

**ANNUAL REPORT
OF THE
COUNTY MANAGER
2008**

- **The Annual Report is required under Section 3.3 (2) of the Home Rule Charter for Columbia County.**

- **An update on issues identified in the 2007 Annual Report that were not addressed in the 2007-2008 budget is as follows. The county has reviewed and reconciled the non-ad valorem assessment roll for solid waste. In the 2007-2008 budget, a revenue shortfall of approximately \$400,000 was anticipated. As a result, non-ad valorem notices were mailed to all unincorporated area residents advising that an increase in non-ad valorem assessments was to be considered. During the 2007-2008 budget workshops, the Board of County Commissioners funded the deficit from reserves (MSSD, not General Fund) and requested a review to ascertain the shortfall. No increase in the assessment rate was taken.**

During the 2007 billing cycle for non-ad valorem assessments, all requests for adjustments (vacancies, removals, number of billed units, etc.) were verified in the field. This was accomplished utilizing a contractual employee. This was preceded by an extensive attempt to insure the non-ad valorem assessment billing roll was as accurate as possible. Also, with the cooperation of the Columbia County Property Appraisers office, a record of all residential units (not just those classified as real property) is being made on a parcel by parcel basis. As the office of the Property Appraiser can only visit each parcel once every 4-5 years, this is a long term process. The non-ad valorem roll is reconciled with the parcel county as the counts are received.

The second issue that was not resolved as part of the 2007-2008 budget issue was the non-participation of the City of Lake City in the funding of Emergency Medical Services. A joint meeting was held with the City of Lake City on July 31, 2008. The City has declined to contribute to the cost of EMS. This action will not result in the county allocating additional revenue in FY 2007-2008 to Emergency Medical Services as the county did not budget any revenue in FY 2007-2008 from the City of Lake City.

FY 2006-2007 FINANCIAL REVIEW

- **The audit for the period ending September 30, 2007 has been reviewed with the Auditor; however, the audit has not been publicly presented.**

- No major findings are noted in the audit and as forecast, expenditures for the period were within budget. Also, the total county indebtedness decreased while the county's ending reserve balance increased.

FY 2007-2008 FINANCIAL REVIEW

- As a result of the Florida Legislature's 2007 Property Tax Reform Act, FY 2007-2008 began with a millage rate that was .87 mills less than the previous year. Even though millage was reduced, the estimated general fund revenue was projected at \$632,000 more than the previous year. This was due to the value of new construction added to the tax roll. No new taxes were adopted. The non-ad valorem assessments for fire were increased to provide for additional fire dispatch personnel assigned to the consolidated dispatch center. Fee increases were limited to the county's Building and Zoning Department.
- Major issues that occurred after the adoption of the FY 2007-2008 budget included decreased revenue forecasts, increased operating expenses primarily attributed to fuel prices and expenses related to the Friday, March 7, 2008 Tornado. While significant in terms of cost, the county is still expected to end the year within the approved expenditures budget.
- The unaudited year for the period ending September 30, 2007 is expected to provide the following:
 - 1.) The county's expenditures were within budget.
 - 2.) The total county indebtedness increased due to fire department capital outlay and the refinancing of the Economic Development Fund.
 - 3.) The ending reserve balance will remain significantly unchanged.

FY 2007-2008 MAJOR ACCOMPLISHMENTS

- The Columbia County Fire Department was successful in reducing the Insurance Servicing Organization (ISO) rating in the majority of the unincorporated area from a 9/9 to a 5/9. This was the first reduction in the unincorporated area ISO in the history of the county.
- The potable water utility at Ellisville is under construction. The well is currently being drilled. The specifications for distribution line location and installation is being prepared. Financial papers have been submitted for the financing of the wastewater component.
- In cooperation with the City of Lake City and numerous state agencies, Columbia County responded to and assisted with the tornado of Friday, March 7, 2008. Assistance provided included but was not limited to, providing temporary food, clothing and sheltering as well as direct assistance

in storm debris removal. Columbia County also provided financial assistance to repair and rebuild through amendments in its Local Housing Assistance Plan (LHAP).

- **Columbia County successfully completed its obligations to the Target Distribution Center which included the creation of new wetlands for mitigation purposes and the paving of Tammy Lane.**
- **The county implemented impact fees to cover that portion of operational capital outlay attributed to new growth for the following county services: roads, fire, emergency medical services and corrections. The county also adopted school impact fees at the request of the Columbia County School Board. The county has been asked to impose a “moratorium” on the collection of impact fees as an economic recovery incentive. To date, the Board has declined such requests.**
- **A sustainable alignment for the Bascom Norris Connector Road appears to have been identified. The county has contracted with HDR Engineers to establish the final alignment and to perform the design specifications (including the bridge). Based on current engineering cost estimates, the project is fully funded.**
- **In cooperation with the Suwannee River Water Management District and numerous other stakeholders, Columbia County assisted in the creation of “The Ichetucknee Partnership”. The Partnership promotes voluntary rather than regulatory approaches to protecting groundwater.**
- **Also, in cooperation with the Suwannee River Water Management District, contracts for engineering services were executed for the study and correction of storm water issues in all major basins of the county. The initial reports on these basins will be presented on September 9, 2008.**
- **The Southside Recreation Complex and The Richardson Gym (including Annie Mattox Park) were successfully transferred to the county. While necessary infrastructure improvements were greater than expected, work continues with considerable progress having been made.**

FY 2008-2009 BUDGET AND LEGISLATIVE ISSUES

- **Amendment One was passed by the voters in January, 2008. Amendment One must be implemented with the FY 08-09 budget. The Florida Legislature’s Office of Economic and Demographic Research in November of 2007 estimate the impact of Amendment One on Columbia County to be \$1,953,193. The full impact of Amendment One is offset by adding to the tax roll the value of new construction and, in accordance with Amendment One, a percentage increase based on the increase in per capita income for the**

state. Due to the value of new construction to be added to the tax roll, the impact in total revenue loss from Amendment One is expected to be considerably less than the November, 2007 estimate; however, reduction in revenue will occur.

- The impact from the homestead portability provision of Amendment One is an unknown as to its full impact. To date, the homestead portability provision has resulted in approximately \$9,000,000 in value being eliminated from the tax roll.
- Amendment Five will be on the ballot in the November, 2008 general election ballot. If passed, the current local option millage for schools will be eliminated. The Legislature has stated that lost revenue for the schools will be subsidized by the state. If the amendment passes, the formula for subsidization will be addressed in the 2009 Legislature. The concern is that the Legislature will utilize local governments state shared revenues in part for the subsidization.
- The overall economic downturn has resulted in decreases for every county revenue source. Most notably is the county's small county surtax which is tracking to be down \$1,300,000 for FY 2008-2009. The total estimated impact for all revenue decreases in FY 2008-2009 is \$3,000,000.
- Even though all parties within Columbia County have settled the lawsuit pertaining to whether private prisons are taxable under Florida law, Payment in Lieu of Tax (PILT) funding is in jeopardy for FY 08-09. The county has been advised that the state intends to withhold PILT funding until it recoups its legal fees. The estimated revenue loss for all taxing authorities is \$100,000. The portion attributed to the Board of County Commissioners is estimated to be \$40,000.
- The 2009 Legislature is again expected to address a springs protection bill. Some of the language proposed in 2008 is again expected in 2009. Proposals from last year included comprehensive plan restrictions, the establishment of maximum daily nitrate loading requirements and the creation of local programs to inspect on-site sewage disposal systems. Much of the legislation proposed last year could have direct and indirect financial consequences on the county.
- The Class III area located at the Winfield Solid Waste Facility is nearing capacity. Final decisions on how to address the issue, including whether the county should construct a "Construction and Demolition" disposal site are needed. Other issues at the Winfield Solid Waste Facility include the probability that a "Contamination Assessment Plan" (CAP) at the central (closed) landfill will be necessary as well as the Florida Department of

Environmental Protection requiring methane venting at Winfield. Both issues will require substantial resources.

- **The County needs to address capital infrastructure. For planning purposes, final decisions are needed on how the following capital infrastructure needs will be addressed: 1.) jail, 2) libraries (Fort White and Main), 3.) property records storage, 4.) judicial chambers, 5.) administrative complex, and 6.) road improvements. Assuming the floor budget for FY 2008-2009 will be adopted as proposed, set aside funding for a new jail (including staff and operating increases) will have been eliminated in its entirety. Funding currently exists to assist with the need pertaining to libraries, property records storage and the addition of judicial chambers. The extension of the 2 cents Local Option Sales Tax provides an opportunity to address the paving of Old Wire and Herlong roads. These roads are the number one (1) and number two (2) priorities for unimproved road paving in the county.**
- **The county currently has 30 personnel in mid to upper level management. Of these personnel, 12 or 40% plan to retire within the next 1 to 3 years. 9 or 30% plan to retire within the next 4 to 7 years. While there does not appear to be an employee in line to replace many of these potential retirees, the area of greatest concern to me is in the Columbia County Building and Zoning Department. This department has the greatest number of employees who could possibly retire in the shortest of time frames and whose replacement will be the most difficult to achieve. This is due to the statutory requirements that building inspectors must possess. Existing inspectors were grandfathered under previous laws.**

RECOMMENDATIONS

- **Prepare now for FY 09-10. Based on current projections, FY 09-10 promises to be considerably more difficult than FY 08-09. Any revenue reductions will come directly from the adopted FY 08-09 operating budget. This is due to the fact that these are no capital projects (such as the jail) to utilize for revenue replacement. The estimated reduction in revenue for FY 09-10 is \$3-\$4 million dollars. This reduction will come from a decrease in state shared revenues, the economy in general and reductions in the county's taxable millage.**
- **Continue to develop an energy plan for the county. Efforts to date include a review of "county furnished transportation", an energy review of all county public buildings and a study of four-day work week implications.**
- **Board Departments, prior to FY 2007-2008 were asked to develop cost reduction and continuity of operations plans at varying percentages of revenue reduction. The Departments of the Board will be asked to repeat this**

exercise for review prior to FY 2009-2010. Constitutional Officers should be asked to do the same.

- **Explore the following specific items for potential cost savings:**
 - 1.) **Centralize the functions of payroll, human resources, purchasing and risk management with the Board of County Commissioners and all Constitutional Officers.**
 - 2.) **Combine the fire and EMS functions into a single department. This would most likely require new funding methods.**
 - 3.) **Identify functions within the county that can be compensated for based on productivity. Examples would be mechanical repairs or miles of road graded.**
- **Look at opportunities for privatization, de-privatizing and interlocal agreements for current services provided.**
- **Utilize the extended 2 Cents Local Option Gas Tax as collateral and borrow the funds necessary to pave Old Wire and Herlong roads.**
- **Develop a new plan to deal with cost centers that tend to increase dramatically (i.e., insurance).**