

**MEMORANDUM**  
FROM  
**OFFICE OF THE COUNTY MANAGER**

DATE: September 13, 2018

To: BoCC

FROM: Roger J. Desjarlais  
County Manager

**RE: Sept. 18 Final Public Hearing – FY18-19 Budget**

Commissioners:

This memo for the final public hearing of the FY18-19 County Budget briefly summarizes key elements of the budget that are the result of Board policy direction during the past year.

This policy direction has resulted in two tax rate decreases in the past three years, a significantly accelerated construction schedule for transportation projects, additional funding for water quality and conservation, and priority given to spending for public safety, including law enforcement, emergency medical services, and disaster preparedness.

There are no changes proposed from the 1<sup>st</sup> public hearing on Sept. 4.

**Financial Stability**

The county is financially stable and utilizing its resources to the maximum extent. One of the best examples of this is a review of the county's tax base and tax rates.

At the height of the economic boom in FY07-08, the countywide tax base reached \$96.5 billion with a tax rate of 4.1506.

The tax base dropped 45% during the next five years to \$52.9 billion before starting to rebound. The county ran operating deficits in those years.

In FY13-14, this Board finally balanced the budget and began a sustainable reserves policy.

For FY18-19, the tax base has recovered to \$78.6 billion, but still is only 80% of the peak with a lower tax rate of 4.0506.

The county operates with 190 fewer employees than in FY07-08, but population since that time has increased by nearly 100,000 residents.

This is a testament to the Board's clear and focused policy direction and to the hard work and innovation of county employees.

There are challenges ahead, including lost revenues from the potential additional homestead exemption (on the November ballot), and balancing the Unincorporated MSTU fund – but we will address these with the Board's help in workshops during the coming year just as we have solved many issues in the past five years through these policy workshops.

### **FY18-19 Budget Overview**

There have been no changes in the budget from the 1<sup>st</sup> public hearing on Sept. 4.

To summarize again the key elements of the FY18-19 budget:

1. A tenth-of-a-mill decrease in the Library tax rate, from 0.5956 to 0.4956, is included in the budget. This is equivalent to \$10 for every \$100,000 of taxable property value and affects all unincorporated and municipal areas except for the Town of Fort Myers Beach and City of Sanibel, which have their own systems.
2. The Capital Improvement Plan (CIP) includes the addition of the widening of Corkscrew Road to the 5-Year Transportation Plan. The design costs of \$4.7 million will be advanced from General Fund excess reserves and repaid when the project is financed.
3. Spending of an additional \$9 million of excess reserves is budgeted for environmental efforts, including \$3.5 for Conservation 20/20 fund replenishment, \$3 million for flood remediation, and \$2.5 million for TMDL projects. In all, Natural Resources projects over the next two years are funded at \$11.4 million.
4. Spending of a total of \$10 million of excess reserves is budgeted for Public Safety projects, including \$8 million for the conversion of the county's emergency radio network from analog to digital, and \$2 million to design expansion of the Public Safety campus off Ortiz Avenue for the expansion of the Emergency Operations Center and consolidation of Emergency Management, EMS and dispatch operations at one location.
5. All BoCC budgets include a 3% cost of living increase for employees as well as reinstatement of the retiree health subsidy to maintain equity for all employees. The cost of this can be absorbed in existing fund budgets. Attached is the Summary Plan Description and Matrix for the retiree health subsidy.
6. The General Fund includes significant additional investment in children's

services, public safety and mandated services (Medicaid; CRAs). The current funding split of the General Fund is 57% Constitutionals and Courts, 31% BoCC Operating Departments, and 12% other costs such as mandates and joint expenses. Included is a \$9 million increase for the Sheriff's Office (salary increases, capital, medical and retirement costs), \$4.4 million for Emergency Medical Services (20 positions for two additional Basic Life Support ambulances and overtime management; new Computer Aided Dispatch System), and \$700,000 for the Medical Examiner (caseload/toxicology costs; three investigator/autopsy positions).

### **Children's Services**

The increase in Human Services spending includes an additional investment of \$1.2 million for Children's Services.

For context, from FY07-08 to FY17-18, \$23.2 million has been awarded through the Partnering for Results Program to Lee County non-profit agencies targeting Children and Youth Programs (see attached summary).

The Partnering for Results Process is expanding these funding opportunities by aligning priorities related to a child's well-being with national trends and industry standards that focus on improving the well-being of children and developing better outcomes of children at risk of poor education, economic, social and health outcomes.

### **Recommendations and Revisions FY18-19 (\$1,190,000 million)**

County Administration plans to dedicate the Oct. 2 BoCC workshop for outlining the staff's Children's Services recommendation and receiving final policy direction from the Board. Below is a summary:

#### **Increase funding to The Early Learning Coalition by \$270,000**

1. The current wait list for early learning care is 1,103. The increase will allow The Early Learning Coalition to draw down an additional \$1.6 million in Federal funding and will remove 325 children off the current waitlist.
2. County Staff will work with The Early Learning Coalition and community partners and funders to help increase the capacity to serve children.

#### **Increase Partnering for Results budget by \$600,000**

1. Expand the priorities to align with Child Well-Being National Trends
2. Provide examples of evidence-based, nationally recognized programs for consideration.
3. Allow agencies to request funding of up to 40% of program expenses, an increase from the current 25%. This will allow for expansion of successful programs.

**Provide \$200,000 in Community Development Block Grant funding for non-profit capital improvement projects**

1. Prioritization will include preference for projects that expand services/capacity for Children and Youth.

**Increase funding to Lee County Legal Aid by \$120,000**

1. Non-profit focused on assisting families with children, with limited income, by providing quality legal representation in Family Court, improving their access to justice, family stability and improving their quality of life.

**Unincorporated MSTU**

The Unincorporated MSTU Fund, which provides services only in the unincorporated area, includes an additional \$2.8 million for School Resources Officers in the unincorporated area mandated by the Legislature and the School Safety Act.

It also includes \$250,000 of costs to assume operations of the Lehigh Acres Senior Center into the Community Parks budget. The Senior Center, due to reduced funding from other partners, only has enough funding to operate until the end of this calendar year.

The fund also has maintained robust ditch, canal and waterway maintenance programs both in DOT and Natural Resources to remediate the potential for flooding. These efforts continue.

The Unincorporated MSTU continues to operate at a deficit, now projected at about \$6.8 million. County Administration will perform a detailed review of the fund's revenues and expenses and is recommending workshops in FY18-19 to discuss options for balancing the fund. The renegotiation of the county's local option gas tax sharing agreements with the cities (the authorization is expiring in 2019) also could provide some relief to the fund.

**BoCC Operating Departments**

Continuation operating budgets for all BoCC departments totaled \$490.7 million, a 7.6 percent increase from FY17-18, primarily due to the community's growth and service demands that growth generates. This includes all funds, including the General Fund, Unincorporated MSTU Fund, Library Fund, All Hazards Fund, Enterprise Funds such as Solid Waste, Utilities and Tolls, and Special Revenue Funds such as the Visitor & Convention Bureau.

Additionally, there are operating costs for the two new libraries, human services funding as described above, public safety increases as described above, transportation increases for landscaping after Hurricane Irma, increased solid waste contractual costs due to volume and increased processing costs for utilities.

### **Constitutional Officers and Courts**

Operating budgets for all Constitutional Officers and Courts totaled \$267.0 million, a 7.3% increase from FY17-18. Included are pay raises ranging from one-time bonuses, to 3% cost of living, to 5% for Sheriff's personnel. Also included are costs for the School Resource Officers as described above and Court Administration's assumption of Drug Court treatment costs and operation of Veterans Court.

### **Outstanding Issues**

There are no outstanding issues at this time.