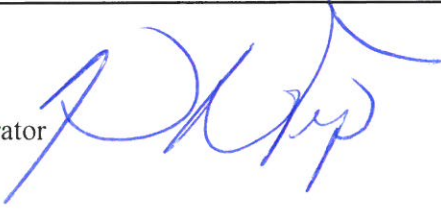

TO: Board of County Commissioners
FROM: Howard N. Tipton, County Administrator
DATE: July 5, 2017
SUBJECT: FY 2017-2018 Recommended Budget



EXECUTIVE SUMMARY:

The proposed FY 2017/18 budget for St. Lucie County government is \$578,040,678. The current fiscal year budget (FY2016/17), once amended to reflect the bond proceeds for renovations at First Data Field, will be \$596,167,875.

This version of the proposed budget was constructed prior to receiving the Property Appraiser's certified values and so there will be minor changes to the overall, which will be updated in the budget workshops next week.

The focus on this year's budget has been dominated by infrastructure and public safety needs, neither of which are new subjects for this County. What has changed is that both time and mother nature are creating a situation where action can no longer be deferred. From police vehicles for the Sheriff's Office to the debt service for the upgraded 800 MHz public safety radio system, from damages caused by Hurricane Matthew to our beaches and mosquito control impoundments, from road repaving/reconstruction to stormwater pipe and culvert failures, I am recommending that additional revenues are required to immediately address these and other critical needs.

We look forward to the budget workshops during the week of July 10th to review this proposed budget with you.

Accomplishments from FY2016/17:

Community

- Public Works started construction on the Midway Road (Selvitz Road at 25th Street) widening project
- Continued renovation of the Paula A. Lewis Branch Library
- The Oxbow Eco-Center hosted over 30,000 visitors, provided educational programs that reached more than 6,300 youth and adults, as well as hosted or supported 13 community events
- Continued construction of the 2nd Street Reconstruction Project
- St Lucie County H Farm Agriculture Education tours reached 1,745 youth
- Solid Waste completed the installation and operation of a glass recycling facility

People

- Expanded the Lean Six Sigma Greenbelt Training
- Initiated an employee engagement survey to gather feedback on how our employees see important issues relating to how we get things done and how we can improve
- Implemented an executive leadership program (IGNITE)
- Implemented an employee mentoring program (SPARK)
- Implemented workplace safety projects

Customer Service

- Implementation of Florida Power and Light Energy Efficiency Projects
- Continuing to improve the quality of life for all residents of St. Lucie County through Code Enforcement compliance. This reactive program helps to restore neighborhood pride and maintain property values
- Conducted a review of performance management processes that would allow St. Lucie County to use its resources effectively and efficiently; communicate value of services in a transparent and accountable manner; and allow decisions to be driven by evidence based data
- Completed funding and acquisition of 800mHZ Radio system
- Repaired the security system at the St Lucie County Jail

Financial Management

- Implemented performance management software
- Implemented monthly budget reports to report the status of the budget to management
- Implemented quarterly reports on major capital improvement projects
- Successful in securing \$55 million in funding for renovations to First Data Field

FY2017/2018 Economic Scan

Big picture...

The economy nationally and in Florida has been growing. New jobs added, new business investment in a more business friendly environment. Federal impacts of potential health care reform and tax reform are unknown at this time.

Forecast for near term interest rates and inflation are both relatively low compared to historical averages.

The U.S. dollar continues to be a strong currency, which can hinder exports. Internationally there are evolving alliances under new leadership in both the U.S. and abroad making predictions about future conflict or collaboration difficult. Cuba marketplace may be changing with the President's new policies.

Local picture...

Economic Development

St. Lucie's unemployment numbers in April were the strongest in 10 years, with the month's rate at 4.5% which was down from March's rate of 4.7% and down from 5.2% a year ago.

Building permit activity for April increased by 20% compared to the same time last year. This is the first time since tracking permitting data in 2007 that the volume has exceeded the 800 mark.

The Realtors Association report the average median home sale price in April was \$200,000 – up 14% from last year with 96% selling at the listed price. Condo sales for that same month were up 25% with the average price at nearly \$193,000 and 94% selling at the listed price.

The County is the largest investor in the Economic Development Council of St. Lucie County at \$250,000 annually. The EDC continues to grow its impact on the community and is working well with the County, the cities, and the targeted segments of the business community.

In terms of job creation in the unincorporated area, the Planning & Development Services Department reports 12 new businesses opening in the county, creating a total of 27 jobs in February. For the year, the county has seen steady job growth with several boat manufacturing projects leading the way.

Tracking job creation in the unincorporated area, in 2016 we had 160 companies representing 595 jobs created. Close to a third of those may be attributed to our economic development efforts. Some of the companies we have been working with are:

- 1) A-1 Roof Trusses is completing its new office building as part of its expansion plans.
- 2) Islamorada Beer Company has been open and has exceeded its growth expectations and are looking at production expansion.
- 3) Maverick Boat Group has applied for site approval of a 106,000 SF \$6M manufacturing expansion.
- 4) Indian River Bio Diesel is now in production in their new facility.
- 5) Pursuit Boats are expanding their facilities to better serve their maintenance and repair market.

The following companies (Targeted Industries) have committed to moving to St. Lucie County (including the cities of Fort Pierce and Port St. Lucie) or expanding their existing facilities:

Precast Specialties - 300 jobs
Ross Mixing, Inc - 60 jobs
ABC Medical - 95 jobs
Jorgensen Contract Services - 35 jobs
S2 Yachts/Pursuit - 30 jobs
Tattoo Yachts - 49 jobs
Lawn Chairs USA - 10 jobs
D&D Mobile Welding - 20 jobs
Radical Cosmetics- 20+ jobs
Maverick Boat Group (expansion) - 100 jobs

The un-incorporated County received applications for approximately 244 single-family units and 117 multi-family units in 2016.

Both Port St. Lucie and Fort Pierce are seeing job growth and development, with Port St. Lucie at a consistently strong level.

Treasure Coast International Airport continues to be fully leased and fuel sales are up. County is finishing the Customs Facility, renovating the terminal, making front entrance improvements, building the connector taxiway, and building a new 30,000 sq. ft. hanger. Over the next 18 months, these investments and several others will total approximately \$11 million. Recent elections in the Bahamas may provide additional opportunities for air service.

The New York Mets have agreed to a 25 year extension in a partnership with the County and the State. This agreement also calls for approximately \$400,000 worth of marketing value in New York, the County's top tourism market. For the fourth consecutive month, bed tax collections experienced a slight decrease. Revenue for March 2017 was down .3% compared to 2017. 2016 was a record year and with no new properties available and Airbnb (and other similar on-line lodging agents) not currently submitting taxes, it is hard to see how bed taxes increase much beyond current levels as there is only so much one can charge for a room.

TCERDA leadership has been absorbed by the County for an interim period. The County invested an additional \$650,000 (over and above the \$1 million already provided) which will allow for the Sunshine Kitchen will break ground summer of 2017. Both the County, the TCERDA Board, and the Economic Development Council are circling back around to review the future partnerships needed to make the project successful.

Infrastructure

Beaches

Damage from Hurricane Matthew will likely result in a \$2.6 million expense to the County (after FEMA and/or State reimbursement). Reserves are not sufficient for future storms or for the local required match. Collaboration with the Florida Inland Navigation District (FIND) resulted in sand being placed on Fort Pierce Beach at little cost to the County and that beach, which is covered by the Army Corps of Engineers, has been approved for the next re-nourishment cycle.

Roads

With the defeat of the 2016 sales tax initiative, road projects remain severely underfunded. Road resurfacing currently on a 75 year cycle (15-20 years is preferred). Doing more with chip seal and micro-surfacing but still need to get to 25 miles of roadwork annually instead of the 5 miles currently. The recent 2 year gas tax extension will mostly maintain a status quo funding amount from this important revenue source but will not allow for any bonding for capital projects.

Stormwater

Another significantly underfunded area where we are now seeing roads needing to be closed due to failing drainage pipes. For both water quality and flood control, which were also part of the 2016 sales tax initiative, the stormwater program requires additional investment.

800 MHz radio system

\$9 million county investment in public safety radio system will go on-line in 2017.

Facilities

\$9 million by the County in energy saving investments through Florida Power and Light are completed with approximately \$3 million going into public safety buildings.

Water/Wastewater

Retired south sewer district debt and consolidated sewer districts. Studying possible options for cooperative working arrangement with Fort Pierce Utilities Authority that would remove the sewer plant from the island.

Capital program for utilities has been significantly reduced resulting in a financially feasible operation that can grow incrementally to meet demand needs.

Designing a new 12 inch water line from Holiday Pines plant down Indrio to U.S. and running north and south that will serve Harbour Branch as well as currently unserved areas along with some of the highest and best land in the county.

Vehicles/Heavy Equipment

Sheriff and County have agreed to a 5 year lease at \$873,000/year for 115 new patrol vehicles. The County is analyzing possible light fleet changes to help reduce costs.

Public Works heavy equipment is in poor shape. Efficiency of crews and operations are hindered and reduced when equipment is not available. Reviewing the types of equipment needed as well as leasing/financing options.

Legislative (State Budget Impact)

Each year, the State of Florida has a significant impact on St. Lucie County's budget in terms of what the State Legislature chooses to fund and the mandates that they place on local governments. This impact is affected by funding provided to St. Lucie County or other agencies within the County. The following projects that impact St. Lucie County were approved as part of this year's State legislative process:

Education

- Indian River State College Industrial Tech was awarded \$5,000,000 to construct facility (no. 8 industrial tech) on the Main Campus
- Indian River State College Program Fund was awarded \$9,701,342
- Indian River State College Operating and Baccalaureate Programs will receive \$37,968,139

Health & Human Services

- Copas Veterans Nursing Home, Final Construction Phase received \$38,693,692
- New Horizons of the Treasure Coast received \$1,393,482 for Community Mental Health Services
- Family Preservation Services of Florida, Children Community Action Team (CAT) was awarded \$750,000

Environment & Natural Resources

- UF/IFAS Invasive Plant Research to receive \$633,128 for services provided
- Ocean Research & Conservation Association (ORCA), Kilroy monitoring systems received \$250,000
- Ft. Pierce IMP Implementation was awarded \$1,818,315 to construct a sand trap at the Ft. Pierce Inlet
- Ft. Pierce Shore Protection Project received \$125,000 for monitoring in 2018
- South County Feasibility Study was awarded the amount of \$56,537

- Hurricane Matthew and Hermine Beach Funding was awarded funding for restoration and dune repair for those projects identified in the FDEP 12/13 report in the amount of \$13,333,333
- Northern Everglades & Estuaries Protection Program was awarded \$34,000,000
- Teague Hammock Preservation was awarded \$400,000 to preserve the Teague Hammock
- McCarty Ranch Water Quality was awarded \$1,080,000 for the design and construction of the water restoration project at McCarty Ranch
- Ft. Pierce Farmers Market was awarded \$165,000
- Comprehensive Everglades Restoration Plan (CERP) for fund planning, design, engineering and construction of CERP was awarded \$135,664,122
- Indian River Lagoon National Estuary Program was awarded \$250,000 for FDEP funding

Cultural & Museum Grants

- Atlantic Classical Orchestra, Inc. received \$15,275
- Fort Pierce Utilities Authority received \$7,580
- Treasure Coast Community Singers, Inc. received \$3,070
- Art Mundo, Inc. Salary Assistance was awarded \$20,000
- WQCS-FM Ft. Pierce for Public Broadcasting was awarded \$100,000

Transportation & Economic Development

- Several Transportation and Economic Development projects totaling \$104,901,140 was awarded

Arts & Culture

In 2017, the County hosted two community meetings regarding the resurrection of an umbrella arts agency. Staff is recommending that such agency be separate from County government similar to the structure of the EDC, which operates through memberships. The County will likely need to be, at least initially, the largest contributing member if this is to move forward.

Looking ahead...

Most indicators show both Florida and St. Lucie County in good position for the near future in terms of the economy and job growth. Many people talk about the next economy being a function of where the people are (vs. where the businesses are) and if that's true, we are in good shape and getting better. The Port of Fort Pierce and TIA both have the opportunity to develop significantly within the next 3-5 years with the development of two new hangers, air service, and at the Port with a possible changing of the guard in private property ownership and the development of Harbor Point and Fisherman's Wharf. Some economists are stating that we are at the height of our current economic cycle (the wave will crest in 2018) and a national recession is possible by 2020. The last recession ended (officially) in 2009 – we're due for a correction although few are predicting a repeat of the total economic meltdown from 2008.

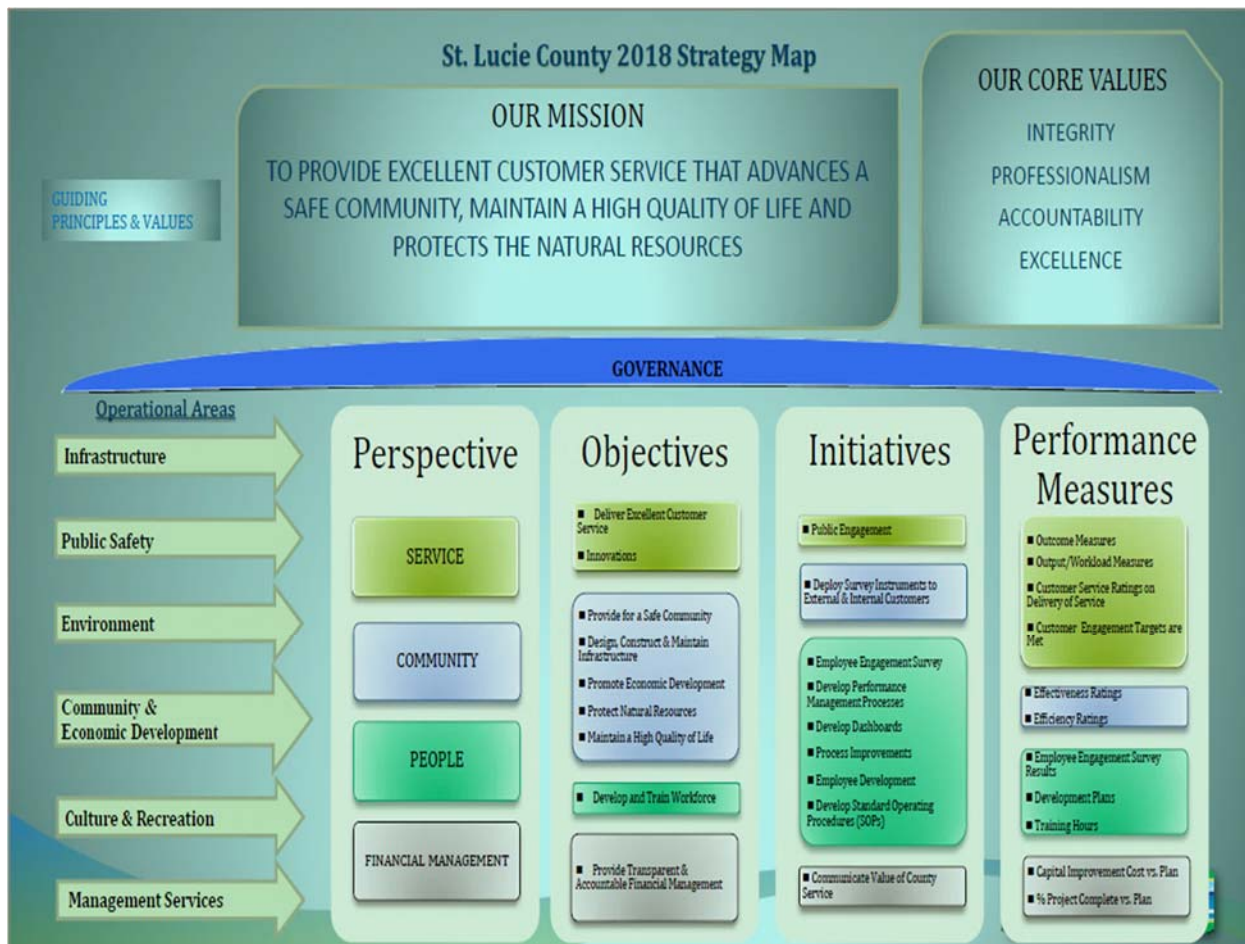
The Florida legislature continues to have conversations about limitations on local governments. The first and very real impact will come in November 2018 when voters will be asked to pass an additional \$25,000 homestead exemption, which, if approved, will reduce the St. Lucie County general fund revenue by an estimated \$6 million and will also impact all other millage based revenues like erosion, mosquito control, law enforcement MSTU, Parks MSTU, and stormwater.

BUDGET APPROACH

Generally speaking, a budget is the ultimate policy document. It is, in its simplest form, the application of resources to the priorities of the organization. The development, approval, and execution of St. Lucie County’s Annual Budget is essentially a year round process that involves understanding of the financial forecasts and legislative impacts, reviewing the impacts of property valuations and aligning the Boards’ priorities and direction.

As part of the budget development process, the County’s various services are broken down into strategic operational areas that include Infrastructure; Public Safety; Environment; Community & Economic Services; Culture and Recreation; and Administrative Services. The most efficient organizations are those who have their strategic operational areas aligned with the Vision, and here in St. Lucie County, we do this through alignment of the County’s various Focus Areas with the associated Strategic Objectives and our recommended Strategy Map below depict the organizations strategic alignment:

Table 1



The County’s overall business strategy is presented by focus areas, which allows the County to meet the goals in its operational areas that ultimately lead to achieving the Vision. The focus areas are read from bottom to top and start appropriately with **Financial Management** as the key to building a successful foundation for the organization. Next is investing in our most important asset – our **People**. We are going

to have the right people in the right positions with the right training, support, and work environment to be successful. Then we can invest in our ***Community***. As a team, we will be an integral part of building a stronger community not only for today, but also for future generations. All of these areas together allow the County to deliver exceptional ***Services*** to our customers, communicate performances, and illustrate the value of services that are provided by the St. Lucie County Board of County Commissioners.

The above process outlines the necessary elements that properly allow us to align our Vision and Mission and provides further clarity to departments of expected outcomes. This enhances our ability to focus on what is important to the organization.

Budget preparation is a year round process. In March, the Office of Management and Budget (OMB) distributes the Budget Preparation Manual and tentative schedule to the departments. OMB then begins finalizing the schedule for the County Administrator's review, which takes place in May, and the Board's workshops in July. Departments prepare their 'requested' budget during the months of March and April. The County Administrator reviews the budgets in May and the 'recommended' budget is reviewed by the Board during the month of July.

Concurrently with the steps listed above, the Citizens Budget Review Committee, a group of citizens appointed by the Elected Officials, reviews the County's financial position and its budget request. The Citizens Budget Committee makes recommendations to the Board of County Commissioners regarding the County's Final Budget. This is generally done annually as part of the overall budget process in July.

Once the Board approves the budgets and adopts the proposed millage rates in July, OMB notifies the Property Appraiser and prepares the Tentative Budget. The Tentative Budget is presented to the citizens of St. Lucie County and the Board of County Commissioners at the first public hearing in September. The Board will then adopt the Tentative Budget and Tentative Millage as presented or as amended. At the second and final public hearing, the Board adopts the Final Millage and Final Budget.

The budget is adopted at the fund level. During the course of the year, administration may approve the transfer of funds among line items within the same department as necessary for proper budgetary and fiscal management. The budget may be amended (increased or decreased) and funds transferred from contingency reserves only by action of the Board of County Commissioners as set forth in Florida Statutes.

The budget formulation, adoption, and execution in St. Lucie County, involve the year round interaction of the Board of County Commissioners, the County Administrator, and staff at various levels within the County. The purpose of the budget process is to identify departmental needs, develop strategies to meet those needs, and to develop detailed revenue and expenditure estimates to carry out the financial plan. The budget process for fiscal year 2017 - 2018 for St. Lucie County incorporates the scheduled activities listed on the Budget Preparation and Implementation Calendar, beginning in October 2017.

The Truth In Millage (TRIM) timetable and budget process schedule for fiscal year 2017 – 2018 are as follows:

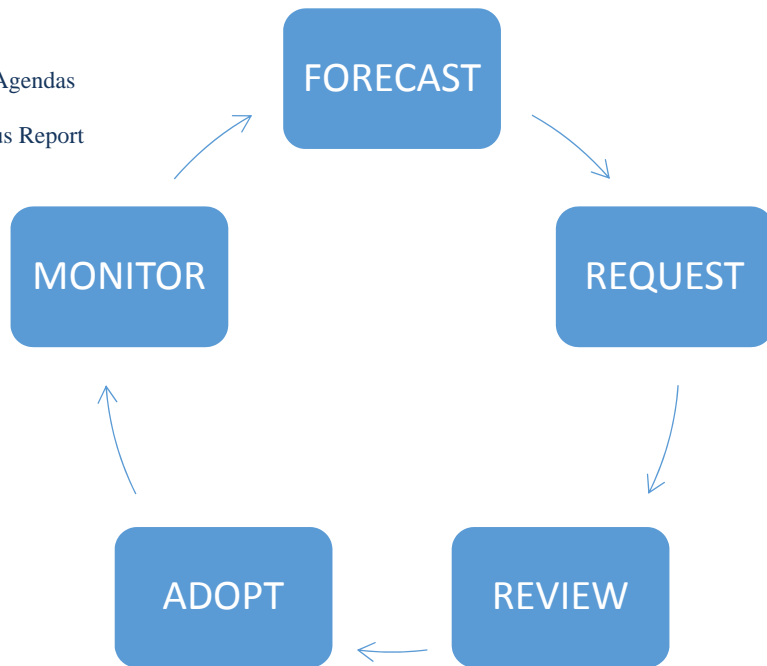
ST. LUCIE COUNTY BUDGET PROCESS OVERVIEW

October – September:

- ✓ Occurs Year Round
- ✓ Budget is loaded into Banner Accounting System
- ✓ Transmit Adopted Millage
- ✓ Review Departmental Accounts
- ✓ Process Line To Lines, Budget Amendments, Budget Resolutions, and New Equipment Requests
- ✓ Verify Departmental Agendas
- ✓ Grant Monitoring
- ✓ Grants Quarterly Status Report
- ✓ Monitor CIP Projects

November – March:

- ✓ Beginning of the Budget Process
- ✓ Outline the Budget Process to the Departments
- ✓ Begin the CIP Process
- ✓ Calculation of Fund Balance Forward
- ✓ Meet with Departments for Revenue and Expense Projections
- ✓ Revenue Projections



January – June:

- ✓ Staff Training of Microsoft Office, Banner, and GovMax as needed
- ✓ Department Requests (including equipment and position changes)
- ✓ CIP Requests
- ✓ Department Mission, Goals, Objectives, and Key Indicators

July – September:

- ✓ Ending of the Budget Process
- ✓ Set Proposed Millage Rates
- ✓ Tentative Budget Adoption
- ✓ TRIM Notice
- ✓ Public Hearings
- ✓ TRIM Advertisement
- ✓ Final Adoption of the Budget

March – September:

- ✓ Review of budget packages submitted
- ✓ County Administrator’s Budget Review
- ✓ Balancing of the Budget
- ✓ BOCC Budget Review Workshops
- ✓ Citizen Budget Committee review

Capital Budgeting

St. Lucie County maintains a Capital Improvements Plan (CIP), which covers a five-year period and is updated annually. The Office of Management and Budget determines the amount of funds available for capital projects. Proposed projects are prioritized and the available funds are allocated accordingly. A separate section of this document is designated for the CIP projects detail. Projects in the CIP this fiscal year are funded; however out years are estimated needs and may exceed future available revenues.

The capitalization threshold is \$25,000 for buildings or infrastructure with a life span of more than one year. Budgets for buildings and infrastructure under \$25,000 are reflected in the County's operating budget instead of the Capital Improvement Program.

Reserves

A reserve for contingency may be budgeted in each of the funds at an amount not greater than 10% of the total budget in accordance with Florida Statute 129.01 (2)(c). At the Board's discretion, these funds may be allocated as needed during the year to fund unexpected operations or events.

The Board will also maintain a designated Emergency Reserve of 16.5 million. This is in line with GFOA guidelines and would be used for storm events and emergencies/issues that are not anticipated in normal budget development. The Board will also maintain a fund balance reserve for budget stabilization in the amount of \$14 million, which equals the deficit the County experienced in 2010, our most critical year. The Board also allocated \$6 million in a transportation infrastructure reserve, as our current repaving cycle is not sustainable.

BUDGET HISTORY:

The State has made decisions with the intent of reducing property taxes. Some of these decisions include:

In 2007, the State passed a Tax Reform Bill. St. Lucie County was required to levy a tax rate of 9% below the rolled back rate. In 2008, the voters' approved a Constitutional Amendment, which further changed the taxing system. The Amendment included:

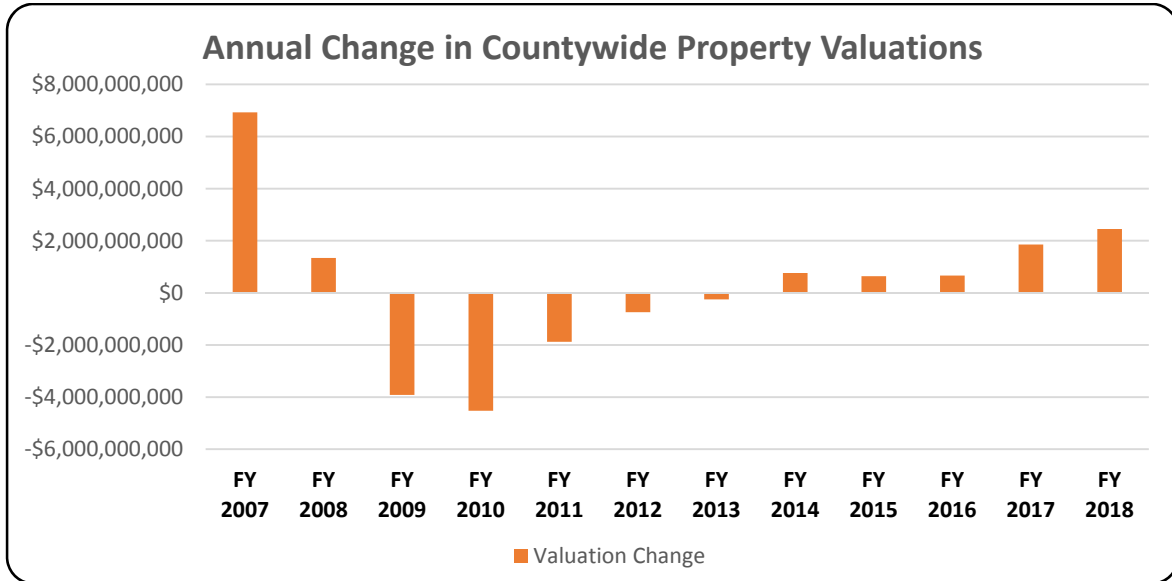
- Double homestead exemption: This gave homesteaders a second \$25K exemption.
- Portability: Homesteaders could take up to \$500,000 of Save Our Homes protections to a new home purchase.
- \$25K personal property exemption: Businesses get a break on the taxes they pay on equipment.
- 10% cap on non-homestead assessment: Property assessments could increase no more than 10 percent each year on non-homestead property.

In 2017, the State passed a proposed constitutional amendment that would provide an additional homestead exemption by \$25,000 if approved by the voters. If passed, this amendment's first year will incur a projected loss of \$6 million to \$10 million to St. Lucie County's Ad Valorem Tax revenues.

As seen in Chart 1, over the last decade, we have seen tumultuous changes in our property values with property values increasing as much as 40.16% and decreasing as much as 20.9% in a single year. As we start to see some of the positive impacts of the economic recovery process, it is natural to want to think

that the situation could improve, and property value increases could approach the rapid increases that we have seen in the past. However, St. Lucie County’s taxing ability has been reduced by the caps and limitations enacted by the State. With these changes, the ability to collect additional revenue is gone forever unless the millage rate is changed.

Chart 1

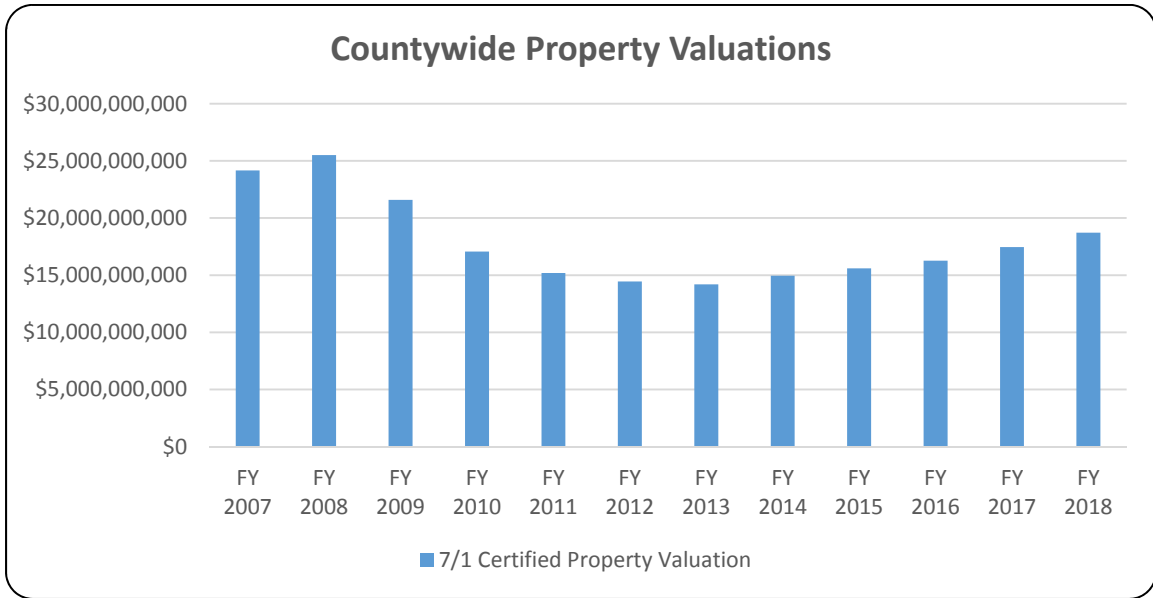


Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll Back Millage Chart

Countywide Valuations

From FY 2006 to FY 2008, property valuations increased by 47.93%, from \$17.2 billion to a peak of \$25.5 billion, as seen in Chart 2. Beginning in 2009, property valuations declined for five consecutive years, reaching a low of \$14.2 billion, or a net drop of 34.24% in values. In 2014, the property valuations began to slowly turn around and have gradually increased by an average of \$0.65 billion per year, reaching \$16.2 billion in 2016, which is a net increase of 8.73%. For FY 2017, the property values increased by \$1.8 billion to \$17.4 billion, which is a net increase of 7.32%. For FY 2018, the property values are projected to increase by \$2.4 billion to \$18.7 billion, which is a net increase of 7.21%.

Chart 2



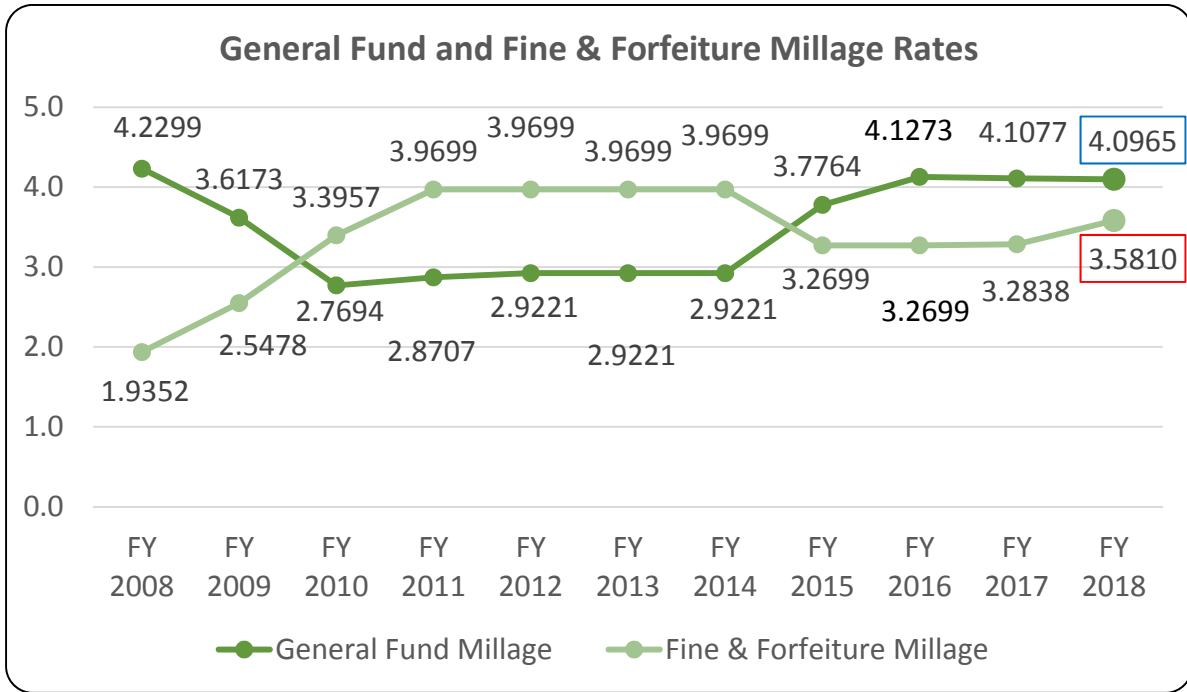
Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll Back Millage Chart

Millage:

Over the period, the graph below depicts the change in millage rate year over year. The changes occurred annually as the Board of County Commissioners choose to set the millage rate in order to meet the funding requirements needed for the operating budgets, programs and projects that they deemed necessary and County Administration recommended.

Overall, it is remarkable that the range in which the millage for both the General Fund and Fine and Forfeiture remain relatively stable over the ten-year period, as illustrated in Chart 3.

Chart 3



Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Millage Rates History

Major Revenues:

Chart 4 is a representation of the amount of revenue (in dollars) that the County receives from the General Fund and Fine and Forfeiture Ad Valorem taxes from the period of FY 2007 through FY 2018.

The General Fund is the fund containing revenues that are not designated by law for any one specific purpose. These revenues are used to provide countywide operating services. Fine and forfeitures is a group of revenues that include monies received from fines and penalties imposed for the commission of statutory offences, violation of lawful administrative rules and regulation, or for neglect of official duty.

There has been an overall downward trend since FY 2007 in these sources of revenues. This trend can be attributed to the overall economic conditions that were affected by the recession of 2008. Revenues collected prior to 2008 had an upward trend, followed by a sharp decline after 2008. Revenues have been trending slightly upwards since 2014, and are forecasted to continue increasing in FY 2018.

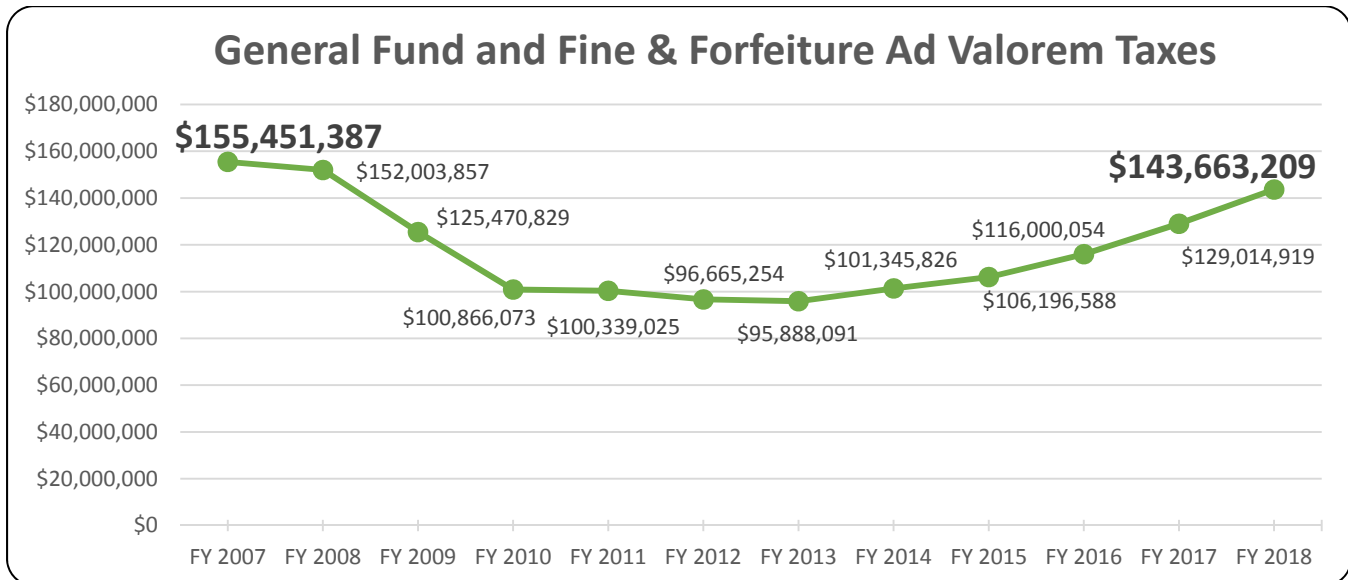
This year, the State passed legislation to reduce property taxes. The proposed constitutional amendment would provide an additional homestead exemption by \$25,000 if approved by the voters in November 2018. If the legislation passes, the amendment would be effective January 1, 2019. For the first year that the proposed exemption is in effect, St. Lucie County is projected to lose between \$6 million to \$10 million of Ad Valorem Tax revenue.

Current property owners that are eligible for homestead exemption receive an exemption up to the assessed valuation of \$25,000. An additional \$25,000 exemption applies to the property value between \$50,000 and \$75,000. This additional \$25,000 exemption does not apply to taxes levied by school districts. The proposed constitutional amendment would increase the homestead exemption to also

exempt the assessed valuation greater than \$100,000 and up to \$125,000 for all levies other than school districts.

Those homesteaded properties with an assess value of \$125,000 or greater will receive the proposed constitutional amendment \$25,000 exemption. Homesteaded properties with an assessed value of \$100,000 or lower will not receive the proposed exemption. In addition, those homesteaded properties with an assessed value between \$100,000 and \$125,000 will receive an exemption amount that is the difference between the assessed value of the home and \$100,000.

Chart 4



Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll-back Millage Rates

Chart 5 is a representation of the amount of revenue (in dollars) that the county receives from the Ad Valorem taxes that are designated towards a dependent district. A dependent district is a special district in which the budget is established by the governing body of the county or municipality, to which it is dependent. The two dependent districts for St Lucie County are the Mosquito Control District and Erosion District.

Revenues for both districts have followed a declining trend from FY 2010 through FY 2013. In FY 2014, there was a noticeable spike in revenues towards the Mosquito Control District. This spike was due to the Board approving the Citizens Budget Committee’s recommendation to replenish reserve funds in Mosquito Control District.

The FY 2014 budget included a tax rate increase for the Mosquito Control District:

- The millage for the Mosquito Control District increased by:
 - 0.2029; which brought the District’s millage from .2036 to .4065
 - The millage increase for a home with property value of \$100,000 was an annual tax increase of \$20.29
 - Generated additional tax revenue of \$2.8 million.

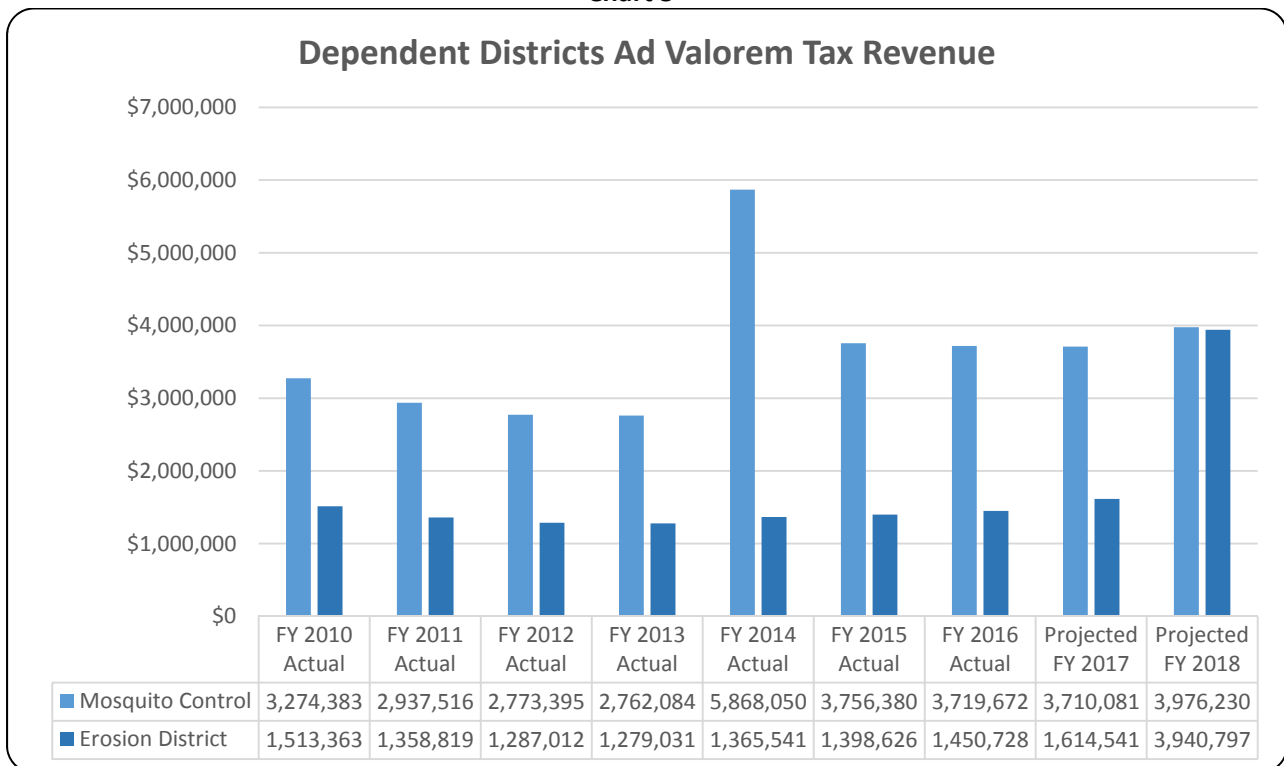
- With the \$2.8 million generated from the millage increase, the District’s operating budget was balanced and the District’s reserves increased to approximately \$4 million

The Mosquito Control District is forecasted to decrease by \$9,591, or -0.26% from FY 2016 to FY 2017, and is forecasted to increase by \$266,149, or 7.17% from FY 2017 Projected to FY 2018 Projected. The Erosion District is forecasted to increase by \$163,813, or 11.29% from FY 2016 to FY 2017, and if the budget recommendations are accepted, is forecasted to increase by \$2,221,604, or 137.60% from FY 2017 Projected to FY 2018 Projected.

The FY 2018 Recommended budget includes a tax rate increase for the Erosion District:

- A millage increase of 0.1181 to raise \$2,000,000 for Hurricane Matthew Recovery
 - The Erosion District expects the County’s share of Hurricane Matthew expenditures for debris removal, construction, and beach monitoring to be approximately \$2.6 million, which would virtually eliminate the District’s current reserves.
 - FEMA Reimbursement is uncertain at this point of time for Hurricane Matthew expenditures.

Chart 5



Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll-back Millage Rates

Chart 6 represents the amount of revenues (in dollars) received through Municipal Services Taxing Unit (MSTU) from FY 2010 through FY 2017. An MSTU is a special taxing district authorized by the State Constitution (Article VII) and the Florida Statutes 125.01. The MSTU is a legal and financial mechanism

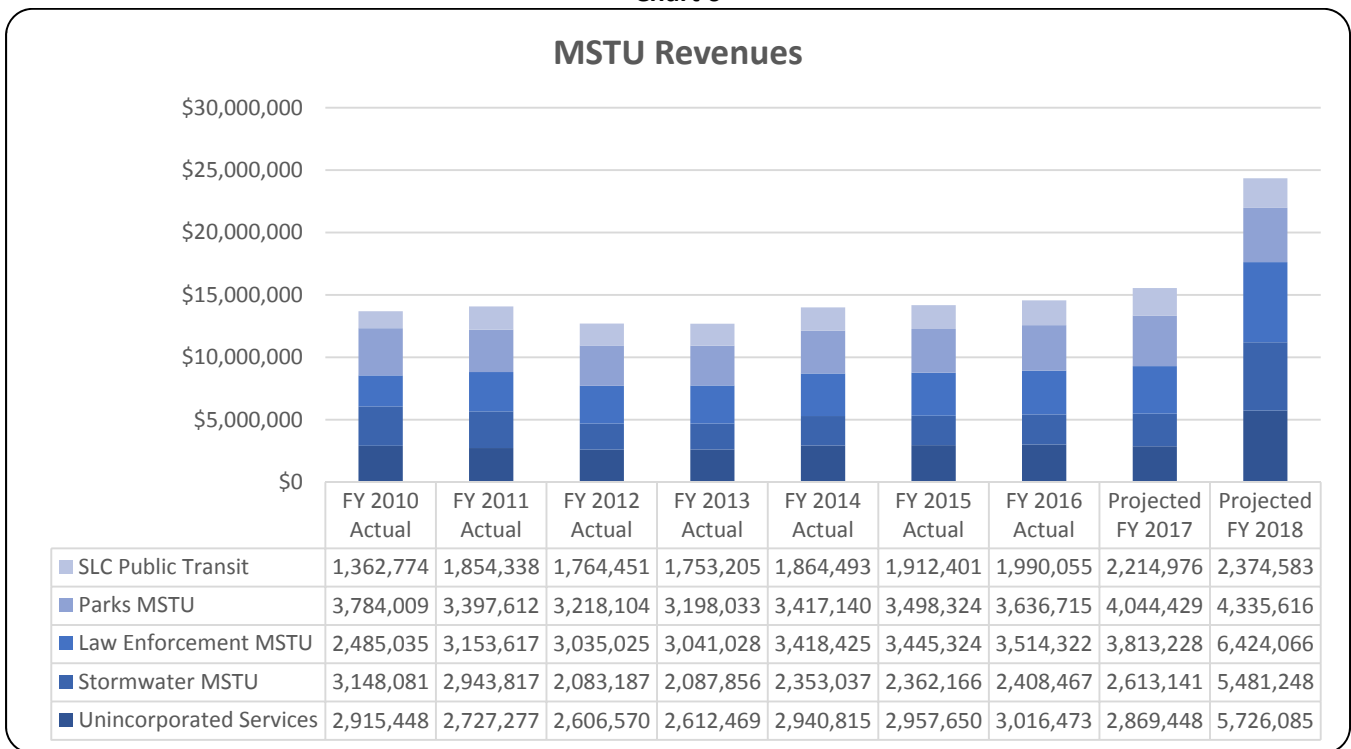
for providing specific services and/or improvements to a defined geographical area. Revenues from a MSTU are received through Ad Valorem taxes and special assessments.

MSTU revenues are separated into five categories:

- St Lucie Co. Public Transit
- Parks
- Law Enforcement – The recommended budget includes increasing the millage rate to fund Sheriff vehicles (\$873,576) and salary increases (\$3.6 million). 50% of the increase would be funded from the Law Enforcement MSTU with the other 50% being funded from the Fine & Forfeiture Fund.
- Stormwater – The recommended budget includes increasing the millage rate to fund \$2.5 million for culverts.
- Unincorporated Services – The recommended budget includes increasing the millage rate to fund \$2.6 million in road repaving and \$500,000 for heavy equipment. These increases will be funded 80% from the Unincorporated MSTU and 20% from the General Fund.

The majority of MSTU revenues received were for the Parks and Law Enforcement MSTU. Revenues from the MSTU have seen an upward trend since FY 2013, and if the budget recommendations are accepted are forecasted to continue to do the same in FY 2018.

Chart 6

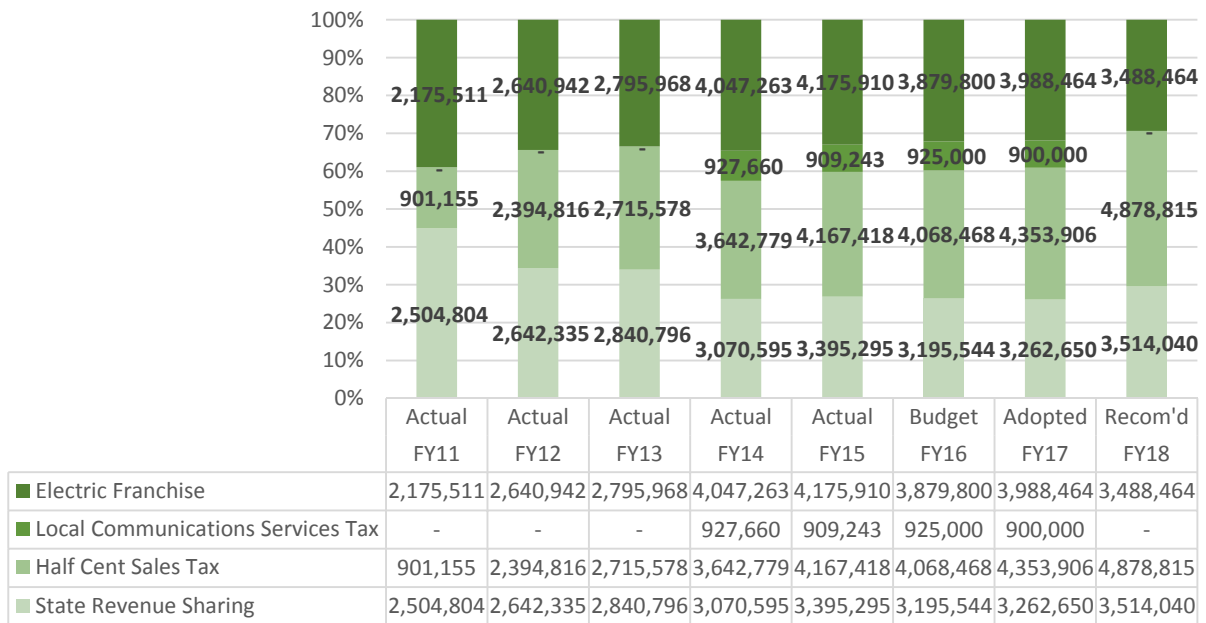


Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll-back Millage Rates

Chart 7 represents Non-Ad Valorem revenues (in dollars) received from FY 2011 through FY 2018. These revenues are not associated with values of real estate of personal property.

Chart 7

General Fund Non-Ad Valorem Major Revenue Outlook



Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Major Revenues

The non-ad valorem revenues are broken into four categories:

- Electric Franchise** – The County negotiated agreements with the Florida Power and Light Company (FPL) and the Fort Pierce Utilities Authority (FPUA) allowing each a non-exclusive franchise to operate facilities within County rights-of-ways in the unincorporated areas of the County. In consideration for the franchise, each entity has agreed to pay a fee. In the case of the electric companies, this fee is remitted to the County.
- Local Communications Services Tax** - Fees charged to telecommunications related companies pay the fee to the State who then distributes the revenue to each respective county. This fee is an agreed upon percentage of their revenues, less actual write-offs, which are ‘billed’ to customers living within the unincorporated area of the County.
- Half-Cent Sales Tax** - Local Governments receive a share of the State sales tax collections that is roughly equal to, and is referred to as, the “Half-Cent” Sales Tax. It generates the largest amount of revenue for local governments any source of State shared revenue.
- State Revenue Sharing** - The Florida State Department of Revenue uses an established formula to apportion to each eligible county a certain amount of revenue collected from cigarette and intangible taxes levied by the State. The formula is based on county population, unincorporated population, and county sales tax collections. Distributions are usually consistent from month to month with the exception of July when the State makes an annual adjustment based on the past fiscal year collections.

The majority of Non-Ad Valorem revenues have been received between electric franchise fees and state revenue sharing. Beginning in FY 2014, revenues from local communications sales taxes were added. Revenues from this category have seen an upward trend since FY 2011, and are forecasted to slightly decline in FY 2017 and FY 2018 Recommended.

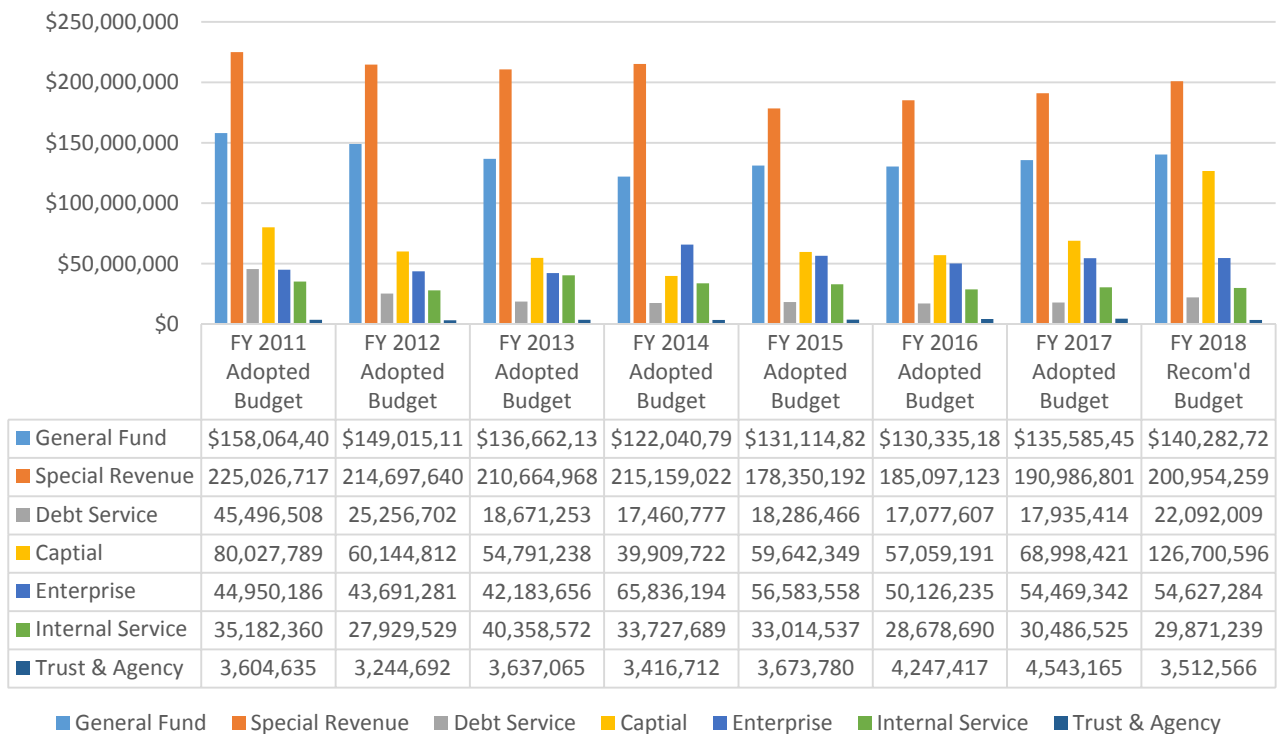
From FY 2001 through FY 2007, and then from FY 2009 through FY 2013, the Transportation Trust Fund received Electric Franchise revenues totaling \$8.85 million. From FY 2002, FY 2003, and FY 2005 through FY 2008, the Transportation Trust Fund also received Local Communications Tax revenues totaling \$2.84 million. In FY 2018, the Local Communications Tax revenues will go into the Transportation Trust Fund.

Major Expenses:

Chart 8 shows FY 2011 Adopted Budget through FY 2018’s Recommended Budget, a summary of the expenditures by fund type. Looking at the chart, from FY 2011 through FY 2016, the General Fund, Special Revenue, Capital, Enterprise, and Internal Service fund types have been on an overall steady decline, while other fund types, such as Debt Service and Trust & Agency have remained level or increased slightly. Of the fund types, the General Fund and the Special Revenue receive most of the Ad Valorem Tax Revenue.

Chart 8

Expenditure Summary by Fund Type



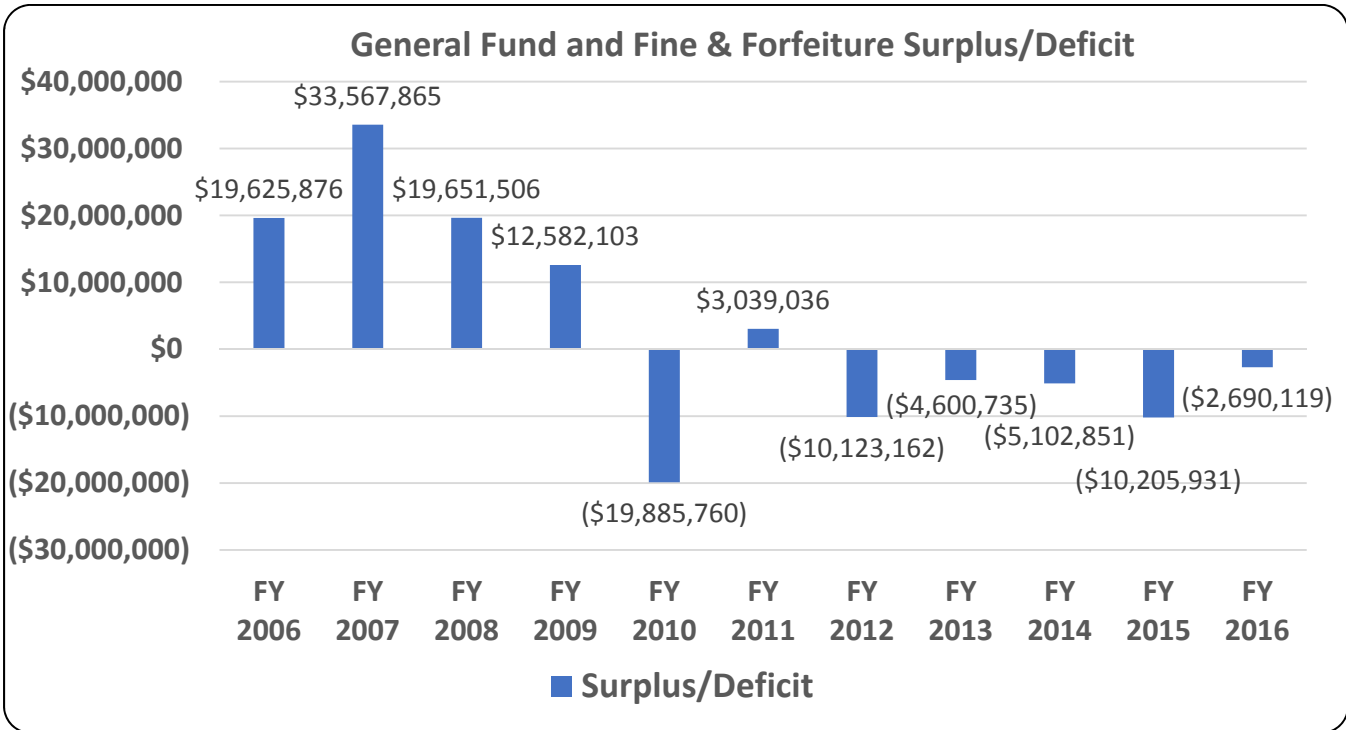
Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Summary of Revenues and Expenditures Major Funds

- The General Fund, over the eight-year period FY 2011 to FY 2018, declined from \$158.1 million to \$140.2 million. This is a cumulative decrease of \$17.8 million or -11.25%. The FY 2018's Recommended Budget shows the General Fund increasing by 3.46% or \$4.68 million from the FY 2017 Adopted Budget.
- The Special Revenue Fund, the cumulative decrease was \$24.07 million during the period FY 2011 to FY 2018. This represents a decrease of 10.70%. The FY 2018 Recommended Budget shows the Special Revenue Fund increasing by 5.22% or \$9.97 million from the FY 2017 Adopted Budget.
- The Debt Service Fund, decreased from FY 2011 to FY 2017 by \$23.40 million or -62.46%. The FY 2018 Recommended Budget shows the Debt Service Fund increasing \$4.15 million or 23.18%, from the FY 2017 Adopted Budget.
- The Capital Fund, increased from FY 2011 to FY 2018 by \$46.67 million or 58.32%. The FY 2018 Recommended Budget shows the Capital Fund increasing by \$57.70 million or 83.63%, from the FY 2017 Adopted Budget.
- The Enterprise Fund, increased from FY 2011 to FY 2017 by \$9.68 million or 21.53%. The FY 2018 Recommended Budget represents an increase of \$0.16 million or 0.29%, from the FY 2017 Adopted Budget.
- The Internal Service Fund, decreased from FY 2011 to FY 2018 by \$5.31 million or -15.10%. The FY 2018 Recommended Budget represents a decrease of \$0.61 million or -2.02, from the FY 2017 Adopted Budget
- The Trust & Agency Fund, decreased from FY 2011 to FY 2018 by \$0.92 million or -2.55%. The FY 2018 Recommended Budget shows the Trust & Agency Fund decreasing by \$1.03 million or -22.68%, from the FY 2017 Adopted Budget

General Fund and Fine & Forfeiture Surplus / Deficit

Chart 9, represents Surplus/Deficit spending that occurred from FY 2006 through FY 2016 in the General Fund and Fine & Forfeiture Funds combined. These funds were accumulated or spent as a result of the increase or decline in property values and the resulting change in Ad Valorem tax revenue, as we experienced unprecedented fluctuations over the course of years depicted in Chart 9. The overall net change from FY 2006 to FY 2016 is an increase of \$35.8 million.

Chart 9



Source: Banner Financial System

Positions:

Comparing FY 2018 to FY 2010, the total of St. Lucie County’s workforce, counted in terms of Full Time Equivalent (FTE) positions (where one full-time employee is equal to 1.0 FTE), reduced by a total of 103.52 FTEs, or -11.5%

In FY 2011, as part of an effort to reduce the deficit gap, the Board approved the structural realignment of the County’s 18 operating departments down to nine operating departments. With the organization of departments, there were also staff layoffs that resulted in a \$4.19 million personnel expense reduction and a drop in the FTE count by 237.31 FTEs. Upon conclusion of the layoffs, there were 659.76 FTEs remaining, which placed the County near the 1992-93 staffing level.

For both FY 2015 and FY 2016, the FTE count primarily increased from the conversion of Manpower temporary workers to County employees. Additionally for FY 2016, the FTE count for the Libraries increased by 17.00 FTEs due to the increase of operating hours at two Libraries and preparing for the opening of a new library. The FY 2016 FTEs were 744.74, of which, the closest and most comparable is 681.15 FTEs in FY 1995.

For FY 2017, the FTEs count primarily increased from the conversion of Manpower temporary workers to County employees from the early part of FY 2016. During FY 2016, Parks, Recreation & Facilities added 4.0 FTEs for jail maintenance and Public Works – Engineering added 1.0 FTE for construction inspection. The FY 2017 FTEs are forecasted to be 774.68; of which, the closest and most comparable is 778.85 FTEs in FY 2002.

For FY 2018 Recommended Budget, the FTEs count increased mostly from the addition of 21.13 FTEs and a decrease of 2.26 FTEs, resulting in a net increase of 18.87 FTEs.

During FY 2017, some of the most notable transactions were the following:

- Parks, Recreation & Facilities– Parks & Special Facilities division added 5.00 FTEs from the restructuring of the Aquatics program.
- For Public Safety, Planning & Development Services, and Public Works – Water Quality, a 1 FTE position was added and split three ways between those departments, for an Emergency Management Safety Planner.

Included in the FY 2018 Recommended Budget, are the following notable additions:

- Public Safety – Marine Safety added 2.5 FTEs for two new Ocean Rescue Lifeguards and the reclass of a PT Ocean Rescue Lifeguard to a FT position (0.5 FTE).
- The Environmental Resources Department’s Lands Division added 2 FTEs for Natural Resources Maintenance Technicians positions
- The Environmental Resources Department’s Environmental Education Division, 0.6 FTE for a new PT Maintenance Technician position and 0.40 FTE to reclass a PT Environmental Program Specialist position to FT.
- The Facilities Department added 1 FTE for a Budget and Contracts Coordinator position and 1 FTE for an Energy and Water Manager position.
- Parks & Recreation Department – Parks & Special Facilities division added 1 FTE for a new Museum Attendant
- Parks & Recreation Department – Regional Parks & Stadiums added 0.5 FTE for the addition of a PT Recreation Supervisor for the Skate Park.

The FY 2018 FTEs are forecasted to be 793.55; of which, the closest and most comparable is 778.85 FTEs in FY 2002.

Table 2

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total FTE by Fiscal Year	897.07	659.76	653.06	666.59	674.84	707.74	744.74	774.68	793.55
Change in FTEs by Fiscal Year	(22.15)	(237.31)	(6.70)	13.52	8.25	32.90	37.01	29.94	18.87

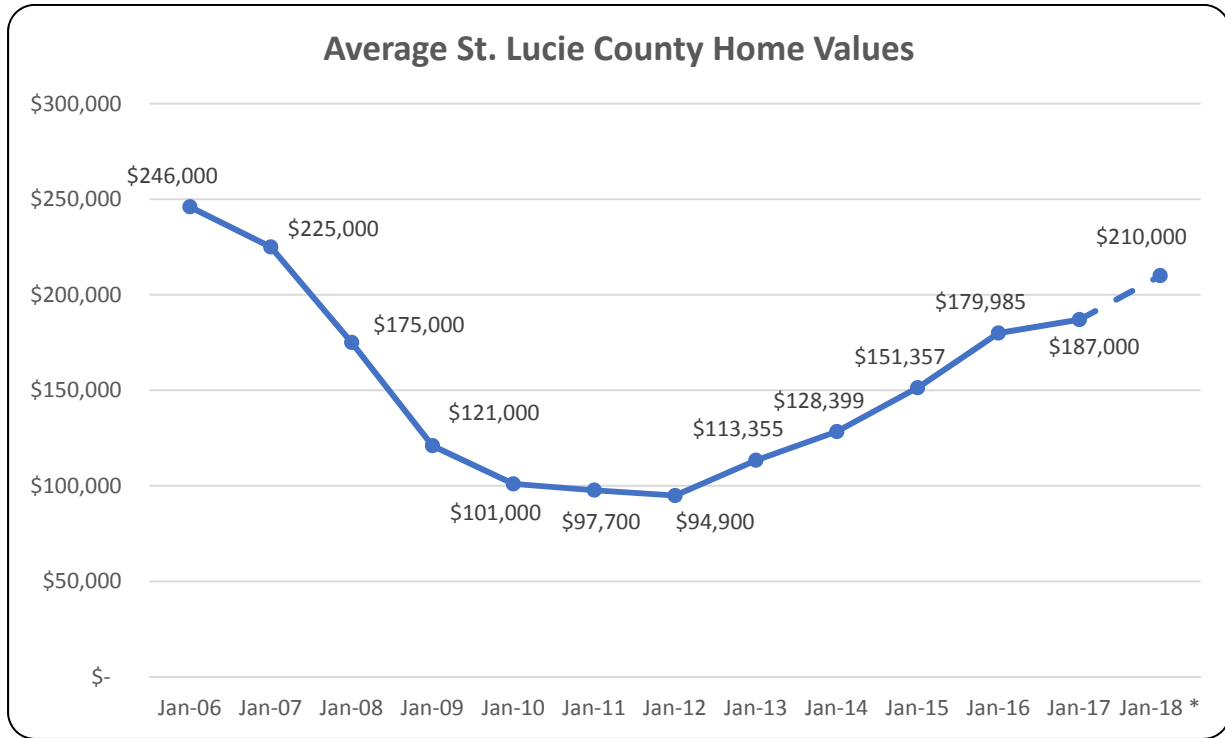
Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Personnel History

ECONOMIC CONDITIONS:

Average St. Lucie County Home Values:

After seven years of declining property values from 2006 through 2012, at a combined loss of -61.42%, St. Lucie County county-wide average home values began to increase from 2013 through 2017, resulting in a net 64.97% increase. The average property values for FY 2018 are projected to increase by 12.30% from \$187,000 in FY 2017 to \$210,000 in FY 2018.

Chart 10



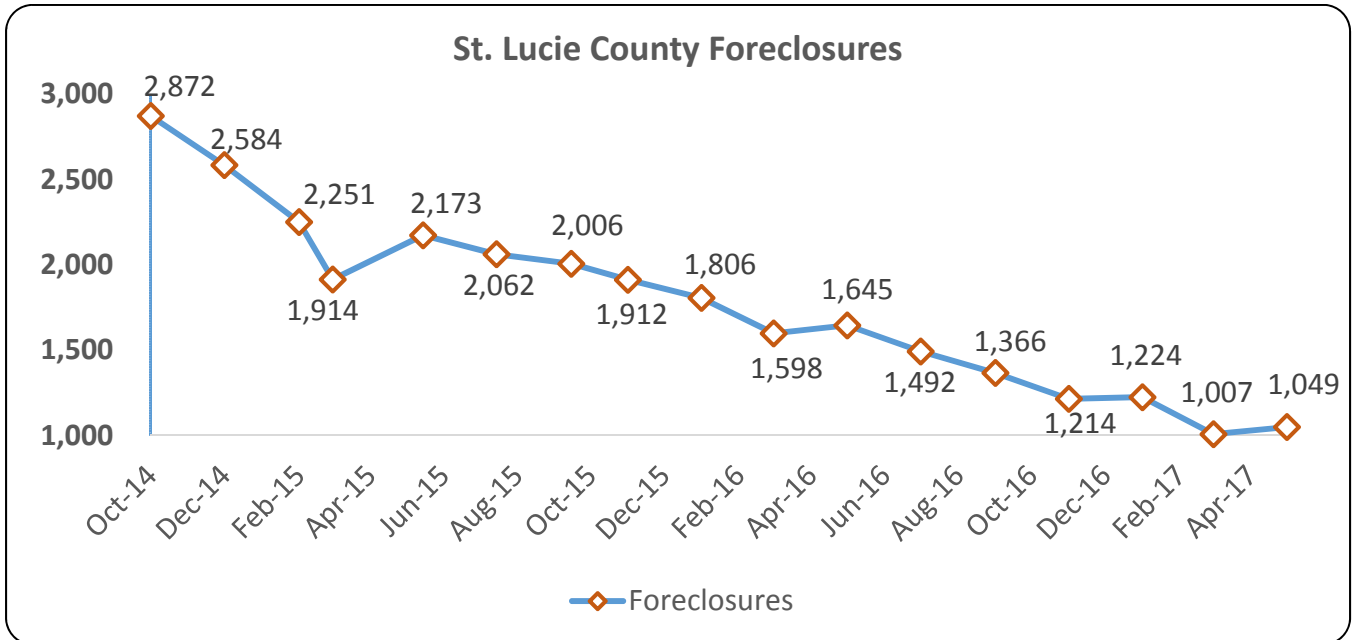
* Proposed

Source: Florida Realtors – Monthly Market Summary and Monthly Distressed Market – Single Family Homes - St. Lucie County

Foreclosures in St. Lucie County

Between October 2014 to April 2017, the number of foreclosure cases reduced by 1,850 cases or -73%. This is a positive sign of the economy turning around for the better.

Chart 11

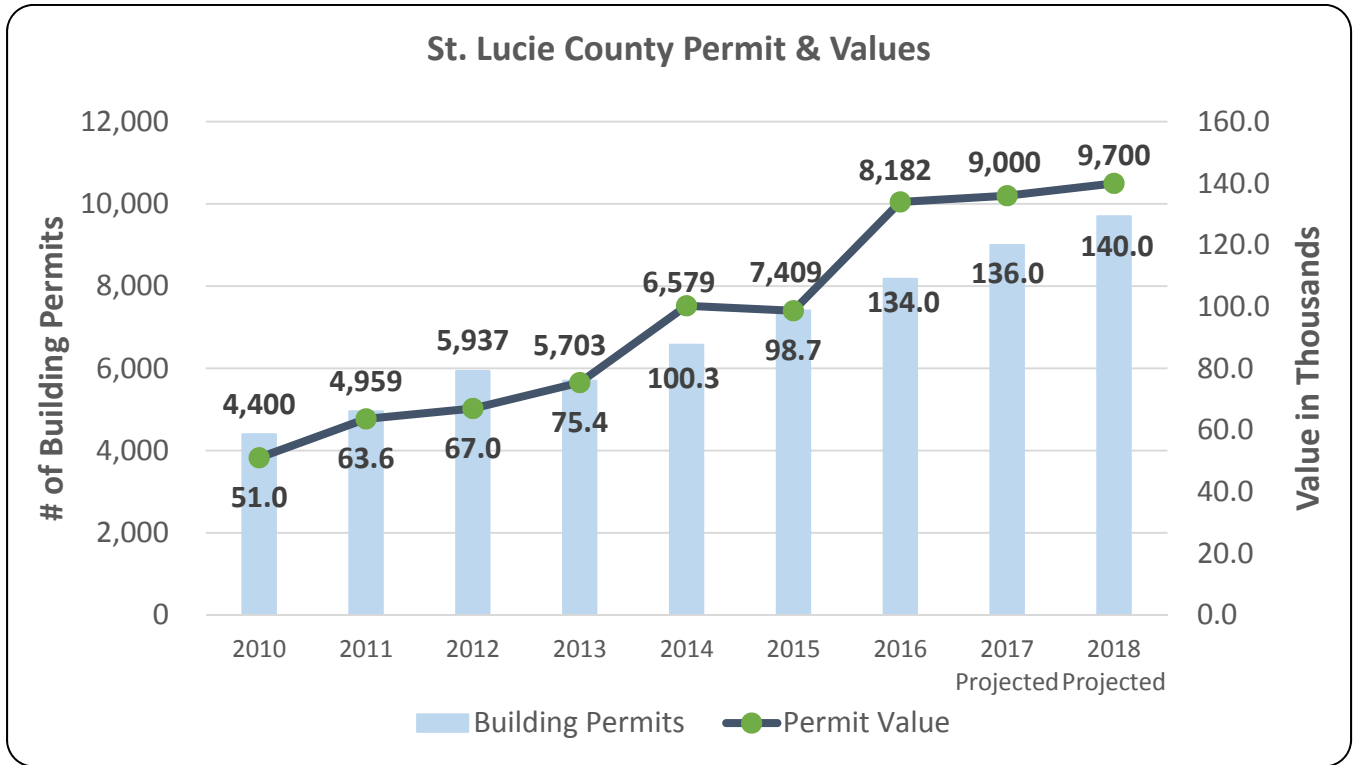


Source: St. Lucie County Clerk of Court – Recording Division and Civil Courts – Probate Division

New Construction in St. Lucie County

Building permits and permit value are leading indicators to improvement in the building industry. Since 2010, the unincorporated area permit activity has increased by 86% or 3,782 as of Calendar Year (CY) 2016. In CY 2016, the permit value increased dramatically by 33.6% or \$35,300 when compared to CY 2015. For Projected CY 2017, there is an expected increase of 1.49% or \$2,000, when compared to CY 2016. In addition, for Projected CY 2018, there is an expected increase of 2.94% or \$4,000, when compared to Projected CY 2017. Overall, from CY 2010 through Projected CY 2018, the building permit values are expected to increase by 120.0% or \$89,000.

Chart 12



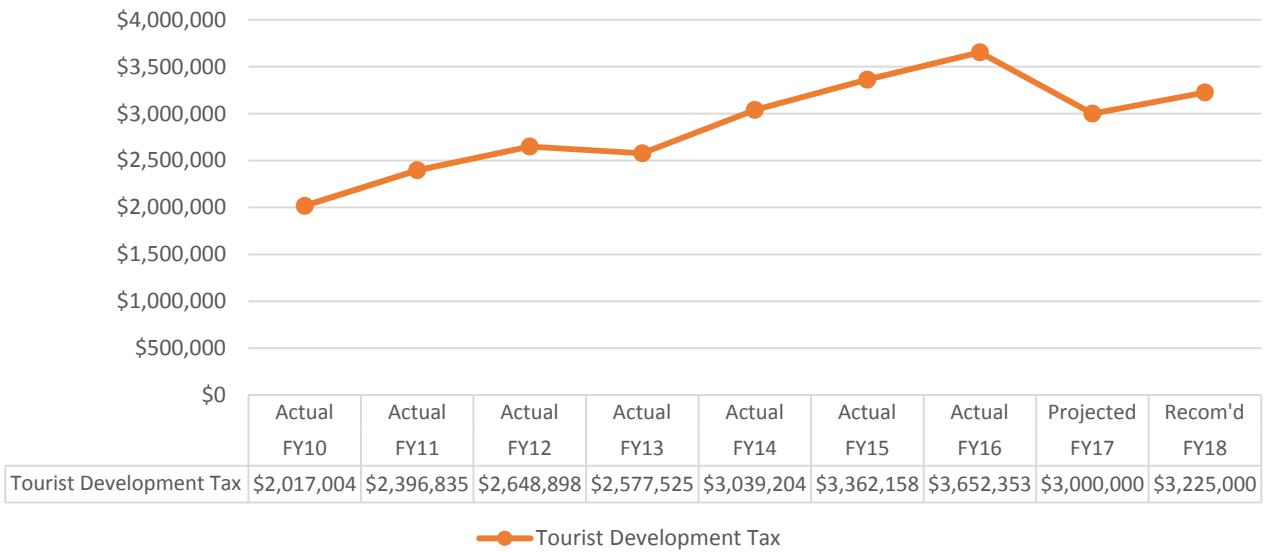
Source: St. Lucie County Planning & Development Services – Building and Code Regulation – Zoning & Permitting

Tourism

From FY 2010 through FY 2016, the Tourist Development Tax Revenue has been increasing at a constant rate with 18.83% in FY 2011; 31.33% in FY 2012; 27.79% in FY 2013; 50.68% in FY 2014; 66.69% in FY 2015; and 81.08% in FY 2016. For the FY 2017 Budget, the Tourist Development Tax revenues are conservatively budgeted at \$3,000,000, and for the FY 2018 Recommended Budget, the revenues are budgeted at \$3,225,000. The overall increasing Tourist Development Tax revenues are an indicator that St. Lucie County’s economy is benefitting from the increased spending of tourism dollars.

Chart 13

Tourist Development Tax



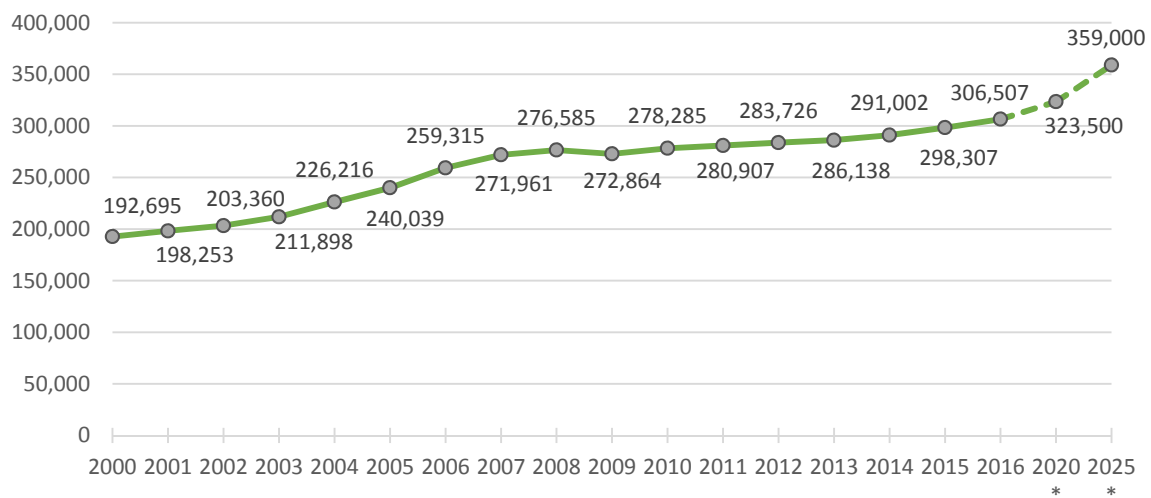
Source: Banner Financial System

Population:

As seen in the chart below, St. Lucie County’s population has been on a steady increase. With the County’s population increasing by 113,812 from 2000 to 2016, the County experienced a 59% growth increase. From 2016 through 2025, St. Lucie County’s estimated population is projected to increase by an additional 52,493 persons, which is 17% of growth.

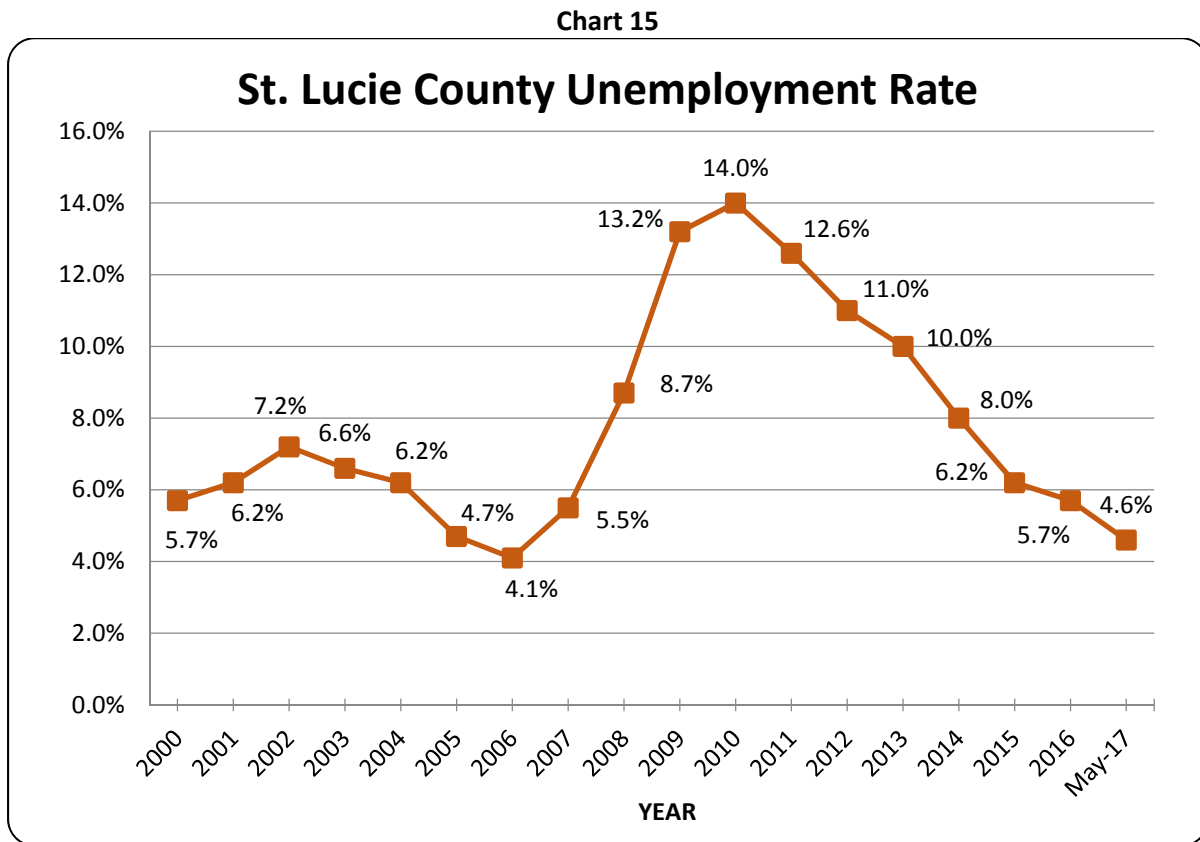
Chart 14

St. Lucie County Population



Unemployment Rate

The St. Lucie County unemployment rate for May 2017 is 4.6%, a 17.2% decrease from 2016. However, the County rate is 0.006 percentage points higher than the State of Florida’s unemployment rate. According to the United States Bureau of Labor Statistics, there were 6,294 unemployed County residents out of a labor force of 133,106 as of May 2017.

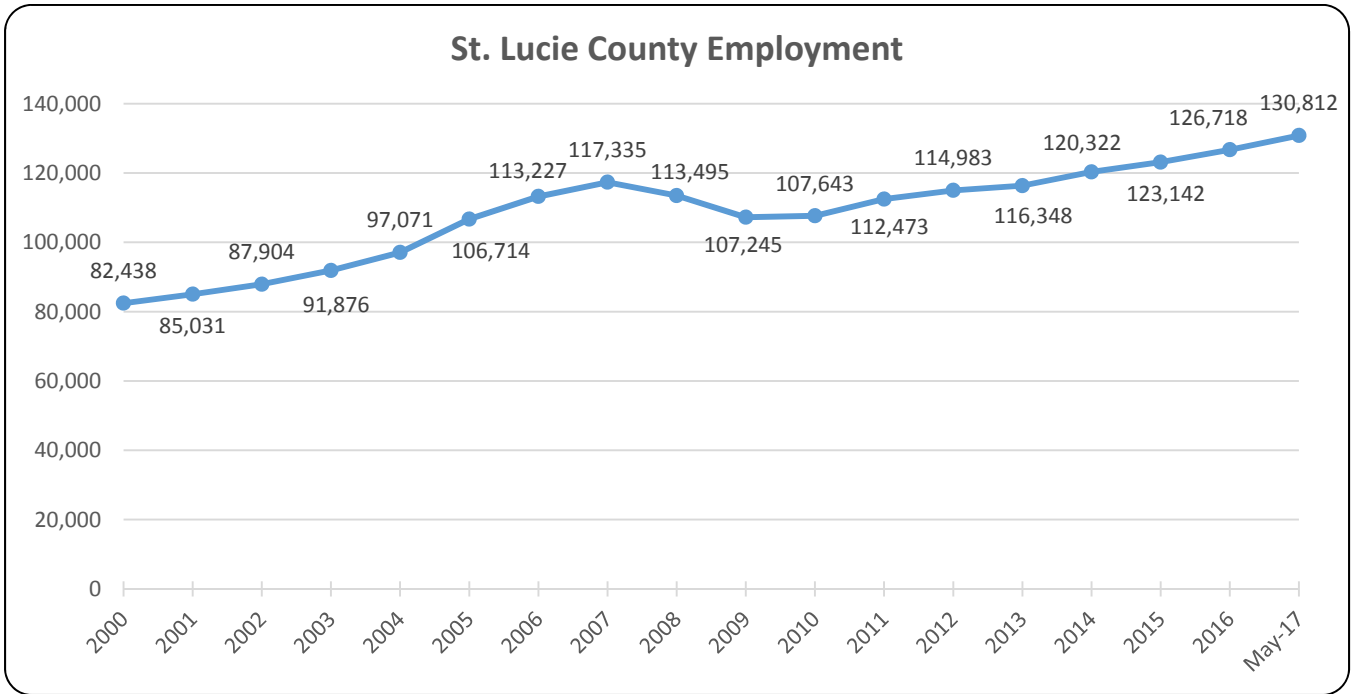


Source: <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics>

Employment:

As seen in the chart below, St. Lucie County’s employment was on a steady increase from 2000 through 2007, and then declined by 8.60% or 10,090 individuals over the course of two years. The County’s employment began to show signs of economic growth between 2009 and 2016, with a net increase of 18.16% or 19,473 individuals in the County’s workforce.

Chart 16



Source: Florida Jobs – Labor Market Information – Local Area Unemployment Statistics (<http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics>)

Countywide Valuations

After many years of declining property valuations, St. Lucie County’s countywide home values have increased for the fifth consecutive year. For Fiscal Year 2017-18, the property values have increased 6.75% to \$18.7 billion. Despite the increases, the County’s home values remain 26.77% below FY 2008’s peak Property Valuation of \$25.5 billion.

Table 3

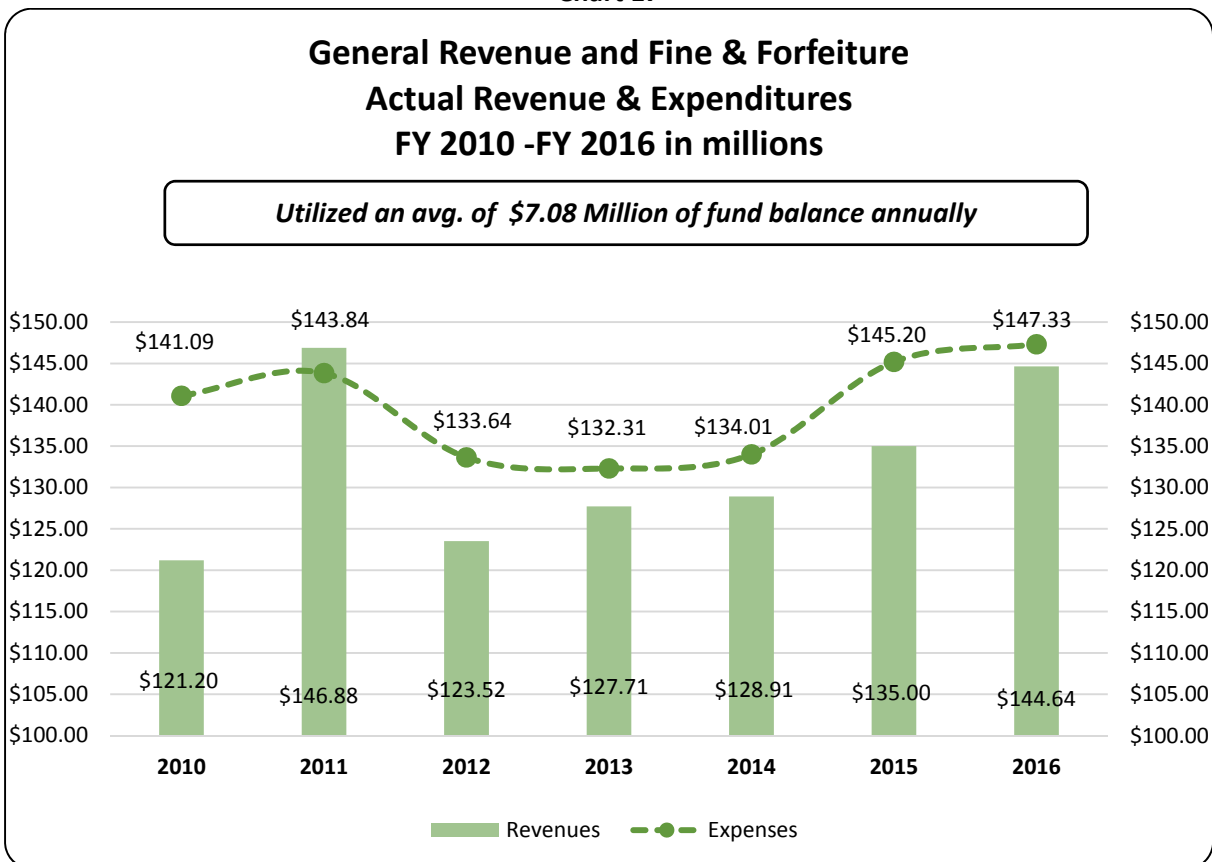
Fiscal Year	Property Valuation	Valuation Change \$	Yearly Change %
2008	25,554,081,157		
2009	21,301,295,874	-4,252,785,283	-16.64%
2010	16,850,268,512	-4,451,027,362	-20.90%
2011	15,013,709,614	-1,836,558,898	-10.90%
2012	14,529,243,377	-484,466,237	-3.23%
2013	14,292,317,878	-236,925,499	-1.63%
2014	15,123,381,622	831,063,744	5.81%
2015	15,599,739,461	476,357,839	3.15%
2016	16,263,608,260	663,868,799	4.26%
2017	17,529,028,758	1,265,420,498	7.32%
2018	18,712,238,199	1,183,209,441	6.75%
Cumulative Change		-6,841,842,958	-26.77%

BALANCE FORWARD HISTORY:

Based on a review of actual revenue and expenses, St. Lucie County uses a Budget Stabilization Fund to augment the shortfall in revenue. Another way to state this is: the County has a structural imbalance, which occurs when recurring revenues are less than recurring expenditures. The Government Finance Officer Association states this is an indication that an organization has a structural imbalance. The Government Finance Officer Association recommends, “. . . a government should adopt a formal policy calling for structural balance of the budget. The policy should call for the budget to be structurally balanced, where recurring revenues equal or exceed recurring expenditures.”

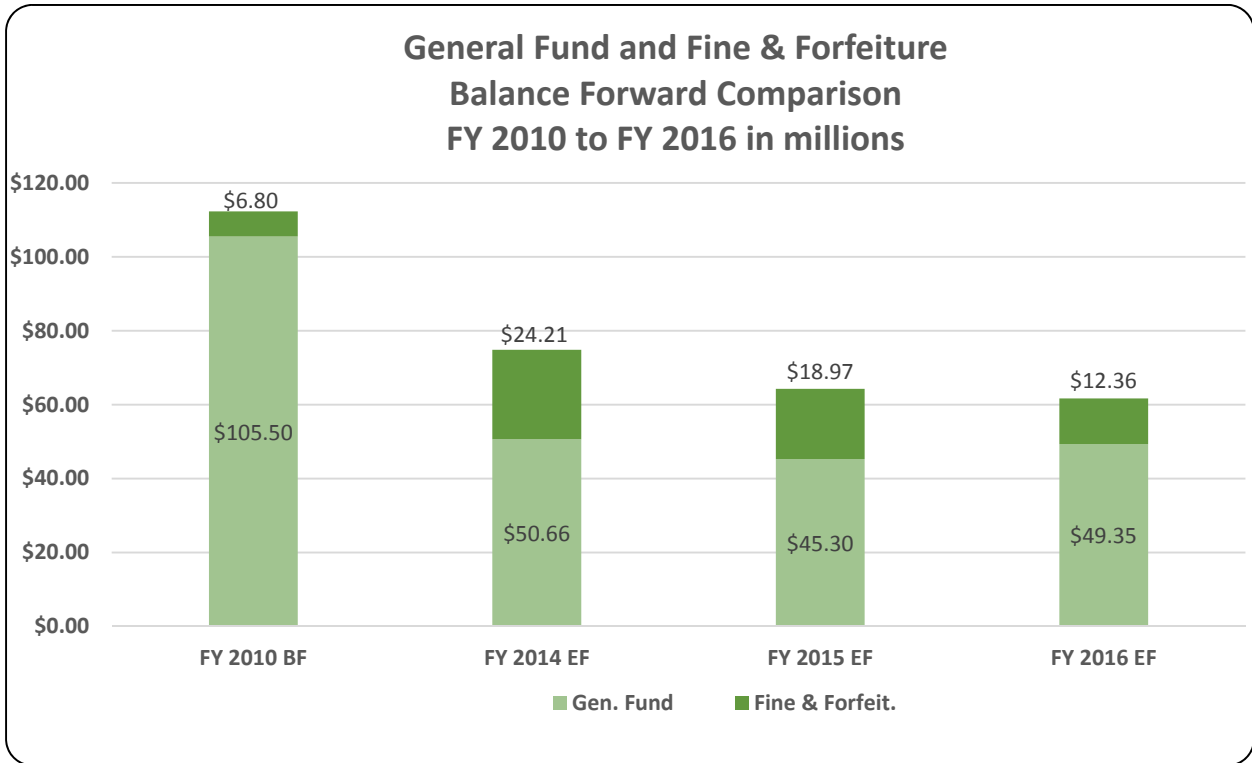
Over the span of seven years, FY 2010 through FY 2016 the County has utilized approximately \$50 million of the General Fund and Fine Forfeiture fund balance. The following chart shows expenses exceeding revenue annually during the same period, averaging \$7.08 million. This trend has resulted in the Balance Forward in FY 2010 of \$112.3 million being reduced to \$62.7 million in FY 2017. A policy decision was made to utilize fund balance to offset the loss of property tax revenue as a result of the decline in property values. The second chart shows the reduction in balance forward over the period.

Chart 17



Source: Banner Financial System

Chart 18



Source: Banner Financial System

RESERVE POLICY ISSUE

The County acts as a public corporation and as a result, it is necessary to maintain sufficient reserve levels in various funds. The County, as part of its fiduciary responsibility, must maintain sufficient reserve levels. The Government Finance Officers Association has recommended the appropriate level reserves to maintain. Currently, the FY 2018 Recommended Budget includes designated reserves based on advisement of the Government Finance Officers Association which has indicated as a best practice, governments should set aside funding for occurrences that affect Revenue Volatility, Infrastructure Risks and Extreme Events. Based on these categories funding has been set aside in reserves in an amount equal to \$36.5 million for the following purposes:

- In line with FGOA guidelines, an allocation of 12.5% of annual operating revenues, which is an amount equal to \$16.5 million and used for storm events and emergencies/issues that are not anticipated in normal budget development.
- One year of budget stabilization, which, if we take our most critical year in 2010 equals \$14 million.
- An allocation of \$6 million in a transportation infrastructure reserve, as our current 75 year repaving cycle, is not sustainable.

DEFICIT REDUCTION PLAN:

As stewards of the County's finances, it is essential we remain discipline by maintaining our plan to become balanced by FY 2020. This budget continues our effort to achieve our goal. Therefore, it becomes incumbent upon the County to utilize the additional revenues to balance the budget and strengthen its

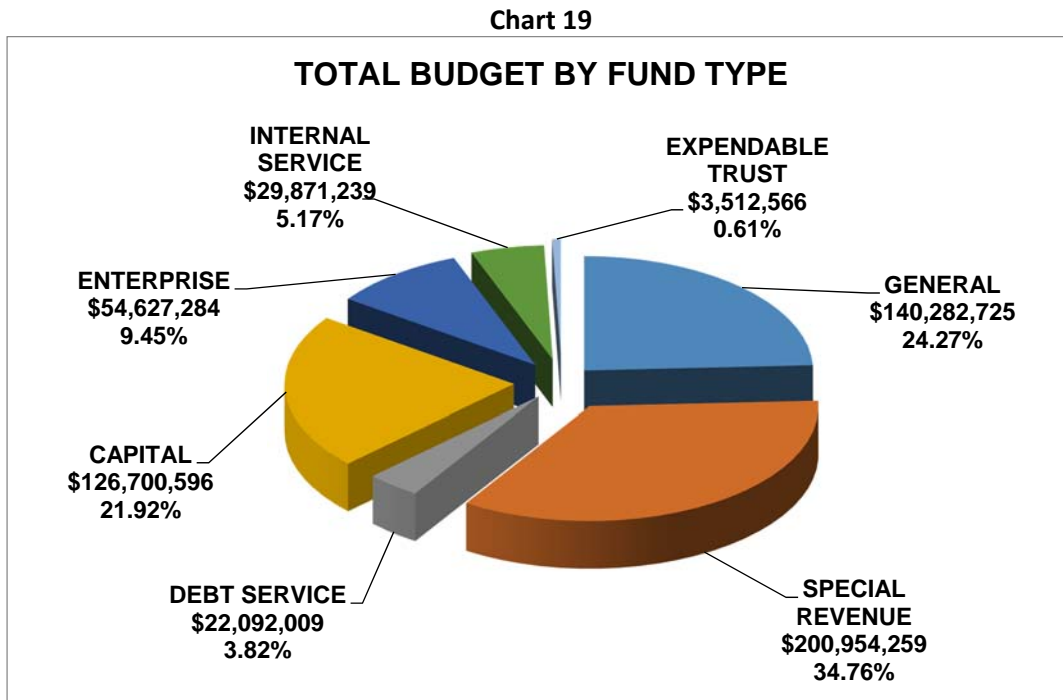
financial position. The graph and table below attempt to depict the effect on Operating Revenue and Expenses based on the Five Year plan. However, the annual budget is a living and dynamic document that will undoubtedly adjust as the County proceeds through FY 2018. We have based our estimates on the most current information however, economic circumstance are subject to change.

It continues to be our goal to establish a strategic approach to align our resources and programs based on the priorities set forth by our citizens. The purpose of the five-year plan is to project the financial impact of current budgetary decisions on future fiscal years.

RECOMMENDED BUDGET:

The total FY 17-18 Recommended Budget is \$578,040,678, which is broken down into the following fund types:

- General: To account for all financial resources except for those required to be accounted for in a separate fund
- Special Revenue: To account for specific resources which are restricted for a specific purpose
- Debt Service: To account for the payment of general long-term debt
- Capital: To account for resources for the acquisition or construction of major capital projects
- Enterprise: To account for operations that are financed and operated in a manner similar to private business
- Internal Service: To account for the financing of goods provided by one County department to another on a reimbursement basis
- Expendable Trust: To account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units



What this budget does

In the FY 2017-18 Budget, funding has been allocated to the following areas:

Local Communications Services Tax: The FY 2017-18 Budget reallocates this revenue to the Transportation Trust Fund \$0.81M.

Salary Increase: The FY 2017-18 Recommended Budget implements a four-year plan to help close the gap with that of surrounding agencies in addition to the continued step plan for Sheriff Office employees (\$3.57 million) and a COLA/Salary adjustment to employees funded by the General Fund/Fine & Forfeiture Fund (\$1M). This allocation will also impact the budgets of the Clerk of Court, Supervisor of Elections, Property Appraiser, and the Tax Collector.

Health Insurance: The FY 2017-18 Budget also sets us on a path to continue to reduce the deficit spending in the health insurance fund. For FY 18, the County increased premiums by 9% totaling \$1,447,550 (including the Sheriff's Office).

Other Increases: In addition to the items listed above, the FY 2017-18 Budget includes:

- Sheriff Annual Vehicle Lease Payment for the 2017 Lease/Purchase Agreement for 115 Patrol Vehicles \$873,576
- Increase in FRS (BOCC and Constitutional Officers) of \$987,679
- An increase in Medicaid of \$317,680
- Supervisor of Elections Rent increase of \$62,524
- Tax Collector (Fee based) amount of \$255,000
- Deficit Reduction of \$2 M
- Property Appraiser \$246,567
- Supervisor of Elections Vehicles to replace 3 eleven year old vehicles at \$75,000 and replace 1 large box truck vehicle mainly used for moving voter equipment in the amount of \$86,300

Medical Examiner: A new Forensic Investigator (1 FTE for 9 months) and reclassification of current Forensic Investigator position to Lead Investigator Position in the amount of \$106,116. The FY 2017-18 Budget also includes full one year funding of New Forensic Pathologist approved in prior fiscal year of \$41,000.

Transfers/New Debt: The County will begin making debt service payments on the 800 MHz Radio System in the coming year.

Community Redevelopment Agencies (CRAs): The increase in the incremental value of the Community Redevelopment Areas will require a \$582,000 increase in the County's payments to the CRAs.

Non-Profits: The increase in non-profit requests of \$235,765 for ARC, Boys & Girls Club, 211, New Horizons and the Hands Clinic.

Board Department Increases: The FY 2017-18 Budget includes:

County Administration / Treasure Coast International Airport:

- Various Airport requests in the amount of \$209,000
 - Mandated Data Circuit Expenses \$13,000

- Rhino Batwing 2150 Mower \$11,000
- John Deere Slope Mower \$185,000

Information Technology:

- Information Technology requests in the amount of \$525,455
 - IT - Compuquip / Checkpoint Firewalls \$63,200
 - IT -Computer Replacement Year Two \$60,000
 - IT - New Analyst position (1.00 FTE) \$106,255
 - IT - Manpower - Temporary Labor \$46,000
 - Salary Study \$250,000

Human Resources:

- Human Resources requests in the amount of \$15,900
 - Performance Management \$5,000
 - Employee Handbook \$2,000
 - Increase in Physical Exams for employees \$1,900
 - Implement Org Training & Development Plans \$2,000
 - New Employee Orientation \$5,000

Office of Management & Budget (OMB) / Planning & Grants Management:

- OMB requests in the amount of \$1,750
 - Planning & Grants Mgt. – Office Supplies \$1,000
 - Planning & Grants Mgt. – Printing & Binding \$750

Community Services:

- Community Services requests in the amount of \$(235,479)
 - Human Svcs - Senior Staff Assistant \$64,521
 - Summer of Success, remove funding \$(300,000)

Facilities:

- Various Facilities requests in the amount of \$1,759,821
 - PRF CIP - Facilities Compound Improvements \$100,000
 - PRF-Facilities - New Budget and Contracts Coordinator position \$64,193
 - PRF-Facilities 5 Year Capital Improvement Projects \$1,162,417
 - PRF-Facilities Dude Software Maintenance & Support \$11,274
 - PRF-Facilities Admin Air Handlers \$110,000
 - PRF-Facilities Admin Complex Drainage Improvements \$80,000
 - PRF-Facilities - New Energy and Water Manager position \$86,354
 - PRF-Facilities 7th St Community Services \$119,875
 - PRF-Facilities Environmental Cleaning Air Ducts \$25,708

Parks & Recreation/ Administration:

- Parks & Recreation - Administration \$2,500
 - PRF-Admin. Municipal Partnership to help share the expense \$2,500

Parks & Recreation / Regional Parks & Stadiums:

- Parks & Recreation - Regional Parks & Stadiums requests in the amount of \$71,636
 - Equipment - Lely HR Spreader \$3,950
 - Equipment - Toro Multi-Pro 5800 Excelsior 300 Gallon Sprayer \$53,196
 - New Recreation Supervisor I - PT (for the Skate Park) \$14,490

Parks & Recreation / Parks & Special Facilities:

- Parks & Recreation – Parks & Special Facilities requests in the amount of \$98,224
 - Sea Turtle Nest Monitoring \$12,836
 - RecTrac Software Support \$16,000
 - LPCC - Additional Gaming Equipment \$11,850
 - New Museum Attendant position (1.00 FTE) \$21,680
 - Parks Dixie Chopper (Zero Turn) \$9,000
 - Parks Dump Trailer \$5,500
 - Parks Enclosed Trailer \$5,000
 - Parks Gator \$11,000
 - Administration reclass Assistant P&R Director to Facilities Director \$5,358

Parks & Recreation / Parks & Special Facilities / Venues:

- Parks & Recreation – Parks & Special Facilities - Venues requests in the amount of \$236,535
 - Venue Fairgrounds Sewer Plant Lift Station \$12,000
 - Venue Fairground Chemical Increase \$1,934
 - Fairground Communication Increase \$5,036
 - Fairground Credit Card Increase \$200
 - Fairground Equipment Rental Increase \$3,500
 - Fairground Gas, Oil, Grease \$500
 - Fairground Safety Supplies Increase \$138
 - Fairground Skid Steer Increase \$75,000
 - Fairground Water Plant Pump \$15,000
 - Fairgrounds Grounds Maintenance Increase \$864
 - Reclass Sr. Fiscal Assistant to Office Operations Specialist position \$1,748
 - Fairground 115hp Tractor \$85,000
 - Fairground Equipment <1000 Increase \$1,500
 - Fairgrounds Contract Labor Increase \$12,000
 - Fairground Building Maintenance Increase \$1,574
 - Utilities Increase \$19,920
 - Fairgrounds- Overtime Increase, \$621

Public Safety:

- Public Safety requests in the amount of \$208,005
 - Marine Safety - New Ocean Rescue Lifeguard position (1.00 FTE) \$63,832
 - Central Comm - New Public Safety Analyst position (1.00 FTE) \$72,501
 - New Ocean Rescue Lifeguard position (1.00 FTE) \$63,832
 - Shed \$5,000
 - Lifeguard Uniforms \$340
 - Automated External Defibrillator (AED) \$2,500

Critical Infrastructure / Public Safety Needs:

- Beaches \$4M for 2 Years \$2,000,000
- Stormwater (culverts) \$2,500,000
- Roads
 - Repaving from 5 miles per year to 25 miles per year \$2,600,000
 - Heavy Equipment Replacement Loan Payment \$ 500,000

- Sheriff's Office
 - Salary Increases \$3,573,359

Mosquito Control: The Mosquito Control District millage rate is recommended to remain constant so that the value increase can restore reserve accounts back to the Board approved levels. The District's reserves were impacted from Hurricane Matthew damage to the impoundments.

Unfunded Mandates:

Medicaid - The State requires the County to reimburse the State for a portion of Medicaid expenses. The County's contribution is expected to increase by \$318K for next year.

Infrastructure Needs:

Last year, the county identified \$600,000,000 in unfunded capital needs. This budget attempts to address some of the more critical of those needs including road resurfacing, culverts, Sheriff's Department Vehicles.

DEPARTMENTAL CHANGES:

The following information is being provided to communicate the change from the FY 2016-17 Recommended Budget to the FY 2017-18 Recommended Budget by County Department. The changes are reflective of the budget for each department in its entirety regardless of funding source. Explanation of the changes may be found in the FY 2017-18 Recommended Budget Book in the respective agency section.

Board of County Commissioners: The Board of County Commissioners are elected by the citizens to serve as the policymaking and legislative body for St. Lucie County, Florida. The FY 2017-18 Recommended Budgets of the five Commission Offices and the common appropriations for all offices total \$1,192,546, a 7.35% increase, or \$81,641.

County Attorney: The County Attorney acts as legal advisor to, and representative of, the Board of County Commissioners, and those agencies under its jurisdiction. The FY 2017-18 Recommended Budget is \$3,912,383 a 2.86% increase, or \$108,806.

County Administration: The County Administrator provides organizational leadership to effectively and efficiently implement County Commission policies and directives, manage available resources to achieve missions and proposed outcomes, and facilitate visioning for enhancing and ensuring St. Lucie County's quality of life. The County Administrator's Office also provides information about government services and accomplishments, as well as emergency information through the SLCTV cable-access government channel, the internet, the news and electronic social media and provides a safe, well-maintained General Aviation Airport facility for use by the public for recreational activities. The FY 2017-18 Recommended

Budget is \$13,113,358, a 15.92% decrease, or \$2,483,250.

Information Technology: Information Technology meets the information and communication needs of the Board of County Commissioners. The FY 2017-18 Recommended Budget is \$5,367,489, a 0.77% decrease, or \$41,557.

Human Resources: Human Resources assists County agencies in selecting, training and retaining qualified employees, administers the County's insurance programs and provides risk management services. The FY 2017-18 Recommended Budget is \$30,758,144, a 1.35% decrease, or \$422,310.

Office of Management & Budget: The OMB Office administers the fiscal management, purchasing services, budget development, planning and grants management of the Board of County Commissioners. The FY 2017-18 Recommended Budget is \$1,342,307, a 10.15% increase, or \$123,737.

Community Services: The Community Services Department contributes to St. Lucie County's quality of life by assisting citizens in meeting their health, social, transit, and housing needs. The FY 2017-18 Recommended Budget is \$14,382,873, a 4.44% increase, or \$610,888.

UF/IFAS Extension: The UF/IFAS Extension improves the quality of life through family and consumer educational programs; provides leadership to agriculture enterprises in natural resources management by promoting good management practices, water quality improvement, and environmental and conservation education. The FY 2017-18 Recommended Budget is \$775,849, a 9.74% increase, or \$68,847.

Environmental Resources: The Environmental Resources Department promotes sustainable and balanced economic and ecologic stewardship of St. Lucie County's natural resources through cost effective and science-based management. The FY 2017-18 Recommended Budget is \$6,972,337, a 6.99% increase, or \$455,673.

Facilities: The Facilities Department ensures the best value and most efficient performance of facilities management. The FY 2017-18 Recommended Budget is \$16,059,574, a 34.25% decrease, or \$8,365,888.

Library Services: The Library Services Department will advance knowledge, inspire lifelong learning, and strengthen our community. The FY 2017-18 Recommended Budget is \$6,436,341, a 7.54% decrease, or \$524,784.

Mosquito Control & Coastal Management Services: The Mosquito Control & Coastal Management Services Department protects public health through effective and environmentally safe methods of mosquito and erosion control. The FY 2017-18 Recommended Budget is \$22,863,591, a 9.86% increase, or \$2,052,304.

Parks and Recreation: Parks and Recreation Department contributes to the quality of life in St. Lucie County by providing leisure activities reflecting the interest and values of its citizens and visitors; ensuring the best value and most efficient performance of facilities management; enhances the local economy by expanding visitor expenditures and creating jobs. The FY 2017-18 Recommended Budget is \$75,808,063 a 256.56% increase, or \$54,547,240.

Planning and Development: The Planning and Development Department enhances the citizens' quality

of life through the review of new development compliance with building, zoning and land development codes. The FY 2017-18 Recommended Budget is \$9,213,598, a 25.68% increase, or \$1,882,356.

Public Safety: The Public Safety Department protects the public through an organized preparedness and response to natural and manmade disasters; and prevents the spread of animal-carried diseases to humans, and contains outbreaks of animal-to-human disease in wild or feral animal populations. The FY 2017-18 Recommended Budget is \$19,040,575, a 0.69% decrease, or \$133,043.

Public Utilities: The Public Utilities Department provides solid waste services, which protects public health by providing an efficient and environmentally sound Solid Waste Management system for the County's customers; provides for the protection of the public health through the operation and maintenance of the County-owned water supply, treatment and distribution system and the County-owned wastewater collection, treatment and disposal system. The FY 2017-18 Recommended Budget is \$47,434,422, a 1.41% decrease, or \$680,409.

Public Works: The Public Works Department enhances St. Lucie County's quality of life by planning and implementing projects and services that create and maintain a comprehensive transportation infrastructure. The FY 2017-18 Recommended Budget is \$83,150,596, an 11.31% increase, or \$8,451,497.

CONSTITUTIONAL OFFICERS:

The following information is being provided to communicate the change from the FY 2015-16 Recommended Budget to the FY 2017-18 Recommended Budget by Constitutional Officer. The changes are reflective of the budget for each office in its entirety regardless of funding source. Explanation of the changes may be found in the FY 2017-18 Budget Book in the respective agency section. The Board has additional responsibilities related to the Constitutional Offices, such as inmate medical expenses, providing office space, and mailing of tax notices. These expenses are accounted for separately in the Constitutional Officers' section and are not included in the following figures.

Clerk to the Circuit Court: The County's budget contains data only related to the Board's funding of the Clerk's budget, which is offset by the excess fees anticipated at the end of the year. This reflects the funding of the Finance Department and Clerk's Courier. The FY 2017-18 Recommended Budget is \$1,456,788, a 2.61% increase, or \$37,051.

Property Appraiser: The Property Appraiser is required by Florida statutes to submit a budget for review and approval by the Florida Department of Revenue on June 1st of each year. The County's budget contains data only related to the Board's funding of the Property Appraiser's budget, which is offset by the excess fees anticipated at the end of the year. The FY 2017-18 Recommended Budget is \$5,407,181, a 6.62% increase, or \$335,885.

Sheriff's Office: The FY 2017-18 Recommended Sheriff's Office Budget, which is offset by the excess fees anticipated at the end of the year, is \$80,934,721, a 7.87% increase, or \$5,904,354.

Supervisor of Elections: The Supervisor of Elections' FY 2017-18 Recommended Budget, which is offset by the excess fees anticipated at the end of the year, is \$3,228,731, a 6.96% increase, or \$210,080.

Tax Collector: The Tax Collector's Office is required by Florida statutes to submit a budget for review and approval by the Florida Department of Revenue on August 1st of each year. The County's budget contains data only related to the Board's funding of the Tax Collector's fees, which is offset by the excess fees anticipated at the end of the year. The County's FY 2017-18 Recommended Budget includes \$3,391,368, a 6.74% increase, or \$214,139.

CONCLUSION:

Overall, St. Lucie County has been on an upswing these past several years. Our economic development efforts have shown real progress on diversifying our job base and have added more than 1,154 new jobs just this past year. Tourism and construction, always important sectors for Florida's economy, are holding strong locally. Our public schools and our regional state college have been recognized for their increased academic achievements. There is much to be excited about in St. Lucie County, both for today and tomorrow.

Of course, with a growing economy and population, at the same time we celebrate achievement and progress we are challenged to keep up with increased service demands and deferred maintenance items. Couple with this the need to end our reliance on budget stabilization funds to balance the operating expenses as well an immediate need to address critical infrastructure priorities and we see that the future we all are working to achieve will take some additional investment to get there.

The great news is that with the leadership on the Board of County Commissioners and in place around this community, along with the dedicated men and women who work tirelessly in public service, we have all the ingredients necessary for a better St. Lucie County.

- c: Constitutional Officers
- County Attorney
- Deputy County Administrator
- Director, Office of Management and Budget
- All Department and Office Directors