The Honorable Chairman and Members of
the Board of County Commissioners
Pinellas County Courthouse
315 Court Street
Clearwater, Florida 34616

Members of the Board of County Commissioners:

In accordance with my statutory responsibilities as Budget Officer, I am pleased to transmit herein
the Adopted FY1998 Annual Operating and Capital Budget.

With the guidance and input of the Board of County Commissioners and the diligent efforts of the
Constitutional Officers, my Department Directors, and the Independent Agency heads, this budget
of $1,132,239,540 (net of transfers) represents a nominal 1.9% increase in the operating budget.
The increase over the revised FY97 budget of $1.084 billion can be attributed primarily to a 8.9%
increase in non-recurring capital expenditures to fund both current and future infrastructure
enhancements. In particular, the FY98 budget reflects increased funding for water and sewer
system projects including $34.4 million for the South Cross Bayou Water Reclamation project and
$10.6 million for the Sand Key Phase IV Beach Renourishment project. The Budget includes 21
new positions (net), the majority of which relate to the Sheriff.

The FY98 Annual Budget maintains a high level of services to the citizens of Pinellas County
while maintaining the County-wide property tax levy at 6.251 mills. The Municipal Services
Taxing Unit (MSTU) levy imposed exclusively within the unincorporated area will also remain
constant at 1.656 mills. Based upon the FY97 levy, Pinellas County continues its leadership role
with the lowest Per Capita County-wide levy among urban counties at $234.
The budget is based upon taxable value information provided by the Property Appraiser. This data reflects a 3.4% increase in County-wide taxable values over last year, while the Municipal Service Taxing Unit (MSTU) shows a 4.3% increase. Without new construction, both of these taxable values increased 2.2%.

**The Process and Future Trends:**
The Board of County Commissioners continues to play an active role in the formative steps of the budget deliberation process. During the months of April and May, the Board participated in detailed discussions relative to the programs and activities of departments and agencies which are subject to Board appropriation. The goal of this process was to optimize the County's use of public funds by pursuing a comprehensive review of the programs and services which the County provides to the public and the manner in which these services are delivered.

As a whole, departments and agencies have done an admirable job of restraining their budget requirements and in some cases have decreased them. This has been accomplished by implementing innovative approaches to do more with less, and through the use of privatization and other cost saving techniques. In order to meet the Board's stated goal of maintaining the County-wide and MSTU millage rates unchanged, however, some FY98 requests could not be funded in whole. In order to reconcile these competing needs in a fair and equitable way, the overall growth of revenues within the General Fund were made available for allocation. This enabled those agencies whose requests came in above the growth of revenues to adjust their budget requests upward 4.3% above their respective current year revised budgets. This targeted 4.3% increase requires departments and agencies which derive their funding from the Board's General Fund to live within the revenue growth within this fund. This method compelled all agencies to "live within their means".

On a cautionary note, some departments and agencies have exhausted many of the opportunities to restrain the future growth of their budgets. While the successful extension of the Penny for Pinellas has provided the County with a dedicated, reliable revenue stream for capital projects which does not rely on property taxes or other revenues, the very success of the Capital Improvement Program (CIP) places increasing financial demands on the operating budget. These costs manifest themselves in more lane miles of arterial roads to maintain, more ditches and drainage structures to clean, more parks and an expanded jail to staff. Revenues, particularly the property tax base, have been relatively flat in recent years due in large part to the passage of the Save Our Homes initiative, and the gradual build-out of the County. The growth of revenues within the General Fund is slightly below the annual cost of opening the doors which includes increased costs related to general price level (CPI) and wage and benefit adjustments dictated by
the Unified Personnel System. This coupled with the increased service related costs noted above further conspire to drive expenditures beyond the annual growth in revenues. Accordingly, absent future revenue relief, further reductions may be leveraged directly on programs and service delivery.

**Budget Overview:**
The $1,132,239,540 Budget is comprised of $708.3 million for operating purposes and $423.9 million for capital construction. Depicted organizationally by expenditure type, the Budget reflects the following:

<table>
<thead>
<tr>
<th>Organization Costs</th>
<th>Operating Costs</th>
<th>Capital Improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Administrator:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Services</td>
<td>$160,320,290</td>
<td>$299,014,310</td>
<td>$459,334,600</td>
</tr>
<tr>
<td>Governmental Services</td>
<td>213,411,090</td>
<td>95,609,870</td>
<td>309,020,960</td>
</tr>
<tr>
<td>Total County Administrator</td>
<td>$373,731,380</td>
<td>$394,624,180</td>
<td>$768,355,560</td>
</tr>
<tr>
<td>Elected Officials</td>
<td>172,444,090</td>
<td>18,540,500</td>
<td>190,984,590</td>
</tr>
<tr>
<td>Court Support Services</td>
<td>11,173,870</td>
<td>5,370,000</td>
<td>16,543,870</td>
</tr>
<tr>
<td>Independent Agencies</td>
<td>39,969,780</td>
<td>5,386,380</td>
<td>45,356,160</td>
</tr>
<tr>
<td>Support Funding</td>
<td>110,999,360</td>
<td>440,256,790</td>
<td>110,999,360</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$708,318,480</td>
<td>$423,921,060</td>
<td>$1,132,239,540</td>
</tr>
</tbody>
</table>

In order to support these bottom-line requirements and meet the statutory mandates which require a balanced budget, matching resources have been identified as follows:

<table>
<thead>
<tr>
<th>Resources and Balances</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$233,169,270</td>
<td>20.59%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>205,584,190</td>
<td>18.16%</td>
</tr>
<tr>
<td>Sales &amp; Use Taxes</td>
<td>81,525,920</td>
<td>7.20%</td>
</tr>
<tr>
<td>Federal, State &amp; Local Sources</td>
<td>88,296,270</td>
<td>7.80%</td>
</tr>
<tr>
<td>Other Resources</td>
<td>83,407,100</td>
<td>7.37%</td>
</tr>
<tr>
<td>Designated Funds &amp; Balances</td>
<td>440,256,790</td>
<td>38.88%</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$1,132,239,540</td>
<td>100.0%</td>
</tr>
</tbody>
</table>


\textbf{County Administrator Appropriations}

Departments under the purview of the County Administrator comprise sixty-eight percent (68\%) of the County budget or $768.3 million. Of this amount, $459.3 million or sixty percent (60\%) of these appropriations is associated with self-supporting enterprise activities encompassing Utilities (Water, Sewer and Solid Waste Management) and the Airport. Additionally, fifty-one percent (51\%), or $394.6 million of the County Administrator's appropriations are associated with capital construction funded primarily on a pay-as-you-go basis.

Through a series of consolidations and other actions to stream-line programs under the County Administrator's purview, operating expenditures have been held to a 3.0\% percent increase. There is an increase of two (2) positions within the governmental programs. Within the enterprise activities, eight (8) positions were eliminated for a net reduction of six (6) positions.

Notable budget highlights for departments under the purview of the County Administrator include:

The FY98 Utilities budget represents the fourth year of the consolidation process which was initiated in FY95. As a result of the organizational merger of three discrete departments: Water, Sewer and Solid Waste Management, economies of scale have been realized in several areas, including administration, general maintenance, and laboratory operations. Accordingly, the staffing level for Utilities has been decreased by six (6) permanent positions and the overall increase in the operating budget has been limited to 1.1\%. In addition to the synergies resulting from consolidation, Utilities was also able to capitalize upon savings realized by the introduction of new, more efficient facilities. In particular, savings have been recognized at South Cross and the North plants as these regional facilities are inherently more efficient than the package treatment facilities found on the east side of Lake Tarpon which were taken off line earlier this year. The FY98 budget will reflect the full savings associated with diverting these flows. No rate increases are contemplated for the Utilities functions in the FY98 budget. Other major Utilities highlights include:

In order to fund the emission control retrofit project for the Resource Recovery facility at Solid Waste Management, a $83.3 million bond was issued in September of 1996. The issuance of this bond followed the defeasance of Series 1990 Bonds using accumulated cash resources. This defeasance represented the best economic use of surplus funds generated by the system. The bond proceeds were reflected in the current year budget as beginning fund balance and will be appropriated and expended for the Air Pollution Control Retrofit project including the relocation of the materials recovery system (MRS). It is anticipated that $51.8 million will be expended on this effort during FY98.
The Sewer System shows decreases in the plant operations area resulting from the ongoing consolidation efforts. The operational and supervisory functions at the McKay Creek and South Cross regional facilities have been streamlined resulting in a reduction of eight (8) positions. In FY98, Utilities will move forward with $34.4 million in additions and improvement to the South Cross Bayou Wastewater Treatment Plant (WWTP). This $142 million project will upgrade the WWTP to meet the requirements of a reclaimed water system with secondary discharge capabilities and encompass the expansion of the reclaimed water system to the beach communities. This project is partially funded by the $69.8 million Sewer Revenue Bonds, Series 1994. An additional commitment of $13 million has been secured from SWFWMD to fund the transmission portion of this project. The proceeds generated by this issue were placed in a Municipal Investment Contract (MIC) in order to net fund the project based upon the original contractor’s draw schedule. The MIC will mature in November of 1997.

The Water System reflects a $1.7 million increase in its operating budget due primarily to increases in contractual payments to WCRWSA. For FY98, $7.3 million will be allocated to Production and Transmission facilities, $5.3 million to the Water Distribution system, and $1.5 million for the water system’s contribution to expanded Re-Use systems. Also, $6.1 million is included as the County’s required payment to the WCRWSA for our portion of the Regional Loop System.

As contrasted with the unprecedented growth during the 1990’s, FY98 reflects a further softening of weekly flight schedules by the principal airlines at the St. Petersburg/Clearwater International Airport. This reduction in flight-line and associated concession revenues coupled with the moderation of lease revenue prompted by the leasing of the last available parcel of land results in an operating budget which reflects a 7.6% decrease and the elimination of two (2) positions. To meet the future demands of airline customers, this Adopted budget also includes funding for a $4.3 million expansion of the Baggage Claim facility. On a related note, FY98 marks the liquidation of the only outstanding Airport debt issued in 1975.

The third year of the Oral Wildlife Rabies Vaccine Program is underway with favorable results reflected by a successive decrease in the number of positive rabies cases in each of these three (3) years. For FY98, Animal Services has requested $200,000 for the purchase of vaccine bait units, equipment, and monitoring in order to continue this program and eradicate rabies in the County. Within the 3.2% increase in the operating budget, two (2) new Animal Control Officer positions are proposed to provide more responsive service to the public. The privatization of the Lockbox program has provided the ability to mitigate the need for additional clerical staff and enabled the reallocation of existing staff.
The ability to leverage technology in the workplace has enabled BCC Information Systems to decrease its FY98 budget by 2.3% and one (1) position. This department will continue to support the Geographic Information System (GIS), coordinate Information System (IS) needs, and monitor IS acquisitions, and hardware/software maintenance contracts.

The Cooperative Extension Service is requesting a 10.3% increase in its FY98 budget to reflect funding of the Florida Yards and Neighborhood and Youth as Resources Programs. A new program, Build Green and Profit, is proposed which requires one (1) new position to provide staff support. This fee based program will educate builders and the allied trades on environmentally friendly building construction techniques.

The Community Development department is scheduled to receive a $500,000 infusion of general fund dollars to serve as the local match for a variety of federal and state grants. For FY98, Community Development has leveraged this support into a $16 million budget.

Early this fiscal year, the Board increased the Emergency Phone Service line charge from $0.30 to $0.40 in order to fund enhancements to the 911 system. Presently, forty seven (47) of the 63 counties which have 911 systems assess the maximum line charge of $0.50. The Emergency Communications/911 department reflects an increase of 11% as FY98 marks the first full year of the increased line charge. The majority of these funds will be applied to the implementation of the VESTA system in the 911 Center which is slated for installation and testing during the last quarter of FY97 and the beginning of FY98.

The Emergency Medical Services system provided almost 103,000 transports for the year ended FY96. For FY98, savings will be realized as a result of the reduced cost of the ambulance service contract. As a result of these savings coupled with anticipated user fee revenue enhancements, the adopted FY98 includes an increase to reserves in order to provide a further financial hedge against uncertainties in future federal and state Medicare/Medicaid reimbursements. Also, these enhanced reserves provide resources to address the possibility of a refund of Medicaid payments previously made by the State to the County. This issue is currently under negotiation.

Fleet Management has reduced staffing levels by nineteen (19) positions since FY95 as a result of consolidating functions, outsourcing selected processes, and expanding the tasks assigned to staff. This has been accomplished with no reduction in the provision of core services.

The department of Public Works, encompassing Engineering, Mosquito Control and Highway, reflects a 8.4% increase to $36 million. As a result of the aggressive transportation and storm water management capital construction programs, maintenance costs associated with the county’s 500 acres of storm water mitigation areas and 1,500 miles of roadways have increased. In order
to support these maintenance functions, $10.1 million will be funded by local option gasoline tax (LOGT) revenues. As recently as FY90, almost all of the highway maintenance needs in the County were addressed by state shared gas tax (the Constitutional gas tax). Due to the relatively flat growth in this revenue stream versus the increasing costs of maintaining the expanding transportation and drainage inventory, however, ever increasing portions of the LOGT must be allocated. This implies that fewer funds from this source can be used for Transportation construction.

The current fiscal year marked a dramatic departure from the manner in which social services have been delivered in the past. In March, the delivery of medical and dental services was privatized in order to expand the number of clients served. Additionally, other functional consolidations have been implemented which have improved the delivery of services while decreasing costs. For FY98, the adopted Social Services' budget shows a decrease of three (3) positions and a nominal 0.4% increase in operating costs.

Elected Officials Appropriations
The budgets of the Elected Officials, including Court Support further detailed below, represent $207.3 million or 18% of the FY98 Budget. Excluding capital projects, the combined operating budgets (including statutory fees) are $183.4 million, or $7.1 million more than the current year, an increase of 4%. All of the Elected Officials voluntarily complied with the Chairman’s request to moderate requested increases within the amount of growth projected to be available enabling the budget to be presented with no increase in the County-wide and MSTU millage rates.

The $29.5 million operating budget of the Clerk of the Circuit Court, including the Public Records Modernization Fund, requires a 4.4% increase, with five (5) new positions for a total of 585. The new positions relate to increasing court related caseload and the implementation of several unfunded mandates from the Legislature.

The Supervisor of Elections’ operating budget of $3.2 million reflects a 4.2% increase with no new positions for a total of 31.

Both the Property Appraiser and the Tax Collector are fee officers and present their respective budgets to the Department of Revenue (DOR) for approval. The amounts presented in the FY98 adopted budget represents the estimated statutory fees and commissions to be paid by the Board.

The Tax Collector has again voluntarily capped his General Fund statutory fees to $5.5 million. This enables the Board to utilize cash that if paid over to the Tax Collector would not be available until after the new year. No new positions are requested to the current 212 staffing.
Statutory fees to be paid to the Property Appraiser are reflected in the Adopted Budget. The Property Appraiser’s requested staffing will remain unchanged at 158.

The Sheriff’s FY98 budget of $122.1 million, inclusive of the School Crossing Guard Trust Fund, represents a 4.3% increase over the current year revised budget. The Sheriff’s request identifies sixteen (16) new positions for an adjusted total of 1,981. It should be noted that the Sheriff has made a diligent effort to constrain his budget from the initial $133.1 million requested. Regarding the Sheriff’s capital requirements, the jail facility expansion project requires $17.9 million in FY98. Because the Criminal Justice Center and Jail expansion projects will outstrip the $8 million made available annually from the Penny for Pinellas, $19.5 in debt proceeds are anticipated within the FY98 budget should a borrowing be required.

**Court Support Appropriations**

The Court Support portion of the FY98 budget encompassing the Judiciary (and the Law Library), State Attorney and Public Defender is $16.6 million, or 1.5% of the total budget. This includes $5.4 million for Board funded capital construction. The operating budget of $11.2 million reflects a nominal increase of 1.4%. The FY98 budget reflects a decrease of two (2) positions for an adjusted total of 80 County funded positions within the Judiciary.

For FY98, the Judiciary reflects a 1.1% increase in the operating budget and the elimination of two (2) positions. Earlier this year, the Board adopted an Ordinance at the Chief Judge’s request providing the Judiciary with budgetary and operational responsibility for the Law Libraries. This action was taken in order to better manage the resources of the libraries and through budgetary consolidation operate them within the earmarked revenues available. The Chief Judge deserves credit for her leadership and hard work on this issue. In previous budgets, this entity had been reported as an Independent Agency. The ongoing construction effort at the new Criminal Justice Center for Phase IV will require $5.1 million in FY98.

The county supported portion of the State Attorney’s budget and the Public Defender’s budget reflect increases of 4.3% for FY98 budgets of $458,740 and $875,110, respectively.

**Independent Agencies Appropriations**

Independent agencies which receive funding from the Board of County Commissioners constitute $40 million, or 3.5% of the total budget. For FY98, the Independent Agencies reflect an increase of eight (8) positions for a total of 229.

In FY96, the Industry Council was the recipient of a defense conversion grant from the federal Department of Energy (DOE) to facilitate the reconfiguration of the Lockheed-Martin facility from
defense to civilian purposes. Since that time, the Industry Council has secured additional grants to conduct research from the Department of Defense and more recently from the Concurrent Technology Corporation. Programs which relate to the recently named Science Technology and Research (STAR) Center are accounted for within a stand-alone special revenue fund which is comprised entirely of grant and lease revenue. For FY98, the Industry Council is seeking five (5) new positions to be assigned to the Electronic Commerce Resource Center (ECRC), with a budget of $11.8 million. The Industry Council’s traditional programs which are appropriated within the Board’s General Fund show a 4.3% increase for $727,950 which includes one (1) new position.

The FY98 budget includes a $0.8 million appropriation to initiate design and construction on a new $2.8 million facility for the Medical Examiner.

The $11.4 million adopted FY98 Management Information Services (MIS) budget reflects a 22.9% increase due to the funding requirements associated with the strategic information systems initiative (Vision 2000). This initiative will provide a standardized platform for the benefit of the entire organization which will lead to long term cost savings in development, training, and increased productivity. This budget also provides funding for continued work toward the resolution of the Year 2000 issue. In addition to the user charges assessed by MIS, a $2.2 million transfer from the General Fund has been included to provide additional resources.

Support Funding Appropriations
The Board of County Commissioners provides support funding to a variety of internal entities which are not organizationally aligned with a specific department or agency as well as external Special Dependent Districts which utilize the general taxing authority of the Board. In FY98, Support Funding, which includes debt service not reflected elsewhere in the budget, comprises $111 million, or 9.8% of the total budget. There are no county paid positions associated with this budget.

The Employee Life and Health Benefits fund reflects the return of $3.1 million to the General Fund which was previously made available to it. This fund shows a dramatic decrease of about $14.7 million due to a decision to partially transition from a self insured environment to an insured point of service product. This reduction is an accounting anomaly which relates to the nature of Internal Service Funds and does not represent a true “savings” to the County. It is hoped, however, that savings will result from the capped plan with the Florida Health Purchasing Cooperative which has been proposed.
The Public Library Cooperative will continue to serve the library services needs of residents in the unincorporated area with a $4.3 million budget reflecting a 6.9% increase. For FY98, the millage levy required to fund the provision of this service through cooperative agreements with 13 municipal library systems, is at the 0.5 mill cap.

The 14 Fire Protection Districts which provide fire suppression services to the unincorporated areas of the County under contract with the Board, show a collective increase of $0.8 million for a total of $16.9 million. Separate millages are levied within each district to fund fire suppression services based upon the provider’s fire budget in relation to incorporated versus unincorporated property values.

Capitals Projects Appropriations
Capital construction of $423.9 million or 37% of the total FY98 budget represents the Board’s investment in community infrastructure. The majority, $299 million is related to the current and future capital construction efforts of the self-supporting enterprise activities (Utilities and Airport) under the County Administrator. The remainder, $124.9 million, is shared with $29.3 million associated with the Sheriff, the Judiciary, and various Independent Agencies as previously discussed. This includes a wide spectrum of transportation and other governmental infrastructure improvements totaling $95.6 million that are also under my purview. Major projects include:

$51.5 million for Transportation improvements
- $6.0 million to reconstruct East Lake Road-Tarpon Woods Boulevard/Keystone Road.
- $1.2 million for construction of Tampa Road-McMullen Booth/Curlew Road.
- $2.0 million for Drew Street-NE Coachman Road/US 19.
- $2.7 million for Phase I of Belcher Road-Curlew Road/Tampa Road.
- $2.6 million for right-of-way acquisition for Bryan Dairy Road-66th Street/US 19.
- $1.1 million for Ulmerton Road-62nd Street/Roosevelt Boulevard.
- $1.5 million for the annual resurfacing program.
- $1.5 million for development of the North East Extension of the Pinellas Trail, and other enhancements.
- $2.2 million for construction of the East-West Parkway, Forest Lakes Boulevard/Racetrack Road.
- $0.8 for the ongoing school sidewalk construction program, and ADA sidewalk ramp improvements.
$6.4 million for Surface Water Management projects
- $1.1 million for construction of Water Quality improvement features at Sawgrass Lake Park.
- $1.4 million for the replacement and rehabilitation of storm sewers.
- $1 million for channel improvement at Roosevelt Creek.
- $1.2 million for improvement at Lake Seminole.

$16.1 million for Conservation & Resource Management projects
- $10.6 million for Sand Key Beach renourishment.
- $1.0 million for nourishment of the north segment of Long Key.
- $1.0 million for nourishment of the north segment of Treasure Island.
- $0.6 million for the Botanical Arts and Education Center.

$9.0 million for Culture & Recreation projects
- $3.1 million for the acquisition of environmentally sensitive land.
- $2.0 million for the general development of Wall Springs Park.
- $1.6 million for general development of Weedon Island Preserve.
- $1.3 million for pier and ramp enhancements at Ft. Desoto Park.

As always, I look forward to the Board’s guidance in the upcoming fiscal year as the FY98 Budget is implemented.

Sincerely,

[Signature]
Fred E. Marquis
County Administrator