

Palm Beach County Taxpayer Action Board

Public Meeting September 2, 2010



The Story of Spending



Agenda

- Introduction to TAB
- County Budget Overview
- Project Teams
 - PBSO
 - Fire / Rescue
 - Capital / Debt
 - Core Services
 - Government Structure
- Summary / TAB Proposal
- Q & A

Taxpayer Action Board (TAB)

- What is it?
 - Grassroots coalition
 - County Budget Watchdog
 - Focused on SPENDING (not taxes, fees, etc.)
 - Mission
 - Identify areas of county spending that are redundant, unaffordable, or obsolete, educate the public about these areas, and build a consensus for specific changes to current policy.

Taxpayer Action Board (TAB)

- Why Now?
 - Economic conditions
 - Public Awareness
 - Growth of Government
 - Ethics
 - Public Sector / Private Sector Tension

Taxpayer Action Board (TAB)

- Who?
 - South Florida 912
 - South Florida Tea Party
 - Lower Taxes Now
 - Taxpayer Action Network
 - Singer Island Civic Association
 - Individuals, members of business and civic groups

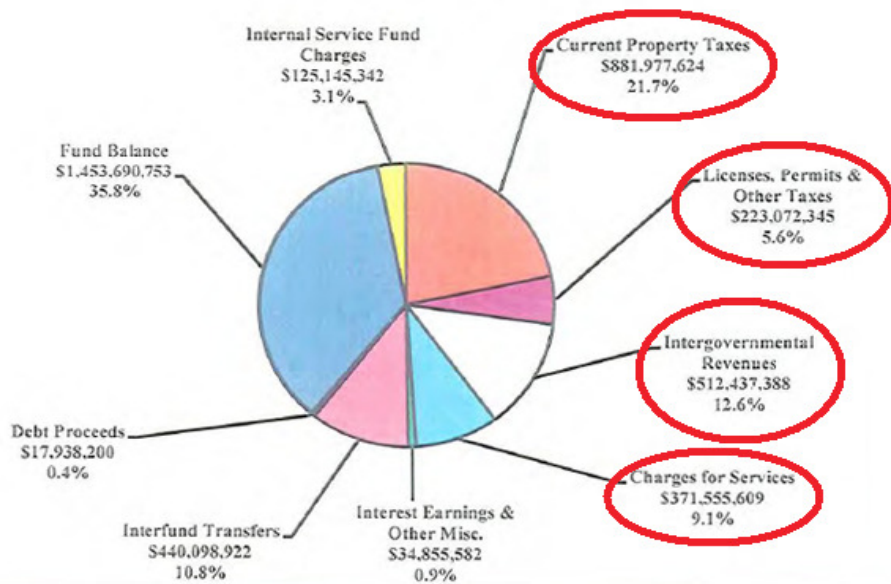
County Budget

- TAB is focused (for now) on the budget items under the control of the County Commission
 - Includes county-wide departments, Fire / Rescue, Constitutional Officers including PBSO, Library System (\$4B total)
 - Does not include: Schools (\$2.5B), Solid Waste Authority (\$245M), Health Care District (\$220M), Children's Services Council (\$117M), Cities, etc.

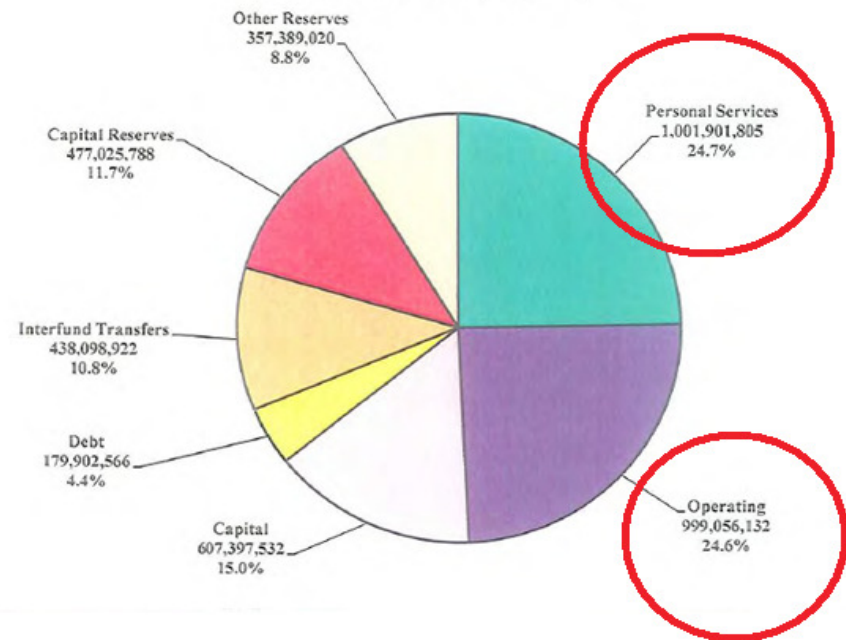
County Budget

- Income and Spending

Sources of Funds by Category
Total of all Funds \$4,060,771,765



Expenditures By Category
Total of all Funds \$4,060,771,765



County Budget

- Spending Rollup

Grand Total BCC Departments/Agencies, Judicial and Constitutional Officers				
	2010	2011	Change	%
Revenues	1,061,922,162	1,170,404,859	108,482,697	10.2%
Appropriations	1,981,557,651	2,037,313,337	55,755,686	2.8%
Net Ad Valorem Requirement	919,635,489	866,908,478	(52,727,011)	(5.7%)
Positions	11,389	11,284	(105)	(0.9%)

Note that although “Net Ad Valorem Requirement” (ie. Property taxes) is decreasing, the spending part of the budget (Appropriations) is **INCREASING** by \$56M or 2.8%. Later we will examine why this is possible.

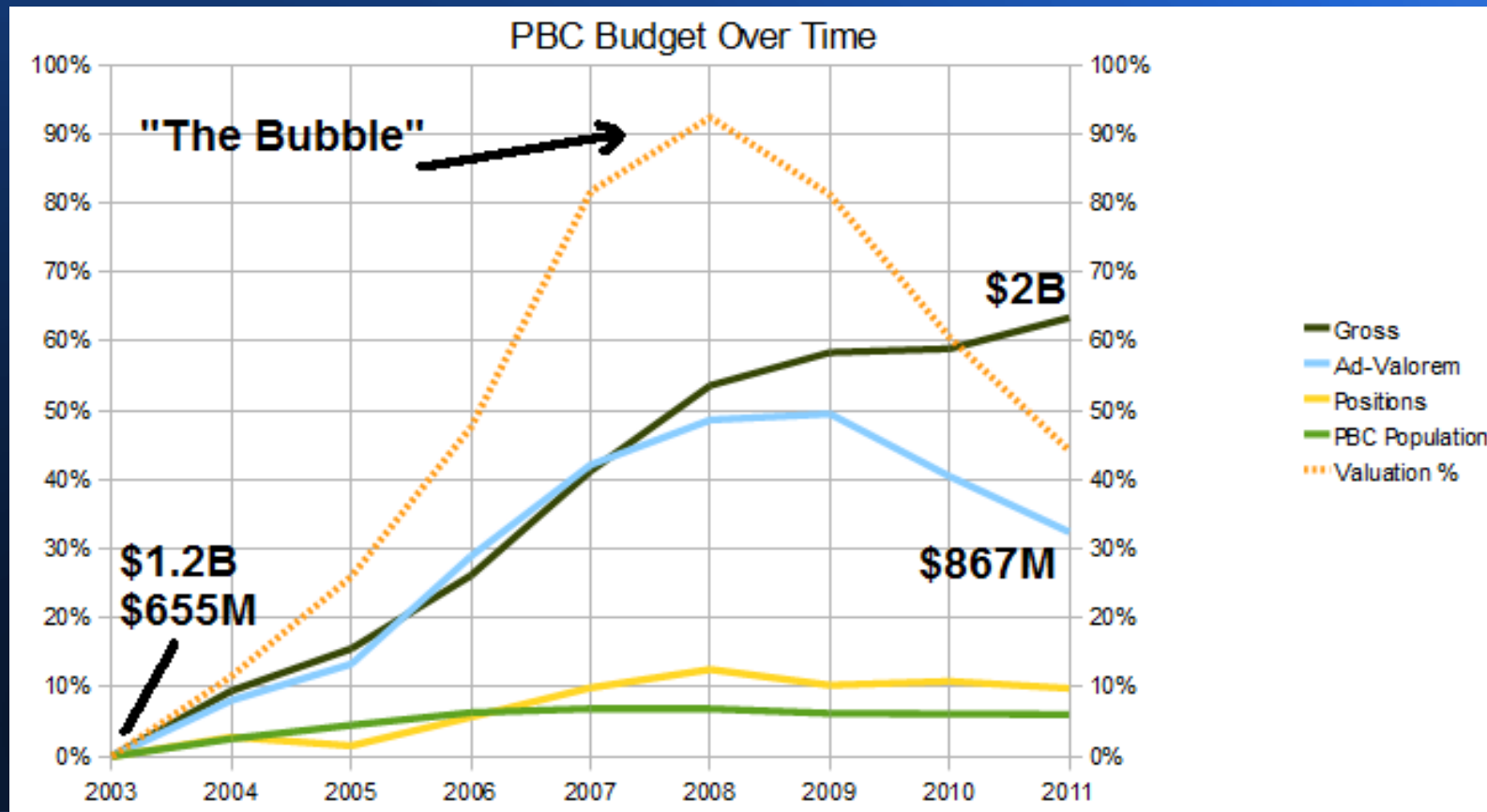
County Budget

Where does the increased spending go?

	2011 Increase	%	Explanation
Community Services	+\$2M	+2.4%	Head Start ARRA Expansion grant – Net +11 positions
Environmental Resource Mgt.	+\$8M	+16%	??
Housing and Comm. Development	+\$48M	+61%	\$58M “Neighborhood stabilization grant” – net +8 positions
Palm Tran	+\$10M	+8.5%	increase in federal grants
Economic Development	+\$9M	+42.8%	Block grants
Fire Rescue	+\$14M	+4%	increase in compensation – salary and pension from union contract
Tourist Development	\$3M	+7.5%	how spent?
Water Utilities	+\$7M	+6.3%	“uncontrollable operating costs” and new services +\$101M
	+\$101M		

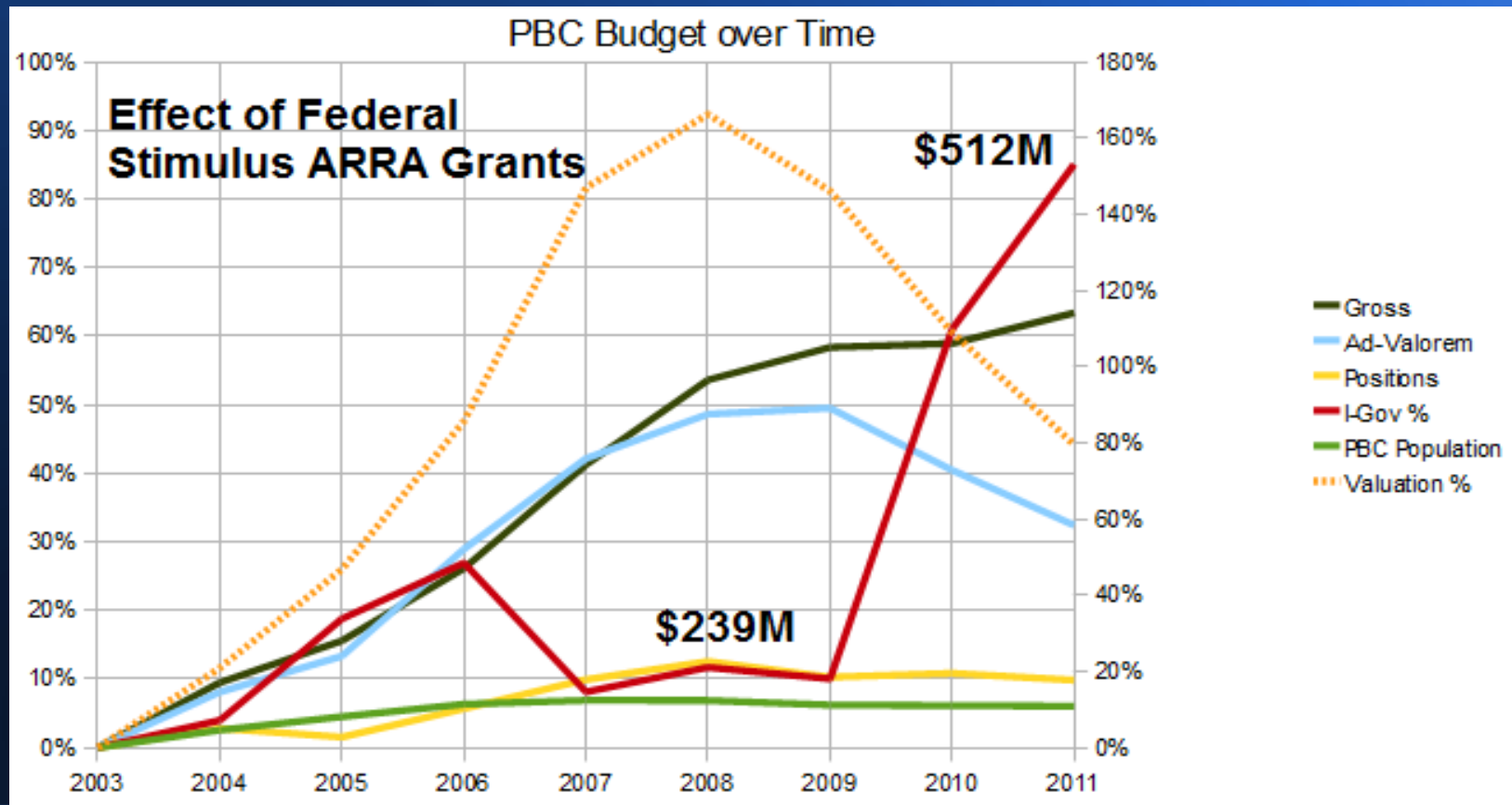
County Budget

- How Things Have Changed



County Budget

- Why Spending Can Increase



County Budget

- Effect of Intergovernmental Revenue

Fiscal Year 2010 Annual Budget		Palm Beach County, FL		
SUMMARY OF REVENUES BY SOURCE				
	FY 2008 Actual	FY 2009 Estimated	FY 2010 Budget	% Change
Intergovernmental Revenue				
State Shared Revenues	24,757,350	21,700,000	20,000,000	-7.8%
State Grants	42,739,734	34,402,687	109,478,984	218.2%
One-Half Cent Sales Tax	72,375,457	66,000,000	62,000,000	-6.1%
Other Local Government Revenue	7,769,135	2,055,948	15,015,668	630.4%
Federal Grants	75,980,979	93,940,301	197,357,434	110.1%
Constitutional Gas Tax	16,388,336	15,782,829	15,783,000	0.0%
Other Intergovernmental Revenue	5,030,742	5,093,880	5,094,880	0.0%
Intergovernmental Revenue	245,041,733	238,975,645	424,729,966	77.7%

County Budget

ARRA (Federal Stimulus Funds) – 1Q 2010

	Award	Jobs retained/created	\$ / job
Airports	2.8 M	1.21	\$2.3 M
Community Service	5.0 M	183	\$27 K
Criminal Justice	3.5 M	12	\$292 K
Economic Development	6.6 M	0	-
Environmental Resources	7.8 M	0	-
HCD	54.6 M	.66	\$83 M
Information Services	.2 M	0	-
Palm Tran	21.4 M	217	\$99 K
Water Utilities	5.5 M	68	\$81 K
	\$111.1 M	666	\$167 K

County Budget

Spending Cuts Offered by County Staff

	Savings	Staff Cuts	Tab Proposes:
Green Pages	\$ 22.5 M	None (unfilled)	Implement ALL
Blue Pages Level 1	\$ 10.4 M	91	Restore \$2.4M and 38 positions to Parks and Recreation
Blue Pages Level 2	\$ 25.7 M	241	Restore \$3.1M and 26 positions in various areas
	\$58.6 M	332	\$53.1 and 268 positions

County Budget

Additional Proposed Actions (Savings ~ \$1 M)

Move water and SWA collections to Tax Collector (\$?)

Adopt Clerk suggestions for HR:

- Implement county-wide paperless payroll (\$200K)
- Eliminate comp time for exempt staff (\$600K)
- Eliminate Golden Palm awards (\$177K)
- Eliminate or reduce Tuition Reimbursement (\$350K)
- Eliminate incentive leave awards (\$50K)
- Eliminate 4 day work week for exempt staff

Eliminate car allowance for BCC staff (\$250K/year)

Stop PBSO take-home cruisers for out-of-county residence

Adopt zero-based budgeting process

Eliminate COPS program in gated communities or where need is unjustified



County Budget

- Where are we headed with this?
 - Property Appraiser projects another 6% decline in valuations for 2012, less (but still decline) in 2013
 - Federal ARRA funds will stop
 - Either we cut spending now or suffer very large tax increases going forward
 - 2011 Spending levels without the ARRA money would require 31% higher property taxes !
 - If the projects are not essential – WHY SPEND THE MONEY?

STOP!

Stop Spending Our Future - STOP



YouTube

Palm Beach County Taxpayer Action Board

PBSO Project



PBSO Project

- What do we know about the PBSO Budget?

	2010	2011	Change	%
Revenues	70,305,222	69,114,594	(1,190,628)	(1.7%)
Appropriations	480,062,486	463,565,606	(16,496,880)	(3.4%)
Net Ad Valorem	409,757,264	394,451,012	(15,306,252)	(3.7%)
Positions	4,021	4,011	(10)	(0.2%)

As indicated by the Sheriff's office, this \$15 million reduction results in the elimination of: Drug Farm \$3.3 million and twelve (12) positions, Eagle Academy \$4.5 million and thirty two (32) positions, and Parks Police \$7.2 million and fifty two (52) positions. FY2010 excludes \$8,461,142 carry forward.

PBSO Project

- PBSO Detail

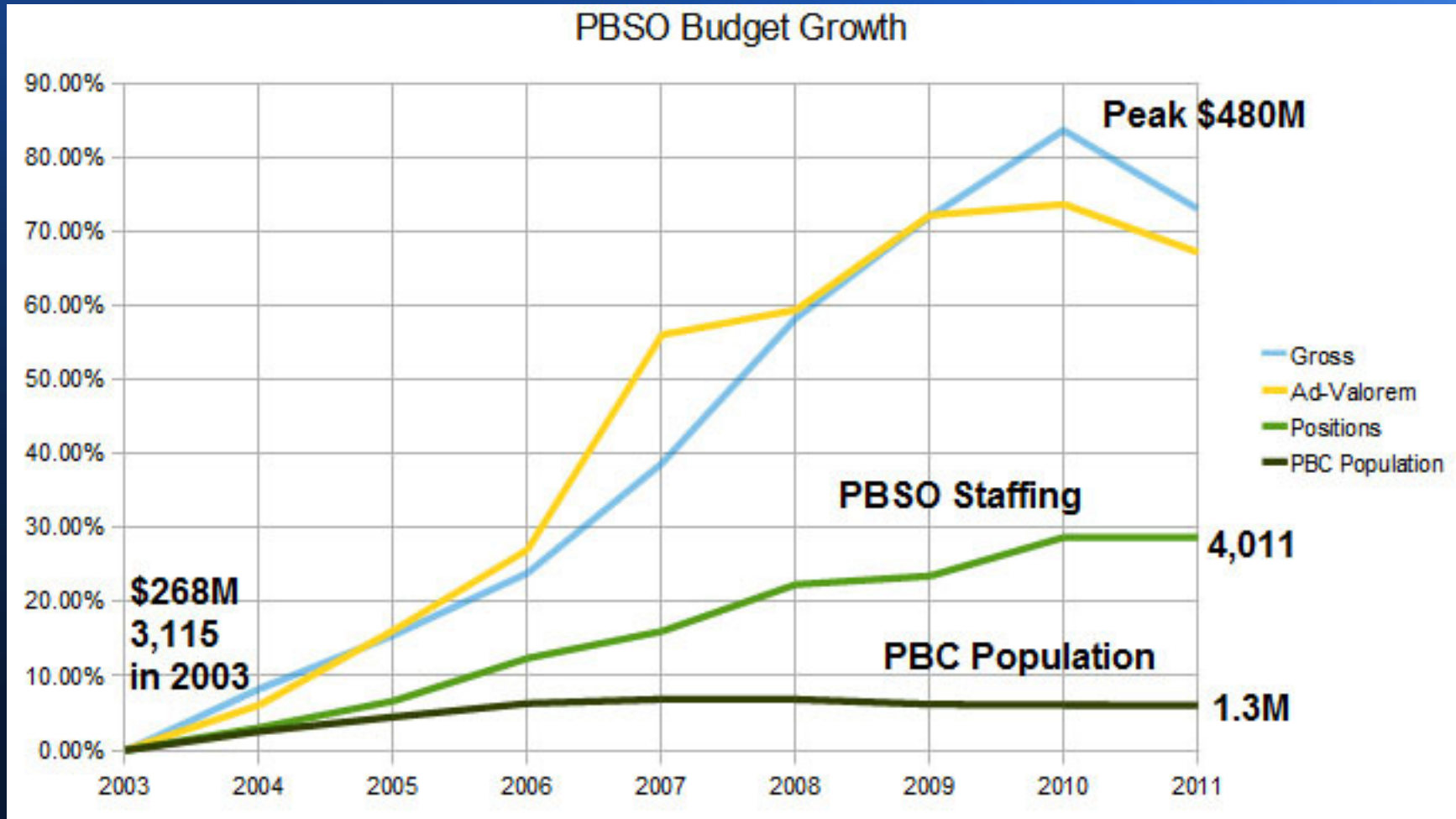
Functional Categories	Personal Services	Operating Expenses	Capital Outlay	Debt Service	Contingency Reserves	Totals
Categories Per Statute						
General Law Enforcement	269,409,002	48,004,813	0	0	0	317,413,815
Corrections and Detention Alternative Facilities	110,539,712	27,894,439	0	0	0	138,434,151
Court Services & Bailiff (Excludes Service of Process)	14,407,246	511,083	0	0	0	14,918,329
Sub-Totals	394,355,960	76,410,335	0	0	0	470,766,295
Other Categories						
Service of Process	7,271,598	227,713	0	0	0	7,499,311
Sub-Totals	7,271,598	227,713	0	0	0	7,499,311
Grand Totals	401,627,558	76,638,048	0	0	0	478,265,606

PBSO Project

- 1569 Sworn Law Enforcement
- 708 Sworn Corrections
- 1734 Civilian Staff
- 4011 Total Staff

- Average Personal Services Cost
 - $\$401,627,588 / 4011 \text{ staff} = \$101,132 / \text{year}$

PBSO Project



PBSO Project

- Projected Cuts
 - Eagle Academy
 - \$4.5M and 32 positions
 - Drug Farm (Secure Treatment and Recovery)
 - \$3.3M and 12 positions
 - Park Police
 - \$7.2M and 52 positions
- Eagle Academy and Drug Farm have organized support groups actively working to restore funding

Palm Beach County Taxpayer Action Board

Fire / Rescue Project

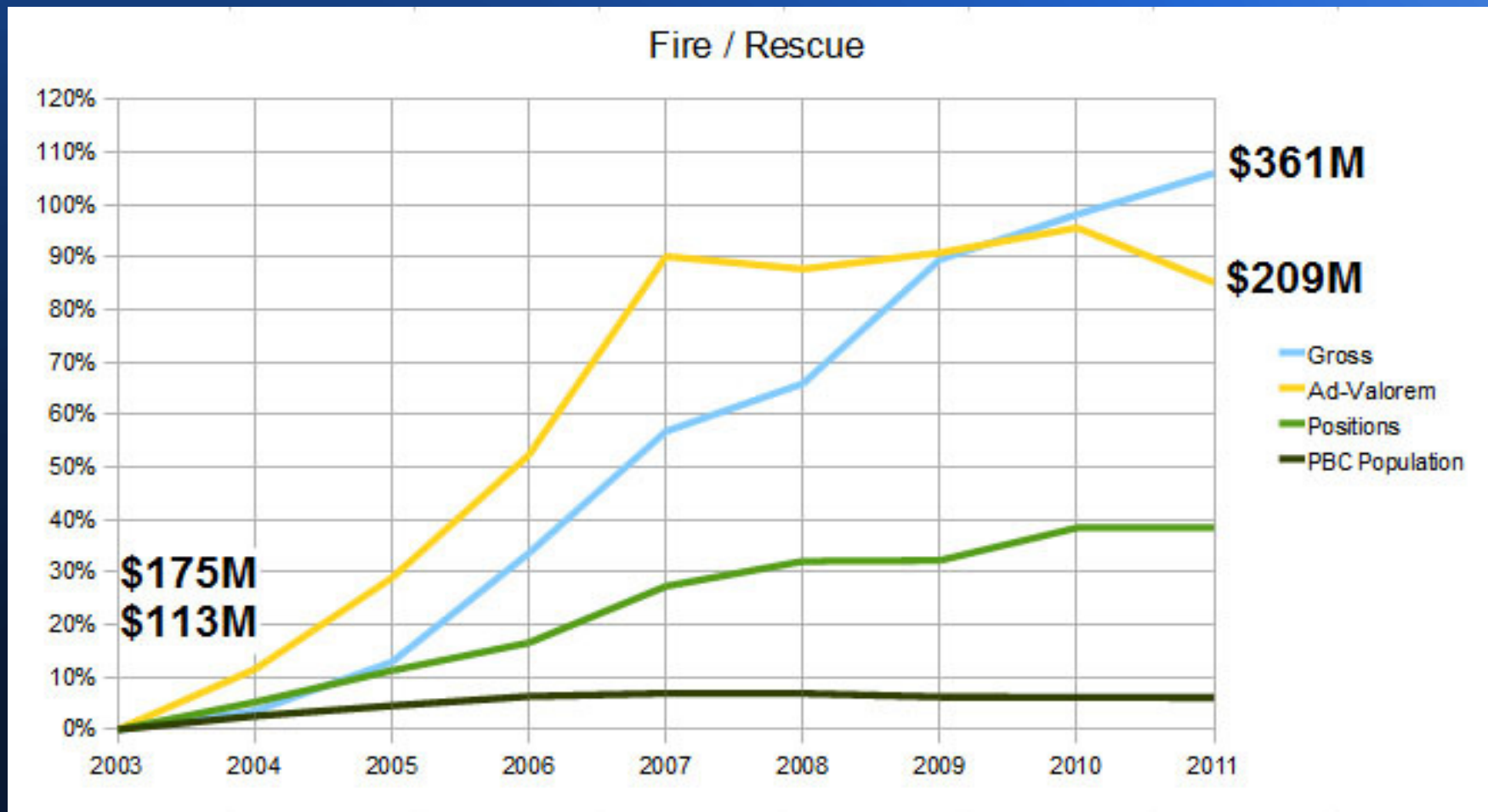


OUR FIREFIGHTERS AND FIRE RESCUE

– **THEY PREPARE FOR THE WORST WHILE BEING THE BEST!**

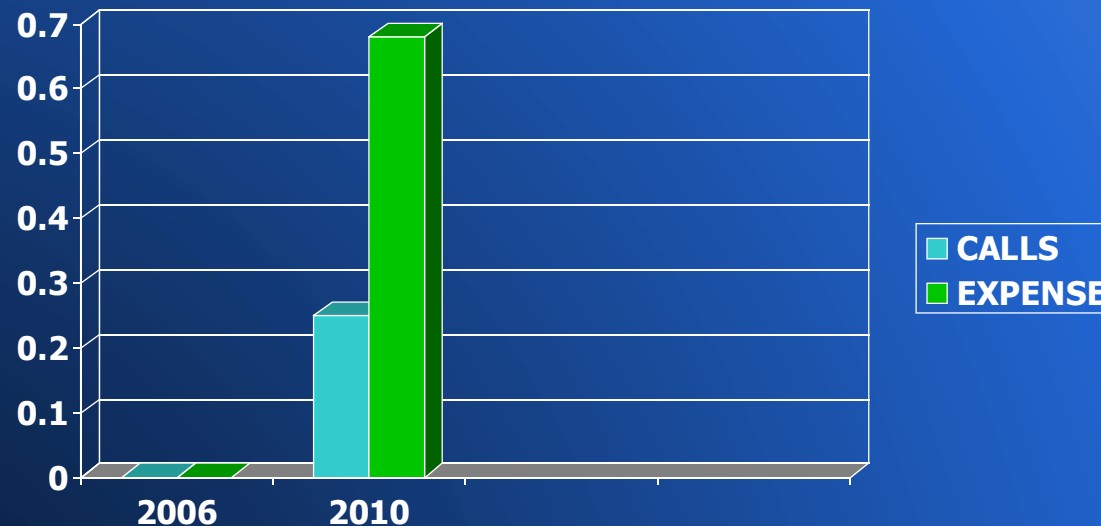
- LATEST EQUIPMENT
- SHORT RESPONSE TIMES
- WELL-TRAINED
- WELL-PAID WITH EXCELLENT BENEFITS

Fire-Rescue Budget Trend



SERVICE VS EXPENSE ANALYSIS

PBC FIRE RESCUE



INFORMATION FROM PALM BEACH COUNTY BUDGET DOCUMENTS

- 2006 BASE YEAR COMPARED WITH 2010 – CALLS FOR SERVICES INCREASED 25% OVER THIS PERIOD WHILE EXPENSES FOR FIRE-RESCUE SERVICES INCREASED BY 68%
- APPROXIMATELY 83% OF CALL ARE FOR MEDICAL EMERGENCIES; APPROXIMATELY 17% OF CALLS ARE FOR FIRE

PBC Fire Rescue Employees are Well Compensated!

- Average Fire-Rescue Compensation (2010):

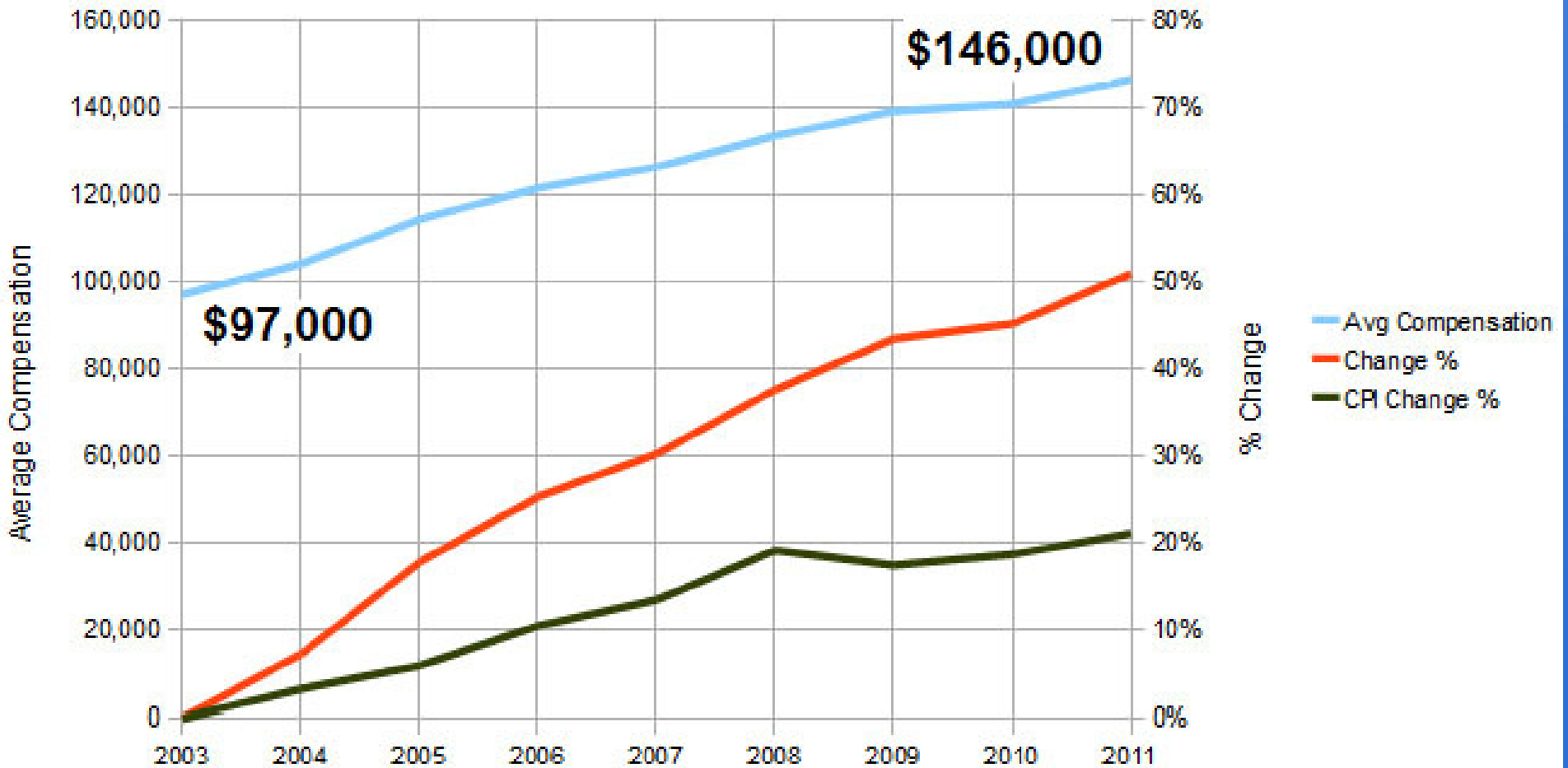
\$140,000

- Average pay for PBC Residents:

\$45,000

PBC Fire Rescue Employees are Well Compensated!

PBC Fire / Rescue Average Compensation



Tab Recommends

Cancel or defer planned raises for FY2011

- Savings: \$14 M
- Other county salaries are frozen
- Compensation is already excessive
- Taxpayers cannot afford this union contract
- NEXT YEAR – RENEGOTIATE DOWN
- If the union objects – **furloughs or layoffs**
 - Miami is breaking their contract, citing “state of fiscal urgency”

TAB Plans

For Next Year:

- Review Fire Rescue contracts and collective bargaining agreements then recommend cost-saving ideas
- Study comparable Fire-Rescue departments throughout the country for benchmarks and more fiscally responsible operations

TAB Plans (Continued)

- Continue to recommend to the county that new hire benefit packages be adjusted to more realistic and sustainable programs
- Continue to recommend cost-saving operations to the county, such as:
 - Combine fleet service operations with other county departments
 - Combine purchasing and contract services with other county departments to achieve cost-savings

TAB Plans (Continued)

- Urge the county to secure proposals for privatization of Fire-Rescue services in outlying areas
- Urge the county to eliminate “Kelly Days” and other scheduling policies so that operations are more in line with FLSA nationwide standards
- Review and recommend elimination of capital projects that are not definitely and immediately necessary

TAB Plans (Continued)

- Urge the county to hire returning veterans for available positions wherever possible since they are already well-trained and can take advantage of veteran benefits, thereby reducing “legacy” and other employee costs for the county

Palm Beach County Taxpayer Action Board

Capital / Debt Project



County Buildings



Capital and Debt

Select Outstanding Debt (original amount)

- \$89.3m (\$92.9m) - Convention Center
- \$332.3m (\$638.3m) – Criminal Justice projects
- \$78.4m (\$140.9m) - Parks & Recreation facilities
- \$129.2m (\$173.1m) - Environmentally sensitive lands
- \$273.7m (\$316.1m) - Biomedical Research Park projects

Capital and Debt

New Debt Issued During FY2009 (PAFR)

- \$46.3m – Max Planck Biomedical Research Facility
- \$16.1m – Renovations at Four Points and other public buildings
- \$68.1m – Water Utilities – FPL Reclaimed Water Project
- \$131.6m – Solid Waste Authority future landfill and transfer facilities
- \$261.5m – Solid Waste Authority Waste to Energy & Renewable Energy facilities
- \$1.2m – HUD Loans for various community revitalization projects

Defer Ad Valorem Projects

\$9.1 M

- FACILITIES DEVELOPMENT AND OPERATIONS
 - FD&O Land Acquisition **\$300K**
 - Citywide repair replace & renovate city buildings **\$3M**
- INFORMATION SYSTEMS SERVICES
 - All items 1-16 total savings **\$4.5M**
- PARKS AND RECREATION (PARK IMPROVEMENT FUND)
 - All items 1-4 total savings **\$583K**
- MISCELLANEOUS NON-DEPARTMENTAL (STREET LIGHTING)
 - One item **\$750K**

Defer Non Ad-Valorem Projects

\$90.9 M

- Environmental Resource Management
 - Items 2-5 total savings **\$4.325M**
- FACILITIES DEVELOPMENT AND OPERATIONS
 - All 4 items total savings **\$10.634M**
- PARKS AND RECREATION
 - All 31 Items total savings **\$5.774M**
- DEPENDENT DISTRICT ACTIVITIES
 - Acreage Branch County Library Impact Fees total savings **\$900K**
- ENTERPRISE FUNDS - AIRPORT (Pending lawsuit that construction is beginning on expansion that has been denied by FAA)
 - All airport capital projects requested total savings **\$69.274M**

Capital and Debt

SUNSET REVIEW PROVISION

- **Enact a sunset review provision** based on the state program - Florida Government Accountability Act passed in 2006
- Put in place automatic repealers staggered among programs and projects
- Allow annual review of a limited number of programs and projects
- Prior to sunset, audit expenditure and performance
- To determine if program or project should be continued, changed, eliminated or enhanced
- Continually require programs and projects to prove their existence is necessary and should continue

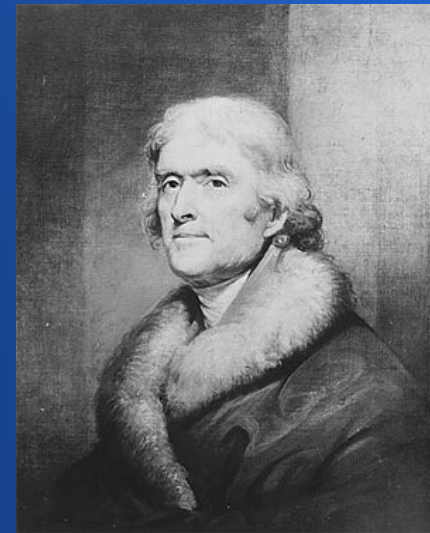
Palm Beach County Taxpayer Action Board Core Mission Project



CORE SERVICES

A GOVERNMENT BIG ENOUGH
TO GIVE YOU EVERYTHING YOU WANT,
IS BIG ENOUGH TO TAKE AWAY
EVERYTHING YOU HAVE.

--THOMAS JEFFERSON



CORE SERVICES

What are core services?

Services the county is required by law to provide

WHAT ARE NON-CORE SERVICES?

SERVICES WHICH AREN'T
REQUIRED BY THE COUNTY
CHARTER OR ANY OTHER
STATUTORY AUTHORITY, BUT HAVE
NONETHELESS DEVELOPED
CONSTITUENCIES AND ONGOING
FUNDING

Elected Officials Must Always act within the Construct that Their Primary Obligation is to Taxpayers

Far too often, powerful organized constituencies arise, especially during periods of excess revenues, and demand services from government which are far from the original intent of that government. When the period of excess revenues disappears, those constituencies don't go away with them.

The Executive Director of the New York State Association of Counties has stated:

The writing has been on the wall for some time warning elected officials that a financial reckoning was just around the corner.

The politicians have reflexively indulged a “compulsion or a need to respond to constituent requests.”

“We’re starting to ask ourselves at the county government level just what are the core services that county government should be providing. We can’t be all things to all people.”

A Juncture We Reached Several Years Ago

The question for County Commissioners can no longer be what services and amenities citizens would **like** to have

CHANGE IS NEEDED

Decisions now need to be made on the basis of what the county is **required** to provide by law

GO BACK TO THE BASICS



Palm Beach County is not alone

States, Counties and Municipalities throughout the United States are all facing the same issue:

Government expanded far beyond its mandate during the boom years, but the tax base required to support the expanded size has vanished.

Several bankruptcies have already occurred, and forecasters believe there will be many more.

Whatcom County, WA

Their County Executive said:

We must take a long, hard look at the core operations of County government, enhance those services that work and serve our residents and divest our government of those services that are simply no longer cost-effective or possible.

Palm Beach County

It is past time to start
making the hard
decisions, painful as they
might be



WHAT CAN WE DO?

2011	2012	2013	2014	2015
?	?	?	?	?



TAB PROPOSALS

IDENTIFY CORE SERVICES TO
DISTINGUISH THEM FROM
DISCRETIONARY SERVICES AND
FUNDING



FIRST, DEFINE CORE SERVICES

THREE CATEGORIES OF CORE SERVICES

- MANDATED BY LAW
- ESSENTIAL TO HEALTH AND SAFETY AND NOT OTHERWISE AVAILABLE
- ADMINISTRATIVE AND SUPPORT SERVICES FOR THE ABOVE
- BY DEFINITION, ALL OTHER PROGRAMS AND SERVICES ARE DISCRETIONARY

SECOND, ANALYZE HOW EFFECTIVELY WE SPEND ON CORE SERVICES

SPENDING ON CORE SERVICES ALSO NEEDS ANALYSIS

- ARE THE SERVICES BEING PROVIDED IN THE MOST EFFICIENT AND COST EFFECTIVE MANNER?
- ARE THEY SERVICES WHICH CAN BE PROVIDED THROUGH OUTSIDE SOURCES AT A LOWER COST?

OTHER STRATEGIES TO CONSIDER

RATHER THAN CUTTING A CORE SERVICE, CAN FEE OPTIONS ALLOW IT TO BE SELF SUSTAINING OR CAN IT BE PROVIDED THROUGH ANOTHER SOURCE?

CAN COSTS BE REDUCED THROUGH OUTSIDE CONTRACTING, PARTNERSHIPS WITH OTHERS, COMBINING DEPARTMENTS OR SERVICES OR OTHER ARRANGEMENTS?

COMPARE COMPENSATION PACKAGES BETWEEN COUNTY EMPLOYEES AND OUTSIDE RESOURCES CAPABLE OF PROVIDING THE SERVICE

OTHER STRATEGIES

CONSIDER IMPACT OF PENSION PROGRAM OBLIGATION
IMPACTS ON FUTURE COUNTY BUDGETS WHEN
COMPARING COUNTY WORKERS PROVIDING A SERVICE
VS. A PRIVATE SOURCE

LOBBY AND ADVOCATE REVOCATION OF UNFUNDED
FEDERAL AND STATE MANDATES

IDENTIFY AND ELIMINATE DUPLICATION OF SERVICES WITH
LOCAL GOVERNMENTS, e.g. code enforcement, licensing, etc.

Recommendation to BCC

- ADOPT A MOTION TO DIRECT COUNTY STAFF TO CATEGORIZE EACH AND EVERY AREA OF SPENDING AS CORE OR NON-CORE USING THE SIMPLE CRITERIA DETAILED PREVIOUSLY IN THIS PRESENTATION

Palm Beach County Taxpayer Action Board

Structure of Government Project

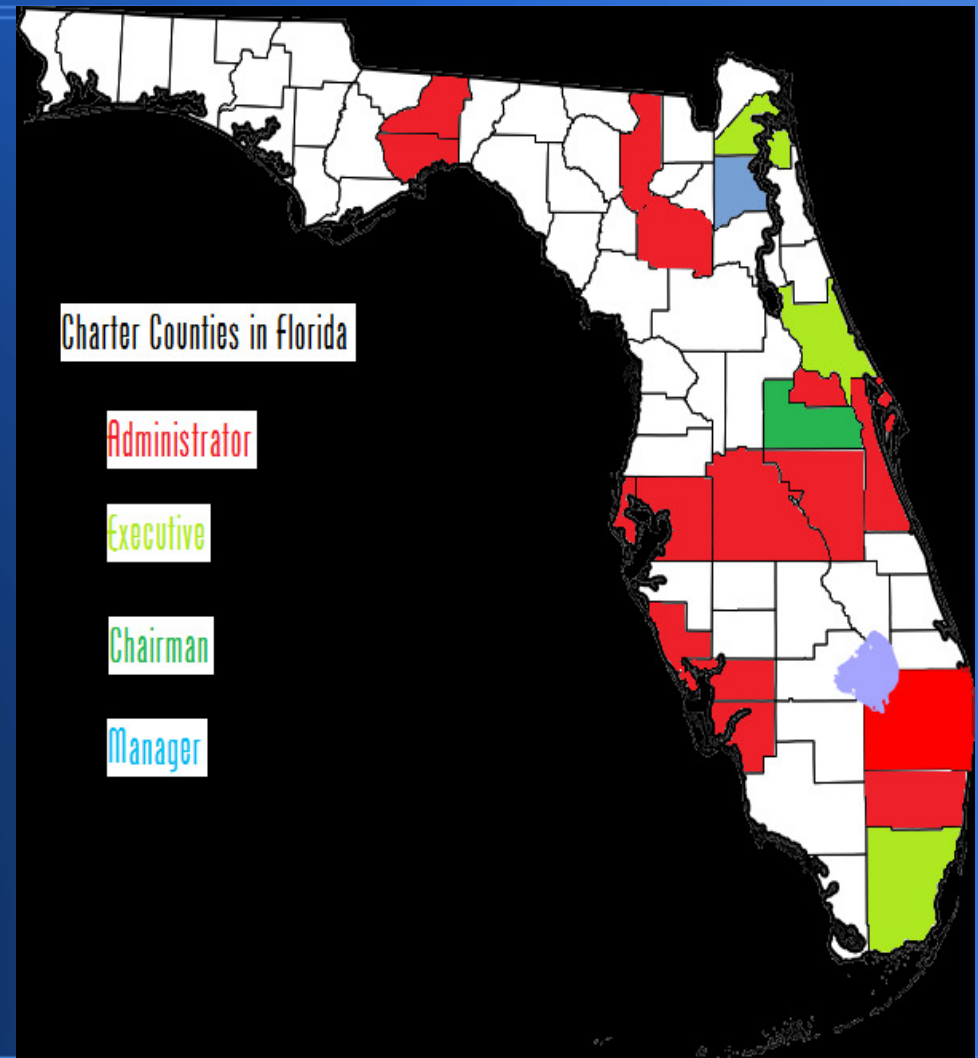


County Government Structure

- Why should we care?
 - Understand the checks and balances
 - Understand where our money is going
 - Transparency and Efficiency
- How can we make changes?
 - Short term
 - Long term

What is a Charter Government?

- A charter is a document that spells out the powers, duties and structures of government and the rights of citizens. It is often compared to constitutions at the local level.
- Charter counties have all powers of self-government unless they are inconsistent with the Constitution or State law.



Checks and Balances



- BCC
 - Legislative Branch – elected



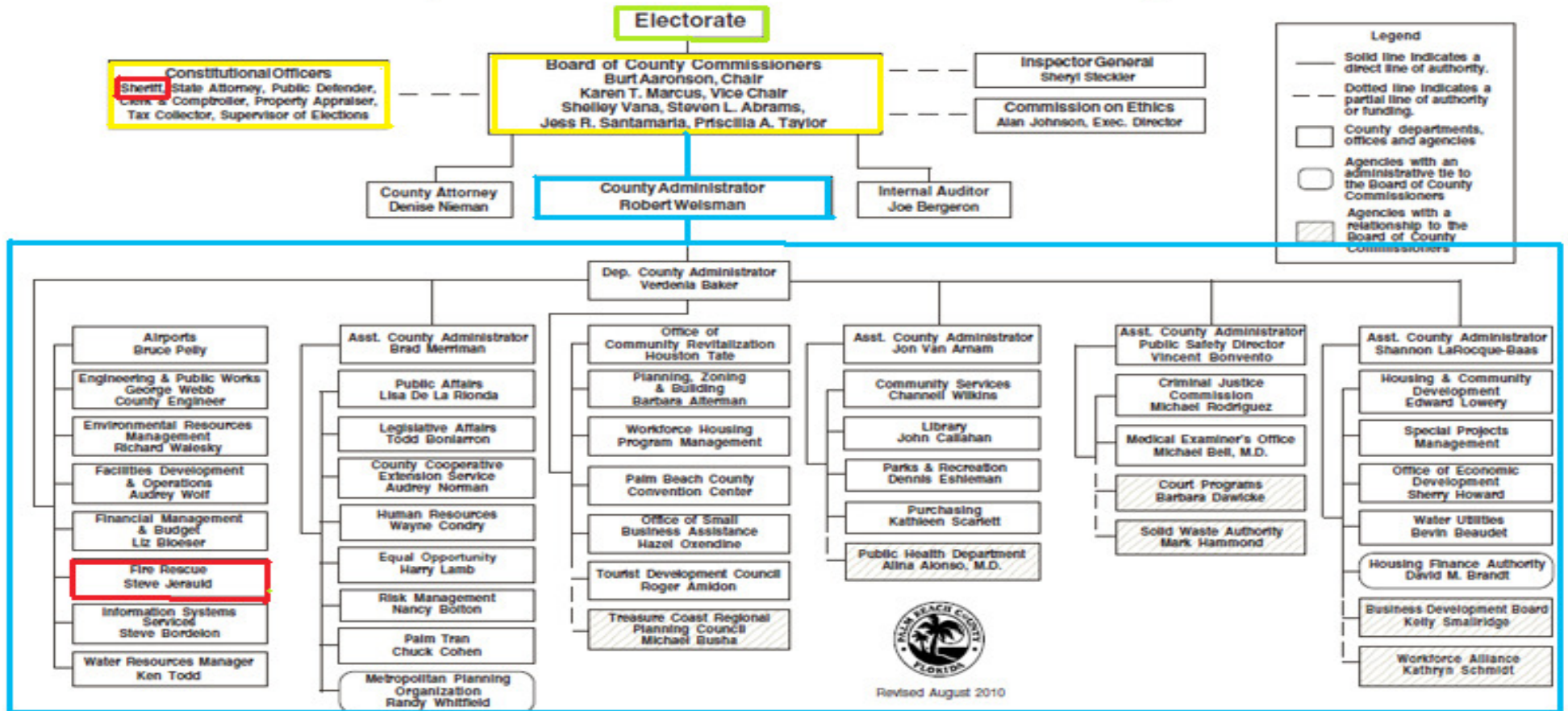
- County Administration
 - Executive Branch – but appointed



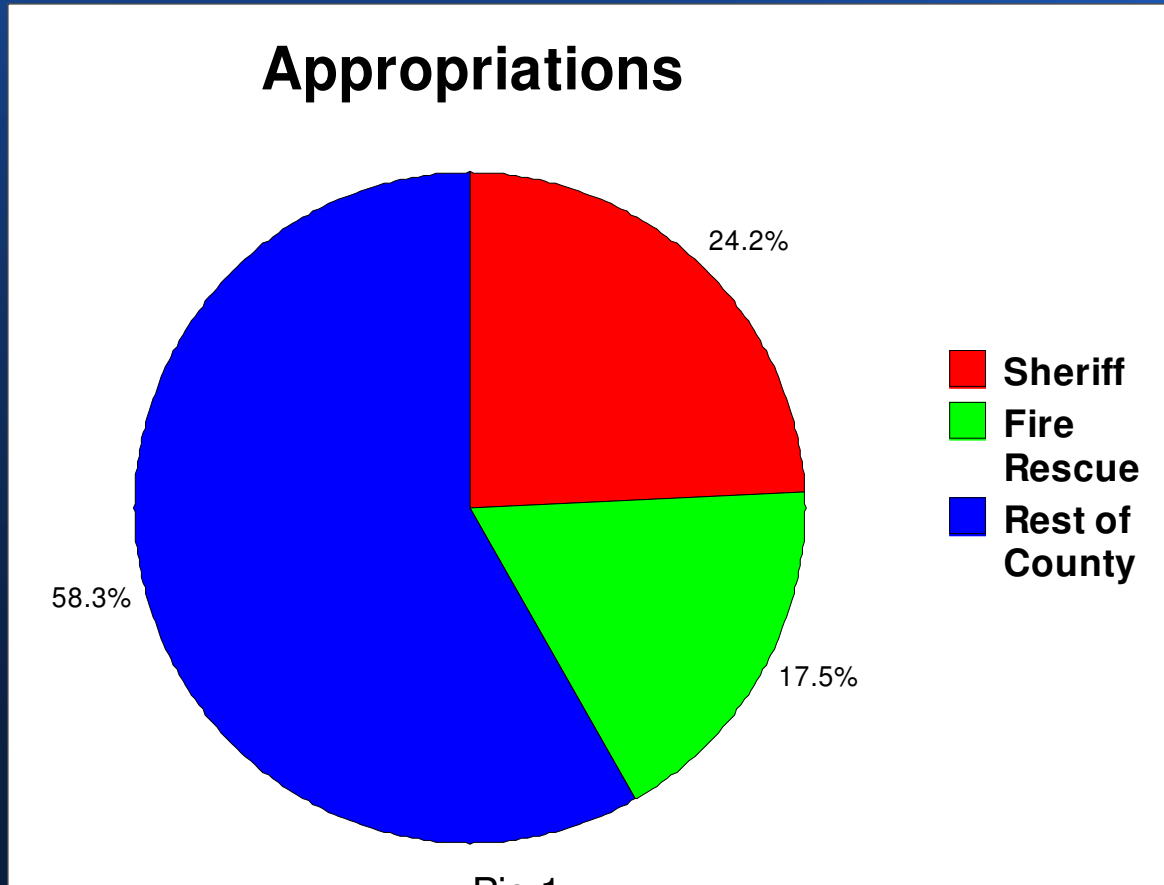
- Constitutionals
 - Elected
 - Narrow mission

Palm Beach County Org Chart

Palm Beach County Board of County Commissioners Organizational Structure



Where is our money going? 2010 Appropriations



County total:
\$1,981,557,651

- Fire/Rescue:
\$346,986,345
- Sheriff:
\$480,062,486
- Remainder:
\$1,154,508,820

Transparency & Efficiency

- Do we have access to the information?
 - Online?
 - Information requests?
- Is productivity and performance improving over time?
 - How much is duplicated across organizations?
 - Productivity vs private sector?

Planned Activities

- Examine other FL and US Counties
 - Organization
 - Administrator vs Mayor vs Other?
 - Any modification of Constitutionals?
 - More radical changes - municipalities
 - Sheriff, Fire/Rescue, Public safety reporting structures
 - Charter Review policies
- Benchmarks

Goals

- Short term
 - Charter review requested by BCC on 8/17
 - Convince at least 4 Commissioners to adopt policy changes/recommendations from the various Project groups
- Long term
 - Initiate Charter change(s) – ballot initiative
 - Requires petition of 7% of registered voters
 - Can only happen during a general election

Palm Beach County Taxpayer Action Board Summary and Proposal



The TAB Proposal

THIS YEAR (TOTAL SAVINGS: \$171M)

- Implement ALL blue/green cuts with TAB modifications (Savings: \$53.1M)
- Defer Fire / Rescue raises for FY2011 (Savings: \$14M)
- Maintain PBSO proposed cuts plus additional challenge requested (Savings: \$3M)
- Implement specific HR program actions (Savings: \$1M)
- Cancel or defer specific ad-valorem capital projects (\$9.1M)
- Cancel or defer specific non ad-valorem capital (\$90.9M)

The TAB Proposal

Next Year

- Proceed with Charter Review
- Begin Core Services Categorization
- Implement Sunset Review Process

Call to Action

Write, call, fax your County Commissioners,
attend and speak at the 9/14 and 9/28 budget
hearing (6:00pm, 301 N. Olive, 6th floor)

**TELL THEM TO ADOPT THE
TAB PROPOSAL**



I'm Here to Help

