

COUNTY ADMINISTRATOR'S BUDGET MESSAGE

Members of the Board of County Commissioners:

I am pleased to present to you the adopted Biennial Budget for Fiscal Year 2006 (FY 06) – which began October 1, 2005 – and for Fiscal Year 2007 (FY 07) – which will begin October 1, 2006. This represents the sixth biennial budget - adopted by the Board of County Commissioners (Board).

The budget process began with four budget workshops during which the Board considered staff's five-year forecast for key operating funds and provided policy direction on issues such as compensation. Using that direction, I presented a recommended balanced budget for both FY 06 and FY 07 for your consideration. Through a series of additional workshops and four public hearings, the Board fine tuned my recommendations, taking into consideration public comment and Board members' own expertise and understanding of pertinent issues. The process culminated with the adoption of the budget at the conclusion of a budget public hearing on September 22nd.



Overview of the Budget

The County continues to improve its overall financial condition. Growth in our local economy has given us the tools to meet operational needs, maintain existing assets and invest in new capital assets while building reserves. At the same time, we continued a decade-long practice of lowering our Countywide millage rate while continuing to look for opportunities to operate more efficiently and focus on priorities.

Expenditures and Other Uses Reflected in the Biennial Budget - Overall, the County budget totals \$3.45 billion for FY 06 and \$3.56 billion for FY 07. The largest share of those totals reflects funding for day-to-day operations of County government, which amounts to \$1.53 billion in FY 06 and \$1.61 billion in FY 07. Annual funding for capital projects will be \$0.33 billion in FY 06 and \$0.26 billion in FY 07. Debt requirements amount to \$0.17 billion in FY 06 and \$0.20 billion in FY 07. Added together, total expenditures for operations, capital and debt amount to \$2.03 billion in FY 06 and \$2.07 billion in FY 07.

Two other components of the budget are reserves and transfers. Reserves address a wide range of needs, including backstopping County debt, insulating against unexpected catastrophe, and accumulating funds to meet the timing requirements for future capital projects. Reserves amount to \$0.54 billion in FY 06 and \$0.61 billion in FY 07. Itemized detail on reserves and an associated discussion of reserve policies are presented in the budget document. Governmental accounting standards require tracking dollars as they are moved within the fund structure that comprises the budget. The impact of these transfers amounts to \$0.88 billion in both the FY 06 and the FY 07 budgets.

Overall, the budget has increased \$0.50 billion, or 16.9% from FY 05 to FY 06. The second year of the biennial budget increases much less: the Planned Budget for FY 07 reflects an increase of \$0.11 billion, or 3.1% from FY 06. The sharp contrast in growth for the two years can be significantly attributed to two factors.

First, one-time capital appropriations are a portion of the budget that can vary significantly from one year to the next based on the timing of individual projects. In FY 06, the capital budget increases 27.6%, or \$72.3 million, from the FY 05 adopted budget. In FY 07, the capital budget declines 21.7%, or \$72.7 million, to almost exactly match the FY 05 level. The specifics of each year's capital budget are discussed in detail in a capital budget section of the budget document as well as in the County's Capital Improvement Program for FY 06 – FY 11. Without these changes in the capital budget, the growth over the two years reflected in this budget would have been more stable.

Second, differences in the growth rates for FY 06 and FY 07 reflect how a biennial budget is prepared. Many of the policy decisions reflected in a biennial budget are implemented in the first year of the biennium and then continued in the second year. As explained later, implementation of some Board directives – such as an increased commitment to transportation – occur in the FY 06 budget and then continue at that higher level in FY 07.

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Tied to each of these factors is the change in transfers in the budget. Transfers account for almost a full quarter of the FY 06 increase in the budget – accounting for 4.1 percentage points of the 16.9% increase -- or \$0.12 billion of the \$0.50 billion increase. In FY 07, transfers decline very slightly from FY 06. When transfers increase significantly, as they do in FY 06, the overall budget appears to grow faster – but moving more dollars between accounts does not result in any additional revenue to be collected from local residents and businesses or any additional spending by the County.

Before turning to the sources that fund this budget, it is important to recognize that reserves continue to be built as part of this budget. Lessons learned from two tough hurricane seasons -- 2004 and 2005 -- warranted that we take precautions to build our ability to weather the financial implications we might face.

- The Board strengthened contingency reserves in both the Countywide General Fund and the Unincorporated Area General Fund. The increases provide a “war chest” available to implement lessons learned from other communities that experienced the effects of hurricanes such as our adopted sister county – Hancock County, Mississippi. Hancock County was devastated when the eye of Hurricane Katrina made landfall. The contingency reserves will provide both a funding source for one-time initiatives to prepare County facilities to better withstand wind and flooding and to operate after such an event, and provide a first source of funds if the County should suffer impacts in FY 06 and/or FY 07. The reserves for contingency represent the first of four tiers of reserves that can be brought to bear to offset the impacts of natural -- or other -- disasters. The anticipated drawdown of these reserves in FY 06 for non-recurring investments in our ability to prepare for and mitigate the potential impacts of natural disasters is a factor in an expected reduction in the Countywide General Fund fund balance from FY 06 to FY 07.
- The Board acted decisively over the past year to set aside reserves in both the Countywide General Fund and the Unincorporated Area General Fund for disaster expenses that the County incurred for impacts on our community in FY 04 and for mutual aid that we provided to other communities that may not be reimbursable. Once the FEMA reimbursement process is completed, the remaining funds will be available to cover unreimbursable expenses for future events.
- Board policy requires us to continue building stabilization reserves that can be used to address either unanticipated revenue shortfalls or excess expenditures. These reserves help insulate programs that the County would need to continue providing even if faced with an event that negatively impacts revenues and/or expenditures.
- Finally the Board continued to build our catastrophic reserve, increasing it through Board policy from \$30.8 million in FY 05 to \$35.2 million in FY 06 and \$36.1 million in FY 07. The County’s catastrophic reserve reflects the fourth tier of available reserves.

Revenues and Other Sources Reflected in the Biennial Budget - On the revenue side, taxes account for \$1.0 billion each year, with \$0.7 billion from property taxes—the County’s largest single source of revenue and a revenue that will grow faster in FY 06 (14.7 percent) than at any time in recent history, despite a millage reduction. Other locally levied taxes account for another \$0.3 billion of tax revenue each year – primarily sales taxes, but also reflecting the local component of communications services taxes, tourist taxes, and locally set gasoline taxes. Gas tax revenues are growing slowly while, at the other end of the spectrum, local sales taxes for infrastructure – the “Community Investment Tax or CIT” – and for indigent health care are growing at close to double digit rates.

Federal and State-shared grants and other revenues continue to account for \$0.2 billion each year – roughly the same as in recent years. Slow growth or declines in key federal grants is placing pressure on some County programs such as Head Start – where the estimate for the FY 06 grant is down slightly from the FY 05 adopted budget.

User fees account for almost \$0.5 billion each year. The largest sources of fees are water and wastewater service fees, solid waste disposal fees and internal billings. Each of these areas represent services that are operated much like private businesses and the accounting for these “proprietary funds” follows more closely that of the private sector than other governmental operations.

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Two non-revenue sources warrant discussion: fund balance and debt proceeds.

The budget prepared by the County normally appears to spend not only current revenue but also a portion of the revenue carried forward from the previous year – the beginning fund balance. Typical spending patterns and revenue collections result in there being no drawdown.¹

In FY 06, as I mentioned earlier, a fund balance drawdown is intentional in the Countywide General Fund. Late in the biennial budget process we identified that the Countywide General Fund would carry forward a significantly larger amount of fund balance than normal. I encouraged the Board to set the excess funds aside in the Reserve for Contingency to allow us to access those reserves during FY 06 as we identified opportunities to better prepare our community for natural disasters. The FY 07 Planned Budget anticipates the Reserve for Contingency will be expended for such non-recurring uses. In addition, the Countywide General Fund reflects a non-recurring FY 06 commitment to the Clerk of Circuit Court to provide initial funding for a new records system for the Courts. Despite those expenditures, the FY 07 beginning fund balance will still be significantly larger -- by 12 percent or \$7.6 million -- than the Adopted FY 05 fund balance. In the Unincorporated Area, we used the higher FY 06 beginning fund balance for a one-time boost to the County's capital construction program.

Embedded within the "other non-revenues" component of the budget are debt proceeds. The County borrows funds through the use of short term debt and long term debt. The County aggressively uses short term commercial paper to satisfy cash requirements for the County's capital program until the debt can be either repaid from current revenue or replaced with long-term debt. A feature of short term debt is that as the County routinely pays off debt, it reissues debt. The debt proceeds flow through the sources side of the budget while the pay-off or "defeasance" of debt flows through the uses side of the budget. In FY 06, more than one-third of the increase in the budget \$0.18 billion is funded by debt proceeds. In FY 07, debt proceeds fund almost one-quarter of the increase in the budget.

Key Components of the Budget Process

More than 60 Strategic Plan strategies are included in this budget – many can be accomplished with existing resources.

There are three key components of the process that led to the budget adopted by the Board.

First, the Board adopted a Strategic Plan earlier in 2005 allowing a clear linkage of

strategic initiatives to the allocation of resources through the budget process. The Board established eight goals and then adopted a series of objectives and strategies to guide our process. Earlier attempts by the County at strategic planning failed, in my judgment, due to the lack of a linkage between the Strategic Plan and the allocation of resources reflected in a budget. The value of strategic planning is to ensure we set a course that will continue beyond the two years reflected in this budget. The Strategic Plan does not preclude spending in areas of on-going needs, but it reflects an investment in our long-term priorities. Specific objectives and performance measures related to the Strategic Plan may be found in the departmental section of the budget document – reflecting those departments assigned to lead in addressing Strategic Plan objectives. Overall the budget presented here addresses sixty-nine specific strategies to implement the Strategic Plan – forty of which can be accomplished with existing resources. The nature of the strategic planning process the Board adopted is one of quantification – and validation. That means it will be very apparent if our strategies are working to create the results reflected in the Plan. By monitoring our progress – just as someone driving on a highway can check the mileage markers – we will be able to assess whether to speed up our efforts or look for another vehicle (i.e., strategy) to achieve an objective. Naturally, some objectives cannot be addressed without additional resources. As I indicate later, we were able to match some of the transportation objectives in Goal Six (to improve transportation in Hillsborough County) with the Board's commitment to increase recurring

¹ On a budgetary basis, it appears that the County intends to spend more in the Countywide and Unincorporated Area General Funds than it will take in during the year, resulting in a drawdown of fund balance in FY 06, and an additional drawdown in the Countywide General Fund in FY 07. That presentation ignores that departmental appropriations reflect ceilings for expenditures and that conservative revenue estimates result from a statutory requirement that local governments back out 5% of projected revenue in key operating funds. As a result, the County annually under-spends the budget and overcollects revenues – resulting in fund balance normally being maintained, if not increased, from one year to the next .

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funding for transportation by \$15 million per year. In another instance, the Water Resource Services Department was able to free up more than sufficient funds through an identified efficiency, as noted below, to address a somewhat expensive strategy to reduce the downtime caused by electrical outages at County water and sewer treatment and pumping facilities (Goal Five, Objective C).

Efficiencies identified in the biennial budget will save \$17 million between FY 06 and FY 07.

were challenged to identify opportunities to cut spending without measurable impact on our ability to serve the citizens of Hillsborough County. The process is not unlike what we do every day in our personal lives to cut unnecessary spending in order to focus better on our priorities. Even when revenue growth is strong, we recognize the importance of cutting unnecessary costs. No efficiency was too small to consider. At the same time, some proposals had negative service implications that resulted in them not being recommended for acceptance. Ultimately, we were able to shave more than \$17 million in costs over the next two years. More than one-half of those savings will help the County's HealthCare Program operate within available revenues. Other savings will cut the cost of operating libraries and cut unnecessary costs of serving wastewater clients. We will also reduce costs associated with inventory stockpiles through "just-in-time" inventory management. The Library Services Department did a particularly thorough job of "looking under rocks" to find opportunities to shave costs – from restructuring how to staff facilities to consolidating automated information systems and alarm system monitoring.

Key policy issues including taxation and compensation were discussed before developing a recommended budget.

Third, key policy issues such as compensation were discussed prior to departments and agencies submitting their budget requests for the upcoming two years. Based on the comprehensive pay and classification study conducted by the County's consultant, MGT, we have slowed the growth in compensation to reflect the analysis of public and private sector employers. After increases that averaged as much as 7 percent annually in the prior six years, the increases for FY 06 and FY 07 will cost 28 percent less. Wage and salary increases phase in during the year, so the full impact (and benefit) of this slowdown will not be evident until FY 07.

Another policy discussion involved a commitment to continue reducing the Countywide property tax rate while addressing pressing needs for municipal services provided in the unincorporated area and the need for additional libraries. When we first considered the timing of millage reductions, we targeted to swap a 15/100th-mill Countywide reduction in FY 06 for a 10/100th – mill unincorporated increase and a 5/100th-mill library increase. We planned to further reduce the Countywide property tax rate in FY 07 by an additional 10/100th – mill.

The reduction in the Countywide tax rate is consistent with the Strategic Plan objective to "reduce over-reliance on property taxes as general revenue by establishing a Countywide target of under 7 mills by FY 09." The objective is important, considering a May 13, 2005 report by FitchRatings, which found Hillsborough County's Countywide millage rate to still remain above average among the Florida counties rated by the firm, despite Hillsborough County's 10 years of consecutive millage reductions. Heavy reliance on any single revenue makes the County susceptible to any factor affecting that revenue. The Strategic Plan objective was specifically targeted to address this concern. At the same time, the County has been hard-pressed to meet the municipal service needs of unincorporated residents and businesses with existing revenues and the Board has wanted to expedite the expansion of our library system. All of these needs could be addressed over the two years of the biennial budget.

Strong growth in our tax base allowed the Board to move up the planned FY 07 millage reduction to FY 06. As a result, we met our Strategic Plan objective three years early. More importantly, county taxpayers received the benefit of the reduction a year earlier.

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Access to detailed budget submissions makes the entire process more transparent to the public.

As we began the review process to develop a recommended budget, we considered the documentation that departments and agencies were asked to develop that identified all existing services as well as the requests for

supplemental funding. In some cases, as County Administration reviewed the material, we asked that organizations take another shot at sharpening the pencil when it came to requests. The results of that documentation, including revisions where necessary, were assembled and, for the first time, posted on the County's web site. This access to both requests and resulting recommendations allows County citizens to be better informed on what has been justified and what was requested but not recommended. I think additional access to the underlying information used in considering a budget helps frame the budget discussion. This information has largely been made available previously only to the Board.

Transportation - A Board Priority

Transportation funding is a Board priority, and recurring spending has been increased \$15 million annually using existing resources.

One policy direction from the December 2004 annual Board retreat was that we increase the County's funding of transportation. The charge I received was to increase our use of available revenue to

increase transportation spending by an added \$15 million per year. That direction expanded on a previous commitment in which we increased funding of transportation by \$10 million per year. In preparing the budget we identified three areas of focus for those added transportation dollars: first, cover the increasing cost of existing operations such as sign and signal maintenance, road resurfacing, roadside mowing, bridge inspection and maintenance, sidewalk repairs, pot hole patching, and traffic control operations; second, provide funding to implement Strategic Plan objectives related to transportation safety improvements; and third, fund transportation projects to add vehicle capacity to the County's road network.

Goal Six of the County's Strategic Plan outlines five areas of focus for transportation initiatives. As we looked for investment opportunities, it was apparent that existing resources could be used to meet one objective: increasing the number of bicycle lanes by 5 percent by FY 10. Additional funds have been earmarked each year for initiatives aimed at reducing preventable pedestrian accidents and preventable intersection crashes. Finally, funds have been allocated to provide increased capacity. Over the next six years covered by the updated Capital Improvement Plan, that annual commitment will allow the County to complete the widening of Bell Shoals Road (from Bloomingdale to Boyette), provide for interim improvements to Lutz Lake Fern Road, and set aside additional funds for the advance right-of-way program – a continuing commitment of the County to acquiring right-of-way for our future road needs before costs rise.

As we approached how best to allocate transportation funds, we also took a careful look at the County's past practice of subsidizing transit services provided by the Hillsborough Area Regional Transit Authority (HARTline). The County has historically been asked to provide partial funding for several different services. HARTline levies its own millage at the approved rate of 0.5 mills. When HARTline revenues grew more than expected, the added revenue was not used to reduce requests for County funding but diverted to other uses.

This year, under new leadership, HARTline changed its approach to County funding. The historical funding subsidies for Saturday service, Sunday service, circulator service and weekly service were dropped. Instead, HARTline requested the County subsidize new express routes, provide assistance in funding for the signalization of the Northwest Transit Center and continue funding for special events. In assessing the HARTline request, we concluded that the most appropriate commitment by the County would be in providing one-time assistance in an amount not to exceed \$200,000 for the signalization project. Signalization is a typical County activity. Further, it is a means of supporting HARTline without re-establishing a cycle of service subsidies and concerns that our operational funding support frees up HARTline funds for less pressing uses.

Other Policy Considerations in the Budget

Maintaining Grant-Funded Services to Children and the Elderly – Within the Head Start Division of Children's Services, we found ourselves at a crossroads in deciding how to continue programs that have historically been largely funded with grants, and requiring only a modest County match. Both the Head Start and Early Head Start grants have proven incapable of sustaining the cost of the programs if County funding is limited to match requirements and some in-kind support services. These and some of the County's other grant programs have historically been shielded from paying for support services ("indirect costs") provided by other departments. In the last biennial budget process, we cut administrative positions in an effort to constrain spending within the grant and grant match without cutting services. As our costs have risen and federal cost of living adjustments have continued to lag behind those costs, we have found that we will have to infuse additional County funds to maintain existing levels of service delivery. In FY 06, the additional County support amounts to \$1.3 million as well as \$1.2 million in unreimbursed indirect costs. By FY 07, we have planned for \$1.9 million in additional County support in addition to the indirect costs. The budget provides those levels of support to maintain current service levels. However, the budget does not commit local funds to expand Head Start or Early Head Start, given that we know that the gap between grant funding and the total cost to provide services will continue to widen.

In our programs for the elderly, the Countywide General Fund will absorb costs for grant programs that cannot be covered by grant revenue and local matching funds. In both FY 06 and FY 07, the added County support, coupled with the continuation of stop-gap funding provided in FY 05, will amount to \$1.0 million. Partly offsetting these costs, the Aging Services Department committed to place the County's working seniors program with a non-profit provider, at a cost savings to the County of \$125,000 per year.

Fire and ALS Response – As reflected in the Strategic Plan, the County is continuing a program of expanding our fire suppression and advanced life support (ALS) services, with a focus on improving the percentage of time the County meets specific response time standards. Growth in the Fire Rescue Department budget reflects the opening of new stations, expansion of the fire inspection program to meet growth demands and the requirement to inspect schools, and a correction to underbudgeted personnel costs in FY 04 and FY 05. Opening of the Country Place, Northdale, and Chapman Road Stations require adding 55 positions. Additional fire inspectors will add another 17 positions over the two years – of which four of the positions are needed for school inspections. As we indicated at our April budget workshop, we expect to bring an update to fire inspection fees to the Board to support the additional inspection positions. Full recovery of costs, however, will require that the School Board pay for the cost of the school inspections and plan reviews required by law.

The Board approved adding a heavy rescue unit in Brandon to alleviate the need to take other units out of service to staff heavy rescue unit responses. The Board also initiated a South County Advanced Life Support (ALS) unit. One of our last changes in the budget was to increase the Fire Rescue budget for increased fuel costs.

Coupling these factors with normal cost increases, the Fire Rescue budget will increase \$18.1 million in FY 06 and an additional \$8.4 million in FY 07 – resulting in a total increase of over 35 percent over the two years. Collective bargaining is under way for the next two years. This budget reflects estimated compensation increases for those employees covered under collective bargaining agreements that are consistent with those provided to other County employees.

Capital funding is in place to acquire land for additional stations beyond those due to be completed over the next two years. Money from the 4% Communications Service Tax (CST) is being set aside for new stations – one-quarter of the tax revenue through FY 05 and rising to three-eighths of the tax revenue beginning in FY 06. I recommended that the Board defer until the budget update process next year for FY 07 the decisions on which stations should be constructed next. That will allow sufficient time to assess how best to address response time objectives reflected in Strategic Plan Goal Five through the placement of new stations. CST revenue will continue to be set aside for those future stations at the higher level.

Parks, Recreation and Conservation – Consistent with the operating cost requirements disclosed in the County's capital project initiation forms, the County will add staff to operate and/or maintain a variety of new facilities – from

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therapeutics facilities such as the gymnasium at the All People's Life Center, to athletics complexes in Fishhawk, Live Oak, Summerfield, and at William Owen Pass Park, to cabins at Flat Woods Park, to recreation facilities such as the Carrollwood Cultural Center and the Northdale Park addition and, finally, to the linear facilities such as the Upper Tampa Bay Trail, and the Northwest Recreation Corridor. Program enhancements have been targeted for therapeutics programs and to provide transportation to recreational programs. Recognizing the maturing of our Environmental Land Acquisition and Protection Program (ELAPP), we have enhanced staffing at ELAPP sites.

As with transportation, the next round of CIT allocations will be necessary to address some of the outstanding need for more land and facilities.

Stormwater – The Board decision earlier this year not to act on a proposal for an eight-year plan for stormwater assessment increases was in part due to the availability of future allocations of CIT revenue.

Affordable Housing – The Board set aside funding to implement recommendations of the Affordable Housing Task Force when that group completes its process.

Code Enforcement – The budget provides a significant increase to staffing of this function: 23 new community code investigators over the next two years – increasing the staffing ratio to 1 investigator for each 18,000 unincorporated area residents from our past ratio of 1 for each 28,000 residents. The budget also funds equipping our investigators with vehicle-mounted computers in FY 06.

Building Inspection – Recognizing the heavy workload related to permitting and building inspections in the current economy, the Board committed to significant staffing increases and funding for on-line permitting. These costs will be paid from the building permit fees the County collects for these activities.

Active Military Combat Duty Program – The Board initiated this program, which is intended to provide financial assistance of up to \$1,500 to unincorporated area property owners who serve in combat. The County has encouraged each municipality to replicate this program under the County's guidance for municipal residents.

Listening to Our Customers – Subsequent to adopting the FY 06 and FY 07 budgets, the County conducted its first customer survey of its citizens since 1998. We were gratified to hear the survey consultant's conclusion that "it is quite clear that the County excels among peers in providing services to its citizens."

In our quest to become the Best County Government in the Nation, a steady stream of feedback from our customers becomes the life blood of our organization. While the survey results were not available at the time, it is important to note that the FY 06 and FY 07 budgets resonate strongly with the expressed interests of our customers. We have increased funding for our highly valued libraries, parks, and Fire Rescue services. And, we have made substantial investments in addressing those areas our customers have indicated have the greatest opportunities for improvement – transportation, affordable housing, code enforcement, and management of growth and development. We will continue to survey our customers on an annual basis and will ensure our customers' expectations and interests are met in the budgeting process.

Reorganization of County Administration

Upon assuming the position of County Administrator, I initially worked to fill key senior administrative positions – the County Attorney, the Deputy County Administrator, and an Assistant County Administrator. I established an investigative group to address concerns about operation of the Water Department, which evolved into establishing a Professional Responsibility section to add to what was the Consumer Protection Agency. The next phase to reorganizing County Administration was to look at the reporting relationships of departments. In May, I notified the Board of my intent to change some reporting relationships in order to reflect those changes in this biennial budget. You directed me to hold off on a portion of the changes related to combining the Public Safety Department with the Fire Rescue Department. The adopted budget retains those separate departments.

I merged four separate organizations: the County Administrator's Office, the Administrative Services Section, the Office of Quality Services, and the Office of Public Affairs. Further, a portion of the Communications Department – the

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Citizen's Action Center – was also moved to the County Administrator's Office. The annual net savings, reflected within the budget efficiencies noted previously, amounts to about \$163,000. More importantly, the changes will improve responsiveness to the Board and citizens as we implement several of the strategies related to customer service objectives within the Strategic Plan. Separately, the three positions that have comprised the stand-alone Water Team within County Administration were realigned to the newly renamed Water Resource Services Department and were funded from the water/wastewater enterprise (i.e., water and wastewater system fees).

The remaining components of the reorganization reflected changes in selected reporting relationships including moving the Management and Budget Department and the Human Resources Department directly under the Deputy County Administrator, and balancing responsibility between the three Assistant County Administrators.

Restricting the Use of Temporary Positions

As we developed the budget, we responded to suggestions from a review by the County's Internal Performance Auditor of the County's use of temporary positions – an issue we had begun addressing on a department-by-department basis a year earlier. We recognized that some functions legitimately require temporary positions on a routine basis. Working with Civil Service, we established new categories to reflect such positions. In other cases, temporary employees were doing essential work that should have been assigned to permanent positions. In those circumstances, we established permanent positions and converted the funding for temporaries to funding for permanent staff. There was a cost to doing that since permanent employees earn benefits such as retirement and health care. Where we found evidence that departments may have been using temporaries to circumvent seeking authorization for permanent positions and permanent funding, we determined whether the function was essential or not. If it was, we identified the need for additional permanent positions in the budget. Where we found the justification lacking, we cut the temporaries. A new Human Resources policy will prevent continual use of temporaries in place of permanent positions or where permanent positions have been denied.

This process involved an unusually large number of positions being established in the FY 06 budget since temporary positions had not historically been included in counts of authorized positions. These changes are reflected in the departments that report to County Administration.

Constitutional Officer Budgets

Florida law requires fully funding the requests of two Constitutional Officers – the Sheriff and the Supervisor of Elections – until the two statutory public budget hearings held each year in September. We worked with each of these elected officials and were able to accommodate their needs in the adopted budget, without adjustment. The Sheriff's budget totals \$314.8 million in FY 06 – about 20 percent of the Operating Budget or 9 percent of the total budget. Embedded within that budget are crossing guards to cover the opening of new schools and additional bailiffs to accommodate additional judges. Law enforcement officers are being added to maintain the existing law enforcement staffing ratio of 1.56 deputies per 1,000 residents. New detention positions are added to meet staffing needs for an expanding number of inmates at the Falkenburg Road Jail. In addition to other salary and benefits costs reflected throughout the County budget, the Sheriff's budget reflects new certified salary stipends for law enforcement and detention personnel. As the budget was adopted, the Sheriff was in collective bargaining negotiations for the first time with patrol deputies and detention deputies.

The Supervisor of Elections' budget more than doubled in FY 06 before declining in FY 07. The Supervisor's budget changes on a two-year cycle driven by the timing of elections. Budget impacts include the costs of staffing for additional early voting and for heavier absentee balloting. In FY 06, the budget is driven by the purchase of additional voting machines for the existing voting system to catch up with growth that has occurred in voter registrations.

In general, the budgets for the Clerk of Circuit Court and for the Property Appraiser grew by less than the overall County budget. As indicated previously, the Clerk's budget reflects a one-time commitment of funds to initiate replacement of a records system for the courts. The Tax Collector receives commissions based on budgeted tax revenues and returns unspent funds.

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Capital Budget

The capital budget continues implementation of existing policy related to capital projects. In accordance with Board policy, one percent of General Fund revenue (both the Countywide General Fund and the Unincorporated Area General Fund) is set aside to maintain, repair, and renovate existing assets. That program, supplemented in the past two years to catch up with a backlog of needs for parks and for recreational facilities, has been very successful in bringing County facilities up to a condition that can be effectively and efficiently maintained. The program relies primarily on small contracts rather than in-house staff.

In coordination with the biennial budget process, the County adopted a six-year Capital Improvement Plan (CIP) this year covering FY 06 through FY 11, of which the first two years reflects the capital budget for FY 06 and FY 07. The CIP is published as a stand-alone document and contains details about the scope, funding sources, timing and location of each project. The budget document highlights the capital budget for FY 06 and for FY 07. Significant funding is included in the FY 06 and/or the FY 07 budget for the following major non-recurring projects:

- Expand funding for land acquisition needed for new fire stations
- Complete funding for a Northdale Fire Station
- Construct a Children's Services Treatment Center
- Complete the Courts Facilities Expansion Project
- Complete the Falkenburg Road Jail – Phase VI
- Construct the Falkenburg Road Water Department Warehouse
- Build out additional Courts facilities
- Construct the Riverview Terrace Senior Center
- Construct the Tampa Bay History Center
- Construct a Westgate Complex Addition for the Children's Board
- Initiate library expansion and construction projects including:
 - Westgate New Regional Library
 - North Tampa Branch Library
 - Seffner-Mango Library replacement
 - Sulphur Springs Partnership Library
 - Riverview Branch Library land and parking
 - University Area Partnership Library
 - Robert W. Saunders Sr. Library, and
 - Turkey Creek Partnership Library
- Construct an all weather running track
- Contribute to a Northdale YMCA pool
- Complete the Carrollwood Village Community and Recreation Center
- Acquire additional land for the Seffner Park
- Expand the Apollo Beach Park
- Initiate the Progress Village Sports Complex
- Initiate the Citrus Park Community Center
- Construct the Solid Waste Resource Recovery Facility Capacity Expansion
- Complete the South County Solid Waste Transfer Station Expansion
- Complete the Southeast Landfill Capacity Expansion
- Construct the Causeway Boulevard Water and Sewer Transmission Lines
- Complete the County's portion of the 22nd Street Community Main Street Project
- Continue construction of Bell Shoals Road
- Construct Boyette Road
- Widen Gunn Highway
- Construct an eastbound turn lane on Lumsden Avenue
- Initiate improvements on Lutz Lake Fern Road
- Complete Race Track Road (including use of funding available in FY 08)
- Fund future repairs to the Friendship Trail Bridge
- Complete funding for the Handley Road and Waters Avenue Intersection

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- Add funding for the Advanced Right-of-Way Acquisition Program

Additional detail for FY 06 and FY 07 is provided in the Capital Budget section of the budget document. Additional information and a full six-year capital plan are published in the Capital Improvement Program, FY 06 - FY 11.

Conclusion

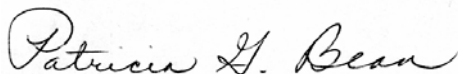
Consistent with Goal One of your Strategic Plan, this budget continues our commitment to “ensure that Hillsborough County is financially strong enough to influence its destiny by applying efficient and/or effective policies and practices.” It reflects a material reduction in the Countywide operating millage – continuing a decade of past reductions – while also continuing to be responsive to the needs of our growing community.

All County taxpayers will benefit from the millage reduction reflected in the biennial budget. At the same time, the budget focuses on some of our customers’ most highly valued services and needs – an expansion of our library system to serve a growing population, increased funding for transportation needs, enhanced service to the elderly, emphasis on reducing response time for Fire Rescue, and new and improved facilities for Parks and Recreation.

Through a series of workshops and public hearings, the Board has listened to the citizens and adopted a plan of action for the next two years. The plan reflects the dual role of Florida counties to address certain needs of all County residents and businesses as well as the municipal services provided to residents and businesses within the unincorporated area. In our case, we have a growing majority of county residents who rely on the Board for both sets of services.

This biennial budget is a foundation for planning processes with more distant horizons: the County’s Strategic Plan and the Capital Improvement Program (and through the CIP, the County’s comprehensive land use plan). The Board has responsibly approved a budget that will continue to allow the County to provide the services needed and desired by our citizens. Our course has been set and as your County Administrator, it is my responsibility in conjunction with independent agencies and Constitutional Officers, to implement the policy direction reflected in this budget. We are committed to the vision of becoming the Best County in the Nation and look forward to working with you to accomplish this task.

Respectfully Submitted,



Patricia G. Bean
County Administrator