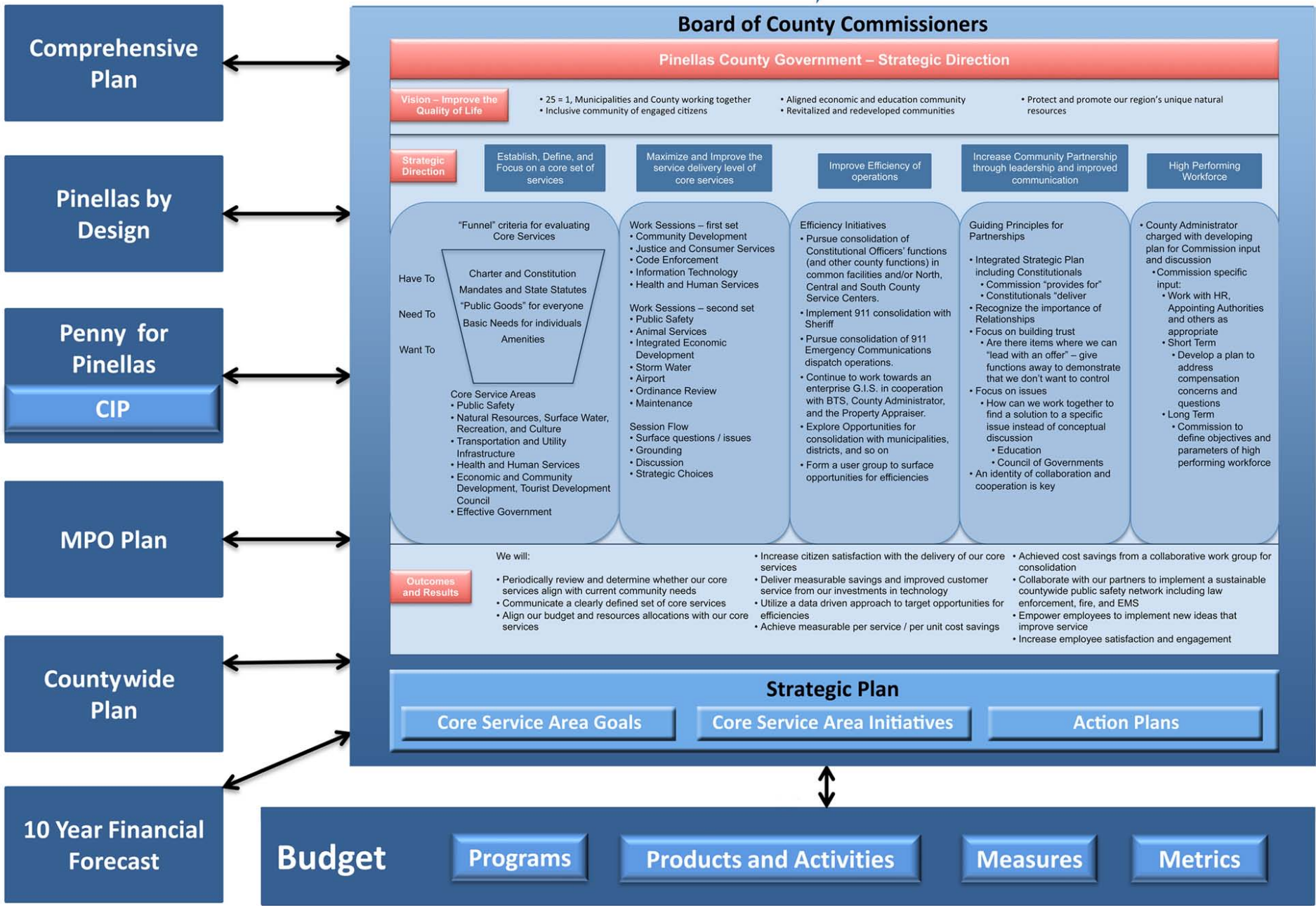


Budget Forecast

FY2014-2023

February 5, 2013



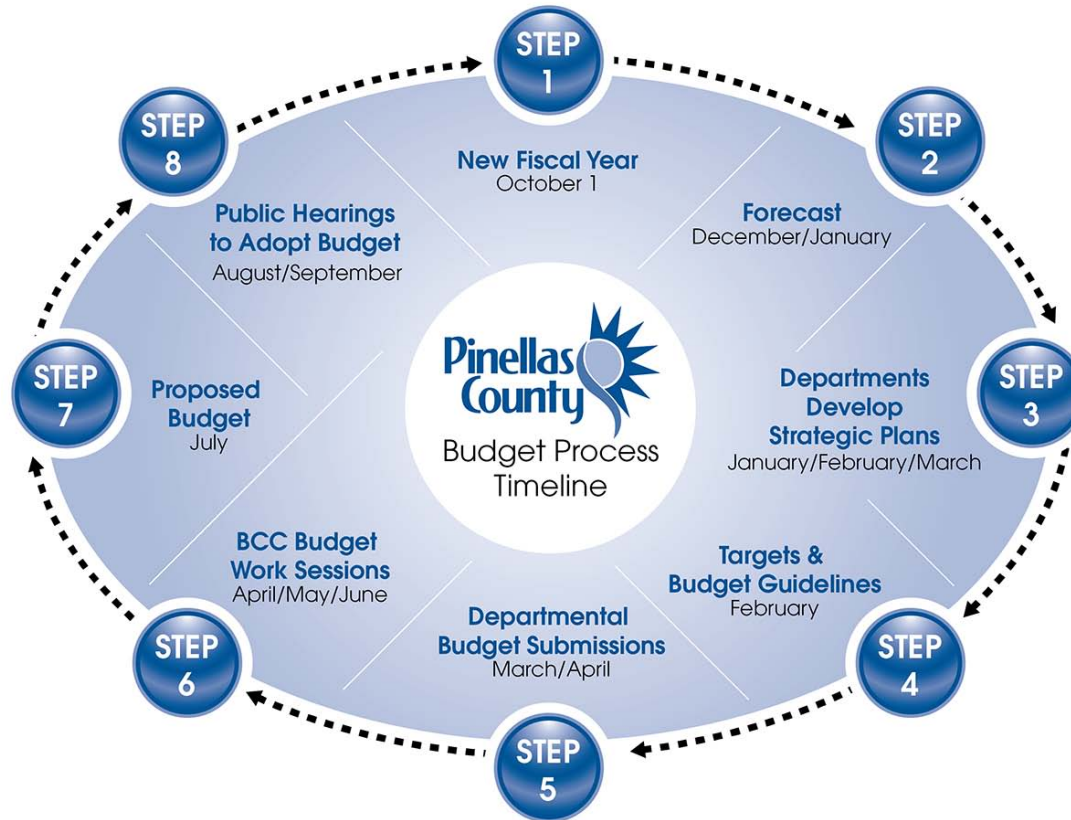
Power of the Forecast

- Helps to identify future challenges, weigh potential options, and craft policy well in advance
- Drives better decision-making
- Valuable tool to understand consequences of policy decisions beyond a one-year budget solution
- Enhanced understanding by internal and external stakeholders
- Assess sustainability of key funds

Refining Forecast

- Expanded range of sources reviewed for economic data
- Increased review of alternative sources for projections such as inflation
- Expanded discussion with County departments on forecast assumptions
- Reviewed past forecasts to validate methodology
- Improved legibility of charts and graphs in document

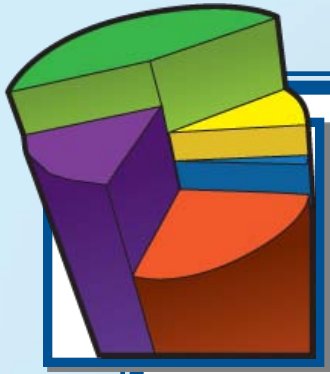
Budget Process Timeline



Meeting videos and documentation are available at
www.pinellascounty.org/budget

Outline

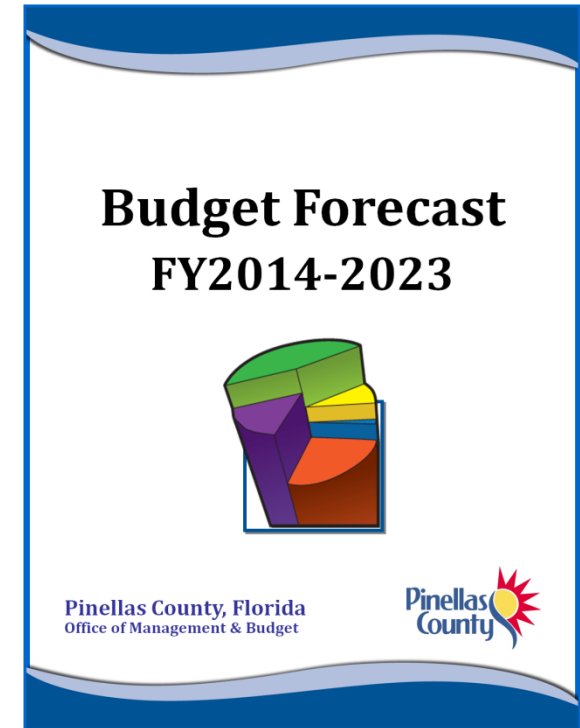
- **Forecast document**
- **Economic overview**
- **Fund forecasts**
- **FY2014 Budget process**
- **Budget Timeline**



Forecast Document

Forecast Document

- **Economic overview**
 - National, State, Local
- **Key Assumptions**
 - Revenues & Expenditures
- **Fund Forecast Narratives**
 - Overview, 10-Year Forecast & Balancing Strategies
- **Pro-formas**
 - Graphical View & Details



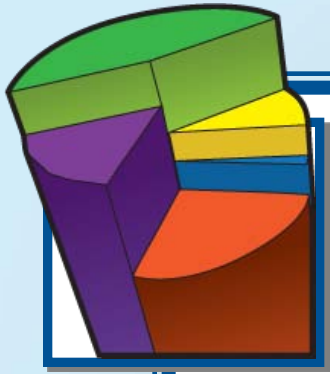
Forecast Document

- Based on the best information we have at this time
- Shows impact of changing key assumptions
- Funds are presented as “in balance” or “not in balance”
 - ❑ Based on current revenues and expenditures
 - ❑ Net of beginning fund balance and reserves
- Identify threats to the forecast



Forecast Document

- Fourth year as a formal document
- Includes ten key funds:
 - General
 - Tourist Development
 - Transportation Trust
 - Capital Projects
 - Emerg. Medical Svcs.
 - Fire Districts
 - Airport
 - Utilities-Water
 - Utilities-Sewer
 - Utilities-Solid Waste



Economic Overview

National Economic Outlook

| Gross Domestic Product (GDP) | GDP Growth |
|------------------------------|------------|
| 2008 | -0.3% |
| 2009 | -3.5% |
| 2010 | 3.0% |
| 2011 | 1.7% |
| 2012 (Est.) | 2.2% |
| 2013 (Est.) | 2.0% |
| 2014 (Est.) | 2.7% |
| 2015 (Est.) | 2.9% |

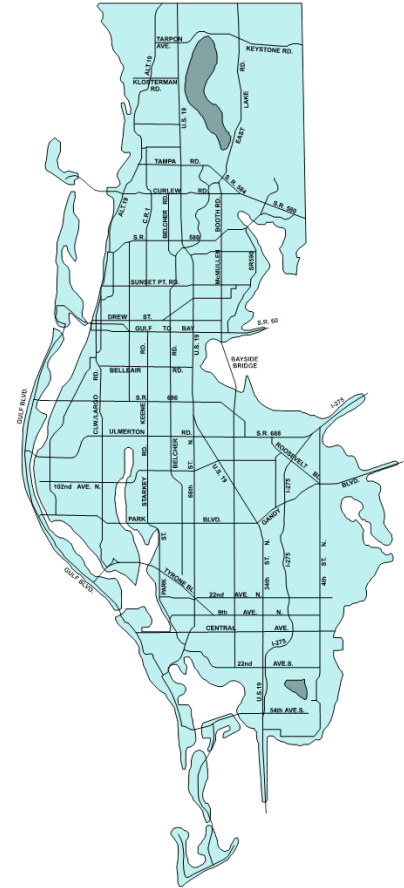
- The national economy hit bottom in 2009 and is on track for a sustainable recovery
- GDP is anticipated to grow by 2.0% to 2.9% annually over the next three years

State Economic Outlook

- **Florida led the nation in foreclosures in 2012**
 - Almost 280,000 homes received a notice of foreclosure in 2012
 - One in 32 homes faced foreclosure, twice the national average
- **Recovery will depend on the pace of recovery in the job market and the housing market**
 - Current unemployment rate represents a loss of more than 672,000 jobs from the peak in 2007
 - Current unemployment rate of 8.0% is well below the peak level of 11.4% in February 2010
 - Median home sales prices are 42% below the peak levels in mid-2006
 - As prices remain low, sales volume has increased throughout most of 2012, but remain at 82% of peak level in 2005

Local Economic Outlook

- **Tourism continues to lead the county's economic growth**
 - More than 5 million overnight visitors in 2012
 - Collected a record \$28.7 million in 'bed tax' revenue, 12.4% higher than FY2011
 - Visitors contributed about \$7.3 billion in economic activity
- **Housing market recovery has been slow**
 - Nearly half of sales involve foreclose properties
- **Unemployment level has improved but well above pre-recession levels**

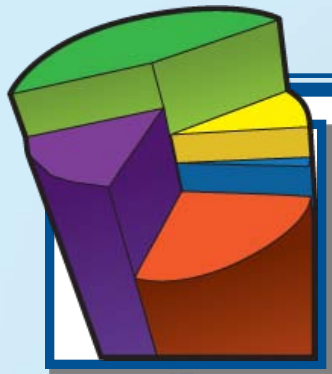


Foreclosure Filings

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|
| Jan | 255 | 506 | 963 | 1,263 | 1,128 | 421 | 682 |
| Feb | 253 | 469 | 1,016 | 1,284 | 1,383 | 390 | 780 |
| Mar | 315 | 494 | 1,035 | 1,420 | 1,118 | 424 | 937 |
| Apr | 247 | 513 | 1,134 | 1,407 | 1,118 | 448 | 884 |
| May | 281 | 479 | 1,118 | 1,275 | 860 | 439 | 931 |
| Jun | 259 | 557 | 1,112 | 1,236 | 1,025 | 535 | 792 |
| Jul | 273 | 650 | 1,086 | 1,365 | 806 | 544 | 816 |
| Aug | 321 | 642 | 999 | 1,142 | 989 | 545 | 870 |
| Sept | 324 | 662 | 1,295 | 1,215 | 1,040 | 588 | 708 |
| Oct | 403 | 899 | 1,390 | 1,239 | 658 | 720 | n/a |
| Nov | 398 | 894 | 969 | 1,120 | 383 | 687 | n/a |
| Dec | 369 | 773 | 1,198 | 1,487 | 438 | 699 | n/a |
| TOTAL | 3,698 | 7,538 | 13,315 | 15,453 | 10,946 | 6,440 | 7,400 |

- **2012 Foreclosure filings are up from 2011 but lower than 2008-2010**

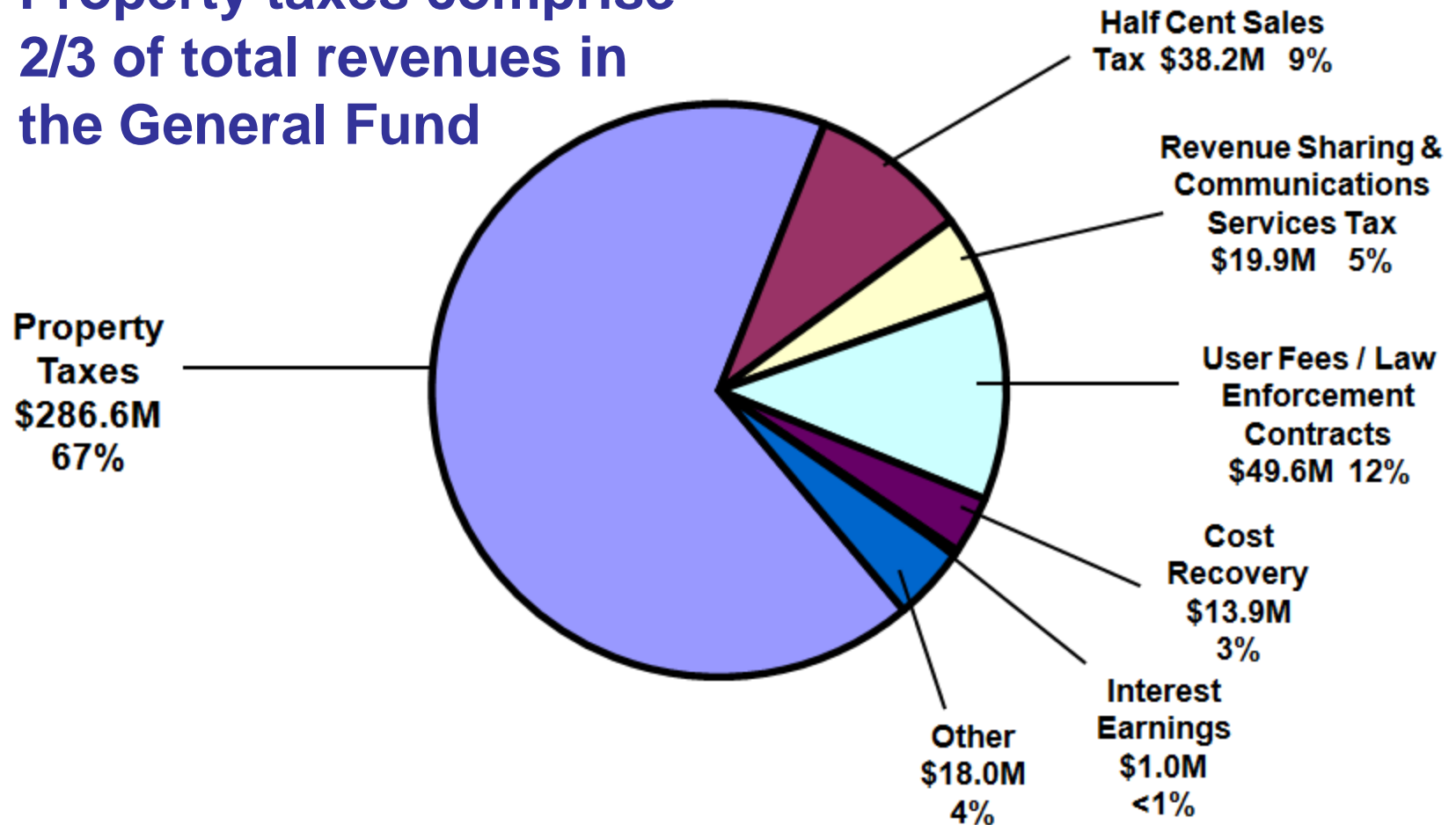
Source: Pinellas County Clerk of the Circuit Court



Fund Forecasts

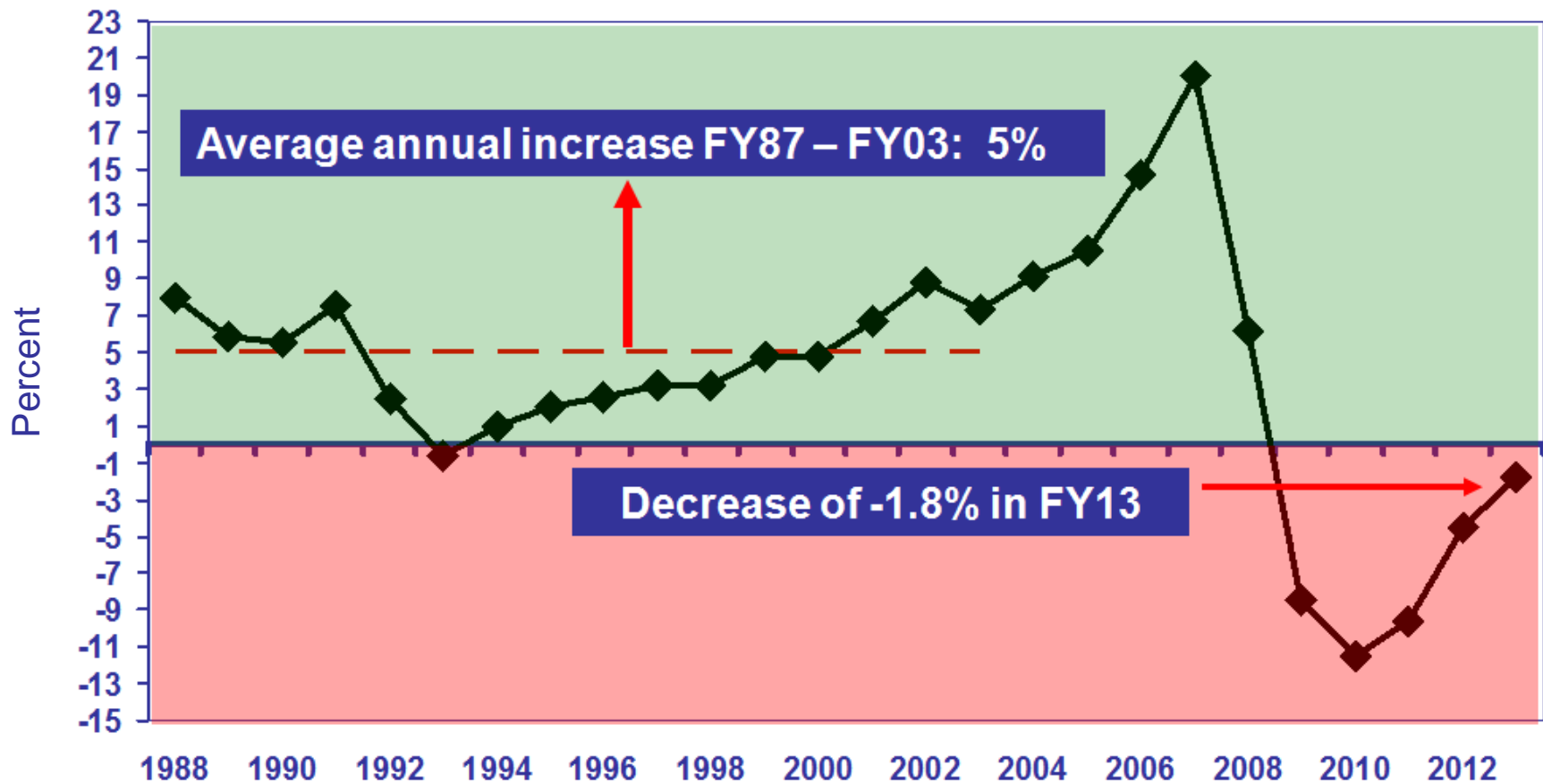
General Fund Revenues

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

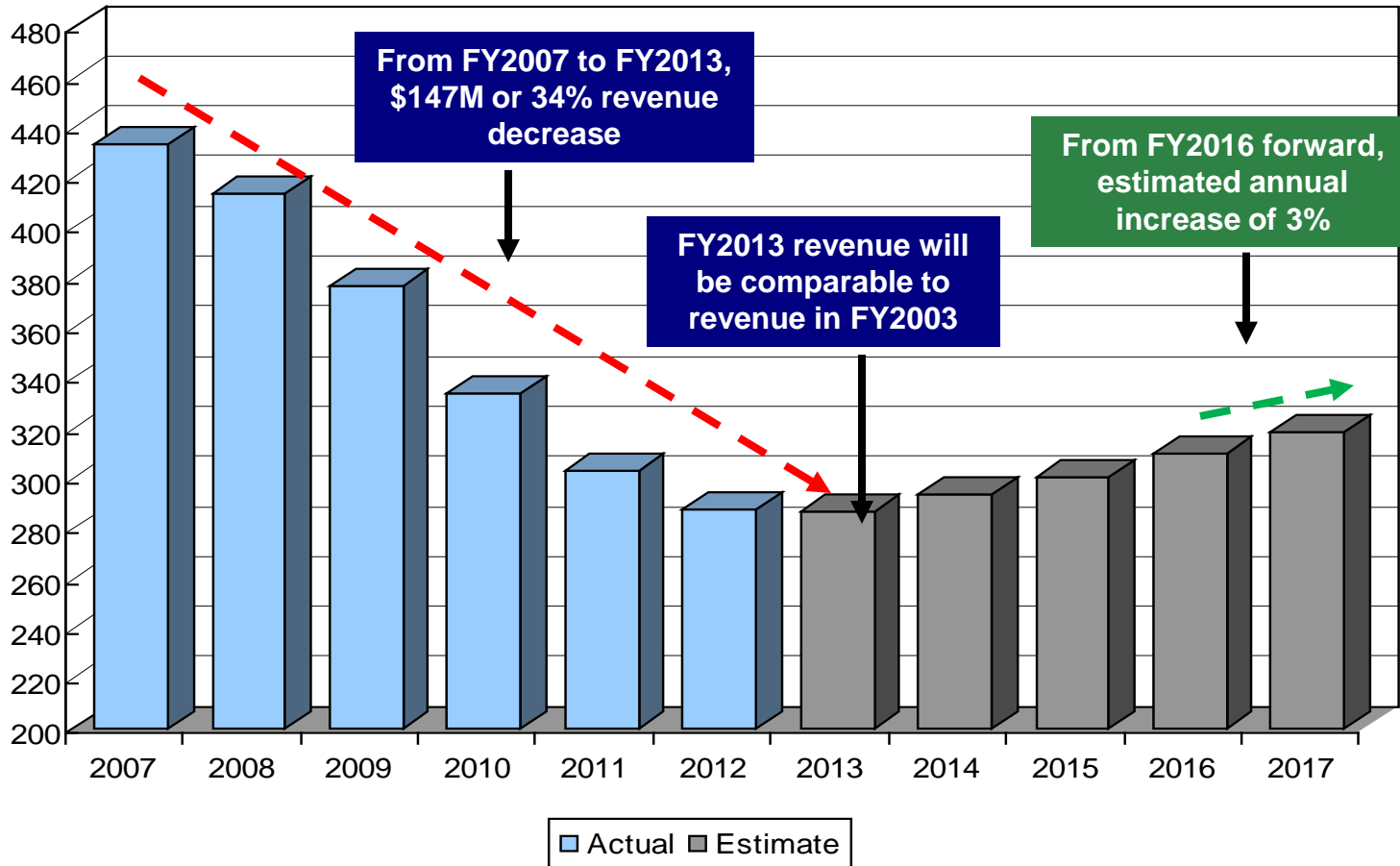


Source: FY2013 Adopted Budget (excludes Beginning Fund Balance)

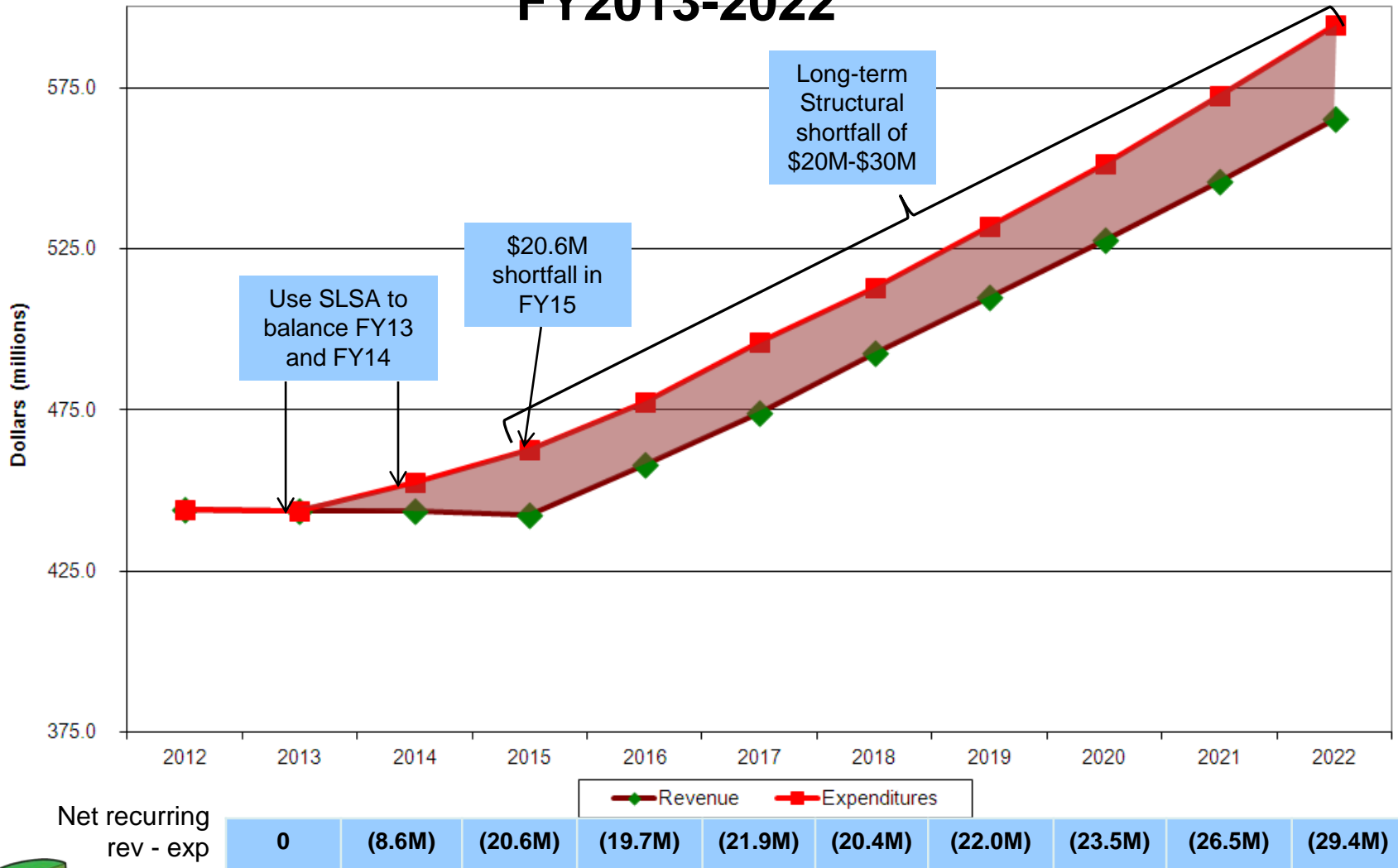
Countywide Taxable Values Annual Rate of Change



General Fund Property Tax Revenue in \$ millions



Adopted General Fund Forecast FY2013-2022



Citizens' Guide
to the Budget

Changes to General Fund Forecast

Key Assumptions

■ Revenues

□ Property Taxes – Countywide

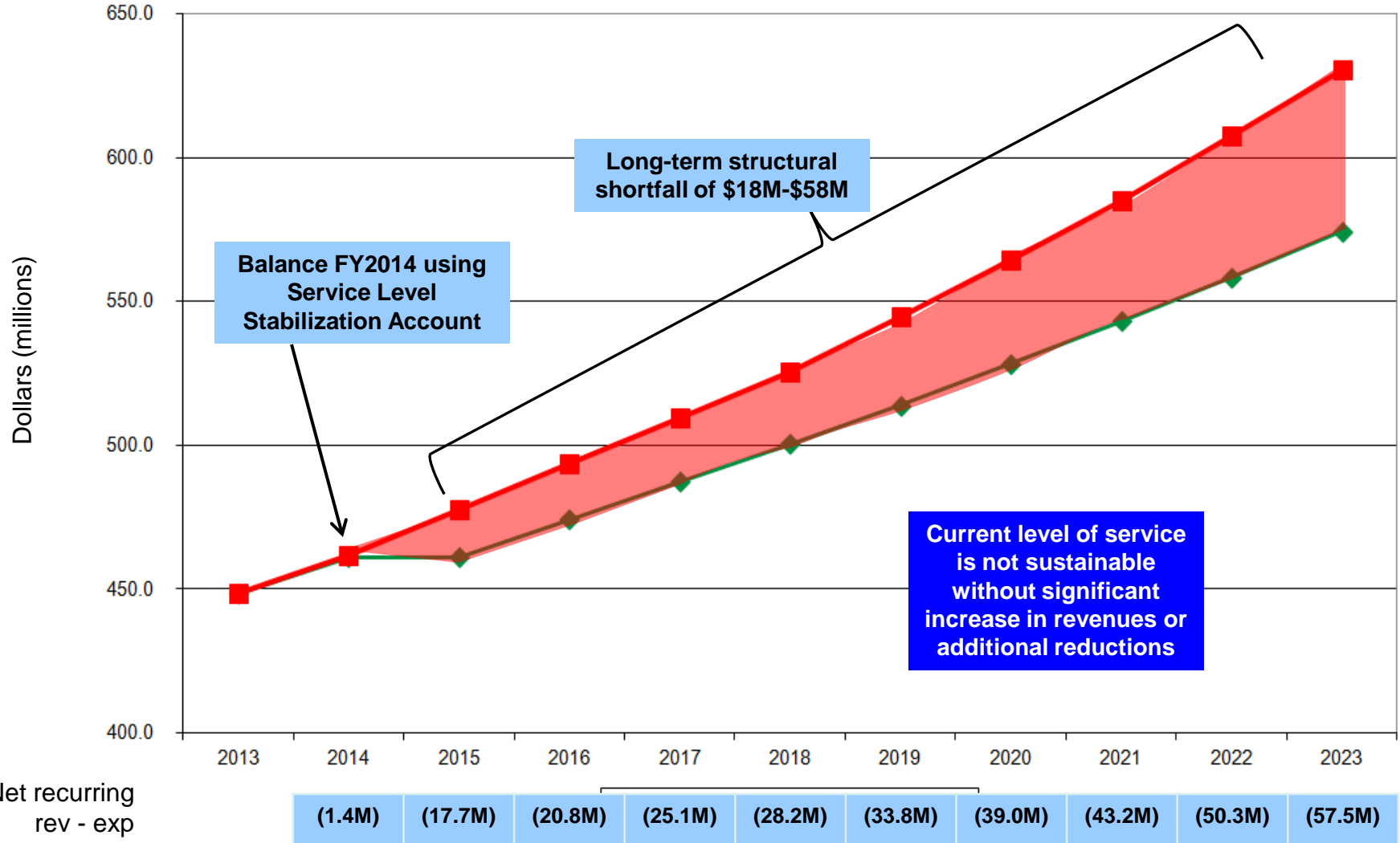
- Near term revised upward in to reflect latest indicators
- Out-years less optimism than prior forecast

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|----------|--------|--------|--------|--------|--------|
| Original | -2% | 2% | 4% | 4% | 4% |
| Current | 2.5% | 2.5% | 3% | 3% | 3% |

General Fund Forecast

- Fund almost balanced in FY2014 with SLSA
- Gap for FY2015 has improved
- Long-term structural shortfall in the General Fund is worse than previously projected
- Current level of service is not sustainable
- Balancing Strategies
 - ❑ Reduce/Eliminate Programs
 - ❑ Evaluate Compensation Options
 - ❑ PILOT or Return on Equity from enterprise funds
 - ❑ Increase millage rate

General Fund Forecast FY2014-2023



Citizens' Guide
to the **Budget**

EMS Fund Forecast

- Forecast in Adopted Budget estimated that the fund balance would be depleted in FY2015
 - Based on new growth assumptions for taxable values the fund will be depleted in 2017

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---------|--------|--------|--------|--------|--------|
| Adopted | -2% | 2% | 4% | 4% | 4% |
| Current | 2.5% | 2.5% | 3% | 3% | 3% |

- **Balancing strategies**

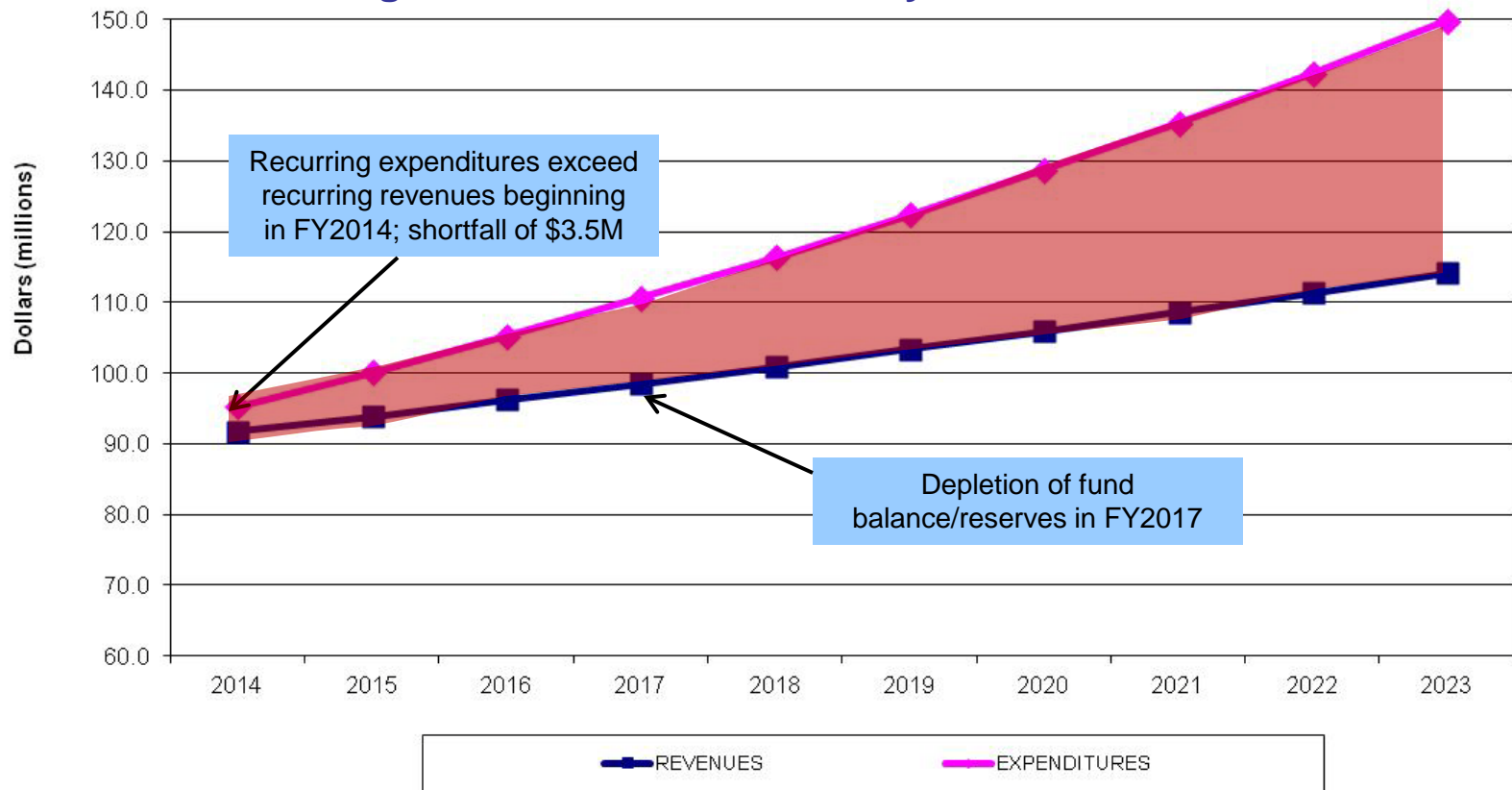
- Increase in countywide EMS millage rate
- Reduction in funding for first responder contracts
- Increase ambulance user fee revenues
- Reduction in funding for ambulance contract



EMS Fund Forecast

- **Current level of EMS funding is not sustainable**

- ▣ **Need savings to result from EMS Study**



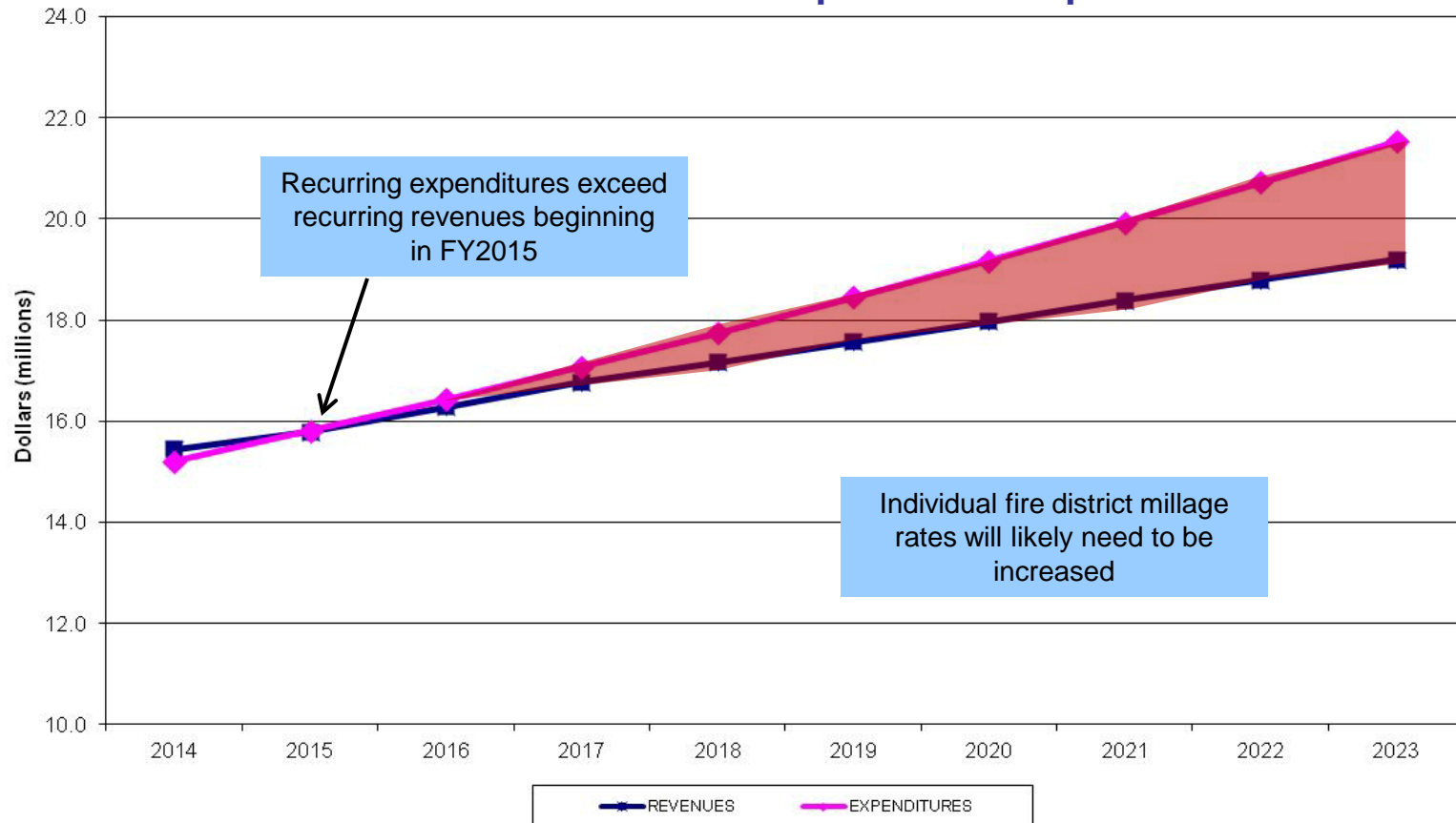
Fire Districts Fund Forecast

- Fund is in balance in FY2014
- Reserves will decline through the forecast period
 - ❑ Expenditures exceed revenues significantly starting in FY2018
 - ❑ Each fire district is balanced separately
- Balancing strategies
 - ❑ Expenditure reductions by the Districts
 - ❑ Increases to millage rates for some individual fire districts will likely be necessary
 - ❑ Be cognizant of individual millage caps in each district



Fire Districts Fund Forecast

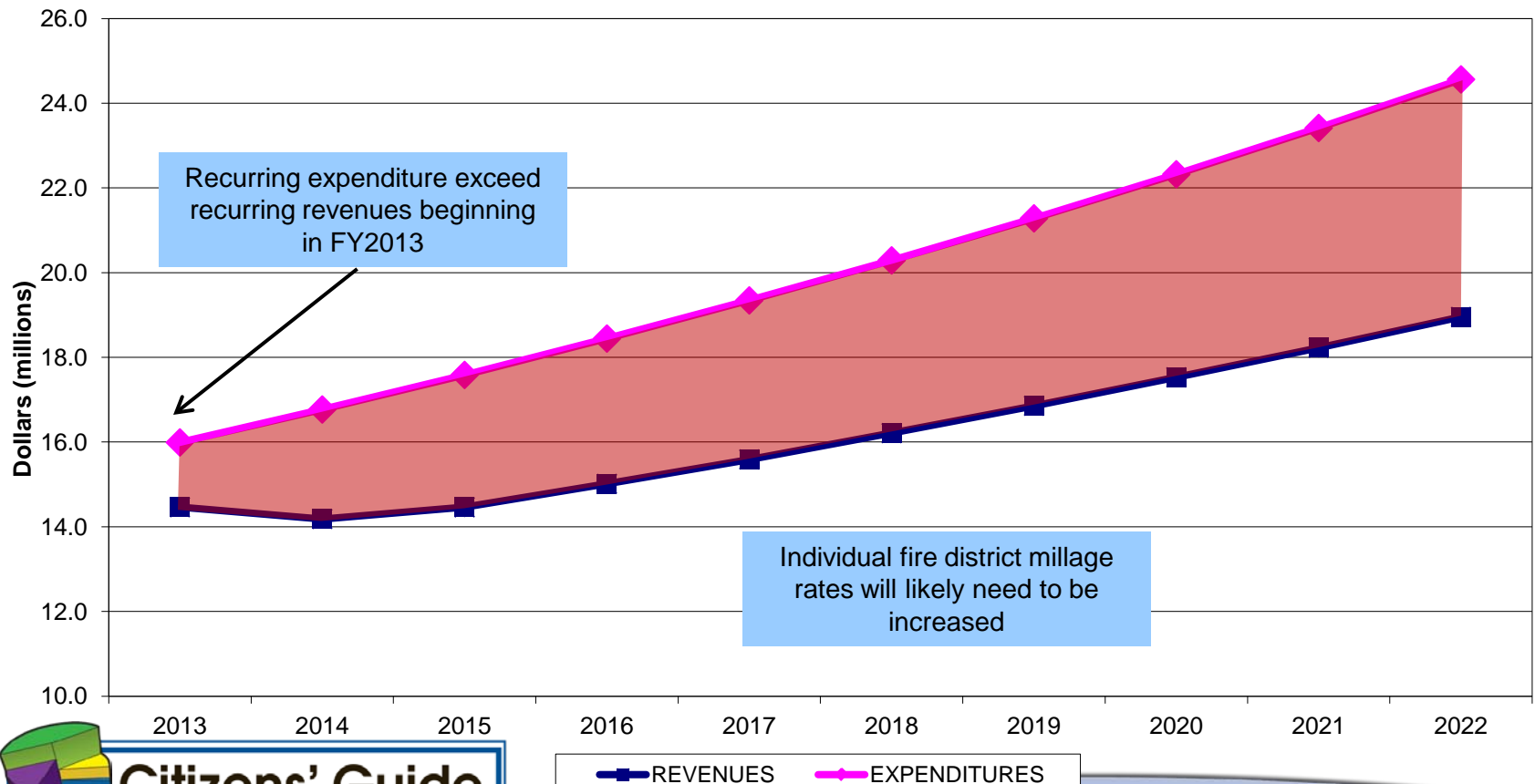
- Current level of funding is not sustainable
 - Annual increases to expenditure requests



Fire Districts Fund Forecast

(February 7, 2012)

- Current level of funding is not sustainable
 - Decreases in property tax revenue
 - Annual increases to expenditure requests



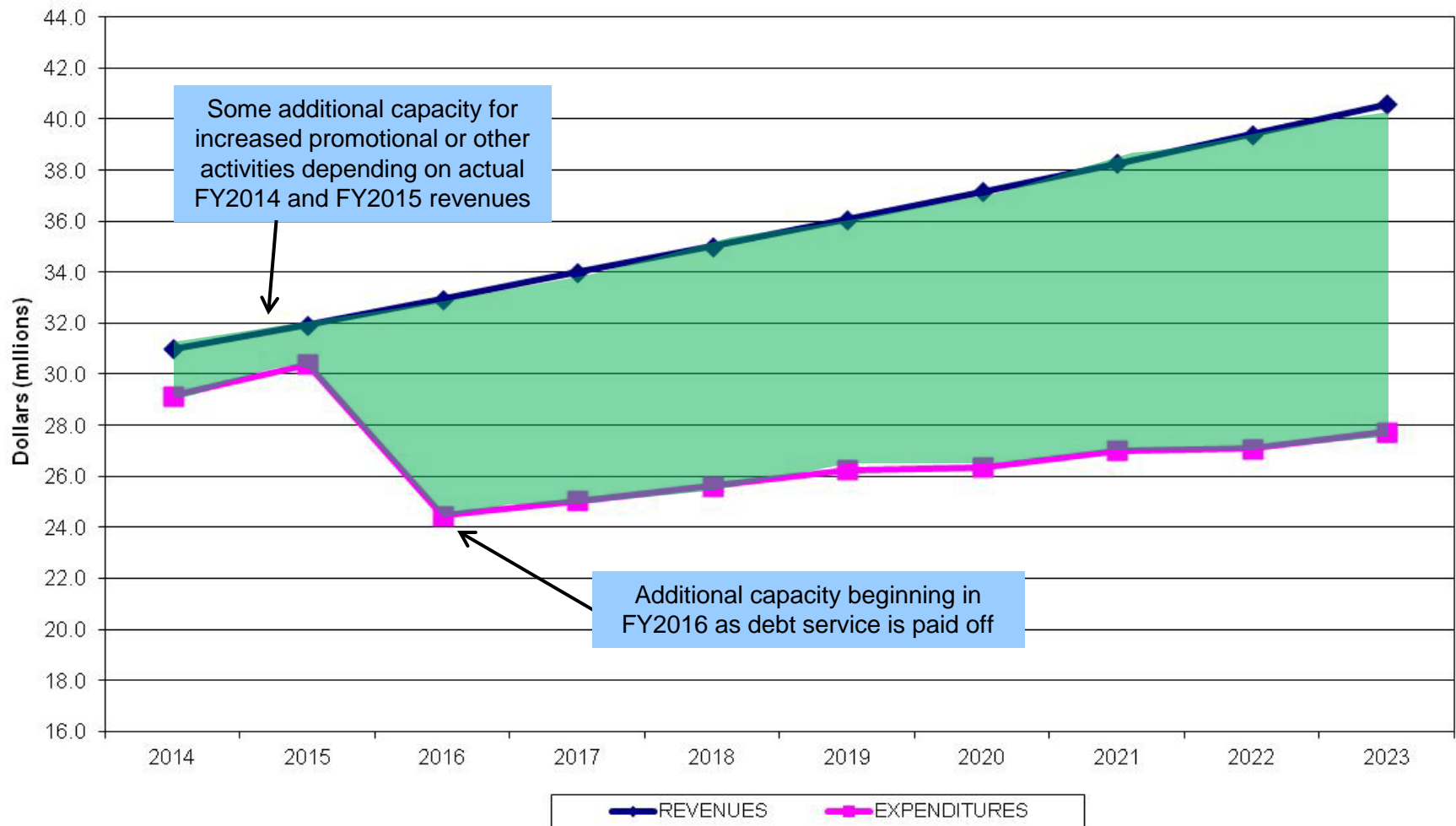
Citizens' Guide
to the Budget

Tourist Development Fund Forecast

- **Fund is balanced through the forecast period**
 - Bed tax collections to grow by 4% in FY2013, 3.5% in FY2014 and 3% annually thereafter
 - After FY2015, the fund will have additional capacity
 - Debt service on Tropicana Field and the Dunedin Spring Training Facility is paid off
 - Includes \$500K annual capital outlay commitment to Dali museum from FY2015 to FY2019
- **Balancing strategies**
 - Adjust promotional activities
 - New capital investment
 - Beach Re-nourishment funding



Tourist Development Fund Forecast



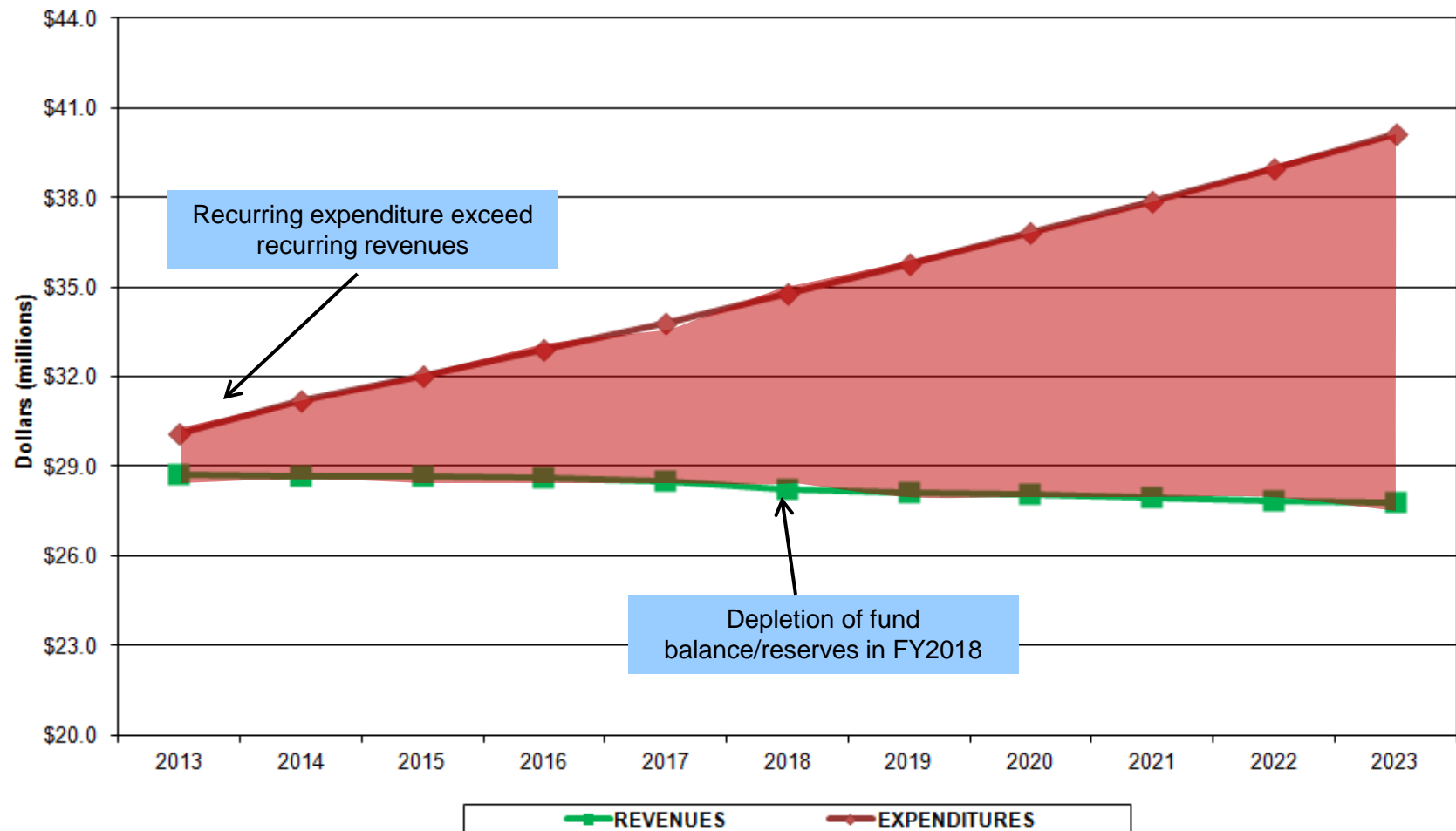
Transportation Trust Fund Forecast

- Fund is not in balance beginning in FY2013 resulting in depletion of fund balance by FY2018
 - ❑ Costs are steadily increasing
 - ❑ Revenue slowly decreasing
 - ❑ Will need to take action by FY2017



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

Transportation Trust Fund Forecast

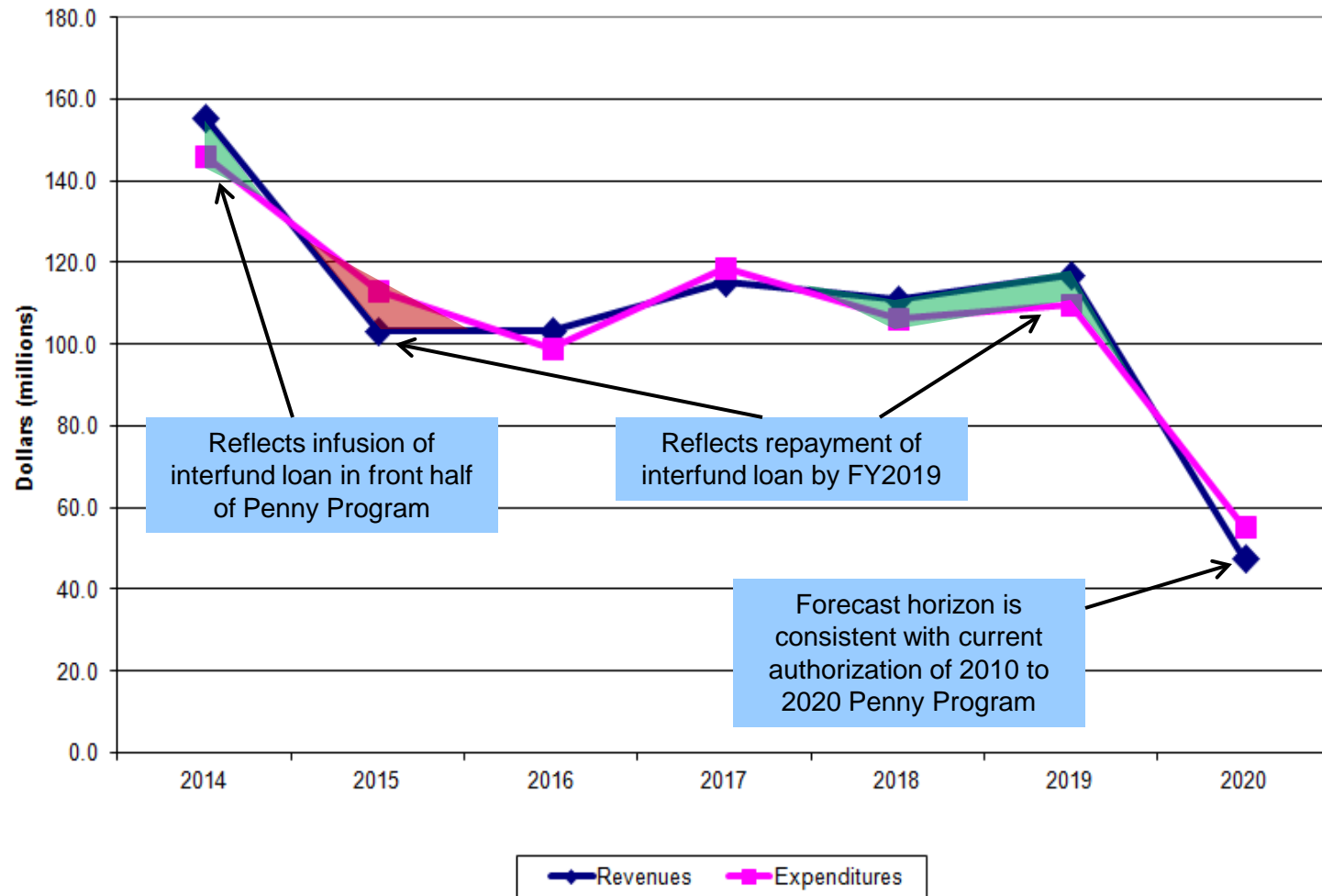


Capital Projects Fund Forecast

- Fund is balanced through the forecast period
 - Depending on the progress of the projects loan may not be necessary
 - BCC authorized up to \$85M from Solid Waste R&R Fund
 - 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 reprioritize projects
 - Monitor potential expenditure impacts from construction and material price increases
 - Improve oversight, responsibility, and accountability of the capital improvement program



Capital Projects Fund Forecast

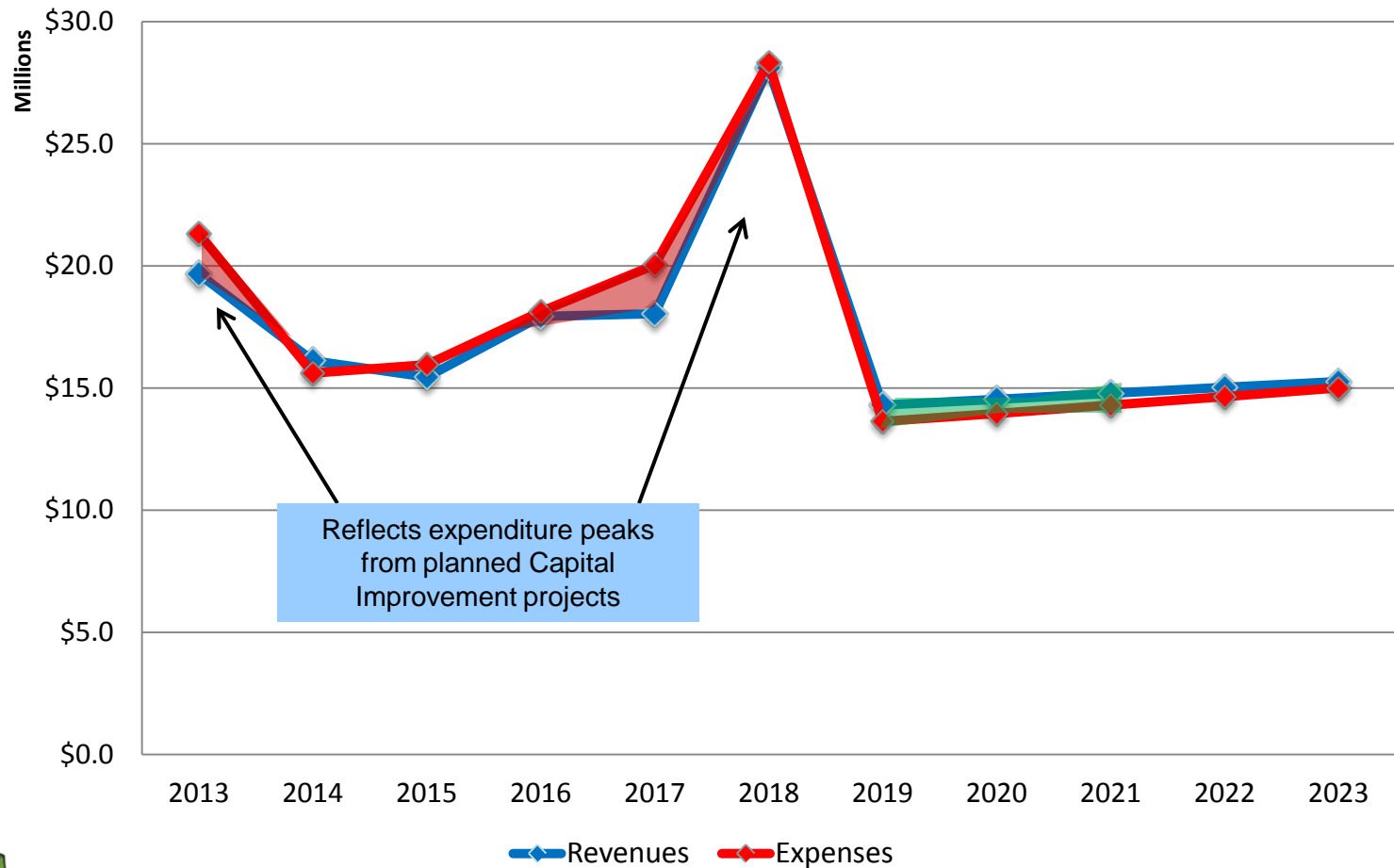


Airport Fund Forecast

- **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
 - Redevelopment of former golf course area assumed to begin in FY2018
 - **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



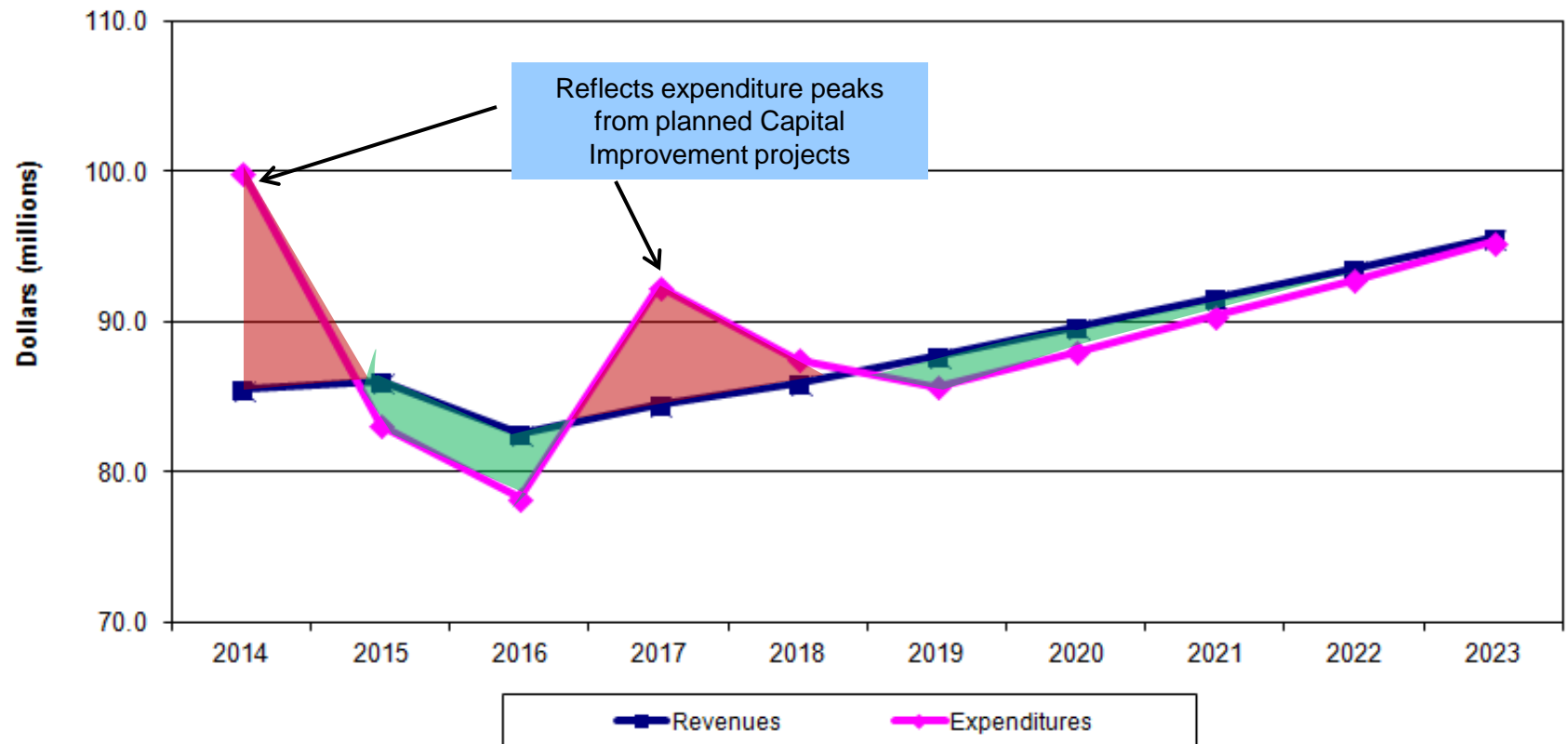
Utilities-Water Funds Forecast

- **Fund is balanced through forecast period**
 - ❑ Rate increases approved through FY2015
 - ❑ Rate increases from FY2016-FY2023 will be required at 2% annually



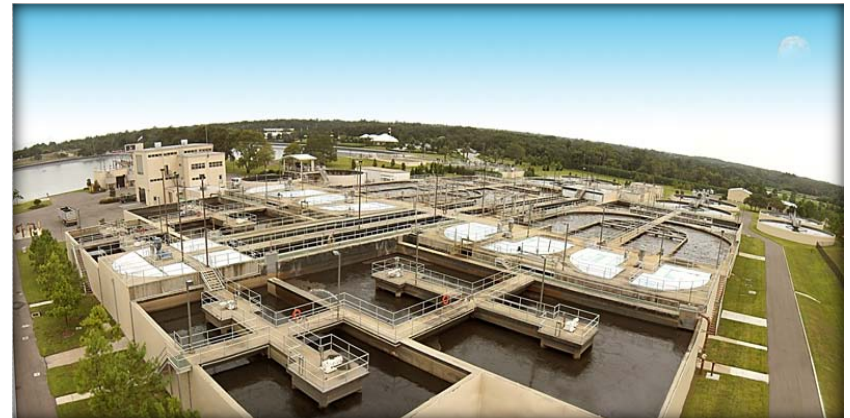
- **Balancing strategies**
 - ❑ In FY2014 a new comprehensive rate study will be conducted
 - ❑ Implement recommended rate increases
 - ❑ Match operating and capital expenditures with revenues

Utilities-Water Funds Forecast

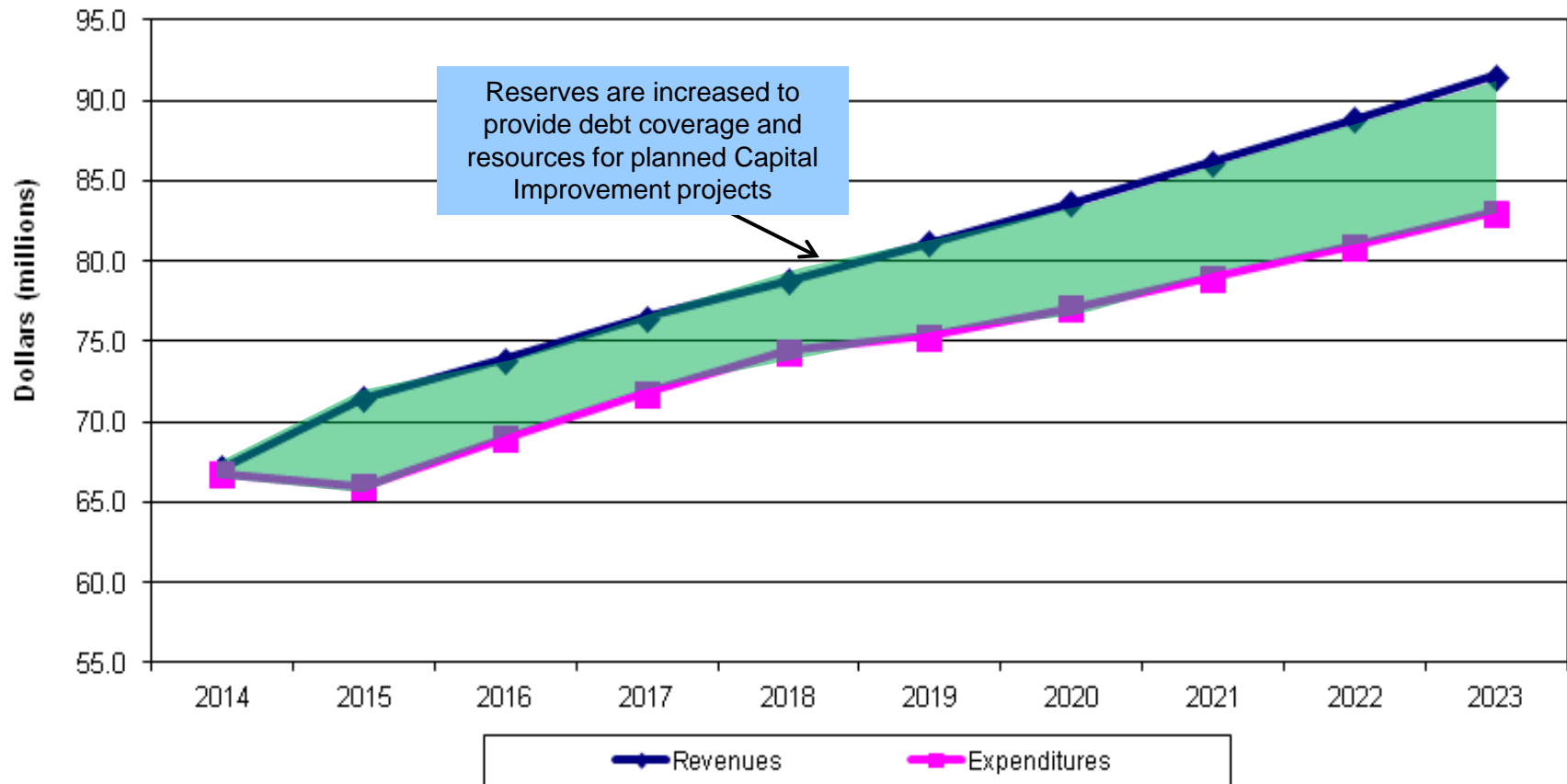


Utilities-Sewer Funds Forecast

- Fund is balanced through forecast period
 - Rate increases approved through FY2015
 - Provides sufficient revenue for recommended debt service coverage ratio
 - Rate increases from FY2016-FY2023 will be required at 2.75% annually
- Balancing strategies
 - In FY2014 a new comprehensive rate study will be conducted
 - Implement recommended rate increases
 - Match operating and capital expenditures with revenues



Utilities-Sewer Funds Forecast



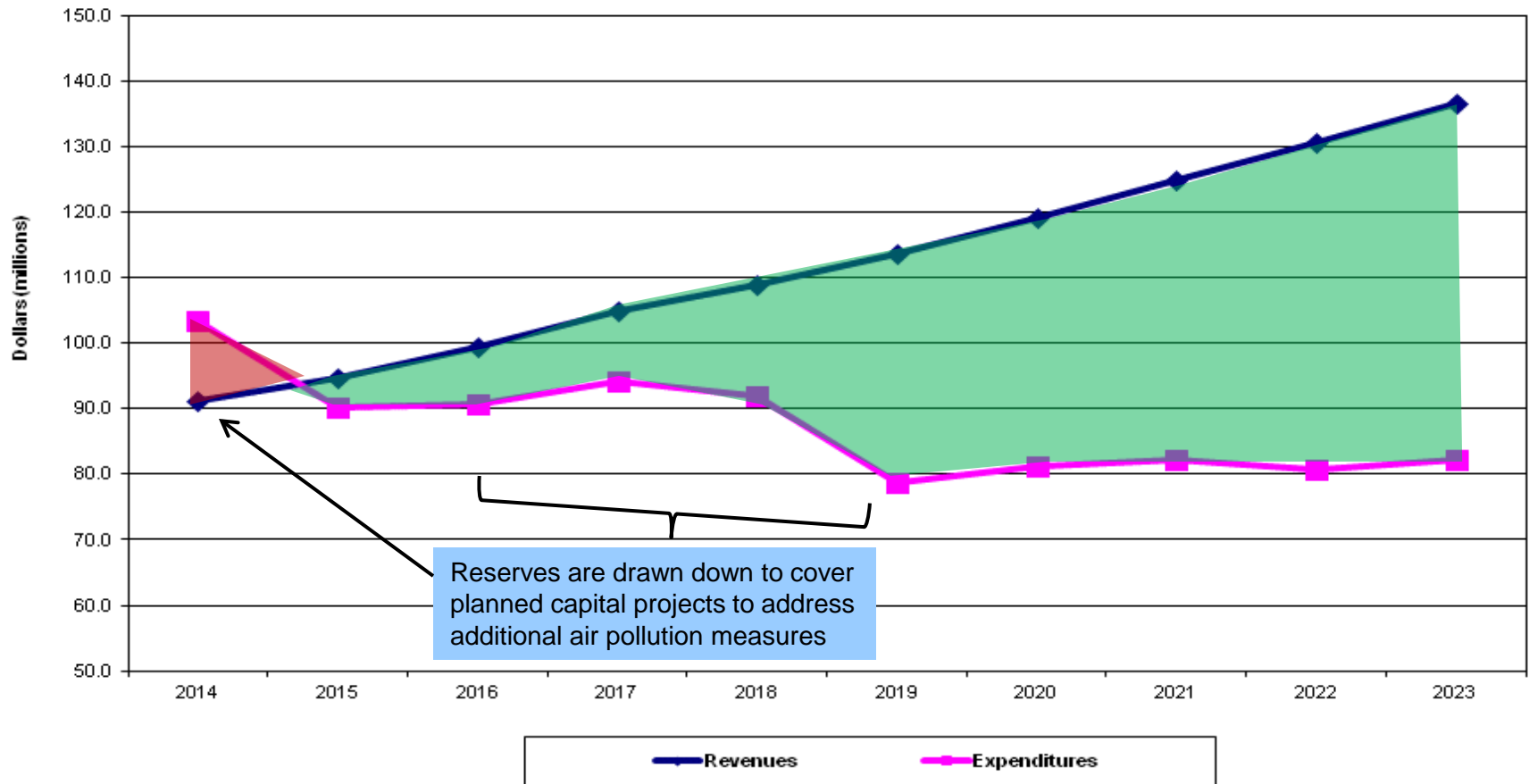
Utilities-Solid Waste Funds Forecast

- 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 FY2023
 - Reserves are being accumulated for future capital replacement needs consistent with the 25 year capital plan



- Balancing strategies
 - Match operating and capital expenditures with revenues

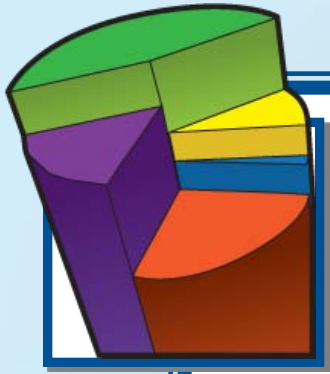
Utilities-Solid Waste Funds Forecast



Note: Does not include Capital Projects Fund loan activity

Potential Impacts to the Forecast

- New Federal or State Mandates
- Timing for recovery of property values
- Save Our Homes Impact
- Property Tax Exemptions
- Stagnant Economy
- Compensation issues
- Climate Change – Frequency & Intensity of Storms



FY2014 Budget Process

Benefits of Program Budgeting

- **Program budgeting initiative began in FY2008**
 - Built on performance measurement initiative from FY2002
 - Increases transparency and understanding of the budget
- **Supports BCC Strategic Plan**
- **Focuses on outcomes and impacts**
- **Enhanced access to information**
 - In the future through OPUS there will be Dashboards, drill downs, custom reports

Program Budget Example

■ Health & Human Services Department

| Major Program Area | FY2014 Budget |
|--------------------------------------|---------------|
| Homeless & Self-Sufficiency Services | \$7,416,720 |



| Program | FY2014 Budget |
|---|---------------|
| Homeless Street Outreach & Shelter Beds | \$382,570 |
| Homeless Initiative Funding | \$200,000 |
| Financial Assistance Program | \$3,977,530 |
| Emerg. Home Energy Assistance for Elderly | \$400,000 |
| Victims of Domestic Violence Advocacy and Shelter Program | \$139,000 |
| Daystar, Inc. Support | \$15,000 |
| | |

- Budget structure is more intuitive and meaningful to citizens
- Additional program detail provides more understanding and transparency to the budget

FY2014 Budget Process

- Departments start to develop strategic plans
 - Plans linked to program-based budgeting and levels of service
- Limit growth in the budget to inflation
- Continue streamlining and seek efficiency reductions
 - Reductions will help offset a portion of the shortfall(s)
- Continue to evaluate new funding sources and cost savings
- Focus on ability to sustain programs given new –norm for revenue growth
- Constitutionals and Independents have individual budget work sessions with the Board
- Community outreach

FY2014 Budget Process

- **BCC focus on policy decisions regarding:**
 - ❑ Tax policy
 - ❑ Funding for Constitutionals and Independent Agencies
 - ❑ New revenue sources
 - ❑ Continue to evaluate existing fee schedule
 - ❑ Review any proposed streamlining and efficiency reductions
 - ❑ Prioritize funding based on reaching North Star

Budget Timeline

January

January 23:

Departments start development
of strategic plans

February

February 5:

FY2014 – 2023 Budget
Forecast presented to BCC

February 21:

OMB conducts FY2014
Budget kickoff meeting

Budget Timeline

March

March 8:

Departments' "45-day"
Strategic Plans are due to
OMB

March 29:

FY2014 CIP budget submissions
due to OMB

April

April 10:

Community Forum
E-Town/I-Town Hall

April 15:

FY2014 Operating budget
submissions due to OMB
(except Constitutional Officers)

April 30:

Budget Information Sessions
Independent Agencies

Budget Timeline

May

May 1:

Budget submissions for
Constitutional Officers due to OMB

May 9 and 14:

Budget Information Sessions –
Constitutional Officers and
Independent Agencies

June

June 1:

Property Appraiser delivers
preliminary Estimates of
Taxable Values

June 6:

Budget Information Session -
Capital Improvement Program

Budget Timeline

July

July 1:

Property Appraiser certifies
Estimates of Taxable Values

July 9:

County Administrator presents
FY2014 Proposed Budget

July 16:

BCC Feedback Regarding
FY2014 Proposed Budget

July 30:

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

August

August 2:

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

August:

Budget Information
Sessions – as needed

August 19: TRIM notices
mailed to all property owners

Budget Timeline

September

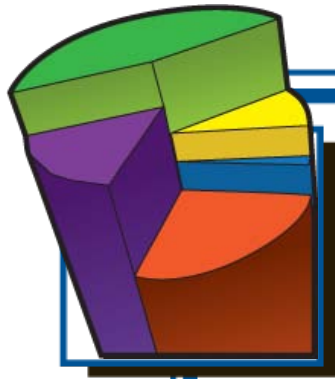
September 5: 1st Public Hearing – BCC adopts **tentative** FY2014 millage rates and budgets

September 17: 2nd Public Hearing – BCC adopts **final** FY2014 millage rates and budgets

October

October 1: Beginning of fiscal year 2014





Citizens' Guide to the Budget ←

www.pinellascounty.org



Budget Forecast FY2014-2023



Pinellas County, Florida
Office of Management & Budget

