

MANAGEMENT INITIATIVES

The *Management Initiatives* portion of the FY2014 Budget Message provides an overview of various management initiatives that the County is implementing and has implemented over the last several years. These initiatives are intended to facilitate efficiency, effectiveness, stability and reliability in the provision of services while Pinellas County continues to adapt to a new normal in terms of revenues to support services. This section discusses the following initiatives:

- Ongoing Initiatives
 - Department of Environment and Infrastructure
 - Program-Based Budgeting
 - High Performing Workforce
 - Volunteerism
 - Wellness Program
- New Initiatives
 - Organizational Restructuring
 - Capacity Building “Tool Box”
 - Proposed County Employee Salary Adjustments
 - Sheriff’s Office Wage Increase Request
 - Fiscal Integrity Code
 - Service Level Continuation Account

Ongoing Initiatives

Department of Environment and Infrastructure (DEI)

In a time of diminishing resources and increasing public expectations, it is critical that the County looks beyond the “do more with less” paradigm and instead innovate its way through these tough times. A more modern and sustainable business approach will enable the organization to increase efficiencies, reduce costs, and improve effectiveness while still maintaining high quality products and services to the best of our abilities.

Over the past year and a half, staff from the Water & Sewer Maintenance Section and the Transportation & Stormwater Division have come together to form the Unification Council. This group has collaborated and communicated to build relationships and a better understanding of each other’s roles. This knowledge has allowed the organization to become more efficient and effective in their day to day operations. The ability for frontline employees to make decisions produces cost savings along with the ability to maintain and sometimes surpass their level of service with fewer resources.

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DEI has 3 core service divisions: Water & Sewer, Solid Waste, and Transportation & Stormwater and 2 support divisions: Administrative & Business Support and Engineering & Technical Support all led by the Executive Director. The following are a few examples of Level of Service and cost avoidance activities that are occurring on a routine basis:

Executive Director:

The Executive Director has reduced the number of Division Directors from 6 to 5 members; in FY2014 the Finance Director Position will be reallocated to increase the level of service in other areas that has yet to be determined. Some of the Finance Director's functions will be absorbed within DEI, with the balance becoming part of the Office of Management and Budget. Please see the *Budget and Financial Services Realignment* discussion later within **Management Initiatives**.

Water & Sewer

- Maintenance Section - Working with Engineering, it was determined that it was possible to shift some manpower towards larger projects and repairs. The staff developed a system of the "right of first refusal". Maintenance was able to substantially increase the number of projects completed in-house.
 - Reduction of overtime from \$475,000 in FY2010 to \$220,000 in FY2013 through the creation of second shift emergency response crews
 - Airport [St Pete/Clearwater] Internal Sanitary Sewer Lines Replacement: was \$30,530 compared to contractor estimate of \$100,000
 - Curlew City Main Replacement cost \$400,000 compared to the contractor estimate of \$600,000

Transportation and Stormwater

- Streets and Bridges
 - Effective utilization of staff and increased level of service were gained by the elimination of a District Operations Manager position and replacing the position with two Maintenance 2 positions with no additional salary cost increase.
 - Coastal Management
 - Watershed volunteers have provided over 2,000 hours of service encompassing five key areas within the Watershed Section (Ambient Monitoring, NPDES, TMDLs, Water & Navigation, and Coastal Management) during the first 9 months of the fiscal year. The volunteer hours over 12 months are predicted to save about \$50,000, approximately the equivalent of 1 FTE, during FY2013. The volunteers are providing enhanced service levels for environmental monitoring, special projects, data entry, records management, clean-ups, and public education in pollution prevention.
 - Watershed section staff has stepped up and filled gaps to provide services in areas that would normally be outsourced to consultants or vendors for an estimated annual savings of about \$29,000. Tasks include watershed planning and drainage engineering tasks (\$22,000 saved), Alum Injection Facility Building repairs (\$6,000 saved), and sampling equipment repairs (\$1,000) performed in house.
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Engineering and Technical Support

- Construction Management –Capacity Building (In-House Inspection Services versus using Construction Engineering Inspection (CEI) Consultants):
 - Capacity building savings and increased level of service to the capital fund by using in- house inspection services versus CEI contracted inspections.

Administrative & Business Support

- Formal collaborative partnering by the Business Support Unit and Risk Management to expand capacity and coverage of safety related programs and issues. Results will be reduction of risk related claims and payouts. Savings will be associated with all DEI Program Areas. (Recently implemented)
- Merger of Revenue Management and Billing and Customer Contact Section into a single Section will result in better focused and significantly improved customer service delivery levels and the elimination of one Section Manager position. The associated savings will be realized by the Water and Sewer programmatic areas. (Currently being implemented)
- The eliminated Section Manager position to be reclassified and placed within the Organizational Development Unit within the Information Management Section. This unit is being expanded to further develop and expand continuous process improvement through the utilization of Sterling Examiner and Lean Six Sigma processes. These improved process efficiencies and cost savings could be realized by all key programmatic areas within DEI. (Currently being implemented).

Program-Based Budgeting

Beginning in FY2008, the departments under the Board of County Commissioners transitioned to program-based budgeting. A program-based budget sets programs as the basis for budget appropriations instead of line items and focuses on the expected results of services and activities in the context of the County's strategic priorities. Stratifying a department's budget into programs can be challenging since there is no clear definition of what constitutes a program. Ideally, a program should be clearly delineated, have a minimum overlap with other programs, be results oriented, and lend itself to quantification. This helps carry out planning, budgeting, administrative control, and reporting within the framework of the program structure.

Benefits of Program Budgeting

Stratifying the departmental budgets into programs has been an extremely useful tool during the last several budget cycles. Benefits of program budgeting include:

- Enhanced transparency and user friendliness for the Board and the general public.
 - Improved decision-making for resource allocation.
 - Clear linkages between the budget and strategic priorities.
 - Enhanced management information, control, and accountability.
 - Increased focus on operational efficiency and performance.
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- Mechanism for supporting enhanced fiscal discipline.

High Performing Workforce

The County is working toward creating a culture of high performance within our workforce. A High Performance Organization constantly assesses challenges and problems; designs and implements responses; monitors, measures, and evaluates performance; and makes adjustments as more is learned. A High Performance Organization will contribute optimally to the Healthy Communities Element, advance the Board's broad vision, serve its strategic direction, and successfully deploy strategic initiatives through time. The two main training initiatives are: High Performance Organization (HPO) and Achieve Global.

High Performance Organization

The purpose of HPO training is to understand and begin to implement six change levers: leadership, vision, values, strategy, structure, and systems and processes within the organization. The organization is in the process of answering the following high level questions:

1. What is high performance for us?
2. How would we know if we were high performing?
3. According to whom are we high performing?
4. Why do we need to be high performing?
5. Are we doing the "right" what?
6. How good are we at it?
7. How are we going to treat each other, our partners, our customers, and our other stakeholders?

As of May 2013, 11 HPO training sessions have been provided to a total of 476 participants.

Achieve Global

Whereas HPO is conceptual, Achieve Global deals with the day-to-day aspects of working with others and both tools are complementary. Achieve Global is organized into four competency topics:

- Problem-Solving Results: Solutions, Improvements, and Innovations;
- Coaching Others for Top Performance;
- Reaching for Stellar Service; and
- Accelerating Team Productivity.

As of May 2013, 249 employees have participated and are continuing to participate in ongoing Achieve Global training sessions.

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Volunteerism

The budget constraints and staff reductions of the past several years continue to challenge our ability to provide the level of service our citizens expect and deserve. We are now at the same staffing levels we were in FY1985. One way to help offset a portion of this impact is to leverage the use of volunteers. Going forward, the workforce will continue to be comprised of a combination of paid employees and volunteers. Over 3,000 citizens currently volunteer their time on a regular basis, and another 1,500 assist with special events. Last fiscal year (2012) county volunteers contributed 209,806 hours.

The County launched a major initiative in FY2011 to increase volunteerism. Since the expansion, the number of volunteer hours has increased 112%. In FY2010, the value of the volunteer hours was \$1.95M; in FY2012, it was \$4.5M. In the first half of this fiscal year, the value of county volunteers has seen an increase of over \$296K from the first two quarters of FY2012, using the national Independent Sector value of \$22.14 per hour.

Additionally, the county has greatly expanded its academic internship program and now partners with 10 colleges and universities. We have also launched technical internship programs with Job Corps and Pinellas Technical Education Centers. Retired county employees are sharing their years of experience as well. These individuals are joined by scores of professional level volunteers whose skills are now an integral part of the service delivery. It is projected that the value of the volunteers' contribution will increase even more in the future.

Wellness Program

In 2008, Pinellas County embarked on a strategic plan to create a culture of health to improve the health status of its employees. A comprehensive study identified strengths of the current programs and resources, and made specific recommendations of areas of opportunity. A collaborative team of County Human Resources staff, the health plan administrator (United Healthcare) and the County's health consultants guided the process. Highlights of the progress included substantial changes to the pharmacy program to promote appropriate use of medications, introduction of a disease management program, the launching of a very successful wellness champion program, and finally a health and wellness incentive program for employees and covered spouses. Results have been impressive with participation in the incentive program at the 98% level for 2012 and active employee medical claims increasing far below the expected medical trend. Senior leadership, mid-management, wellness champions and employees are equally responsible for this success and the program will continue to focus on changing the behavior of members to drive improvements in health and lower cost.

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New Initiatives

Organizational Restructuring

Department of Safety and Emergency Services

In addition to the efforts that have been made in setting direction for the Healthy Communities Element there will be changes in the area of Public Safety. In an effort to align the county's organizational structure with the strategic plan, the Department of Public Safety Services is being reorganized and will be named the Department of Safety and Emergency Services. One of the primary goals of the strategic plan is to promote and create safe communities. Consistent with this effort the departments of Emergency Management and Animal Services have begun reporting to the Executive Director of Safety and Emergency Services due to their common focus of furthering a safe community in Pinellas County. The formal strengthening of the relationship between the departments will increase collaboration and promote information sharing. Public safety has no jurisdictional bounds and bringing the three functions together has created a one stop shop for all of the County's public safety needs.

There have already been improvements in collaboration and efficiency by leveraging resources for the common goal of promoting safe communities. They have been able to develop an application (Storm Impressions) for Emergency Management that allows fire departments, 911 operators, and the public calling into the County's Citizen Information Center to report damage from storm activity. This system was used effectively during Tropical Storm Andrea in June, 2013.

While Pinellas County has always had an outstanding record when it comes to providing public safety services, the new structure will only make the organization more efficient by streamlining the operations. It is anticipated that there will be costs savings in future years as the sharing of infrastructure and processes becomes more routine and redundancies are detected.

Budget and Financial Services Realignment

In an effort to further the initiative of a High Performance Organization, the County is realigning its organizational structure for providing budget and financial services to the organization and the public. This recommendation was made by the Budget and Financial Management Services Delivery Team. The team is comprised of budget and financial staff from across the organization. The new Office of Management and Budget (OMB) would be comprised of a number of budget and financial functions that are currently performed independently by departments under the County Administrator. The scale and scope of the realignment is large and ambitious. To make sure the process is successful and tested; OMB will begin with a pilot merger with the Department of Environment and Infrastructure (DEI) Finance Unit. DEI Reporting & Analysis, Budgeting and Capital Finance will now be functions of OMB.

The realignment and pilot program between DEI and OMB has the potential to realize a number of organizational benefits. Having certain financial functions under one roof will create operational efficiencies, depth, collaboration, standardization and reduce employee turnover.

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This new structure will create a depth that is intended to create a new career ladder that will attract new talent to the organization and provide a valuable tool for management to keep current employees motivated and working to their potential.

In addition to reducing turnover and creating organizational depth, the new alignment of the County's budget and financial divisions will allow for a better transfer of knowledge and meaningful succession planning. By bringing the County's budget and finance functions under one roof, new OMB staff members will have the opportunity to work side-by-side with experienced employees who have a wealth of experience and expertise. It is vitally important that these lessons be handed down within the department so that the organization does not lose out on a valuable generation of knowledge.

The pilot program merging budget and financial functions of DEI with OMB will allow the organization to create a best practice for future budget and finance realignments county-wide. The organization is confident that County staff is up to the challenge and that the realignment will help the County truly become a High Performance Organization by building a structure that is consistent with the County's strategic plan.

Capacity Building "Tool Box"

During the development of the Department Strategic Plans it was discovered that a common challenge was capacity building. The budget reductions brought about by the "Great Recession" have significantly reduced training and development, capacity and the migration of best practices to the organization. At the same time, the reductions have forced the organization to think smarter and more efficiently. The County has made a number of reductions, reorganizations and realignments by shifting its focus to providing core services. In order to align the organization's structure with the Board's strategic plan, the County Administrator's Office has flattened its structure to drive decision making lower into the organization as part of the High Performance Organization initiative. This restructuring has resulted in savings of approximately \$400K.

The plan is to invest the savings to build additional capacity and implement best practices within the operating departments. Directors have asked for access to a "tool box" to augment their limited budgets and provide "off the shelf" resources. The "tool box" will be a resource to build technical and leadership skills, competencies, release the potential of staff and motivate employees who have risen to the challenges of the past few years. Some departments may choose to do a thorough investigation into their business processes and if need be a re-mapping of its workflow for any identified problem area(s). Some of the expected outcomes would be improved business processes, development of better business strategies, reduced costs, streamlined operations and enhanced customer relationships.

To build technical and leadership skills and motivate staff, the funds may be allocated as follows:

(Est. \$120K) In-house Resource – A full-time resource will facilitate and support departmental efforts to build skills and competencies. This resource will also partner

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with department staff by providing consulting services related to business process improvement. The resource may be a Unified Personnel System (UPS) employee, leased employee or independent contractor.

(Est. \$15K) Innovation – A pool of monies available for conference registration, travel and per diem for staff to present research they have authored.

(Est. \$140K) Technical/Consulting Services – To augment the in-house resource, departments may tap this pool of monies to engage outside experts to improve business processes. They may bring in experts to implement processes such as Lean Six Sigma. In addition, consultants can add and teach analytical and qualitative techniques. These skills are critical for creating well documented and streamlined processes, which are essential to ensure consistency, traceability and focus towards shared strategy and performance goals.

(Est. \$100K) Training – Departments would access these monies to provide training opportunities to staff to learn about and bring best practices back to their department and the organization as a whole.

(Est. \$25K) Interns/Researchers – These monies are to partner with colleges and universities to bring specialized knowledge to specific projects and initiatives.

The outcome of this initiative will be a more motivated staff capable of providing a higher level of service to our citizens. The implementation of best practices will also further reduce administrative costs and can help replenish this resource from year-to-year so that the benefits can be realized for years to come.

County Employee Salary Adjustments

Classified staff members have not had a pay increase in 4 years and many exempt staff members have not had a pay increase in 5 years. The organization is at a tipping point where issues of retention and recruitment are starting to become a major concern for the County.

The Human Resources department has proposed a 2.8% across the board pay increase in FY2014 for all eligible county employees. This proposal is in line with their research as to the forecasted salary increases in the Tampa Bay area during the next year for both the public and private sector. Current pay levels within the county are on point with comparable markets, but the County faces stiff competition from the private sector for retention and recruitment of new talent.

Sheriff's Office Wage Increase Request

The Pinellas County Sheriff has requested the Board of County Commissioners to approve a 4.0% wage increase for the employees of the Sheriff's Office. The Sheriff's Office has not had a pay increase for the majority of its employees in over 5 years. While the organization has had tremendous success in reducing crime during that time, the effects of a stagnant pay scale and

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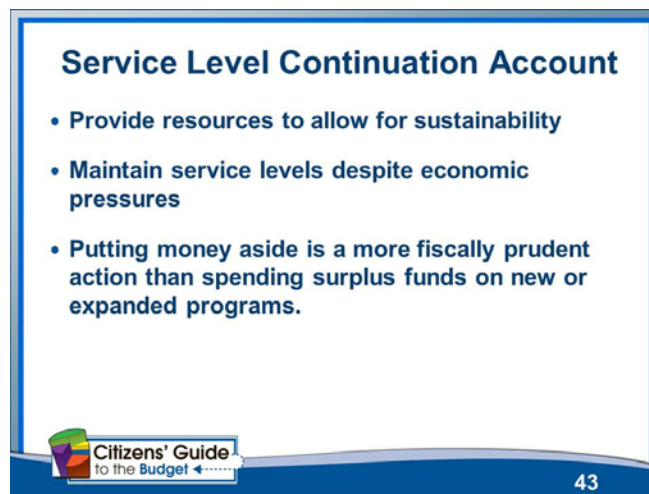
increased benefit costs for deputies is starting to affect not only morale, but also hurting the organization's ability to retain and recruit deputies.

The proposed county-wide pay increase of 2.8% is not sufficient for the Sheriff's Office because of the gap between itself and other comparable markets. The County's proposed pay increase is targeted to keep pace with other competitive areas. The Sheriff's Office request is only a starting point to make up for lost ground as compared to others. The gap between the Pinellas County Sheriff's Office and other comparable police agencies is much greater than 4.0%. The starting salary for Pinellas County deputies after training is \$41,284. This number is significantly lower than competitive and comparable markets such as Hillsborough County (\$44,881), Clearwater Police Department (\$44,470) and St. Petersburg Police Department (\$43,616). From 2010-2012, the Pinellas County Sheriff's Office has lost 314 deputies. The Sheriff's Office invests a significant amount of time and resources into training new deputies and the proposed 4.0% pay increase will help the organization protect its investment and become more competitive in the recruitment process for the best talent available.

Fiscal Integrity Code

The County's budget process has incorporated many best practices. The County has a reserve policy, debt policy, utilizes a 10-year forecast, aligns user fees with services, etc. These items should be combined into a resolution to memorialize the Board's fiscal and budget management policies. In addition, it brings the furtherance of professionalism to the organization, as well putting the "P" in "Progressive Pinellas".

Service Level Continuation Account



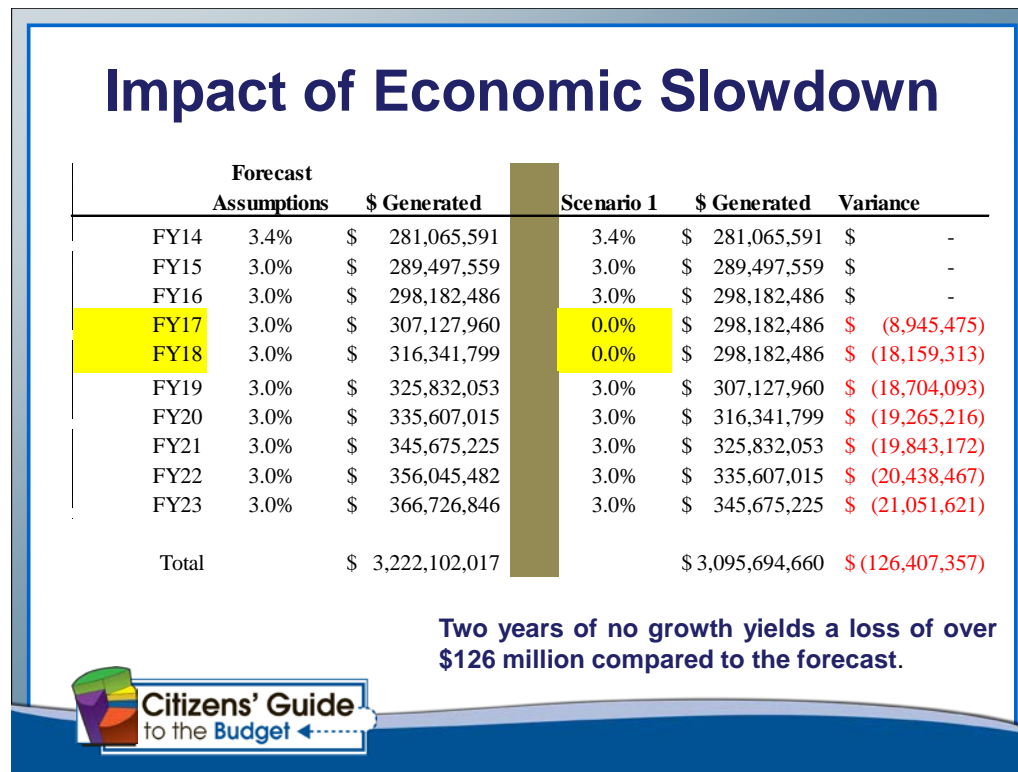
April 18, 2013 BCC Work Session

One of the key financial strategies employed over the past four years has been the creation of a Service Level Stabilization Account (SLSA) in the General Fund. The SLSA represents non-recurring funds generated by taking reductions in FY2010, FY2011, and FY2012 over and above what was necessary to balance the budget. This was necessary to make a smooth transition from recession to expansion, and limit the disruption of services. It was critical to the

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organization that there was a limit to the number of times there would be a reduction in staff and the immeasurable price you pay to do that. The Board created the account and we began to chart the degree of improvement in the economy.

Going forward with this model, the likelihood is that we will experience another recession within the next five years. The “Great Recession” (December 2007 – June 2009) was an aberration, but history shows us that in the future we are going to experience a drop in the economy, decreased revenues and a need to reduce spending. Since 1945, there have been eleven recessions that lasted on average for 11 months. The average length of expansion following a recession is 59 months. If we don’t have a material growth in property values, the cumulative effect over the projected forecast would be significant. We are recommending that the Board anticipate this eventuality and set funds aside. Those funds would be used to sustain levels of service, mitigate the need to make dramatic cuts or increase the millage to make up for the shortfall. We would live within our means, exercise fiscal discipline and plan for the future. For the forecast period, this would increase the likelihood and the ability to sustain a level of service that the citizens expect.



We cannot predict when the next recession will occur or the magnitude of it. However, as illustrated in the graphic above, if taxable values did not grow for two years (FY2017 and FY2018), the cumulative impact to the forecast would be a loss of over \$126 million. Through a slight increase in the millage, 4.3% (0.2154 mills) sufficient funds would be available to offset the reduction in property taxes pictured above. In addition, in years that taxable values exceed the forecasted projections those excess funds would also be placed into the proposed Service Level Continuation Account. Putting money aside is a more fiscally prudent action than spending surplus funds on new or expanded programs.