

Pinellas County Board of County Commissioners (BCC)
Collaborative Labs at St. Petersburg College
Epicenter, 13805 58th Street North, Largo, Florida

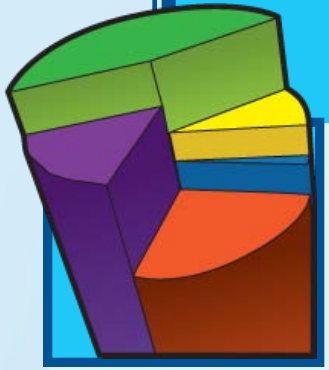
April 18, 2013

WORK SESSION AGENDA

9:00 am – 4:00 pm

1. Future Fiscal Issues

Lunch Break at Approximately Noon



Future Fiscal Issues

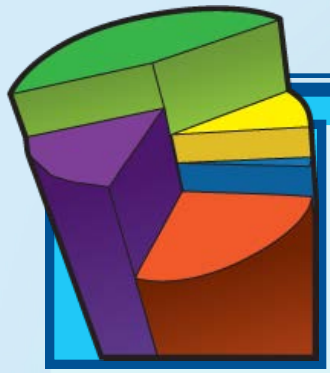
April 18, 2013

Goals for Today

- **Provide Board with a comprehensive understanding of future fiscal issues**
- **Receive feedback from Board to determine next steps**
- **Determine sequence and timing**
- **Support Development of a Fiscal Integrity Code**
- **Approval of concept for a Service Level Continuation Account**

Agenda

- I. Approach to be Used**
- II. Efficiencies Accomplished/In Process**
- III. Interdependencies of Fiscal Issues**
- IV. Future Fiscal Issues**
- V. Other Fiscal Policy Issues**



II. Efficiencies

Budget Reductions

- Nearly 1,700 positions eliminated since FY07
 - County Administrator staffing lowest since FY85
- General Fund Budget down by 27% since FY07
- General Fund Property Taxes down 35% since FY07
 - Property Taxes are below FY03 level
- Created Service Level Stabilization Account by taking reductions in FY10, FY11 and FY12
 - Provides a bridge to a time when revenues begin to improve

Efficiencies Accomplished

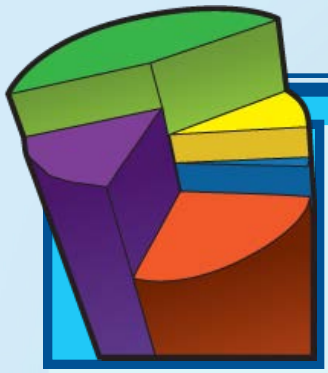
- **Space Consolidation - \$1 Million recurring savings**
- **Energy/Water Conservation Initiatives**
 - **Jail Complex Water Reduction - \$1.4 Million recurring savings**
 - **Medical Examiner Energy Reduction - \$50K recurring savings**
- **Technology Initiatives**
 - **Voice Over Internet Protocol (VOIP) - \$765K recurring savings**
 - **Metro Ethernet - \$460K recurring savings**
 - **Printer Optimization - \$250K recurring savings**
 - **Fax Elimination - \$70K recurring savings**
- **Consolidation of Procurement - \$648K recurring savings**

Efficiencies Accomplished (cont.)

- **Consolidation of Fleet Operations**
 - Sheriff shut down North District fuel site that needed \$500K in upgrades to meet current regulations.
 - **\$800K recurring savings**
 - County shut down five small fuel sites in County parks. This yields savings for operations and maintenance.
 - County and Sheriff consolidated fuel purchasing and have achieved savings from the increased buying power.
 - Sheriff has access to fuel vehicles in more locations than previous and savings are achieved from not driving farther to re-fuel.

Efficiencies In Process

- **OPUS**
 - Efficient processing of simple tasks
 - Improvement necessary due to reduced staffing
 - \$7 million net benefit
 - Based on 20-Year Analysis
 - Based on 10% Efficiency in Workforce
- **District Cooling Project**
 - Reduce annual recurring costs \$1M
 - 25-year cost avoidance totaling \$3.8M for CIP major repair and replacement projects
 - Annual revenue generation opportunity of \$250K
- **DEI Consolidation**
- **Healthy Communities**

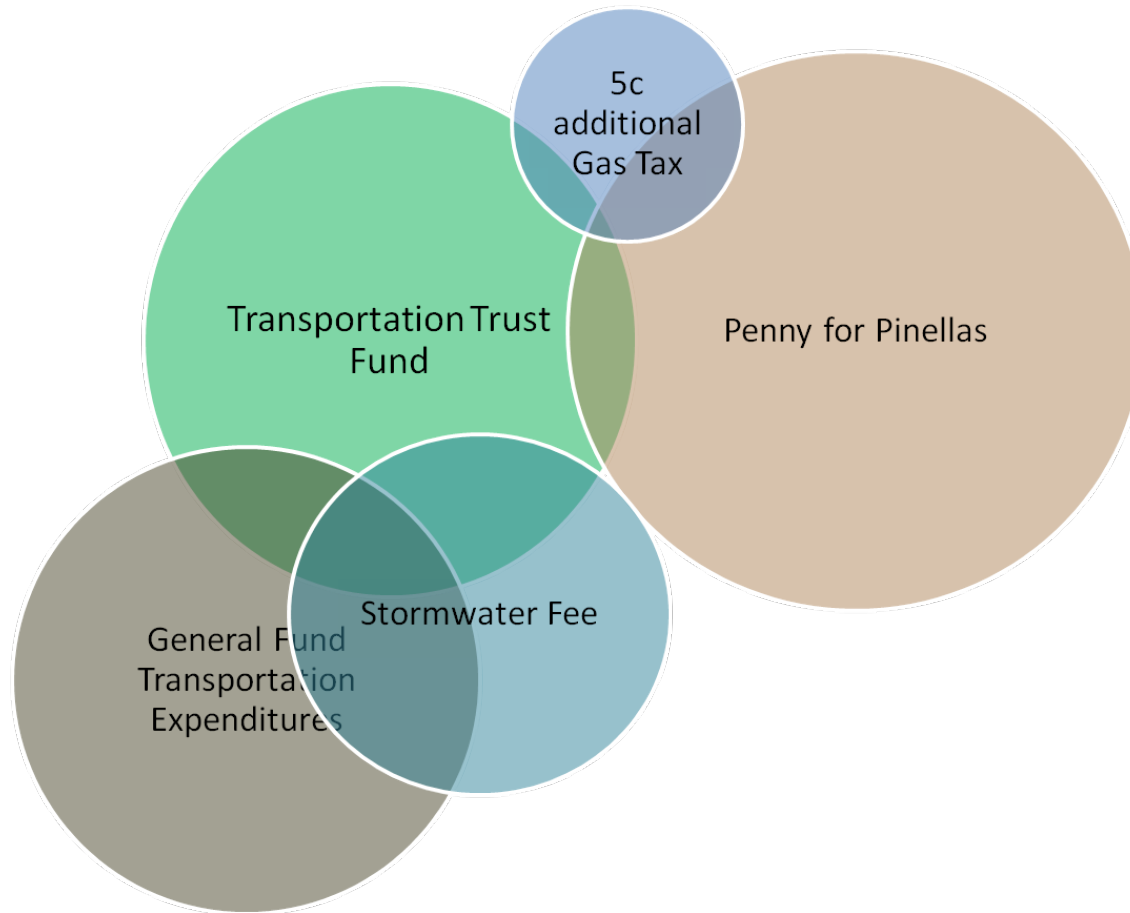


III. Interdependencies of Fiscal Issues

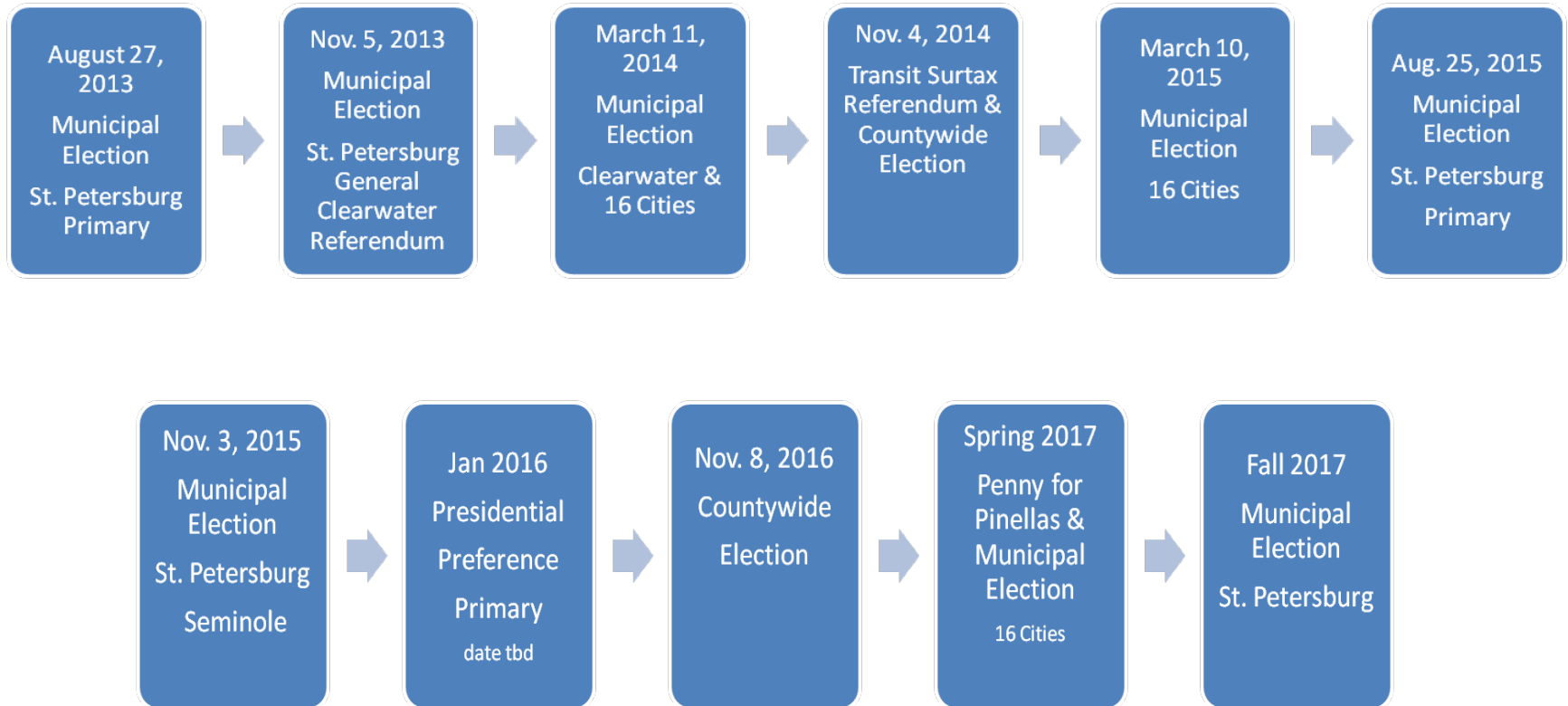
Interdependencies

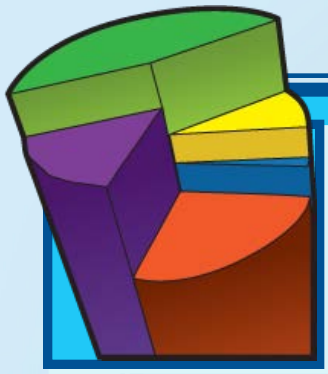
- Each decision point can have an impact on other decisions
- Fund challenges can be addressed with multiple solutions
 - Ex. Transportation Fund – Stormwater Fee & Local Option Gas Tax
- Timing of the Strategies
 - Stakeholder's Capacity for Fee and Tax Increases
- Alignment of Revenue Options With Services

Potential Transportation and Stormwater Funding Sources



Referenda Timetable





IV. Future Fiscal Issues

Water/Sewer Rate Structure

- Need an in-depth review of the equity/adequacy of the current rate structure with regard to the cost of serving each of our customer classes
- Review the base and volumetric rates charged to retail customers based on a ten year horizon, and compare to other similarly situated utilities
- Identify the options and impacts associated with adjusting base fees proportional to meter size
- Identify potential opportunities to revise the rate structures to meet sustainability objectives
- Rate structures must be sustainable to meet the future needs of each system by allowing for automatic rate increases based on appropriate financial indices

East Lake Library

- **Receives funding from the County General Fund (MSTU) and the Pinellas Public Library Cooperative**
- **A dependent special district levy of 0.25 mills along with Coop funding would generate 685k, a 69% increase**
 - **Assuming Coop increases levy from 0.4437 to 0.5 mills**
- **Adopt resolution by July 1**

Transportation System Surtax

- **Proceeds can be used for:**
 - **Countywide bus system**
 - **Fixed guideway rapid transit system**
 - **Pay principal and interest on bonds with no more than 25% used for non-transit uses**
- **Potential proceeds would mirror total Penny for Pinellas sales tax**
 - **1% transportation system surtax would generate**
 - **approximately \$140.2 million in 2015**
 - **\$5.1 billion over a 25-year period based on 3% annual growth**

Transportation System Surtax

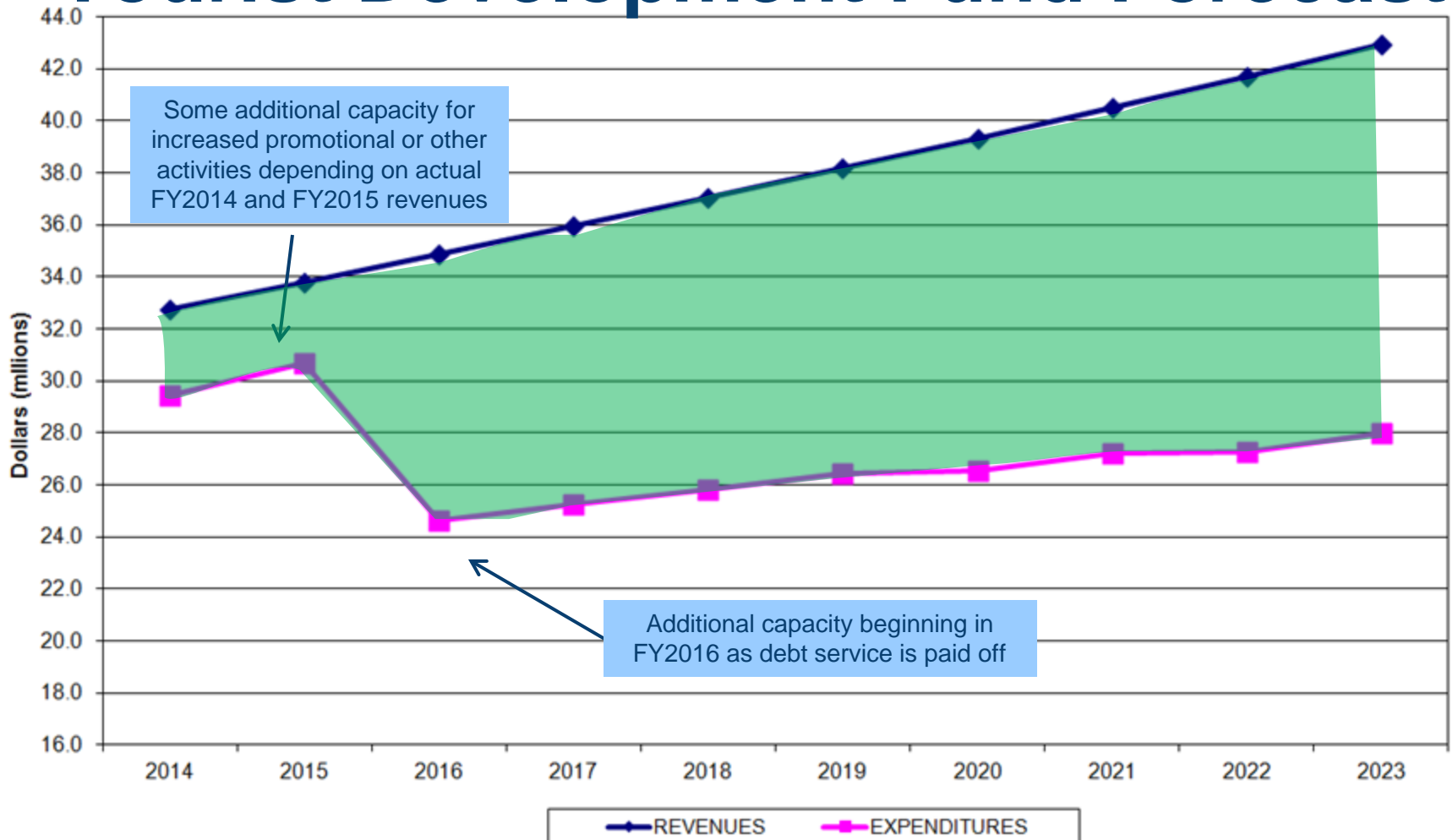
LEVYING AUTHORITY	USES	APPROVAL METHODS / PROCEDURES	SHARING PROVISIONS	RATE / TERM LIMITATIONS
Each charter and consolidated county and each county that is within or under an interlocal agreement with a regional transportation or transit authority created under Chapter 343 or Chapter 349	<p>Any combination of the following that the County Commission (BCC) deems appropriate:</p> <ol style="list-style-type: none"> 1) Used by the county for the purposes of development, construction, equipment, maintenance, operation, supportive services, including a countywide bus system, on-demand transportation services, and related costs of a fixed guideway rapid transit system; 2) Remitted to an expressway, transit or transportation authority created by law to be used, at the discretion of such authority, for the development, construction, operation, or maintenance of roads or bridges in the county, for the operation and maintenance of a bus system, for the operation and maintenance of on-demand transportation services, for the payment of principal and interest on bonds for roads or bridges; 3) Used by the county for the development, construction, operation, and maintenance of roads and bridges in the county; for the expansion, operation, and maintenance of bus and fixed guideway systems; for the expansion, operation, and maintenance of on-demand transportation services; and for the payment of principal and interest on bonds issued for such projects; and such proceeds may be pledged by the governing body of the county for bonds for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges and no more than 25 percent used for non-transit uses; and 4) Used by the county for the planning, development, construction, operation, and maintenance of roads and bridges in the county; for the planning, development, expansion, operation, and maintenance of bus and fixed guideway systems; for the planning, development, construction, operation, and maintenance of on-demand transportation services; and for the payment of principal and interest on bonds issued for such projects; and such proceeds may be pledged by the governing body of the county for bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads or bridges. Pursuant to an interlocal agreement entered into pursuant to chapter 163, the governing body of the county may distribute proceeds from the tax to a municipality or an expressway or transportation authority created by law to be expended for the purpose authorized by this paragraph. 	Referendum approved by a majority vote of the electorate or referendum approval of a Charter amendment by a majority vote of the electorate; the surtax must take effect on January 1 and terminate on December 31 and may be imposed for a fixed term or until repealed; ordinance levying tax or proposing Charter amendment must be adopted at a regular or special BCC meeting (a super majority vote is not required) with at least ten days notice, and is subject to referendum approval as set out above; the referendum can be placed on ballot at a general or special election; the Department of Revenue must be notified within 10 days after final adoption of ordinance or referendum approval, but no later than November 16 th prior to the effective date	No sharing requirement, but county expressly authorized to enter into interlocal agreements and remit funds to cities, or expressway, transit or transportation authorities created by law; any interlocal entered into with cities must be revised no less than every five years to add newly created cities	Up to one percent. No term limitation on levy so can be levied until repealed.



TDC Fund Assumptions

- Revenue will increase by 5% in FY13, 5% in FY14 and 3% annually thereafter
 - Increase is primarily from increased average daily rate
- Personal Services to increase by 4%
- Maintain 15% reserve
- Final Debt Service payments for Tropicana Field & Dunedin Spring Training Facility are in FY15
- \$10.2 million surplus in FY16
 - \$6.9 Million from 4¢
 - \$3.3 Million from other sources

Tourist Development Fund Forecast



+3.3M	+3.1M	+10.2M	+10.8M	+11.3M	+11.7M	+12.7M	+13.3M	+14.4M	+15.0M
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POTENTIAL USES OF BED TAX

Aquarium



Spring Training



USA BMX Track



Soccer Complex



Beach Nourishment



Rays



Tourist Development Tax Uses

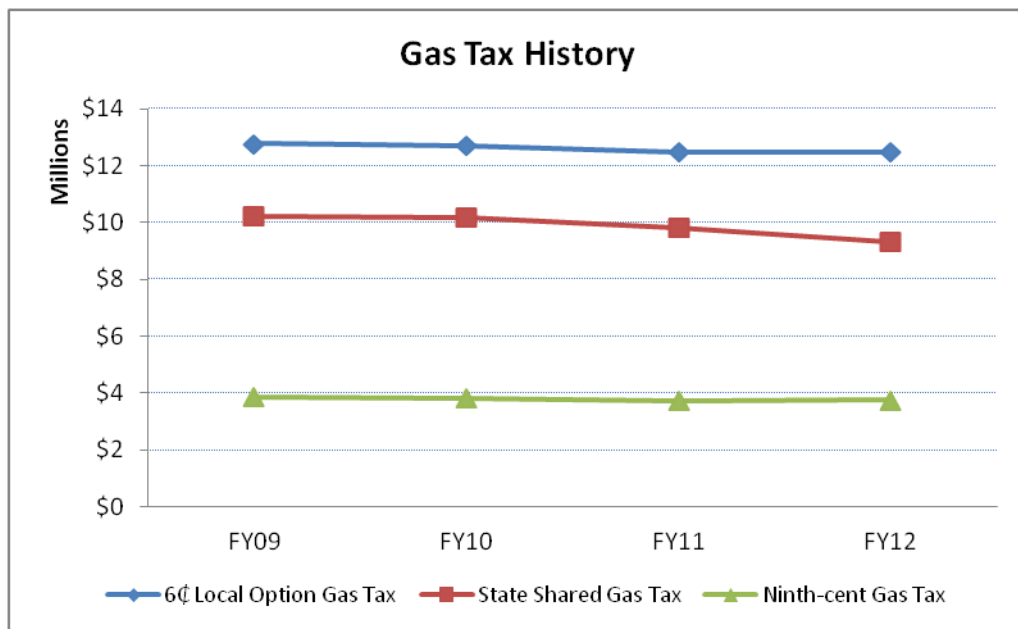
% Levy	Vote Required	Permitted Uses Pursuant to §125.0104, Statutes	Pledged/Committed/Permitted Uses by Pinellas County	Current Uses
1 st and 2 nd Percent	Majority vote of the and referendum approval by county-wide electors	<p>a) Acquire, construct extend, enlarge, remodel, repair, improve, maintain, operate or promote one or more publicly owned and operated convention centers, sports stadiums, sports arenas, coliseums, auditoriums, or museums that are publicly owned and operated or owned and operated by nonprofit organizations and open to the public, and within the County; promotion of zoological parks that are publicly owned and operated or owned and operated by nonprofit organizations and open to the public.</p> <p>b) Promote and advertise tourism in the State of , nationally and internationally.</p> <p>c) Fund convention bureaus, tourist bureaus, tourist information centers and news bureaus as county agencies or by contract with the chambers of commerce.</p> <p>d) Finance beach park facilities or beach improvement, maintenance, renourishment, restoration, erosion control, including shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, or inland lake or river.</p>	<p>1st Percent pledged to Tropicana Field debt by 1993 Interlocal, replaced by 4th Percent (see 4th Percent).</p> <p>1st and 2nd Percent can be used for Category A, B, C, D, E and G.</p>	<p>CVB operations/personnel; promoting/advertising tourism, including advertising agency, staff promotion programs, special events/programs, cultural tourism grants, elite events; spring training facilities payments; chambers of commerce tourism funding; reserves.</p>
3 rd Percent	Extraordinary vote of the	Same as 1 st and 2 nd Percent.	<p>First 50% of 3rd Percent pledged to Tropicana Field debt by 1993 Interlocal, replaced by 4th Percent (see 4th Percent); can be used for Category A, B, C, D, E and G.</p> <p>Second 50% of 3rd Percent used exclusively for Category D uses.</p>	<p>First ½ of 3rd Percent – same as 1st and 2nd Percent.</p> <p>Second ½ of 3rd Percent – beach renourishment.</p>
4 th Percent	Majority vote of the	<p>a) Pay the debt service on bonds issued to: (i) finance the construction, reconstruction, or renovation of a professional sports franchise facility, or acquisition, construction, reconstruction, or renovation of a retained spring training franchise facility, and planning and design costs incurred prior to the issuance of such bonds; (ii) finance the construction, reconstruction, or renovation of a convention center, and planning and design costs incurred prior to issuance of such bonds.</p> <p>b) Pay operation and maintenance costs of a convention center for a period of up to ten (10) years.</p> <p>c) Promote and advertise tourism in the State of , nationally and internationally.</p>	<p>4th Percent committed to Category F Tropicana Field debt by 1996 Interlocal; each dollar collected reduces the 1st and ½ of the 3rd Percent pledge and replaced \$ can be used for Category A, B, C, D, E and G through September 15, 2015; beginning October 1, 2015, 4th Percent can be used for Category A, G and H uses as defined in the Tourist Development Plan.</p>	<p>Paid to City of for Tropicana Field debt.</p>
5 th Percent	Majority vote plus one of the	<p>a) Pay the debt service on bonds issued to finance (i) construction, reconstruction, or renovation of a facility either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or lessee, and to pay the planning and design costs incurred prior to the issuance of such bonds for a new professional sports franchise as defined in Sec. 288.1162, F.S.; (ii) acquisition, construction, reconstruction, or renovation of a facility either publicly owned and operated or publicly owned and operated by the owner of a professional sports franchise or lessee, and to pay the planning and design costs incurred prior to the issuance of such bonds for a retained spring training franchise.</p> <p>b) Promote and advertise tourism in the State of , nationally and internationally.</p>	<p>5th Percent can be used exclusively for Category A uses.</p>	<p>Promoting/advertising tourism, including advertising agency, staff promotion programs, special events/programs, cultural tourism grants, elite events.</p>

Categories of Use

Category A	Promoting and advertising tourism in the state, nationally and internationally, provided that any activity, service, venue, or event that receives tourist tax revenues has as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.
Category B	Funding not more than \$2,000,000.00 annually for: (i) marketing special events and programs; (ii) providing promotional or operating support for exhibits or programs provided by museums owned and operated by not-for-profit organizations and open to the public; (iii) providing promotional support for zoological parks that are owned and operated by not-for-profit organizations and open to the public; and (iv) event and program sponsorships. Grant guidelines shall be established by the tourist development council, which shall be subject to approval by the board of county commissioners, to determine eligibility, the application process, and award criteria and priorities for subsection (i), (ii), and (iii) funding herein.
Category C	Funding the St. Petersburg/Clearwater Convention & Visitors Bureau, including, but not limited to, funding public relations and news activities, internet marketing programs, promoting the county as a tourist destination at conventions, trade associations, exhibitions, or other tourist-related activities and events, promoting leisure and convention travel, providing education, training, and support services, funding the activities of the Pinellas County Sports Commission and the Pinellas County Film Commission, and funding budget reserves as authorized by law; as well as convention bureaus, tourist bureaus, tourist information centers and news bureaus by contract with the chambers of commerce or similar associations in the county.
Category D	Funding beach improvement, maintenance, renourishment, restoration and erosion control.
Category E	Funding not more than \$1,000,000.00 annually as matching funds (applicants must have at least \$2.00 for every \$1.00 of Category E tourist tax funding) to acquire, construct, extend, enlarge, remodel, repair, improve, or maintain one or more publicly owned and operated convention centers, coliseums, auditoriums, museums owned and operated by not-for-profit organizations and open to the public, and sports and recreation facilities that are not eligible for Category H funding (the enumerated facilities are together hereinafter referred to as "Eligible Facilities"). To be eligible for funding, Eligible Facilities must be located within Pinellas County and demonstrate the ability to attract tourists from the State of Florida, nationally or internationally. No more than \$500,000.00 may be allocated annually to a single Eligible Facility, and the funding shall be allocated in a geographically equitable manner to attract tourists throughout all of Pinellas County. Funding guidelines shall be established by the tourist development council, which shall be subject to approval by the board of county commissioners, to determine eligibility, the application process, and award criteria and priorities for Category E funding. These purposes may be implemented through service contracts and leases with parties with sufficient expertise or financial capabilities to operate such Eligible Facilities.
Category F	Payment of debt service on bonds issued by the City of St. Petersburg to finance the construction, reconstruction, or renovation of Tropicana Field, a professional sports franchise facility, or payment of indebtedness issued to refund obligations issued for such purposes, through September 30, 2015.
Category G	Category G: Payment of debt service on bonds issued by the City of Clearwater to finance the construction, reconstruction, or renovation of a retained spring training franchise facility through February 15, 2021; and on bonds issued by the City of Dunedin to finance the construction, reconstruction, or renovation of a retained spring training franchise facility through February 15, 2016.
Category H	Funding not more than 80% of the fourth percent in any twelve (12) month period for debt service payments on any facility in subsections (i), (ii) or (iii) herein, and not more than 90% of the fourth percent in any twelve (12) month period for debt service payments for all facilities authorized in subsections (i), (ii) or (iii) herein, for bonds issued to finance the: (i) construction, reconstruction, or renovation of a professional sports franchise facility located within Pinellas County either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility, and to pay the planning and design costs incurred prior to the issuance of such bonds; (ii) construction, reconstruction, or renovation of a retained spring training facility located within Pinellas County either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility, and to pay the planning and design costs incurred prior to the issuance of such bonds; or (iii) construction, reconstruction, or renovation of a convention center located within Pinellas County, and to pay the planning and design costs prior to the issuance of such bonds.

Transportation Fund Assumptions

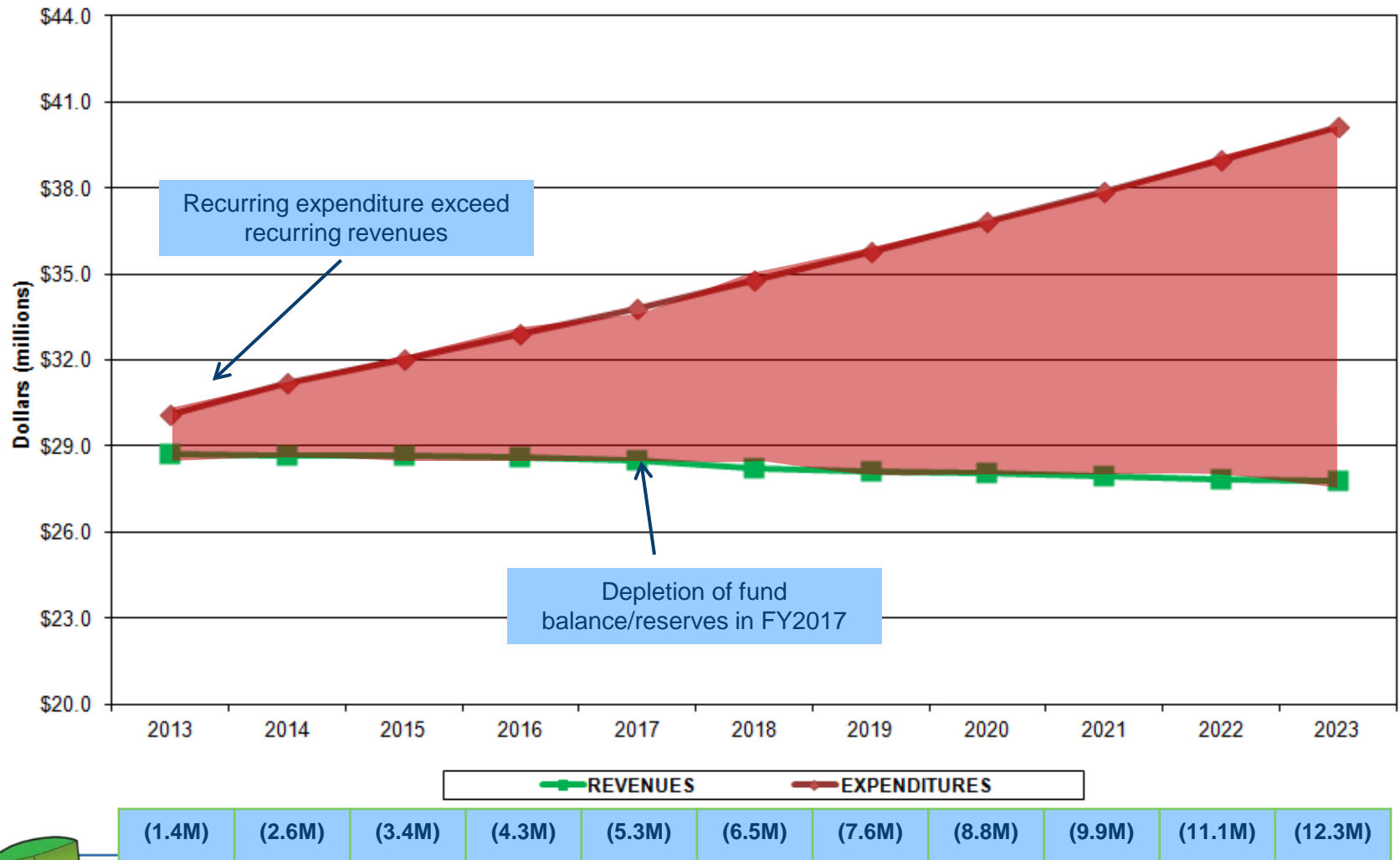
- Do nothing and fund will be depleted in FY14



- Gas tax revenue has been steadily declining
- Assume that revenue will decline by 0.5% annually over the forecast period
- The current 6-cent local option gas tax will need to be extended beyond its current expiration year of 2017

- Personal Services to increase by 4%
- Operating expenses and capital outlay will increase by approximately 2% annually

Transportation Trust Fund Forecast



Impact If No New Revenue

- **Modification of Existing Programs or Service Level Reductions:**
 - Any gap in funding would require analysis of current levels of service for mandatory programs and adjust the levels of service to match the available funding.
 - This will cause a continued degradation of the level of service for our core and critical services and elimination of non-mandatory programs
 - Arterial Street Lighting and Maintenance
 - Residential Traffic Management Program (modify the assessment program)

Impact If No New Revenue (cont.)

- Reductions in Level of Service (LOS) could include:
 - Mowing of Right of Ways (reduction in cycles)
 - Sidewalk Maintenance (only replacing and repair of hazardous damage)
 - Tree Maintenance (reduced LOS and increased response time)
 - Sign and Pavement Marking Maintenance (extending the replacement and refurbishment)
 - Traffic Signal Timing Plan Updates (extend frequency of evaluation and redevelopment)
 - Roadway Drainage Maintenance (reduced LOS and increased response time)

Storm Water Fee

- **Prevent problems versus react to them after they happen**
 - Understand the problem
 - Implement the most cost effective solution
 - Monitor for success, and
 - Use data to continuously improve
- **The cost of inaction is significant**
 - Delays can be costly
 - The degradation of the environment effects quality of life and our economy

Additional Local Option Gas Tax (LOGT)

- **Static Funding Source**
 - Based on the number of gallons purchased which is historically balanced
 - Based on current funding agreement, each additional cent would be worth \$1.9 million for County operations
- **Diminishing Funding Source**
 - With more fuel efficient vehicles the number of gallons will continue to diminish

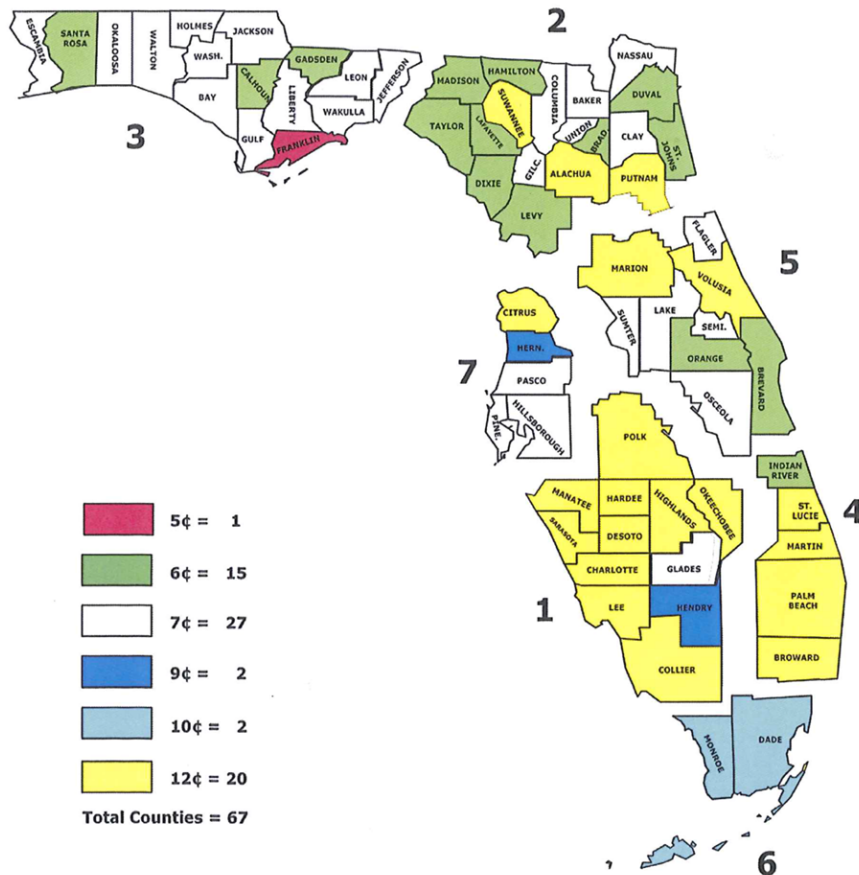
Additional LOGT (cont.)

- The goal of a new tax would be to balance the Transportation Trust Fund and provide an acceptable and sustainable level of service
- Additional Intersection Improvement Project Funding
- Pavement Management treatments and patching of larger roadway areas
- Increase safety related activities (spot intersection improvements, street lighting and safety studies)
- Additional Bridge repair and rehabilitation funding

Fuel Taxes in Other Counties

Locally Imposed Motor Fuel Taxes

Tax Rates (¢/gal) as of January 1, 2011



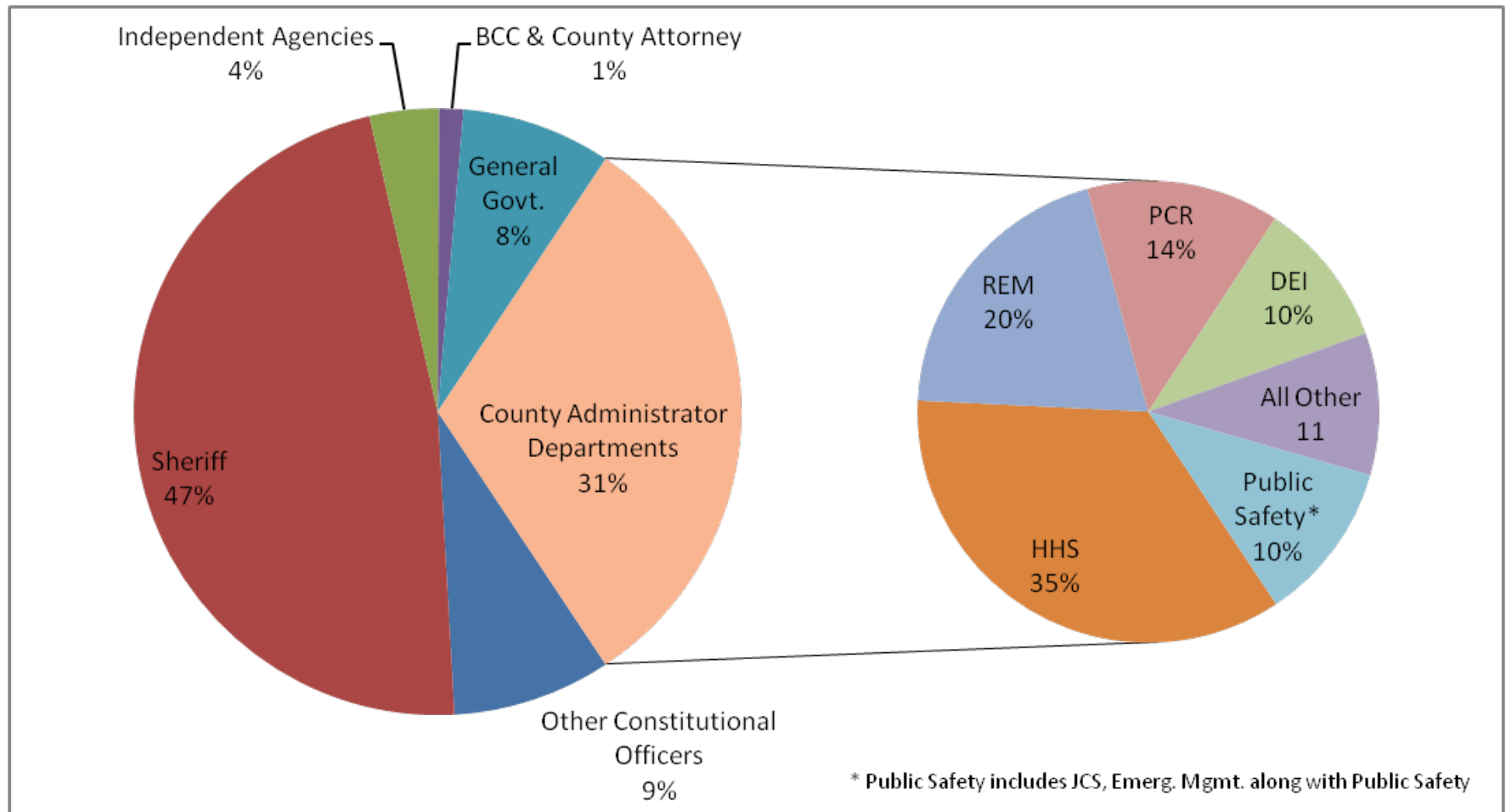
Counties Imposing Local Option Taxes Greater than Seven Cents	Cents Imposed
Alachua	12
Broward	12
Charlotte	12
Citrus	12
Collier	12
DeSoto	12
Hardee	12
Hendry	9
Hernando	9
Highlands	12
Lee	12
Manatee	12
Marion	12
Martin	12
Miami-Dade	10
Monroe	10
Okeechobee	12
Palm Beach	12
Polk	12
Putnam	12
St. Lucie	12
Sarasota	12
Suwannee	12
Volusia	12

Local Option Fuel Taxes

	ORIGINAL SIX CENTS	ELMS FIVE CENTS	NINTH CENT
Statute	§ 336.025(1)(a), Fla. Stat.	§ 336.025(1)(b), Fla. Stat.	§ 336.021, Fla. Stat.
Rate	One to six cents per gallon in whole penny increments.	One to five cents per gallon in whole penny increments.	One cent per gallon.
Imposition Method	Ordinance approved by majority vote of the county commission or by referendum.	Ordinance approved by majority plus one vote of the county commission or by referendum.	Ordinance approved by extraordinary vote of the county commission or by referendum.
Uses of Revenue	The revenues may be used for “transportation expenditures” ¹ as defined in section 336.025(7), Fla. Stat.	The revenue may be used for “transportation expenditures” ¹ needed to meet the requirements of the capital improvements element of an adopted comprehensive plan (includes construction of new roads, resurfacing existing paved roads and paving existing graded roads to mitigate adverse environmental impacts) or for expenditures needed to meet immediate local transportation problems and for transportation-related expenditures that are critical for building comprehensive roadway networks by local government. The tax revenue may not be used for routine maintenance or roads.	The revenue may be used for “transportation expenditures” ¹ as defined in section 336.025(7), Fla. Stat.
Sharing with Municipalities	Required; distribution may be based on either interlocal agreement or historical transportation expenditures.	Required; distribution may be based on either interlocal agreement or historical transportation expenditures.	Not required.
Effective Date	Tax must be imposed prior to July 1 to take effect January 1 of the following year. However, the statute allows levies in place on July 1, 2002, which expire on August 31 of any year to be reimposed at the current rate effective September 1.	The tax must be imposed prior to July 1 to take effect January 1 of the following year.	The tax must be imposed prior to July 1 to take effect January 1 of the following year.
Levied in Pinellas County / Rate / Date Levy Expires / Use	Yes / six cents / levy expires on August 31, 2017 / can be used for transportation expenditures.	No.	Yes / one cent / levy expires on 12/31/2026 / can be used for the design, construction, improvement, operation and maintenance of a countywide traffic management system within unincorporated areas and municipality(s) that have entered into an interlocal with the county.

¹ “Transportation expenditures” means: a) public transportation operations and maintenance; b) roadway and ROW maintenance and equipment and structures used primarily for the storage and maintenance of such equipment; c) roadway and ROW drainage; d) street lighting; e) traffic signs, traffic engineering, signalization, and pavement markings, installation, operation, maintenance, and repair; f) bridge maintenance and operations; g) debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction/reconstruction of roads and sidewalks.

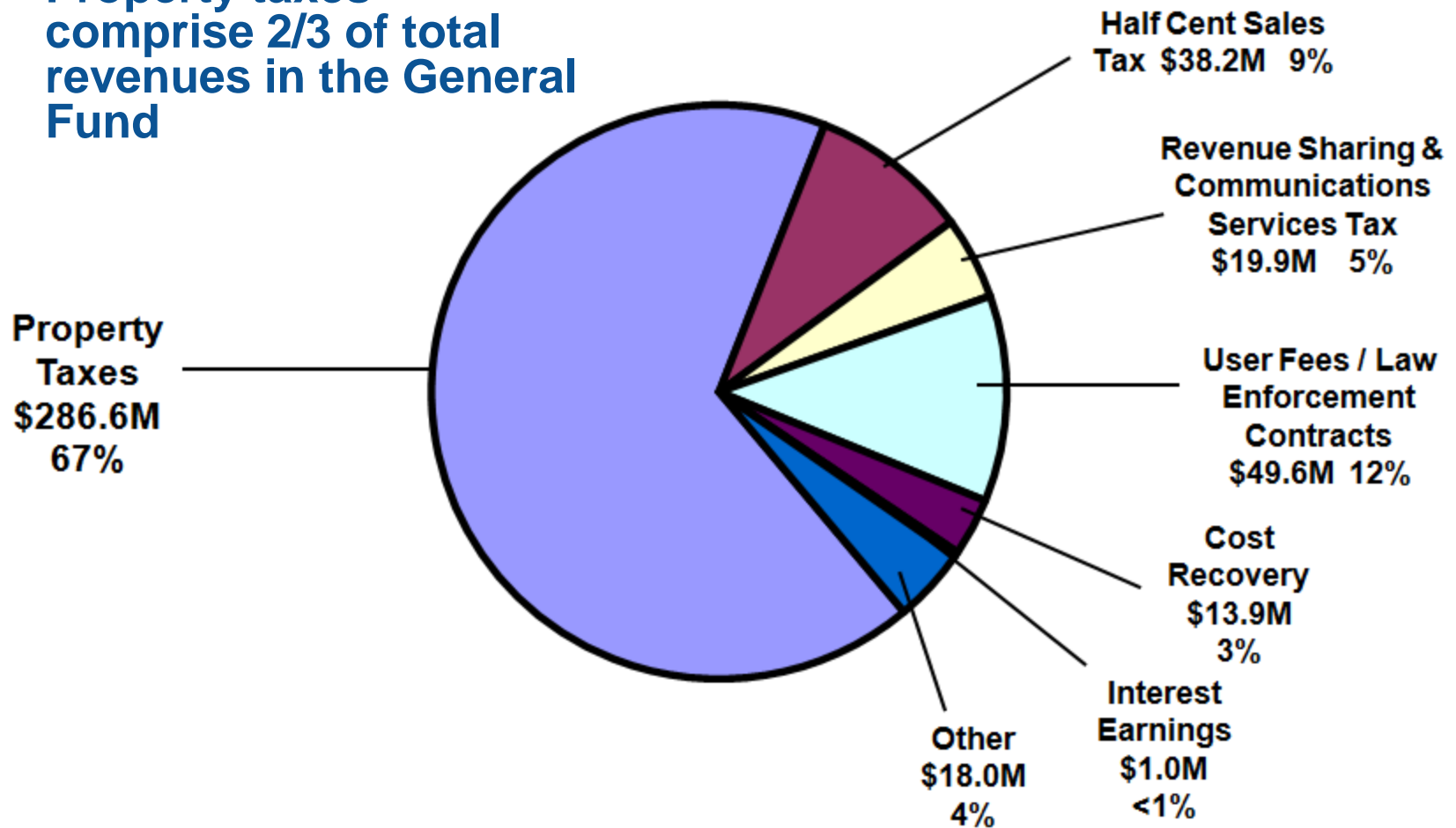
General Fund by Departments/Agencies (excl Reserves & SLSA)



47% of General Fund Expenses are allocated to the Sheriff

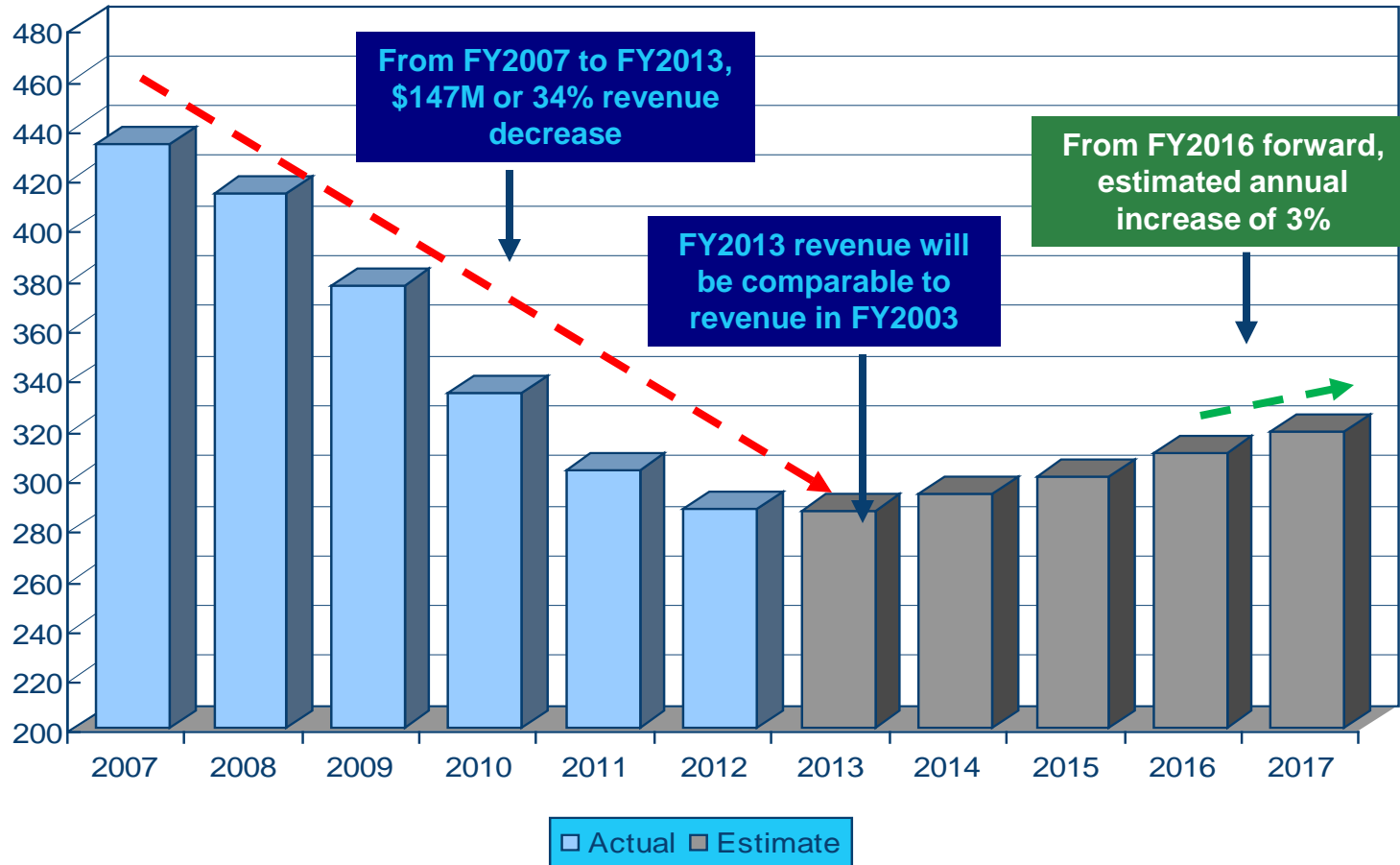
General Fund Revenues

- Property taxes comprise 2/3 of total revenues in the General Fund



Source: FY2013 Adopted Budget (excludes Beginning Fund Balance)

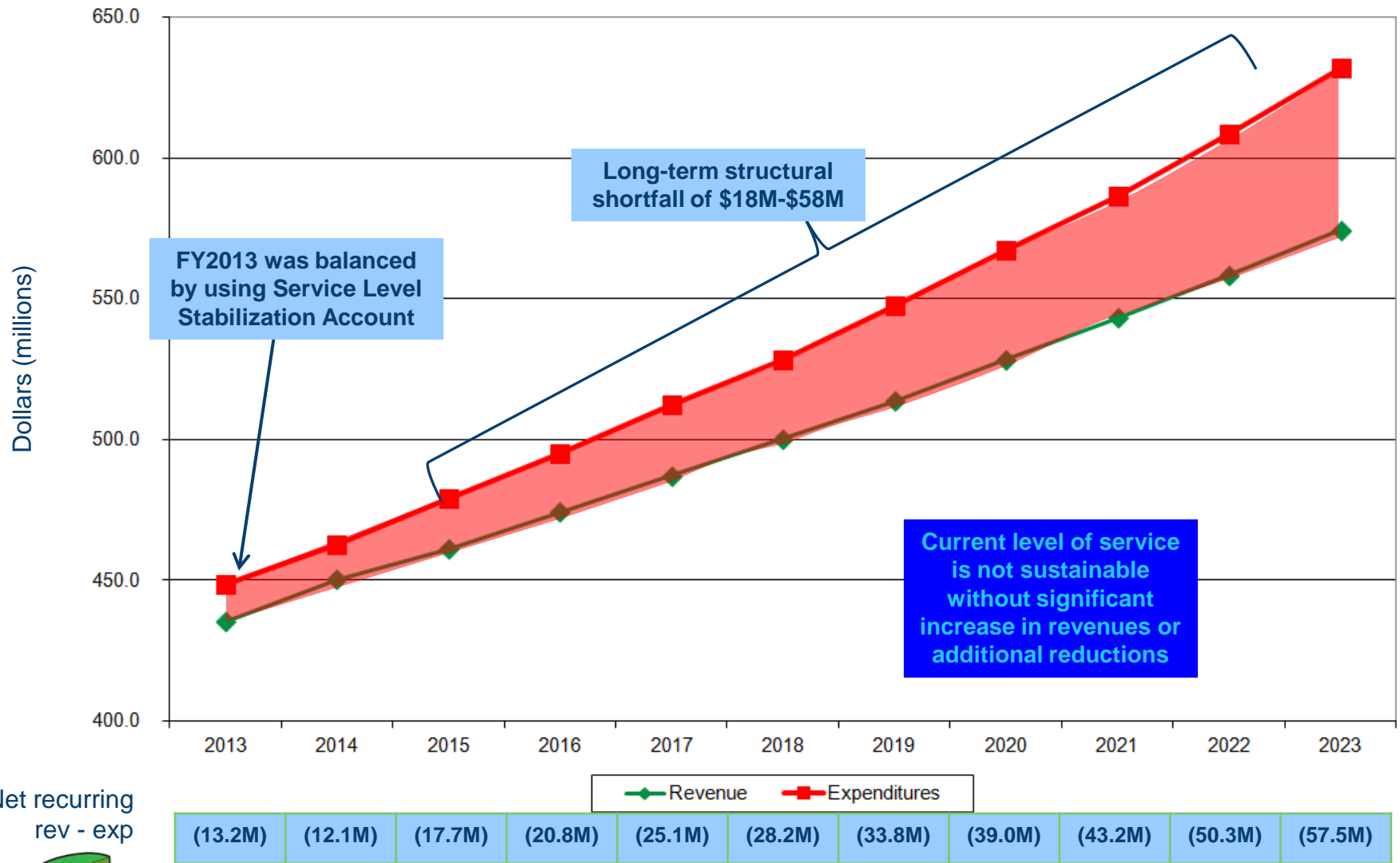
General Fund Property Tax Revenue in \$ millions



General Fund Assumptions

- Taxable values will
 - not see same boost from new construction as other counties
 - increase by 2.5% in FY14 and FY15
 - sustain 3.0% annual growth FY16 – FY23
- Personal Services to increase by 4%
- Potential Risks to the Forecast
 - Florida Retirement System costs
 - Affordable Care Act

General Fund Forecast FY2014-2023

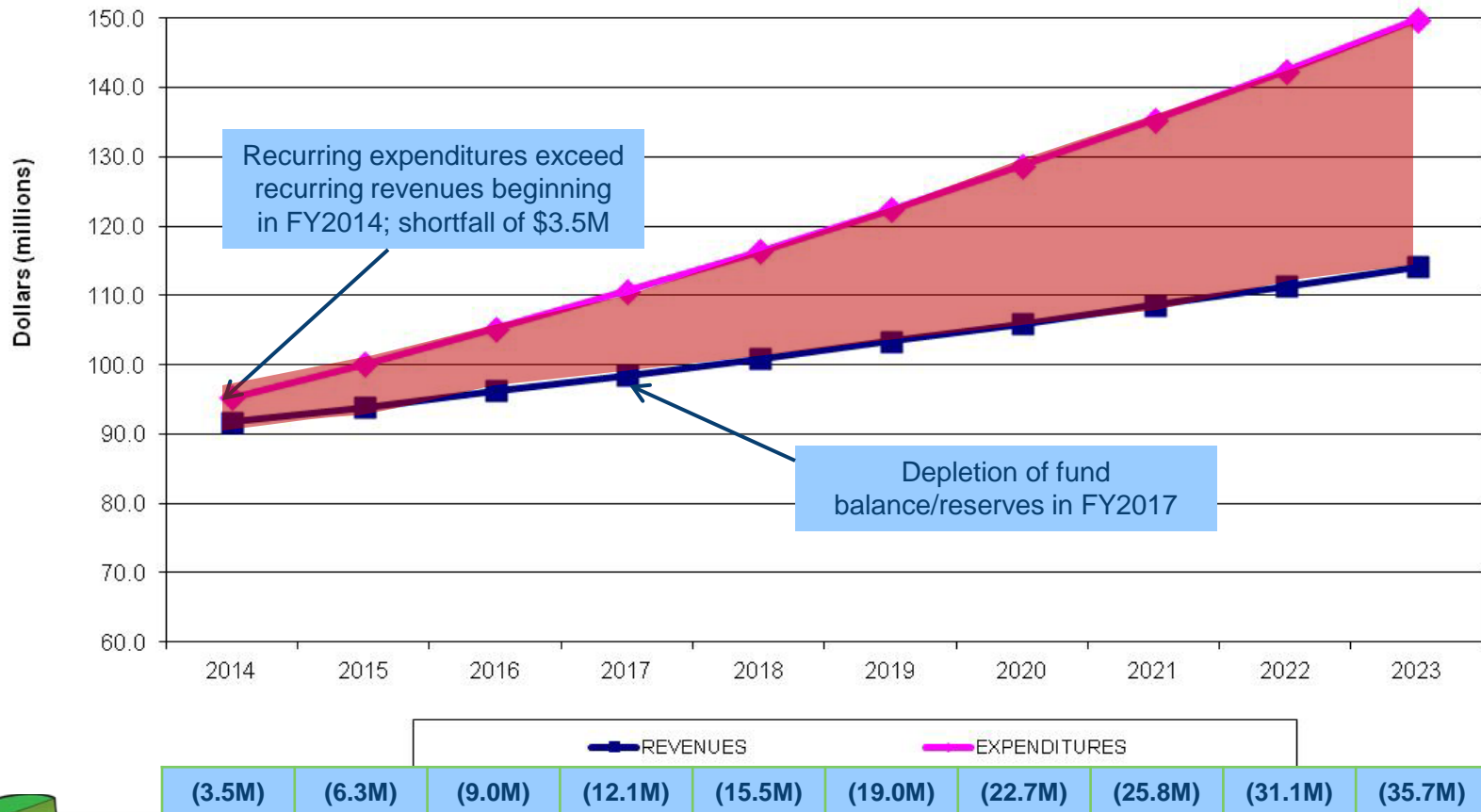


EMS Fund Assumptions

- Forecast does not forecast potential savings from change in service delivery
- Revenue is split between ambulance user fees and property taxes
 - Growth in Tax values will be 2.5% in FY14 and FY15, followed by 3% annually starting in FY16
 - User fees projected to increase by 2% annually
- First Responder are estimated to increase by 5%
- Ambulance contract costs expected to increase by 6% annually
- Increase based on transport volume growth and inflation
- Board policy requires 25% reserve
 - Forecasts shows reserves declining to 20.3% in FY14, and to 13.0% in FY15

EMS Fund Forecast

- Current level of EMS funding is not sustainable
 - Need savings to result from EMS Study

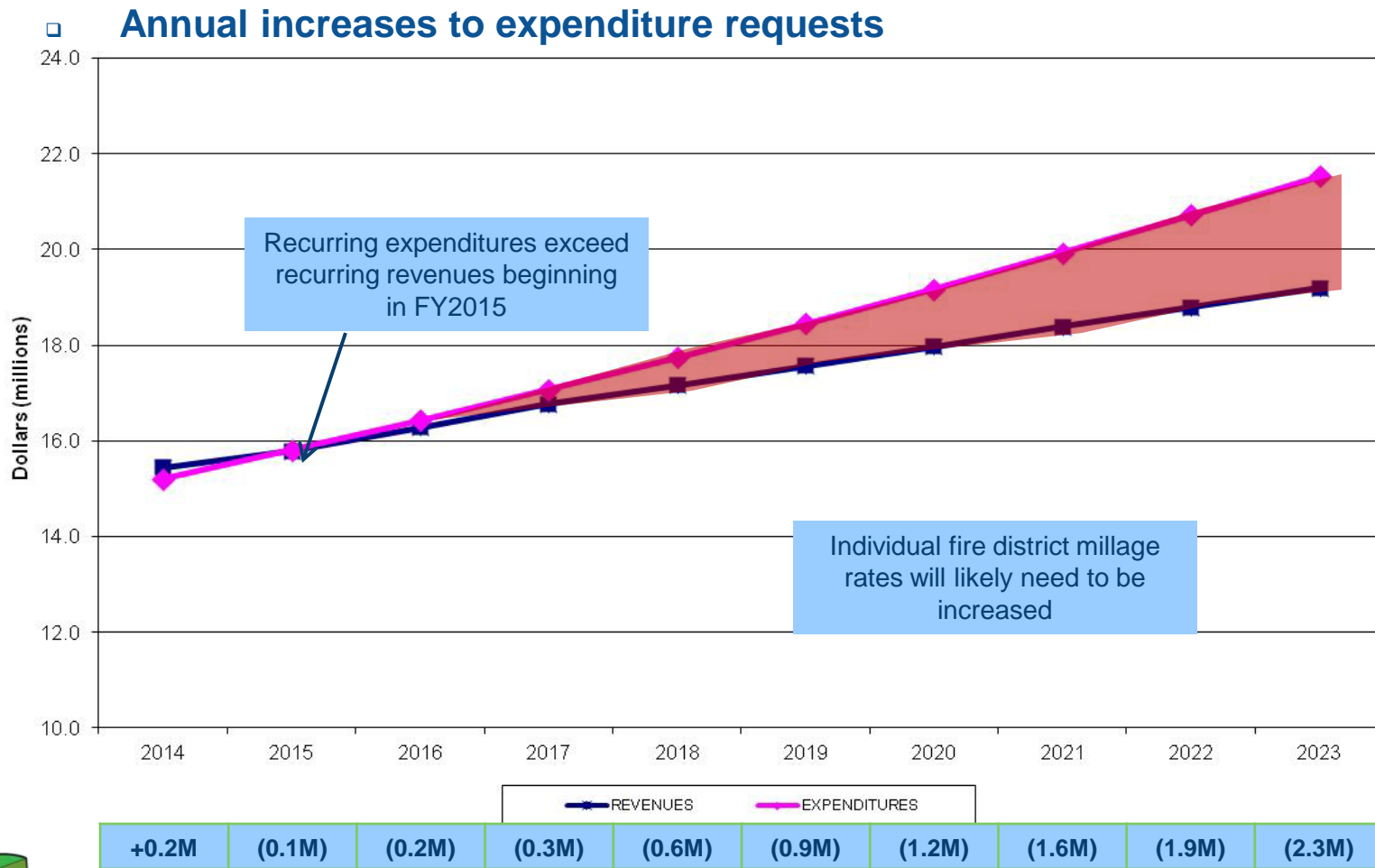


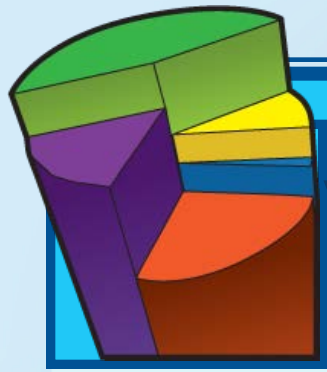
Fire Fund Assumptions

- Growth in tax values expected to be slightly less than County-wide growth
 - 2.0% growth in FY14 and FY15
 - 2.5% annual growth starting in FY16
 - Contractual payments projected to increase 4% annually through the forecast period
- 
- Need to obtain projected Capital and CIP needs from providers for 10 years ahead, vs. 1-year at-a-time, in order to plan and generate the appropriate, stable and sufficient level in Reserve for Future Years.

Fire Districts Fund Forecast

- Current level of funding is not sustainable





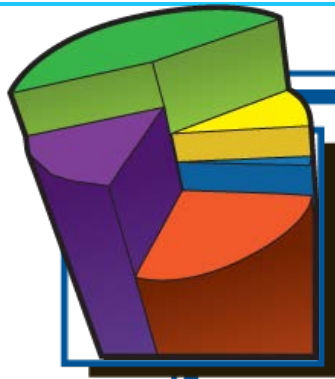
IV. Other Fiscal Policy Issues

Fiscal Integrity Code

- Reserve Policy
- 10-Year Forecast
- Balanced Budget
- User Fees
- Budget Document Provide Transparency
- Debt Policy
- Asset Inventory & Preservation
- Protection of Enterprise Funds
- Investment Policy

Service Level Continuation Account

- Provide resources to allow for sustainability
- Maintain service levels despite economic pressures
- Putting money into reserves is a more fiscally prudent action than spending surplus funds on new or expanded programs.



Citizens' Guide to the Budget ←

www.pinellascounty.org



Budget Forecast FY2014-2023



Pinellas County, Florida
Office of Management & Budget

