

FISCAL YEAR 2006 BUDGET MESSAGE

To: The Board of County Commissioners

July 12, 2005

INTRODUCTION

It is my honor to submit to you my eighth and final recommended budget as your County Administrator. As my retirement draws near, I take great pride in our past accomplishments. This proposed budget is squarely focused on the future.....a strong financial future which continues improvement in the quality of life for residents, businesses and visitors of this outstanding county. As reflected in past budgets, the policy leadership demonstrated during your goal setting sessions each year has clearly charted the course of county government - this year is no different. You have taken a very comprehensive view of what meaningful quality of life entails. Your emphasis on community wellness, economic viability, transportation, affordable housing, sustaining the environment and promoting vibrant cultural amenities and programs is embodied in the budget. The management team has worked diligently to craft a spending and operational plan to implement your vision.

COMMISSION GOALS

I'd like to briefly touch upon each of the eight Commission goals for FY 06 and how they relate to the recommended budget. The goal that we have discussed the most in the last few weeks is that of transportation. You have taken a bold step by directing staff to proceed with development of a transit/transportation program to be supported by a surtax on sales for a voter referendum, potentially as early as November 2006. The universe of unfunded transit and other transportation projects is very large. There is much work ahead which will involve all stakeholders and the community at large in the development of this program. Simultaneously, we continue to invest in transit through the allocation of \$2.5 million for the purchase of new buses in FY 06 for an expanded fleet in preparation for the concurrency transit improvements slated for FY 07. We propose new investments in traffic engineering improvements including \$11 million in new video traffic detection equipment at major county intersections enabling the intersections to be observed remotely to detect and repair malfunctions efficiently and expeditiously.

Affordable housing is a second area where we have recently engaged in much discussion. A milestone report has been developed detailing activities proposed to address this issue, including target dates for each activity. Clearly, Broward County government cannot solve this growing problem alone; however, this budget reflects the reorganization that will help bring about some solutions to this very difficult issue. The Office of Housing brings together the various housing programs, regardless of funding source, under one umbrella and organizes the resources in a way that maximizes their potential impact.

Growing the tax base is fundamental to the county's future success and we continue to move forward with resources to facilitate redevelopment in the unincorporated area and, collaboratively, with municipalities. An additional \$2 million is budgeted in the redevelopment capital budget for FY 2006 for a total of \$14.3 million. We will discuss expanding the use of this fund for housing that promotes your goals. In addition, tax increment payments to cities are increasing by almost \$4 million to a total of over \$20 million. Also, as you know, we have recently taken the next steps toward downtown redevelopment inclusive of master planning for the judicial complex and the government center campus.

A goal closely related to redevelopment is the Commission's goal, and that of Vision Broward, to identify industry/economic targets that are most promising to our stakeholders. Accordingly, \$250,000 is recommended in this budget to conduct a new targeted industry study so we can focus our resources on areas that will maximize

value-added job growth and new capital investment by the private sector. Resources to continue staff efforts related to other Vision Broward initiatives are also included in the budget.

You will see a number of enhancements in this budget related to your community wellness goal totaling almost \$1 million. They include expanding the elderly services consumer directed care project, increasing emergency assistance funding for those in dire need, staffing the northwest family success center and implementing a community based team for comprehensive assessment and case management at the north family success center. There is also a significant increase in the general fund support of homeless programs and substance abuse grant programs to maintain current service levels.

Investing resources in cultural programs and infrastructure is also addressed in this recommended budget. Funding for these programs increases by approximately \$700,000 in FY 06 as a result of your expansion of sales tax categories dedicated to the arts. There is \$3.7 million in the capital budget for a new headquarters and museum for the Historical Commission which will increase public access to a wonderful collection of Broward's historical artifacts; \$1.5 million for the new Hispanic Cultural and Education Center in the Main Library; and \$2.5 million to open new and expanded libraries throughout the county.

Preserving the environment is a continual goal with a variety of different components. Examples include the funding for the beach renourishment efforts currently underway as well as funds for a variety of projects related to phase three of the Integrated Water Resource Program. Projects that support optimization of local water resources are being implemented through partnerships, with particular emphasis on hydrologic modeling to guide planning efforts and resource management, the construction of secondary canal interconnections, and water conservation programs. In both the Parks operating and capital budget, there are funds appropriated for the maintenance of newly acquired natural areas.

The final goal pertains to the strategic placement of knowledge and services infrastructure throughout the county. We continue to invest in the infrastructure needed for a high quality and high functioning information technology (IT) environment. The most significant funding recommendation is \$2.8 million for phase one of a county-owned fiber network which will provide a technologically advanced network generating net cost savings over time. This, along with dozens of agency IT projects as well as in the Constitutional officer budgets, will further e-government efforts, improve productivity and enhance customer satisfaction for County government services.

As you know, our departments are embarking on a business planning process that will ensure that their individual business unit goals are aligned with the eight Commission goals. Accountability will be a hallmark of these plans through identification of clear measures of success. The broadest measures tied directly to the goals are considered market measures, but there are many other business unit specific performance measures as well. The business plans will not only align to the Commission's eight goal areas, they will assure every corner of the enterprise has defined goals and strategies to meet their growing daily demands which are driven by constant population growth. Planning to manage these growing demands is essential, whether that be through improved training, streamlined business processes, improved technology or other capital investment.

The first step in the business planning process is the in-depth budget review that the Community Services Department, Port Everglades Department and Office of Economic Development are currently participating in. In response to your comments at the pre-budget workshop these agencies were selected to be the first agencies to provide a deeper level of detail to the Board on their budget and programs as part of this budget process. This information will be provided to you prior to the August budget workshops.

BUDGET OVERVIEW

The total budget for FY 2006, which includes tax supported as well as non-tax supported funds, compares to the revised FY 2005 budget as follows:

	FY 2005 (Millions)	FY 2006 (Millions)	Difference
Operating Budget	1,768.7	1943.2	174.5
Capital Budget	485.2	721.1	235.9
Debt Service Budget	308.6	341.9	33.3
Total	2,562.5	3,006.2	443.7

Overall, the total budget is increasing \$443.7 million. Beyond normal cost increases, the operating component of the budget is increasing by \$174.5 million primarily due to the impacts of opening new facilities, Commission goal-related supplements, increased reserves and market driven growth in our enterprise fund operations. The capital budget is increasing by \$235.9 million. The most significant increase (\$254.1 million) is in the Aviation Enterprise Capital Fund due to various airport improvement projects such as \$160 million for in-line baggage screening facilities. The debt service budget is increasing by \$33.3 million primarily due to a \$30 million increase in Enterprise Fund debt service for Aviation and Water/Wastewater bonds consistent with their capital financing plans.

TAX SUPPORTED FUNDS

While we are recommending funding for targeted enhancements in Commission goal areas, there are substantial cost increases to just maintain current service levels in the tax supported funds. These include rising fuel costs, increased retirement contribution rates, higher health insurance and property insurance premiums, living wage impacts for contractual services and operating impacts of capital investments such as opening new parks, implementing new IT systems, and maintaining new regional communications equipment.

For FY 2006, we are recommending that the total countywide millage rate decrease 3.4% from 7.023 to 6.783. With this millage rate, a taxpayer in a homestead residential property will not pay any increased county taxes. For the fourth year in a row, the tax roll growth has been unusually high with a 16.3% increase for this year and an average of 13.8% for the past four years. It is important to point out that this is unprecedented given that the average growth for the previous four years was 8.1% and that eventually growth will moderate. The tax roll growth has allowed us to reduce the millage rate and will also preserve millage capacity for the future. We are also utilizing a portion of the tax growth to enhance reserves for planned FY 07 and FY 08 budgetary impacts such as new facility openings as well as augmenting the capital program.

In the unincorporated area tax supported funds, we are recommending a flat millage rate for both the municipal service district and the fire/rescue fund for FY 06. Due to a small decrease in both the garbage and fire assessments for single family homeowners, they will pay approximately the same amount as in FY 05 if they have a homestead exemption. Significant reductions are included in the recommended budget to account for the reduced service area since sixty percent of the current unincorporated area population is shifting to cities. Current service levels will be maintained within the smaller service area of approximately 23,000 residents.

CONCLUSION

As Broward County moves closer to build out, maintaining and enhancing quality of life will become ever more challenging. The county is well positioned to successfully meet these challenges through the Board's leadership, an exceptional management team, dedicated workforce and a solid financial condition. We believe this recommended budget is completely aligned with your goals and vision for the future and look forward to reviewing it with you in greater detail during our August workshops.

Respectfully submitted,

A handwritten signature in grey ink, appearing to read "R. Desjarlais".

Roger Desjarlais,
County Administrator