. Gaps and Recommendations**

In a catastrophic disaster, local revenue resources will be significantly impacted and reserve funds may last only during the short term recovery phase. Additionally, loss of revenue from commercial and residential property tax will not be reflected until one year after the event. Once reconstruction takes place, revenues will not be collected until one year later. Recommend that long-term recovery revenue be a topic considered by the Long-Term Recovery Coordination Group upon activation of the Leon PDRP.

## **Annex 1**

### **Mitigation Grant Guidance, FEMA**