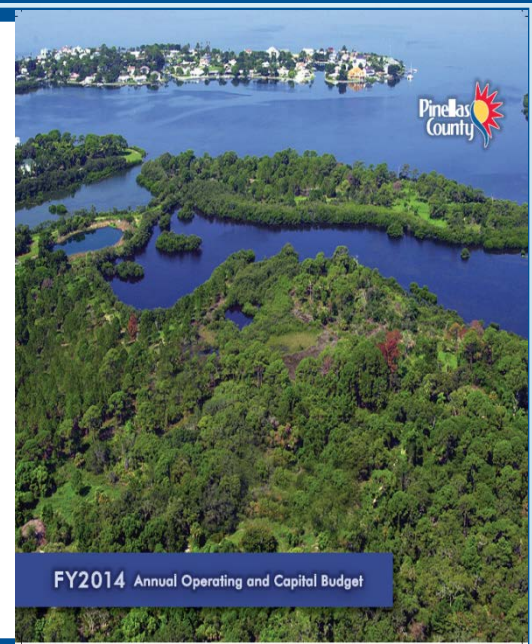


# FY2014 Proposed Budget

July 9, 2013

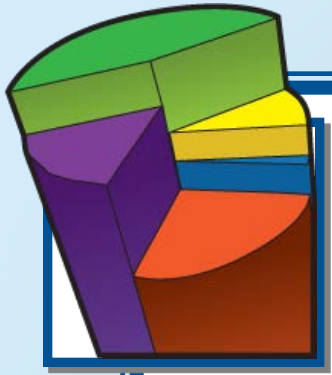


# Outline

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

# Outline

- **General Fund reserve**
- **Unincorporated area (MSTU) budget**
- **Other fund forecasts**
- **Capital Improvement Program (CIP)**
- **Future Fiscal Issues**
- **Service Level Continuation Account**



# Budget Background

# Budget Background

- **Nearly 1,700 positions eliminated since FY07**
  - County Administrator staffing lowest since FY85
- **General Fund Budget down by 27% FY07 to FY13**
- **General Fund Property Taxes down 35% FY07 to FY13**
  - Property Taxes are below FY03 level
- **Created Service Level Stabilization Account by taking reductions in FY10, FY11 and FY12**
  - Provided a bridge to a time when revenues began to improve

# 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:

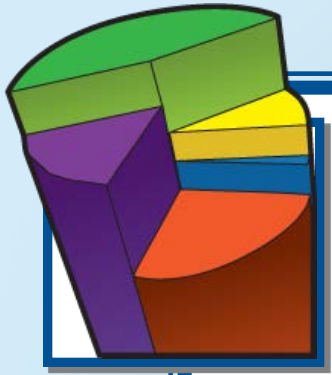
- Comparisons are between FY2007 and FY2012 budget except the Sheriff (FY2008 and FY2012)

# 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 initial plan was to use these funds to offset shortfalls in FY2012, FY2013 and FY2014
- The revised strategy is to save the existing SLSA funds (\$10.7 million) for the future





# **FY2014 Budget Strategy**

# FY2014 Budget Strategy

- “Stay the Course” with our multi-year budget plan that is intended to maintain a consistent and reliable set of services
- Maintain a vibrant community within the parameters of the new economic norm
- Continued focus on program-based budgeting and levels of service
- Engage the citizens
  - ❑ Community Forum
  - ❑ Phone Survey
  - ❑ Online Survey
  - ❑ County website



# FY2014 Budget Strategy

- **Sustainability**

- Limit growth in the budget to revenue growth
- Continue streamlining and efficiency reductions
- Address unfunded FRS mandate by increasing revenue



# FY2014 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 in the Appendix

# 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

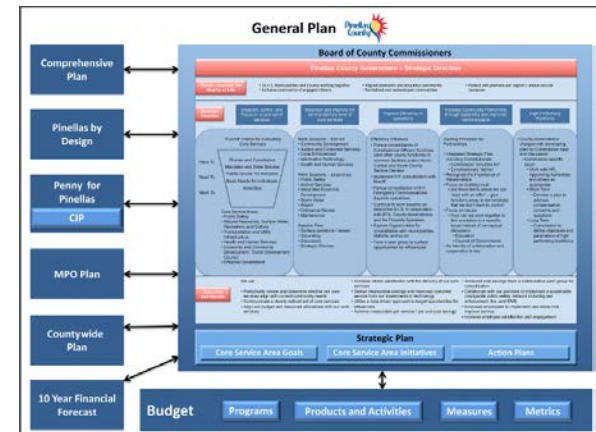


# Management Initiatives

- 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



# Program-Based Budgeting

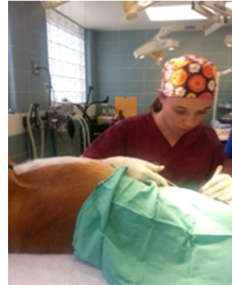
- **Citizen-friendly perspective**
  - Programs represent services that citizens can relate to and understand
  - Performance measures relate cost of service to the level of service being delivered

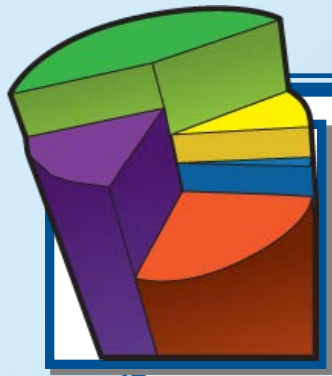
# Benefits of Program Budgeting

- **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**

# New Budget Format

- Example of additional program detail for Animal Services
  - ❑ More robust, meaningful information
  - ❑ Analysis included for each agency
  - ❑ Help answer question of what programs are we providing and how well we are performing

<b>Department Mission:</b>			
To ensure animal related health, welfare and safety for citizens of Pinellas County			
<b>Description:</b>			
	<p>Pinellas County Animal Services (PCAS) is the largest open admission shelter for dogs and cats in Pinellas County and is centrally located in Largo, FL. PCAS has an important mission to protect the health and safety of both human and animal residents of our county. PCAS provides many services including rabies control, animal bite investigation, dangerous dog investigation, pet licensing, kennel permitting, code enforcement, and cruelty investigation. The organization sees education as a high priority and furthers this by reaching out to our community and through partnerships with St. Petersburg College Veterinary Technology program and veterinary schools from around the world. PCAS strives to reunite stray animals with their owners and place unclaimed animals using a combination of adoption, rescue and fostering (ARF Program) through community partnerships with SCPA Tampa Bay, Humane Society of Pinellas, and more than 50 rescue groups. PCAS</p>		
<p>has a strong volunteer base that is passionate about the animals in the shelter. PCAS provides many opportunities for the community to participate in its mission through adoption, donation and volunteerism.</p>			
<b>Analysis:</b>			
<p>The FY14 Animal Services General Fund total budget reflects an increase of \$112,400 or 2.8% from the FY13 Revised Budget. The Animal Shelter program reflects an increase of \$71,970 or 5.2% due to increased operating costs. The Veterinary Services program increased \$52,020 or 7.9%. A veterinary technician position is added in the FY14 budget to allow for weekend medical coverage for shelter animals. Slight changes to Enforcement, Rabies Control and Licensing and Volunteer Services totaled a decrease of \$11,590 or 0.6% for FY14.</p> <p>The FY14 Animal Services Animal Welfare Trust Fund for the Animal Shelter program increased \$193,900 of which \$176,390 of this increase is due to budgeting additional Animal Welfare Trust funds into the program so it is available if needed. Animal Welfare Trust funds are only expended via the disbursement criteria established for the Fund, such as use for special needs animals and for enhancements to shelter care. As a result the program increase is \$17,510 or 13.3% based on anticipated costs in FY14.</p> <p>The FY14 Animal Services total budget reflects an increase of \$310,300 or 7.3% from the FY13 Revised Budget.</p>			
<b>Budget by Program</b>			
<b>Animal Shelter</b>			
Program includes kennel, adoptions, customer service, impounds, reclaims, inquiries, and public assistance.			
<b>Budget Summary</b>			
<b>Fund</b>	<b>FY12 Actual</b>	<b>FY13 Revised Budget</b>	<b>FY14 Budget</b>
General Fund	1,948,848	1,374,520	1,446,490
Animal Welfare Trust		131,520	325,420
<b>Program Total</b>	<b>1,948,848</b>	<b>1,506,040</b>	<b>1,771,910</b>
<b>FTE (Full-Time Equivalent Positions)</b>		<b>20.4</b>	<b>19.6</b>
<b>Performance Measures</b>	<b>FY12 Actual</b>	<b>FY13 Estimate</b>	<b>FY14 Target</b>
Number of animals impounded	11,846	11,500	11,000
Percentage of live release rates on dogs	64.0%	65.0%	70
Percentage of live release rates on cats	38.0%	40.0%	50.0%
Percentage of live release rates on dogs and cats	47.0%	49.0%	52.0%



# **Multi-Year Budget Forecast**

# Multi-Year Budget Forecasts

- FY2014 Proposed Budget document updates the ten-year fund forecasts provided on February 5<sup>th</sup> in the Budget Forecast document
- Fourth 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
  - Emergency. Medical Svcs. Fund
  - Fire Districts Fund
  - Airport Fund
  - Water Funds
  - Sewer Funds
  - Solid Waste Funds

# 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





# 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
- Model is designed to facilitate sensitivity analysis to demonstrate impact of changing key assumptions

# National Economic Outlook

Gross Domestic Product (GDP)	GDP Growth
2008	-0.3%
2009	-3.5%
2010	3.0%
2011	1.7%
2012	2.2%
2013 (Est.)	2.0%
2014 (Est.)	2.8%
2015 (Est.)	3.0%
2016 (Est.)	2.9%

- The national economy hit bottom in 2009 and is on track for a sustainable recovery
- GDP is anticipated to grow by 2.8% to 3.0% annually over the next three years

# State Economic Outlook

- According to the Florida Legislature Office of Economic and Demographic Research, Florida's per capita personal income grew by 3.2% in 2012, compared to 3.5% nationally, ranking the state 31<sup>st</sup> in growth.
- While the housing market is showing signs of improvement, foreclosures remain a problem. Florida had the highest foreclosure rate in the U.S. for the first time since the housing crisis began, with 3.1% of all housing units receiving at least one notice of foreclosure.
- With the national recession four years behind us, Florida's economy is starting to show sustained improvements. Growth rates are beginning to return to levels seen during 'normal' periods, but it will still take several years to make-up for the years of negative growth.

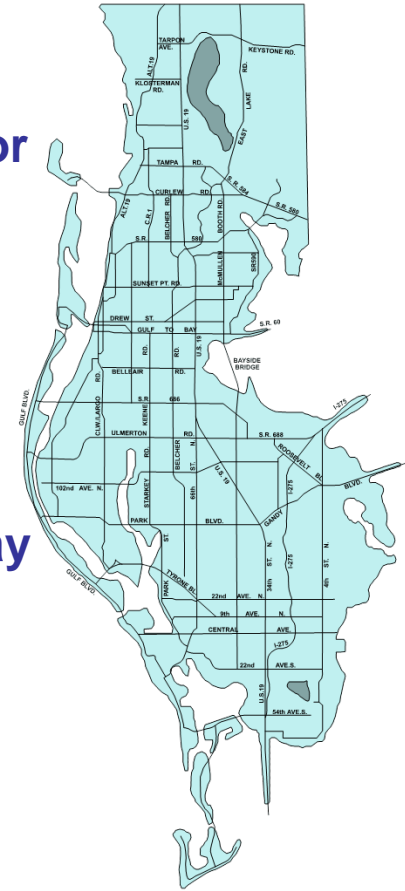
# State Economic Outlook

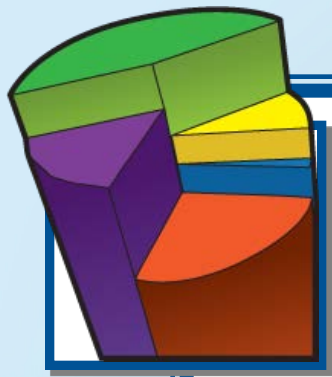
- The state's primary source of economic growth, population growth, has improved from the very low rates of 2009 (<0.5%) and 2010 (0.6%). From 2012 to 2015, population growth is expected to average 1.2%, then increase to 1.4% through 2020.
- The jobs associated with tourism, especially in the leisure and hospitality industry, grew more than any other industry in 2012 as visitors returned to the beaches and theme parks around the state.
- Sales volume of single family homes increased by 8.5% in 2012, while median sales prices were up 9.0%.
- The pace of the economic recovery depends heavily on how quickly the job market recovers from the Great Recession, the capacity for personal income growth to move ahead of inflation, and a substantial reduction in the supply of unsold residential properties.



# Local Economic Outlook

- Tourism continues to lead the county's economic growth
  - More than 5 million overnight visitors in 2012
  - FY2013 collections are 9.0% higher through April than the same period in FY2012, which was a record year for Pinellas County.
  - Visitors contributed about \$7.3 billion in economic activity
- Housing market recovery has been slow
  - Nearly half of sales involve foreclose properties
  - Through the first three quarters of 2013, the Tampa Bay region leads the nation in mortgages considered 'underwater'
- Unemployment level has improved but well above pre-recession levels





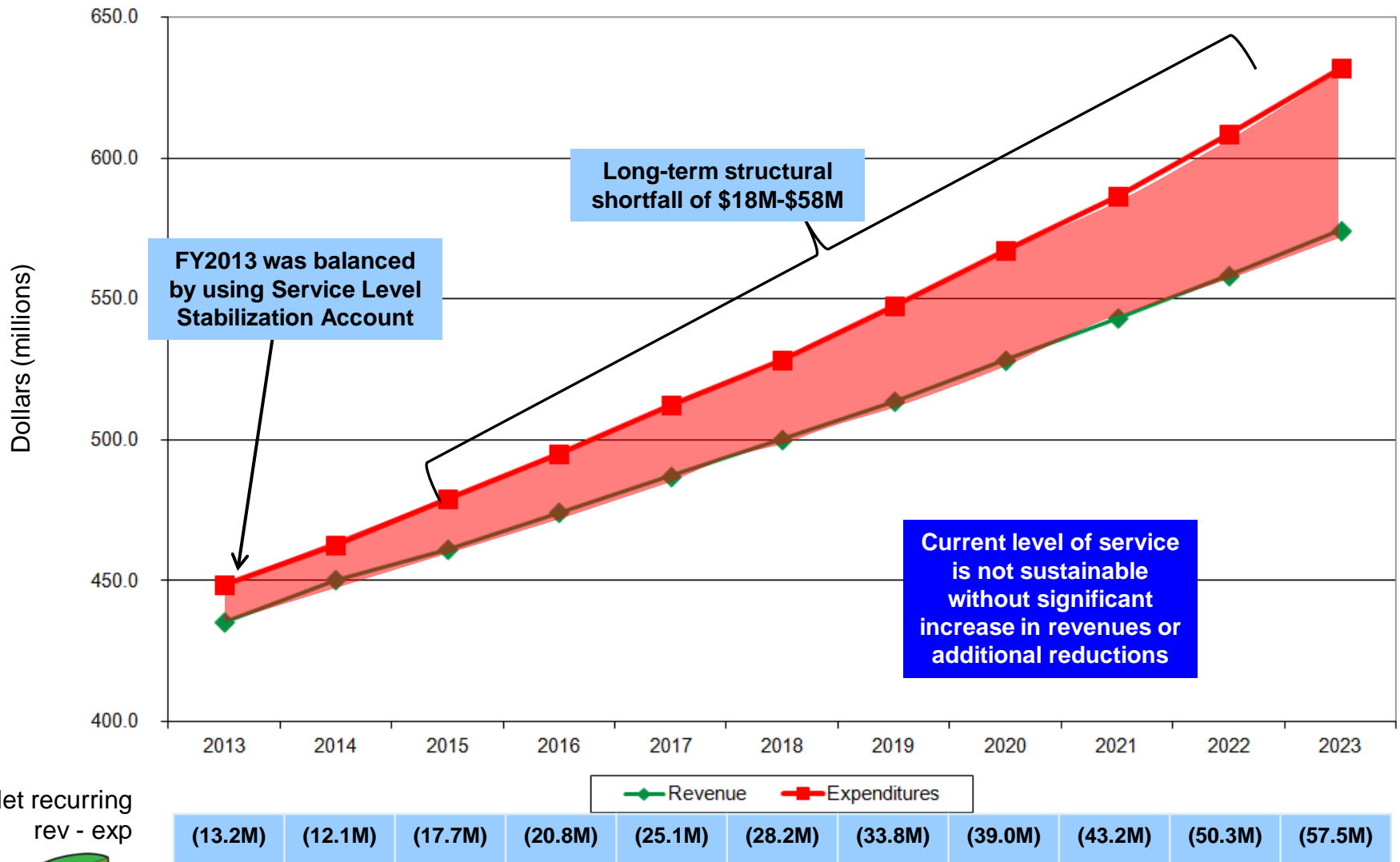
# **General Fund Forecast in April**

# General Fund Assumptions

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



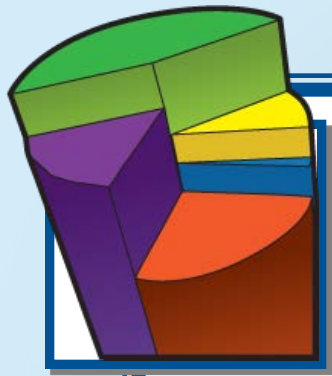
# General Fund Forecast FY2014-2023



**Citizens' Guide**  
to the Budget

Slide presented at April 18<sup>th</sup> Work Session





# **Revised General Fund Forecast**

# FRS Update

- SB 1810 sets the FRS employer contribution rates effective July 1, 2013
- The 2013 contribution rates are intended to fund the full normal cost as well as the full amortization payment for unfunded actuarial liabilities
- Significant increases required to fund unfunded actuarial liability (UAL)

FRS Membership Class	Jul 1, 2012 Rates				July 1, 2013 Rates		
	Normal Cost	UAL Rate	Total		Normal Cost	UAL Rate	Total
Regular	3.55%	0.49%	<b>4.04%</b>		3.53%	2.19%	<b>5.72%</b>
Special Risk	11.01%	2.75%	<b>13.76%</b>		11.00%	6.83%	<b>17.83%</b>
Senior Mgmt.	4.84%	0.32%	<b>5.16%</b>		4.81%	12.27%	<b>17.08%</b>
Elected Officials	8.36%	0.72%	<b>9.08%</b>		8.44%	23.36%	<b>31.80%</b>

# FRS Update (cont.)

- Forecast assumed that rates would gradually increase over three years to fund unfunded actuarial liability

Gen Fund Forecast Impact - \$'s in millions									
FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
\$4.7	\$3.2	\$1.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

- Sheriff is disproportionately impacted because of employees classified as Special Risk

Fund	FRS Employer Contribution		
	Forecast Est.	New Est.	Difference
General - BCC & Independents	\$ 2,825,439	\$ 3,469,400	\$ 643,961
General - Sheriff	\$ 20,353,407	\$ 24,230,852	\$ 3,877,445
General - Other Constitutionals	\$ 557,284	\$ 684,297	\$ 127,013
<b>Subtotal - General Fund</b>	<b>\$ 23,736,130</b>	<b>\$ 28,384,548</b>	<b>\$ 4,648,419</b>
Enterprise	\$ 1,742,640	\$ 2,139,814	\$ 397,174
Special Revenue	\$ 1,303,822	\$ 1,600,983	\$ 297,161
Internal Service	\$ 755,716	\$ 927,955	\$ 172,239
<b>Total</b>	<b>\$ 27,538,308</b>	<b>\$ 33,053,300</b>	<b>\$ 5,514,993</b>

# Medicaid Update

- **Backlog Payments remain**
  - The last backlog payment is in 2017
- **SB 1520 creates a seven-year transition period to payments based on a percentage share of Medicaid enrolled residents**
- **Years 1-2: Sets the total contribution from counties at \$269.6M in FY 2013-14, and \$277M in FY 2014-15.**
  - County allocations are based on actual collections, as a percentage of the total collections, from April 2012 through March 2013
- **Years 3-7: Beginning in FY 2015-16, the state-wide county contributions will grow at 50 percent of the growth in state Medicaid expenditures**
  - Individual county shares will transition to enrollment by FY 2019-20 using a weighted approach

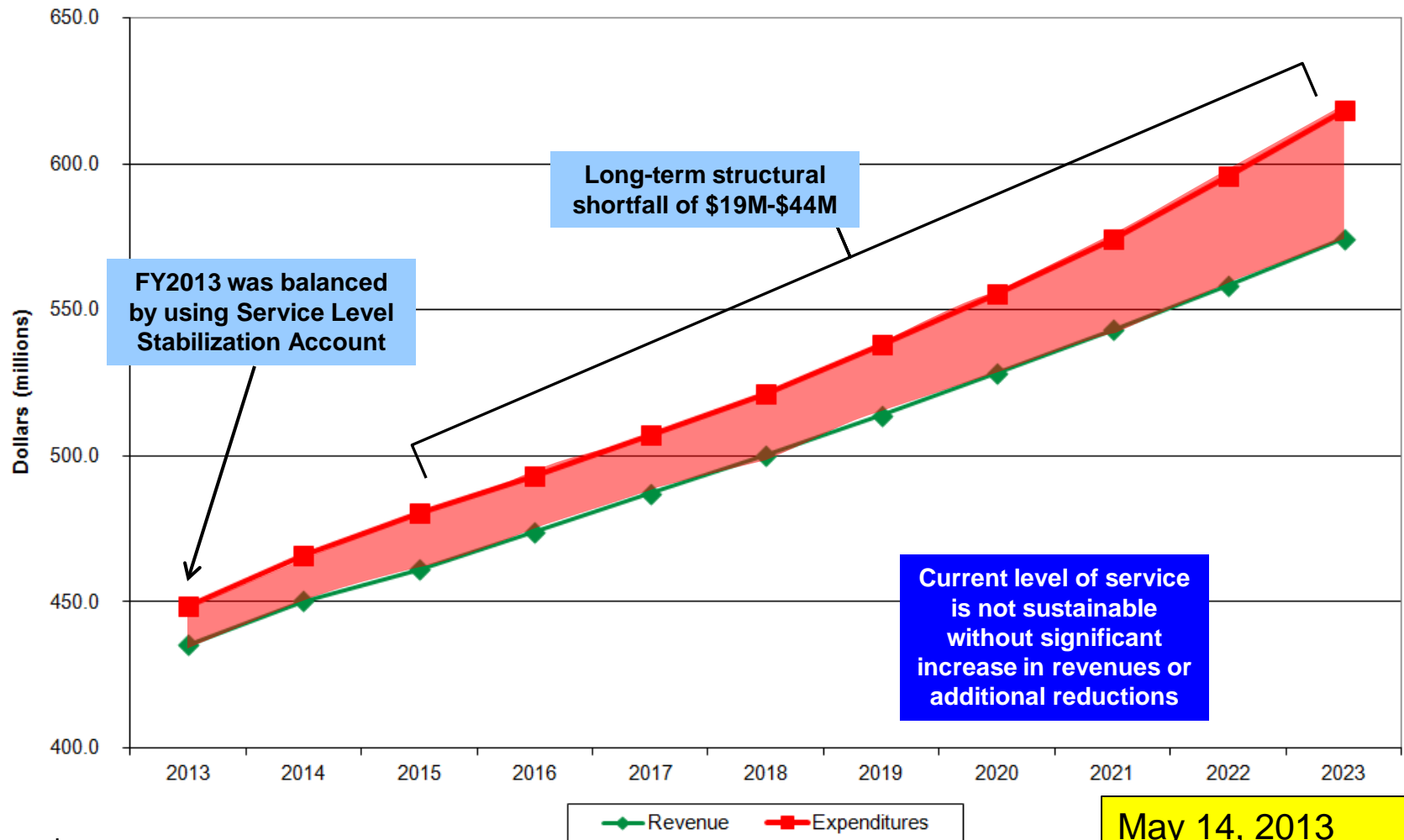
# Medicaid Update (cont.)

- **Post transition:** After FY 2020, the state-wide county contributions will grow at 100 percent of the growth in state Medicaid expenditures with allocation adjustments for changes in enrollment distribution.
  - Assuming 4.7% growth in costs starting in FY21
- Savings from SB 1520 increases as transition to enrollment based cost is phased in.

Medicaid Costs including backlog payments (\$'s in million)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Orig. Forecast	\$23.31	\$21.55	\$22.30	\$23.12	\$24.08	\$22.56	\$23.62	\$24.73	\$25.89	\$27.10	\$28.38
New Est.	\$21.77	\$20.45	\$20.94	\$19.96	\$18.88	\$15.19	\$14.02	\$12.76	\$13.36	\$13.98	\$14.64
Difference	\$ (1.54)	\$ (1.10)	\$ (1.36)	\$ (3.16)	\$ (5.20)	\$ (7.37)	\$ (9.60)	\$ (11.97)	\$ (12.53)	\$ (13.12)	\$ (13.74)

# General Fund Forecast FY2014-2023



May 14, 2013

Net recurring  
rev - exp

(13.2M)

(15.7M)

(19.6M)

(19.4M)

(20.1M)

(20.9M)

(24.1M)

(27.2M)

(30.8M)

(37.3M)

(43.9M)



**Citizens' Guide**  
to the **Budget**

Including Impact of FRS and Medicaid

# Target Compliance

- The BCC departments, Constitutional Officers, Court Support, and Independent Agencies met the FY2014 budget targets



# Ad Valorem Update

- Budget forecast assumed 2.5% increase of taxable values for FY2014
- Certified taxable values from the Property Appraiser as of July 1<sup>st</sup> are:
  - Countywide: 3.4% increase
  - MSTU: 2.9% increase
- Positive impact to the General Fund is \$2.1M in FY2014
- Also impacts future forecast years

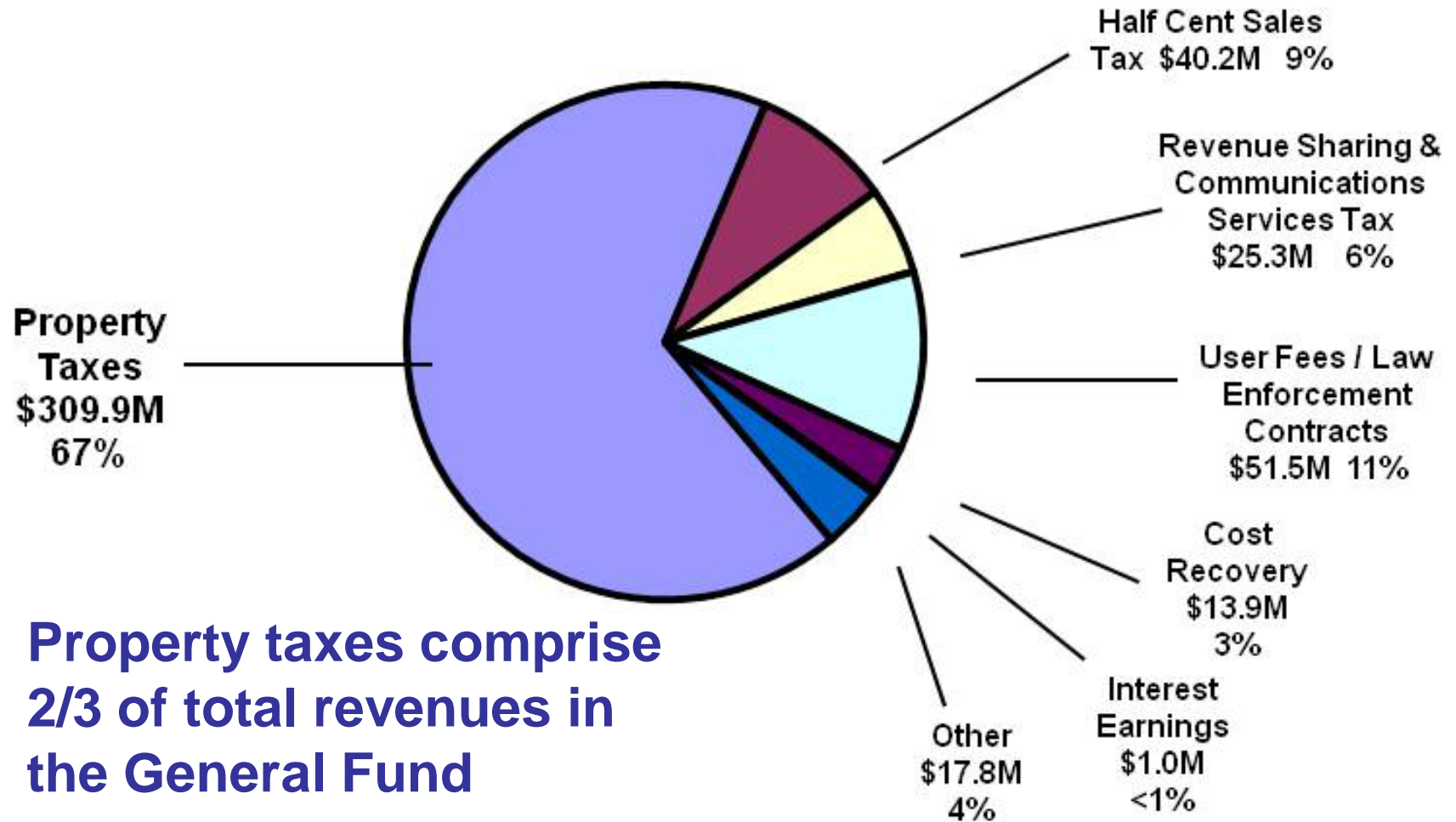




# Ad Valorem Update (cont.)

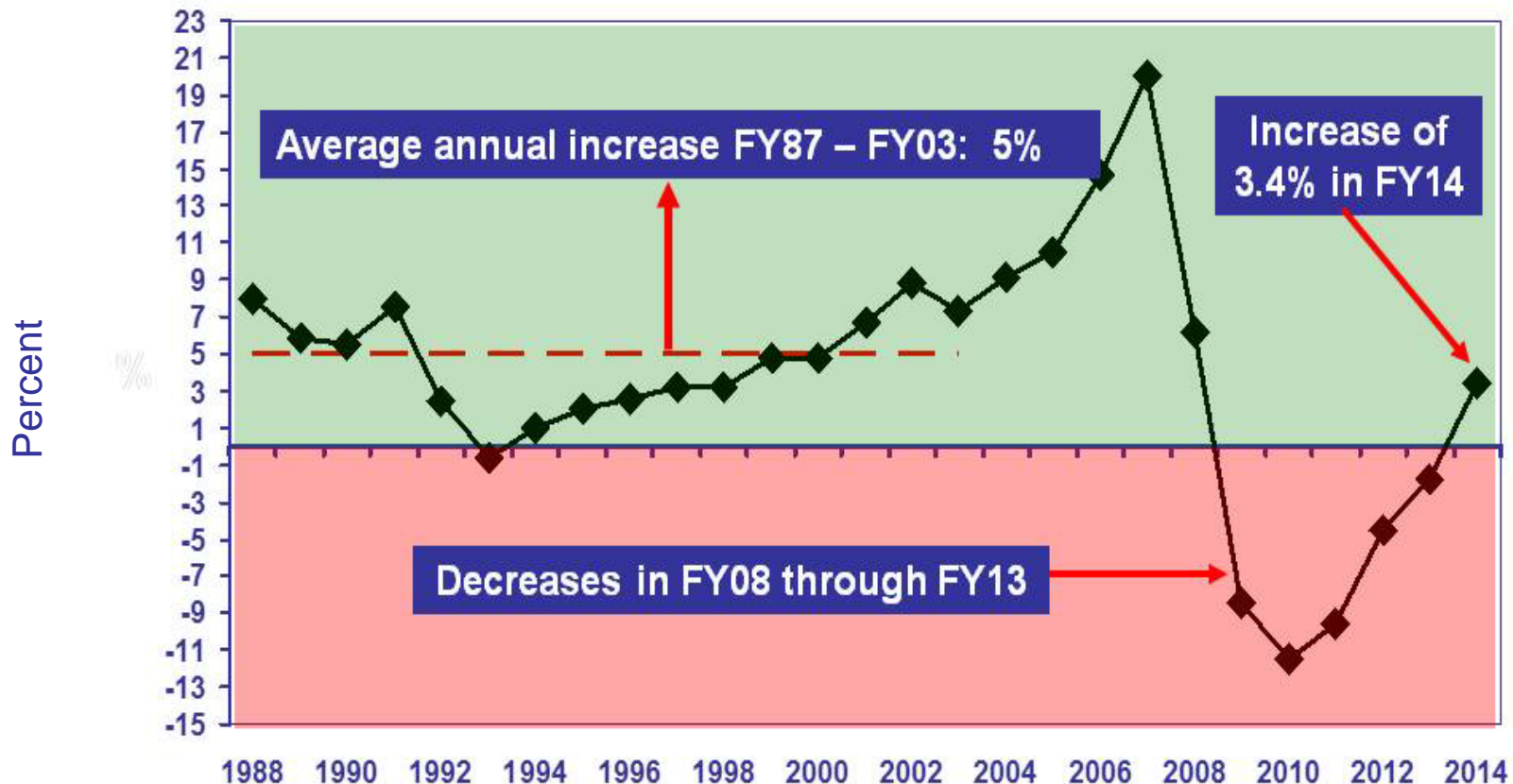
- **County-wide Millage Rate**
  - Proposed Budget: 5.2755 mills
  - Increase of 0.2650 mills
  
- **MSTU Millage Rate**
  - Proposed Budget: 2.0857 mills
  - No change in rate from FY2013

# General Fund Revenues

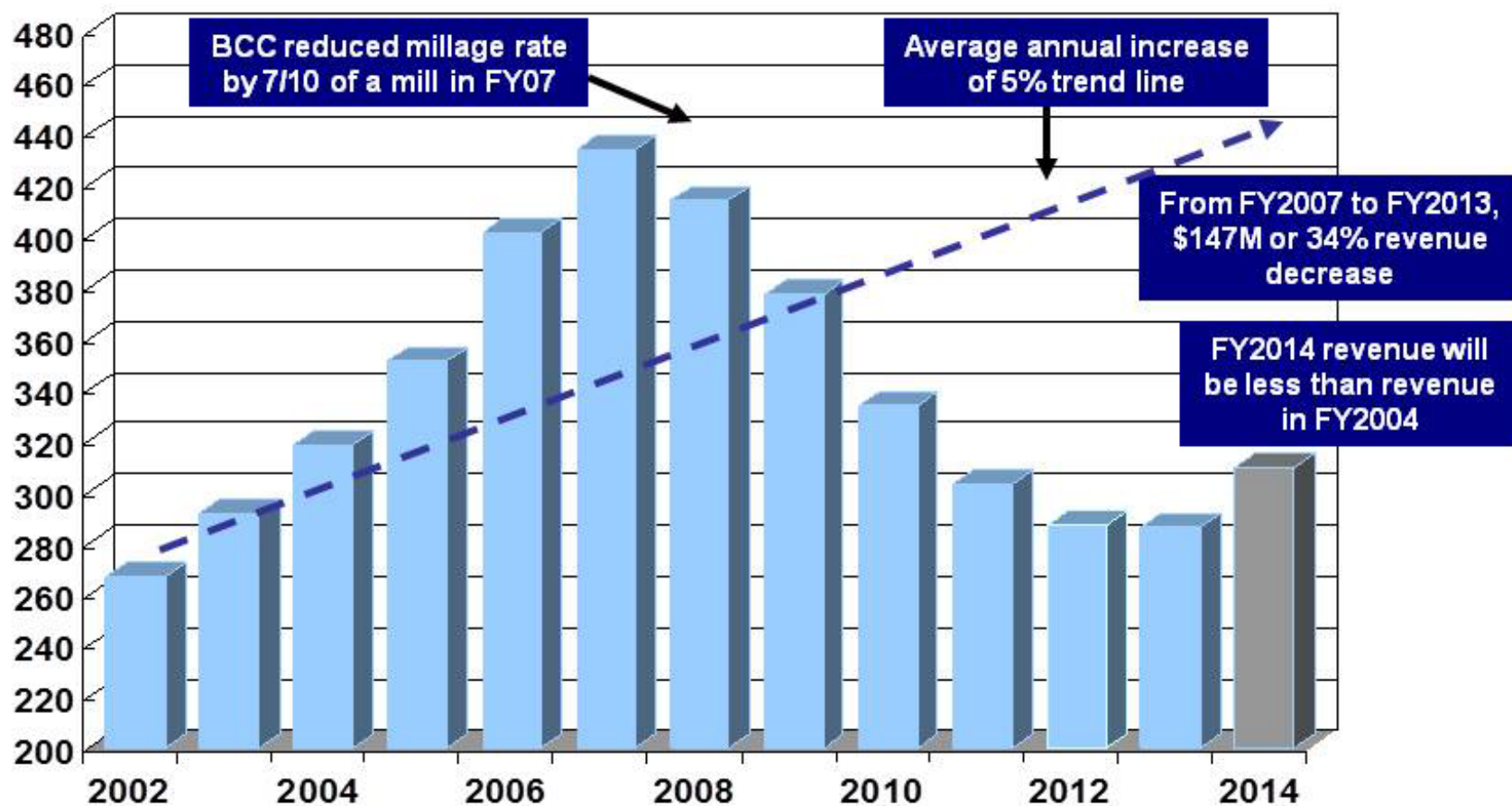


- Property taxes comprise 2/3 of total revenues in the General Fund

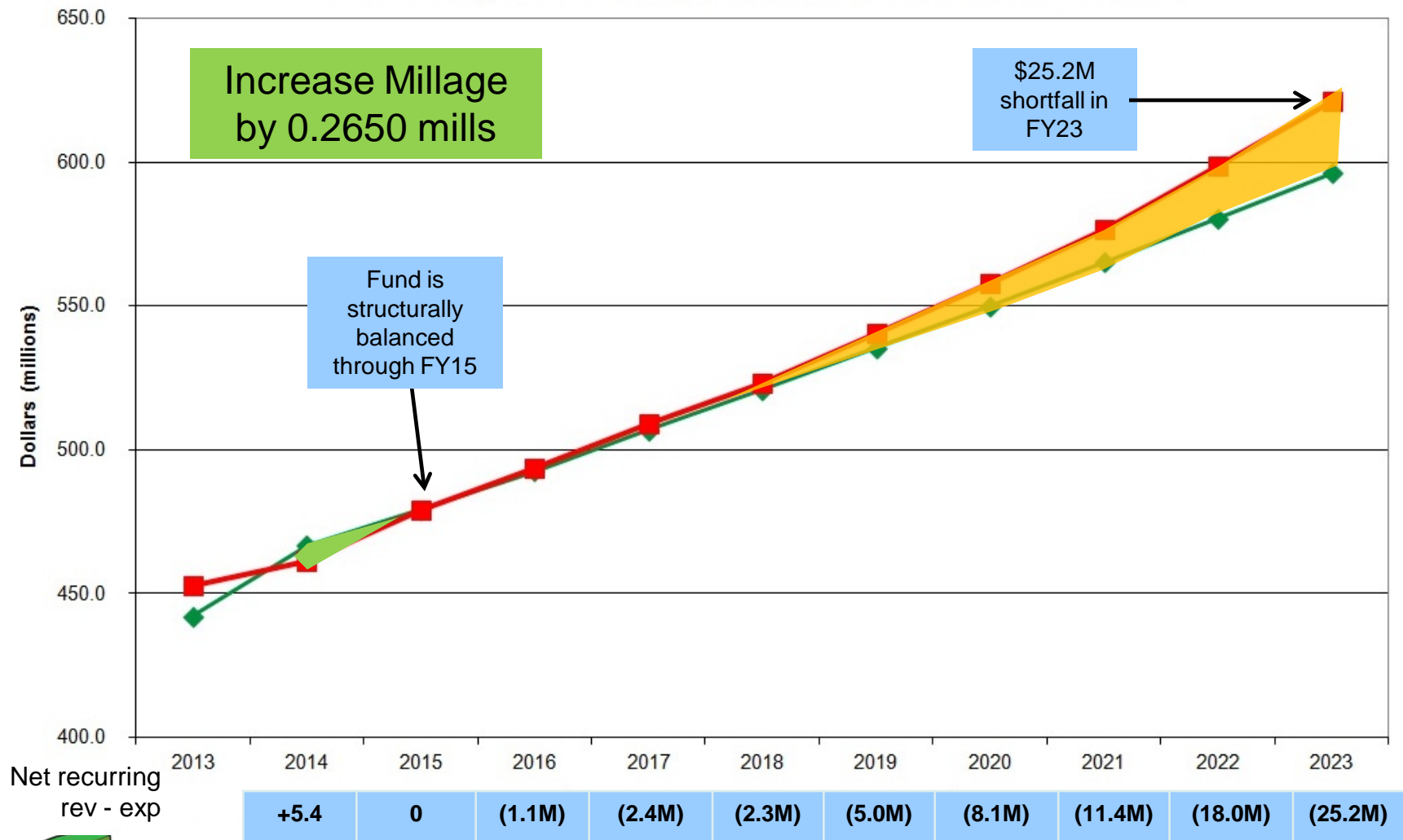
# Countywide Taxable Values Annual Rate of Change



# General Fund Property Tax Revenue (FY02-FY14) in millions



# Revised General Fund Forecast



# 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

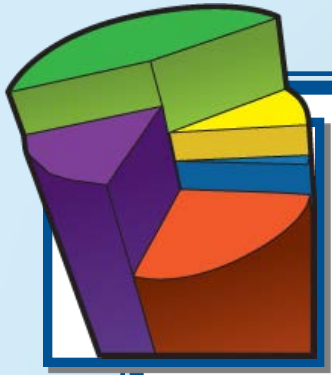
# Multi-Year Budget Strategy

- **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**

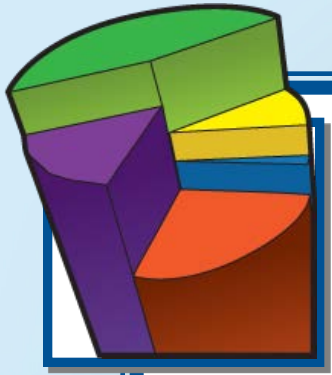
- Additional fund balance resulting from recurring revenue in excess of recurring expenditures
- Over and above the General Fund's reserve target
- Available amount varies from year to year
- Non-recurring and should be used for non-recurring purposes consistent with adopted budget policy
- As budgets 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

- **FY2014 non-recurring funding totals \$1.6M**
  - **Centralized Chiller Project: \$1.5M**
    - Second of eight transfers to the Capital Projects Fund.
  - **Security Vulnerability Assessment: \$105K**
    - FY2014 Budget includes 3 required FTEs.
    - Public key Infrastructure - \$28K – Certificate Management system for maintaining authentication and encryption infrastructure
    - Additional Splunk license for audit reporting - \$37K
    - Intrusion Detection Systems - \$15K
    - Other Tools - \$25K



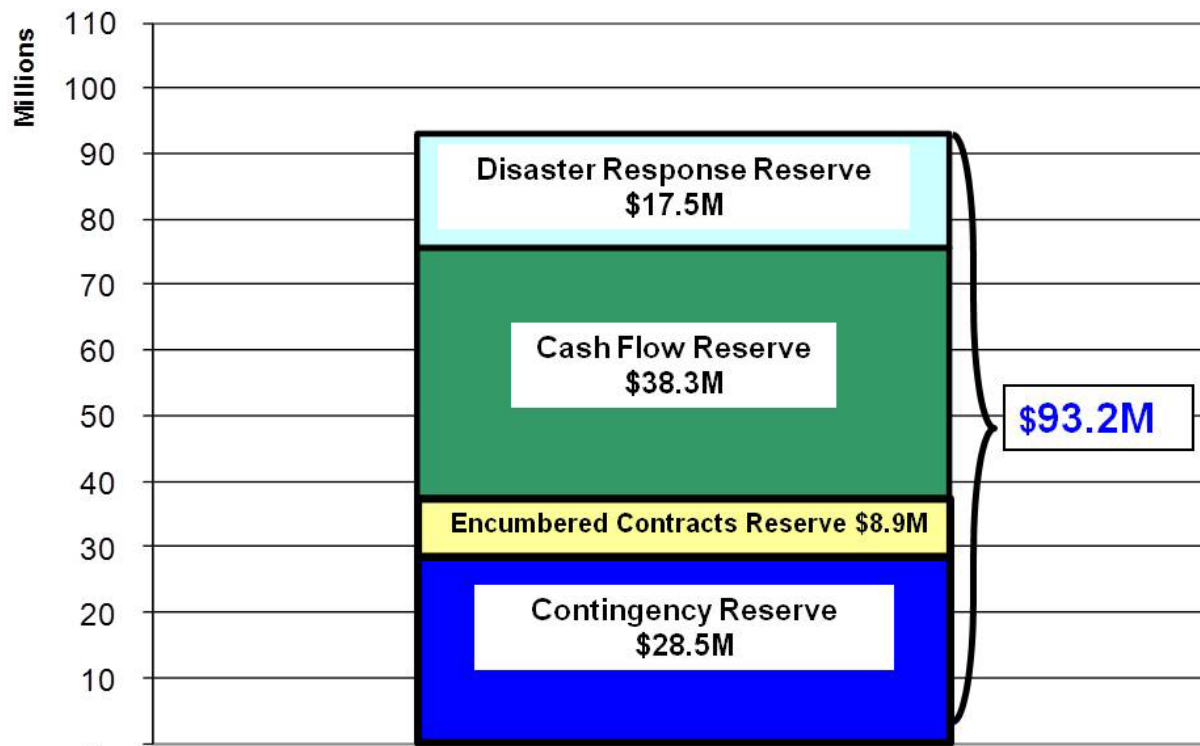
# **General Fund Reserve**

# 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 **\$93.2M** in FY2014 budget (16%)
  - ❑ Accommodates funding of non-recurring allocations

# Proposed FY2014 General Fund Reserve

- FY2014 Reserve of **\$93.2M** is consistent with adopted reserve policy of at least 15% of General Fund Resources



# Components of Reserve

- **Contingency Reserve: \$28.5M**
  - 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: \$8.9M**
  - 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: \$38.3M**
  - 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

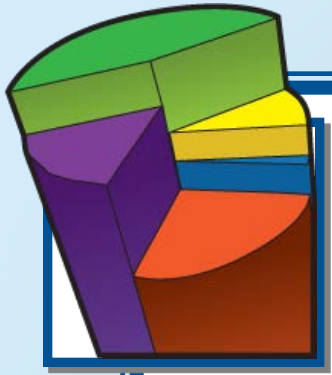
- **Disaster Reserve: \$17.5M**
  - Pinellas is a high hazard coastal county
  - Need cash on hand to pay for disaster response
    - Emergency operations center and emergency shelters
    - Sheriff overtime
    - Public Works emergency response personnel
    - Debris removal
  - FEMA or State reimbursement 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

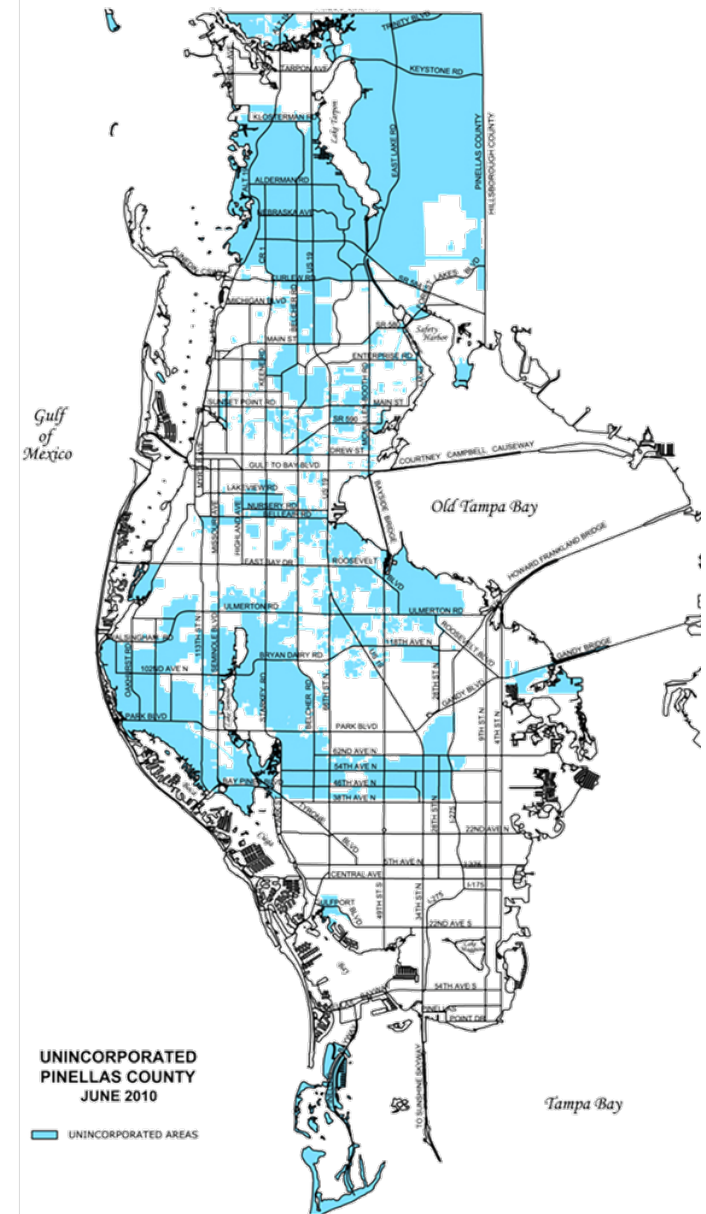
- ❑ Courts and Jail
- ❑ Animal services
- ❑ Economic develop.
- ❑ 9-1-1 & EMS System
- ❑ Mosquito control
- ❑ Social services
- ❑ Arterial roads

## ■ MSTU services

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

# MSTU Budget

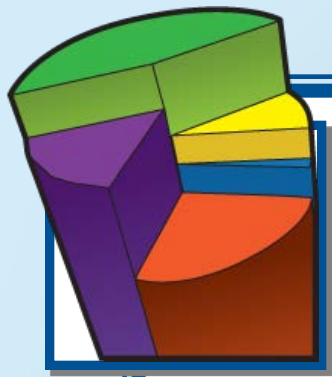
- Overall revenues increased \$1.6M or 3.3%
- Property taxes represent 57% of total revenues
  - Ad valorem millage rate remains the same at 2.0857 mills
  - Values increased 2.9%
  - Revenue increase of \$0.6M



# MSTU Budget

- **Total expenditures \$43.2M**
  - **Overall expenditures decreased \$5.9M or 12.0%**
    - Surface Water expenditures now budgeted in new utility fund
    - East Lake Library now a separate MSTU district
  - **Sheriff is 79% of expenditures (\$33.9M)**
  - **Other expenditures increased \$0.8M**
    - Building Permits, Code Enforcement





# Other Funds

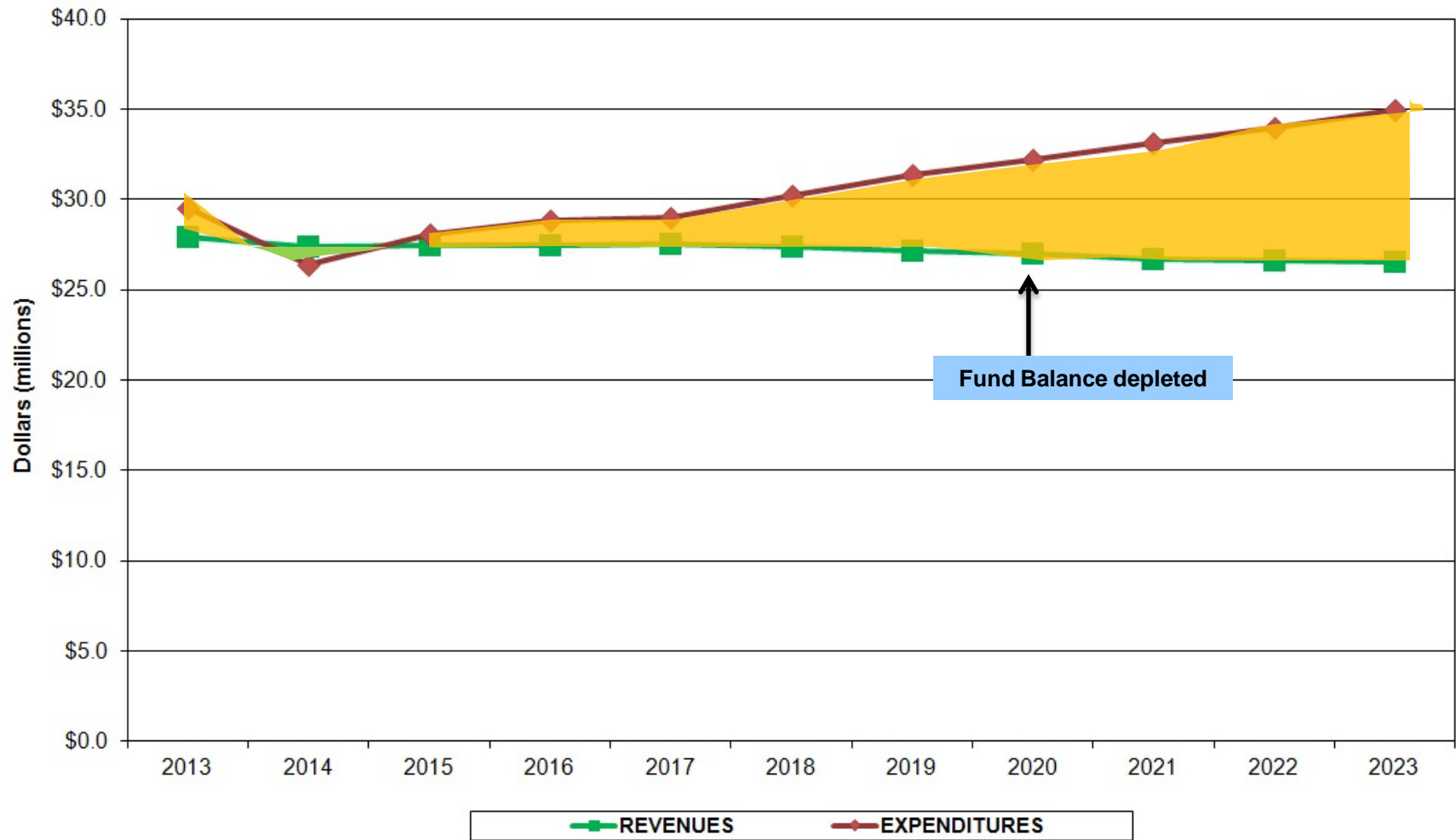
# Fund Review: Transportation Trust Fund

- Revenues exceed expenses in FY2014, but starting in FY2015 expenses exceed revenue throughout the forecast period
  - Results from inflationary pressures on expenditures exceeding the relatively flat growth in gas tax collections
  - Depletion of fund balance in FY2020



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

# Transportation Trust Fund Forecast



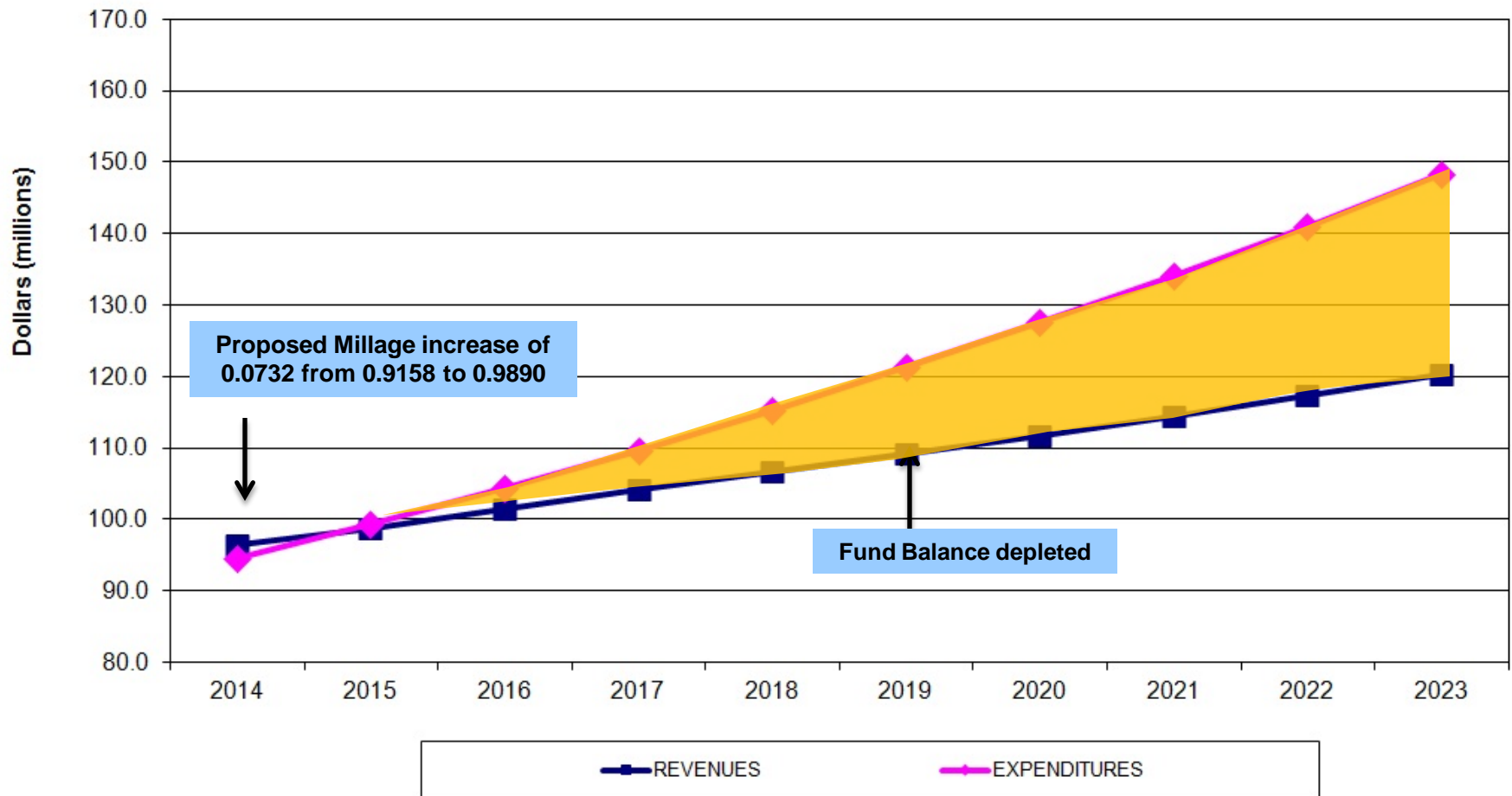
# Fund Review: EMS Fund

- Fund is not balanced through the forecast period
  - FY2014 & FY2015 are balanced based on increasing EMS millage rate from 0.9158 to 0.9890 (8.0% increase)



- Proposed millage increase requires two-thirds 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

# EMS Fund Forecast



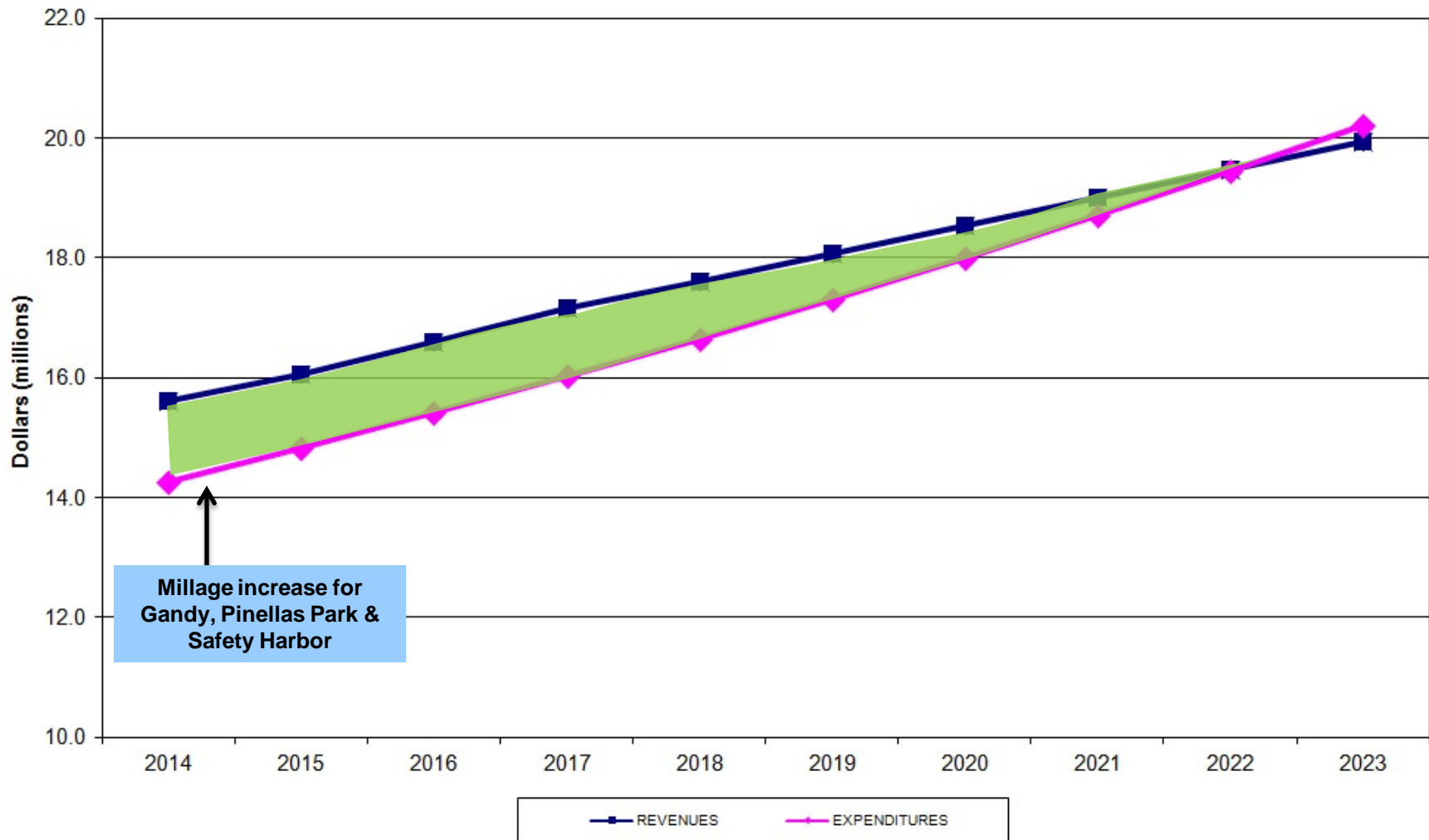
# Fund Review: Fire Districts Fund

- **Fund is in balance during most of the forecast period**
  - ❑ Forecast has improved since presented in February 2013 in part due to growth in taxable values (2.5% vs. 2.0%)
  - ❑ Each fire district is balanced separately
  - ❑ Taxable values increased in 11 of 12 fire districts
  - ❑ 3 out of 12 fire districts have proposed millage increases in FY2013





# Fire Districts Fund Forecast



# Fire District Millage Rates

Fire Districts	FY2013 Adopted Millage	FY2014 Proposed Millage	Variance	Millage Caps	Millage Increase Drivers
Belleair Bluffs	1.7320	1.7320	-	5.0	
Clearwater	3.2092	3.2092	-	5.0	
Dunedin	3.5525	3.5525	-	5.0	
Gandy	2.2602	2.2977	0.0375	5.0	The provider's budget request increased 5% in each expenditure category, while Taxable Value increased only 2.68%.
Largo	3.5609	3.5609	-	5.0	
Pinellas Park	2.3675	3.0163	0.6488	5.0	The provider's retirement contributions were the main factor in personnel expenses increasing 6.8%. The budget request increased a net 5.5%, while Taxable Value increased only 2.39%.
Safety Harbor	2.7631	2.8118	0.0487	5.0	Taxable value decrease of 0.4%
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	1.9118	1.9118	-	3.0	
South Pasadena	0.9137	0.9137	-	5.0	



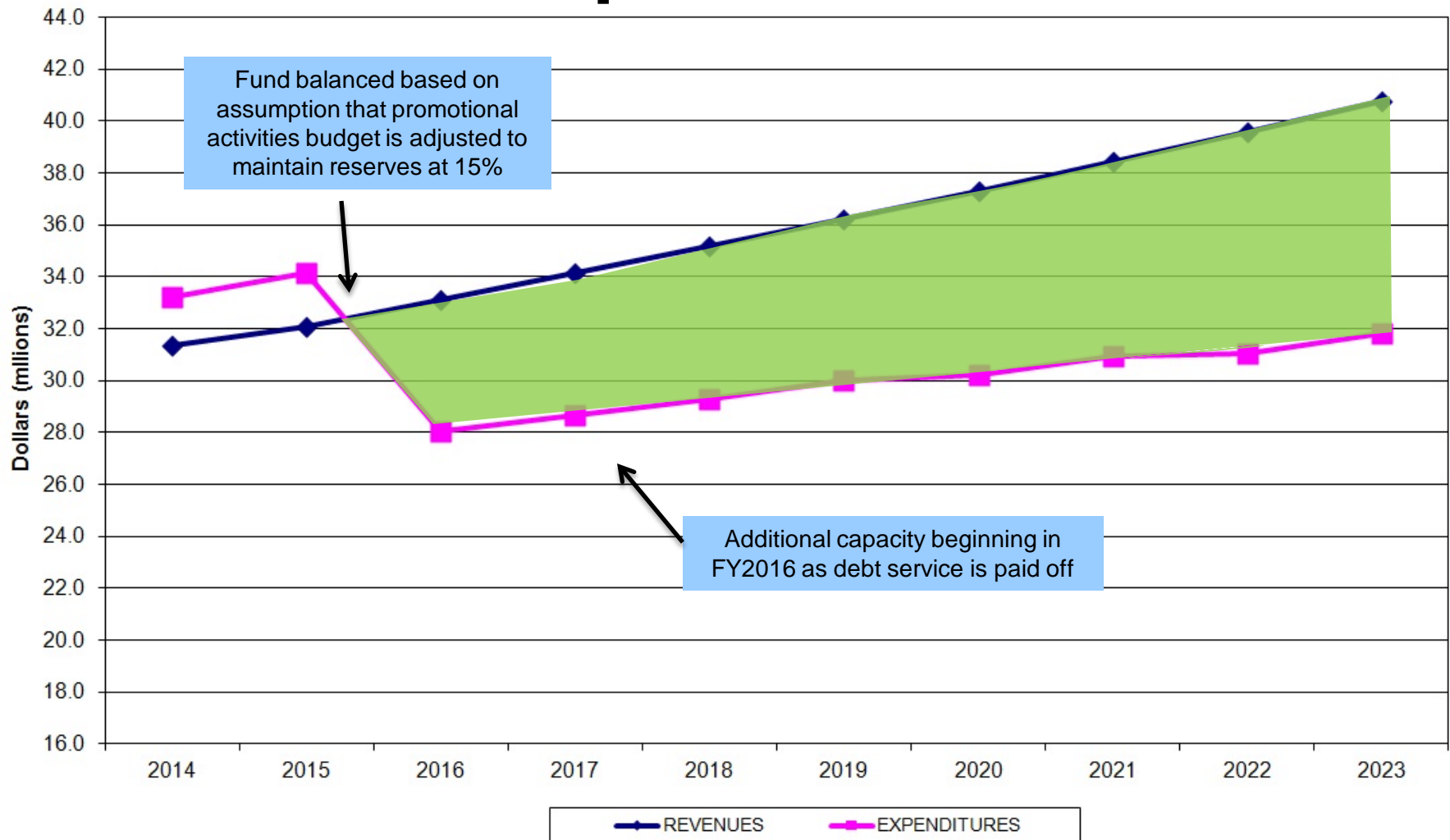
# Fund Review: Tourist Development Fund



- **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

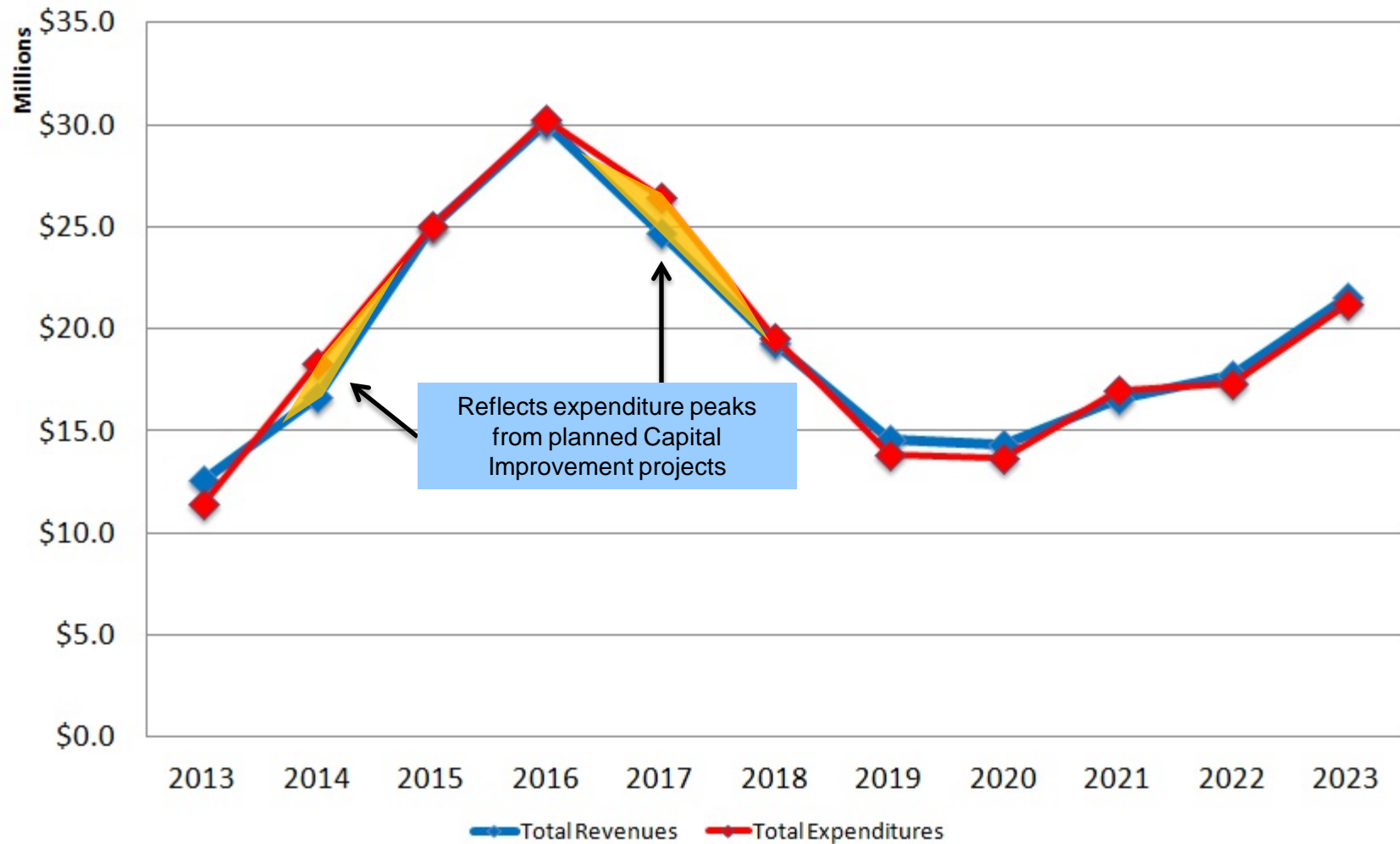


# Fund Review: Airport Fund

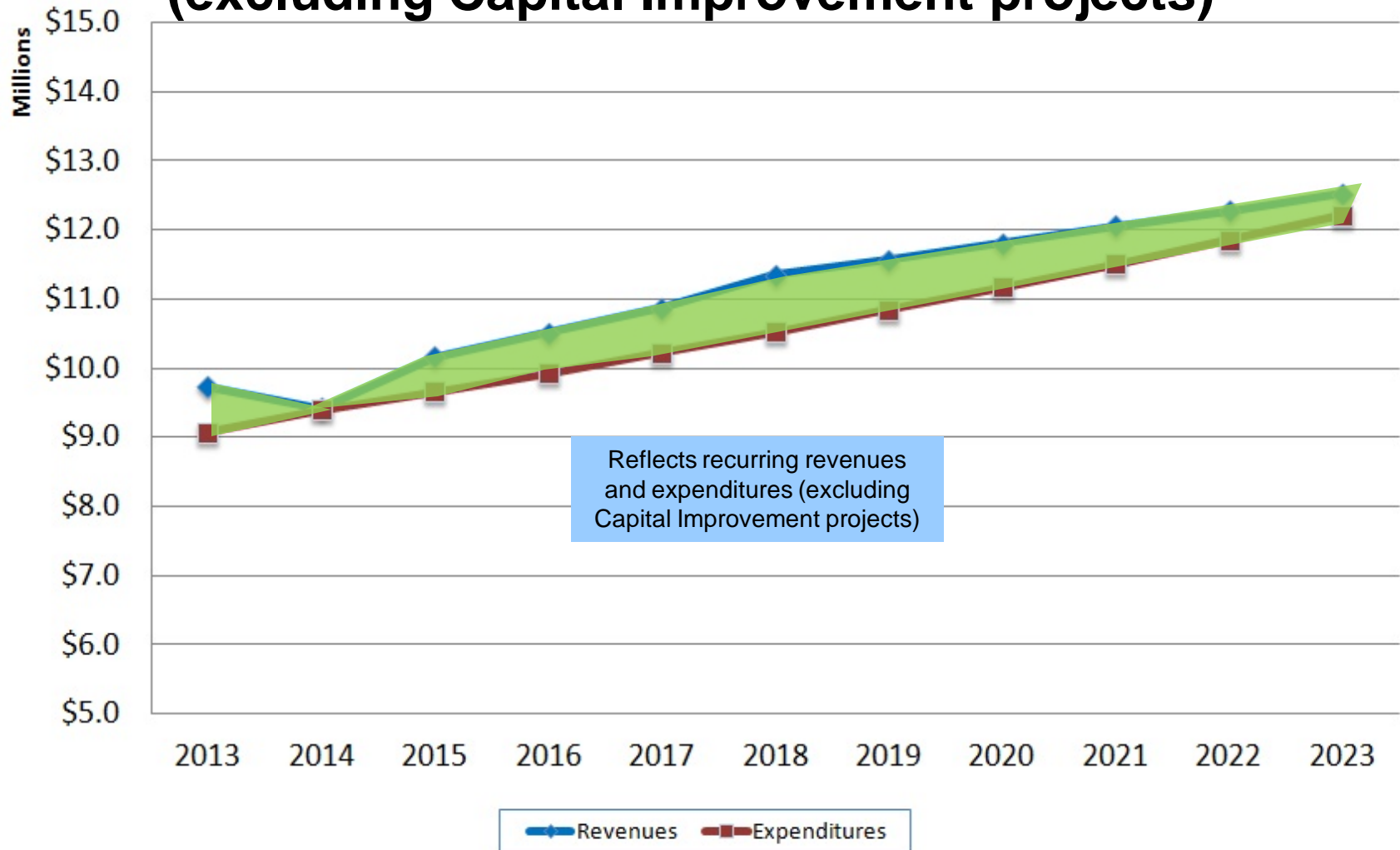
- Fund is balanced through the forecast period
  - Balanced based on the following assumptions:
    - Capital projects budget will be adjusted to reflect the timing and amounts of any grants revenue
    - Airport's operating budget would be adjusted to match revenues
    - Additional revenue from development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



# Airport Fund Forecast (excluding Capital Improvement projects)



# **Fund Review: Water Funds**

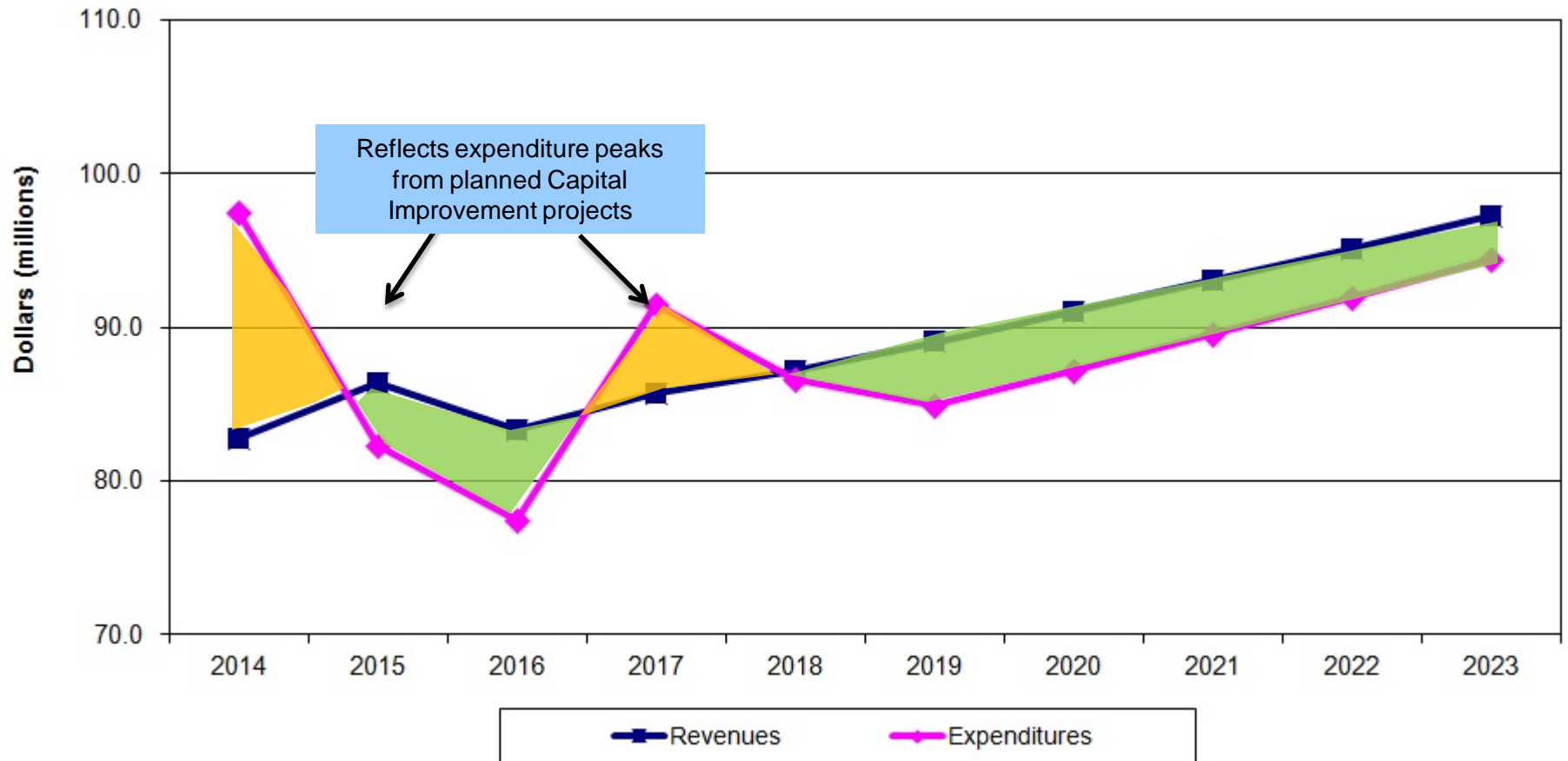
- **Fund is balanced through forecast period**
  - Rate increases presented in FY2012 for FY2013-FY2015 are required to provide sufficient revenues to maintain reserves and fund capital replacement needs
  - Rate increases from FY2016-FY2023 are assumed at 2% annually based on blend of growth and consumption, 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



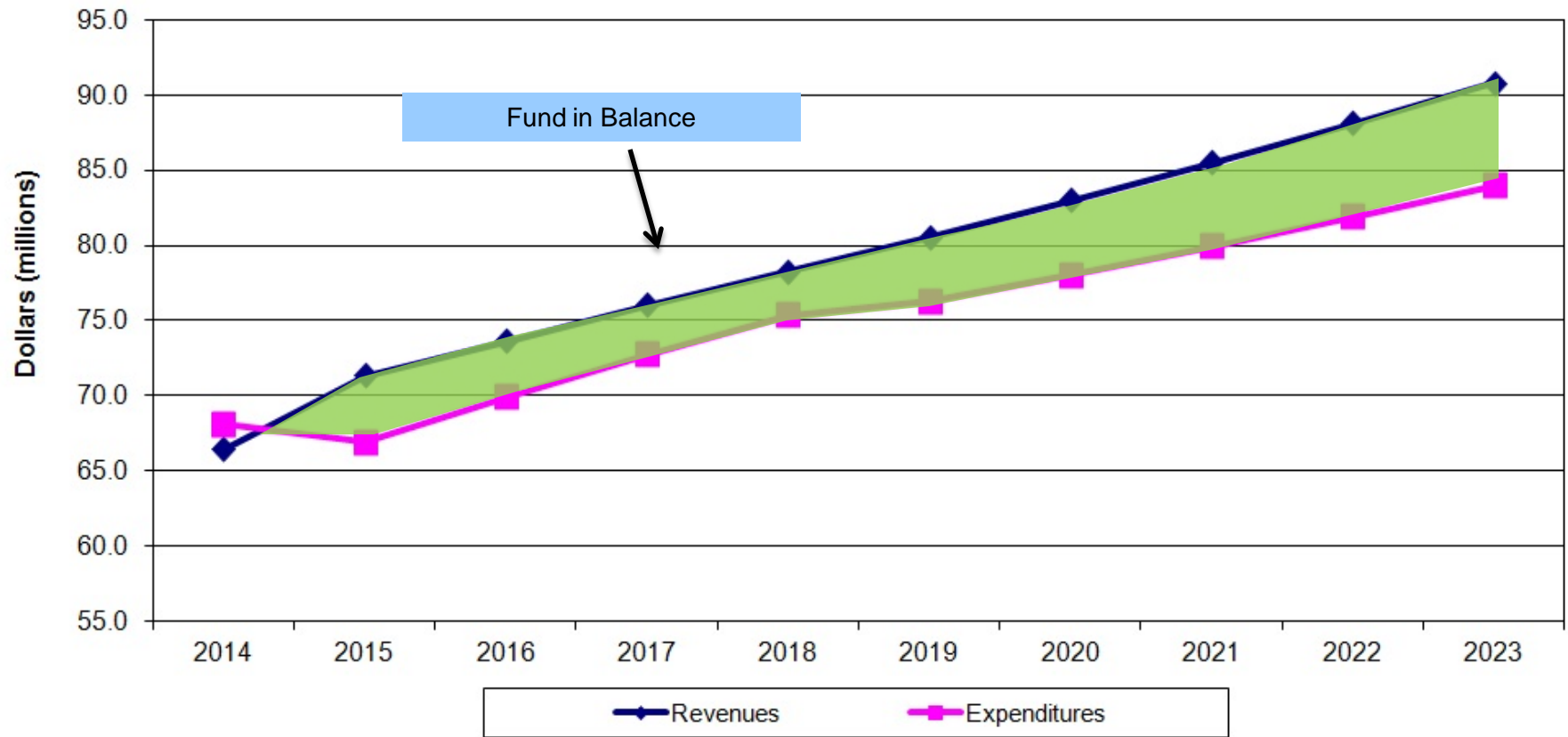
# Fund Review: Sewer Funds

- **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 are assumed at 2.75% annually 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



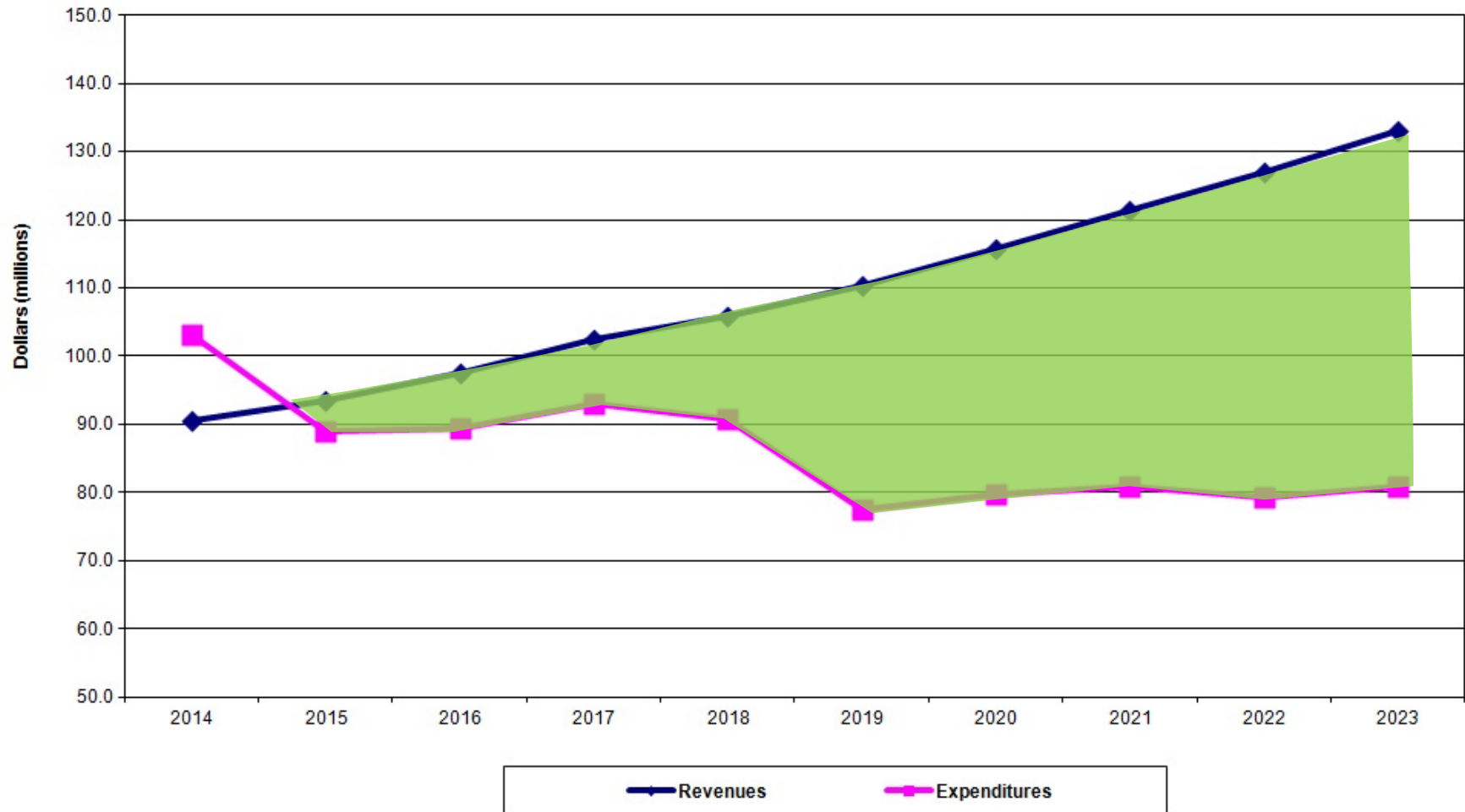
# Fund Review: Solid Waste Funds

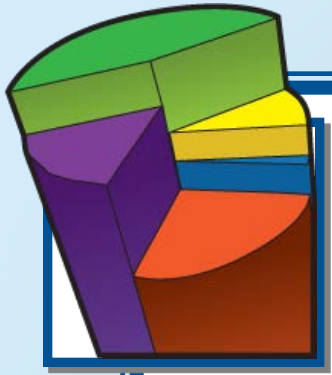
- **Fund is balanced through forecast period**
  - Solid Waste tipping fees and electricity sales have declined with the recession, but remain sufficient to fund operations and reserves through FY2023
  - Reserves are being accumulated for future capital replacement needs consistent with the 25 year capital plan



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

# Solid Waste Funds Forecast





# **Additional Funding Requests**

# Additional Funding Requests

## ■ General Fund

- **Electronic Poll Book System (SOE): \$1.6M – non-recurring**
  - Streamline voter verification, check-in time and administrative processes
- **Software Initiative Brief Bank and Case/Document Management System (County Attorney) : \$40K – non recurring**
  - Efficiently retrieve previous work product and it is not cost effective to upgrade the current software
- **Programmer (Safety & Emergency Services): \$92.3K; 1 FTE**
  - As we move forward with the initiative to merge law enforcement call-taking functionality and ambulance dispatch, there is a need for an additional programmer
  - Additional funding required for two years
- **Hiring Process Streamlining (Human Resources): \$70K – non-recurring**
  - Pursue changes to expedite our processes and allow for just in time hiring

# Additional Funding Requests (cont.)

## ■ BTS

- **Public Safety Complex: Total \$1.6M - \$1.3M – non-recurring, \$236 recurring starting in FY2015**
  - Infrastructure needed to allow moving Data Center located in 315 Court Street basement to the Public Safety Complex (PSC)
- **Clerk Paperless/Tyler Gap: \$1.6M non-recurring**
  - Close functionality gaps required by the Justice community for paperless workflow throughout the judicial
- **Network Fiber: \$263K non-recurring**
  - Partner with DEI to expand transportation fiber infrastructure projects to bring County owned facilities onto the fiber optic network
    - St. Petersburg Courthouse (\$154K)
    - Keller Well Field (\$109K; fund through enterprise funds)

# Additional Funding Requests (cont.)

## ■ BTS (cont.)

### □ Additional Personnel: \$657K recurring; 7 FTEs

- Infrastructure Server Support (\$186K; 2 FTEs)
- Organizational Change Management (\$93K; 1 FTE)
- Customer Support Center (\$78K; 1 FTE)
- Project Management (\$85K; 1 FTE)
- Vendor Contract Management (\$130K, 1 FTE)
- Technology Trainer (\$85K, 1 FTE)

# Additional Funding Requests (cont.)

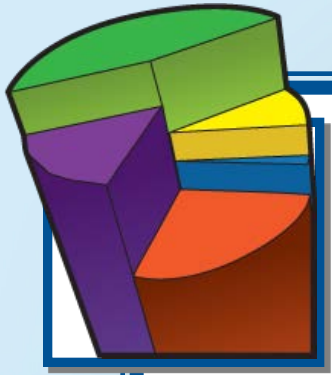
## ■ BDRS – (\$481,363; 5.7 FTEs)

- **Additional BDRS Plan Coordinator for the DRS Program: \$44K recurring; 0.7 FTEs**
  - Due to the ongoing increases in DRS workload a part-time position (28 hours weekly) is requested
- **Additional State Licensed Inspectors for the Building Permit Program: \$244K recurring; 3 FTEs**
  - To normalize the level of increased and sustained workloads and to provide flexibility to adapt to shifts in service demands between inspection disciplines as well as plan review
- **Document and Plan Scanning Initiative for the Building Permit Program : \$153K recurring, \$108K non-recurring; 2 FTEs**
  - Reduce costs of managing, handling and storage of plans for building permits to a more cost effective and sustainable level
  - One-time cost is the cost of the 2 scanners needed to perform this function



# Additional Funding Requests (cont.)

- **TDC – (\$455,740 Recurring; 5.0 FTEs)**
  - **Senior CVB Sales Rep (\$89K; 1 FTE)**
    - Dedicated to the Midwest Meetings market
  - **CVB Sales Rep: \$244K recurring; 3 FTEs**
    - One rep dedicated to Meetings' clients while they are in the destination
    - One rep dedicated to Sports clients while they are in the destination
    - One rep dedicated to the Latin America and South America markets
  - **Increased Operating Expenditures: \$69,850; 0 FTEs**
    - Reduce advertising contracts to help offset costs of new positions and the following:
      - Media Asset Management System contract to enhance web presence
      - Contracting an in-market sales rep in Chicago and the Northeast region
      - Replace van and SUV, international travel costs, trade shows, etc.



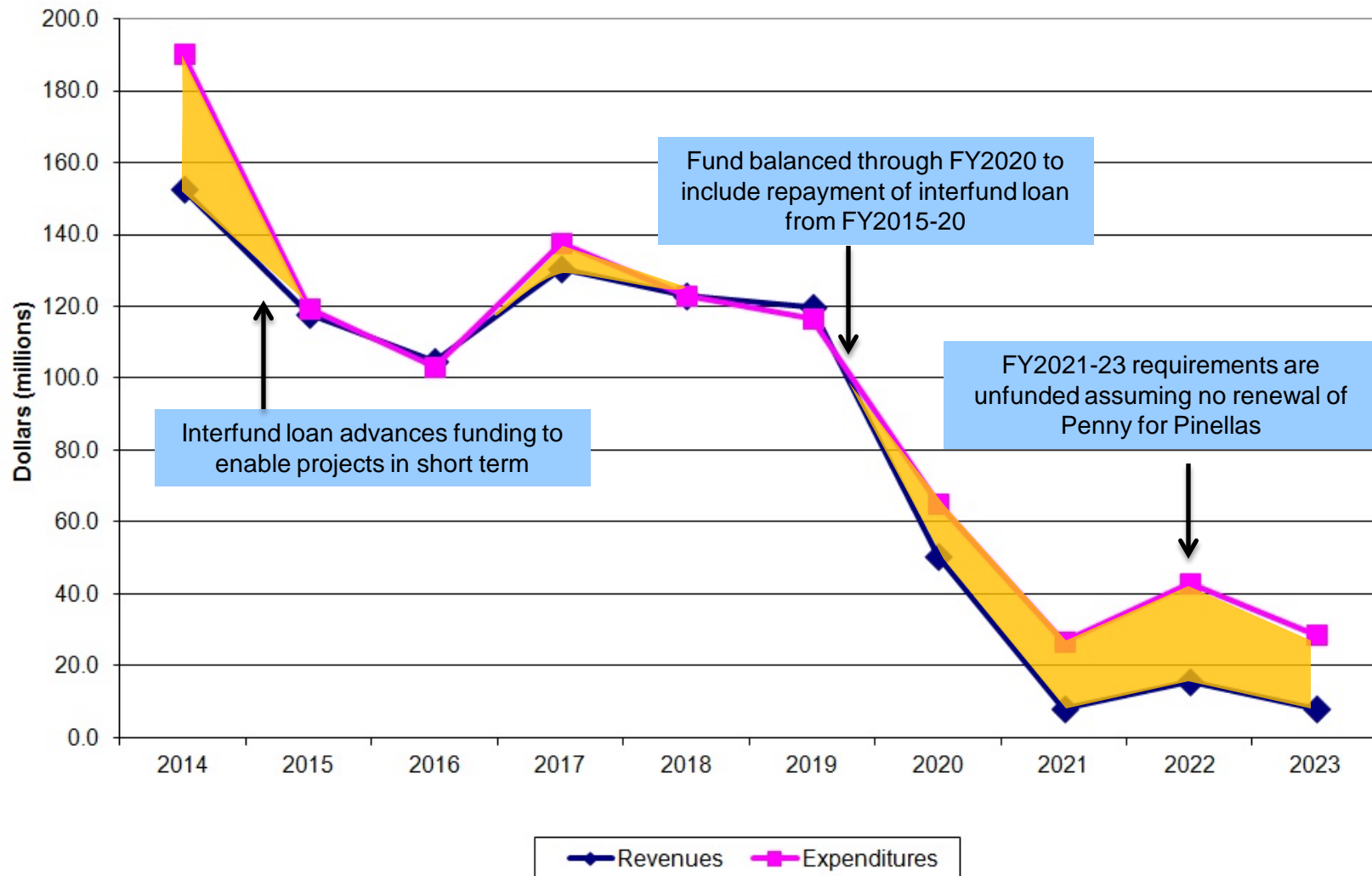
# **Capital Improvement Program (CIP)**

# **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



# FY2014-2023 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

# FY2014-2023 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

# FY2014-2023 CIP Development

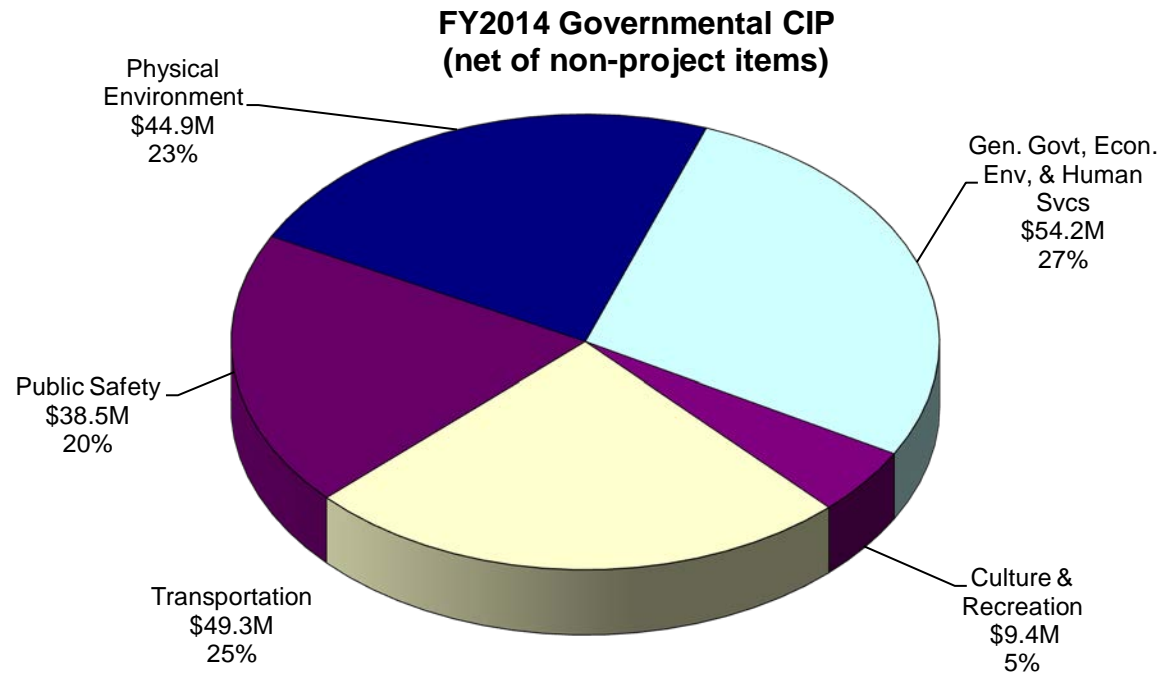
## ■ Major Revenue Sources

- ❑ Penny for Pinellas
- ❑ Transportation Impact Fees
- ❑ “9<sup>th</sup> 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

- FY2014 Expenditure Total: \$196.3M**



Note: Expenditure Total is net of Non-Project Items



# One Year CIP – Governmental Project Highlights

## ■ Public Safety

- Public Safety Facilities & Central Communications Center \$18.3M
- Detention Support Improvements \$5.0M



# One Year CIP – Governmental Project Highlights

## ■ Transportation

- ITS/ATMS Projects \$12.7M
- Gulf Boulevard Improvements \$5.4M
- Road Resurfacing & Rehab Program \$6.9M
- General Sidewalk & ADA Program \$1.1M



# One Year CIP – Governmental Project Highlights

## ■ Physical Environment

- Honeymoon Island Improvements \$6.2M
- Upham Beach Stabilization \$9.5M
- Lake Seminole Sediment Removal \$7.0M
- Stormwater Conveyance System \$3.3M
- Bear Creek Channel Improvements \$2.0M
- Curlew Creek Channel A Improvements \$3.4M



# One Year CIP – Governmental Project Highlights

- **General Government / Economic Environment**
  - ❑ Centralized Chiller Facility \$13.3M
  - ❑ Criminal Justice Center (CJC) Judicial Consolidation \$12.9M
  - ❑ CJC Parking Garage \$11.4M



# One Year CIP – Governmental Project Highlights

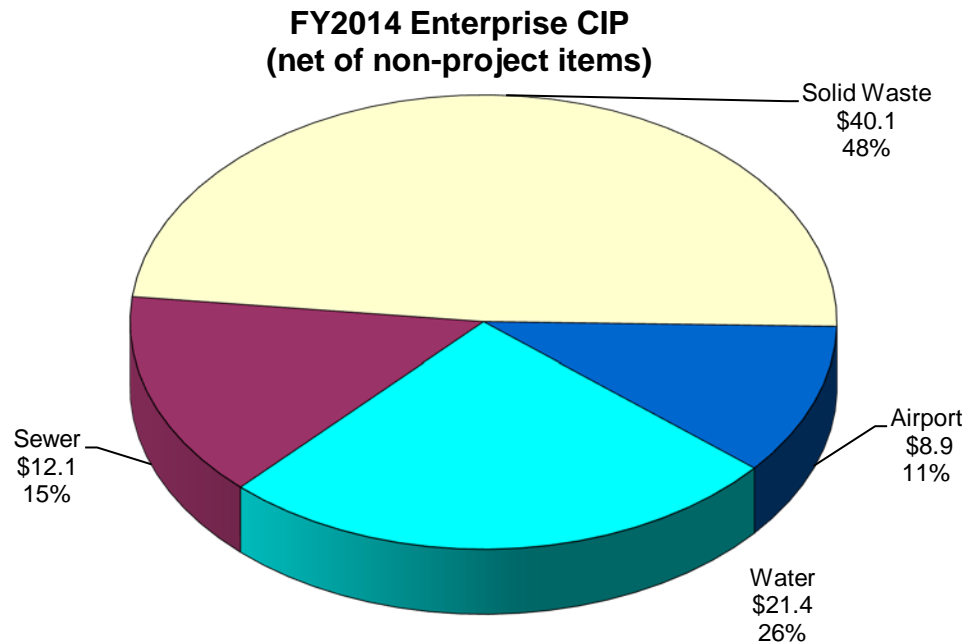
## Culture & Recreation

- ❑ Countywide Park Roads & Parking Areas \$1.8M
- ❑ Fort De Soto Bay Pier Replacement \$752K
- ❑ Park Utility Infrastructure \$800K
- ❑ Fort De Soto Water Circulation Infrastructure \$616K



# One Year CIP - Enterprise

- Expenditure Total: \$82.5M



Note: Expenditure Total is net of Non-Project Items



# One Year CIP – Enterprise Project Highlights

## ■ Physical Environment - Utilities

- ❑ Solid Waste Side Slope Closures \$9.8M
- ❑ Toytown Improvement \$6.6M
- ❑ Fly Ash Handling System Modifications \$3.1M
- ❑ Keller Transfer Pumping Station \$10.5M
- ❑ Sewer System UV/Ozone Project \$1.6M
- ❑ South Cross Upgrades \$2.5M



# One Year CIP – Enterprise Project Highlights

- **Transportation (Airport)**
  - Terminal Improvements – Phase II \$4.0M
  - Taxiway L Rehab \$2.4M

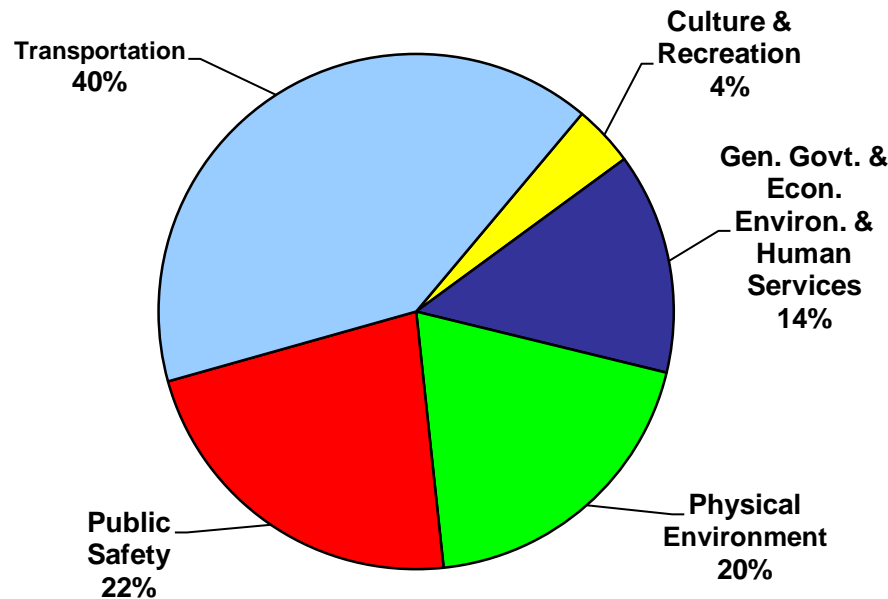




# Ten Year CIP - Governmental

- FY2014-2023 Expenditure Total: \$887.7M**

**FY2014-2023 Governmental CIP**  
(net of non-project items)



Note: Expenditure Total is net of Non-Project Items

# Ten Year CIP – Governmental Project Highlights

## ■ Transportation

- Bridge Rehab Program
- Gulf Boulevard Improvements



## ■ Public Safety

- Jail Expansion & Court Improvements
- Detention Support Improvements

# Ten Year CIP – Governmental Project Highlights

- **Physical Environment**
  - Creek Erosion Control Program
  - Sand Key Nourishment
  - Regional Stormwater Quality



# Ten Year CIP – Governmental Project Highlights

- **Culture & Recreation**

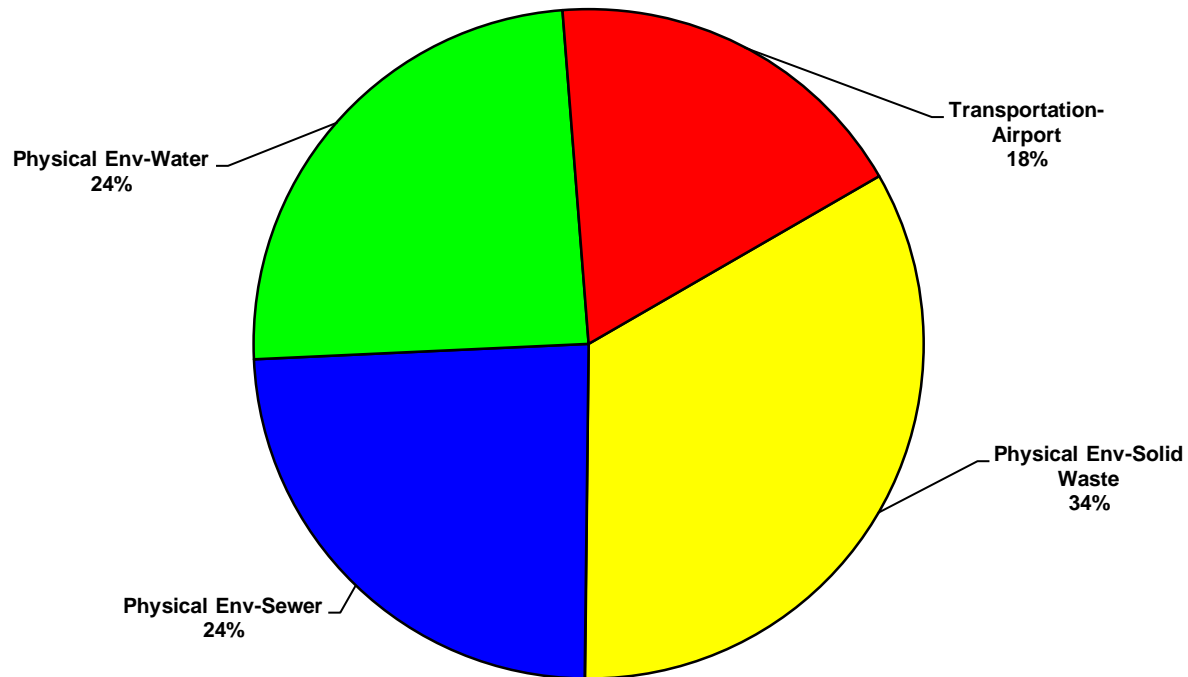
- Wall Springs/McMullen

- **General Gov't/Econ. Environment/Human Services**

- Affordable Housing Land Assembly Program
  - North County Service Center Renovation
  - 545 Judicial Renovation

# Ten Year CIP - Enterprise

- FY2014-2023 Expenditure Total: \$531.7M



Note: Expenditure Total is net of Non-Project Items

# Ten Year CIP – Enterprise Project Highlights

## ■ Physical Environment

- ❑ WTE Air Pollution Control Upgrade
- ❑ Side Slope Closures
- ❑ South West County HEC Facility
- ❑ Sewer Relining Services
- ❑ W.E. Dunn Upgrades
- ❑ Keller Decommissioning & Demolition

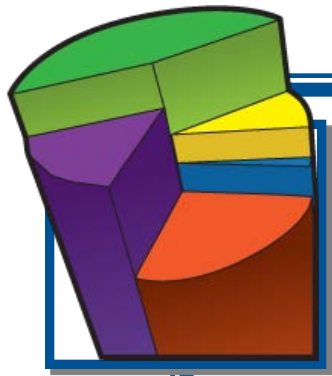


# Ten Year CIP – Enterprise Project Highlights

- **Transportation (Airport)**
  - Terminal Ramp Rehab
  - Runway Conversions
  - Airco Site Development







# Project Requests





# Project Requests

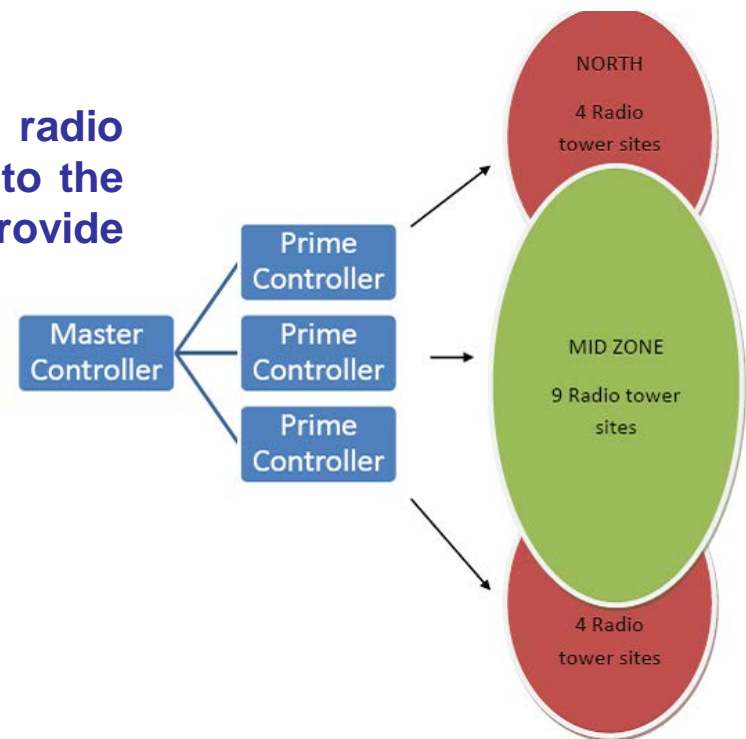
- During the FY2014 budget cycle, a few project requests have been received
  - Two new projects
  - Two modifications to existing projects

# Project Requests: New Project

## ■ Master & Prime Site Radio Equipment Relocation

### □ Request of \$9.0M:

- Relocate master & prime site radio equipment from its current location to the new Public Safety Campus to provide category 5 protection
- 10,000 subscribers (radios) on the radio system, including all fire departments, the Sheriff's department all police departments, except for Clearwater PD
- Equipment is the brains of the radio system and needs to be protected from the threat of storms



# Project Requests: New Project

## ■ Radio Tower Replacement

### □ Request of \$3.0M:

- Replace 1 tower each year at a cost of \$500K per tower from FY2014 to FY2019 for a total cost of \$3M
- Replace 6 radio towers reaching the end of their useful life
- Towers are the backbone of the countywide radio system
- Losing a tower could endanger public safety responders who require constant communication with each other as well as dispatchers during incidents



# Project Requests: Existing Project

## ■ Palm Harbor Fire District

- Currently budgeted for \$2.25M in FY2018
  - For fire station capital improvements, replacement apparatus, and equipment needs
- Request moving up the allocation at a reduced amount to FY2014
  - Funds would offset the cost to replace two engines and their heavy rescue squad



- If move allocation forward, relieves the County of \$750K for a new commitment of \$1.5M

# Project Requests: Existing Project

- **Affordable Housing Land Assembly Program**
  - Funding to support land acquisition to assemble parcels suitable for affordable workforce housing developments
  - \$5M allocated per year in FY2017, FY2018 and FY2019
  - Request moving up the allocation to FY2014, FY2015 and FY2016



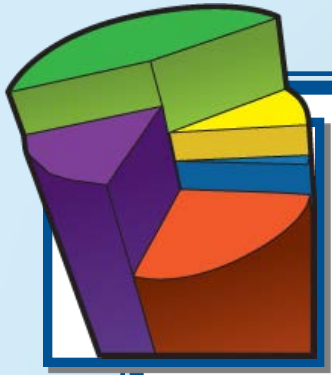
# Recommended Project Funding

- **Approve two project requests for modifications to existing projects**
  - Moving projects forward can be absorbed based on cash flow needs
- **Generates additional \$750K from Palm Harbor Fire District request**
  - Consistent with action taken last year for East Lake Fire District
- **Approve new requests from Public Safety**
  - Projects will be deferred to FY2015 to provide needed funding

# Options to Address FY2014

PROJECT NAME	FY14 Request	Move FY14 Request to FY15
<b>Culture and Recreation</b>		
Parks & Recreation		
628 CW Park Roads & Parking areas	<del>1,812,000</del>	1,812,000
922156 CW Boat Dock Facilities Upgrades	<del>305,000</del>	305,000
<b>Culture and Recreation Total</b>	<b>(2,117,000)</b>	<b>2,117,000</b>
<b>General Government Services</b>		
Court Support		
CJC Parking Garage	10,900,000	500,000
<i>Reduce FY14 from \$11.4M to \$10.9M; move \$500K to FY15</i>		
Garage Restorative Renovations	<del>394,000</del>	394,000
Other General Government		
Centralized Chiller Facility	11,760,000	1,500,000
<i>Reduce FY14 from \$13.2M to \$11.7M; move \$1.5M to FY15</i>		
315 Court Energy Reduction Measures	<del>617,000</del>	617,000
333 Chestnut-Energy Reduction	<del>450,000</del>	450,000
Building Garage Renovation	<del>1,000,000</del>	1,000,000
Court Parking Garage Renovation	<del>450,000</del>	450,000
<b>General Government Services Total</b>	<b>(4,911,000)</b>	<b>4,911,000</b>
<b>Public Safety</b>		
Emergency & Disaster		
Emergency Shelter Buildings Program	<del>2,350,000</del>	200,000
<i>2 FY13 and FY14 from \$2.3M each to \$150K and \$200K respectively and move \$2M to FY15</i>		
<b>Public Safety Total</b>	<b>(2,150,000)</b>	<b>2,000,000</b>
<b>Transportation</b>		
Road & Street Facilities		
118th Avenue Expressway	5,000,000	5,000,000
<i>Reduce FY14 from \$10M to \$5M and move \$5M to FY15</i>		
<b>Transportation Total</b>	<b>(5,000,000)</b>	<b>5,000,000</b>
<b>TOTAL REDUCTION FY14; INCREASE FY15</b>	<b>(14,178,000)</b>	<b>14,028,000</b>





# **Future Fiscal Issues**

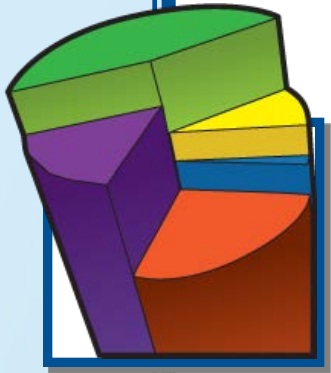


# Future Fiscal Issues

- **General Fund**
- **EMS Fund**
- **Transportation Trust Fund**
- **Attracting & Retaining Talent with Competitive Compensation**

# Fiscal Integrity Code

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



# **Service Level Continuation Account**

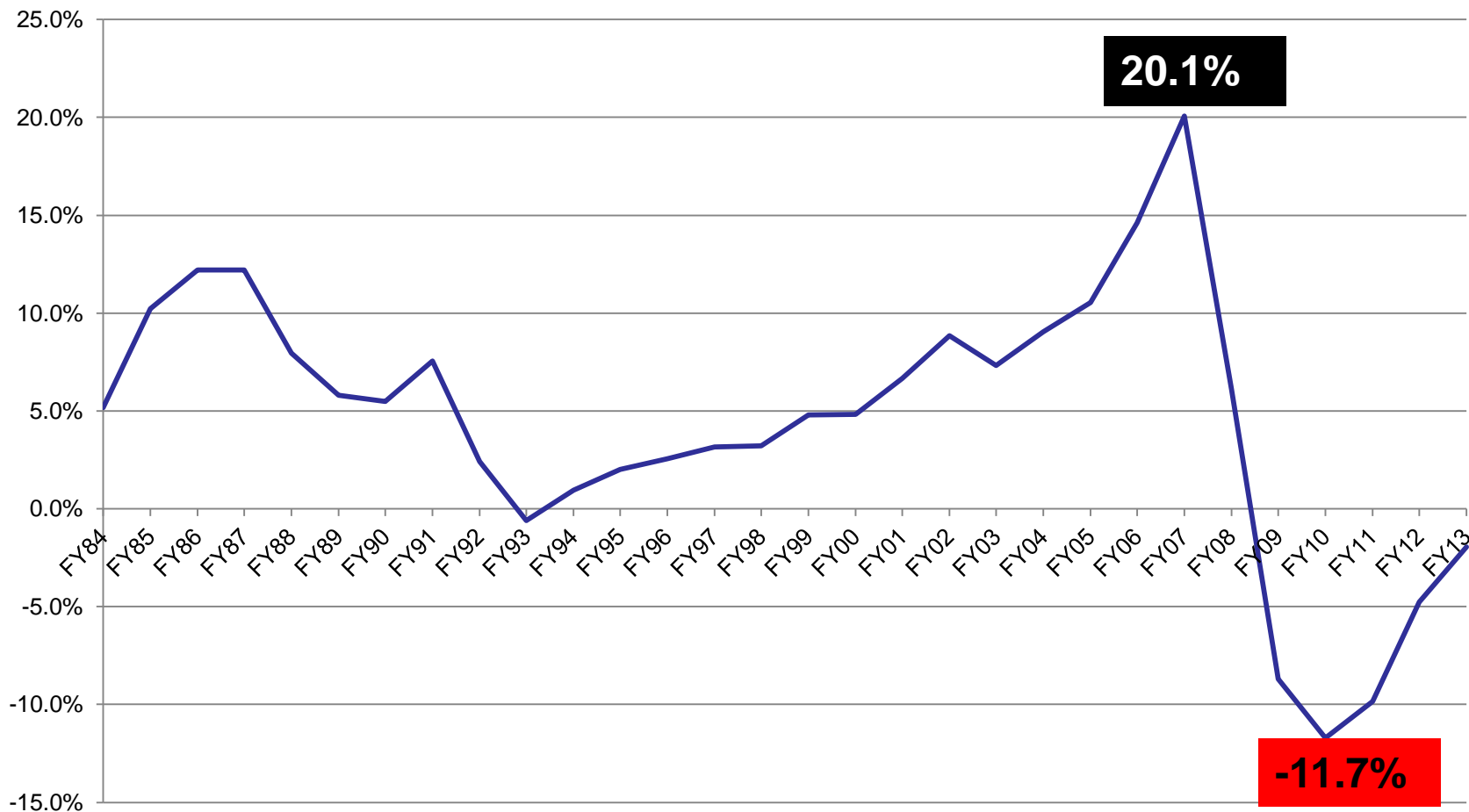
# Recessions in Brief

- Since 1945, there have been eleven recessions
  - Lasting an average of eleven months long
  - Average length of expansion following recession is 59 months
- The Great Recession (Dec. 2007 – June 2009), was the longest since the Great Depression of 1929 – 1933

# Service Level Continuation Account

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

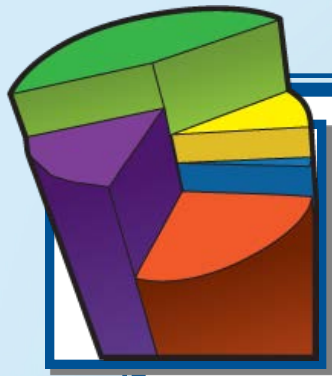
# % Change in Taxable Values



# Impact of Economic Slowdown

Forecast				Scenario 1		
Assumptions		\$ Generated			\$ Generated	Variance
FY14	3.4%	\$ 281,065,591		3.4%	\$ 281,065,591	\$ -
FY15	3.0%	\$ 289,497,559		3.0%	\$ 289,497,559	\$ -
FY16	3.0%	\$ 298,182,486		3.0%	\$ 298,182,486	\$ -
FY17	3.0%	\$ 307,127,960		0.0%	\$ 298,182,486	\$ (8,945,475)
FY18	3.0%	\$ 316,341,799		0.0%	\$ 298,182,486	\$ (18,159,313)
FY19	3.0%	\$ 325,832,053		3.0%	\$ 307,127,960	\$ (18,704,093)
FY20	3.0%	\$ 335,607,015		3.0%	\$ 316,341,799	\$ (19,265,216)
FY21	3.0%	\$ 345,675,225		3.0%	\$ 325,832,053	\$ (19,843,172)
FY22	3.0%	\$ 356,045,482		3.0%	\$ 335,607,015	\$ (20,438,467)
FY23	3.0%	\$ 366,726,846		3.0%	\$ 345,675,225	\$ (21,051,621)
Total		\$ 3,222,102,017			\$ 3,095,694,660	\$ (126,407,357)

**Two years of no growth yields a loss of over \$126 million compared to the forecast.**



# Next Steps



# 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

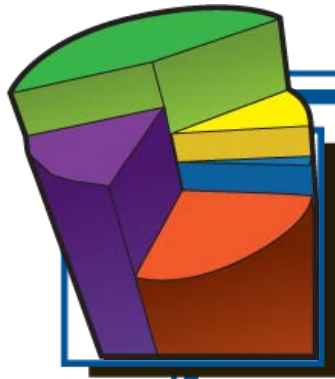
**September 5:** 1st Public Hearing – BCC adopts **tentative** FY2014 millage rates and budgets

**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](http://www.pinellascounty.org/budget)

