

MEMORANDUM

TO: John Crescimbeni, Council Finance Committee Chair
Finance Committee Members

CC: Kirk Sherman, Council Auditor

FROM: C. Ronald Belton, Chief Financial Officer
Glenn Hansen, Budget Officer

RE: Proposed Budgetary Savings

DATE: 16 August 2012

Following our discussions at last week's budget hearings, you tasked the Finance Department with identifying and recommending options for filling the \$5 million budget deficit that was created as a result of a state revenue miscalculation and the posting error that equals approximately \$1 million.

We have also taken this opportunity to identify options to cover the combined \$4.5 million that was swept from the Jacksonville International Airport (JIA) and Southbank Community Redevelopment Agencies (CRAs) as well as the \$465,000.00 related to the proposed waiver of 2010-216.

These obligations total \$10,965,000. We have identified and hereby recommend \$11,850,000 in positive budgetary changes to the Council Auditor and Finance Committee for consideration.

(1) Savings Achieved through Competitive Bidding: \$4.25 million

While neither the facilities management nor health benefits procurement processes have yet concluded, the bids received to date indicate a minimum of \$4.25 million in combined savings between the two contracts (\$750,000 million facilities, \$3.5 million health benefits) that have not yet been built into the Fiscal Year 2012/2013 budget. Though it is hoped that contract negotiations will produce even greater savings, those additional savings are not incorporated into this recommendation.

(2) State Revenue Projections \$3 million

Recent reports indicate that state revenue is growing. See <http://jacksonville.com/news/florida/2012-08-10/story/floridas-tax-revenue-growing> and attached supporting documentation from the Florida Office of Economic and Demographic Research (EDR). Local economic growth information is also attached. The City can reasonably project a \$3 million increase in state revenues into the city budget.

(3) FY 2012/2013 Debt Service Savings \$2 million

Much like it recently did with Jacksonville Transportation Authority (JTA) debt, the City will refund other debt in FY 2012/2013 for an estimated general fund impact of at least \$2 million.

(4) FY 2011/2012 Debt Service Savings

\$1 million

The Finance Department currently projects that the City will retain approximately \$1 million in funds budgeted for debt service in Fiscal Year 2011/2012. These budgeted but unspent funds can be carried over to provide debt service in Fiscal Year 2012/2013.

(5) Additional Staffing Reductions

\$1 million

Based on staff departures that occurred following the submission of the budget and historical attrition rates, the City anticipates additional Fiscal Year 2012/2013 salary and benefits savings in the estimated amount of \$1 million.

(6) Council Auditor Recommendations

\$600,000.00

The administration fully agrees with the Council Auditor's recommendations as it relates to the reduction of the Courthouse Trust Transfer-in (August 16, 2012 Budget Book, page 26) and the Parks double billing issue (August 16, 2012 Budget Book, page 260-262).

TOTAL ESTIMATED SAVINGS:

\$11,850,000

Thank you for the opportunity to present these options. We look forward to discussing these recommendations with you in more detail.