

# HIDALGO COUNTY

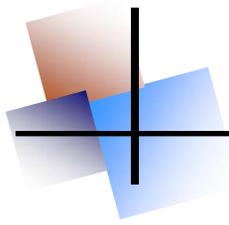


**Department of Budget & Management**

**2010  
Budget Process**

**WORKSHOP # 1**

**August 14, 2009**



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2010 Budget Development Plan

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# BULLETIN

## *Department of Budget & Management*

### ELECTED OFFICIALS, APPOINTED OFFICIALS, AND DEPARTMENT HEADS

Subject: 2010 Budget Development Information

Date Issued: August 14, 2009

Number: 2010-1

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Commissioner's Court approved the 2010 Budget Process Proposed Plan on June 30, 2009. Because the County is anticipating a reduction in non-tax revenues, and reduced increases in property tax revenues, the Budget Development Process for 2010 will deviate from the normal budget process in that Officials and Department Heads will not be required to enter a 2010 budget request for their departments as in the normal process.

For the 2010 Budget Development Process, the Department of Budget and Management (DBM) will use historical and other expenditure data to develop proposed department budget allocations that will include reductions in certain operating expenses, such as, travel, computer equipment, furniture, and supplies. The proposed allocations will be distributed to each department, and departments will then be provided access to the Budget Application Program (BAP) to prioritize proposed expenditures by object of expense within the proposed departmental allocation. A feature has been included in BAP to allow department heads and officials to identify and explain budget issues that may result from the proposed allocation.

A status report on the development of the 2010 Budget was provided to Commissioner's Court on Tuesday, August 11, 2009. This report is posted on the County's Web site and is available for your review. The significant point in the report is that projected revenues will be less in 2010 than in 2009. Total general fund (maintenance and operations) revenues are projected (pending auditor certified revenue data) to be \$161.3 million. By comparison the 2009 adopted budget totaled \$162.0 million.

In addition, certain programs or functions will increase in cost in 2010 resulting in an estimated \$7.6 million shortfall (deficit). These increases are summarized and listed in the status report. To address this Commissioner's Court has directed DBM to reduce certain operating expenses, such as travel, below the 2009 budgeted level. These reductions are also summarized and listed in the status report.

The Budget Application Program (BAP) will be accessible from August 17, 2009 to August 21, 2009 so departments can make necessary adjustments to expenditure items within the proposed allocation. To access the 2010 BAP, you will have to use your internet browser and type in "BAP"; once you are in the main menu, you will need a user ID and password in order to access your departmental budget(s). ID and passwords will be distributed by the DBM on Monday, August 17. If your department encounters any problems please contact us at ext. 5418 for assistance.

# HIDALGO COUNTY

## Department Of Budget & Management

### 2010 BUDGET DEVELOPMENT PROCESS

As of August 14, 2009

#### General Fund - Maintenance and Operations

Estimated Revenues/Expenditures (2010) \$161,295,167 (\$655,152)

Base 2010 Budget (2009 Adopted) **\$161,950,319**

#### Base Budget Adjustments:

##### Proposed Adjustments (Increases)

Public Defense (Indigent/Other)	2,035,000
New Positions Post Adopted Budget	1,265,138
County-Wide Admin-Contingency	826,479
TCDRS Contribution Rate Change	627,471
Indigent Health Care Contribution Change	500,000
General Litigation	500,000
Public Defenders Office - New County Dept.	476,364
Medi-Plex Building - Rent and Utilities	435,136
City Fire Depts. Rate Change	250,000
Total Proposed Adjustment - Increases:	<u>\$6,915,587.66</u>

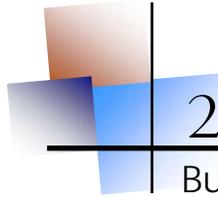
Base Budget Adjusted (Inc.) \$168,865,906.66 (\$7.6 M)

##### Proposed Adjustments (Decreases)

Health Self-Insured Funding Adj - (25%)	1,909,863
Worker's Comp. Funding Adj - (100%)	1,032,912
Vehicles	800,827
Gasoline/Diesel Reduction - (25%)	756,937
Computer/Software/Other Equip. - (50%)	637,079
Minor Equipment/Software/Other Equip.- (100%)	580,440
Travel/Registration Fees Reduction - (50%)	488,755
Other - Object Code 890 - (100%)	462,927
Minor Office Furniture & Equipment - (100%)	320,292
Office & Computer Supplies (25%)	230,076
Household & Janitorial Supplies - (25%)	137,822
Printing & Binding - (25%)	94,435
Office Furniture/Office Furniture and Equip. - (50%)	79,000
Food	39,375
Total Proposed Adjustment - Decreases:	<u>7,570,740</u>

Base Budget Adjusted (Inc./ Dec.) 161,295,167

2010 Projected Budget \$ 161,295,167.00



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: Public Defense (Indigent Criminal and Civil)  
Discussion Item No.: 2010 -01

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### Background / Description:

The Board of Judges at its meeting of August 28, 2008 voted on and approved an increase in the hourly fee schedule for indigent defense attorneys to be effective January 01, 2009. The Department of Budget and Management was informed of this action via memorandum from Judge Aida Salinas Flores dated September 18, 2008, and received by this department on September 24, 2009 after the 2009 Budget had been adopted by Commissioner's Court. The in court hourly rate was increased from \$70.00 to \$100.00 and the out of court rate was increased from \$40.00 to \$70.00. The blended rate represents an increase of approximately 54.5%. The budgeted amount for 2009 is \$5.0 million and estimated expenditures with the new rates are projected to be \$8.9 million. The potential shortfall for 2009 is \$3.4 million. Actual total expenditures in 2008 were \$6.3 million.

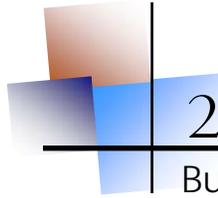
The Department of Budget and Management is recommending that Commissioner's Court approve the creation of the Public Defenders Office as a permanent County Department under Commissioner's Court to provide required indigent defense services at a lower cost than assigned private attorneys. It is projected that with this department in place, and with the implementation of an enhanced eligibility verification system, total expenditures in 2010 can be reduced from a projected total of \$9.6 million to \$7.0 million

### Budgetary Impact:

The projected increase in indigent defense services for FY 2010 is projected to be \$2.0 million over FY 2009's budgeted amount if the proposed cost reductions measures are adopted.

Enhanced eligibility verification is projected to reduced expenditures by \$2.0 million given a projected 25% ineligible rate for criminal cases (comparable to 30% ineligible rate experienced in Collin County).

The creation of the Public Defender's Office as a County department coupled with caseload maximization per public defender is projected to reduce expenditures by \$0.6 million given a caseload of 450 cases per public defender.



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: 2009 New Positions and Salary Schedule Adjustments  
Discussion Item No.: 2010 -02

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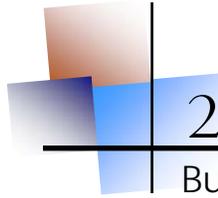
### Background / Description:

After the budget was adopted on September 23, 2009, twenty-six (26) new positions were approved for the year 2009

### Budgetary Impact:

The annual cost in 2010 for these positions is as follows:

Number of positions	26
Annual Salaries	\$910,000.00
Fringe Benefits	\$236,600.00
Total Additional Amount	\$1,146,000.00



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: Countywide Administration - Contingency  
Discussion Item No.: 2010 -03

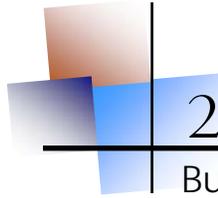
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### Background / Description:

The Countywide Administration – Contingency account is utilized to fund various unexpected expenditures that occur throughout the year that is transferred from lapsed salaries and other new revenue.

### Budgetary Impact:

The Department of Budget & Management recommends maintaining adequate funds available in the Countywide Administration – Contingency account in order to continue meeting the unexpected needs of County departments. The Department of Budget & Management recommends allocating \$846,137.00 for fiscal year 2010.



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: TCDRS Contribution Rate Change  
Discussion Item No.: 2010 -04

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### Background / Description:

In plan year 2008 the TCDRS experienced a portfolio loss of 29%. Generally, the impact of lower investment returns on employer contribution rate is smoothed over 10 years. This means that increases in our contribution rate will happen slowly, allowing the markets time to recover. TCDRS expects the market to rebound at some point and, as a result, employer contribution rates can be stabilized.

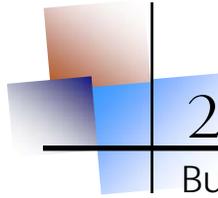
TCDRS has a long-term investment return target of 8%. Over time, this allows employee and retiree reserve accounts to receive 7% interest and employer accounts to receive 9%. In good years, when earnings are higher than 8%, the extra earnings are put into reserves to offset future losses or employers can receive more than 9%, which has a rate lowering effect. When investments earn less than 8%, your employees still get their 7%. Any remaining earnings or losses are passed through to employer accounts. In general, this means your employer rate goes up unless there are enough reserves to close the gap.

Due to distressed economic market conditions TCDRS will be increasing Hidalgo County's employer contribution rate for Plan Year 2010 from 9.02% to 9.52%

### Budgetary Impact:

The estimated annual cost in 2010 for this rate increase is expected to cost Hidalgo County approximately \$627,471 based on 2010 employee count estimates.

Hidalgo County employees' savings are safe and will continue to grow at the guaranteed rate. The County's TCDRS contribution rate is set for 2009, but due to the extraordinary events in the global financial markets the employer costs begin to rise starting in 2010.



# 2010 BUDGET DEVELOPMENT PROCESS

## Budget Discussion Item

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Discussion Item: General Litigation

Discussion Item No.: 2010 -06

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### Background / Description:

The General Litigation account is utilized to fund legal expenditures for the County. Due to the increased litigation cases that are handled by various legal firms that the County contracts with, this type of expenditure has been steadily increasing.

### Budgetary Impact:

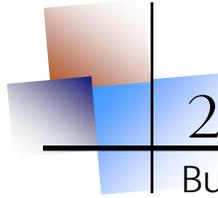
The Department of Budget & Management recommends an increase from last years original budget of \$500,000.00 due to the increased expenditures in litigation.

Expenditure history data for the years 2006-2009 is illustrated below along with our recommended 2010 funding level.

<u>Expenditure Type</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>*2009</u>	<u>**2010</u>
Legal Services	\$188,436	\$400,723	\$553,505	\$740,000	\$650,000
Other Professional	\$465,920	\$538,973	\$354,238	\$450,000	\$350,000
Total	<u>\$656,362</u>	<u>\$941,704</u>	<u>\$909,751</u>	<u>\$1,190,000</u>	<u>\$1,000,000</u>

\*2009 Projected Expenditures

\*\* 2010 Projected Expenditures.



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: Mediplex Building Lease & Utilities  
Discussion Item No.: 2010 -07

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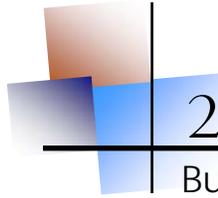
### Background / Description:

On August 4, 2009, Hidalgo County Commissioners' Court approved a lease agreement with Edinburg Real Estate Network, Inc. to lease up to 25,928 square feet of the Medi-Plex Building.

### Budgetary Impact:

The proposed annual cost in 2010 for the Medi-Plex Building Lease & Utilities is as follows:

1. Lease:	\$311,136.00
25,928 square feet @ \$1.00/square foot for 12 months	
2. Utilities:	\$24,000.00
Estimate @ \$2,000/month for 12 months	
	<hr/>
	<b>\$335,136.00</b>



# 2010 BUDGET DEVELOPMENT PROCESS

## Budget Discussion Item

Discussion Item: Rural Fire Service Rates with Cities/Entities  
 Discussion Item No.: 2010 - 08

### Background / Description:

On April 28, 2009, Hidalgo County Commissioners' Court approved a Rural Fire Services Interlocal Cooperative Agreement for emergency and fire response services in which various cities/entities participate. Rates were revised as follows:

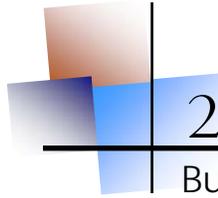
	2008	2009
Category I	720.00	1,000.00
Category II	575.00	600.00
Category III	345.00	425.00
Category IV	230.00	275.00
Category V	115.00	125.00

### Budgetary Impact:

The estimated annual cost increase for FY 2010 is projected to be \$250,000.00 as illustrated on the following chart:

	2008		2009		2010	
	# Calls	Cost	# Calls*	Cost	# Calls*	Cost
Category I	540	388,800	490	387,100	490	490,000
Category II	121	69,575	121	70,331	121	72,600
Category III	1977	682,065	1929	704,085	1929	819,825
Category IV	299	68,770	261	62,966	261	71,775
Category V	1445	166,175	1333	156,628	1333	166,625
		<u>1,375,385</u>		<u>1,381,110</u>		<u>1,620,825</u>

\* *projected*



# 2010 BUDGET DEVELOPMENT PROCESS

## Budget Discussion Item

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Discussion Item: Self-funded Health Benefits & Workers' Compensation  
 Discussion Item No.: 2010 -09

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### Background / Description:

Hidalgo County has had a Self-funded Health Benefits Fund (2201) since 2005 and a Self-Funded Workers' Compensation Fund (2202) since 2003. The County Commissioners' Court approved to eliminate the Worker's Compensation premiums midway through 2009, in an effort to utilize fund balance. Further fund balance reductions are budgeted for 2010 for both Health Benefits & Worker's Compensation funds.

### Budgetary Impact:

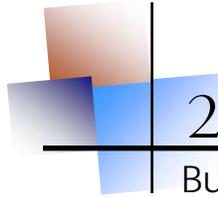
The expected savings for the General Fund due to the proposed premium reductions in 2010 are as follows:

Health Benefits Fund Premiums (25% reduction)	\$ 1,869,743
Workers' Compensation Fund Contributions (100 % reduction)	\$ 1,033,241

The proposed annual premium reductions, for 2010, would bring down revenue amounts for the Hidalgo County Self-funded Health Insurance & Workers' Compensation funds thus reducing the fund balance amounts as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Effect on Fund Bal.</u>
Health Benefits Fund	\$13,665,112	- 20,239,514	- 6,574,402
Workers' Compensation Fund	\$ 0	- 2,279,779	- 2,279,779

	<u>2009 Ending Fund Balance</u>	<u>Net 2010 Operations</u>	<u>2010 Ending Fund Balance</u>
Health Benefits Fund	\$11,217,123	- 6,574,402	4,642,721
Workers' Compensation Fund	\$ 8,316,394	- 2,279,779	6,036,615



# 2010 BUDGET DEVELOPMENT PROCESS

## Budget Discussion Item

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Discussion Item: Reduction to Various Operating Expenditures  
Discussion Item No.: 2010 -10

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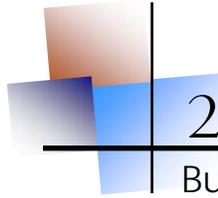
### Background / Description:

Due to the increase in price for gasoline we allocated additional funds in 2009. However, the current gasoline prices allow for a reduction in gasoline funding for next year's budget. In addition, we are proposing to reduce various goods/services which are normally allocated to all county departments, such as computer equipment, vehicles, traveling, office supplies, and furniture and fixtures.

### Budgetary Impact:

The Department of Budget & Management recommends a reduction in the fiscal year 2010 budget for the following operating expenditures as illustrated below in order to adopt a balanced budget:

<u>Expenditure Type</u>	<u>Reduction Amount</u>	<u>% Reduction</u>
Vehicles	\$800,827.00	100%
Gasoline/Diesel	\$756,938.00	25%
Computer/Software/Other Equip.	\$647,831.00	50%
Minor Computer/Other Equip/Software	\$580,440.00	100%
Travel/Registration Fees	\$539,798.00	50%
Other Expenditures	\$425,463.00	100%
Minor Office Furniture & Equip.	\$320,292.00	100%
Office & Computer Supplies	\$230,067.00	25%
Household & Janitorial Supplies	\$137,814.00	25%
Printing & Binding	\$94,435.00	25%
Office Furniture & Equip.	\$79,000.00	50%
Food	\$39,375.00	100%
<b>Total Reduction Amount</b>	<b><u>\$4,652,280.00</u></b>	



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: Juvenile Justice Center – Detention Staff Services  
Discussion Item No.: 2010 -11

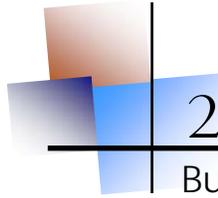
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### Background / Description:

The new Mario E. Ramirez, Jr. Juvenile Justice Center was completed in 2007, and the detention department moved to the new facility in December, 2007. The old facility consisted of 24 operational beds, and the new facility includes 96 beds of which 72 are operational. Staffing for the new facility consisted of an additional eighty-two (82) positions which were to be funded in three (3) phases, thirty-nine (39) in 2007, twelve (12) in 2008, and thirty-one (31) in 2009. However, twenty-four (24) beds remain non-operational due to staffing constraints caused by budgetary issues which arose in 2009.

### Budgetary Impact:

Funding for additional staff is not proposed for 2010



# 2010 BUDGET DEVELOPMENT PROCESS

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## Budget Discussion Item

Discussion Item: Public Defenders Office  
Discussion Item No.: 2010 -12

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### Background / Description:

The Public Defender's office provides representation to persons charged with misdemeanor offenses in Hidalgo County. The department makes a priority for representing those individuals that are incarcerated. The department also provides representation to those individuals with co-occurring felony charges. The Public Defender's office was initially created and partially funded through Discretionary funds awarded by the Texas Task Force of Indigent Defense beginning with fiscal year 2006 through 2009. The Public Defender's Discretionary grant is set to expire on August 31, 2009.

The Department of Budget and Management is recommending that Commissioner's Court approve the creation of the Public Defenders Office as a permanent County Department under Commissioner's Court to provide required indigent defense services at a lower cost than assigned private attorneys. It is projected that with this department in place, and with the implementation of an enhanced eligibility verification system, total expenditures in 2010 can be reduced from a projected total of \$9.6 million to \$7.0 million

### Budgetary Impact:

The projected increase in indigent defense services for FY 2010 is projected to be \$2.0 million over FY 2009's budgeted amount if the proposed cost reductions measures are adopted.

Enhanced eligibility verification is projected to reduced expenditures by \$2.0 million given a projected 25% ineligible rate for criminal cases (comparable to 30% ineligible rate experienced in Collin County).

The creation of the Public Defender's Office as a County department coupled with caseload maximization per public defender is projected to reduce expenditures by \$0.6 million given a caseload of 450 cases per public defender.

# HIDALGO COUNTY

## Department Of Budget & Management

### AID TO GOVERNMENTAL & NON-GOVERNMENTAL AGENCIES

As of August 14, 2009

Agency Name	2009 Original Budget	2010 Proposed Allocation	Net Change
VIDA	250,000.00	0.00	(250,000.00)
TROPICAL TX CENTER MHMR	540,000.00	540,000.00	-
HISTORICAL MUSEUM	360,000.00	460,000.00	100,000.00
COUNTY LIBRARY SYS	235,000.00	235,000.00	-
TEXAS STATE GUARD	33,000.00	0.00	(33,000.00)
HUMANE SOCIETY	200,000.00	400,000.00	200,000.00 *
TOTAL:	<u><u>\$1,618,000.00</u></u>	<u><u>\$1,635,000.00</u></u>	<u><u>\$17,000.00</u></u>

\* Net change due to contract renewal increase