BUILDING DEVELOPMENT COMMISSION
Minutes of March 20, 2012 Meeting

Ed Horne opened the Building-Development Commission (BDC) meeting at 3**:09 p.m. on Tuesday, March 20, 2012**.

Present: Bernice Cutler, Hal Hester, Harry Sherrill, Ed Horne, Travis Haston, Jon Morris, Zeke Acosta, John Taylor, Rob Belisle, Tim West, Kevin Silva and John Wood

Absent: Elliot Mann

1. APPROVAL OF THE MINUTES

The motion by Harry Sherrill seconded by Travis Haston to approve the February 21st, 2012 meeting minutes passed unanimously.

2. BDC MEMBER ISSUES AND COMMENTS

No BDC Member comments.

3. PUBLIC ATTENDEE ISSUES AND COMMENTS

No public attendee comments.

4. FY13 Budget Proposal Review

Jim Bartl began the meeting by describing the agenda saying that today's meeting will be all about the budget so we're not going to do the usual review of initiatives/monthly statistics. The report was emailed to you on Thursday, March 15th that covers all statistics. If you have questions, you can email me, Patrick or Gene after the meeting or we will be available after the meeting to discuss anything you would like to discuss in the report.

This is a lengthy meeting and builds on the work the Budget Subcommittee did on your behalf since the beginning of February. We've had three meetings on Feb. 10, Feb. 29 and Mar 16. In the latter meeting the Department and the Budget Subcommittee agreed on a proposal that I'm going to outline for today's meeting which includes the FY13 Expense Level Strategy, based on maintaining 134 FTEs. It will propose to you recognizing that revenue has continued to be strong and improved especially on the Commercial side. We will propose adding 10 positions (betterments) to support the growing workload and then will present an RFBA to advance 8 of the positions immediately. Based on the strong recommendation of the Budget Subcommittee we've already submitted to the Board of County Commissioners but will need your formal support. As we go through this, it is a long presentation and very informal, ask questions as they occur to you. I can assure you that if you have a question on something that doesn't make sense to you that somebody sitting at the table does as well so feel free to ask questions. Our goal today is to agree on a budget strategy and conclude that with a formal vote by the Building Development Commission supporting the FY13 Budget Proposal that we've agreed to with your Subcommittee. The RFBA is separate from the budget but is related to the budget that hinges off of one of the recommendations that's included as part of the budget proposal. To get there, we will go over the FY12 numbers to remind you of the current budget that we are operating under, how the expenses were made up, how we balance that with revenue; government always has to balance expenses with revenue. Then we will go over where we are in FY12 in terms of our expense status after 8 months, 2/3 of the way through the year, we'll give you data based on February 29, 2012 figures that we had at that time. Then we'll actually outline the FY13 proposal and we'll spend time going through specific lines, not all of them but specific ones that we think are of interest to you. Then we will go over the proposal for added positions or (betterments) in hopes to agree on that, then we will discuss options to balance expenses whether they are the basic budget or the basic budget plus the betterments with revenue. Then the meeting will close with a formal action by the BDC and there will be 2 of those, one will be based on the budget and the other is on the Request For Board Action on the 8 positions.

3. Review of FY12 Numbers

We will review the FY12 Budget (amended budget) since we took actions immediately after we started this last year and changed how this was set up. You'll recall that in the July meeting we asked you to support adding 5 positions and you did that. We immediately recognized $319K and sent the 5 position RFBA on to the Board and they approved it. The first budget you approved was $13.9MM which bumped it up to $14.2MM. It is made up of the 4000 account personal service which is the largest part of it (78%) $11.2MM, made up of primarily salaries, fringes and charges having to do with the 134 FTEs which also includes overtime and some other things, one transfers for some personnel in the government center which is the largest part of our budget. The 5000 account is contractual services such as telephone and travel. The biggest thing in the 5000 account is technology which is about 6% of the budget. We'll spend some time later in the meeting going over the technology strategy that we are proposing for FY13. The 6000 account is commodities which are made up of department supplies and dues and code books total 2.2%. The 3 big things that were in the budget from last year was books and dues that we had to pay for our certificates as well as we started a replacement schedule for computers and last year was the second year of it and gas and oil for vehicles shows up in the 6000 accounts. We'll go over how those numbers look in the coming year. The 7000 account is the technology transfer for the new projects last year (2%). The 8000 account is internal service charges and includes the LUESA overhead charge and the Government Center overhead charge. We get charged for things like the HR office in the Government Center as well as business and finance, our part that the Code Enforcement department doesn't have people who pay bills on things such as that, LUESA provides all that service for us. Amy Johnson heads up that side of the office for us and those costs are distributed to us along with 5 other departments that make up LUESA. Those totaled 11%. Last year under fixed assets we had nothing. Last year was the fourth year in a row that we didn't budget for trucks, that will change this year and you will see that number go up. The total was $14,243,401 for 134 FTEs which was the expense we proposed after we amended it with the 5 positions that we added in August that were approved. In Government you have to balance your expenses with revenue and we are a fee funded agency so this is how we balanced it. After we added the 5 positions we had bumped our permit fee to about $1MM per month (or just under) and makes up 86% of our revenue. This other revenue has grown over the years but still makes up just 14%. It consists of charges that we take in Commercial Plan Review as well as Documents and Revenue Collections as well as on the Inspections side for Meck-SI or Overtime Inspections. As a reminder, this is how we came up with last year's budget.

Expense Summary in FY12 Budget

Note: the following varies from number originally approved by the BOCC on March 15, 2011. Our original budget was $13,924,151. On August 2, 2011, the BOCC approved a betterment of 5 inspector positions, increasing our budget by $319,250 to a total of $14,243,401.

Budget Category	Amount	Budget %	Includes
4000 – personal service	11,203,898	78.66%	Salary, OT, insur, FICA, wk comp,fringes
5000 – contractual service	842,802	5.92%	Telephone, travel, training, professional fees(including tech), attorney fees
6000 - commodities	312,745	2.2%	Office/dept supply, dues, books, uniforms, computers, gas & oil
7000 – other	315,000	2.21%	Tech surcharge transfer
8000 – internal service	1,568,956	11.02%	LUESA overhead, CMGC overhead
9000– fixed assets	0	0%	Auto repl not budgeted in Fy12
Total	14,243,401	100.00%	For 134 FTE's (1 Asst Fire Marshall budgeted in Vol Fire - county funded)

In terms of where we are on expenses referring to Handout 3, the box in the lower right hand corner is a summary of where we are on expenses so far this year. Our expenses basically after 8 months were projected at $9,495,600 and on February 29th we were at $8,824,711, so that's about 62% of the projection (5% below projection).

Currently we are spending money at a rate under projection. We're not spending more money than we have. If you look at the box to the left of the expense box, you'll see FY12, the rest of the sheet sketches out permit revenue's trends going back to FY00; which the Budget Subcommittee finds extremely helpful. You can compare July 2012 to July 2011 through July 2010. A lot of this work done in the budget subcommittee is historic. You don't necessarily compare July to December, but you would for instance compare November and December of this year; and if you look at just the year you may say those two months dropped but if you compare them to the previous years November and December you will see them as months relative to the previous year; so that's the kind of information we get from that. The permit revenue for the year after 8 months was at $10,219MM (in the report previously sent to you under the monthly stats). We're about $2.2MM above the projection. The projection after 8 months would be $8MM we are at $10.2MM which is well above. The other revenue is doing very well. This takes the other revenue figure and restates then tells you what the projection would have been after 8 months. If you take Commercial Express Review which was packed to have $316K revenue through the year and the $245K we had taken in after 8 months $225K so that's very close. What you see from these is Commercial Third Review charges; we are about $25K above the projection. Mega Team was well above projection; about $160K. Other charges in Commercial were even more above the projection. We created a new category for some other miscellaneous charges and took in money on that. We didn't have any activity from the CMS Plan Review team. We used to have a contract with CMS for this team for several years and they discontinued the contract during the recession so that's why that is 0. Document Control was projected to have $185K in revenue 2/3 of the way through the year and they had $181K so they were right on the nose. Revenue collection was about $37K above the projection. Inspections were below; they were projected to be at $302K and they were at $245K. We would have projected after 8 months in other revenue taken in $1.28MM; we have taken in $1.678MM. This is important later on because the revenue chart in Handout 3 as well as the summary becomes important when we start to talk about what that means about the revenue in the coming year. The basic message on all of this is that we have a very healthy revenue; the permit revenue is $2.2MM above the projection, the other revenue is running about $400K above the projection, all totaled we are about $2.6MM above the projections if you exclude the technology surcharge. Technology surcharge is above its projection as well. We don't take the technology surcharge into account when we are talking about these numbers because when we get to projecting for the next year we're just going to take the new projects and plug in the amount; we don't get to spend an overage in technology surcharge in other stuff, it goes into the fund for that and it's all we can spend. After going over our budget and where we are in terms of our status on expenses and revenue do you have any questions?

Revenue Projection for FY12 Budget

Revenue Category	Amount	Includes
Permit fees	**12,001,001**	12 mo @ $1,000,083/mo
Other revenue item		
○ Com'l Express review	368,550	
○ Com'l 3rd review charges	378,680	
○ Com'l mega team	197,815	
○ Com'l other (misc w/4th&5th rev chg)	65,225	cancellations, day care, etc
○ Document control	276,905	
○ revenue collection	86,860	
○ bldg insp; Meck SI, OTI, IBA	453,365	
○ 3rd party	100,000	
Subtotal other revenue	**1,927,400**	
Tech surcharge transfer	**315,000**	
Total	**14,243,401**	

Brief Review of FY12 Revenue and Expense Status at 2.29.12
Expense Status as of February 28, 2012

- Actual expenses at $8,824,711 (excluding encumbrances to be spent in Fy12) or approx 62%
- Budgeted expense: $14,243,401/12 x 8 = $9,495,600
- So we're running about $670,899 under or 5% below projection (to the good).

Revenue Status as of February 29, 2012

- Total revenue projection of $14,243,401 breaks down into;
  - permit fees; $12,001,001 …………….(86%, excluding tech surcharge)
  - Other revenue; $1,927,400 …………..(14%, excluding tech surcharge)
  - Tech surcharge transfer; $315,000
- Status at February 29, 2012;
  - Permit fee revenue; $10,219,503 ($2.2188M or 27.7% above projection of $8,000,667)
  - Other revenue; $1,678,755 ($393,822 or 30.65% above projection of $1,285,575)
  - Tech surcharge collected; $284,928 (well above projection of $211,050)
  - Total rev (excluding tech surch'g); $11,898,258 ($2.612M, 28.13% above $9,286,242 proj)

Other Revenue Detail Status

Other Revenue Item	FY12 Estimate	8 Mo. Projection of Original Budget	Other Rev. YTD at 2/29/12
○ Com'l Express review	368,550	243,823	225,000
○ Com'l 3rd review charges	378,680	252,580	278,758
○ Com'l mega team	197,815	131,942	291,378
○ Com'l other w/4th&5th revw chg	65,225	43,505	213,732
○ Com'l misc(cancel, Daycare, etc)	0	0	124,843
○ Com'l CMS Plan Review	0	0	0
○ Document control	276,905	184,696	181,460
○ revenue collection	86,860	57,935	94,670
○ bldg insp; Meck SI, OTI, IBA	453,365	302,394	244,709
○ 3rd party	100,000	67,000	25
○ ABC inspections	0	0	24,180
Sub Total Other Revenue	**1,927,400**	**1,285,575**	**1,678,755**

Gross Revenue Status as of 2/29/2012

- Bldg permit revenue……………………………………$ 10,219,503
- Other revenue……………………………………….... $ 1,678,755
- Sub-total………………………………………………...$11,898,258
- Tech surcharge transfer……………………………..……. $ 284,928
- Total revenue after 8 months………………………..…. $12,183,186
  - Compares to total rev projection (without tech) after 8 months of $9,285,600 ;
  - So after 8 months, revenue is ahead by $2,612,658 or >28%

4. Proposed FY13 Expense Level

We put FY12 Amended Budget column right next to the proposed total so you can compare the two directly. You can see how our 4000 account expenses for staff from FY13 that we're proposing compared to what we had for 134 in FY12. This proposal to you is for 134 people. It does not include the betterments. The last handout that we'll talk about in this meeting adds the betterments in and shows the impact of them assuming that we can agree that you want to go ahead with the proposal. The first thing I'll talk about is the personal service for staff that last year made up 78% of the budget; this year it's a little less at 77.34%. That went up not quite $800K compare the $11.99MM with the $11.2MM and the vast majority of that is in salaries. It assumes a 3% salary increase on the average and assumes 4% increase in fringes and when you add all that up with the insurance and the related charges it adds not quite $700K to the cost of the 4000 account. There are some other things we did that increased the cost as well. We bumped our overtime allocation by $13K; we bumped it from $120K last year to $133K this year which is an estimate of what we think we'll need. The big difference is if you go to the line above that which is temporary salaries; last year we didn't put any temporary salaries in and this year we are proposing about $5,200.00 of temporary employees in selected core processes. The reason we didn't have part-time employees last year going all the way back to the reduction in force and the 2010 budget because when we hit the rocks in October of 2008 the first thing we did was go in and throw overboard all the part time positions, all the contract labor, anything like that that was immediately stopped. We have not had any part time positions since then; we started to create them and discussed candidly with the Budget Subcommittee that having a certain number of part time positions is a good way we manage the ups and downs of our workload demand. So that added $133K that wasn't in last year's budget and it shows up in the 4000 accounts. We had a drop in the salary and fringe transfer under 4051 and when you add all that up it shows an increase in the 4000 accounts of just under $800K. The 5000 and 6000 accounts went up a little bit. The 5000 account if you compare line to line there are some things that go up and some things that go down. The single biggest change in these happens in technology. At one point we had this close to being balanced between FY13 and FY12 but we went over proposal in the second meeting to add a queuing system in the lobby which will help manage how we handle customers when they come to our counters as well as develop data on where we are taking care of them well and when we don't what's going on. We think it's a powerful tool, cost us about $45K, the Budget Subcommittee thought so too so we added that back in to bump things up a little and that's really why it's $45K up from last year. We managed to push some other things down to balance it. In the 6000 account it's about one thing; it's about gas and oil being up. If you look at the 6081 line, you'll see that it was at $189K last year and now it's at $266K. Originally it was a little lower than that but the budget subcommittee was uncomfortable with us cutting it as tight to the bone as we did and they asked us to add in $15K and we did. The 7000 account is a technology transfer for new projects that's funded by the surcharge. Last year we had planned to transfer $315K for new projects, this year it's down a little bit, its $303K. Because we are going to propose some changes to our technology strategy for the next 2 years, which changes somewhat the 4 year strategy that we talked about 2 years ago. On the 8000 accounts there is a $54K increase, 1% of that is an estimated increase in the 8100 and the 8110 accounts which is the distribution of overhead from the Government Center and lease but also we are estimating that our vehicle maintenance should go up about $30K that reflects the fact that our fleet is aging even though the next line down is the 9000 accounts where we restart our replacement schedule for vehicles and includes $284K for vehicles and it also includes $51K for lobby renovations in connection with electronic plan submittal. This is a quick overview of how the numbers for the FY13 proposed budget compare to the FY12 current budget we are operating in this year. If you step back and look at the big picture, it points out at the bottom that this is up $1.26MM from last year or about 8.85% and that's without adding any staff. The big tickets in that which add up to about $1.12MM include $800K in the 4000 account, that's people, that's where 75% of our cost is. And of that about $700K is salaries and fringes and we don't have any control over that; it's set by the Government Center; it's given to us and we plug them in. We do have control over overtime and part-time employees and we have added about $143K for reasons that we think will help us manage a growing workload. The other big ticket that makes up about 89% of the $1.26MM is the trucks. We are adding 16 new trucks at $284K under the 9000 account as well as a little over $50K in lobby renovations to support EPS. There is other changes standard throughout the 5000, 6000, 7000 and 8000 accounts but they total $140K that's not where the big difference is

between last year's budget and this year's. The big difference is in the 4000 account personnel and in the trucks. In terms of our replacement strategy on specific things, if you look at 6075 that is for computer replacement, you'll recall that last year and the year before we had planned to replace 1/3 of the laptops. This is the 2nd year of replacing laptops and so in FY13 they are proposing to replace the rest of the laptops that have not been replaced which is about $28K. We also allocate some repair in there of the remaining laptops and the reason the number goes down is that the county at large replaced all of its office computers this year so where we had a big number for repair of aging office computers but took that out because all of our computers are new and they are all covered by warranty. Even though we are continuing the replacement budget on laptops that figure went down. Vehicle replacement which is again the 9006 account we didn't have anything last year, we're budgeting 16 trucks at just under $18K each which is $284K which is the first of a 4 year replacement schedule; 16 trucks is 1/4th of our fleet that we need to replace. We are not planning right now to replace the office vehicles because they are used differently now than before the recession. To point out a couple of other things, if you look at the gas and oil line 6081; the way we came up with the magic figure of $266K is we look at the expense rate through the first 7 months and use that to predict what it will be for the whole year; we adjust that for the fact that we'll have more staff at the end of this year than we had during the year because we are filling the last of those 5 positions that the board approved. After discussing this with the budget subcommittee we added in $15K which is how we came up with the $266K estimate for gas and oil which went up about $77K. On the 8003 account which is vehicle maintenance; we study the 7 month expense rate on maintenance for vehicles and then annualize except that we go inside that and we look to see how much of that was made up of repairs and if there wasn't many repairs in there then we'll add on 15% and that is what the study showed, that we had about $180K in base costs annualized but that didn't include as much repair as we would have thought since our fleet is aging we added 15% on top of that and that's how we came with the $207K. Any questions before we talk about technology.
EH: In 4004 we have $131.2K for temps; is that just there if you need temps?
JB: That will pay for 5200 hours of temporary staff. It is an estimate and we are fairly certain that in the 3071 column where $18K shows up that this unit will use that amount. It's an estimate although we know that with the DNC coming we need some capacity to manage those, even if the board adds the 8 positions that we are requesting. One of the arguments we make is the DNC; we know that we are going to want to add special teams beyond that to deal with the influx of special projects or last minute things that come in that seem to inherently be connected to those kind of projects. Again, one of the things we discussed with the subcommittee is that the role that overtime hours and part-time positions and contract positions played before the recession actually made up about 16% of our total staff resources and the first thing we did when the economy tanked is we shut all that off. What we are faced with now is rebuilding those teams and this is part of that step. The first step is to get the money; the second step is for the managers to identify the people who are willing to come in and work for us on a part-time basis, i.e. retirees that are interested in working some or it may be people who have worked for other authorities who are looking for some extra work.
RB: Do you get any cash back when you sell your 14 trucks?
JB: We do not.
RB: Is it a lease program?
JB: No it is a purchase that is managed by the county and the city pool; their purchasing efforts and they get the best deal they can for trucks and then we order out of that. We do not get money for the vehicles when we turn them in. Typical mileage on a pick-up when we get rid of it is 120K. You can get in long arguments as to whether or not we should get something back out of it but we have never come out on the top side of those arguments. This is just the position the county takes.
TH: Out of that $284K are they all full size vehicles? Are they V8s? What are we buying?
JB: For $17,750.00. It is a full-size pick-up V6 (standard ½ ton).
TH: Do we need full size ½ ton trucks? I never see the trucks used for hauling.
JB: Speaking generally, historically the department has been all over the map on what size vehicles that we get; sometimes there has been a trend where the department gets much smaller vehicles and then there are the pick-ups with the exception of the Escape which everybody seems to like but right now isn't cost effective to buy with

the exception of that I believe the reason we have preferred the pick-ups is because they hold up better over time. We've had more problems with the smaller vehicles durability especially for a certain segment of our inspector population, they don't work as well.
GM: Trucks even though they are a bit higher on gas mileage the resale at the end is pretty much a wash. You'll get a better resale on a used pick-up than you will a smaller vehicle.
JB: Even though that goes to the county fund and not us.
TH: But we're not getting that money.
GMullis: It's not only resale it is the cost to maintain the vehicles, we have Colorados in our fleet; their service record and repair records are much higher than it would be for the Ford V6 or the Chevy V6 which ever we get a quote for the state to buy from. Another factor in consideration is a lot of guys like the Escapes. Some of the guys have difficulty with access, full size makes it easier on some of them, yet another consideration.
TH: Maybe we should go to a foreign vehicle so we wouldn't have the repair cost.
JB: The process for acquiring the vehicles is managed by City-County Acquisitions; the entire process. We don't have a hand in that. We say how many vehicles we need, what the spec is and they go from there. The preference is almost always an American make. That is another reason our preference is for pick-ups because of the American vehicles, some of the more dependable ones are the trucks, they seem to have less problems.
EH: They also have better ground clearance.
JB: We've had far fewer problems with site access when using the pick-ups. With the generation before the pick-ups driving the Cavaliers we encountered big problems with site access.
JB: Does anyone have other questions on this? I want you to be comfortable with what we describe in your handout also because that's the foundation of everything we are going to talk about from here and eventually build on a motion that sets our budget for next year.

Budget Category Projection	**FY13 first Estimate**	**FY12 Current/ Adopted**	**Differences Between FY13 Proposed and FY12 Approved/Current**
4000 – pers'l service	11,990,949	11,203,898	Up 787k, for ext'g 134FTE count • Incl effective 3% raise + 4% fringe. • Salary & fringes collectively up 696.8k; including insur (+134k), FICA (+47k), 401k (+67k), all other +380k • OT incl at 133k (up13k from Fy12) • Added PTE at 131.2k (5200 hrs) • Salary fringe transfer dn 54k
5000 – contr'l service	886,956	842,802	Up 44k • Tel & cell phone estimate up 47.4k • PPE up 4k; training up 20.5k • Atty fees up 14k ; all other up 9k • 5054 + 5301 dn 27k (was all 5301); *Tech enhancement up 55k (mostly for lobby queuing), other down 82k (including imag'g-96k+Nav-18k out)* • 5301 still includes 90k for 3rd party wk • Casual labor down 20k

6000 - commodities	365,564	312,745	Up 53k • Gas&Oil up 77k based on Fy12 YTD + • Code books down 20k (partial) • Computer repl down 8k (office done) • Others up 4k
7000 – other	303,000	315,000	Com'l tech surcharge cov'd by transfer
8000 – internal service	1,622,480	1,568,956	Up 53.5k • Veh Maint up 30k (see also 6081) • 1% incr in CMGC & LUESA overhead
9000–fixed assets	335,000	0	Auto repl @ 284k; counter renov @ 51k
Total	**15,503,949**	**14,243,401**	**Up 1.260M or 8.85%**

Basics on What's Driving Changes in FY13 Expense Compared to FY12

- Overall, up $1.264M over Fy12, for current staff level, 134FTE's
- Big tickets; total $1.122M
  - 4000 account up 787k;
    - 697k increase in salaries & fringes
    - OT & added PTE strategy p 143k
    - Salary transfer down 54k
  - 9000 account; 16 new trucks at 284k + EPS counter renovation @ 51k
- Other smaller changes; total 140k+/-
  - 5000 account; Tech enhancement up 55k (mostly for lobby queuing)
  - 6000 account; Gas & oil up 77k, but other down 25k+
  - 7000 account; tech new project proposal down 12k
  - 8000 account; CMGC & LUESA O'hd charge up 25k, plus veh maint up 30k

Equipment Repair/Replacement Budgets

Computer Repair and Replacement Cost Strategy………………….in 6075

This budget includes proposes replaces laptops on a 3 year schedule (so 1/3, or 20, in Fy13). All other desktop computers replaced by IST in Fy12 (under warranty thru Fy14) so minimal repair allocation. Total budget looks like this

- Replace 20 laptops at $1400 ea = $28,000
- Repair 20 laptops $90 ea = $1,800
- 3061 allocation = $2,750

Vehicle Replacement ……………………………………………….…in 9006

- Propose 4 year replacement schedule for field; no replacement of office support vehicles.
- 16 trucks @ $17.75k ea = 284k.

Other

Gas & Oil Charge ……………………………………………….in 6081

- Fy12 YTD annualized expense running 48k above original estimate.
- Fy13 estimate based on this, adjusted 5.5% for positions added 8/2/11,
  - plus added 15k as discussed in 2/29/12 meeting

Vehicle Repair Cost Strategy ……………………………………in 8003

Same strategy as in Fy11 & Fy12; 8003 vehicle maintenance includes:

- Take Fy12 seven month expense rate, annualize and add of 15% to cover repairs, for a total budget allocation as follows;
  - Base vehicle service - $180,400
  - plus a vehicle repair budget add to 4 CP's (.15 x 180,400= 26,650+/-)
  - Total vehicle budget allocation of $207,050.

Note: current annualized projection is right on budget ($178,500), but that may not cover FY13 repairs as the other ¾ of the fleet ages, so added.

- Management study of Fy12 YTD repair expense seems to indicate 15% repair allocation should stay.

CMGC and LUESA Overhead

- CMGC overhead (in 8100); assumes 1% increase over Fy12 allocation.
- LUESA overhead (in 8110); same thing, assumes 1% increase over Fy12 allocation.

Technology FY12 Funding Proposal and Project List

Jim pointed out that the technology budget shows up in different spots. It shows up in maintenance under 3061 under line item 5054 software maintenance and support $203.34K. The second spot technology shows up if you drop down to professional fees in that same column line item 5301reads as $226.2K and that is made up of $90K for third party contracting and $136.2K for program enhancements. The third spot it shows up is in the same column under line item 7501 transfer to other funds $303K. These descriptions of projects all get plugged into those points in the budget. What they consist of is 1) maintenance of existing programs; it is funded by permit fees, in fact 1) and 2) are funded by permit fees. There are programs that are installed and are not being designed and so we are either modifying them to work better for customers or we are maintaining them. Meck-SI in terms of file service and maintenance by Revere Group or hosting by Peak10, the next couple of lines are Computronix for licenses for the Posse system the backbone of our system and will be for years to come. Underneath that is Selectron the interactive voice response system, the phone system that people phone in on and below that is Sages Networks which is the design build plan submittal that is being installed. There are a couple of others and when you add those up they come to $203K which is very close to the figure we had last year. It shows up in a different spot this year. Finance decided they would really like to have those showing in 5054. Changes in the system are found in two categories called "enhancements" and this is a change in the strategy that we took in funding technology that really was suggested by Cary Saul a year ago. Before last year we didn't budget the two (make improvements/enhancements) we just wrestled with the problem as we worked our way through the year and finally decided that wasn't working very well so last year we created this middle section and we started doing estimates, so we're building a history of what these consist of. Last year it was about $90K, this year it's about $90K except there is this one line that's added in that we talked about earlier, which is the Hal Marshall Lobby queuing system. With the exception of that, and the line above which talks about an online MEP test, which are things that we know we want to do. Everything above that is an estimate of things that we think we will work on. We are not certain about the specific projects but we can tell you right now, the 3 biggest things that are on the forefront of our mind in terms of installing new software and considering changes that we have to make to make them work better is 1) Electronic Plan Submittal 2) Adaptation of that to the CTAC and w/in EPS, the access that agencies have to the system and the way they use it to either place or release their holds for the benefit of customers so we are guessing that those are the kind of things that are going to be in the system coming up with modifications that Sages designs and installs and that's money that is allocated for that, so when you add all that up it comes to $136.2K and again it's about the same scale as last year with the exception of the lobby queuing proposal which we discussed with your Budget Subcommittee and they along with the Department felt this was a good idea so we added it in. The projects (the bottom section) that totals $303K those are new projects that are funded by the technology surcharge by transfer to this 7000 account that I talked about earlier. There are 3 projects that are listed here, but the big project has to do with Electronic Plan Submittal Plan Room. It actually represents a modification to your strategy. When we proposed the 4 year technology surcharge to you 2 years ago we described 3 projects that would be included in it. The completion of EPS, the Single Portal and BIM IPD. As we have completed and installed EPS and as we worked on the issues of both customer access to drawings and public access to drawings it became obvious to us that we need to create basically an electronic plan room and that is what that tool is like; it's something we didn't anticipate when we first conceived of the program but it is something that we knew was important to add and so we want to go forward with it. Another change that is not in this budget and will show up in next year's budget FY14 is that Computronix is coming out with a major upgrade to Posse, something they call Winchester that we want to budget for because it will extend the lifetime of Posse. When we installed Posse we had not quite $2MM invested in it. This is going to cost a little over $200K (still verifying quote) but the big thing this does in the overall strategy; is it takes the BIM project and pushes it back a couple of years which is okay with us because we're still wrestling with coming together that performance or program information to exactly how we are going to plug into a BIM-IPD project down the road. I wanted to spend some time talking about the big thing in the new projects which is the Plan Room which is a logical extension of the work that we've been doing; it fits in the context of what we described to the Board of County Commissioners 2 years ago but also means that the BIM-IPD component which is next in line gets pushed back a couple of years. In terms of the picture for the technology surcharge itself and the revenue that it has been taking in, after the end of February a year and 8 months, it had taken in $587K and our 4 year goal was between $1.1MM and $1.2MM to fund all the programs that we originally conceived in that. We are taking in revenue under the 5% commercial project technology surcharge at a pace that is right on target of where we have to be.

How Technology Proposal Shows Up in Your Spreadsheet

- Maintenance show up in 3061/5054…………………..……203,340 (fee funded)
- Exit'g program enhancements in 3061/5301……………136,200 (+ 90k = 226,200, fee funded)
- New Projects in Fy13 show up in 3061/7501…………...303,000 (tech surcharge funded)

Maintenance of Existing Programs **(Fund by Permit Fees)**	**Cost**	
○ Meck SI back-up file services	2,000	
○ Revere Group - Meck SI maintenance	15,000	
○ Peak 10 - Meck SI server hosting	24,000	
○ Computronix - POSSE licenses	38,230	
○ Computronix - POSSE annual support maintenance	30,600	
○ Selectron – IVR Maintenance	21,910	
○ Sages Networks – annual modules maintenance	30,000	
○ Lincoln-Perry POSSE source code protection	1,000	
○ Adobe viewer licensing costs	5,600	
○ EPS server and storage hosting	30,000	
○ Client Feedback tool annual agmt (1/3 year)	5,000	
	Sub total	**203,340** (in 5054)
Existing Program Enhancements **(Fund by Permit Fees)**		
○ EPS-EPR details (ongoing development)	40,000	
○ CTAC-EPS POSSE details (ongoing development)	20,000	
○ Agency holds tech modifications supporting EPS-EPR	25,000	
○ Novo suite asset management component	5,000	
○ Homeowner on line MEP test	1,200	
○ HMC lobby queuing	45,000	
	Sub total	**136,200** (in 5301)
New Projects **(Fund by Com'l Project Surcharge)**		
○ Code Enforcement Manager dashboard – Part II	35,000	
○ Client Feedback Tool by Design facilitator - Part II	5,000	
○ Developer dashboard	38,000	
○ Electronic Plan Room for EPS-EPR	225,000	
	Sub total	**303,000** (in 7501)

Total All Categories	**Grand total**	**642,540**

- <u>On "existing program enhancements", includes known enhancements;</u> (funded by permit fees)
  - Homeowner MEP on line test
  - HMC lobby electronic queuing
  - Balance of enhancement budget is estimate of typical requests (still building history here)
- <u>Notes on "new project" changes from 4 yr strategy</u> (funded by tech surcharge) as last discussed
  - Single Portal moving ahead right after EPS-EPR (budgeted in Fy12)
  - EPS-EPR plan r m important add (budgeted in Fy13 new projects)
  - New Winchester project (budgeted in Fy14 new projects)
  - Still collecting BIM-IPD program info; propose pushing BIM-IPD back to FY15 & FY16

Tech Surcharge Revenue Picture

- Fy12 tech surcharge collected at 2/29/12; $284,928
  - Fy12 the surcharge projection was $315,000
  - So we're $73.88k or 35% above projection of $211,050 (2/3 of $315,000)
- 4yr budget status; from 7/1/10 to 2/29/12, taken in $587,062, or 51%+/- of $1.1- $1.2M goal.

5. Revenue Prediction for FY13

In handout #3 is the 12 year revenue history. If you can make a note that I talked earlier that we are doing very well in our FY12 permit revenue. The FY12 box shows that to date we have taken in $10,219,502 after 8 months, that averages about $1.277MM per month. The projection was $8MM and we have taken in $10.2MM so we are over by $2.2MM but the important thing there is the monthly average. We're going to use that in a second; so if you would make note that $10.219MM averages out to about $1.277MM. A couple of items discussed by the Budget Subcommittee and felt important; 1) what makes up that revenue, where is it coming from so we did a quick study that is reflected in your handout 5A and it takes the calendar year 2011, we studied the validated fees for all project types for the 12 months of 2011 then we rolled them up and added percentages so that you could see that single family detached permits (builder houses) made up a little less than 17%. The total for all residential projects those that are single family or 2-family (doesn't include apartments) was 38%. Then you see the breakdown for commercial projects which totaled 58%. Admittedly there is a difference between fees validated and permit revenue that we report to you and there is a summary at the bottom of what that difference is. Basically, commercial right now is carrying about 58% - 60% of our revenue flow permits. Residential is carrying about 38%. Single family detached builder permits are down to about 17% at their peak. They were in the range of 35-40% sometimes higher; statement of fact. One of the reasons we were studying this was because there were some concern about where would apartments fall in all of this and if you look at the 2nd line, second box in the commercial section you'll see 5.53%. Apartments in the year we studied made up about 5.5% of our validated fees and one of our concerns was that everyone knows there's a lot of apartment construction that has been proposed. There is a lot that has been permitted and there is a lot on the drawing board and what we've taken in so far is it going to be impacted by the inherently cyclical nature of apartments as they go boom and bust and we are at a boom period where everybody wants to do apartments because the housing market is tough to move into if you want to buy so there is more demand on the rental side and there are a lot of proposed projects. In attachment 5B, basically we met with the Executive Director of the Charlotte Apartment Association and talked through this problem and also the nature of the business and tried to figure out if there was a drop that we weren't seeing that would impact how we would forecast revenue, in conclusion if you read this, you'll see that there isn't so much work now in apartment revenue, over a year period there were $900K in revenue in fees validated which is all fees not just ours but other agencies. There is more than that behind it so that's a representative amount. We don't think there is going to be a horrific drop that in the coming year is going to distort the revenue prediction if we use figures such as this. The study that we made to address a concern that apartment construction will probably hit the wall if not in FY14 probably in FY15 and will we be basing revenue numbers on a group that included a subset that would change radically and the answer was there isn't that much of it in there right now it's 5% and what is in there is fairly representative of a normal amount. If it tanks, it's not going to tank for a couple more years and it has yet to go up above that anyway. We don't think it's an issue. What it means is we think we can use that $1.27MM as an aggressive forecast but feel we can use that with confidence.

Permit Revenue Status ……………………………....at 2/29/2012

- Fy12 projection $8,000,667
- Fy12 collected $10,219,503
- Annualizes out at $15,329,250, or an average of $1.2774M/month

Where is the revenue coming from?

- See Fees Validated Study for period Jan to Dec, 2011
- Shows;
  - 58% commercial vs. 38% residential
  - SF detached permit fees down to 17% (from 40-45% range in 2006-2007)
  - Apartments makeup 5.5%. Note, <u>does not</u> yet reflect the boom in apt applications (most haven't had permits issued yet, so no revenue bulge to disappear)
- Note difference between Fees Validated and Permit Fee totals reported monthly to BDC

Will Multi-Family Construction Activity Distort Permit Revenue Picture?

- See handout 5b, sketching out possible impact on FY13-FY14-FY15 permit revenue

Other Revenue Status at 2/29/12

If you take the other revenue in the center column then you annualize that and use that to predict how much revenue we are going to take in a year, whereas we predicted originally we take in $1.92MM this indicates that we may take in as much as $2.6MM. Now admittedly there is $100K in there for 3rd party and if we don't do any of that it will go away. Basic message from this is that your other revenue which again makes up 14% of our overall revenue probably can be more aggressive than we predicted last year at this time.

Other Revenue Item	FY12 Estimate	Other Rev. YTD at 2/29/12	2/29/12 Other Rev. Annualized
o Com'l Express review	368,550	225,000	337,500
o Com'l 3rd review charges	378,680	278,758	418,137
o Com'l mega team	197,815	291,378	437,067
o Com'l other w/4th&5th revw chg	65,225	213,732	320,058
o Com'l misc(cancel, Daycare, etc)	0	124,843	187,264
o Document control	276,905	181,460	272,190
o revenue collection	86,860	94,670	142,005
o bldg insp; Meck SI, OTI, IBA	453,365	244,709	367,063
o 3rd party	100,000	25	100,000
o ABC inspections	0	24,180	36,270
Sub Total Other Revenue	**1,927,400**	**1,678,755**	**2,617,554**

Based on Above, FY13 Maximum Gross Revenue Would Be **Projection**

- Bldg permit revenue EOY estimate; (from item 6.1)………………..……..……15,329,250
- Other revenue EOY projection (from item 6.2)…..………………………….…..2,617,554

- o <u>Technology surcharge transfer………………………………………………….303,000</u>
- o Predicted Fy13 gross revenue (2/29/12 Fy12 YTD, annualized)………………18,249,804
- o <u>If Fy13 expense level is predicted at…….……………………………………..15,503,949</u>
- o Difference between projected Rev & exp ……………………………..……..2,745,855

<u>What would minimum gross revenue look like?</u> If we use Fy12 revenue projection from March to June, 2012, looks like this

- o Bldg permit revenue EOY estimate; ($10,219,503 + $4,000,333, from5.1)…....14,219,836
- o Other revenue EOY projection ($1,678,730 + $603,042 +100k, from5.2)……....2,381,771
- o <u>Technology surcharge transfer…………………………………………………..303,000</u>
- o Alternate Fy13 gross revenue (2/29/12 Fy12 YTD + Mar-June projection)……16,904,607
- o <u>If Fy13 expense level is predicted at…….……………………………………...15,503,949</u>
- o Difference between projected Rev & exp ……………………………..………..1,400,658

Other Considerations in Predicting Revenue for FY13

- Full impact of electronic permitting charges for those using paper (unknown)
- Impact of CRWG - RFBA, if approved by BOCC; estimated at $230,000

What might Revenue be in FY13? We've got an expense level that we've proposed to you that is the base for 134 people. We are going to propose a betterment; a total expense package and the question is do we have enough revenue to pay for those things if we all agree that we want to do them. Two ways to look at revenue; if you assume we are in a fairly stable market; that it's either going to continue going at the annualized rate that we've seen so far or that it's going to taper off as we move into this year. So what this is doing is using our historic data for this year and trying to forecast what is going to happen in FY13. Saying something similar to FY13 is going to happen, something similar to FY12 is going to happen in FY13 so we use this year for modeling then it says there is probably a maximum scenario and a minimum scenario. You can argue whether there are other scenarios. First scenario building permit revenue takes that $1.277MM (that I referred to earlier) and plugs that in. For other permit revenue plug in the $2.617MM other revenue that I talked about that annualizes out, you take the $1.678 and you annualize it and come up with that figure. When you add in your technology transfer because that is going to come in as a surcharge and you have a total maximum gross revenue next year of $18MM. Right now your expense level is predicted $15.503MM so this is predicting you would take in $2.7MM more than you are planning to spend for the basic department (maximum). If you take the same thing and say all I'm going to do is, say that I know what I have taken in so far this year and the rest of the year is going to be no better than the projection. That means that I would take $10.2MM to date and I'd take 4 months of a little over $1MM per month and I'd add those together to get $14MM to come up with my other revenue I would take this $1.678MM and would add 1/3 of this because that's what's left in the year, you'd take $1.678 and you'd add $603K then you'd add in the $100K for the third party contracting and you get $2.3MM. You'd add on the technology transfer $303K comes up to be $16.9MM or about $1.3MM less than the most optimistic one, you subtract the basic budget from that and you've got an excess of $1.4MM. Obviously the reason we are showing you the excess is we are making an argument that the betterments are easily funded inside the revenue streams that we've currently seen. Just to point out a couple other things; this doesn't take into account the full impact of electronic permitting charges. For people using paper which is still an unknown for people that insist on using paper what we're going to charge is still an unknown; although, the purpose of that is not to take in money, it is to steer folks towards the electronic process. We're not after money and hope we don't take in a lot. However, the one below that if the Board of County Commissioners approves the CRWG proposal we estimated it would take in $230K and that is not reflected in any of these calculations. So there are some things out there that are on the plus side that we haven't taken into account.

JM: I'd like to ask the BDC, since we have a small group that represents the small business subcontractors, developers, home builders if they felt like those revenue projections are realistic and maybe even conservative especially the bottom one. What do you see you in your businesses of the general economy? Are you still seeing a lot of government stuff or is the private sector beginning to crank up?

RB: There is a lot of government work that we are doing now but there is a lot of smaller commercial going on too, a lot of retail centers getting a second look. You can't compare 2012 or 2013 to 2008. I do have one question, Jim the fees you are going to generate for the DNC coming to town; is that mostly going to be made in 2012 or 2013 budget? Do you get most of your revenue from the plan review or from doing the inspection work?

JB: DNC will probably be all in this year. I would assume you would take out your permits before. Probably will be related changes, as the history with these things is they make a lot of changes and that kind of stuff will fall in FY13. Rodgers Builders, one of the main contractors on the DNC, their permits will in all likelihood fall within this year but the project is not as big as we thought at first so this doesn't take it into account but I don't know that the work they are going to be doing doesn't kind of fall inside the scale of what we've been seeing for the last couple of years. The big unknown on that are not so much the projects that are directly related to the DNC, the arena project, the hotel projects or the airport project, we know about those, it's the other stuff that we are having a hard time putting our finger on and the special permits that are going to come with it. But my guess is those will not generate that much in revenue. They'll probably generate an incredibly high level of headache from talking to John Barrios with the City of Tampa and they have a lot of experience in doing Super Bowl events, they've done 4 of them and John says this seems a lot like that and so we've been comparing notes through conference calls and we are going to do it again in June. It sounds like that kind of stuff will certainly fall in the next fiscal year that we're talking about but we don't think that's going to be big revenue generators. It is one of the reasons that we have bumped up the overtime and we have put in the money for part time employees because we think we are going to have to create some teams to cope with that. It's not a very specific answer to your question but that is what I know.

TH: Do you mean like last minute small business store transformations to upfit, is that what you are speaking of, related to the DNC?

JB: Well it would be two kinds of things that might happen, but it would be people that would decide they have a use for a vacant storefront and they want to put it in service and are going to do it with two weeks to go and may or may not know something about taking out permits. Then there are the events that are called special events that may or may not involve buildings that may involve tents, structures, stages, that kind of thing. It's a whole other field that we're wrestling with that we are trying to figure out how it's going to play into this.

GM: I don't think any of us know exactly. From what we are hearing lately, we're not expecting to see a tremendous activity; whatever we take in for revenue will probably be matched up with events in part time and third party inspection costs.

JB: We were very concerned on the DNC for awhile that the facilities related to the different state organizations might get located in facilities that don't have the capacity to hold the kind of events they are going to hold but from conversations that CFD has had with both the DNC and Tampa has had with RNC, apparently they ride a really close herd on the hotels that are participating in the program and they have a strong set of rules and they've met them and made sure that if they are going to put a group or state w/in a facility it's not just about the hotel rooms it's what they are planning to do and if they have the capacity to take care of it. So we think that is much less of a problem than we originally thought. That frees us up to worry about things such as the store front that you described and whether the person knows or wants to know about taking out a permit and the special events which is a separate field.

TH: Do you think you'll find yourselves chasing unpermitted work? Or potential lost revenue?

JB: We do anticipate that will happen. And you are talking about projects that by their nature are smaller projects even if they take out the permit we're probably going to lose revenue on it. It's about trying to manage the things that people are trying to do and to keep them safe. That's what we are after. We'll set up some teams for a temporary period the month before; that's what they do, they deal with those kinds of service issues when they break out and try to get the people steered in the right direction. Hopefully they want to work with us and we'll get them going where they have to go.

6. Proposal for Added Positions (betterments)
Cost

<u>Annual Cost of Proposed Positions</u>	**<u>annual</u>**	**<u>22pp</u>**
a) 2 admin positions supporting CEM's	$103,896	$87,912
b) CE-Tech Triage position	$81,248	$68,901
c) Revenue Collection clerical position	$54,998	$46,537
d) ISO training support		
o add 3 inspector positions	$230,918	$195,388
o add 3 plans examiners	$255,447	$216,147
Total add all positions	**$726,507**	**$614,885**

Brief on Justification

- <u>Admin Ass't III</u>; follows up on pilot recommendation; provides better IBA & OTI support; allows CEM's & IS"s to focus more time on project issues.
- <u>CE Tech Triage</u>; focuses on electronic trouble shooting when line staff hit a glitch. Involves resolving user problems, training staff, ensuring applications meet user needs and testing software. Ultimately, available to outside customers, aiding in electronic trouble shooting.
- <u>Rev Collection</u>; replaces position cut in Fy11 RIF. As economy picks up, responds to Revenue Collection increased workload. Replaces PTE's. Adding position eliminates customer service delays and gives staff time to provide good customer service.
- <u>Plan Review & Inspector training related adds</u>; repairs RIF fallout, adding code official hours equal to collective requirement for Code Official annual training requirements. Helps assure we can maintain high IRT's and best ISO score possible.

Proposal to Advance Adding 8 Positions Now

- Inspectors (3) + Plan Review (3) + AST (2) = 8 positions in RFBA for March 20 BOCC mtg.
- Dept rationale behind advancing these positions now, rather than waiting to June:

i. <u>Workload</u> is up, relative to Fy11 and prior years.
  - *OnSchedule commercial 1st review counts are running 11% ahead of Fy11.*
    - *The fact that this includes few very large ("mega") projects speaks to the breadth of the demand.*
  - *Mid-year com'l project permit counts are on a pace roughly 19% ahead of Fy11.*
  - *Mid-year inspection counts are 9.5% ahead of Fy11, as we head into the time of the year typically with the strongest inspection demand (April through October).*

ii. <u>EPS-EPR field learning curve</u>; some projects now fully electronic, even field permit sets.
  - *So in the next two months we will introduce E-plan access to drawings for inspectors, and there is a considerable learning curve on this.*
  - *The added staff will help preclude a significant drop in IRT.*

iii. <u>DNC</u>; challenge involves Arena, Airport, several hotels, & unknown "special projects"
  - *We're still getting our arms around this, but adding the 6 code officials now gives us greater depth to service this unknown demand.*
  - *If we wait until Fy13 budget is approved, these positions will come on line at or immediately after the DNC, which is too late to help us.*

We started out proposing 10 positions that totaled in the 22 pay periods that would run in the next fiscal year; if you approved these and create the positions in July, it's going to take you about 4 pay periods to advertise, interview, get person through orientation and then in the trenches. The column on the right hand side is the 22 pay period costs in a year $614K but then we show you in the left hand column is the actual annual cost that we're adding to not this FY13 but in the following year is the cost that would show up. They are actually costing us about $726.5K a year. To run down what they are and why we need them; the 2 administrative positions (item a) they are Administrative Assistant IIIs. We did a pilot study of support that was needed for the Field Inspectors, the Code Enforcement Managers, the Inspection Supervisors and this was identified as a need and will help us both provide better service in IBA and OT Inspections as well as free up the Code Enforcement Managers to focus more on project issues which is what we want them to do so that's the rationale for the first one. The second one is CE Tech Triage which is all about creating resources to electronically troubleshoot things when line staff hit them; eventually it will be turned into a capacity both for customers that are trying to work from the outside so it is a natural extension of all the automation that we are doing trying to get people to do their work from their desk with us but then when they run into glitches you have to have a process that takes care of it and that is what this is about, building that process. Revenue Collections and Clerical Position we cut this position in the FY11 RIF, this restores it. Revenue Collections is running into some service issues as our workload increases and this helps them provide the level of customer service that we believe the people at the counter need. The last entry, we're pricing the capacity for training that was thrown overboard when we did the RIF at large. When we eliminated 46% of our staff (in the field it was closer to 50%) we didn't take into account the training hours that have to be invested for our code officials to maintain, not just their certificates but also our ISO standing and those aren't an inconsiderable amount. When you add up exactly how many hours that need to be added it represents 5 people; the proposal is for 6 people because you have to add a plan review team, you can't just add 2 plan reviewers, so the idea is to add 3 inspectors 2 plan reviewers and the collective hours give us the ability to reestablish the training capacity that we threw overboard in FY10 and FY11 when we were trying to balance the budget. Those are the 10 positions that are proposed. We discussed with the Budget Subcommittee that given the strength of our revenue, so far this year (reflected in handout 3 and in other revenue projection and by increases in work load) we want to advance 8 of those positions immediately to the Board as in tonight, so we've attached the RFBA which is item 7 that we sent over to the Manager's Office earlier this month and it's on the Board's agenda for tonight. Basically this is about 3 things. We see the work load (except on several fronts) Patrick is seeing it in the first review counts, we're seeing it in commercial project permit counts, we're seeing an increase in inspection counts so that's one thing. The second component that we are taking in to account is that as we install electronic plan submittal in the office eventually it is going to hit us in the field and we're going to be working with inspectors who are trying to read plans electronically which they have never done before and we anticipate that there is going to be a learning curve that we have to have some capacity for or it's going to create a problem, which is a problem now. The third one is the DNC which we already discussed that adding these positions immediately would give us the added capacity for the DNC. If we waited to add these positions until the fiscal year started, they would come on line about the time the DNC is over. The timing seems to be perfect to push it forward now and that's why we are submitting the RFBA to you immediately. Typically we would bring this to you a month ahead of time. What we did in this case was to discuss with the Budget Subcommittee on the 29th of February when they indicated that they thought it was a good idea, they indicated strong support and that afternoon we sent it over to the Manager's Office and told them we wanted to run it now and they agreed. That is why we are proposing it to you today because we want to move it forward as quickly as we can. Any questions on the betterment proposal or why we believe we must run the RFBA forward now?

7. Balancing Expenses and Revenue
Can we agree on the expense side?

- Base budget for 134 FTE's of …………………………..$15,503,949
- <u>Add of 10 betterments at…………………………….….. $614,885</u>
- Total proposed budget of ………………………………..$16,118,834

Let's assume for the sake of discussion that you folks feel the same way about the betterments, and then your question becomes, what is the gross budget? What this is trying to show you is that if you added the betterments the gross budget would grow for FY13 from $15.5MM to $16.118MM. This is where these two scenarios come into play that even with your most conservative revenue projection we feel we have plenty of revenue to do this and we think there is a need for the betterment 10 positions and that is what handout 8 is about.
JM: One of the things we discussed with the Budget Subcommittee is where the special fund stands now and how far down that dipped. And the difference if indeed your numbers are exactly right $800K that we would accrue to the special fund over next year; where are we now and where were we at our lowest point?
JB: Actually, we did a pencil sketch of where we are on the special fund. To answer your question, when we came out of FY10 we were in the red in the special fund -$450K
JM: And you are peaking at?
JB: It was around $9MM. It actually was up to $10MM before we contributed some money to the design of project on Freedom Mall. We lost some money there. It was between $8MM and $9MM when the recession hit and we used all of that to manage the RIF and actually went in the hole; they funded us to the tune of about $450K at the end of FY11 we had paid that off and we had about $950K back in the special fund. So when we started this year we had almost $1MM in it. Upcoming projections could put the special fund in the range where we don't worry about whether or not it's got enough money in it because there are a couple of things we discussed in the meetings that are different the next time around. 1) We don't have 242 employees anymore, we were trying to cut back from 242 to 130, so we don't have as many people and 2) if we did it again, we would move much faster and I think the Manager's Office would be inclined to move much faster than it did the first time. The Manager's Office in many respects didn't want to move as quickly as we could have, out of consideration for the people's positions that were being eliminated.
JM: I think that lets the public know we are being good stewards, given more of the work levels we need to hire more people especially with the DNC coming and the anticipated uptick in apartments, it seems self evident that we need more people if we are going to maintain the current service level especially if we have a few upticks and the current revenue levels can certainly support.
JB: This recognizes that we need more people on a couple of fronts. It starts to rebuild that capacity for over-time, part-time staff that again, was the first thing we dismantled when we ran into problems in October 2008. It takes the second step in adding positions. We added 5 positions last August, this adds another 10, 6 of which are related to either Inspections or Plan Review so it's starting to rebuild the capacity and yet it gives us, if we build the part-time teams too it gives us some cushion to deal with ups and downs that are inherently part of this.
JM: Are you looking for a motion on this now or later?
JB: I think we've tried to discuss this electronically and I think a big part of this is determining whether or not people are comfortable first of all with today's budget and then comfortable with the betterments. I think what you do is vote on those two things separate. That vote should be separate because it is conceivable the Board could turn down the request for the 8 positions tonight and I don't want to come back and ask you to take another vote on just the basic budget with the betterments because we tied the RFBA to that so that the action on the RFBA should be separate from the action on the basic budget and that's really your choice what you are comfortable with and really at this point we've presented all we have and it's open discussion, open floor for the BDC to ask questions or to consider what you want to do next.

Will revenue projections cover expense?

- Most conservative (see item 5.3) does at ………………..$16,904,607
- Possible revenue picture;
    - Permit fees (12 mos @ 1,133,000)…13,596,000
    - Other revenue………………………..2,219,834
    - <u>Tech surcharge transfer………………. 303,000</u>
    - Total………………………………..16,118,834

Open discussion by BDC on balancing the FY13 budget proposal

The motion by Harry Sherrill, seconded by Ed Horne to support the Code Enforcement proposed FY13 budget, as derived with input over 3 budget sessions with the BDC Budget Subcommittee, including the proposed 10 betterments, for a total expense and revenue level of $16,118,834, for 144 FTE's, with sources of expense and revenue as described in the March 20TH, 2012 BDC meeting; passed unanimously.

The motion by Harry Sherrill, seconded by Travis Haston to support the Code Enforcement proposal to include 8 of the positions described in the previous motion, in an RFBA (as described in handout 7) to be advanced to the BOCC immediately, so that these positions may be approved and filled as soon as possible; passed unanimously.

Similar to last year's budget this budget I don't think takes a lot of explanation to customers. I think explaining it to customers, doing an announcement of what we have sent on to the Manager's Office and the Board of County Commissioners is appropriate but in terms of the intense public info effort we put on for 2 years as we went through the RIF, I don't think that is necessary, unless someone chimes in I will assume that is accurate. That is how we will approach this.

Jim thanked the BDC Budget Subcommittee Members, Jon Morris, Elliot Mann, John Taylor, Harry Sherrill, Zeke Acosta to include Trent Haston and Wanda Towler; they all did a great job and they dealt with this 3 times over. Amy and Anne did a great job supporting the department, crunching numbers and providing a comp analysis to include meeting handouts. Rebecca did a great job in setting up the meetings and supporting the meetings. Want to thank Gene and Patrick for carrying the ball for me last Friday I greatly appreciate that when I couldn't be here for the last meeting. The last thing I want to thank the BDC at Large for your attention today. It's not an easy topic, it's a long meeting and I appreciate it. Mostly I appreciate the support that you folks have shown to the department over the years and the faith that you've given us in how we approach our work. Thank you very much.

JM: Jim your crew does a great job, Gene and Patrick in leadership on the inspections and permitting side you all put together a responsible budget, being a zero based budget, it is fascinating the way that you build it, you do a terrific job on that.
JB: It really is zero based, a lot of departments talk about it but this is a zero based budget. We rebuild it every year from scratch.
JM: It's a great learning process, you get a lot of input from the industry and you see the learning process from the ground up. Thanks to the whole Code Enforcement team. Jon Komisin promised me when he handed me the gavel back in 2007 that we'd only be talking about betterments. I'm glad 5 years later that we are close to being there, I hope that it continues and it is a fun topic. I hope the rest of the economy follows suit.
JB: Thank you Jon. The manager's will hang here for a few minutes if you have anything you want to discuss with them out of the report that we sent you on Thursday afternoon.

8. Adjournment

The March 20th, 2012 Building Development Commission meeting adjourned at 4:40 p.m.

Note: The next BDC Meeting is scheduled for 3:00 p.m., Tuesday, April 17th, 2012.