Cost Saving & Revenue Ideas Update

May 11, 2010
Outline

- Better Way program
- Summary of FY2010 implemented ideas
- Ideas under consideration for FY2011 budget process
  - Cost-Saving ideas
  - Revenue ideas
- Next steps
Better Way Program
Employee Suggestions

- Re-activated “A Better Way” website
  - Employee suggestions for cost-saving and revenue ideas
    - 480 received to date (January through April)
  - Keep in touch with employees regarding latest budget information
Citizen Suggestions

- Citizen input through County’s website
  - Submit suggestions
    - 178 (January through April)
  - Sign up for budget news
    - 1,600 signed up over last four years
  - Link to Citizens’ Guide to the Budget website
    - 4,181 hits since January
Cost-Saving and Revenue Teams

- Two teams re-activated for FY2011 budget process:
  - Cost-saving ideas
  - Revenue ideas
- Composed of directors and other key staff
- Turn ideas into actionable options to help offset reductions
- Teams review ideas with organization-wide implications
  - Department specific ideas are forwarded to department directors
Better Way Process

**STEP 1** Submission
Send in your ideas to the Better Way website

**STEP 2** Preliminary Review
By County Administration

**STEP 3** Review & Prioritization
By Cost Saving Team

**STEP 4** Evaluation & Analysis
The best ideas surface

**STEP 5** Consideration
Another review by County Administration

**STEP 6** Implementation
Your ideas begin saving the county money

*“Let’s think of a few reasons why it can be done.”*
--- Bob LaSala
Summary of FY2010
Implemented Ideas
Summary of FY2010 Implemented Ideas

- **Printer Optimization and Elimination of Fax Machines**
  - Eliminate individual desktop printers in favor of shared work group printers
  - Elimination of stand-alone fax machines due to the ability to receive faxes via software on a standard personal computer

- Project completion estimated by end of 2010
- Estimated to save $250,000 annually
Summary of FY2010 Implemented Ideas

- **Facilities Energy and Conservation Projects**
  - Three energy and water conservation projects which will provide savings to operating and maintenance costs of running County facilities
  - Projects are underway and expected to be completed by end of FY2010
  - Estimated to save $325,000 annually
Summary of FY2010 Implemented Ideas

- **Metro Ethernet**
  - Project will support the migration from a wide-area network to a consolidated Metro Ethernet service provider solution
  - Will consolidate telephone and data traffic into a single circuit per location which will provide a significant increase in performance in many cases, a ten-fold improvement in speed
  - Projects are underway and expected to be completed by end of 2010
  - Estimated to save $440,000 annually
Summary of FY2010 Implemented Ideas

- **Internal PC Replacement Program**
  - Transition from external personal computer lease program with Dell to an internal program administered by BTS department
  - Allows for more control over the PC environment and provides flexibility to extend the life of certain components such as monitors
  - Began in Spring 2009
  - Estimated to save at least $1 million annually once fully implemented
Summary of FY2010 Implemented Ideas

- **Consolidation of Procurement and Communication Functions**
  - Procurement functions were consolidated from Public Works and Utilities to the Purchasing Department
    - Greatly reduced touch points in the procurement process which created a more efficient and ultimately effective procurement process
  - Communications functions were consolidated from Utilities into the Communications Department
    - The consolidation created cost-savings for items such as printing, binding, and marketing and resulted in greater coordination in communications efforts across the organization
  - Implemented as part of FY2010 budget process
  - Estimated combined savings of $725,000 annually
Summary of FY2010 Implemented Ideas

- **Optimization of Office Space**
  - Consolidate office space and move departments and agencies from leased space to County-owned space
    - Numerous opportunities due to reductions in force over last three years
  - Initially planned for Spring 2010, but recently re-scheduled to Fall 2010 to incorporate any additional opportunities from this year's anticipated reductions in force
  - Estimated to save $725,000 annually
Summary of FY2010 Implemented Ideas

- **Fleet Optimization**
  - During FY2010 budget process, 95 vehicles or pieces of equipment were turned in
  - This initiative will continue in FY2011 with the creation of several fleet pools and rental contracts
  - Estimated to save $659,000
Ideas for Consideration in FY2011 Budget Process
Cost Saving Ideas

- Cell Phone Stipend
- Take Home Vehicles
- Idling Policy
- Voice Over Internet Protocol (VOIP)
- Lighting Retrofits
- Detention Facility Water Conservation
- Demand Control Ventilation
- Centralized Chiller Facility
- Consolidation of Mowing Function
- Uniforms and Safety Shoes
- Solar Power
- Hybrid Vehicles
- LED Street Lighting
Cell Phone Stipend

- Eliminate County pagers/cell phones/PDA’s
- Transition from current internal program to a stipend system for pagers, cell phones, and smart phones
- Includes re-justification of all devices
- Creates stipend tiers based on type of device
- Opportunities for savings include:
  - Reduced number of devices in the organization
  - Reduction of one BTS position for monitoring current program
  - Reduced yearly cost to provide service
  - Reduced administrative effort in departments currently spent reconciling bills and remunerating personal calls
**Take Home Vehicles & Idling Policy**

- **Take Home Vehicles**
  - Eliminated three remaining take-home vehicles in departments under the BCC at the end of FY2010
  - Pinellas County may be the only local government without permanently assigned take home vehicles

- **Enhanced Idling Policy**
  - Implements a zero tolerance policy this year
  - Fleet provides reports that compare vehicle hours to vehicle mileage to determine extent of idling
  - May save $350,000 in fuel costs
Voice Over Internet Protocol (VOIP)

- Project reduces 17 telephone systems to one
- Requires $2 million of one-time capital costs for migration to a new system
  - Includes replacement of existing telephones
  - Opportunity to reduce the number of units and phone lines
- Opportunities for savings are $770,000 annually
  - Staff reductions ($300,000)
  - Conversion from Verizon trunk to SIP trunk ($300,000)
  - Siemens annual maintenance contract cost reduction ($170,000)
- Payback is less than four years
Lighting Retrofits

- Conversion from inefficient bulbs and ballasts to compact fluorescent bulbs with electronic ballasts and light emitting diode (LED) technology
- Consideration for implementation in nine buildings
- Requires $850,000 of one-time capital costs
- Opportunities for energy savings are $125,000 annually and a one-time rebate of $7,000
- Payback is less than eight years
Detention Facility Water Conservation

- Security controlled automatic water shutoff devices for inmate housing areas at the County Jail
  - Identified as part of a Progress Energy utilities audit
- Represents second phase of a cost savings idea funded last year at $1.2 million (Facilities Energy & Conservation Projects)
  - Pilot project demonstrated water/sewer cost savings of 50%
  - Leverages economies of scale utilizing same contractor for both phases
- Requires $1 million of one-time capital costs

- Opportunities for savings are $250K-$300K annually
  - Savings composed of reduced water/sewer costs, operating supplies, and manpower
- Payback is less than four years
Demand Control Ventilation

- Automated HVAC damper regulated outside air, based on carbon-dioxide levels
  - Identified as part of a Progress Energy utilities audit
- Represents second phase of a cost savings idea funded last year at $130,000 (Facilities Energy & Conservation Projects)
- Requires $93,000 of one-time capital costs
- Opportunities for energy savings are $20,000 annually and a one-time rebate of $10,500
- Payback is less than five years
Centralized Chiller

- Third party contractor to design, construct, and operate centralized chiller facility for downtown Clearwater campus
  - County provides land and owns facility
  - County will purchase chilled-water at a set rate, established in a long-term contract based on initial investment by the County
- Requires $8.5 million of one-time capital costs
  - Project cost is $10 million
  - Department of Energy grant will offset $1.5 million
- Opportunities for savings are $507,000 annually including utilities, operating supplies, and staff
- CIP life cycle equipment replacement cost avoidance of $3.8 million; life cycle of project is estimated at 25 years
- Opportunities for revenue include selling chilled water ($300K to $400K annually); correlates with initial investment amount
- Payback is less than ten years, excluding revenue and potential federal government rebates
Mowing Function

- Consolidate mowing functions
  - Consolidate under one department; currently six departments have mowing activities
  - Develop standard contract specifications for service levels
  - Determine mix of in-house vs. contracted services

- Opportunities for savings include:
  - Standardized levels of service
  - Consolidation of private contracts
Uniforms and Safety Shoes

- Standardize uniform procurement across all BCC departments
  - Currently eight departments provide uniforms
- Opportunities for savings include:
  - Reduce number of employees in uniform
  - Eliminate customization
  - Consider reduction in the allotment of uniforms
  - Consider reduction in the allowance for safety shoes
Solar Power

- Installing solar panels on County facilities
- Implementation costs average $150,000 per facility
- Opportunities for savings include:
  - Energy savings of about $10,500 annually
- Payback is estimated at 15 years
- Drawbacks
  - Long payback period and high implementation costs
  - Could result in higher future roof replacement costs
  - Government facilities have less incentives than private sector
- Continue to monitor technology improvements
  - Consider incorporating electrical system infrastructure in new construction
Hybrid Vehicles

- Purchase of hybrid vehicles instead of conventional vehicles
  - Cost of hybrid vehicles 28% ($4,716) higher than conventional vehicles
  - Cost recovery based on annual fleet miles traveled and current fuel prices
- Opportunities for savings include fuel costs
- Payback is estimated at 10 years, based on current average County fleet miles traveled
  - Geographic nature of the County results in less than usual miles driven per year resulting in lengthy payback period
- Drawbacks
  - Long or uncertain payback period
  - Limited maintenance history of hybrids
  - Battery life 8 years. Replacement cost = $2,800
- Continue to monitor technology improvements
  - Evaluate potential for use of electric vehicles
  - Consider use of hybrid vehicles in high utilization environments
LED Streetlights

- Retrofit streetlights with LED fixtures
  - Progress Energy owned streetlights
  - Pinellas County leased streetlights from Progress Energy
  - On arterial roads, State owns the streetlights and Pinellas County performs maintenance
- Implementation costs are prohibitive
  - Progress Energy has limited incentive to retrofit
  - Implementation costs (fixture, bulbs, labor) exceed recurring savings from electrical usage and reduced maintenance
- Drawbacks
  - High cost of initial retrofit and limited incentives for leased units
  - Continue to monitor technological improvements and price changes
    - Pilot project planned for under deck and sign lighting for County owned systems
    - Consider partnership for pilot with Progress Energy for McMullen Booth corridor north of Curlew Road
Cost-Saving Questions
Revenue Ideas

- Fort De Soto Park Entrance Fee/Annual Pass
- Entrance Fee Annual Pass to regional parks, preserves and special attractions (i.e. Heritage Village, Florida Botanical Gardens)
  - Over 15,000,000 annual visitors to County’s parks, preserves and special attractions
  - Entrance Fees at County facilities may generate in excess of $3,500,000 annually
  - Recurring annual expense associated with operation and maintenance of collection devices, and associated collection and enforcement of entrance fees
  - New fees would not replace existing parking fees at beach access areas.
Fort De Soto Park
Entrance Fee

- Collect a new fee for entering the park modeled on State park system (ex. Honeymoon Island)
  - $8 vehicle fee
  - $75 annual pass

- Fee inclusive of boat ramp parking (current fee is $6 for vehicles with trailer, $2 for passenger vehicles)
- Fee would not be assessed to bicyclists and pedestrians

- Utilize the FDOT toll booth or construct new one
  - Other collection methods also under review

- Revenue may help sustain service levels in the parks and preserves system
Entrance Fee to Regional County Parks, Preserves, and Special Attractions

- Collect a new fee for entering the County’s regional parks, preserves, and special attractions
  - $3 daily entrance fee
  - Fee would not be assessed on bicyclists and pedestrians
  - Fee inclusive of boat ramp parking (current fee is $6 for vehicles with trailer, $2 for passenger vehicles)
  - Focus primarily on pay and display, which is consistent with current boat ramp parking procedures
- Locate stations on pull out lanes and other convenient locations throughout the parks
- One-time capital costs of $735,000 for equipment and $500,000 for modifications (pull out lanes, etc.)
- Revenue may help sustain service levels in the parks and preserves system
Revenue Questions
Next Steps

- Based on BCC feedback, ideas will be incorporated into the FY2011 Proposed Budget that will be presented on July 13th
  - Projects would likely be funded by non-recurring (one-time) funds

- Cost Saving and Revenue Teams
  - Continue to review and refine ideas
  - Provide status report to employees based on ideas submitted to date
Information on the Pinellas County Budget

www.pinellascounty.org