July 18, 2017

TO: The Honorable Chairman and
   Members of the Pinellas County Board of County Commissioners

In accordance with our statutory responsibilities and in the interest of transparency, we are pleased to present the Proposed Fiscal Year 2018 Annual Operating and Capital Budget. This Proposed Budget reflects the strategic plan and associated priorities you have identified as we aspire to achieve our Vision to be the standard for public service in America.

We are proud of the results of the 2017 Citizen Values Survey that reflected a 93 percent approval rating by our citizens, the highest number recorded since the County officially began the survey in 2012. This trust and confidence rating outperformed the national average of 71 percent for local governments. Survey results also showed that a vast majority of residents would recommend Pinellas County as a place to live (96%), work (92%), raise children (92%), and retire (95%). Citizens also reported that their experiences are closer than ever to their expectations across a wide spectrum of community characteristics including parks, personal safety, and support services for the homeless.

We are grateful for the Board’s active engagement and guidance throughout the budget development process. Likewise, we appreciate the support of fellow employees, the Constitutional Officers, and Independent Agency heads for their cooperation in producing this Adopted Budget.

Within this balanced budget, funding is aligned to support each of your strategic goals: Create a quality workforce in a positive, supportive organization; Ensure public health, safety, and welfare; Practice superior environmental stewardship; Foster continual economic growth and vitality; and Deliver first-class services to the public and our customers. The budget provides the resources necessary to continue our focus on Doing Things! to serve the Public and our customers and pursue our belief that “With Partners we can do more.”
The overall budget presented to you today of $2,265,021,780 continues the County's tradition of providing high-quality services to the Public and our customers while prudently managing public funds. The total FY18 Proposed Budget increases $77.1 million or 3.5% over the total FY17 Budget, which reflects a net increase in personal services, capital, and reserves. No increase in the countywide millage rates is required to balance the budget and meet important needs and priorities. All of this is achieved at a staffing level equivalent to that last seen in FY89.

Pinellas County Budget FY18
Total $2,265,021,780

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<th>Governmental</th>
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The countywide millage rates of 5.2755 mills for General Fund, 0.9158 for Emergency Medical Services, 0.0622 for Health Department, and 2.0857 for the unincorporated area (MSTU) remain unchanged. The General Fund is the primary operating fund of the County. This operating budget is $681,268,040 for FY18, representing an increase of $19.0 million or 2.9% compared to the prior fiscal year. This includes $2.0M in funds from the settlement of the BP/Deepwater Horizon Oil Spill litigation. As a result of proactively engaging the public, the Board approved a variety of projects that are in various stages of implementation for investment of this one-time funding source. The 15% policy target reserve level is met with $86.3M. However, the recommended reserve level in the FY18 budget is $87.8M. This includes $1.5M in reserves exceeding the policy target that are available for additional investments in FY18 and as a hedge against revenue uncertainty due to the potential new homestead exemption that may take effect in FY20.

Following the Board’s strategic direction, we have carefully and incrementally restored service levels to meet pressing community needs in a financially prudent manner. Key areas include:

Ensure Public Health, Safety, and Welfare
- Wastewater / Stormwater Task Force recommendations to implement studies and address projects intended to relieve wastewater collection systems from stormwater inflow.
- Mental and behavioral health services expansion to reduce system gaps, eliminate service barriers, and coordinate case management among various agencies.
- Homeless support to enable rapid re-housing, case management, and care coordination.
- 211 Tampa Bay Cares late night shift coverage enhancement to increase operator support for crisis calls.
- Enhance 911 call center staffing to address increasing call volume, overtime costs, and retention challenges.
- Public safety investments to enable the Sheriff to ensure a safe community.
Practice Superior Environmental Stewardship
- Reclaimed water system studies to explore opportunities to address service gaps during drought conditions.
- Aquatic vegetation and weed control program enhancement to manage exotic and invasive vegetation within County parks and preserves.

Foster Continual Economic Growth and Vitality
- Affordable housing investment to enable additional construction and rehabilitation through partnership with the Housing Finance Authority and other public and private partners.
- Sewer system studies to reduce line breaks by prioritizing preventive maintenance cycles.

Our employees are the foundation of our strategic plan; they are Doing Things! every day to serve our customers and the Public. We remain committed to creating and maintaining a quality workforce in a positive, supportive organization through: competitive pay and classification; adopting OSHA as a County standard; and seeking a diverse workforce that reflects our community. Human Resources has commenced a comprehensive pay and classification study to ensure our compensation is competitive with our peers and consistent within our workforce, thereby helping retain and attract the best talent to deliver first-class services to the Public and our Customers. This Proposed Budget includes $2M to support the first step in implementing recommendations from the study.

The Proposed Budget and its underlying assumptions are based on a positive, optimistic, yet realistic outlook for our future. Our local economy demonstrates sustained improvement with continuing record levels of tourism, all-time highs in airport passenger growth, increasing activity and values in the real estate market, sales tax revenue growth, and advancing activity in building permits, inspections, and development review. Most importantly, we continue to strengthen relationships with our partners. Yet it also prudently approaches the potential of future property tax revenue constraints.

Looking out to the horizon, the decisions of the Voters in the next two general elections will have a significant impact on our future. The Penny for Pinellas reauthorization for 2020-2030 will be considered this November. The Penny has been the foundation of building a better Pinellas through infrastructure investments for the past three decades. We continue to educate the public of the importance of the Penny in advance of the referendum vote. The potential new homestead exemption placed on the ballot by the state legislature for November 2018 would result in over $20M in reduced property tax revenues across Pinellas County Government taxing authorities including the General Fund (of which the Sheriff is nearly 50%), emergency medical services, and fire services. These impacts would not be experienced until FY20, but it’s not too early to begin the conversation regarding options for adjusting to this potential revenue reduction. The August 3 Budget Information Session will highlight the many areas where the County has stepped up to meet community needs that aren’t being addressed by other governmental entities like the state.
The Budget Message following this letter presents a comprehensive overview of this Proposed Budget; more detailed information is contained in the budget document.

Once again, our staff engaged the Board early and sought input for this Proposed Budget, providing additional flexibility and time for deliberation regarding the priorities that best serve the Public. Time remains for changes through the second public hearing to adopt the FY18 budget in September.

The FY18 Proposed Budget we have developed together is sustainable over the forecast period based on a realistic outlook of the economy and our careful management of funds.

The collaborative partnership used to build this budget assures that it meets the needs identified by the Board as our community’s elected representatives. By focusing on Doing Things!, building constructive relationships with our partners, and supporting our employees, Pinellas County Government will continue to demonstrate that it is meeting the needs and concerns of our citizens today and tomorrow.

Sincerely,

Mark S. Woodard
County Administrator