



Office of the County Administrator

MEMORANDUM

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**TO:** Board of County Commissioners  
**DATE:** January 8, 2016  
**FROM:** Howard N. Tipton, County Administrator  
**SUBJECT:** FY 2015-2016 Final Budget

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**EXECUTIVE SUMMARY:**

The St. Lucie Board of County Commissioners approved a final budget for FY2015/16 in the amount of \$472,621,450, which is a decrease of \$8,044,255 or 1.67% from the prior fiscal year. The Commission approved a .34 millage increase primarily for investments in public safety, libraries, transit and employee salaries and benefits. Putting recurring revenues to these investments saw the Commission's dedication to restoring and in the case of transit and libraries, expanding services to our growing community.

Anytime you come into a new organization, as I have this fiscal year, it's an opportunity to analyze past and current information, while at the same time working to chart a path forward. The primary challenges with St. Lucie's budget are simple and complex at the same time. Let's start with the good news first.

The good news is that the national and state economies are doing well, with Florida in particular leading the way in job growth. We are working well with our City and State partners and have enjoyed success with our Federal delegation on the 10 Mile Creek project. Inflation rates continue to run at historic low levels and the price of fuel remains below recent years. Unemployment is down to 6%, and the median home prices have seen consistent growth month over month. The announced expansion of Martin Health Care Systems in Tradition is a welcome addition in both the services provided and the jobs created. The completion of I-95 improvements throughout the County will provide transportation advantages to our community for years to come.

For the second year in a row, we've seen our valuations increase, this coming year going up by a net of 4.59% countywide. The Board retired some transportation debt, which freed up approximately \$2,000,000 of recurring General Fund revenues. The single stream recycling facility, which opened in October 2014, is exceeding expectation and has become a Treasure Coast hub for recycling. We have embarked on a comprehensive building and energy audit in an effort to reduce operating expenses as well as starting the process of reviewing County properties for possible cell tower sites, as both a way to provide better connectivity to our community and increase revenues. The County gave employees for the third year in a row a 3% across the board salary increase. Finally, the County ended its last fiscal year, FY 2014, with a fund balance (including reserves) of \$69,457,299 an amount that would be the envy of any similar sized county in the state.

The not so good news includes the continued loss of citrus production due to the “greening” disease and the impacts this has on the farmers and those directly related industries like Tropicana and other processing facilities. While certain segments of the economy, like tourism and real estate, are improving, we are still seeing slower economic growth and the softness of our recovery is still evident. We have seen from the recent past large economic development initiatives come up short of investment expectations. Although there are economic development projects in the pipeline that will ultimately accelerate our business climate, the speed at which these projects are moving forward is less than desired. We continue to see violent crime in parts of our community that if allowed to continue will have long lasting consequences to those neighborhoods and to the larger St. Lucie County in terms of our reputation and economic attractiveness. Of course, this Board understands these threats to our future and has taken strong steps to move these challenges in a positive direction.

Several examples of these concrete actions include: Increasing the commitment to the Economic Development Council by an additional \$50,000 for a total of \$250,000 annually; providing free transit services to children in school so that they can get to programs and activities; restoring library hours at two locations and committing to open a new library in Port St. Lucie in 2017; and investing heavily in public safety employees so that they can continue to make our community safer.

The other piece of not so good news is that St. Lucie County, as a result of the economic downturn, is a deficit spending county. The County started with an extraordinary reserve of \$81.4 million in 2009 but have drawn that down by \$56.9 million over the past five years. The draw down was deliberate and necessary to maintain essential services during the recession in which this community saw property values drop by as much as 21% in one year. Now that the recovery is well under way and we have seen consistent positive trends in the real estate market, the time is appropriate to program for the elimination of reliance on reserves. To that end, I’ve proposed a five-year plan that will eliminate the use of reserves to balance the budget by 2020 and have established a reserve minimum of \$36,500,000. Both of these goals are attainable but require continued economic growth and prioritized spending to be achieved.

Going forward into this new fiscal year, our capital programs will continue to see investments in major transportation corridors like Midway Road, as well as a new security system at the Jail. Capital project reporting continues to be a priority so that we communicate progress, and at the same time are held accountable for the resources given and there will be continued improvements in the ways this information is shared. As with many communities, our capital needs exceed the available revenues and long term this will be an important conversation for the Board and our community to address.

Two examples include the upgrade to our 800 MHz public safety radio system and road resurfacing. The radio system is nearing the end of its useful life (17 years) and the upgrade will likely be in the \$10-\$12 million price range. For roads, we should be resurfacing 25 miles each year in order to maintain them, but we only have funding available to do 5 miles each year. All of these issues are related to our core service delivery and yet the funds available fall well short of meeting the needs. The Citizens Budget Committee, in light of these capital shortfalls, has recommended that the County evaluate the possibility of an infrastructure sales tax to meet not only our critical capital needs but those of our cities as well and that review will take place this year.

## **Summary**

As we look to the future, we see our population growing from 290,000 people today to 455,000 by 2040; which may sound far off, but is a very short 25 years away. To grow smart; to retain our natural beauty; and to provide a county that has a high quality of life and the opportunities for business and education will require extraordinary dedication from each of us to create this better future. The good news is that with the leadership of our County

Commission, our Constitutional partners, our city leaders, along with the talents of dedicated public servants, private sector partners, and our citizens we have all the reasons to be optimistic about our future.

Finally, I'd like to take this opportunity to recognize and thank all of those who worked so hard to pull this budget together. From the Board for their policy direction, to our Constitutional leaders and their staffs, from our own departments, and our strong Office of Management and Budget team, to our Citizens Budget Committee members and my own administration team – all of the good things we're able to do is because of you.

## 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 Public Safety; Infrastructure; Environment; Community Services; 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:

Table 1

INDEX #	FOCUS AREAS/STRATEGIC OBJECTIVES
<b>1.00</b>	<b>SERVICES</b>
1.10	Deliver Excellent Customer Service
1.20	Innovation
<b>2.00</b>	<b>COMMUNITY</b>
2.10	Provide For a Safe Community
2.20	Design, Construct and Maintain Infrastructure
2.30	Promote Economic Development
2.40	Protect The Natural Resources
2.50	Maintain a High Quality Of Life
<b>3.00</b>	<b>PEOPLE</b>
3.10	Develop and Train Workforce
<b>4.00</b>	<b>FINANCIAL MANAGEMENT</b>
4.10	Provide Transparent and Accountable Financial Management
4.20	Maintain Sustainable Efficient And Effective Operations

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 for future generations. And all of these areas together allow the County to deliver exceptional **Services** to our customers and communicate performance 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 a 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 2015 - 2016 for St. Lucie County incorporates the scheduled activities listed on the Budget Preparation and Implementation Calendar, beginning in October 2014.

The Truth In Millage (TRIM) timetable and budget process schedule for fiscal year 2015 – 2016 are as follows

## ST. LUCIE COUNTY BUDGET PROCESS OVERVIEW

**October – September:**

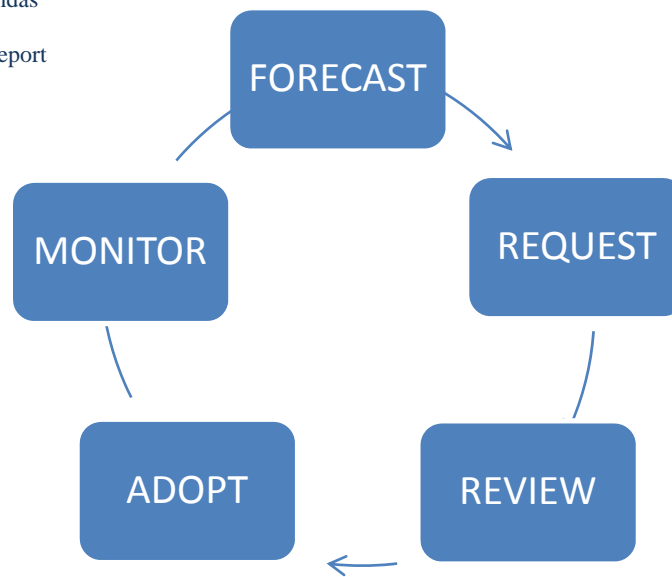
- ✓ Occurs Year Round
- ✓ Budget is loaded into Banner Accounting System
- ✓ Transmit Adopted Millage
- ✓ Review Departmental Accounts
- ✓ Process Line To Lines, Budget Amendments, Budget Resolutions, and New Equipment Requests
- ✓ Verify Departmental Agendas
- ✓ Grant Monitoring
- ✓ Grants Quarterly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

**January – June:**

- ✓ Staff Training of Microsoft Office and Banner as needed
- ✓ Department Requests (including equipment and position changes)
- ✓ CIP Requests
- ✓ Department Mission, Goals, Objectives, and Key Indicators
- ✓ Revenue Projections
- ✓ Citizens Budget Committee review



**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
- ✓ Citizens Budget Committee

**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:**

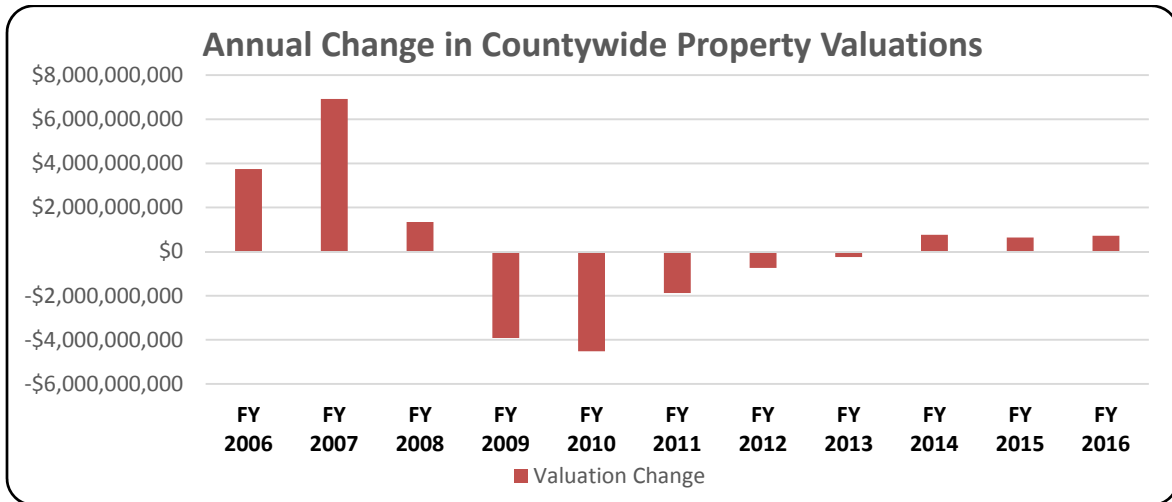
The State has made decisions with the intent of reducing property taxes. Some of these decisions include:

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.

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 20.95% 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

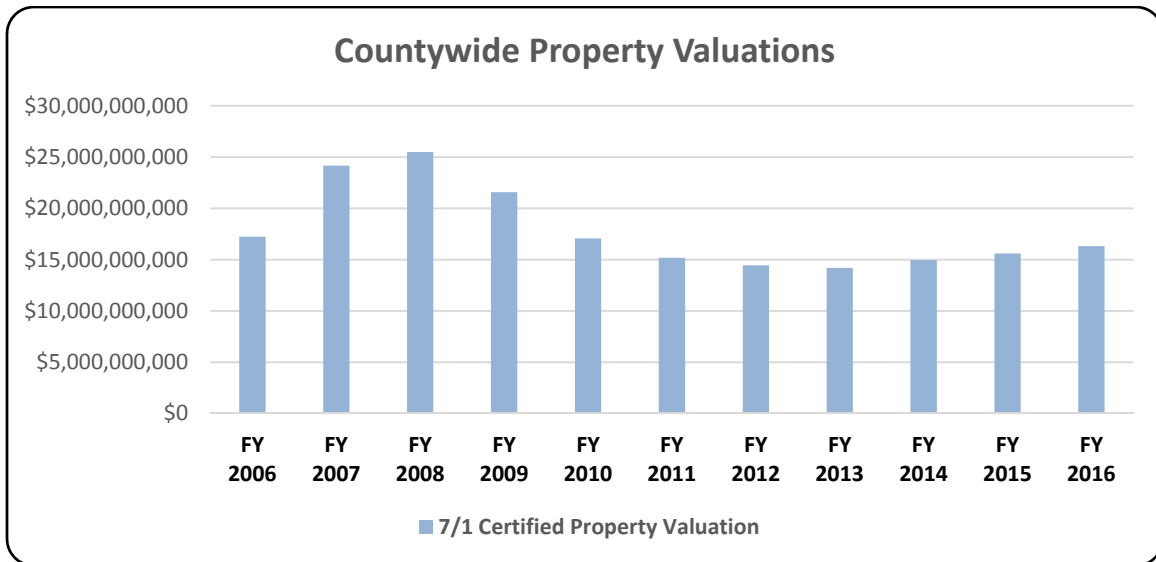


Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll Back Millage Chart

**Countywide Valuations**

From FY 06 to FY 08, property valuations increased by 47.93%, from \$17.2 billion to a peak of \$25.5 billion, as seen on the following chart. Beginning in 2008, 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 \$0.7 billion per year, to reach a projected \$16.3 billion in 2016, which is a net increase of 9.08%.

Chart 2



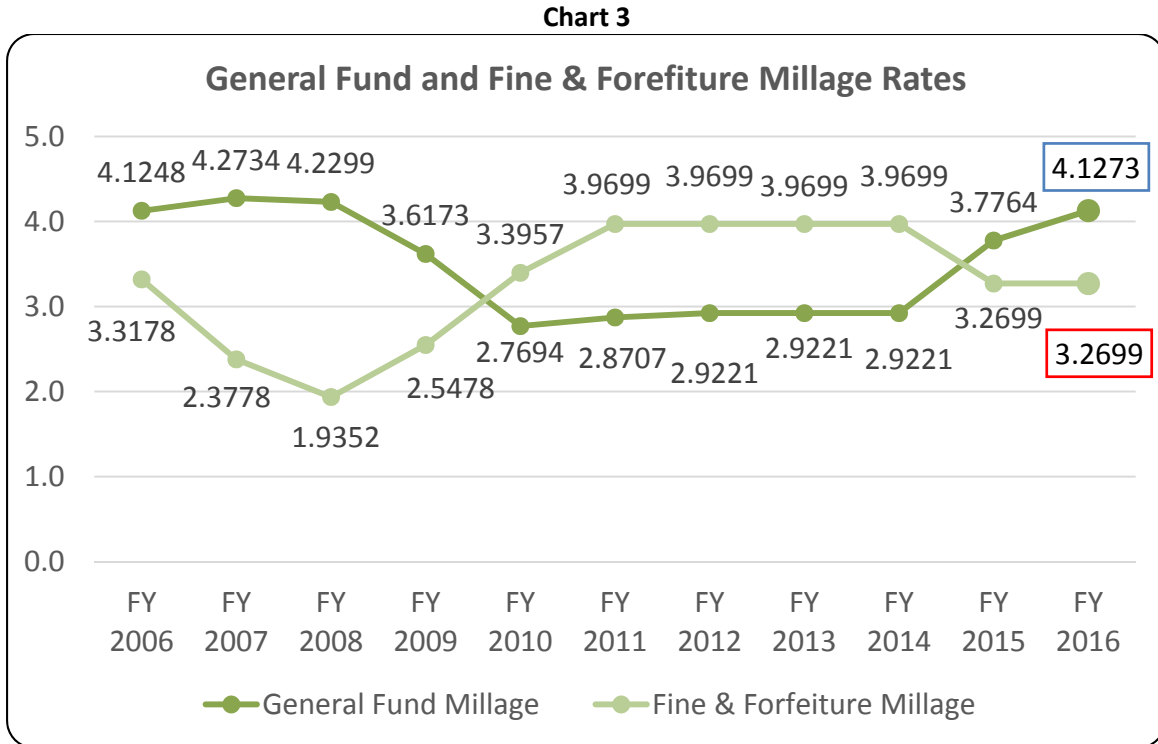
Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Roll Back Millage Chart



**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.



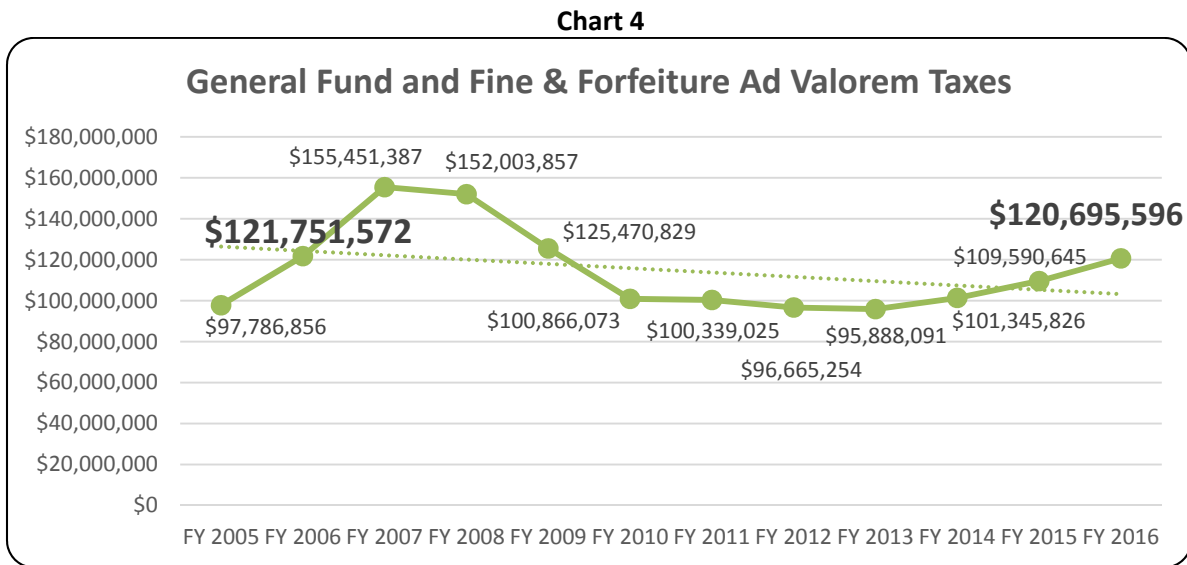
Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Millage Rates History

**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 2005 through FY 2016.

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 county-wide 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 2005 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 to do so in FY 2016.



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.

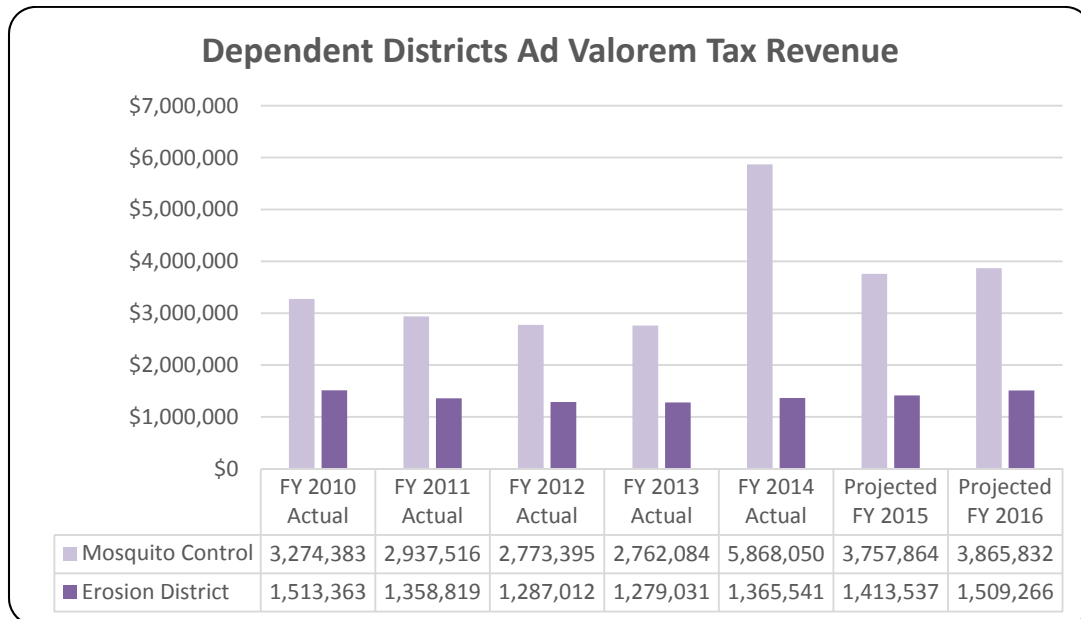
Revenues for both districts have followed a declining trend from FY 2010 through FY 2013. In FY 2014, there was a noticeable spike in revenues towards the Mosquito Control District. This spike was due to the Board approving the Citizens Budget Committee’s recommendation to replenish reserve funds in 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:
  - .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 increase by \$107,968, or +2.87% from FY 2015 to FY 2016. And, the Erosion District is forecasted to increase by \$95,729, or +6.77% from FY 2015 to FY 2016.

**Chart 5**



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

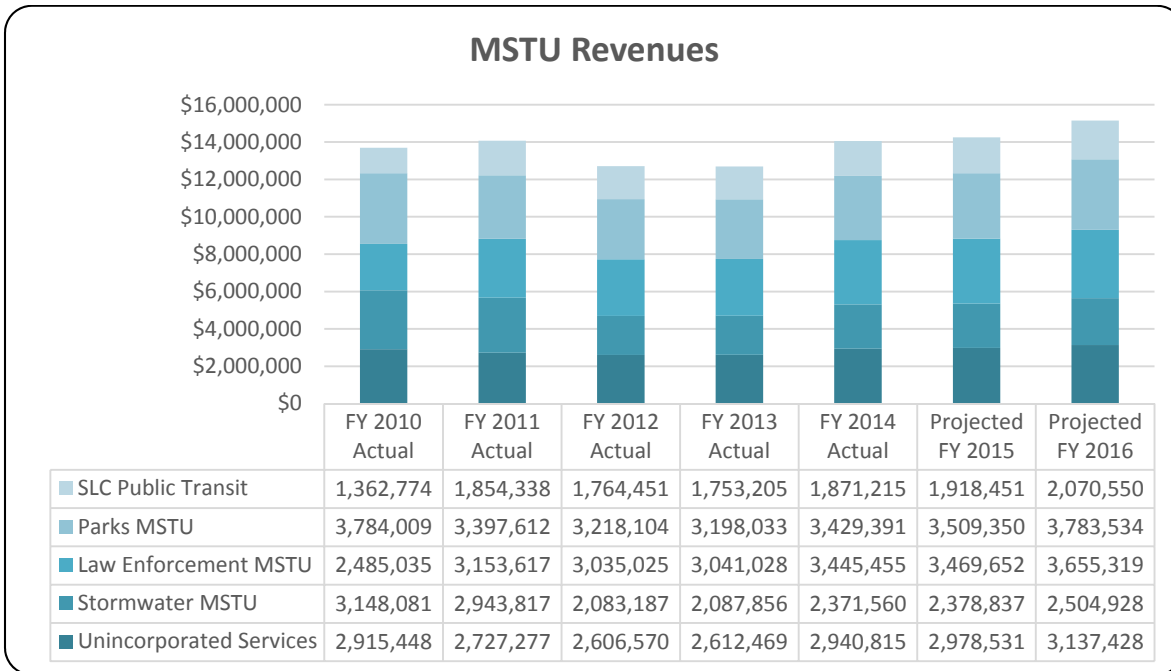
Chart 6 represents the amount of revenues (in dollars) received through Municipal Services Taxing Unit (MSTU) from FY 2010 through FY 2016. An MSTU is a special taxing district authorized by the State Constitution (Article VII) and the Florida Statutes 125.01. The MSTU is a legal and financial mechanism for providing specific services and/or improvements to a defined geographical area. Revenues from an 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
- Stormwater
- Unincorporated Services

The majority of MSTU revenues are received were for the Parks and Law Enforcement MSTU. Revenues from the MSTU have seen an upward trend since FY 2013, and are forecasted to continue to do the same in FY 2016.

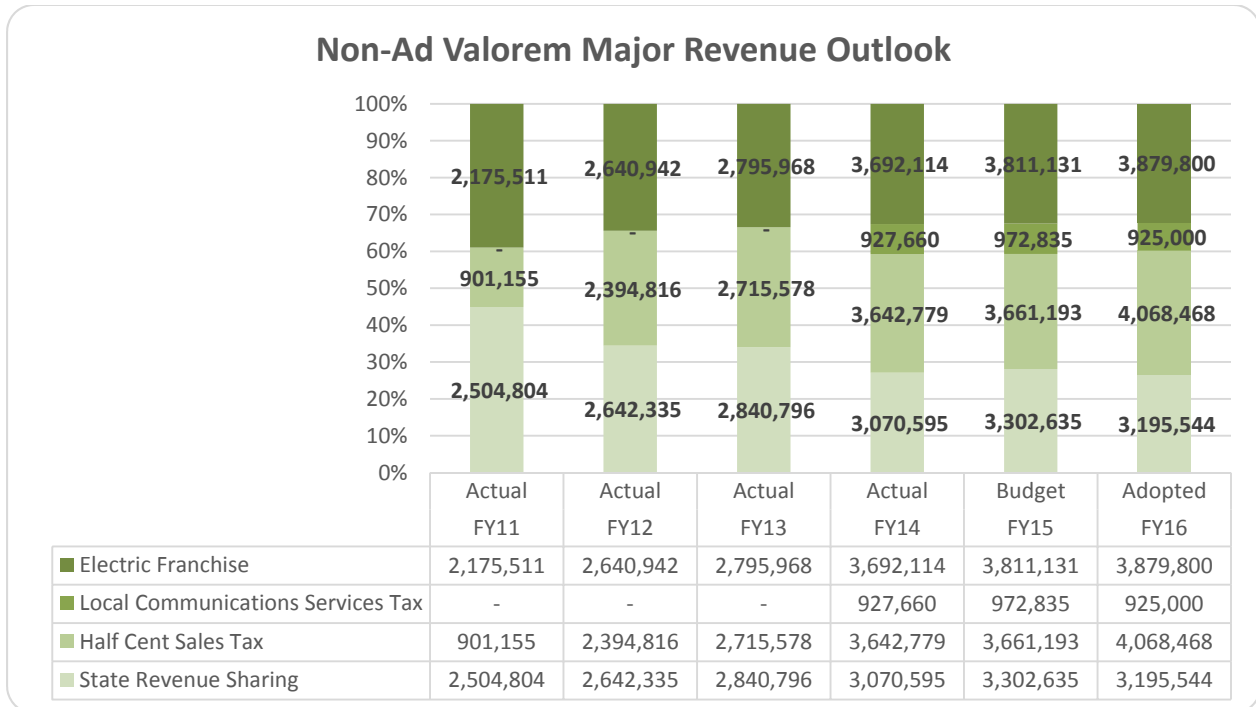
Chart 6



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 2016. These revenues are not associated with values of real estate of personal property.

Chart 7



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.

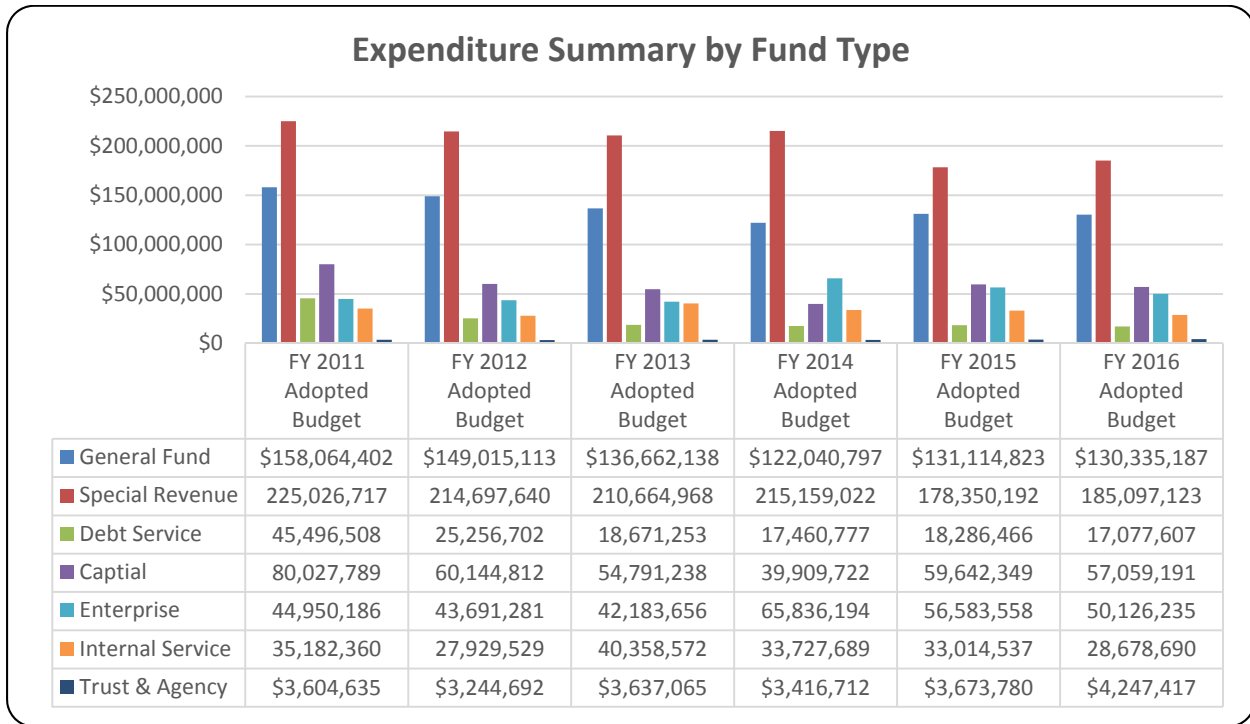
The majority of Non-Ad Valorem revenues have been received between electric franchise fees and state revenue sharing. Beginning in FY 2014, revenues from local communications sales taxes were added. Revenues from this category have seen an upward trend since FY 2011, and are forecasted to continue to do the same in FY 2016.

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.

**Major Expenses:**

Chart 8 shows FY 2011 through FY 2015’s Adopted Budgets and the FY16 Final Budget, a summary of the expenditures by fund type. Looking at the chart, the General Fund, Special Revenue, Capital, and Internal Service fund types have been on an overall steady decline, while other fund types, such as Debt Service, Enterprise, 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

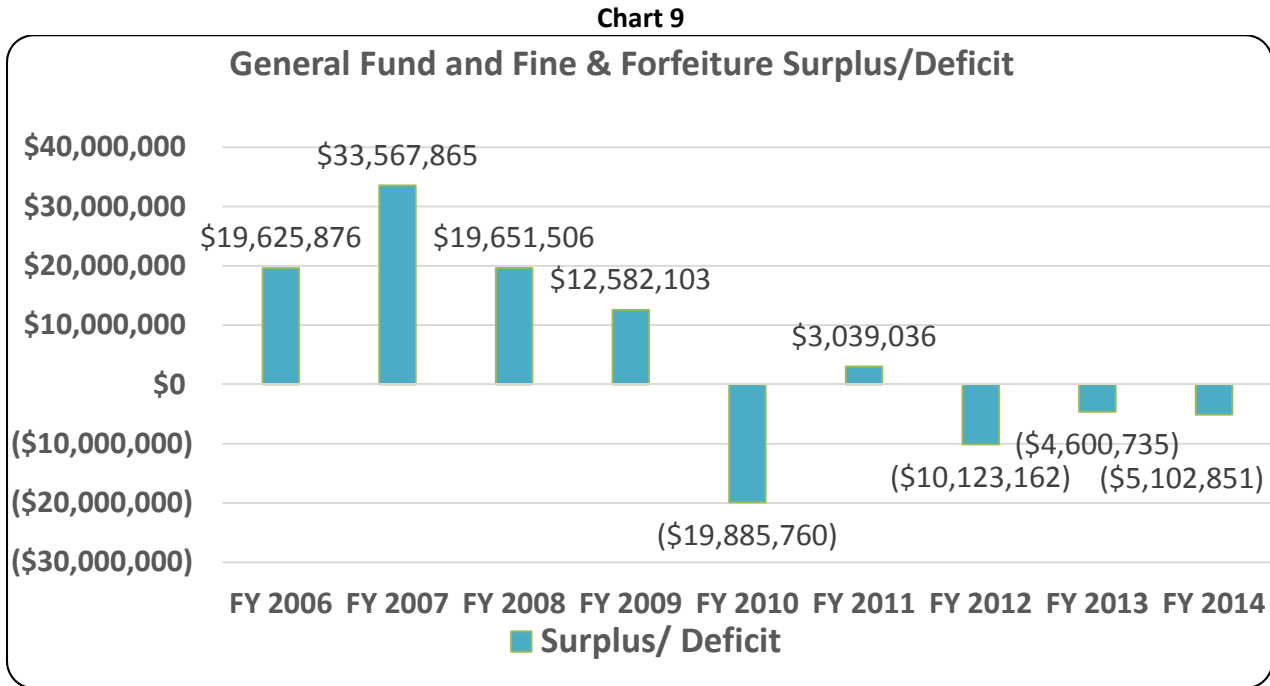


Source: St. Lucie County Office of Management & Budget – Annual Final Budget Books – Summary of Revenues and Expenditures Major Funds

- The General Fund over the six year period FY 2011 to FY 2016 declined from \$158.1 million to \$130.3 million. This is a cumulative decrease of \$27.8 million or 17.6%. The FY 2016's Adopted Budget shows the General Fund declining by .61% down to \$.8 million.
- The Special Revenue Fund, the cumulative decrease was \$39.93 million during the period FY 2011 to FY 2016. This represents a decrease of 17.7%. The FY 2016 Adopted Budget shows the Special Revenue Fund slightly increasing by 3.78% or \$6,746,931, from the FY 2015 Adopted Budget.
- The Debt Service Fund, decreased from FY 2011 to FY 2016 Adopted Budget by \$27.42 million or 61.62%. The FY 2016 Adopted Budget shows the Debt Service Fund decreasing \$1.2 million or 6.6%, from the FY 2015 Adopted Budget.
- The Capital Fund, decreased from FY 2011 to FY 2016 Adopted Budget by \$23 million or 28.7%. The FY 2016 Adopted Budget shows the Capital Fund decreasing by \$2,583,158 or 4.33%, from the FY 2015 Adopted Budget.
- The Enterprise Fund, increased from FY 2011 to FY 2016 Adopted Budget by \$5.18 million or 11.52%. The FY 2016 Adopted Budget represents a decrease of \$6.46 million or 11.41%, from the FY 2015 Adopted Budget.
- The Internal Service Fund, decreased from FY 2011 to FY 2016 Adopted Budget by \$6.5 million or 18.5%. The FY 2016 Adopted Budget represents a decrease of \$4.3 million or 13.13%.
- The Trust & Agency Fund, increased from FY 2011 to FY 2016 Adopted Budget by \$642,782 or 17.8%. The FY 2016 Adopted Budget increase by \$573,637 or 15.6%.

**General Fund and Fine & Forfeiture Surplus / Deficit**

Chart 9, represents Surplus/Deficit spending that occurred from FY 2006 through FY 2014 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 2014 is an increase of \$48.8 million.



Source: Banner Financial System

**Positions:**

Comparing FY 2016 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 152.33 FTEs, or -17.0%

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 are forecasted to be 744.74, of which, the closest and most comparable is 681.15 FTEs in FY 1995.

**Table 2**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Total FTE by Fiscal Year	897.07	659.76	653.06	666.59	674.84	707.735	744.74
Change in FTEs by Fiscal Year	-22.15	-237.31	-6.70	13.53	8.25	32.90	43.01

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

**ACCOMPLISHMENTS:**

A sampling of St. Lucie County’s FY 2014-15 accomplishments is listed below. A more complete listing of accomplishments is located in the Department Summaries section of the budget book.

**Community**

- Many of our departments worked together to secure a 120 bed State Veterans’ Nursing Home for St. Lucie County. When completed, this new facility is projected to create 190 new jobs. Some of the many:
  - The Veteran’s Services Division and the Grants section of County Administration spearheaded this effort;
  - County Attorney’s Office provided legal advice and acquired a 28.511 acre parcel from Tradition Land Company;
  - Environmental Resources provided environmental consultation, environmental permitting services, and land management services to assist the Veterans Affairs Nursing Home project resulting in an estimated savings of well over \$150,000.
- Solid Waste constructed the Single Stream Recyclables Processing Facility. The \$7,200,000 facility began commercial operations on October 27, 2014. The facility processes up to 150 tons per day of single stream recyclables. The operation of the processing facility created 22 new jobs at no cost to the rate payers of the Solid Waste Baling and Recycling Facility
- Public Works continued the Midway Road (Selvitz Road-25<sup>th</sup> Street) widening project and entered into a contract for construction of this project
- The Environmental Lands Division acquired 1,041 acres of preserve and greenways & trails properties by using approximately \$5.4 million in Environmentally Significant Lands and Greenways & Trail’s Bond funds
- Initiated volunteer opportunities for our employees, including a veterans’ event, a Treasure Coast Food Bank event, a beautification event, and a mobile feeding program with Sarah’s Kitchen
- During this year’s United Way campaign our workplace donated more than \$50,000
- Produced an annual report to inform the citizens of St. Lucie County of the many aspects of County operations, at no cost to the County
- Economic Development initiatives with Export Shutters brought 10 new jobs to St. Lucie County
- Construction of the North Hutchinson Island Wastewater Treatment Plant
- Legislative success on deauthorization of Ten Mile Creek

**People**

- The Human Resources Department conducted Basic Supervisory and Leadership training, initiated Kronos training, and initiated Neo-Gov Recruitment software 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

**Service**

- The Building and Code Enforcement Division took several steps to improve customer service. These steps include:
  - Establishing a monthly general information email notice to all licensed contractors



- Implementing community outreach program where building and code frequently attend neighborhood meetings
- Updating building permit application to be user friendly
- Implementing phase I of a paperless permitting process, which entails scanning all new permit documents including the last 3 years
- Making significant improvements to the division’s level of customer service include:
  - Hired a plan examiner to improve review turn-around on permits
  - Continuing to provide efficient and excellent customer service to all residents of St. Lucie County
  - Improving turnaround time for code cases with better follow up and outreach to community
  - Continuing to track code cases to monitor the level of service and make improvements as needed
- 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

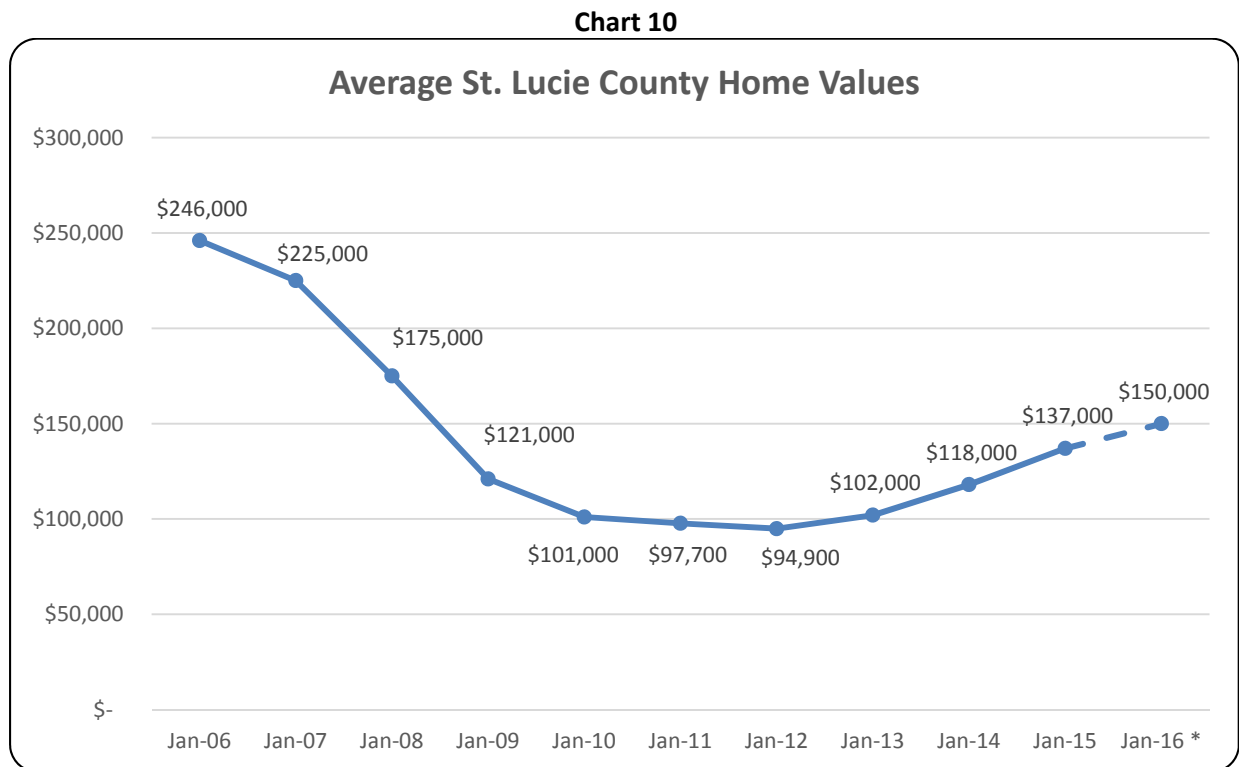
**Financial Management**

- The Criminal Justice Division saved 74,085 jail bed days with a projected savings of \$4.4 million
- Implemented a new budgeting system, GovMax, to help integrate the County’s budget process; to improve the efficiency of the budget preparation process; and allow Departments to have improved access to the data

**ECONOMIC CONDITIONS:**

**Average St. Lucie County Home Values:**

After seven years of declining property values, at a combined loss of -61.42%, St. Lucie County county-wide average home values began to increase from 2013 through 2016. Average property values are projected to increase by 9.49% in FY 2016 to \$150,000.

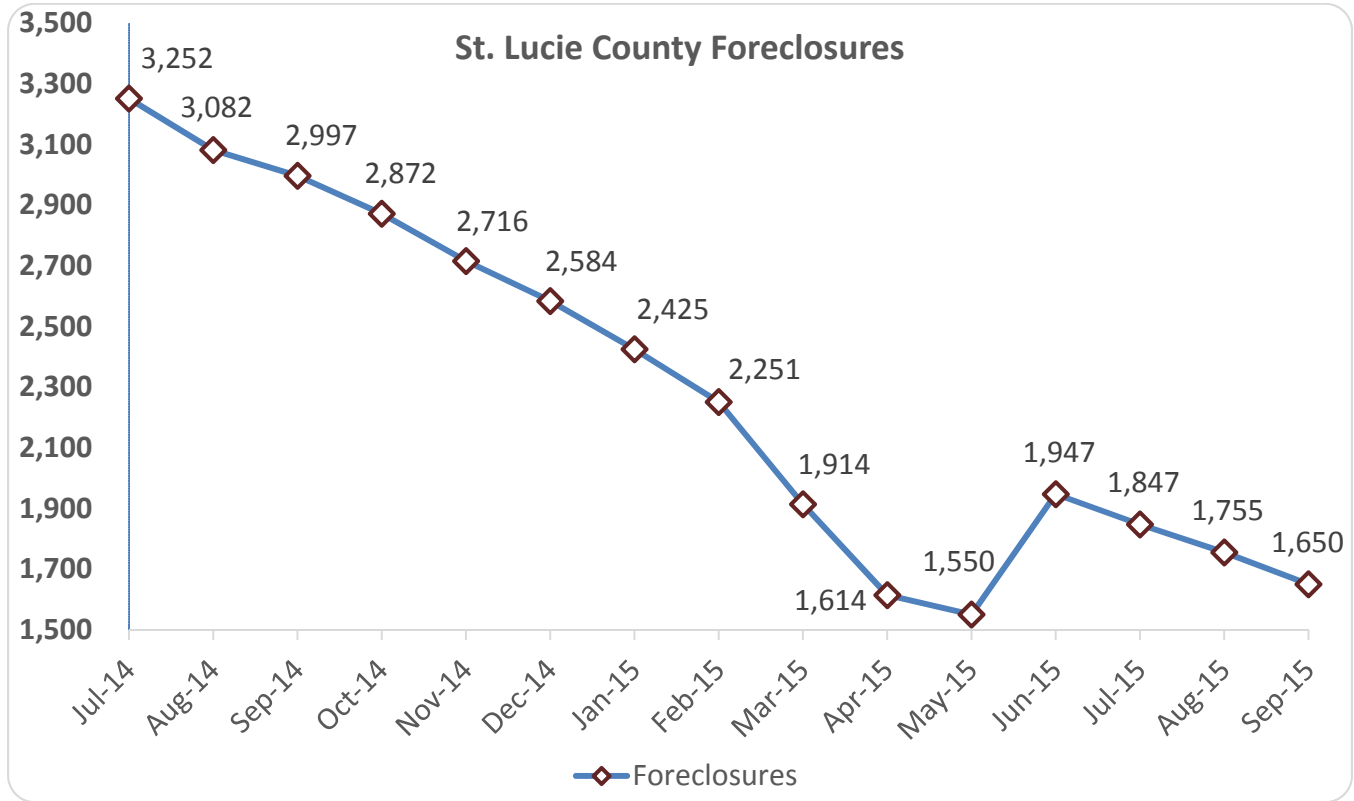


\* Proposed Source: Florida Realtors – Monthly Market Summary and Monthly Distressed Market – Single Family Homes - St. Lucie County

**Foreclosures in St. Lucie County**

Between April 2014 to March 2015, the number of foreclosure cases were reduced by \$1,844 cases or 50%. This is a positive sign of the economy turning around for the better.

**Chart 11**

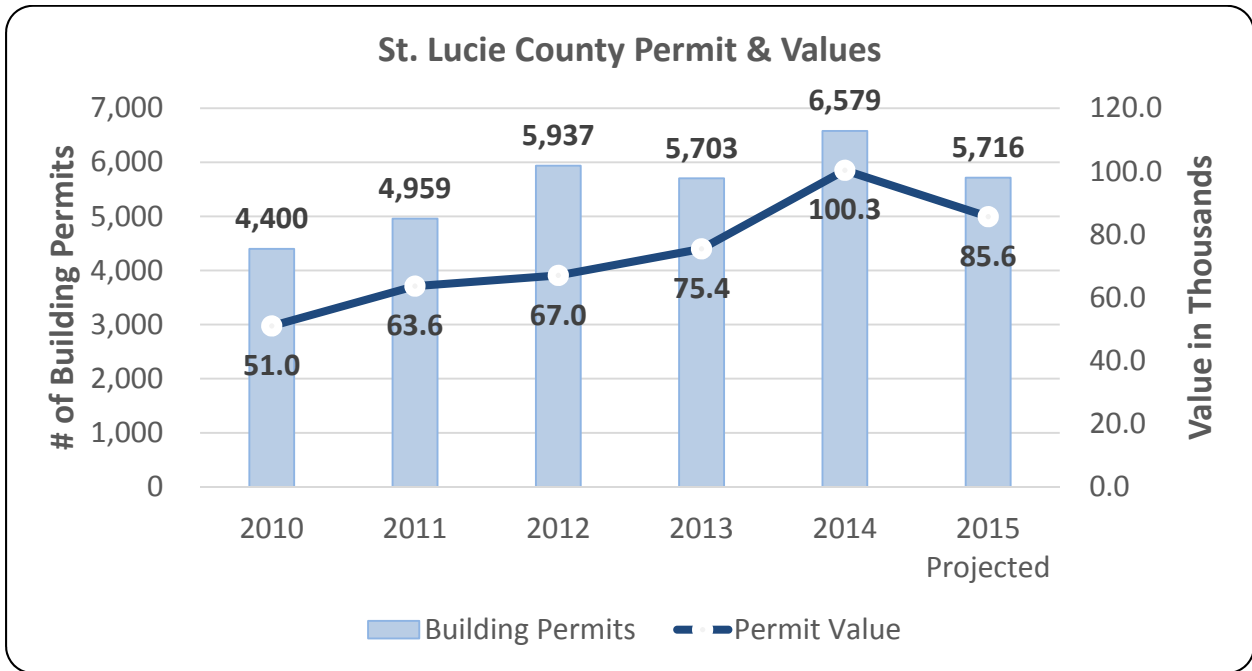


Source: St. Lucie County Clerk of Court – Recording Division

**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 50% or 2,179. In Calendar Year (CY) 2014, the permit value increased by 96% or \$49,000. For Projected CY 2015, there is an expected decline of 14.66% or \$-14,700, when compared to CY 2014. Overall, from CY 2010 through Projected CY 2015, the number of building permits has increased by 67.84% or \$34,600.

Chart 12

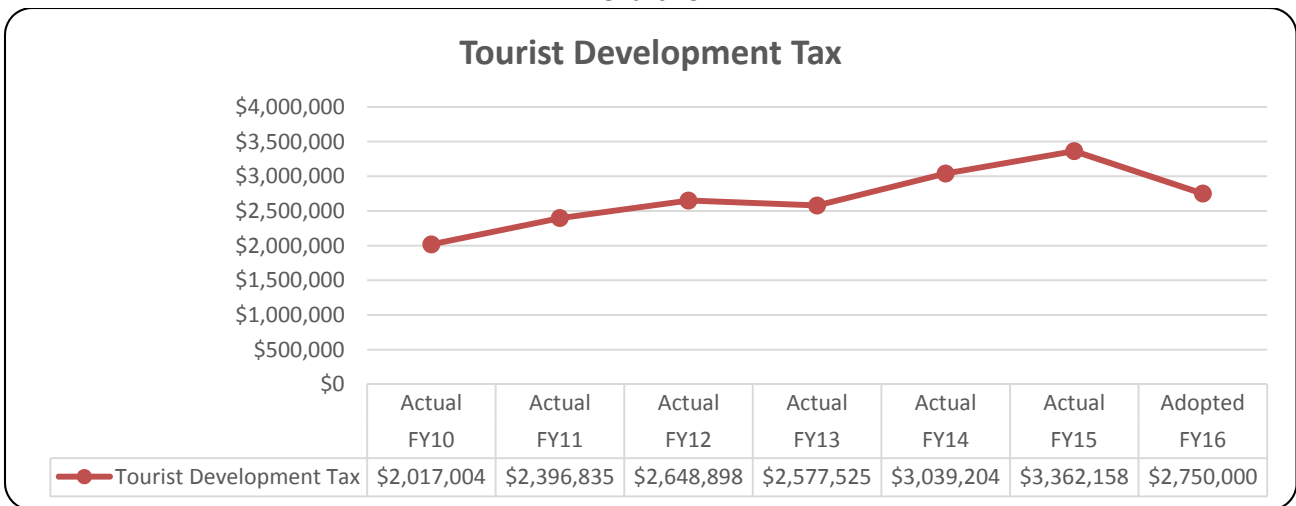


Source: St. Lucie County Planning & Development Services – Building and Code Regulation – Zoning & Permitting

**Tourism**

From FY 2010 through FY 2014, the Tourist Development Tax Revenue has been increasing at a constant rate of +18.83% in FY 2011; +31.33% in FY 2012; +27.79% in FY2013; +50.68% in FY 2014; and +66.69% in FY 2015. For the FY 2016 Adopted Budget, the Tourist Development Tax revenues are conservatively budgeted at \$2,750,000. 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.

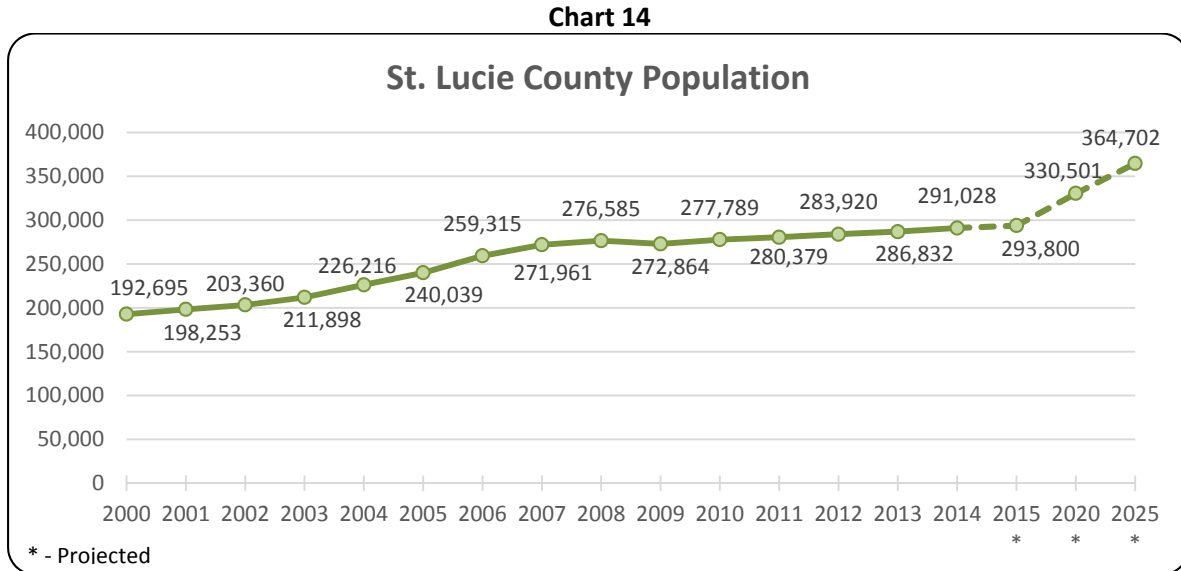
Chart 13



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 98,333 from 2000 to 2014, the County experienced a 51% growth increase. From 2015 through 2025, St. Lucie County’s estimated population is projected to increase by an additional 79,902 persons, which is 24% of growth.



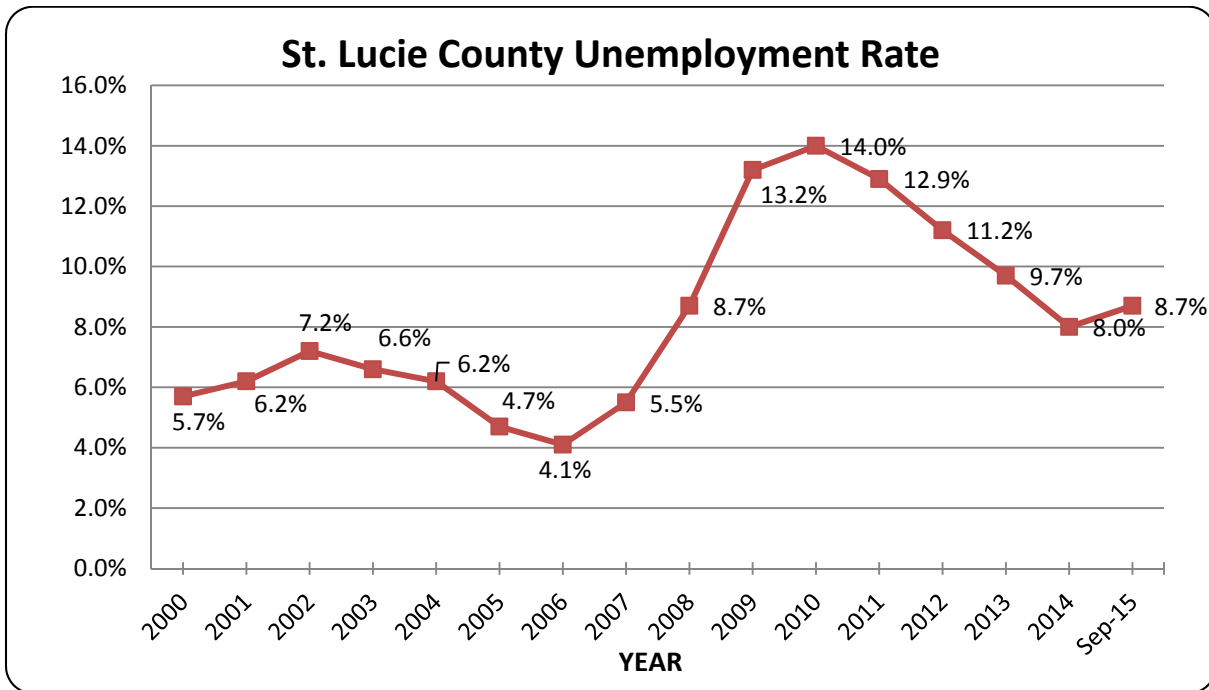
Source: U.S. Census Bureau – QuickFacts – St. Lucie County and Florida Housing Data Clearinghouse – Regional & Local Profile: Results – Housing Profile – St. Lucie County, Florida – Population Projections

**Unemployment Rate**

The St. Lucie County unemployment rate for April 2015 is 6%, a 25% decrease from 2014. However, the County rate is 0.08 percentage points higher than the State of Florida’s unemployment rate. According to the United States Bureau of Labor Statistics, there were 7,633 unemployed County residents out of a labor force of 128,171.

Over the past year, total non-agricultural employment sectors increased by 4.63%, with the largest increase (612 jobs, 6%) occurring in the Retail Trade sector. Manufacturing (14%), Professional and Technical Services (12%), Other Services, Except Public Administration (12%), and Health Care and Social Assistance (3%) are increased from 261 to 355 jobs. The Finance and Insurance (-8%) and Wholesale Trade (-3%) sectors declined by 75 to 110 jobs.

**Chart 15**

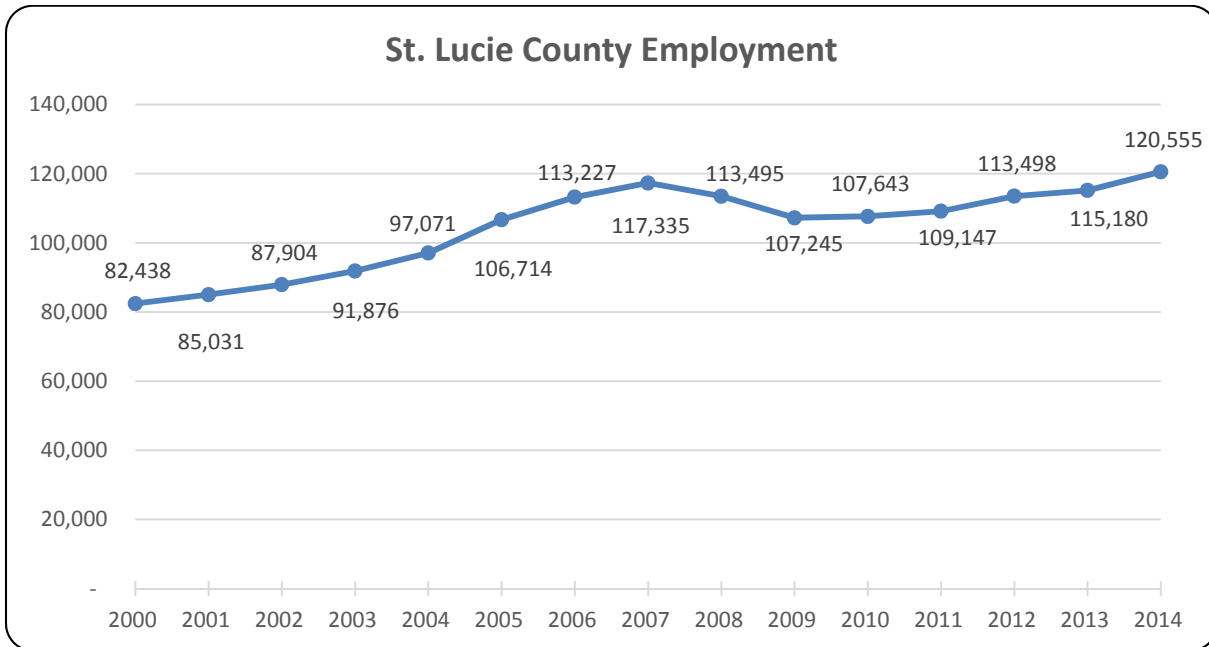


Source: <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics>

**Employment:**

As seen in the chart below, St. Lucie County’s employment was on a steady increase from 2000 through 2007, then declined by a total of 8.60% over the course of two years. The County’s employment began to show signs of economic growth between 2009 and 2014, with a net 12.41% increase 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>)

**State Budget Impacts**

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.

The following projects that impact St. Lucie County were approved as part of this year’s State legislative process:

- Beach Renourishment: The State Budget includes \$100,000 in funding for the Fort Pierce Shore Protection Project and we hope to get an additional \$139,000 for post construction monitoring of this project from FDEP from a lump sum appropriation that they received in the State budget.
- Rosser Blvd Library Grant Ranked fourth on Library Cooperatives Grants. \$500,000 has been awarded to St. Lucie County. To comply with the grant requirements, the County will need to open the new library by FY 2018.
- The Florida Department of Veteran Affairs was funded \$2M for continued construction of the Veterans Nursing Home in St. Lucie County. During the FY 2014-15 budget process, the Board approved \$750,000 to fund St. Lucie County’s obligations related to the construction of this facility. The balance of these funds will carry into the FY 2015-16 Budget.
- While they do not affect the BOCC directly, the following projects located within the County were approved for State Funding: Literacy Jump Start Program, Early Learning Coalition, Voluntary Pre-

Kindergarten Education Program, and Ocean Research & Conservation Association.

The following projects that impact St. Lucie County did not receive funding as part of this year's State legislative process:

- Treasure Coast Education Research and Development Authority construction of food business incubator
- Water projects - During the State legislative process, the County requested \$1,846,500 in State funding for the following water projects costing \$3,693,000, none of which were funded
  - Paradise Park Stormwater
  - Culvert Replacement Project
  - Central County Regional Water Production Facility
  - North County Regional Water Production Facility
  - Flushing Reduction Initiative
  - North Hutchinson Island Septic Removal Project
  - North County Regional Treatment Wetland
- The State also denied requests for funding for other agencies within our County including Torrey Pines, Vaccine and Gene Therapy Institute of Florida (VGTI), and the Navy Seal Museum.

**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 \$280K for next year. During last year's legislative session, a bill transitioning from a services based billing model to an enrollee based billing model was approved. During this year's legislative session, a bill that would implement a cap on the Counties cost was considered. However, this bill was not passed.

Department of Juvenile Justice (DJJ)/Court System - The State requires the County to fund a portion of juvenile detention costs. Many County's believe that they have been overcharged by the State for these costs under the existing State law. There was some hope that this issue could be resolved through a legislative solution. However, none of the legislative proposals were passed. This issue is going through the Court system.

### Countywide Valuations

After many years of declining property valuations, St. Lucie County county-wide home values have increased for the third consecutive year. For Fiscal Year 2015-16, the property values have increased 4.59% to \$16.3 billion. Despite the increases, the County's home values remain 36.15% 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	21,558,849,841	-3,995,231,316	-15.63%
2010	17,031,103,295	-4,527,746,546	-21.00%
2011	15,165,938,592	-1,865,164,703	-10.95%
2012	14,445,123,153	-720,815,439	-4.75%
2013	14,195,971,816	-249,151,337	-1.72%
2014	15,123,381,622	927,409,806	6.53%
2015	15,599,739,461	476,357,839	3.15%
2016	16,316,389,398	716,649,937	4.59%
Cumulative Change		-9,237,691,759	-36.15%

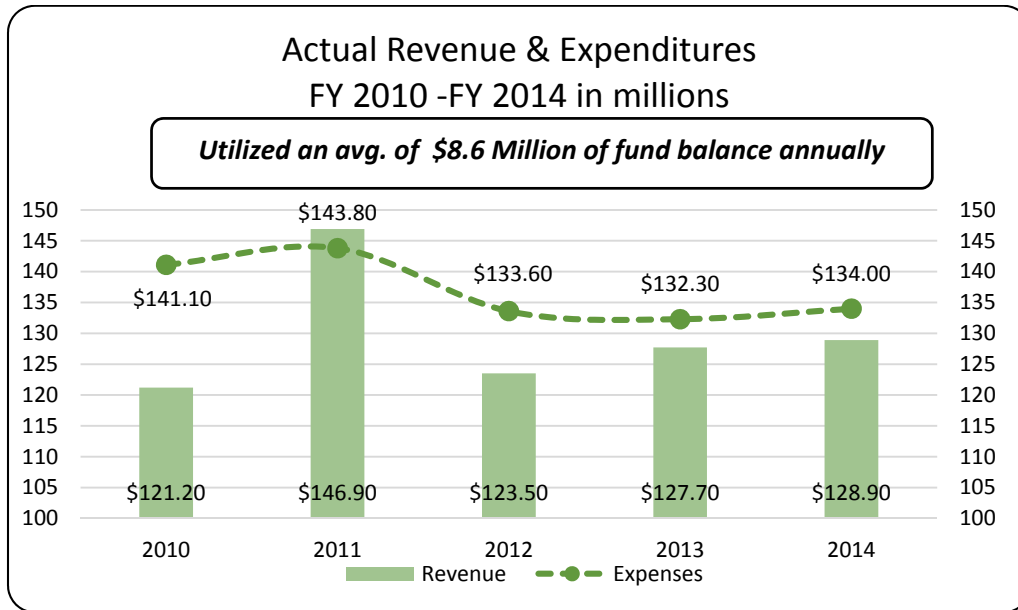
### **BALANCE FORWARD HISTORY:**

Based on a review of actual revenue and expenses, St. Lucie County is a deficit spending County. 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.”

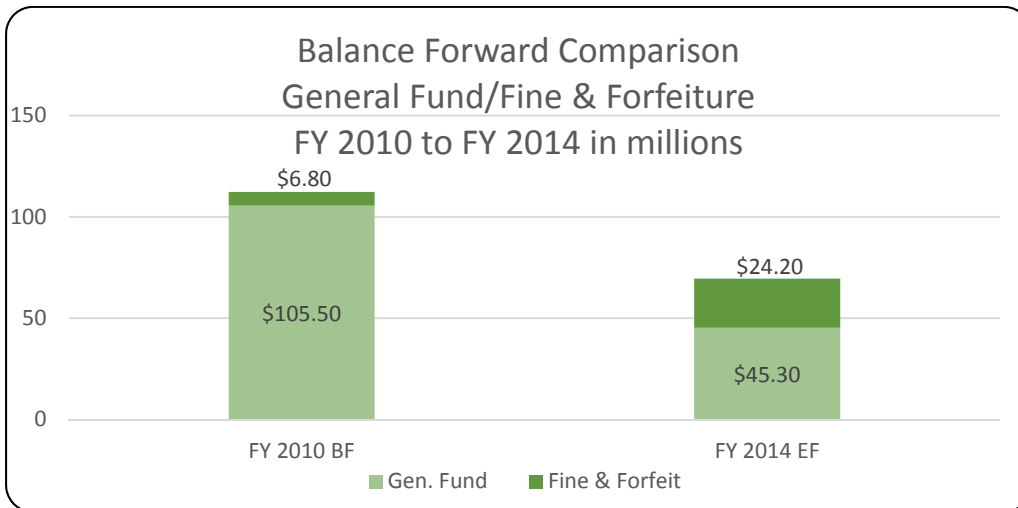
Over the span of five years, FY 2010 through FY 2014 the County has utilized \$42.9 million of the General Fund and Fine Forfeiture fund balance. The following chart shows expenses exceeding revenue annually during the same period of time, averaging \$8.6 million. This trend has resulted in the Balance Forward in FY 2010 of \$112.3 million being reduced to \$69.5 million in FY 2015, a reduction of \$42.9 million or (38.2%). 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 time period. The General Fund reflects a 57.1% reduction from 2010 to 2015, this is nearly a \$60.3 million reduction in fund balance. The Fine & Forfeiture reflects a 256% increase from 2010 to 2015, this is a \$17.4 million increase in fund balance. The combined funds offset one another to reflect the previously indicated reduction in fund balance during the same period of 38.2% or \$42.9 million.



**Chart 17**



**Chart 18**



**RESERVE POLICY ISSUE**

The County acts as a public corporation and as a result, it is necessary to maintain sufficient reserve levels in its 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:

- The Government Finance Officers Association 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 would be 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.

Currently, the FY 2015 Adopted Budget included \$9.4 million designated as Emergency Reserves and \$3.7 million as Fund Balance Reserves, for a total of \$13.1 million. During FY 2015, the Board of County Commissioners directed staff to allocate \$613,000 from emergency reserves to address the collapse of a segment of roadway along Indian River Drive. Additionally the Board at its May 15, 2015 directed staff to allocate \$500,000 towards the legal fight against All Aboard Florida. The emergency reserve fund must be replenished equal to the amounts that were allocated from it. There were two distributions that were allocated from the Emergency Reserves that will be replenished in the following manner:

- Indian River Drive Road Way Repair: utilize a portion of the increase in General Fund Property Tax revenue to replenish the emergency reserve fund for the \$613,000 allocated towards this project.
- All Aboard Florida Legal Defense: Once the activities and payments regarding this effort have been completed, we will know the amount that will need to be replenished. At that time the Emergency Reserves will be replenished in an amount equal to what was actually spend towards this effort.

In addition to maintaining emergency reserves and fund reserves in its various funds, the County is self-insured. As such, the health insurance fund must maintain sufficient reserve levels in the fund to remain compliant with State Statutes. This particular fund faces significant challenges in the future primarily due to:

- Medical claims and other health insurance expenses are outpacing revenues that support the Health Insurance Fund.
- Reserves are being depleted at a rate that is not sustainable.
- Current premiums are set at below-market levels equal to 55% - 65% of the “true rates” – or the rate necessary to support a self-sufficient health insurance fund.
- Employee cost share for all coverages; while an excellent benefit is low by today’s standards.
- Excise Tax under the new health care law comes due in 2018. To avoid it, changes to our health benefits will continue to be phased-in.

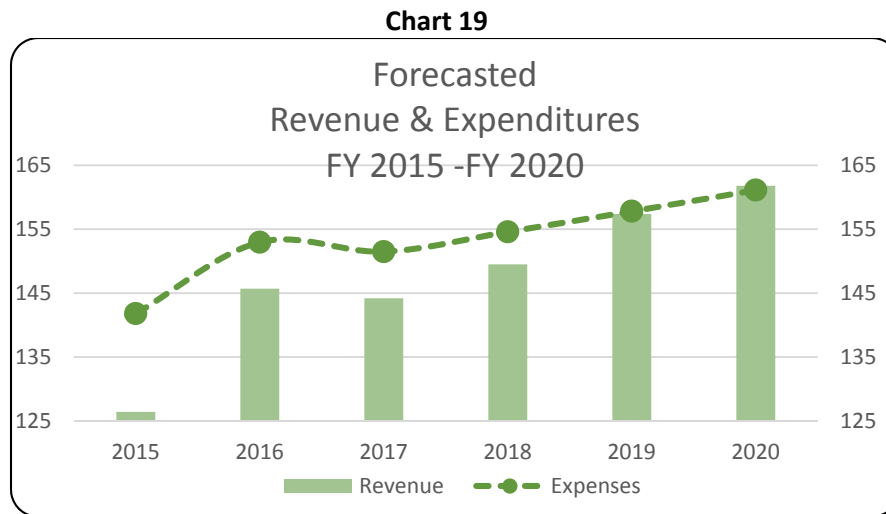
The solution to the challenges include a number of actions, some of which the County has or is in the process of implementing:

- As reserves are drawn down, significant premium increases will be needed over the next 2 years for the Health Insurance Fund to become self-sufficient.
  - The employer share will be increased by 35% annually for FY 2016 and FY 2017
  - The employee share will be increased by 35% annually for FY 2016 and FY 2017
- Focus on wellness - both as a group and individually - in a continuing effort to control/reduce claims expenses.
- Health plan benefits – Review plan to ensure conformance to the Affordable Health Care Act and competitive benefits package.

**DEFICIT REDUCTION PLAN:**

The County sits at a crossroad as the economy increases and property values result in increasing property taxes. 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 2016. 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.



**Table 4**

Description	Projection	Forecast (in millions)				
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Property Taxes	\$107.40	\$120.70	\$126.18	\$125.28	\$132.91	\$137.06
Major Revenue	\$11.70	\$12.11	\$12.30	\$12.54	\$12.79	\$13.03
Other Revenue	\$7.70	\$7.94	\$7.96	\$7.96	\$7.96	\$7.96
5% Statutory Reduction	(\$6.30)	(\$6.90)	(\$7.32)	(\$7.29)	(\$7.68)	(\$7.90)
Non-Operating Revenue	\$5.90	\$5.14	\$3.85	\$3.85	\$3.85	\$3.85
Total GF Revenues	\$126.40	\$138.99	\$142.97	\$142.39	\$149.83	\$154.01
Total GF Expenses	\$141.80	\$152.97	\$151.50	\$154.60	\$157.82	\$161.13
Surplus/Deficit	(\$15.40)	(\$13.98)	(\$8.53)	(\$12.21)	(\$7.99)	(\$7.12)
Adjustment 5% Stat. Red.	\$6.20	\$6.73	\$7.14	\$7.14	\$7.53	\$7.74
Adj. Surplus Deficit	(\$9.20)	(\$7.25)	(\$1.39)	(\$5.07)	(\$0.46)	\$0.62

Over the past six fiscal years, the County has utilized fund balance to augment its declining Ad Valorem revenue. Starting with FY 2009 Ad Valorem revenue began to diminish, over the period FY 2009 to FY 2013 Ad Valorem revenue specifically related to General Fund and Fine and Forfeiture decreased \$56.1 million. We have used \$42.9 million of fund balance along with budget cuts to effectively mitigate the decline in Ad Valorem revenue. At the beginning of FY 2010, the County's General Fund and Fine & Forfeiture fund balance was \$112.3 million. Reducing this amount by the \$42.9 million leaves the fund balance at \$69.5 million as of September 31, 2014.

The economy is slowly improving and as such, we must begin to reduce our dependency upon the use of fund balance. It is our recommendation that the County begin to utilize a portion of the incremental difference in Ad Valorem revenue to balance the budget and strengthen its financial position over the period FY 2016 to FY 2020. Implementing this plan will allow the County to restructure the General Fund and Fine & Forfeiture Fund so that Operating Revenues will exceed Operating Expenses by FY 2020. The way forward in achieving this is based on the county maintaining a measured approach and its fiduciary responsibility. The overall five year forecast is based on the following assumptions:

**Revenue:**

- Property Taxes are estimated based on increases to projected property value of 4.59%-FY 2016, 4.25%-FY 2017 and FY 2018, 5%-FY 2019 and 4.25%-FY 2020
- Local Communications Service Taxes are estimated to remain flat, Other Major Revenues grow at an annual growth rate of 2.1%
- Debt proceeds include in FY 2017 the Jail Improvements and an Airport Hangar for \$8.0 million

**Expenses:**

- 3% Salary increases were included in FY 2016 for all Board Departments and Constitutional Offices and a step plan was implemented
- 2% Salary increases in FY 2017, FY 2018, FY 2019 and FY 2020 across all Board of County Commission departments and Constitutional Offices
- Florida Retirement System contribution for regular class employees are based on the proposed rate as set by the Florida legislature
- Health insurance increases in FY 2016 and FY 2017 of 35% and 9% annually thereafter
- Constitutional Officer expenses increase in FY 2016 \$4.9 million as follows:
  - Sherriff's Office increases for Health Insurance \$2.3 million and Special Risk FRS contributions \$.650 million
  - Supervisor of Elections annual license and equipment maintenance agreements of \$247,000
  - Tax Collector's Office adjustment for a reduction in Excess Fees returned to the County, \$181,000
  - Property Appraiser adjustment for a reduction in Excess Fees returned to the County, \$247,000
- Model applies a 2% attrition to base year FY 2016 salary and wages
- Includes debt service beginning in FY 2018 for Jail Improvements and Airport Hangar (\$673,000)
- All other expenses grow at CPI 1.06%

**ADOPTED BUDGET:**

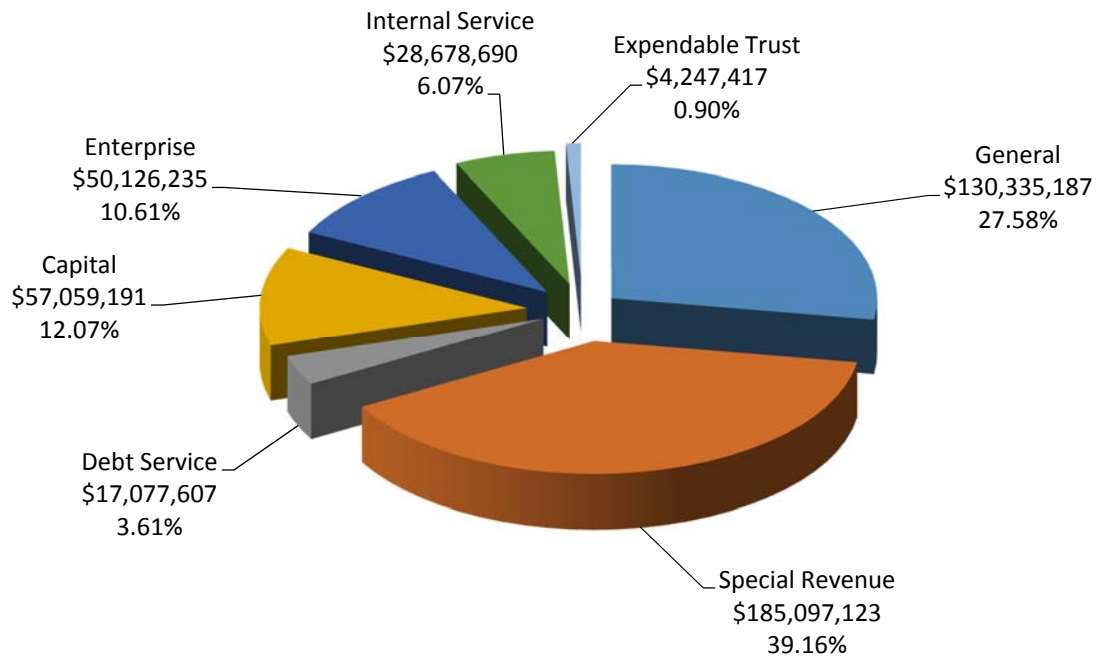
The total FY 15-16 Adopted Budget is \$472,621,450, which is broken down into the following fund types:

- 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

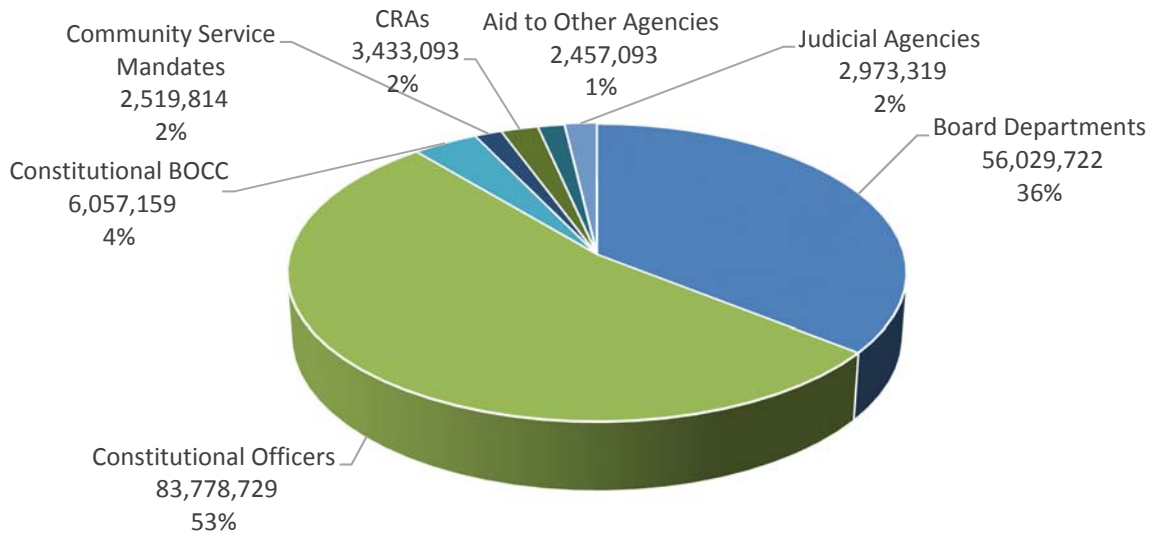
**Chart 20**

**TOTAL BUDGET BY FUND TYPE**



The County’s main operations are located in the General Fund/Fine & Forfeiture Fund portion of the FY 15-16 Adopted Budget, which are a portion of the General and Special Revenue categories. These funds total \$198,691,881, \$154,729,022 of which goes to fund operations. These operations are broken down as follows.

**Chart 21**



- \$83.78M (53%) goes to fund the constitutional offices of the Sheriff, Tax Collector, Property Appraiser, Clerk of Circuit Court, and Supervisor of Elections
  - \$6.06M (4%) goes to fund additional expenses that the Board is responsible for related to these offices. These expenses include inmate medical, rent for the Supervisor of Elections office, mailing property tax notices and property tax bills
- \$56.03 M (36%) goes to fund the BOCC departments
- \$2.51 M (2%) goes to fund community service mandates, which include Medicaid, Health Care Responsibility Act, and indigent burials
- \$3.4M (2%) goes to fund Community Redevelopment Agencies in the City of Fort Pierce and the City of Port St. Lucie
- \$2.45M (1%) goes to fund other agencies such as the Health Department, New Horizon’s, Council on Aging, ARC of St. Lucie County, and Healthy Start
- \$2.97M (2%) goes to fund Judicial agencies such as the State Attorney and the Public Defender

**What this budget does**

As the FY 2015-16 Adopted Budget was being developed, we anticipated having \$11.27 M available from property value increases, a 0.34 millage increase, the Mosquito Control millage shift, and increases in State Shared and Half-Cent Sales Tax revenue. In addition to these increased revenues, the debt service payment that is funded from the General Fund to cover the transportation debt are decreasing by \$2M for FY 2015-16 giving us a total of \$13.27 M in recurring funding available to be allocated. This funding has been allocated to the following areas in the FY 2015-16 Adopted Budget.

**Deficit Reduction:** The FY 2015-16 Adopted Budget sets us on a path that helps us to eliminate the deficit spending

in the General Fund/Fine & Forfeiture Fund in the next five years, with our reserves staying at healthy levels. The FY 2015-16 Adopted Budget sets aside \$2M to reduce the County's deficit spending, which results in a deficit of \$7.9M for the year.

**Salary Increase:** The FY 2015-16 Adopted Budget includes a step plan increase for Sheriff Office employees (\$2.1 million) and a 3% salary increase to employees funded by the General Fund/Fine & Forfeiture Fund (950K). 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 2015-16 Adopted Budget also sets us on a path to substantially reduce the deficit spending in the health insurance fund in the next two years. The County's Health Insurance Fund is currently unsustainable. In FY 14, expenses outpaced revenues by \$4.8M. For FY 16, the County is increasing premiums by 35%, which impacts the GF/FF by \$950K and impacts the budgets for the Clerk of Court, Supervisor of Elections, Property Appraiser, and Tax Collector. This budget also addresses the health insurance needs of the Sheriff's Office as it includes \$2.3M to bring their insurance reserves into compliance with State Requirements.

**State Mandates:** During the State Legislative process, the State increased the Florida Retirement System contribution for the special risk classification by 2.22% of salary. The FY 2015-16 Adopted Budget includes \$650K to fund the impact of this increase on the Sheriff's Office.

The State requires the County to reimburse the State for a portion of Medicaid expenses. The County's contribution is expected to increase by \$280K for next year. The FY 2015-16 Adopted Budget includes \$280K to fund the impact of this increase.

**Constitutional Officers:** In addition to the items listed above, the FY 2015-16 Adopted Budget includes:

- Funding for the Supervisor of Elections \$247K increases for licenses and equipment maintenance
- Funding for the Clerk of Court's \$20K increase in information technology support
- An adjustment of fees for the Tax Collector \$181K impact on the GF/FF
- An adjustment of fees for the Property Appraiser, with the net effect of these changes being a \$248K impact on the GF/FF

**Board Department Increases:** The FY 2015-16 Adopted Budget includes:

**Community Services:**

- An investment in the Library System with the opening Rosser Road Library earlier than planned on Oct. 1, 2016 (\$830,000) the anticipated, earliest possible opening date
- Restore library hours to 5 days a week at the PSL and Hurston branches (\$360,000)
- Transit-Evening Weekday hours and Saturday hours (\$280,000)
- The FY 2015-16 Adopted Budget includes \$50,000 in funding for a Veteran Service Officer that would provide full time coverage for the Ft. Pierce area while operating from the Community Services offices providing general benefits administration for compensation and pension claims and assisting homeless Veterans through the Supportive Services for Veterans Families Grant. This position would also provide counseling for female military Veterans whom have been subjected to Military Sexual Trauma.

**Economic Investment:** The FY 2015-16 Adopted Budget includes \$50,000 in funding as a challenge grant for the Economic Development Council. Additionally, \$300K is set aside for Economic Development at the Airport.

**Port Engineer:** The FY 2015-16 Adopted Budget includes \$40,000 in funding for a Port Engineer. This funding is for 50% of the salary and benefits for this position. We have requested the City of Fort Pierce secure funding for the other 50% as part of our Interlocal agreement.

**Inmate Medical Expenses:** \$214K of the incremental revenue is being applied to inmate medical expenses in the FY 2015-16 Adopted Budget. These expenses have increased significantly in the last year with medical expenses for one inmate exceeding \$1.5 M and total expenses for the year anticipated to exceed the budget by as much as \$2.4 M in FY 2014-15. An additional \$374K of one time savings is being applied to inmate medical expenses in the FY 2015-16 Adopted Budget.

In addition to the recurring funding discussed above, the County has approximately \$1,150,000 available from one-time savings related to refinancing of debt during FY 2014-15. This money has been allocated to inmate medical expenses and the following areas in the FY 2015-16 Adopted Budget.

- **Replenish Emergency Reserves:** During FY 2014-15, \$614K was allocated from Emergency Reserves to repairs on Indian River Drive. The FY 2015-16 Adopted Budget restores the funding to the Emergency Reserves.
- **Presidential Primary-Supervisor of Elections:** The FY 2014-15 budget included the cost of one election. During the FY 2015-16 budget year, there will be two elections. The cost of the Presidential Primary Election is estimated to be \$336K and is funded in the FY 2015-16 Adopted Budget.

**Jail Security System:** During FY 2015-16, the County plans to replace the antiquated security system at the Jail. The cost is estimated to be \$2.6M, and we plan to finance these improvements.

**UNFUNDED NEEDS:**

Below are needed items that remain unfunded due to less money available to meet all of the County’s operational needs. The amount totaled \$36 million and the list that follows represent the most significant items:

**Personal Services:**

- Salaries/Performance Incentives \$4,630,964
  - Employee cost of living increase of 3% for BOCC and other Constitutionals (not including the Sheriff which would be \$1,303,928), \$1,366,529
  - Sheriff’s request for additional salary and benefits (Step Plan), \$3,199,435
  - Salary Equity Study, \$65,000
  - Funding will provide cost savings to the County for training of new staff and increase the staff quality of life. Also, this funding will help to reduce overall cost of health insurance premiums
- Positions \$551,201
  - There were 14.5 new position requests, 3 re-class requests, and 1 contract labor position request in the following areas:
    - Veteran Services
    - Environmental Resources
    - Human Services
    - Oxbow
    - Human Resources
    - Facilities
    - Parks & Special Facilities
    - Extension



- Funding will provide the citizens of St. Lucie County with environmental interactive programs, classes and community collaboration and more efficient customer service

**Operating:**

- Maintenance \$95,889
  - Facility maintenance-Parks, Recreation & Facility Maintenance: Service Garage Air Condition Maintenance, \$95,889
  - Funding will provide safety for the public in County Facilities
  
- Information Technology \$3,419,000
  - Enterprise Resource Planning – Purchase of a new financial software system for the County, \$2,000,000
  - Computer PC (\$1,263,000), Server (\$156,000) Replacement, \$1,419,000
  - Funding will replace the outdated equipment/financial system and will provide faster time for processing information and will increase efficiencies and effectiveness of staff time

**Capital:**

- Roads \$1,830,286
  - Unincorporated Area Resurfacing
  - Funding will improve the road condition in the Unincorporated service area of the County which saves on costly repairs of pot holes to the County and the public wear and tear on vehicle
  
- Stormwater \$2,300,000
  - Stormwater Neighborhood Improvement Land Acquisition
  - Funding will provide safe roads for citizens during flood and rain storms
  
- Port Property Acquisition \$12,000,000
  - Port Property Acquisition
  - Funding will assist in economic development and the ability to draw down State and Federal funding
  
- Airport Expansion/Development \$3,500,000
  - Airport Hangar to expand maintenance, rehabilitation, and overhaul activities at the airport
  - Funding will provide hangar space for maintenance, rehabilitation, and overhaul of aircraft as identified in the business and marketing plan as a job and economic growth activity
  - Safe storage for airplanes and more access for future growth for the community aviation needs
  
- Jail Medical Facility \$5,000,000
  - Jail Medical Facility
  - Funding will provide cost savings for Inmate Medical costs to the citizens
  
- Courthouse \$1,800,000

- Courthouse Lobby Entrance
- Funding will provide safety for public and Judicial staff with more space for security check points in the Courthouse Lobby

#### **DEPARTMENTAL CHANGES:**

The following information is being provided to communicate the change from the FY 2014-15 Adopted Budget to the FY 2015-16 Adopted 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 2015-16 Final Budget Book in the respective agency section.

**Board of County Commissioners:** The Board of County Commissioners is elected by the citizens to serve as the policy making and legislative body for St. Lucie County, Florida. The FY 2015-16 Budgets of the five Commission Offices and the common appropriations for all offices total \$1,077,741, a 3.48% increase, or \$36,252.

**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 2015-16 Budget is \$3,759,296, a 4.34% increase, or \$156,462.

**County Administrator:** 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. The FY 2015-16 Budget is \$6,966,126, a 12.37% increase, or \$766,777.

**Information Technology:** Information Technology meets the information and communication needs of the Board of County Commissioners. The FY 2015-16 Budget is \$4,004,711, a 10.87% decrease, or \$488,157.

**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 2015-16 Budget is \$29,301,631, a 12.80% decrease, or \$4,299,379.

**Office of Management & Budget:** The OMB Office administers the fiscal management, purchasing services, and budget development of the Board of County Commissioners. The FY 2015-16 Budget is \$948,404, a 6.29% increase, or \$56,130.

**Community Services:** The Community Services Department contributes to St. Lucie County's quality of life by assisting citizens in meeting their health, social, library, transit, and housing needs. The FY 2015-16 Budget is \$26,279,596, a 5.12% increase, or \$1,279,864.

**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 2015-16 Budget is \$771,972, a 26.20% increase, or \$160,276.

**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 2015-16 Budget is \$5,834,111, a 42.02% decrease, or \$4,227,738.

**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 2015-16 Budget is \$20,866,186, a 12.68% increase, or \$2,347,683.

**Parks, Recreation, and Facilities:** Parks, Recreation, and Facilities 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 2015-16 Budget is \$32,577,475 a 1.05% decrease, or \$346,128.

**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 and provides a safe, well-maintained General Aviation Airport facility for use by the public for recreational activities. The FY 2015-16 Budget is \$15,986,058, a 27.94% increase, or \$3,491,113.

**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 2015-16 Budget is \$9,830,905, a 3.68% increase, or \$349,305.

**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 2015-16 Budget is \$71,111,195, a 8.01% decrease, or \$6,196,020.

**Solid Waste:** Solid Waste protects public health by providing an efficient and environmentally sound Solid Waste Management system for the County's customers. The FY 2015-16 Budget is \$26,896,222, a 11.40% decrease, or \$3,335,446.

**Water & Sewer:** The Water & Sewer Department 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 2015-16 Budget is \$18,167,979, a 15.51% decrease, or \$3,335,446.

#### **CONSTITUTIONAL OFFICERS:**

The following information is being provided to communicate the change from the FY 2014-15 Adopted Budget to the FY 2015-16 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 2015-16 Final 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 Board:** 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 2015-16 Budget is \$1,251,540, a 4.69% increase, or \$56,092.

**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 1<sup>st</sup> 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 2015-16 Budget is \$4,740,344, 8.28% increase, or \$362,586.

**Sheriff's Office:** The FY 2015-16 Sheriff's Office Budget, which is offset by the excess fees anticipated at the end of the year, is \$72,074,859, a 8.22% increase, or \$5,473,385.

**Supervisor of Elections:** The Supervisor of Elections' FY 2015-16 Budget, which is offset by the excess fees anticipated at the end of the year, is \$3,220,701, a 17.89% increase or \$488,686.

**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 1<sup>st</sup> of each year. The County's budget contains data only related to the Board's funding of the Tax Collector's budget, which is offset by the excess fees anticipated at the end of the year. The FY 2015-16 Budget is \$3,129,669, a 9.35% increase, or \$267,497.

**CONCLUSION:**

The overall proposed budget of \$462,932,037 is a 3.69% decrease from the prior year. The current millage rate is proposed at the same level so that the County can capture the needed tax revenues from the 4.59% rise in valuations. Although we see an improving economy and great potential all around us, the closing of QVC next year is a reminder that we still have a ways to go in this economic recovery. In any budget year, there are always challenges to overcome and moving away from the reliance on reserves and charting a new fiscal course will be a large part of the discussion this year.

Looking forward, we have tremendous opportunities to build on past success and chart a new course for our community and with the leadership of the Board, our Constitutional Officers, and the incredible dedication of all the County employees, we will be able to successfully navigate the challenges ahead.

HNT/kp

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