ST JOHNS COUNTY CIVIC ROUNDTABLE

MINUTES OF MEETING

JUNE 8,2015

Meeting called to order by President Rick Lofgren at 9:00 am

The Minutes of the May 11, 2015 meeting were approved as read.

The Treasurer reported a balance of $1,585.94, with one check to Old City services and a total paid membership of 8.

President Lofgren introduced the guest speaker ;

Mr . Jesse Dunn, Assistant Director of the Office of Budget and Management

Mr Dunn graduated Johns Hopkins with an MBA and has been with the Office of Budget and Management for 12 years.

Mr Dunn advised that the County is presently facing two Budget challenges;

1. A short term challenge to the operating FY 2016 budget , specifically a shortfall for funding fire rescue and pavement management- Total $16 million annually
2. A long range 10 year capital projects challenge for infrastructure of $270 million over 10 years.

The County commission has committed to not increasing the mileage rate in FY 2016.

In 2008 State Property Tax reform placed limits on revenue growth on existing inventory.

The county Capital improvement program of $600 million, necessary to maintain county wide services.

Residential growth has increased in 2012, 2013, 2104

The caps placed on increasing taxes, does not allow funding commensurate with established program budget needs, the tax income from growth is insufficient to maintain services.

In order to maintain services the county has been depleting reserves. Capital improvements have been have been deferred , but with an anticipated increase of 68,000 people moving into the county by 2025, bringing the total county population to a projected 283,199 and with revenue insufficient to maintain the current level of services, there is a very real problem to addressed. The anticipation is a need of $27 million annually for Capital Improvements.

In order for the County to LIVE WITHIN ITS MEANS IT MUST REDUCE NON-ESSENTIAL EXPEDITURES IN ORDER TO FUND ESSENTIAL SERVICES. The County is suggesting a slow multi year shift.

Currently the County does not levy any other taxes such as a gas tax. The 1% additional sales tax would generate approximately $23.6 million annually. Of the current 6% sales tax, the State receives 5.5% the County only receives ½ of 1% (.5%). With the increase of 1% it would receive 1.5%.

The sales tax would NOT be levied on food or medications.

The maximum tax on any one purchase would be $50 (1% on $5,000 purchase)

It is anticipated that tourism would pay approximately 25% of the annual sales taxes collected.

The average cost per family annually is expected to be approximately $169 per year.

Attached is Mr Dunn's Power-point presentation which is self explanatory.

Other Business

1. The Roundtable will prepare a positon paper supporting the Sales Tax increase and clarifying to the public the need for the increase.
2. Motion was made by Bill McCormick second by Doug Worth, to send a letter to members of Congress and other top officials regarding the Veteran's Administration mismanagement in securing a site for veteran's services and asking for Congressional intervention in rectifying the situation. A copy of the letter is attached.

   Meeting closed at 11:15 am
   Respectfully submitted, Tony Bosco

Stop the Presses

Douglas C. Worth

Bill McCormick, a St, Augustine Democrat and I, a Ponte Vedra Republican, have been tasked by the St. Johns County Civic Roundtable to observe and comment on the county's budget challenge for 2016 and beyond. While we don't come from the same policy starting place, we are both long term followers of the annual budget debates.

The debate has become so muddy, we need to "stop the presses" and clear the air. The county has two distinct problems.

First, the recession has brought down real estate assessments and their associated tax revenues. At the same time, the state legislature has capped the annual increase in those assessments as the economy recovers. Our county population and the demand for services have grown about 30 percent over the same period. If tax revenues hold steady, services per resident must diminish, unless you have some reserves to tap, and the county has been tapping and will be soon tapped out. That's an operational problem.

Second, another way to survive a downturn is to cut capital projects, like road repair and fire station construction, and the county has been cutting. Minimum capital project requirements have been accumulating and are set at $270 million over the next ten years. This is a structural problem of a higher order of magnitude.

While operational deficiencies in budgets are annual in nature, capital deficiencies don't go away at the end of the year and tend to compound as they are delayed. Road repairs become road reconstruction. Unmet fire station requirements are reflected in longer response times for everyone and higher insurance rates for many new residents.

Some of the operational problem can be ameliorated by cuts in services and, perhaps, some fees. The backlog and future requirements for capital spending call for accelerated action, not slow walk delays. Nicking annual budgets for capital funds would be neither adequate nor smart but would simply generate more capital needs.

Most of the calls for fat to be cut never identify the fat, turn out to produce only small amounts of gristle, ignore legal restrictions on the use of certain revenue sources or are ignorant of state and federal mandates and opportunities that permeate the county budgeting process. The fat is gone and most of the cuts you read about are ephemeral.

There's a source of revenue that is statutorily intended for capital spending, the sales tax. All but a few counties in Florida have a seventh cent in their sales tax; St. Johns County is one of those few at 6%. At the current level, the county receives one half of one percent; the other 5.5% goes to the state. By law, the county would get all of that seventh cent, currently estimated at about $24 million. Tourists would pay about a quarter of it; the bottom income quartile will pay about $46 per year; the average household ($80-100K) would pay $169 in a year.

The county commissioners cannot increase the sales tax; only you can, by voting for it on a ballot. The county staff and commissioners will wrestle with the operational challenge. It is being suggested that you address the capital funding through a sales tax increase. It's now or later.