



FY2011-2020 Budget Forecast

January 26, 2010

Outline

- **Forecast Document**
- **Economic Overview**
- **Fund Forecasts**
- **General Fund Forecast**
- **FY2011 Budget Strategy**
- **FY2011 Budget Process**
- **Next Steps**



Forecast Document

Forecast Document

- New stand-alone document
- Time horizon has been extended from six to ten years
- Includes ten key funds:
 - General Fund
 - Tourist Development Fund
 - Transportation Trust Fund
 - Penny for Pinellas Fund
 - Emerg. Medical Services Fund
 - Fire Districts Fund
 - Airport Fund
 - Utilities Water Funds
 - Utilities Sewer Funds
 - Utilities Solid Waste Funds

Forecast Document

- **Forecasts are based on the best information we have at this time**
- **Model is designed to facilitate sensitivity analysis to demonstrate impact of changing key assumptions**
- **All assumptions and detail analysis (pro-formas) are provided**
- **Potential risks affecting the forecasts are identified and discussed**
- **Funds are presented as in balance or not in balance based on current revenues and expenditures**
 - **Net of beginning fund balance and reserves**

Forecast Document

- Introduction: discusses how the Forecast dovetails with the annual budget process, how the Forecast is developed, and how the Forecast can be used
- Executive Summary: summarizes the key elements of the forecast as a whole over the ten year time horizon
- Economic Overview: features an overview of the national, state, and local economies
- Funds Forecast: includes key fund information as well as succinct interpretations of each forecast
- Assumptions & Pro-formas: provides assumptions and ten-year pro-formas for all ten funds

Power of the Forecast

- **Valuable tool that reflects the impact that decisions made in the present can have on future fiscal capabilities**
 - **Ex) adding a new program**
 - **Ex) approving a new revenue source**
- **Helps to identify future challenges, weigh potential options, and craft policy well in advance**
- **Provides transparency to the budget planning process**



Economic Overview

National Economic Outlook

- The national economy appears to have hit bottom and we may be emerging from the worst recession since the Great Depression

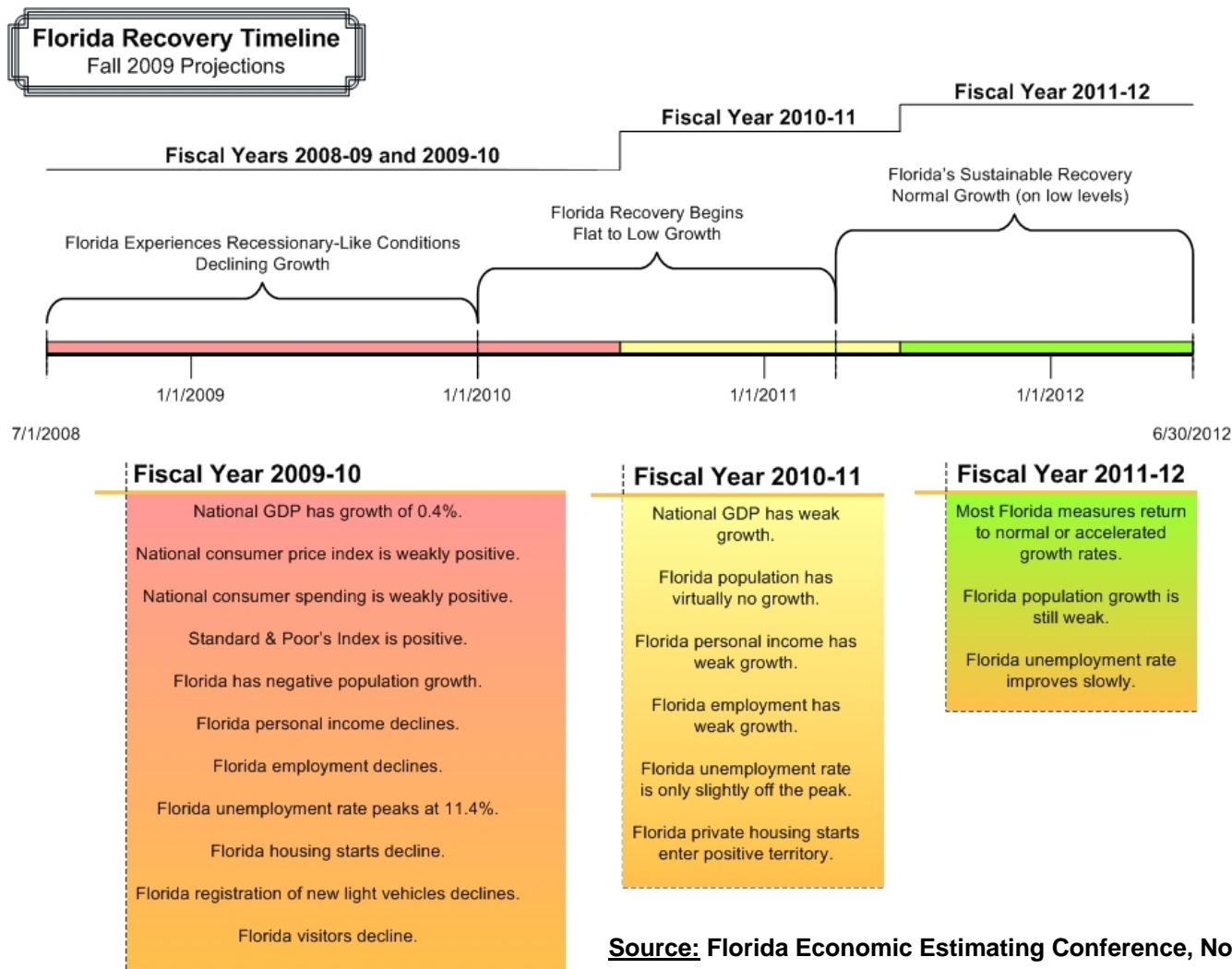
Length of Recession (Contraction Peak to Trough)	No. of Months
August 1929 – March 1933	43 months
November 1973 – March 1975	16 months
July 1981 – November 1982	16 months
December 2007 – March 2010 (est.)	28 months

- The economy is anticipated to grow slightly through 2010 and experience moderate growth in 2011 and 2012

State Economic Outlook

- ◉ **Florida Economic Estimating Conference met in November, 2009**
- ◉ **Expect flat to low growth during 2010**
- ◉ **A gradual transition to low-level normal growth beginning in 2011 through 2012**
 - **Marked by weak population growth and a slow improvement in the unemployment rate**

State Economic Outlook



Source: Florida Economic Estimating Conference, November, 2009

Local Economic Outlook

- ◉ **Generally tracks with timing of recovery of Florida's economy**
- ◉ **Hindered by double-digit unemployment**
- ◉ **Low prices and high inventory of residential property due to foreclosures**
- ◉ **Continuing deterioration of the commercial real estate market**



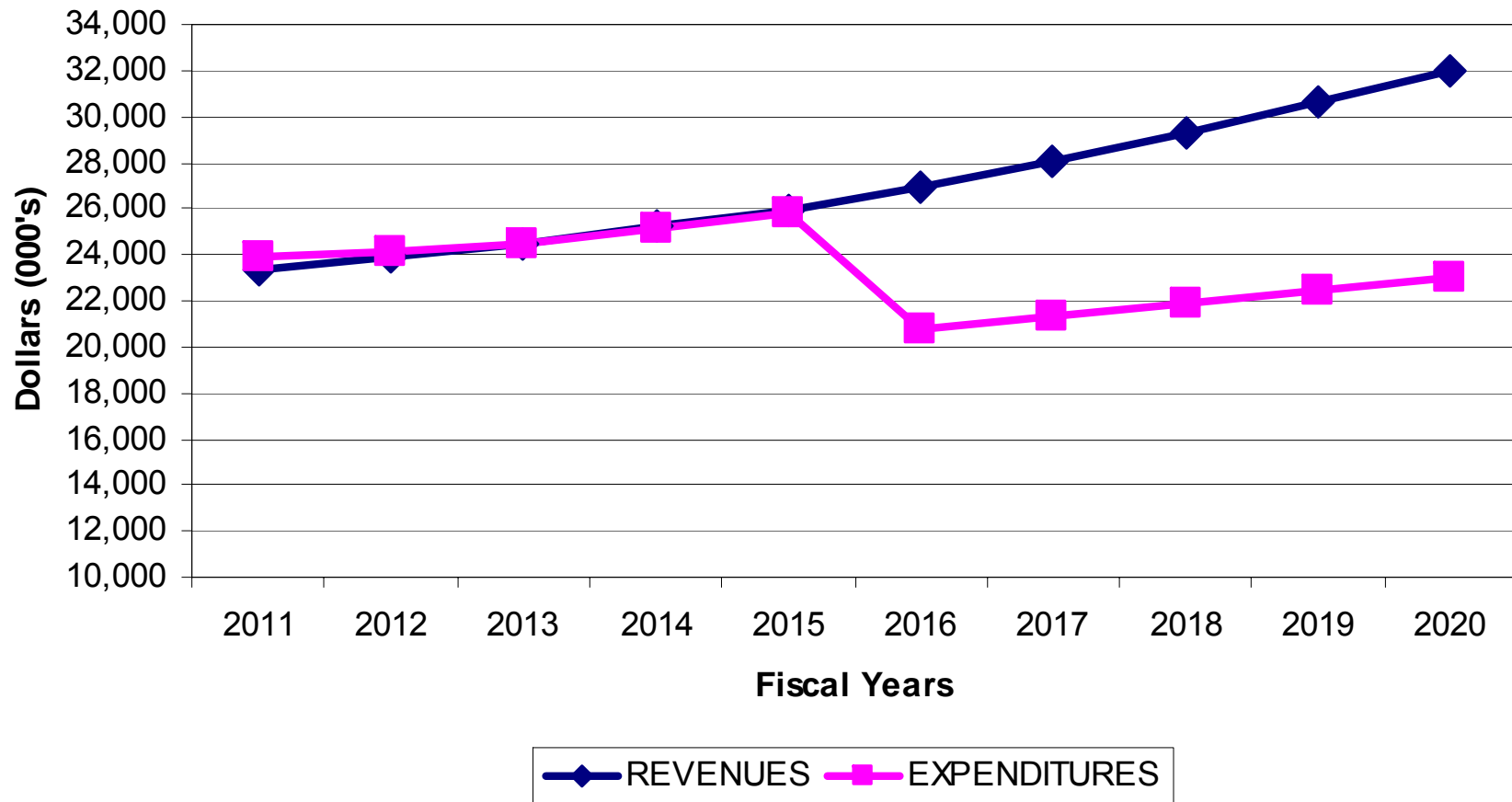
Fund Forecasts

Tourist Development Fund Forecast

- **Fund is balanced through forecast period**
 - Tourist development tax collections appear to have bottomed out and are expected to grow slightly
 - Based on assumption that promotional activities budget is adjusted to match revenues
 - Additional capacity beginning in FY2016 as debt service is paid off
- **Balancing strategy**
 - Continue to adjust the promotional activities budget to match revenues

Tourist Development Fund Forecast

Tourist Development Council Fund Forecast FY2011 - FY2020

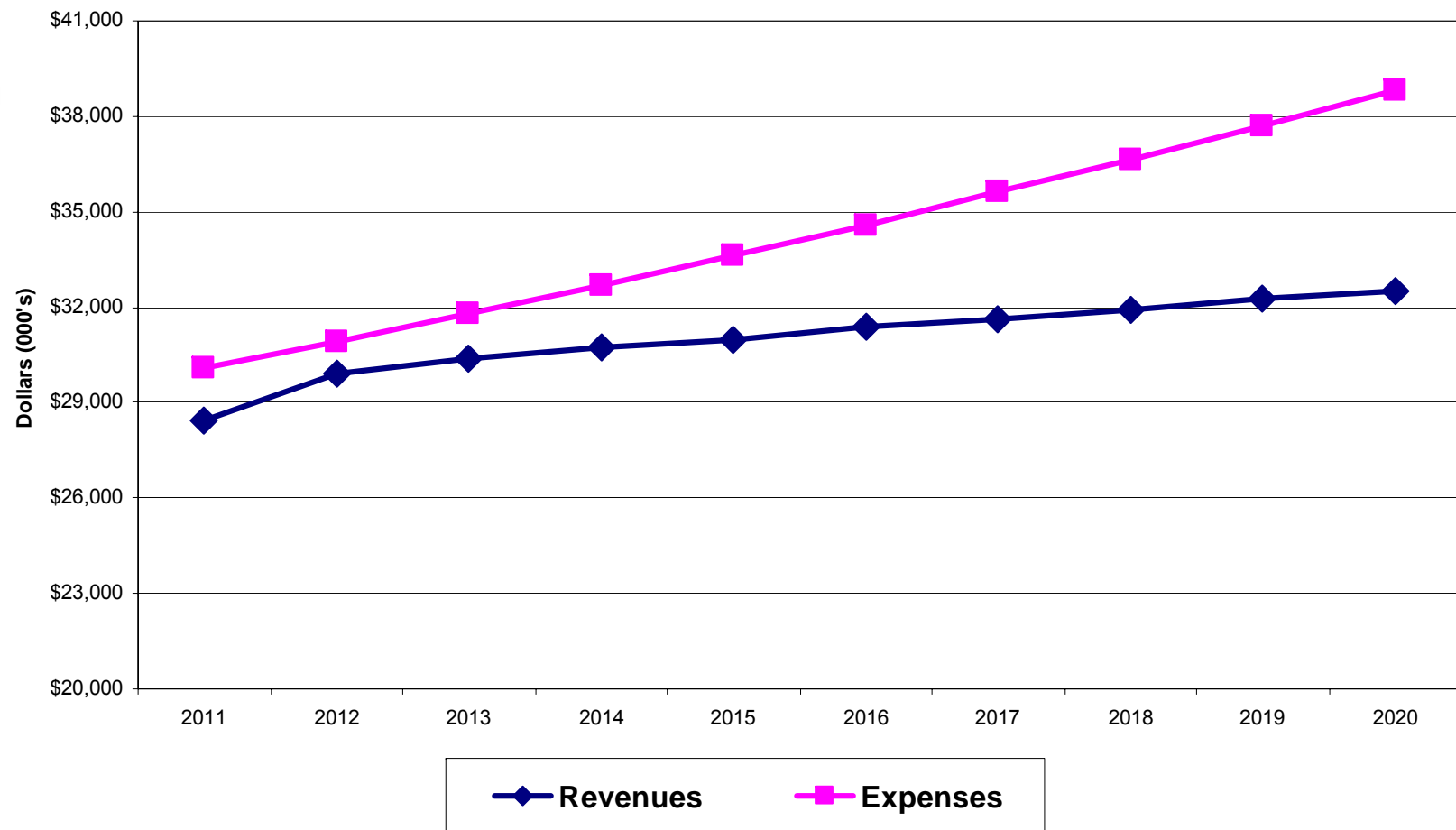


Transportation Trust Fund Forecast

- Fund is not in balance beginning in FY2011 and by FY2012 action will need to be taken to manage future gap
 - Results from inflationary pressures on expenditures exceeding the relatively flat growth in gas tax collections
- Balancing strategies
 - Revenue transfer from General Fund
 - Imposition of additional local option gas taxes
 - Reductions in program service levels

Transportation Trust Fund Forecast

Transportation Trust Fund Forecast FY2011 - FY2020



Penny for Pinellas Fund Forecast

- **Fund is balanced through forecast period**

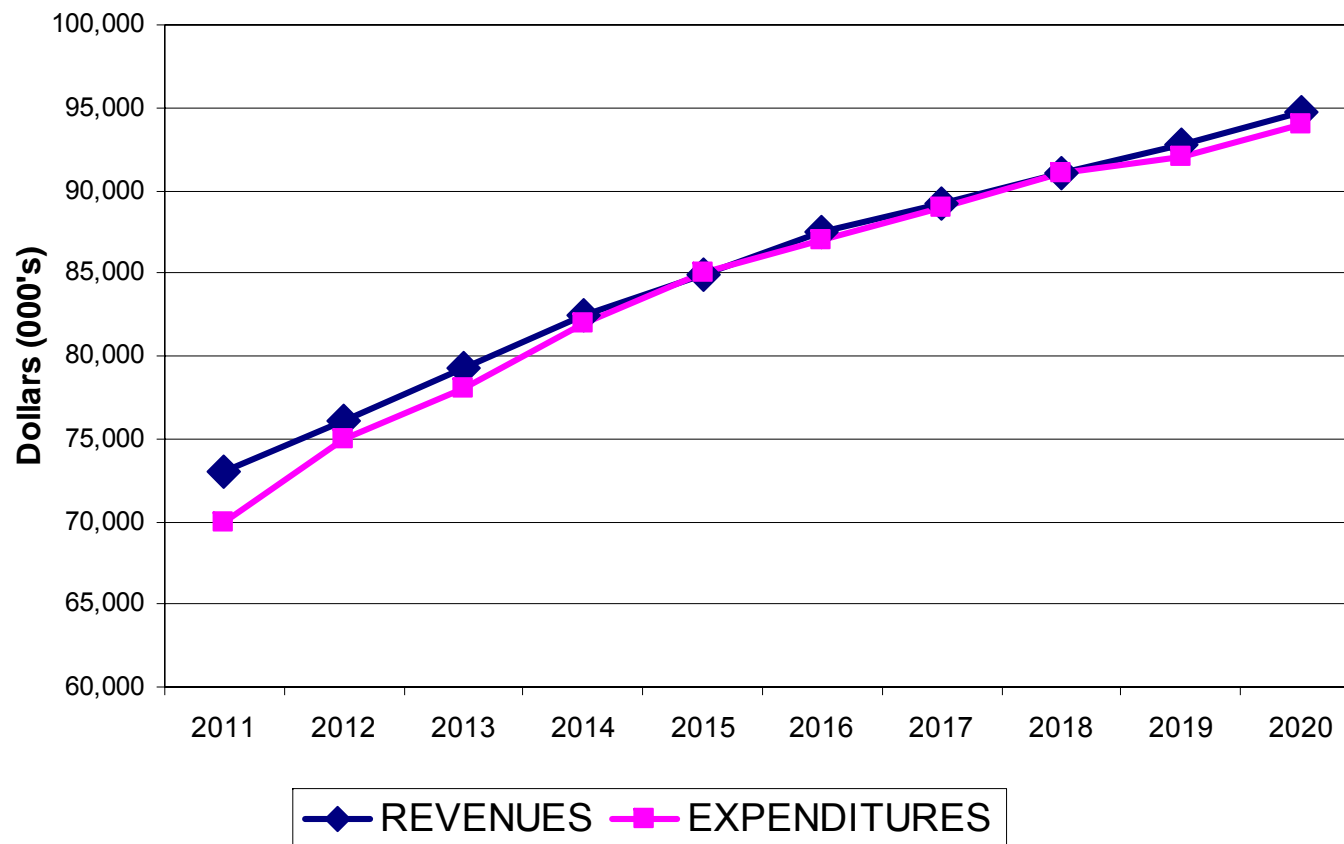
- Penny for Pinellas tax collections in FY2010 are currently below budget
- Based on assumption that CIP expenditures in the Capital Projects Fund will be modified in step with available revenue (cash flow)
 - Projects funded by the Penny have already absorbed a 25% reduction during the FY2010 budget process

- **Balancing strategies**

- Continue to adjust CIP expenditures to match available revenue (cash flow)
- Continue to assess Penny Program allocations, prioritize projects, consider impacts to operating budget, and review project scopes for effectiveness

Penny for Pinellas Fund Forecast

Penny for Pinellas Fund Forecast FY2011-FY2020

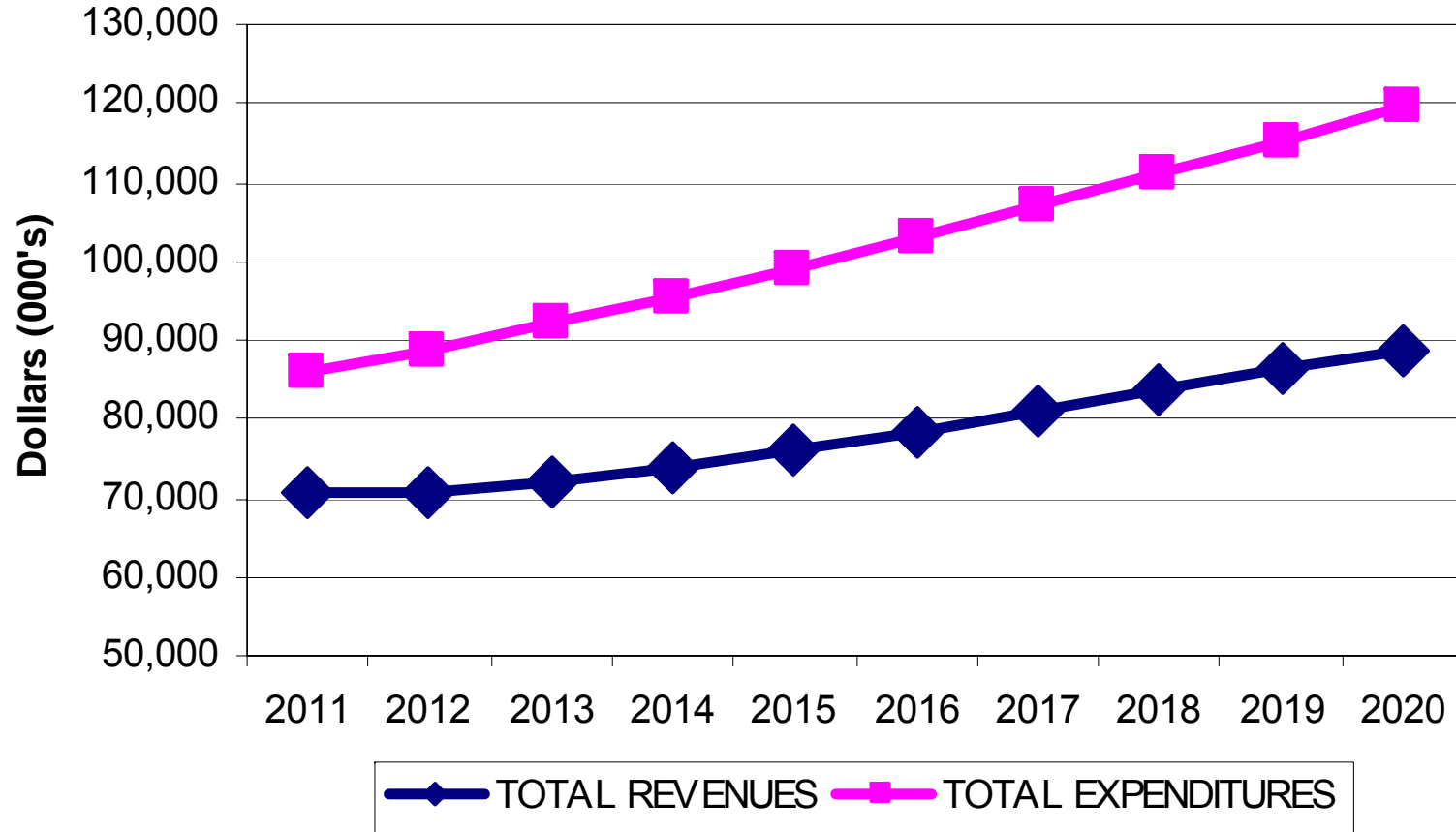


Emerg. Medical Services Fund Forecast

- Fund is not in balance going into FY2011
- Balancing strategies
 - Increase in countywide EMS millage rate
 - Increase ambulance user fee revenues
 - Reduction in funding for ambulance contracts
 - Reduction in funding for first responder contracts

Emerg. Medical Services Fund Forecast

Emergency Medical Services Total Forecast FY2011 - FY2020

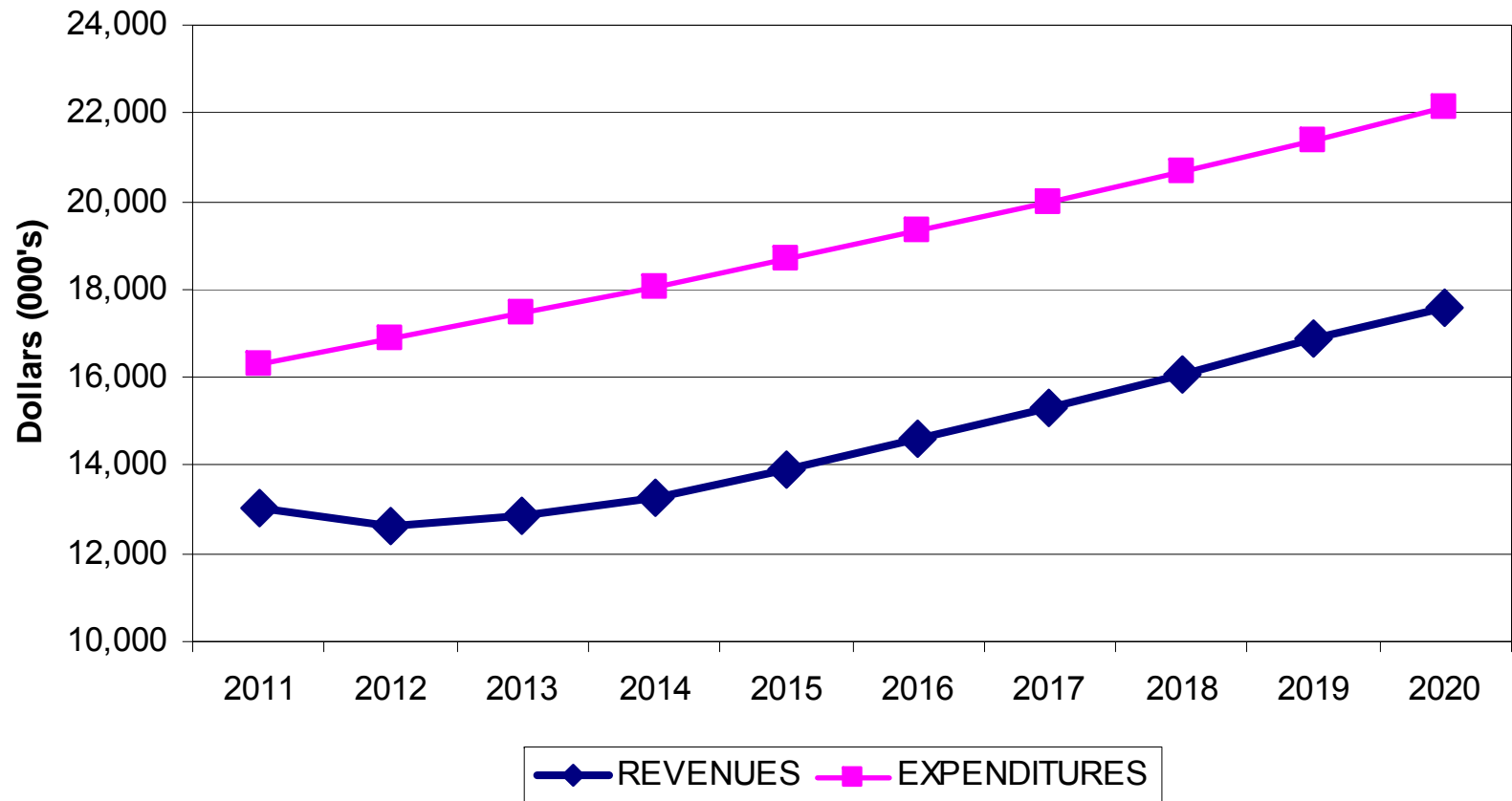


Fire Districts Fund Forecast

- Fund is not balanced through forecast period
 - Fund information presented in a consolidated manner to provide a high level perspective
 - Budgetarily, each fire district is balanced separately
- Balancing strategies
 - Additional increases to millage rates for the individual fire districts will likely be necessary
 - Potential millage rate increases will need to take into account the individual millage caps in each district
 - Tierra Verde may require an increase to current 1.5 mills cap

Fire Districts Fund Forecast

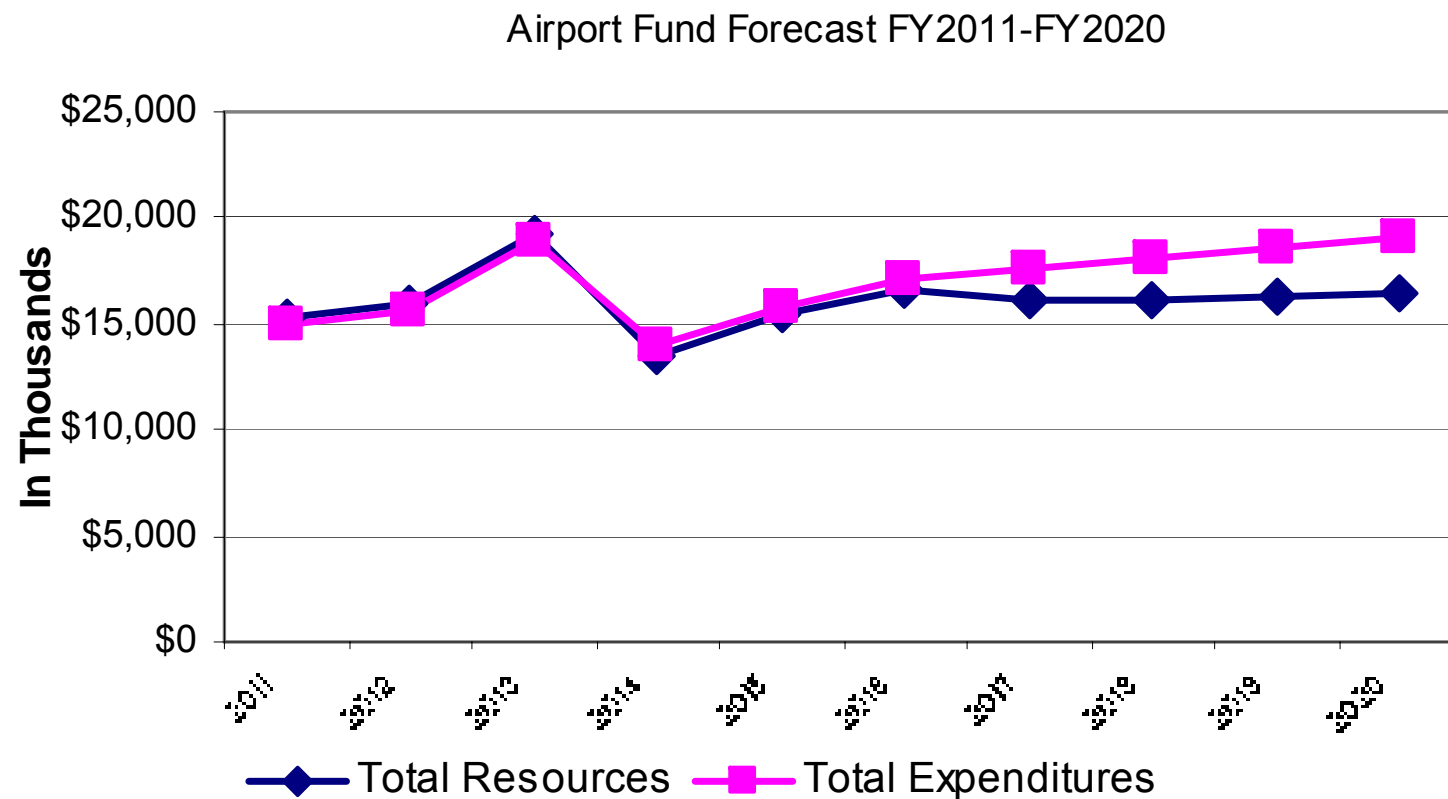
Fire District Fund Forecast FY2011 - FY2020



Airport Fund Forecast

- **Fund is balanced through the forecast period**
 - Revenues are conservative due to economic conditions
 - **Balanced based on the following assumptions:**
 - Capital projects budget will be adjusted to reflect the timing and amounts of any grants revenue and
 - Airport's operating budget would be adjusted to match revenues
- **Balancing strategies**
 - Continue to adjust operating and capital expenditures to match revenues

Airport Fund Forecast



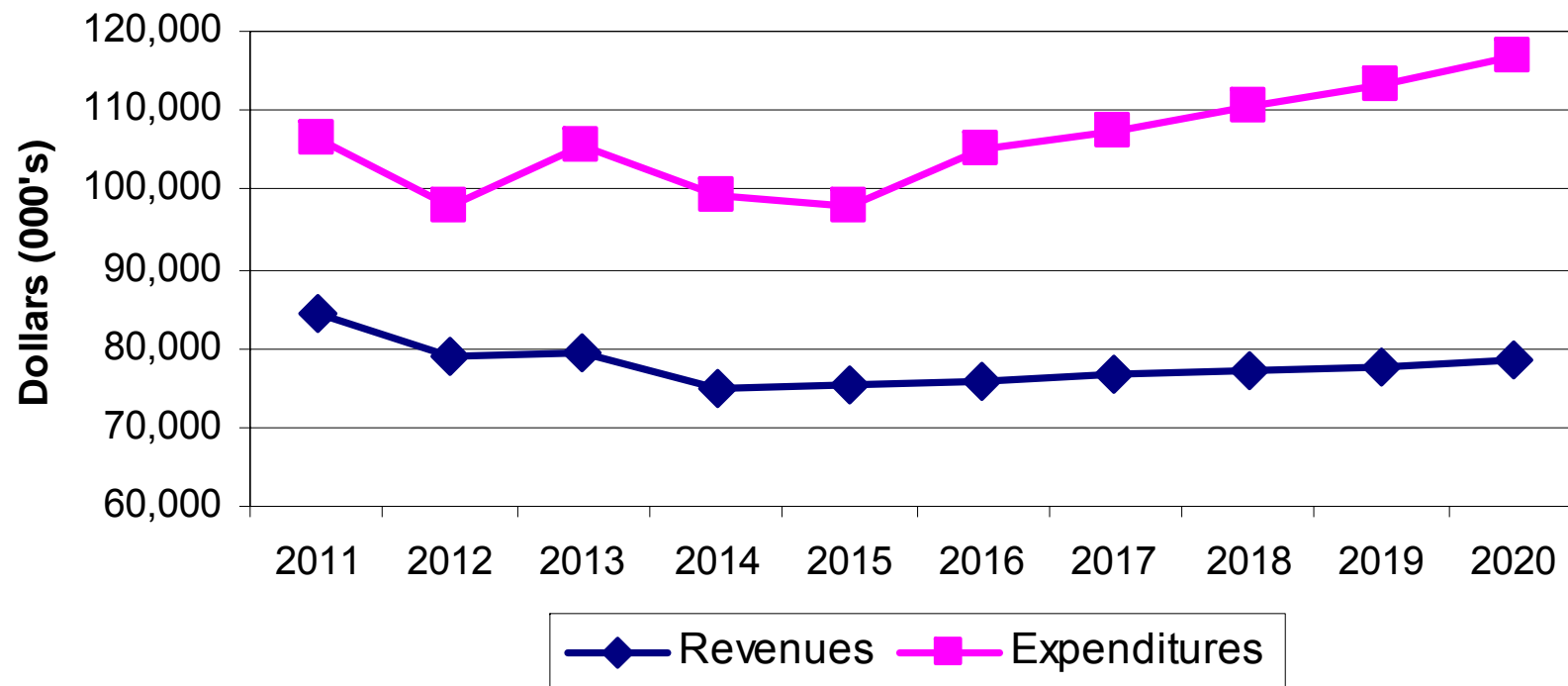
Utilities Water Funds Forecast

- Fund is not balanced through forecast period
- Balancing strategies
 - Rate increases of **13%** in FY2011 and FY2012 and **3%** annual increases from FY2013-2020
 - Conservation rate structure to be considered later in the work session
 - Reduce expenditures to moderate rate increases

Utilities Water Funds Forecast

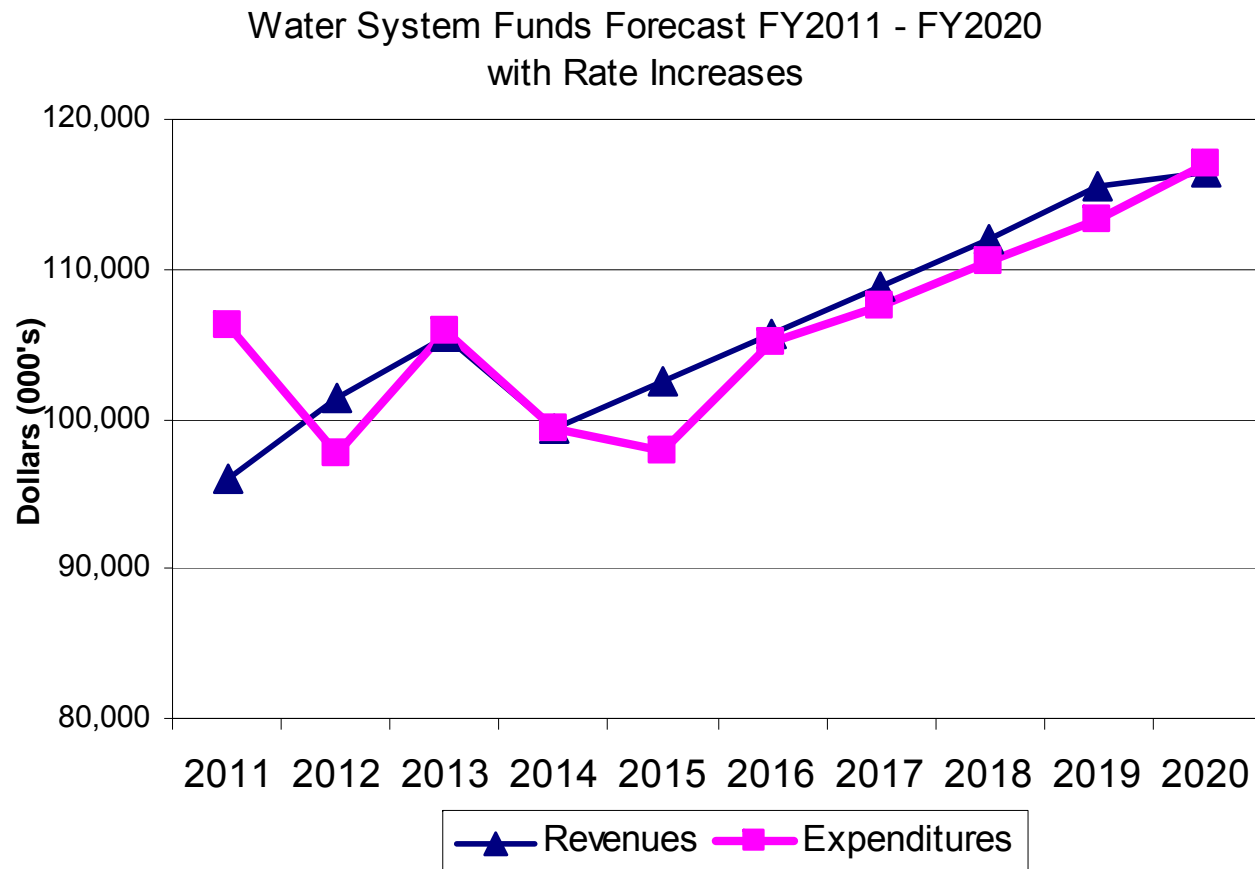
- This chart does not include rate increases

Water System Funds Forecast FY2011 - FY2020 with
No rate increases



Utilities Water Funds Forecast

- This chart includes rate increases of 13% in FY2011 and FY2012 and 3% annual increases from FY2013-2020

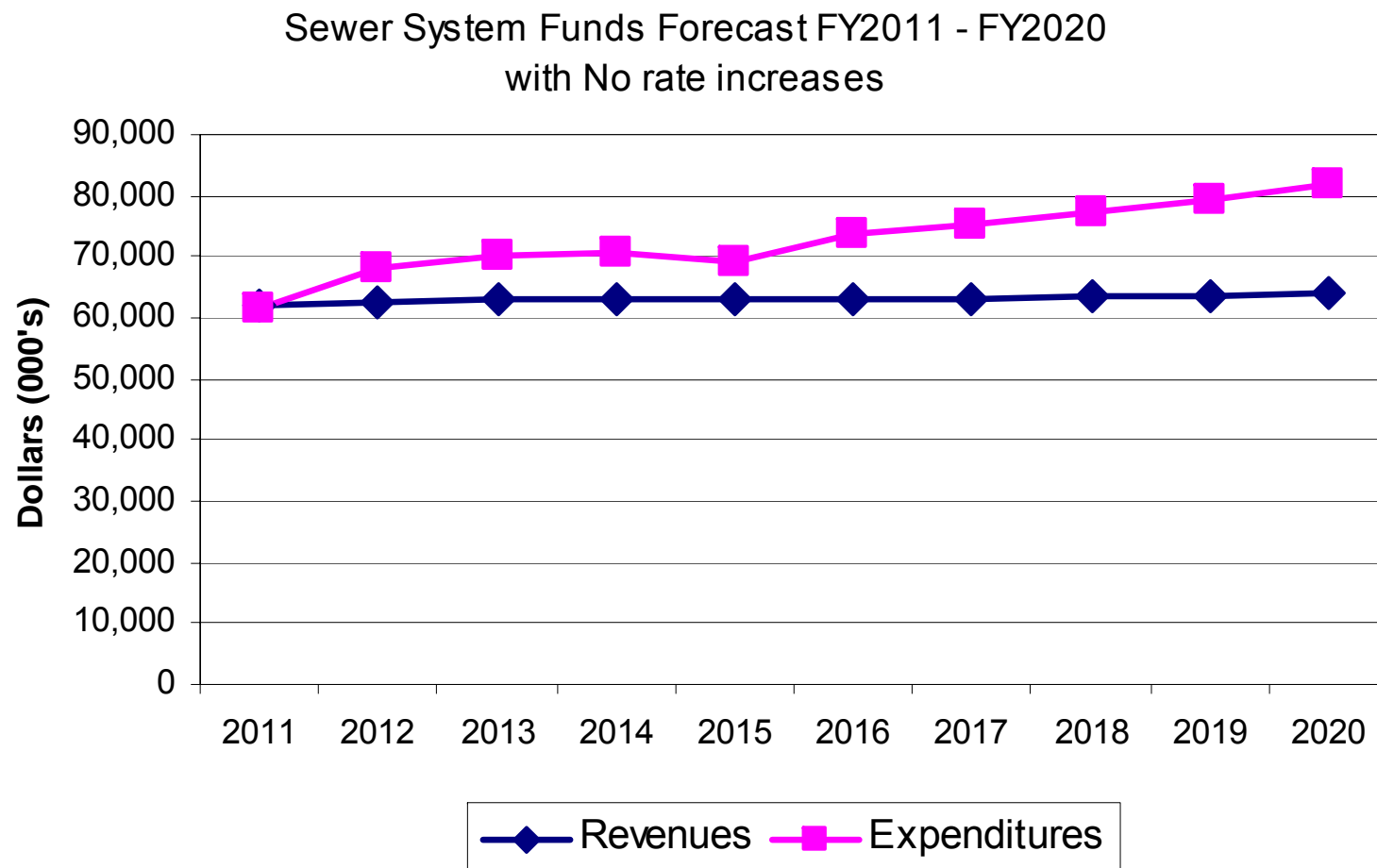


Utilities Sewer Funds Forecast

- Fund is not balanced through forecast period
 - Insufficient funds to maintain required debt service coverage and reserves
- Balancing strategies
 - Rate increases of **2.5%** annually through FY2020
 - Conservation rate structure to be considered later in the work session
 - Reduce expenditures to moderate rate increases

Utilities Sewer Funds Forecast

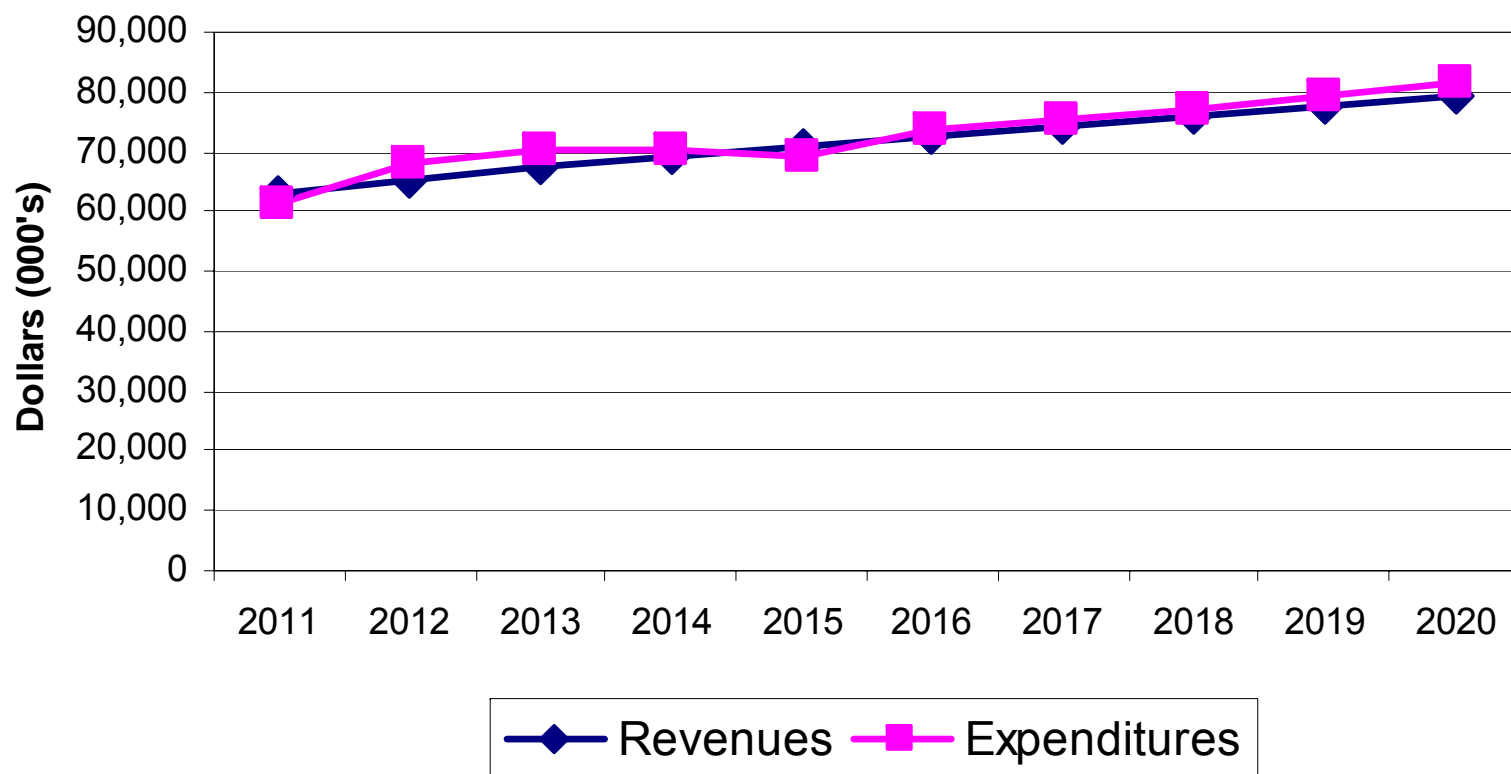
- This chart does not include rate increases



Utilities Sewer Funds Forecast

- This chart includes rate increases of 2.5% annually through FY2020

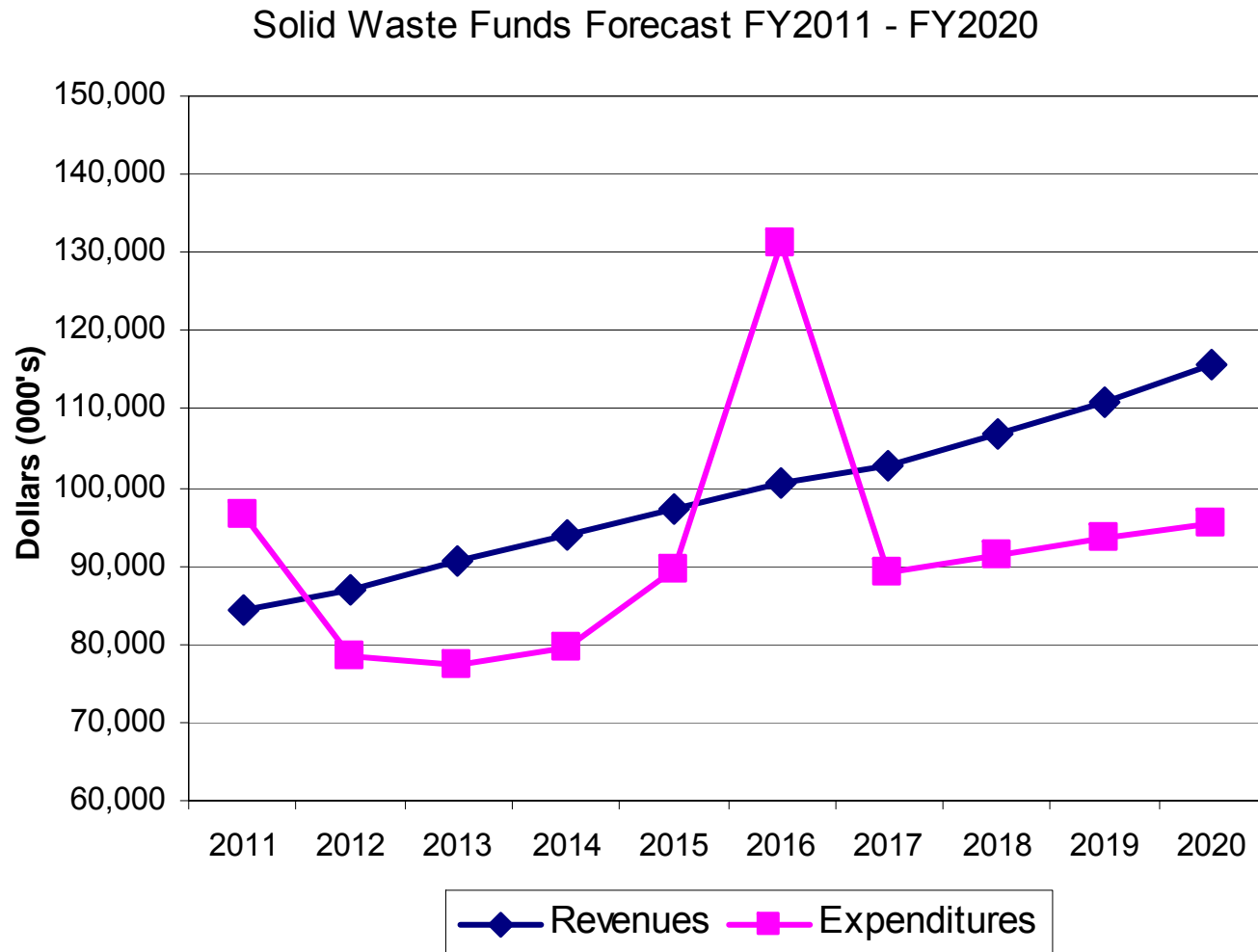
Sewer System Forecast FY2011-FY20
with rate increase



Utilities Solid Waste Funds Forecast

- **Fund is balanced through forecast period**
- **Balancing strategies**
 - **Solid Waste tipping fees and electricity sales revenues have declined, but remain sufficient to fund operations over the forecast period**

Utilities Solid Waste Funds Forecast



Note: FY2016 expenditures reflects one-time capital expenditures for additional air pollution control measures per regulatory requirements

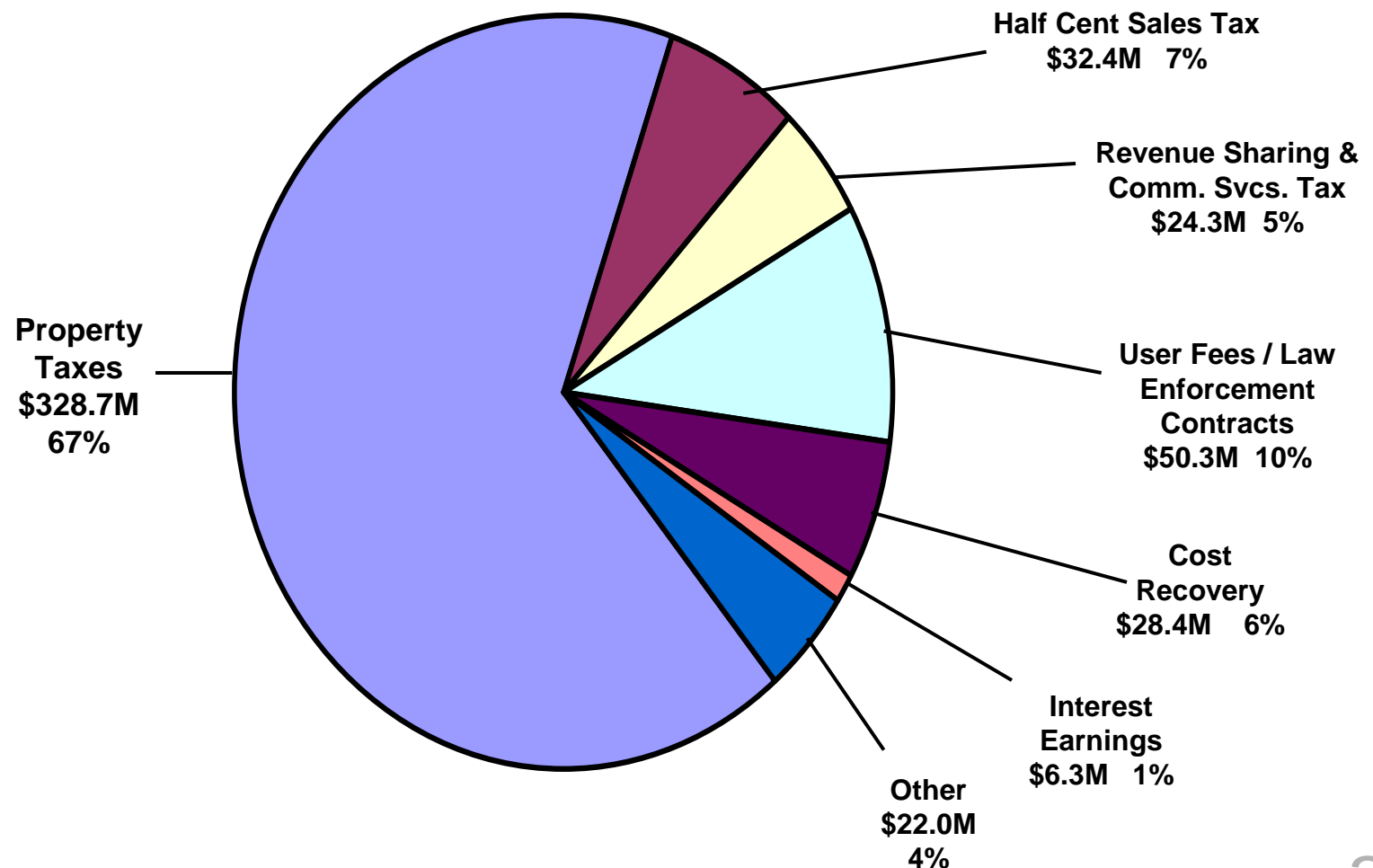


General Fund Forecast

FY2010 Beginning Fund Balance

- **On a net basis, \$15.7M higher than estimated**
 - Expenditures held to 96% of budget vs. target of 97%
 - Revenues include additional excess fees from Constitutional Officers
 - An estimated \$10M is necessary to fund the OPUS and Justice CCMS projects
 - If those projects are funded, adding \$5.6M to the existing \$7.2M in the Service Level Stabilization Account totals **\$12.8M**
 - Could be allocated for non-recurring (one-time) purposes

Property taxes are the largest General Fund revenues source



Source: FY2010 Adopted Budget

Foreclosure Filings

- FY2011 property tax revenue is built using the 2010 tax roll
- Foreclosures continue to be at record levels

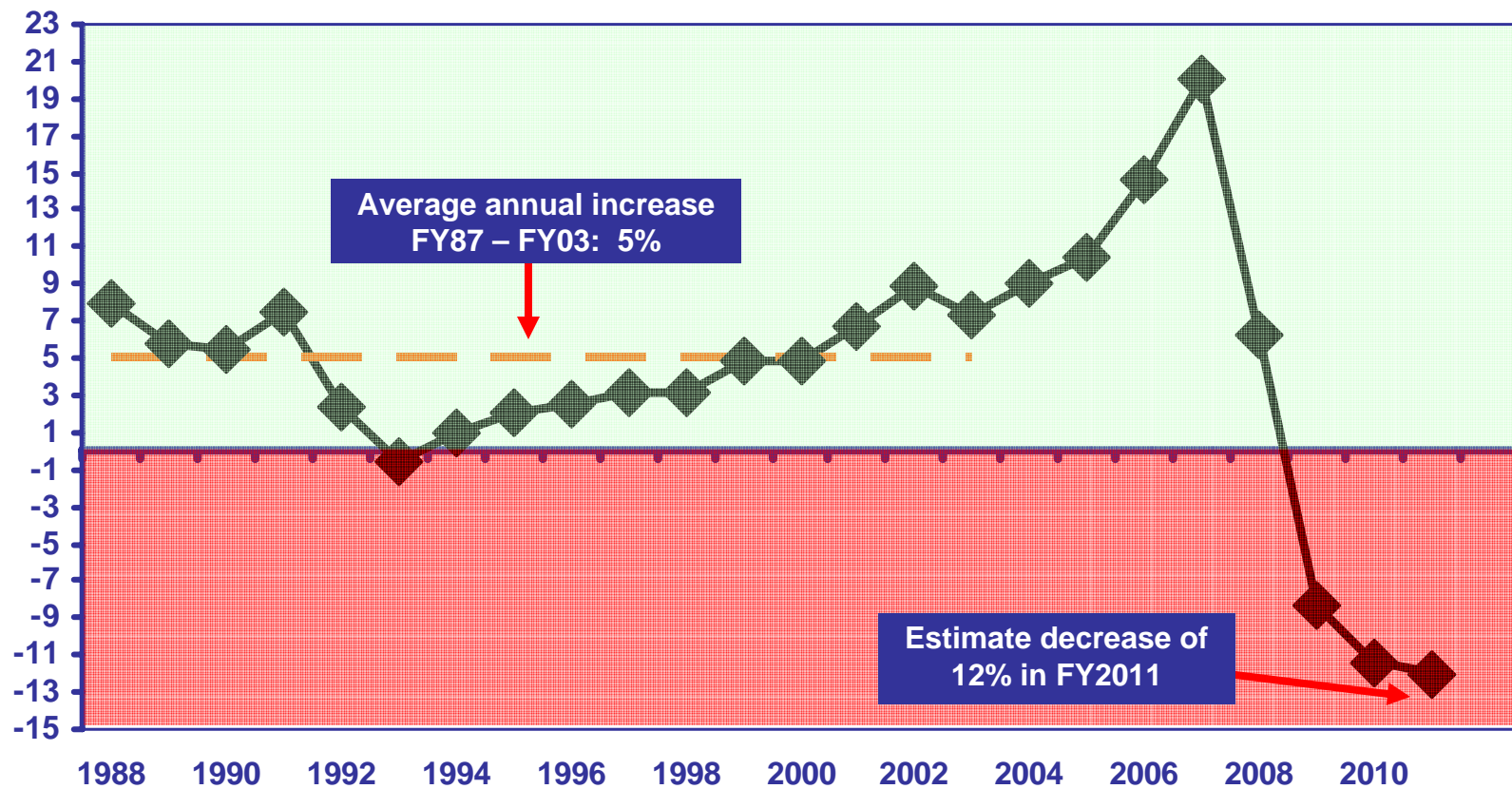
Pinellas County Foreclosure Case Filings Comparison 2006-2009													
	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	TOTAL
2006	255	253	315	247	281	259	273	321	324	403	398	369	3,698
2007	506	469	494	513	479	557	650	642	662	899	894	773	7,538
2008	963	1,016	1,035	1,134	1,118	1,112	1,086	999	1,295	1,390	969	1,198	13,315
2009	1,263	1,284	1,420	1407	1,275	1,236	1365	1,142	1,215	1,239	1,120	1,487	15,453

Taxable Values by Property Type

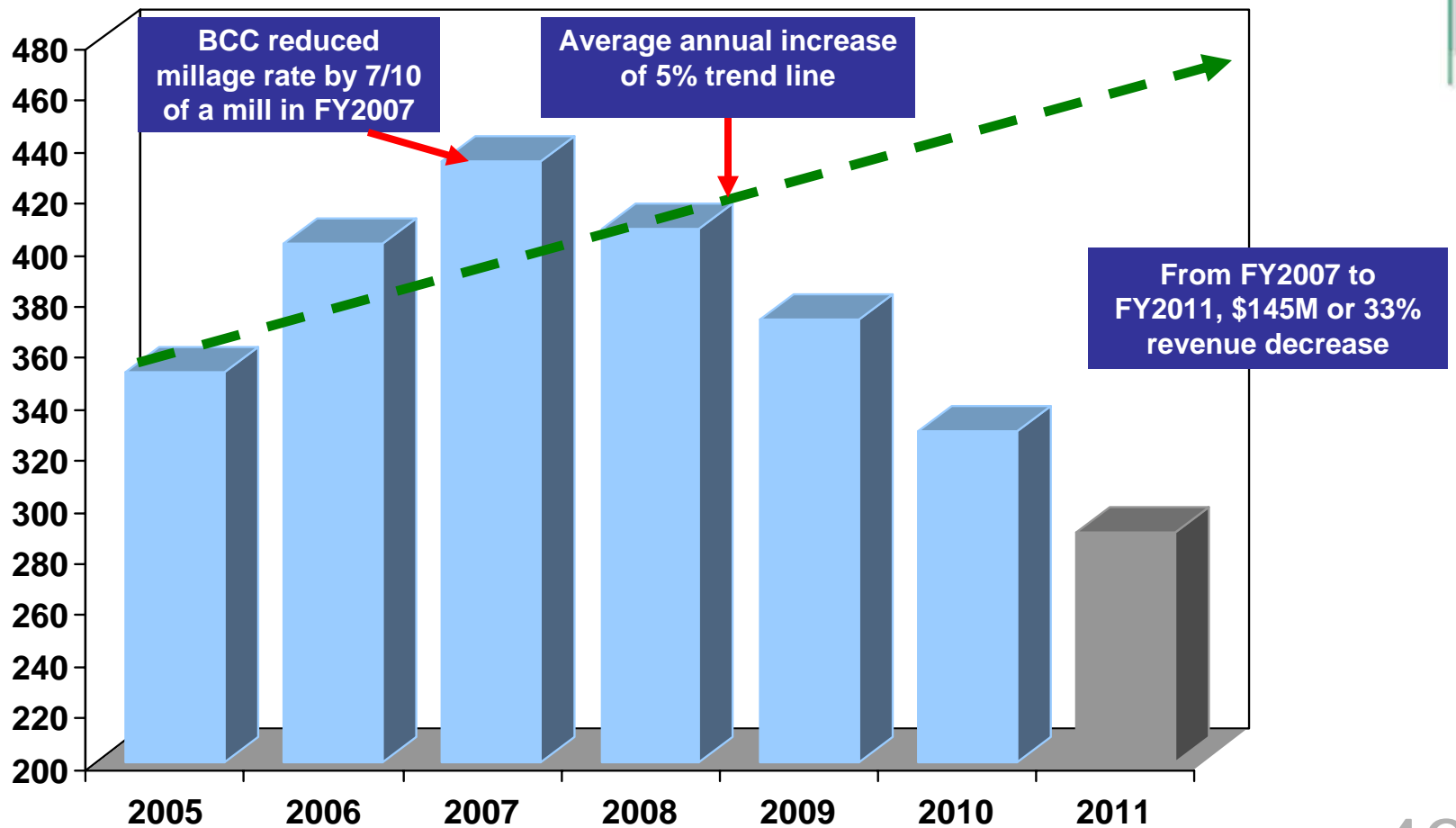
(Estimated 01/01/2010)

Property Type	% Change in Value		Est. Tax Base
	Just Value	Taxable Value	\$ Billion
<i>Single Family Residential</i>			
Homesteaded	-12%	-6%	\$ 18.1B
Non-Homesteaded	-12%	-12%	\$ 7.9B
<i>Condominium Residential</i>			
Homesteaded	-20%	-6%	\$ 2.8B
Non-Homesteaded	-20%	-20%	\$ 6.8B
<i>Other Residential</i>			
Homesteaded	-12%	-6%	\$ 0.8B
Non-Homesteaded	-12%	-12%	\$ 4.2B
<i>Non-Residential</i>			
Commercial & Industrial	-20%	-20%	\$ 12.1B
Personal Property	-0.5%	-0.5%	\$ 4.2B
Total		-12.0%	\$ 56.9B

Countywide Taxable Values Annual Rate of Change



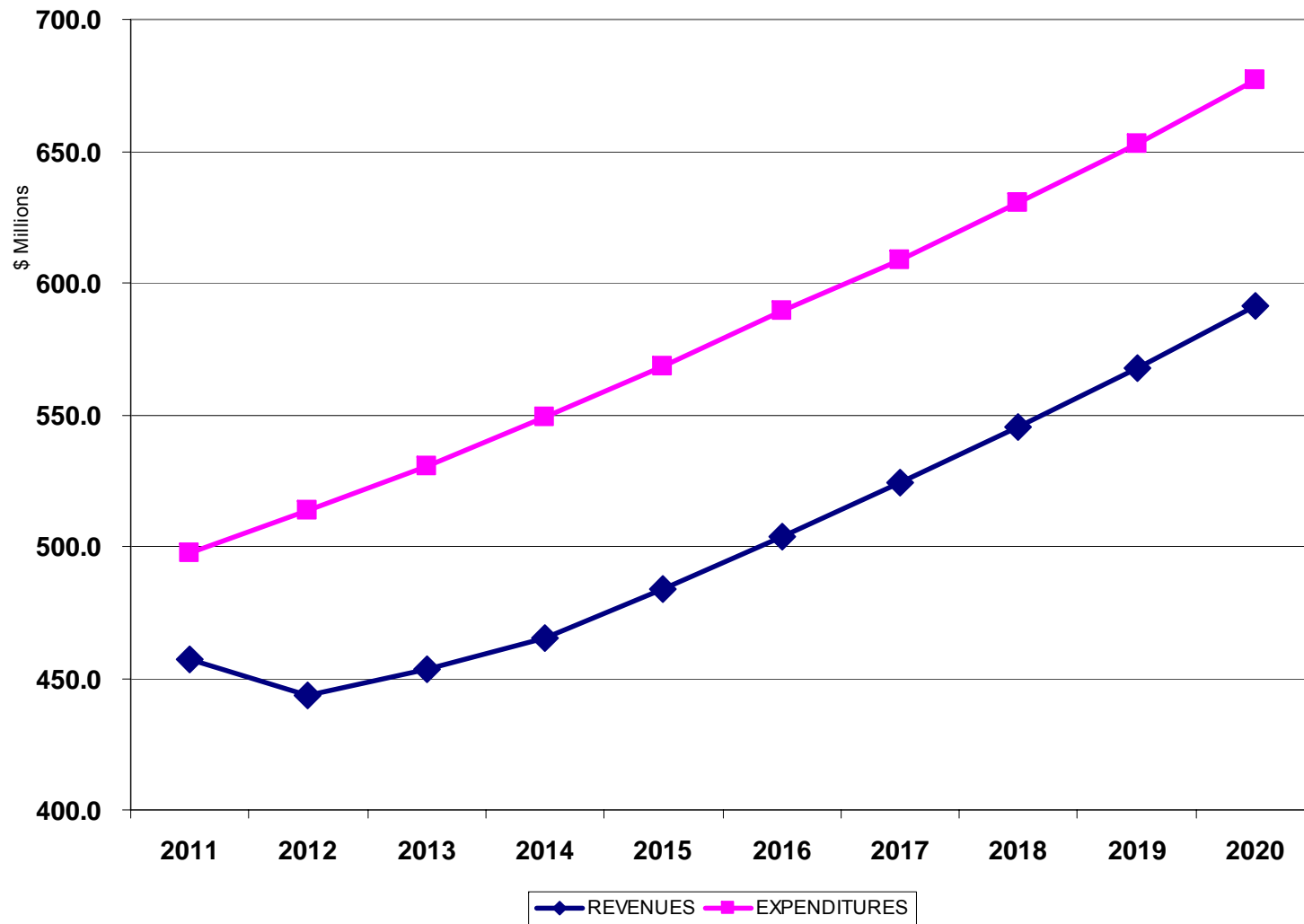
General Fund Property Tax Revenue (FY05-FY11) in millions



General Fund Forecast

- Fund is not balanced beginning in FY2011
 - Projected \$40M shortfall for FY2011
 - Additional \$30M shortfall projected for FY2012
- Balancing strategies
 - Target FY2010 expenditures at **97%** of budget to increase carry over
 - Target FY2011 budget at 10% less than the FY2010 budget (net of non-property tax revenues & cost allocation charges)
 - Rethink the services that the County provides and how we can best organize to deliver them

General Fund Forecast





FY2011 Budget Strategy

FY2011 Budget Strategy

- **Goal: Reshape Pinellas County government by restructuring, reorganizing, and realigning the organization to provide an efficient and effective array of services**

FY2011 Balancing Strategies

- **General Fund**

- Target FY2010 expenditures at **97%** of budget to increase carry over
- Target FY2011 budget at **10%** less than the **FY2010 budget** (net of non-property tax revenues & cost allocation charges)
- Rethink the services that the County provides and how we can best organize to deliver them

FY2011 Balancing Strategies

- **Tourist Development Fund**

- Continue to adjust the promotional activities budget to match revenues

- **Transportation Trust Fund**

- Revenue transfer from General Fund
- Imposition of additional local option gas taxes
- Reductions in program service levels

- **Penny for Pinellas Fund**

- Continue to adjust CIP expenditures to match available revenue (cash flow)
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FY2011 Balancing Strategies

- **Emergency Medical Services Fund**

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- **Fire Districts Fund**

- Additional increases to millage rates for the individual fire districts will likely be necessary
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- **Airport Fund**

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FY2011 Balancing Strategies

• Utilities Water Funds

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• Utilities Sewer Funds

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• Utilities Solid Waste Funds

- Solid Waste tipping fees and electricity sales revenues have declined but remain sufficient to fund operations over the forecast period



FY2011 Budget Process

FY2011 Budget Process

- ◉ **Community outreach prior to budget development**
- ◉ **Focus on program-based budgeting and levels of service**
- ◉ **Evaluate new funding sources and cost savings**
- ◉ **Focus on ability to sustain programs given revenue decreases and ongoing property tax caps**
- ◉ **Constitutionals and Independents have individual budget work sessions with the Board**

FY2011 Budget Process

- **BCC focus on policy decisions regarding:**
 - **Tax policy**
 - **Funding for Constitutionals and Independents**
 - **New revenue sources**
 - **Increases to existing fee schedule**
 - **Reduction packages of BCC department programs and levels of service**

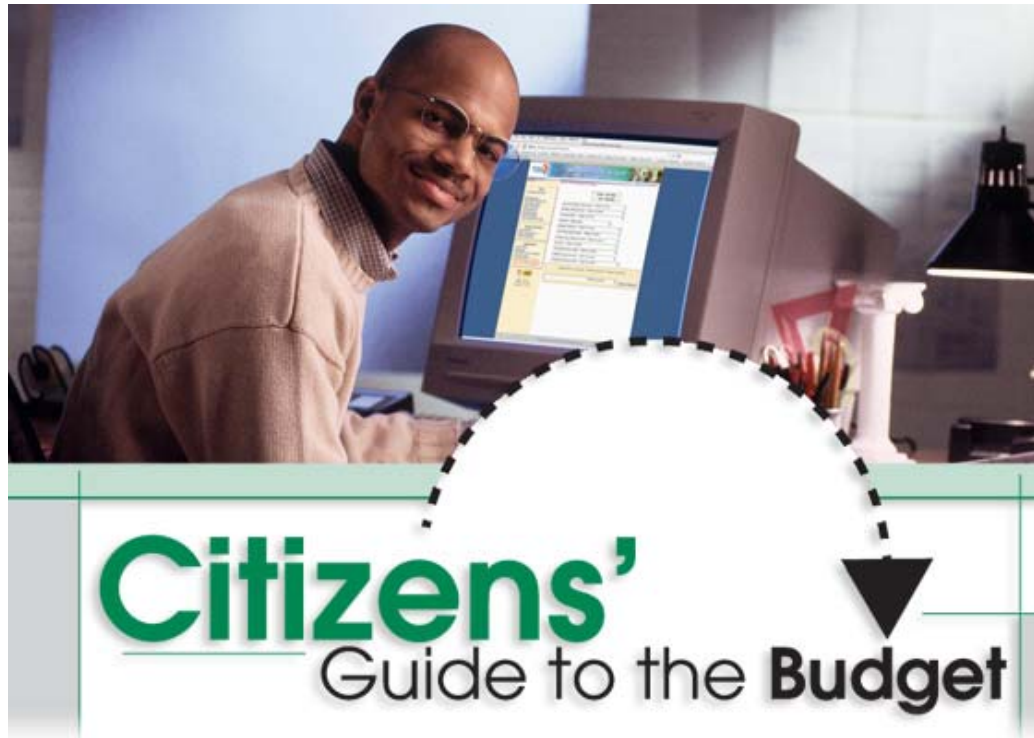


Next Steps

Next Steps

- Set appropriate budget guidelines
- Kickoff the FY2011 budget process on **February 4th**
- Community outreach prior to budget development
- Continue to refine property tax and other revenue estimates

Information on the Pinellas County Budget



www.pinellascounty.org