

**BOARD OF COUNTY COMMISSIONERS  
LEON COUNTY, FLORIDA  
SPECIAL**

**Workshop on Ramifications and Recommended Actions Related to  
the On-Going Property Tax Reform Efforts  
February 27, 2007  
11:30 – 1:00 p.m.**

The Board of County Commissioners of Leon County, Florida met for a Workshop on Ramifications and Recommended Actions Related to the On-Going Property Tax Reform Efforts

*Chairman DePuy called the Workshop to order at 11:30 p.m.*

Present were Commissioners Thael; Proctor; Dailey; Rackleff; Desloge.; and Sauls. Also present were County Attorney Herb Thiele; County Administrator Parwez Alam; Director of Finance David Reid and Board Secretary Diane Norvell.

Also Present: Commissioners Kessler, and Brimner – Wakulla County Reps for Assoc., Constitutional Officers from Gadsden

Facilitators: County Administrator Parwez Alam  
Assistant County Administrator Alan Rosenzweig

The entire Workshop Packet can be accessed at [www.co.leon.fl.us](http://www.co.leon.fl.us).

He reviewed the information below:

Mr. Rosenzweig reviewed the information in the Workshop Packet listed below:

Since the Board's December 12, 2006 Workshop on Property Tax Reform (Attachment #1), staff has been monitoring over fifty pieces of property tax reform legislation including the portability of Save Our Homes (SOH), doubling of the homestead exemption, revising the methods of property assessments, and the implementation of spending caps on local governments. As the start of the 2007 legislative session nears, Florida's legislative and executive leaders have begun advocating their own proposals on property tax reform.

On January 30, 2007, Governor Crist announced his property tax reform plan which would require local governments to hold referendums on the doubling of the homestead exemption, make SOH portable, provide a 3% annual assessment cap on non-homestead properties, and exempt small businesses from tangible personal property taxes up to \$25,000 (Attachment #2). Staff has calculated the impact of the Governor's proposal, excluding the portability of SOH, to account for a loss of approximately \$20.2 million (15%) of the County's ad valorem revenue. Staff has been unable to determine the full impact of unlimited statewide portability as proposed in the Governor's plan.

On February 21, 2007, the Speaker of the Florida House of Representatives along with his leadership team announced the House's proposal for immediate property tax relief (Attachment #3). The first part of the House's proposal would establish a maximum millage rate for FY 2008 based on each County's 2001 millage rate and adjusted by an annual inflation formula. Should the Legislature pass this proposal the Leon County's FY 2008 millage rate would be 7.163, a reduction of 16%. Staff has calculated the impact to be approximately \$19.0 million; a more detailed analysis is discussed below. The second part of the House's plan calls for a constitutional amendment to eliminate all property taxes on homestead property and a 2.5 cent increase of the state's sales tax "to offset revenue losses to local governments, schools and other entities that used property tax revenues." Staff does not

**Anal<sup>y</sup>sis:**

A number of the proposals discussed above would require a referendum to initiate. However, a portion of the current House proposal will be implemented directly by a statutory change. This proposal will directly impact the budget currently being developed for next fiscal year (starting October 1, 2007). Though the final result may not be this exact bill there is more than a strong likely hood that some type of revenue and/or expenditure caps will be enacted which will significantly reduce the County's revenues.

The analysis of the current House proposal is reflected in

Table 1. Table 1: Impacts of Current House Proposal

	Countywide	EMS	Total
<u>M i l l a g e R a t e s</u>			
Current	7.9900	0.5000	8.4900
House Proposal	6.741	0.4220	7.1630
<u>Property Tax Collections</u>			
Current	\$113,600,000	\$7,100,000	\$120,700,000
House Proposal	\$95,800,000	\$6,000,000	\$101,800,000
Reduction	(\$17,800,000)	(\$1,100,000)	(\$18,900,000)

As reflected above, the impact of the current proposal is a reduction of \$18.9 million from the current year revenue. This is split \$17.8 million from the Countywide millage rate and \$1.1 million for the EMS MSTU.

The Board is in the very early stages of developing the FY07/08 budget. However, County government continues to operate today under a budget developed last fall prior to any of the current proposals being considered. **The County needs to position itself today to be able to react to the worst case scenarios.** There are certain steps the County can take now to allow the Board the ability to make more deliberate decisions during the upcoming budget cycle. The County will not know with any certainty what the actual impacts will be until the end of the current legislative session and the Governor signs bills into law,

Given the magnitude of the potential revenue reduction, Leon County needs to take all appropriate measures to best position itself to be able to deal with the pending reduction in revenue. Below are discussed three very specific actions that need to be taken. *These actions include an immediate hiring freeze, a freeze on all travel and training and a capital projects freeze.*

**The following<sup>g</sup> efforts will be in place for the next 120 da<sup>y</sup>s. This time frame will carr<sup>y</sup> through the end of the current legislative session and the County's preliminar<sup>y</sup> budget workshops in June.**

***Hiring Freeze***

At the last meeting, the Board endorsed the County Administrator's recommendation to not include any new positions as part of next year's budget. The Chairman has sent a letter to all of the Constitutional Officers requesting they participate in this effort.

Effective immediately, the County Administrator is implementing a hiring freeze for all personnel, with the exception of those that significantly impact the essential level of service to the citizens of Leon County (Attachment #4). The magnitude of the proposed property tax reform will require the reduction and or elimination of programs throughout County government. Leon County does not want to be in the position of releasing employees. By creating vacancies now, this will allow the County the ability to realign staff between program areas in the future.

As a result of this freeze, staff will continue to provide the highest quality of services possible. However, some programs may need to reduce levels of service for certain functions. These reductions may include delays in road repairs, reduction elimination of various library activities, reduced/eliminated public information, etc.

At this point in time, it is also recommended that the Chairman request that all Constitutional Officers also participate in a hiring freeze for all personnel, with the exception of those that significantly impact the essential level of service to the citizens of Leon County.

***Travel and Training Freeze***

Included in the adopted budget is funding for various types of travel and training related to staff development. The County Administrator is freezing all travel and training not required for the position. Travel and training that will continue must relate to the maintenance of licenses, certifications, etc. Travel that has already been approved by the County Administrator will continue as scheduled.

***capital Project construction Freeze***

The County has programmed a number of capital projects to commence construction or begin design. The construction freeze serves two purposes:

- 1) New facilities will require additional operating expenditures, including staffing. Under normal circumstances the County would experience revenue growth that could absorb these additional operating expenditures. With the current legislative proposals, the County will experience a reduction in revenues, **Therefore, any increase in operating expenditures caused by the new facilities will cause a corresponding reduction elsewhere in the operating budget if the County experiences a reduction in revenues.**
- 2) With reduced revenues, the County may need to reprioritize operating as well as capital expenditures. The projects being temporarily halted may still be constructed; however, this approach provides greater flexibility to the Board as part of the upcoming budget cycle.

Attachment #5 provides a complete list of capital projects currently funded. The list provides the proposed status of each project and the impact of the freeze. The following is proposed:

- 1) The County will not issue any bids for construction during the next 120 days. Staff has identified a few critical projects that may need to be addressed during this time; however, these will be dealt with on a case by case basis. Staff will continue to prepare appropriate bid document specifications to be prepared for issuance after the 120 day period. Projects in this category include the Eastside Library, the EMS Facility, various sidewalk and intersection projects and the Sheriff Heliport building.
- 2) The County will receive bids that are due during the next 120 days. Recommended awards will be dealt with on a case by case basis.
- 3) Projects that have been awarded, but construction hasn't commenced will be delayed. This category includes the Lake Jackson Branch library.
- 4) Projects that are under construction will be continued. Projects in this category include the Woodville Community Center and athletic field lighting.

- 5) Projects not impacted by this action are also identified. These projects are either partially funded, not scheduled, or will not be ready for bid within the next 120 days. Based on the final property tax forecast for next year additional action may need to be taken which could involve these projects as well.

Solid Waste capital projects have not been included as this time. However, pending the final general revenue subsidy that is required next fiscal year these projects may also be impacted as part of the upcoming budget process.

The following are two specific capital project areas that the Board also needs to be aware of certain considerations.

#### Blueprint 2000 Projects

Blueprint 2000 is currently funding a number of projects through the use of the sales tax extension. A number of these projects will require on-going operating impacts that have not currently been contemplated. These projects fall into two categories: Local projects and state roadways.

With regards to the state roadways (ie Capital Circle), the Department of Transportation has indicated that they will only maintain standard rights of way, which is less than the Blueprint required corridor improvements. The maintenance of these additional corridors will need to be funded by either the City or County dependent upon which jurisdiction the road segment resides. In addition to the expanded rights of way, there are enhanced stormwater management facilities which also require a higher degree of maintenance. At this point in time, staff has not had the opportunity to fully quantify these impacts. Staff will continue to work with Blueprint, the City and the DOT to allocate these costs and has a preliminary meeting schedule for this spring.

As part of Blueprint, large tracts of environmentally sensitive lands are being acquired throughout the unincorporated area. The current process is Blueprint acquires the land often with grant matches. The County is then required to begin the maintenance and construction of various amenities. This maintenance often entails fencing, mowing, vegetative removal, litter debris control, picnic areas, parking areas, etc. All of the preceding will result in on-going funding requirements.

#### Courthouse Renovations

Funding for this project supports continued implementation of the phased long-term Courthouse space plan. The initial phases are complete (the Property Appraiser, Tax Collector, Supervisor of Elections, Guardian Ad Litem and various Clerk functions were relocated to the Courthouse Annex and the Courts' Courthouse footprint now includes two additional courtrooms, six hearing rooms and additional office and support space). The current budget is programmed to fund the next two phases: (1) consolidation of the Clerk's 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor Courthouse functions to the 1<sup>st</sup> floor is in design with a Guaranteed Maximum Price for construction planned for a June agenda item and construction scheduled for December completion; and (2) construction of two courtrooms and Court support space in the 2<sup>nd</sup> and 3<sup>rd</sup> floor areas vacated by the Clerk is also in design and scheduled for summer 2008 delivery.

Each phase of the space plan is related, and timeframes and funding may need to be revisited when the property tax issue and impacts are known.

### ***Revenue Enhancements***

Over the past several meetings, the Board has been considering a number of revenue enhancements for the upcoming budget cycle. These enhancements include increases to the both the Solid Waste and Stormwater Non Ad Valorem Assessments.

In light of the current situation, the Board may wish to consider the creation of a Countywide Library Municipal Services Taxing Unit (MSTU). The Florida Constitution imposes a millage cap of 10 mills for countywide services. This millage is intended to support county functions, such as law enforcement, elections, courthouse, etc.

In addition, Counties are allowed an additional 10 mills to provide municipal services. The municipal 10 mills can either be levied in the unincorporated area or through-out the County with the consent of the City. Currently the City has consented to both the Primary Healthcare MSTU (0.5 mills) and the EMS MSTU (0.5 mills). There are additional municipal services that the County is currently providing on a countywide basis, but paying for through the general millage rate. The most significant of these municipal services is the Library. Previously the Board of County Commissioners had approached the City regarding the levying of a countywide MSTU for libraries. At that time the City did not support the proposal, but did state the City would be willing to consider the issue in the future.

To preserve all funding options, staff recommends that the Board direct staff to review the creation of a Library MSTU and agenda for the next meeting. Given the requirements for the City consent and the County's ordinance adoption process, allowing the creation of the MSTU would be appropriate.

In addition to these proposals, staff has been briefing the Commission on the possibility of implementing a Municipal Services Taxing Unit (MSTU) for the joint dispatch. To accomplish this, the County and City will have to adopt ordinances no later than July 1st.

At some point in the future, the Board may need to consider the creation of additional MSTUs. An MSTU to support the jail may be appropriate.

### ***Conclusion***

There is a strong likelihood that Leon County will see a significant reduction in its property tax revenues beginning with the new fiscal year. Certain actions taken now can better position the County to adapt. Under state law, the County will be responsible for developing a balanced budget for next fiscal year. This budget will need to address numerous state mandated responsibilities, including a review of the required level of service, as well as, numerous competing local demands. By acting now through a hiring and capital projects freeze, the County is attempting to preserve our continued commitment to provide the highest quality of essential services to the citizens.

Mr. Rosenzweig made comments:

He Noted - Millage rate could go down from 8.49 mils to 7.163 mils - that would be a \$19 million immediate affect.

Senate has not announced their proposal yet.

To reiterate what Mr. Alam stated this Workshop is not to discuss the 'merits' of any of these proposals but the fiscal impacts that will occur upon their passage.

- He addressed page 2, Table 1 and spoke to the millage rate - there would be a 1.1 million hit to our EMS system.
- Hiring Freeze for 120 days
- Requested the Constitutional Officers also participate in this
- Some functions obviously may have to be cut out
- There are essential services
- Freezing training and travel not required for licenses or certificates
- Capital project construction freeze
- No bids for construction will be issued for 120 days
- Projects that have not commenced will be delayed
- Projects already under construction will continue
- EMS facility - recommend delaying also

He discussed Blueprint 2000 projects - the sales tax extension Spoke about state roads and their requirements. Need to be ready when these projects fall in the unincorporated area of the County. Also they acquire environmentally sensitive land that they turn to the County for fencing, mowing, removal of debris, etc.

Courthouse renovations moving forward until June.

Revenue enhancements - Board has given direction to come back and address solid waste and stormwater fees.

Creation of a library MSTU - Mr. Rosenzweig discussed this issue in detail considering there is a July 1<sup>st</sup> deadline involved.

Joint Dispatch - looking at creating an MSTU for that also.

Many state mandated responsibilities will need to be addressed this budget cycle - Have been working well with Constitutional Officers

under Article V – they may have to revisit the level of service the County is providing.

Staff recommends Options 1, 2, and 3:

1) Endorse the County Administrator's: 120 day hiring freeze for all personnel, with the exception of those positions having a significant impact on the essential level of service to the citizens of Leon County. 120 day freeze on all non-required travel and training.. 120 day freeze on capital projects as delineated in the attached capital projects list. 2) Authorize the Chairman to request the Constitutional Officers participate in the 120 day hiring and travel/training freeze; and 3) Direct staff to agenda for the Board's consideration the creation of a Library Municipal Services Taxing Unit (MSTU).

Commissioner Dailey asked the legislative delegation if they were getting any specific feedback. Ken Morris, Intergovernmental Affairs Coordinator stated they would not specify at what level reform would take place. Questioned the unfunded mandate issue. Asked if there was a kind of 'coalition' of lobbyists. Mr. Morris indicated primarily the County's contract lobbyists are not used for policy issues. Stressed working with all resources available.

Commissioner Thaelle discussed the budget with Mr. Rosenzweig who detailed many things the County has taken on over the years with a very small budget. Informed Commissioner Dailey that the FAC is actively engaging in a statewide campaign to address these issues.

Commissioner Thaelle moved, seconded by Commissioner Dailey to move options 1, 2 and 3: 1) Endorse the County Administrator's: 120 day hiring freeze for all personnel, with the exception of those positions having a significant impact on the essential level of service to the citizens of Leon County; 120 day freeze on all non-required travel and training; 120 day freeze on capital projects as delineated in the attached capital projects list. ) Authorize the Chairman to request the Constitutional Officers participate in the 120 day hiring and travel training freeze.

The Board discussed several issues including agreement with the proposed actions by the County Administrator and that fact that there were not going to be any layoffs. The Board also discussed taking a regional approach , the FAC's role, the things the County 'has' to do by state mandate, various categories in the budget.

Commissioner Proctor handed out a section of the 100 ideas book and discussed how many contentions have not been proven. Thinks the legislature is only looking at south Florida. He discussed the issues. He strongly urged a regional effort to represent our concerns.

Commissioner Proctor offered a friendly amendment. 1) Asked the maker of the motion that they convene a Regional Conference and try to assess what counties in north Florida can do. 2)Can the Board prepare a legal case of how this would actually separate north Florida from south Florida and prepare to file a class action suit from the counties that are about to be destroyed in terms of services we can provide;3) what about a 'super county' concept so they can provide for the safety, health, life and welfare of the people of north Florida. and 4) Finally – no layoffs for the record.

Mr. Rosenzweig stated there are not going to be any layoffs.

Commissioner Thael agreed to accept the regionalism concept #1 as part of his motion.

Motion carried 7-0.

**Chairman DePuy adjourned the Special Workshop at 12:30 p.m.**

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C.E. DePuy, Jr.  
Chairman

ATTEST:

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Bob Inzer  
Clerk of the Court