



OFFICE OF MANAGEMENT AND BUDGET
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This document, titled Adopted Budget Book FY 2020 TAB A - Budget Message, is 4 pages in length and is part of the [FY2020 Budget Book published in the Budget section of the Lake County website](#). If you wish to request an accessible version of this document, please contact publicrecords@lakecountyfl.gov.

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October 1, 2019

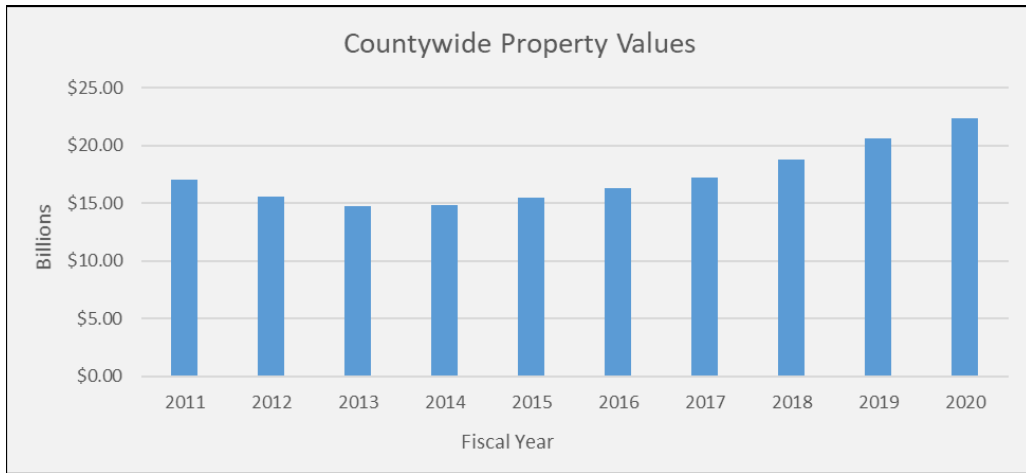
Honorable Chairman and Members of the Board of County Commissioners:

I submit to you the Adopted Budget for Fiscal Year (FY) 2020 totaling \$471,356,871, which includes an operating budget of \$370,084,872. The operating budget differs from the total adopted budget, as it does not include interfund transfers, capital project funds or internal service funds. By comparison, the FY 2019 adopted budget totaled \$454,282,768, with \$347,732,530 of that comprising the operating budget.

To keep the Board and public informed throughout the budget planning process, County staff presented a series of 17 public budget workshops from January through August 2019. The workshops covered numerous topics, such as the economic, millage and revenue outlooks, office-level operational needs, employee benefits and compensation, fire and solid waste assessments, and infrastructure sales tax capital projects.

Property Values

Property values continue to trend upward, as we have seen over the past few years. The increased values, as well as new construction of both residential and commercial properties being added to the tax roll, are reflected in the 8.43 percent increase over the FY 2019 values, as certified by the Lake County Property Appraiser.



The unincorporated property values for the Stormwater, Roads and Parks MSTU and the Fire Rescue MSTU also experienced an increase of 6.80 percent and 7.04 percent respectively.

General Fund

Over the last two fiscal years, the General Fund Reserves were reduced significantly to support the recovery efforts associated with Hurricane Irma, which made landfall in September 2017. In FY 2019, a portion of the increased ad valorem revenue was required to restore the Reserves to the Board's policy minimum goal of 7 percent of the Operating Budget. County staff worked closely with the Federal Emergency Management Agency and Florida Division of Emergency Management during the year, resulting in the approval of nearly \$8.6 million in reimbursements for the County in August 2019. A portion of the one-time infusion of funding was utilized for security enhancements to County facilities, additional support for Transit operations, additional funding to meet the needs of the Sheriff's Office, and to reduce the General Fund countywide millage rate. The FY 2020 adopted budget reflects a countywide millage rate of 5.0734, a decrease from the FY 2019 rate of 5.1180.

The remaining funds were allocated to rebuild the General Fund Reserves balance to 10 percent of the Operating Budget. Going forward, allocating between 12 and 16 percent of the Operating Budget to Reserves would enable the County to be better prepared for future natural disasters and other emergency situations.

The County's General Fund millage of 5.0734 is the lowest of the counties surrounding Lake County, including Sumter, Marion, Volusia, Seminole, Orange, Polk, and Osceola counties.

Since FY 2017, County staff have engaged in an ongoing evaluation of operations, and we have implemented numerous cost-saving efficiencies that resulted in a collective reduction of nearly \$3 million in FY 2017, FY 2018 and FY 2019. Those efforts will continue in FY 2020 and beyond.

Lake Emergency Medical Services

In February 2018, the Board approved transitioning Lake Emergency Medical Services (LEMS) into the County organization and dissolving the LEMS 501(c)(3) non-profit organization. The transition provided the opportunity to realize operational efficiencies through the elimination of duplicated functions between the County and LEMS.

In FY 2019, the new Office of Emergency Medical Services (EMS) was able to create a Reserve of \$500,000 through the implementation of those efficiencies. For the second year in a row, an extensive analysis of EMS operations was conducted to ensure that we are providing services in the most efficient and fiscally responsible manner possible. As a result, additional savings were identified, allowing EMS to increase the Reserve balance to more than \$1 million and to add another ambulance and crew to the busiest shifts to further enhance services in FY 2020.

The funding for EMS is provided through an existing Ambulance MSTU millage and revenue collected for services rendered. The adopted budget for the Ambulance MSTU includes an unchanged millage of 0.4629.

Staffing

The FY 2020 adopted budget includes an additional 15 positions. One position was added to Judicial Support, two to the Office of Building Services, one to the Office of County Probation, six to Fire Rescue and five to EMS. A total of three positions were eliminated, resulting in a net increase of 12 positions.

To assist with recruitment and retention, the Board also included funding in the budget to provide a 1 percent increase to employee wages, up to an additional 3 percent for performance-based wage increases, and targeted adjustments for the highest performing employees.

Infrastructure Sales Tax

The Infrastructure Sales Tax revenue collected will fund the capital projects approved by the Board during a public hearing on August 27, 2019. The projects approved include such things as: purchasing ambulance equipment, replacing fire trucks, and renovating fire stations and other public safety facilities; making enhancements to active and passive parks; resurfacing roads; replacing the Courthouse phone system; updating aging County building infrastructure; purchasing the Tax Collector's building in South Lake County; and funding the debt service requirements for public safety radios and the construction of a new animal shelter.

Stormwater, Parks and Roads MSTU

The budget for projects that utilize funding from the Stormwater, Parks and Roads MSTU was adopted using an unchanged millage of 0.4957. The funding for this millage is currently split between stormwater and parks projects. The MSTU is the main funding source for operations and maintenance in both the County's stormwater program, managed by the Public Works Department and for the Office of Parks and Trails.

Fire Rescue MSTU

The Office of Fire Rescue provides fire protection and emergency medical services to residents and businesses for not only the unincorporated areas of the County, but also on behalf of the Town of Astatula, the Town of Howey-in-the-Hills and a portion of the Town of Lady Lake. The budget reflects an unchanged millage of 0.4704 in the Fire Rescue MSTU.

Fire Assessment

Fire Rescue has been experiencing increases in operating expenses over the last several years due to the expansion of ALS (Advanced Life Support) services countywide. Additionally, the self-contained breathing apparatuses are more than 10 years old and are out of National Fire Protection compliance, and several brush trucks need to be replaced. To address the shortfall, the Board approved an increase to the non-ad valorem Fire Assessment.

Public Lands Voted Debt Millage

The adopted budget for Public Lands Voted Debt includes a millage of 0.1100, which is a decrease from FY 2019's rate of 0.1324. With increased property values, the annual debt obligation will be met. The fund is structurally balanced with adequate reserves to mitigate any revenue fluctuations.

Other Initiatives

As referenced above, County staff's ongoing focus on identifying and implementing operational efficiencies has resulted in cost savings across the organization. The Board approved a contract in FY 2019 for implementation in FY 2020 to replace the County's light duty fleet with leased vehicles, enhancing safety and saving the County an estimated \$2.4 million over five years.

Further, reorganizing the Public Works Department in FY 2019 to add efficiencies, create advancement opportunities for staff, and enhance responsiveness allowed us to realize a savings of more than \$600,000 annually, starting in FY 2020.

We continue to focus resources on economic development and tourism, and most notably is the development in FY 2019 and FY 2020 of Kroger's \$55 million 375,000-square-foot facility in Groveland that is expected to create 300 to 400 new jobs.

Conclusion

I wish to thank the Board of County Commissioners for its direction and support, and the Constitutional Officers for their participation during this year's budget development process. In addition, I offer my appreciation to our Budget team, department/office directors and staff for their ongoing commitment to Lake County and its residents.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Cole".

Jeff Cole
County Manager