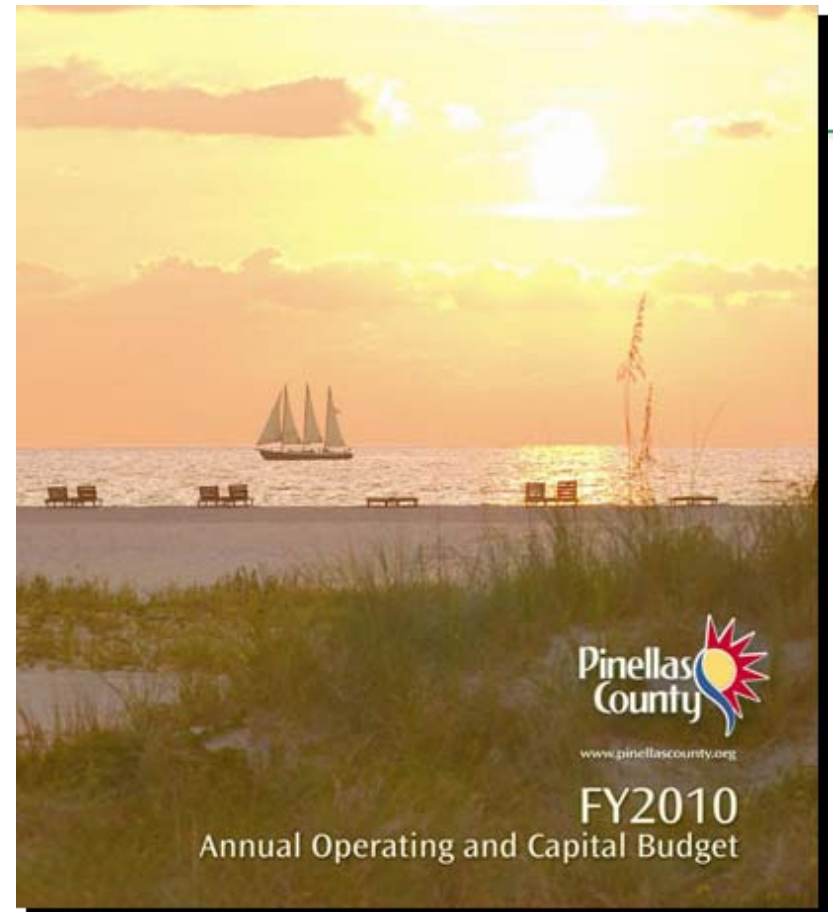




FY10 Proposed Budget

First Public Hearing
September 8, 2009



Outline

- ◉ **Budget Overview**
- ◉ **Budget Challenges & Strategy**
- ◉ **General Fund Forecast**
- ◉ **Budget Targets**
- ◉ **Reductions Overview**
- ◉ **Capital Improvement Program**
- ◉ **Next Steps**



Budget Overview

FY10 Proposed Budget Highlights – All Funds

- ◉ **\$1.7B proposed budget (all funds) comprised of \$1.4B for operating purposes and \$300M for capital construction**
- ◉ **Overall decrease in budget of \$342M, -17%**
- ◉ **738 positions reduced**
- ◉ **Property taxes comprise 23% of County revenues, down from 26% in FY07**

FY10 Proposed Budget Highlights – General Fund

- ◉ **Countywide property tax revenue decreased \$39M (-12%)**
- ◉ **Half-cent sales tax revenue lowest since FY99**
- ◉ **Proposed reductions total \$81M**
- ◉ **Lowest BCC position count since FY88**
- ◉ **Lowest Countywide millage rate since FY87**

Proposed County-wide Millage Rate

	Actual FY09	FY10 Rolled-Back	FY10 Proposed
General Fund	4.8108	5.4746	4.8108
Health Dept	0.0622	0.0708	0.0622
EMS	0.5832	0.6692	0.5832
Total	5.4562	6.2146	5.4562

% DECREASE from Rolled-Back Rate -12.2%

- o *The “Rolled-Back Rates” are higher than the FY09 rates because a higher rate would be required in order to generate the same amount of revenue from the lower tax base.*

Other Property Tax Base Values Also Declined

- ◉ **Municipal Services Taxing Unit (MSTU)** **-10.6%**
- ◉ **Public Library Cooperative** **-10.4%**
- ◉ **Feather Sound Services District** **-14.3%**
- ◉ **Palm Harbor Services District** **-10.9%**
- ◉ **Pinellas Planning Council** **-11.4%**
- ◉ **Fire Protection Districts** **-7.5% to -14.4%**

MSTU Budget

- **Overall revenues decreased \$6.0M or 10.1%**
- **Property taxes represent 61% of total revenues**
 - Ad valorem millage rate remains the same at 2.0857 mills
 - Values decreased 10.6%
 - Revenue decrease of \$4.0M
- **Overall expenditures reduced \$7.2M or 11.9%**
 - Sheriff is 73% of expenditures
 - Reduced 1.9%
 - Other reductions
 - MSTU Road Paving/Sidewalks/ADA program eliminated
 - County Connection Centers eliminated
 - Building inspections, DRS, and Zoning reduced

EMS/Fire

● First Responders

- Assumes no increase in millage rate per Board direction
 - Due to reductions of 12.1% in taxable values, property tax revenue will decrease by \$2.9M
- Negotiations with First Responders resulted in an overall reduction in funding of \$2.8M
- Further reductions will be necessary in FY11
- Consultant to be engaged to study the system

● Fire Districts

- Millage rate increases are necessary for several districts to meet requests

Fire District Millage Rates

	FY09 Millage	FY10 Proposed Millage	Variance
Belleair Bluffs	0.8535	1.7320	0.8785
Clearwater	1.8628	1.8628	-
Dunedin	2.0102	2.0102	-
Gandy	1.2072	1.3143	0.1071
Largo	1.9005	2.4416	0.5411
Pinellas Park	2.3675	2.3675	-
Safety Harbor	2.0093	2.4252	0.4159
Tarpon Springs	1.6837	2.3745	0.6908
Seminole	1.9581	1.9581	-
High Point	2.4410	2.7275	0.2865
Tierra Verde	1.3997	1.3997	-
South Pasadena	2.2188	2.2188	-

Revenue Changes

● User Fees

- Move toward full cost recovery for services (direct costs + indirect costs)
 - ex) Building Inspection
 - ex) Water & Navigation permit application fees
- Proposed user fee increases to result in \$905K more than FY09 budget amount (\$10.2M)
- Fees are paid by users of the service rather than services being subsidized by property taxes
- Doubled Article V fee for facilities costs from \$15 to \$30

● Utilities rate changes

- Water: 8% increase
- Sewer: 5% increase

Non-Recurring Project Allocations

- ◉ **Funded by savings generated in FY09 and excess reserves**
- ◉ **Should generate return on investment to help reduce recurring operating costs**
- ◉ **FY10 funding allocations total \$14.7M**
 - **Justice CCMS project: \$2.7M**
 - **Business Technology Services Capital Equipment: \$1.5M**
 - **Facilities Energy & Conservation projects: \$1.4M**
 - **Homeless initiative: \$1.0M**
 - **Paperless initiative: \$300K**
 - **Metro Ethernet: \$150K**
 - **Contribution towards FY11 costs for Oracle Project Unified Solution and Justice CMMS project: \$7.65M**

TRIM - Percentage of Tax Bill

- Over the last four years, Legislative directives to School Districts and local government tax reductions have increased the School District's share of the tax bill

Taxing Authority	FY06	FY10	Difference
County-wide	29%	24%	-5%
School District	36%	44%	+8%
City	25%	23%	-2%
Other	10%	9%	-1%

Note: Percentages are based on an average residential property with a taxable value of \$150,000.



Budget Challenges and Strategy

FY10 Budget Challenges

- ◉ **Budget pressure has impacted the organization over the last two fiscal years**
- ◉ **Non-mandatory program areas and administrative support capability have taken the bulk of the impact**
- ◉ **Economic forecasts show further economic weakness through 2010 with a modest recovery in 2011**
- ◉ **Existing and potential new caps on property taxes will blunt the recovery for local governments**

FY10 Budget Strategy

- **Plan the budget based upon two, three year funding cycles (FY10-12 and FY13-15)**
 - The funding cycles are independent, yet linked together and are adjusted going forward
- **Transform the organization while limiting disruption and potential negative impacts**
 - Productivity and commitment of employees
 - Quality of remaining programs and services

FY10 Budget Strategy

GOAL

- **Resize government to deliver a sustainable basket of quality services in a consistent, predictable, and reliable manner**



General Fund Forecast

FY08 and FY09

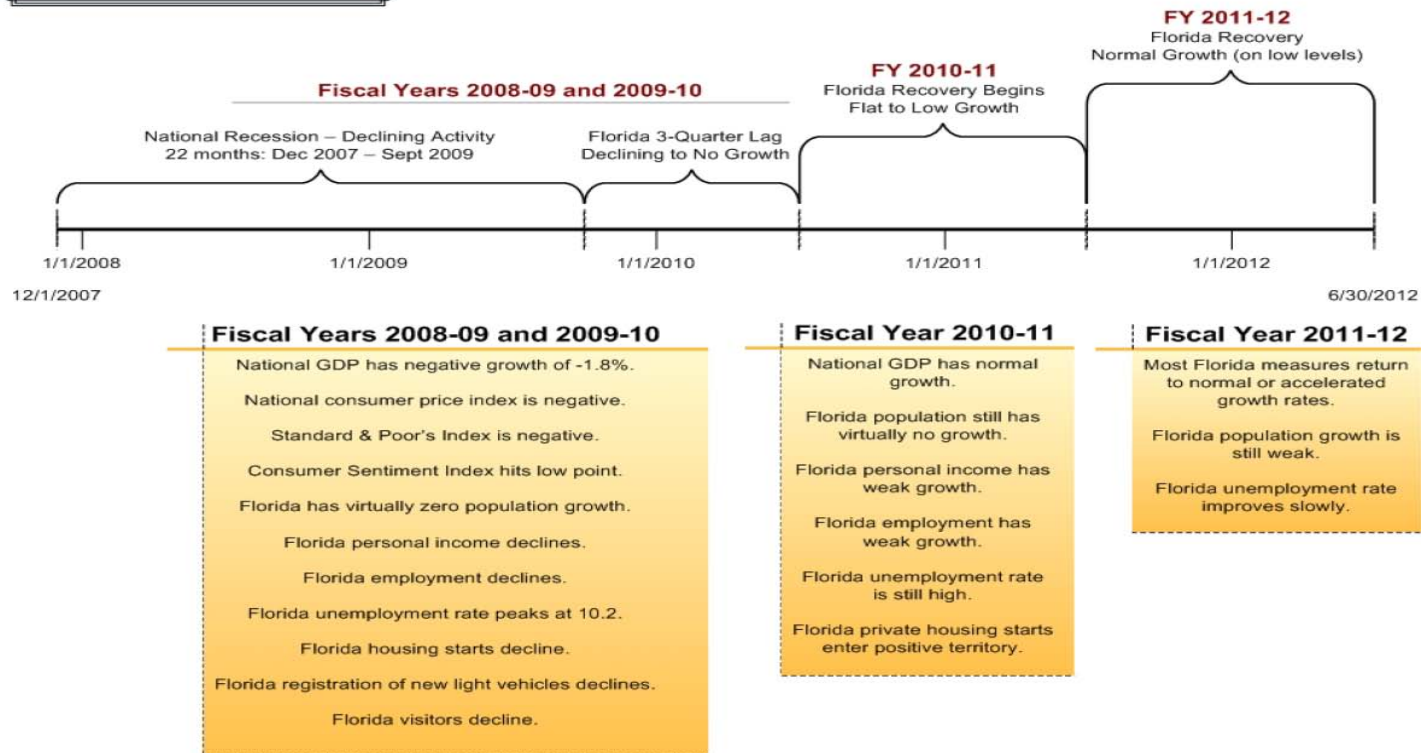
- In the last two years, the General Fund budget has been reduced \$86M and 523 full-time positions were eliminated
- These reductions were necessary primarily due to legislative action and passing of Amendment One

Economic Conditions

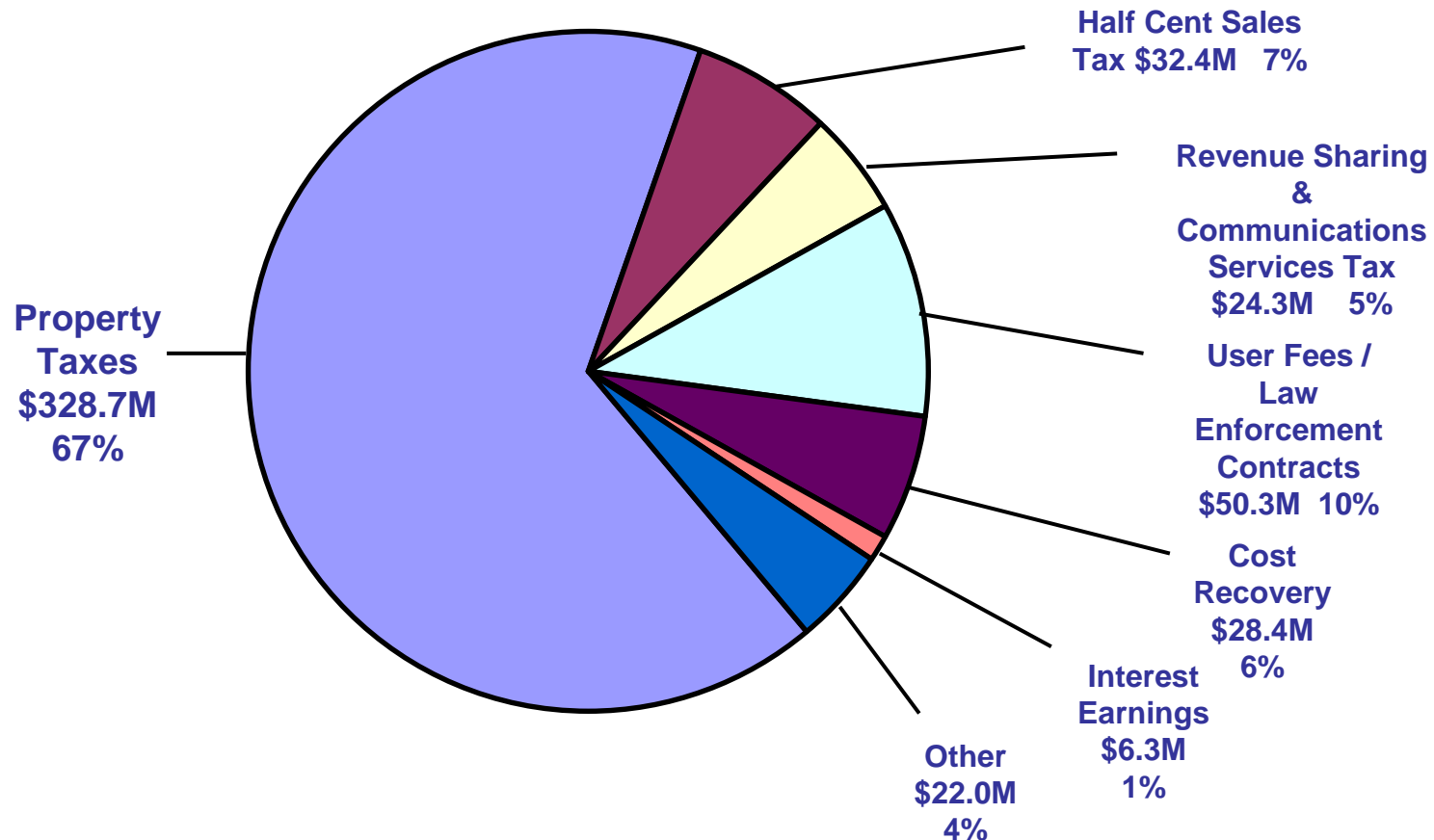
- ◉ **Worst recession since the Great Depression**
- ◉ **Florida hit extra hard**
 - **Real estate market**
 - **Second in foreclosures in 2008**
 - **Construction**
 - **Commercial construction down over 50% since 2007**
 - **Total housing starts down over 50% since 2007**
 - **Unemployment**
 - **Second to Michigan in percentage jobs lost**
 - **Second to California in total number of jobs lost**
 - **Tourism off sharply**
 - **Slowest population growth since the 1950's**

Florida Recovery Timeline

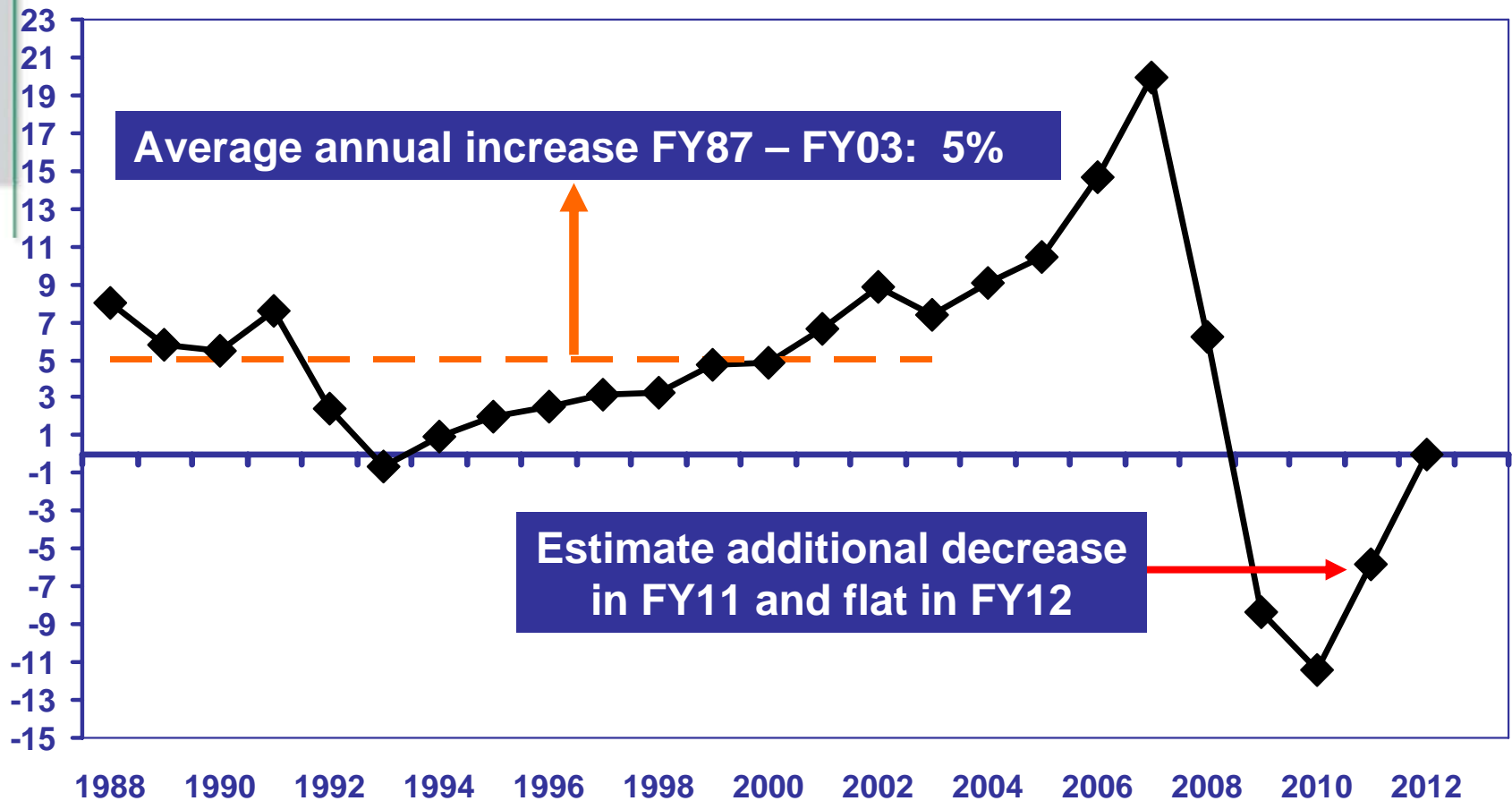
Florida Recovery Timeline Spring 2009 Projections



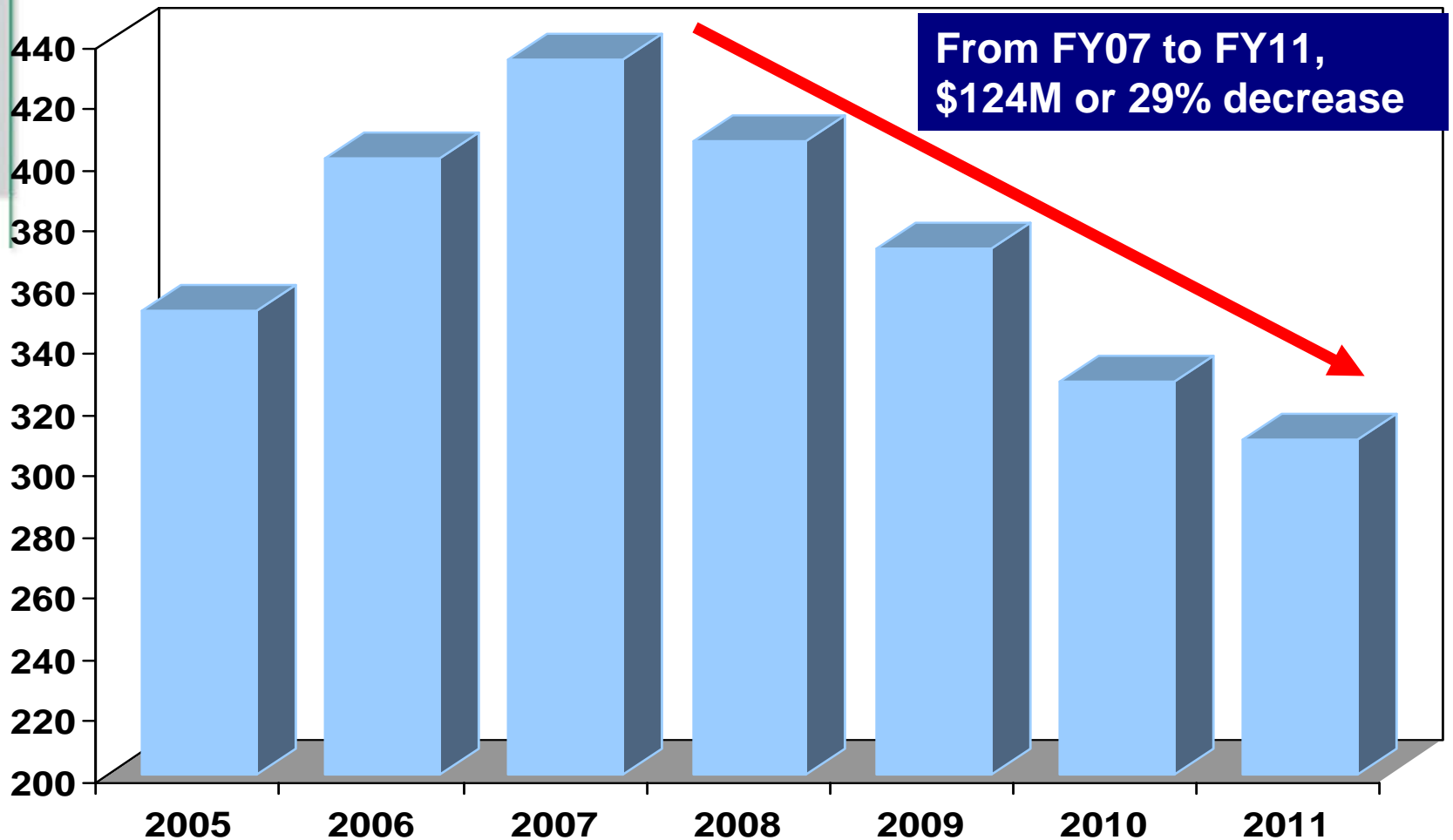
Property taxes are the largest General Fund revenues source



Countywide Taxable Values Annual Rate of Change

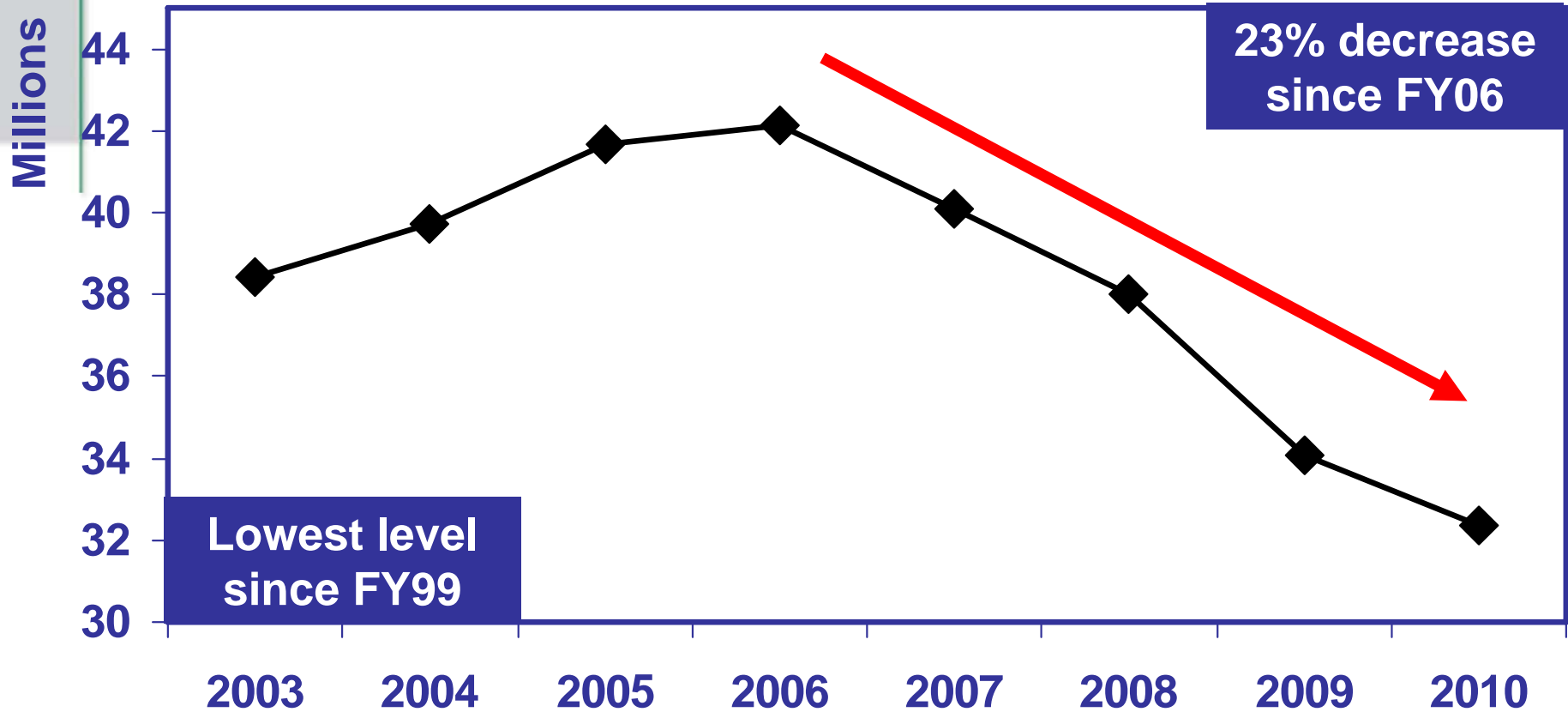


General Fund Property Tax Revenue (FY05-FY11) in millions



Note: FY11 amount is based on preliminary estimate of -6%

Half-Cent Sales Tax (FY03-FY10)



Forecast Summary

- **Forecast estimate**

- **Total impact: \$85M decrease
necessary over a two year period**



Budget Targets

FY10 Target Strategy

- **In the General Fund, seek the equivalent of a two-year reduction in FY10 to avoid or mitigate the disruption of further cuts in FY11**
 - Assumes reduction needed of \$70M in FY10 and \$15M in FY11 for a total of \$85M
- **Benefits of making reductions in advance include:**
 - Stabilizing the organization—reduce anxiety about further cuts and focus on transformation processes and optimizing remaining programs
 - Allows for more holistic view of reductions versus only seeing an incremental part of reductions

Reduction Targets

- Overall impact to the General Fund budget estimated at **\$85M**
- Targets allocated proportionately between BCC departments and Constitutional Officers & Independent Agencies

General Fund Target	%	\$
BCC Departments	45%	\$38M
Constitutionals & Independents	55%	\$47M
Total	100%	\$85M

Reduction Targets – Other Funds

- **Ad valorem supported funds**

- Submit budgets that can be supported by their revenue streams including significant property tax revenue decreases in FY10 and FY11

- **Utilities**

- Water operating expenditures to be reduced 8% in FY09 and kept at that level in the FY10 budget
- Sewer operating expenditures to be reduced 10% in FY09 and kept at that level in the FY10 budget

- **Tourist Development Fund**

- FY09 expenditure target of 11% and FY10 budget target of 20% less than the FY09 budget



Reductions Overview

Reductions Process

- **Received input at three Community Meetings**
 - Over 500 attendees
- **Citizen input through County's website**
 - Submit suggestions and sign up for budget news
- **New website: "A Better Way"**
 - Employee suggestions for cost-saving and revenue ideas
 - Created new Cost Savings and Revenue Generation teams to review ideas
 - Included several ideas in the Proposed Budget and other ideas are still being evaluated

Considerations for Reductions

- ◉ Should the County be doing this?
- ◉ What is the impact to the community?
- ◉ What happens if this is eliminated?
- ◉ Can we reduce the service level and still have a viable program?
- ◉ Is this program sustainable given future revenue constraints?
- ◉ Is there a related potential negative economic impact from this reduction?
- ◉ Is the service level reduction consistent with BCC priorities?

Reductions Process for BCC Departments

- Potential reductions submitted totaling 30% of department budgets
- Reviewed and prioritized list of potential reductions to achieve overall reductions equal to \$38M target for BCC departments
- Reduction details are included in Exhibit C to the Budget Message
 - Format shows the reduction in a programmatic format and the anticipated impact of the reduction
- Individual departments experienced reductions that are more or less than 20% to reach the overall target

Proposed BCC Budget Reductions by Fund

GENERAL FUND and BDRS Fund	REDUCTION	FULL-TIME POSITIONS
General Fund - Recurring	\$37.3M	245
Building & Development Review Services Fund 0230*	\$1.5M	23
General Fund - Non-Recurring (One Time)	\$6.6M	0
OTHER FUNDS	REDUCTION	FULL-TIME POSITIONS
SHIP Fund 0210	\$4.5M	5
Community Housing Trust Fund 0229	\$2.1M	0
Emergency Communications 9-1-1 System Fund 0225	\$42K	0
Emergency Medical Service Fund 0206	\$5.6M	4
Fire Districts Fund 0250	\$188K	1
County Transportation Trust Fund 0201	\$3.7M	29
Risk Financing Fund 0605	\$925K	7
Fleet Management Fund 0602	\$2.3M	11
Tourist Development Fund 0240	\$4.2M	4
Utilities Service Fund 0560	\$7.8M	45
Total	\$76.7M	374

Note: BDRS Fund 0230 recently created from the General Fund

Position Reductions

- Proposed reductions include **738** position deletions or **12%** of FY09 total positions
- Since FY07 total positions decreased 1,180 positions or **18%**
 - BCC Departments decreased 705 positions or **25%**
 - Constitutionals and Independents decreased 475 positions or **13%**
- Lowest BCC position count since FY88
- Lowest Constitutionals & Indep. position count since FY01

Permanent Full-Time Positions	FY10 Reductions	% of FY09 Total Positions
BCC Departments	(374)	(16%)
Constitutional Officers & Independent Agencies	(364)	(10%)
Total	(738)	(12%)

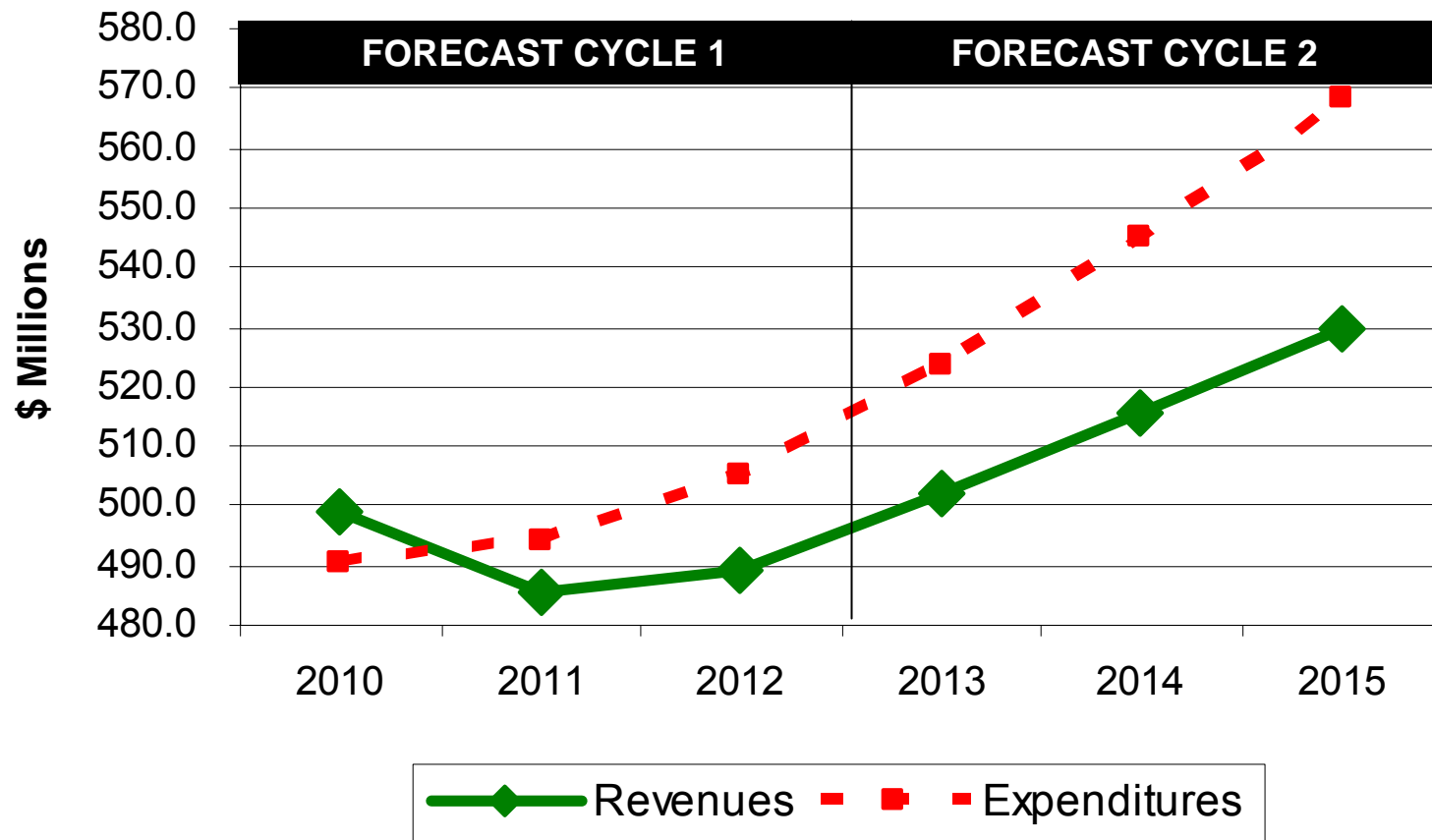
Variance to Target: Independents & Constitutionals

Agency	Variance	% Decr.
Independent Agencies	\$92K	20%
Constitutional Officers	(\$11.7M)	16%
Additional Revenue	\$3.8M	
Total	(\$7.8M)	

- FY10 budget is in balance; FY11 is not in balance
- Updated two-year budget gap of (\$7.8M)
- Results in \$7.2M Service Level Stabilization Account instead of \$15M target

General Fund Multi-Year Forecast

Recurring Revenues vs. Recurring Expenditures



Forecast Results

- By not hitting two-year target of \$85M (\$7.8M short)
 - FY11 will not be in balance
 - Current gap of \$7.8M is anticipated to grow to \$10.2M in FY11 due to inflationary adjustments
- Even a smaller basket of services is not sustainable over the six-year period
 - Continually need to adjust revenues and/or expenditures to balance annually

Potential New Impacts

- **Potential new impacts approved by the Legislature for state-wide referendum on the November, 2010 ballot**
 - 5% cap on assessments for non-homesteaded property (currently 10%)
 - 25% exemption to homeowners who previously have not owned a home in Florida in the last 8 years (up to \$100K)
- **Ongoing potential budget pressure on the State**
 - Future unfunded mandates
 - Funding formulas for:
 - Half-cent sales tax
 - Local government revenue sharing
 - Gas taxes



Capital Improvement Program

CIP Development Goals

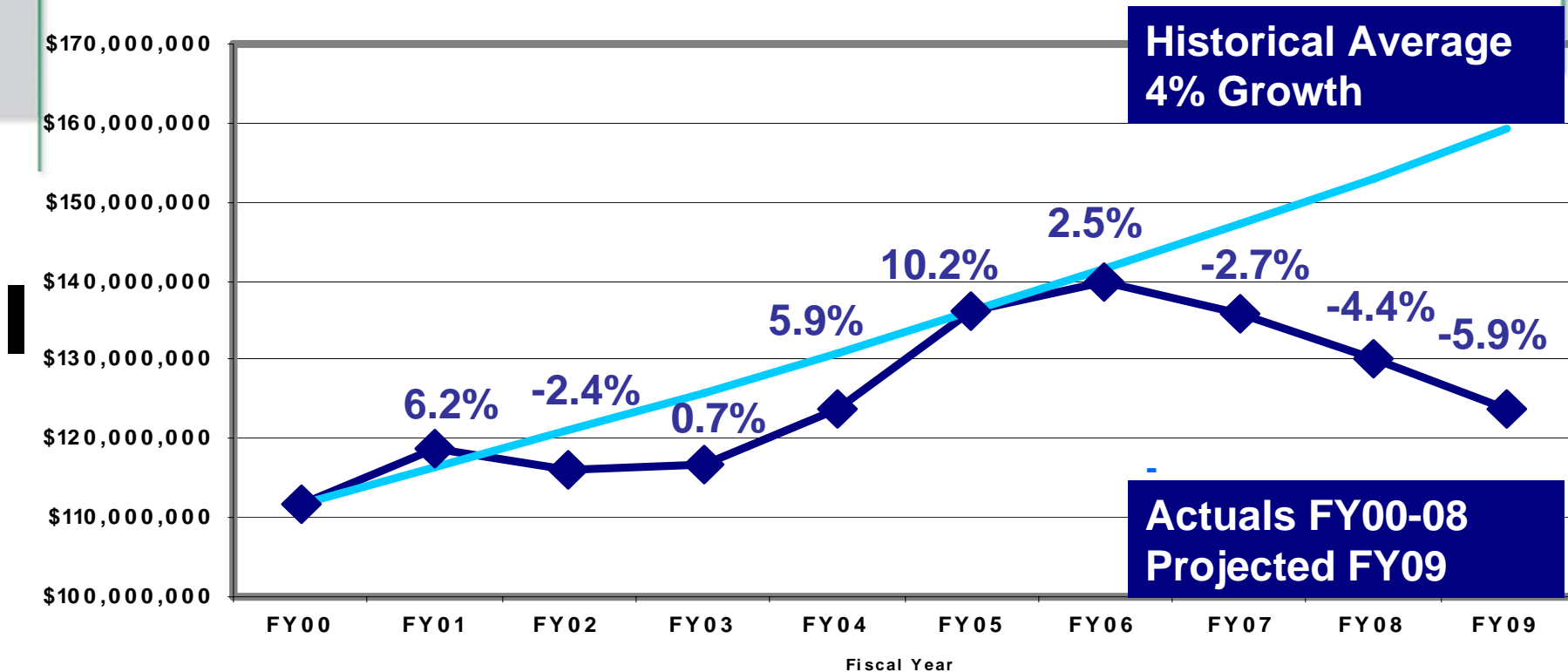
- **Two primary goals during this year's development of the capital improvement program**
 - **Revise FY10-20 Penny Program allocations based on updated revenue projections**
 - **Reprioritize and update the proposed six year program to reflect a “pay as you go” funding approach**

2010-2020 Penny Program

- **Penny for Pinellas revenue projections identify the amount of funding allocated for the 2010-2020 Penny Program**
 - In 2006 total Penny collections yielded approximately \$140 million and were projected to rise to approximately \$160 million in 2010.
 - Due to the severe recession, collections in 2009 are now estimated to fall to the \$125 million level.
 - The base year for future projections (2010) has decreased from \$160 million to \$127 million.

	Original Projection	Revised Projection	Difference
Pinellas County Share	\$898M	\$665M	(\$233M)

Current Penny Program Total Revenues Annual Trends (2000-2009)



2010-2020 Penny Program

- Due to several years of negative growth, revenue is not likely to recover to originally anticipated levels
- A review of the current 2010-2020 allocations to various projects and programs previously approved by the Board in 2006 was undertaken
- The review indicated a need to recommend revisions to the current 2010-2020 allocation plan as the new six-year work program moves into year 2010 and beyond. Toward that end Staff has:
 - Reviewed and prioritized projects in all areas
 - Reviewed project scopes to make projects as cost effective as possible
 - Re-examined O&M impact in light of current and future decreases in ad valorem revenue in the operating budget
 - Balanced immediate needs within available revenue

2010-2020 Penny Program

- **The Proposed Budget includes revised ten-year Penny program allocations to match the updated revenue projections for the Penny**
- **The details of the revised program allocations were presented to the Board at the June 22nd work session**
 - **Details included in the Budget Message of the Proposed Budget**

FY10 to 15 CIP Development

- **The FY10 to 15 Six Year Work Program was developed using the revised Penny Allocation Plan as a basis**
- **The “Pay As You Go” approach was also a major driver in determining the scheduling of projects in the Proposed Work Plan**
 - **Fiscally conservative – avoids financing costs of current credit market**
 - **Positive factor in future credit analysis of the County and its long term debt rating**
 - **Specific projects can be considered for stand alone bonding if the priority and cost benefit is warranted**

FY10 to 15 CIP- Governmental

Highlights/Proposed Changes to Current Program

Major Projects Scheduled for 2010-2012 Three Year CIP Cycle

- Keystone - US 19 to East Lake
- Bryan Dairy – Starkey to 72nd
- Sand Key Beach Nourishment
- Belleair Causeway Bridge/New Park-Boat Ramp (continuing construction)
- Public Works Emergency Responders Hurricane Hardened Building (continuing construction)
- Tarpon Woods Drainage Improvements
- Lake Seminole Water Quality Alum Injection (continuing construction)
- ITS/ATMS Signal System Expansion (continue implementation)
- Renewal/Replacement Projects (roads/drainage/parks/county buildings, etc.)

FY10 to 15 CIP- Governmental

Highlights/Proposed Changes to Current Program

Major Projects Scheduled for 2010-2012 Three Year CIP Cycle (cont.)

- Dunedin Causeway Bridge Repairs
- Public Safety Facility/Central Communications Center
- Progress Energy Trail Next Phase
- Community Buildings Emergency Shelter Program
- McMullen Booth Road at Drew Street and Enterprise Intersection Improvements
- Antilles & Oakhurst Drainage Improvements
- Bee Branch Drainage Improvements Phase 2
- Bear Creek Drainage Improvements Phase 2
- Curlew Creek Drainage Improvements Phase 2
- The Glades Drainage Improvements
- St. Petersburg Judicial Tower Renewal
- Joe's Creek Greenway Park Next Phase

FY10 to 15 CIP- Governmental

Highlights/Proposed Changes to Current Program

Major Projects Scheduled for Next 2013-2015 Three Year CIP Cycle

- 118th Avenue Expressway
- Jail Facilities Replacement and Expansion
- Gulf Boulevard Streetscape/Undergrounding Improvements
- Affordable Housing Land Assembly Projects
- Park/Starkey – Tyrone to Bryan Dairy Road Widening
- East Lake/Palm Harbor Fire Equipment Replacement
- Pass-A-Grille and Treasure Island Beach Nourishments
- Renewal/Replacement Projects (roads/drainage/parks/county buildings, etc.)

FY10 to 15 CIP- Governmental

Highlights/Proposed Changes to Current Program

Projects Recommended for **Deferral** Based on Penny Allocations Review and Pending any Potential Revenue Recovery

- Art in Public Places Funding
- Heritage Village Interpretive Facility
- Beach Access Land Acquisition & Development
- Boat Ramps/Marinas Land Acquisition & Development
- Community Parks Land Acquisition & Development
- New Community Recreation Buildings
- East Lake/Palm Harbor Library Expansions
- Roadway Beautification Program
- Starkey North, 102nd Ave, Belcher South, Sunset Point, Park Blvd, and 22nd Ave South Road Widenings (rehab/resurface only)
- Ulmerton Road – Local Funding to FDOT

FY10 to 15 CIP- Enterprise

Highlights/Proposed Changes to Current Program

- **St. Petersburg – Clearwater International Airport**
 - No major changes
- **Utilities**
 - Water Blending Facility delayed (To be determined)
 - Reduced funding for Water Distribution Main projects
 - Reclaimed Water Distribution System Completed (no new funding)
 - Waste to Energy Facility Projects – no major changes

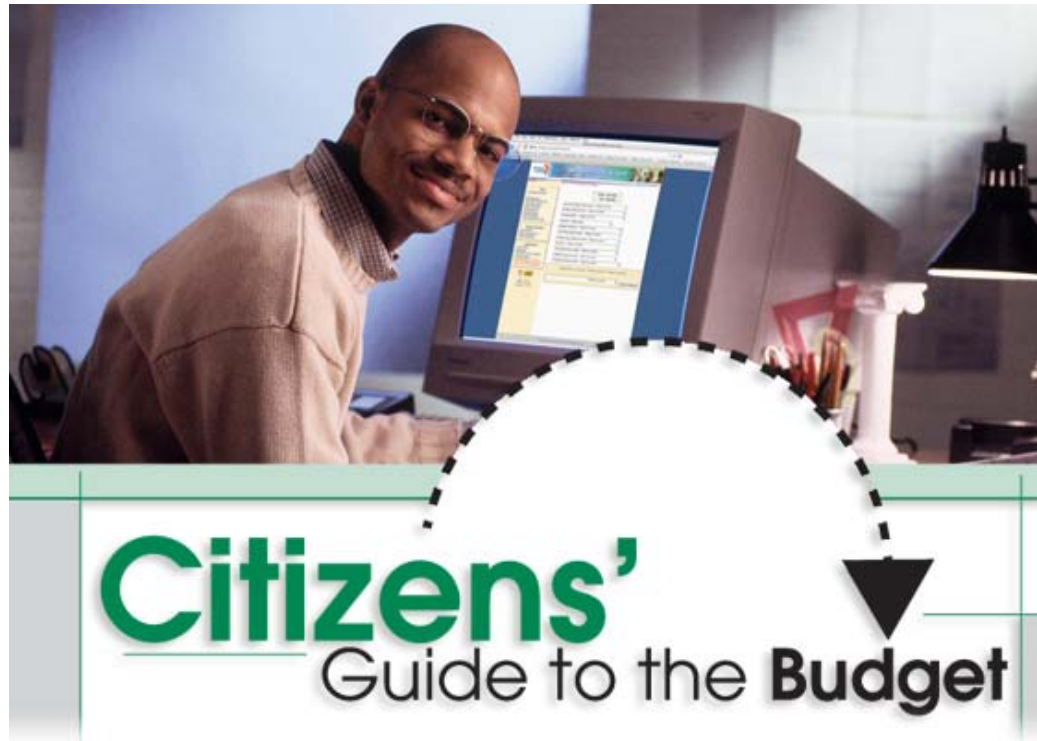


Next Steps

Key Dates

- **August 24th: TRIM notices were sent out by the Property Appraiser to property owners**
- **September 8th: First Public Hearing**
 - BCC adopts tentative FY10 millage rates and budgets
- **September 18th: Advertise notice of final public hearing**
- **September 22nd: Second Public Hearing**
 - BCC adopts final FY10 millage rates and budgets
- **October 1st: Beginning of new fiscal year**
- **Fall: Strategic Plan update**

Information on the Pinellas County Budget



www.pinellascounty.org