Steve Donahey
Deputy Clerk

Alachua County eAgenda

ALACHUA COUNTY
BOARD OF COUNTY COMMISSIONERS

CHOICES Workshop
Jack Durrance Auditorium
12 SE 1st Street

February 1, 2011 Special BoCC Meeting 130 PM

Call to Order (1:30 PM)

Adoption of Agenda

Agenda Items

Discussion Items

1. CHOICES Presentation (Amended)

   Amount: N/A

   Recommended Action: Hear CHOICES presentation and approve staff recommendations.

Commission General and Informal Discussion

Public Comments

Adjourn

Alachua County, Florida

Alachua County's CHOICES Health Services

CHOICES Workshop

Presented to Alachua County Board of County Commissioners

February 1, 2011

Alachua County, Florida

Alachua County's CHOICES Health Services

CHOICES Workshop

Presented to Alachua County Board of Commissioners
February 1, 2011

Today We Will Look at:

- Brief CHOICES History
- Fund Balance
- Membership
- Expenses
- Strategy Options

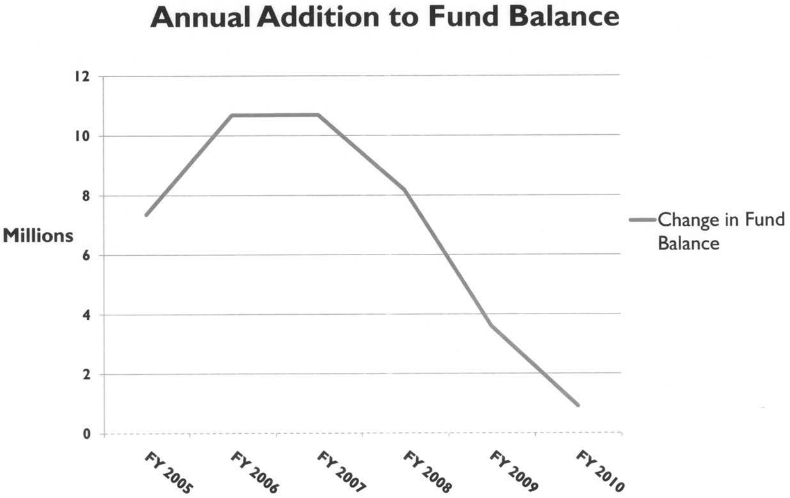
Brief CHOICES History

- Sales Tax Referendum Approved 2004
- First Enrolled Member October 2005
- First Claims Paid January 2006
- Membership Exceeded 1,000 December 2007
- Current Membership (Jan 1, 2011) 3,472
- Total Expenditures (Thru FY 2010) $16.9M
- Fund Balance (Jan 1, 2011) $41.6M

FUND BALANCE PROGRESSION

FISCAL YEAR	FUND BALANCE
FY 2005	$7,348,209
FY 2006	18,035,528
FY 2007	28,732,290
FY 2008	36,906,102
FY 2009	40,507,869
FY 2010	41,416,338
FY 2011 (thru Jan 1, 2011)	41,625,198

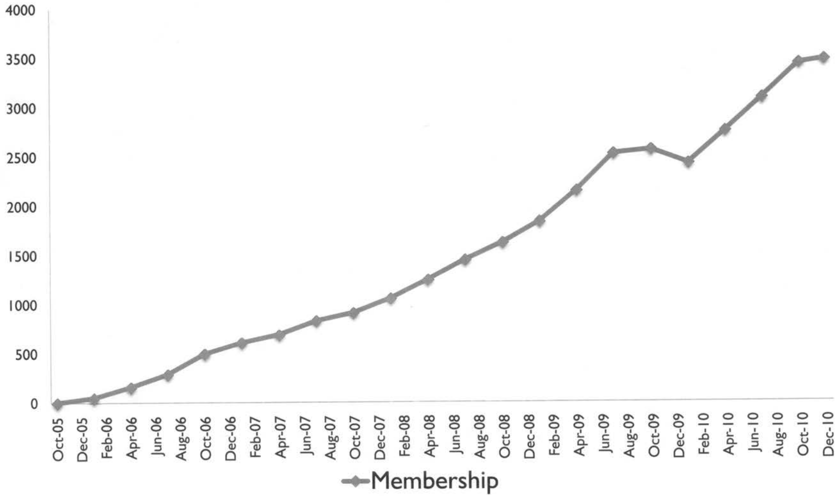
CHOICES Fund Balance



Why Fund Balance Grew

- Sales Tax Revenue not related to membership or claims
- Took about a year to design program
- Benefits limited at start
- Membership grew slowly
- Slow build-up of staff when membership was low
- Cautious start to eligibility & benefits

CHOICES Membership



Membership Observations

Inhibitors to membership growth:

- CHOICES started without a reserve of goodwill
- No positive word-of-mouth experience
- Focus on Primary Care Benefits

Promoters of membership

- No premium
- Some marketing
- Local outreach

CHOICES Members

The average CHOICES member is:

Median Age: 42

Single: 54%

White: 57%

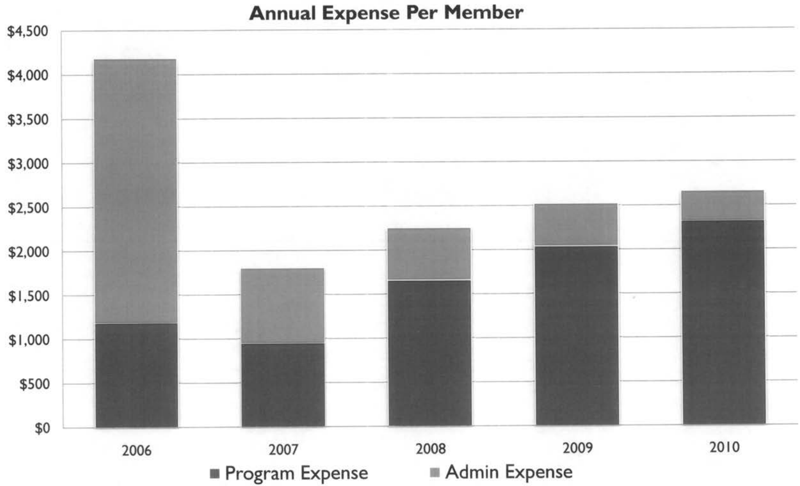
Female: 63%

Average Time on CHOICES: 8.5 months

Expenses Per Member Per Year

FY	Program Exp	Admin Exp	Total Exp
2006	$1,183.65	$3,000.16	$4,183.81
2007	949.02	850.47	1,799.49
2008	1,657.56	596.62	2,254.18
2009	2,041.00	487.99	2,528.99
2010	2,319.14	345.50	2,664.64

Per Member Per Year Cost Graph

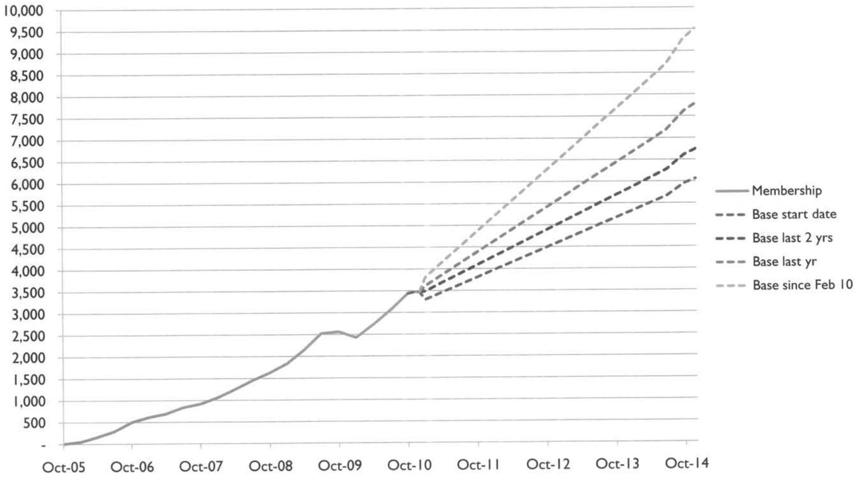


Membership Projections

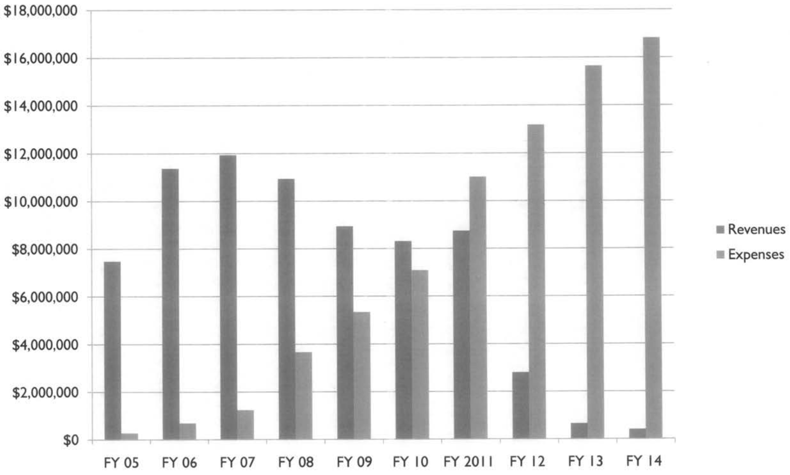
Assumptions

- Basic trend line extension:
  - Trend since inception of program
  - Trend for past two years
  - Trend for past year
  - Trend since last February

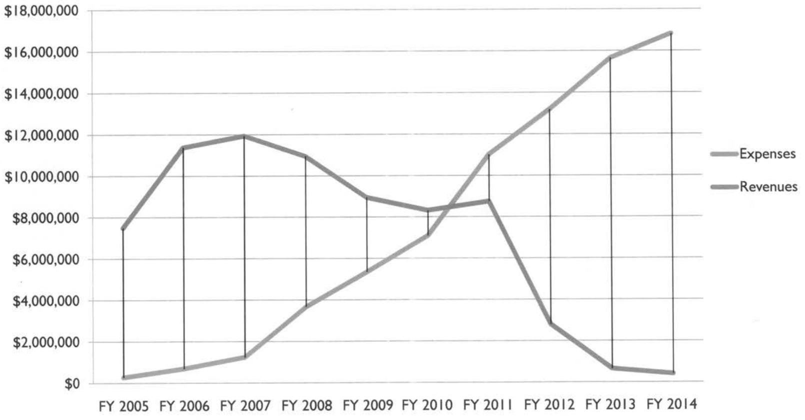
Membership Projections



CHOICES Revenues & Expenses



CHOICES Revenue & Expenses



Issues Facing CHOICES

- Sales tax revenue stops December, 2011
- Strategy for CHOICES
  - Use of Fund Balance
  - Effect of Health Reform
  - External Funding Requests
- CHOICES operations after December, 2011

Strategy for CHOICES

Potential Options:

- Continue operations as they are today.
- Reestablish Sales Tax Surcharge
- Let CHOICES bridge to Health Reform
- Continue operations and increase external funding
- Redirect CHOICES to other health programs
- Redirect CHOICES funds to other non-health purposes
- Some other combination of actions

1. Continue Current Operations

Issues

- Funds will be fully expended in FY 2013 or FY 2014 (sooner if membership increases accelerate).
- Current CHOICES members may have coverage gap until Health Reform starts.
- We will need to plan for end of CHOICES before early 2012.
- Public reaction to CHOICES closing.

2. Reestablish Sales Tax Surcharge

- Requires Referendum
- Effect on other ballot initiatives.
- If vote held in 2012 Sales Tax will have been gone for almost a year.
- Fund Balance would probably be in \$25M- \$30M range.
- The ¼% current rate would not support the program with over 3,500 members.
- Need to consider setting a claims reserve to protect for low collection periods.

3. Let CHOICES Bridge to Health Reform

Issues

- May need to set a membership cap and set new rules for new members.
- May have to lower benefits.
- Difficulties of managing expenses to a specific month target.
- Uncertainty the Health Reform will start in January, 2014.
- Uncertainty of potential legislative changes or judicial challenges to Health Reform.

4. Continue & Increase External Funding

Issues

- Currently spending $843,000 (FY2011) on External Funding
- Increasing external funding will deplete Fund Balance more quickly
- Dealing with demand for funding
- Additional expenditures could eliminate the possibility of being a bridge to Health Reform

5. Redirect CHOICES Funds to other Health Programs

Issues

- Could end CHOICES benefits as early as 2012
- Potential demand for funds high
- Probably a one-time fix for funding several programs
- Public reaction to closing CHOICES and diverting funds
- Administrative changes necessary

6. Redirect CHOICES funds to Non-Health Programs

Issues

- State Legislation needed to change use of funds retroactively.
- Local Referendum needed.
- If vote occurs in 2012 Fund Balance would be between \$25- \$30M.
- Debate on use of funds
- Public reaction to closing CHOICES
- Status of CHOICES staff

Administrative Cost Limitation

- CHOICES is limited to spending 15% of funds each year on administration.
- Through FY2010 the program has spent about 7% on administration.
- Admin limitation is based on amount collected annually; not cumulative.
- With low revenues after 2011 the 15% allowance does not generate sufficient funds to manage the program.

Administrative Cost History

FY	Revenue	Prog Exp	Admin Exp	Admin%
05	7,488,288	6,000	134,079	1.79%
06	11,376,950	195,105	494,526	4.35%
07	11,936,606	653,872	585,972	4.91%
08	10,942,220	2,036,591	731,817	6.69%
09	8,948,457	4,315,007	1,031,682	11.53%
10	8,425,673	6,480,248	965,405	11.46%
11 (est.)	8,748,152	8,984,860	1,004,021	11.48%
12 (est.)	2,933,929	11,268,075	1,044,182	35.59%
13 (est.)	488,070	14,039,619	1,085,949	222.50%

Administrative Costs Issues

- Reasons for issues with Administrative Costs:

1. After Surtax expires little revenue to generate Administrative Allowance.
2. Admin payroll related to membership and applications not revenue.
3. Period of highest membership coincides with period of lowest revenue.

Administrative Cost Options

1. Make no change. Could create situation where no funds are available to manage the program.
2. Set Administrative limit at a percentage of program expenses (about 15%).
3. Set Administrative limit based on an annually approved budget.
4. Set Administrative limit based on budgeted Per Member Per Month amount.

Final Planning Issues

1. Need to make plans for a claims run-out when the program closes (this includes establishing a claims reserve fund and administrative/staffing plan for CHOICES operational end).
2. Need to develop a calendar for closing down CHOICES program; when to announce program ending; contingency if funds are spent faster than anticipated; etc.
3. Managing staffing.
4. Disposing of CHOICES assets.

Recommendations

- Manage CHOICES Program to cease operations on December 31, 2013.
- Create an adequate Claims Reserve to cover all claims run-out expenses.
- Cap membership if actuarial projections do not support 12/31/13 end date.
- Create an application process to manage member cap.
- Amend administrative cost limitation to allow all close-out costs and operation of program through December 31, 2013.

Recommendations (continued)

- Monitor rate of spending and report quarterly to Board of County Commissioners on current CHOICES financial status.
- Revise close-out plan if rate of claims and expenses accelerates.
- Limit external funding to current contractors and total expenditures to current (2011) total spent.
- Develop plan that reduces CHOICES staffing and administration in line with ending operations.

External Funding History

FY	Helping Hands Clinic	Equal Access Clinic	Health Education & Wellness	Mobile Clinic	Flumist	Meridian	Total
2005	$6,000						$6,000
2006	$10,000	$3,000					$13,000
2007	$10,000	$10,000					$20,000
2008	$10,000	$10,000	$250,000				$270,000
2009	$10,000	$10,000	$500,000				$520,000
2010	$10,000	$10,000	$500,000	$107,000			$627,000
2011	$36,000	$20,000	$500,000	$107,000	$80,000	$100,000	$843,000
Total	$92,000	$63,000	$1,750,000	$214,000	$80,000	$100,000	$2,299,000

Fund Balance Projections					
Scenario 1- Project Membership based on growth since beginning of program					
FY	Projected Average Enrollment	Beginning Fund Balance	Net Revenue less Expense (includes Claims Reserve)	Estimated Ending Fund Balance	Notes
2010-11	3,534	41,487,890	(2,762,866)	38,725,024	
2011-12	4,159	38,725,024	(10,021,613)	28,703,411	
2012-13	4,846	28,703,411	(15,368,516)	13,334,895	
2013-14	5,507	13,334,895	(19,003,799)	(5,668,904)	Fund Balance depleted 3rdQ FY2013-14
Scenario 2- Project Membership based on past two year's growth					
2010-11	3,676	41,487,890	(3,248,126)	38,239,764	
2011-12	4,428	38,239,764	(10,804,378)	27,435,386	
2012-13	5,206	27,435,386	(16,488,989)	10,946,397	
2013-14	5,984	10,946,397	(20,515,987)	(9,569,590)	Fund Balance depleted 2ndQ FY 2013-14
Scenario 3- Project Membership based on last year's growth					
2010-11	3,957	41,487,890	(4,265,889)	37,222,001	
2011-12	5,218	37,222,001	(13,232,368)	23,989,633	
2012-13	6,470	23,989,633	(20,512,906)	3,476,727	
2013-14	7,723	3,476,727	(26,407,968)	(22,931,241)	Fund Balance depleted 1stQ FY 2013-14
Scenario 4- Project Membership based on growth since February 2010					
2010-11	3,948	41,487,890	(4,233,591)	37,254,299	
2011-12	5,191	37,254,299	(13,149,023)	24,105,276	
2012-13	6,426	24,105,276	(20,373,420)	3,731,856	
2013-14	7,662	3,731,856	(26,200,819)	(22,468,963)	Fund Balance depleted 1stQ 2013-14

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Deputy Clerk

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ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS

One Cent Sales Tax Discussion
Jack Durrance Auditorium, Second Floor
12 SE 1st Street

February 1, 2011 Special BoCC Meeting 600 PM

Call to Order (6:00 PM)

Adoption of Agenda Delaney moved adoption 4-0. Byerly out.

Agenda Items

Discussion Items

1. Sales Tax: Pavement Management Program (Amended)

Amount: N/A

Recommended Action: 1) Receive the report; 2) Support the placement of a referendum item on the 2012 election ballot requesting voter approval of a one-cent sales surtax for effective pavement management (Penny for Pavement).

Commission General and Informal Discussion

Public Comments

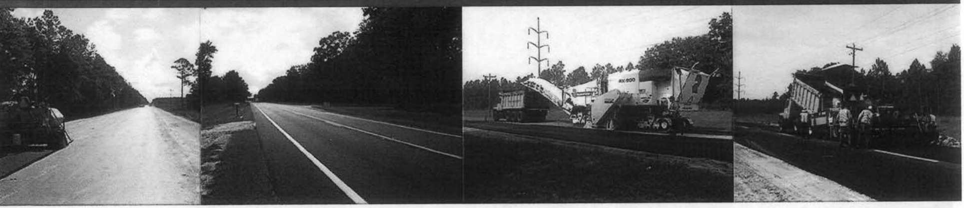
Adjourn

SALES TAX:

PAVEMENT MANAGEMENT PROGRAM

PRESENTATION TO THE ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS AND THE CITIZENS OF ALACHUA COUNTY

FEBRUARY 1, 2011



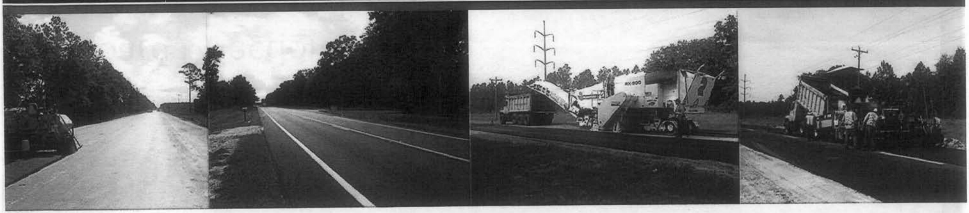
Pavement Management Program Recommendation

- Support the placement of a referendum item on the 2012 election ballot requesting voter approval of a one-cent sales surtax for effective pavement management (Penny For Pavement).

Pavement Management Program Presentation Outline

- Board Direction
- What's the problem?
- Is the problem fixable?
- What happens if we don't fix it?
- Why a Sales Tax?
- Staff Recommendation

BOARD DIRECTION



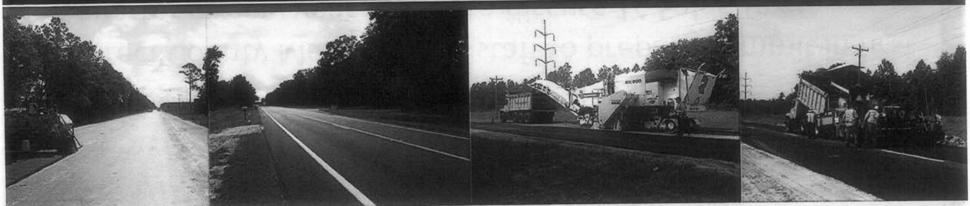
Board Direction

AUGUST 24, 2010

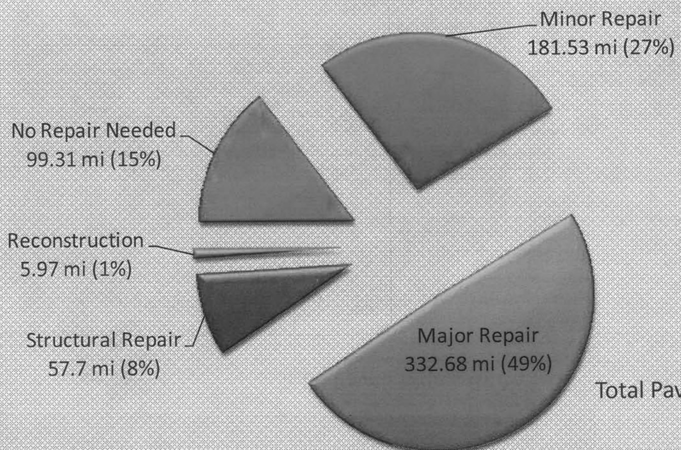
- Direct County Manager and staff to prepare summit in first quarter of new year (2011) to discuss 1¢ Sales Tax
- Direct staff to pursue Option 1: Proactive Capital Maintenance plan, including:
  - stormwater features; and
  - life-cycle set-asides for new infrastructure

WHAT'S THE PROBLEM?

85% OF AC ROADWAYS NEED REPAIR



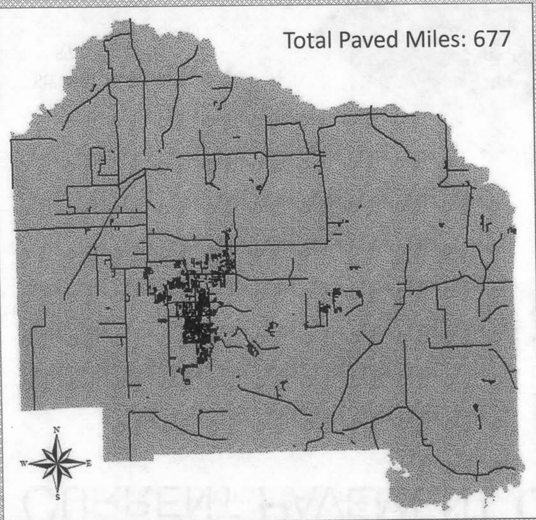
CURRENT PAVEMENT CONDITION

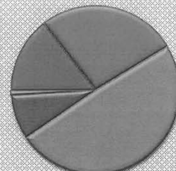


Total Paved Miles: 677

2010 PAVEMENT CONDITION ANALYSIS

Alachua County Roadways





Pavement Condition Analysis

Explanation of Categories

No Repair Needed

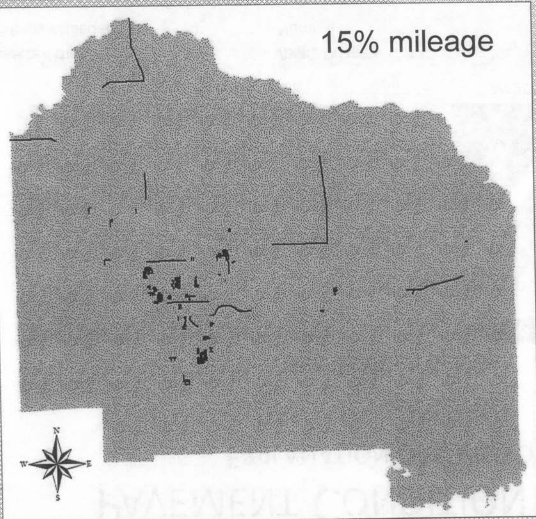
NW 51st Street, Resurfaced 2008

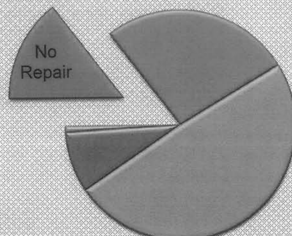
SW 20th Avenue, Resurfaced 2008

Surface Rating	Visible Distress	General Condition
No Repair Needed	None.	New construction. Recent overlay. Like new.

Pavement Condition Analysis

Roadways: No Repairs Needed





Pavement Condition Analysis

Explanation of Categories

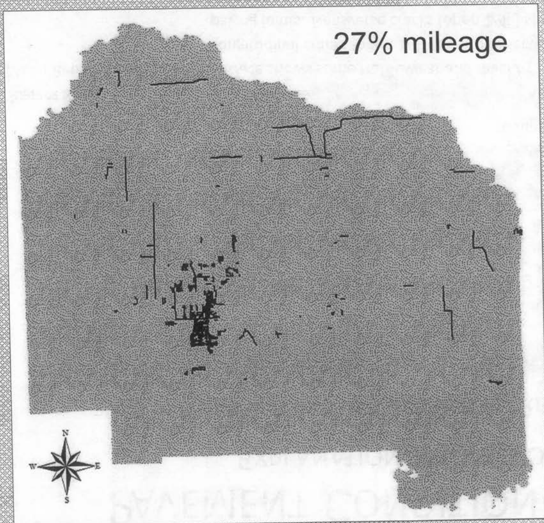
Minor Repair Needed (Mill, Resurface)

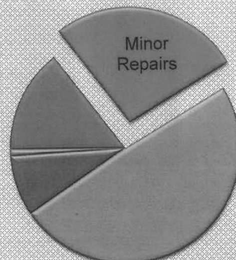
County Road 241, Resurfaced 2002

County Road 241, Resurfaced 2002

Surface Rating	Visible Distress	General Condition
Minor Repair Needed	Surface shows some traffic wear and raveling. Longitudinal cracks (open 1/4") due to reflection or paving joints. Transverse cracks (open 1/4") spaced 10' or more apart, little or slight crack raveling. No patching or very few patches in excellent condition.	Surface aging. Sound structural condition.

Pavement Condition Analysis
Roadways: Minor Repair Needed





Pavement Condition Analysis

Explanation of Categories

Major Repair Needed (Mill, ARMI Layer, Resurface)

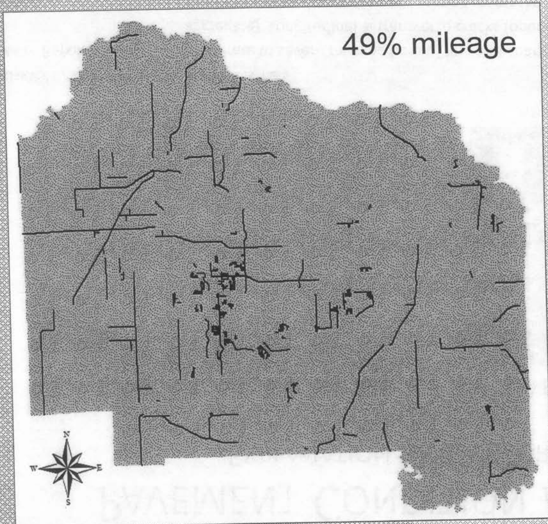
NW 94th Avenue, Paved 1979

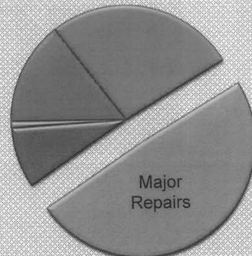
SE 43rd Street, Paved 1979

Surface Rating	Visible Distress	General Condition
Major Repair Needed	Moderate to severe raveling (loss of fine and coarse aggregate). Longitudinal & transverse cracks (open 1/2") show signs of slight raveling and secondary cracks. Block cracking. Extensive to severe flushing or polishing.	Severe deterioration.

Pavement Condition Analysis

Roadways: Major Repair Needed





Pavement Condition Analysis

Explanation of Categories

Structural Repair Needed

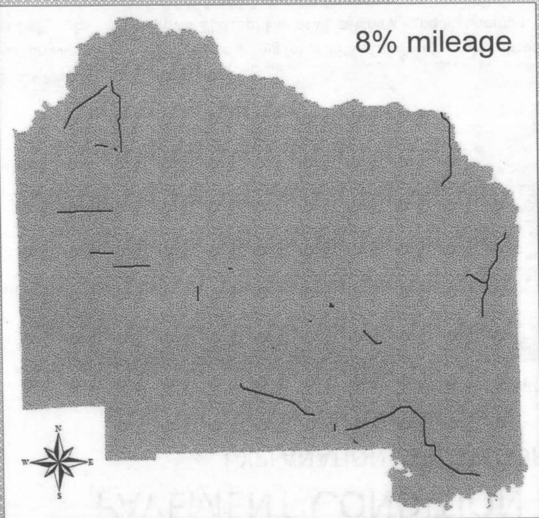
NW 32nd Avenue, Paved 1978

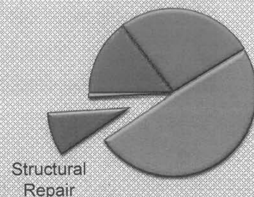
NW 32nd Avenue, Paved 1978

Surface Rating	Visible Distress	General Condition
Structural Repair Needed	Alligator cracking (over 25% of surface). Severe distortions (over 2" deep) Extensive patching in poor condition. Severe distress with extensive loss of surface integrity.	Needs patching and repair prior to major overlay.

Pavement Condition Analysis

Roadways: Structural Repair Needed





Pavement Condition Analysis

Explanation of Categories

Full Pavement Reconstruction Needed

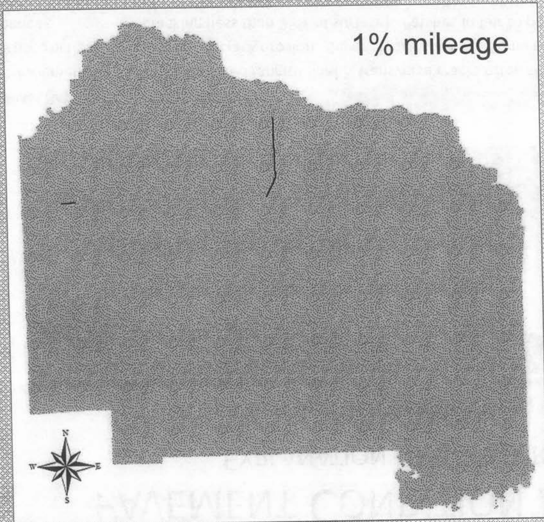
CR 236, Paved 1976

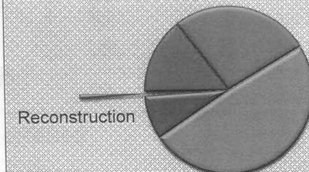
CR 231, Paved 1960

Surface Rating	Visible Distress	General Condition
Full Pavement Reconstruction Needed	Closely spaced longitudinal & transverse cracks often showing raveling & crack erosion. Severe block cracking. Some alligator cracking (less than 25% of surface). Patches in fair to poor condition. Moderate rutting or distortion (1" or 2" deep). Occasional potholes.	Needs patching and repair prior to major overlay.

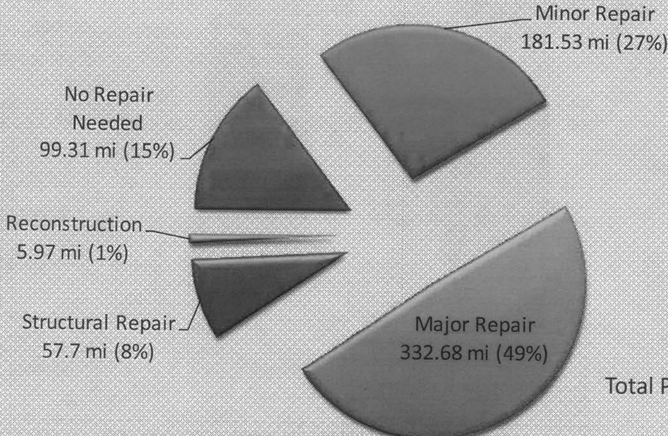
Pavement Condition Analysis

Roadways: Full Pavement Reconstruction Needed





Current Pavement Condition

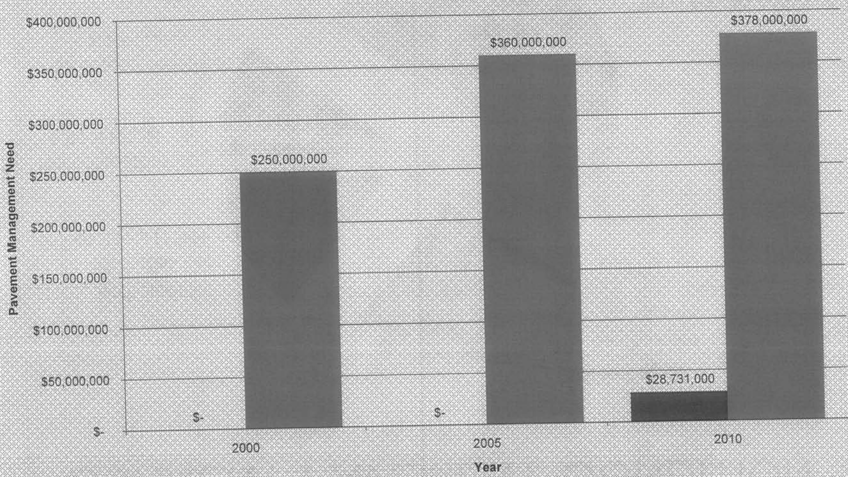


Total Paved Miles: 677

2010 Pavement Condition Analysis

Pavement Condition Analysis

Progress to Date



Pavement Condition Analysis
Progress to Date

- **27 resurfacing projects** currently funded (113 miles)
  - 15 projects have been completed (43.7 miles)
    - 2006: 6 projects – 17.0 miles
    - 2007: 3 projects – 11.5 miles
    - 2008: 5 projects – 12.2 miles
    - 2009: 1 project – 3.0 miles
  - 5 projects scheduled for completion by 2011
  - 4 projects scheduled for completion by 2012
  - 3 projects scheduled beyond 2013

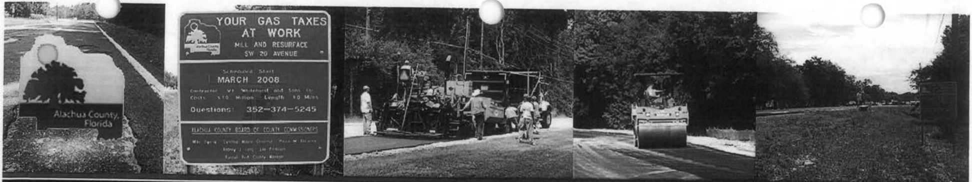
Pavement Condition Analysis
Funding Issues

Gas Tax Revenues Not Sufficient to Address Need

Other funding sources committed for at least ten years

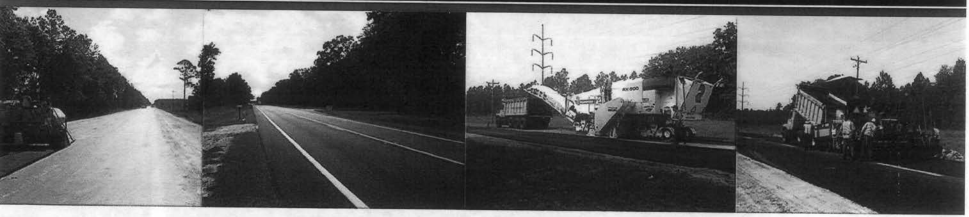
- Gas Tax Bond
- Sales Tax Bond

Dedicated funding source needed

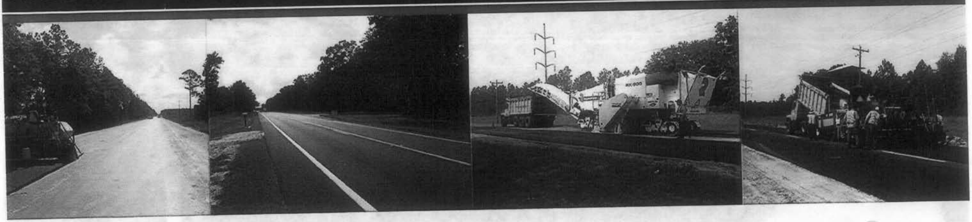


WHAT'S THE PROBLEM?

85% OF AC ROADWAYS NEED REPAIR



Is the Problem Fixable?



Is the Problem Fixable?

Effective Pavement Management Program

YES

"A Penny for Pavement"

IS THE PROBLEM FIXABLE?
EFFECTIVE PAVEMENT MANAGEMENT PROGRAM

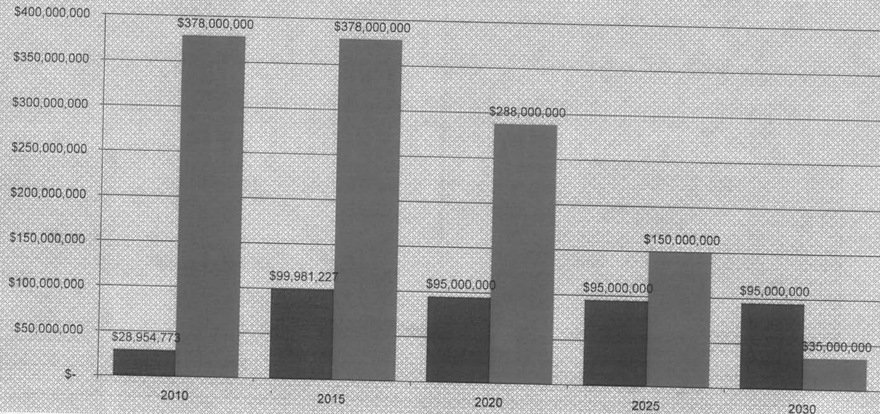
- **The first 20 years, up to $21M per year* from a one-cent sales tax**
  - $646,000 per mile
  - 585 miles paved
  - Includes new road replacement funding
  - Includes minor roadway-related drainage modifications
- **After the first 20 years, $9.5M per year* from a half-cent sales tax**
  - $215,000 per mile
  - 677 miles paved on 20-year cycle
  - Includes new road replacement funding

* The County's share when split among municipalities

Is the Problem Fixable?

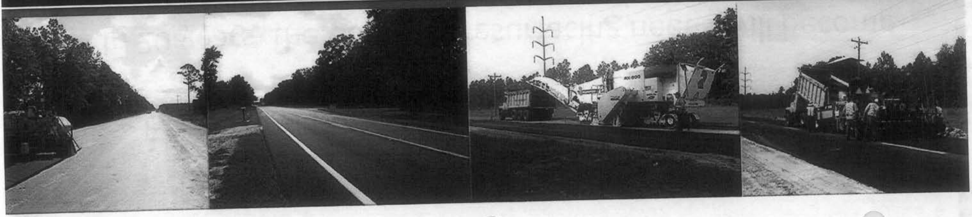
Effective Pavement Management Program

- In 20 years, the County's resurfacing needs will become manageable.



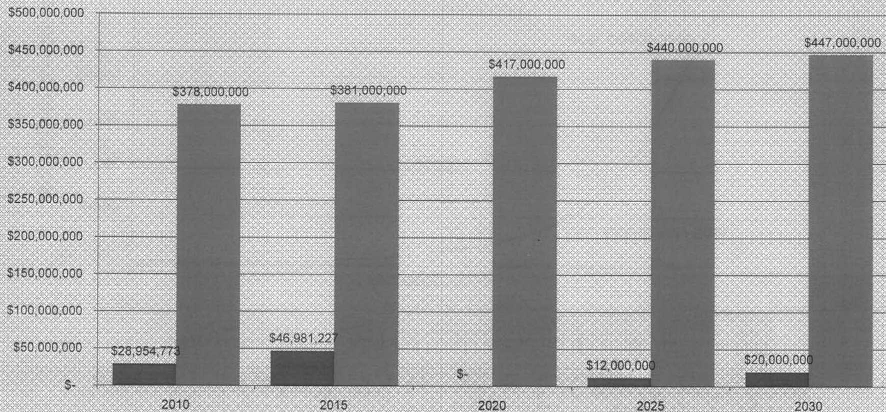
What Happens if We Don't Fix?

Roadways Get Worse - Fast



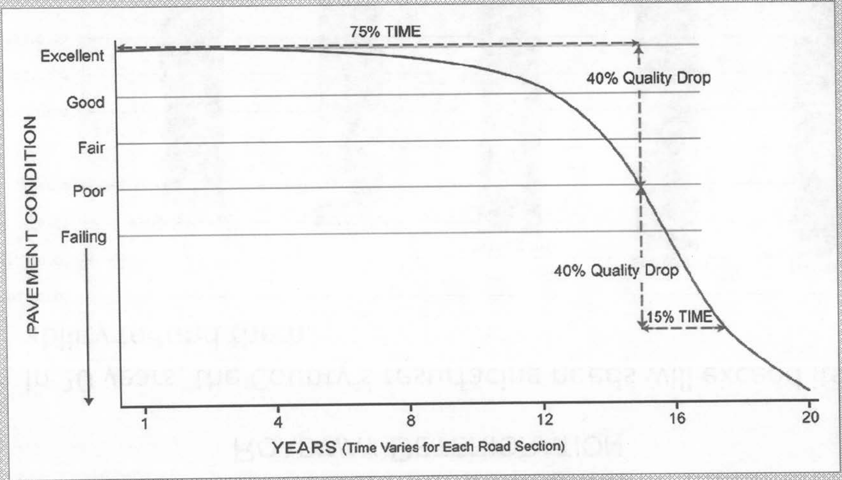
What Happens if We Don't Fix?
Roadway Deterioration

- In 20 years, the County's resurfacing needs will exceed its ability to fund them.



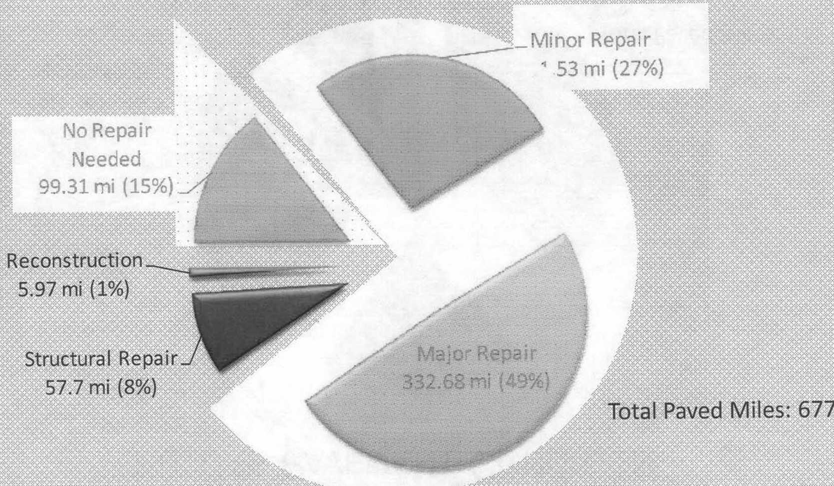
WHAT HAPPENS IF WE DON'T FIX?

PAVEMENT DETERIORATION CURVE



What Happens if We Don't Fix?

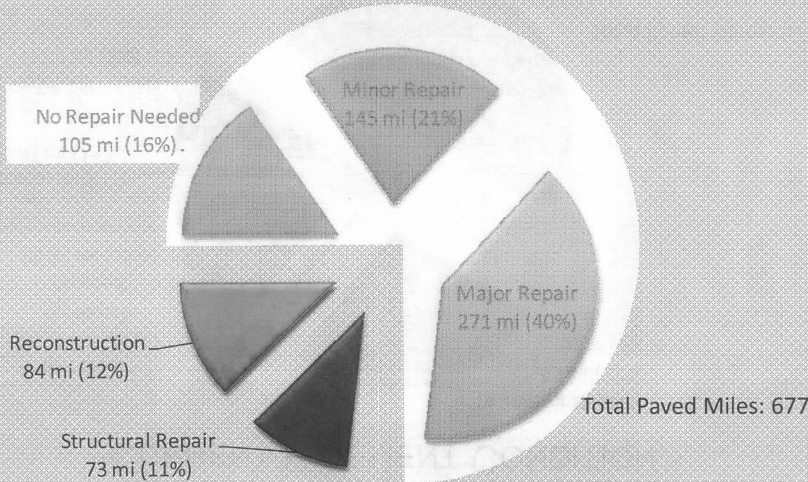
Current Pavement Condition



2010 Pavement Condition Analysis

What Happens if We Don't Fix?

Future Pavement Condition



2030 Projected Pavement Condition

What Happens if We Don't Fix?

Pavement Deterioration Over Time

New

What Happens if We Don't Fix?
Pavement Deterioration Over Time

20 Years Old

WHAT HAPPENS IF WE DON'T FIX?

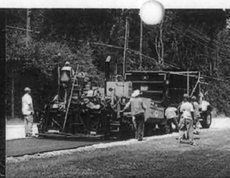
PAVEMENT DETERIORATION OVER TIME

30 Years Old

What Happens if We Don't Fix?

Pavement Deterioration Over Time

40 Years Old



WHY A SALES TAX?

THE RIGHT FIX

Sales Tax

- Generates enough revenue to solve the problem
  - Adjusts with inflation
- Everybody pays
  - Outside area commuters
  - Road users that don't contribute now
- Commerce is related to road use

Pavement Management Program Recommendation

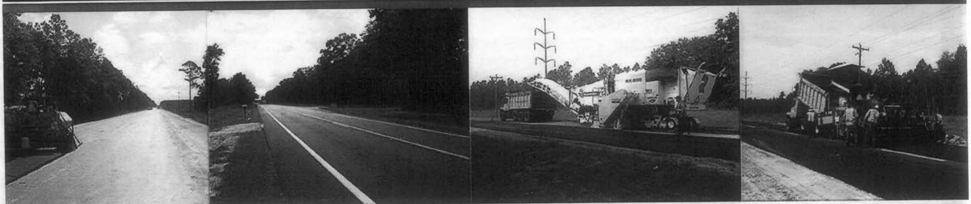
- Support the placement of a referendum item on the 2012 election ballot requesting voter approval of a one-cent sales surtax for effective pavement management (Penny For Pavement).

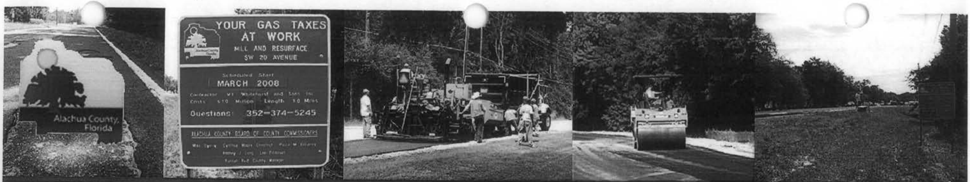
SALES TAX:

PAVEMENT MANAGEMENT PROGRAM

PRESENTATION TO THE ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS AND THE CITIZENS OF ALACHUA COUNTY

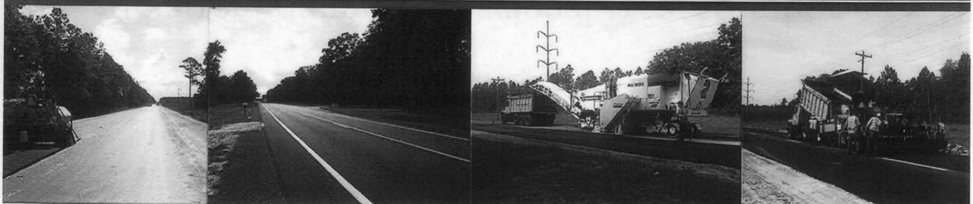
FEBRUARY 1, 2010





Local Discretionary Sales Surtaxes

Eight Different Types of Local Discretionary Sales Surtaxes
(also referred to as local option sales taxes)



Local Discretionary Sales Surtaxes

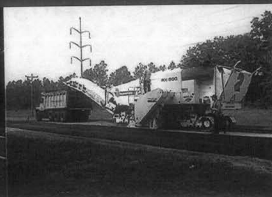
- Charter County and Regional Transportation System Surtax
- Emergency Fire Rescue Services and Facilities Surtax
- Indigent Care/Trauma Center Surtax
- Voter-Approved Indigent Care Surtax
- County Public Hospital Surtax

Local Discretionary Sales Surtaxes

- School Capital Outlay Surtax
- Local Government Infrastructure Surtax
- Small County Surtax
  - Similar to Local Government Infrastructure Surtax

Local Government Infrastructure Surtax

212.055, Florida Statutes



Local Government Infrastructure Surtax

- Levy of .05 or 1.00 % requires:
  - Ordinance adopted by the majority (simple) of the County Commission and approved by voters in a countywide referendum, **<u>or</u>**
  - Municipalities representing the majority of the county's population can adopt uniform resolutions to place on a countywide referendum

Local Government Infrastructure Surtax

- Collected and distributed by the Department of Revenue (DOR)
  - Allocated to county and/or municipalities based on default formula defined in Florida Statutes, **<u>or</u>**
  - Based on interlocal agreement between the county and municipalities representing the majority of the incorporated population
    - Percent for some local governments can be 0%

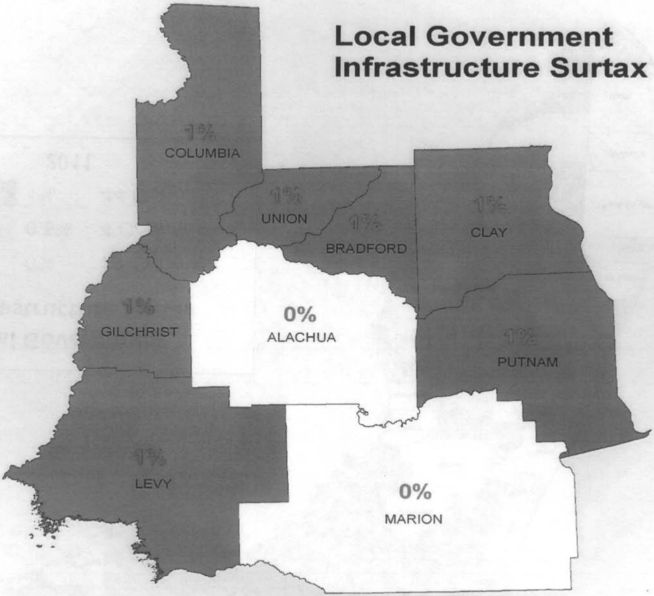
Local Government Infrastructure Surtax

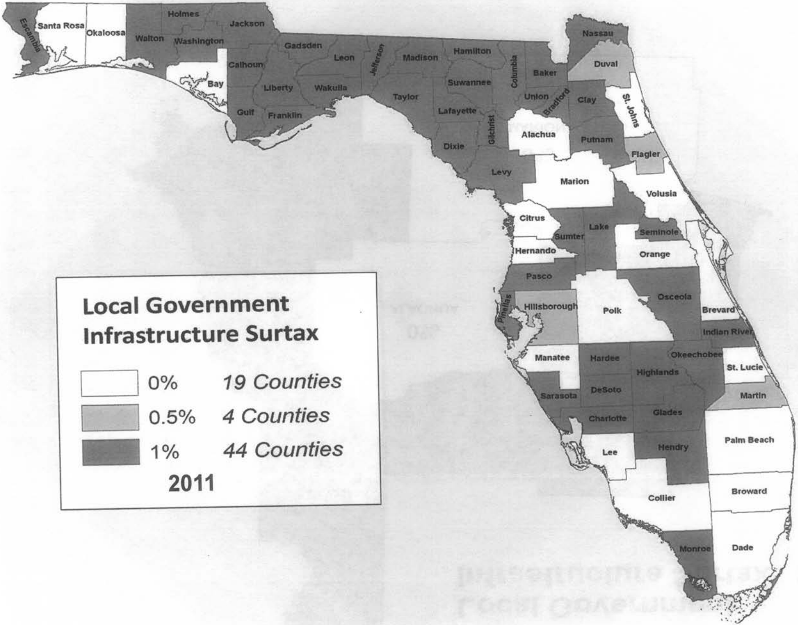
- Levy is required to start on January 1 and end on December 31 of the year approved in the referendum
- Time length of levy varies from 1 year to 30 years

Local Government Infrastructure Surtax

- Authorized uses of infrastructure surtax revenue:
  - Purchase land
  - Purchase or construct new capital facility
  - Improvements to existing capital facilities
  - Purchase of public safety vehicles and equipment
  - <u>Cannot</u> be used for operations and maintenance (some exceptions for parks)

Local Government Infrastructure Surtax 2011




Local Government
Infrastructure Surtax
0% 19 Counties
0.5% 4 Counties
1% 44 Counties
2011
Escambia
Santa Rosa
Okaloosa
Walton
Holmes
Washington
Jackson
Bay
Calhoun
Gadsden
Liberty
Gulf
Franklin
Leon
Wakulla
Jefferson
Madison
Taylor
Hamilton
Suwannee
Lafayette
Dixie
Columbia
Gilchrist
Baker
Union
Bradford
Nassau
Duval
Clay
St. Johns
Alachua
Putnam
Flagler
Levy
Marion
Volusia
Citrus
Sumter
Lake
Seminole
Hernando
Orange
Pasco
Pinellas
Hillsborough
Polk
Osceola
Brevard
Indian River
Manatee
Hardee
Okeechobee
St. Lucie
Highlands
Sarasota
DeSoto
Martin
Charlotte
Glades
Palm Beach
Lee
Hendry
Broward
Collier
Monroe
Dade

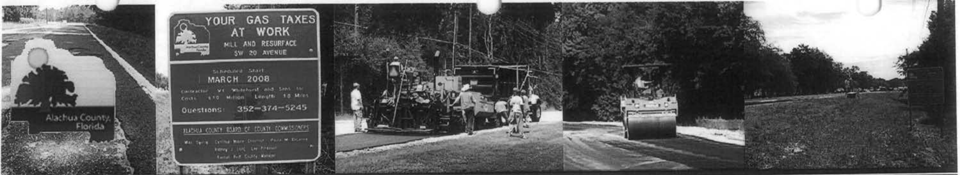
Ballot Question Requirements

101.161, Florida Statutes

- 75 words ballot question; 15 words ballot title
- Clear and unambiguous language
- Must not mislead voter
- State the chief purpose of the measure
- Need attorney review – many cases
- Remedy: ask judge to remove question from ballot

Timeline – Ballot Question
General Election

By June 1, 2011	County Commission and Gainesville City Commission sign distribution interlocal (unless statutory default formula selected)
By June 15, 2011	County Commission authorizes advertisement of hearing re: ordinance
By July 15, 2011	County Commission adopts ordinance
Nov. 6	General Election



SALES TAX:
PAVEMENT MANAGEMENT PROGRAM

PRESENTATION TO THE ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS AND THE CITIZENS OF ALACHUA COUNTY

FEBRUARY 1, 2010