

DEPARTMENTAL MATTERS

**INDIAN RIVER COUNTY
INTER-OFFICE MEMORANDUM
OFFICE OF MANAGEMENT AND BUDGET**

TO: Members of the Board of County Commissioners

DATE: February 27, 2019

SUBJECT: Deferred Capital/Maintenance

FROM: Kristin Daniels
Director, Management & Budget

BACKGROUND

During the Great Recession, Indian River County experienced a multitude of negative impacts. Ad Valorem revenues values fell approximately \$34M or 32.8% in six years. Full-time positions under control of the Board of County Commissioners fell to 702 in Fiscal Year (FY) 2012/13 down from their height of 964 in FY 2006/07. Building Department revenues fell \$3.1M or 66.0% over a five year period as new development slowed and building permits decreased greatly.

Despite the downturn in revenue over this period, Indian River County experienced a 6.7% increase in population growth. One of the primary goals of the Board of County Commissioners at that time was to maintain pre-recession service levels for all residents while avoiding increases in ad valorem tax rates. This goal was largely accomplished by implementing more efficient operations, privatizing services, elimination of positions, hiring freezes, use of fund balance, and deferring non-critical capital and maintenance projects.

Beginning in FY 2013/14, Indian River County has seen an increase in taxroll growth each fiscal year. During this time of growth, the County has eliminated the use of fund balance, expanded our workforce (still down 13.2% or 127 positions from the height in FY 2006/07), and added additional services such as Fire Stations, the iG Facility, and expanded the Shooting Range. Capital and maintenance items that were deferred during the downturn have also begun to be addressed. For instance, the Emergency Services District implemented a 5-year rolling stock catch up plan beginning in FY 2013/14 for a cost of \$5.9M. This catch up plan funded 12 replacement ambulances, 4 engines, 1 quint, and the refurbishment of the ladder truck. Air conditioner deferred capital and maintenance expenses have also been addressed. Between FY 2012/13 and 2017/18 the County spent \$3.0M on air conditioner controls, units, and repairs, bringing our facilities up to date. Deferred road resurfacing and restriping has also begun to be address with expenses totaling \$9.3M over the past six fiscal years. In total, the County has expended \$46.4M over this time period on previously deferred capital and maintenance items.

ANALYSIS

Deferred Capital/Maintenance		
Department	Completed	Outstanding
Public Works		
Facilities Management	\$4,833,945	\$6,205,000
Roadways	\$12,555,130	\$4,015,000
Stormwater	\$0	\$281,800
Total	\$17,389,075	\$10,501,800
General Services		
Parks	\$372,518	\$1,890,700
Shooting Range	\$0	\$95,000
Recreation	\$478,017	\$389,500
Conservation Lands	\$24,975	\$1,798,000
Libraries	\$507,167	\$0
Total	\$1,382,677	\$4,173,200
Utilities		
Utilities	\$19,579,563	\$24,220,000
SWDD	\$368,353	\$5,100,000
Total	\$19,947,916	\$29,320,000
Emergency Services	\$7,638,658	\$11,665
Grand Total	\$46,358,326	\$44,006,665

Although the County has made a concerted effort to catch up on previously deferred items, there is still approximately \$44M in outstanding deferred projects with \$5.3M being included in the current budget or the County's five year Capital Improvements Element. Utilities deferred projects make up the majority of these items totaling \$24.2M. As approved in the most recent Comprehensive Water, Wastewater and Reclaimed Water Rate Study, an increase in the Renewal & Replacement (R&R) budget will be implemented beginning in FY 2019/20. Utilities outstanding deferred maintenance projects total \$4.5M. Staff anticipates, notwithstanding any significant economic downturn or unforeseen circumstance, these outstanding maintenance items will take approximately 3 years to fund given the increased R&R budget. Outstanding deferred capital items will need to be funded utilizing reserves and will take an estimated 5 years or more to complete.

Conservation Lands has approximately \$927,500 in deferred capital which includes fencing, boardwalks and docks. The deferred maintenance totaling \$870,500 consists primarily of removal of exotics and revegetating with native plants which may be a grant requirement of monies the County has received.

Although not included in the outstanding deferred capital list, many culverts throughout the County are in need of replacement. Public Works staff has proposed a plan to evaluate and map each culvert, therefore identifying which culverts are in need of replacement.

It is estimated that approximately 38,500 linear feet of roadway are currently below the acceptable condition level at a cost of \$1.6M. Additionally, approximately 16,500 linear feet of roadway are in need of full depth road reclamation and paving at an estimated cost of \$1.7M. Deferred striping of approximately 63,700 linear feet is also needed at a cost of \$700k. Staff plans to address these outstanding items during the next annual update of the County's Capital Improvements Element.

Beginning with the upcoming FY 2019/20 budget, it is staff's intent to include a portion of the deferred capital and maintenance items into the proposed funding. As mentioned above, many of these outstanding projects will take numerous years to fully implement, however these items will continue to be addressed going forward.

ATTACHMENTS

Outstanding Deferred Capital/Maintenance

History of Deferred Capital/Maintenance Expenditures