July 16, 2007

The Marion County Board of County Commissioners met in a workshop session in Commission chambers at 9:11 a.m. on Monday, July 16, 2007 at the Marion County Governmental Complex located in Ocala, Florida.

Upon roll call the following members were present: Chairman Stan McClain, District 3; Commissioner Andy Kesselring, District 1; and Commissioner Barbara Fitos, District 4. Vice-Chairman Charlie Stone, District 5, was absent due to a prior commitment. Commissioner Jim Payton, District 2, arrived shortly after the meeting commenced. Also present were Clerk David R. Ellspermann, Deputy Clerks Cassandra Li and Cindy Bonvissuto and County Administrator Pat Howard.

Budgets/Property Appraiser - Property Appraiser Villie M. Smith appeared to review the department's proposed budget for fiscal year (FY) 2007-08. He presented a 10 page handout entitled, "Marion County Property Appraiser, Budget Workshop, July 16, 2007".

Mr. Smith stated that the preliminary goal had increased 28%, almost as much as last year (at 34%). He noted the increase in property values would be reflected on the Truth in Millage (TRIM) notices sent in August. Mr. Smith commented on new construction values and the predictions for the coming year.

Mr. Smith noted that if the Constitutional Amendment was passed (in January), then there would be a significant drop in taxable value. He commented on the Super Homestead exemption on page 8, noting the maximum amount allowed was $195,000. Mr. Smith commented on the effect of the "Save Our Homes" exemption. He stated that if passed it would result in $2.8 billion in exemptions of taxable value and $200 million would be exempt from tangible and personal property exemptions, which totaled about $3 billion in impacts on the County.

Mr. Smith stated a new feature on the Property Appraiser's website would calculate the taxable value allowed from the Super Exemption versus that of Amendment 10, which considered the annual appreciation and number of years homeowners planned to stay in their homes.

Commissioner Fitos questioned if the choice of electing either option would be a one time decision. Mr. Smith stated that was correct and noted that "Save Our Homes" was being phased out, but if Amendment (10) did not pass there would be other things on the ballot in November of next year.

Commissioner Payton arrived at 9:20 a.m.

In response to Commissioner Kesselring, Mr. Smith stated no new personnel would be added. He stated one of the largest funds requested was for a new appraisal system (last year), but the cutbacks altered this plan of action and between $300,000 and $400,000 would be returned to the County this year. Commissioner Kesselring stated the Board had been trying to separate personnel costs, operating costs and capital costs to understand the position of each department. Commissioner Kesselring asked about the appraisal system and if it was mandated by State Legislature to be a certain percentage of market value. Mr. Smith stated it was at 100% of market value. Commissioner Kesselring inquired about other options for doing something different, since it was hard to explain having to pay more taxes for an increase in property value. Mr. Smith stated 100% of market value was also known as just value, but the Legislature allowed for removal of up to 15% for costs, which equated to 85% of every assessment. Commissioner Kesselring asked if there were concerns of how properties were assessed. Mr. Smith commented on the effect throughout the State and how the coastal communities were strongly affected.

Commissioner Kesselring stated non-residential (commercial) properties were mostly the ones being impacted. Mr. Smith commented on the process of yearly audits performed by the Department of Revenue (DOR) and the consequences of having the assessment roll denied.

Commissioner Payton stated that millage rate should be raised and asked of the appraisal technique, noting the appraised value in Marion County increased 25% last fiscal year. Mr. Smith stated that for the current year it was 28% to 29%. Commissioner Payton asked how that figure was calculated. Mr. Smith stated that during 2006 there was a drastic increase in property values and vacant lots that had a large number of sales over the last few years, which were starting to decrease. Clerk Ellspermann added that the effect was seen on tax deed sales, which substantially decreased in values.

Commissioner Payton asked if there was ever a roll back in valuations. Mr. Smith stated he did not recall, except in some isolated areas. Commissioner Payton asked what amount of an increase would be possible. Mr. Smith stated it would be in the single digits.

County Administrator Howard stated appraisal numbers should not be compared with property values. Mr. Smith commented on the methods of calculating those values versus assessment numbers.

In response to Commissioner Payton, Mr. Smith stated the law required a visit to every property once every five years and noted he hoped the County would allow a 4% increase within the budget for staff.

Chairman McClain noted assessed values would be impacted.

Budgets/Projects & Programs - Court Administrator David Trammell appeared to review the department's proposed budget for fiscal year (FY) 2007-08. Financial Manager Todd Tuzzolino and Court Technology Officer Jonathan Lin were also present.

Mr. Tuzzolino stated $2 was received from the $4 technology fee for department use. He stated the only portion that was associated with General Revenue Funding was Communication Costs and Facility Costs that was provided to the Judges, which were associated within the Facility Department. Mr. Tuzzolino stated the County funded program, Teen Court which was program-based, received fees for sustenance. He noted the associated technology costs were increased due to refreshing equipment and implementing a circuit-wide network.

Commissioner Payton commented on the Court Administrator Fund 2310 relating to Regular Salaries & Wages, which increased almost $100,000 (line item 512101, page 001-49). Mr. Tuzzolino stated the accounting strategy used all of the funding under Department 2310, but under the impression that funds should not be commingled between technology and General Revenue, salary fees were separated and transferred to Department 2311 (Court Administration - Technology, page 001-50), a new department with the same position, all under technology, which was fee-based.

Mr. Lin stated no new positions were requested for technology and the existing positions were coming out of the filing fees instead of the General Revenue.

Commissioner Payton noted a substantial decrease in the budget and asked where the expense was destined. Mr. Tuzzolino stated the original department was 2310 (Court Administrator) and all the technological aspects were under 2311 (Court Adminstration - Technology); 2360 (Circuit Court Judges) had 2361 (Circuit Court Judges - Technology); 2380 (County Court Judges) had 2381 (County Court Judges - Technology); and 2390 (Circuit Court Judges - Legal Research) had 2391 (Circuit Court Judges - Technology). He stated only communication costs were State mandated with the source of funding from General Revenue and noted all the departments had General Revenue assets, which were taken from the $2 fee.

Budget Director Michael Tomich stated page 7 of the “Marion County Board of County Commissioners, Fiscal Year (FY) 2007-08 Budget Workshop Agenda, Monday, July 16, 2007”, showed accurate numbers for all the (technology) departments for FY 06-07 and 07-08. Clerk Ellspermann stated it did not have a subtotal.

Mr. Tomich stated on page 001-49 the only significant comparison was Communications & Freight Services (line item 541101, page 001-49), budgeted at $30,000 for the current year and $35,000 for the upcoming year. Commissioner Payton asked if a subtotal was available. Clerk Ellspermann stated there was a $65 facilities fee, a $2 technology fee and if the Chief Judge certified a program to be necessary, the Board had the option of funding the program. He also stated that the programs of focus were funded through other revenue sources (through the court system) and the only revenue out of the tax dollars was what was required by Statute for Communication Costs. Clerk Ellspermann stated that the department had to live within the means of the fees being used to fund it, otherwise an appropriation request would be needed.

<u>Budgets/Projects & Programs</u> - Tourist Development Director Ann Sternal appeared to review the department’s proposed budget for fiscal year (FY) 2007-08. She presented a small booklet entitled, “Ocala, Marion County, Florida, Visitor’s Guide,” and a poster.

(Ed Note: The poster was not presented to the Deputy Clerk for the record.)

Ms. Sternal gave a lengthy summary of the plan for this and next year. She stated a workshop was held on April 26, 2007 with the Tourist Development Council (TDC), the marketing committee and County staff focused on three challenges: 1) 65%/35% ratio; 2) the need for more support staff; and 3) growing group business. Ms. Sternal noted the proposed plan with the focus on group travel, sports, leisure, niche marketing, brand awareness, public relations (PR), etc. was discussed. She commented on the research and projects in collaboration with the full service advertising agency, Golden Associates. Ms. Sternal stated there was an idea of a multipurpose facility to be used for multiple events and commented on the Request for Proposal (RFP) for a feasibility study. She noted details of the plan to address product development, website enhancements and marketing.

Chairman McClain asked if the budget was decreased by $500,000 because less revenue was expected. Ms. Sternal stated there was a substantial Carry Forward this year from little activity during the first year.

Commissioner Fitos noted girl’s intramural volleyball was another niche to consider accommodating.

Commissioner Kesselring commented on other revenue sources and asked if out of the general fund there were services or departments that must be funded by ad valorem. He questioned what the Board was legally obligated to provide to property taxes and if there were other revenue sources that could be offset. Mr. Tomich stated that Marion County, before being confronted with the legislation of the property values and changes, had been aggressive in looking for other funding sources, which meant everything was pushed into a special assessment. Commissioner Kesselring stated how Emergency Medical Services (EMS) had a portion through the Fire assessment and inquired if there could be a Countywide Municipal Service Taxing Unit (MSTU) for libraries or parks. Mr. Tomich stated there would have to be a special benefit to the property.

Commissioner Kesselring noted everything inside the General Fund was funded by property taxes. Mr. Tomich stated most things were covered and there were capital projects funded by General Revenue indicative of impact fees. He noted the only other recurring operating revenue source that was not tapped into was franchise fees, which were difficult to initiate.

Commissioner Kesselring questioned if there were any inherent options on a local level. Mr. Tomich stated any fee that might be put in place would have probably gotten somewhat aggressive on things that other local governments would not even contemplate.

Chairman McClain asked how many public hearings were under the MSTU process. Mr. Tomich noted the Municipal Service Benefit Unit (MSBU) was for special assessments and MSTU's were for ad valorem taxes. Commissioner Payton asked if both the MSTU and MSBU were computed in the overall millage rate. Mr. Tomich stated MSTU was, but MSBU was purely ad valorem property taxes and special assessments were not part of the equation.

Commissioner Kesselring asked if a per parcel assessment could be calculated based upon use for any of the other services that was provided. Mr. Tomich noted the obvious ones were law enforcement and emergency medical services.

Chairman McClain noted the issue was to drive away from ad valorem property tax so some other tax would be used, such as sales tax. Mr. Tomich stated the premise was to drive away from spending.

Commissioner Payton noted something needed to be done so property owners did not bear the whole burden, although he stated since everyone lived somewhere, all contributed a fair share. County Administrator Howard asked if the price was a fair amount that was paid.

Commissioner Kesselring noted there were efforts to tie generated revenue to the cost of service and asked if sales tax could be raised by a penny with voter referendum. Mr. Tomich stated the School Board was allowed a half cent while the County was allowed one cent, but in total, there was the ability to increase up to 7.5 cents. Commissioner Kesselring asked how much a penny sales tax would raise (with the estimate being $30 million).

Mr. Tomich suggested from a practical standpoint that the one cent sales tax was an infrastructure surtax and not in operating revenue. Commissioner Kesselring asked if it could not be used for operations. Mr. Tomich noted it could not be used and stated it was for major capital. Commissioner Kesselring asked if it was a State Legislature situation. Mr. Tomich noted there was a reason to provide the report of recurring operating revenues and recurring operating expenditures since the property tax legislation impacted inflation. Commissioner Kesselring stated the sales tax did not do any good unless there was capital. Mr. Tomich noted there were a few million dollars in recurring revenue and recurring expenditures in the budget as an excess and all the funds could be utilized for operations rather than for capital, which indicated a sales tax would be beneficial.

Commissioner Kesselring noted citizens would not vote for the penny sales tax without a counteraction of property taxes being reduced or some other enticing offer. Mr.

Tomich stated it was the presentation last time and the sales tax could not be raised.

Budgets/County Engineer - County Engineer Mounir Bouyounes, Transportation Department, appeared to review the department's proposed budget for fiscal year (FY) 2007-08. He presented a 6 page memorandum entitled, "2007/2008 Budget Revisions".

Commissioner Kesselring noted the revisions to be made, which consisted of looking at revenues and having it balanced. He asked if that was what was brought back to the Board. Mr. Bouyounes agreed it was what was indicated from the directions from the July 10, 2007 budget workshop. He noted the revised proposed budget was now $14.8 million, which was 11% more than the FY 05-06 actual expenditures and $1 million less than the FY 05-06 adopted budget (which was $15.8 million). Mr. Bouyounes stated there would be impacts in the grading program, mowing program and the ability to respond in a proactive manner to maintenance issues. He referenced page two of the handout and stated three more positions (Project Manager II, Asset Manager and Sign Shop Supervisor) were cut from Personnel Services, with the details being shown on page 4. The Project Manager position would be transferred to the Clean Water budget and the other two positions were eliminated. Mr. Bouyounes noted the net impact to the Transportation budget would be $191,645 and in Operating Expenses there was a reduction in the proposed budget by $758,000. He also suggested the plan of a reduction in Contract Services for mowing be decreased to 5 cycles of mowing on major highways and two cycles in subdivisions, periodically responding with in-house forces to situations that imposed a safety issue. Also, the training program was slashed by more than half, which would impair the ability to train personnel. Mr. Bouyounes referred to Capital Outlay on page 3, where all costs for building construction were removed, which was the NW Substation and any improvements that pertained to the Transportation building. He noted there would be money in this year's budget for some remodeling and additions to the Transportation Department buildings, but at the end of this fiscal year, it would be carried forward in case the improvements were not completed. Money allocated for the SE Substation would not be completed by the end of the year, so the money would be carried forward. Under Machinery and Equipment, Mr. Bouyounes noted all computer replacements and dump trucks were removed, but there were a couple more pieces of equipment from the Roads Division. He stated there was a reduction in the overall Capital Outlay by $33,892, which indicated the total budget would have $14.8 million in recurring costs. He noted that on page 5 of the handout, there was an organizational chart that showed the positions being eliminated and how it impacted each division. On page 6, Mr. Bouyounes stated the budget was itemized by division to show how the funds were being distributed into the programs.

Commissioner Payton noted the reduction of $147,000 in Salaries & Wages (line item 512101, page 4 of the handout) resulted from $44,000 in benefits. Commissioner Kesselring asked where was the sheet that showed the revenues and if it was all financed out of the Gas Tax. Mr. Bouyounes stated that it was correct, financing was from the Gas Tax and all of the information was provided by Budget Director Tomich.

Commissioner Kesselring asked if there was concern that Gas Tax revenues would continue to decline, even with the changes that were made. He noted there was no money for capital and asked of the position for the next year. Mr. Bouyounes stated there would be problems in the future unless another revenue source was used to supplement the Gas Tax, since revenue was limited, so the department would be in the same position next year.

Commissioner Kesselring noted a prior conversation where increases in the Gas Tax were discussed and noted it would not address the operating costs inside the department. Mr. Bouyounes stated that was correct. He commented on being at the minimum point to provide the services that were requested.

Mr. Bouyounes recommended adjusting the millage rate for the operation of the Transportation Fund. Commissioner Payton commented on the problem of not having any millage rate. Commissioner Kesselring noted if part of the operations were funded through the General Fund or the millage rate, it would mean removing the monies from another department.

Commissioner Payton asked if the Board voted to increase the Gas Tax, would collections start before January of 2009. Mr. Bouyounes stated the additional Gas Tax revenues could not go toward operations, but rather toward projects such as overlay and road construction. He noted there were $4 million in recurring costs for road maintenance and to sustain that level of service, there would need to be about 9 to 9.5 mills determined. He stated the additional 5 Cent Gas Tax would generate about $5 million in revenue per year to allow for maintenance at a certain level of service.

In response to Commissioner Kesselring, Mr. Bouyounes stated page 6 of the handout showed the appropriation of dollars for personnel in the Permitting Division and Operating Support. Commissioner Kesselring asked if all of the costs for personnel amounted to $424,000. Mr. Bouyounes stated that was correct. Commissioner Kesselring asked if the General Fund was ever used to fund any of the engineering aspects. Clerk Ellspermann stated it was discontinued around 1996, but a small millage rate existed. Mr. Tomich stated there was a millage rate in the County Transportation Maintenance Fund for a number of years prior. In response to Commissioner Kesselring, Clerk Ellspermann stated it was correct that the prior Board opted to do away with the millage rate and finance everything out of the Gas Tax. Mr. Tomich noted the Taxing Unit was currently in existence.

Commissioner Kesselring inquired if everything was figured into the calculations whether something was added into the taxing line item or the General Fund. Mr. Tomich noted that it was exactly the same and both were Countywide. Commissioner Kesselring noted the placement of dollars was a matter of concern.

Mr. Bouyounes stated if an overlay program could be instituted and funded, it would have an impact on operation and maintenance costs. He questioned if some of the fund balance or the fund Carry Forward money for the NW Substation (totaling about $415,000, line item 562101, page 3 of the handout) could be reallocated. In response to Commissioner Payton, Mr. Bouyounes stated there may be about $4 million in Carry Forward and asked if there was a minimum level to set in the reserves for that fund. In response to Commissioner Kesselring, Mr. Bouyounes stated money was used from the reserves and noted that in conversations held with the Budget Director, a set amount of $2 million or $2.5 million in reserves would satisfy a certain level of service. Mr. Tomich stated the level of Fund Balance Carry Forward should not be confused with the level of reserve. He noted there needed to be at least enough Carry Forward so that in the following year when revenues were budgeted at 95%, that amount was set aside. Mr. Tomich stated if reserves were at or near zero, some projected fund balance Carry Forward would have to be reviewed to cover the 5% of revenues in the following year, which would be the bare minimum. In response to Commissioner Kesselring, Mr. Tomich noted there was no ad valorem in that fund and recurring revenue was monthly.

Commissioner Payton inquired if work could be done on the NW Substation without adding personnel. Mr. Bouyounes stated that was correct since it would be contracted out for the facility and personnel was already stationed for work.

Chairman McClain questioned if the funding would be taken out of the reserves from Carry Forward. Mr. Tomich stated that he would work with the County Engineer to react accordingly should there be a funding crisis. Mr. Bouyounes asked if the Board was comfortable with moving one position to the Clean Water Department. It was the general consensus of the Board to move the one position to the Clean Water Department. Chairman McClain asked if the Transportation Department created revenue from the Permitting Division. Mr. Bouyounes stated the particular division was almost governed by the permitting fees that were charged without impacting the Gas Tax. In response to Chairman McClain, Mr. Bouyounes noted that the Stormwater Division was funded by Gas Tax. Chairman McClain asked if the $15 assessment fee only covered the Clean Water Department. Mr. Bouyounes stated that was correct. In response to Chairman McClain, Mr. Bouyounes noted the one position being transferred from the Drainage Division into the Clean Water Budget (3390) was a Project Manager II (position 2022, page 105-9 of the Marion County Board of County Commissioners Proposed Budget Fiscal Year 2007-08 book and page 4 of the handout) and would be reflected in the next year's budget. Chairman McClain asked if there were Statutory requirements on how the money would be used for the Clean Water Department. Mr. Bouyounes stated it was addressed in the Ordinance. He stated one thing that was not reflected in the projected revenue numbers were the Impact Fee Funds allocated for money spent on in-house staff to equate the amount spent on Impact Fee Projects. He stated the estimated revenue from that source would be about $360,000. Mr. Bouyounes noted if there was no staff available, a consultant should be hired since it would be more expensive to be done in-house before recouping some of the expenses.

Mr. Howard stated the biggest issue of concern was transportation. Mr. Bouyounes noted the most urgent issue for the Transportation Fund was to dedicate a fund for overlay for capital maintenance and the second most urgent issue would be operations. Commissioner Kesselring questioned if there was any money allocated for overlay at this point in time. Mr. Howard stated there was no money allocated. Mr. Bouyounes stated there was about $100,000 for overlay.

Chairman McClain questioned what criteria was part of the decision making process of downsizing staff. Mr. Bouyounes noted the workload was considered, as well as how crew could be reassigned. He stated there was also consideration as to the length of time a position was available.

Budgets/Projects & Programs - Executive Director Gail Cross, Marion County Senior Services/Marion Transit Services, appeared to review the proposed budget for fiscal year (FY) 2007-08. Also present was Director Donna Cart, Transportation Division. She presented a one page handout entitled, "Marion Transit Services".

Ms. Cross stated the pending request was for local matching funds for the Federal Transit Authority funding that was provided to Marion County for community transportation, as well as State funds. She stated that Funds 5311 and 5310 were Federal monies, 5307 was the section for the Federal Transportation Bill that funded mass transit, or SunTran. She stated the local match needed for the elderly and disabled transportation was $195,000. Ms. Cross stated a trip rate was negotiated with the Transportation Disadvantaged (TD) Commission and without the local match, there was almost $2 million of lost revenue in Funds 5311, 5310 and TD monies. She stated trip costs were already approved and if there was a reduction, the cost would increase because there would be a reduction in revenue instead of costs. Ms. Cross noted the calculation of trip rates was based on costs and projected revenue and the County had provided a match through an Interlocal Agreement.

In response to Commissioner Payton, Ms. Cross stated that the organization was available to clients of all ages. She noted it was public transit for people who did not have other transportation available, but most were elderly and/or disabled. Ms. Cross stated there were young clients that were in the Medicaid category, which did not require any match. She noted that Funds 5311, 5310 and TD monies were typically for the elderly and Fund 5311 had already been reduced and was reflected as shown with the final contract for Fund 5310 was received and $848 remained.

Commissioner Payton commented on FY 05-06 levels and having included an appropriate amount of inflation (of 10%). He noted the current budget would be calculated to be $465,000 instead of $531,000 and asked what would be the justification for that difference. Ms. Cross stated $531,000 was the level for past years and for the 07-08 fiscal year it was $568,000.

Commissioner Kesselring asked if the request was based on what State or Federal allocations were made available. Commissioner Fitos stated there was a required match for what was provided by the State. Ms. Cross stated that nothing would be provided without the match. Commissioner Fitos stated there was no control on what was provided by the State. Commissioner Kesselring noted if fewer dollars were available, then less would be provided.

Commissioner Kesselring stated the breakdown of costs would equate to about $340 per rider and $17 per trip and questioned the response to the organization not being as cost effective. Ms. Cross stated that given the labor, vehicles, maintenance schedule, fuel, insurance, etc., the trip costs were below average for the State. She noted that the calculations did not factor in the types of riders since some need transportation three times a week rather than others.

In response to Commissioner Kesselring, Ms. Cross stated the riders paid the trip cost rate that was negotiated with the Department of Transportation (DOT) and the TD Commission.

Commissioner Fitos asked if there was any type of client that was not being served because of limited funding. Ms. Cross stated trip priority patient categories were considered, noting most were medical (clients) and a few were life sustaining (clients). She stated the organization was not able to provide trips for clients in the lesser priority categories, such as for employment, schooling and recreation.

Chairman McClain stated the Board would hold another workshop for discussion of issues in the general budget to determine funding for outside organizations.

Commissioner Payton out at 11:01 a.m.

<u>Budgets/Projects & Programs</u> - Dr. Judy Wilson appeared to review the department's proposed budget for fiscal year (FY) 2007-08.

Dr. Wilson stated Marion County, the City of Ocala and the State of Florida helped with the addition of 68 beds for domestic violence victims and children. She stated the victims could stay up to 10 or 12 weeks because affordable housing was very difficult to locate, so case managers and counselors worked with the victims in that process. Dr. Wilson noted the time period may be extended to three to five months. She noted the City of Ocala was currently paying for one of the children's counselors and the County was paying for utilities. Dr. Wilson stated the cost for electricity increased from $1,500 to $2,100, which was the primary use of the monies.

Commissioner Payton returned at 11:03 a.m.

Dr. Wilson stated men had housing with the Salvation Army and the organization provided all other services to those victims, such as counseling, case management and court advocacy. She noted the Court Advocates worked with Legal Aid and were in court about two to six times a day almost every day.

Commissioner Payton asked if anyone provided assistance. Dr. Wilson stated the City was paying for one of the counselor case managers. Commissioner Payton inquired if the organization received a discount with utilities. Dr. Wilson stated it was not an option that was allowed with the reasoning that having helped one agency would result in helping all other agencies.

In response to Commissioner Payton, Dr. Wilson stated there was only one large shelter that housed 68 beds with attached offices, which included 21 to 25 staff members. Commissioner Payton asked if there was a waiting list. Dr. Wilson stated there was a waiting list a few times in the last year, but there was hope that the waiting list would not have to exist. She noted that two weeks ago there were 55 people and some were turned down. Dr. Wilson stated staff worked with the victims to find assistance. She noted there was consideration of transitional housing, but noted the process was slow on building the programs to make sure there was funding available before moving forward.

Chairman McClain advised that there would be prioritization as to funding outside departments after the budget process was completed.

Budgets/Districts - Advisory Committee Chairman Douglas Kerr, Marion Oaks Recreation, did not appear to review the department's proposed budget for fiscal year (FY) 2007-08.

Budgets/Districts - Advisory Committee Chairman Carl Brigada, Marion Oaks MSTU for General Services and MSTU/Assessment Director Myra Tedder appeared to review the proposed budget for fiscal year (FY) 2007-08.

Commissioner Payton questioned the increase in the budget and if it was associated to growth. Ms. Tedder stated that there were changes made by the Board last year, but the plan was to take over the roads that Deltona worked on and after the turnover there would need to be a boundary expansion to include all those areas mentioned. Commissioner Payton asked if there needed to be a change in the Ordinance or anything similar. Ms. Tedder stated that the boundaries in general would have to be expanded and proposed to the Legal Department to move forward so there would only need to be one hearing. She noted that the Notice of Intent would be completed this year in order to work on the project next year. Commissioner Kesselring asked if the particular ones were considered per parcel. Ms. Tedder stated it was $30 per parcel and that as long as there were increases and more projects were being proposed there would be more future requests for equipment.

Commissioner Kesselring out at 11:16 a.m.

Budgets/Districts - MSTU/Assessment Director Myra Tedder appeared to review the Hills of Ocala proposed budget for fiscal year (FY) 2007-08. She presented an 11 page untitled handout with pictures of Hills of Ocala Recreation.

Commissioner Payton asked if the budget for this department was assessment driven. Ms. Tedder stated it was driven by millage rate, which had decreased from 1.65 to 1.09 mills and may yet be lowered.

Ms. Tedder noted changes that occurred and equipment being replaced, as well as proposals for future projects and the process.

Commissioner Kesselring returned at 11:20 a.m.

In response to Commissioner Payton, Ms. Tedder stated the flooring would be replaced, but was unsure as to what material would be used.

Mr. Tomich advised that the millage rate was at 1.02 mills.

Commissioner Fitos questioned the status of the feasibility study. Ms. Tedder stated the $15,000 had not been collected and noted it was under Board direction that if $15,000 could be raised it would be matched by the Board.

Ms. Tedder stated the bulk of the budget was spent on maintaining the grass and repairing the building since there was no other location that could be used for meetings.

Budgets - Mr. Tomich stated the impact of the Sheriff's budget would be $2.3 million. Commissioner Kesselring stated that amount would not be realized because of renegotiations for about $800,000 for insurance.

Mr. Tomich stated there may be a reduction of what would ultimately be returned if differences were found that did not come to fruition. Commissioner Kesselring noted that budget cuts were made upfront. Mr. Tomich stated there was somewhat of a cascading effect of changes to this budget and there were no details of where the cuts were to occur. He noted that whatever dollars were reduced would then be recaptured in the General Fund or another fund because of the somewhat fungible nature of the maximum tax levy. Mr. Tomich stated the focus should be on the amount the Board could reduce or eliminate any needed debt in the General Fund. Mr. Tomich stated a special meeting would be set or a regular meeting continued at some point later, but prior to August 4, 2007 so the Board would still be in a regular meeting to take official action on setting the maximum millage rate. He noted this was a good point in time to have an indication of what would be seen in terms of proposed maximum millage rates for consideration at the continued meeting. Mr. Tomich stated the highest amount that could be considered by a simple majority vote would be 200ths of a mill than what was originally proposed overall. He suggested that rate be in the General Fund and would be used to reduce the proposed debt in that fund. In response to Commissioner Payton, Chairman McClain stated the millage rate could be set at 3.46 mills.

Mr. Tomich stated the General Fund used 2.68 mills and asked the Board to give general direction as far as what to propose should the cuts affect funds other than the General Fund, especially the MSTU for Law Enforcement. He noted that if corresponding dollars were reduced, it would be reflected in the maximum millage rate in the General Fund so that what would be contemplated, without regard to whatever decision was made, was the aggregate maximum millage rate. Mr. Tomich recommended the detail of the cuts from the Sheriff's Office be obtained and set the millage rate accordingly. He suggested the differences be taken up in the General Fund so the overall millage rate being considered at the continued meeting would be the aggregate maximum millage rate offsetting any need for debt to the extent that it could be reduced and let that be a starting point as to what to set the maximum millage rate. Mr. Tomich noted there would be information made available if there was a general consensus from the Board.

Commissioner Payton asked if the millage rate would be about 3.5 mills. Mr. Tomich stated the Countywide millage rate was currently 3.44 mills and 3.46 would be the maximum proposed rate, but could be slightly higher if cuts from the Sheriff's Office resulted in a reduction in the millage rate in the MSTU for Law Enforcement. He noted that the changes were dollar for dollar, but not millage for millage because the MSTU for Law Enforcement was a smaller footprint. Chairman McClain noted the rate was keeping with the Statutory maximum. Mr. Tomich advised that the Board should be aware in the direction of setting contributions for Emergency Medical Services Alliance (EMSA) to that of last year where the resulting millage rate would be 0.16 mills, which was lower than the guesstimate of 0.19 mills. Commissioner Payton asked if this was a portion of the 3.46 mills. Mr. Tomich stated that Fire Services and EMSA were outside of the maximum millage rate calculations and because it had been in place for less than five years, the Departments were exempt from any maximum whatsoever.

In response to Commissioner Payton, Mr. Tomich stated that the millage was not Countywide. Mr. Tomich stated there was no relationship with the millage rate this year, however, once the millage rates were set for this year and the subsequent years, it would become included as a part of the overall maximum equations. He noted that the set millage rates would also be included in the total levy for all other MSTUs, which meant that whatever millage rate was adopted in 07-08 would be part of the entire group of the ad valorem tax levy that was subject to growth plus inflation. Commissioner Payton stated the only reasonable decision to make was to set the millage rate at the highest component. Mr. Tomich stated there was no limit whatsoever on the rate.

In response to Commissioner Payton, Mr. Tomich stated the dilemma of what Countywide rate to have set was separate and apart from the emphasis with regard to the EMSA millage rate. Mr. Tomich noted there were two millage rates within the same situation: 1) Fire Rescue and 2) EMSA. He stated that both millage rates were not included as part of the total maximum and since both rates were levied for less than five years, the rates were subject to no maximum this year, which meant that the rates were not subject to growth plus 3% (for inflation). Commissioner Payton asked what should be done about the situation. Mr. Tomich stated that Mr. Garri suggested 0.25 mills be the recommendation as to the set rate. Commissioner Kesselring stated that it would not work because the City of Ocala provided funding from its General Fund. Commissioner Payton stated the rate could not be set to 0.25 mills. Commissioner Kesselring noted that the Board directed a reduction in the millage rate because there were fewer dollars that would be received from the City of Ocala.

Mr. Tomich stated that the agreement with the City of Ocala did not determine where the millage rate was set. He noted Mr. Garri's recommendation was to use a separate amount of that millage for capital needs, rather than operations.

In response to Commissioner Payton, Mr. Tomich stated there were two methods of recapturing costs for municipalities and hospitals. He noted for municipalities as verified with the Florida Association of Counties (FAC), the revised property appraiser forms considered the inclusion of the City of McIntosh as new construction financed out of the roll back rate, which was advantageous. Mr. Tomich stated it would effectively increase the roll back rate and noted if the MSTU were to expand the geographic area in any future year, then there would be additional taxable revenue without the need to offset the millage rate by additional taxable value. He noted the loss of any contribution from the hospitals could not be recouped unless it was anticipated by having the millage rate set at a Countywide level to fund the entire deficit with the consideration of anticipating the expansion of the geographic area.

Commissioner Kesselring asked if the hospitals wanted to contribute $1,000,000 each, could it be accomplished in addition to the set millage rate. Mr. Tomich stated there was nothing to prevent participation. Commissioner Kesselring noted that Ocala Regional Medical Center (ORMC) stated there would be participation for three years. Mr. Tomich noted part of Mr. Garri's recommendation was not to increase the operations since it would be limited to the Interlocal Agreement level and it was only expectation that would require funding be at that level in the future.

Chairman McClain noted if the decision was not made now, it would be an issue in future discussions. In response to Commissioner Kesselring, Clerk Ellspermann stated that the two cities that would be involved would have to sign off and agree to the process of implementing an MSTU. Mr. Tomich stated that it was beyond the timeline to expand the MSTU for 07-08. He stated the property values were already certified.

Commissioner Payton stated the millage rate should be set at the highest possible rate. Mr. Tomich stated the highest possible rate was a very big number. He noted there was a consensus on how to handle the Countywide rate with regard to whatever might change in the MSTU's that were included in the Statutory maximum. Mr. Tomich stated he would bring back the maximum for Board consideration in regard to the millage rate. He noted the decision on the maximum millage rate was where EMSA was set and having growth less 3% would result in a 0.17 mill, which was the current millage rate. Mr. Tomich stated another arbitrary target was 0.21 and noted Mr. Garri's recommendation of 0.25 or another number could also be considered.

In response to Clerk Ellspermann, Mr. Tomich stated that a supermajority vote could override the MSTU, although the maximum millage rate was heretofore always going to be the aggregate because it was below the individual maximum. He noted if the millage rate was above the individual maximum, then by default, in order to keep it a regular majority vote, a supermajority vote would consider all the rates, which was not easily accomplished.

In response to Chairman McClain, Mr. Tomich stated that the maximum aggregate number was a calculation that considered individual funds, last year's existing property at the new inflated value, the millage rate for that inflated value, new construction, index of wages and total levy dollars for a grand total number, within which to set the millage rate.

Commissioner Payton asked if the Board had the authority to impose an MSTU. Mr. Tomich stated the cities involved would have to agree to allow the County to extend an MSTU into the city's boundaries. He noted the cities would have to consider allowing another governmental unit to extend taxing ability into the area and the fact that there were four different millage rates to consider which covered: 1) multi-county districts; 2) school; 3) Countywide; and 4) municipal services.

Commissioner Payton stated the County was responsible for providing ambulance services and owned the Certificate of Necessity for the municipalities and inquired of the possible actions that could be taken if both parties were hesitant to take action and how revenue could be earned. Mr. Howard noted the dilemma of providing the service versus not receiving payment for such action. Mr. Tomich noted another option was funding through the General Fund if the Countywide millage rate was to be considered, since there was nothing to prevent that action. He stated that if the unincorporated MSTU was dissolved and the entire amount was funded out of the General Fund, the Board would only be able to use the levy of the unincorporated MSTU by increasing the millage rate in the General Fund, which would not take advantage of the expansion by the MSTU although the unincorporated fund would be free and clear of the maximum.

Commissioner Fitos stated the rate should be set to the maximum allowed by a simple majority vote and commented on the predicament of future years while having to address this in subsequent years. She noted her concerns with EMSA operations and how neither party was willing to move forward and make a decision regarding the expiration of the Interlocal Agreement. Commissioner Kesselring inquired as to the pace the Board would want to take regarding decisions on EMSA and having it absorbed into the Fire/Rescue Department.

Chairman McClain noted his hesitation because discussions and proposals were in progress. Commissioner Kesselring noted the Board could either wait or take action this year. It was the general consensus of the Board to move forward and make a decision.

Commissioner Kesselring suggested not funding EMSA in the same manner for this budget session and making the changes before the next budget was approved and questioned if it could be incorporated. Mr. Howard stated that the Finance Director and Fire Chief had taken action in planning regarding concerns. Chairman McClain suggested allowing Commissioner Stone to complete the process that was currently taking place. Mr. Howard suggested having discussions with the Finance Director and Fire Chief about the $7.5 million and then having discussions with County Attorney Wright in regard to the agreement amount on what action could be taken.

Mr. Tomich stated that the Board did not have the capacity to take action in the coming year, either in the General Fund or in the Countywide MSTU. He noted that it was too late to expand the MSTU and that the MSTU's were treated as independent special districts for this year in the maximum millage rate calculations. Mr. Tomich stated that dissolving the MSTU for 07-08 would not allow for any increase in capacity because there would still be the same remaining funds for the maximum levy calculation, which did not help the millage rate. In response to Mr. Howard, Mr. Tomich stated that without the partnership, there was no ability to fund the municipalities portion and there was also the issue of taxing the unincorporated area that provided Countywide services. Commissioner Kesselring asked if the millage rate was eliminated, could it be used as an aggregate. Mr. Tomich stated that it could not happen in 07-08, but would allow for an excellent strategy for ad valorem capacity in the subsequent year because it could be expanded. He noted that the capacity could be used by expanding the MSTU and obtaining it free and clear, which was stated in the Statutes, although the Legislature had the authority to make changes.

In response to Commissioner Kesselring, Mr. Tomich stated dollars would be lost if the partnership was dissolved. Mr. Howard suggested eliminating last year's agreement and raising the millage rate to use the money for capital. Mr. Tomich noted historically cities have been reluctant with accepting MSTU's in the area. Commissioner Fitos asked if the only two cities that did not participate were Reddick and Ocala. Mr. Tomich stated that was correct. Mr. Howard suggested having discussions to find alternatives and bringing the information back for Board decision.

Mr. Tomich asked if there was a starting maximum amount to contemplate. Commissioner Payton stated the number should be set at the highest possible. Mr. Tomich noted that the highest was 2.5 mills. Commissioner Fitos suggested considering the expenditures of EMSA across the board and translating that into a millage rate.

Commissioner Payton stated the rate should be considered for Countywide. Mr. Tomich stated the millage rate would be higher if the unincorporated areas were assumed. Commissioner Payton stated the Board would react to what was given. Mr. Tomich stated that if the Board was not comfortable with the offer, the disclaimer was that the maximum millage rate could create a challenge for other MSTU's, especially the MSTU for Law Enforcement.

There being no further business to come before the Board, the meeting thereupon adjourned at 12:18 p.m.

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Stan McClain, Chairman

Attest:

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David R. Ellspermann, Clerk

Adopted by the Board of County Commissioners on Tuesday, November 6, 2007.