

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Sheriff's Office – Transfer of funds held in Sheriff's Stabilization Reserve Account to the Sheriff's Office Capital Budget for use in the purchase of a replacement helicopter.

DEPARTMENT: Sheriff's Office **DIVISION:** _____

AUTHORIZED BY: Sheriff Eslinger **CONTACT:** Penny Fleming **EXT.** 6617

Agenda Date <u>5/23/06</u> Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input type="checkbox"/> Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

1. Approval of the attached Budget Change Request by the Board of County Commissioners transferring \$1,250,000 from the Sheriff's Office Stabilization Reserve Account to the Sheriff's Office Capital Budget for use in the purchase of a replacement helicopter.
2. Board of County Commissioner direction as to payment of the remaining \$1,750,000 associated with acquisition of a new helicopter through either a lease purchase financing arrangement or payment in one lump sum amount in FY 2006/07.

BACKGROUND:

During the FY 2005/06 budget process, the Sheriff's Office and County Manager developed a target funding methodology for the Sheriff's Office annual budget submission predicated upon the annual growth in the tax base. Excess funds generated, but not requested by the Sheriff's Office were to be held in a "stabilization account" to be utilized for offsetting future requirements of the Sheriff's Office. Examples cited included large capital purchases, personnel and operating increases pertaining to the Jail expansion project and future year budget shortfalls when the growth rate of the tax base was less than Sheriff's Office budget requirements. This methodology was subsequently approved by the Board of County Commissioners and incorporated in the adopted FY 2005/06 budget. With the Sheriff's Office FY 2005/06 budget adopted at a rate far less than the growth in the FY 2005/06 tax base, there is presently \$1,600,000 in the Sheriff's Stabilization account.

Also during the FY 2005/06 budget process, the Sheriff's Office discussed the need to begin planning for the phased replacement of the helicopter fleet. The Sheriff's Office currently owns and operates two (2) Bell OH-58 helicopters, one manufactured in 1970 and the other in 1971. These two helicopters were acquired through the military surplus program in 1995, and are primarily used in support of law enforcement support operations for the Sheriff's Office and municipal police departments.

Reviewed by:
Co Atty: _____
DFS: _____
Other: _____
DCM: _____
CM: _____
File No. <u>CSHO00</u>

The two Bell OH-58 helicopters have proven to be a key asset to county-wide law enforcement since they were placed in service in 1995. Unfortunately, they are both in excess of thirty years old and will require extensive and expensive maintenance over the next two years to remain in service. With most urban law enforcement agencies in Florida and throughout the nation relying on helicopters to assist in performing law enforcement support functions, it is recommended that these helicopters be scheduled for replacement.

The recommendation of the Sheriff's Office is to immediately replace one of the Bell OH-58 helicopters with a new helicopter. The two Bell OH-58 helicopters would then be cannibalized to create one Bell OH-58 helicopter, which would be used as a back-up aircraft only. At such time in the future when air operations require more flight hours than the back-up aircraft could provide, a second new aircraft would be recommended for purchase.

The present market for new helicopters is controlled to a large extent by two manufacturers; Bell Helicopter and American Eurocopter. Collectively, these two manufacturers account for approximately 83% of sales of new helicopters to governmental agencies within the United States. While both of these manufacturers have several models of helicopters available for sale, the specific requirements of the Sheriff's Office narrow the choices to either the Bell B407 helicopter or the American Eurocopter AS350B3 helicopter. The estimated base cost of a new helicopter is \$2,200,000 and with the addition of law enforcement mission specific equipment, the final cost is expected to be approximately \$3,000,000.

In order to fund this purchase, the Sheriff's Office is requesting that \$1,250,000 in funding presently set aside in the Sheriff's Stabilization Reserve Account be transferred to the Sheriff's Office Capital Budget. The options to fund the remaining \$1,750,000 are:

1. Through a five-year lease purchase agreement, utilizing funding acquired through a financial institution. The Sheriff's Office has presently set aside \$400,000 in its FY 2006/07 budget request to fund year one of a lease purchase agreement.

or

2. Full funding of the remaining \$1,750,000 from the County, if such funding is available in the FY 2006/07 budget. Full funding of the remaining balance would alleviate the need to acquire financing and therefore eliminate the payment of interest expenses associated with any financing agreement.

It is requested that the Board of County Commissioners provide direction as to which method the Board prefers regarding payment of the remaining \$1,750,000 balance.

2006-R-

BUDGET AMENDMENT REQUEST

DFS Recommendation	
Fredrik V Coulter <i>FW</i>	5/10/06
Analyst	Date
<i>[Signature]</i>	5/10/06
Budget Mgr	Date
<i>[Signature]</i>	5/10/06
Director	Date

TO: Seminole County Board of County Commissioners
 FROM: Department of Fiscal Services
 SUBJECT: **Budget Amendment Resolution**
 Department: **Sheriff's Office**
 Fund(s): General Fund

PURPOSE: To fund the purchase of a replacement helicopter. The entire cost of the helicopter is approximately \$3,000,000.

ACTION: Approval and authorization for the Chairman to execute Budget Amendment Resolution.

In accordance with Section 129.06(2), Florida Statutes, it is recommended that the following accounts in the County budget be adjusted by the amounts set forth herein for the purpose described.

Sources:

Account Number	Project #	Account Title	Amount
00100.999901.599391		Reserve – Sheriff – Contingency	\$1,250,000
00100.999901.599998		Reserve - Contingencies	1,750,000
Total Sources			\$3,000,000

Uses:

Account Number	Project #	Account Title	Amount
00100.013001.590963		Transfer – Sheriff	\$3,000,000
Total Uses			\$3,000,000

BUDGET AMENDMENT RESOLUTION

This Resolution, 2006-R-_____ approving the above requested budget amendment, was adopted at the regular meeting of the Board of County Commissioners of Seminole County, Florida _____ as reflected in the minutes of said meeting.

Attest:

 Maryanne Morse, Clerk to the Board of County Commissioners

By: _____
 Carlton Henley
 Chairman

Date: _____

Date: _____

Entered by County Finance Department

Date: _____

Chairman Henley recessed the meeting at 9:50 a.m., reconvening at 10:00 a.m., with all Board members and County Attorney present.

SHERIFF

Sheriff Don Eslinger addressed the Board to introduce staff members, Chief Penny Fleming; George Sellery; and Major Mike Tidwell. He stated he would like Chief Fleming to clarify the numbers of his submitted budget.

Chief Penny Fleming addressed the Board to state the Sheriff's Office met with the Fiscal Services office to try to go over the Budget numbers that are in the Budget Book versus what they had submitted. She stated page 2 of the Sheriff's budget message shows a graph of their operating budget in the amount of \$81.1 million and the jail maintenance of \$2.1 million. She stated the Sheriff's operating budget for law enforcement, corrections and judicial for 05/06 represents a \$5.8 million increase or 7.79% over the adopted current year budget. She advised the services for Jail maintenance budget was added to the BCC account which takes it to \$1.4 million as well as utilities for the jail. That equals to \$2.1 million. The \$2.1 million and \$81.1 million are then added together and the total General Fund request is \$83,286,753. That represents a \$5.8 million increase or 7.75%. She stated in working with the County Manager last year, they have come to an agreement that their budget should not grow in excess of the General Fund property tax base. The 7.57% is well below the 12.8% in property tax increase and the difference is \$3.6 million. She stated \$2 million of that was set aside for jail expansion and \$1.6 million has been set aside in the stabilization fund. She pointed out that the \$81.1 million does include approximately \$553,000 for program enhancements for additional personnel.

Sheriff Eslinger clarified that the \$81.1 million represents 38.73% of the General Fund budget and if the jail maintenance is included that represents 39.76% of the General Fund. He pointed out the statistics for the numbers of calls made since 1998, the crime rate, and number of deputies per capita. He stated he submitted information (not received and filed) to the County Manager yesterday relating to the air operations and he reviewed same. He stated he feels it is important that in order to maintain efforts of fighting crime, they have to have a jail that is better than what it is today to ensure that it effectively enforces the law.

Upon inquiry by Commissioner Morris, Sheriff Eslinger advised he is looking at options to replace one of the helicopters.

Commissioner Morris stated he feels before they move forward with this, that pages 4 and 6 of the document need to be corrected as the numbers are not correct. He stated he would like Mr. Grace and Sheriff Eslinger to further define their gentleman's agreement - what the use of the reserve fund might be and does it cap.

Commissioner Carey stated she feels that the \$1.6 million reserve should be set aside over the next couple of years until the jail is built. At that time, there may be enough money to hire personnel to man the jail.

Mr. McMillan left the meeting at this time.

SUPERVISOR OF ELECTIONS

Michael Ertel, Supervisor of Elections, addressed the Board to state there is a decrease in the Supervisor of Elections budget.

Information Technology

Recommendation to cut \$650,000 for the proposed phone system and delay any further action to the Information Technology budget prior to the final hearings and get some of the information discussed earlier, except for the budget for Article V. The Board **consented** to same.

Planning & Development

Recommendation to replace the five, F-150 vehicles with Ford Ranger six cylinder trucks. DCM Don Fisher gave justification for the request. Frank Raymond, Fleet Maintenance, answered questions on the cost of the vehicles.

The Board's **consensus** was to leave this item in the budget as is.

Water & Sewer

Recommendation to replace five, Ford F-150 trucks with five, 6 cylinder Ford Ranger trucks. DCM Sally Sherman gave justification for this request.

The Board's **consensus** was to leave this item in the budget as is.

Jail

Chairman Henley stated he supports \$2 million for the jail expansion and recommends that the \$1.6 million set aside for the Sheriff's Stabilization fund be used to provide \$600,000 towards a swimming pool for Lake Mary High School; and the remaining \$1 million be used to purchase the two additional parcels at Five Points and towards the construction of an appropriate memorial for fallen law enforcement officers. Chairman Henley said these are all one-time expenditures. Discussion ensued.

Commissioner Morris suggested having Mr. Grace talk about having a Capital Reserve Fund being billed through the Sheriff so he can ultimately buy one of his big ticket items.

Mr. Grace stated he thought the direction he received was to meet with the Sheriff and see if they could develop some policies to bring to the Board to establish a cap. Whereupon, Chairman Henley suggested doing this for the following year.

Commissioner Carey stated she would support letting Mr. Grace come back with the idea the Board would fund the items listed as a one-time expenditure, and allow him to recommend where to get the money from other than the Sheriff's Stabilization fund.

Commissioner Dallari stated he would like to see what Mr. Grace can do with the budget first and then try to see what the caps are. Whereupon, Chairman Henley stated he doesn't mind that as long as he comes back telling the Board what he is going to cut.

Commissioner Van Der Weide stated he doesn't see how the Board can do this this year. They already discussed this with the Sheriff and he did show restraints in his budget. If the Sheriff had known the Board would do this, he could have spent the money.

The Board's **consensus** was to first allow Mr. Grace the opportunity to amend the budget first.

Recommendation to add \$25,000 to the Museum budget for the youth program and other needs they have. The Board **consented** to do same.

employs a workforce at a level of 6.33 employees per 1000 population, and the comparable counties of Sarasota and Lee have an employee/population ratio of 6.47 and 4.79 respectively.

It is important to realize that the current trend in our organization is toward an even lower employee/population ratio. Since FY01, the County has added over 38,600 residents, yet has added only 75 full time positions during this time, excluding the merger of fire operations with Altamonte Springs. Over the past 6 fiscal years the County has added employees at a rate of less than 2 per 1000 population.

The budget maintains the Board's philosophy of the provision of high levels of service with minimal levels of staff, with proposed full-time equivalent (FTE) staffing increasing at a rate that is less than the rate of population growth. The budget is inclusive of additional staffing of 24 positions in FY06 and 10 positions in FY07.

Employee Compensation - The County strives to offer the employees a wage package that is competitive with our peers in the public and private sector labor market. The County has endeavored to ensure that our employees are fairly compensated and recognized for their skills and work effort. Funding for salary increases is budgeted at a level of 5% of salaries.

Debt Management

Commercial Paper - The outstanding principal balance on commercial paper is approximately \$5.5 million, representing a pay-off of \$1.8 million for the public safety building remediation and \$3.7 for the County's road paving program. The outstanding balances become due in full over the two year budget cycle and have been incorporated into the proposed budget at \$4.2 million in FY06 and \$1.3 million in FY07.

Fiscal Policy

Sheriff's Office Target Budget Policy - Following the FY04 budget process, a "good faith" budget policy was established with the Sheriff's Office creating a target cap related to future growth of the budget for the Sheriff's Office (law enforcement, corrections and judicial). The intent of the policy is to limit the growth rate of the Sheriff's fiscal impact on the general fund to no more than the annual growth rate experienced by the County's property tax base during the same time period. The policy should help to assure that the Sheriff's Office will continue to receive an adequate level of funding in the future, while at the same time allowing for a reasonable proportion of the County's revenues to be allocated to other budgetary priorities of the Board.

The target policy was implemented for FY06. The Sheriff's budget complies with the policy, in that the overall budget increase is 8.5% over the FY05 level, which is well below the 12.8% increase in the countywide property tax base. In extraordinary years such as this, when the tax base increases at such a healthy level, it is relatively easy to comply with this budget target. However, it will be much more difficult to comply in years when the tax base is only increasing by 5-8%, which will be more in line with the longer term expectation. Therefore, in anticipation of the difficulties in future years, the budget provides for the designation of a Sheriff's "stabilization" reserve of \$1.6 million in the general fund to help protect against the annual fluctuations in the tax base and the Sheriff's budget. The reserve is not a contingency that the Sheriff would utilize to supplement the approved budget, but is instead to help mitigate the future impact of increases in operating and capital costs.

Reserves – The Government Finance Officer's Association (GFOA) recommends, at a minimum, that governments maintain an unreserved fund balance in their general fund of no less than 5% to 15% of operating revenues or no less than one to two months of operating expenditures. The importance of maintaining sufficient reserve levels was made dramatically clear during last year's hurricane season, when the County was required to advance approximately \$30 million in the cleanup effort before any reimbursement from FEMA. Historically, it has been the direction of the Board to maintain an undesignated reserve of 3% of the general fund budget. The FY06 budget includes a total budgetary reserve level of 5.2% and an undesignated portion of 4.2% of general fund operating revenues. Based on the conservative methodology employed in budgetary projections, it is anticipated that actual reserves will be a substantially greater percentage of operating revenues when compared with the budgetary basis.

Conclusion

The ability of Seminole County Government to maintain service levels in future years will be dependent upon funding availability. Over the past ten years the County has been prosperous and has experienced significant increases in ad valorem and other revenues. As the County matures as a community and approaches "build-out", we can reasonably expect revenue growth to moderate. At the same time, we can expect the costs of maintaining our high quality of life to continue to increase as we face such difficult issues as retrofitting the road and drainage facilities in our aging subdivisions. It may become increasingly difficult to maintain a balanced operating budget over the longer term. Long range planning and fiscal policy will be the key to ensuring that service levels are maintained into the future. It will be a challenge that will face the County over the coming decade.