

Kimberly Powell

From: Kimberly Powell
Sent: Wednesday, February 28, 2018 7:51 AM
To: Commissioner District 1; Commissioner District 2; Commissioner District 3; Commissioner District 4; Commissioner District 5; Sally Lewis; Scott Knox
Subject: Minutes approval 02-15-2018 Special
Attachments: 02-15-2018 Special.doc

Attached are the minutes of February 15, 2018, which will be considered by the Board on March 6.

Have a great day.

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MINUTES OF THE MEETING OF THE BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA

1:00 PM

The Board of County Commissioners of Brevard County, Florida, met in special session on February 15, 2018 at 1:00 PM in the Government Center Commission Room, Building C, 2725 Judge Fran Jamieson Way, Viera, Florida.

CALL TO ORDER

Attendee Name	Title	Status	Arrived
Rita Pritchett	Chair	Present	
Jim Barfield	Commissioner District 2	Present	
John Tobia	Commissioner District 3	Present	
Curt Smith	Commissioner District 4	Present	
Kristine Isnardi	Vice Chair/Commissioner District 5	Present	

ITEM I.A., STAFF PRESENTATION, RE: PROPOSED ADDITIONAL HOMESTEAD EXEMPTION - POTENTIAL IMPACT

Frank Abbate, County Manager, stated he wanted to start the Budget process early this year, share with the Board where the County is with the Budget, and how they are looking forward to the upcoming Budget year; they received Board direction to discuss the proposed Homestead Exemption; all of the Directors are in attendance if the Board has any questions; and they would like Board direction on how to proceed with the Fiscal Year 18/19 Budget. He noted they will talk about the Homestead Exemption, look briefly at the adopted Budget for Fiscal Year 17/18, look at numbers relative to the Consumer Price Index (CPI) change that will be applicable for the 18/19 Budget year, look at General Fund Revenue, briefly discuss Group Health Insurance, talk about Hurricanes Matthew and Irma and its impact on the Budget, and then hit on areas that are important to the Board and how the County will move forward in the future which includes roads, infrastructure, utility services, sanitary sewer system, the Indian River Lagoon, and Fire Rescue because they are all significant parts of the Board's Budget. He continued Amendment 1 is going to appear on the November 2018 general election ballot; if that Amendment is approved by 60 percent or more of the voters, they will have enacted an increase in the Florida Homestead Exemption by \$25,000 for homes with an assessed value of \$100,000 or more; the way that works is the first \$25,000 of an assessed taxable value for homesteaded properties receives the first homestead exemption; the property owners would be paying taxes on the next \$25,000 of assessed value; there is a second homestead exemption that applies from \$50,000 to \$75,000; and the home owners would be paying up to the \$25,000 to \$100,000 under the proposed Amendment. He added under the proposed Amendment if the assessed value is \$100,000 or more the next \$25,000 of it would be exempt under the new Homestead Exemption. He went on to say, unlike prior occasions when homestead exemptions were enacted, this legislation has some unique language in it; it specifically states that notwithstanding the method of computing the rollback rate in Subsection 1, the taxable value that is used in computing the rollback rate in Subsection 1 and the maximum millage rate under Subsection 5, shall be increased by an amount equal to the reduction in taxable value occurring as a result of the revision; what that means is this legislation modifies the calculation for the first year that the homestead exemption would be implemented, meaning that it is going to require the value lost in that additional homestead exemption, which was previously assessed value for taxable purposes; basically it has to be added back into the tax roll; that value is imputed and it is considered that the County is receiving the related revenue even though it is not; and what

that does is, it artificially decreases the rollback millage rate, if a millage rate is higher than the rollback rate then under Florida Statutes it is required that the County advertise it as a tax increase. He stated everyone knows the rollback rate is essentially the millage rate that when supplied to the taxable value of existing properties, is going to generate the same revenue as in the prior year; if the County adopts the rollback rate, it is not seen under Florida Statute as an increase in taxes because the rollback rate calculates the property values in relation to the total revenue that is generated; under this particular legislation the County is presumed to have the assessed value from the homestead counted as part of the taxable value and then it assumes the County has that revenue, when in fact it will not, moving forward; and that is how it would impact the County. He mentioned before he gets into the specifics of what that impact is, he would like to talk about who will benefit from the homestead exemption. He continued there are 328,711 total properties in Brevard County; of those 142,787 homestead properties, 71,824 which is close to 50 percent of the properties, would receive part or all of this additional exemption; the other homesteaded properties, which makes up 22 percent of the total properties, would receive the benefit of the homestead exemption; on a statewide basis homestead properties under this proposed Amendment, 56 percent of those would have the benefit of this particular homestead exemption; in Brevard County the numbers are a little different; and those properties assessed at under \$100,000 would not receive the benefit of that homestead exemption. He noted the next slide is what it would look like on a pie chart; 71,824 would receive all or part of that homestead exemption benefit; and the others would not. He went on to say if there was an effort to maintain current revenues and this went into effect, the only way that could occur, because 22 percent of the properties would be receiving a benefit from homestead exemption, would be for the remaining 78 percent of the properties to receive the burden of the tax benefit; that shift would only occur if the Board does one of two things; and that is if the Board recovered part or all of the revenue that would otherwise be lost, or go to the Charter Cap, which is actually additional revenue beyond the current level of revenue. He stated \$7.3 million from General Fund would be the impact if this goes through; it would also impact Special Districts including, Environmentally Endangered Lands (EEL), Mosquito Control, Library Services, and the MSTU's which includes Fire Control, Law Enforcement, all the Road and Bridge Districts, the Recreation Districts, and the Debt Districts; while it would impact the Debt Districts the County would need to make an adjustment to the millage rate in the Operating for that in order to be able to continue paying the full amount of the debt because that is an obligation; that in fact would cause a further reduction in the revenue from the MSTU on the Operating side because that would have to be transferred over to the other side; and this chart should give a visual summary of estimated reduction in revenue based on the anticipated loss and taxable value. He noted the estimated loss and the assessed taxable value for the General Fund that the County would lose is approximately \$1.75 billion.

Jill Hayes stated this chart provides additional details from the previous pie chart; it breaks down all 25 individual Taxing Districts in which Brevard County is the taxing authority; the Countywide Taxing Districts are the Districts every property in Brevard County pays the millage on; there are unincorporated Taxing Districts; the other Districts are dependent on the geographical location of the District; the two Taxing Districts highlighted in red, EEL and Recreation District 4 Maintenance, is because if the additional homestead exemption goes through it is estimated that supermajority vote is required in order to adopt a millage rate that would maintain the existing service levels; that is due to the maximum millage levy calculations provided by the Department of Revenue; for the 2017/2018 adopted millage rates for these two voter approved Districts that are not subject to the Charter Cap, the Board went with the maximum millage rates that are allowed by the State so it was over Charter Cap; and because of the modification and the calculation of the rollback rate, it would require a supermajority vote to bring those revenues back to that level.

Mr. Abbate stated from a Charter Cap rate perspective, which is generating the same revenues the prior year plus the advantage of the maximum the County could go to, would show as a tax

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increase but it would be to the CPI that applies; a decrease in taxable value resulting from the proposed additional homestead exemption is going to cause the Charter Cap millage maximum rate that it could go to, to further increase; residential and business properties that do not qualify for the additional homestead exemption would be impacted by the higher millage rates if the Charter Cap revenues are realized; the Charter Cap rates are calculated by increasing the prior year adopted revenue by the change in the CPI that occurs, and then dividing that into the new taxable value, less new construction; if the taxable value decreases due to the additional exemption then the Charter Cap millage rate would increase; that is how to get the current revenue plus the additional revenue under the CPI; and those properties that do not benefit from the additional homestead exemption would then be impacted by the higher millage rate. He went on to say rollback rate is calculated differently. He stated under that calculation it would be modified so the lost value is added back to the tax roll resulting in the decreased millage rate; if the rolled back rate is adopted, which would be the no tax increase rate under Florida Statute, then the County would lose \$12.1 million; to maintain that revenue a supermajority vote is what would be required for all the Taxing Districts with exception of the two Districts mentioned earlier; they believe the Board could adopt a millage rate higher than the rolled back rate with a supermajority vote for all the Taxing Districts, with the exception of both EELs and Recreation District 4 Maintenance because the County is significantly under the maximum millage rate that is applicable for Brevard County's Taxing Districts as calculated by the Department of Revenue; for example, in Fiscal Year 2017/2018 the General Fund supermajority maximum millage rate was 6.2601 which would generate \$216 million, which is compared to the adopted Charter Cap rate of 4.155 which generates adopted General Fund Revenue of \$143 million; and that is a \$72 million spread that would have been available. He stated for all Operating Taxing Districts, the total taxes at the maximum millage rate is \$327 million compared to the adopted rate this year which was \$218 million and that is a very significant spread; and those are the impacts that the Board wanted to know about.

Commissioner Barfield inquired if this goes through and the County wants to maintain the same revenue, then 78 percent of the property owners would be paying an increase for the 22 percent to have a decrease.

Mr. Abbate replied affirmatively

Commissioner Barfield commented he does not know why people would want that; he stated 78 percent of property owners paying for the other 22 percent to get a reduction; he took his own homesteaded property and ran the numbers to see what the difference would be; the assessed value is \$243,000 and his total taxes were \$3,185.45; with this change it would drop to \$2,753 which is \$432; each one of the Taxing Districts shows what the difference is; and that would fall into the 22 percent. He mentioned the alternative is for the Board to cut all of that out of the Budget; and he would like to know the impact and the level of service that would need to be reduced.

Mr. Abbate stated he does not have that analysis because this is two years down the line; \$12 million and \$7.3 million in the General Fund would be very significant in terms of what they would need to look at compared to where the County is at today; and he reiterated staff has not been asked to put that together yet.

Commissioner Barfield inquired if the Board wants to maintain the same revenue, that it would not exceed the Charter Cap.

Mr. Abbate replied affirmatively. He stated there are additional monies that would be available; and the CPI is beyond that, which the County could get by supermajority vote.

Commissioner Barfield inquired if the County could have a tax increase.

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Mr. Abbate responded if the County lost \$7 million in the General Fund and the Board only wanted to make up half the difference that would be \$3.5 million less than what it received in the prior year; and under Florida Statute that would still show as a tax increase.

Commissioner Barfield stated the Voters in this community voted to establish a Charter Cap, yet in the State of Florida it would be considered a tax increase even if there was not an increase to the Charter Cap.

Mr. Abbate replied that is correct, it would be significantly below the Charter Cap because it is below the current revenue.

Commissioner Smith stated he thinks this is an education process; he does not know how well of a job the 67 counties are going to be able to do, but 78 percent of the voters are going to be voting in their own self-interest if they vote against this; however, if they do not realize that, the County will be hard pressed to get anybody to vote against it because everybody wants to vote themselves a tax decrease; and he thinks that is what the County is being faced with.

Mr. Abbate noted for purposes of this presentation, where staff is trying to give the best information, he has a high degree of confidence in the information that has been presented.

Commissioner Tobia stated Mr. Abbate pulled a rabbit out of his hat with finding the money for the Law Library in the "green money"; he was told there was green money when he came in today and there was all this other money the Board cannot touch; the good news, he was able to find it and the bad news is there is a flaw in the logic when the County was able to find a way to fund something in the green money, that was not there, and thus freeing up what amounted to a little over \$200,000; and he thinks this should be used as an informational type matter. He asked if there are any other areas and money out there that are not General Revenue sources that the Board would be able to use to shift some of the money or services that are currently in General Revenue into the not green money, thus freeing up dollars to fund the losses in Law Enforcement, roads, or anything else.

Mr. Abbate stated staff will always continue to try and look at all opportunities; they looked as closely as they could last year to try and achieve everything the Board wanted; he thinks staff did a fairly good job at that; they will continue to seek any opportunities as they move forward because there is a variety of needs not even related to this; and staff hopes to expand efforts in a variety of areas, which will be discussed in the Budget Presentation. He commented obviously they need dollars to be able to do that, whether it is putting additional money into infrastructure, roads, drainage, or wherever.

Chair Pritchett stated she thinks it was very smart to do this now; the County always needs to be doing strategic planning; and it is going to be tough to find an extra \$12 million. She thanked staff for the information.

ITEM I.B., STAFF PRESENTATION, RE: BUDGET UPDATE

Jill Hayes, Budget Office Director, stated this pie chart represents a very broad overview of the total adopted Budget for Fiscal Year 17/18; Florida Statute, Chapter 129, establishes the guidelines for County budgeting; one of those requirements is that the County budget all receipts including operating revenue and balances being brought forward and that those revenues and receipts match the appropriations on a fund-by-fund level; the operating revenues represent the recurring portion of the governments revenue which includes property taxes, permits, fees, and charges for services; balance forward represents unspent funds being brought forward from the prior year; and governmental funds can be carried forward for a variety

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of different reasons including capital projects that are not complete yet, as well as funds in Reserves for emergencies and cash flow needs. She continued the transfers really represent resources going from one department to another, while they are part of the County budget they are not new dollars coming in, it is more to fund the services being provided by departments to other departments; for financing this is primarily for this year's adopted budget associated with a State revolving loan for Utility Services so that is recognized as Revenue as well so those expenditures that can be budgeted; the next pie chart breaks down the operating revenue by fund group; of the \$1.71 billion budget, \$707 million represents the operating revenue; in order to adopt a structurally balanced budget, it is important to understand which revenues are recurring to reasonably expect what will continue to be received from year-to-year; and in governmental accounting, because revenues are received for specific purposes, they have to be categorized in individual funds and fund groups. She noted Commissioner Tobia referred to the green dollars, and this slide represents those green dollars, those are the General Fund dollars; these are the dollars that can be spent for any governmental purpose where there is the most discretion; in this slide they have broken down the General Fund into two sections, General Government operating revenues and user or service fees; and while the user or service fees are generally unrestricted, they are generated by the programs that are receiving the revenue, so if the revenue was not funneled back into those programs those programs could no longer operate. She provided the example, the \$11 million shown for the Sheriff's Office is primarily the contracted services they have with the School Board, the Port, and Cape Canaveral. She went on to explain under Public Works they receive General Fund dollars for use of their right-of-way from FPL franchise fees and communication service taxes; Central Services is primarily fuel charges that other departments are paying for fuel and vehicle repairs; and Parks and Recreation are the campground fees, summer camps, and things of that nature where if those dollars were not funneled back into the program, then they could no longer operate. She stated the largest portion of operating revenues received in the County are in the Special Revenue Fund group; Special Revenue Funds are used to account and report for specific revenue resources that are restricted or committed; they could be restricted by either Statute or Ordinances; Natural Resources includes the dollars received for the Save Our Indian River Lagoon Trust Fund, as well as Federal and State grants, and stormwater dollars; they all have to be used for a specific purpose; and Public Works has Local Option Gas Taxes, Fire Rescue has their MSTU, fire assessment, and Emergency Management Services (EMS) fees, Tourism Development taxes, all of those revenues have to be used for a specific purpose and that is why they are shown separately under Special Revenue Funds. She went on to say the Enterprise Funds represent the funds that operate like a business; these include Utility Services, Solid Waste, Transit, etc. and they receive dollars through charges for services; Internal Service Funds are primarily employee benefits and they account for the goods and services provided by one department or agency to other departments or agencies; Capital Project Funds are restricted resources for Capital, but most Capital projects are funded either through Special Revenue Funds or Enterprise Funds; and then there are Debt Service Funds which account for the resources that are restricted to principle and interest payments. She noted the next chart shows a breakdown of the General Fund; the left column shows the revenue received in General Government and the right column shows how the funds are appropriated; in addition to the Ad Valorem taxes received in the General Fund, there are other major revenues such as State shared revenues, local half-cent sales tax, Communication Service Tax, etc.; and they also account for the balances being brought forward from the prior year. She mentioned there are some other non-operating transfers that occur in the General Fund as well. She noted that is about \$230 million; the way those dollars are allocated is, almost \$106 million goes to the Charter Officers; they are required to fund Court Operations; there are certain Mandates, there are reserves, and then some other obligations they are required to fund; \$32 Million goes to fund Public Safety, Infrastructure, and Veterans Services; and that leaves \$34.7 million to fund other General Fund programs and services.

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Frank Abbate, County Manager, stated he wants to talk about the purposes of budget development moving forward into the new year; he has highlighted in this slide the information the County generally used this past year to get it where it is in the current budget; as the County moves forward, notwithstanding whatever happens with the homestead exemption, staff is going to try to further improve things throughout the organization in a variety of different ways, within the fiscal constraints that apply; in doing that they are hopeful to be able to enhance funding compared to the initiatives listed in the areas of Capital equipment replacement, facility infrastructure improvements that were previously deferred, while they continue to try to expand what they are currently able to do as it relates to road repaving, reconstruction, and addressing drainage issues; and whatever opportunities staff can put together will all be on the front burner for them moving forward. He continued there are additional priorities such as the IRL restoration which will be discussed later; he is thankful for what the Board has done this past year for employees' salaries and compensation issues; they will continue focusing on addressing areas where the County has deficits in terms of recruitment and retention; and they have a narrowly tailored employment and compensation study to find out where the organization is affected the most and what they can do in a multi-year approach within the fiscal constraints that will exist. He went on to say the next slide shows the County is doing this in the context of a significantly growing population; there was a significant drop in 2006 with staffing levels; there were approximately 100 positions that were transferred to either the private sector or another sector; those services are still being performed but from other entities, but when taking that into account, there is still an increasing gap between population and staffing; it is obviously difficult to provide the same level of services to a larger population with the same staffing levels; it becomes a degradation of services over time; and that is part of what this slide shows. He stated the County staff continues to strive to address service levels and expenditures to maximize what is in the areas in which the Board has chosen as priorities; Commissioner Tobia mentioned the shifting of the law library at \$211,000, but the Board took a lot of actions in a variety of areas; Community Based Organizations (CBO) took a 20 percent cut and this upcoming budget will take a another \$102,000 reduction in terms of the General Fund support, which obviously provides that revenue to remain in the General Fund rather than being utilized there; the County took \$60,000 out of Reserves this year for Meals on Wheels; and in the future the plans will be to build the up-coming budget, have that as a single line item, and therefore, \$60,000 of the \$102,000 will be allocated.

Commissioner Isnardi stated that was done for the existing cycle, and the Board could move existing CBO funds to cover that \$60,000.

Mr. Abbate stated there is going to be an extra \$102,000 that would be reduced; the \$184,000 was reinstated this year because of Hurricane Irma; this is just to show the Board had taken a variety of steps with seven Workshops last year and going through every department; they will be building on that moving forward; on the other side, they were able to increase in a variety of ways; in addition to the 55 miles of road and repaving, they put significant dollars towards road reconstruction this year; there were critical needs at the Retention Center and Courthouses, and purchases of generators, so a significant amount of dollars were allocated there; there was money allocated to Parks and Recreation primarily for safety and building safety; there was also some dollars for the Medical Examiner's Office, Court Administration, and then there was the 3.5 percent Cost of Living Adjustment (COLA) for employees which impacted the General Fund by \$2.1 million; and in doing all that, they were still able to provide for an increase in the Board's Reserves. He continued the target is to have a minimum of 10 percent in Reserves and they have not been successful in reaching that goal since 2011; there were increases in the prior three years to help get them to this point; they now have 10.49 percent in the Reserves; the CPI for the upcoming year will be 2.13 percent and is the maximum under the Charter Cap; he has provided the 2017 Municipal Cost Index which is 3.09 percent and the Construction Cost Index which is 3.25 percent; that rate was blended to get a 3.18 percent rate; and based on where the County is at next year, if the full 2.13 percent is applied that would generate a little over \$3

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million of revenue based on CPI. He noted that would be the maximum allowed under the Charter Cap. He stated before spending that money, there are a variety of assessments, rates, and charges that are currently tied to the CPI; there are years where some are in the negative, so that is a loss in revenue; and Solid Waste assessments are tied to that CPI, the 10-year Utility Capital Project is tied to that assessment, Fire and Ambulance are tied to that assessment, and Ad Valorem Millage rates are subject to the Charter Cap so they are already tied to a maximum of what the CPI is. He went on to say the General Fund Ad Valorem impact is an additional \$3.06 million; if the County were to maintain the service levels and brought into the appropriate index, he believes it would be closely associated with the Municipal Index and the Construction Index; the Board has talked about the cost of ambulances, new capital equipment and all that; if they were to tie that organizationally across everything from a General Fund perspective and applied the Municipal Cost Index the County would need \$2.43 million; and he noted he is not suggesting in any way that the budget would ever be built on that, but to look at the \$3 million that could be available by CPI, he is showing how that amount of money could be available at the Charter Cap, and could easily disappear, so it is not like the money is there to spend. He continued in addition to the 3.5 percent the County gave last year, if they did a COLA and kept it close to where the CPI is, if it was at two percent across the Board and all the agencies, that would be \$1.55 million; that would take half of the \$3.06 million; to add the \$2.43 million and the \$1.55 million that is more than all the additional revenue from the CPI; and he hopes the Board will find that information helpful. He added the next piece of information relates to the health care plan; the County had a phenomenal year last year, meaning the expenses compared to the revenue where the County was with a four percent reduction last year of what the premium was, and the County still ending up revenues over the expenses of \$7.5 million; that made the accumulated Reserves reach \$34 million; that was assuming the medical trend of a four percent reduction; in addition, this year they assumed based on what the actuary presented, which is 7.3 percent, and they are predicting a positive outcome for this year; they are into the fifth month of the year and the trend is holding very well; and instead of using the 7.3 percent trend, they have looked at a rolling medical trend that the County's consultants have put together, which was 4.2 percent. He continued based on that 4.2 percent they believe the County can have a zero percent employer increase for next year; that would not be his preference because it is not if the number is going to change, but when it is going to change; when it does change, and as the deficit increases, it will be more and more difficult to make up the gap over time; however, the numbers are very good in terms of the accumulated reserves, so staff believes those reserves are appropriate from the stand point of what they are actuarially required to have with the GASB 45 for other post-employment benefits which are not required to fund, but the County does have funded at this point; and over time he would hope that as medical training increases that the County would be able to at least have a consistent CPI for a number of years. He stated he thinks the Board is in a very good position with Reserves and while that shows a deficit, the County has not realized a deficit in the past couple years; these number can fluctuate very significantly; in 2014/2015 the County was negative \$9 million for both years; the Board had to take significant action at that point to make sure that trend did not continue; and right now the County is the beneficiary of that and how they turned things around very significantly.

Chair Pritchett asked if Mr. Abbate could give a five-year strategic outlook on this.

Mr. Abbate stated he will work with the Human Resources Director Jerry Visco and their actuaries for the consultants to put something together. He stated there is some impact to Debt Services and he would like Ms. Hayes to provide a brief explanation.

Ms. Hayes stated one of the impacts of tax reform is that some of the direct placement bank loans the County has, have a provision in them that allows the lender to increase the interest rates in the event of a decrease in the corporate tax rate; the County has been successful in negotiating that out of the more recent loan agreements, but there are still a handful of bonds

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that have this provision in the agreement; and the impact to this County is estimated to be \$707,000 over the term of these bonds from an increased interest rate.

Mr. Abbate stated there are a variety of factors that are unknown at this time; the County does not know where property values or new construction is going; they are trying to give the Board the best information they have available; obviously they will have Charter Officer budget requests; there will be a variety of mandates that come down that the County cannot address at this time; he anticipates the Florida Retirement rates are going to change, but that legislation has not passed yet; there are a variety of bills and he would guess it would change on average of 1.25 percent increase and there will be a cost associated with it; and those are some of the unknown factors at this time. He added there is also the unfunded critical needs, and he is confident that the Board agrees the County should be doing everything it can to continue maintaining the roads and repaving so more does not have to go into reconstruction or add to the current stockpile of roads that need that, so it is an unfunded critical need. He mentioned drainage, there are also some fairly important traffic signal issues; depending on where the Board goes with the budget, they plan to try and address that; there is a variety of unfunded road capacity needs; and they are continuing to work with the CRA's to have them try to help the County address some road and capacity issues, reconstruction, or even maintenance issues. He commented from his perspective that is an additional opportunity that the County will get to a better place than where it has been up to now; he re-emphasized there are other unfunded critical needs primarily in facilities, maintenance, and repairs that have been deferred for a number of years in order to keep services at the level the Board wanted each year; the County needs to start addressing that issue the best it can; Capital projects, equipment, and the continued efforts on an EOC and whether there will be some funding as leverage to receive federal and/or State participation in that; and those are things staff will try to address the best it can.

Ms. Hayes stated during Fiscal Year 2016/2017 Brevard County experienced two major hurricanes which resulted in significant financial impacts County-wide; a substantial portion of that is the cost associated with providing emergency protective measures to the public and the community, which includes staffing and operating the shelters, Fire Rescue, and Transit Services to the community; these costs as well as emergency repairs that had to be made at Parks and Facilities, and roads have impacted the amount of funds that were anticipated to be carried forward during the development of fiscal year 2017/2018 budget; they are working with County Finance and have received the fund balance for each fund; and they are now working with each department on reviewing those fund balances, and making adjustments so she can explain the variances. She noted those mid-year supplement adjustments will be brought to the Board in the beginning of April. She went on to say obviously there has been a delay in reimbursements received from Federal Emergency Management Association (FEMA) and the State because of the review associated with these projects and the claims that were submitted; this affects the County's cash flow so they may be looking for approval to issue some internal loans for some of the more major projects that still need to be addressed; and over the next several charts she will provide the estimated cost by category for both Hurricane Matthew and Hurricane Irma and what reimbursements the County has received. She continued for Hurricane Matthew the only reimbursements the County has received so far are for debris removal and a small amount for one of the Parks projects; there is some significant costs associated with Hurricane Matthew; and the County has worked with FEMA, it provided documentation, invoices, time sheets, and it is working with the insurance carriers on receiving those reimbursements.

Mr. Abbate stated the County received some reimbursement from FEMA, but it also has its own insurance which was self-insured to a certain level, and there is certain levels of reinsurance; for Hurricane Matthew the County has had \$639,000 already paid out through Risk Management for deductibles for various areas; in those layers of reinsurance, they have actually received

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\$323,000 from the excess carriers; there is still negotiations going on for approximately \$60,000; and the Human Resources Director anticipates that being finally concluded within the next 60 days. He went on to say at that point the County has to have the final sign-off with the insurance carrier that the County is done; that is when the County is in the position with FEMA, while all the forms were submitted they are not looking at anything until they know what the final numbers are from the insurance and programs; then FEMA will evaluate that the County had adequate coverage and they will look at what is left to payout; and this is a very long and significant time-frame that exists. He explained the County has to get through its own program completely, before FEMA is even in a position to start evaluating; quite honestly when they start evaluating, in some cases after the check has been cut, they will come back and reevaluate it; sometimes they may ask the County to write them back a check for what they have already reimbursed the County for; it is difficult and he knows there is a lot of discussion that occurred with many, many counties, just with debris removal, on getting reimbursed because after Hurricane Irma the County still had not had the Matthew money; and the County would have been in a lot more difficult position had it not received that \$11 million for a category A from Matthew that was right at the end of last year, or the beginning of this year. He mentioned that put the County in a lot better position with Solid Waste to be able to do what they did with Hurricane Irma; the County has not started to receive any of those dollars yet; there is opportunity for \$8 to \$12 million just in Parks and Recreation related to such things as docks, and other areas; the County has not been in the position because it is either coming out of the departmental budget, or they are going to have to do an internal loan, but no one knows when this is going to be repaid, because it could be a few years down the road; Jim Leisenfelt, Interim Assistant County Manager, is working with Parks and Recreation to determine what costs are associated with mitigating future potential damage and how it is repaired, FEMA approval is required before they move forward because it is not automatically reimbursable, and the County does not want that; and they will have to come back to the Board on that. He mentioned in many years that is how the departments have been able to do some of that while holding back on some other projects and/or equipment. He continued, to accelerate it, staff is going to have to identify the resources, and in some cases they do not know how long it will be before it can count on that reimbursement, but they will be looking for direction from the Board on that; in some cases there are revenue opportunities that are lost because the facilities are not available; and Mr. Leisenfelt is making that a priority.

Commissioner Barfield inquired if the hold up for reimbursement is at the FEMA level or the State level.

Mr. Abbate reiterated before FEMA or the State will even look at it, the County's process through its reinsurance carriers has to be completed; the longer they wait to make the payment the longer they have their resources; and where it is right now, almost 18 months ago, the County is still working with the reinsurance carrier and it is anticipated to be completed within 60 days.

Commissioner Barfield stated it has been a year and a half since the incident; and that is inexcusable because it is the taxpayers' money that is being impacted.

Jerry Visco, Human Resources Director, stated that is an unacceptable practice and a lot of people are dealing with it; just in the insurance trust alone, there are 400 public entities in Florida that are having this same issue dealing with multiple excess carriers; there are four excess carriers at different levels of exposure; the County has had a dispute over how to calculate deductibles, and it has been very successful in increasing the County's recovery by several hundreds of thousands of dollars over time; but that involved negotiations with four carriers, TPA, a broker, and the general adjusting firms that the carriers hired to do the work for the County; it is a long process; and referring back to the 2004/2005 storms, the County was at almost a year and a half before it received the first general adjustor on the ground looking at the

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losses simply because of the demand for those services and the carriers will only do business with a handful of major general adjusting firms that they have pre-vetted. He noted the County is in competition with a lot of entities, looking at a lot of storm damage throughout not just Florida but nationally as well; and they do not have a real interest in being motivated.

Mr. Abbate stated Brevard County was a founding member of the Florida Association of Counties Trust for a number of years; when dealing with a public trust entity, which the board is made up of public trust members, it gets a level of service that is sensitive to the fact that it is a public entity and they have to do right by its members; when the County was in that Association, it got to the point where it was not working as well as they wanted it to, so the County moved to an outside carrier with the private sector; and the County received a better rate for a couple of years, and it quickly learned that the rate and the coverage that was provided, in lieu of what it was willing to pay and how long it took to get that payment, was why the County ended up going back to the trust. He continued the County has had the opportunity to participate in that and has a long history; there is no easy solution relative to the reinsurance, the property insurance, and the general liability insurance; it is a challenge; the County is now in the biggest trust that exists for public entities in Florida; and it is unfortunately a common problem that staff is trying to be sensitive to.

Mr. Visco stated the County has broken down the losses that it feels are undisputable; the Risk Fund has forwarded those dollars to the department so that it can at least get cash into people's hands; the problem is, without the final statement of loss from the carriers, they cannot move forward with FEMA; while they are moving dollars forward, they are trying to get issues addressed, and still have to finalize negotiations with the carrier; and the County can settle tomorrow and take a lot less money or it can keep fighting.

Chair Pritchett stated from a Budget standpoint the County will eventually see these dollars; from what Ms. Hayes stated, it will take some time; and she inquired if Mr. Abbate is making the Board aware that the County may have to take out some sort of loan to keep cash flow where it is needed.

Mr. Abbate stated the next part of the presentation is Andy Holmes, Public Works Director.

Andy Holmes stated he is going to focus on the reconstruction of the repaving work that the Board authorized and funded last year; this slide is a summary of the resurfacing plan that was approved last year; year one is this Fiscal Year and it is highlighted in the left column; it shows a total of 55 miles and it is broken down by Districts; he went through the plan with the Board last year with the money and how many lane miles it would fund; this shows the lane miles that resulted from that presentation; and the next slide shows where their progress is right now. He continued the totals are broken down by Districts and the miles that have been completed so far this year and the miles remaining that still need to be completed; they are just under one-third finished with this; they are right on track for completing the work for this Fiscal Year prior to October 1; and he is hoping the County does not see an early hurricane to mess that up. He advised the next slide shows where they are at just in a little different format; it talks about the money; they are about 31 and a half percent; they have spent about \$2.8 million to date; their costs are running a little ahead of their planning costs; the \$6.8 million is a little bit more than was originally estimated in the beginning of this, but costs are rising and the construction market is heating up, and it is getting more expensive to get some things done; and they are also focusing on some busier and wider streets so they take a little more asphalt than the planning averages. He went on to say in addition to the 55 miles that is in the plan, they were also able to resurface two and a half miles of Wickham, and North Babcock is going to be completed as well; they will be getting a little more than the 55 miles because those funding sources are from different places; they will be able to complete a little over seven and a half miles of reconstruction this year; this work is 42 percent complete so far; this was done with the \$3.2

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million of recurring funding that the Board approved, plus the partial funding they had in place for a number of the projects; as the cost factors start to increase he wanted to talk about how they estimate and plan these projects; so far they have been using center line miles which is one mile of road and all of the lanes no matter how wide; and what was found was that it does not correlate very well with costs. He noted it does not give an even comparison on those roads; the Board will hear Public Works begin to talk more about lane miles which is one lane of a road for one mile; a mile of Wickham Road is about five lane miles generally, with its turn lanes, versus a mile of a two lane road which would be a two lane mile and it is more reflective of the costs; and it will allow them to get to a better planning figure for some of these projects with the busier and heavier streets in the County. He stated the busier and faster highway streets require a friction course surface which runs about 20 or 30 percent more than that used on a local subdivision street; the arterial and collector roads generally have that friction course incorporated; ADA ramps are also required to be upgraded when a street is resurfaced, and the busier and heavier streets usually tend to have more of those; same thing with pipe replacements, those have to be done; and if they are going to be good stewards of the highway system, they should do the pipe replacements before they do the repaving. He mentioned that also factors in to it, it is not just paving. He continued they are on track to do the 284 miles of at-risk County roads; in this five year plan, they will continue to pick away at the reconstruction using that \$2.3 million a year, that was allocated by the Board; they are anticipating some cost increases as asphalt costs are increasing; the Florida Department of Transportation (FDOT) figures show the base estimate is up about 12 percent for asphalt costs; he knows the Construction Costs Index only went up a little over three percent, but some of the specific products his department is using are increasing much faster than that; and the current bid estimate price for FDOT for asphalt is \$91.60 per ton and the County's current contract, which expires this year, is \$71 a ton so the County is getting a good deal. He added he does not think that will continue, he thinks the direction of that pricing pressure is upward for that; and when he re-bids he will have a better idea, but he believes they will see increases of that magnitude.

Chair Pritchett stated that was a great report and he is right on track of what the Board asked of his department; and she inquired if he would be requesting a budget increase to maintain what he was directed to do.

Mr. Holmes stated they will be putting an update together on the planning figures to be able to give the Board an idea of the costs going forward; this year they were able to fund the increases they have had from project savings and finding pieces of money here and there that were not allocated to anything; and in the future they will have to bring the money forward or find another source of revenue.

Mr. Abbate stated when they had the Board dialogue relative to Utilities and things that were happening right after Hurricane Irma, staff came back to the Board in late November or early December and the Board requested they come back in 60 days; therefore, Utilities Services Director, Jim Helmer has an update on that.

Jim Helmer stated back in 2013 they went through an extensive examination of all the infrastructure of the Utility and as a result of that examination they planned to fund the infrastructure improvements with \$134 million over 10 years; since that time they have had significant additions to that initial plan, including \$3.7 million for the South Patrick force main replacement which is near completion at this time; \$10 million for the North Riverside force main replacement which is in design at this time; \$12 million additional monies for the south central plant expansion; and the actual expenditures to date since they started this, is \$75 million. He continued they currently have a total of 182 projects in the five-year CIP; the North Riverside force main is about 3.4 miles and the estimated cost is \$10 million; HDR Engineering is designing that and they are expected to have the design completed by this calendar year; the construction period should be about 12-18 months; Inflow and Infiltration (I&I) is something they

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talked about a lot during and after the storms last fall; I&I has become a very high priority for them; in the first four years of the 10-year CIP they spent \$4.2 million on I&I; the initial budget for 17/18 was \$500,000 for South Beaches; due to the impact of the hurricane and other rain events, they transferred funds from other areas to the tune of \$1.4 million; and the additional budget plan for 2018 includes \$1.6 million from Reserves. He went on to say I&I completed on the South Beaches so far this Fiscal Year is \$800,000; remaining I&I expenditures for South Beaches would be \$2.7 million for the rest of this year if they pull out all of those Reserves; the customer has the responsibility for the portion of the I&I that is located on their property; Utility Services entered a Task Order with Kimley-Horn Engineering for smoke testing at \$184,000; the Board approved that in December; and it will be approximately an eight month contract. He stated the preliminary work is going on now through March of 2018; actual smoke testing will be from March through June of 2018; findings and recommendations are due by September 1, 2018; the kick-off meeting was held on January 11 with Kimley-Horn, the County, and the City of Satellite Beach staff to discuss the work plan; the representatives for the County and the City will be present during the actual smoke testing process; there will be clean-up caps available to install if any are noticed to be missing during testing; and the Save Our Indian River Lagoon Committee is recommending that \$840,000 be set aside to help some of the private citizens in a cost-sharing effort because at this time they do not know what the costs are going to be, but expect it to be substantial on the customer's side. He continued they are looking for a pre-qualified plumber for easy homeowner repairs and there are a lot of details that need to be resolved on how to go about doing that; on January 29, they met with Kimley-Horn again to finalize things like door hangers, language for letters to the homeowners, and frequently asked questions sheets for the County and City staff to answer citizen's questions and concerns during testing; there is also a problem with I&I on Merritt Island; Merritt Island did not experience discharge into the Lagoon during the storm, but it is important they get some I&I done on Merritt Island to prevent it in the future; they hope to move some money from Reserves to the Merritt Island system to prevent future problems there; Barefoot Bay also has a very, very old system; and they had \$105,000 in the Budget for Fiscal Year 2018 and because of the recent refinancing of bonds, they expect to have more financing available in Barefoot Bay for I&I, and other Capital projects.

Virginia Barker, Natural Resources Management Director, stated they have collected 11 months of sales tax revenue for the Save Our Indian River Lagoon (SOIRL) project; the Citizen's Oversight Committee has been holding monthly meetings; they have had great projects and community participation from municipalities and other interest groups; and she commented she believes they are providing a good process for responsive and transparent management of these funds. She continued although they had estimated at the time they were developing the plan, that revenues would amount to about \$34 million in a year, revenues are coming in ahead of schedule; they followed behind the School Board that adopted a half-cent sales tax just before the County did; they estimated \$32 million a year in revenue generation; the blue line on the graph is the School Board's estimated revenues over a 33-month period and half of that was before the SOIRL plan was developed; the orange line is the actual amounts collected during that time period; and there is a lot of variations from month-to-month, but actual collections exceed both the School Board's estimate and the County's estimate. She added the tax collection started January 1, 2017; the blue line on the graph is the County's estimated collections; nine months into the first Fiscal Year at \$34 million a year and \$34 million in this Fiscal year provides a combined revenue for those two Fiscal Years of \$59,500,000; and the green line is the estimate provided by the State Department of Revenue. She noted the State's estimated projections are not provided until September 30, before the next Fiscal Year and they only project one year out. She went on to add these are very good projections, but they are not available at the time the County adopts its Budget for the next Fiscal Year; the purple line reflects actual collections to date, and it is tracking just below the State's estimates, but well above the County's estimates; and to track that out to the end of this Fiscal Year, the difference between the State's projection and the County's earlier projections is a little over \$22 million.

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Chair Pritchett inquired if Ms. Barker is stating that there will be an extra \$22 million by October 2018 for the IRL.

Ms. Barker responded affirmatively.

Chair Pritchett stated that is a substantial amount of funds coming in for the Lagoon.

Ms. Barker stated that provides many, many opportunities; the Citizen's Oversight Committee has grappled with this because they have been seeing this month-to-month; one of the first things they had recommended was to accelerate the schedule for projects that are in the plan; the economic analysis that was done in 2016 showed that the quicker the health is restored to the Lagoon the better the return on investment for the economic growth in the community; the slower that is done, it may show a decline before things improve; if it takes 20 years to implement the plan then the County is looking at a 10 percent return on investment; if everything could be done in five years, the County could expect a 26 percent return on investment; and to every extent that they can accelerate things, there is an improvement in the return on investment. She continued one way that they can use additional dollars collected is to continue reaching out to the community for new project ideas and new opportunities; just in December and January they accepted new applications for funding requests from the community; and those applications are going to the next meeting of the Citizen's Oversight Committee to sort through and make recommendations to the Board on which of those projects from the community are as cost effective as those in the plan, but could perhaps be delivered sooner.

Commissioner Isnardi stated the County has done all of this extensive scientific analysis and everything in order to come up with the plan that it has now; the projected increase alone this year is nearly eight million; and she inquired how those are going to be vetted versus taking care of the failing infrastructure, sewer, and drainage problems that the County has now, that negatively impact the Lagoon because sewage is being dumped into the Lagoon. She asked how that is weighed because the County knows what those problems are, it knows that Utilities is doing everything it can; and she stated she does not see how that can be beneficial to take projects from the community, while she appreciates the passion and the effort, and trump taking care of the sewage and drainage problems going on right now that negatively impact the Lagoon and hurts all of the great things that Natural Resources is doing to improve the health of the Lagoon.

Ms. Barker stated there is \$840,000 going to assist homeowners with repair of private sewer laterals.

Commissioner Isnardi commented \$840,000 for cost-sharing to help with people's sewer problems may be a good thing long term, but to her it does not seem like it could be as impactful as taking care of some of the main sewer lines and some of the capacity issues the County has right now. She stated maybe she is giving more of an opinion, but after months and months and scientists, and analysis to come up with these projects and to say this is the amount of health that can be provided to the Lagoon and this is the percentage, but now because there is more money the County is taking brand new projects, because it does not know how to spend the money; there are existing projects within the County that have to do with sewer and drainage issues; and she inquired why would the County not put the money there instead. She noted this money was not anticipated for the plan; the Board is who gets the phone calls and complaints; and people do not understand that it is this Commission that is being questioned about why these things are not being fixed.

Ms. Barker stated the idea is to put the \$840,000 into Reserves as a place to start; until the County has the smoke testing results, it really does not know what the needs are; and as Mr. Helmer presented, there are dollars budgeted and there are dollars being moved from Reserves

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and shuffled around to have funds available to address I&I problems that are in publicly-owned infrastructure.

Commissioner Isnardi stated she does not fault Ms. Barker for wanting to make that part of the long-term plan; what she is talking about is right now; and those excess funds, in her opinion, should be used to improve failing sewage and drainage that the County has right now.

Chair Pritchett stated she is interested in how much of that would be the Enterprise Fund and how much is just County because the Enterprise Fund has to be paid by the users; she suggested maybe the County could do loans to those other entities and they could pay it back; and she does not know if that can be done with the IRL funds.

Commissioner Isnardi stated she thinks it can be used for both.

Chair Pritchett stated she does know because it is not stipulated for these tax dollars; maybe the Board could come up with a creative way because it does need to be dealt with; and she thinks the Board is going to have to figure out a way to help people pay for their services because she cannot have every taxpayer pay for an Enterprise Fund upgrade, but she would not mind doing it as a loan.

Mr. Abbate stated there are two components to this; one is the public system and then there is the private home owners system; the money that Ms. Barker is speaking to, the potential seed money, is for the private homeowners through a cost-sharing arrangement; he thinks the smoke testing is going to tell the extent of the problem; and then the opportunity that they are evaluating is trying to confirm the science behind the value that is associated with investing those dollars with the homeowners to address the I&I issue prior to the hook up of the County's public system. He noted that is the part the rate payers are not responsible for. He continued there is a potential opportunity to have the science support how far they can go and where it would fit in terms of the relative value that this particular project could pay; he thinks from the dialogue that the County knows there is value with I&I, although they know it needs to be addressed, they need to know how extensive it is, and make sure since the County is fully funding the initial program and the adjustments that have been made.

Commissioner Isnardi stated she also thinks the County has to consider the public's perception because whether the County agrees that 1,000 gallons or 100,000 gallons negatively impacts the Lagoon compared to some of the projects it has going on, the County wants the public to support the IRL tax program.

Ms. Barker stated the \$840,000 is based on that parity of comparing it to the sciences in the plan; it is what the amount equal to the value of the Lagoon invested in reducing the I&I versus all the other projects that are already slated in the plan; they also want to collect ground water information because right now they only know the impacts of the millions of gallons that overflowed during a storm event; they do not know during the dry season when the tables are low, the extent of what those same leaky pipes may be leaking into the ground water; and once they have that information, then that may justify additional investment of these dollars to address that problem. She went on to say this slide is a list of opportunities that the Board may want to consider and that the Oversight Committee is currently considering for how to invest these dollars that are coming in faster than anticipated; she noted the entire plan was written in 2016 dollars so as they go forward inflation occurs, and that needs to be factored into the plan; they are also looking at variations of project types that were adopted in the plan; when they dredge muck the majority of the pollution is in the solids, but muck contains a lot of water and that water is being returned to the Lagoon; and that water controls dissolved pollution. She added while they have that water being separated from the muck, they also want to dissolve as much Nitrogen Phosphorus out of the water as they can before it is returned to the Lagoon; they

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have implemented a pile up project with Turkey Creek dredging and it was very successful; they got very good pricing adding that to the Mims project; and they are looking to implement this on as many projects as possible going forward. She stated the plan includes adding oyster reefs to reduce erosion, trap nutrients, and provide habitat shore line planting to provide similar benefits; they have had proposals from the community to plant shoreline so they have been analyzing the cost and benefits to figure out how much of the plan dollars should go towards that; seagrass restoration is something they have been asked about quite a bit, but unfortunately when looking at the state of the Lagoon, it is just not ready for the seagrass planting except for in very minimal areas; the entire Banana River is in a thick brown tide right now, so investment in seagrass restoration has a very high risk associated with it; and therefore, they are not comfortable with that yet. She continued the Oversight Committee is interested in expanding community outreach and engagement so people will stop putting so much stuff in the Lagoon; while in the first year they have been very excited about getting projects underway, it is also important to focus on establishing good governance; they have done that through the strict fiscal controls that the Board had adopted in the Ordinance for the dollars going into the trust fund; they have frequently met with the auditors to make sure they are setting up checks and balances; and their first annual audit went through the Audit Committee with no concerns. She reiterated the Oversight Committee has been meeting monthly since December 2016. She noted there has been a good amount of public input at those meetings; the Committee is represented by applicants who wanted to be on the Committee; and half of those were nominated by the League of Cities, and the other half were nominated by the Board. She went on to say those folks represent several fields of expertise, science, finance, tourism, real estate, education, technology, and Lagoon advocacy; of the six staff positions that were approved to be dedicated to implementing the plan, only five of them have been filled; she is holding off on the sixth to see what skill set is needed the most; and as projects ramp up, it looks as though their biggest needs are in construction inspection and performance monitoring. She stated they have been working with municipalities and the Board has seen the Interlocal Agreements they have with them on how dollars collected go into a central trust fund; they collectively share the credits that the State gives them as they accomplish those projects; they also have a contract template that the Board has approved for the cost-sharing with cities or other partners who are receiving trust fund dollars; they have worked out a process for the community to submit projects and held a training workshop for interested participants in October; they continue to grow community engagement through many different aspects; one of the fun ones is the muck research and mapping where a group of people go to a GPS location from an app they have created and probe the muck so they see how it is changing through time; and there is the ongoing oyster gardening project through the zoo. She continued to say business teams are signing up for shell bagging and reef building events; and they are launching a grass clipping campaign Lagoon-wide, and it is being developed by the firm that successfully launched a campaign in Alachua County called working to keep grass off the streets. She mentioned grass clippings and leaves that get into the storm-water or into the Lagoon becomes muck. She went on to say they are working with many different agencies to try to leverage both opportunities in the field and financial opportunities; the projects that started in 2017 reduce incoming new pollution by treating and capturing them upstream, removing the old accumulations of pollution that are in muck deposits in the Lagoon, and restoring the natural pollution filters; they have five projects completed; they have projects of many types underway including waste water treatment plant upgrades for reclaimed water, the plant in Titusville, a pinwood septic/sewer project in Melbourne, and lots of septic to sewer projects in the Sykes Creek area, Indian River Isles, and in Micco, the Turkey Creek emergency project to remove the material that was moved by Hurricane Irma to the area that was just dredged; the dredge had been approved by the Board and will be completed in just a couple more weeks; the Mims dredge material management is under construction; and the bid was opened for Sykes Creek and they are working through the award process. She continued they have 63 projects they hope to get started this year; they are located all over the County from Mims to Micco, the mainland, Merritt Island, and the beaches; in March of last year they asked the community for project ideas that could move forward more

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quickly, and 42 projects were approved by the Board to add to the plan; those are in addition to the projects in the plan, that is why there are 63 currently funded; of those, 35 are city projects and 28 are County projects; and the new projects submitted for 2018 include one reclaimed upgrade, three septic to sewer projects, six stormwater treatment projects, three muck removal projects, and 11 living shoreline/Oyster Bar Projects. She went on to say they have been working to install groundwater monitoring wells, not just in the Satellite Beach Pilot Project which are for the sewage overflow, but throughout the County in septic and reuse areas to measure the change as the projects are implemented and their performance of how well they reduce pollution loading to the Lagoon; they have worked hard at trying to communicate with the public how their dollars are being spent, the Oversight Committee meetings are televised, they have a website, Facebook, Instagram, YouTube, and they have been creating little 60-90 second video clips on projects as they are constructed and summarize what they do. She stated for people who want less detail but want to track progress they have their dashboard which lets people see at a glance how many projects are under contracting compared to how many projects are in the plan, how many dollars have been collected in comparison to how many were projected over the 10 years, and the progress to date on the Nitrogen and Phosphorus removal; that progress is very small so far because this is a 10-year effort; and it is going to take a long time to turn this around.

Mr. Abbate stated these charts summarize the major revenue sources for Fire Rescue and how the current funding levels compare to what was happening 10 years ago; Emergency Medical Services (EMS) are funded through a combination of ambulance billing and General Fund transfers; Fire Operations is funded through the fire assessment and the fire control MSTU; over that 10-year period, these funding sources have remained relatively flat, although expenditures have increased; ambulance billing and EMS, while it remains flat, the revenues from ambulance billing went up but the General Fund contribution was reduced; and when looking at the MSTU and where the County was with the fire system over a 10-year period, it has actually slightly gone down over time. He continued Fire Assessment will be brought back to the Board for dialogue; the next slide shows in 2008 and 2009 the County had more revenue than expenses; that changed and the way they continued to operate is through reserves; 2008 and 2009 was between \$12 million and \$15 million; now the County is down to less than \$2.5 million; obviously that is not a good formula for continued operations and it needs to be addressed; and the next slide shows while that is happening, they are receiving more responses and that is why the ambulance revenue went up, not because of the rates. He noted that falls back to having a lot more citizens in the community; and this slide is a good example of how service level is impacted with additional population; during that period of time the workforce has gone up, but not at the same level as the rapid growth; and that places additional pressure on the workforce in terms of what they need to do.

Ms. Hayes stated the next several slides give a quick overview of the budget development process and what staff will be working on over the next several months; this is the only Budget Workshop that is scheduled so she is looking for any direction the Board may offer over the next several months while developing the department budgets for Fiscal Year 2018/2019; the Fiscal Year 2016/2017 financial statements are being completed by County Finance; they have those numbers now and they are working on reconciling them against what they had anticipated; and they will be bringing those numbers back to the Board for approval with the mid-year supplement. She continued the Budget Office has a Budget Kick-off Meeting every year with the departments and agencies in mid-March; they will go over budget guidelines on how to develop a budget; they will talk about forms that are required and any additional Board direction that they may receive; and the mid-year supplements will be brought to the Board in early May. She went on to say they will receive the budget from the Supervisor of Elections and the Clerk's Office on May 1; then they receive the preliminary certified tax roll from the Property Appraiser on June 1; that is when they will really have an idea of what the property values are, what new construction is, and it will be used for the planning purposes of the Ad Valorem taxes; and they also receive

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the Sheriff and Property Appraiser's budget on June 1. She noted June is also the time period when the County Manager meets with the departments to talk about their requested budgets, before the Budget Office delivers a tentative budget to the Board in July. She stated on July 1 they will receive the certified property values from the Property Appraiser; this is what starts the clock ticking on those Truth and Millage requirements; the County has 35 days after receiving those certified property values to certify the applicable forms and return them to the Property Appraiser; it must provide the prior year's millage rates, current proposed rates, rolled-back rates, and information of the dates of the first public hearing; she will be delivering the recommended Budget to the Board in mid-July; and at the July 24 meeting she will request that the Board set the tentative Ad Valorem millages, which is what will go on the TRIM notices that are sent out to the property owners. She continued, in August they receive the Tax Collector's budget; the Property Appraiser will mail out those TRIM notices, which notifies the constituents of the tentative millage and serves as the announcement for the first public hearing scheduled for September 11, and it is the date the Board will adopt a tentative budget; and the second public hearing to adopt the final Budget will be September 25.

Mr. Abbate stated the information today is the general direction in which the County plans to move forward; they would like any additional input from the Board; he would like the Board to let him know when it would like to have further discussions, whether it is under regular business at a regular meeting or another Workshop; and he mentioned it would be helpful to have that dialogue no later than the beginning of May, so they get things aligned.

ITEM II., BOARD DISCUSSION

Commissioner Smith stated he would like to reiterate the Homestead Exemption is going to be a real challenge to educate the public; as it was disclosed today, 78 percent of the people will not benefit from it and will in fact be financing the homestead exemption for the 22 percent who will benefit from it; and the Board is going to have to get that message out.

Commissioner Isnardi stated it is even the 22 percent who have higher priced homes.

Frank Abbate, County Manager, stated the County loses \$7.3 million in General Fund up to \$12.1 million, which would be the corresponding cuts that would need to occur to leave it at the rollback as is proposed in legislation.

Commissioner Barfield asked what the impact is for the cities.

Mr. Abbate stated they only focused on County budget; he does not know what the impact would be for municipalities; in part of the dialogue they talked about a supermajority vote, and some cities are not actually in a position to even recover it without either a supermajority vote or maybe even State Statute; and he mentioned there is a provision in the legislation that does not apply to Brevard County, about distressed counties but he does not know if it applies to cities.

Chair Pritchett stated last year the biggest conversation was on roads and the County is continuing with that; hearing the passion from Commissioner Isnardi today about the failing infrastructure of sewer lines, maybe that could be something to think about as the County moves forward with the budget discussions; there are extra funds coming in with the Indian River Lagoon (IRL) project, and she knows the Lagoon needs cleaned up, but she would be interested in knowing if some of those funds could be loaned out for the failing infrastructure and the Enterprise Sewer Funds, of even what the County is obligated to fix; she does agree it is causing a lot of problems leaking into the underground water; and she would like some information back on that.

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Scott Knox, County Attorney, stated his office would look into it.

Upon consensus of the Board, the meeting adjourned at 3:08 p.m.

ATTEST:



Scott Ellis
SCOTT ELLIS, CLERK

Rita Pritchett

RITA PRITCHETT, CHAIR
BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA

As approved by Board March 6, 2018