Efficiencies (revised 7/25/12)

Over the past two years, several initiatives have been undertaken to introduce operating efficiencies throughout the organization. The budgetary impacts of these efficiencies are ongoing and can be summarized as follows:

1. Efficiencies included in the FY12 adopted budget were assumed to continue in development of targets for FY13. Therefore, these efficiencies were already recognized as part of the budget strategy. Examples include:
    a. Space Consolidation Plan - $1.0M recurring annual savings
    b. Utility Conservation Initiatives
        i. Jail Complex Water Reduction - $1.4M recurring annual savings
        ii. Medical Examiner Energy Reduction - $50K recurring annual savings
        iii. Additional initiatives (centralized chiller plant; lighting retrofits; "cool" roof; HVAC upgrades) planned from FY12-14 will provide additional recurring savings
    c. Technology Initiatives
        i. Voice Over Internet Protocol (VOIP) - $765K recurring annual savings
        ii. Metro Ethernet - $460K recurring annual savings

2. The FY13 proposed budget reflects a decrease of 0.8% or $3.4M vs FY12 in operating expenses for the non-enterprise departments under the County Administrator. The decrease was achieved in spite of the following forecast inflationary increases in non-capital expenditures:
    a. FRS contribution increase of 6.0% - $382K increase
    b. Health insurance contribution increase of 10.0% - $1.4M increase
    c. Fuel cost increase of 3.0% - budget not increased for FY13 based on current trends for price and volume
    d. Electricity cost increase of 5.0% - $325K increase offset by demand decreases; therefore, no net change in budget for FY13
    e. Other non-personnel expenditures increase of 1.3% - $2.0M increase

Additional detail regarding forecast assumptions is provided in the Key Forecast Assumptions section of the Budget Message in the FY13 Proposed Budget document.

Responses to Questions on the FY13 Proposed Budget

ITEM	PAGE	DEPT	QUESTION	RESPONSE
1	D-5	Animal Services	Explain the increase in administration program.	The increase of approximately $105K in the Administration program from FY12 to FY13 is attributed to a change in positions allocated to this program and a leave payout due to planned retirement. There is no net change in position count from FY12 to FY13.
2	D-7	BDRS	Explain the increase in reserves.	Budgeted reserves increased from $1.8M to $3.6M from FY12 to FY13 due to the 10% increase in fees implemented in FY10 in combination with an increase in permitting activity. The department is planning to expend reserves in FY14 for technological improvements in dispatch (software and equipment) and for replacement of inspection equipment/tools. The increased reserves also provide the ability to withstand negative fluctuations in revenues without impacting services via budget cuts.
3	D-11	Community Development	Explain why general fund support is zero for FY13 and the anticipated impact.	The Energy Efficiency and Conservation Block Grant and Homeless and Homelessness Prevention Services programs reflect grants that will close out during FY12. All funding provided by the General Fund to support this program was reimbursed by the granting agencies. Therefore, the net General Fund support for this program was zero and there is no net change in support from the General Fund for FY13. The General Fund support for the Community Development Fund remains unchanged from FY12 to FY13 at $1,139,120. These funds are reflected on page B-20 as a transfer from the General Fund to the Community Development Fund.
4	D-35	Real Estate Management	Provide utility costs attributed to Safe Harbor.	Utility costs for FY11 (12 months) and FY12 (9 months to date) are: Natural Gas - $3,961.13 (FY11) and $4,012.96 (FY12) Electricity - $110,742.69 (FY11) and $88,639.21 (FY12) Water/Sewage - $30,665.90 (FY11) and $28,862.40 (FY12) Refuse - $5,678.08 (FY11) and $5,578.11 (FY12) TOTAL - $151,047.80 (FY11) and $127,092.68 (FY12)
5	D-35	Real Estate Management	Confirm whether Tenant Utility Support program costs were shifted to other programs and explain the $26K remaining in Utility Support program.	Real Estate Management Department decided that given the FY12 cost center structure, program utility costs could be better managed by budgeting and posting these costs to the programs that incurred them. At the same time, total departmental visibility of these costs is still available via different reporting. Consequently, the only cost budgeted in the Tenant Utility Support program is the staff cost of processing utility cost payments and maintaining the various spreadsheets needed to compute utility costs by facility and square foot.
6	B-12 (Summary)	n/a	Explain the decrease in interest revenue from FY12 to FY13.	Interest revenue is budgeted based on current and anticipated interest rates. Interest revenue has dramatically decreased from $18.7M in FY09 to $3.3M in FY11. During the FY12 budget development cycle, interest revenue was budgeted at $9.2M based on anticipated earnings at that time. Actual interest earned has been significantly lower with $3.4M estimated for FY12. As a result of the low interest rates and a lower fund balance on which interest revenue would be earned, the FY13 interest revenue is budgeted at $2.9M.