

## CONSENT AGENDA

**DATE:** January 26, 2009

**SUBJECT:** Projected Revenue Shortfalls

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**ACTION REQUESTED:** Approval of adjustments on the attached schedule to address projected shortfalls in General Fund revenues for fiscal year (FY) 2009.

### **KEY ELEMENTS/FACT IMPACTING DECISION:**

In December, the Florida Department of Revenue issued estimated percentage reductions in key revenue sources to local governments. In addition to these reductions, record low interest rates and reduced construction activity have negatively impacted the investment earnings and building permit revenue projections. Offsetting these reductions is a positive \$128,520 onetime adjustment in Communications Services Tax (CST) the City received in December as a result of an audit by the State of distribution of the CST.

Also, \$22,624 in funding is needed to continue the successful invasive plant removal projects by Public Works in the Howell Creek Basin and Mead Gardens. Quarterly maintenance will be necessary to prevent the invasive plant growth from returning. Funding for continuing this funding beyond FY 2009 will be incorporated in the FY 2010 budget.

### **PROCESS TO DATE:**

Staff has examined budgets for potential savings and cost reductions that would have the least impact on the performance of core services.

### **ALTERNATIVES CONSIDERED:**

Staff developed a list of potential savings that is divided into two sections. The first section is for savings from decisions that staff recommends be made now and the second is for projects to be brought back for consideration at a future date when we have a few more months of actual revenue data to consider.

Some items will have no impact on service levels such as the savings from lower fuel costs. Other items such as the freezing and eliminating of personnel positions will be examined carefully to minimize the impact to service levels.

Most of the adjustments proposed are not recurring in nature with the exception to those for personnel costs however; most of the negative revenue items do not represent permanent changes in our revenue streams. Construction activity and interest rates will hopefully pick up at some point in the future. If not, more extensive action will be necessary to balance future budgets.

**BUDGET IMPLICATIONS:**

Reductions in spending will be necessary to prevent the General Fund from exceeding projected revenues for FY 2009.

**STAFF RECOMMENDATION:** Staff recommends approval of attached adjustments to the budget.

## Proposed Mid-Year Budget Adjustment

### Impact of revised revenue estimates from State:

Half cent sales tax	(174,568)
Municipal revenue sharing	(45,896)
Local option gas tax	(10,712)

Additional Communications Service Tax to be received in December due to State audit of distributions	128,520
With record low interest rates, investment earnings will only be a portion of what was projected (reduces estimate to approximately \$100K)	(400,000)
Building permit revenues will be down due to less activity (very rough estimate, could be worse)	(750,000)
Funding needed for invasive weeds	(22,624)

**Net estimated impact on revenues** (1,275,280)

### Possible offsets to balance budget:

#### Projects to be cancelled and costs to be cut now:

Freeze/eliminate positions	300,000
Projected fuel savings based on updated projections of fuel costs from the Department of Energy	256,718
Reduce funding for concrete repairs	100,000
Reduce funding for stormwater projects	100,000
Reimburse General Fund for streetscaping work performed by in-house by Streets Crews for projects in the CRA such as the one currently underway on Webster Avenue	50,000
<b>Subtotal for immediate savings</b>	<u><u>806,718</u></u>

#### Potential savings from projects that could be cancelled at a future date:

Cancel funding for any further work on the Form Based Codes Study	92,771
Cancel funding for quiet zones for railroad crossings	300,000
Potential reduction in FY 2009 commitment to funding beautification improvements along the west Fairbanks corridor. This reduction could be only to the extent necessary based on actual revenues for FY 2009.	700,000

**Subtotal for potential additional cost savings** 1,092,771

**Total potential cost reductions** 1,899,489