

**BOARD OF COUNTY COMMISSIONERS
LEON COUNTY, FLORIDA
FY 2009 Budget Workshop
March 11, 2008
DRAFT**

The Board of County Commissioners met for a FY 2009 Budget Workshop on Tuesday, March 11 at 9:00 a.m. with Chairman Sauls presiding.

Present were Commissioners Desloge, Thael, DePuy, Rackleff, Proctor and Dailey. Also present were County Administrator Parwez Alam, County Attorney Herb Thiele, Finance Director David Reid and Board Secretary Rebecca Vause.

Facilitators: Parwez Alam, County Administrator
Alan Rosenzweig, Assistant County Administrator
Vince Long, Deputy County Administrator

The invocation was given by Chairman Sauls.

County Administrator Alam noted that there are nine items presented for Board consideration today.

The meeting was then turned over to Assistant County Administrator Alan Rosenzweig, who informed Commissioners that their agenda package includes information on hiring freeze and current and proposed reductions in service delivery.

Item #1: Service Reductions Resulting from the Hiring Freeze – Mr. Rosenzweig stated that staff recommend that the Board approve the continuance of the current hiring freeze (78 equivalent full time position), endorse the level of service reductions already in place and direct the reduction in branch library hours from 52 to 40 hours per week. Details of service delivery reductions by department was noted by Mr. Rosenzweig. He concluded that the positions are not at this time being eliminated and service reductions are not permanent. This action can be discussed and made permanent at the June Budget Workshop.

Commissioner Desloge moved and was duly seconded by Commissioner Rackleff to accept option 1: Ratify and endorse the current year service reductions and direct the reduction in branch library hours from 52 to 40 hours per week. The motion carried unanimously 6-0 (Commissioner Proctor absent).

Commissioner Desloge confirmed that the reduced library hours will be comparable to the level of service of five years ago and that state mandates and county ordinances in Growth Management will be satisfied. He stated that it is important to note that the proposed positions were frozen last February and no staff will be laid off by this measure.

Commissioner Rackleff expressed disappointment that services are being dismantled after efforts by the County to build up an array of quality services. He noted that the proposed cut in positions represent more than 10% of the county's workforce.

Item 2: Voluntary Separation Incentive Program: Lillian Bennett, Human Resources Director, reported that the program is designed to assist the County in meeting budget reductions. Staff identified 131 positions that could be considered for the plan. She explained that the objective of the program is to create vacant positions by creating incentives to employees to voluntarily terminate employment with Leon County either through resignation or retirement. Ms. Bennett discussed criteria for program eligibility and incentives that will be offered to these employees.

Chairman Sauls verified with Mr. Alam that all county employees have been talked to and feedback indicates interest in the program. Ms. Bennett added that the program is voluntary and not all county employees would be eligible. She explained that the County has the right to approve or deny an application based on the need of the organization.

Commissioner Rackleff noted his concern that that the County's most experienced employees would be affected and would leave a void within the county's workforce.

Commissioner Desloge stated for the record that he is very proud of County employees and the work that they do. He added that this is a bold recommendation and presents a fast track to the \$13 million budget reduction that is necessary.

Commissioner Desloge moved, duly seconded by Commissioner Rackleff to approve Options 1 & 2: 1) Draft Leon County Voluntary Separation Incentive Program Description, and 2) Draft Revision to Section XII – "Separations" of the Leon County Personnel Policies and Procedures Manual. The motion carried unanimously 6-0 (Commissioner Proctor absent).

Commissioner DePuy asked for confirmation on whether taking this action would mean that the positions would become permanently unfilled positions. Mr. Alam responded that this is not the recommendation at this time; Commissioners will make that decision at the Budget Workshop in June. He further stated that the number of employees interested in the program will be known by then.

Item #3: Employee Health Insurance Program: Mr. Alam mentioned that the Board had directed staff to look for any cost savings measures within the employee health insurance program. Lillian Bennett reviewed staff's report, noting that the current cost of health insurance is estimated at \$14.4 million (\$13.2 million is contributed by the County and \$1.1 million by the employee). Ms. Bennett shared in detail information on the current plan and various cost savings options for consideration. These include:

- County's maximum dollar contribution not to exceed that of lowest cost provider;
- maintain current CHP Plan Design;
- implement variations in prescription co-pays and/or employer contribution percentage;
- reduction in benefits, and
- implement variations in prescription co-pays and/or employer contribution percentages.

Ms. Bennett explained that in July 2007, the Board directed staff to research ways to reduce the county's health care cost and if necessary issue an RFP for health insurance services. She mentioned that the FAC has approached the County and is interested in providing health services to County employees; they have about 14,000 members within their network. She suggested Board guidance and direction would be needed if an RFP is issued.

Ms. Bennett reported that staff and constitutional officers met and recommends approval of options 1, 2, 3, & 4.

Commissioner Thaelle thanked Ms. Bennett for the excellent job in presenting a complex issue. He asked about competition among health care providers. Ms. Bennett responded that CHP is the county's main provider (90% employee enrollment). She added that United Health's cost is very expensive, with a 38% increase in 2008 compared to CHP's 4.6% increase. Aetna would provide additional competitor, but would require to be an exclusive provider, which would mean CHP would no longer be available.

Extensive discussion was held among commissioners and Ms. Bennett on insurance options.

Commissioner Desloge supports competition. He acknowledged that insurance benefits provided by the county are much better than offered by the state or city. He recommended discussion on the issue.

Commissioner DePuy supports Option 5. He is interested in seeing what options may be available from other health care providers.

Commissioner DePuy moved, duly seconded by Commissioner Thaelle to approve Option 5: Approve the issuance of a Request for Proposal for Employee Health Insurance Services for the 2009 plan year. To structure the Request for Proposal, staff requires Board direction on the following: a. Request proposals from Exclusive Providers only, with the ability to provide a local and national network for health care services; or b. Request proposals for both exclusive and multiple provider arrangements with several plan designs and contribution strategies, and approve contracting with Mercer consulting services in the amount of \$48,000 to perform the extensive review required. c. Select a plan design and contribution strategy from either Cost Saving Strategy #2 – Current Plan Design or Cost Saving Strategy #3 – Alternative Plan P – Reduced Benefit Plan Design.

A substitute motion was made by Commissioner Rackleff, duly seconded by Commissioner Desloge to approve Options 1-4: 1. Extend the current Agreements with Capital Health Plan and United Healthcare for the 2009 plan year; 2) Adopt Cost Saving Strategy #1 (\$392,000) – County maximum health insurance contribution not to exceed that of the lowest cost provider, currently Capital Health Plan. Effective, January 1, 2009, employees enrolled in United Healthcare pay the additional premium cost above that of CHP; 3) Based on enrollment numbers as a result of #2 above, if UHC determines that they can no longer provide health services to Leon County, the joint recommendation is to contract with CHP/BCBS as the exclusive provider of medical services and negotiate a multi-tiered plan design (Current Plan Design, Reduced Benefit Plan Design, and Blue Cross Blue Shield national network); 4) In the Capital health Plan/Blue Cross Blue Shield exclusive provider, multiple plan design arrangement, adopt the maximum health insurance contribution not to exceed that of the lowest cost provider

design. Employee pays additional cost of plan design with higher level of benefits/costs and plan with access to the Blue Cross Blue Shield nationwide network. The motion carried unanimously 7-0.

Item 4: Status of General Fund Subsidies to Special Revenue Funds: Mr. Rosenzweig stated that the item merely provides information and a point of reference for the remainder of the topics to be covered (i.e., stormwater, transportation, growth & environmental management) and solid waste enterprise fund.

Commissioner Desloge moved, duly seconded by Commissioner Rackleff to approve Option 1: Accept staff's summary report regarding the status of the general revenue subsidies to special revenue funds (stormwater, transportation, and growth and environmental management) and the solid waste enterprise fund. Motion carried unanimously 7-0.

Commissioner Proctor expressed concern over spending approximately \$2 million dollars more on stormwater than transportation. He indicated that he is not comfortable moving forward.

Commissioner Proctor offered a substitute motion that monies to be spent on stormwater and transportation be swapped. The motion died for lack of a second.

Item 5: Consideration of Creating an Independent Special District to Provide Mosquito Control Services: Mr. Rosenzweig explained that during the January 30, 2008 Prioritization Workshop, staff were directed to prepare an agenda item regarding the creation of an Independent Special District for Mosquito Control for a referendum to be considered during the November 2008 General Election; if the special taxing district effort failed mosquito control services could be eliminated. He indicated that an attachment which indicated items to be considered is included in Commission agenda packet along with estimated cost of program operation. Mr. Rosenzweig added that if the Board chooses to place issue on November 4 ballot, language would need to be provided to the Supervisor of Elections by August 26, 2008.

Commissioner Thael remarked that it is premature or inappropriate to schedule a referendum at this time.

Commissioner Thael moved, duly seconded by Commissioner Dailey to approve Option 2: Do not accept staff's report on the creation of an independent special district for the mosquito control program.

Commissioner DePuy stated that Commissioners are delaying the inevitable and supports letting the citizens decide via referendum whether they want to fund mosquito control. He stated that he will support the motion today, but asserted in the future letting the issue be determined by the citizens through referendum.

Commissioner Rackleff agreed with Commissioner DePuy and is concerned about how to fund a million dollar a year program.

Commissioner Rackleff offered a Substitute Motion requesting staff bring back language creating an independent special district for mosquito control to be included on the November ballot. The motion was seconded by Commissioner DePuy.

Commissioner Desloge verified that this program will not be funded through GR funds in the future and requested staff provide information on a "pay as you go" option.

Chairman Sauls indicated support for the motion if the Maker of the Motion would include "pay as you go" information language in motion.

Commissioner Dailey does not support countywide referendum. He indicated interest in receiving follow up information from public works on how the program can be creatively streamlined and the County continue to maintain a limited service delivery.

Substitute Motion on the floor failed 2-5 (Commissioners Desloge, Dailey, Proctor, Sauls, Thael in descent).

Commissioner Thael moved, duly seconded by Commissioner Dailey to approve Option 2: Do not accept staff's report on the creation of an independent special district for the mosquito control program. Motion carried 6-1 (Commissioner Rackleff in descent)

Item #6: Consideration of Eliminating the General Revenue Subsidy for Solid Waste Management: Mr. Rosenzweig shared that during the Board Retreat and Prioritization Workshop, staff were instructed to review strategies for eliminating the general revenue subsidy to the solid waste fund. He advised that the solid waste program is an enterprise fund that is supported through fees and non-ad Valorem assessments. In addition, the Board's Guiding Principles state that efforts are to be made to fund the Enterprise Fund through fees not subsidies. The Board was advised that a deficit of \$2 million is anticipated over the next two years, a cash flow of \$2.5 million at all times for operating purposes.

Mr. Rosenzweig has identified two options for elimination of subsidy: 1) County to move toward a universal mandatory collection in unincorporated areas and close rural waste disposal centers and/or 2) Maintain rural waste disposal centers and increase fee to support service. Details of both options were provided by Mr. Rosenzweig.

Commissioner Rackleff stated that it is difficult to justify the continued subsidy. He confirmed that approximately 1/3 of the households use the rural waste collection center and verified that all households have the option to have curbside collection. Waste Management is required through contract to service additional households.

Commissioner Thael expressed concern over the mandatory requirement and the associated costs to affected households.

Commissioner Desloge reminded Commissioners that elimination of program subsidies is addressed in the Guiding Principles. He commented that if the guiding principle is to be adhered to the program has to change, either by a tax to support the program or slash program to meet current funding source. He directed staff to bring back a financial model of options.

Chairman Sauls voiced concern that there is a tremendous amount of non-household item trash and if a rural waste center is not provided, she is concerned that woods will be used to dispose of these items.

Further discussion was held by Commissioners on this issue.

Commissioner Desloge moved, duly seconded by Commissioner DePuy to instruct staff to provide other options for consideration such as: reducing services, raising the non-ad Valorem assessment to only cover the cost of disposal, and mandatory collection or combinations thereof. Motion carries unanimously 7-0.

Commissioner Dailey stated that he will cautiously support the motion in order to receive more information. He does not favor raising fees until a review of the budget.

Item #7: Consideration of Stormwater Non-Ad Valorem Assessment Rate Increase to Reduce the General Revenue Subsidy to the Stormwater Utility Fund: Mr.

Rosenzweig reported that during the Board Retreat and Prioritization Workshop, staff were instructed to review strategies for eliminating the general revenue subsidy to the stormwater utility fund. He advised that there is currently a non-ad Valorem assessment of \$20 per home and the program is subsidized by \$5.34 million in general revenue funds. He noted that the program generates approximately \$800,000 per year. Mr. Rosenzweig advised that to make the program self supporting the fee would need to be increased to \$119 by 2011. He recommended that the increase be phased in and two approaches were offered to the board on implementation of the fee increases: 1) allow a public hearing prior to the June workshop and 2) have the public hearing following the workshops. Mr. Rosenzweig shared that a more detailed review of the specific statutory issues provided by the County Attorney is provided in their agenda packet. He requested Board direction.

Commissioner Dailey commented that he shares the same thoughts as with solid waste. He suggested that this is an issue that should be addressed with the City of Tallahassee and is uncomfortable moving forward with proposing any fee increase or tax increase before discussing with the Mayor and City of Tallahassee to determine their direction and how we can work together. He reserved the right to readdress this issue at a further point in time.

Commissioner Dailey moved, duly seconded by Commissioner Thaell to approve Option 3: Direct staff to develop budget reductions to reduce the general revenue subsidy to the Stormwater Management fund with no increase in the assessment.

Commissioner DePuy stated his support for consolidation with City on this issue.

Commissioner Desloge inquired as to mandates regarding stormwater. Mr. Rosenzweig responded that mandates include pond maintenance, filter replacements, mowing, and maintenance of ditches and swales associated with runoff. Mr. Rosenzweig remarked that although a service may not be mandated there is a minimum level of service delivery that is desired.

Mr. Alam added if ditches and swales are not maintained, the result would be the reconstruction of roads and he emphasized that maintenance is a must.

Mr. Rosenzweig stated that current maintenance is at a minimum and any further reductions would be severe.

Commissioners engaged in extensive dialogue regarding this issue.

Mr. Alam provided a history on the storm water program. He suggested discussions be held with Talquin Electric asking them to include a line item on their bills which states the storm water and solid waste fees. Chairman Sauls expressed a willingness to engage Talquin Electric on this issue.

Commissioner Proctor stated that he will not support increasing the stormwater fee without giving the community a voice.

Commissioner Dailey agrees with Commissioner Rackleff that a more in-depth conversation is needed on the issue. He remarked that if cuts are enacted, it would take us back to level of service of 06/07.

Commissioner Dailey moved, duly seconded by Commissioner DePuy to Call the Question on the issue. The motion carried 6-1 (Commissioner Rackleff is descent).

Commissioner Dailey moved, duly seconded by Commissioner Thael to approve Option 3: Direct staff to develop budget reductions to reduce the general revenue subsidy to the Stormwater Management fund with no increase in the assessment. The motion carried 5-2 (Commissioners Proctor and Rackleff in descent).

The meeting recessed for lunch at 12:25 and reconvened at 1:05 p.m.

Item 8: Transportation Trust Fund Subsidy and Gas Taxes: Mr. Rosenzweig explained that during the Board Retreat and Prioritization Workshop, staff were instructed to review strategies for eliminating the general revenue subsidy to the Transportation Trust Fund and evaluate the possibility of the addition of additional gas tax revenue to reduce or eliminate the subsidy. He advised that the Transportation Trust Fund was established for the maintenance and construction of roads and bridges. He noted problems associated with the fund include 1) a flattening in the revenue and 2) expenditures increasing by approximately five percent. A detailed analysis of the fund and prospective fuel tax was provided by Mr. Rosenzweig.

Mr. Rosenzweig stated that the Board requested information on the cost and funding of priority road construction projects. He added that there currently are seven unfunded projects with a combined estimated cost over \$3 million dollars.

Commissioner Rackleff noted that gas tax revenues are decreasing and the impact on the transportation budget is now being realized.

Commissioner Rackleff moved Option 1: Direct staff to proceed to develop budget reductions to eliminate the general revenue subsidy to the Transportation Trust Fund. The motion fails for lack of a second.

Commissioner Rackleff moved, duly seconded by Commissioner Desloge to approve Options 1 & 5: 1) Direct staff to proceed to develop budget reductions to eliminate the general revenue subsidy to the Transportation Trust Fund, and 5) Do not authorize staff to schedule a public

hearing to consider an ordinance to implement the 1 to 5 Cent Local Option Fuel Tax nor to provide notification to the Supervisor of Elections of the Board's approval to place the 1 to 5 Local Option Cent Fuel tax to referendum for November 2008.

Commissioner Desloge noted the disparity in the cost of roadway projects compared to the monies available to fund these projects.

Deputy County Administrator provided that the TPRD is considering a statutory proposal that would require counties to put in place all 12 cents of discretionary gas taxes.

Commissioner Proctor asked Ken Morris, Intergovernmental Affairs Coordinator, to share information on a proposal being considered by the Taxation and Budget Reform Committee (TBRC) giving citizens rights to vote on all actions of local commissioners. Mr. Morris updated the Board on TBRC initiatives. Commissioner Proctor expressed his concern over measures being considered by the legislature relating to local governments.

Commissioner Rackleff moved, duly seconded by Commissioner Desloge to approve Options 1 & 5: 1) Direct staff to proceed to develop budget reductions to eliminate the general revenue subsidy to the Transportation Trust Fund, and 5) Do not authorize staff to schedule a public hearing to consider an ordinance to implement the 1 to 5 Cent Local Option Fuel Tax nor to provide notification to the Supervisor of Elections of the Board's approval to place the 1 to 5 Local Option Cent Fuel tax to referendum for November 2008. The motion carried unanimously 7-0.

Item #9: Alternatives for Reducing the General Revenue Subsidies and Addressing Anticipated Revenue Shortfalls to the Department of Growth and Environmental Management (GEM): Alan Rosenzweig stated that projected revenue from growth fees for the year was approximately \$2.4 million. The current revenue forecast is approximately \$1 million less; and will end up one-half million short for the year. He mentioned that the Board has maintained an adequate fund balance for these type situations and anticipates utilizing some of the fund balance to offset the shortfall. Mr. Rosenzweig stated that revenue saving actions have been implemented by the department. He added that it is anticipated that permitting levels will return to normal levels within the next one to two years.

Mr. Rosenzweig commented that during the Priority Workshop, Growth Management fell into the 19% reduction category, which is approximately a \$460,000 reduction in the department's annual GR subsidy. Strategies have been identified for board consideration in order to reduce or eliminate the subsidy.

David McDevitt, GEM Director reviewed the five alternatives proposed to eliminate the \$460,000 subsidy. Option #1) A list of services currently being provided to public free of charge was provided. Mr. McDivitt noted that the estimated revenue that could be generated annually by the proposed new fees is \$57,106. To further assist in eliminating the subsidy, GEM is proposing the implementation of a 20% across the board. Option #2) Across the board fee increase of 23%. Option 3) Implement a 100% increase in current fee schedule. This will allow the movement of \$2.37 million of GR subsidy back into budget. Option 4) Eliminate three vacant administrative positions and increase fees by 14%. Option 5) eliminate currently frozen positions and lay off 1-2 additional staff. He added that this option would negate all work done

on Blue Ribbon Committee on streamlining permitting process. This option would have impact on overall implementation of Citizens Blue Ribbon Committee.

In response to the Board's request, Mr. McDevitt stated that a comparison was done of the City of Tallahassee's Growth Management Department. He noted that the findings of this comparison is provided in the Board handout.

Mr. McDevitt added that staff strongly recommend incorporating a yearly fee schedule adjustment based on the Consumer Price Index (CPI) as a component of any revised fee schedule proposed for adoption. He mentioned that this concept was recommended by the Blue Ribbon Citizen's Focus Group.

Commissioner DePuy thanked him and staff for the good job they do. He stated that he does not want to undo the dramatic results from the Blue Ribbon Committee. Commissioner DePuy confirmed staff reductions as related to various alternatives.

Commissioner Desloge confirmed that the subsidy can be reduced by leaving current vacant positions unfilled, but not deleted. Mr. Rosenzweig stated that this will allow filling of the positions when the economy grows.

Commissioner Proctor moved and was duly seconded by Commissioner Rackleff to approve Option 1: Direct staff to develop a FY 09 proposed budget that incorporates implementation of new fees and a 20% increase to existing fees (Refer to Alternative #1).

Commissioner DePuy asked staff for clarification on difference in alternatives 1 and 4.

Commissioners engaged in discussion on the issue.

Mr. Rosenzweig asked for discussion on Option 6. Chairman Sauls asked Commissioner Proctor would consider adding Option 6 to the motion. Commissioner Proctor does not support tying into a national index.

Commissioner DePuy moved to call the question, duly seconded by Commissioner Desloge. The motion carried unanimously 7-0.

Commissioner Proctor moved and was duly seconded by Commissioner Rackleff to approve Option 1: Direct staff to develop a FY 09 proposed budget that incorporates implementation of new fees and a 20% increase to existing fees (Refer to Alternative #1). The motion carried 5-2 (Commissioners Dailey and Thael in descent).

APPROVED: _____
Jane G. Sauls
Chairman

ATTEST:

Bob Inzer
Clerk of the Circuit Court