COUNTY DEPARTMENT AGENDA REQUEST

Department:	Commissioners	Presenter(s):	Commissioner Steve Brown
Meeting Date:	Thursday, June 23, 2011	Type of Request:	Old Business

Wording for the Agenda:

Consideration of Commissioner Brown's request related to reassessing Transportation SPLOST projects in a difficult budgeting environment when governmental expenses are climbing and revenues continue to drop.

Background/History/Details:

Commissioner Brown's Request:

"Transportation SPLOST projects have been discussed in previous meetings. Previous budgets have been passed without consideration of how to balance falling revenues and adequately sustain the government. We have now reached a point where select actions are necessary in order to prevent further raiding undesignated funds balances and increasing taxes. In moments like these, everything should be on the table for consideration, including the reassessment of Transportation SPLOST projects as a means of bolstering the budget."

What action are you seeking from the Board of Commissioners?

If this item requires funding, please describe:

Not Applicable.

Has this issue come before the Commissioners in the past?	No	If so, when?	Thursday, June 9, 2011
Do you need audio-visual for the presentation?	No	Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Not Applicable	Reviewed by Legal	Yes
Approved by Purchasing	Not Applicable	Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

Deficit Budgeting Along With Deferred Maintenance and Purchasing Leads to Disaster

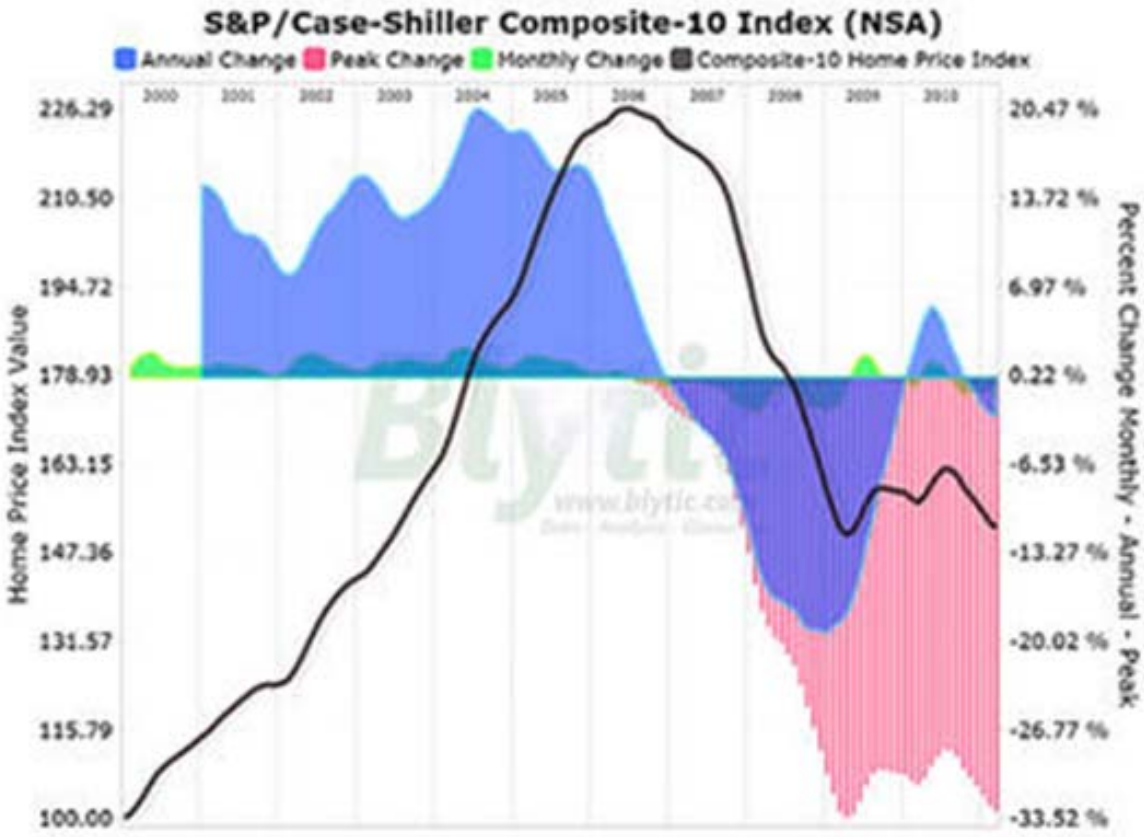
Fayette Board of Commissioners

Commissioner Steve Brown, Post 4

The New York Times, May 30, 2011

The Numbers Are Grim

"A month ago, when an initial gauge of first-quarter economic growth came in surprisingly weak, many policy makers and economists expected the bad news to prove fleeting. But when revised data were released last week, the growth estimate remained stuck at an annual rate of 1.8 percent, compared with 3.1 percent at the end of last year."



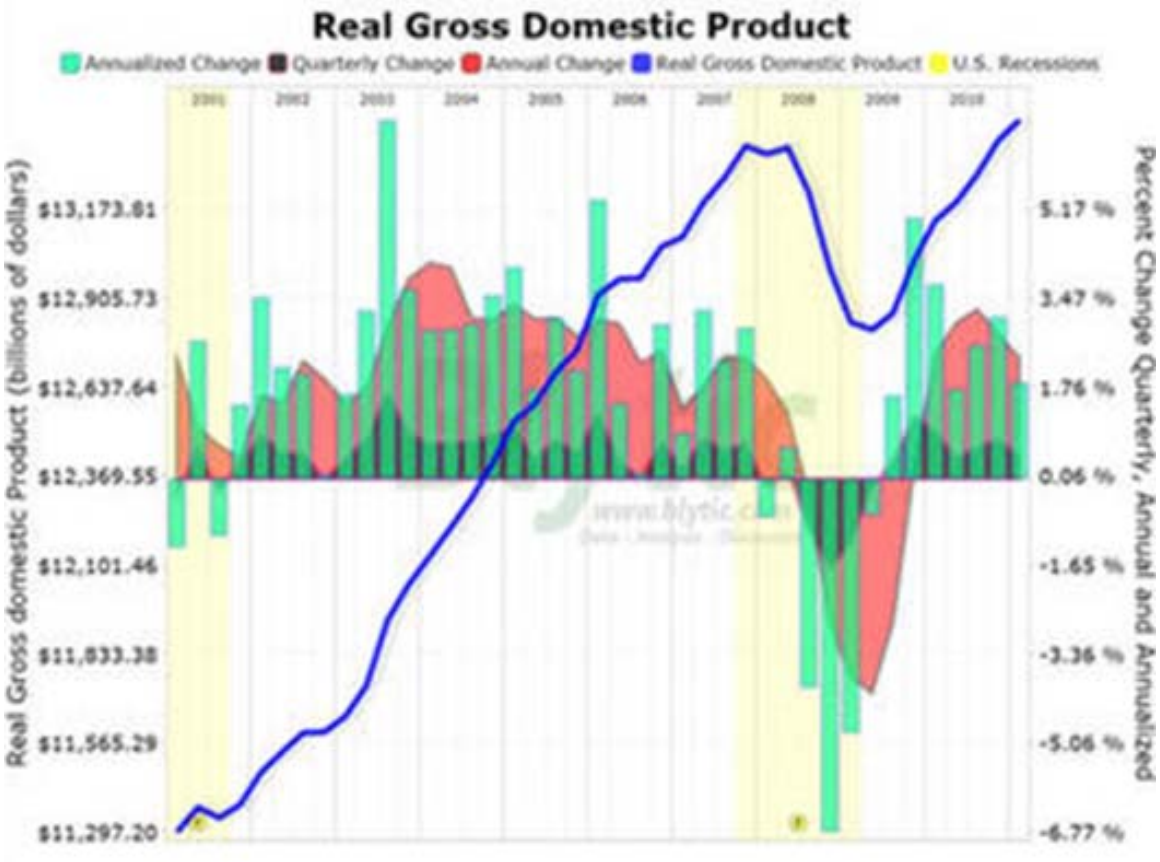
Housing "Double Dip"

"'Double dip' in home prices is official, and prices could drop more"

“Second-Mortgage Misery”

Wall Street Journal – June 7, 2011

Nearly 40% Who Borrowed Against Homes Are Underwater



“US economy grows less than 2 percent”

"Unemployment claims climb in soft economy"

Consumer Confidence Tumbles

"The Conference Board's Consumer Confidence Index fell more than expected to 63.4 from a revised 72.0 in February.

A reading of 90 indicates a healthy economy.

The index has hovered in a tight range from the high 50s to low 60s over the past year."

The Economy Declines but the County Budget Increases in FY 2012?

- Deficit budgeting in FY 2011 and FY 2012 (proposed) are the result of election year pandering for votes, putting the county at risk.
- Unwarranted spending and unsustainable financial decisions continue.
- Revenue falls (- $2.1 million) and Expenses grow (+ $2 million)

Our Path to Unsustainability

- Issuing broad pay grade adjustments and pay increases without the revenue to cover the costs

- Self-insured health plan is not saving money

- Irrational spending continues on paving dead-end gravel roads, minor projects and a totally unwarranted bypass *when traffic congestion is down to 2001 levels*

- Fund balances are allowed to go into the red

- Vital maintenance and purchasing ignored

Problems

Most revenue projections within the current FY2011 were negative and few adjustments were made to cover those losses

Count on flat or negative revenue with property taxes, fees and sales taxes in the coming year (- $2.1 million)

The mythological "$5 million Rainy Day Fund" was created by de-funding and deferring purchases that will have to be made if we want the government to function in the future. Playing a shell game with our tax dollars is not acceptable.

Over $ 5 Million in Capital Deferrals in FY 2011 for:

- Fire/EMA
- Recreation
- Road Department
- Stormwater Management
- Water System
- Vehicle Purchases
- Facility Maintenance

Government Neglecting Its Obligations

- Maintaining the old jail facility (future capacity)
- Keeping Technology current (six year backlog)
- Emergency Operations Command Center
- New roof on Stonewall Complex
- Stormwater infrastructure crumbling (> $1.4 million)
- Fire station renovations
- Heavy equipment replacement
- Vehicle replacement funding (22% shortfall)

Review

The current FY 2011 budget was not balanced expense-to-revenue and fully avoided capital projects and maintenance

FY 2012 budget (proposed) is not balanced expense-to-revenue and will have to use over $3 million of the funds that should be going toward vital maintenance and equipment

Any FY 2013 budget or beyond under the proposed FY 2012 conditions is *completely unsustainable*, especially with equipment and maintenance schedules overdue

Actions

- All pay grade adjustments, new positions and the unbudgeted 2010 pay increase must be paid for through across the board salary reduction or furlough days until revenues return to acceptable levels

- If a Constitutional Officer refuses to participate in the aforementioned action, that department will not be eligible for increased funding for further pay grade adjustments or new positions until revenues return

- We need a collaborative spirit as we are all in this together

Actions

- Conduct a complete re-prioritization of the Capital Improvement Program (CIP)

- Recreation programs are not essential services and all expenditures other than keeping existing facilities maintained should lose funding until revenues return to acceptable levels

Actions

- Declare “bypass” SPLOST projects and other smaller projects eligible under HB 240 as impracticable since both development and traffic statistics are down considerably and they are unwarranted

- Create a referendum that allows the taxpayers to decide upon using the SPLOST funds to pay for neglected infrastructure and vehicle/equipment replacement via General Obligation Bonds to keep the county government from either crashing or creating sizable tax increases

Saving the County's Finances Through HB 240

Debt reduction:

- County Justice Center
- Deferred fleet (vehicle and heavy equipment) purchases
- Technology (past due refresh, applications update)
- Badly needed stormwater repairs
- Deferred maintenance on the old jail facility now in disrepair
- New Tyrone fire station
- Fire station renovations as cited
- New roof on County Administration Building

Saving the County's Finances Through HB 240 (continued)

Debt reduction:

- Extension of fire hydrants in county under Water Department
- New Emergency Operations Center to replace the current woefully inadequate setup
- Create adequate parking at Kenwood Park
- Fire Radios, breathing apparatus, computer tech.
- Sheriff vehicle "air cards" and building security equip.

Reappropriation of Incomplete Funding

- Any funds, in any amount, that have already been appropriated for the “debt reduction” list of projects should be used to restore deficient fund balances throughout the county budget

- The funding for paving any gravel roads should be used for maintenance on higher capacity roads until revenues return to acceptable levels

HB 240 Offsetting Property Taxes

Any SPLOST funds not used for debt reduction should go toward offsetting property taxes

Alternative Plan Using HB 240

An Option B could be used to give the taxpayers the largest tax cut in Fayette County history via reallocation of SPLOST funds with the provision that there would be a significant increase in FY 2013 to save the budget from crashing and protecting public safety and vital services

Motion

I move that the Board of Commissioners immediately create a committee including Chairman Frady, Commissioner Brown, the Constitutional Officers or their representatives and appropriate staff members to assemble and prioritize the infrastructure, maintenance and equipment needs in the form of a General Obligation Bond proposal paired to the amount of SPLOST funding available per HB 240, allowing the taxpaying voters to decide whether to prevent future financial struggles and future unsustainable budgets via a voter referendum.

I further move, that should the committee elect to do so, the SPLOST funds could appear in a referendum to provide major tax breaks to allow for an aggressive plan to restore the county's finances in future years, providing revenues do not return acceptable levels to fund vital operations and maintenance.