



BREVARD COUNTY PROPERTY APPRAISER
FISCAL YEAR 2014-15 BUDGET
Executive Summary

The requested budget of the Brevard County Property Appraiser addresses the obligations of the Office under the Constitution of the State of Florida and the Brevard County Charter.

The budget request for FY2014-15 is for \$8,644,325, representing a 0.0% increase over the previous approved budget. In accomplishing this notable achievement, in light of large investments in technology upgrades and large increases in health insurance and retirement expenses, the budget also addresses the core goals of the Office:

- 1) Provide quality service to the public;
- 2) Promote accuracy, taxpayer equity, accountability, transparency and professionalism;
- 3) Acknowledge the ongoing economic challenges in Brevard County and the State of Florida by thoroughly challenging personnel, operating and capital expenditures and focusing future needs; and,
- 4) Move the Office forward by embracing new best practices, process improvements, personnel development and investment in the technology and training necessary to perform the work with which the Office is tasked.

The arrival of new leadership in January 2013 signaled that ongoing methods, practices and expenditures would be challenged and that significant changes in philosophy and management

style would be readily apparent. The requested budget is indicative of the implementation and continuation of those changes.

Personnel Expenses

Personnel expenses decrease by \$84,079 (1.1%). Funded positions are reduced by one from 105 to 104 due to workforce reductions before the beginning of the year. Funded positions will be reduced by an additional two positions at the planned conclusion of the year as four scheduled retirements occur. The overall reduction in personnel expenses is comprised of the following major components:

- No inflation adjustments for wages, performance-based bonuses, or other office-wide pay improvements.
- (\$251,788) reduction in regular wages as workforce reductions occur and retirement-induced vacancies go un-replaced.
- \$98,000 increase in Special Pay to accommodate separation expenses for retiring employees.
- \$15,215 increase in retirement expenses as Florida Retirement System rates increase (note, the raw impact of the FRS increases is a \$51,596 before adjustment for retirements and workforce reductions).
- \$94,601 increase in health insurance due to plan premium changes implemented by Brevard County (14% employer cost increase) (original impact of \$147,344 is mitigated by adjustment for retirements and workforce reductions).

Operating Expenses

Operating expenses increase by \$30,554 (3.1%). The overall change in operating expenses is comprised of the following major components:

- (\$72,000) reduction in legal expenses as the Office enjoys lower general counsel costs.
- \$44,826 increase in education and travel expenses as the number of deputies participating in industry-sanctioned courses increases by 300% compared to recent years.
- (\$24,325) reduction in postage as the Office's mailing contractor continues to aggressively pursue discounts in multiple mass mailings to addresses.
- \$71,272 increase in electronic data processing expenses, largely due to increased software licensing costs as more powerful servers are deployed.

Capital Expenses

- Capital expenses increase by \$53,228 (134.3%) as the Office continues or finished the following projects:
- Desktop computer replacement cycle – Last replacements of 105 desktop units
- Tablets for field force for remote data entry and access
- Purchase of failover server for new public Internet and Mapping servers
- Server room air conditioning replacement

An Important Note about Technology

As new leadership arrived in January 2013, the major technology platforms in the Office were dangerously outdated, unstable, difficult to maintain, woefully inefficient to use, or some combination of all factors. Some major initiatives that are being completed in the upcoming fiscal year include:

- Conversion of current CAMA (internally developed, circa 1988) to Patriot Properties AssessPRO V5.0 system.
- Deployment of new desktop computer systems, with double and triple monitor setups as needed by data- and mapping-intensive staff.
- Deployment of new website and corresponding Internet and Mapping servers with redundancy
- Complete review of full cycle of technology subscriptions and services to ensure compliance with Office purchasing policies and/or maximize use of State, Federal or other public entity negotiated agreements.

Technology is critical to repetitive, process-driven tasks like assessment roll preparation. The poor adoption of technology by the Office is reflected in the dramatic fluctuations in staffing during the peak to trough in the real estate market cycle experiences by Brevard County between FY2006-07 and today.

ACTIVITY-INDUCED BUDGET CHANGES		
<u>Year</u>	<u>Employees</u>	<u>Budget</u>
FY2006-07	146	\$12,007,721
FY2014-15	104	\$8,644,325

The 29% reduction in staffing and correlated budget decline (reflected in chart above) should be sustainable in most market conditions if technology is properly deployed.

According to a report authored by Dr. Lawrence Walters and the IAAO Research Committee and published in the May 2014 *Journal of Property Tax Assessment & Administration*, in order to compare the use of technology in assessment offices, the researchers created a scale that could be applied to any office. This “Technology Index” has a maximum score of 27 points. In the

survey conducted, county assessment agencies of all sizes had a mean technology score of 10.10, while larger agencies (>100,000 parcels) scored 11.6 on average, implying that larger agencies are broader adopters of technology to assist in their work.

Applying the IAAO Technology Index to BCPAO, using current (May 2014) and proposed (October 2015) technology deployments generates the following result:

IAAO 2014 TECHNOLOGY INDEX COMPONENTS

<u>Technology</u>	<u>Points</u>	<u>BCPAO Score May 2014</u>	<u>BCPAO Score Oct. 2015</u>	
Remote data entry (note: included with tablet deployment)	3	-	3	(pending)
Electronic distance measuring (EDM)	3	3	3	(deployed)
Field tablet use (note: ETA to field Spring 2015)	3	-	3	(pending)
Real-time remote access (note: included with tablet deployment)	3	-	3	(pending)
Oblique photography	3	3	3	(deployed)
Global Positioning System (GPS)	2	-	-	
Graphical Information System (GIS)	2	2	2	(deployed)
Aerial imagery	2	2	2	(deployed)
Digital property sketch	2	2	2	(deployed)
Photographic equipment	1	1	1	(deployed)
Video equipment	1	-	-	
Laptop	1	-	-	
Digital pen	1	-	-	
Office library	1	1	1	(deployed)
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		14	23	

The results show that, at present, the Office's "Technology Index" score is 14, which places the office in the 2nd decile (80-90th percentile) of agencies who participated in the survey. This is a strong result; however, based on the pending technology improvements scheduled for the upcoming fiscal year, which includes adoption of Patriot Properties modern, customized off-the-shelf AssessPro V5.0 CAMA package with supported field tablet deployment, the Office's Technology Index score will rise to 23. The top Index score in the survey of 672 agencies was 22 on the 27-point scale.

Conclusion

BCPAO presents a responsible, well-considered budget request that remains unchanged over the current fiscal year. This level budget reflects major internal changes in personnel and systems to promote stability and quality in the Office's operation for many years to come.

This stable budget request recognizes the local funding pressures in Brevard County and "self-funds" increases in health insurance and retirement totaling \$198,940 and capital investment of \$92,849 by making painful, but necessary, reductions in staffing and by continuing to challenge every contract or expense the Office bears.

The Office will be challenged in future budgets by continuing increases in health insurance and retirement expenses, as well as market pressure to resume an inflation-sensitive pay plan as the employment market continues to strengthen.