



County Administrator's Office

State of Florida

August 31, 2017

Honorable Members of the Okaloosa County Commission:

By this letter, your budget staff formally transmits the Tentative Fiscal Year 2018 Okaloosa County Budget. Budget development began several months ago as departments and Constitutional Officers worked through a series of County Administrator reviews and Board of County Commissioners' workshops.

The Fiscal Year 2018 (FY2018) County Budget initially proposed was a very austere budget which relied upon reserves to balance the budget while passing on to the employees a 15% insurance increase with no increase in pay. To mitigate these severe impacts to the reserves and employees, provide additional public safety funds to the Sheriff and to fund only essential items, the Board of County Commissioners approved a 0.4 mill increase to the ad valorem rate. The Tentative millage rate will increase to 3.8308 and the County ad valorem taxes will increase \$6,332,712, for a total of \$60,698,865. The proposed increase in the ad valorem millage rate will allow Okaloosa to remain one of the lowest per capita tax counties in Florida and continue to fund essential services to County residents.

Prior to the millage rate increase the General Fund revenues were projected to be relatively flat. A 4.60% increase in ad valorem revenue, approximately \$2,394,000, was offset by a decrease in projected cash of \$3,625,000. Other major sources of revenue have yielded little growth or have declined slightly. The State half cent sales tax is projected to have modest growth of \$370,000 to \$16,000,000. State revenue sharing is projected to decline \$100,000 to \$4,900,000. Initial requests for funding far exceeded the projected additional revenue by over \$6,000,000.

The Tentative Budget for FY2018 is \$378,716,046. The spending plan for next year represents an increase of \$9,913,973 (across all funds) or approximately 2.7% above the approved budget for FY2017.

Budget Drivers

General Fund Reserves: The proposed budget presented in July contemplated a \$3,033,689 decrease in reserves from the approved budget for FY2017. The Tentative Budget restores the reserves and places an additional \$603,508 to bring the FY2018 total to \$7,390,275.

Insurance: The Tentative Budget funds the 15.25% increase for healthcare, dental and long term disability insurances. This represents approximately \$1,085,145 across all funds. The General Fund's impact of \$359,145 is being offset by a \$350,000 Pro-Share insurance rebate.

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General Wage Increase: Employees will receive an \$866 flat salary increase at a cost of approximately \$900,000 for all funds. This is approximately the same total cost as a 2.1% cost of living increase.

Corrections Department: The Corrections department is increasing \$564,485, or 4.0% over the FY2017 budget. This increase is driven by the increase in the inmate population. Inmate health services is increasing \$422,000 and over \$65,000 was added for utilities, supplies and equipment increases to support the growing incarcerated population.

Community Redevelopment Agencies and Tax Increment Financing: The Community Redevelopment Agencies and PJ Adams TIF require a budget of approximately \$2.2 million which represents an increase of approximately \$488,000, or 28.1% over the FY2017 budget. \$395,000 of the FY2018 increase is for the PJ Adams TIF.

Positions

The budget process contemplated several new positions to rebuild organizational capacity and support the growing needs of the County. A list of 53 positions requested by departments has been reduced to 27 new positions offered in this budget due to the available funds. Of the new positions four are funded by the General Fund at a cost of approximately \$200,000. Highlights of the 27 new positions are outlined below.

- This budget includes the funding of \$45,221 for one of two Pretrial Officers requested to assist with the growing inmate population. Pretrial Services facilitates the release of persons arrested, minimizes failures to appear in court and the potential danger to the community. Pretrial Services assists in managing the jail population by reducing unnecessary incarcerations and maximizing the rate of release.
- EMS will add 16 positions to complete the 12 hour shift conversion that was partially rolled out in May. The complement of positions adds five Branch Commanders, five Paramedics, five EMTs and an EMS Planning & Training Coordinator. Costs of approximately \$900,000 are offset by a decrease in overtime and a projected increase in billing collections.
- To support the County's growth and respond to the building community's request for improved service in the Inspections division, which was downsized during the economic downturn, a Construction Inspector position has been added. To partially offset the cost of \$53,748, a fee increase was enacted this July.
- The Tentative Budget incorporates a new Grant Accountant position to aid in the FY2018 transition of the Clerk's grant duties to the Board of County Commissioners. This position will also be supporting the RESTORE Act & Triumph funds that will be overseen by the County.

Capital Outlay, Equipment, and General Fund Reserves

Courthouse

Construction of the new Courthouse is underway. The new courthouse will provide space for the Clerk of Court, Court Administration, Judges, Pre-Trial Services and the Board of County Commissioners meeting chambers. Construction is scheduled to be complete by summer of 2018. Total budgeted in FY2018 for the construction is \$11,500,000.

County Jail:

Jail Expansion: \$200,000 has been budgeted for the initial phase of the jail expansion project.

POD Door: County staff is responsible for the maintenance of the County Jail and accompanying facilities. Staff plans to replace the Delta POD door which is aging infrastructure. It has become almost impossible to locate parts for repairs. The FY2018 replacement cost is \$100,000.

Fire Protection: A fire alarm and suppression system will also be installed in the warehouse area at a cost of \$25,000.

HVAC Units: The HVAC units at the jail facilities are aging and in need of replacement. The renovation to access the HVAC units is \$50,000.

Board Facilities

Additional Parking for County Offices: County offices that are located in the Brackin Building have limited parking available. The County purchased the old Piggly Wiggly property on Wilson Street and the demolition of the building is complete. The property will be used as a parking area for citizens and staff who are visiting and working at County offices within the Brackin Building. It will also allow for overflow parking for the Crestview Courthouse when that facility is complete. An allocation of \$80,000 has been budgeted in FY2018.

South Courthouse Annex: Install security cameras for the secure hallway used by Judges. The cameras allow Court Security to monitor their safety. \$23,000 has been budgeted in FY2018.

Public Works Supply: Construction of a second floor storage area for consolidation of Public Works Supply operations has been budgeted at \$74,000.

Emergency Operations Center: The Emergency Operations center houses Public Safety 911 services. Recent lightning strikes have caused power outages and created concerns with continuation of these critical services. Installation of lightning protection for the back-up generator and fuel storage site will allow protection of these services. \$140,000 is budgeted for lightning protection and generator improvements.

North and South County Buildings: Staff is making an effort to replace aging heat and air conditioning units throughout the County. Replacement of these units is budgeted at \$140,000. This is Phase II of a three (3) year plan to replace all units that use R22 Freon, required by a federal mandate.

North and South Building Roofs: A number of County buildings are aging and in need of roof repairs. Staff will apply a roof coating material for leak prevention at various locations for a budgeted amount of \$30,000.

Sheriff's Evidence Warehouse: The warehouse will receive a fire suppression system at a budgeted cost of \$110,000.

Equipment

Supervisor of Elections – Elections Equipment: The equipment utilized for elections was replaced during FY2016. The new equipment takes advantage of technological efficiencies and improved security while improving the experience for voters with disabilities. The budget incorporates \$208,147 for the last payment of the three-year lease payment.

Vehicles and Equipment: The majority of the recommended new vehicles and equipment can be found in the County's enterprise fund departments. As it relates to the General Fund, the budget includes: replacement vehicles for Code Enforcement, Corrections, County Parks, Facilities Maintenance, Mosquito Control, and Tourist District Parks (TDD funded).

As for equipment, the following departments have equipment funded: Beach Safety, Corrections, County Parks, Facilities Maintenance, Grants Administration, Information Technology, Mosquito Control, Planning, Pretrial Services and Tourist District Parks (TDD funded).

Law Enforcement

Sheriff's Office: Over the past four budget cycles, significant attention has been given to the Sheriff's office and increasing budgeted expenditures. The Tentative Budget provides:

- \$250,000 for the 12 previously approved positions.
- \$300,000 to provide funding of the Sheriff's \$500 increase for starting pay to remain competitive in recruitment.
- \$525,000 to fund a 2.1% general wage increase.
- \$400,200 for tourist public safety.
- \$675,000 for public safety.

The Sheriff's initial request for the FY2018 budget was approximately \$3.15 million to address pressing law enforcement needs throughout the County. Unfortunately, sufficient dollars are not available to fully fund this request and address all of the competing priorities the County is faced with next year. The Tentative Budget allocates \$2.15 million more for the Sheriff's FY2018 budget than the FY2017 budget.

The budget also provides an additional \$1,592,286 funded by contracts that the Sheriff has for providing services in the County which includes Airports Security.

Special Revenue and Enterprise Funds

Tourist Development Department: Overall, the Tourist Development Fund continues to be healthy after another year of significant growth. For the FY2018 budget, we anticipate continued growth as revenues are projected to total \$66.9 million, or an increase of \$12.2 million, a 22% change from last year.

Department of Airports: The County owns and maintains three airports: Destin-Fort Walton Beach Airport, Destin Executive Airport, and Bob Sikes Airport. The main hub of commercial activity of the County's three airport system is the Destin-Fort Walton Beach Airport (VPS).

Service has expanded as VPS is now servicing twenty-three cities with direct flights. For the FY2018 budget, we anticipate continued growth as revenues are projected to total approximately \$42.4 million, or an increase of \$7.5 million, 20% over last year.

Water and Sewer Department: The Water and Sewer Department provides water and sanitary sewer service to a number of franchise areas throughout the County exclusive of those served by municipal utilities. The FY2018 budget reflects a \$10 million decrease, or 13/8%, for a budget of \$62.4 million due to the completion of a number of large projects.

Solid Waste and Recycling: Waste Resource Management in Public Works manages the contracted services for the collection and disposal of solid waste within the County's north and south franchise areas. In addition, the Division is responsible for the management of four closed landfills, three of which remain in active remediation. The FY2018 budget reflects a 19.6% increase in revenue for next year, or an estimated increase of \$1.8 million, for a budget of \$10.9 million.

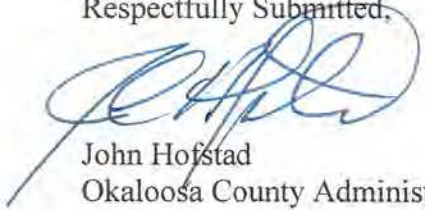
Emergency Medical Service (EMS): The EMS Division provides Advanced Life Support ambulance services throughout the county and transports patients to medical facilities. The FY2018 budget reflects a 3.3% increase in revenue for next year, \$286,622, for a budget of \$9,054,000.

Summary and Acknowledgements

Having completed department reviews and a series of four public workshops, the FY2018 budget reflects a detailed analysis of the County's budgetary needs and priorities for the coming fiscal year. With guidance from the Board throughout this process, staff has addressed pressing organizational needs including: public safety, reserves, personnel, vehicles/equipment, capital improvements, finance/administration, and Federal/State mandates. This overall comprehensive effort will culminate in two public hearings to formally adopt the budget: September 5, 2017 in Crestview and the final hearing on September 19, 2017 in Shalimar.

Lastly, the comprehensive budget presentation would not have been possible without the assistance of our budget team members and our department heads. I would like to acknowledge the outstanding efforts and assistance provided by Mr. Gary Stanford, Director of Treasury & Board Services; Mr. David Skarzynski, Budget Manager; Ms. Kay Godwin, Deputy County Administrator; Mr. Frank Hart, Budget & Compliance Manager; and Ms. GinNeal McVay, Human Resources Director.

Respectfully Submitted,



John Hofstad
Okaloosa County Administrator