

FY2013 Proposed Budget

July 10, 2012

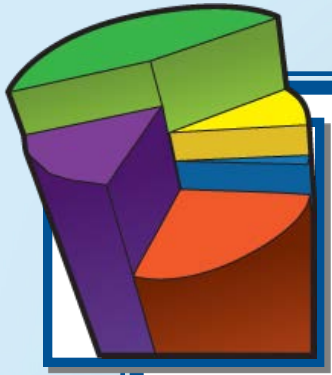


Outline

- Budget background
- Budget challenges and strategy
- Multi-year budget forecast
- Original General Fund forecast in February
- Budget targets
- Revised General Fund forecast

Outline

- General Fund reserve
- Unincorporated area (MSTU) budget
- Other fund forecasts
- Capital Improvement Program (CIP)
- Additional Funding Requests
- Future Fiscal Issues
- Next steps



Budget Background

Factors Impacting Property Tax Revenue

- FY2007: BCC reduces countywide millage rate by 7/10 of a mill
- FY2008: Mandatory 7% roll-back of the millage rate by Legislature



- FY2009: Amendment One “doubles” the Homestead Exemption and initial decline in real estate market
- FY2010-13: Dramatic drop in just values due to foreclosures and the recession

FY2007 Background

- Board of County Commissioners proactively reduced the countywide millage rate by 7/10th of a mill (10.3%)
 - ❑ Reduced property tax revenue by \$35.7M for amount projected without rate reduction
 - ❑ Expenditures were reduced by \$16.3M
 - ❑ 16 positions eliminated
 - ❑ Reserves reduced by \$19.4M

FY2008 Background

- In FY2008 property tax revenues decreased 4.6% or \$20M due to:
 - Legislature required Pinellas County to set property tax rate at 7% below rolled-back rate
 - EMS and Fire Districts cut to 3% below rolled-back rates
 - Implemented property tax cap of new construction and average percentage growth in Florida personal income
 - Effect is that property tax revenue will be constrained even if taxable values increase beyond the average increase in personal income

FY2009 Background

- In FY2009 property tax revenues decreased 8.7% or \$35M due to:
 - Amendment One
 - “Doubling” the homestead exemption (school taxes exempt)
 - Save Our Homes portability (up to \$500K)
 - 10% cap on assessments for non-homestead property (schools exempt)
 - Tangible personal property exemptions of \$25K
 - Decline of the real estate market
 - 8% decrease in total General Fund revenue

FY2010 Background

- In FY2010 property tax revenues decreased 11.4% or \$43M due to:
 - Decline in taxable values
 - Foreclosures and distressed sales depress prices
 - Excess inventory compared to demand
 - Low volume of new construction
 - 7.1% decrease in total General Fund revenue

FY2011 Background

- In FY2011 property tax revenues decreased 9.6% or \$32M due to:
 - Decline in taxable values
 - Foreclosures and distressed sales depress prices
 - Excess inventory compared to demand
 - Low volume of new construction
 - 8.8% decrease in total General Fund revenue

FY2012 Background

- In FY2012 property tax revenues decreased 4.6% or \$14M due to:
 - Decline in taxable values
 - Foreclosures and distressed sales depress prices
 - Excess inventory compared to demand
 - Low volume of new construction
 - 7.2% decrease in total General Fund revenue
- Between FY2007 and FY2012
 - Property taxes have decreased 35%
 - Total General Fund revenues have decreased 30%

Position Reductions

(FY2007 to FY2012)

- **Constitutional Officers and Independent Agencies decreased 730 positions or 19%**
 - **Lowest position count since FY1991**
- **BCC Departments decreased 975 positions or 35%**
 - **Lowest position count since FY1985**

Expenditure Reductions

(FY2007 to FY2012)

- General Fund expenditure reductions from FY2007 to FY2012

Agency	\$	%
BCC Departments	(\$100.2M)	38.9%
Sheriff	(\$72.5M)	26.8%
Other Constitutional Officers	(\$14.4M)	26.1%
Independent Agencies	(\$6.6M)	27.0%

Note:

- Comparisons are between FY2007 and FY2012 budget except the Sheriff (FY2008 and FY2012)

Tipping Point ...

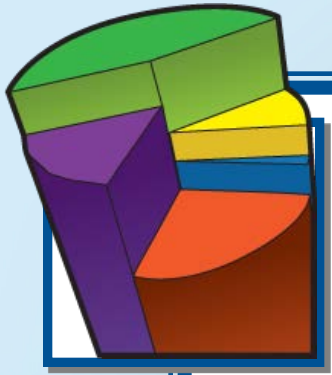


- **Stability required to execute Board's strategic direction**
- **Need additional time for "Great Recession" adaptations to take hold and mature**
- **Additional reductions will further diminish capacity to respond**
 - **Disaster response and recovery**
 - **Board initiatives**

Tipping Point ...



- Workforce morale already low due to stagnant salaries, ongoing uncertainty, and increased workloads
- Service delivery will be crippled by additional reductions due to cumulative impacts since 2007



FY2013 Budget Strategy

FY2013 Budget Strategy

- Over the past five years, the Board has pursued a multi-year strategy to achieve a sustainable market basket of services
- Budget reductions were made by BCC departments, Constitutional Officers, Court Support, and Independent Agencies
 - \$193.7M in General Fund reductions from FY2007-12
 - 1,705 positions eliminated from FY2007-12
- A Service Level Stabilization Account (SLSA) was established to cover potential future shortfalls in the General Fund

Service Level Stabilization Account



- The Service Level Stabilization Account (SLSA) is a prudent financial strategy to mitigate forecasted multi-year shortfalls in the General Fund
- The SLSA represents non-recurring funds generated by taking reductions in FY2010, 2011, and 2012 over and above what was necessary to balance the budget
- The FY2012 budgeted balance in the SLSA is **\$28.6M**

Service Level Stabilization Account



- Building up this “savings” account provides increased flexibility to successfully adjust to the new fiscal reality
- The SLSA can be used on a one-time basis to cover potential shortfalls in the General Fund
 - Provides flexibility in the budget to avoid making reductions to the point where revenues bottom out
 - Allows us to bridge to a time when the budget has stabilized and begins to improve
 - Because it is a non-recurring funding source, the SLSA will not structurally balance the General Fund on a recurring basis

FY2013 Budget Strategy

- **Stay the Course**

- Limit growth in the budget to revenue growth
- Continue streamlining and efficiency reductions
- Address unfunded Medicaid mandate by increasing revenue
- Spend down the Service Level Stabilization Account to balance the General Fund



FY2013 Budget Strategy

- Plan the budget based upon ten-year forecasts for the County's major funds
 - Forecasts are updated throughout the year
 - Budget targets are developed based on the unique forecasts for each fund
- Develop the budget consistent with the Board's adopted budget policies
 - Budget Policies appear as Exhibit A of the Budget Message

FY2013 Budget Process

- Focus on ability to sustain programs given revenue decreases, new unfunded mandates and ongoing property tax caps
- Community outreach prior to budget development
- “Deep dives” with departments as part of strategic planning process
- Continued focus on program-based budgeting and levels of service
- Constitutionals and Independents have individual budget work sessions with the Board

BCC Operating Principles

- Last year, the Board developed **operating principles** to provide direction and help make decisions
- Developed as part of strategic planning meetings in advance of FY2012 budget development cycle

BCC Operating Principles

■ Governance

- **Govern proactively through the strategic planning process** while also responding to important emerging issues
- **Govern at the level closest to the citizen** (e.g. in, by, or through, strategic partners) where large infrastructure or public investment isn't necessary or already in place
- **Govern at the County level** where consistency and/or county wide governance are important
- **Consider both the current and future impact** of our decisions

BCC Operating Principles

- **Decision Making**

- ❑ **Provide consistency and efficiency by using an enterprise approach** with systems and processes while meeting specific business requirements
- ❑ **Make decisions as a commission with appropriate levels of public input**, based upon the complexity, public interest, and fiscal impact of the issue.

BCC Operating Principles

■ Financial

- **Align the beneficiary(ies)** of a service with the funding source for that service, where appropriate
- Maximize our returns by **undertaking a level of risk commensurate with our public/fiduciary responsibilities**
- **Utilize “pay as you go” funding strategy** unless there is a financial advantage or long-term public benefit from debt financing
- **Deliver service in the most cost effective way** while meeting established service standards

BCC Operating Principles

■ Other

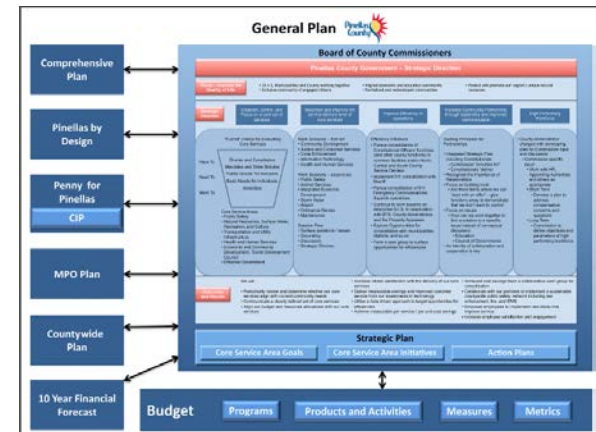
- **Collaborate to break down barriers** that exist which impact service delivery and quality
- **Provide the highest level of accountability** considering the community impact, dollar value, and cost of administering the accountability system
- **Leverage technology and information systems** over manual processes, especially in high volume transaction areas considering cost / sustainability / reduction in redundancy

Management Initiatives

- The Board has established several strategic initiatives to chart a positive course for the future
 - Strategic Planning
 - High Performing Workforce
 - Volunteerism
 - Program-Based Budgeting
 - Multi-Year Forecasting

Strategic Planning

- The Board continues development of Strategic Plan
 - Began development in 2011
 - Established General Plan to integrate major planning and policy-making efforts
 - “Deep Dive” workshops ongoing for Core Service Areas
- Healthy Communities component addresses urban regeneration and redevelopment



High Performing Workforce

- **Workforce development via two major complementary training initiatives**
 - **High Performance Organization (HPO) focuses on conceptual understanding of how to positively influence change to optimize our capabilities**
 - **Achieve Global focuses on day-to-day aspects of working with others to build cohesive and productive teams**



Volunteerism



- **Leverage volunteers to enhance delivery of services and engage citizens**
 - ❑ Approximately 4,000 volunteers and adding 100 new each month
 - ❑ Volunteer Hours increased by over 50% year to date
 - ❑ Total value estimated at \$4M annually (based on second quarter 2012 results)

Program-Based Budgeting

- **FY2013 Proposed Budget represents a transition from line-item, management-driven perspective to program-based perspective**
- **Citizen-friendly perspective**
 - Programs represent services that citizens can relate to and understand
 - Performance measures relate cost of service to the level of service being delivered

Benefits of Program Budgeting

- **Program budgeting initiative began in FY2008**
 - Built on performance measurement initiative from FY2002
 - Increases transparency and understanding of the budget
 - Stratifies the budget into programs and allocates expenditures, revenues, positions, performance measures, and cost recovery for each program
 - New OPUS systems support program budgeting
- **Supports BCC Strategic Plan**
- **Focuses on outcomes and impacts**

Updated Budget Document

- Proposed budget document represents transitional document
- Adopted budget document will include additional program-based information (performance measures)
- Shift from “numbers” budget format to more user-friendly, program-oriented format
- Focus on alignment with the Strategic Plan, resources obligated, and outcomes

Past Budget Format

- **Example of “numbers” budget format for TDC**
 - ❑ **Not user-friendly, confusing**
 - ❑ **No clear tie to programs and services provided to the public**

TOURIST DEVELOPMENT COUNCIL (5001000) TOURIST DEVELOPMENT COUNCIL (0240)

Expenditure Summary		FY10 Actual	FY11 Budget	FY12 Request
0240	5110000 EXECUTIVE SALARIES	1,631,738	1,673,990	1,654,670
0240	5120000 REGULAR SALARIES & WAGES	417,341	429,910	429,910
0240	5200000 EMPLOYEE BENEFITS	662,846	760,170	693,040
PERSONAL SERVICES		2,711,925	2,864,070	2,777,620
0240	5340000 OTHER CONTRACTUAL SERVICES	52,307	406,700	406,700
0240	5363000 INTRGOV SVCS-INFO TECHNOLOGY	0	83,050	54,660
0240	5363200 INTRGOV SVCS-BTS-PC LEASE	11,051	0	17,780
0240	5365000 INTRGOV SVCS-RISK FINANCING	38,090	38,480	37,530
0240	5368000 INTRGOV SVCS-COST ALLOCATE	489,650	355,160	346,640
0240	5368200 INTRGOV SVCS-FLEET-OP&MAINT	9,912	6,680	11,260
0240	5368400 INTRGOV SVCS-FLEET-VHCL RPL	4,450	5,160	3,570
0240	5400000 TRAVEL AND PER DIEM	320,426	354,500	383,360
0240	5410000 COMMUNICATION SERVICES	129,434	300,000	300,000

New Budget Format

- Example of additional program detail for TDC
 - ❑ More robust, meaningful information
 - ❑ Help answer question of what programs are we providing and how well we are performing

TOURIST DEVELOPMENT COUNCIL

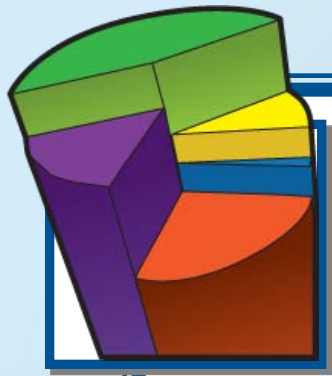
Program Budget Detail

Program: Direct Sales

Description: Direct sales is one component of marketing Pinellas County and reaches meeting and event planners, sports organizers, film industry decision makers, tour operators, travel agencies, and consumers to influence their business and travel decision of selecting Pinellas County

Program Budget Summary	FY11 Actual	Revised FY12	Adopted FY13
Program Expenditures	-	-	2,331,648
Permanent Full-Time Positions	-	-	19.0

Program Performance Measures	FY11 Actual	Revised FY12	Adopted FY13
Sales Activity: Number of Room Nights	-	-	200,000
Sales Activity: Number of Customer Contacts	-	-	1,000,000
Percentage of Local and Outside Industry Partners Satisfied with CVB Programs and Staff Knowledge	-	-	95%



Multi-Year Budget Forecast

Multi-Year Budget Forecasts

- FY2013 Proposed Budget document updates the ten-year fund forecasts provided on February 7th in the Budget Forecast document
- Third year of using long-range forecasting as integral part of the budget process
- Includes ten key funds:
 - General Fund
 - Tourist Development Fund
 - Transportation Trust Fund
 - Capital Projects Fund
 - Emerg. Medical Svcs. Fund
 - Fire Districts Fund
 - Airport Fund
 - Water Funds
 - Sewer Funds
 - Solid Waste Funds

Forecast Information

- 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
- Forecast information is updated throughout the year

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

National Economic Outlook

- The recession officially ended in June 2009, lasting 18 months.
 - Unemployment rate continued to climb through December 2009 and remains historically high.

- **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 – June 2009	18 months

- The fragile recovery is at risk due to potential national and international turbulence.
- The national economy is anticipated to grow by 3% annually over the next three years.

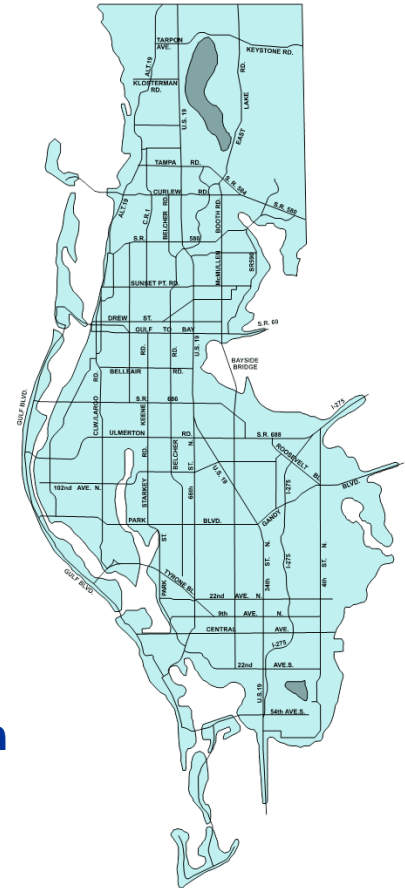
State Economic Outlook

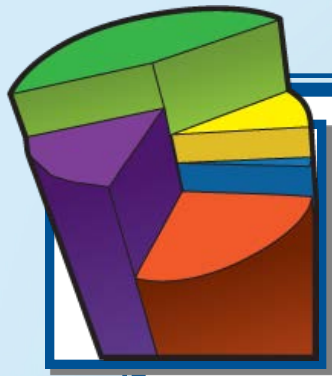


- **Florida Economic Estimating Conference met in December 2011**
- **“Sluggish” growth for the remainder of 2012**
- **“Moderate” increase in economic growth in 2013**
 - Longer term, “solid” growth is expected

Local Economic Outlook

- Generally tracks with timing of recovery of Florida's economy
- After peaking at 12.3% in January 2010, unemployment has steadily declined to 8.2% in May 2012.
- The tourism industry has shown signs of recovery, with record 'bed tax' collections in both March and April 2012.
 - Through April 2012, 'bed tax' collections are 12% higher than the same period in FY2011.
- However, until property values stabilize, property tax revenues will not begin to recover
 - Expect property values to bottom out in FY2013 and begin to recover in FY2014.

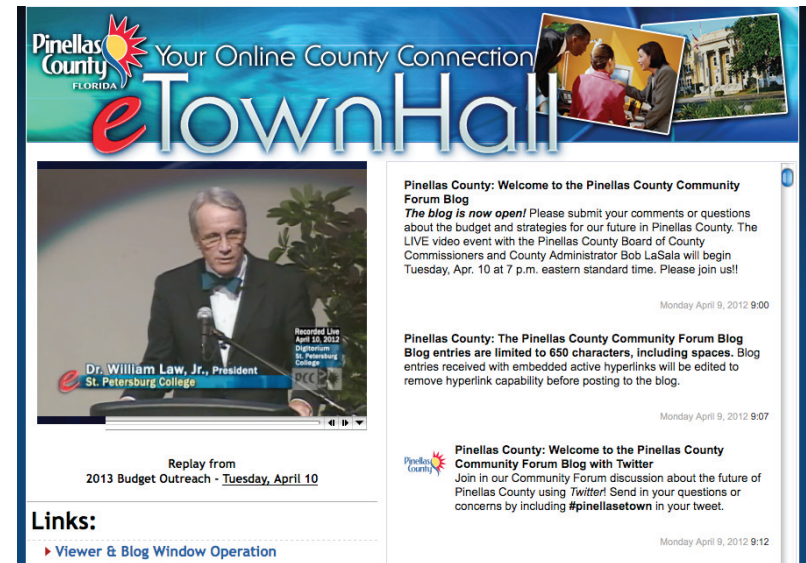




FY2013 Citizen & Employee Outreach

Community Outreach

- Received valuable public input at three community meetings
- Community Forum & eTownHall
 - April 10 – St. Petersburg College, Seminole Campus
 - Over 100 on-site attendees
 - Over 1,000 online contacts
 - Over 8,000 telephone contacts



Community Outreach

- **Remote Budget Information Sessions**
 - ❑ May 10 – Safety Harbor City Hall
 - ❑ May 15 – St. Petersburg City Hall
 - ❑ Featured FY2013-22 Financial Forecast, Citizen Preference Survey Results, FY2013 Sheriff Budget Proposal (St. Petersburg only) and Public Input



Community Input

- **Telephone Citizens Preference Survey**
 - ❑ Independently conducted by HCP & Associates from March 23 to April 4
 - ❑ Statistically valid telephone survey
 - ❑ Respondents met age, gender, and incorporation quotas set to avoid weighting of data to an unrepresentative base
 - ❑ Margin for error 4% at the 95 percent confidence level
 - ❑ Results can be found on Pinellas County website

Community Input

- **On-line Citizens Preference Survey**
 - ❑ Survey link was promoted by media
 - ❑ Survey was posted on the County's website, Facebook page, and Twitter account
 - ❑ Survey was open from April 23 to 27
 - ❑ Survey was completed by 1,505 participants
 - ❑ Results can be found on Citizens' Guide to the Budget website

Citizen Suggestions

- **Citizen input through County's website**
 - **Submit suggestions**
 - 28 to date in 2012
 - **Sign up for budget news**
 - 1,725 signed up since January, 2009
 - **Link to Citizens' Guide to the Budget website**
 - Over 39,000 aggregate hits since January



Citizens' Guide
to the **Budget** ←

www.pinellascounty.org/budget

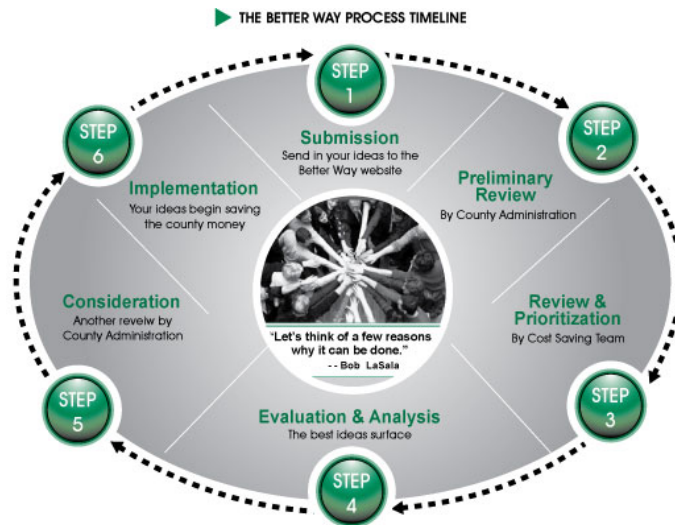


Citizens' Guide
to the **Budget** ←

Employee Suggestions

- Re-activated “A Better Way” website to receive employee suggestions for cost-saving and revenue ideas
 - Over 1,000 ideas submitted since 2009

[Submit Employee Suggestions Here](#)



- Continued development of cost-savings and revenue generation initiatives



Citizens' Guide
to the **Budget** ←

Revenue Ideas

- **New parking fees at Fort De Soto Park and Howard Park Beach & Causeway**
 - Enacted in early January, 2012
 - \$975K revenues through mid-June
 - Forecast annual revenue of \$2.2M

- **Fee Analysis for BDRS**
 - Cost Recovery Study by KPMG in October, 2011
 - Cost recovery of 99% for Building and 41% for DRS (normalized rates) exceeds peer averages of 86% and 16%
 - DRS to develop plan to increase cost recovery

Cost Saving Ideas

❑ Centralized Chiller Facility

- The County will purchase chilled water at a set rate based on the amount of investment towards the cost of the new facility
- Budget through FY2014
- Estimated savings of \$507K, cost avoidance of \$3.8M, and potential revenue opportunities of \$300-\$400K

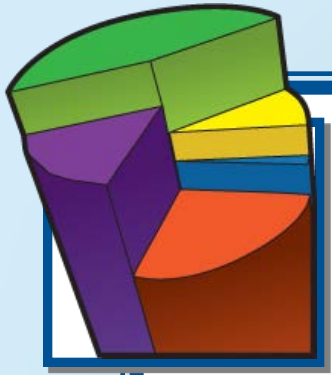


Cost Saving Ideas

■ 911 Consolidation

- Currently separate call centers for 911 and Sheriff
- Committee formed to begin process of consolidating call-taking functions
- Target consolidation date coincident with opening of new Public Safety Complex in 2014
- Plan to engage representatives from external agencies such as municipal law enforcement agencies

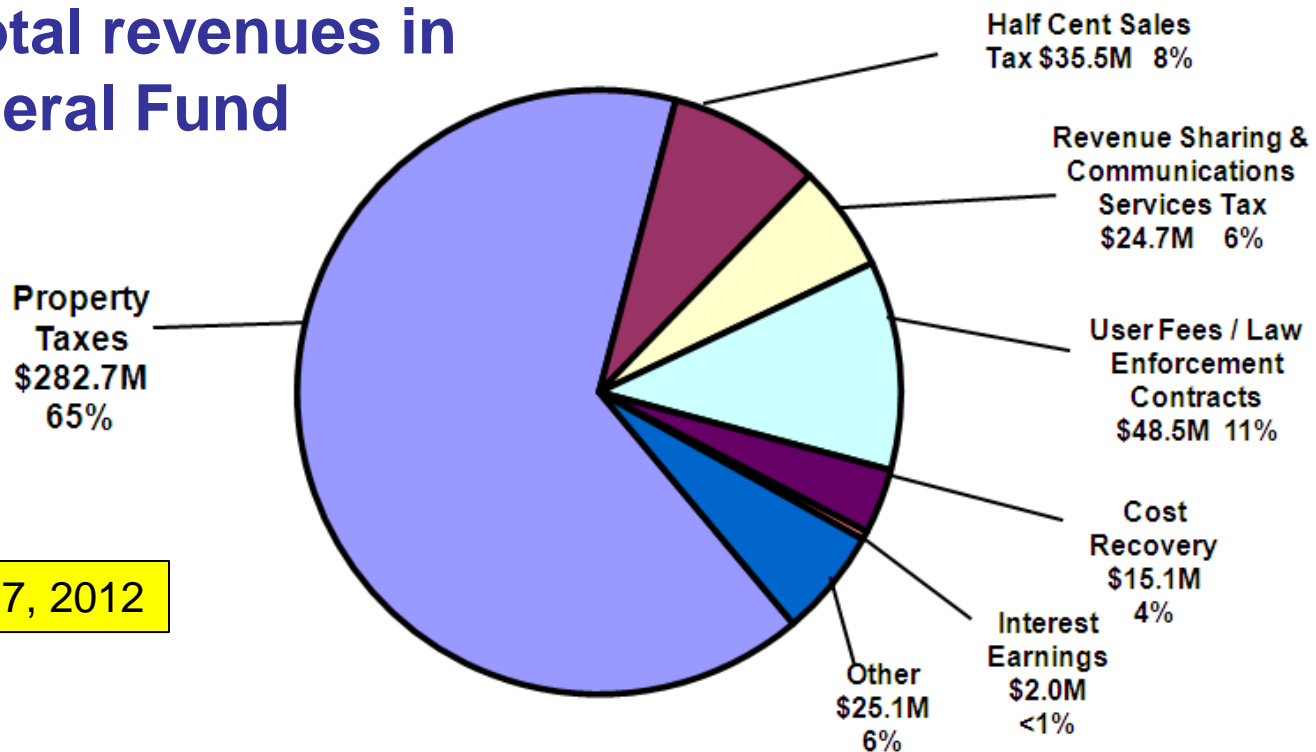




Original General Fund Forecast in February

General Fund Revenues

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



February 7, 2012

Source: FY2012 Adopted Budget

Foreclosure Filings

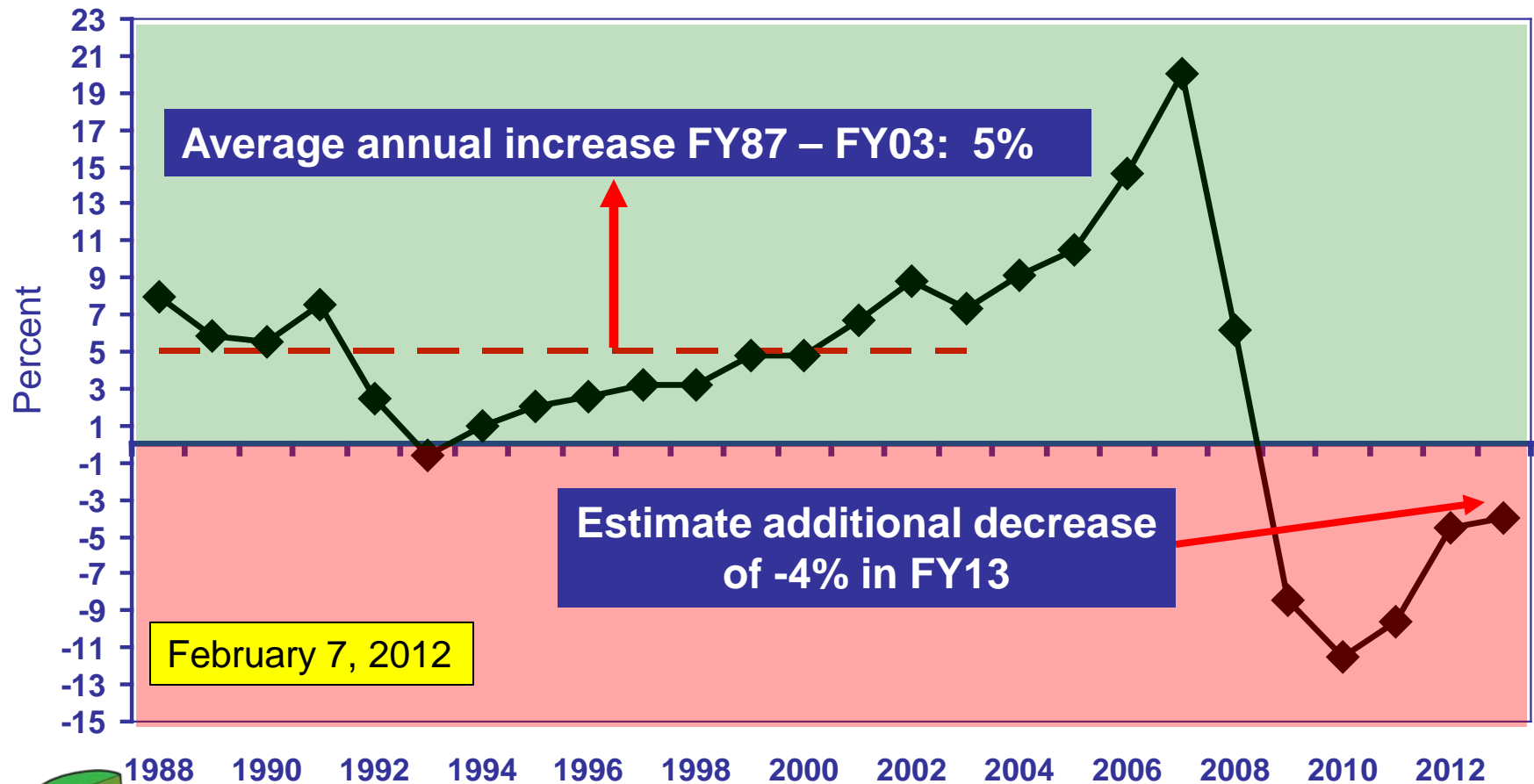
	2006	2007	2008	2009	2010	2011
Jan	255	506	963	1,263	1,128	421
Feb	253	469	1,016	1,284	1,383	390
Mar	315	494	1,035	1,420	1,118	424
Apr	247	513	1,134	1,407	1,118	448
May	281	479	1,118	1,275	860	439
Jun	259	557	1,112	1,236	1,025	535
Jul	273	650	1,086	1,365	806	544
Aug	321	642	999	1,142	989	545
Sept	324	662	1,295	1,215	1,040	588
Oct	403	899	1,390	1,239	658	720
Nov	398	894	969	1,120	383	687
Dec	369	773	1,198	1,487	438	n/a
TOTAL	3,698	7,538	13,315	15,453	10,946	5,741

- Foreclosure filings appear to be trending upward in 2011

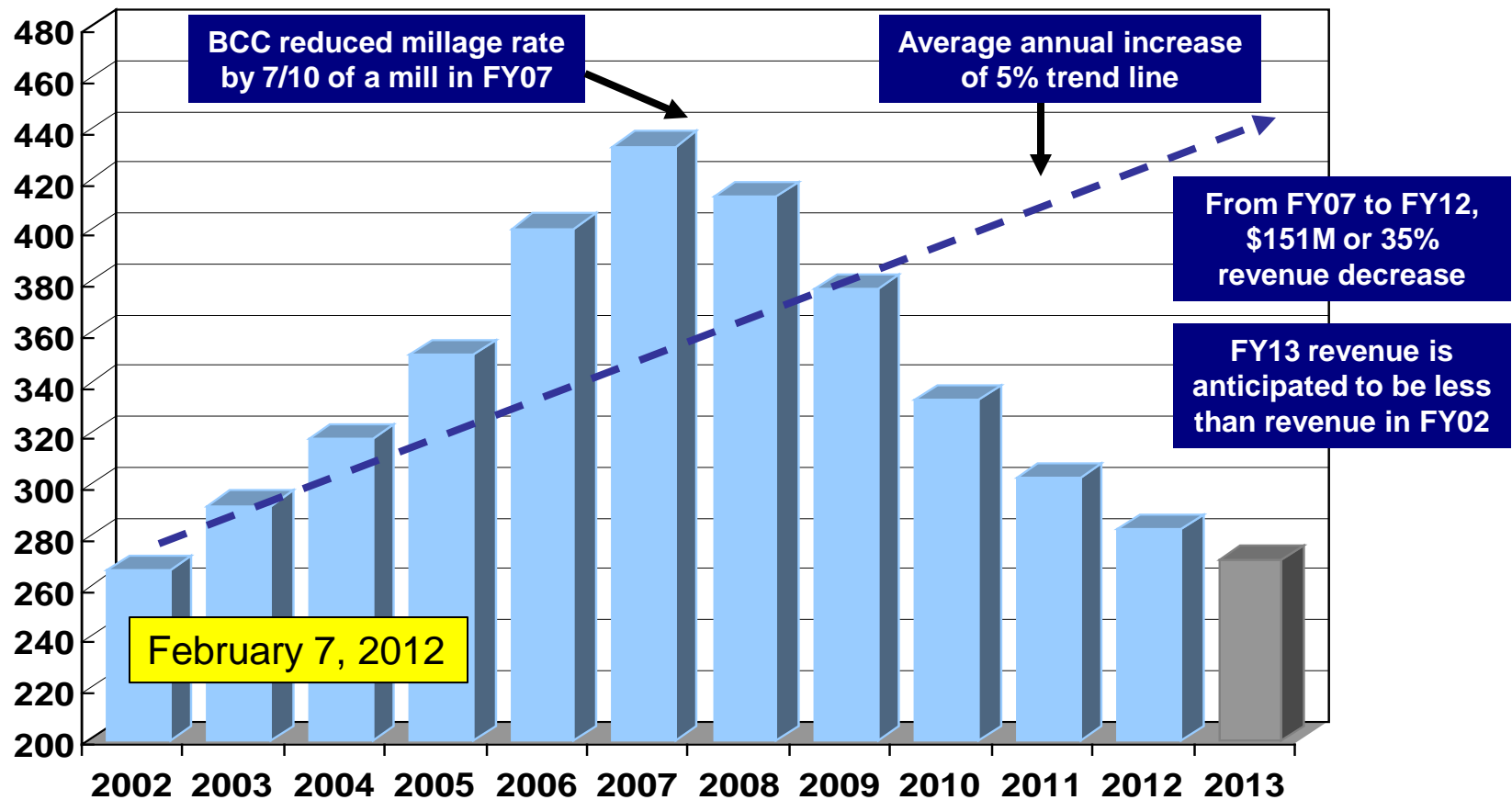
February 7, 2012

Source: Pinellas County Clerk of the Circuit Court

Countywide Taxable Values Annual Rate of Change



General Fund Property Tax Revenue (FY02-FY12) in millions

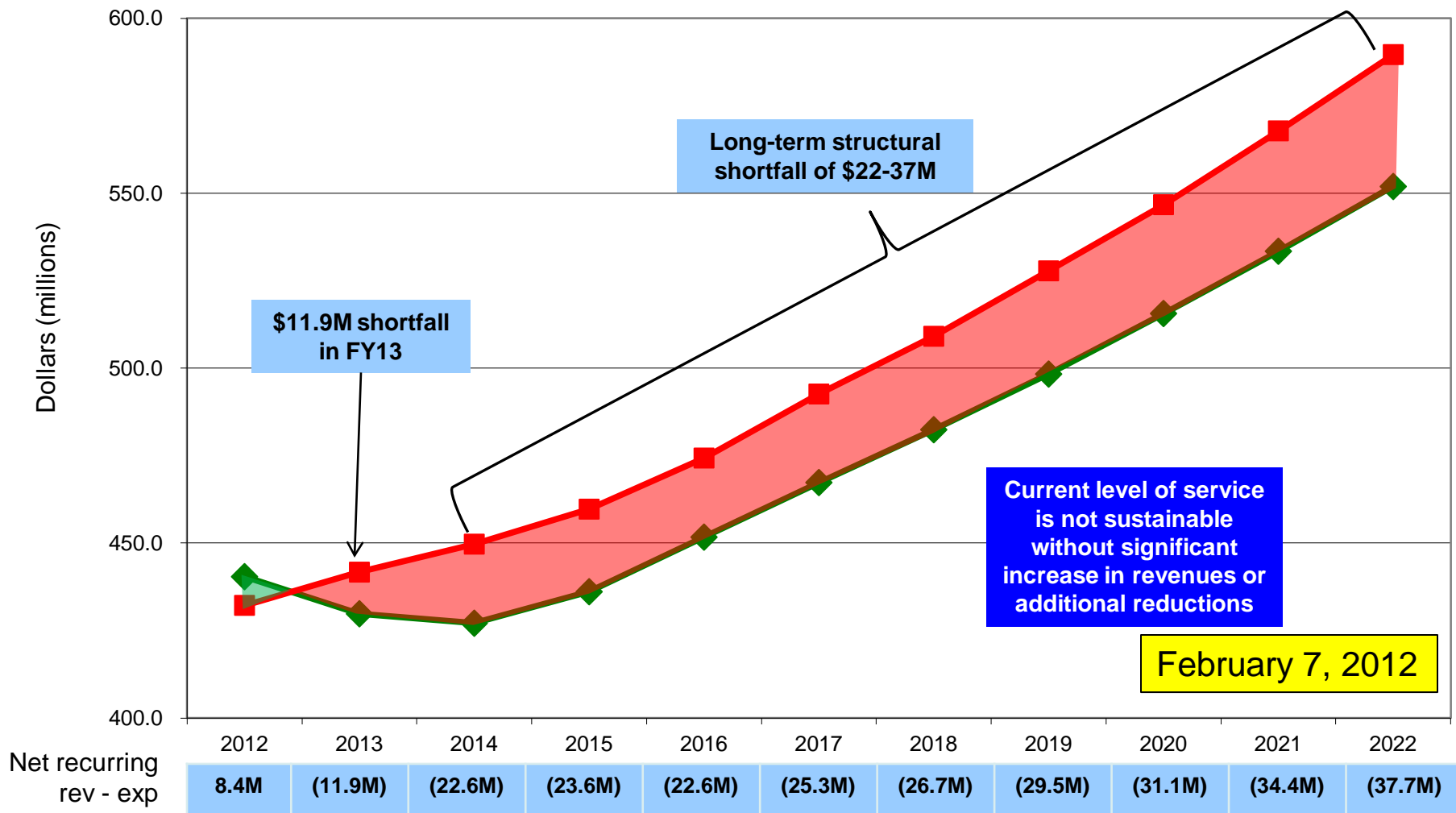


General Fund Forecast in February

- Fund is not balanced beginning in FY2013
 - Assumes no increase in millage rate
 - Projected **\$11.9M** shortfall for FY2013
 - Additional **\$10.7M** shortfall projected for FY2014
 - Long-term structural shortfall of **\$22-37M**

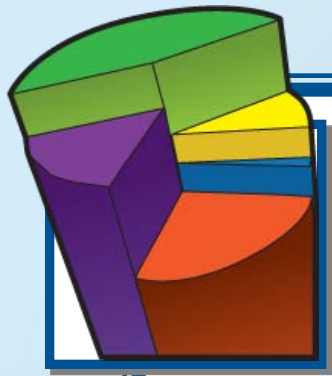
February 7, 2012

General Fund Forecast in February



Citizens' Guide
to the Budget

◆ Revenue ■ Expenditures



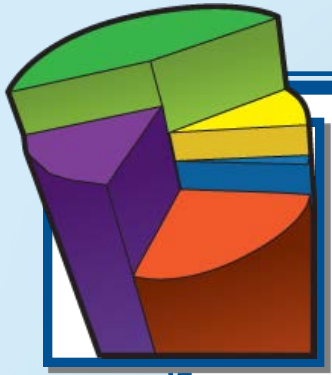
Budget Targets

FY2012 Expenditures

- There is no formal expenditure target for the current fiscal year
- The forecast assumes 99% expenditure rate
- Where possible, departments should continue to try and come in lower than 99%
 - Generates non-recurring funds for the Service Level Stabilization Account and/or non-recurring projects

FY2013 Target Methodology

- Target budgets were calculated to reflect the FY2013 “cost of opening the doors”
- The forecast included inflationary adjustments for:
 - ❑ Health insurance
 - ❑ Florida Retirement System contributions
 - ❑ CPI-based inflation for operating expenses and capital outlay
 - ❑ Changes to cost allocation charges were netted out
- Ad valorem funds were asked to submit budgets assuming a 4% decrease in taxable values



Revised General Fund Forecast After Medicaid

Medicaid Update

- Pinellas County is billed by the State for Medicaid expenses
- The County pays the State for in-patient hospital care for days 11 through 45



May 8, 2012

Medicaid Update

- **House Bill 5301 shifted significant additional Medicaid costs to Florida counties**
 - Unfunded mandate
- **Mandated contribution will increase due to:**
 - Outstanding billings from 2001 to 2012
 - Front loaded in the first five years
 - Counties' share of cost deducted from Revenue-Sharing revenue
 - New methodology
 - Burden of proof of residency lies with the counties
 - Counties' share of cost deducted from Half-Cent Sales Tax revenue

May 8, 2012

Revised General Fund Forecast

- Cumulative impact of Medicaid unfunded mandate over forecast period is **\$68.9M**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Original Shortfall	(11.9M)	(22.6M)	(23.6M)	(22.6M)	(25.3M)	(26.7M)	(29.5M)	(31.1M)	(34.4M)	(37.7M)
Revised Shortfall	(24.1M)	(33.1M)	(33.8M)	(32.5M)	(35.0M)	(30.8M)	(33.2M)	(34.4M)	(37.3M)	(40.1M)
Difference	(12.2M)	(10.5M)	(10.2M)	(9.9M)	(9.7M)	(4.1M)	(3.7M)	(3.3M)	(2.9M)	(2.4M)

- FY2012 impact is **\$4.8M**
 - Deductions from the Half-Cent Sales Tax revenue will begin as of May, 2012

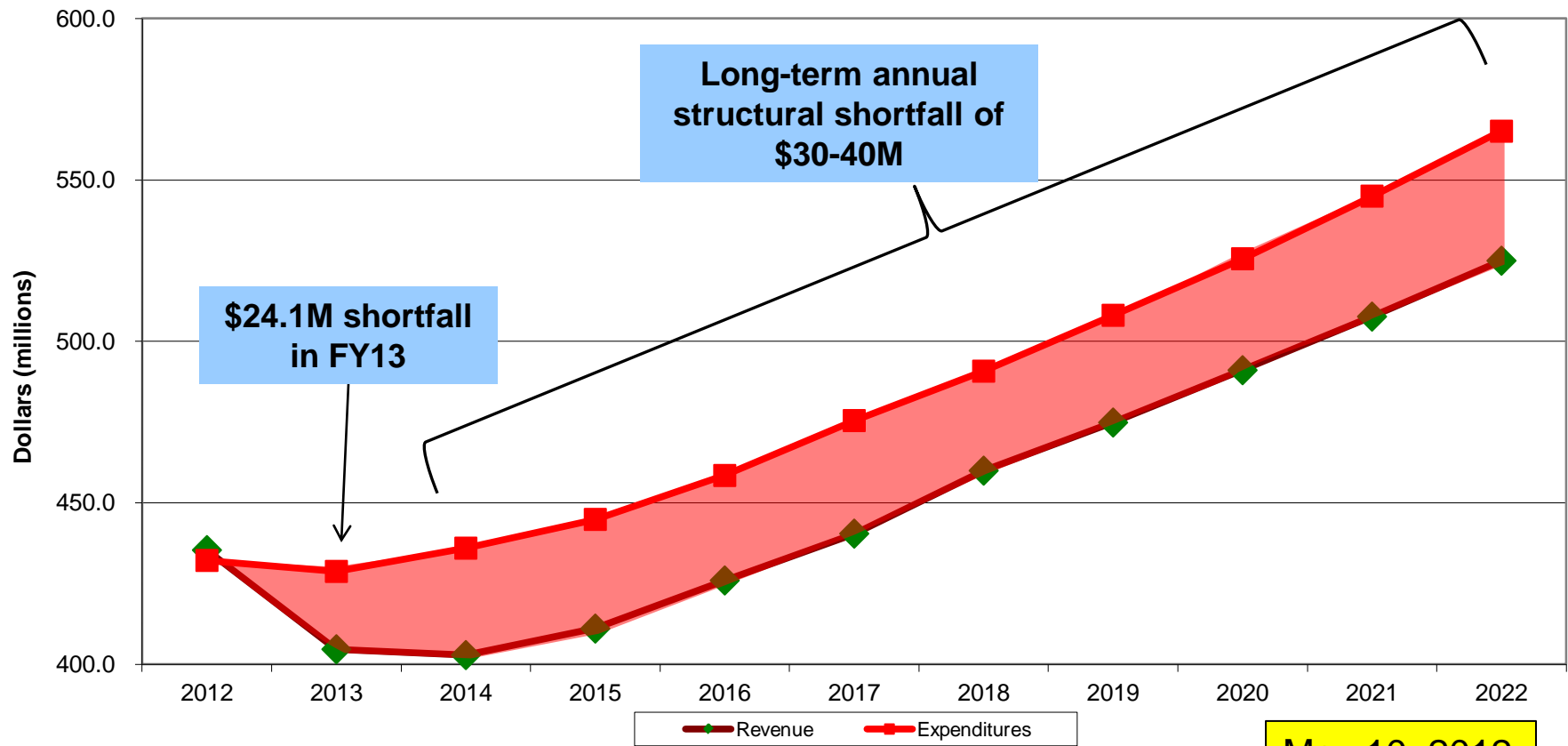
May 10, 2012

Revised General Fund Forecast After Medicaid

- Fund is not balanced beginning in FY2013
 - Assumes no increase in millage rate
 - Projected \$24.1M shortfall for FY2013
 - Long-term structural shortfall of \$30-40M

May 10, 2012

Revised General Fund Forecast After Medicaid



Net recurring
rev - exp

8.4M	(24.1M)	(33.1M)	(33.8M)	(32.5M)	(35.0M)	(30.8M)	(33.2M)	(34.5M)	(37.3M)	(40.1M)
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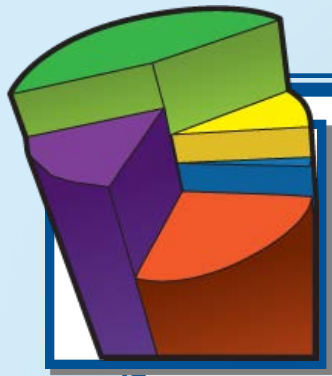


Citizens' Guide
to the Budget

Revised General Fund Forecast After Medicaid

- **Structural shortfall in the General Fund is worse than originally projected**
 - Due to impact of Medicaid pass-through from state to County
- **Current level of service is not sustainable**
 - Will likely need to make additional reductions or increase revenues

May 10, 2012



Revised General Fund Forecast

Target Compliance

- The BCC departments, Constitutional Officers, Court Support, and Independent Agencies met the FY2013 budget targets



Ad Valorem Update

- Budget forecast assumed 4% decrease of taxable values for FY2013
- Certified taxable values from the Property Appraiser as of July 1st are:
 - Countywide: 1.8% decrease
 - MSTU: 3.3% decrease
- Positive impact to the General Fund is \$5M in FY2013
- Also impacts future forecast years

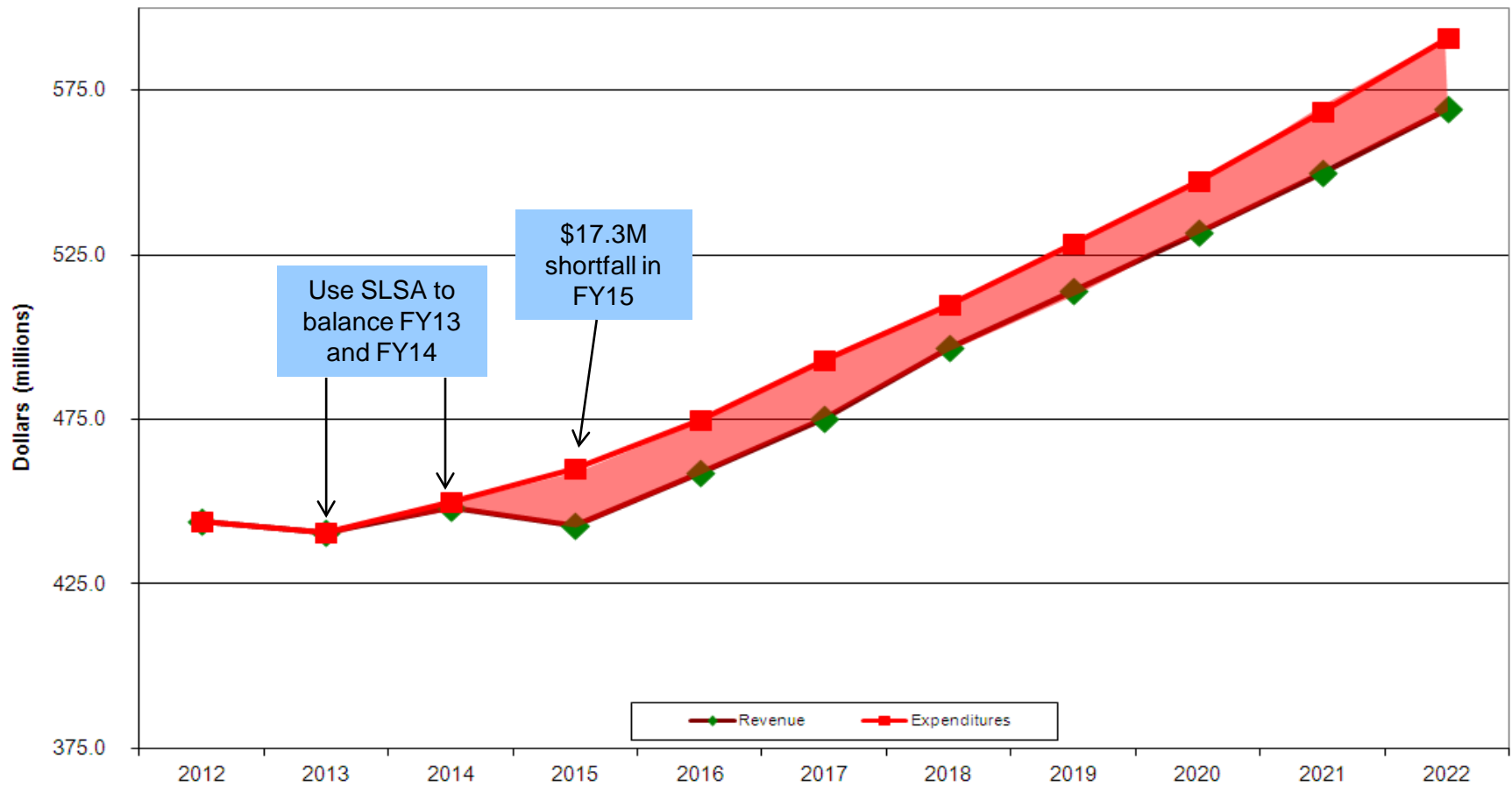


Ad Valorem Update

- **County-wide Millage Rate**
 - ❑ **Proposed Budget: 5.0608 mills**
 - ❑ **Includes 0.25 mill rate increase to address unfunded Medicaid mandate**

- **MSTU Millage Rate**
 - ❑ **Proposed Budget: 2.0857 mills**
 - ❑ **No change in rate from FY2012**

Revised General Fund Forecast



Net recurring
rev - exp

0

(1.6M)

(17.3M)

(16.1M)

(17.7M)

(13.2M)

(14.5M)

(16.0M)

(18.9M)

(21.5M)



Citizens' Guide
to the Budget

Multi-Year Budget Strategy

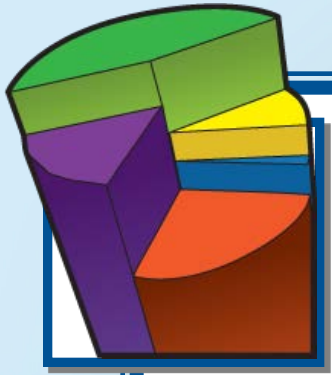
- Forecasted long-term structural shortfall of \$15-20M
 - Balancing options
 - Make recurring reductions needed to structurally balance the General Fund over the long-term
 - Increase revenues to offset all or a portion of projected shortfalls
 - Blend of expenditure reductions and revenue increases

Multi-Year Budget Strategy

- **Potential Risks to the Forecast**
 - ❑ Florida Retirement System costs
 - ❑ Fragile Economic Recovery
 - ❑ Proposed Constitutional Amendments
 - ❑ State response to Affordable Care Act
 - ❑ Other State Mandates

Multi-Year Budget Strategy

- Due to prudent fiscal planning over the last several years, the organization will be able to minimize further significant reductions for the foreseeable future
 - Barring any unforeseen circumstances such as a double-dip recession, etc.
- The community should realize the benefits of achieving organizational stability and sustainability



General Fund Non- Recurring Allocations

Non-Recurring Revenue

- **Non-Recurring Funds =**

- (Revenues – Expenditures) – Reserve Target**

- Additional fund balance resulting from recurring revenue in excess of recurring expenditures
- Over and above the General Fund's reserve target
- Over and above the Service Level Stabilization Account target
- Available amount varies from year to year
- Non-recurring and should be used for non-recurring purposes consistent with adopted budget policy
- As budgets get tighter, ability to generate non-recurring funds is constrained
- If non-recurring funds are not allocated, funds increase reserves

Project Allocation Criteria

- Return on investment
- Cost avoidance
- Recurring savings to operating budget
- Organizational impact

Non-Recurring Project Allocations

- **FY2013 non-recurring funding totals \$5.4M**

- **Justice CCMS project: \$3.9M**

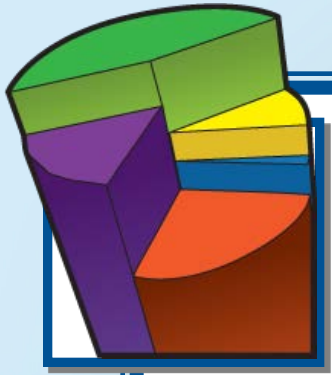


- Funds the anticipated expenditures through the third year of the project. To date, \$7.7M will have been budgeted for this project. Additional funding in future years will be needed to complete this project (\$3.9M)

- **Centralized Chiller Project: \$1.5M**

- Funds one-fifth of the interfund loan from Solid Waste fund. Remaining loan balance due to be paid in future years (\$6.0M).





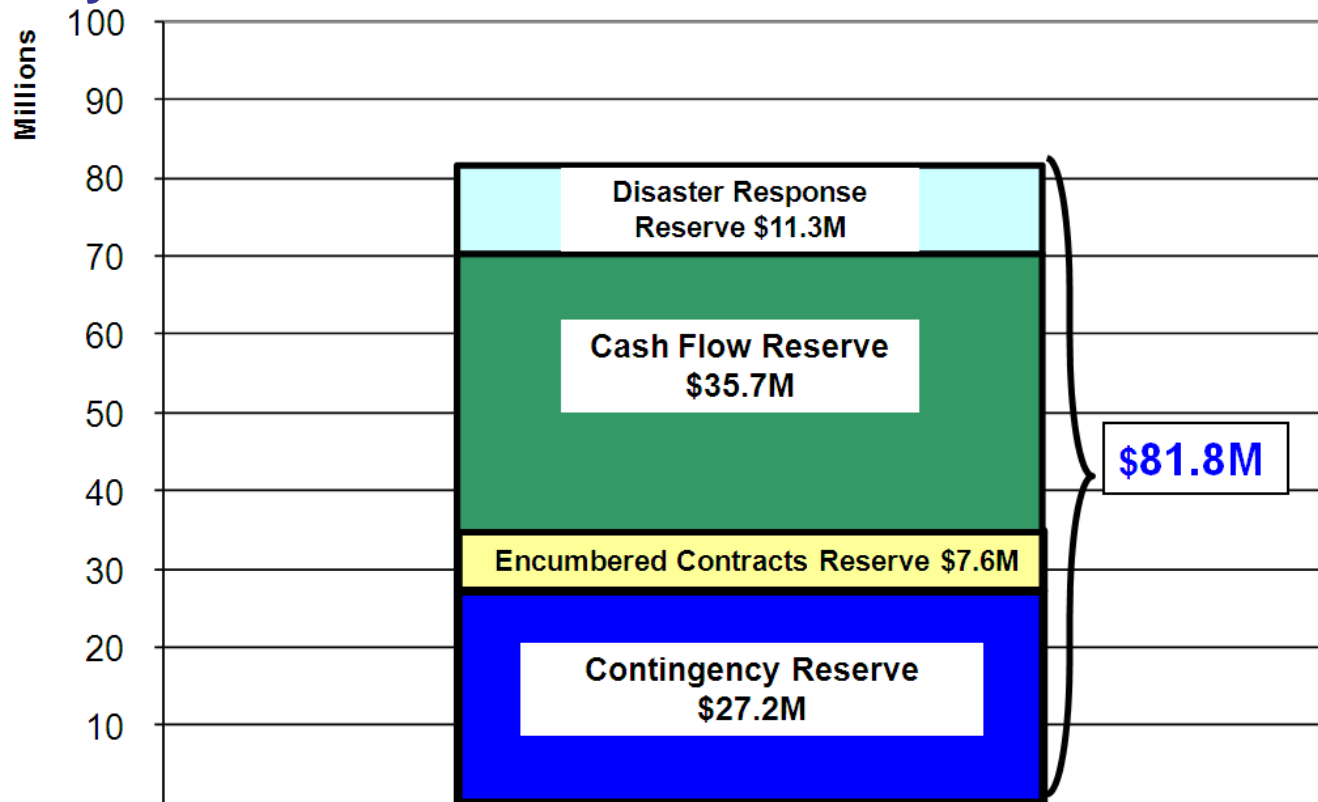
General Fund Reserve

General Fund Reserve Policy

- Budget reserve of at least 15% of General Fund Resources
 - Consistent with recent County practice
 - Aligned with Government Finance Officers Association Recommended Best Practice
 - Board indicated desire to bolster reserves when possible
- Propose **\$81.8M** in FY2013 budget (15%)
 - Accommodates funding of non-recurring allocations

Proposed FY2013 General Fund Reserve

- FY2013 Reserve of **\$81.8M** is consistent with adopted reserve policy of at least 15% of General Fund Resources



Components of Reserve

- **Contingency Reserve: \$27.2M**
 - Unanticipated revenue shortfalls or expenditures
 - Revenue examples
 - Sales tax proceeds
 - Local government sharing from the State
 - Development driven revenues such as building permits and zoning fees
 - Expenditure examples
 - Volatile fuel costs
 - Electric rate increases
 - Water/Sewer rate increases
 - Leave payouts for laid off positions

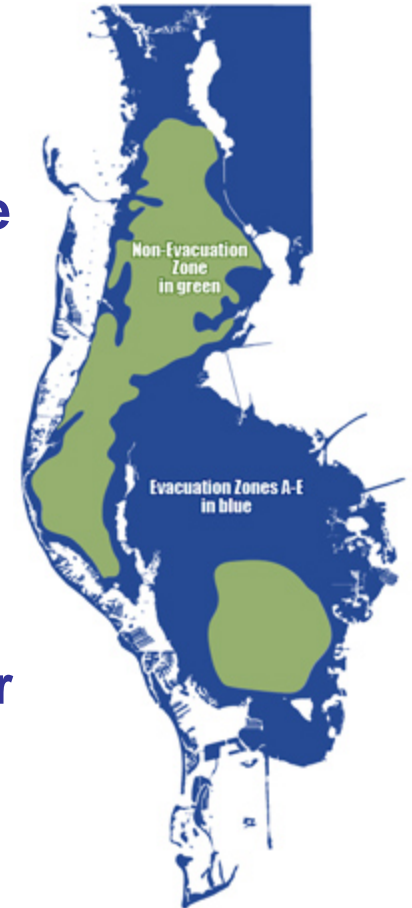
Components of Reserve

- **Encumbered Contracts Reserve: \$7.6M**
 - Resources committed to be expended in the following fiscal years due to timing issues
 - Accrued leave earned but not used
 - Encumbrances
 - Grants revenue received but not spent
- **Cash Flow Reserve: \$35.7M**
 - Necessary to meet cash flow needs (working capital)
 - Property tax revenue represents two-thirds of total revenues and most is not received for at least two months

Components of Reserve

- **Disaster Reserve: \$11.3M**

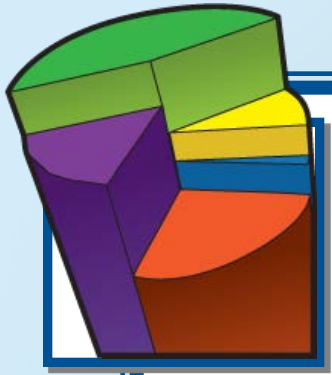
- Pinellas is a high hazard coastal county
- Need cash on hand to pay for disaster response
 - Emergency operations center and emergency shelters
 - Sheriff overtime
 - Public Works emergency response personnel
 - Debris removal
- FEMA or State reimbursement only covers a portion of the costs and may not be received for months or years
- Depending on timing, other available reserves could also be used for disaster response



Costs for Recent Hurricanes

Year	Event	Location	Cost
2004	Hurricane Dennis	Escambia County	\$29M
2004	Hurricane Charley	Charlotte County	\$124M
2004	Hurricane Ivan	Escambia County	\$196M
2005	Hurricane Wilma	Palm Beach County	\$325M





Unincorporated Area (MSTU) Budget

Unincorporated Area (MSTU)

- Another term for the unincorporated area is the Municipal Services Taxing Unit or MSTU
- The population of the MSTU is larger than any of the cities in the County (270,000)
- MSTU services are paid for by unincorporated area residents only
- MSTU residents do not pay utility taxes or franchise fees like most city residents

Countywide vs. Unincorporated (MSTU)

▪ Countywide services

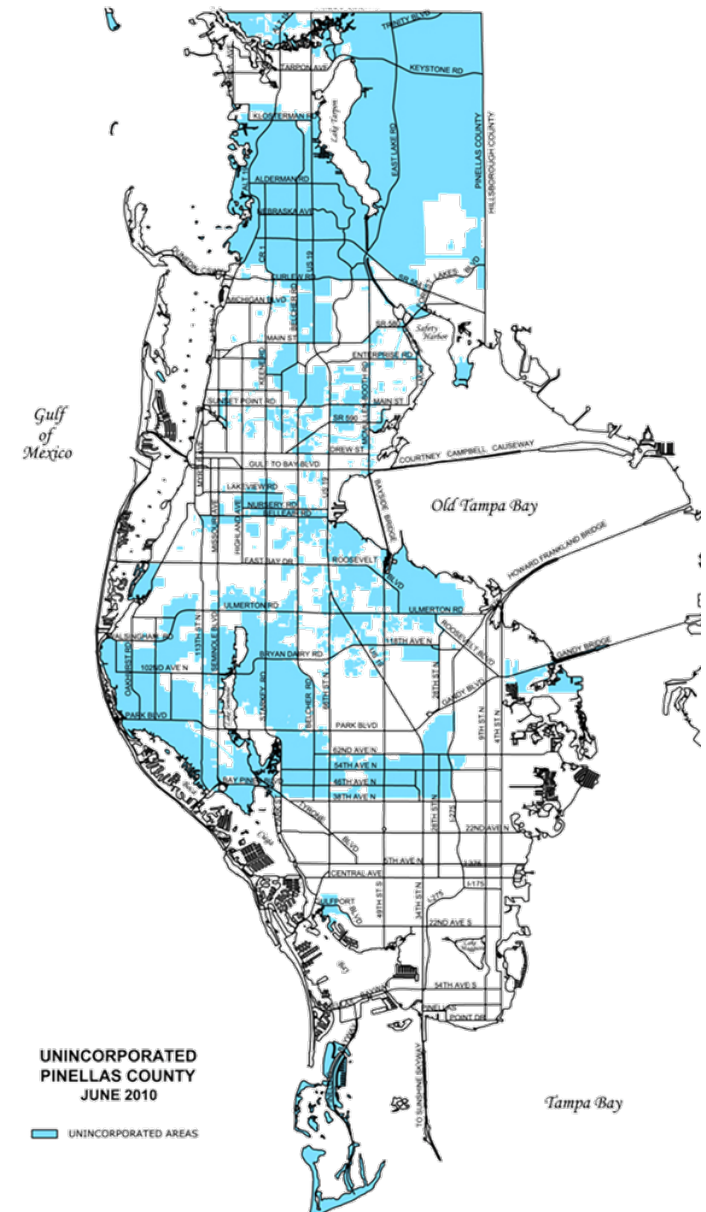
- ❑ Courts and Jail
- ❑ Animal services
- ❑ Economic develop.
- ❑ 9-1-1 & EMS System
- ❑ Mosquito control
- ❑ Social services
- ❑ Arterial roads

▪ MSTU services

- ❑ Building permits
- ❑ Plan reviews
- ❑ Zoning
- ❑ Drainage
- ❑ Code enforcement
- ❑ Road patrol (Sheriff)
- ❑ Local road maintenance

MSTU Budget

- **Overall revenues decreased \$1.0M or 2.0%**
- **Property taxes represent 58% of total revenues**
 - **Ad valorem millage rate remains the same at 2.0857 mills**
 - **Values decreased 3.3%**
 - **Revenue decrease of \$1.0M**

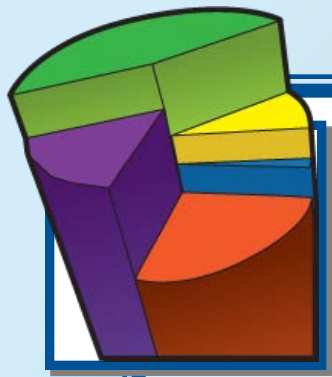


MSTU Budget

- **Overall expenditures increased \$1.1M or 2.5%**
 - **Sheriff is 75% of expenditures**
 - Increased \$1.5M (4.6%)
 - **Other expenditures decreased \$0.4M**
 - East Lake Library operating support
 - Same as FY2012 support (\$242,990)

Palm Harbor Recreation & Library District

- **Proposed millage increase to 0.5000 mills in FY2013**
- **Increase 14.2% from current rate of 0.4378 mills**
- **Requested by Palm Harbor Community Services Agency at May 8 BIS**
- **Generates additional \$189K in ad valorem revenues and offsets 2.6% decrease in tax base (\$36K decrease in revenue)**
- **Restores maximum millage rate that was rolled back per state legislative action in FY2008**



Other Funds

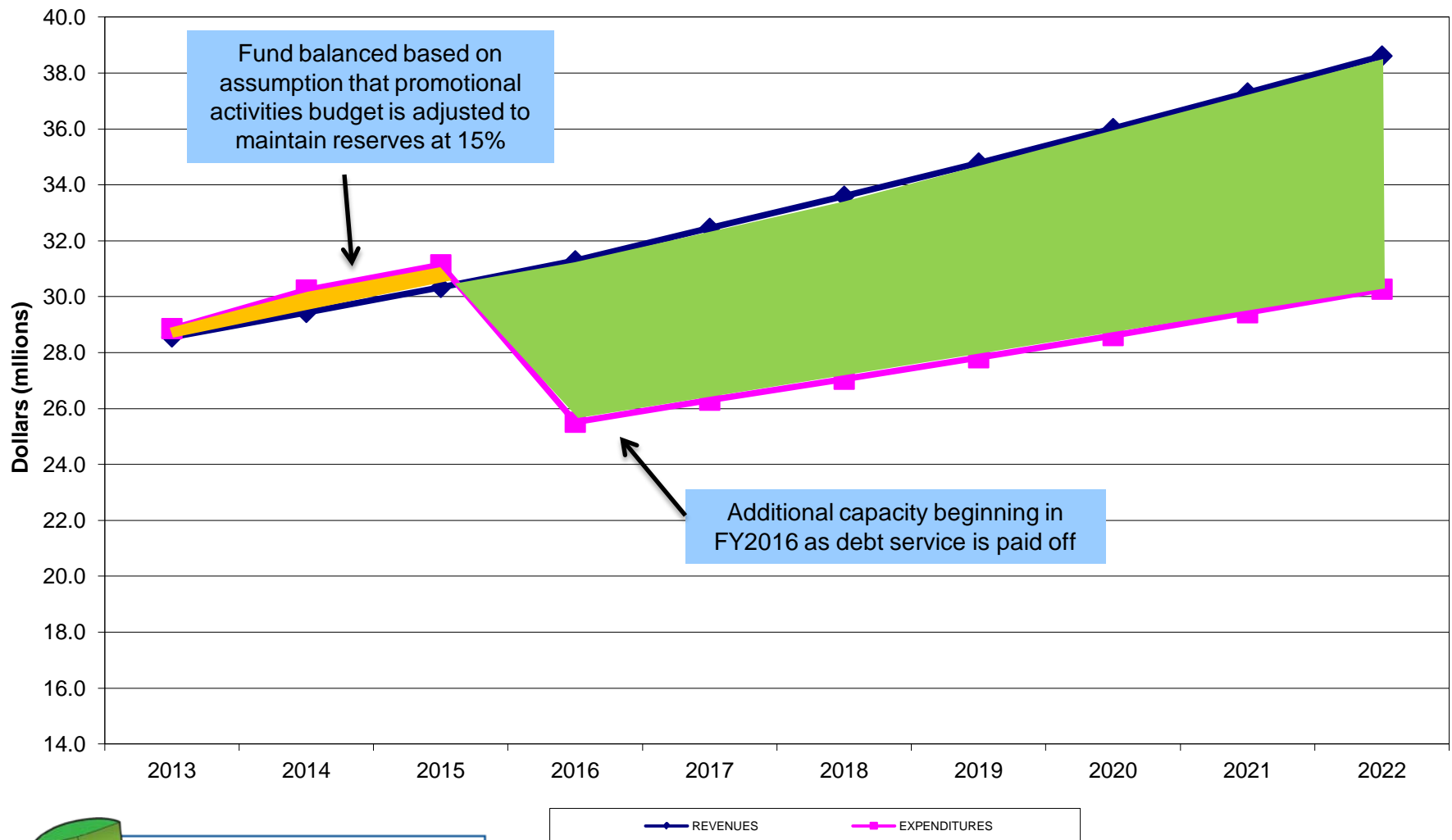
Fund Review: Tourist Development Fund



- **Fund is balanced through the forecast period**
 - Tourist development tax collections expected to grow 3% annually
 - Based on assumption that promotional activities budget is adjusted to maintain reserves at 15%
 - FY2013-15 reflects expenditures exceeding revenues due to spending down fund balance that resulted from higher than anticipated revenues
 - Includes \$500K commitment to Dali museum from FY2015 to FY2019
 - 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



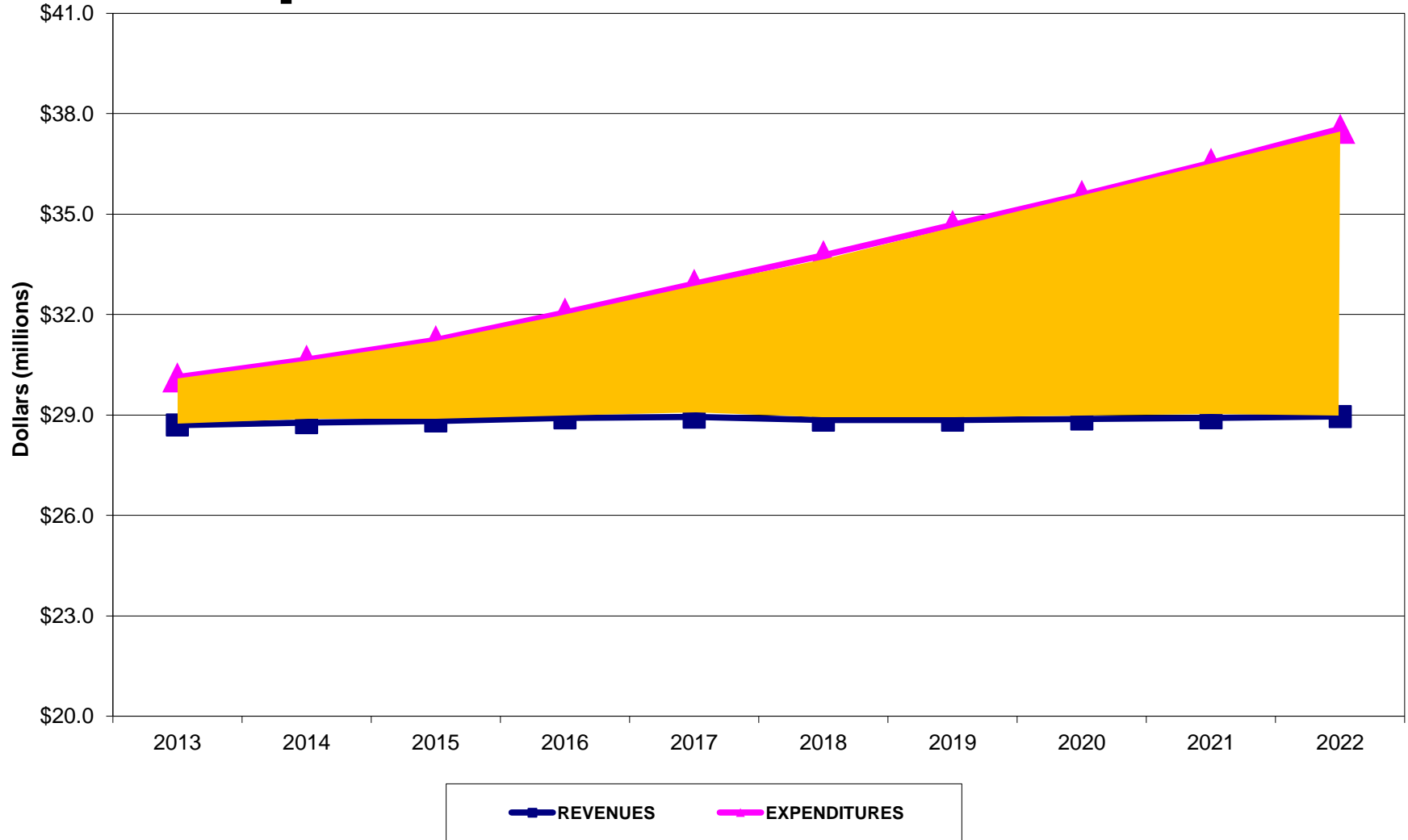
Fund Review: Transportation Trust Fund

- Fund is not in balance beginning in FY2013 resulting in depletion of fund balance in FY2019
 - Results from inflationary pressures on expenditures exceeding the relatively flat growth in gas tax collections
 - Will need to take action by FY2017 or FY2018



- Balancing strategies
 - Revenue subsidy from General Fund
 - Offset \$10.5M of storm water expenditures with an independent revenue source
 - Imposition of additional local option gas taxes
 - Reductions in program service levels

Transportation Trust Fund Forecast

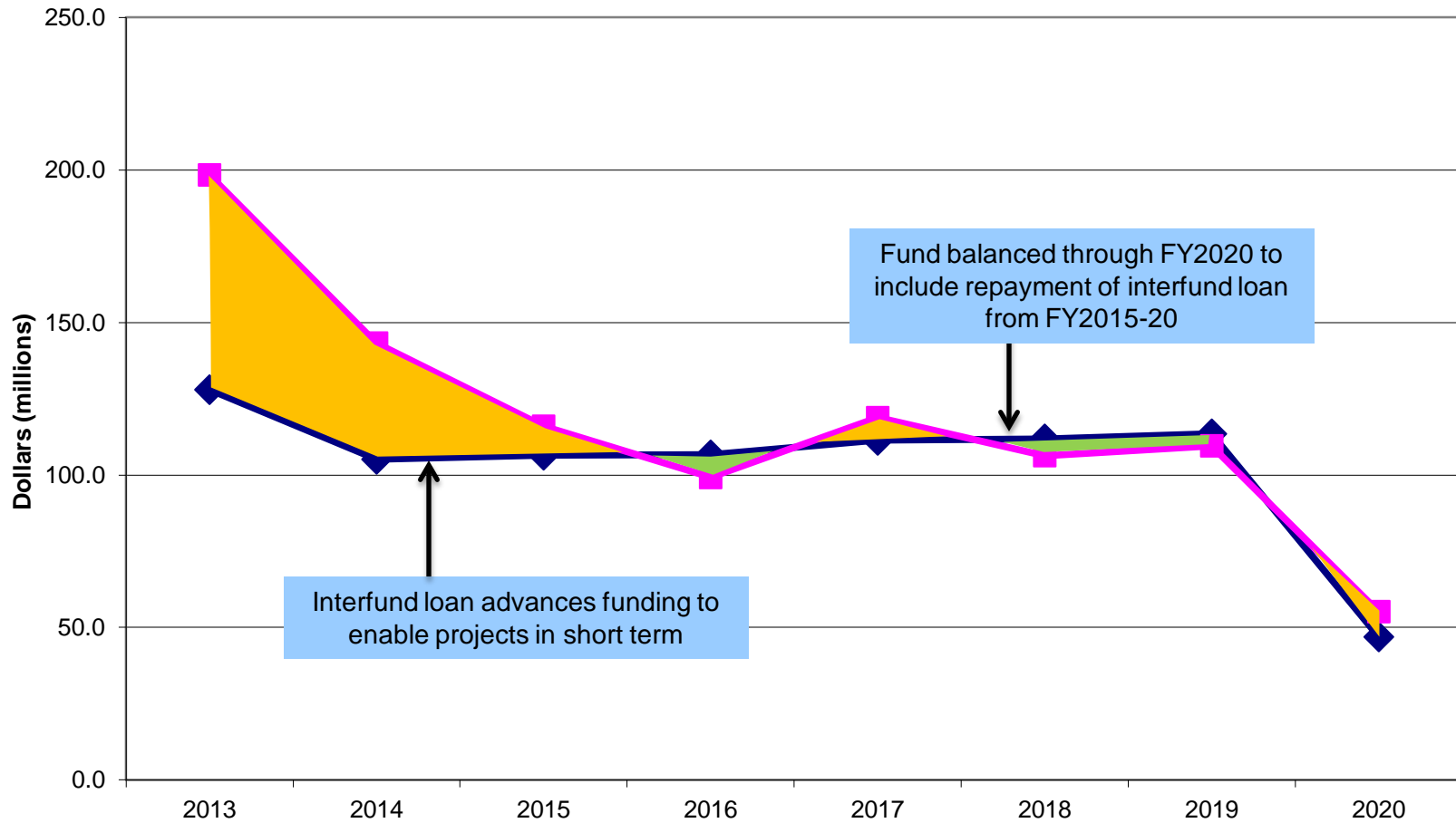


Fund Review: Capital Projects Fund

- **Fund is balanced through the forecast period**
 - Additional cash flow necessary in the first half of the ten-year Penny Program is being addressed through an interfund loan from Solid Waste R&R Fund
 - BCC authorized up to \$85M from Solid Waste R&R Fund
 - Penny Program orig. anticipated \$150M bond issue for cash flow purposes
 - Forecast includes repayment of loan from FY2015 to FY2020
- **Balancing strategies**
 - Address cash flow through short-term borrowing previously approved by BCC
 - Monitor revenues such as Penny for Pinellas and make any changes necessary to the 2010 to 2020 Penny Program allocations
 - Monitor potential expenditure impacts from construction and material price increases



Capital Projects Fund Forecast



Fund Review: EMS Fund

- Fund is not balanced through the forecast period
 - FY2013 is balanced based on increasing EMS millage rate from 0.8506 to 1.0355 (21.7% increase)



- Proposed millage increase requires unanimous vote
- Maintains reserve rate of 25% (\$22.6M)
- Additional millage increases will be necessary to sustain same level of service with current delivery model
- Millage cap is 1.5000

Fund Review: EMS Fund

(Millage Increase Drivers)

- **Increased Requests from First Responders (\$2.1M or 5.5% increase)**
- **Decrease in Taxable Values (1.8% decrease)**
- **Matching Recurring Revenues to Recurring Expenditures**
- **Maintaining a 25% Reserve Level**

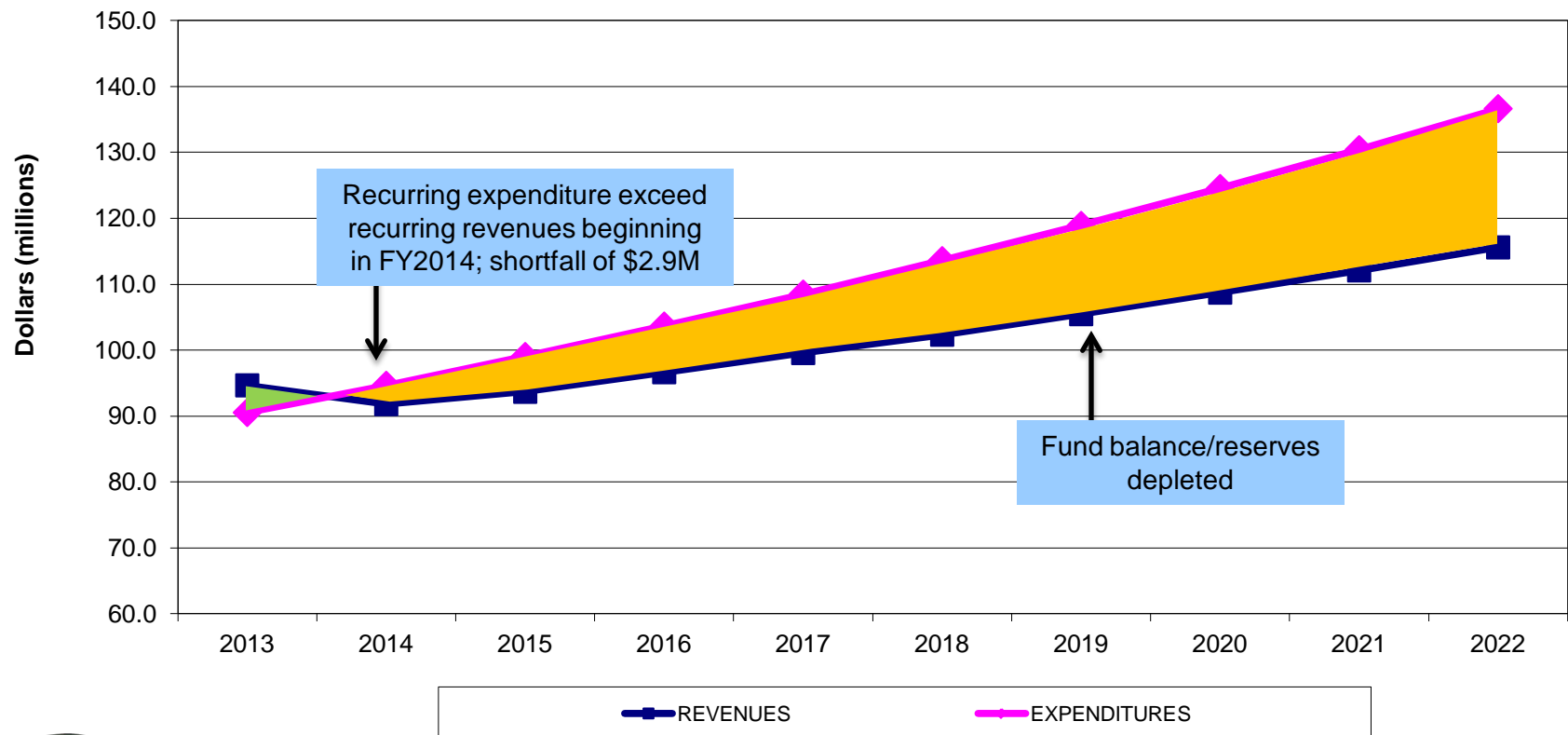
Fund Review: EMS Fund **(without millage increase)**

- **FY2013**
 - Millage rate maintained at 0.8506
 - Reserve level = 15.2% (\$13.8M)
- **FY2014 (based on forecast)**
 - Reserve level = 2.3% (\$2.2M)
 - Fund balance/reserves depleted in FY2015
 - Millage rate increase of 53.8% to 1.3079 necessary to raise reserve level to 25%
- **FY2015 (based on forecast)**
 - Millage rate increase of 90.9% to 1.6241 necessary to raise reserve level to 25%
 - Exceeds 1.5 mill cap

EMS Fund Forecast

- Current level of EMS funding is not sustainable

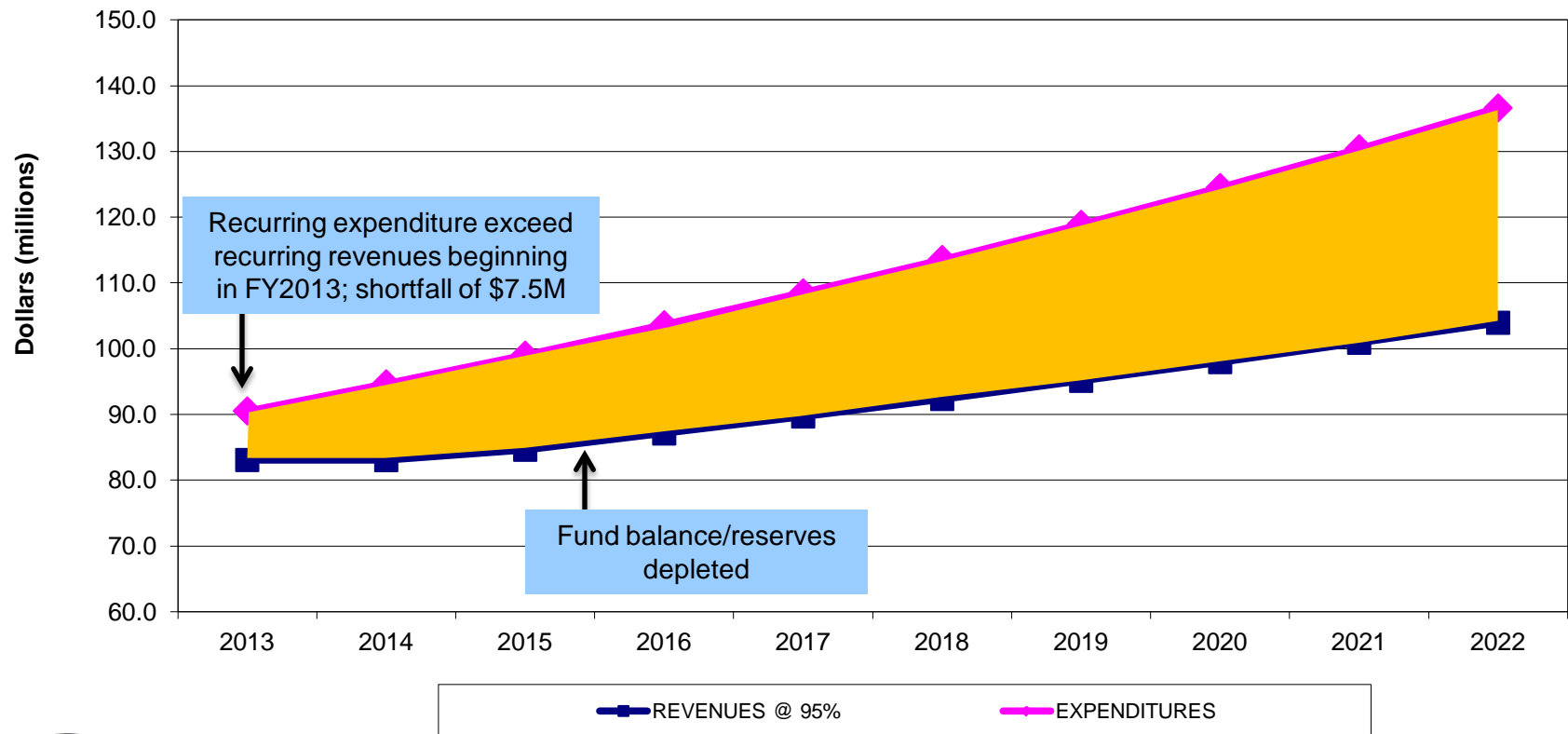
- Assumes 0.1849 mill increase in FY2013 to 1.0355
- Annual increases to first responder agreements and ambulance contract



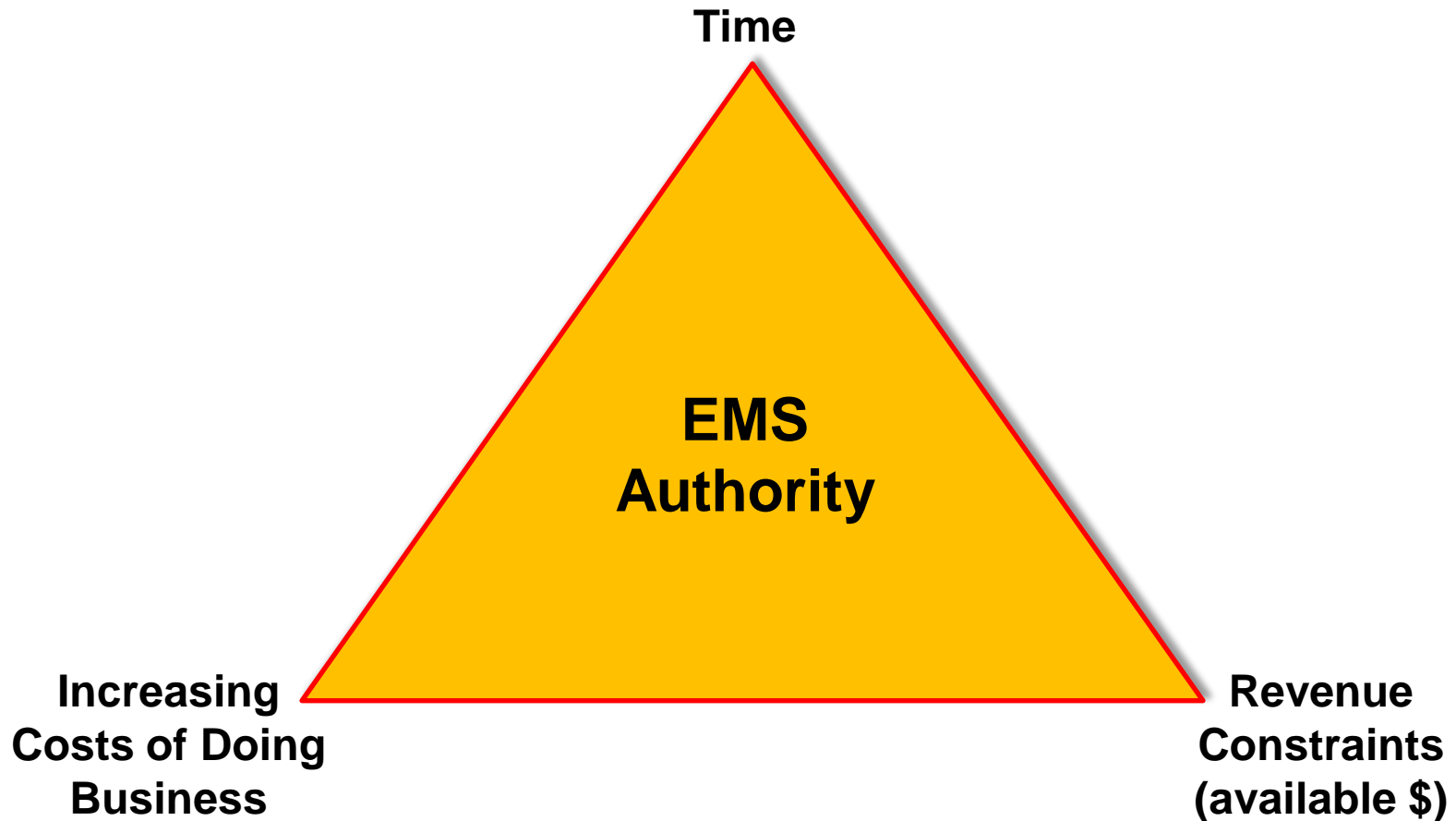
EMS Fund Forecast

- Current level of EMS funding is not sustainable

- Assumes no millage increase
- Annual increases to first responder agreements and ambulance contract



EMS Millage Implications

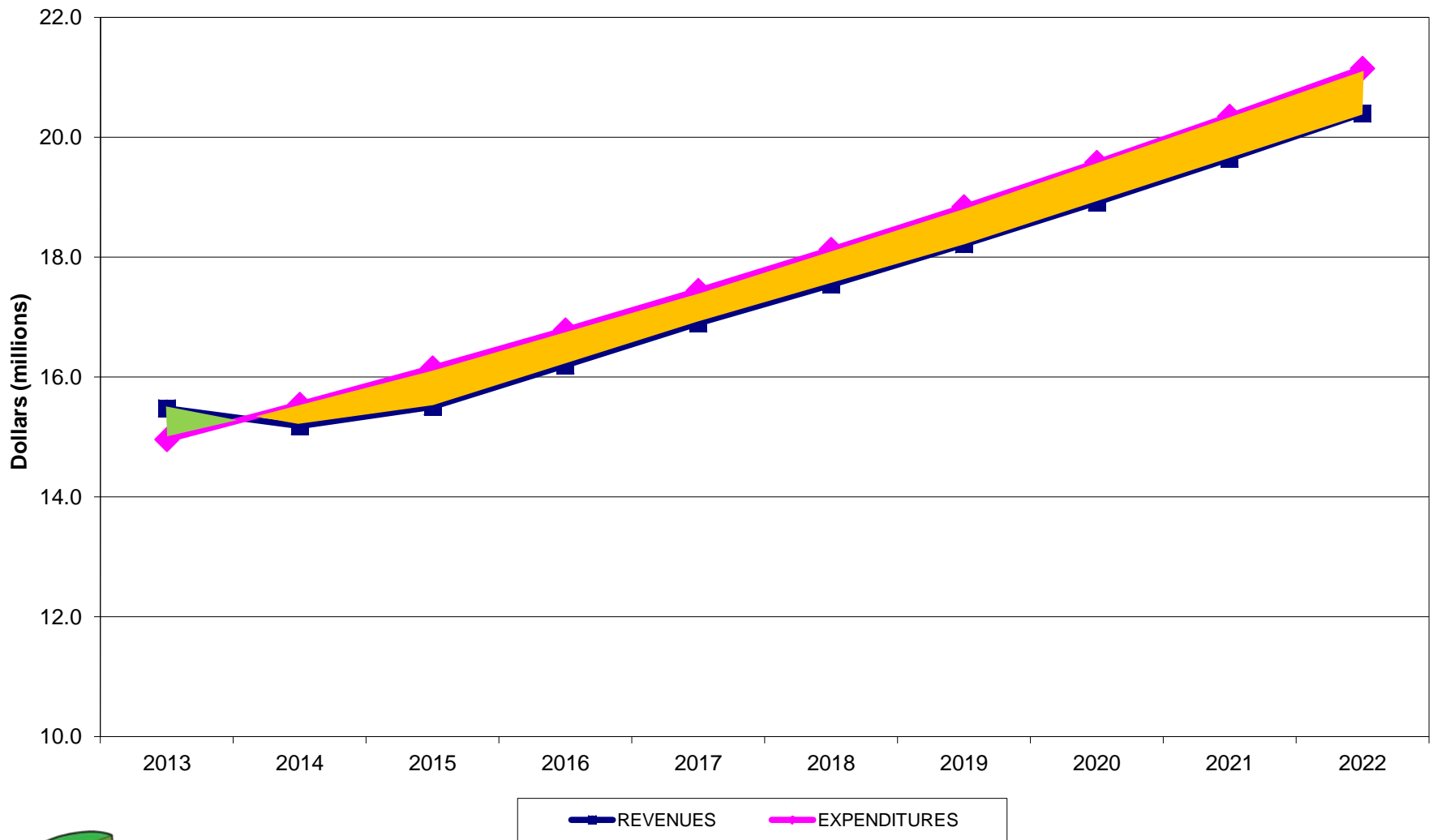


Fund Review: Fire Districts Fund

- Fund is not in balance due to reductions in property tax revenue collections
 - Fund information presented in a consolidated manner to provide a high level perspective
 - Budgetarily, each fire district is balanced separately
 - Taxable values decreased in 9 of 12 fire districts (3.1% increase to 6.4% decrease)
 - 6 out of 12 fire districts have proposed millage increases in FY2013



Fire Districts Fund Forecast



Fire District Millage Rates

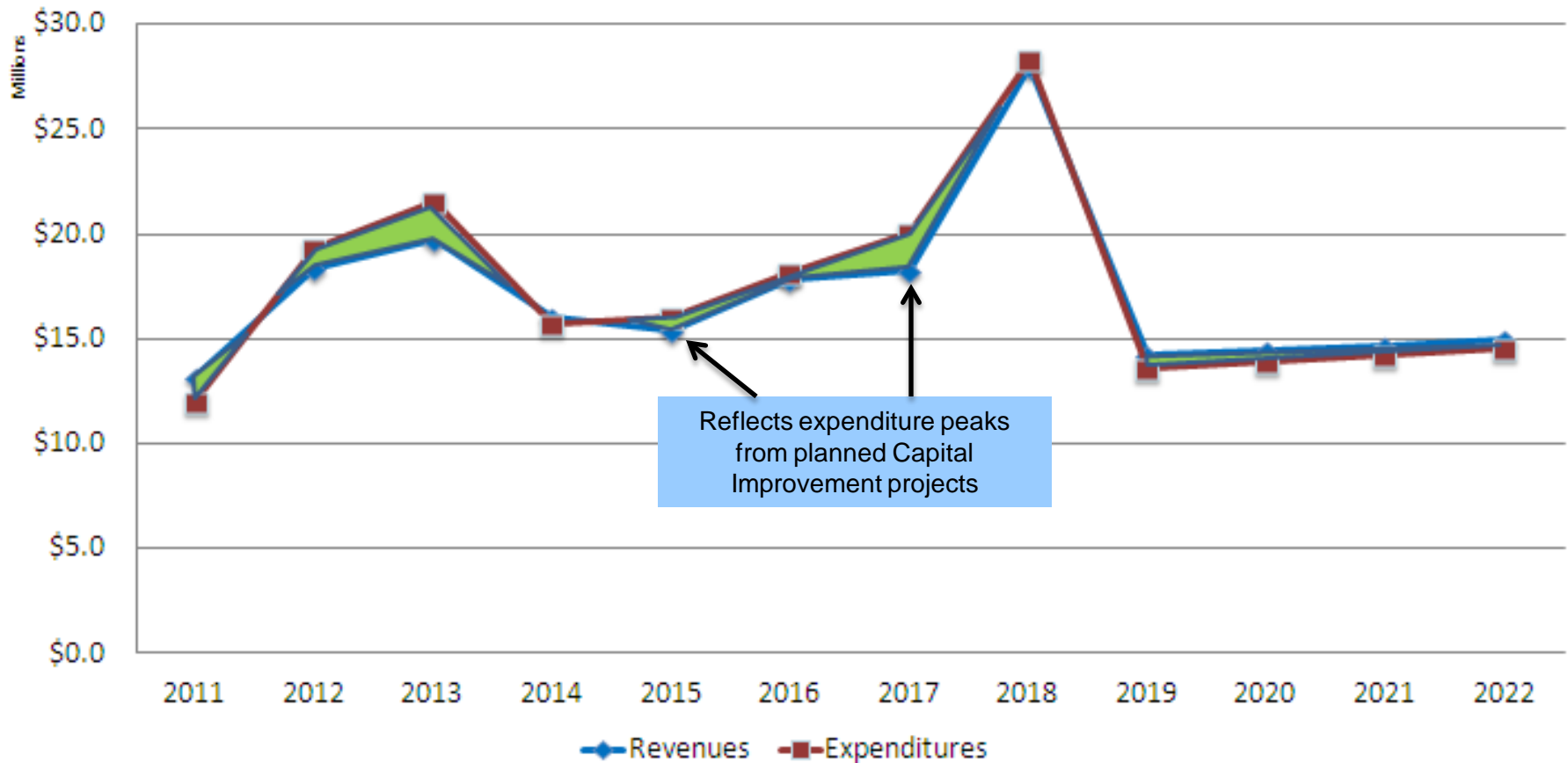
Fire Districts	FY2012 Adopted Millage	FY2013 Proposed Millage	Variance	Millage Caps	Millage Increase Drivers
Belleair Bluffs	1.7320	1.7320	-	5.0	
Clearwater	2.6591	3.2092	0.5501	5.0	Taxable Value decrease (6.4%), Operating request increase (\$150K), Reserve request increase (\$254K)
Dunedin	2.2576	3.5525	1.2949	5.0	Taxable Value decrease (0.5%), Decrease in BFB (\$178K), Operating request increase (\$153K), Reserve request increase (\$8K)
Gandy	2.2602	2.2602	-	5.0	
Largo	3.5133	3.5609	0.0476	5.0	Taxable Value decrease (4.0%)
Pinellas Park	2.3675	2.3675	-	5.0	
Safety Harbor	2.6800	2.7631	0.0831	5.0	Reserve request increase (\$29K)
Tarpon Springs	2.3745	2.3745	-	5.0	
Seminole	1.9581	1.9581	-	10.0	
High Point	4.1916	4.1916	-	10.0	
Tierra Verde	1.9087	1.9118	0.0031	3.0	Operating request increase (\$7K), Reserve request increase (\$63K)
South Pasadena	3.1257	4.4882	1.3625	5.0	Decrease in BFB (\$82K), Operating request increase (\$33K), Reserve request increase (\$18K)

Fund Review: Airport Fund

- Fund is balanced through the forecast period
 - Balanced based on the following assumptions:
 - Capital projects budget will be adjusted to reflect the timing and amounts of any grants revenue
 - Airport's operating budget would be adjusted to match revenues
 - Additional revenue from development of Airco Golf Course assumed to begin in FY2017
 - Fluctuations in revenues and expenditures are caused by the timing of capital projects
- Balancing strategies
 - Continue to adjust operating and capital expenditures to match revenues



Airport Fund Forecast



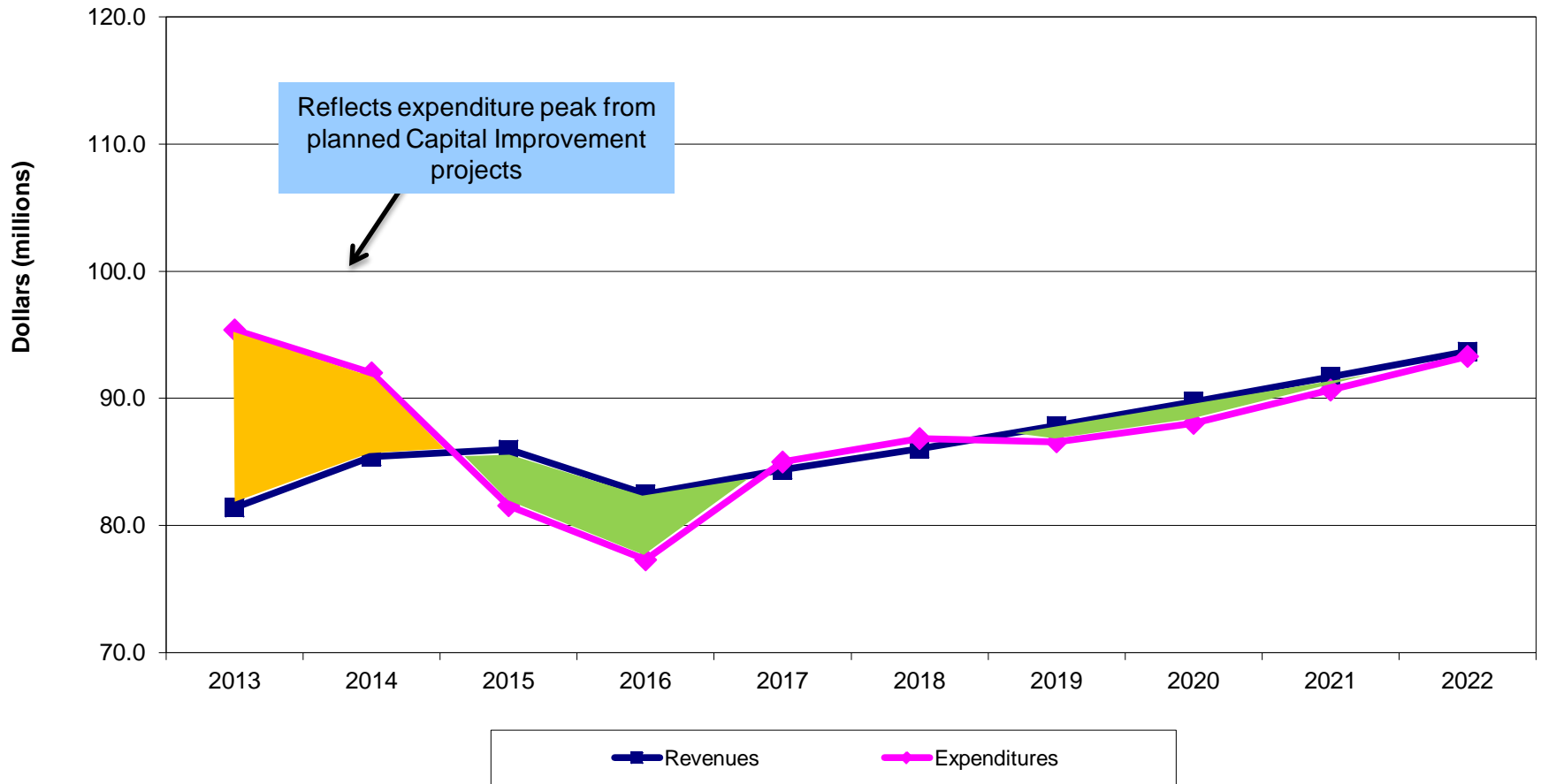
Fund Review: Water Funds

- Fund is balanced through forecast period
 - Rate increases presented in FY2012 for FY2013-FY2015 are required to provide sufficient revenues to maintain reserves and fund capital replacement needs
 - Rate increases from FY2016-FY2022 will be required at 2% to 3% based on blend of growth and consumption, inflationary cost increases, and capital needs



- Balancing strategies
 - Implement recommended rate increases
 - Continue to adjust operating and capital expenditures to match revenues

Water Funds Forecast

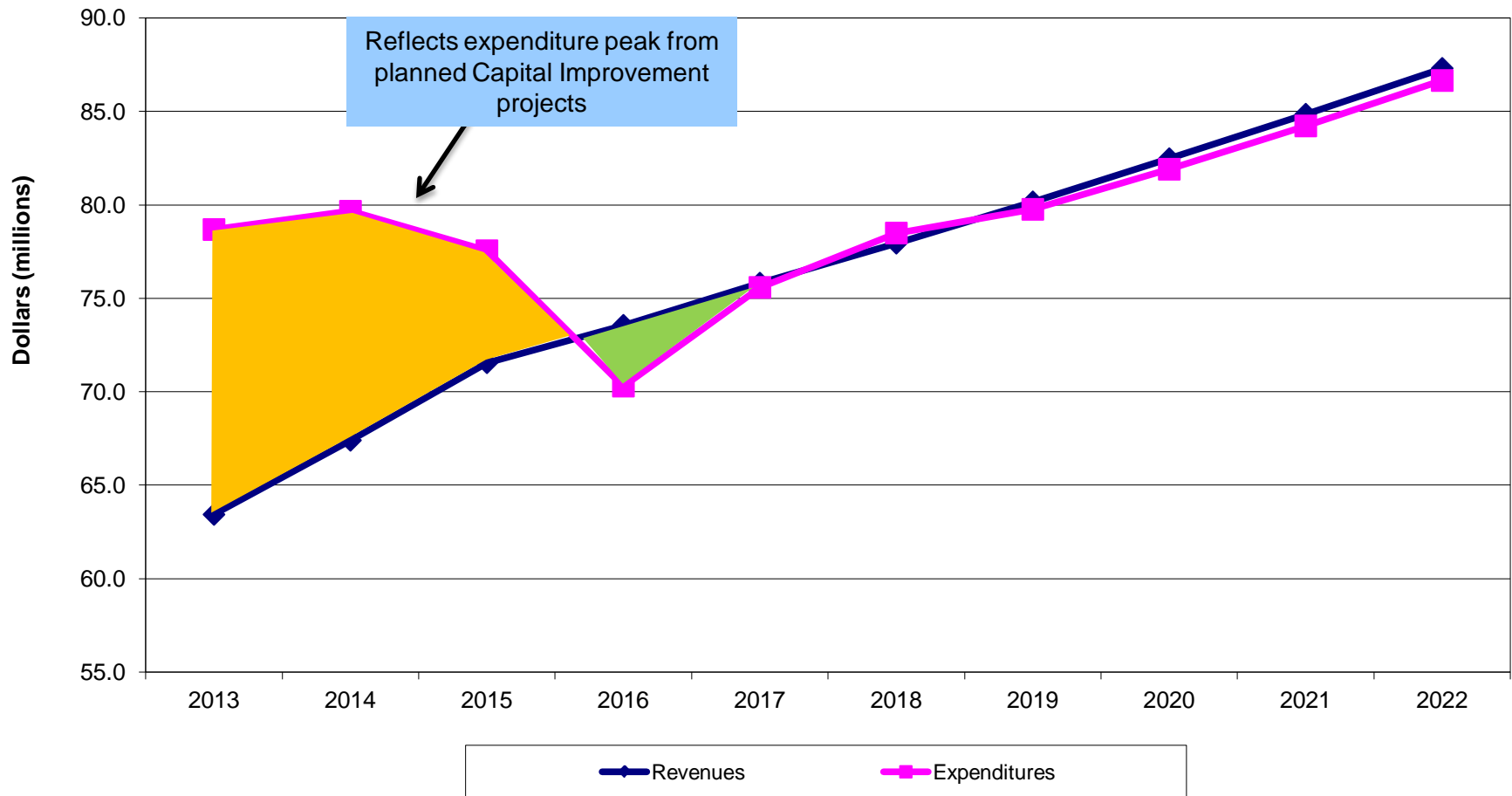


Fund Review: Sewer Funds

- **Fund is balanced through forecast period**
 - Rate increases presented in FY2012 for FY2013-FY2015 are required to provide sufficient revenues to maintain reserves, sustain debt service coverage ratios, and fund capital replacement needs
 - Rate increases from FY2016-FY2022 will be required at 2.0% to 2.75% based on blend of growth and consumption, inflationary cost increases, capital needs, and minimum amount of reserves for debt service coverage
- **Balancing strategies**
 - Implement recommended rate increases
 - Continue to adjust operating and capital expenditures to match revenues



Sewer Funds Forecast



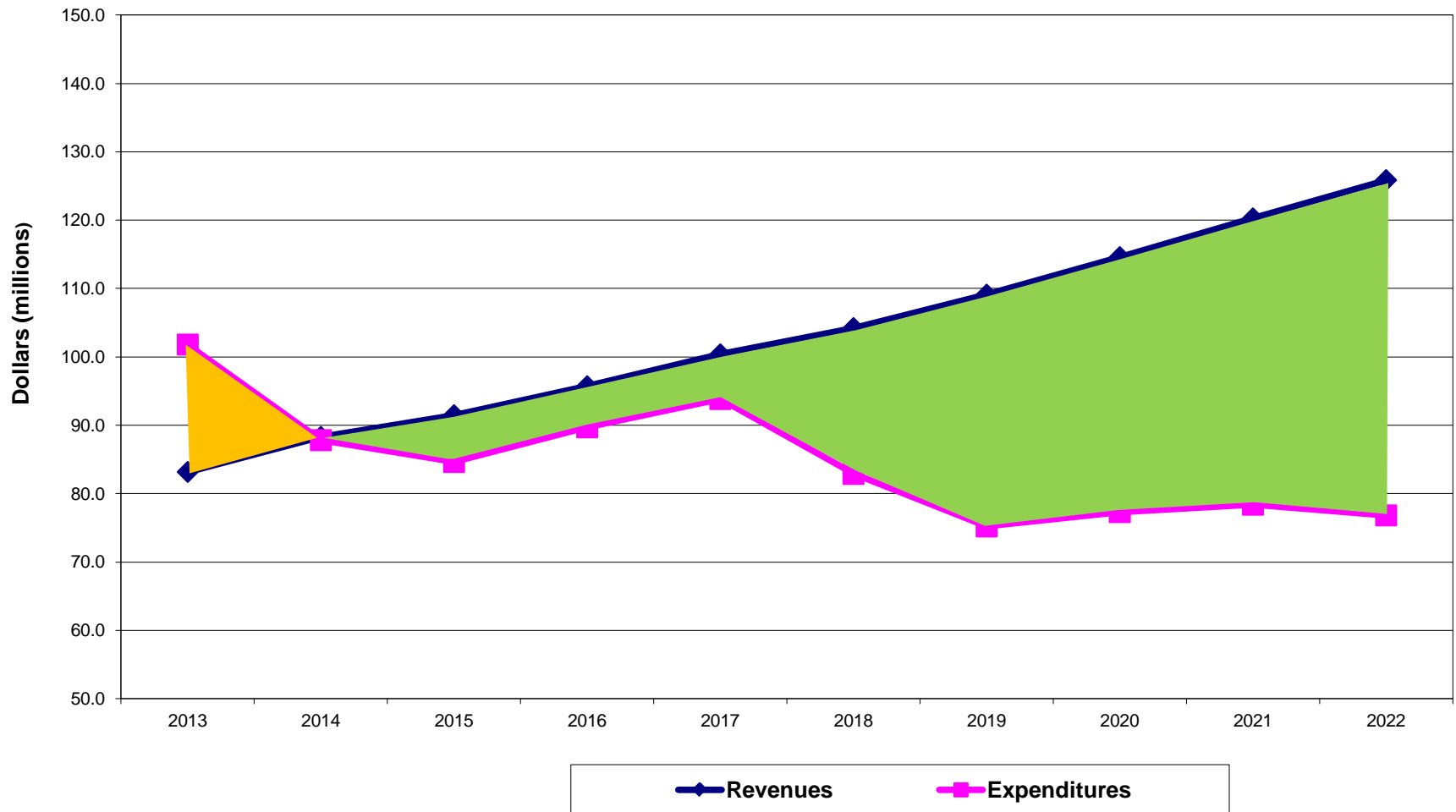
Fund Review: Solid Waste Funds

- **Fund is balanced through forecast period**
 - Solid Waste tipping fees and electricity sales have declined with the recession, but remain sufficient to fund operations and reserves through FY2022
 - Reserves are being accumulated for future capital replacement needs consistent with the 25 year capital plan

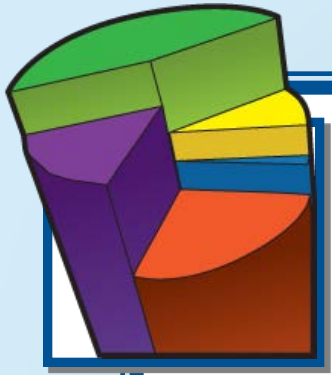


- **Balancing strategies**
 - Continue to adjust operating and capital expenditures to match revenues

Solid Waste Funds Forecast



Note: Does not include Capital Projects Fund loan activity



Capital Improvement Program (CIP)

FY2013-2022 CIP Development

- **Overall CIP Goal – To provide physical facilities that are:**
 - Responsive to the needs and demands of the public and County government
 - Supportive of the long and short range economic, social, and environmental development policies of the County
 - Necessary to achieve levels of service identified in the County's adopted Comprehensive Plan

FY2013-2022 CIP Development

- The County's multi-year CIP is updated annually as part of the annual budget process
- First year of adopted CIP must be balanced and funds legally appropriated
- Out years reflect a financial and production plan for future capital project needs
- CIP provides financial and management planning data for future operations and maintenance impacts
- CIP reflects 10-year plan consistent with forecast
 - Governmental plan through FY2020 based on approved Penny

FY2013-2022 CIP Development

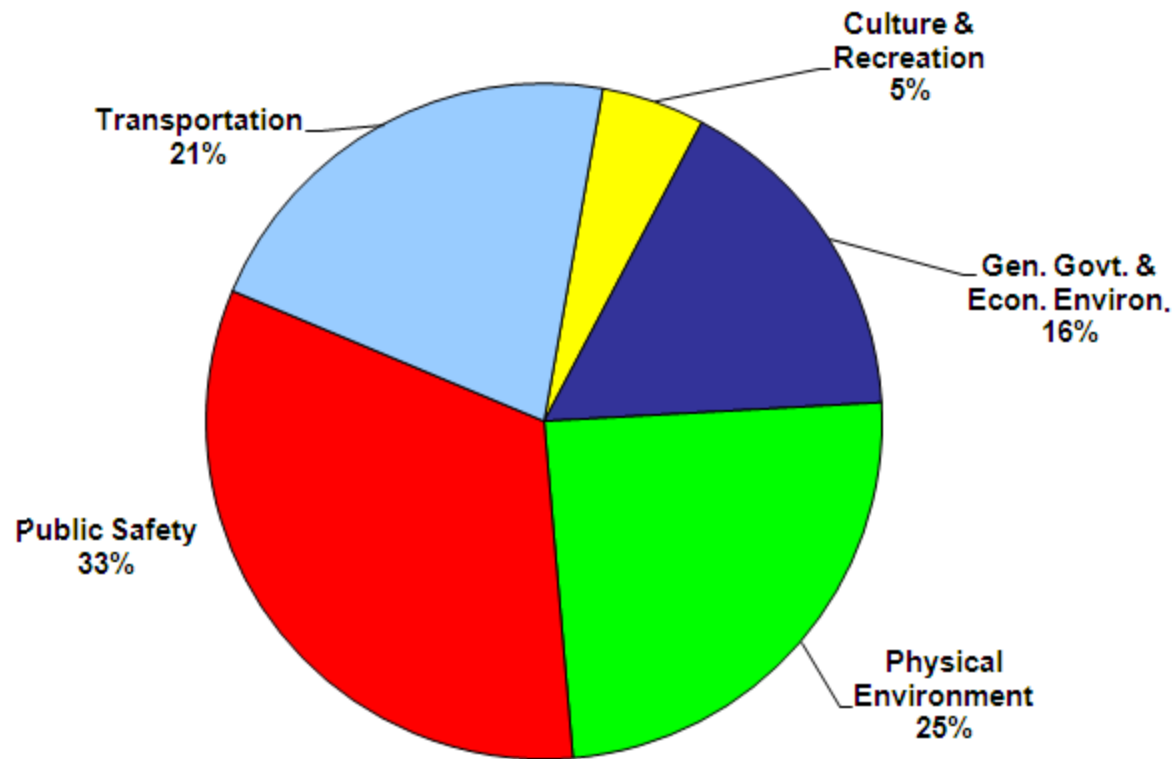
■ Major Revenue Sources

- ❑ Penny for Pinellas
- ❑ Transportation Impact Fees
- ❑ “9th Cent” Gas Tax for Intelligent Transportation System
- ❑ Grants and Reimbursements
- ❑ Tourist Development Tax half-cent for beach nourishment
- ❑ Enterprise Funds (Airport & Utilities)



One Year CIP - Governmental

- **FY2013 Expenditure Total: \$201.4M**



Note: Expenditure Total is net of Non-Project Items

One Year CIP – Governmental Project Highlights

- **Public Safety (\$65.8M)**
 - Public Safety Facilities & Central Communications Center (\$48.1M)
 - Public Safety Radio System (\$4.5M)
 - Detention/Correction Program Projects (\$6.5M)



One Year CIP – Governmental Project Highlights

■ Transportation (\$43.2M)

- Keystone Road-US19 to East Lake Road (\$4.7M)
- ITS/ATMS Projects (\$7.5M)
- Gulf Boulevard Improvements (\$3.5M)
- Road Resurfacing & Rehab Program (\$6.7M)
- Pinellas/Progress Trail Extension (\$2.4M)
- LaPlaza Bridge (\$1.7M)
- Bridge Rehab Program (\$1.3M)



One Year CIP – Governmental Project Highlights

■ Physical Environment (\$49.4M)

- Honeymoon Island Improvements (\$6.2M)
- Lake Seminole Sediment Removal (\$6.1M)
- Stormwater Conveyance System (\$3.6M)
- Bee Branch Drainage Improvements (\$1.9M)
- Bear Creek Channel Improvements (\$2.7M)
- Curlew Creek Channel A Improvements (\$6.2M)
- Mobbly Bay Habitat Restoration (\$2.0M)



One Year CIP – Governmental Project Highlights

- **General Government / Economic Environment (\$33.0M)**
 - Centralized Chiller Facility (\$6.3M)
 - Space Plan Implementation (\$1.0M)
 - Centralized Traffic Court (\$1.4M)
 - CJC Parking Garage (\$12.4M)



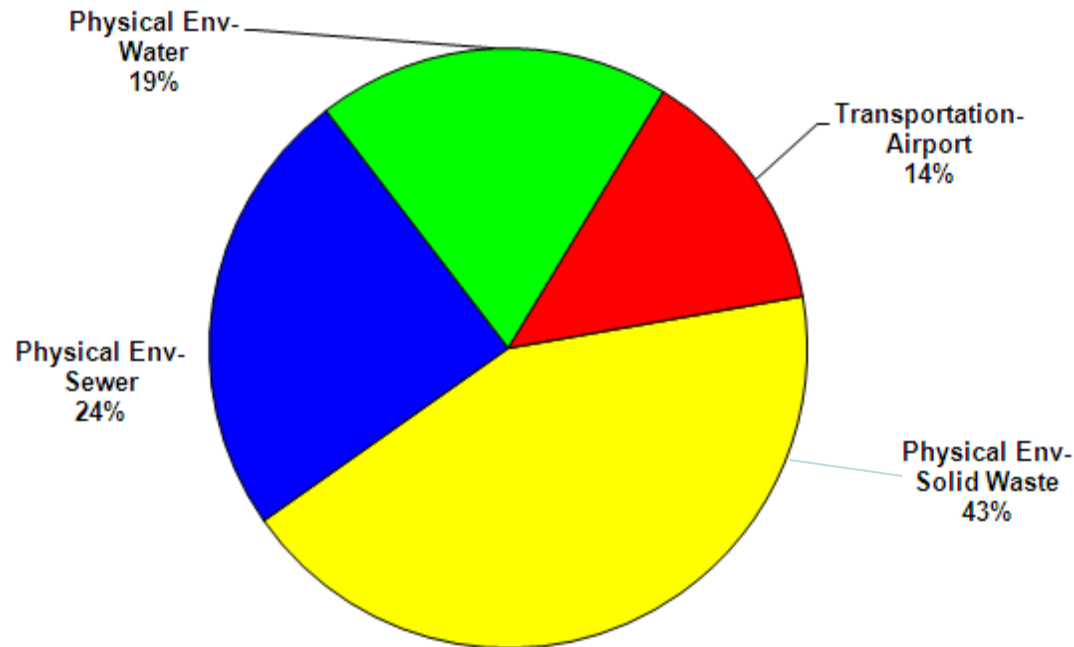
One Year CIP – Governmental Project Highlights

- **Culture & Recreation (\$10.0M)**
 - Countywide Park Roads & Parking Areas (\$1.4M)
 - Fort De Soto Water Circulation (\$824K)
 - Park Utility Infrastructure (\$900K)
 - Joe's Creek Greenway (Lealman) (\$460K)
 - Fort De Soto Bay Pier Replacement (\$1.1M)



One Year CIP - Enterprise

- Expenditure Total: \$91.3M



Note: Expenditure Total is net of Non-Project Items

One Year CIP – Enterprise Project Highlights

- **Physical Environment (\$78.9M) - Utilities**

- ❑ Solid Waste Side Slope Closures (\$10.5M)
- ❑ Bridgeway Acres Gradient Control System(\$4.5M)
- ❑ Keller Transfer Pumping Station (\$5.4M)
- ❑ Logan Station Booster Pump (\$1.8M)
- ❑ Sewer System UV/Ozone Project (\$13.5M)
- ❑ South Cross Upgrades (\$2.3M)



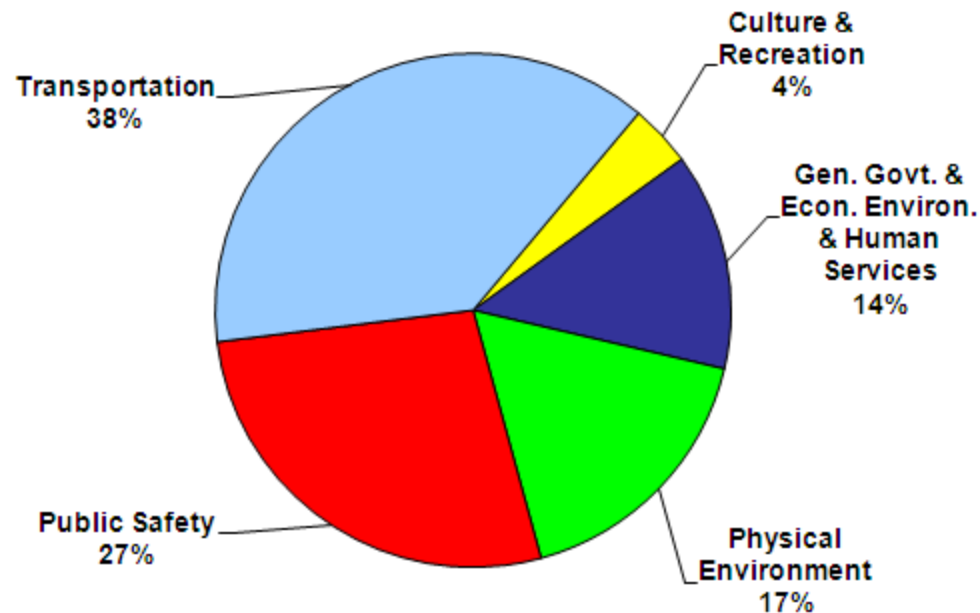
One Year CIP – Enterprise Project Highlights

- **Transportation (\$12.4M) – Airport**
 - Terminal Improvements – Phase II (\$3.8M)
 - Taxiway Rehab (\$6.3M)



Ten Year CIP - Governmental

- **FY2013-2020 Expenditure Total: \$884.8M**



Note: Expenditure Total is net of Non-Project Items

Ten Year CIP – Governmental Project Highlights

- **Transportation (\$336.9M)**
 - 118th Avenue Expressway (FY2014)
 - Gulf Boulevard Improvements (FY2013)



- **Public Safety (\$241.5M)**
 - Jail Expansion & Court Improvements (FY2013)

Ten Year CIP – Governmental Project Highlights

■ Physical Environment (\$151.2M)

- ❑ Pass-A-Grille Beach Nourishment (FY2013)
- ❑ Treasure Island Nourishment (FY2013)
- ❑ Upham Beach Stabilization (FY2013)
- ❑ Sand Key Nourishment (FY2013)
- ❑ Regional Stormwater Quality (FY2013)

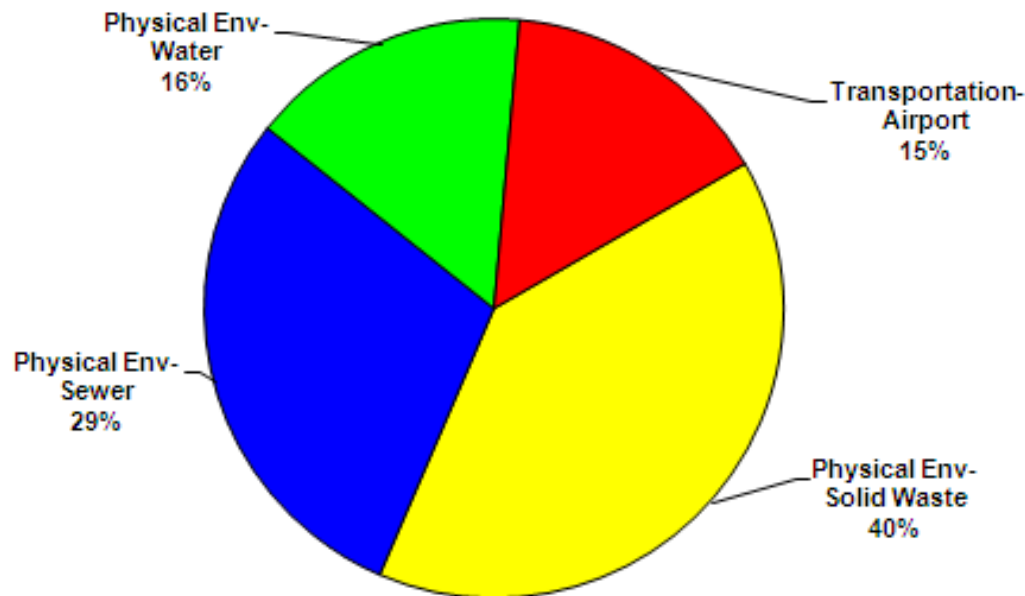


Ten Year CIP – Governmental Project Highlights

- **Culture & Recreation (\$34.6M)**
 - Wall Springs/McMullen (FY2016)
 - Pinellas Trail Improvements (FY2013)
- **General Gov't/Econ. Environment/Human Services (\$120.6M)**
 - Affordable Housing Land Assembly Program (FY2017)
 - CJC Security System Upgrade (FY2013)
 - CJC Judicial Consolidation (FY2014)

Ten Year CIP - Enterprise

o FY2013-2022 Expenditure Total: \$424.0M



Note: Expenditure Total is net of Non-Project Items

Ten Year CIP – Enterprise Project Highlights

■ Physical Environment (\$359.3M) - Utilities

- ❑ WTE Air Pollution Control Upgrade (FY2013)
- ❑ Landfill Gas Collection Flaring System (FY2015)
- ❑ Lake Tarpon ASR Construction (FY2014)
- ❑ Sludge Thickening Improvements (FY2014)
- ❑ Water Mains Installations (FY2013)

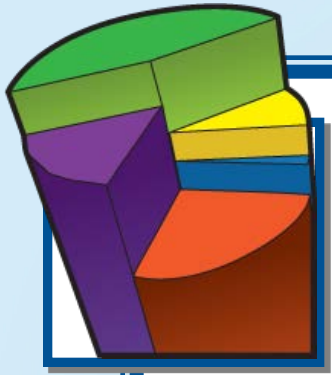


Ten Year CIP – Enterprise Project Highlights

- **Transportation (\$64.7M) - Airport**

- Cargo Apron Construction (FY2018)
- New General Aviation Taxiways/Ramps (FY2017)
- New T-Hangars (FY2018)
- Airco Site Development (FY2017)





Additional Funding Requests (not in Proposed Budget)

Additional Funding Requests (General Fund)

- **BDRS - Code Enforcement Enhancement (\$555K recurring; \$100K one-time)**
- **DEI - Watershed Management Monitoring Program (\$153K recurring)**
- **Clerk of the Circuit Court - OPUS Staffing Support (\$149K recurring)**

Additional Funding Requests (General Fund)

- **BTS - OPUS Technical Staff (\$250K recurring)**
- **BTS - Wide Area Network Redundancy (\$78K recurring)**
- **BTS - WiFi Connectivity (\$360K one-time; \$110K recurring starting FY2014)**

Additional Funding Requests (General Fund)

- Health & Human Services: \$840K recurring
 - Support for homeless initiatives
 - Funded on one-time basis annually since FY2010
 - Pinellas Hope - \$500K
 - Homeless street outreach activities - \$300K
 - Turning Point - \$40K
 - Millage equivalent = 0.0162 county-wide

Pinellas **H**ope
A Program of Catholic Charities
Diocese of St. Petersburg

Funding Options (General Fund)

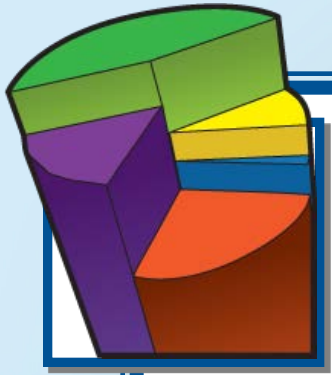
- **County-wide Requests: \$1,470,390 recurring**
 - ❑ Increase county-wide millage rate = 0.0284 mills
 - ❑ Identify reductions to offset increases
- **MSTU Request: \$555,120 recurring**
 - ❑ Increase MSTU millage rate = 0.0420 mills
 - ❑ Identify reductions to offset increases
- **Non-recurring Requests: \$460,000**
 - ❑ Allocate non-recurring funds to support requests
 - ❑ Identify non-recurring reductions

Additional Funding Requests (Non-General Fund)

- **BTS - CADD Technical Staff (\$160K recurring)**
- **DEI - Environmental Services Program Manager (\$85K recurring)**
- **DEI – ATMS/ITS In-Sourcing (\$40K recurring SAVINGS)**

Funding Options (Non-General Fund)

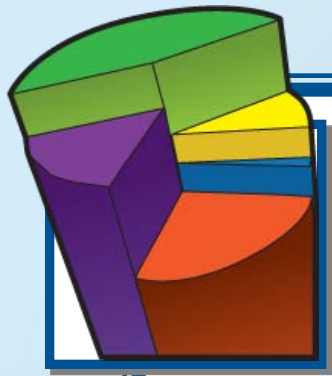
- Capital Improvement Program: \$245K recurring
 - Administrative costs charged to projects are increased
 - Identify reductions to offset increases
- Transportation Trust Fund: \$40K recurring SAVINGS
 - Additional funding for positions if offset by reductions identified in consultant study



Future Fiscal Issues

Future Fiscal Issues

- **General Fund**
- **EMS Fund and Fire Districts**
- **Transportation Trust Fund**
- **Stormwater**
- **Attracting & Retaining Talent with Competitive Compensation**



Next Steps

Next Steps

July

July 17:
BCC Feedback Regarding
FY2013 Proposed Budget

July 20:
TRIM Stuffer Deadline for
Property Appraiser

July 26:
Budget Recap and Discussion
to Finalize proposed millage
rates for inclusion in the TRIM
notice

August

August 3: Property Appraiser
is notified of proposed
millage rates for development
of TRIM notices

August: Budget
Information Sessions –
as needed

August 20: TRIM notices
mailed to all property owners

Next Steps

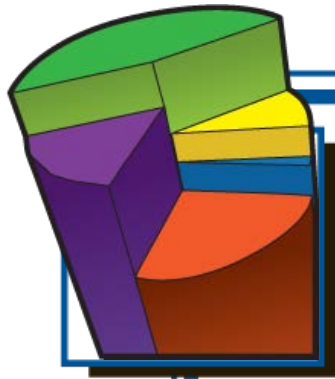
September

September 6: 1st Public Hearing – BCC adopts **tentative** FY2013 millage rates and budgets

September 18: 2nd Public Hearing – BCC adopts **final** FY2013 millage rates and budgets

October

October 1:
Beginning of fiscal year 2013



Citizens' Guide to the Budget

www.pinellascounty.org/budget

