



# Key Terms

- The **millage rate** is the amount per \$1,000 of property value that is used to calculate property taxes.
- The **rolled back rate** is the millage rate that would generate the same ad-valorem tax revenue as was generated the previous year (excluding changes from new construction, annexation, or de-annexation).
- The **aggregate millage rate** is the rate obtained by dividing the sum of all of the ad valorem taxes levied by Board by the taxable value of the county. The aggregate rate expresses the average tax rate.



# **ST. LUCIE COUNTY BOARD OF COUNTY COMMISSIONERS**

## **FY 2018-2019 TENTATIVE BUDGET**



# Agenda

- Preparing for Our Future
- Adjustments to Tentative Budget
- Tentative Budget Overview
- Capital Improvement Plan
- Reserves and Fund Balance
- Property Values and Millages
- Board Approval



# ROLE OF COUNTY GOVERNMENT

The County provides services in a variety of areas, the major categories include:

- Public Safety
- Infrastructure
- Economic Development
- Court Services
- Transportation
- Environment
- Culture and Recreation
- Administration





# Preparing for our Future

- Smart Investments
- Leading the way
- Providing great value to our citizens
- Working smarter & collaboratively
- Fiscal Stewardship



# Smart Investments

- 800 MHz Radio System
- FPL Energy Efficiency Projects
- Jail Security System Repair
- Replacing Heavy Equipment
- Modernizing Fleet





# St. Lucie County Works!

- **Economic Development** – streamlining permitting, Business Navigator, building stronger relationships with our municipal partners, Realtors, TCBA, Chamber, EDC and Manufacturer’s Association. SLC is the largest investor in the EDC at \$250k/year.
- **Treasure Coast International Airport** – \$11 million in capital projects invested at the County’s airport including a new customs building, runway connector, new hangar, new front entrance. TCI currently has 1,350 people employed with an annual payroll of \$50 million. Ground breaking for the Airport Entryway & parking lot project. The ribbon cutting for the new customs facility will occur in September.
- **Port – the County is seeking a private vendor for the operation and development of the former Indian River Terminal at the Port of Fort Pierce.** The County serves as the Port Authority for the Port of Fort Pierce and for the first time in 100 years is now in a position to dramatically reshape the business impacts of one of Florida’s 15 deep water ports. This \$25 million acquisition, financed over 30 years with no tax increase required, will create a large vessel maintenance facility that will generate more than \$100 million of economic activity and, in time, create an estimated 900 new jobs.



## As An Organization, St Lucie County Provides Great Value to Our Citizens

- Increased efforts on workplace safety have resulted in injury claims going down 23% and liability claims going down 30%
- Added a second clinic and wellness initiatives to reduce insurance claims
- Using a blend of staff and outside experts, achieved strong public safety and health gains with plans for All Aboard Florida
- Expedited permitting allowed Maverick Boats to go from application to approval in 8 weeks
- Solid Waste rate has not been adjusted for 9 years.





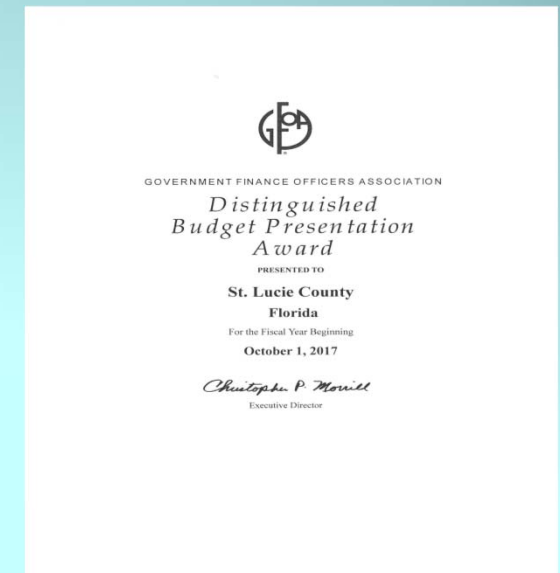
# Working Smarter & Collaboratively

- New York Mets 25 year extension with \$20 million in funding from the State. The new agreement provides us with \$400,000 of marketing at Citi Field in New York, which is our largest tourism market
- Partnership with Army Corp to place sand on Fort Pierce Beach and we continue to work with them on a long term solution
- \$38 million Copas Veterans Nursing Home project in Tradition under construction
- Work with Federal, State, and Municipal partners to deliver strong leadership in emergency management.
- Partnered with the School Board and the City of Fort Pierce on Legislative Services
- Worked with the Sheriff and the Fire District to provide employee health clinic services, which reduce the County's cost and help to expand to a second location and increase hours.
- Partnering with DOT and EDA to build a MRO Hangar



# Fiscal Stewardship

- Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for meeting nationally-recognized guidelines for effective budget presentation in 2018
- Implemented Process Improvement Programs
- AA Bond Rating
  - Appropriate Reserve Policies
  - Budget Stabilization Plan





# ADJUSTMENTS TO TENTATIVE FY 2019 BUDGET



# Why do we adjust the Tentative Budget?

- Recommended departmental budgets were completed in March
  - Project completion/balance forward estimates compiled six months before year end
  - Grant availability as anticipated in March
  - Major Revenues prior to the availability of estimates from the Department of Economic & Demographic Research
  - Departments continue to review project status/balance forward impact through September



# CHANGES IN THE TENTATIVE BUDGET BY FUND

Fund Name	FY 2019 Recommended	FY 2019 TRIM Budget	FY 2019 Tentative	FY 2019 Errata Change
Gen. Fund & Fine and Forfeiture Fund	\$229,867,134	\$231,385,921	\$231,711,512	\$325,591
Special Revenue Fund	\$88,408,222	\$88,638,782	\$93,612,432	\$4,973,650
Debt Service Fund	\$22,157,133	\$22,157,133	\$22,157,133	\$0
Capital Improvement Fund	\$105,094,578	\$105,094,578	\$105,564,785	\$470,207
Enterprise Fund	\$51,118,008	\$51,118,008	\$51,103,775	-\$14,233
Internal Service Fund	\$31,971,100	\$31,971,100	\$32,371,100	\$400,000
Special Trust Fund	\$3,757,486	\$3,757,486	\$3,757,486	\$0
<b>Total</b>	<b>\$532,373,611</b>	<b>\$534,123,008</b>	<b>\$540,278,223</b>	<b>\$6,155,215</b>



# Budget Overview



# Budget Overview

The FY 2018-19 Tentative Budget is \$540,278,223. This is a decrease of \$(16,937,497) from the FY 2017-18 adopted budget of \$557,215,720 or (-3.04%) mostly due to the timing of capital projects and grants.



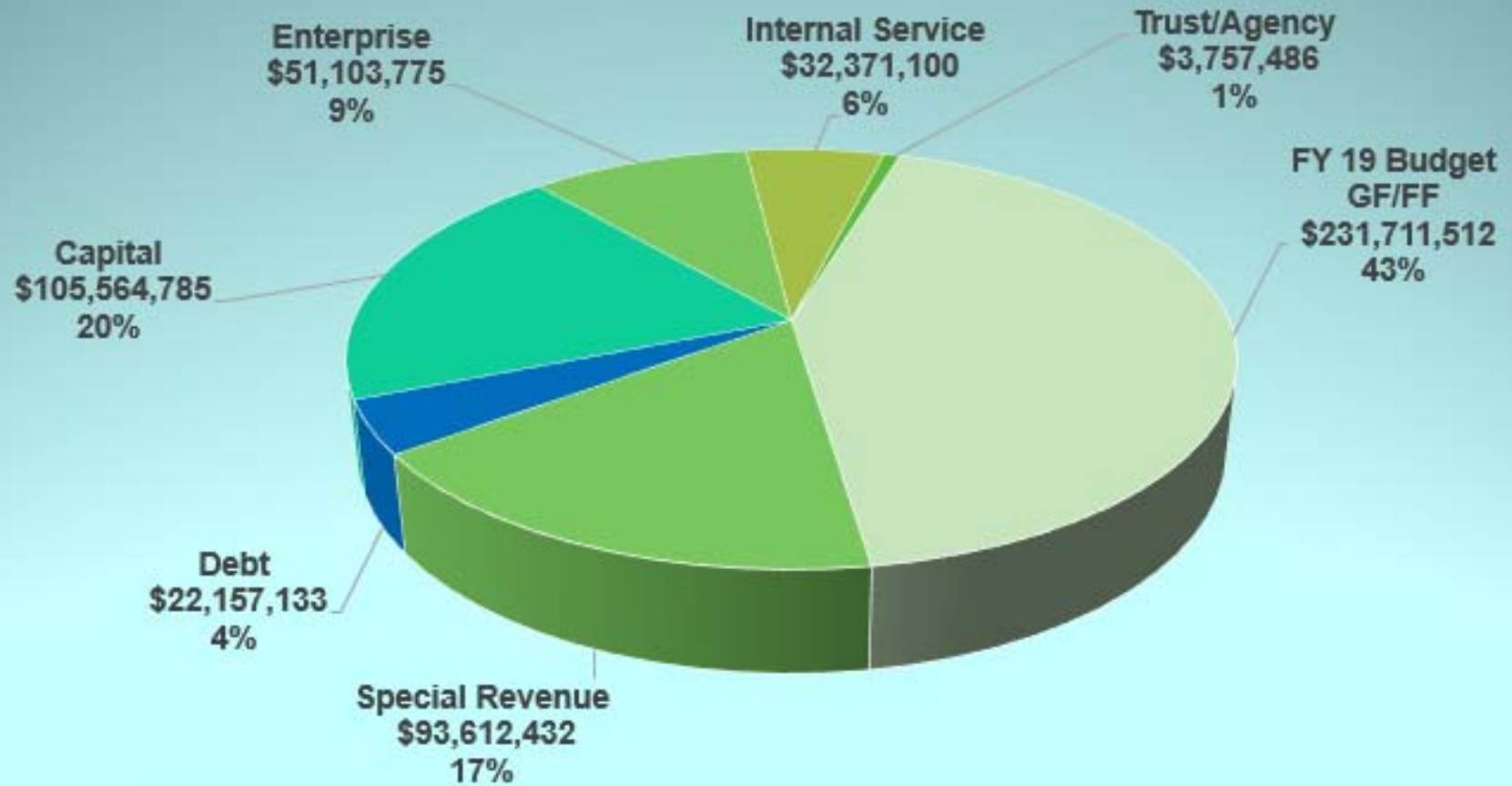
# The Budget Structure

- Government accounting subdivides the budget into “funds”
- Fund Accounting allows a government to budget and account for funds restricted by law or policy.
- Each fund must balance, meaning that the revenues must equal the expenditures in each fund.





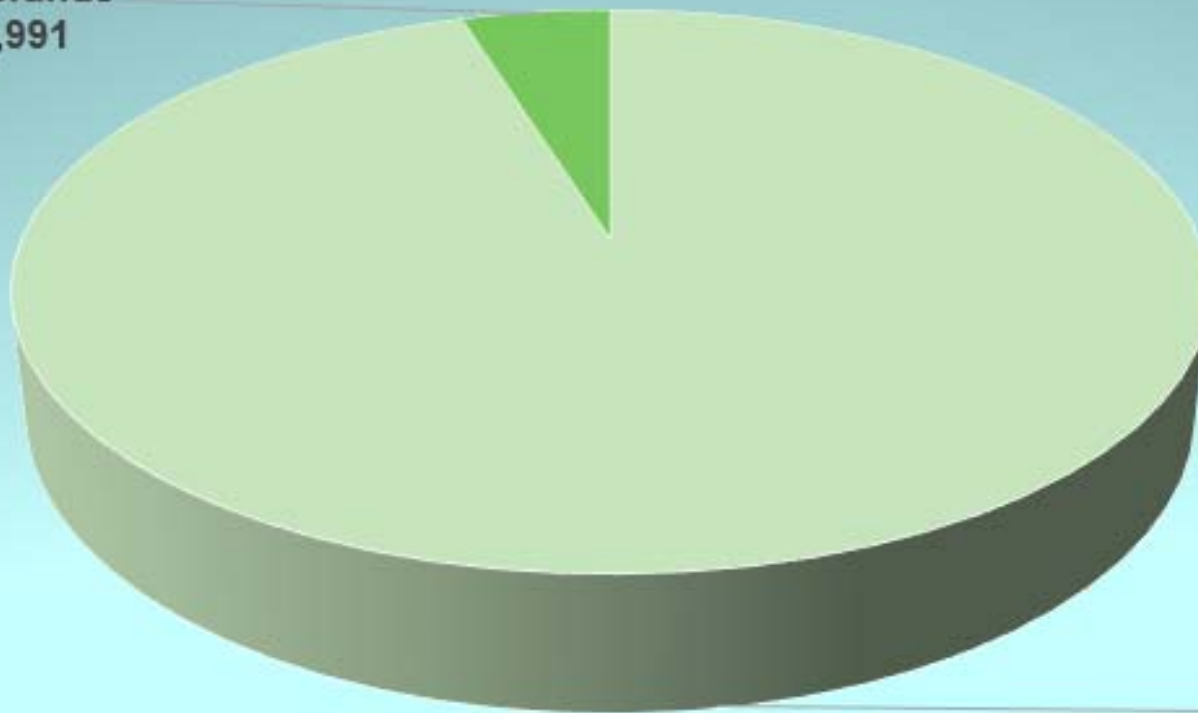
# FY 2019 Total Tentative Budget \$540 Million





# FY 2019 General Fund/Fine & Forfeiture Fund Budget \$231.7 Million

GF/FF Subfunds  
\$11,168,991  
5%

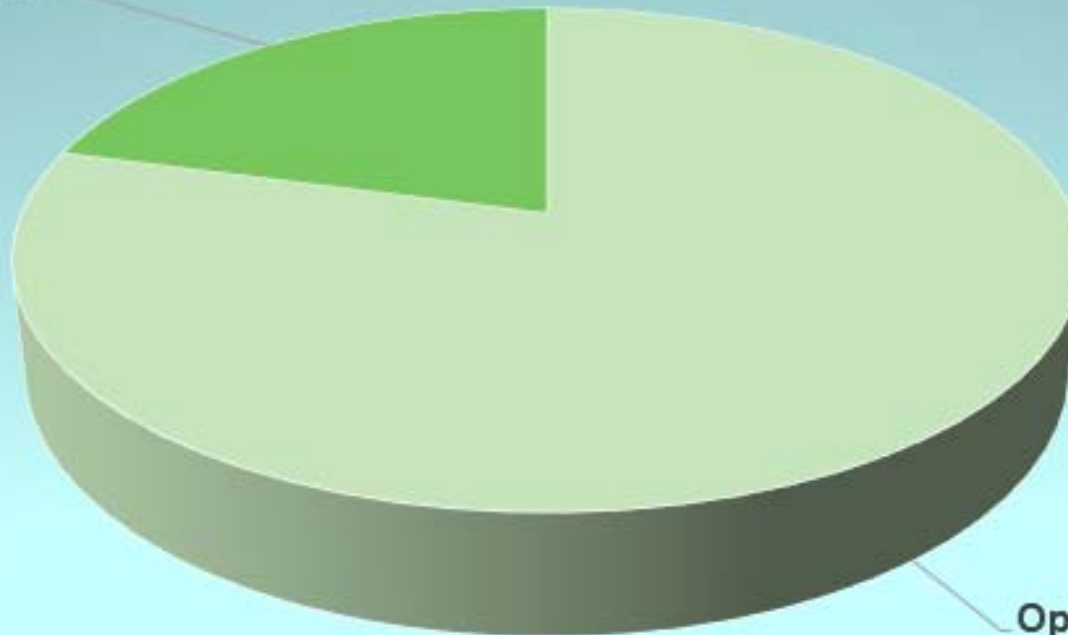


GF/FF  
\$220,542,521  
95%



# FY 2019 General Fund/Fine & Forfeiture Fund Budget \$220.5 Million

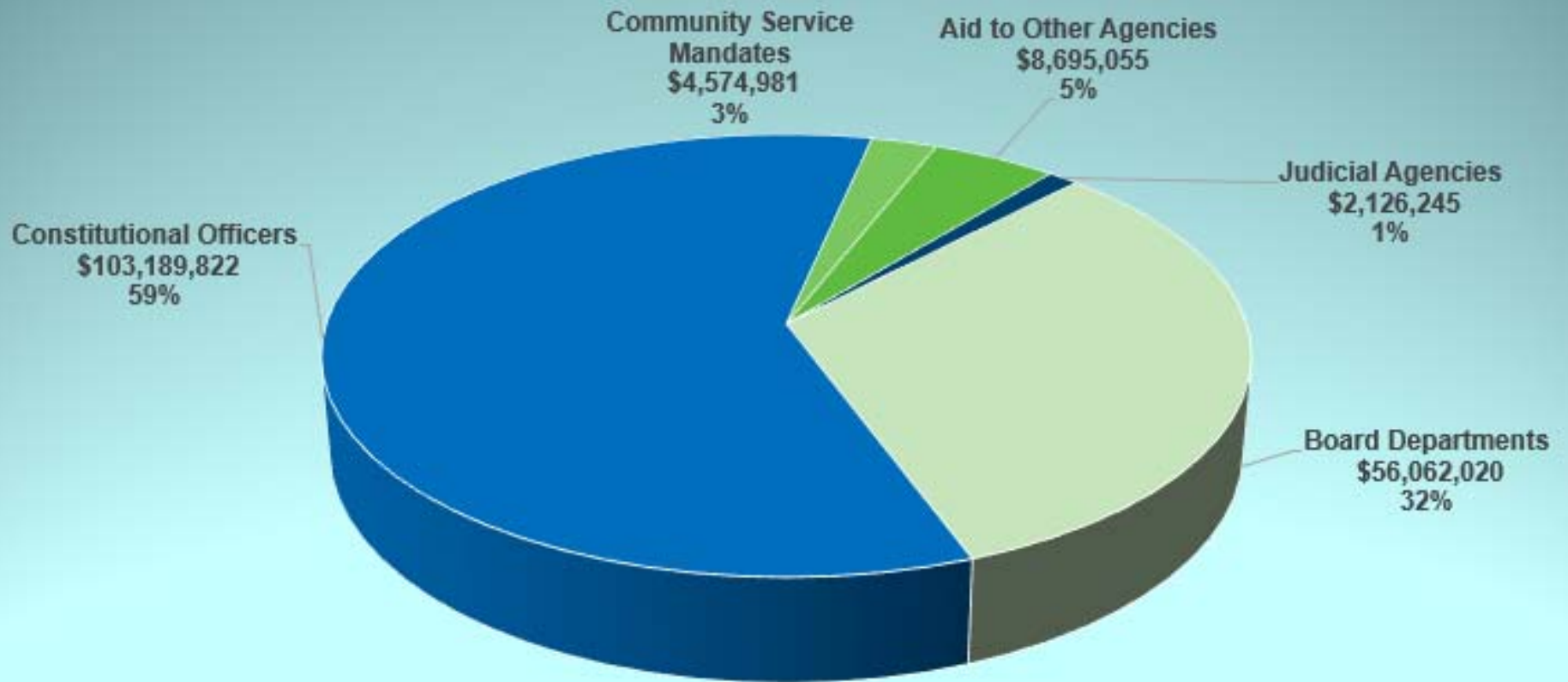
Non-Operating  
\$45,894,398  
21%



Operating  
\$174,648,123  
79%



# FY 2019 General Fund / Fine & Forfeiture Fund Operating Expenses \$174.6 Million





# Projected FY 2019 Incremental Changes

## Incremental Recurring Revenues

Property Taxes (7.5% value increase as of 6/1/18)	\$10,105,643
Law Enforcement MSTU Increase (to F&F)	\$373,444
Less: Mandated Medicaid Increase	(\$347,981)
Less: Mandated State Attorney IT (Art V, Rev 7)	(\$158,895)
Less: Estimated CRA Increase	(\$727,500)
Less: Adjustment for Tax Collector Fees	(\$581,250)
Net Proceeds	\$8,663,461
Less: Budget Stabilization (Year 4 of 5)	(\$2,000,000)
Net available for allocation	\$6,663,461
Additional Revenue from property values (8.6%)	\$1,500,000

Note: The above table represents general fund and fine and forfeiture funds only



# Budget Allocations

- 50% of the incremental revenue, \$3.3 M, allocated to the Sheriff's office for public safety needs
- \$399,455 toward other agencies that the county funds
- Shortfalls for existing programs: \$717,528
- \$2,214,748 for Board allocations, allocated as follows:
  - \$1,259,275 for 2% COLA, insurance, and FRS increases
  - \$955,473 for BOCC operations/capital



# Budget Allocations

<b>Incremental Revenue</b>		<b>\$ 6,663,461</b>
<b>Sheriff (including SRD)</b>	<b>\$ 3,331,730</b>	
<b>Clerk (Fund 001)</b>	<b>\$ 17,384</b>	
<b>Property Appraiser</b>	<b>\$ 177,137</b>	
<b>Medical Examiner (Fund 107)</b>	<b>\$ 40,435</b>	
<b>Public Defender (Fund 001 and 107)</b>	<b>\$ 27,027</b>	
<b>State Attorney Oper (Fund 107)</b>	<b>\$ 28,472</b>	
<b>Non-County Agencies (Fund 001 and 107)</b>	<b>\$ 109,000</b>	
<b>Subtotal – Other Agencies</b>	<b>\$ 3,731,185</b>	
<b>FRS Increase (BOCC)</b>	<b>\$ 197,230</b>	
<b>Health Insurance Increase (9%)</b>	<b>\$ 591,744</b>	
<b>2% COLA</b>	<b>\$ 470,301</b>	
<b>Existing Funding Shortfalls</b>	<b>\$ 717,528</b>	
<b>Departmental Requests</b>	<b>\$ 955,473 (including clerk maint.)</b>	
<b>Subtotal- BOCC Budgets</b>	<b>\$ 2,932,276</b>	
<b>Board and Other Agency Issues (less)</b>		<b>\$ 6,663,461</b>
<b>Revenue Balance</b>		<b>(\$ 0)</b>



# Additional Revenue

• Additional Revenue Available	\$1,500,000
• 50% Sheriff	
• Additional Funding for SROs	\$300,000
• Reserved pending outcome of November Ballot issues	<u>\$450,000</u>
	\$750,000
• 50% BOCC & Other Agencies	
• Other adjustments from budget workshops	\$163,520
• DJJ State Mandate Increase	\$337,843
• Reserved pending outcome of November Ballot issues	<u>\$248,637</u>
	\$750,000





# School Resource Officers Update

- \$400,000 commitment from School Board
- St. Lucie's Cities to provide coverage to at least some of the schools in their jurisdiction for this shared responsibility
  - City of Port St. Lucie Continue to Fund 4 SROs and 1 Secure Our Schools Coordinator
  - City of Fort Pierce agrees to fund 3 officers
- Guardian Funding Status
  - Governor asking for the Joint Legislative Budget Commission to unlock money and distribute based on student population (SLC = \$958,337).
  - Incoming Senate President and Incoming House Speaker are not in support of reallocating the funding.



# School Resource Officers Next Steps

- Support the School Board as they explore options to increase funding for school safety
- Working with our legislative delegation, the School Board, Cities, and the Sheriff's Office-address additional funding for school safety in next legislative session



# September Informal

- At the September 11<sup>th</sup> informal meeting, the Board will discuss:
  - St. Lucie Cultural Alliance
    - On 12/5/17, the BOCC entered into a contract for professional/consultation services in the area of building a sustainable local arts agency for St. Lucie County.
    - The FY 19 Budget includes \$150,000 to continue this effort.
  - Humane Society
    - Anticipated cost for FY 19 is \$235,000. Funding is included in the tentative budget.



# FY 2019 Capital Improvement Plan



# FY 2019 Top Dollar Capital Improvement Projects

Project	Budget	Funding Source(s)
First Data Field Sports Complex Improvement	\$49.79M	State Grant, Mets Rent, Tourist Development Tax)
Kings Highway and Indrio Road Intersection	\$13.58M	Grant Funds, Impact Fees, Capital Financing
Edwards Road – Oleander Avenue – US 1	\$4.5 M	Impact Fees
MRO Hangar Project	\$5.08 M	Grant Funds, Capital Financing, Airport Fund
Holiday Pines Water/Wastewater Treatment Plant	\$3.2 M	Water & Sewer District - Capital Facilities Fund
Fisherman’s Wharf Redevelopment	\$1.87 M	Capital Financing, Grant Funds, Port Fund
Airport Connector (Turnpike – Kings)	\$1.7 M	Impact Fees
Port 2nd Street Entrance	\$1.63 M	Grant Funds, Port Fund



# FY 2019 CIP - Funding by Department In Millions

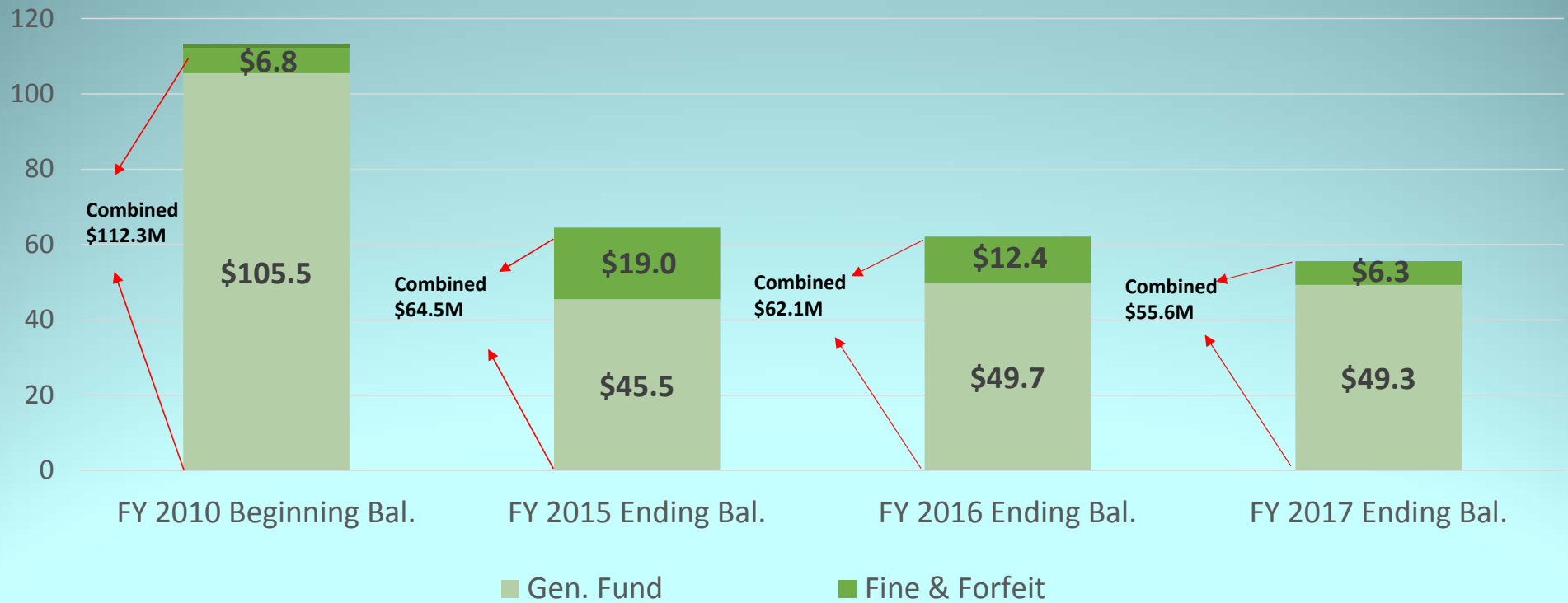




# Reserves and Fund Balance



# BALANCE FORWARD COMPARISON GENERAL FUND/FINE & FORFEITURE FY 2010 TO FY 2017 IN MILLIONS







# FY 2019 BUDGET

## Use of Balance Forward

Description	Amount
2017 Ending Fund Balance	\$55.6 Million
Less: Reserves*	\$36.5 Million
Net Balance	\$19.1 Million
Less: 2018 Reliance on Reserves	\$3.8 Million
Less: 2018 One Time uses	\$4.9 Million
Less: 2019 Reliance on Reserves	\$1.8 Million
Budget Stabilization Balance**	\$8.6 Million

\* A portion of the transportation reserves will be utilized during FY 18 and will not be replenished at this time. This reserve is being reduced from \$6 million in FY 18 to \$2.5 million in FY 19.

\*\* Emergency Repairs may deplete or exceed this balance.



# Budget and Population





# BOCC POSITION COUNT (FTE) FY 1995 TO FY 2019



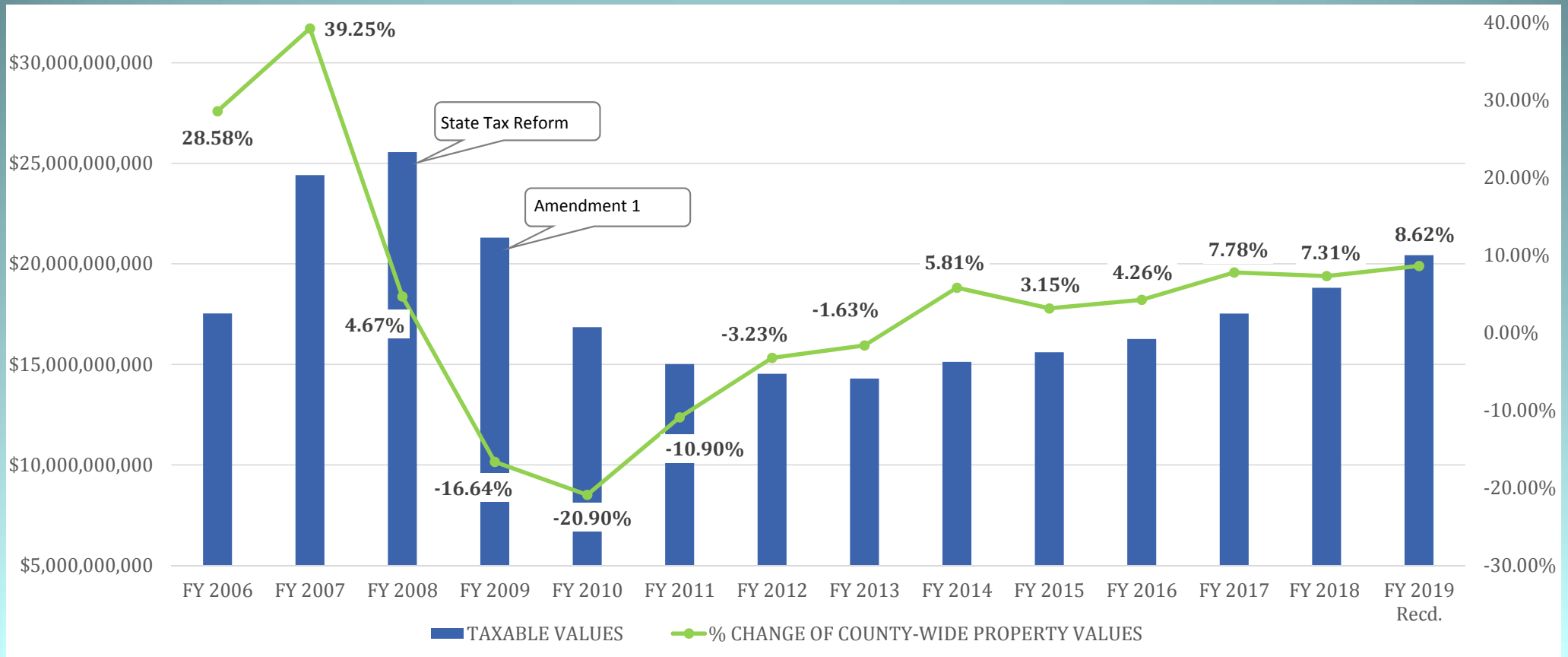


# Property Values & Millages

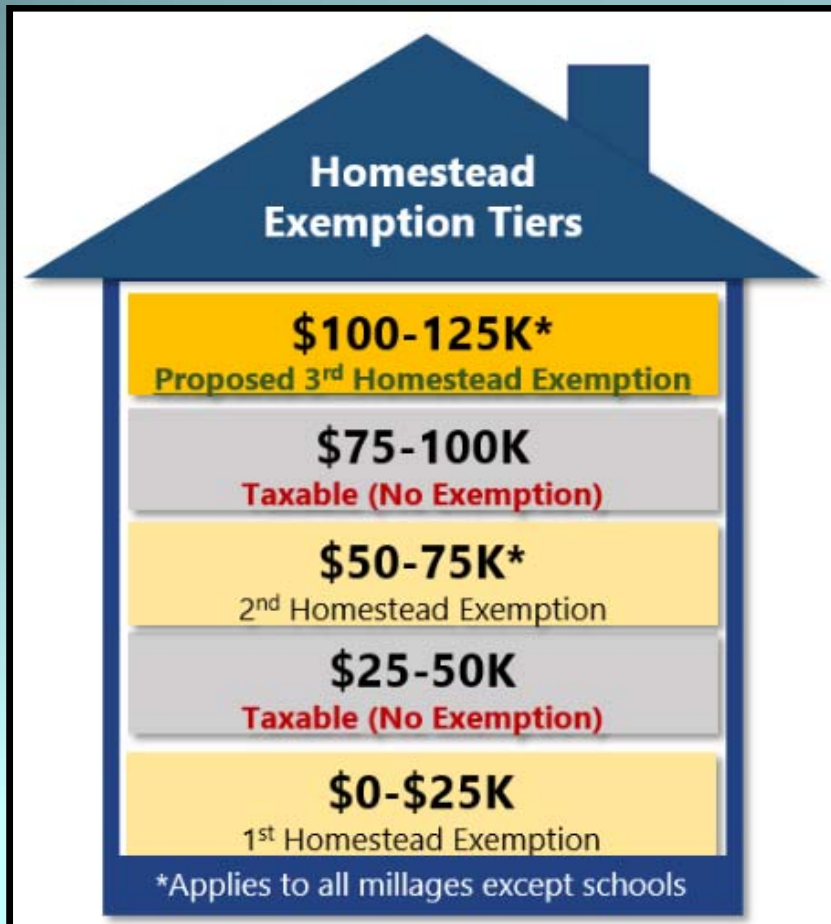


# FY 2006-FY 2019

## CW Taxable Value and % Change



# Homestead by Assessed Value



- A statewide referendum for a Constitutional Amendment will be on the November 2018 ballot.
- Currently, property owners 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. The proposed amendment would also exempt the assessed valuation greater than \$100,000 and up to \$125,000.



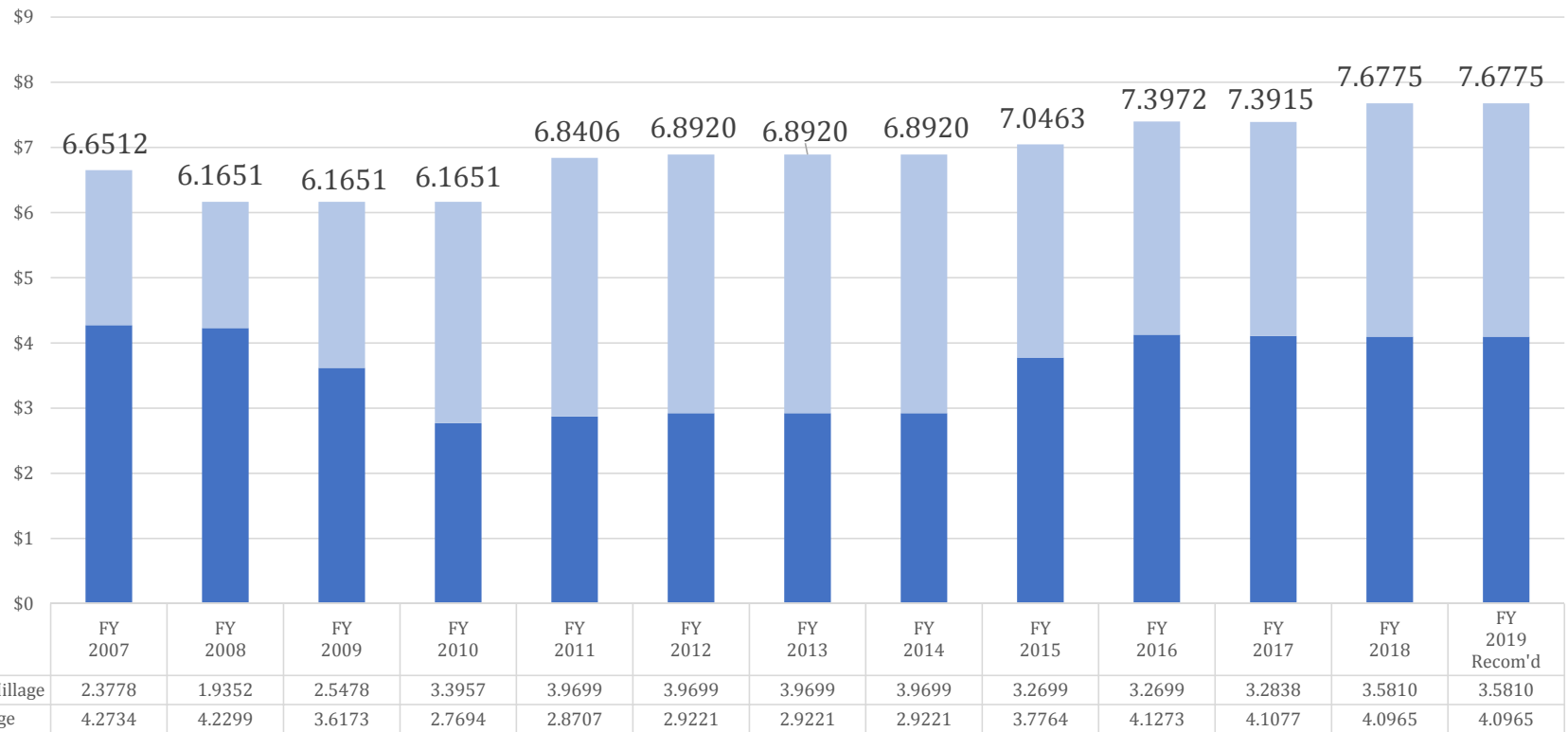
## Additional \$25,000 Exemption

- If adopted, this be effective January 1, 2019 and will impact our budget beginning in FY 2020.
- This referendum requires a 60% approval rate.
- The passage of this bill would require each non-school taxing authority to either reduce services or increase millage rates or a combination of both.
- St. Lucie County has 166,371 parcels of property. 43,475 (26%) are homesteaded and assessed value over \$100,000. The other 74% of the parcels would experience reduced services and/or increased millage rates, with no offsetting benefit.
- Third Homestead Exemption Estimator: [www.3hxestimator.org](http://www.3hxestimator.org)



# Millage Rates

General Fund and Fine & Forfeiture Millage Rates

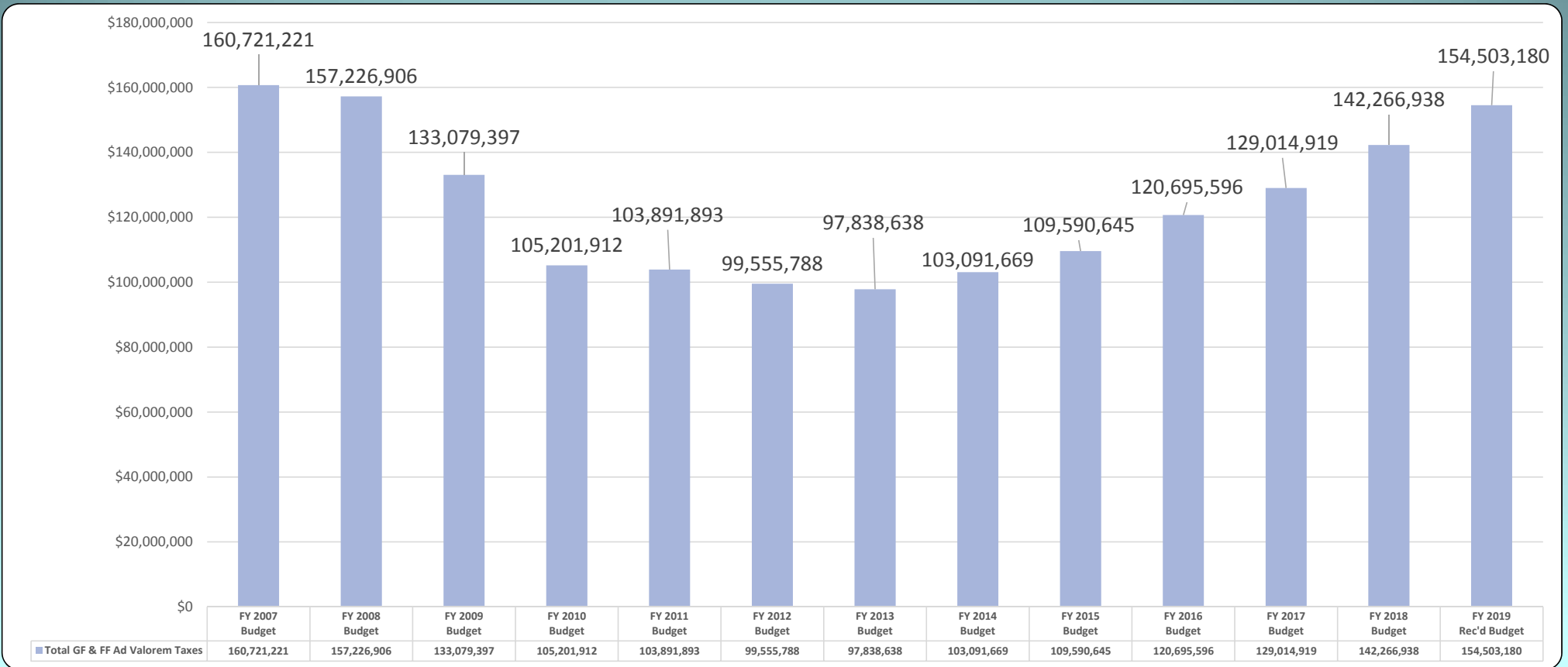


Ad-Valorem Revenues





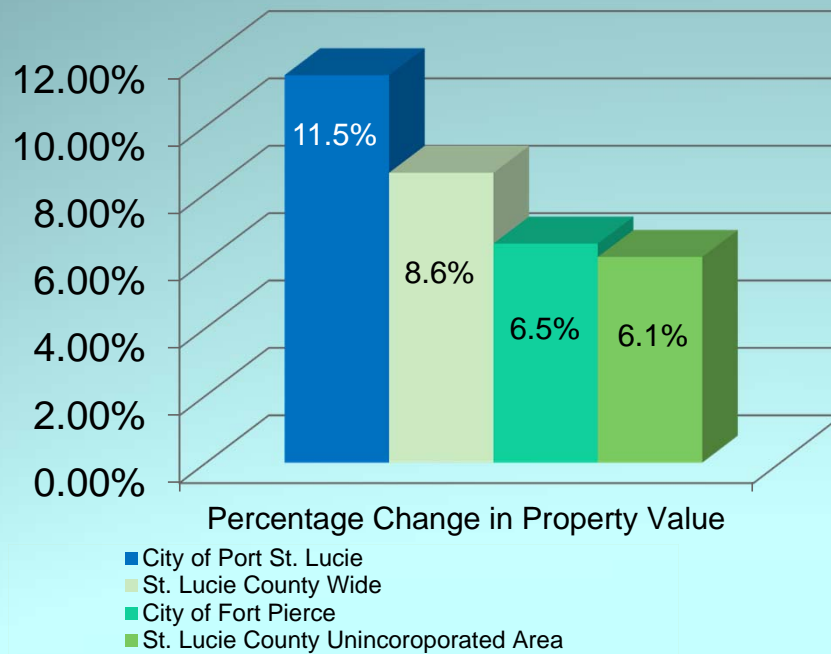
# General Fund/Fine Forfeiture Ad Valorem Revenue Budget



Source: Banner and GovMax Financial Systems



# FY19 % Change in Property Valuation



Taxing Authority	Property Value
City of Port St. Lucie	\$9.8 Billion
St. Lucie County – County Wide	\$20.4 Billion
City of Fort Pierce	\$2.4 Billion
St. Lucie County – Unincorporated	\$8.3 Billion

Source: St. Lucie County Property Appraiser



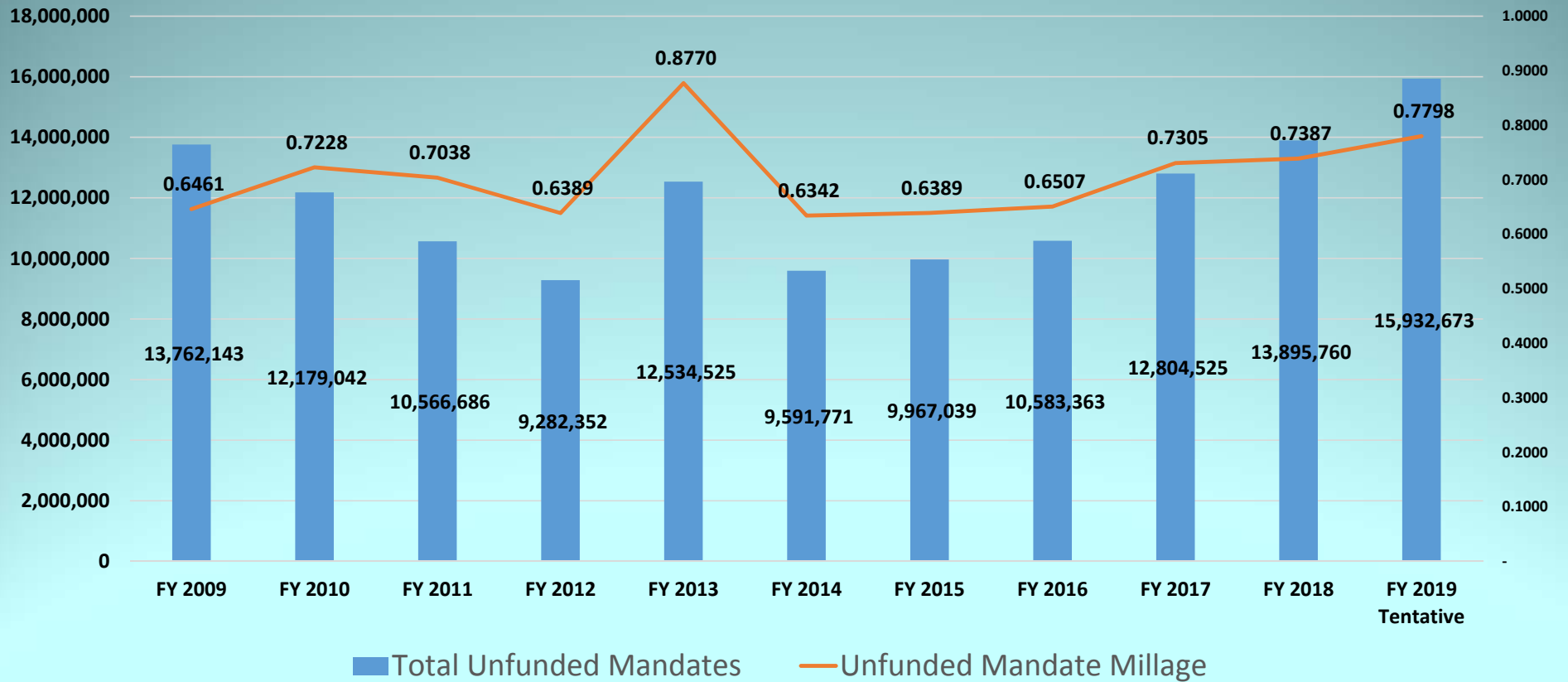
# Mandates

St Lucie County											
Unfunded Mandates											
Fiscal Year	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Tentative
Health Department	964,782	964,785	868,295	868,295	868,295	868,295	922,647	922,647	1,122,647	1,122,647	1,122,647
New Horizons	673,606	673,606	673,606	673,606	673,606	673,606	687,078	687,078	687,078	712,843	732,843
Community Services Mandates	1,955,000	1,935,000	1,591,230	1,592,000	5,237,062	3,207,248	3,275,000	3,555,683	3,909,320	4,227,000	4,574,981
School Resource Officers (SRO)											300,000
Florida Retirement System (FRS)											197,230
Community Redevelopment Agency (CRA'S)											
City of Port St Lucie	2,000,000	1,400,000	1,015,000	1,005,000	900,000	805,800	903,000	1,083,000	1,210,000	1,421,142	1,727,550
City of Ft Pierce	4,200,000	3,200,000	2,450,000	2,400,000	2,100,000	2,050,200	2,140,000	2,350,000	2,700,000	3,038,216	3,459,307
Total CRA'S	6,200,000	4,600,000	3,465,000	3,405,000	3,000,000	2,856,000	3,043,000	3,433,000	3,910,000	4,459,358	5,186,857
Other Mandates and Non County Agencies*	3,968,755	4,005,651	3,968,555	2,743,451	2,755,562	1,986,622	2,039,314	1,984,955	3,175,480	3,373,912	3,818,115
<b>Total Unfunded Mandates</b>	<b>13,762,143</b>	<b>12,179,042</b>	<b>10,566,686</b>	<b>9,282,352</b>	<b>12,534,525</b>	<b>9,591,771</b>	<b>9,967,039</b>	<b>10,583,363</b>	<b>12,804,525</b>	<b>13,895,760</b>	<b>15,932,673</b>

\* Includes Juvenile Detention, Medical Examiner, Court Admin (Innovations), State Attorney Admin, Public Defender Admin, & Public Defender



# Mandates





# Tax Impact on a Homestead Property

FY 18 Property Value	Millage Rate Change	FY 18 Taxes	FY 19 Taxes	Tax increase as from:	
				Valuation Increase @ 2.1 % CPI	% Change
\$100,000	0.0000	\$411.43	\$428.71	\$17.28	4.20%
<b>\$200,000</b>	0.0000	<b>\$1,234.29</b>	<b>\$1,268.85</b>	<b>\$34.56</b>	<b>2.80%</b>
\$300,000	0.0000	\$2,057.15	\$2,108.99	\$51.84	2.52%

Note: Does not include MSTUs levied only in the unincorporated area.



## Tax Impact on a Non-Homestead Property

FY 18 Property Value	Millage Rate Change	FY 18 Taxes	FY 19 Taxes	Tax increase as from:	
				Valuation Increase @ 8.6 %	% Change
\$100,000	0.0000	\$822.86	\$893.63	\$70.77	8.60%
<b>\$200,000</b>	0.0000	<b>\$1,645.72</b>	<b>\$1,787.25</b>	<b>\$141.53</b>	<b>8.60%</b>
\$300,000	0.0000	\$2,468.58	\$2,680.88	\$212.30	8.60%

Note: Does not include MSTUs levied only in the unincorporated area.



# Budget Priorities

- Financial Sustainability
  - Budget Stabilization
  - Hurricane Damage
  - Sales Tax Initiative
  - Impact of Additional Homestead Exemption
- Public Safety
- Infrastructure



# County Unmet Needs

• Sheriff's Budget Request	(\$ 3.7 million)
• FY 19 Budget Stabilization	(\$ 1.8 million)
• FY 19 Department Budget Requests	(\$ 5 million)
• Public Works Priority Infrastructure Projects	(\$ 85 million)
• Erosion Reserves Shortfall	(\$ 4.5 million)
• Mosquito Control Reserves Shortfall	(\$ 4 million)
• Storm Impacts	(\$ 20 million)
• Fully Implementing BOCC Pay Study	(\$ 4 million)
• <u>Potential Recurring Revenue Loss</u>	(\$ 8 million)
	(\$136 million)





# Preparing For Our Future

- Future Unknown
  - Infrastructure Sales Tax
  - Additional Homestead Exemption





# The Present

- Spending exceeding revenues
  - Reserves Dwindling
- Additional Mandates
  - Medicaid, FRS, SROs
- Emergency Repairs
  - 2 Hurricanes in FY 17
- Funding Sheriff's Office increase at 50%
- BOCC Departments \$5 million in unmet needs
- Crumbling Infrastructure
  - 75 year repaving cycle, failed culverts, bridge replacements
- Salaries approximately 18-20% below market rates



## Best Case

- Infrastructure Sales Tax passes
- Additional Homestead Exemption does not pass
- Outlook
  - Anticipate ending FY 19 utilizing \$1.8 million in reserves for recurring operating expenses, utilize FY 20 growth in property values to close this gap. The threat of losing \$8 million in annual revenue is eliminated allowing us to achieve our 5 year goal of returning to a sustainable budget.
  - A plan to address some vital infrastructure needs.



## Worst Case

- Infrastructure Sales Tax fails
- Additional Homestead Exemption passes
- Outlook
  - Anticipate ending FY 19 utilizing \$1.8 million in reserves for recurring operating expenses, lose an additional \$8 million in annual recurring revenue. FY 20 growth in property values will not be enough to close this gap and we will not be able to achieve our 5 year goal of returning to a sustainable budget.
  - Vital infrastructure needs not addressed. Will require revisiting the FY 19 budget during the year and make changes to address these needs.



# FY 2019 BUDGET

## Use of Balance Forward

Description	Amount
2017 Ending Fund Balance	\$55.6 Million
Less: Reserves*	\$36.5 Million
Net Balance	\$19.1 Million
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\* A portion of the transportation reserves will be utilized during FY 18 and will not be replenished at this time. This reserve is being reduced from \$6 million in FY 18 to \$2.5 million in FY 19.

\*\* Emergency Repairs may deplete or exceed this balance.



# The Future

- Budget Workshop in December to evaluate the FY 18-19 Budget and determine the best course of action.

## Next Steps

- Adoption of Tentative Budget and Millage Rates
- Final Budget Hearing -  
September 20, 2018, 6:00 p.m.
- Budget Workshop –  
December 2018





# **ST. LUCIE COUNTY BOARD OF COUNTY COMMISSIONERS**

## **FY 2018-2019 TENTATIVE BUDGET**