

April 2010 Status of Budget Task Force Recommendations

The following represents a summary of the Budget Task Force Recommendations presented to the Council in April 2007. Below each recommendation, we have outlined the current status on each recommendation.

1. Consider a self-imposed cap on annual General Fund expenditures.

There has been no City Council policy established under this proposal, primarily because the General Fund budget has decreased dramatically over the last three years due to legislative action and falling property values.

General Fund Budgeted Expenditures:

2006/07	\$ 121,902,700	
2007/08	\$ 123,177,630	1% increase
2008/09	\$ 121,099,930	1.7% decrease
2009/10	\$ 115,453,300	4.7% decrease

Starting with the 2007/08 adopted budget, the City has been influenced by the passage of Amendment One and economic decline. The 2007/08 budget, although reflecting a 1% increase in General Fund expenditures, property tax revenues were reduced by 7% as required by Amendment One. Almost the entire 1% increase in expenditures was an appropriation to the City's General Fund reserves, therefore operating expenditures remained almost flat between the 2006/07 and 2007/08 budget years.

In 2008/09, the millage rate was rolled back 10.48% and budgeted expenditures were reduced by 1.7%. The 2009/10 budget reflected a 7.19% rolled back millage rate, and operating expenditures were reduced by 4.7%. Cumulatively, the General Fund expenditure budget has been reduced by more than 5% over the last three years, and is almost \$6.5 million less than the 2006/07 budget that was reviewed by the Budget Task Force.

2. Maintain the City's current infrastructure but limit growth on additional facilities and FTE's.

Full Time Equivalent Positions:	General Fund	Total
2006/07	1,281.5	1,954.3
2007/08	1,215.5	1,894.6
2008/09	1,177.3	1,846.5
2009/10	1,091.1	1,766.8

Total FTE positions across all funds have been reduced by almost 10% or 187.5 FTE positions since the 2006/07 budget, which is the budget that was reviewed by the Budget Task Force. General Fund employees have been reduced by 15%, or 190.4 FTE positions during that same period.

3. **Control the cost of employee benefits.**

In the 2006/07 budget, which was the budget reviewed by the Budget Task Force, City contributions for medical insurance was budgeted at \$6,400 per employee, the same as the 2005/06 budget. In 2007/08 city contributions were reduced by 3% to \$6,200 per employee and have remained at that level for the past three budget cycles.

Regarding pension costs, the actuary report in 2006 required a City contribution to the pension plan of approximately 20% of covered payroll for a total contribution of \$15.4 million for fiscal 2006/07. During that year, the City budgeted a contribution of 13% of covered payroll amounting to \$10.3 million with the balance funded from the pension plan credit balance of approximately \$18.8 million.

In fiscal year 2009/10, the City's required pension contribution is \$23.9 million, which is 29.17% of covered payroll. During this fiscal year, the City budgeted a contribution of 20% of covered payroll, which provides \$15.2 million of the required contribution with the balance of \$8.7 million funded from the pension plan credit balance of approximately \$15.3 million.

In preparing for fiscal year 2010/11, the City's required pension contribution is \$19.4 million, which is 24% of covered payroll. Staff is recommending that the City budget the full 24% of covered payroll.

The City Council has directed staff to review options for establishing a second tier plan. This process will require collective bargaining with all City unions and approval through referendum. The resulting modifications would result in long-term cost reductions and savings, but not near future savings.

4. **Consider eliminating and reducing wind coverage on City properties and pursue pooling concepts.**

The City has decreased the amount of City coverage (including wind) from \$409 M of property insurance in 2005 to the amount recently approved by the City Council of \$35M.

In regards to the recommendation to "pursue pooling concepts", it is only recently that pooling property insurance was approved in Florida. Last year, while not recommended, staff looked at the Florida League of Cities. It was found that they actually outsourced (acted as brokers rather than using the Florida Municipal Trust) for cities of our size and in our area. The problem with pooled plans is that we will be pooling with others in difficult situations and probably in similar locales. The excerpt below is from the Florida Insurance Trust, a two year old pooled group within Florida:

"In January 2007, Governor Crist signed into law Florida Statute 624.4625. This statute allowed for the first time in Florida for two or more non-profits to legally pool together for purchasing of their workers' compensation, property, liability, professional and auto insurance. By utilizing an insurance trust arrangement, the non-profit is able to reduce the insurance premium expenses without sacrificing any coverage."

5. **Eliminate a freestanding beach library.**

The City Council awarded a contract to renovate the Clearwater Beach Recreation Center to accommodate the beach library on January 17, 2008. This facility is now complete and the beach library operates out of that facility with minimal staffing of 1.3 FTE and an operating budget of \$61,280 in fiscal year 2009/10.

6. **Take home vehicles should be limited to Pinellas County.**

On February 7, 2008, the City Council adopted a policy that Police Department personnel assigned take home vehicles pay 29 cents per mile for their daily commute less the first 15 miles each way from the Police Department headquarters at 645 Pierce Boulevard to home.

The attached includes the Police Department training bulletin and related map establishing procedures to implement this policy regarding take home vehicles.



TB-Take Home Vehicles May 2008..



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15 mile radi...

7. **A detailed utilization study should be performed on the City's fleets to identify and eliminate excess vehicles.**

Mercury Associates was hired by the City to perform this study in May 2008. Mercury analyzed fleet data, conducted online surveys, and held on-site interviews with all user departments. The final detailed report was presented to the City Council on April 13, 2009.

The three following recommendations were presented by Mercury Associates. The manner in which these recommendations have been addressed by the City follows the recommendation:

- **Twenty-two units were identified for elimination.**

All of these units have been eliminated from the City's inventory. In addition to these units we identified an additional 25 pieces of equipment that was not used and this equipment has been eliminated from our inventory.

- **Review fleet utilization annually. Calculate average annual utilization by major vehicle and/or equipment classification. Identify any unit that falls below 25% of the class average and require the user department to justify retention of this vehicle in writing.**

The City developed a complete listing of all City vehicles and equipment last year to create a baseline for usage. We reviewed the past twelve months for miles driven or hours of usage to determine a six year replacement plan. This pattern was examined closely to observe any underutilized pieces and started watching these items. The plan is to conduct another review next month to verify the usage patterns to determine if the Departments are utilizing the equipment. We are also reviewing our projected six year replacement plan to verify and adjust if necessary. If it appears that the usage is low, we will notify each Department that the equipment is underutilized and request documentation to support the need for the equipment

- **Develop a Table of Assets (TOA) to identify non-critical, low use, general purpose units that can be shared among departments.**

The City looked at the original list of equipment identified by Mercury as potential pool equipment. Some of the vehicles have been eliminated. Several of these vehicles have been reassigned to other Departments that could fully utilize the units. Six were assigned to Departments that had this type of vehicle on the replacement list for the current year. The new replacement vehicles were not ordered due to these re-assignments.

8. The City prohibit the use of reserves to fund FTE costs.

The City Council’s policy on General Fund unappropriated retained earnings provides that available reserves can only be “appropriated for specific Capital Improvement Projects or other one-time needs”. Therefore, the City already has a policy in place to prohibit the use of reserves to fund on-going FTE costs.

The only time we have used reserves to fund FTE costs is in the case where FTE positions are being eliminated through attrition, and reserves have been allocated only to cover the attrition period of the eliminated position.

9. The City discontinue the practice of transferring FTE’s from Enterprise Funds to the General Fund.

The only time in any recent history where Enterprise operation employees were transferred to the General Fund, was in the 2006/07 budget, when the Beach Guard service program was funded from the General Fund, rather than the from the Parking Fund as it had been in the past, to preserve parking fund revenues for the construction of a new beach parking facility. With that concern addressed, in the 2009/10 adopted budget, the funding of the beach guard program was returned to the Parking Fund, and staffing levels for the beach guard program was reduced from 14.5 FTE’s to 9.9 FTE’s.

10. Review the ratio of Fire Chiefs to the number of firefighters and review management to staff ratios in all major departments.

This review is being performed as part of the Matrix study of the Fire Department, which is anticipated to be presented to the City Council in May 2010.

11. Consolidate public communications into one department.

The consolidation of the public communications programs into the Public Communications Department was completed as a product of the 2007/08 adopted budget. The consolidation of this operation met the recommendation of the Budget Task Force and resulted in the net savings of two FTE positions citywide.

12. Reduce the Parks and Recreation budget by 5%.

Parks and Recreation Budgeted Expenditures:

2006/07	\$ 22,273,410	
2007/08	\$ 21,888,050	1.7% decrease
2008/09	\$ 21,123,800	3.5% decrease
2009/10	\$ 19,739,130	6.6% decrease

The City Manager’s proposed 2006/07 Parks and Recreation budget reflected a reduction of 9% from the 2006/07 budget. Citizen demand for specific services during budget meetings resulted in the City Council reinstating some of the recommended cuts, resulting in an adopted Parks and Recreation operating budget that was almost 2% less than the 2006/07 budget.

The total Parks and Recreation operating budget has been reduced by cumulatively by approximately 11.4% in the three years since the 2006/07 budget, which was the budget reviewed by the Budget Task Force.

13. Institute a firefighter volunteer service program.

Staff does not recommend this program and the City Council has not implemented a volunteer service program.

14. Eliminate the Fire Plans Examiner position.

The Fire Plans Examiner position was eliminated in 2007/08 adopted budget.

15. Evaluate the City's annual contributions and subsidies.

City contributions and subsidies, including those for special events, are reviewed each year during the budget cycle. Some of these that have been either reduced or eliminated in the past few budget periods include the subsidy to the Harborview Fund, funding for the Jolley Trolley, Ruth Eckerd Hall, the Americorp program, funding for neighborhood grants. Almost all outside contributions have been reduced in some manner.

In addition, in the fiscal year 2009/10 budget, in the area of special events, the City is now a facilitator of events, rather than the producer of events, only producing a few core events each year, which saves the City approximately \$200,000 annually.