



BREVARD COUNTY PROPERTY APPRAISER
FISCAL YEAR 2015-16 BUDGET (POST-APPROVAL)
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 FY2015-16 is for \$8,791,730, representing a 1.7% increase over the previous approved budget. In accomplishing this notable achievement, in light of a continuing large investment in technology upgrades and a projected 8% increase in health insurance negotiated by Brevard County, 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 \$177,486 (-2.4%). Funded positions are reduced by 2% from 104 to 102 due to workforce reductions. In addition, the Office has pursued management consolidations in several departments as management vacancies occur. The result is a “flatter” organization with lower personnel expense for a continued high level of service delivery. The overall reduction in personnel expenses is comprised of the following major components:

- (\$93,876) reduction in regular wages as workforce reductions occur and staff restructuring continues, in addition to the (\$251,788) achieved in FY2014-15.
- (\$107,453) decrease in Special Pay to accommodate separation expenses for retiring employees as retirement count lessens vs prior year.
- An (\$11,973) tentative decrease in retirement expenses, based upon FY2014-15 Florida Retirement System rates. Rates are subject to change as the Florida Legislature continues to debate the FY2015-16 state budget.
- \$100,532 projected increase in health insurance due to plan premium changes negotiated by Brevard County (8% employer cost increase) (original impact of \$125,940 is mitigated by adjustment for workforce reductions).

No inflation adjustments for wages, performance-based bonuses, or other office-wide pay improvements are obligated. A reserve is established under Non-Operating Expense/Special Contingency containing the funding necessary to implement a wage increase of up to 3%-4% (plus additional other related expenses), to allow the Office to mirror a pay improvement plan, should the Brevard County Board of County Commissioners adopt such a plan. At the time of this budget submittal, County management has indicated their intent to pursue such a plan, but the County will not formally adopt a budget until August/September 2015.

Operating Expenses

Operating expenses increase by \$210,976 (20.7%). The overall change in operating expenses is comprised of the following major components:

- \$146,737 new expense in EDP Professional Services as the Office initiates software maintenance payments to Patriot Properties for the new AssessPro V5 Computer-Assisted Mass Appraisal (CAMA) system being implemented for the 2016 tax roll. The expense for this customized off-the-shelf system is largely offset by a reduction of in-house programming staff after retirement of the legacy self-maintained CAMA system.

- \$25,000 new expense in Appraisal Services for aerial imagery analysis services. The efficiencies gained from this service are expected to eliminate the need to add staff to the Field Operations division.
- \$19,800 new expense in Telecommunications for system maintenance and service following the Office's mid-year decision to quickly replace the County-provided office telephone system and take direct management and financial responsibility for Office telecom services. This expense is offset in the County's budget by a decrease in the County's telecom expenses represented by the Office's \$113,714 'burden' according to the County's FY15-16 Cost Allocation Plan.
- \$7,920 new expense in Telecommunications to equip Office vehicles with GPS units and monitoring services, to assist in vehicle health monitoring and staff performance assessments.
- \$10,800 in new expense for three additional leased vehicles to enable more Field Operations staff time in the field. It is expected that the Office will develop a strategic plan and RFP/vendor selection for fleet management in the upcoming fiscal year, as vehicle age approaches 10 years in some cases.

Capital Expenses

Capital expenses decrease by (\$61,128) (-69.7%) versus prior year budget and decreases by \$562,025 (90.2%) versus FY2013-14 as the Office finishes the following projects:

- Funding multi-year CAMA system replacement, totaling \$1.6 million, with savings gains from organizational restructuring and contract administration.
- Desktop computer replacement cycle – Last replacements of 120 desktop units
- Converting the Office's network servers to Virtual Machines, reducing 24 servers to 2.

In addition to the projects above that are scheduled for completion in the current and future fiscal year, major capital expense goals for FY2015-16 include:

- Tablets for Field Operations and other field personnel for remote data entry and access
- Consolidation of multiple aging specialized print plotters into a single unit under maintenance agreement.
- Beginning production document scanner replacement cycle as existing units hit 8 years old.

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 1982) 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
FY2015-16	102	\$8,862,482

The 30% 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 (September 2016) technology deployments generates the following result:

IAAO 2014 TECHNOLOGY INDEX COMPONENTS

Technology	Points	BCPAO Score May 2014	BCPAO Score Sept. 2016	
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	-	2	(deployed)
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	25	

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 25. 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 proposes minimal change over the current fiscal year. This 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. Proposed cost increases are limited to an increase in health insurance totaling \$125,940, continued investment in technology in lieu of more costly growth in personnel, and a contingent cost of \$161,089 for pay improvements to model Brevard County, should the Board of County Commissioners elect to offer such improvements to their own staff.

BCPAO administration has made painful, but necessary, reductions in staffing and continues 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 fund an inflation-sensitive compensation plan as the employment market continues to strengthen.

(Note: The major budget segment numbers have been updated to reflect the Florida DOR approved levels, which may be slightly different from requested levels. Minor programmatic changes made during the budget approval processed have not been updated post-approval)