



Budget Update Workshop

FY 2010 – 2011

Focus:

Tax Supported Operations

June 23, 2010

Crestview Courthouse

6:00 PM

Where we started Revenues

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× 10% Estimated Ad Valorem Decline	=	\$5,196,600
× Reductions in <u>other</u> tax revenues	=	<u>\$ 470,000</u>
× Total estimated revenue reduction		\$5,642,000

Where we started Expenses

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- ✘ Increase in FRS Rates = \$ 407,384
- ✘ Increase in Health Insurance = \$ 1,143,660
- ✘ Other areas of concerns including fuel costs; replacement of aging vehicles and equipment.

Where we started

Expenses

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- × Declining revenue
- × Anticipated rising expenses
- × *Estimated Budget Challenge of \$7-8 million*

Where we are now

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- ✘ Revenue projections accurate
- ✘ Some variation on expenses
- ✘ Budget challenge on target at \$7-8 million

Where we are now

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- ✘ **Salary Freeze**
 - ✘ FY 2009 – no merit increase
 - ✘ FY 2010 – no market adjustment or merit increase
 - ✘ FY 2011 – no market adjustment or merit increase anticipated
- ✘ **Deleted Positions**
 - ✘ 88 since FY 2008 from BCC staff
- ✘ **SCRUB Team**
 - ✘ Institute of Senior Professionals (ISP) Members Michael Flynt & Karl Welhart; Assistant County Administrator & Human Resources Director
 - ✘ Met with all departments to identify & analyze cost savings.
- ✘ **Voluntary Separation Incentive Program (VSIP) FY 2008 & 2010.**

2010 Voluntary Separation Incentive Program (VSIP)

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- ✘ Offered to all full-time employees with at least 6 years of FRS covered service with Okaloosa County as of September 19, 2010.
 - ✘ Six months of current annual base salary or \$25,000; whichever is greater **and** 50% of employee's single health insurance for up to 18 months.

- ✘ Accepted applications from April 6, to May 7, 2010.
 - ✘ 29 BCC Employee Applications Received
 - ✘ 23 BCC Employee Applications Approved
 - ✘ 3 applicants withdrew from consideration
 - ✘ 3 applicants were disapproved due to impact on services and operational demands
 - ✘ 24 BCC Employee Positions Eliminated
 - ✘ No participation from other constitutional officers

Voluntary Separation Incentive Program (VSIP)

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Funding Source	# of EE's	FY 2010 VSIP Cost	FY 2011 Savings	FY 2012 Savings	FY 2013 Savings	Total Savings
General Revenue	11	(\$318,169.99)	\$603,984.39	\$628,836.03	\$653,687.67	\$1,568,338.10
Enterprise	12	(\$344,335.78)	\$706,553.77	\$733,664.65	\$760,775.53	\$1,856,658.17
<i>EMS Fund</i>	2	<i>(\$57,545.96)</i>	\$161,616.54	\$166,135.02	\$170,653.50	\$440,859.10
<i>Inspection Fee</i>	1	<i>(\$29,554.75)</i>	\$68,645.26	\$70,904.50	\$73,163.74	\$183,158.75
<i>Airport Fund</i>	2	<i>(\$55,905.00)</i>	\$77,241.83	\$81,760.31	\$86,278.79	\$189,375.93
<i>Solid Waste Fund</i>	2	<i>(\$60,472.26)</i>	\$117,203.12	\$121,721.60	\$126,240.08	\$304,692.54
<i>Water & Sewer</i>	5	<i>(\$140,857.81)</i>	\$281,847.02	\$293,143.22	\$304,439.42	\$738,571.85
Total	23	(\$662,505.77)	\$1,310,538.16	\$1,362,500.68	\$1,414,463.20	\$3,424,996.27

Health insurance

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✘ **FY 2011 BCBS Renewal**, Based on 811 participating employees, includes constitutional offices.

Base Plan 1351 (FY 2010)

Employee Premium \$688.34

Estimated Current Premium	\$6,698,924.80	
Current Employee Contribution \$40	<u>(\$389,280.00)</u>	
Estimated Current Total	\$6,309,644.80	

Projected Renewal Base Plan 1351 @ 16.9%

Employee Premium \$804.67

Estimated Renewal Premium	\$7,831,048.40	
Current Employee Premium \$40	<u>(\$389,280.00)</u>	
Estimated Renewal Total	\$7,441,768.40	\$7,441,768.40

Approved Base Plan 3769 FY2011 @ 9.2%

Employee Premium \$752.03

Approved Premium @ 9.2%	\$7,318,755.90	
Current Employee Contribution \$40	<u>(\$389,280.00)</u>	
New FY 2011 Total	\$6,929,475.90	<u>\$6,929,475.90</u>

Reduction in Premium for FY 2011*

\$512,292.50

*At the current \$40 employee contribution

Where we are now

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- ✘ Sheriff's Budget \$745,150 less representing a 2.4% reduction
- ✘ Library Cooperative budget reduced from \$900,000 to \$535,000. (41% reduction)
- ✘ IS reduction of \$173,842 or 8.8%.
- ✘ Deferred \$548,503 in FF&E for new EOC to FY2012
- ✘ Other areas – Audit, CRAs, Communication Services & contracts. Law Enforcement/Corrections, Education Incentive (Match) eliminated.

Where we are now

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- ✘ **Public Safety CWP – \$180,000 reduction in ad valorem funding**
 - + 3 Dispatcher positions will be transferred
 - + 62.5% of the existing Dispatcher Supervisor Salaries under the 911 budget as 911 Call Taker staff.
 - + \$296,000 in 911 funds to offset ad valorem funding are budgeted in the CWP to offset additional call taking functions of the remaining dispatchers, the 911 Quality Assurance Trainer position and computers.

- ✘ **Road Dept. Increase \$27,783 or .4%**
- ✘ **Engineering decreased \$181,523 or 11.7%**
- ✘ **Stormwater decreased \$584,518 or 23.7%**
- ✘ **Not-for-profits at current funding levels.**

Where we are now

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- ✘ Overall BCC Tax Supported Departments 3.2 % reduction (\$2,811,408)
- ✘ Constitution Offices
 - + Property Appraiser 3.6% reduction (\$114,491)
 - + Tax Collector 13.37% increase (\$730,623)
 - + Preliminary budget funded by 2% commissions
 - + Supervisor of Elections .5% increase (\$7,775)
 - + Clerk of Circuit Court increase of .5% (\$6,557)
 - + Sheriff 2.4% reduction (\$745,150)

Where we are now

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	FY 2010	FY2011
✘ General Fund Reserve	\$2,768,027	\$2,680,000
✘ Capital Outlay Reserve	\$1,582,945	\$1,500,000
✘ Capital Outlay Judicial Reserve	\$5,992,780	\$2,297,066
✘ Down \$3,695,714 from last year.		
✘ Target of \$2 million spend down of reserves		

Where we need to go

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- ✘ Spend down of Reserve at acceptable rate while continuing to shrink staffing/operation/services
- ✘ \$1,700,000 target of further reductions

Where we need to go

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× Options

× Furloughs

Furlough Program

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Pros

- ✗ Reduces labor costs for a period of time.
- ✗ Allows employees to have time off instead of reducing their pay and requiring them to work the same amount of hours.
- ✗ Keeps compensation plan in place.
- ✗ Employees keep their benefits.
- ✗ Allows for the retention of trained employees when the economy recovers.

Cons

- ✗ Typically only saves on salaries and related payroll expenses and would only decrease the cost of utilities and related expenses if offices were closed.
- ✗ Should only be used as a short term fix and is suggested to last less than a few years.
- ✗ Some employees will be disgruntled.

Furlough Program Estimated Savings

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BCC & Constitutional Officer Estimates

	1- 8 hour day	3 – 8 hour days	5 – 8 hour days	10 – 8 hour days
BCC	\$136,457.59	\$409,372.75	\$682,287.92	\$1,364,575.83
Clerk of Court	\$19,069.03	\$57,207.10	\$95,345.16	\$190,690.33
Property Appraiser	\$7,394.65	\$22,183.96	\$36,973.26	\$73,946.52
Sheriff	\$78,342.40	\$235,027.19	\$391,711.99	\$783,423.97
Supervisor of Elections	\$3,102.62	\$9,307.85	\$15,513.08	\$31,026.16
Tax Collector	\$13,234.35	\$39,703.04	\$66,171.73	\$132,343.46
Total	\$257,600.63	\$772,801.89	\$1,288,003.14	\$2,576,006.28

Furlough Program Estimated Savings

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BCC Employees (774)*

	1- 8 hour day	3 – 8 hour days	5 – 8 hour days	10 – 8 hour days
General Revenue (458)	\$81,603.90	\$244,811.69	\$408,019.49	\$816,038.98
Public Safety (105)	\$15,814.67	\$47,444.01	\$79,073.35	\$158,146.70
Enterprise (211)	\$39,039.02	\$117,117.05	\$195,195.08	\$390,390.15
Total	\$136,457.59	\$409,372.75	\$682,287.92	\$1,364,575.83

Where we need to go

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✘ Options continued

- ✘ Balance Inspection Dept. (\$ 182,257)
 - ✘ Staff reductions/inspection fee increase
 - ✘ Does not include waiver of cost allocation fees.
- ✘ Eliminate \$ 295,149 in General Fund support of lifeguard services
 - ✘ Staff reductions/greater TDC Funding/Destin Consideration

Where we need to go

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✘ Options continued

- ✘ Eliminate or reduce \$ 198,916 in General Fund support of OCT
 - ✘ *Eliminate or reduce routes*
- ✘ TDC proposed budget has eliminated \$282,000 for Island Shuttles
- ✘ Reduce \$4,401,655 General Fund support to Road Dept./CTTF.

Where we need to go

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✘ Options continued

✘ Eliminate or reduce Not-for-Profits

✘ Shelter House	\$ 9,000
✘ Head Start	\$ 9,000
✘ Elder Services	\$29,250
✘ Bridgeway Services	\$29,250
✘ <u>Day Care</u>	<u>\$90,000</u>
✘ TOTAL	\$166,500

Where we need to go

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✘ Options continued

- ✘ Further staff reductions (layoffs)
- ✘ Further reduction or elimination of services
- ✘ Further reductions to constitutional offices

Where we need to go

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✘ **Forecast for the next few years:**

- ✘ Further declining revenues
- ✘ Certain costs will continue to rise
- ✘ More shrinkage of staff operations and service will be required

Where we need to go

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✘ **Forecast for the next few years continued:**

- ✘ **Uncertainty of Deepwater Horizon Oil Spill impact**
 - ✘ Direct costs for protection & cleanup, (unreimbursed)
 - ✘ Further Tourism, Real Estate & economic decline?
- ✘ **Recommend preparations begin for organizational overhaul designed to meet the challenges ahead, while maintaining optimal service levels**

Budget Review Schedule

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✘ July 15 – 6:00 PM – *Crestview*

✘ July 20 – 1:00 PM – FWB

✘ July 27 – 8:30 AM – FWB

✘ Aug. 3 – 1:00 PM – *Crestview*

✘ Aug. 10 – 6:00 PM – FWB

Sept. 9 Public Hearing 6 PM, FWB

Sept. 21 Public Hearing, 6 PM, Crestview