

COUNTY ADMINISTRATOR'S BUDGET MESSAGE

Members of the Board of County Commissioners:

I am pleased to present to you the County Administrator's Recommended Budget for Fiscal Year 2011 (FY 11). This represents an update to the second year of the eighth biennial budget for the Board of County Commissioners. Under a biennial process, the Board develops detailed budgets for two separate years. The first year's budget was adopted in September 2009, and covered the period October 1, 2009 through September 30, 2010. This second year's budget – FY 11 – represents an update to a planned budget for the period October 1, 2010 through September 30, 2011. The Board meets statutory requirements for the FY 11 budget through an abbreviated budget update process this year and formally adopts the FY 11 budget in September 2010 public hearings.

The intent of a biennial budget process is to focus implementation of major policy decisions in a two year cycle. Continued revenue impacts on the County's budget – impacts which in some cases lag behind the economic cycle – require new approaches to setting priorities in determining what we will continue to do and how services will be delivered. As I explain below in detail, I have used my opportunity to serve as Acting County Administrator over the past three months to seek new directions in service delivery and the County's role in delivering these services.

As we embark on our deliberations about the budget for FY 11, I am struck by both the challenges and opportunities that present themselves. The paramount financial challenge we face is in our \$599.8 million Countywide and \$400.9 million Unincorporated County operating budgets which bear the loss of about \$65 million in property tax revenue from FY 10 to FY 11.¹ This is due to the continued decline in our property tax base, the loss of much of our investment earnings and other revenues that have declined or are stagnant in the aftermath of the worst recession in a lifetime. Late-breaking news on property values as we finalized this budget will help reduce the reliance on one-time revenues in our Countywide General Fund by about \$3 million, but the underlying challenge remains.

A portion of the \$65 million loss in revenue is offset by more than \$17 million in net expenditure reductions in our major tax funds. Another \$18 million will be made up with non-recurring revenue to balance the budget by smoothing out the impact of hitting the bottom of the economic cycle in FY 11. However, this use of one-time revenue necessitates action over the next twelve months to implement long-term solutions by identifying our priorities and determining how they can be met with recurring resources.² Therein lies our greatest singular opportunity as a community: to clarify the role and mission of local government in providing service to our residents. The remaining loss of property tax revenue is largely offset by state shared revenues that were used to defease debt in FY 10, but now return to the general funds in FY 11.

For my organization, it is a time to reflect on the most fundamental questions any organization must answer: what kind of organization do we want to be and how do we want to be perceived by those whom we serve? The answer to both of these questions goes to the heart of understanding our purpose and mission. Clarifying the purpose of our existence as an organization is meaningful, however, only as a consequence of re-defining the role of local government. The recession and continuing troubles in the real estate market provide us with immediate motivation and a sense of urgency to discover the clarity we seek.

Decisions you have made as an elected body, together with your individual areas of advocacy, provide a clear vision of the essential elements of community building for which local government bears a responsibility. These elements include:

- Fueling an economic engine that will drive diversified innovation in both the technology, agricultural and small business sectors;
- Adopting regulations that promote environmentally sustainable growth in housing and commercial development;

¹ The estimate we are required to use in adopting the FY 11 budget will not be available until the end of June.

² Reserves have not been reduced in our major operating funds; the source of non-recurring funding were State-shared sales tax revenue that had been reserved during strong revenue growth several years ago and accumulated funds for maintenance of buildings from prior years' budgets that have not been used. In both cases, the drawdowns can be achieved without negative impacts. Funding to maintain County buildings is included in the FY 11 budget.

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- Providing resources to restore mobility to a stalled transportation network;
- Cultivating recreational, cultural and natural resources that nourish our bodies and spirits; and,
- Enacting laws that protect and nurture at-risk children, seniors and families while assisting in their return to self-sufficiency.

These essential elements of community building are neither mutually exclusive nor are they competing outcomes. They are interrelated and interdependent aspects of an organic system of local government whose primary mission is to protect life and property, foster a well-educated and skilled workforce, promote economic prosperity, and create conditions that enable each member of the community to fulfill human potential.

Each essential element of community building must flourish in order for your vision to be realized. Achieving balance among these elements is the challenge. In order to support your vision, my organization must also be balanced in the way we define our role and conduct ourselves. To that end, I have challenged my staff to embrace the following nine characteristics of a well-balanced organization in the way they relate to each other and serve our customers.

IDENTITY – What kind of organization do we want to be?

- Focused on high quality:
- Planning ahead & working toward constant improvement
- People-oriented:
- Nurturing: training and career development
- Extraordinary customer service
- Goal-oriented:
- To client needs and measureable results
- Passionate and empathetic
- Creating a more peaceful and more productive environment
- Inquisitive, knowledgeable and data-driven
- Cultivate employee/citizen loyalty and trust
- A hotbed of imagination, experimentation and creativity
- Nimble: move swiftly and decisively to get the job done
- Value communication, cooperation, and teamwork

These are not only characteristics of an organization that aspires to being “in balance”, they also anchor the cornerstones of this proposed budget – productivity, process improvement and optimized service delivery. Not solely a foundation for FY 11, these cornerstones create a solid foundation for a sustainable financial future. My intention with this recommended budget is to create conditions – provide the framework, if you like – that encourages employees to cultivate a sense of self-awareness about their relationships with each other and with those whom they serve. Being self-aware means continually asking ourselves whether we are well-served by beliefs we have relied upon in the past to carry out our mission. Then, we must find better ways of doing business.

To sustain this sense of self-awareness means that we must engage in a different kind of conversation, one in which employees are encouraged to question the status quo, offer innovative solutions, and take prudent risks. By fostering this kind of conversation we will empower those who desire to manifest a balanced, high-performing organization.

Overview of Recommended Budget

The Recommended Budget for FY 11 totals \$3.538 billion compared with the adopted FY 10 budget of \$3.481 billion. The \$57 million increase from FY 10 to FY 11 is fully accounted for by an increase in the capital budget, primarily for transportation and water/wastewater projects. However, it is important to see the components of the total budget to fully appreciate the magnitude of the challenge and opportunities we face:

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Rounded to millions May not total due to rounding	FY 10 Adopted Budget	FY 11 Recommended Budget	Change
REVENUES:			
Property Tax -			
Countywide Ad Valorem	\$424.6	\$376.1	(48.5)
Property Tax -			
Unincorporated Area Ad Valorem	196.1	175.3	(20.8)
Other Revenue Sources	1,997.1	2,183.1	186.0
Fund Balance, Beginning of Year	863.8	803.9	(59.9)
Total Revenues	\$3,481.6	\$3,538.3	\$56.8
APPROPRIATIONS:			
Operating Budgets			
Countywide General Fund	\$172.4	\$156.3	(16.0)
Unincorporated Area General Fund	181.3	181.1	(0.3)
Countywide Special Purpose Fund	172.0	160.2	(11.7)
Sales Tax Fund	59.1	60.3	1.2
County Transportation Fund	69.6	64.7	(4.9)
Enterprise Funds (Water and Solid Waste)	240.1	232.8	(7.3)
Library District	39.4	37.8	(1.6)
All Other Operating Funds	247.5	250.1	2.6
Subtotal	1,181.4	1,143.5	(38.0)
Capital Project Budgets			
County Transportation Fund	20.8	3.3	(17.6)
Community Investment Tax Fund	(61.0)	28.3	89.4
Enterprise Funds (Water and Solid Waste)	73.7	51.9	(21.8)
All Other Funds	(4.5)	10.2	14.8
Subtotal	28.9	93.7	64.7
Debt Service - Principal, Interest and Other	408.7	410.4	1.7
Transfers to Constitutional Officers	434.8	437.5	2.7
Other Transfers	737.5	764.5	27.0
Reserves	690.1	688.8	(1.3)
Total Appropriations	\$3,481.6	\$3,538.3	\$56.8

Property Taxes – FY 11 will be the fourth year of reduction in property tax revenue. FY 08 and FY 09 property tax revenue reductions resulted from Florida tax reform. FY 10 and FY 11 reductions have resulted from sharp declines in values resulting from the recession and, in particular, the housing downturn. Some modest good news is reflected in our anticipated slow growth in some other tax revenues in FY 11. Revenue from gasoline taxes and sales taxes, for example, is expected to rise slowly in FY 11; however, the increase is inadequate to address reductions in other revenues.

Operating Budget – The recommended operating budget will decline \$36 million from FY 10 to FY 11. On a programmatic basis, public safety spending will increase in each of our two major operating funds – the Countywide General Fund and the Unincorporated Area General Fund. Spending in all other program areas will be either flat or will decline in FY 11 from FY 10 levels in these operating funds.

I am grateful to all of our Constitutional Officers who have demonstrated their leadership in helping to control costs in their FY 11 budgets. Outside agencies, such as the Planning Commission and Environmental Protection Commission, have also contributed to the overall goal of containing costs. The Sheriff has been particularly helpful in the update to the FY 11 budget, absorbing the cost of security services operations that transferred to the Sheriff in FY 10 and reducing an increase in the Sheriff's budget that had been planned.

Major service cuts have been avoided in this budget, although we will face a transition period over the next year for several programs as we restructure what we do and how we do it to phase out the use of non-recurring funds. Some of the programs that had faced major service cuts in FY 11 that have been avoided include: in-home senior services

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and Alzheimer's day care; child care licensing; Cooperative Extension services; Animal Services field services; regional parks operations; non-profit organization competitive funding; Bakas, Blaze Sports; and other therapeutic recreation services; adult athletics and, stormwater inspections and stormwater conveyance improvement.

We achieved significant offsets to our loss of property tax revenues with cost-cutting measures that should have minimal impact on the quality of most services we provide. We identified more than \$17 million in net reductions in our major tax funds – even after restoring some services. We should recognize as we accept these reductions that we will lose some of the flexibility we have enjoyed in the past to absorb unexpected needs or requests. Unplanned events will unlikely be absorbed without a commitment for additional resources. Some of the elements of these reductions include our continuing effort to downsize/rightsize our fleet, reduce overtime, eliminate vacant positions, tighten operating expenditures including a focus on cell phones and printers, and reduce leased space.

County Administrator Departments	Total Net Budget Increase/ (Decrease), FY10 to FY 11	Increase/Decrease as a % of		Change in FTEs
		FY 10 Department Budget	FY 10 County Administrator Total Dept. Budget	
Affordable Housing Office (1)	\$18,303,420	219.34%	2.01%	13.50
Aging Services	(546,313)	-3.20%	-0.06%	-13.00
Animal Services	(202,501)	-2.66%	-0.02%	-5.00
Children's Services	4,080,532	9.27%	0.45%	-15.24
Code Enforcement	106,522	2.49%	0.01%	-3.00
Communications Department	(156,509)	-6.31%	-0.02%	-3.00
Community Liaison Section	(994,997)	-46.20%	-0.11%	-3.00
Consumer Protection & Professional Responsibility	167,874	29.89%	0.02%	-0.40
County Administrator	(8,368)	-0.33%	0.00%	0.00
Debt Management	(686,398)	-100.00%	-0.08%	-5.00
Economic Development	(160,220)	-9.04%	-0.02%	1.95
Emergency Dispatch Center	(182,567)	-8.14%	-0.02%	0.00
Emergency Management	137,215	12.27%	0.02%	0.00
Emergency Telephone (911)	12,125	0.19%	0.00%	0.00
Equal Opportunity Administrator	8,234	143.03%	0.00%	0.00
Extension Services	(203,987)	-12.70%	-0.02%	-4.00
Fire Rescue	1,128,556	0.98%	0.12%	0.00
Fleet Management	46,674	0.15%	0.01%	-5.00
Health & Social Services	(7,682,148)	-4.36%	-0.84%	-29.50
HIPAA Compliance Office	1,182	0.73%	0.00%	0.00
Human Resources	(310,649)	-8.36%	-0.03%	-3.00
Information & Technology Services	(448,020)	-3.31%	-0.05%	-1.00
Library Services	(594,196)	-1.55%	-0.07%	-1.71
Management & Budget (2)	402,013	20.20%	0.04%	3.00
Medical Examiner	169,930	3.63%	0.02%	0.48
Neighborhood Relations	356,400	-100.00%	0.04%	0.00
Parks, Recreation & Conservation	(2,138,994)	-4.35%	-0.23%	-11.38
Planning & Growth Management	(1,384,602)	-6.50%	-0.15%	-10.96
Public Works	(7,047,356)	-8.67%	-0.77%	-68.00
Procurement Services	(443,426)	-20.63%	-0.05%	-5.00
Real Estate	(694,264)	-2.72%	-0.08%	-3.00
Security Services Agency	(3,738,355)	-100.00%	-0.41%	-67.00
Solid Waste Management	(5,156,008)	-5.66%	-0.57%	-2.00
Water Resource Services	(2,315,451)	-1.55%	-0.25%	0.00
Total County Administrator	(10,174,652)	-1.12%	-1.12%	-240.26

Note: The above table shows funding for departments across all funds. Funding for County Administrator departments solely within the two tax funds decreased by \$13.5 million. Two tax fund funding for non-departmental allotments, non-profit organizations, governmental agencies and other boards and commissions decreased by \$3.2 million.

Other Notes:

- (1) Includes transfer of HUD Section 8 program from Health and Social Services Department to the Affordable Housing Department
- (2) Includes transfer of four positions to establish a business analysis section.

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Regrettably, once again in FY 11 it will be necessary to lay off employees. This reduction-in-force affects employees at all levels of the organization including unclassified managers. I want to especially recognize my Assistant County Administrator for Human Services who, for the good of the organization, volunteered for the lay-off. A number of early retirements of department directors – in Children's Services, Cooperative Extension, Public Works, and Procurement – together with directors who will soon be retiring provide an opportunity to reduce layers of management. Strategically this leads to greater responsibility and accountability being assumed by staff who are more directly involved in providing service – a tremendous benefit not only to our customers, but to employees as well who will have a greater stake in our success in transforming the organization.

As we restructure the organization to achieve productivity, process improvement, and cost efficiencies, the employees who will leave the organization are faced with the challenge of a weak labor market. It is in the interest of the County to use every reasonable means at our disposal to assist these employees in finding new employment. Our community is already burdened with high unemployment and we do not want to exacerbate this problem by adding additional unemployed workers to the rolls. Likewise, for any of us who have experienced lay offs first hand, we know how difficult it is in the face of worry and fear to remain fully productive in the workplace; the upset is shared by employees who remain and, all told, the work environment can remain destabilized during this transition.

The most beneficial outcome for the affected employees, the organization and the community is rapid, productive re-employment. In short, the most important job for the affected employee is to find a job. Therefore, from the date a reduction-in-force is announced and until September 30, 2010 affected employees will remain on call to undertake assigned duties and they will be provided office space in the Human Resources Department and structured employment counseling and assistance in finding a job as quickly as possible.

In addition, the recommended budget also includes cost savings of \$515,729 arising from the consolidation of the following functions across departments:

Affected Departments & Programs	Immediate Implementation/ Benefits
Affordable Housing Department and Section 8 Unit of Health & Social Services Department	Combine by reorganizing Section 8 within Affordable Housing Department. Eliminate duplicative functions for cost savings and integrate client service improvements
Debt Management Function	Reassign to Clerks Office; Eliminates a department and one position from County Administration; Creates better integration of County investment and debt management.

But, we are not finished. I will be issuing Administrative Orders on June 11, 2010 initiating the first phase of an organizational restructuring to be completed by September 30, 2010 to achieve reduced costs and improved service. For example, I plan to merge three departments – Management and Budget, Human Resources, and Procurement Services – into one new department: Business and Support Services. Within that department, I am creating a new team – the PITcrew (Process Improvement & Tune-up Crew) – to conduct performance improvement studies using existing staff transferred from other departments. The PITcrew is based on an idea borrowed from the Sheriff's Office and techniques in use by the Tax Collector's Office, and is intended to achieve quick results in cost reduction and improved service.

Other departments and programs affected by this organizational transformation and administrative orders are described below:

Affected Departments & Programs	Immediate Implementation/ Benefits
Aging Services, Children's Services, and Health & Social Services Departments	Merge and integrate administrative, financial and human resources functions into a single Management Support Unit. Eliminate duplicative functions for cost savings and better operating controls.

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Affected Departments & Programs	Immediate Implementation/ Benefits
Planning & Growth Management, Public Works and Real Estate Departments.	Merge and integrate administrative, financial and human resources functions into a single Management Support Unit. Eliminate duplicative functions for cost savings and better operating controls.
Water Resource Services and Solid Waste Management Department	Merge and integrate administrative, financial and human resources functions into a single Management Support Unit. Eliminate duplicative functions for cost savings and better operating controls.
Communication Department and Public Information Officers (PIOs)	Centralize PIO function by bringing these positions in from departments to Communications Department. Eliminate duplicative functions for cost savings and better operating controls.
Management & Budget, Human Resources, Procurement Services Departments	Merge and integrate all functions into a single operating unit. Eliminate duplicative functions for cost savings and implement better operating controls.

As we continue to restructure activities with a short-term focus on streamlining administrative functions within and between departments, it is my expectation to bring additional annual long-term savings of at least \$1-2 million forward prior to the Board's adoption of the FY 11 budget in September. Not all of those savings may accrue to the tax funds on which we focus most of our attention, but savings anywhere within our budget benefit our community in terms of providing cost-effective services.

I am also eliminating the Debt Management Department through a joint agreement with the Clerk of Circuit Court to assume debt management activities that I have been personally involved in for more than two decades. These types of collaborations with Constitutional Officers – including a collaborative effort with the Clerk and the Civil Service Board to implement a resource planning enterprise (ERP) system and outsource its operation – reflect the kind of partnerships I believe citizens expect of their County government. While collaborations with municipalities and other governmental authorities are part of our plans (we have bid out the ERP jointly with the City of Tampa), those do not always mature as quickly as we might prefer as issues of governance must be resolved. The proposed transportation tax shows, however, our ability to forge interlocal agreements with the three municipalities and HART.

“12 MONTH PLAN”

- ❑ **Components of Plan**
 - ❑ Describe specific program and functions affected
 - Implications for organization
 - ❑ Describe intended/desired options and outcomes
 - Who will deliver service
 - How will service be delivered
 - Service levels
 - Projected cost savings and efficiencies
 - ❑ Identify current and projected funding sources
 - ❑ Identify participating stakeholders and clients
 - ❑ Describe specific milestones (timing and deliverables)
 - ❑ Identify reporting frequency (monthly)

- ❑ Plan will be signed by Director(s) and Administrator
 - ❑ Approved by BOCC

12 – Month Plans - Selected programs identified below will be evaluated between now and May 31, 2011 to identify and implement steps to provide service at lower cost to the County. During the 12 month transition period, the County will work with clients, stakeholders and interested private service providers to implement the transition strategy. “12 Month Plan” documents, which incorporate the elements depicted below, have been prepared for each of these programs and are included with your budget package. As mentioned earlier, the use of \$18 million in one-time revenue to balance the FY 11 Recommended Budget necessitates action over the next twelve months to implement long-term solutions by identifying our priorities and determining how they can be met with recurring resources. Acting on these 12 Month Plans is a critical part of the solution.

During the 12 month period, defined deliverables will be identified along with milestones leading to achievement of the target transition date. Regular progress reports will

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be provided to the BOCC and public. The full impact of our transition plans will be in place in time for the FY 12 and FY 13 biennial budget the Board will approve next year.

Other departments and functions that will be accomplished before your adoption of the FY 11 budget include:

Affected Departments & Programs	12-month Transition Plan
Affordable Housing Department and Section 8 Unit of Health & Social Services Department	Possible consolidation with the Affordable Housing programs of other municipalities and authorities.
Aging Services, Children's Services, and Health & Social Services Departments	Evaluate private and/or other government providers of selected services to continue services at lower cost.
Animal Services	Implement further cost savings and operational improvements. Evaluate revenue generating and outsourcing opportunities.
Cooperative Extension	Identify services that are more effectively provided in other County departments, e.g., 4-H and consumer education.
Planning & Growth Management, Public Works and Real Estate Departments.	Evaluate outsourcing the following: survey and mapping; facilities management; asset management; road maintenance; mosquito control. Integrate GIS to avoid duplication
Water Resource Services and Solid Waste Management Department	Complete the further merger and integration of operations to achieve savings and improve service delivery. Further evaluation of consolidating municipal utilities.
Parks & Recreation Department	Evaluate private and/or other government providers of selected services to continue services at lower cost. Evaluate options for financial and operating self-sufficiency, including consolidation with municipalities.
County Inspection Functions	Evaluate opportunities to consolidate inspection functions currently embedded in departments to achieve cost savings and better service integration.
Emergency Management and Emergency Dispatch	Evaluate and implement opportunities to enhance regional emergency communications.
Planning Commission	Implement further cost savings and operational improvements.
County Attorney's Office	Implement further cost savings and operational improvements.

Some organizations outside County Administration agreed to implement transition plans in order to avoid near-term cuts: The County Attorney's Office and the Planning Commission have each agreed to a 12-month transition plan to seek long-term funding solutions for their needs. In return, I have supported one-time funding for FY 11 for each of these organizations.

Capital Budget – While the capital budget accounts for the entire increase in the overall County budget, the level of the capital budget – \$101 million – will still reflect a fraction of previous years' capital spending levels. One-half of the capital budget for FY 11 will be accounted for by water/wastewater projects. New funding for transportation projects, which had amounted to nearly \$150 million as recently as FY 08, will account for \$11 million in FY 11 after a net drawdown of prior year commitments in FY 10. Funding for transportation has been adjusted to match available Community Investment Tax (CIT) proceeds and to our declining ability to commit property taxes to the transportation program in the face of declining property tax revenues.

Other Expenditures and Transfers – Debt service (principal and interest payments on debt) will increase slightly from \$109 million in FY 10 to \$112 million in FY 11. The increase is attributable primarily to the planned issuance of additional Water and Wastewater Utility System to fund continuing expansion of treatment facilities.³ Transfers, an

³ Additional rollovers of short-term commercial paper debt – a non-cash transaction that reflects the refinancing of short-term borrowings for capital projects – increases the budgeted Debt Service Fund amount to \$410 million in FY 11 which is a slight increase from \$409 million in FY 10.

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element of budgeting that tracks the flows between the “funds” that comprise a budget, will increase \$26 million from FY 10 to FY 11. While transfers are reflected in the overall budget total, they reflect good accounting but do not reflect a change in services.

Other Factors Considered in the Recommended FY 11 Budget

Budget Limitation – In preparing the recommended budget, we ensured we were in compliance with Board policy limiting spending – BOCC Policy 03.05.07.00. We also carefully assessed our ability to avoid future drawdowns of fund balance in the Countywide General Fund and Unincorporated Area General Fund because such actions can have significant implications on our ability to access financial markets to secure financing for County projects.

Continued Suspension of Pay Adjustments – The FY 11 budget contains no organization-wide pay increases for employees – i.e., no cost-of-living increase, no merit pay, no market equity adjustment and no step increase. However, there are a limited amount of pay adjustments budgeted due to pay equity issues and position reclassifications associated with organizational restructurings. As we rebalance spending to available revenue, such increases were not supportable. We face the prospect, however, of future increases in order to maintain comparability with other employers, to differentiate what we pay experienced employees from inexperienced employees, and to avoid pressures to unionize more of our labor force. We continue to research opportunities to reduce what we spend on benefits for new employees in order to control the overall cost of compensation. Outsourcing some programs or portions of some programs will also allow us to control compensation costs.

Elimination of Furloughs – Furloughs will be suspended after FY 10. While employees had supported them in order to save jobs, the consequences of furloughs have become obvious. We inconvenience our customers when we close facilities. We create inequities when some employees are spared from participation while others are not. Salaried employees who may normally work more than forty hours per week become hourly employees for an entire furlough week – resulting in a greater loss of productive hours for those employees than we save in costs. Furloughs were always recognized as a temporary means of cutting costs and we believe other cost-saving alternatives are preferable. We have sought to reduce overtime spending and lowered workers compensation costs through safety programs.

Reduced Millage – The Countywide operating millage has been reduced for the eighteenth consecutive year. As with the reduction in FY 10, the amount is minimal, but we believe that this shows a Board commitment on property taxes. The cumulative reduction amounts to \$2.41 in savings for every \$1,000 in taxable value in addition to the benefits of the doubling of the homestead exemption approved by Florida voters. For those taxpayers owning property in the unincorporated area who benefit from all reductions in County-levied millage rates, the total millage has been reduced for sixteen consecutive years, amounting to a total of \$3.19 in savings for every \$1,000 in taxable value. While taxpayers have benefitted from lower millage rates, a higher homestead exemption, and portability of the Save Our Homes cap on taxes, the amount of revenue generated by each mill of property tax has declined by 26 percent in the past three years.

Reserves – Our reserve strategy remains sound – we retain reserves in our major operating funds to meet best practices and to provide a safeguard for unexpected circumstances. As we monitor the oil spill in the Gulf of Mexico and remain alert during another potentially active hurricane season that will continue into early FY 11, it is critical that we retain operating reserves and our catastrophic reserve to provide us the capacity to address needs quickly. Consistent with our need to access funds quickly is recognition of the authorizations and recordkeeping needed to obtain maximum reimbursements from BP or FEMA.

Conclusion

Consistent with Goal One of your Strategic Plan, this recommended 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.” We continue to receive positive feedback – most recently when Moody’s Investor Service and Fitch Ratings each upgraded our general credit rating to “AAA” as part of a recalibration of U.S. public finance ratings. Hillsborough County has held a “AAA” credit rating from Standard and Poor’s Ratings Services since 2006.

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As the budget process moves through to completion in September, our next steps are:

- **June 11, 2010**
 - Publish Administrative Orders (subject to a 10-day BOCC consent period)
 - Activate first round lay-offs

- **June 11 – August 31, 2010**
 - Complete evaluation and implementation of further short-term budget efficiencies
 - Implement interand intra-departmental realignments and consolidations
 - Identify additional revenue opportunities
 - Implement additional productivity savings
 - Identify additional department efficiencies not included in recommended budget
 - Implement additional lay-offs as needed

- **June 11, 2010 – March 31, 2011: “12-Month Plan” implementation**
 - Identify, evaluate and implement options to reduce costs of programs funded in FY 11 with one-time revenue
 - Joint effort of county staff, stakeholders, clients, contractors
 - Implement best option(s) by Sept. 30, 2011 :
 - ❖ Contract-out program delivery (all or part)
 - ❖ Redesign county delivery of program for cost savings
 - Implement additional lay-offs as needed

I stand prepared to assist the Board in reviewing these recommendations.

Respectfully Submitted,



Michael S. Merrill
Acting County Administrator