

Leon County Board of County Commissioners

Budget Discussion Items – Additional Information

July 8, 2013

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Additional Information for Budget Discussion Item 6: Discretionary Funding Levels of Outside Agencies and Item 15: Acceptance of Status Report Regarding Leon County EMS and Consideration of One Year Extension to Fire Services Agreement with the City of Tallahassee

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	N/A
Lead Staff/ Project Team:	Alan Rosenzweig, Deputy County Administrator

Fiscal Impact:

There is no direct fiscal impact for next year with regard to fire funding, as the proposal contemplates a one-year extension under the same terms and conditions of the existing agreement. Long term, the proposal does contemplate a new fire fee study; however, based on current projections it is anticipated that the initial fee increase would be no more than 15% and would remain flat thereafter for five years. (Note: the fee increase may actually be less than this amount). The proposal also includes the collection of the additional authorized five-cent gas tax that for next fiscal year would generate approximately \$2.0 million in revenue to the County.

Staff Recommendation:

Option 1: Authorize the County Administrator and City Manager to finalize an extension to the fire services agreement based on the parameters noted in the analysis section of the item in a form approved by the County and City Attorney's and authorize execution.

Option 2: Authorize the City Manager and County Administrator to finalize the appropriate interlocal agreements related to the extension of the existing six cent gas tax under the current allocation and the imposition of the additional five cent gas under a 50/50 split in a form approved by the County and City Attorney's and authorize execution.

Option 3: Authorize the scheduling of a public hearing to levy the additional five-cent gas tax for September 17, 2013 at 6:00 p.m.

Option 4: Direct staff to prepare a future agenda item to address the allocation of the proposed additional gas tax revenue in support of the County's highest transportation priorities and/or to address the on-going general revenue subsidy to the transportation fund.

Option 5: Direct staff to include \$150,000 in funding for the Palmer Munroe Teen Center for an additional three-year term.

Report and Discussion

Background:

As discussed with the Board during Commissioner briefings, subsequent to the distribution of the budget workshop information, the County Administrator and staff have continued to work closely with the City Manager and her staff regarding the long-term provision of fire services to the unincorporated area.

Analysis:

As reflected in the original budget discussion item, the City of Tallahassee has historically provided fire protection services to the unincorporated areas of Leon County. During the most recent discussions regarding the current fire services agreement, the County Administrator and City Manager have developed a series of recommendations that provides the basis to enter into a long-term extension to the current agreement. The major elements of the intended extension include the following:

1. A one-year extension to the current five-year agreement under the same Fire Fee rate structure. For the one year, the EMS ALS payment would increase by the inflationary rate consistent with the current agreement.
2. To ensure cost containment, the City will staff the new Station 16 from existing staff. Additionally, the construction of two other planned stations will be deferred.
3. The City and County will jointly enter into a new rate study funded through the existing fire fee. The general assumptions going in the rate study will be:
 - a. The overall term will be for 10 years. (Note: this is after the one-year extension of the existing agreement under the current rate structure.)
 - b. One approach to be evaluated will be an initial flat rate established for 5 years; based on current projected expenditures this should not be more than a 15% increase over the current rate. Note, this rate would then be held level for five years. ***Counting the existing five years, this would be a total of 11 years with an increase in the fee of not more than 15%.***
 - c. For the second five-year period, the rate study would evaluate an annual inflationary (or an appropriate alternative index) annual increase.
 - d. Alternatively, the rate study could look at a ten-year period with annual increases based on an index.
 - e. Given the long-term nature of the agreement and some inherent uncertainty of forecasting into the future, at the end of the five-year period either party may evaluate re-opening the agreement for extraordinary circumstances that may have occurred that have effected the financial conditions utilized in developing the fee (i.e. inflation rate and/or fuel prices have increased extraordinarily, etc.).
4. To ensure additional cost containment, for the 10-year extension, the ALS payment from the County to the City will be capped at the lesser of CPI or property value growth (in either situation the payment will not increase by more than 5%.)

5. As presented in the original budget discussion item, EMS has continued to see significant growth in call volume without a corresponding increase in transport units and staffing (no new paramedics/EMTs since FY2008). Also, during the economic decline, the ad valorem tax collection associated with the EMS MSTU has correspondingly declined. In order to address these issues, the County needs to be in the position in the future to provide the additional resources necessary to continue to provide the highest quality of service for the residents of our community. The EMS MSTU millage is currently capped at 0.5 mills. According to Florida Statutes, MSTUs levied within a municipality need the concurrence of that municipality. As part of the on-going discussions with the City, the City will agree to allow an increase in the EMS MSTU by 0.25 mills from 0.5 mills to 0.75 mills. By agreeing to an increase in the maximum levy, this will allow the county the opportunity in the future to adjust the EMS MSTU when the Board deems necessary and appropriate.

Gas Taxes

In addition to the discussions related to Fire, the City has indicated a desire to enter into an interlocal agreement under the proposal originally offered by the County regarding the allocation of the existing six-cent gas tax and the additional five-cent gas tax. The terms of the agreements would be to authorize the extension of the existing six cents under the concurrent allocation and the additional five cents would be allocated on a fifty-fifty basis.

As reflected in budget balancing strategy 2, the budget is balanced at the current millage rate. The imposition of the additional gas tax will provide approximately \$2.0 million to the County next fiscal year and \$2.5 per year thereafter. Although there is a general revenue subsidy provided to the transportation fund included in the tentative budget, the Board may wish to allocate some or all of the additional gas tax revenues to other high priority transportation needs. Staff recommends maintaining the projected additional revenues in a reserve account and directing staff to provide a future agenda item for the Board to consider both the current general revenue subsidy as well as other transportation infrastructure priorities.

Palmer Munroe

During the recent discussions, the City has requested that the County continue to provide \$150,000 in on-going support for the Palmer Munroe Teen Center for an additional three-year commitment.

Conclusion

The current proposal addresses a number of long term financial and public safety issues for both the County and the City. As presented, the County continues to fulfill its fiduciary responsibility to ensure that the appropriate levels of service are being provided to our citizens at the most reasonable costs available. If approved by both the County and City Commissions, these agreements provide a strong basis for the on-going working relationship between the two local governments.

Options:

1. Authorize the County Administrator and City Manager to finalize an extension to the fire services agreement based on the parameters noted in the analysis section of the item in a form approved by the County and City Attorney's and authorize execution.
2. Authorize the City Manager and County Administrator to finalize the appropriate interlocal agreements related to the extension of the existing six cent gas tax under the current allocation and the imposition of the additional five cent gas under a 50/50 split in a form approved by the County and City Attorney's and authorize execution.
3. Authorize the scheduling of a public hearing to levy the additional five-cent gas tax for September 17, 2013 at 6:00 p.m.
4. Direct staff to prepare a future agenda item to address the allocation of the proposed additional gas tax revenue in support of the County's highest transportation priorities and/or to address the on-going general revenue subsidy to the transportation fund.
5. Direct staff to include \$150,000 in funding for the Palmer Munroe Teen Center for an additional three-year term.
6. Board direction.

Recommendation:

Options #1 through #5