



**Hillsborough  
County Florida**

**COUNTY ADMINISTRATOR**

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September 5, 2018

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To Whom It May Concern:

Hillsborough County welcomes the opportunity to respond to its portion of the Performance Audit of Hillsborough County and the Hillsborough Area Regional Transit Authority by McConnell & Jones LLP. Please find our management response in the attached document.

**We are pleased that you determined Hillsborough County “met” or “partially met” all six audit tasks. While we do not concur with some of the findings and conclusions, the audit clearly demonstrates that the County has the resources and expertise to deliver a full range of transportation programs and project infrastructure should the citizen initiative be adopted in November.**

Thank you for recognizing our achievements, including the AAA credit ratings we enjoy from all three rating agencies. This accomplishment is largely due to our sound financial management practices and by consistently evaluating the efficiency of the County’s service delivery. To that end, efforts are currently underway to come to an even better understanding of the cost of services provided to residents and businesses, and to better communicate to the public the value of those services.

Hillsborough County takes great pride in its fiscally conservative management of government and its use of innovative measures to overcome funding shortages and financial challenges. We provide services that enable residents to prosper in their personal, professional, and business lives. In addition, we are equally committed to evaluating new methods to deliver services and programs as the county continues to experience significant growth.

*As stated in Subtask 4.3 of the audit “Team MJ noted no significant or material weaknesses in internal controls from the perspective of the managers who completed the questionnaires. Accordingly, MJ concludes that policies and procedures are comprehensive and well documented and internal controls exist to provide reasonable assurance that program goals and objects will be met.”*

This conclusion is clearly backed by your determination that Hillsborough County achieved a “met” or “partially met” in **23** of **25** audit subtasks, a **92** percent success rate.

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Christine M. Beck

**INTERNAL AUDITOR**

Peggy Caskey

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We would like to highlight a few issues that may not be clear in the audit.

Foremost, the transportation referendum that Hillsborough County voters will decide in November is not a Hillsborough County Board of County Commissioners' initiative. A citizens group organized a petition drive for a ballot initiative to generate more funds for transportation.

As we've stated before, the audit requirement should not have been applied to the County. The statute states that a performance audit must be conducted when a surtax is proposed by "the county or school district." By way of comparison, the District School Board of Hillsborough County itself voted to place a sales tax increase initiative directly on November's General Election ballot.

Should voters approve the transportation referendum, Hillsborough County, along with the cities of Plant City, Tampa, and Temple Terrace, HART, and the Hillsborough Metropolitan Planning Organization, will receive a portion of these funds and use them to improve transportation throughout the County. These expenditures will be scrutinized by a board of more than a dozen residents appointed by the BOCC, the three municipalities, HART, and three constitutional officeholders.

Further, HART is an independent agency created by the State. It is not under the jurisdiction of the Hillsborough County Board of County Commissioners or the County Administrator.

At the request of the auditors, Hillsborough County provided a voluminous amount of reports and documents for this audit, and did so promptly, even with an accelerated timeframe. We were always available to answer questions and provide further documentation out of respect for the process, and to better educate the public.

Hillsborough County has a long history of being a good steward of tax dollars and delivering high-quality services and programs to its residents and businesses. The audit strongly confirms this, and demonstrates that the County will continue providing stellar service and delivering successful outcomes, in the same fashion it has successfully implemented the Community Investment Tax and many other initiatives, and administers services and programs on a daily basis.

Cordially,



Michael S. Merrill  
County Administrator

Attachment

CC: Board of County Commissioners  
Christine Beck, County Attorney  
Peggy Caskey, County Internal Auditor

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Below are the auditors' findings, followed by the County's response.

**Research Task 1 - The Economy, Efficiency, or Effectiveness of the Program.**

**Finding Summary:** Overall, Hillsborough County's Public Works Department (PW) meets Task 1.

**Research Subtask 1.6 Results:** Although current programs demonstrated that a sample of projects were completed within budget and costs were reasonable, the project files provided indicated inconsistency with project management and close out procedures as required by the department's Project Management Delivery Team Manual.

**Conclusion:** Partially Met

**Recommendation:** PW should enforce compliance with project management requirements and include authorized management's approval for any pre-approved exceptions.

**Hillsborough County Response**

*Hillsborough County concurs with Research Task 1. However, the findings in Subtask 1.6 were ultimately immaterial to the successful delivery of the projects.*

*Public Works, in collaboration with Public Utilities and Real Estate & Facilities Services, is already in the process of updating a common multi-department project delivery manual that includes a new project manager training program. The manual and training program will help assure that project management procedures are updated to reflect current best practices, provide project managers with the most up-to-date training, and ensure that procedures are being consistently followed. The final draft of the new project delivery manual is expected to be rolled out in the next three months. In addition, project manager training will take place over the next six months.*

**Research Task 2 - The structure or design of the program to accomplish its goals and objectives.**

**Finding summary:** Overall, Hillsborough County's Public Works Department (PW) meets Task 2.

**Research Subtask 2.2 Results:** In assessing the reasonableness of current program staffing levels given the nature of the services provided and program workload, Team MJ determined that while PW focuses on addressing staff vacancy rates, such high rates still exist. These high vacancy rates create a risk that the County will be unable to maintain quality service levels.

**Conclusion:** Partially Met

**Recommendation:** PW should consider using employment agencies or other sourcing methods to minimize staff vacancies and potential overtime.

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### Hillsborough County Response

*Hillsborough County concurs with the findings in Research Task 2. However, Hillsborough County does not concur with the findings in Subtask 2.2.*

*Hillsborough County does use outside agencies and other sourcing methods to minimize staff vacancies and potential overtime. But very high growth rates in the county and Tampa Bay region, coupled with the low unemployment rate, have created significant reductions in experienced, qualified labor and driven up costs. According to Associated Builders and Contractors, Florida continues to be a very active construction market, ranking fifth among states in the creation of new construction jobs in the private sector. These challenges affect temporary labor markets as well.*

*To mitigate potential impacts of short-term professional vacancies, Hillsborough County utilizes contractual services to assure service levels are maintained. Some examples include engineering project management services and traffic investigations. Hillsborough County will continue to evaluate options to supplement staff with temporary or contract labor as well as hiring staff when appropriate, given the long duration of major transportation programs and projects. However, current vacancies do not impede the County's ability to deliver services in a timely and effective manner.*

*Another complication is that maintenance labor vacancies must be coordinated through the collective bargaining agreement with the American Federation of State, County and Municipal Employees (AFSCME). We recently reached a temporary staffing agreement with an outside agency, but the final terms were not acceptable to AFSCME and we were unable to implement it.*

### **Research Task 3 - Alternative methods of providing services or products.**

***Finding Summary:*** Overall, Hillsborough County's Public Works Department (PW) partially meets Task 3.

**Research Subtask 3.1 Results:** The County transportation program does not have a formal means of evaluating existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization, and determining the reasonableness of their conclusions.

**Conclusion:** Not Met

**Recommendation:** Procurement Services and PW should collaborate to develop a formal means of evaluating suitable in-house services and activities to assess, where practical, the feasibility of alternative methods of providing services, such as outside contracting and privatization.

**Research Subtask 3.3 Results:** The County provided no evidence that it conducts formal evaluations/assessments of service delivery methods that could lead to changes that result in reduced program costs without significantly affecting service quality.

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**Recommendation:** PW engineers are required to evaluate the cost effectiveness of alternative right-of-way alignments on transportation projects. When practical, PW should adopt the same principle for other types of procurement and service delivery methods.

### Hillsborough County Response

*Hillsborough County does not concur with the findings for Research Task 3, and does not concur with Subtasks 3.1 and 3.3.*

*First, we begin by pointing out that the positive finding of “Met” in Research Subtask 3.4 seems to conflict with the findings in 3.1, 3.2, and 3.3. In 3.4, the audit states: “Our work revealed no issues or concerns related to management identifying possible opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services, based on a review of similar programs in peer entities (e.g., other counties, etc.).”*

*The following examples are offered as strong evidence of the County’s ongoing efforts to identify and evaluate “alternative methods of providing program services or products”:*

- 1. Helicopter Leasing/Ownership Evaluation.** *This involves the evaluation of leasing versus owning a helicopter for insecticide and herbicide spraying. After a thorough review, it was determined to be in taxpayers’ best interests to continue maintaining the County-owned helicopter rather than change the service delivery method. This avoids any unnecessary disruption in efforts to reduce the mosquito population and the spread of the harmful Zika virus.*
- 2. Mosquito Control Aerial and Ground Spraying.** *This involves reconsideration of “piggybacking” on another public entity’s contract, rather than soliciting competitive sealed bids. Before developing a new solicitation, a Request for Information was publicly issued that specifically requested information about new and innovative methods of controlling mosquitos. After gleaning valuable information from the responses, specifications were developed and competitive sealed bids were solicited for these critical services, which ultimately reduced costs without affecting service quality.*
- 3. Grease and Septage Request for Solution.** *This involves the use of a Request for Solution, a method of source selection used for soliciting innovative solutions by providing general instructions without minimal restrictions on technology or approach. Following a change in regulations regarding the disposal of grease and septage, the County sought to find the most innovative and cost-effective approaches to solving this issue. The County considered developing its own program, but in the end it was determined the private sector offered the most economical and efficient means of providing this service.*
- 4. Carbon Credit Program.** *This involves the development of an innovative and unique program that generates revenue by preserving conservation land and sequestering carbon. Hillsborough County is one of the few local governments to successfully initiate, develop, and execute this complex program. This approach marks a significant change in how conservation land is used and maintained. The revenue generated by the sale of carbon credits will be used to offset a portion of the cost to maintain and preserve these ecologically important areas, thus improving service delivery and lowering costs.*

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- 5. Transportation Impact Fee Offset Sale Program.** *This involves another innovative and unique program that allows the County to buy back transportation impact fee offsets at reduced rates, thus saving the County millions of dollars. There are no existing local government models for this program. But through extensive research and out-of-the-box thinking, the County created a viable and meaningful program that benefits all stakeholders.*

*While the County may not have "... formal evaluations of existing in-house services used to assess feasibility of alternative procurement methods," this evaluation routinely occurs at the directors' level as part of each director's budget and management responsibilities and obligations. When considering in-house services and activities, directors are always cognizant of both short- and long-term impacts on ad valorem and other taxes.*

*Further, Public Works and support departments exercise reasonable due diligence and consider all or part of the following questions depending on the type of service or product under consideration:*

*Should the County continue to provide this particular service or product?*

*What outcomes are expected by residents and the Board?*

*How does current performance compare to the expected performance?*

*Will the expected performance lead to the expected outcomes?*

*How is demand for the service or product being managed?*

*What is the cost and benefit(s) of the service or product?*

*Can the benefit(s) and outputs of the service or product be increased?*

*Can the number and cost of inputs be decreased?*

*What (if any) are alternative ways of delivering the service or product?*

*If a change in service or product is prudent, how can it best be implemented and communicated to all stakeholders?*

*Public Works considers a myriad of variables – all of which may differ depending on the type and complexity of a desired service or product. Before a service delivery method is chosen or changed, Public Works gathers the information necessary to understand the required service or product, and the context of alternative service delivery. When practical and practicable, different delivery methods are investigated, barriers to changing the delivery method are identified, risks associated with the suitable delivery methods are assessed, and the cost(s) and benefit(s) of the suitable methods are determined. This process for determining the feasibility of alternative service delivery methods is routine, effective, and successful.*

*Given the ongoing uncertainty of tax legislation and resulting revenues, the County is hesitant to increase staffing or commit existing staff to new or expanded service levels or programs. Public Works often outsources maintenance services such as mowing, litter removal, roadway sweeping, and pavement marking, to name a few examples, due to the flexibility and economic benefits of using independent*

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*contractors. Outsourcing also benefits the economic well-being of the community. The prosperity of our community hinges on how well the County invests in and engages with its residents and businesses. While the County does not have a local preference, it is our policy to make sure all local business are at least afforded a fair and equal opportunity to compete for work in their own community. Because the benefits of contracting with local businesses are often intangible and cannot be reduced to mathematical “make or buy” decisions, the County predominately uses the competitive procurement processes to ensure equal opportunity, and, thus, the prosperity of our community.*

*Regarding transportation projects, it is important to note that Public Works is primarily involved in building and maintaining infrastructure. In addition, Florida Statutes, Section 336.41 (2018), specifically requires “[a]ll construction and reconstruction of roads and bridges, including resurfacing, full scale mineral seal coating, and major bridge and bridge system repairs ... be let to contract to the lowest responsible bidder by competitive bid ...” when certain taxes are involved. As such, this section specifically limits the County’s ability to utilize its own workforce for such work.*

*The Board of County Commissioners adopted a new Procurement Policy in 2017 that provides the Board with numerous contemporary procurement methods to maximize value and innovation. While competitive sealed bidding is the preferred procurement method, a diverse set of tools, including the use of public-private partnerships, are available depending on the goals and objectives of each procurement or project.*

*The County contends that the recommendation for Subtask 3-1 is partially impractical or impracticable given the limited opportunities for the effective use of in-house services.*

**Research Subtask 3.2 Results:** County program administrators have an efficient means of assessing contracted and/or privatized services to verify contractor effectiveness. However, the County provided no evidence of contractor assessments performed for the purpose of achieving cost savings.

**Conclusion:** Partially Met

**Recommendation:** PW should, when practical, include documented cost savings in evaluations of contractor performance.

### Hillsborough County Response

*Hillsborough County concurs with the findings in Subtask 3.2. The County will work to better document cost savings and assessments.*

*A very clear distinction must be made between contracting-out versus privatizing transportation projects and programs. The County contracts out a significant portion of capital and operating transportation programs and projects.*

*Privatization means transferring ownership and/or risk from public to private hands. The County has successfully executed privatization projects (e.g., the Resource Recovery Plant) in the past. But, overall, transportation projects in the county do not easily lend themselves to privatization (e.g., P3). Privatizing – transferring ownership and risk – of intersections and non-toll roads, and road resurfacing programs,*



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*to give a couple of examples, lacks the basic ingredient of a private revenue incentive found in most public-private partnerships.*

*Transferring ownership of government assets – transportation or other – solely on the basis of expected cost savings with bonus arrangements with private operators is an approach that has had mixed results nationwide. Such arrangements, no matter how closely monitored, are subject to changes in service levels and change orders that tend to be more of a “cost-plus” arrangement than a savings. There are number of examples nationwide of local governments taking back assets due to increased costs and deterioration of service delivery.*

*The County agrees that, where appropriate, privatization should be one tool that is considered where the prerequisites exist for a true P3 arrangement. For that reason, the County Administration has established an internal, cross-disciplinary management group with expertise in evaluating P3 opportunities.*

**Research Task 4 - Goals, objectives, and performance measures used by the program to monitor and report program accomplishments.**

***Finding Summary: Overall, Hillsborough County’s Public Works Department (PW) meets Task 4.***

### Hillsborough County Response

*Hillsborough County concurs.*

**Research Task 5 - The accuracy or adequacy of public documents, reports, and requests prepared by the county which relate to the program.**

***Finding Summary: Overall, the County Meets Task 5.***

**Research Subtask 5.3 Results:** PW makes some budget and cost data for projects as well as service statistics such as roadways resurfaced (based on lane miles) available to the public on the County website. However, evidence of detailed budget and cost information or program performance information for most projects was not widely assessable via the website, which is the most common means of accessing public data.

**Conclusion:** Partially Met

Recommendation: PW should, when practical, prepare program performance data for major projects and make both performance data and detailed budget and cost data more widely accessible to the public.

### Hillsborough County Response

*Hillsborough County concurs with the findings in Research Task 5. However, Hillsborough County does not concur with the findings in Subtask 5.3.*



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*The County acknowledges traditional communication tactics performed by other government agencies include posting lists and information on a website and checking a box to show that information is “accessible to the public.” Hillsborough County has a more user-friendly philosophy. When it comes to providing information to the public we serve, our goal is to make the most relevant information accessible in an easy-to-understand format. We take complex issues and translate them into plain language in order for all citizens to have a thorough understanding of the subject matter, including transportation.*

*All subject matters presented at Board of County Commission meetings and other public meetings, including PowerPoint presentations as well as budget and detailed cost information covered or presented at those meetings, are available to the public on the County’s website. All users have to do is visit the archived meetings or back-up materials posted with the agendas. Additionally, Communications and Digital Media has added the Board of County Commission meetings, with indexing, to its YouTube channel in order to increase accessibility to Hillsborough County residents.*

*In addition, Public Works, in collaboration with multiple county departments, including Communications and Digital Media, Public Utilities, and Real Estate & Facilities Services, is leading an initiative to update the capital projects web-viewer to incorporate a project status and performance dashboard, as well as links to individual project webpages. The new capital project dashboard currently is on the County’s intranet for testing, and our hope is to add it to the public website in the near future.*

*On Jan. 18, 2017, the U.S. Access Board published a final rule updating accessibility requirements for information and communication technology (ICT) covered by Section 508 of the Rehabilitation Act and Section 255 of the Communications Act. Traditionally, the primary issue with 508 compliance on government websites is the amount of non-compliant PDFs (Portable Document Format) posted. Many lists and data tables exist in this format, and if posted to the site, these documents would limit accessibility to persons with disabilities.*

*Communications and Digital Media Department will be seeking future funding to outsource the backlog of non-508-compliant PDFs that currently exist on our site. By securing such funding, we would further ensure compliance and also enable all departments to provide detailed data traditionally found in spreadsheets and PDFs in an accessible format for all of our residents.*

### **Research Task 6 - Compliance of the program with appropriate policies, rules, and laws.**

***Finding Summary: Overall, Hillsborough County’s Public Works Department (PW) meets Task 6.***

### **Hillsborough County Response**

*Hillsborough County concurs.*

This concludes Hillsborough County’s management response to the audit.