

MINUTES OF THE MEETING OF THE BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA

1:00 PM

The Board of County Commissioners of Brevard County, Florida, met in special session on March 9, 2017 at 1:02 PM in the Government Center Florida Room, Building C, 2725 Judge Fran Jamieson Way, Viera, Florida.

CALL TO ORDER

Attendee Name	Title	Status	Arrived
Rita Pritchett	Vice Chairwoman/Commissioner District 1	Present	
Jim Barfield	Commissioner District 2	Present	
John Tobia	Commissioner District 3	Present	
Curt Smith	Chairman/Commissioner District 4	Present	
Kristine Isnardi	Commissioner District 5	Present	

ITEM I., BUDGET PRESENTATION

Chairman Smith called the Workshop meeting to order; he thanked everyone for being present at the meeting; and he stated the Board will get right down to it, because there are a lot of things to cover.

Stockton Whitten, County Manager, stated staff has broken this up into two presentations; this really begins Budget development; and because Florida Statutes require that the Board, as the Legislative body of the County, present to the County Manager, or to the Budget Officer, the Board's Fiscal Policies, so that person can then take those, Fiscal Policies and direction, and build the budget. He noted this begins that process; the Board will have an overview by Jill Hayes, Budget Director, and he believes the Board has seen that presentation before; so it is really just educational; it is a broad overview of the County's budget; and the Board's budget is about addressing critical or routine needs. He added one of the Board's most critical needs is roads, and John Denninghoff, Public Works Director, will have somewhat of a drill down presentation on roads; and it will see that when he gets to the meat of his presentation, that there is some good news and bad news about the road program. He went on to say prior to 2016, the Board was only managing, or providing recurring maintenance to eight miles of roads per year; that was increased this Fiscal year to 20 miles per year; and he believes the Board will see in his presentation, that it will go up to, depending on the Board's approval, up to 34 miles per year next year, with some dollars that can be allocated within the current Fiscal Year, some one-time dollars. He stated in a short period of time, the Board has gone from eight miles per year, to 20, and now 34; even better new is that in approximately three Fiscal Years, the Board would have paid off the Constitutional Gas Tax Bonds, and it can increase the revenues towards the annual or periodic maintenance, by about \$3 million per year, and it will go up to 61 miles per year. He pointed out the goal, or the requirement, has been over the last few years, 55 miles per year; the Board is getting there in terms of periodic annual maintenance; the Bard will still find that there is not enough money in the pot to address the back-log; and that will ultimately be the long-term issue, but Mr. Denninghoff will drill-down on those. He added again, he apologized for not giving the Board the information in advance; they are transitioning, and there is a new Budget Director, there will be an Interim County Manager; and as these presentations are put together, they all have to be involved, because it is a learning process for those who have not done it before. He advised the Board needs more than just this one Budget Workshop, as the Board is a new Commission, he believes it needs to see every Department come before it, so the Directors can drill-down on their budgets; he asked that after the Board's

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discussion that it direct staff, the County Manager, to look for more Workshop dates, because the Board needs to provide that direction; and it needs some details with regards to their budgets. He stated this is the first of many Workshops, and hopefully they will be scheduled in short order, so that, prior to the end of April, the Board will have and give direction to Frank Abbate, Assistant County Manager, as he gets to prepare the Budget; staff is not providing the Board any revenue estimates, because it is still a little early in the game; and as staff starts preparing those, the Workshops will be very timely against those. He noted he will not delay any further, and will start with the overall Budget Presentation, and then Mr. Denninghoff will follow with a presentation on roads.

Jill Hayes, Budget Director, stated today's presentation is going to focus on the adopted Budget for 2016-2017; what she will do is walk the Board through the different revenue sources that are included in the adopted Budget, and she will talk about how those funds have been appropriated; the first bit of information are some facts about the adopted Budget; the Budget was adopted at just over \$1,055,000,000; and that is a reduction of about seven and one-half percent of the prior year's Final Budget. She added Brevard County is the taxing authority for 20 operating tax districts; staff wanted to focus on the general County-wide tax rate, which is the millage that generates the tax revenue for the General Fund; and that tax rate is adopted at 4.3631 this Fiscal Year, which is a decrease from the prior year of 4.10 percent. She went on to say it was also a decrease when compared to the State-wide, calculated roll-back rate, which was 4.3956; there are 20 operating tax districts, and five, voter-approved debt millages; what the aggregate operating tax rate represents is a State required calculation, it takes the total revenue generated by all of those operating millages and divides it by the total certified taxable property value to give the aggregate rate; and the tax rate that is paid by individual property owners is dependent on their geographical location, but the tax rate is important to understand because it is what the State uses to determine whether or not there was a tax increase; and the aggregate operating tax rate for this year is 6.5919, which is a decrease when compared to the prior year rate, and it is actually a decrease from the roll-back rate. She added this is not, for this year, considered a tax rate increase per Florida Statute, or per the Florida advertisement requirements in Brevard County's Charter; Florida Statute, Chapter 129, establishes the guidelines for annual budgets for counties; and one of those fundamental requirements is that the budget is balanced. She advised they have to recognize not only operating revenue, but balances being brought forward and any others received, so that they match the appropriations for expenditures as well as reserves. She presented a chart to the Board; she advised it shows the revenue side of the Budget at a macro level; the operating revenue represents 59 percent of the adopted Budget, at \$624.6 million; and that is the revenue generated from property taxes, charges for services, permits, fines, those special assessments, and other taxes. She went on to explain the Balance Forward represents funds that were not spent at the end of the prior fiscal year; those can be unspent for a variety of purposes; a lot of times it is projects that are being carried forward that have not been completed yet, it also represents dollars in reserves; four percent of the budget is transfers, and what those are, are transfers between departments; for example, the General Fund receives revenues from different operating sources, and then transferred those to other departments; well, those departments have to recognize those transfers as revenue; and those are not new dollars, those are transfers going in to the department. She stated the financing is three percent, that primarily represents a State revolving loan for Utility Services for the expansion of the South-Central Wastewater Treatment Plant; and as she moves through the next several slides, she will spend some time discussing the differences between governmental accounting and private sector accounting. She advised the Governmental Accounting Standards Board (GASB) establishes reporting standards for local governments, and those are based on generally accepted accounting practices, which are the same for the private sector, but governmental has additional requirements that they have to follow; there are State Statutes for budgeting and determining millages, there are local Ordinances, and they are also responsible for following the Department of Financial Services Uniform Accounting System Chart of Accounts, so in order to ensure financial sustainability and

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adopt a structurally sound balanced budget, it is important to understand which of those revenues are recurring, and what can be expected to continue from year to year. She noted the Board has a billion dollar budget, and when subtracting the Balance Forward, which in the private sector, Balance Forward is not accounted as revenue as it is in governmental accounting; this would be a balance sheet account, so it is not revenue, so this is not new money; then they subtract out the inter and intra fund transfers, these are the dollars being transferred from one department to another; in the private sector those would be eliminated with inter-company adjustments; and these are loans in the private sector, these would not be recognized as revenues, but rather a balanced sheet account and a long-term liability. She went on to say the total operating revenue, which are those re-occurring portions of revenues, is the \$624.6 million; another important concept in governmental accounting is fund accounting; in government, the focus is on the accountability, not profit; government receives revenue sources that are restricted for specific purposes; GASB 54 sets the standard for fund accounting; several years back, the County Manager's Office, and the Budget Office set up the concept that everyone fondly refers to as 'The Color of Money'; and what that does is help break out, so readers understand the different fund groups. She pointed out the chart shows the operating revenue and how it relates to the different fund groups; the green fund group are the General Revenue Funds and are not restricted, these are where there is the most discretion; the special revenue funds account for 36 percent of the operating revenue; and those are used to account for specific revenue sources that are restricted legally, and she would get into examples a little later. She stated the Enterprise Funds are those business type activities that receive revenue for providing charges for services or goods; and Internal Services is another proprietary fund that operates like a business, however, those charges for services are between departments, so it is a cost reimbursement type situation, but acts like a business. She explained the Debt Service Funds are funds received from the five voter-approved debt service millage rates; and then there is a small, slice for the Capital Project Funds, which they color with orange. She pointed out Capital Project Funds in this group, these are funds that are received that are restricted for Capital Outlay, the majority of Capital Projects in the adopted budget are in the Enterprise Funds and the Special Revenue Funds; and Utility Services had \$71 million in Capital Projects budgeted for this year, and that would be within those Enterprise Funds. She added the Public Works projects are budgeted in the Special Revenue Funds; she focused on all of the sections of the pie, except for General Government, because that will be described a little later; but the other slices are restricted, and she would like to go over those in a little more detail. She explained there is a portion of the General Funds that are received for a user or service fees, and these are dollars that are generated by performing a service, and they are not restricted by nature, but if they were to be re-allocated, then the Board would no longer have the resources to support the service, which would make the service go away; and, in turn, it would make the revenues non-existent. She noted the biggest portion of that is the Sheriff's Office; the Sheriff's Office contracts with the School Board, the Cape, and Port Canaveral to provide services, so those are revenues being generated by the Sheriff's Office. She went on to say Central Services is primarily fuel that is purchased by Fleet Services, and then re-sold to departments; Public Works' general revenue, they receive dollars from the Florida Power and Light (FPL) Franchise Fee, and Communications Service Tax, for use of the public right-of-ways; and she will not go through the whole list, but she would like to highlight several of the larger ones in each group. She stated moving into the special revenue funds, the largest portion of the Operating Revenue's here are the Public Works fund and these represent several things; this is Road and Bridge MSTU's, which can only be spent for those projects in those areas; they are also revenues received from the Local Option Gas Tax (LOGT), and other fuel taxes, and transportation reimbursement funds. She added Fire Rescue has the Fire Control MSTU, and their Special Assessment; Natural Resources brings in primarily grants, and then the Sheriff's Operating Funds represent their Law Enforcement MSTU. She explained these are dollars that are restrictive; they can only be spent for a particular purpose; and she will also mention the Indian River Lagoon Trust Fund. She noted while it is not included in the adopted budget, staff has been working closely with Natural Resources, County Finance, and the County Attorney's

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Office to make sure that the trust fund is set up for those particular funds, so they can only be spent on that plan, and that will be a special revenue fund once it is included in the budget. She pointed out the Enterprise Fund is primarily Utility Services, these are the water charges and wastewater charges; Solid Waste has disposal, collection, and recycling; and then Transit Services, these all operated based on charges for services. She noted Internal Service Funds are primarily Employee Benefits, these are the health insurance revenues that are paid into Human Resources by other Departments and Agencies for the Health Insurance Plan; and then Risk Management, is the property insurance revenues that are received from other department to fund property insurance. She added IT is another example of the Internal Service Funds; they receive their revenue from charges for services to other departments. She went on to say the Capital Project Funds, again, most of the Capital Improvement Projects are in the Special Revenue Funds and Enterprise funds, however, there are some funds that are restricted to Capital Projects, and then the Debt Service Funds represent those five voted debt millages; and that is the total non-general government operating revenues. She explained that represents \$429.5 million of that \$624 million in the prior pie chart; out of the \$624.6 million, the Special Revenue, Enterprise Revenue, Internal Service Funds, User Fees, Debt Service Revenue, and Capital Projects Revenue, there is just over \$195 million in General Government Operating Revenue; and she would like to spend a minutes explaining what makes up that \$195 million in dollars. She explained the primary funding source of the General Government Operating Revenue is the Ad Valorem Taxes from the General County-wide millage rate, which is 68 percent of the Board's General Government Operating Revenue; there are four revenue sources that is referred to as major revenue sources; and those are the local half-cent sales tax, the State-Shared Revenue, FPL Franchise Fee, and the Communications Service Tax. She added the other portion, the charges for services, these are dollars that are received in general government from the Cost Allocation Plan; and the Cost Allocation Plan represents charges for services received from other departments for County-wide administrative services, such as the Board of County Commissioners, the County Attorney's Office, County Finance, County Manager's Office, and the Budget Office, to name a few. She reiterated those are dollars coming from other departments in the charges for services; all other sources are a variety of things including local business taxes, interest revenue, and prior year Ad Valorem taxes. She reported she has taken the Board through the budget and broken down the portion of it that was operating revenue; she then showed the Board which portions of that \$624 million were restricted and then she walked it through the general government operating revenue; and now the balance forward needs to be added back in that is associated with general government, and that is primarily due to general government reserves, also the transfers in need to be added back in that are associated with general government. She went on to say the total general revenue of \$220.4 million; at the beginning of the presentation, she explained how Florida Statute requires counties to adopt a balanced budget; that is true for every individual fund within the County Budget; and she presented a chart representing the Balanced Budget of General Government Fund. She explained on the left side of the chart, there is the General Fund Revenue Sources, which she walked the Board through, the \$220 million, and on the right side are the appropriations for the General Fund, so this chart shows the Balanced Budget for the General Fund. She stated over the next several slides, she would go over the details of what the appropriation for the General Fund are; the largest portion of the appropriations go to fund the five Charter Officers, the Courts, and Mandates; and that is approximately 59 percent of the General Government appropriations. She added the Board has other obligations that it is required to fund; there are some debt service payments associated with General Government; there are Tax Increment Financing (TIF) payments that represent payments to the Community Redevelopment Agencies (CRAs), and the North Brevard Economic Development Zone (NBEDZ); the Board sets aside dollars in reserves, and she will talk more about that later; and eight percent goes to fund Public Safety, Infrastructure, and Veteran's Services, which is what the Board has identified as those core government services, so she broke those out separately. She pointed out that leaves about 20 percent of the General Government Budget to be allocated to other County-wide departments, and she will go through those as she goes through the

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presentation; she described the different mandates that the Board is required to pay; the Board is Statutorily required to fund these mandates; Medicaid is the first on the list, the County is required to contribute a portion of the State's required matching funds, and this amount is actually calculated during the Social Services Estimating Conference, and it is deducted from the local half-cent sales tax that is received from the County. She noted the Board actually does not see these dollars, they are deducted directly from that revenue source; the next two items are the County's required commission payments to the Property Appraiser and Tax Collector for the services they provide to the School Board and the Cities; and this is a requirement by Florida Statute 192.091, the County funds those services that are associated with the School Board and the Cities that the Property Appraiser provides and the services that the Tax Collector provides to the School Board; and she will break out the portion that is applicable to the County in the next slide. She mentioned Court Operations, which the Board is required to fund per Article V of the State Constitution; there are four programs that are included in Court Operations; the largest portion is Court Facilities, which goes to fund all of the repair and maintenance, utilities, and security services at the Courthouse; and this also funds the Judicial Branch, Court IT, and a small portion to the State Attorney's Office and Law Library. She mentioned the Baker Act is another State Mandate for Mental Health Services for indigent Brevard County residents, this is something the Board is required to provide and the Housing and Human Services Department manages this Contract; they also manage the Medical Examiner expenses; and this is the fees, salaries, and expenses associated with the Medical Examiner that the Board must fund per Florida Statute 406.08. She informed the Board that it is also required to share with the State, the responsibility for Juvenile Detention, and the State determines the amount that the County is responsible for as well. She remarked there are several other mandates that include the East Central Florida Regional Planning Council, Child Protection Team, Indigent Burials, Value Adjustment Board, and several others. She advised the Sheriff's Office represents \$92.7 million of the appropriations of the General Government Revenue; and there are four programs that are included in the Sheriff's Office, which are, Law Enforcement that represents about \$41.4 million, Jail Operations is \$41.2 million, Judicial Operations is \$6.2 million, and Animal Services is \$3.9 million. She indicated the Board is required to fund the Supervisor of Elections, and that is in support of the elections; the next two items, she has spoken about the Tax Collector and the Property Appraiser in the previous slide, and which portion was associated with the cities and the School Board; this portion represents the County's portion of services provided by the Tax Collector and the Property Appraiser; and the Clerk to the Board provides the County Finance and Accounting for the Board, and also Minutes and Records. She added there are several other obligations that the Board is obligated to fund, reserves provide government with options to responding to unforeseen conditions and risks, and it is also important to have some dollars in reserves as working capital; the Board's Budget and Financial Policy, BCC-21, states that it is the goal of the Board to keep those reserve levels around 10 percent of the projected operating revenues for the current Fiscal Year; right now, that Operating Revenue for General Government is at \$195 million; and the reserves are at approximately eight and one-half percent. She went on to say the General Government Debt, as she has mentioned, there are several debts that are paid through General Government, primarily associated with the jail expansion, and the Courthouse expansion; and then there are the CRA payments to the cities and NBEDZ. She reiterated the next group of items the Board has identified as the Core Government Services, so staff likes to break these out; Fire Rescue, which included Emergency Medical Services at \$7.7 million, Ocean Rescue at \$1.6 million, Public Works General Government Funds, Road and Bridge, that is the largest portion, and then Traffic Operations, Survey and Mapping, and some to Engineering as well; and she would like to point out that Public Works also does receive. She advised some General Government dollars come directly from the FPL Franchise Fees and the Communications Services Tax, so that is not represented in this \$7.1 million. She added Emergency Management Operations and Veteran's Services are additional items that have been identified by the Board as Core Services; when taking the \$220.4 million and subtract out the appropriations to the Charter Officers, Mandates, Public Safety and Infrastructure, and

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Veteran's Services, and those other obligations, that leaves around \$43.7 million in Discretionary General Funds that can be allocated to the other County Departments. She noted she will walk the Board through how all of those are allocated; Parks and Recreation receives an appropriation of \$12.2 million, from the General Fund, and that goes to support the Operations and Maintenance at the south, central, and north area parks; Central Services, the largest portion of the General Fund allocation goes to support Facilities Management, so these are electricity, water, contracted services, repair and maintenance, and capital projects at the County-wide buildings and government centers; and they also receive support in Asset Management, and Purchasing Services. She added she wanted to spend some time breaking out General Government, to show the Board what the \$6.7 million allocation for General Government is broken down; \$1.4 million goes to the Economic Development Commission; there were several economic incentives that have been previously approved that are included in the General Government allocation, as well as Brevard Cultural Alliance; and the Operating Expenses that are included in the General Government include indirect costs, there are also annual and sick leave pay outs, accounting, auditing and investment services, those all fall under the General Government allocation. She revealed the programs associated with Housing and Human Services; Community Resources has 15 and one-half full-time equivalents; the dollars that go to Community Impact support 25 full-time employees; the other General Fund allocations show where the rest of those funds are allocated throughout the County; and she was not going to read them off, but wanted the Board to be able to see them. She indicated she thinks it is important to compare Brevard County with other counties to see how Brevard is doing, and this slide provides a look at what the other counties millage rates are, and the other taxes that are being levied in those counties. She explained the general County-wide millage rate of 4.3631 is lower than all of Brevard County's neighbors that are listed in the slide; it has continued to go down; in 2012-2013, the County-wide millage rate was 4.9063, so it has decreased over the last five years. She mentioned the Public Service Tax municipalities and Charter Counties have the ability to levy, by Ordinance, a Public Service Tax on the purchase of electricity, gas, and water services; this is not a tax that Brevard County has levied, although some of the municipalities within the County do levy this tax; and the additional sales tax, up until January, Brevard County was at zero, but the .5 cent is the half cent sales tax associated with the Indian River Lagoon. She stated the Local Option Fuel Tax is represented in the right-hand column; she reiterated Brevard County is not levying any additional local option fuel tax; and that is her overview of the Budget.

ITEM II., BOARD DISCUSSION

Stockton Whitten, County Manager, stated staff will take questions; the point of that presentation is to always show the public that while the Board talks about a billion dollar budget, only \$624 million of that budget is from recurring sources; and then when it is drilled down to the amount that the Board has the broadest discretion on, and he says broadest discretion, and that includes mandates, and funding to Charter Officers, which the Board goes from a billion dollar budget to \$624 million in revenues. He explained then it goes to the General Government resources are really \$220 million with Courts, the Constitutional Officers, and the mandates taking up 59 percent of the \$220 million; and when looking at the Board's ability to squeeze out of the \$220 million pot for roads, it can see that there is not a whole lot left in that pot once those things are dispensed. He noted the pot begins to shrink significantly after all of those things are taken out; and staff stands ready for questions on that, as John Denninghoff may need a few minutes to transition.

Commissioner Tobia stated he would like to start with a couple of historical things, it happened prior to the new Commissioners coming on to the Board; on slide three, Ms. Hayes mentioned it is an \$86 million deduction from the previous years' budget; and he inquired if she could explain a little bit more about the difference between the adopted budget and the final budget.

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Ms. Hayes replied throughout the year, the Budget Office amends the Budget and primarily, the Budget is amended because a grant is received that was not approved before the Budget was adopted, so they do not want to budget for things like grants until they have been approved. She stated that is a portion of that; there is also Balance Forward, during this time of the year, the departments are projecting what their Balance Forwards are going to be; they are looking at what projects they have and what their expenses are going to be to make that projection; at the end of the Fiscal Year, after County Finance reconciles the financial statements, those Balance Forwards can be adjusted; and the Budget Office amends the Budget. She stated it is primarily the grants and Balance Forwards that result in that.

Commissioner Tobia thanked Ms. Hayes for the answer, and her great overall presentation. He inquired if it would be a better comparison to look at the adopted budget for 2016-2017, versus the adopted budget for 2015-2016, because these are revenue sources that the Board cannot predict; and he stated he does not expect Ms. Hayes to be able to predict what the Board gets in. He questioned if the Board would see a decrease from 2015-2016 to 2016-2017, if it were comparing apples to apples, instead of how the presentation is apples to oranges. Mr. Whitten responded the comparison can be made in all sorts of ways, because each year one can compare final to adopted.

Commissioner Tobia inquired if the adopted budget of 2015-2016 and adopted budget of 2016-2017 can be compared. Mr. Whitten responded yes that is a comparison. Commissioner Tobia questioned if the Board would see an \$86 million deduction. Mr. Whitten stated he does not remember what that number is. Commissioner Tobia inquired if there would be an increase or a decrease; he does not know, and that is why he is asking.

Ms. Hayes stated she is looking to see if she has that number; she will be certain to get that number to him.

Commissioner Tobia stated he understands that there were five decreases presented to the Board, and a vote had to be taken on the cap that is involved; and he inquired if staff can explain how with being presented only with decreases, the Board was required to make a vote for going through the voter mandated cap. Ms. Hayes replied her first day in the Budget Office, her predecessor Tom Rosenberg said to her "you need to memorize Section 2.9.3.1, of the Charter"; she does not have it memorized, but she will read it to the Board. She added the Brevard County Charter Ad Valorem limitation is different than the State required Roll Back Rate; and what the Charter limitation says is: "the Board of County Commissioners shall not impose an Ad Valorem Tax for County purposes at a millage rate which causes the budgeted revenue to the County to increase over the budgeted Ad Valorem revenue from the previous Fiscal Year, by more than the lesser of three percent, or the percentage change in the Consumer Price Index from the proceeding calendar year."

Mr. Whitten stated the first thing is that the cap is not related to the Adopted Budget; the cap talks about tax revenues from year to year; and when it talks about tax revenues, it talks about each of the 20 or 21 taxing districts associated with the aggregate operating millage. He went on to say it is a revenue from tax revenues each year, not a cap on the budget; and it is a component of the budget, but it is not capping the overall budget.

Commissioner Tobia stated he appreciated that. He inquired if Mr. Whitten could dumb it down for him, why he is presented with only five decreases and no increases, and yet it was mandated. He stated he would like a sentence or two as to why that is; and he is not trying to be confrontational. Mr. Whitten responded tax revenues, as were showed in the presentation, make up a portion of all of the revenues; those tax revenues are capped, with certain exceptions, but again, they are only a portion of the total piece of the pie for all revenues.

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Commissioner Tobia stated the Board saw collections actually go up; and that was where he was going. He added as the Board is moving forward, and he thanked staff for drilling down how the Board goes from a billion dollar budget down to barely anything; and he inquired if staff can explain how as they begin crafting the 2017-2018 budget, will the Board be using the 2016-2017 numbers of the allocated funds and going off of those, or will staff start with zero on the funds that are not mandatorily allocated. He questioned how staff will start crafting the budget, if it will be zero based, on the funds that are not mandated; and he stated he would like to be specific here. Ms. Hayes stated over the next several months, the Budget Office will be working closely with the departments to project what their needs are, in term of compensation and benefits, operating expenses, and then also what the projected revenues are. She added they will be looking at State estimates for revenues, and things like that; that will happen over the next several months, then they will sit down with the departments and County Manager's Office, with guidance from the Board, based on what happens in these budget workshops, and staff will develop a tentative budget to present to the Board in July.

Commissioner Tobia stated he has two more questions, and these are much briefer. He noted on slide 16, these are all mandated expenses; and he inquired if each one of those numbers is a formula, so not only is it a mandated expense, but the entire amount is mandated; and is the \$1.7 million that is provided for Baker Act a formula that the Board receives from the State, or is the Board only mandated to spend some money on Baker Act, or any of these items. Mr. Whitten responded Ian Golden, Housing and Human Services Director, can probably handle the Baker Act, but not all are formula driven; there is a requirement to provide Medical Examiner services and this is the cost of that office that he knows is not formula driven; and Mr. Golden can talk to him about Baker Act.

Ian Golden, Housing and Human Services Director, replied the Baker Act itself, the mandate is from State Statute; he cannot remember the exact Statute, he sent that to the Board, but the Statute says that of the community alcohol mental health services that the State pays in total; 75% are paid by the State, and 25% is paid by local.

Commissioner Tobia expressed his appreciation. He stated as the Board moves forward he would like to sit down and understand which one of these is formula driven, like the Baker Act, or if it is just plug and chug versus ones that like the Medical Examiner who is letting the Board know what his perceived budget is; he understands the Board has to fund them; and inquired what amount needs to be funded.

Ms. Hayes replied Medicaid, Property Appraiser, and Tax Collector are formula driven.

Commissioner Tobia inquired if Court Operations was formula driven. Ms. Hayes responded Court Operations receives some revenue from other sources, such as fees on traffic tickets.

Commissioner Tobia stated they would not spend \$188,000 on a Law Library; he inquired is that a mandate that the Board maintains the Law Library; and if so, does the Board have any discretion of whether to increase or decrease that amount. Mr. Whitten stated they have that argument with them every year; that is a Special Act in the Ordinance, which he thinks is not formula driven; however, Pre-Trial Detention of Juveniles is a sort of formula built that comes from the State so that is just a bill that comes to the Board.

Commissioner Tobia inquired if Charter Offices are formula driven, and others are just request driven, just for his edification; and of those folks that are watching, can Mr. Whitten tell the Board which are formula driven and which ones are requests from the Charter Offices. Mr. Whitten responded the Property Appraiser and Tax Collector are a fee for service through a formula; the others are a submission; the Clerk of the Court really is a budgetary request for County Finance and the Clerk to the Board functions; the Sheriff's Office is a submission to the

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Board to meet a Statutory requirement, but is a submission to the Board with the Board having the ability to challenge the Governor if it disagrees with his submission; and the Supervisor of Elections is a submission to the Board with an ability to question or challenge through the Secretary of the State.

Commissioner Tobia expressed thanks to Ms. Hayes for her hard work; he stated he is sure she has raised more questions than she intended, but he thinks that is a good thing as the Board moves forward; and he thanked her for her answers.

Commissioner Barfield stated he understands Medicaid is formula driven; and he inquired if that formula can be changed through Washington. Mr. Golden responded actually, the last several years the Florida Legislature changed the Statute and it has moved to a straight-lined computation that is actually in the Statute itself, as to what percentage that the County gets charged. He added if he recalls correctly, it is based on the number of Medicaid clients within the County, multiplied by what the percentage is Statewide; that number actually kind of fluctuates or can fluctuate from year-to-year; and staff has seen it trending up in the last eight years or so in the match that is required.

Commissioner Barfield stated the Board does not know they tell it.

Mr. Golden stated he believes that one they actually take those dollars directly out at the State level.

Mr. Whitten stated the Board will not know until the State sends it to the Board.

Commissioner Isnardi stated she has a question and it goes back to exceeding the tax cap. She inquired what the short-fall was; she stated she understands this may be more of a Board question rather than a County Manager's question, but she would like to know what the short-fall was based on the decision.

Mr. Whitten responded it was \$2.4 million if he remembers correctly.

Ms. Hayes stated that was the amount that was generated with the rate that exceeded the cap.

Mr. Whitten stated it was 1.2 to roads.

Ms. Hates stated it was \$1.26 million to roads, for an additional 15 miles of resurfacing; and then Transit Services was \$154,000; in the Resolution regarding the critical needs staff actually identified \$4.3 million in critical needs; and those included the road maintenance, Election Cycle expenses, Cost-of-living adjustments, Transit Services, and Veteran's Services.

Mr. Whitten inquired what the amount above the cap was. Ms. Hayes responded the amount above the cap for the General Fund was \$2.4 million. Mr. Whitten stated as the Board looks at that, the 20 millages, 20 taxing districts, but the cap issue was only associated with the general County-wide tax rate. He added Road and Bridge, District 1, and Road and Bridge, District 5; and the irony of all of that is that even that was still not per the Charter, it was a different section of the Charter that requires an advertisement for a tax increase when the Budget goes over the rollback, even with all of those, the aggregate millage was still below the prior year, and below rollback; and so again, Ms. Hayes mentioned it earlier, that is the reason why there was no tax increase advertisement required, because even exceeding the Charter Cap for those three Districts, it was still by the letter of the law, a tax decrease, and not a tax increase.

ITEM IV., OTHER BUSINESS

John Denninghoff, Public Works Director, stated there are some handouts that he needs to give out to the Board; there are three handouts, one is the PowerPoint presentation, the second is a two page spread sheet, and the large format folder; and he will be referring to those two during the presentation. He added this presentation is about the Public Works Department, not the Budget for the Public Works Department; but what it is intended to do is to show the Board what is happening and occurring with most of the high profile issues that are associated with what the Department does for the public. He went on to say along those lines he will talk about infrastructure, inventory, funding sources, how those things are shaping up and have been trending for years; and to talk about identifying maintenance, specifically about roads, almost exclusively, but he will also talk about projections about how those things are going to line up. He advised these slides and information have been updated from the items that may have been seen previously; and they are updated to provide the best available information that he currently has. He noted the inventory of paved miles of roads, this is center-line miles, is 1,113, that is an updated number as new subdivisions are constructed by developers, or the County builds new roads that inventory goes up; occasionally they will go down if a road is transferred to a city, which does not happen very often, or if a city annexes a neighborhood, then some of those roads will drop off the Public Works inventory, and move to city inventory. He explained there are 80 miles of unpaved roads; the next most important, as far as maintenance issues are concerned, is the sidewalks, and they are approaching 600 miles of sidewalks now; this is a different way of looking at the paved and unpaved miles of roadways for the whole County, paved is on the left side of the chart, and that is 1,113, and it is divided by each individual District. He pointed out on the right hand side of the chart, is the unpaved roads for the entire County, also divided by District; that one probably has the most pronounced that stands out, and that is District 1 has 68 out of the 80 miles for the entire County; and the overwhelming majority of it is in District 1. He advised if he were to add them all together, dirt and paved roads, it is 1,193 miles; he has previously shown this slide, but it used to be if one were to drive this inventory, they would end up in New Haven, Connecticut, but no one would end up in Middlefield, Connecticut; and he showed a tabulation of other counties based on information that is available from those sources. He added Brevard County is in the middle of the pack, so to speak, in terms of the total; this is just as a frame of reference, there is no other particular interest on this particular slide; and that is the inventory, he focused on the paved miles, because that is the biggest liability is associated with the level of service staff has been conforming. He talked about some of the funding sources, he has shown this slide before, but it has now been updated; it illustrates some of the same counties that were on the previous slide, Brevard County is on the far left; and each county's total miles have been put down at the bottom, and the bar chart illustrates the magnitude of the revenue streams that are illustrated in the slide. He explained, as Ms. Hayes had referenced, all of these counties except for Brevard County, have at least one other revenue stream that Brevard County does not have, so several of them have two, three, or even four that are not in place in Brevard County. He went on to say, to quickly go over it, Brevard County does have the Local Option Gas Tax (LOGT) one through six cents in gas tax, it also has Statutorily implemented Constitutional Gas Tax, also the ninth cent diesel fuel tax, which is Statutorily implemented, and that is what Brevard County has as far as the revenue streams are concerned. He added the LOGT one through five, Ms. Hayes went over accurately, he believed all but one of the other counties there has that, compared to Brevard, and the remainder of those that are listed, the infrastructure surtax, ninth cent motor fuel tax, and the public services tax Brevard County does not have; the ninth cent motor fuel tax is one that could be implemented by local authority; and would all come to the County and would not be divided with the cities the way the one through six cent pennies on the LOGT are. He reiterated this is by comparison from one community to the next; he would like to go over the LOGT revenues, he receives a lot of questions about it; and it was implemented, originally, in 1986. He mentioned Brevard County just had a partial year of revenue stream that year; from that point on, Brevard County received a full year revenue; what he will show the Board is the

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revenue stream as it existed from the beginning all the way up to 2016; and Brevard County came up close to \$6 million, then climbed up to around \$7 million through the boom years before the great recession, there was an increase, but there was some faltering that took place and it dropped back down to \$7 million, which is what it was many years back previously, and it stayed there until there was a big jump. He stated that big jump was not because there was a new gas tax implemented, it was nothing the Board did, it was just lucky, since then, there have been some more increases. He pointed out the first one happened in 2012, 2013 and 2014 it came down, then in the last two years there has been an increase; staff's projection is that it is not going to keep doing that; if it did, the Board could solve a lot of problems, but that is not what they project will happen; and that is the actual raw revenue, the raw dollars collected. He added what staff did was they wanted to see what that revenue is in today's dollars, so they back calculated the inflation rate, going back to 1986, and that is what the next slide does; and 1987 and 1988 both collected more money in purchasing power than what is being collected today after a lot of things happened. He went on to say the rest of the time they adjusted for the inflation rate, one can see there is a downward trend and that is not just Brevard County or Florida, that is the entire Country; and there is a lot of concern in the Public Works arena and transportation arena about what is happening to the revenue streams, which are dependent on gas taxes. He advised fuel efficiency in vehicles is going up and travel distance is going down; in fact, one of the things that is happening with Millennials is that many of them do not drive; his youngest son was not interested in getting a driver's license until he found a girlfriend, and he was not in a big hurry about that either; and this is a big issue because the County is losing revenue and true purchasing power in comparison to 1987 and 1988. He stated sometimes the actual dollars collected are lower; staff wanted to look and see what this was on a population basis, and they took the population and divided it into the LOGT revenue as adjusted for inflation; and the partial year in 1986 is more than the Board has today after recent revenue; that shows the Board what is really happening with that revenue stream; and the Board relies on that revenue stream tremendously for transportation and capacity. He indicated the principal source of this new revenue is a result of a fuel tank farm that has been constructed by Port Canaveral on the north side of the Port; if one looks at an aerial photograph, one cannot miss it, there are a bunch of round, white dots all over the place; they hold a lot of fuel; and because of that, the State calculates the share of Local Option Gas Taxes; the Board is the beneficiaries of that because the Port built that tank farm. He mentioned there was not a change in the amount of revenue around the State, what it was is the distribution of that revenue got changed by calculation; and the Board got a bigger share, because the tanks are located within Brevard County. He reported the principal losers of revenue, if the Board remembers, the revenue did not go up, so Brevard County was the winner on that one, and the principal losers were Miami-Dade, Broward, and Palm Beach Counties; he saw how much they lost and thought they probably did not miss it very much, but Brevard County did. He added it is LOGT, the cities get about half of that revenue, the Board gets the other half, approximately, and the cities have benefited as well; when this first happened, staff was not told it was happening, and all of a sudden everyone is trying to figure out why, so staff was in contact with the Department of Revenue and Tallahassee; and to put into layman's terms, they were tight lipped about what was going on, and eventually they pried, or got pretty close to them telling staff exactly what was happening. He explained they informed staff, which were excited about it, but were wondering if it would be a long-term revenue stream that would be maintained or recurring, should they treat it as a one-time revenue and cities were asking the same thing, and the answer was that it is distributed by formula; and that is about all they were told. He stated they were not sure what they were going to do, but the next year it dropped down, and that made staff nervous; and at the direction of the Board, staff treated the additional revenue as one-time money. He reiterated staff was not sure it was going to be recurring source of revenue; in 2015-2016, they saw a further ramp up of the revenue, and that is apparently a result of economic activity, more than the tank farm, but the County's share goes up because of the tank farm; and as a result of that, the increase does pretty well. He went on to say with that, staff has begun to recognize a more stable revenue stream than anticipated was distributed by a mid-year

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allocation process that staff had been using when putting they put it together lumped with other revenue streams, or reallocation opportunities that staff has had; they did put it to good use, but at this point, staff thinks there are a couple things they feel they should treat \$1.5 million a year of that as recurring revenue, other than doing it in a mid-year budget change, and for Fiscal Year 2017-2018, unless support tells staff to do it otherwise, staff is planning on going with that as recurring revenue, so it will be budgeted rather than allocated in some sort of a separate process. He stressed that out of that revenue stream, staff gave \$1.3 million to Road and Bridge; staff has been continuing that to help fund their operations; in addition, as he had mentioned, that revenue has been used exclusively on transportation, so it is dedicated revenue for transportation, and cannot be spent on general fund services or non-transportation services. He added he would like to go over what staff has done with that mid-year allocation; that was started before the revenue came in, it actually started in the latter part of 2010, and it started being spent in calendar year 2011, which was the 2010-2011 Fiscal Year; and the Board reallocated quite a bit of money, almost \$30 million, for the purposes of taking care of transportation needs. He noted the vast majority of it was going towards resurfacing and reconstruction of roads; the biggest portion of the money came from low bids at the time, that were significantly lower than what the bid estimates were; the State was getting that in their road projects, they were getting some projects in that were 40 percent below what their projected costs were; the Pineda Causeway was one that the Board benefited from, that had been estimated at about \$22 million construction project, but was done for \$12 million; and it was so much lower, that they actually had to turn back some grant money to the State, which did not quite kill him, but it threatened to. He remarked there were some projects that were originally projected to cost more money when the bids were starting to come in low, so there were lower costs there as well; and there were grants, they got grants that they could not count on, so that relieved them of the responsibility to provide local funds to fund the entire projects, and there were funds to be reallocated for that. He indicated there was a substantial amount of money that came from the Viera Company with their Development of Regional Impact (DRI), it was a mandated contribution to the transportation construction for improvements, specifically Barnes Boulevard for \$12 million. He explained these funds are all treated as non-recurring funds, but where it states reimbursement interest, or bond, or reallocation, that is true, 100 percent, non-recurring money; where it says LOGT, or Constitutional Gas Tax (CGT), those funds could or could not be recurring depending on a couple of details associated with it; but the vast majority of that almost \$64 million was one-time money, so it is not new money, and most of it did go to maintenance. He pointed out he gets asked about this slide, since 2000, they started bonding a lot of gas tax revenue streams; they have generated a lot of construction projects, some of them maintenance, some of them capacity; they leveraged a lot of grant money, utilized lots of impact fee funds, and the source of the local funds for it was impact fees and CGT, and LOGT; and with that, they were able to do over \$200 million in capacity improvements and over \$73 million in maintenance improvements. He went on to say he gets asked a lot if maintenance is more important than capacity, and he is going to talk about that a little bit through his presentation, but he will say if capacity is not done, it will cause suffering; also if maintenance is not done it will cause suffering; and he cannot tell the Board which is more or less important, but he can say it is really important to take care of both of them, because the future will be less bright if the transportation system is not taken care of. He pointed out he did list some of the capacity projects as an example; the Pineda Causeway Extension was one of those, Barnes Boulevard widening, which is currently under construction; and both of those were substantially funded with grant money, as well as local funds. He added Heritage Parkway is another one they have done many intersection improvements to; he can say without the Pineda Extension, Wickham Road would be virtually un-passable right now; and he reiterated that both maintenance and capacity need to be taken care of. He indicated the Municipal Services Taxing Unit (MSTU), is the revenue he received over the period of time from 2009-2016, it is not flat, it has spent most of its time down, for that period of time, although it is starting to rebound; if the effects of inflation are accounted for, purchasing power is less today that it was in 2009. He added Ms. Hayes had mentioned a Franchise Fee, and it has been

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trending down over the last almost eight years, around 9.5 percent; that is real dollars, just for inflation, it would be significantly worse. He went on to say Communication Services Tax is a less substantial amount of money, but it is also trending down; if it was adjusted for inflation, it would also be substantially worse. He presented Public Works General Fund Transfer to the Board; there has been a substantial drop that started to rebound; \$1.26 million has come out of the General Fund this year, but it is an important thing that is happening; and the huge decrease was principally done by eliminating, through attrition, vacant positions and they cut back on services. He explained they do less resurfacing than they used to; they still have a priority on drainage, one can drive on a bad road, but if their houses are flooded, it is hard to sleep in a bathtub; they were mowing over six times a cycle of six mows per year, but have cut it down to between two and three; and there is less man power, and they are spending less on fuel and less on maintenance and repairs than they used to in order to accommodate the budget. He reiterated there is the \$1.6 million that will come back up, but there is no adjustment to any of that with respect to inflation, or effects of inflation; that is what has happened with the revenue trends and funding sources they have; and he will move into identifying maintenance needs and how they have gone about making the projections that they have, and making the calculations they have with respect to expenses and anticipated expenses going forward. He presented a slide that showed a green line; he explained the green line going down is an unhappy line, and the numbers represent the condition of a roadway over time; the dollar amount represent the maintenance of a particular road has or needs in order to bring it back up to excellent condition; this is a representation of the condition; a new road would be an excellent one, and one that has pot holes would be in the very poor to failed area; and if the Board spends money in the maintenance area, it will spend less money to get the road back to the near excellent condition. He advised if the Board spends the dollars at the correct time, it will save four to seven times that in order to get the same effect; that is a huge expense that the Board avoids by fixing roads in a timely manner; and it is not really a return on investment exactly, but there are two things that are really good about doing this. He noted the Board would get away from spending a whole lot of money, and all the time and effort it takes to rebuild a road; it is very annoying to the public to say the least, he gets plenty of calls about it; and the other thing, which is a benefit to the public, is that they spend more time driving on nicer roads, which makes a big difference to them, at least that is what he is told.

He stated the condition assessment sets the stage as to why this is important; in 2011, for the first time, staff formed a comprehensive inventory of the paved and dirt roads; the main effort was associated with the paved roads; and to get it done, they selected a professional firm that was highly qualified for this, they did a really good job on it. He stated they prepared a report, which classified every road as to the pavement condition, which is called a Pavement Condition Index (PCI); what the PCI is it expresses the condition of the asphalt and it is a function of how many and what kind of cracks there are, how deep they are, and not all cracks are created equal; some are more substantial than others, and the road can take some cracking that is minor in nature and can take less of a major nature; and the idea is if the pavement condition gets bad enough, then the road base under the asphalt becomes exposed to rain, and the effects of that water rapidly deteriorate the road base, which is the foundation that holds the pavement in place. He explained the pavement will collapse, there will be more pot holes, there can also be complete failures to the roadway; eventually that is the future of every road, it is an inevitability that the roads are going to go through this process, but timely maintenance is less expensive is what it boils down to. He advised in order to do that PCI, the consultant divided the entire County road network, all 1,100 plus miles into over 9,000 segments; they identified those and had a PCI for each one of those segments so that each one of them were in manageable sizes, and they also provided staff with an estimate of what they should expect to see in the rate of decline in the condition of the pavement for each year going forward until a new assessment is done. He noted they should be getting assessments done on a three to five-year cycle; they do not have a new one yet, staff is working on that now, but that is how they age the roads; since 2011, 229 miles of roads have been resurfaced, every time a road or road segment is

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resurfaced, the pavement condition is reset to 100; and then it is aged from that point forward, whenever that resurfacing took place. He indicated the books that are in front of the Board is a County-wide ledger of all 9,000 plus segments of roadways; they are sorted by District; and the roadway segments are sorted into four categories, reconstruction is the red heading, the at risk are the roads that may only require resurfacing, but are clearly getting close to slipping into the reconstruction arena, the yellow headings are the ones that staff feels are in the resurfacing area, and not being a threat to have to be reconstructed, and then there is the blue which is the happy area. He added there is at the back of each District there is a purple color that represents where the dirt roads are, that is not really the subject of discussion right now, but it is there; and what he would like to point out is, at the beginning of each District, there is a summary that shows that District's totals for each of those categories, a dollar figure based on a planning level estimate of what it would cost to take care of those roads at the end of the year, and but at the very first page is the County-wide totals. He remarked each segment is identified by name of the road, where it starts and stops, what the condition was in 2011, and the estimated condition today; and to recognize that it may have been resurfaced since 2011, so it went up, it is because it got resurfaced, not because somebody decided to just change it. He mentioned that is how that is done, they age the roads, then they extrapolate what they believe will happen to them; and the ledger is for the Board to keep. He added each Commissioner received the report that he received back in 2011, and the ledger is a replacement for that as far as the road segments themselves, it is not a new study or a new report in that sense but it is an update as to where staff believes the County is at this point. He pointed out the page in the book is reflected in the slide; the PCI is on the left side, or vertical axis, age is the horizontal axis, it is generalized, and for each one of the areas, the blue, yellow, orange and red; and what he has told the Board is how many miles there are so it does not have to figure it all out. He presented there are 379 miles of road in the blue, so there is no dollar amount associated with that one; however, there are things that can be done with roads in this area, that would flatten out this part of the curve, and then they would drop down, which is money well spent, but there is such a big back log, that they do not do much of that. He noted down in the yellow, orange and red, when added together, that is 734 miles of back log roads; there is a dollar figure for each one of them, it is a planning level estimate, it is not for each individual road; and he pointed out when adding the yellow and orange areas together that is 589 miles. He explained when adding the dollar figures the \$69 million in round numbers, and when looking at reconstruction, there are 145 compared to almost 600, and there is \$86 million, almost \$87 million which is more than that 600 needs; and this illustrates the return on investment, it is not really correct terminology, but if the Board can keep its roads out of that area, it will be a big savings for the taxpayer, plus it avoids a lot of bad condition roads. He indicated he gets asked where the Board should spend its money; the answer is it should spend most of the money in the orange area, the other area that would be best to spend money is the yellow area because it is so much cheaper; and it is a devastating cost when it gets to the reconstruction phase that he has to do whatever he can to keep it from happening. He added 400 miles and they are not doing the 55 miles today that they need to be doing; there are roads every year that are dropping out of the orange into the red as well as dropping out of the yellow into the orange, and dropping out of the blue going into yellow; it is unavoidable, it cannot be stopped, all he can do is treat it in a timely manner and get the savings by doing that. He mentioned the 55 miles, this represents that 229 miles of roads that staff resurfaced; that number comes from the total inventory divided by 20 years, to come up with how many miles they would do by year, which would be 55 miles; that gives the Board a measuring stick as to where it should be and 2011 and 2012 the County was slightly above that in 2012, and well above it in 2011; and that was done with green money which was these mid-year allocations he talked about earlier. He reported the vast majority of that money went to road maintenance, and the Board can see that was good; it was gone quickly because it was one-time money, then suddenly the County dropped back down; and averaging over that six year period of time, it is about 38 miles resurfaced each year. He highlighted the Board can see the General Fund money, the \$1.26 million reappears and shows up again; and they are not done with that yet. He noted they will see if they can get it all finished according to the plan for

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this year, but that is projected, and it is projected in the report that the Board has as well; and if it is not done this year, it will get done early next year; and he thinks they will get it done. He pointed out he would like to show the Board the handout that shows the un-funded transportation projects; in there the top are capacity projects, the projects that he showed the Board on the slide are included in the un-funded projects list; the lengths for each District is included in the list as well as the dollar figure; it does not show that way on the slide, but that is in there; and if the Board looks at the ledger, it will see the same numbers that come up. He verified that this is a representation of what they have identified as to maintenance and capacity needs that do not currently have funding that is available to take care of them; he reiterated he will be talking about capacity and maintenance and the balance the Board has ahead; it is almost impossible to get a grant for maintenance, so when taking care of maintenance, the Board is spending its own money; when capacity is being done, grants can frequently be received; and there can be a substantial amount of them. He confirmed Brevard County has benefited tremendously for that because it was prepared with a set of plans or they had done the right-of-way acquisition, then it was able to take advantage of an opportunity to get construction dollars for those projects; and it is important to pay attention to that situation. He added it is equally important to pay attention to what is going on with the maintenance; the Board just saw how devastating it is to let it go; someone asked him not too long ago if this particular list was a grab bag, a sort of opportunity to throw anything against the wall and hope that it sticks; he can assure the Board if that was the case, it would be quite a bit larger, and there are a few projects in here that would not hurt his feelings if they were eliminated, but he will say that the biggest ones are badly needed projects, both on maintenance and capacity levels; and it does total up to nearly \$600 million, again updated principally on the cost of maintenance that the Board just went over. He announced he would switch to projections as to where staff thinks it is going; to do that, he would like to give the Board some information and good news; right now, the Board has been historically spending about \$635,000 in MSTU funds on resurfacing and reconstruction activities; he had talked about the \$1.6 million from the General Fund, and the \$1.5 million LOGT transfer that staff thinks is available; and that is subject to the Board. He explained that totals up to just under \$3.4 million; that is a big improvement from the \$365,000; and the Constitutional Gas Tax Bonds are due to be retired in August of 2020, so starting after that, staff will have a revenue stream that is no longer dedicated to debt service, and is now available to be spent for current needs. He advised if that is the way the Board would like to do it, they can spend it on road maintenance; it comes to about \$3 million dollars, it varies from one year to the next, but in round numbers it is about \$3 million each year; and he believed that was substantial good news. He discussed the chart he presented, at the end of this year, staff projects that 734 miles of back log, but for a moment, he would like to look back at 2016; there was the MSTU of \$635,000, they did not have the \$1.26 million General Fund transfer, nor did they have the \$1.5 million in Gas Tax coming in, and they did not have the \$3 million from the Constitutional Gas Tax debt service, because it is dedicated and being used to pay off those bonds. He explained they were getting about eight miles a year out of that 55 that they need to be doing; by back calculating that, using that 55 less the eight that were done, this is what the Board would have had left last year; and this is what staff had projected it would be for this year. He advised they get about 20 miles of road resurfaced for \$1.26 million; the \$1.26 added to that gives the Board about 20 miles that they are able to do; that is a significant improvement, but when adding in the \$1.5 million, it jumps up to nearly \$3.4 million, so that gets staff about 34 miles of roads; and if the Board does the math, these two numbers with the 55 miles per year puts it at a still greater amount that last year when it was at 755. He added he continued doing that with the 34 and 34 for the next couple of years, and when the CGI were just under 800 miles; this is just an estimate; and he hopes to have a new assessment to update all of the information, but that is the best information he has right now. He pointed out if the Board adds in the \$3 million it jumps up to 61 miles, and for the first time, using recurring funds at something north of 55 miles.

Chairman Smith inquired if the estimated back log would still be the 791 miles.

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Mr. Denninghoff responded affirmatively.

Chairman Smith further inquired if that was out of the roughly 1,100.

Mr. Denninghoff replied yes; it is only the roads that they have resurfaced in the very recent past that are not in the condition where they should be considered for resurfacing.

Chairman Smith stated they are still getting more and more behind.

Mr. Denninghoff responded there is no doubt about it, but the good news is, the Board is getting more behind at a lesser amount; and he likes that being an optimist, but looking at the half empty side of the glass, the County is not going in the right direction, and even when it gets to this, it will not be moving fast enough. He added there are a couple things about this that are really important to recognize; first of all, no inflation effects are accounted for in this; in reality, what will happen is, this money is going to go less and less far; so the numbers will go down; and the Board will be even more worse off if it does not come up with something else. He stated that is just the effects of inflation; in addition to that, if the Board has to spend money on reconstruction, then that means less money will be spent on resurfacing, which means a reconstruction road will be back to a good range, but then another one will fall into that category.

Chairman Smith stated what the Board would be doing is, reconstructing two miles and letting seven limes deteriorate.

Mr. Denninghoff stated that is correct; it is very tempting and hard to tell a person that lives on one of these roads that the County cannot fix their road; some people say he enjoys saying no, but that is really not true; and there is another piece of good news, the \$1.5 million, and the \$3 million, and there is a mid-year allocation or reallocation opportunity that is available in the amount of about \$6 million, and there are details associated with that he would like to go over. He noted this is some of the things he has already gone over; it all needs to be updated, the planning level, cost estimates, are just that, planning level; and this is the best he has and can plan for right now. He mentioned the \$6 million, there are a couple things he would like to point out, and this is pretty typical for the allocation opportunities they have had in the mid-year; he showed the bond proceeds, development contribution, and all of it was one-time money, so it is not recurring; and the \$1.5 million from LOGT will become a recurring fund, but for the purposes of the \$6 million, it will not contribute to future allocation opportunities, because they are going to budget it on a recurring basis. He went on to say that one will go away in the future, as well as the others before too long, and staff will be left with residual money that was from low-bid projects or projects that cost less than projected. He highlighted Friday Road improvements, which were \$765,000, he called the Board to recollect the Cocoa Expo, that is where that is, and if it was to be allocated to something else now, it will not be available for that purpose; and if the Board would like to keep it for Cocoa Expo, well, not Cocoa Expo because they are not ever going to get that money, but if the Board would like to keep it on Friday Road, it is in a sense, already allocated. He stated if the Board would like to move it from that project, it is available for allocation; depending on how the Board would like to deal with that, staff will do as directed; and he would like to go back to the discussion about maintenance versus capacity; this is a reference to an article that he will read: "Voters in at least six Florida counties to vote on transportation aid". He advised he did not like the word "aid" in that article, but it fit the headline for the newspaper; what it was, was really a tax, they were voting on a tax; it was for additional, new revenue, and it was either in the form of gas taxes, or in the form of some sort of infrastructure, or services tax that was coming in to pay principally for roads; and it was not 100 percent roads, but it was mostly new capacity, or maintenance of existing roads. He noted that was just for 2016, that one article; if he had gone back five or six years, the Board would see that it is commonplace for this situation to come into existence; it is very difficult to manage to hold ground on both capacity and maintenance; and it is pretty normal for communities to find

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themselves in the predicament that Brevard County is in now. He went on to say Brevard County, in 2000, there was no money from LOGT maintenance at all; some bonds were paid off at that time, and took the LOGT, put it to Road and Bridge to do maintenance and it ramped up to a lot of revenue going that direction to pay for those expenses; and then they bonded that and put the bond proceeds towards capacity, and the revenue went to pay the debt service. He explained all of a sudden, the maintenance funds were gone; they went from maintenance to capacity, to maintenance to capacity and so on; it is very normal, he does not know how to get that done; and it is not a horribly unusual circumstance. He stated he would like to take a minute to put this into perspective, this is very similar to a slide that the Blue Ribbon Advisory Committee prepared for their final report; he has intentionally done it, and if the Board would like to go back and compare numbers it can; but he has updated everything on that to try to illustrate where the board is on this. He pointed out on the left side of the slide it shows ongoing, recurring funded items for maintenance; it shows the \$1.26 million General Fund transfer, and he presumptively added in the \$1.5 million from LOGT; and all of them roll up to the \$31 million that the Board sees. He explained he assumed, for the purposes of this slide, that these revenues are going to go there and will continue to go there going forward; and this central part of the slide in the red, means it is un-funded. He went on to say what they have is the resurfacing shortfall that they would have, absent CGT or any other revenue stream that would come in; there is still 21 miles per year that the Board is short for resurfacing; that comes up to about \$2.3 million per year that they need to do just for resurfacing; there are some other funding shortfalls there that he has not had a chance to talk much about, but there are some other funding shortfalls that they estimate to be \$2 million per year; and that rolls up to \$4.3 million. He advised that does not include any capacity projects; he showed capacity on the slide, it is included in the \$613 million, which is the same dollar figure that shows in the sheet that he gave the Board as a handout; for purposes of what he is about to show, it does not have any other bearing on this slide at all; this is the periodic maintenance, or backlog, there is 734 miles of backlog that were talked about; and if he were to take that down, he hopes it does not get more expensive, and hopes it does not get into the reconstruction phase, and do it over a 15 year period of time, those two ideas do not really work together, but for purposes for this discussion, that is what they assumed was a 15 year take-down on the 734 miles of back log. He added that is a little over \$13 million a year; this other area also has a backlog, and that is represented, which is about \$1.8 million per year; and he added together and that is \$14.93 million per year that is un-funded back log maintenance. He noted the un-funded needs are summarized in the bottom corner; it shows the \$4.3 million that comes from the ongoing shortfall, the \$14.3 million for the backlog is for 15 years, that one would be a permanent revenue stream if it were to get funded, or need; and for the first 15 years, they need a little over \$19 million. He advised after the 15 years, it would drop down; he is not sure if that is good news; and there are a couple of things to remember, this is not including inflation, no change in how the reconstruction is accounted for in there, Impact Fees are the only revenue that go directly to capacity needs at this point in time, and Impact Fees are unpredictable, they are not recurring, and nothing can be leveraged with them, at least not that he knows of; and he has not addressed capacity in any substantive way. He informed the Board it is important to have the Impact Fees, because right now if someone identified a new intersection improvement, Impact Fees would be looked at to take care of it, and right now, there is not much of that because there is not a whole lot of money being collected in Impact Fees.

Stockton Whitten, County Manager, stated Mr. Denninghoff has given the Board a lot of information; the binder that was given to the Board assesses the condition of each road that is in the inventory; and he believes it is a great document because it has all of the roads and their condition, and the listing of unfunded projects. He added what the Board has not talked about is how it will prioritize those unfunded needs; it was given to the Board by District, and simply identifies the need and what the PCI is for those; and at some point the Board will need to talk about how it will prioritize those one-time dollars during the mid-year, or from time-to-time. He noted the suggestion is that this begins the conversation about direction for the 2017-2018

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budget; the Board needs to talk about things that as a body have been mentioned, or various individual Commissioners have mentioned, such as CBO funding, pay raises, health insurance, or other issues; and that is direction Frank Abbate, Assistant County Manager, will need from the Board with regards to building the 2017-2018 budget. He informed his suggestion to the Board would be that it gives direction to Mr. Abbate, and the only way to drill down into the details of the \$220 million, because that is where the Board is going to try and squeeze something from. He added if the Board believes the accounting of it, it will be primarily squeezed from the \$43 million; that is very difficult, and he thinks the Board needs to begin to schedule as soon as possible with the General Funded Departments to come before the Board so it can get some education and discussion underway about what is in their budgets in particular. He reiterated that includes some direction from the Citizen's Budget Review Committee, because they need to be in step with the direction of the Board and not running individually; they have turned the corner on health insurance; Reserves are as healthy as they have been for a while; where one thought the Board would not take criticism, it is; but the Board can never have enough in Insurance Reserves. He stated he feels pretty good about that; the Reserves are stabilized; the Board is getting closer to that 10 percent projection, and as the board knows from last year, this County has an implied credit rating of AA+; and it can only get to AAA. He pointed out there is good news and bad news on roads; the good news is that Mr. Denninghoff outlined that the Board is going from eight miles of road per year to 34 miles next year; and then eventually 61, and the Board still cannot catch up. He reported Mr. Denninghoff showed the Board the way the cities and other counties catch up is that they have big funding chunks; it is not unusual to address the back log through the referendums and some sort of big increase in revenues there; and at the end of the Board's discussion and the public comments, he will ask that the Board begin to schedule those Departments to come before it, including the Charter Offices, so that it can be educated together as a Board on exactly where all of the dollars are.

Chairman Smith encouraged Mr. Whitten to start that process for the Board, to schedule the different Departments and Directors that the Board needs to speak to; and to get a feeling from them on where they need to be, and where they want to be. He charged the rest of the Board to start thinking about where and how much each Commissioner can cut, and what cutting is possible. He reminded the new Commissioners that last year he came up with \$1.3 or \$2.3 million worth of cuts, and he did not get any agreement; he did not get one vote in favor of those cuts because, just like when he was campaigning, everybody was in favor of no taxes, in fact, most people said they would like their taxes to go down; and when one starts questioning them, it was always everything but what they liked. He stated the Board can talk to people in Libraries, and they would vote to cut everybody else's taxes, but do not touch libraries, etcetera. He added that is the dilemma the Board faces; as the new Commissioners have seen, he has gotten some push back, but the Board has a very tight budget; there is not a lot of money to chop; and if one is going to chop, it is going to hurt a lot of people. He explained the Board can kick the can down the road to the next Commission, and the next, but by then the crap will really hit the fan; and then where would the County be. He suggested the Board not go that way, that it suck it up and make the tough decisions to come up with some plan that it can agree on; having said that, he would encourage the Board to consider the fact that each Commissioner can set aside the area that is off-limits for them, but there will have to be compromises, because all of the Commissioners are not going to agree on each person's off-limits item; and the Board will have to take a little from everything to make it work.

Commissioner Tobia stated those were general comments; and inquired if he could ask a question. Chairman Smith replied yes.

Commissioner Tobia inquired if Mr. Denninghoff could give the Board a little bit of history in terms of the debt service on the Constitutional Gas Tax, and that it ends in August 2020; he further inquired how long it was and if he could explain if there is a possibility to re-finance that;

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and what the interest rate that was being paid on it versus the amount of roads that are going from the resurface to reconstruction phase.

Mr. Denninghoff stated he can answer some of those questions, but he does not think he can answer some of the others; staff issued a bond series in 2000, to generate bond proceeds to fund a number of projects which the Board wanted to fund; some of them were funding for a particular phase of a project, for instance the design; and he believes in 2009, when they did the PD&E for the Max Brewer Bridge replacement, they could not get the State to help with that, so the Board did it itself; and because of that, eventually the State paid for the design and the construction of the bridge, so that was one of those cases where they probably got a return on investment of about 80:1, or something like that. He added there were a number of projects that were like that. He added he does not recall what the interest was on it off the top of his head, but he is sure they can find out how much interest was paid.

Mr. Whitten stated four percent.

Mr. Denninghoff questioned if it was four percent.

Mr. Whitten stated he does not know how many times it has been refinanced; this is a refinance, but it is 2005 refinancing.

Mr. Denninghoff stated he thinks they refinanced it at least once; and the refinancing, he has heard all kinds of things about what they were doing when it was being refinanced. He added it has been, in a way, kind of humorous to hear what people thought they were doing when they were refinancing; but what they were doing was they were not incurring any further debt, not generating any additional bond proceeds, they did not change the payment date or the retirement date of the bonds, so the only thing they were doing was changing the payments that they were having to pay in a downward direction, otherwise, they would not have done it. He stated they were actually saving the taxpayers money on a year over year basis, and ultimately for the entire life of the bonds, they were reducing the cost of those bonds; and those were very good things they did. He went on to say, once they have the debt, if they can refinance it and reduce the cost of that debt, it is a pretty good thing; by way of reference, because someone may ask about the Local Option Gas Tax Bonds, there were two different bonds issued; the first series was issued in 2005, the second series in 2007, and the 2005 series is retired in 2026, and before getting excited about that, that is only another six years after they take care of the Constitutional Gas Tax; and the 2007, the incurred a 30 year bond, which then is a structured payment. He explained they rolled the 2005 debt service into the payments on the 2007 bonds, so that debt service will continue; they have refinanced both of those bonds again, reducing the debt service payment; not changing the amount of the bond proceeds, the debt payment date, or retirement date; and to just reduce the amount paid on an annual basis, again, converting debt service to a recurring revenue stream that they use today in each of those cases.

Mr. Whitten stated for the Constitutional Gas Tax, with four payments left, it is probably beyond an opportunity to refinance; and it would not make sense to refinance because of the issuance costs and things like that.

Commissioner Tobia questioned extending the terms, Mr. Whitten stated it had not been done from the initial. Mr. Whitten responded Board Policy is that they simply take advantage of the lower interest rate requirement, but they do not extend the terms.

Commissioner Barfield stated currently, the County gets 47 percent of the LOGT, cities get 53 percent; there is also MSTU's for unincorporated areas; and cities do not put money to the roads that the County has to maintain. He inquired if the Board has to maintain, if it has to

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maintain the roads that go through the city; and the Board only gets 47 percent of the LOGT money, yet it is in the city limits.

Mr. Denninghoff responded there are a couple of interesting things about Local Option Gas Tax; for every dollar that is received as a County, geographic area of Brevard County, it is 47.13 percent comes to the County and 42.87 percent goes to the cities; and it gets divided amongst the cities and the way he talks about it is, the cities spend 100 percent of their gas tax dollars inside their cities. He added they often ask the Board to spend a lot of its dollars inside their cities, too; he will say there are roads inside the cities that are the County's; he is not going into the explanation of why there are County roads inside the cities, it is a long story, and he would get a little too passionate, and that would not be a good thing, but they understandably do not want to spend money on maintaining the County roads; and generally speaking, the County has not received contributions from cities towards maintenance efforts with a County road. He went on to say the County does have situations where the cities want to do landscaping on a County road, so staff will enter into an agreement that allows them to do that; the County is currently trying to put one together like that for West Melbourne on Minton Road; and there is one on parts on Minton Road and on Palm Bay Road. He stated other than that the County has to take care of those roads and the cities look to the County to fix them; in the cities of Cape Canaveral and Cocoa Beach, when roads were fixed up, they took them over and they did that as a means of attracting the County's interest in fixing up that road and then they would take care of things from that point on. He advised even with that, when looking at the numbers, the Board can see why it is not entirely an irresistible offer if that happens, but it is certainly one that if he got an offer from the city to do something like that he would bring it to the Board.

Commissioner Barfield inquired what the cities generally use their percentage of LOGT funds for.

Mr. Denninghoff responded he does not really know, because he does not stick his nose into their budgets, but he will say that they have to maintain their roads just like the County does; and they have to maintain ditches, lines, signs, etcetera. He added bigger cities have signals they have to take care of; he expect that is what they are doing; they have to resurface, and most of the cities, at least on the mainland side, he does not know if they are in as bad of shape as the County is, typically, City of Palm Bay may be in worse; and he would say the others are better shape than the County is, but some of them are in pretty tough shape. He went on to say he does not believe they are in as bad of shape as the Board, just because they do not have as big of an inventory as the Board does; and Palm Bay does, but the rest of the cities do not.

Commissioner Isnardi stated she thinks Commissioner Pritchett and herself have been through this budget process several times; and she is sure they have the same issues with serving during a difficult economic downturn, so the Board is all about priorities, and she shares in some of the same priorities, publicly about infrastructure and public safety. She added she is looking forward to it and she appreciates this; she would like to get with Mr. Denninghoff too; as a general statement, she knows that many of the other needs in the County are there and she thinks they can definitely shift some monies around to take care of employees and doing the right things by prioritizing the budget properly. She advised if the Board is so back logged on roads, at the very least, her general opinion for this overage to commit it towards roads, maintenance, and everything; then they can talk about things that he brought up some time ago and there was not any support, which completely blew her mind; she remembers the items he brought to the Board; and she is not saying necessarily that she agrees with all of them but he was on point, and she looks forward to him bringing some of those things back. She added she is all about compromise as long as she is not compromising her principles; it is not an ideological stand, it is a reality, she has served before and she understands how government works, she just thinks the Board needs to be responsible, because that is why it was chosen.

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Chairman Smith stated with regards to the cuts he had come up with, the Board still has to remember, it did not get any support for however much money it was; but the other thing to consider is that it is a paltry sum, \$1 or \$2 million; and that is not going to fix \$10 million worth of roads, or \$20 million for that matter, so the Board has a steep hill to climb.

Commissioner Isnardi stated it may help, at least it is something; one should not say no because they cannot tackle the entire thing.

Chairman Smith stated the Chinese say every great journey starts with the first step.

Commissioner Pritchett inquired if Mr. Abbate was going to try to budget some sort of pay increases for the employees; and she inquired what the Board had done in the past, if it was cost of living, and there has not been any increases.

Mr. Abbate replied staff will follow the Board's direction; they will be bringing information to the Board; they are in the middle of negotiations, so they will be coming to the Board within the near distant future just to bring information to the Board about where they are with their three bargaining units, but they are in negotiations with some of them; and staff will be bringing comparables to the Board to get direction within the next 60 days. He added they will use that information to move forward; what they did this year was one and one-half percent cost of living adjustment.

Commissioner Pritchett stated with the government she understands needing infrastructure, but it is also a service entity; the Board needs to look at those costs; and she inquired if there were any type of pay studies done. Mr. Abbate replied the last pay study that was done was 10 or more years ago. Commissioner Pritchett stated she is waiting for staff to come back with some of that so she can see what kind of budget the Board is looking at.

Mr. Abbate stated one of the challenges they have is they did not expend funds on a pay study when they realized whatever the pay results were, there was not going to be funds available; there was no potential will to do that; the extra money was not spent on a study; and that is a big reason why they have not done it, unless the Board is thinking differently, then staff knows it is behind in a variety of areas, but funding opportunities and priorities need to be looked at. He added there have been some significant needs that still remain to be addressed, and staff is looking to the Board on how to schedule things; and he believes it has today in terms of some of the things the Board has priorities on in the future, which he looks forward to hearing what the Board has to say, and they can try to put it together as best they can. He went on to say they will continue to have the departments come up rather quickly, because there is a lot of information; he is sure the Board has not had the opportunity to hear where they are yet; it has been done in the past; and he does not think it will be too hard, the Directors have done it before, and they will be ready in short order. He remarked they have been anticipating that this may come up, that the need to have the presentations would be there; and Mr. Whitten has let them know, staff has all been aware of it for the last 60-90 days. He explained they have told the Directors to explain to the Board where they are, why they are there, what programs and services they provide, what the costs are, and the Board can prioritize and direct staff where it would like to go.

Commissioner Pritchett stated she is looking forward to hearing what the revenue estimations are going to be moving forward; and she thanked staff for their great presentation.

Commissioner Tobia stated as a teacher, he is asking for the homework assignment; it sounds as though Chairman Smith went through the budget last year line by line, and made the recommendations, and he apologizes, he was not part of the Board; but he found individual lines with a dollar figure attached, and brought them up to the Board as a potential savings. He

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went on to say he laid the groundwork that transportation was the priority; so, he supposes, Commissioner Smith prioritized the \$1.3 million as less important than roads were; and he inquired if that is the direction he would like the Board to take at this point as individuals in these budgets.

Chairman Smith replied he thinks that would be the prudent thing to do. Commissioner Tobia stated then each Commissioner would discuss each one of those specific line items as a group, as to whether or not priority A is more important than the infrastructure or roads. Chairman Smith stated he thinks that would be a good place to start, because there is no doubt that it is going to be painful; the Board has to tell people it cannot do certain things this year, but the greater priority is a road; and he asked if one service was more important to go into debt, or disastrous debt to fix roads in the future. He added that is the tough decisions and tough answers the Board is going to have to come up with.

Commissioner Tobia stated he believed it is important for the Board to work on the same line item; he does not know what Chairman Smith's proposals were, but he looks forward to hearing them again so the Board can decide. Chairman Smith stated he does not remember yesterday, so he cannot tell him.

Commissioner Tobia stated the roads are getting worse and worse, so the priority is obviously getting that much more important; so, his ideas, while other folks may have decided they were not as important, times have changed from last year and he fully looks forward to hearing those as well as other ones, because he will certainly be going through the budget.

Commissioner Barfield stated one of the things when he and Chairman Smith came on the Board, they did go through all of these departments in briefings; and they went through exactly what they do, what their mandates are, what their funding sources are, and that really helped to go through the whole process of the whole organization of what they do; and it gives the Board an understanding of what is going on. He added some things the Board may be able to cut, but the fact is, the Board cannot spend that money anyway, because of 'The Color of Money'; so as the Board goes through this, he believed it will see a lot more of what it can and cannot do.

Chairman Smith stated that is an extremely good point; when out in the public, people say instead of spending \$6,000 on a palm tree, it could have been put towards roads; in fact, it could not be, the \$6,000 was spent by one of the Board's favorite subjects, a CRA. He added, the fact is, the color of money prevents the Board from taking that 20 trees that were \$6,000 apiece and putting it towards roads; there are a lot of things that people could say could be used towards roads, but the bottom line is, the Board cannot. He noted it will be a good exercise.

Commissioner Tobia inquired if the Board starts to work back on that, is it money that eventually can go into the green; he stated he understands that there is debt obligations out there, but as the Board moves forward, that is money that it can make sure is in the green; and maybe allocate towards roads.

Chairman Smith stated he thinks it is important for everyone to understand that there are contractual obligations with the CRA's; the Board cannot just shut them down, beat them up, and say go away; but what it can do, hopefully it will accomplish it through the workshop and do an interlocal agreement, the Board can get a handle on, and get an idea of when there will be a finite end to a CRA and when the Board can count on those funds coming back. He noted he keeps using the term, but the Board is the bank; it is the taxpayers money that keeps funding the CRA's, so when the CRA has completed its work, those funds, instead of continuing to be funneled into the CRA, they come back to the Board to go into the General Fund.

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Mr. Whitten stated when thinking about the workshop, the Board almost has to address each individual CRA and know where the Board is legally on that; they will want to explain to the Board how they are valuable, but he does not think the Board has a good handle on where it is in terms of the CRA; it either has an interlocal agreement, or it does not; and some of them have different percentages. He noted staff will try to set that up; it will be a long workshop, because staff will try to set that up where the Board knows legally and what the force of, ordinances, and interlocal agreement lie, but the Board will have to look at each one individually, and there is a lot of confusion out there between city and county, but he thinks that will be the only way to get there. He went on to say the Board will get there by talking about CRA A-Z in exactly the circumstances of when they end, how much revenue they are taking from the County, etcetera.

Chairman Smith stated that is absolutely the hope; everyone needs to be on the same page, so that when the Board walks away from the workshop, whenever that is, the CRA's understand where the Board is coming from, and the Board understands where they are coming from; then they can go forward and complete whatever they are doing; and the Board can count on where they will be and what the Board will get out of them and when.

Commissioner Isnardi stated if it does go long, the Board can always do a follow-up; she is sure the Board can look at their calendars and come up with a date in a week or two, so people are not sitting here for eight hours, because although it is long and cumbersome, she knows staff has been complaining that the CRA stuff keeps coming up and cities are complaining. She added everyone else is complaining the Board is shifting money there, and she believed, at the very least, the Board needs to go through this process to see what it can do about the ones it can make changes in; that way the Board would have an answer when someone asks why their tax dollars go to pay for a \$10,000 sign; and she would like to have an answer, these were decisions that were made beforehand, the Board cannot do anything for the next 11 years, it is stuck. She went on to say she would apologize to the person as their representative, but this is why the Board is moving forward; but by the way, the Board has decided to let the CRA sunset, so at least that is maybe the compromise the Board can come up with, but she thinks it is constructive; and she apologizes that the cities have had to come out before, and staff has had to deal with this stuff, but there are new Board members, it is important to her. She added it was important to her when she was in the City of Palm Bay, and she would like to have answers for people.

Commissioner Tobia stated now there is more perspective; it is \$4.6 million, some of these are prior to the Charter; and there is not a darn thing the Board can do. He added some of the ones that are post-Charter, are in debt obligation, so this \$.6 million is not immediately grabbed, but when looking at that and the un-funded needs for roads, assuming the Board could, it cannot; but assuming it could, that is a quarter of the road needs in just one section of the budget. He went on to say the Board would have to make projections if it were to A, how many resources would it get year one, year two, year three, year four, but it is a decent portion of just the unfunded infrastructure needs that the Board has; and as it approaches this, he hopes it is looked at as a CRA need, if it is more important than a County road need be; and that is the approach he will take. He asked all CRA's as they come up to please justify paying for a road sign for a business, even if the business pays half of it, is more important than a deteriorating road that the Board could fix for a fraction of what it can this year versus next year. He explained if they can make that argument, he looks forward to that justification.

Commissioner Pritchett stated she believes the Board will find out a lot about CRA's when they come; each one needs to be looked at individually; a lot of times there is return on investments in these; and the money the Board puts in might be even zero if the CRA's had not been created in the first place. She added they are starting to make revenues that pay into the County funds, whereas there would not be any, like the one in Melbourne that just got implemented, they are looking at a \$28 million project, which will create enough revenues to pay for the whole

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bond, so it is really a zero impact on the County by the time it is done in their city, because it is paying for its own project; and that is something she is looking forward to for return on investments when these entities come, and the Board can determine that. She added if there is one that is losing the Board needs to help encourage them to do something different; or one that is not creating revenues, the Board needs to encourage them to do something different; and the thing with the CRA's is they are supposed to create revenues to pay for itself and to benefit the County down the road with increased revenues by people moving in and housing. She stated what she is looking for in revenues, the Charter Cap puts a damper on the funds the Board could have with the millage not hitting the rollback rate, she is curious to see where that is, she is sure the property values are going up again which is a good sign, but she is interested in seeing how the index works out and what the County Manger will be able to come up with; maybe there will not need to be any cuts, she does not think that will happen, but she understands to get that bottom line, the Board has a couple choices, increase revenue, or decrease costs; and she hopes to be looking at revenue increases as the Board moves forward with the budget.

Commissioner Barfield stated the Board has to be cognizant of any savings or cuts that are found that they are sustainable over a long period of time so Mr. Denninghoff can plan for roads down the road; what that means is somehow, the Board will have to make sure there is a funding source that is automatically allocated to that and it does not fluctuate; and that the Board keeps having that savings. He added otherwise, down the road, with other County Commissions, it will get lost in the noise, and the Board needs to make absolutely sure it gets there; and it has to be sustainable.

Mr. Whitten stated staff will try to do the Consumer Price Index (CPI), right now staff is looking at the 1.26; he thinks he knows how to set up the CRA Workshop, but asked the Board to think about tax increments; and there is a base year, then the current year. He added the difference in the pay is the difference in the base year and the current year; most of the \$4.2 or \$4.6 million will be coming from the CRA's, which the Board cannot effect, because they were created prior to 1994; he will try to set that up to where the Board is talking about that, because individually, the Board needs to know where it is on each CRA; and he will try to set that up appropriately.

Commissioner Tobia inquired when Chairman Smith would like to call up the next workshop; and if there were any directions as to which departments he would like the Commissioners to start with, or if he would like to leave it to staff. Chairman Smith responded as far as that, he would like Mr. Whitten to handle the schedule.

Mr. Whitten stated it is going to be the bigger the General Fund, the more the Board would like to talk about it; he knows the issues they have talked about over time; he believes the Board needs to hear from the Charter Officers; and he will say some of the workshops are going to have to happen after the Regular Board meeting. He added staff will try to control the agenda, there will be a Board meeting, then will come upstairs for a workshop; that is the only way to schedule in time for Mr. Abbate to put together a good budget proposal.

Chairman Smith stated as far as where to look for cuts, he does not think anything is off-limits. Commissioner Tobia stated he agreed, and would like to start scheduling these; he does not expect the Board to walk in blind; he believes the Board needs as much of a 'heads-up' as possible, so if it decides to start with Transit Services, the Board needs plenty of time individually to look over it so it can find good questions to ask and come up with suggestions as to where cuts could be made, or where they potentially need more money. He reiterated the Board needs time individually prior to whenever those meetings are; the sooner it can get the meeting schedules with the actual departments, he believes that would behoove the Board for discussions that lead to positive change.

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Mr. Whitten stated it would certainly not be the enterprise agencies, those can be put at the back of the schedule; and staff will hopefully have some rhyme and reason to the schedule.

Chairman Smith thanked the Board and staff for its input and diligence.

ITEM V.A., STOCKTON WHITTEN, COUNTY MANAGER, RE: REPORT

Stockton Whitten, County Manager, stated the Board received the first, hot off the presses, copy of *Brevard Delivers*; it is going to be produced quarterly; he believes an ordinance requires an annual report by the County Manager, so this is put out to the Board, not only as the annual report, but a quarterly what is happening in Brevard County Government to the public; and the Board has the first copy.

Chairman Smith stated he looked through it and it is very impressive.

ITEM V.F., CURT SMITH, DISTRICT 4 COMMISSIONER/CHAIRMAN, RE: REPORT

Chairman Smith stated he has a couple things to go over. He reminded everyone that he has volunteered to get his head shaved; that is for St. Baldrick's Day Ceremony; and kids that undergo chemotherapy often lose their hair, so he has volunteered to shave their heads in support of these kids. He added he is asking the public to help fund the project of defeating childhood cancer; if anyone has an interest in doing so, they can go to www.stbaldricks.org; click on his name and together they can raise a lot of money; and he went from \$230 yesterday to \$750 in one day, so keep it coming.

Chairman Smith stated Brevard County as a whole took another step forward to it being a member of the Central Florida Expressway Authority; the Board voted 5:0 a while back to pursue that; and he attended the CFX Board meeting in Orlando, made Brevard County's presentation, as to why he believes Brevard should be accepted as a board member. He added after his presentation and discussion by the CFX Board, they voted 8:0 to accept Brevard County as a board member; now it is up to Tallahassee to add Brevard; there is a House Bill sponsored by Representative Tom Goodson, and the Senate has the same Bill, sponsored by Senator Debbie Mayfield, and if it passes there, then Brevard County will be an official member of the Central Florida Expressway Authority. He explained that means that Brevard County will be at the table when discussions are made regarding roads; it also means their border will not stop at the Brevard County line; Brevard County and the Authority will have input as to where it goes on S.R. 528, for example, but more importantly the corridor between Pineda Causeway and Orlando International Airport; that is the next road planned. He noted without Brevard County being a part of the board it would never happen, so the board laid the first step to get that done, and it would create another east/west corridor to Orlando; it would go out Pineda all the way to Orlando International Airport; and it would provide for more growth, but the main thing is, it would take an awful lot of traffic off of S.R. 520, S.R. 50, and S.R. 528, and diversify the traffic going east and west and transfer some of it south. He went on to say anybody that is in the south that would like to get west either has to go S.R. 192, which does not get them to Orlando, or they have to go north to S.R. 520 or S.R. 528, so that is kind of a milestone and he wanted to make everyone aware that that occurred also.

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Upon consensus of the Board, the meeting adjourned at 3:35 p.m.

ATTEST:

SCOTT ELLIS, CLERK

CURT SMITH, CHAIRMAN
BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA