Collier County
FY 2021
BCC Budget Policy
February 25, 2020
FY 2021 Budget Policy Highlights

1. Key Annual Policies for Consideration and Board Direction *(Policy Document Pages 3-38)*

2. Continuing Policies to be Endorsed by the Board *(Policy Document Pages 39-41)*

3. Three (3) Year General Fund and Unincorporated Area General Fund Analysis *(Policy Document Pages 42-52)*
Suggested Board Budget Guidance Action

After due consideration it is recommended that;

The Board approve all recommended Budget Policies with any changes dealt with on an exception basis.
Millage Rate Policy

- **Taxable Value!** Budget Planning Around a 3% TV Increase
- General Fund Millage Neutral Rate of $3.5645 per $1,000 of Taxable Value; *Why?*
  - Property taxes comprise on average 65% to 70% of general governmental revenues
  - FY 2021 sample funding initiatives include potential BCC directed strategic land purchases; recurring enhanced funding for storm-water maintenance and capital; school safety officer mandates; back office IT and financial management system upgrades; hurricane hardening and related grant matches; strategic main campus and satellite facility relocations and improvements
  - Grow reserves to ensure sufficient year end cash and provide a buffer against unexpected expenses or Board policy shifts
  - Ensure that dollars are available to cash flow any natural disaster in FY 2021
  - Continue investment in public safety operations and infrastructure
  - Continued investment in capital infrastructure including **strategic financing** for bridge and transportation network improvements, expansion of the storm-water network, replacing and upgrading park aquatic systems
  - Operate and maintain new capital facilities constructed like staffing new EMS facilities and the Sheriff’s Evidence Facility
Millage Rate Policy

Continue Unincorporated Area General Fund (111) Millage Neutral Rate at $0.8069 per $1,000 of Taxable Value

✓ Allocate $0.0908 (amount increased by) to maintain constructed median landscaping
✓ Capital transfer from the Unincorporated Area GF (111) to storm-water maintenance and capital programming for projects benefitting the unincorporated area
✓ Maintain commitment to community parks; code enforcement; zoning and land use; natural resources; and road maintenance;
✓ Continue capital commitment to community parks; and the transportation network;

Why? Maintain Budget Flexibility; Public Health, Safety and Welfare Program Investment; Continuing Infrastructure Investment; Human Capital Investment and; Reserves
MSTU’s – Assuming Increasing Taxable Value

- With Advisory Board Oversight – Tax Neutral (Rolled Back Rate – same revenue as last year) or other rate upon Advisory Board recommendation and BCC approval
- No Advisory Board – Rolled Back Rate or lower
## Unincorporated Area Property Tax Impact (Homestead Property)

<table>
<thead>
<tr>
<th>FY 20 Parcel Taxable Value Example</th>
<th>FY 21 Parcel Taxable Value Example</th>
<th>General Fund Tax Rate</th>
<th>Unincorp. Area GF Tax Rate</th>
<th>FY 20 County GF and Unincorp. GF Tax Example</th>
<th>FY 21 County GF and Unincorp. GF Tax Example</th>
<th>Difference Between FY20 &amp; FY21</th>
</tr>
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<tbody>
<tr>
<td>100,000</td>
<td>102,000</td>
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## Unincorporated Area Property Tax Impact (Non Homestead Property)

<table>
<thead>
<tr>
<th>FY 20 Parcel Taxable Value Example</th>
<th>FY 21 Parcel Taxable Value Example Example</th>
<th>General Fund Tax Rate</th>
<th>Unincorp. Area GF Tax Rate</th>
<th>FY 20 County GF and Unincorp. GF Tax Example</th>
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<th>Difference Between FY20 &amp; FY21</th>
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<tr>
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## FY 2021 New or Recurring Funding Initiatives/Requirements

<table>
<thead>
<tr>
<th>Initiative</th>
<th>General Fund</th>
<th>Unincorp. Area General Fund</th>
</tr>
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<tbody>
<tr>
<td>Golden Gate Golf Course Bank Loan (FY 2021 Debt Service)</td>
<td>769,000</td>
<td>0</td>
</tr>
<tr>
<td>Golden Gate Golf Course Development Planning &amp; Maintenance</td>
<td>1,000,000</td>
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<tr>
<td>School Safety Officer Program</td>
<td>3,000,000</td>
<td>0</td>
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<tr>
<td>Big Corkscrew Regional Park Operations &amp; Maintenance</td>
<td>3,400,000</td>
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</tr>
<tr>
<td>Amateur Sports Complex Operations</td>
<td>3,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Increases in Stormwater Maintenance &amp; Capital Funding over FY 20</td>
<td>0</td>
<td>2,000,000</td>
</tr>
<tr>
<td>General Grant Matches including Hurricane Hardening</td>
<td>2,000,000</td>
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</tr>
<tr>
<td>Marco Airport Terminal; Everglades Sea Base; and Immokalee Airport Runway Rehab – Grant Matches</td>
<td>1,400,000</td>
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<tr>
<td>Collier Area Transit Subsidy Addition</td>
<td>500,000</td>
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<td>Information Tech Hardening &amp; Mgt Software Upgrades</td>
<td>2,500,000</td>
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<td>Compensation Recommendation</td>
<td>664,100</td>
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<td>Future Long-Term Asset Maintenance Reserve</td>
<td>5,000,000</td>
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<td>Facility Relocation/Expansion/Upgrades (Constitutional/CM Agency)</td>
<td>4,300,000</td>
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<td>Operating New Public Safety Capital Facilities</td>
<td>600,000</td>
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<td>Voting Machines</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>28,633,100</strong></td>
<td><strong>2,363,600</strong></td>
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Sample of Certain Planned Capital Initiatives Not Funded from the Local Option Infrastructure Sales Tax

<table>
<thead>
<tr>
<th>Major Capital Initiatives Under Consideration</th>
<th>Est. Cost</th>
<th>Funding Source</th>
<th>Approx. Timing</th>
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<tbody>
<tr>
<td>Amateur Sports Complex – Construction Completion Gap Funding</td>
<td>$10 million</td>
<td>TDT, General Governmental</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Golden Gate Golf Course – Land Use Planning</td>
<td>$1 million</td>
<td>General Governmental</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Park’s – Aquatic’s Pump and Infrastructure Replacement</td>
<td>$10 million</td>
<td>Debt Service - General Governmental</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Big Corkscrew Island Park – Phase 2</td>
<td>$30 million</td>
<td>Regional Park Impact Fees</td>
<td>FY 2023</td>
</tr>
<tr>
<td>Strategic Eastern Lands Property Acquisition (Board Directed)</td>
<td>$6 million</td>
<td>General Governmental</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Randall Curve Improvements</td>
<td>$7 million</td>
<td>General Governmental (Portion not covered by local option infrastructure sales tax)</td>
<td>FY 2022</td>
</tr>
<tr>
<td>Replacement of Eleven (11) Bridges East of SR 29</td>
<td>$30 million</td>
<td>Debt Service – Gas Taxes (Portion not covered by local option infrastructure sales tax)</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Storm-Water Capital Improvements; Palm River, Naples Park, Goodlette Frank, Gordon River, etc...</td>
<td>$60 million</td>
<td>Debt Service - General Governmental</td>
<td>FY 2021–FY 2024</td>
</tr>
<tr>
<td>Replacement of Financial Management Software</td>
<td>$7 to $10 million</td>
<td>General Governmental</td>
<td>FY 2021–FY 2024</td>
</tr>
</tbody>
</table>
FY 2020 Adopted Gross Budget by Fund Type
Total Budget $2,059,994,300

- General Fund, $478,706,900, 23%
- General Gov't Capital Projects Funds, $310,151,400, 15%
- Enterprise Funds, $481,144,600, 24%
- Special Revenue Funds, $351,619,700, 17%
- General Gov't Debt Service Funds, $45,265,400, 2%
- Unincorporated Gen Fd, Conservation Collier, TDC, Planning & Development Services, Road & Bridge, MSTU's, Pelican Bay, Grants
- Internal Service Funds, $144,407,600, 7%
- Permanent (Trust) Funds, $2,814,100, 0%
General Fund Expense Slide by Category

FY 20 General Fund (001) Budgeted Expenditures by Category

- Health, Safety, Welfare, 59.4%
  - Mental Health: 2,423,200
  - Health Dept.: 1,869,400
  - Emergency Svcs: 23,044,400
  - State Atty: 416,000
  - Public Def.: 308,400
  - Judges: 67,300
  - Everglades Utilities: 100,000
  - Sheriff: 202,811,500
  - Reserves: 51,532,900
  - TOTAL: $282,573,100

- Debt Service, 1.0%
  - Special Obligation Bd: 2,918,300
  - Comm Paper Loans: 775,900
  - Loans to Impact Fee Fds: 1,040,200
  - TOTAL: $4,734,400

- Mandates, 11.0%
  - Board Offices: 1,330,600
  - Dept of Juv Justice: 1,115,300
  - Medicaid: 3,383,400
  - Facilities (Utilities): 1,839,800
  - CRA, EcoDev, & In Zone: 7,065,500
  - Elections: 4,607,900
  - Prop. Appraiser: 7,250,700
  - Tax Collector: 17,259,100
  - Clerk of Courts: 8,583,900
  - TOTAL: $52,535,700

- Roads: 30,312,400
- Stormwater: 7,331,100
- Other G&A: 5,982,500
- County Attorney: 3,003,100
- County Manager: 1,412,900
- Budget/Mgmt /Grants: 1,383,700
- Corp Plan & Perfor.: 1,129,500
- CollierTV/Comm.: 127,400
- Animal Svcs: 3,550,700
- Library: 9,050,800
- Museum: 403,000
- Veteran Services: 392,400
- Parks & Rec.: 14,550,600
- Social Svcs/Seniors: 3,327,900
- Univ Extension Svcs: 799,600
- Sea Turtle Monitoring: 131,500
- Sports Complex: 2,984,200
- Facilities Mgmt: 19,041,700
- Other Capital Proj: 10,654,700
- Real Estate Svcs: 786,200
- Grants: 2,000,000
- Employee Svcs: 2,297,100
- Purchasing: 2,026,500
- Department Admins: 2,493,400
- CAT/Transp. Disadvant.: 5,626,000
- Econ. Dev/Impact Fees: 1,378,700
- Courts: 2,035,600
- Airports: 1,425,600

TOTAL: $135,638,800

Total $475,482,000
General Fund Cash Planning and Observations

- Year ending cash balance influences budget planning.
- FY 19 and FY 20 budget management designed to increase year end cash.
- First two months cash flow requirements in new FY (October and November) now totals between $95 - $105 million.
- Reserves growing to protect year ending cash; hedge against unanticipated expenses and/or policy shifts; safety net in the event of natural disasters; signal of financial strength; and important component of budget flexibility strategy.
Agency Allocations

- Premise is that all agencies will work together and cooperatively should the need arise for budget reductions due to taxable values below the planning threshold; reductions in property tax revenue; any state tax reform legislation; reductions in state shared revenue; or unfunded mandates.

- Conversely – increases in revenue above the planning threshold will also be allocated based upon Board direction.
Revenue Centric

- Enterprise Funds; Internal Service Funds; Special Revenue Funds and other Operational Funds which are supported by fees with no reliance upon ad valorem revenue will be allowed to establish budgets and conduct operations around revenue centric guidelines dictated by cash on hand and anticipated receipts.

- Within the General Fund and Unincorporated Area General Fund, net cost to these funds offset by fee revenue will be monitored and negative fee variances will be addressed through expense cuts and not subsidized by ad valorem revenue.
Agency Positions

• Expanded position requests limited to Board approved capital facility openings and/or Board directed service level adjustments.

• All budget to budget expanded requests will be reviewed by the County Manager and final recommendations presented as part of the FY 2021 budget workshop in June.
Compensation

- Appropriate a 2% or $1,200 Cost of Living Adjustment (COLA) whichever is greater across all pay ranges with the structure of such adjustment developed by the County Manager and presented at the June budget workshop.
- FY 2021 Recommended COLA for the CM Agency is valued at $3.5 million
- Targeted pay plan maintenance appropriation for FY 2021 equivalent to .8% or $1,000,000 is recommended to strengthen certain lower and strategic classification pay grades where a market imbalance exists.
- Cost of Living December over December 2019 is 2.0%
- Compensation Administration Philosophy:
  - Facilitate retention and hiring of knowledgeable, skilled and experienced staff
  - Support professional development and career progression
  - Reward individual and team achievements
Health Care

- Maintain for the County Manager Agency an average cost distribution between the Board and Employees at 80% (Employer) 20% Employee.

- For FY 2020, the County experienced no (0%) health insurance rate increase. Due to continued exceptional plan performance and plan reserves which exceed statutory minimums, no (0%) health insurance rate increase is proposed for FY 2021.

- Due to regular ongoing health maintenance and awareness initiatives, risk factors for covered employees and family members continue to drop.

- More than 93% participation in the preventive maintenance and qualifier process.
Retirement Rates

- Adherence to OMB rates published within the OMB budget instructions.
- Rates Established based upon State Guidance.
Storm-Water Funding

- FY 2020 general governmental storm-water operating and capital funding totaled $13.5 million.

- FY 2021 planning model increases funding by $2,000,000 to $15.5 million.

- County Manager committed to recurring general governmental storm-water maintenance funding consistent with industry standards with the final amount depending upon receipt of actual taxable value numbers; overall budget submissions and Board Direction.

- Eligible replacement and new capital projects will be evaluated with the potential for special obligation revenue bond financing up to $60 million in projects in lieu of the current cash and carry methodology.

- Legally available non ad-valorem revenue will be used to fund any debt service which is estimated at approximately $3.8 million annually.
Uses of Gas Taxes

- Continue Board policy where pledged gas taxes pay debt service on the gas tax revenue bonds which have final maturities in June 2023 and 2025 respectively; remaining gas tax funds programmed to support construction and transportation network improvements.

- Transfer dollars totaling $9.4 million planned in FY 2021 from the General Fund to Transportation Capital Fund (310) will provide funding support for maintenance of the roadway network and other transportation related expenses.

- Transfer dollars from the Unincorporated Area GF planned at $3.0 million in FY 21 to Transportation Capital Fund (310) augmented by a $2.6 million direct budget appropriation in this fund for road maintenance.

- Gas Taxes collected from all sources totaled $22.3 million in FY 2019 up 7.7% from $20.7M in FY 2018. Forecast FY 2020 and planning FY 2021 revenue will be in the $23M range.

- $1M in gas taxes freed up annually for transportation network improvements beginning in FY 2015 due to restructuring of the gas tax debt.

- One financing strategy is using available constitutional gas tax bond coverage above adds bonds test of 1.35x to issue wrapped debt of $25 million covering necessary bridge replacement not covered by the local option infrastructure sales tax.

- Parallel strategy is to consider early extension of local option gas taxes before December 2025 capitalizing on low interest rates, greater coverage ratios, and an extended repayment horizon to finance strategic transportation network road assets deemed poor in the inventory as well as certain capacity improvements.
General Fund General Capital/Debt Service and Debt Management

- Transfer dollars for county-wide capital purposes; paying non-growth related revenue bond debt; provide impact fee trust fund loans to cover growth related debt obligations and to fund much needed general governmental priority replacement capital projects within the parks system and general governmental facilities.
General Governmental, Enterprise Fund and Other Reserve Policies

- GF – floor: 8% of operating expenses or $33.9 million – Ceiling: 16% of operating expenses or $67.8 million; current planning reserve for FY 2021 is $56.5 million an increase of $5.0 million.

- Other Gen. Govt. Funds – Generally 2.5% of operating expenses with a ceiling of no more than one months expenses. Ceiling for the Unincorporated Area GF is $5.1 million; current planning reserve for FY 2020 is $2.3 million.

- Other general governmental funds that receive transfer revenue from the GF will have reserves sized to cover the first month of operations or until the first GF transfer is scheduled.

- Reserve policy for Pelican Bay Services Division (PBSD) operating fund (109) set between 15-30 percent of operating expenses given the districts coastal nature, level of infrastructure investment, natural assets and commitment to maintenance and resource protection.

- CCWSD user fee reserves established minimally between 5% and 15% of revenues with working capital resources set between 45 days and 90 days. Within the family of CCWSD family of user fee operating and capital funds reserves will range between $20.6 and $41.1 million while working capital resources will total roughly $26.0 million or 57 days of reserves.

- Establish over a three to five year period, a solid waste restricted reserve of ten (10) percent of the FY 2020 budgeted charges or $5.2 million.

- Targeted reserves within the GMD building permit fund (113) and planning fund (131) set at 18 months and 24 months of total budget appropriations respectively.
Financing New and Replacement Capital Infrastructure

- Finance Committee is engaged and continually reviewing all appropriate capital financing options.
- FY 21 budget planning does not program issuance of debt as part of the adopted budget.
- Any new debt issue recommendation will include a consolidated financing plan based upon the number of current and future capital projects and initiatives to be financed, the timing of project implementation, expected payout schedule, the appropriate type of debt and existing market conditions.
- Issuance of debt in the areas financed would reduce the cash and carry component by the amount of debt service.
- Cost to finance always a concern, but County’s credit rating will reduce the interest expense.
- Long term debt means that future users of capital facilities and infrastructure and not just current users will participate in paying for facilities.
School Resource Officer Funding

- County Commission through the Sheriff's Agency has funded a program providing coverage in many schools for years.
- SB 7026 passed in 2018
- Legal responsibility to comply with SB 7026, including funding is the responsibility of the Collier County School District
- Current program costs are approximately $7 to $9 million annually and the Sheriff has a presence in every County public school facility and charter school in compliance with the current State law.
- Sheriff will likely ask for additional recurring funding of $3,000,000 over two to three years.
- The School District returns to the County dollars received from the State which last year totaled $1.8 million.
Schedule

- Resolution requiring FY 2021 budget submittals by the Sheriff; Supervisor of Elections and Clerk of Courts on May 1st.
- FY 2021 June Budget Workshop Dates – Thursday June 18th and if necessary Friday June 19th
- Adopt Tentative Maximum FY 2021 Millage Rates on Tuesday July 14, 2020
- Board Receives Tentative FY 2021 Budget Document on Friday July 17, 2020
- First FY 2021 Public Budget Hearing on Thursday September 3rd with the Final FY 2021 Budget Hearing on Thursday September 17th