



Collier County FY 2019 BCC Recommended Budget

June 21, 2018 Budget Workshop

Integration of Strategic and Budget Planning

Strategic Planning

Operational Planning

Budget Planning

**Strategic, Operating
And Budget
Performance Management**



TIME

Strategic Focus Areas

I. Quality of Place

To preserve and enhance the safety, quality, value, character, and heritage of our neighborhoods, communities and region.

II. Growth Management

To responsibly plan and manage community growth, development, redevelopment and protect the natural environment.

III: Community Health, Wellness and Human Services

To improve the quality of life and promote personal wellness, self-reliance and independence.

IV: Infrastructure and Capital Asset Management

To responsibly plan, construct and maintain the County's critical public infrastructure and capital assets to ensure sustainability for the future.

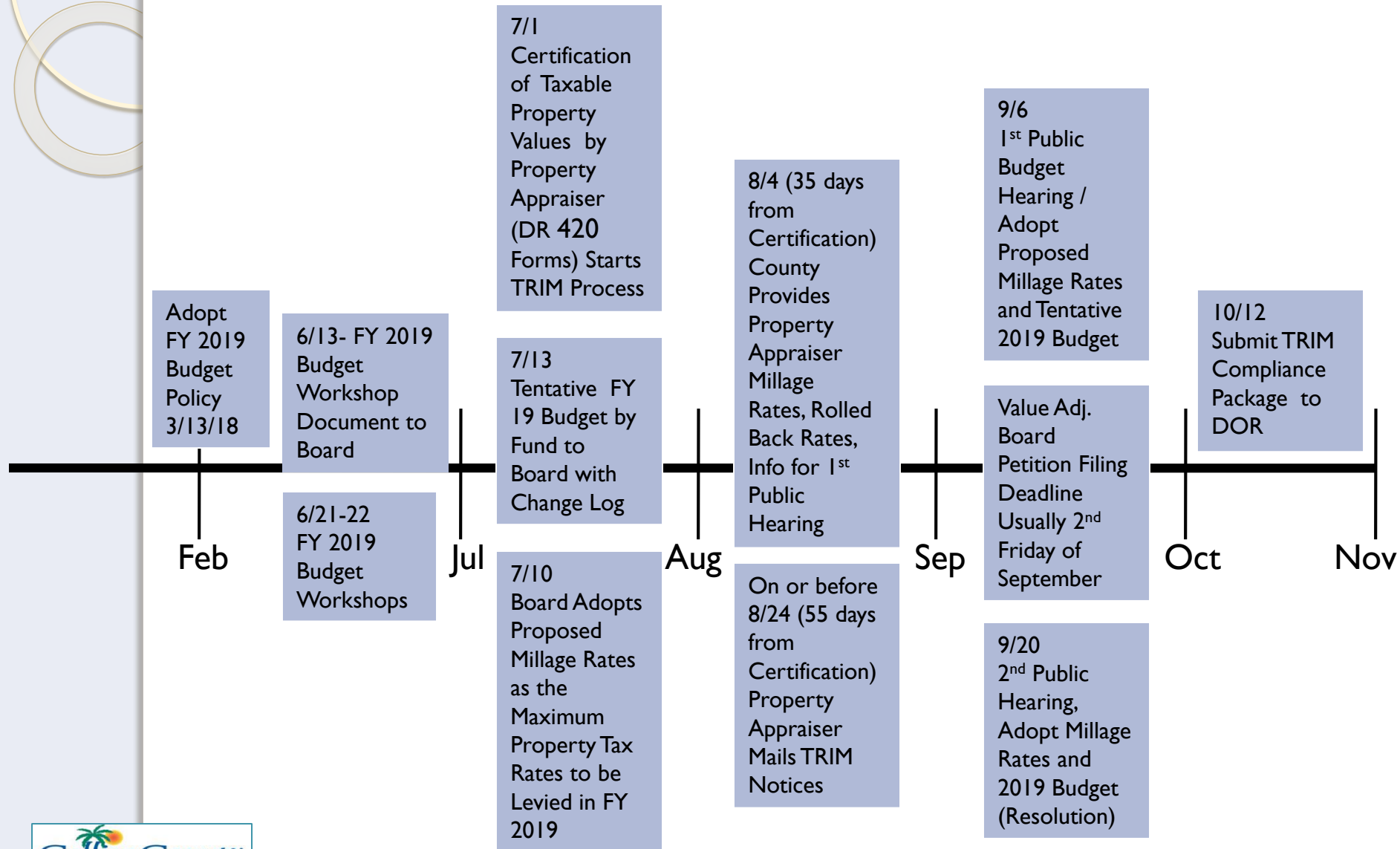
V: Economic Development

To support a business climate that promotes a sustainable, diversified and growing economy.

VI: Governance

To sustain public trust & confidence in County government through sound public policy, professional management and active citizen participation.

FY 2019 Collier County Budget Timeline



FY 2019 Economic Landscape

- Countywide taxable value increase of 5.58% - seventh (7th) consecutive year of tax base growth. County-wide taxable value now \$88.3 billion but the new taxable value component reflecting new growth and development is down \$458.2 million which may be a signal of moderating growth.
- Collier County taxable sales (consumer spending) for February 2018 continues to increase steadily year over year from \$705 million to \$747 million an increase of 6%.
- Sales tax and state shared revenues remain steady under a positive State outlook for all sales and general revenue categories.
- Median home price reported as \$455K in April 2018 is up \$36K year over year but \$5,000 below the March 2018 value. Median home prices have consistently reached the low to mid \$400K value during the past year.
- Although April 2018 visitation to the destination was down modestly, peak season January to April 2018 visitation increased slightly by 1% to 758,100 over the prior 2017 four month period. Total economic impact 2018 peak season four month period was \$1,109,620,100 representing an increase of 4%.
- New construction permitting and inspection activity for 2018 remains strong.
- April 2018 unemployment rate dropped 0.7% from April 2017 to 3.6%.
- While positive economic measures continue to exist, dependence upon property taxes and state shared revenues warrant continue fiscal conservatism and regular monitoring of local economic conditions as the County move forward with future financial planning.

FY 2019 Budget Outcomes

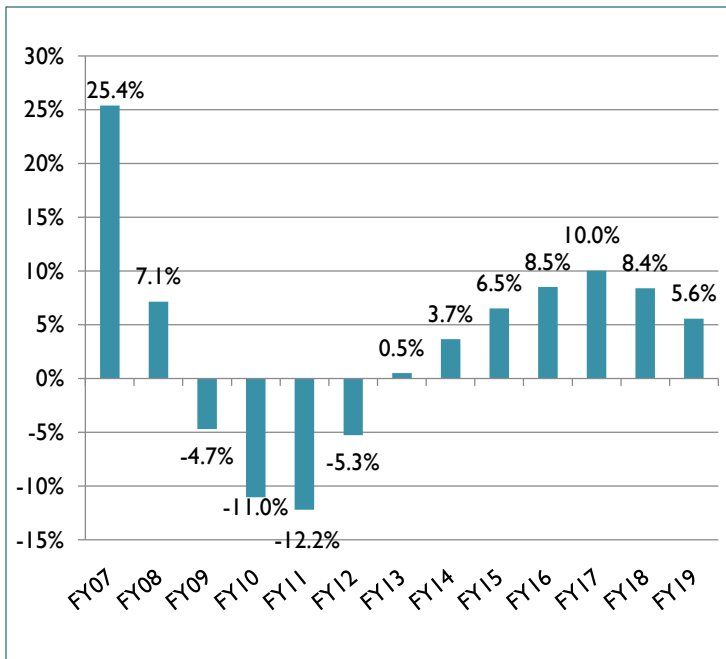
- **Budget guidance** exclusive of required expanded service expenditures to support new capital facilities; facilitate capital project execution; or enhance operations **essentially met** for the ad valorem supported County Manager's Agency operations.
- Millage neutral operating tax rate for General Fund at \$3.5645 per \$1,000 of taxable value.
- Maintain the Unincorporated Area General Fund tax rate at \$.8069 and devoted the marginal increase above the current rate or \$.0908 to continue the median landscape capital program.
- General Fund and Unincorporated Area General Fund reserves increase.
- Principal debt and annual debt service continues to decline; is fully funded and policy compliant; no new debt planned within the FY 2019 recommended budget, but will be considered during FY 2019 if the sales tax referendum fails.
- Expanded service FTE's and Dollars once again appropriated in most governmental areas to support new capital facilities, execute capital projects and meet our commitment to front line services enjoyed by our residents and visitors.
- Continue for the 4th consecutive year enhanced commitment to public health, safety, and welfare services through an additional \$183,700 supporting David Lawrence Center services.
- Maintain \$75,000 allocated for wild fire mitigation through the State Forestry Service.
- Despite necessary growth in general governmental reserves, deferral of capital project budgets to fund Hurricane Irma cleanup and enhanced commitment to fund Sheriff operations, \$18.1 million in new capital money is programmed from the General Fund and Unincorporated Area General Fund.
- General Fund loans to the impact fee trust funds due to insufficient impact fee revenue to pay growth related debt service increased \$1,829,600 to \$5,071,400.
- Dollars appropriated for employee compensation adjustment to keep pace with the change in CPI.
- No Health Insurance Premium or Plan Benefit changes for the sixth consecutive year due to excellent claims history and healthy reserves.

Hurricane Irma Budgetary Impacts

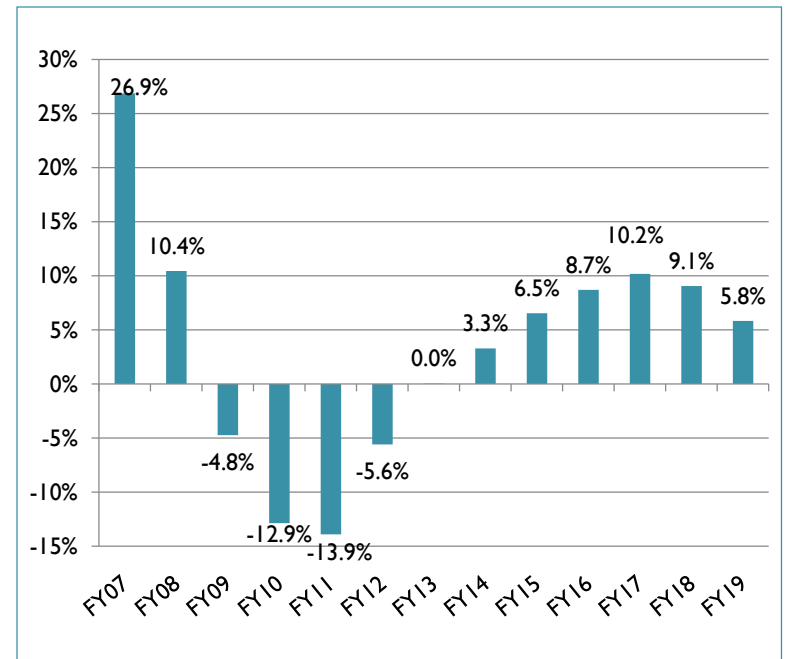
- The County has spent exclusive of salaries \$87,161,400 as of May 17th restoring the community and facilities in the aftermath of Hurricane Irma. Of this amount \$64,762,900 or 74% was spent removing debris from the right-of-way.
- Remaining available FY 2018 hurricane budget totals \$37,676,100 and most of this budget appropriation is allocated toward removal of debris from canals.
- It remains unknown when any significant reimbursement from FEMA via the State will be forthcoming. Optimistically, the bulk of FEMA reimbursement – less any local share – would be received during FY 2019. It is possible that the County's initial \$10M reimbursement project worksheet and the Sheriff's \$6M reimbursement project worksheet will be received prior to the end of FY 2018.
- Much of the funding was sourced from capital project deferrals amounting to \$60.2M and reserve reductions in the amount of \$47.1M.
- Storm management and related recovery of any magnitude going forward until reimbursement revenue is received will require a more significant reserve reduction in lieu of capital project deferral or FEMA revenue recognition and the FY 2019 budget is programmed should the need arise.

Countywide Taxable Value Trending up for the seventh (7th) Consecutive Year

Historical Changes in County-Wide General Fund (001) Taxable Values

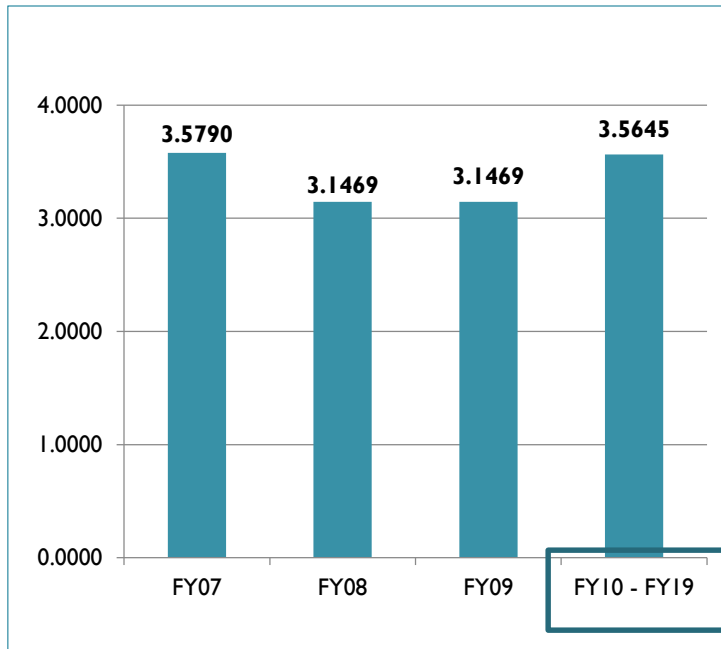


Historical Changes in Unincorporated Area General Fund (111) Taxable Values

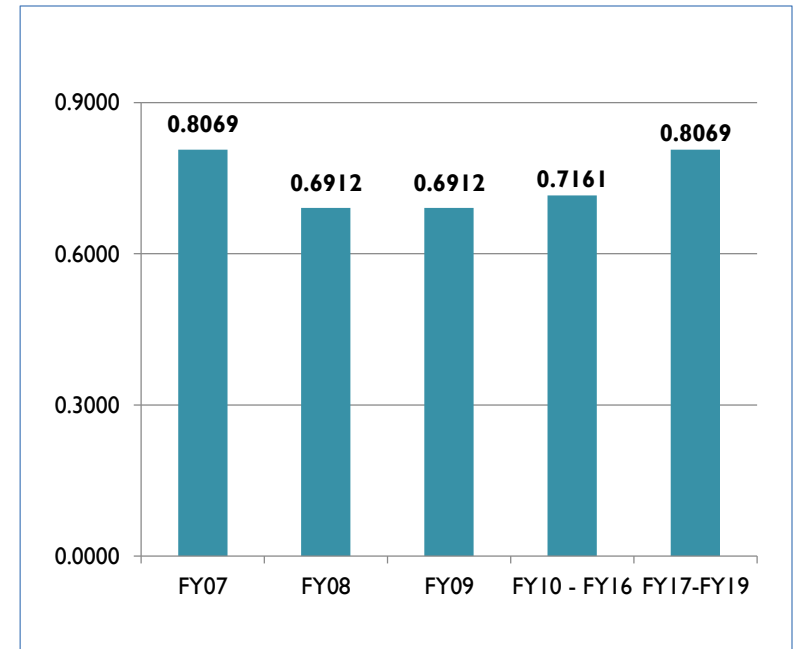


Millage Rate History

**Property Tax Rates
General Fund**



**Property Tax Rates
Unincorporated Area General Fund**



FY 2019 Requested Budget Highlights

- Millage neutral operating tax rate resulted in a \$16,618,100 increase in the General Fund (GF) property tax levy to \$314,604,900.
- Millage neutral Unincorporated Area General Fund tax rate resulted in a levy totaling \$44,194,000 the components of which are \$39,220,900 for operations and capital transfers and \$4,973,100 for continuing the median landscape capital program and required landscape maintenance. The respective marginal increases over the FY 2018 levy total \$2,449,700.
- Planned growth in front line services and capital facilities support with expanded County Manager operations totaling \$10,048,200 including 61.75 new FTE's of which 23 FTE's and \$4,175,900 are associated with new operating components of the Storm-Water Utility.
- Provisions of SB 7026 pertaining to school safety legislation fully funded based upon the Sheriff's appropriation request without any contribution from the school district or any cost share from the municipalities. Issue requires further Board policy guidance.
- General governmental new dollars programmed for capital initiatives total in excess of \$18 million.
- Emphasis on recovery from Hurricane Irma through substantial deferral of capital budgets going into FY 2019 while awaiting reimbursement revenue; the necessity to fund public safety operations and staff capital facilities, and replenish reserves has slowed general governmental capital programming.
- Contributions from the General Fund to the Naples CRA increased \$393,800 to \$3,108,200 while; contributions from the General Fund and Unincorporated Area General Fund to the two County CRA's and Ave Maria Innovation Zone increased a combined \$227,800.
- Programmed an additional \$500,000 to \$1,500,000 as part of a new Board approved Beach Parking Agreement with the City of Naples.
- Water /Sewer user rates have been adjusted 2.8% based in part upon CPI pursuant to Board action and as contained within budget policy; Tipping fees are programmed to increase 4.1% with 2% of the increase set aside to grow restricted reserves to fund a future natural disaster debris mission and 2.1% supporting operational costs increases at the associated with landfill operations; the mandatory solid waste residential assessment fee for District I is set to increase 2.8% to \$213.24 annually (\$.49 per month); Building permit fees are budgeted to decrease pursuant to the revised fee schedule approved by the Board.
- Recommended budget plan is a fluid document one that is flexible by design and provides the structure necessary to address mid year policy and/or service level shifts as well as unforeseen emergencies.

Collier County Storm-Water Utility

- Upon final approval of the Storm-Water Utility, a non- ad-valorem special assessment estimated to raise \$21 million annually (less the required revenue reserve) will be levied within the unincorporated area and placed on the annual property tax bill as a separate line item to fund storm-water services, capital facilities and programs.
- Shown below are the recommended FY 2019 net personnel, operating and capital appropriations for the inaugural program year as contained within operating fund (103) and capital fund (325).
- Recurring funding at the levels identified above proactively resources programming to substantially improves the level of maintenance service and accelerate the planning and related construction of deferred and new capital facilities.

Category	FY 2019
Personnel	\$3,224,200
Operating	1,807,700
Operating Capital	1,727,000
Facilities Capital	12,018,900
Transfers	755,000
Reserves	<u>593,700</u>
Total	\$20,126,500

General Fund & Unincorporated General Fund Supported Capital

General Fund and Unincorporated Area GF Supported Capital Recap:

	FY 2018 Adopted Budget	FY 2019 Recommended Budget
Capital Projects:		
Sheriff Facilities & Jail Repairs	\$4,100,000	\$1,000,000
Building Repair and Maintenance	\$5,250,000	\$6,000,000
Library Books	\$550,000	\$850,000
Park & Recreation Repairs and Maintenance – Regional Parks (306)	\$1,100,000	\$1,100,000
Park & Recreation Repairs and Maintenance – Community Parks (306)	\$1,250,000	\$3,943,800
Helicopter (491)	\$1,250,000	\$0
Replacement Vehicles (523)	\$2,266,700	\$0
*Bridges (313)	\$5,050,000	\$0
*Resurfacing Roads (313)	\$3,700,000	\$0
*Intersection Improvements (313)	\$2,500,000	\$0
*Limerock Conversions (313)	\$1,000,000	\$0
LED Street Light Conversion	\$1,003,000	\$500,000
Tiger Grant Match	\$0	\$2,800,000
Voting Machines	\$345,000	\$350,000
800 MHz Replacement	\$850,000	\$0
EMS Station	\$2,065,000	\$0
Domestic Animal Control Facility	\$500,000	\$0
Misc. Capital	\$411,000	\$860,800
Museum (314)	\$313,500	\$200,000
Airport Capital (496-499)	\$1,000,000	\$445,000
Loans to Impact Fee Funds	<u>\$3,241,800</u>	<u>\$5,071,400</u>
Grand Total	<u>\$36,743,000</u>	<u>\$23,121,000</u>

*In FY 2019, funding for limerock road conversions (\$1,000,000) bridge replacement (\$2,800,000), road resurfacing (\$5,500,000) and intersection improvements (\$2,000,000) are funded exclusively with gas tax revenue and not from general governmental transfer revenue.

FY 2019 Position Count Changes

Permanent Positions Agency	Adopted FY 2018	Changes	Expanded FY 2019	Total FY 2019
BCC	10.00	-	-	10.00
Co Attorney	18.00	-	-	18.00
Co Mgr Offices	73.50	3.00	6.00	82.50
Admin/Emergency Services*	356.00	1.00	2.75	359.75
Public Services	406.30	1.00	7.00	414.30
Public Utilities	524.00	14.00	10.00	548.00
Growth Mgt	517.00	12.20	29.00	558.20
Subtotal BCC Agency	1,904.80	31.20	54.75	1,990.75
Courts	33.00	-	1.00	34.00
Clerk of Courts	92.11	(-0.11)	4.00	96.00
Sprvr of Elections	22.00	-	1.00	23.00
Property App	60.00	-	-	60.00
Sheriff	1,391.00	3.00	-	1,394.00
Tax Collector	149.00	-	-	149.00
Subtotal Const Officers	1714.11	2.89	4.00	1,722.00
Grand Total	3,651.91	34.09	60.75	3,746.75

Compensation Adjustment

Funding for a 2.0% General Wage Adjustment is programmed to remain competitive in a highly aggressive labor market and recognize existing employees for their continued commitment, service and loyalty to the agency.

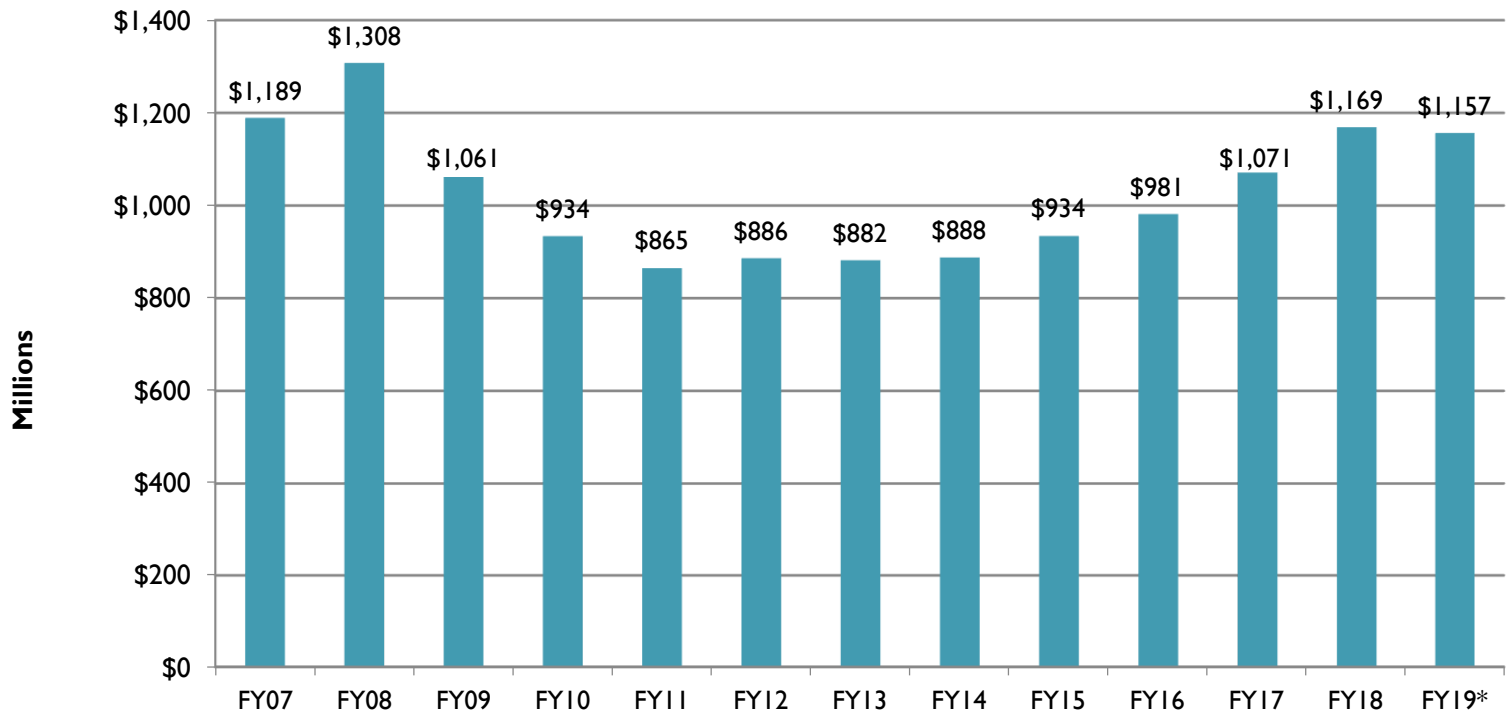
Fund	General Wage Adjustment
General Fund (001) and General Fund Supported Operations	\$ 1,127,000
Unincorporated General Fund MSTU (111)	\$ 254,700
All other Enterprise and Operating Funds	\$ 1,237,100
Total	\$ 2,618,800

County government will continue to face difficult challenges in recruiting and retaining its best talent as the local and regional job market remains highly competitive.

Health Care Program

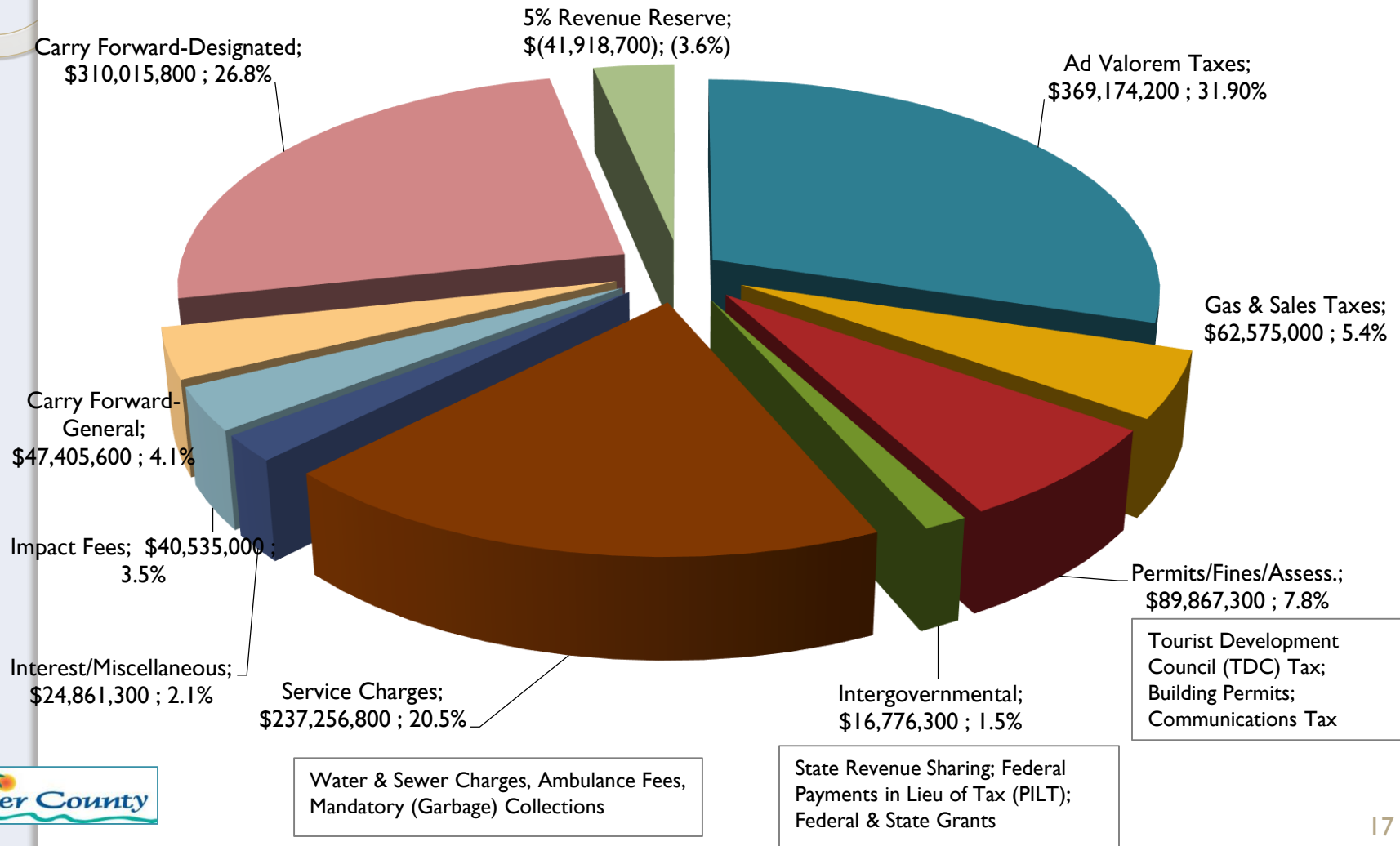
- Fully funded at actuarially determined premium level for FY 2019. No Premium increase proposed
- Sixth consecutive year of no premium increase
- Board directed premium cost share target achieved for BCC/CM, COC and SOE personnel only
 - 80% employer paid
 - 20% employee paid

Collier County Net Budget



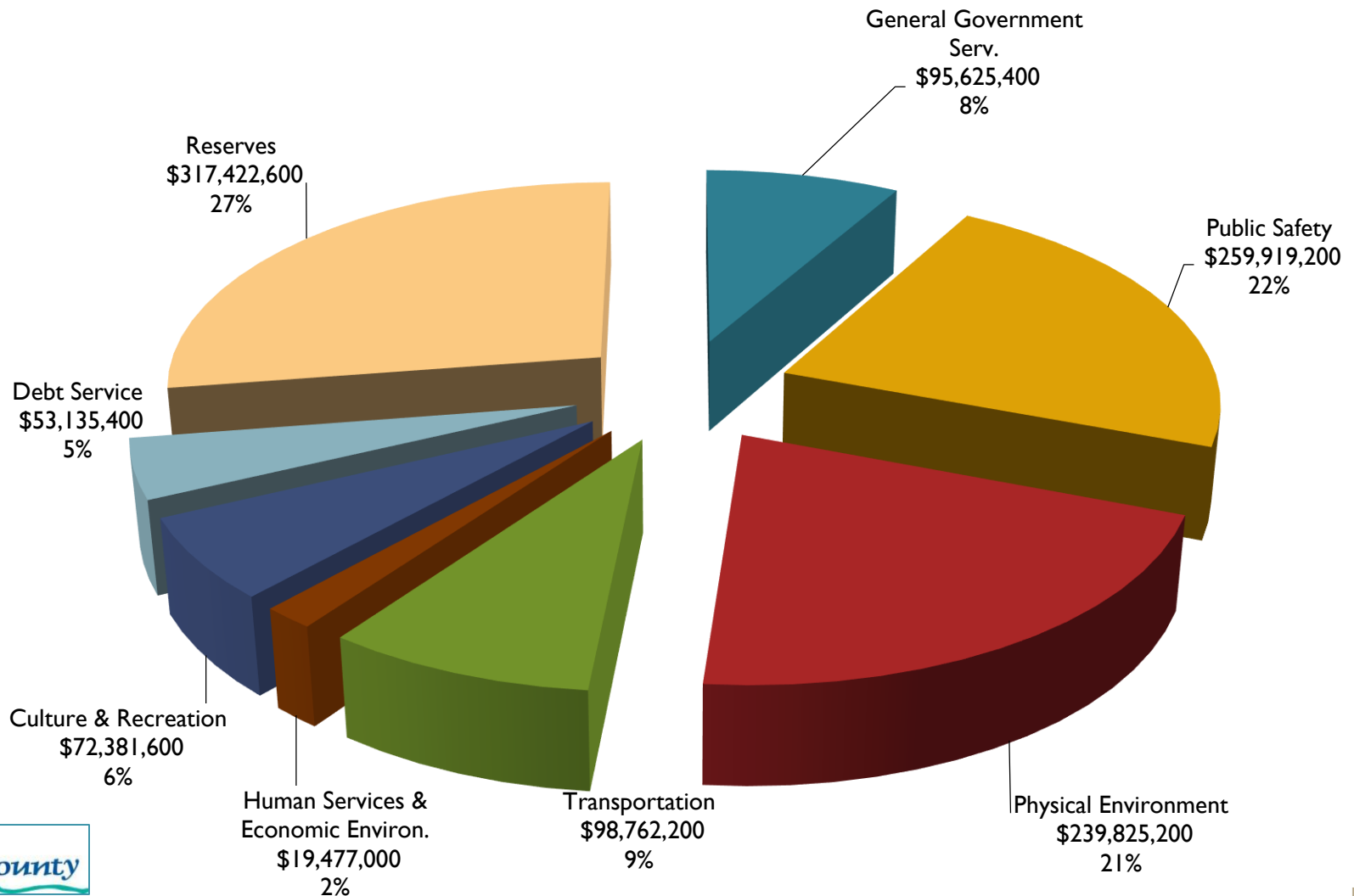
* Does not include tax collector budget which is submitted August 1st pursuant to Statute.

FY 2019 Net Requested Budget Where the Money Comes From



FY 2019 Net Requested Budget

Where the Money Goes

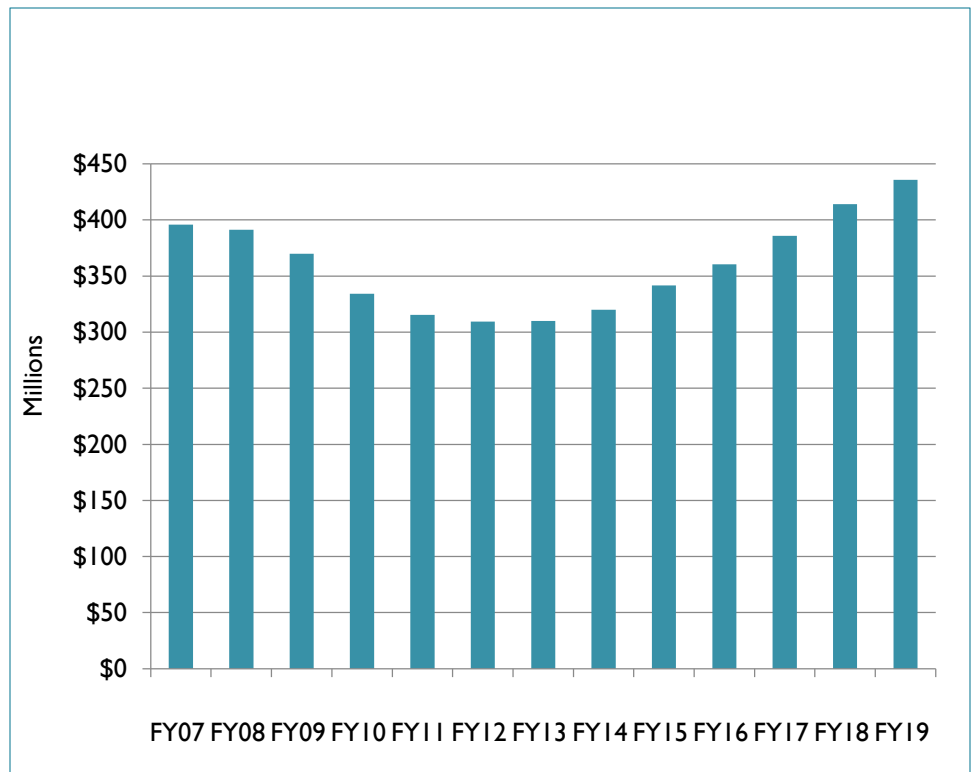


General Fund Budget Highlights

- FY 2019 Requested General Fund Budget

Total Budget \$435,742,400

5.3% increase from FY 2018



General Fund Proforma FY 2019

Expense Category Changes	Amount
BCC Operations and Other G&A	\$ 2,091,600
County Mgr. Agency Operations	1,529,200
County Mgr. Operating Transfers	1,157,400
Courts	473,700
Transfers to Debt Service	624,200
Transfers to Capital Funds	(1,749,100)
Transfer to Stormwater Capital	(1,627,000)
Transfer to Road Capital	(3,094,600)
Constitutional Officer Transfers	14,415,300
Reserves	7,029,900
Total Increase from FY18	\$ 20,850,600

Revenue and Expense category changes do not include expanded requests.

Revenue Category Changes	Amount
*Property Tax	\$ 16,618,100
Sales Tax	2,000,000
State Revenue Sharing	1,000,000
Departmental Revenues	87,400
Repay H. Irma Loans	11,700,000
**Other Revenues	1,434,900
Carryforward (Fd Balance)	(10,989,600)
Less 5% Required by Law	(1,000,200)
Total Increase from FY18	\$ 20,850,600

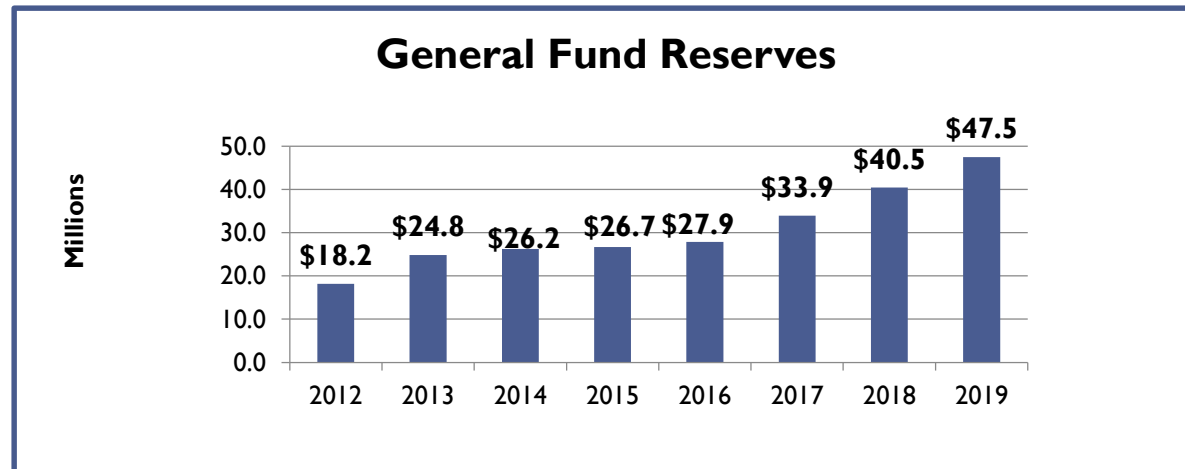
*Collier County Property Tax base is primarily residential in nature, exceeding 90.0% of all taxable value. Commercial and Industrial categories comprise about 8.4% of County-Wide taxable value.

**Indirect Cost Reimb, PILT, Operating Transfers, Constitutional Officer's Turn-back,

General Fund Reserves

Total General Fund Reserves (includes contingency and cash flow reserves)

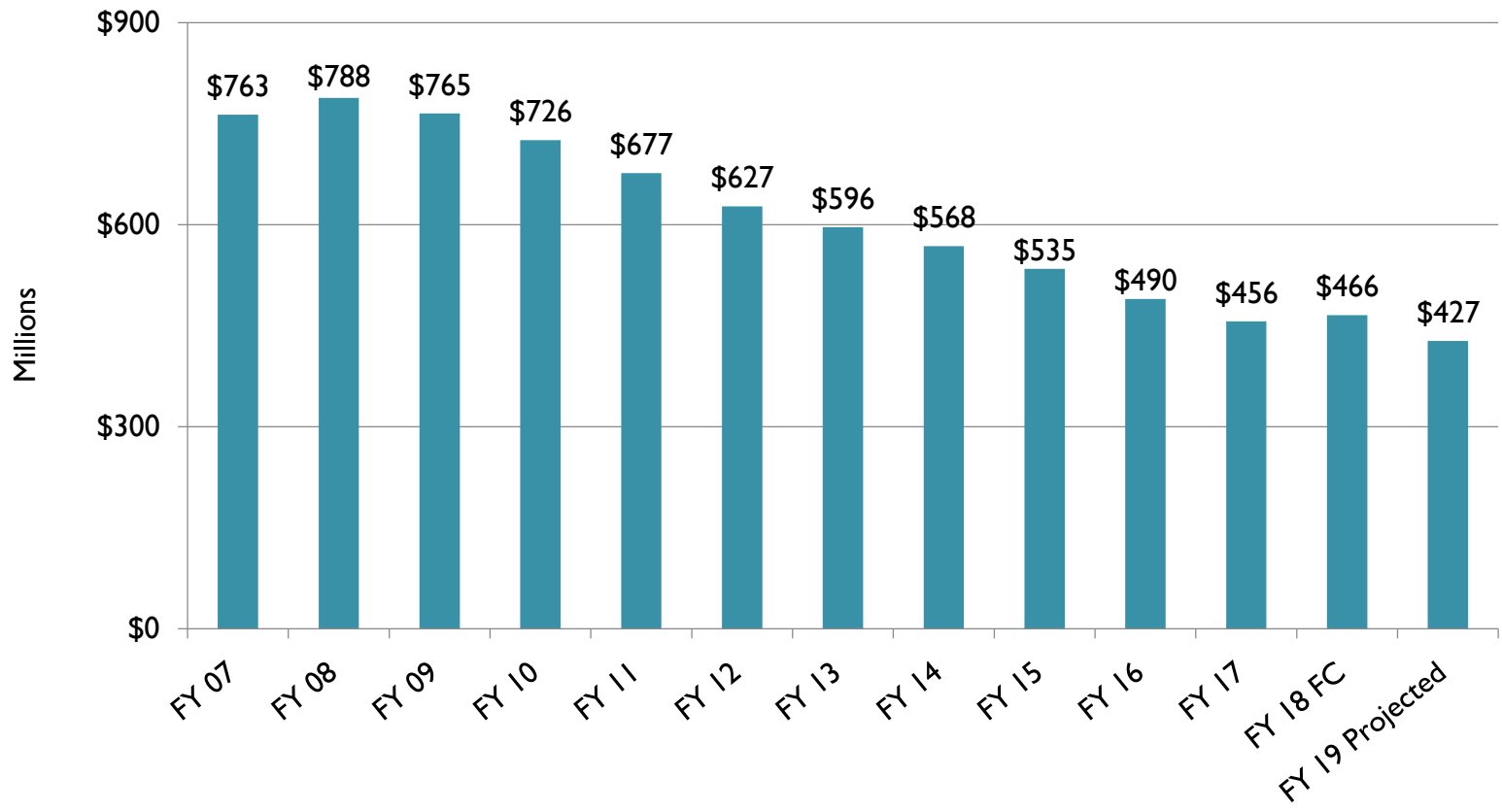
FY2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
•\$18,180,900	•\$24,844,400	•\$26,217,400	•\$26,670,700	•\$27,890,800	•\$33,899,700	•\$40,450,300	•\$47,480,200



Why Strengthen General Fund Reserves

- Representative of the County's Financial health and Stability; Investment Grade Corporate Credit Rating of AAA from Standard and Poor's; and Special Obligation Revenue Bond AAA rating (Various Series) from Standard and Poor's
- General Governmental Cash Flow Engine
- Protects Beginning Cash Balance
- Funds Unforeseen Mandates and Emergencies
- Funds Constitutional Officer Reserves

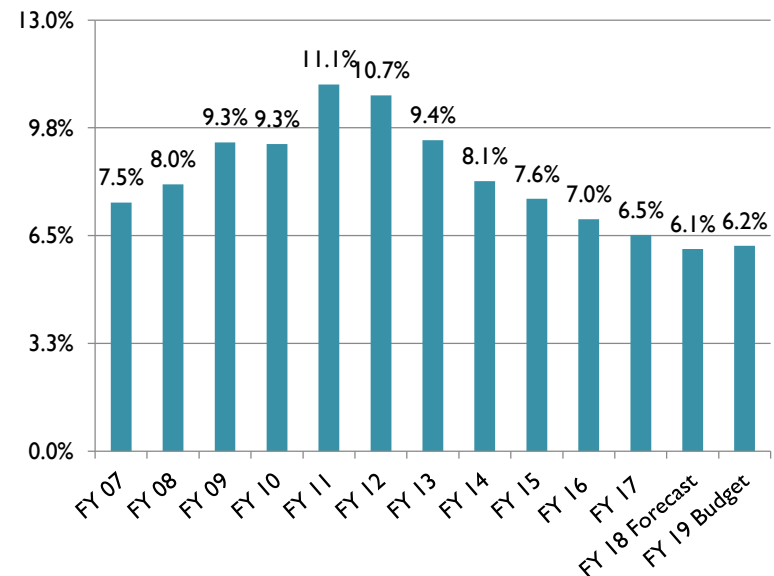
Total Audited Outstanding Principal Debt



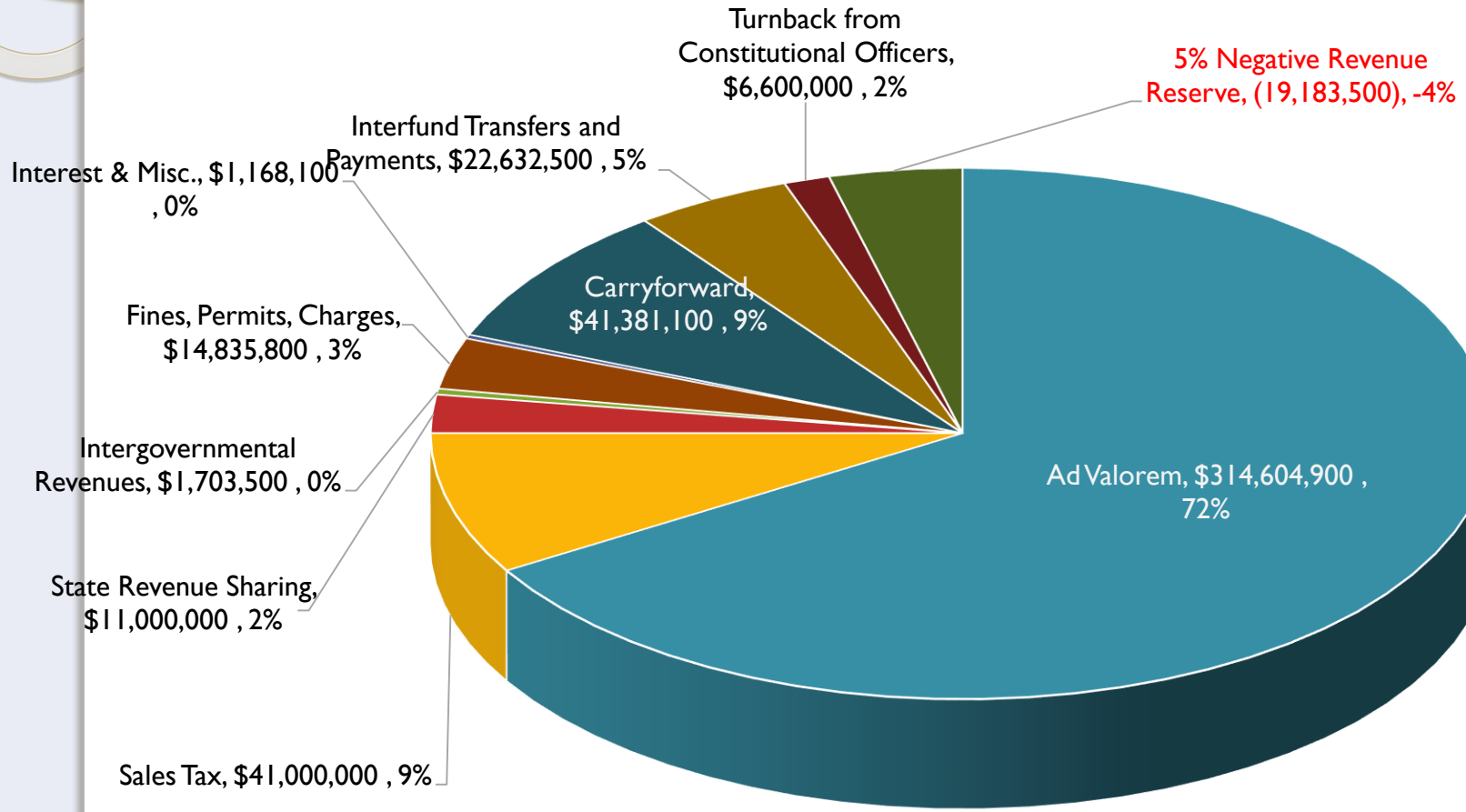
Audited General Governmental Debt Service compliant with BCC Debt Management Policy

- Projected Sept 30, 2019 total bondable revenue **increased** by \$15 million from FY 2018 while debt service increased by only \$1.5 million from FY 2018
- Represents 6.2% of total bondable general governmental revenues, well within 13% cap

Ratio of General Governmental Debt to Bondable Revenues
Year Ending FY 07 to FY 17 (audited) and FY 18-FY 19 (unaudited)



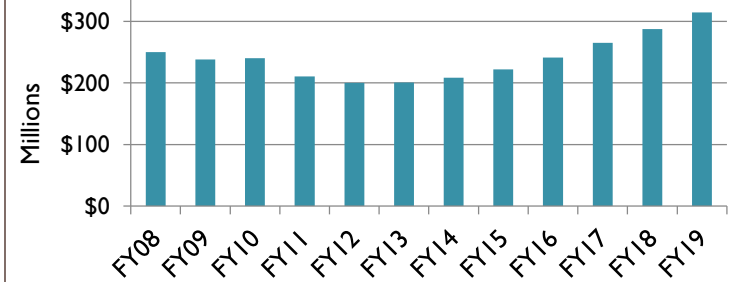
FY 2019 Revenues Sources General Fund (001)



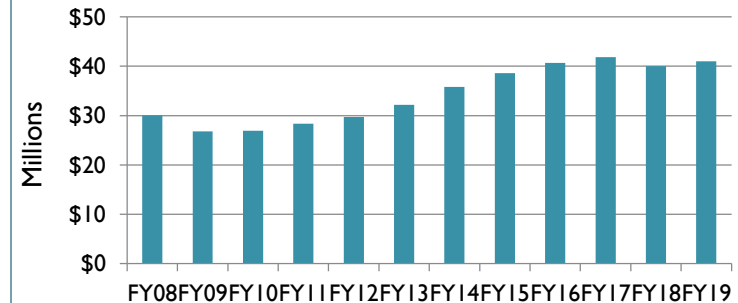
General Fund Revenues

- Ad Valorem dollars up \$16,618,100 in FY 2019
- Sales Tax dollars up \$2,000,000 in FY 2019
- State Revenue Sharing dollars up \$1,000,000 in FY 2019

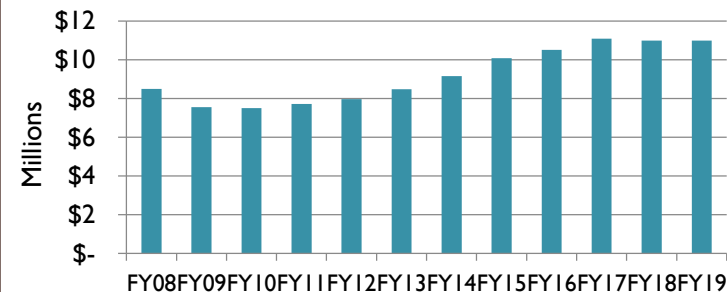
Ad Valorem Collections FY 08 - FY 19



Sales Tax Collections FY 08 - FY 19



State Revenue Sharing FY 08 - FY 19

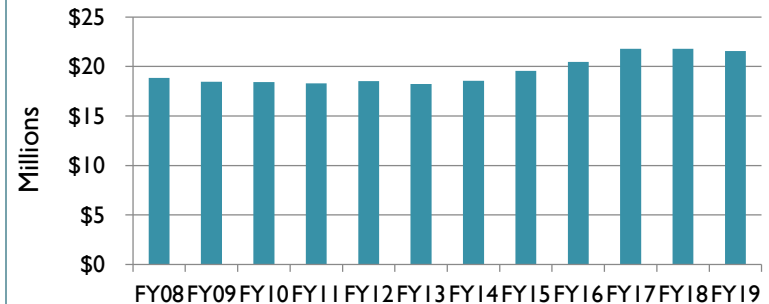


FY06-FY17 reflects actual proceeds collected; FY18 is the Forecasted amounts; FY19 is the Recommended Budget amount.

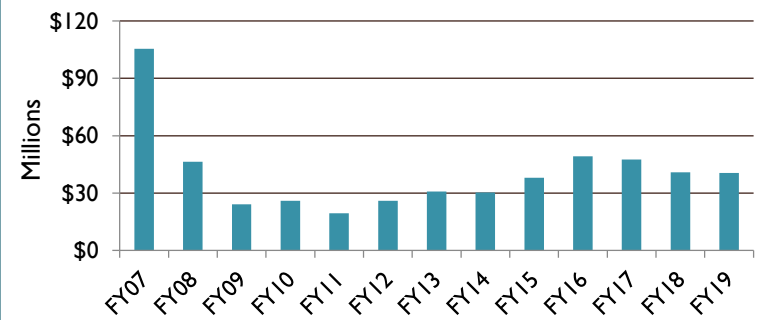
Other Revenues

- Gas Tax estimates are up slightly \$75,000 from FY 2018.
- Impact Fees projected down slightly by \$3,025,000 reflecting the unpredictable nature of this revenue source.
- General Fund budgeted beginning fund balance (Carryforward) is \$41.4 million, 10.4% of Forecasted FY 2018 expenses.

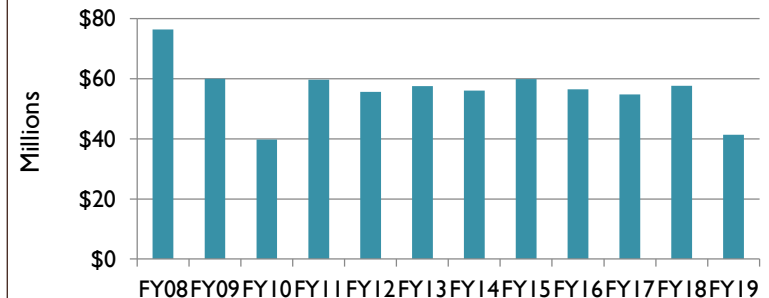
Gas Tax Revenues FY 08 - FY 19



Impact Fee Revenues FY 07 - FY 19



General Fund Carryforward FY 08 - FY 19



FY08-FY17 reflects actual proceeds collected; FY18 is the Forecasted amounts; FY19 is the Recommended Budget amount.

Unincorporated Area General Fund Budget Highlights

- Tentative FY 2019 Budget
 - \$58,083,400
 - 1.2% Increase from FY 2018
- MSTD Unincorporated General Fund changes included:
 - Millage neutral tax rate raises \$44,194,000 of which \$39,220,900 is programmed to support operations and capital transfers; and \$4,973,100 is earmarked to continue the median landscape capital program and accompanying maintenance
 - Increase current and expanded operating appropriations for landscaping; parks; other GMD and Public Service functions and wildfire mitigation through the State Forestry Service
 - Storm-Water transfer of \$5.4 million redirected to parks capital and reserves
 - Reserves increased by \$1,393,000

MSTD General Fund

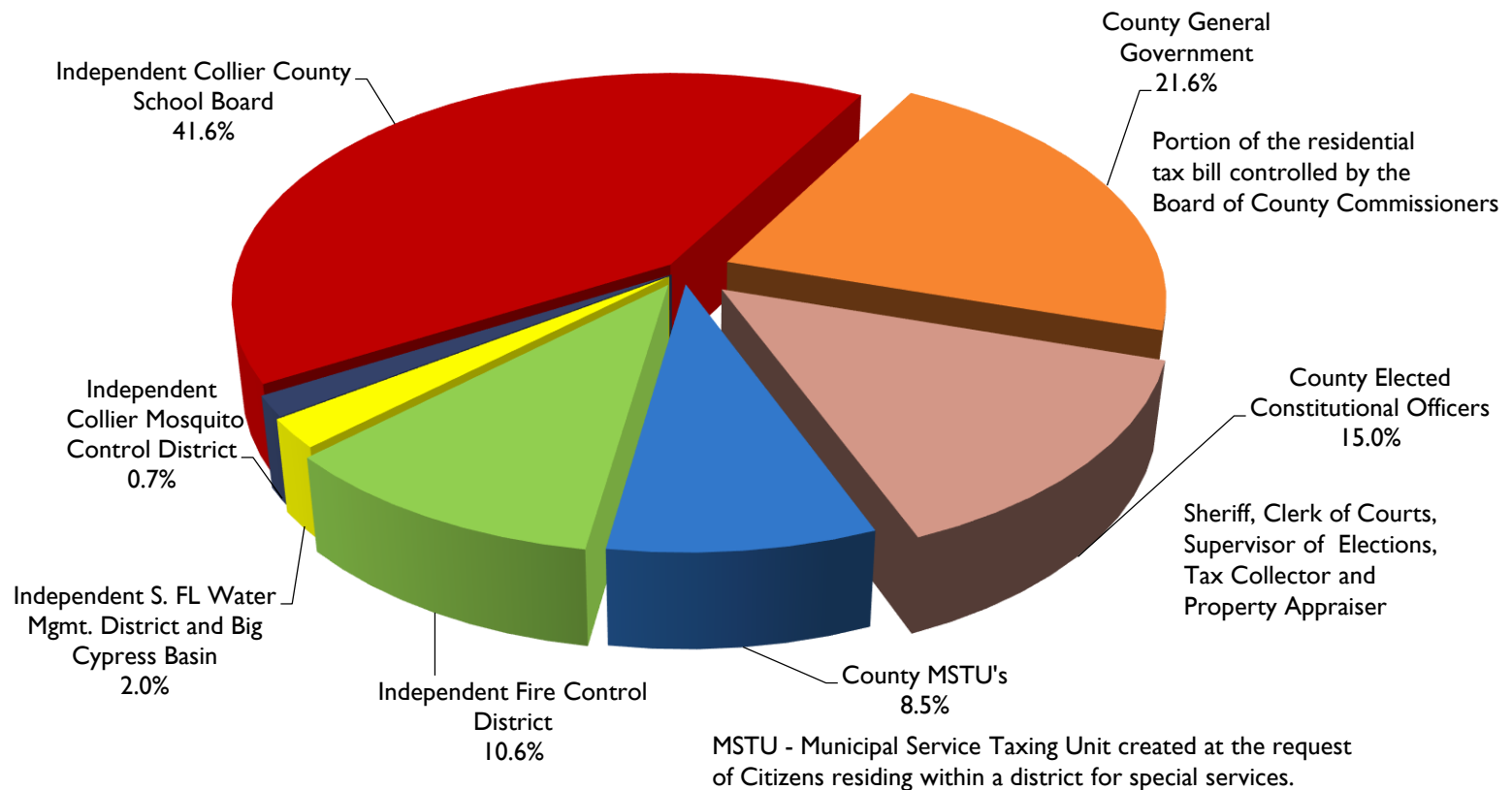
Pro-forma FY 2019

Expense Category Changes	Amount
Landscape Operations & Maintenance	\$583,700
Stormwater Operations	(939,500)
Parks	292,000
Code Enforcement	52,100
Other GM and Public Service Ops	1,022,000
Transfer to Median Landscape Capital (112)	(346,000)
Transfer to Parks Capital (306)	2,693,800
Transfer to Transportation Cap (310/313)	250,000
Transfer to Stormwater Capital (325)	(4,267,900)
Replacement Vehicles (523)	(516,700)
Other Transfers	70,300
Transfer to Tax Coll./Property Appr.	82,500
Reserves	1,393,000
Total Increases from FY18	\$369,300

Revenue Category Changes	Amount
Ad Valorem Taxes - Operations	\$2,174,100
Ad Valorem Taxes – Median Capital Landscape Restart	275,600
Communication Service Tax	(100,000)
Department Revenue	(255,700)
Interfund Transfers	140,300
Interest and Other Misc Revenue	(30,000)
Carryforward (Fund Balance)	(1,729,300)
Less 5% Required by Law	(105,700)
Total Increases from FY18	\$369,300

Revenue and Expense category changes do not include expanded requests

Breakdown of Typical Unincorporated Area Residential Tax Bill for FY 2018 (2017 Tax Year)



Safe School Officers & School Guardians

◦ SB 7026, relating to **safe school officers**:

- Each **district school board** and school district superintendent **shall partner** with **law enforcement agencies**
- Must *establish or assign* **one or more** safe school officers **at each school facility** within the district

Available Options (or a combination of these):

- 1) Establish **School Resource Officer (SRO) programs** through cooperative agreements with law enforcement agencies;
- 2) Commission one or more **school safety officers** for the protection and safety of school personnel, property, and students within the school district. The district school superintendent may recommend, and the district school board may appoint, one or more school safety officers;
- 3) *At the school district's discretion*, participate in the **Guardian Program**, *if such program is established by the sheriff*, to meet the requirement of establishing a safe school officer at each school facility.

SB 7026 Funding Parameters

Funding depends upon the interpretation of “establish or assign” in regard to placement of school safety officers and the definition of a “school day” (i.e. Does this include evening events on school property?)

Funding provided by SB 7026:

\$97.5 million in *recurring* funds to the FDOE for the safe schools allocation. These funds are directed toward:

- Establishing **SRO programs** (current or retired LE) through cooperative agreements with law enforcement agencies;
 - Establishment of one or more **school safety officers** (can be employed by LE or district).
-
- \$500K in *recurring* funds and \$67 million in *nonrecurring* funds to the FDOE to allocate to sheriff’s offices who establish the **Guardian Program** (training and arming of qualified school employees).

SB 7026 Funding (continued)

- **Cities and counties have no legal funding responsibility relating to safe school officers.** However, should a board of county commissioners amend and/or modify a budget proposal by a sheriff, current statute (30.49) provides that the sheriff can file an appeal to the Administration Commission (Governor's Cabinet).
- FAC recently conducted a survey of the funding split for SROs between school districts and law enforcement. The overwhelming majority of the 33 counties responding had an equal or 60/40 share in coverage of the cost. Collier County was the only county identified in the survey as the sheriff providing 100%, year-round cost coverage of the SROs in schools.

Collier County School Resource Officer Funding

- Current funding by the Sheriff is \$7,565,700.
- Board has traditionally funded this program with no participation from the School District
- Additional \$2,000,000 plus is appropriated for FY 2019 to fund an additional 10 sworn school resource officers; Sheriff is proposing that full staffing (39 new deputies) in compliance with SB 7026 be phased in over three years.
- Funding for FY 2020 and FY 2021 will likely be an additional \$2,000,000 during each FY.
- School District intends to remit funding received from the State to the County estimated at \$1.6 million in FY 2019
- Amount allocated by the State is insufficient to cover the legislative intent of a resource officer in every public school.
- Board policy issue is to determine the level of County funding toward this program.

Budget Challenges

- Significant reliance upon property tax and state shared revenue require continued caution and diligent analysis of local and regional economic indicators.
- Balancing competing priorities for capital investment, asset management, expanding service delivery, and new programs and initiatives will continue to pose a healthy challenge.
- Continue to plan for and structure the budget for maximum flexibility.
- The outcome of a scheduled November 6, 2018 referendum on a one cent local option infrastructure sales tax will determine the level and extent of new special obligation revenue bond debt required to finance various transportation, facility, capital replacement and other general governmental capital projects. If the referendum is not successful, the potential exists to issue debt in an amount of \$400 plus million in various stages during late FY 2019 and FY 2020. The timing of any debt issuance will coincide with projects which are ready for implementation, have accurate cost estimates, and can be executed within the appropriate bond or financing resolution window – generally three years.
- Position Collier County to remain competitive in the employment market as economic conditions continue to improve and competition for available talent intensifies.
- Strive for equity in employer/employee health insurance contributions between all agencies of County Government.
- Monitor continued State tendency to shift various program costs to local government
- Future capital burden in Unincorporated Area General Fund (III) and potential erosion of the communication services tax (CST)
- Balance the need/desire for reserve growth and growth in operations with asset management