



County Administrator's Office

State of Florida

August 30, 2018

Honorable Members of the Okaloosa County Commission:

By this letter, your budget staff formally transmits the Tentative Fiscal Year 2019 Okaloosa County Budget. Budget development began in earnest several months ago as departments and Constitutional Officers worked through a series of County Administrator reviews and Board workshops.

The Fiscal Year 2019 (FY2019) County Budget does not contemplate a property tax rate increase. Property values are projected to increase 6.28% with ad valorem revenue increasing approximately \$3,848,017. Other major sources of revenue have remained relatively flat in growth or have increased slightly. The largest increase was in the estimate for the half-cent sales tax which increased by \$504,700 over the previous fiscal year. Initial requests for funding exceeded the projected additional revenue by over \$2,300,000.

The Tentative Budget for FY2019 \$387,003,866. The spending plan for next year represents an increase of \$8,287,820 (across all funds) or approximately 2.19% above the approved budget for FY2018.

Budget Drivers

Emergency Medical Services: The Emergency Medical Services fund required \$1,247,215 of ad valorem revenue, which is a 100% increase over what was provided in FY2018. Salaries and benefits are the main cost driver budgeted at \$1.15 million over what was requested in the previous year and largely attributable to schedule change and increase in staff approved in the FY2018 budget.

Community Redevelopment Agencies and Tax Infrastructure Funds: The Community Redevelopment Agencies and PJ Adams TIF require a budget of approximately \$2.6 million which represents an increase of approximately \$276,765, or 11.73% over the FY2018 budget. 11.73% of \$2.2 million fund Destin's RDAs at \$852,358, the PJ Adams TIF at \$750,000 and Fort Walton Beach CRAs at \$754,002.

General Wage Increase: Employees will receive a 2% increase based on current salary combined with a \$395 flat increase at a cost of approximately \$1,308,310 across all funds. Average increase per employee is \$1,086.

Okaloosa County Administration Building
1250 N Eglin Parkway, Suite 102
Shalimar, Florida 32579
(850) 651-7515 • FAX: (850) 651-7551
Email: managerinfo@myokaloosa.com

General Fund Reserves: The Tentative Budget increased reserves by \$371,637 to bring the FY2019 total to \$7,694,349.

Positions

General Fund Positions: The budget process contemplated several new positions. The list of positions requested by departments was lengthy and the number of new positions offered in this budget is constrained due to the available funds. Funding for the General Fund supported new positions is approximately a \$137,989 increase and a \$926,786 increase across all Funds.

- **Systems Technical Specialist:** Position added due to increased workload as well as to address security and audit requirements.
- **Custodian:** Position added to accommodate the occupation of the Crestview Courthouse; space used to house the displaced departments in the Courthouse will remain in use for other departments.
- **Public Records & Contract Specialist:** Position added to provide more efficient and timely execution of the County's public records, contract review and claims handling responsibilities.
- The General Fund is adding a total of 2 positions while the Enterprise and other supporting funds are adding 16 positions for a total of 18 new positions throughout the County.

Capital Outlay, Equipment, and General Fund Reserves

Public Safety

County Jail: The replacement of the Delta POD door actuators/intercoms will continue into the next year with an anticipated cost of \$100,000. Due to the aging components, parts are not accessible and modifications and retrofitting is necessary.

The HVAC units at the jail facilities are aging and in need of replacement. The gable end of the buildings are the best access to this infrastructure. The renovation to access the HVAC units is \$50,000.

South Courthouse Annex: Courtroom 3B was created using areas previously used by the Clerk of Courts. Seating used in the renovation was removed from the Old Crestview Courthouse, and was installed temporarily. The FY2019 cost for the new seating is \$30,000.

The South Courthouse Annex is a highly functioning building with activities occurring 7 days a week. The need to add a temporary hookup for external connectivity to the HVAC system is

required to ensure continued use should the existing chiller fail and is expected to cost \$25,000.

The Courthouse Annex currently utilizes Siemens HVAC Controls. These controls are proprietary and difficult for staff to maintain and are not consistent with the controls used in other county buildings. The upgrades are expected to cost \$120,000 and will allow staff to monitor the status of the HVAC system, make necessary changes remotely, and staff are trained on the use of the software. In addition, security enhancements are needed in the amount of \$23,000.

EMS: The EMS staff is exposed to several types of contaminants. There is a need for up-to-date decontamination rooms both in the North County and South County with an expected cost of \$10,000.

EMS shares a portion of the old Water and Sewer Plant off of Essex Road with the Parks Division as their supply warehouse. Their parking area and grounds need refurbishment, and staff's plan is to backfill with fill material, level, and cover with additional gravel with an expected cost of \$7,000.

State Attorney: At the Crestview Office, the plan is to expand the State Attorney Office into the existing Old Purchasing Building. These buildings will be tied together with an open, covered walkway. The expansion of their department will require new data lines and some minor building modifications. This is to occur after the opening of the new courthouse with a cost of 25,000. Plus an additional \$10,000 is needed for security enhancements in the south office.

Board Facilities

HVAC in County Buildings: Staff is continuing the multi-year replacement of the aging and outdated R22 Freon HVAC units throughout the county. The effort to replace these units came about as a Federal Mandate that the use of R22 Freon be eliminated by 2022. The FY2019 cost is \$150,000.

Old Piggly Wiggly Property: County offices that are located in the Brackin Building have limited parking available. The County purchased the old Piggly Wiggly property on Wilson Street and the demolition of the building is complete. The property will be used as a parking area and a small park. The parking area will also allow for overflow parking for the Crestview Courthouse when that facility is complete. The FY2019 cost is \$80,000. In addition, funding in the amount of \$50k is programmed to match the Crestview CRA investment which will be used for the improvement of the property.

Purchasing Department: The Purchasing Building is a critical facility especially during an emergency. The building does not have a backup power supply. The addition of a backup

generator will allow its continued operation during power outages. The FY2019 cost is \$45,000.

Public Works Supply: Staff is working on the combining of the Public Works Supply in one location. The limited space at the North Road Department necessitated the need to improve the attic space over the existing sign shop/small engine repair location. The FY2019 cost is \$24,000.

South Courthouse Annex: Repair, prime and re-paint the interior of the third floor. The FY2019 cost is \$35,750. In addition to the painting, staff have formulated a plan for the replacement and repair of the irrigation system, plantings, and ground cover around the building and the islands in the parking lot. The FY2019 cost \$15,000.

County Administrative Building: For security for all county departments located within the building, a mass notification system will provide the ability to notify everyone in the building should an emergency occur. The system will provide a notice to all occupants even those not primarily effected to secure their locations. FY19 cost is \$90,000. Also, the Information Technology is in need of additional electrical sources and require access controlled doors in sensitive areas. The FY2019 cost is \$8,000.

Public Works Mosquito Control: The existing shop is aging and the insulation in the ceiling is falling out. A more efficient insulation is spray foam and the spray is more easily installed in an existing structure. The FY19 cost is \$16,800. In addition, chemical use for county spray purposes needs to be in a climate controlled area. Both Mosquito Control chemical buildings north and south currently are not controlled. The FY2019 cost is \$7000.

Equipment

Vehicles and Equipment: The majority of the new vehicles and equipment funded in the Tentative Budget can be found in the County's enterprise fund departments. As it relates to the General Fund, the Tentative Budget includes replacement vehicles for Facilities Maintenance, Purchasing, Corrections, Parks, Information Technology and Mosquito Control. Additional equipment purchases are funded for Planning, Corrections, Facility Maintenance, Information Technology, Parks and Mosquito Control.

Law Enforcement

Sheriff's Office: Okaloosa County continues to place a premium on public safety and a strong law enforcement presence. Community surveys routinely place law enforcement as a top priority among the myriad services government provides. Over the past five budget cycles, significant attention has been given to the Sheriff's office and increasing budgeted expenditures. The budget request was approximately 41.4 million, which is a 10% increase, or \$3.7 million over the current fiscal year approved budget. The request includes a 3 percent

COLA for the ranks of sergeant and below. New positions include four deputy sheriffs for use as School Resource Officer (SRO) backfills, two traffic deputy sheriffs, one Cyber Intelligence Investigator, one marine deputy, and one criminal investigator. Unfortunately, sufficient dollars are not available to fully fund this request and address all of the competing priorities the County is faced with next year. Even with increased Grant and contract revenue totaling over \$1 million which will offset and reduce to a 6.25% increase over last year, the funds are not available. The Tentative Budget allocates \$40.6 million (\$768k less than requested by the Sheriff) which is a 7.97% and \$3 million increase.

The budget also provides an additional \$2,266,685 funded by contracts for services, that the Sheriff has for providing services in the County which includes the Airports Security, \$1,692,685.

Special Revenue and Enterprise Funds

Tourist Development Department: Overall, the Tourist Development Fund continues to be healthy after another year of significant growth. For the FY2019 Tentative Budget, we anticipate continued growth as revenues are projected to total \$70,279,700, or an increase of \$3.3 million, 5% from last year.

Airports Department: The County owns and maintains three airports: Destin-Fort Walton Beach Airport, Destin Executive Airport, and Bob Sikes Airport. The main hub of commercial activity of the County's three airport system continues to be Destin-Fort Walton Beach Airport. Service has expanded and is now servicing twenty-seven cities with direct flights. For the FY2019 Tentative Budget, we anticipate continued growth as revenues are projected to total approximately \$51.1 million, or an increase of \$8.8 million, 20.8% over last year.

Water and Sewer Department: The Water and Sewer Department provides potable water and sanitary sewer service to a number of franchise areas throughout the County exclusive of those served by municipal utilities. The FY2019 Tentative Budget reflects a 2.5% increase in revenue for next year, or an estimated \$1,547,938 for a budget of \$63,977,367.

Solid Waste and Recycling: Waste Resource Management in Public Works manages the contracted services for the collection and disposal of solid waste within the County's north and south franchise areas. In addition, the Division is responsible for the management of four closed landfills, three of which remain in active remediation. The FY 2019 Tentative Budget reflects a 15.9% increase in revenue for next year, or an estimated increase of \$1,735,454 for a budget of \$12,640,454.

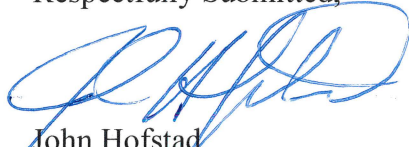
Emergency Medical Service (EMS): The EMS Division provides Advanced Life Support ambulance services throughout the County and transports patients to medical facilities. The FY2019 Tentative Budget reflects a 9.85% increase in revenue for next year, or an estimated increase of \$891,715.

Summary and Acknowledgements

Having completed department reviews and a series of four public workshops, the FY2019 Tentative Budget reflects a detailed analysis of the County's budgetary needs and priorities for the coming fiscal year. With guidance from the Board throughout this process, staff has addressed pressing organizational needs including: public safety, reserves, personnel, and capital needs. This overall comprehensive effort will culminate in two public hearings to formally adopt the final budget; September 4, 2018 in Crestview and the final hearing on September 18, 2018 in Shalimar.

Lastly, the comprehensive budget presentation before you would not have been possible without the assistance of our budget team members and our department heads. I would like to acknowledge the outstanding efforts and assistance provided by Mr. Gary Stanford, Director of Treasury & Board Services; Ms. Kay Godwin, Deputy County Administrator; Mr. Greg Kisela, Deputy County Administrator; Ms. GinNeal McVay, Human Resources Director; Mr. Matthew Young, Budget Analyst and Ms. Stephanie Herrick, Office of Management and Budget Director.

Respectfully Submitted,



John Hofstad
Okaloosa County Administrator