REPORT OF THE BUDGET COMMITTEE OF THE WHOLE WORKSHOP OF THE ESCAMBIA COUNTY BOARD OF COUNTY COMMISSIONERS

JULY 20-21, 2021

Present: Commissioner Robert D. Bender, Chairman, District 4
Commissioner Jeffrey W. Bergosh, Vice Chairman, District 1
Commissioner Steven L. Barry, District 5
Commissioner Lumon J. May, District 3
Commissioner Douglas B. Underhill, District 2
Honorable Pam Childers, Clerk of the Circuit Court and Comptroller
Wesley J. Moreno, Interim County Administrator
Alison Rogers, County Attorney
DeLana Allen-Busbee, Administrative Specialist, Clerk and Comptroller's Office
Anthony Bowens, Administrative Assistant, County Administrator's Office (July 20th Only)
Shamara Jernigan, Agenda Program Coordinator, County Administrator's Office (July 21st Only)

Location: Ernie Lee Magaha Government Building, Board Chambers, First Floor
221 Palafox Place, Pensacola, Florida

Report prepared by: DeLana Allen-Busbee

<u>AGENDA NUMBER</u>

1. <u>Call to Order</u>

   Chairman Bender called the Budget Committee of the Whole (C/W) Workshop to order on July 20, 2021, at 9:04 a.m.

   Chairman Bender called the Budget Committee of the Whole (C/W) Workshop to order on July 21, 2021, at 9:04 a.m.

2. <u>Was the Meeting Properly Advertised?</u>

   The Board was advised by DeLana Allen-Busbee, Administrative Specialist, Clerk and Comptroller's Office, that the Budget Workshops were advertised in the *Pensacola News Journal* on July 17, 2021, in the Board's weekly meeting schedule.

   Commissioner Bergosh led the Pledge of Allegiance to the Flag on July 20th and Commissioner Underhill led the Pledge of Allegiance to the Flag on July 21st.

3.I. Overview of Budget

Amber McClure, Chief Budget Officer, presented the County's proposed budget for Fiscal Year (FY) 2021/2022 in the amount of $568,518,000 and provided the following updates concerning the budget:

- The Budget document can be accessed on myescambia.com, under the Budget Department with both an online version and a printable version available.
- The Budget was built this year based on the GFOA's (Government Finance Officer Association) best practice to achieve a structurally balanced budget.
- The first step is to identify key items related to structural balance, which include recurring and non-recurring revenues, expenditures, and reserves.
- Recurring revenues are the portion of a government's revenues that can reasonably be expected to continue year to year with some degree of predictability.
- Recurring expenditures should be those that are expected to be funded every year in order to maintain current/status quo service levels.
- While it appears that the budget has dropped, once the reserves for contingency and litigation reserves are negated, it has actually increased by $7 million.
- Taxes make up 42% of the revenue budget, with the next largest item for revenue coming from charges for services at around 16%.
- The proposed number of positions in the budget appear to have dropped from last year, but this is a reflection of more accurate data presented from the implementation of the OpenGov software, as it allows better tracking by positions tied to individuals.
- The General Fund funds the Constitutional Offices at approximately $91.5 million.
- The County also funds other mandated expenses in the amount of around $17.7 million.
- The remaining General Fund after the Constitutionals and mandated expenses is approximately $136.5 million to serve the taxpayers.
- County Departments are funded at a total of around $111 million, with Corrections as the department with the largest budget.
- There are several material variances in the revenue and expenditure sides of the budget, as depicted in the backup slide.
- American Rescue Plan Act (ARPA) funds received are not included in the FY2022 Proposed Budget as the balance remaining will be included in the November carry forward.
- The biggest change to the budget is the fund balance brought forward, which reduced the budget by $58.8 million.
- Changes in fund balance include reductions in reserve for contingency, litigation reserve, and Local Option Sales Tax (LOST) fund balance brought forward.
- There are a variety of changes to the expenses, including a change in the pay scale and employee health insurance, as depicted in the backup slides.

4. External Parties

The C/W heard an overview concerning the Proposed Fiscal Year (FY) 2021-2022 Budgets for Constitutional Officers, as follows:

A. Sonya Daniel, Deputy Supervisor of Elections, addressed the proposed budget for the Supervisor of Elections Office and advised that operating expenses have increased slightly, with the largest increases in temporary workers and postal rates; additional expenses include the ballot opener recurring cost and moving to an ADA accessible ballot; and the Supervisor of Elections office would like to give their staff raises if the BCC approves raises for their staff;

B. The Honorable Pam Childers addressed the proposed budget for the Clerk of the Circuit Court and Comptroller and advised that the budget does not include a cost of living adjustment as raises are given based on merit only, increases to her budget include Florida Retirement System and software costs; further advised that she had a successful Department of Financial Services audit with no findings, and that her budget remains pretty flat;

C. Chief Deputy Appraiser Gary "Bubba" Peters addressed the proposed budget for the Property Appraiser's Office and advised that the budget includes a tentative 3% salary increase for employees and that raises are given on a merit basis only;

D. The Honorable Scott Lunsford addressed the proposed budget for the Tax Collector and advised that the budget is based on the state formula for the commission, a 3% raise was budgeted for employees, and the other outstanding issue is the relocation of a building on North "W" Street; and

E. Henrique Dias, Chief Financial Officer, addressed the proposed Sheriff's budget and advised that increases include body cam positions, salaries and benefits due to FRS and career progression, a 6% pay increase to remain competitive, ten new cadets and three additional School Resource Officers, and increased cost of fuel, among other cost increases.

   In relation to the Sheriff's Budget, the C/W:
   - Discussed the buyback program and how, if approved, it would be handled with the Sheriff's office.
   - Discussed the proposed pay increase for starting salaries and career progression, a multi-year deal with the Sheriff's office, and how the Corrections Department and other County employees are also being affected by the need for competitive pay and pay compression.
   - Addressed ideas related to the Sheriff's MSTU (Municipal Services Taxing Unit), its relation to the General Fund, and whether changes could be revenue neutral.

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4. Continued…

   The C/W heard an overview of the Proposed Fiscal Year (FY) 2021-2022 Budgets for State Mandated Expenses, as follows:

   A. Graham Fountain, Executive Director, addressed the budget for the State Attorney's Office and advised that the vast majority of the increase to the budget is for two additional IT clerks to work with the body camera footage from the Sheriff's office for public records requests;

   B. The Public Defender's budget was not addressed;

   C. The Judicial Services budget was not addressed;

   D. Kayla Blanchard, Administrative Services, addressed the budget for Court Administration and advised that the majority of the budget remained flat with an increase for IT software and replacement of podiums, jury chairs, and some carpeting;

   E. The Medical Assistance/Medicaid budget was briefly discussed;

   F. The Department of Juvenile Justice budget was not addressed;

   G. The Baker Act budget was not addressed;

   H. The Indigent Cremations budget was briefly discussed during the conversation regarding the Medical Examiner's budget;

   I. Dr. Deanna Oleske, District 1 Medical Examiner, addressed the budget for the Medical Examiner's Office, and advised that due to many challenges faced by her office, she is unable to control costs; the C/W discussed working with the County's buying power and other partners to attempt to procure supplies at a lower cost and offered other help, as applicable to Dr. Oleske; and

   J. The County Health Department budget was not addressed.

AGENDA NUMBER – Continued

5. Departmental Reviews

The C/W reviewed the proposed FY21/22 budgets for County Departments, and:

A. Heard an overview of the budget and accomplishments for the County Attorney's Office from County Attorney Rogers, and made no change;

B. Heard an overview of the budget and accomplishments for County Administration from Interim County Administrator Wesley Moreno, and made no change;

C. Heard an overview of the budget and accomplishments for Human Resources, Benefits, and Risk Management from Interim County Administrator Moreno, and made no change;

D. Heard an overview of the budget and accomplishments for Information Technology from Interim County Administrator Moreno, and made no change;

E. Heard an overview of the budget and accomplishments for Extension Services and 4-H from Interim County Administrator Moreno, and made no change;

F. Heard an overview of the budget and accomplishments for Animal Welfare from Assistant County Administrator Wesley Hall, and made no change;

G. Heard an overview of the budget and accomplishments for Library Services from Assistant County Administrator Hall, and made no change;

H. Heard an overview of the budget and accomplishments for Management and Budget Services from Assistant County Administrator Hall, and made no change;

I. Heard an overview of the budget and accomplishments for Mass Transit from Assistant County Administrator Hall, and made no change;

J. Heard an overview of the budget and accomplishments for Neighborhood and Human Services from Assistant County Administrator Hall, and made no change;

K. Heard an overview of the budget and accomplishments for Natural Resources Management from Assistant County Administrator Hall, and made no change;

L. Heard an overview of the budget and accomplishments for Parks and Recreation from Assistant County Administrator Hall, and made no change;

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5. Continued…

M. Heard an overview of the budget and accomplishments for Purchasing from Assistant County Administrator Hall, and made no change;

N. Heard an overview of the budget and accomplishments for Building Services from Assistant County Administrator Debbie Bowers, and made no change;

O. Heard an overview of the budget and accomplishments for Corrections from Assistant County Administrator Bowers, and made no change;

P. Heard an overview of the budget and accomplishments for Development Services from Assistant County Administrator Bowers, and made no change;

Q. Heard an overview of the budget and accomplishments for Engineering from Assistant County Administrator Bowers, and made no change;

R. Heard an overview of the budget and accomplishments for Facilities Management from Assistant County Administrator Bowers, and made no change;

S. Heard an overview of the budget and accomplishments for Public Safety from Assistant County Administrator Bowers, and made no change;

T. Heard an overview of the budget and accomplishments for Public Works from Assistant County Administrator Bowers, and made no change; and

U. Heard an overview of the budget and accomplishments for Waste Services from Assistant County Administrator Bowers, and made no change.

6. Overview of Budget Continued

Ms. McClure provided the following additional information regarding the budget:

- A proposed $11 pay scale is recommended to make the County more competitive, as well as a 2% cost of living adjustment.
- For health insurance, the cost per employee in the proposed budget increased from $10,000 to $12,000.
- USI Insurance Services has been working with staff on the process to determine options for potential cost savings.
- Strategies implemented to reduce costs include Teladoc, a wellness program, revisiting self vs. fully insured and offerings vs. cost sharing strategies.
- The Human Resources Department is currently split among five funds, which is one aspect that staff is looking at restructuring, which speaks to cost plan strategies and how staff is looking at overall account structure.
- Cost sharing options have been discussed and Crystal Dadura, Interim HR Manager, advised that staff is working with USI to look at options and plan designs and will present more information to the Board at the August 5, 2021, Regular BCC meeting.
- The number of full time employees per support staff member has grown from approximately 12 in 2013 to approximately 20 in FY 2022.
- One strategy to accurately reflect the total costs of supporting the overhead of running the County, is implementing a cost plan with a multi-year phased approach; this cost plan recoups the cost incurred by the General Fund to pay the support services and reflects the true cost of operating various departments; Commissioner Bender advised that this can be beneficial as departments can request grants that reflect actual costs.

The C/W:

- Discussed the true cost of being self-insured in relation to having County staff working on the employee benefits instead of the insurance company if fully-insured, as well as tobacco discounts and wellness programs.
- Discussed the Kronos software and the anticipated cost savings associated with its full implementation.
- Heard comments from Commissioner Barry regarding the cost plan implementation and the impact it will have County-wide, as well as concerns regarding the effect a larger allocation to the General Fund may have on departments and partners.
- Heard comments from Commissioner Bender concerning his support for accurately reflecting what the County's costs are to support partners through the cost plan, but was advised that he is open to further discussion with the Board about the implementation.
- Discussed whether it was cost-effective in regards to staff time to transfer costs between funds.

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6. Continued…

   - Was advised by Commissioner Underhill that he supports determining and articulating the actual costs of doing business.
   - Was advised by Honorable Clerk Childers that the County is working with a cost plan from approximately 1986 and that it has come up in the annual audits as well as in a risk assessment.
   - Heard comments from Commissioner Bergosh regarding his support of reflecting actual costs in the cost plan and was advised that he would like to see the plan refined and brought back.
   - Was advised by Ms. McClure that the ultimate decision lies with the Board and that staff can modify the plan with BCC input and direction and was advised by Commissioner May that he sees value in true cost allocation.
   - Discussed the ongoing revenues and ongoing expenses slide, as provided in the backup and reviewed by Ms. McClure, and heard comments from Commissioner Barry regarding the budget being a tool, but not always the reality.
   - Discussed how one-time expenses and revenues can impact the budget and how those expenses were chosen for depiction in backup slides.
   - Heard a request from Commissioner Underhill for an updated slide that reflects only recurring expenses and recurring revenue [this slide was brought forward and discussed on the second date of the workshop].

7. Policy Review

   I. Fund Balance Policy

   The C/W was advised by Ms. McClure that:

   - The only policy recommendation being brought forward is an amendment to the existing fund balance policy.
   - The existing policy was created in 2011 to comply with the Governmental Accounting Standards Board's (GASB) Statement #54.
   - The modifications to the policy, as recommended, are simply to bring the policy more in line with what GASB 54 requires, including the balance, requirements for additions, and specific conditions under which funds may be spent.
   - The amendments allow for an adjustment in the strategy for fund balance brought forward in the Annual Adopted Budget, providing clarity in presentation and management of a structurally balanced budget.
   - For FY 2022, of an approximately $78 million General Fund balance, just under 42% would be appropriated, which is a significant improvement over prior years.

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7. Continued…

   I. Continued…

      - The Fund Balance Policy also has a compliance test written into it, which states that if the County does not maintain two months of unrestricted fund balance to General Fund appropriations, the County is not permitted to appropriate any fund balance to balance the budget, but the good news is the County is compliant.

      The C/W:

      - Heard comments from Commissioner Bergosh regarding the Board self-imposing this policy as a best practice.
      - Discussed how staff chose to use reserves and fund balance in preparation of the budget.
      - Discussed autonomy in departmental budgets and the Board's support for the departments spending their funds wisely rather than just spending it to utilize all budgeted funds.
      - Further discussed, and was advised by Ms. McClure, that any unspent part of the budget (for example, with unfilled employee positions) currently become fund balance by accounting treatment.
      - Was advised by Ms. McClure that the Board could set a policy to allow the unspent portion of the budget for salaries to become reserves.
      - Discussed the County's collection rate and the amount that can be budgeted.

8. GFOA Multi-Year Capital Planning

   The C/W was advised by Ms. McClure that:

   - Another process staff has implemented through the budget process this year is a multi-year capital planning strategy, as recommended by the GFOA's best practices.
   - This concept is already in place in some departments, but not all of them.
   - Multi-year capital planning is in place to provide the physical foundations, such as infrastructure, technology, and major equipment, to service the citizens.
   - Providing a sustainable multi-year capital plan is essential to the future financial health of an organization and continued delivery of services to citizens and businesses.
   - GFOA recommends that the plan be comprehensive, fiscally sustainable, and on a multi-year basis; it should not only identify needs, but prioritize those needs.
   - A capital plan should cover a period of at least three years, but preferably five or more.
   - The four steps the GFOA recommends are to identify needs, determine financial impacts, prioritize capital requests, and develop a comprehensive financial plan.

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8. Continued…

- Staff chose to focus on vehicle assets and took the vehicle listing from the Clerk's office to determine a total of 938 vehicle assets with a historical cost of $70 million.
- When staff applied objective criteria based on acquired date and depreciable, useful life, 637 vehicles were determined to be due for replacement in FY22, which amounts to 68% of the total number of vehicles and a cost of around $55 million.
- Repair and maintenance costs have climbed to around $17 million a year and the Fleet Department has implemented software to better track the costs associated with each unit.
- Staff pared down the list of vehicles with the management team to 178, or 19%, and then with administration to 75, or 8%, for FY22, with a replacement cost of $8.8 million.
- The average age of items due for replacement for Public Works is 15.5 years, for Public Safety is 12.5 years, and for other departments is 12.5 years.
- The plan recommended by the management team includes current fleet and needed vehicles, but does not account for growth, and the software being utilized now allows for much more accurate and efficient tracking of vehicles and associated costs.

The C/W:

- Discussed GPS monitoring on County vehicles and the importance of leadership staff utilizing the tools provided by the Board.
- Was advised by Interim County Administrator Moreno that he would speak with the various departments and ensure that the GPS monitoring is being used.
- Was advised by Commissioner Bender that part of this exercise required the departments to take a closer look at the need and use for vehicles and that through the process, two vehicles were not asked to be replaced due to the lack of need.
- Discussed repair costs and how they affect the need for replacement, as well as the importance of vehicle maintenance being monitored and streamlined, with fleet repair occurring at Public Works to find efficiencies.
- Discussed the standards used by staff to pare the list of replacement vehicles down, how to find the number for a predictable replacement cycle, whether all vehicles on the list are needed, and the current climate for both purchasing and selling vehicles.

9. Capital Requests

I. Requests in Review

The C/W was advised by Ms. McClure that:

- Funding requests not included in the budget include vehicles ($8,814,513), Capital Requests except vehicles ($197,143), New Proposals at highest cost ($5,789,680), LOST IV identified not approved projects up to FY21 ($17,131,698), and LOST IV identified not approved projects FY22 ($25,430,224) for a total of $57,363,258 in unfunded requests.
- Funding sources for consideration include LOST FY22 unappropriated funds, the American Rescue Plan, where eligible, and the estimated Fund Balance, for a total of $80,748,965.
- Escambia County received $30.9 million of the American Rescue Plan Act (ARPA) funding in May and there are restricted uses for these funds, with broad flexibility available within the overall categories outlines defined by the U.S. Treasury.
- The County's estimate for lost revenue is $28 million; in addition to the other spending categories, the County can take those dollars from ARPA and use them to support any current government service for FY22.
- The second half of the ARPA distribution will come to the County next year.
- Funds can be appropriated over four years, by December of 2024, and be spent/completed in six years, by December of 2026.
- A 4.1% growth factor can be assumed unless the County has a higher growth factor to consider.

10. Community Partners

The C/W heard funding requests from Community Partners for the Proposed Fiscal Year (FY) 2020-2021 Budget, and:

A. Discussed General Fund, State Mandated Community Partners, as follows:

(1) Gulf Coast Kid's House – $150,000 requested – Made no change;

(2) Legal Services of North Florida, Inc. – $19,594 requested (plus $42,750 Article V) – Made no change;

(3) Northwest Florida Legal Services – $19,594 requested (plus $42,750 Article V) – Made no change; and

(4) Community Health Northwest Florida – $414,450 requested – Made no change;

(Continued on Page 12)

10. Continued…

B. Discussed funding General Fund Community Partners, as follows:

(1) BRACE (Be Ready Alliance Coordinating for Emergencies) – $100,000 requested – Made no change;

(2) Human Relations Commission – $84,265 requested – Discussed the need to identify funding from the General Fund as application was no received in time due to extenuating circumstances, and made no change;

(3) United Way – $81,880 requested – Made no change;

(4) United Way 211 – $22,087 requested – Made no change;

(5) ACTS (Another Chance Transitional Services) – $25,000 requested – Made no change;

(6) Council on Aging – $45,000 requested – Discussed extending contract and made no change;

(7) Gulf Coast Veterans Advocacy Council – $25,000 requested – Made no change;

(8) James B. Washington Education and Sports – $25,000 requested – Made no change;

(9) New World Believers – $40,000 requested – This request was not discussed;

(10) Pensacola Caring Hearts – $20,000 requested – Made no change;

(11) Pensacola's Promise/Chain Reaction – $19,000 requested – Made no change;

(12) Wildlife Sanctuary of Northwest Florida – $33,250 requested – Made no change;

(13) Health and Hope Clinic – $30,000 requested – Made no change;

(14) General Daniel Chappie James Flight Academy – $18,000 requested – Made no change;

(15) EComfort, Inc. – $35,000 requested – Made no change;

(16) Sisters of Hope Corporation – $30,000 requested – Made no change;

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AGENDA NUMBER – Continued

10. Continued…

B. Continued…

(17) Re-Entry Alliance of Pensacola, Inc. – $200,000 requested – Made no change; and

(18) Studer Community Institute – $25,000 requested – Made no change;

C. Discussed funding requests from the Fourth Cent Tourist Development Tax (TDT), as follows:

(1) Five Flags Sertoma – $75,000 requested – Made no change;

(2) African-American Heritage Society – $50,000 – Discussed working with Visit Pensacola on marketing and made no change;

(3) Naval Aviation Museum – Naval Flight Academy – $100,000 requested – Made no change

(4) Naval Aviation Museum – Marketing – $100,000 requested – Discussed working with Visit Pensacola on marketing and made no change;

(5) West Florida Historic Preservation Board, Inc. – $200,000 – Made no change; and

(6) General Daniel Chappie James Flight Museum – $100,000 – Discussed the request being earmarked for a monument and the need for the Board to state that this request is related to tourism to be able to fund through TDT; heard the request from Commissioner Underhill to separate out the statement from the Board that this request falls under tourism from the vote on spending the funds on the monument so that he can support the former, but not the latter, and made no change;

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AGENDA NUMBER – Continued

10. Continued…

D. Discussed the following as related to tourist promotion and TDT funds:

(1) The continued funding of $1.5 million for the operation of the Bay Center, which includes $200,000 in capital improvements;

(2) Additional items being funded out of TDT such as the beach mowing contracts, projects on the beach, Marine Resources, the 3% administration costs, and beach re-nourishment;

(3) $1.3 million, which was being spent on payment of the Bay Center, is being essentially placed in reserves after discussion with the Tourist Development Council and will not be touched without direction from the BCC;

(4) Briefly discussed a potential sports arena or field house and whether a separate fund of reserve dollars should be set aside for this purpose; and

(5) Visit Pensacola – requested $10,402,630 – Discussed the request from Visit to place some funds in reserves and procurement, and made no change;

E. Discussed funding Local Option Sales Tax Allocations for Community Partners, as follows:

(1) Gulf Coast Minority Chamber of Commerce – $75,000 requested – Made no change;

(2) Escambia County School Readiness Coalition – $238,875 requested – Made no change;

(3) Center for Independent Living of Northwest Florida, Inc. – $60,000 requested – Made no change; and

(4) PEDC (Pensacola-Escambia Development Commission) – $600,000 requested – Made no change; and

F. Discussed the Solid Waste Management Fund, the $69,149 request from Keep Pensacola Beautiful, and made no change.

(Continued on Page 15)

AGENDA NUMBER – Continued

10. Continued…

Speaker(s):

Chandra Smiley
Michelle Luckett
Al Henderson
Laura Gilliam
Pastor Leon Rankins
John Clark
Vernon Watson
James "Benny" Washington
Carol Brundidge
Carey King
Dorothy Kauffman
Anna Causey
Cliff Curtis
Pastor Sylvia E. Tisdale
Gladys Scott
Vinnie Whibbs
Reggie Dogan
Lucy Stolfi
Cheryl Howard via Microsoft Teams
Cindy McCalip
Robert Overton
Butch Hansen
Darien Schaefer
Brian Wyer
Walter Bruce Watson, Jr.
Carolyn Grawi
Scott Luth
Sigrid Solgard

FOR INFORMATION: The Board was advised by Ms. McClure that the budget, as prepared, is structurally unbalanced, and agreed to take time to digest the information and proposals from staff and make decisions at the Budget Hearings in September.

11. Adjourn

Chairman Bender declared the Budget C/W Workshop adjourned at 1:33 p.m. on July 20, 2021.

Chairman Bender declared the Budget C/W Workshop adjourned at 12:05 p.m. on July 21, 2021.