



## BOARD OF COUNTY COMMISSIONERS

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July 5, 2022

Honorable Chairman and Members  
Hernando County Board of County Commissioners  
15470 Flight Path Dr.  
Brooksville, FL 34604

Chairman and Members:

We are pleased to present the Hernando County Recommended Budget for Fiscal Year 2022-23 to the Board of County Commissioners (BOCC) and the Citizens of Hernando County. Developed with input from County departments and senior staff, requests from Constitutional Officers, and feedback from citizens, this budget provides my funding plan for the projects, programs and policies that have been established by the Board. In addition, this budget reflects my determination to maintain funding levels while addressing County needs and priorities.

The current year has seen increased economic growth in our community. This growth is changing the County we live in. The changes are resulting in increased jobs, opportunities, and quality of life for our residents. The changes also bring additional challenges. These new challenges provide opportunities to help plan the community for the future. I am proud of the work we have done in economic development, creation of opportunities for workforce development, and increases in recreational opportunities for the citizens. We must continue to plan for the development of the community and preservation of the rural and environmental areas of our community while growing the commercial and industrial opportunities.

The Fiscal Year 2023 Recommended Budget is \$647,425,424, which is a 3.9% percent increase over the Fiscal Year 2022 Adopted Budget. General Fund reserves have increased to 25 percent, which exceeds the current BOCC policy of 18.5 percent. Adequate reserves are critical to absorb unanticipated economic revenue losses and unexpected expenditures. This increase in reserves accomplishes the board request to fully fund reserves at 25 percent. The

increased reserves also will position us to increase our credit rating. An increase in the credit rating will be very helpful for debt borrowing we will undertake this year.

The current FY22 approved budget along with conservative spending has allowed a projected cash carried forward balance of \$ 53,130,652. This figure will be further refined before the first public hearing.

The County received the second installment of American Rescue Act Funding in the amount of \$ 18,833,344. In total the County received \$37,666,688 in American Rescue Act Funding (ARPA). The BOCC has directed \$22,180,406 towards infrastructure needs in the community for Drainage, Water and Sewer projects. Investments in Infrastructure provide for increased economic development opportunities and quality of life for our residents. We also committed another \$1 Million Dollars for a total of \$2 Million to a regional juvenile mental health facility with Citrus County. The County was able to use \$9 Million of the funding for the Courthouse Expansion and upgrades. The use of this \$9 Million for the Courthouse allows the County to reduce debt that is needed for the project, thus reducing the taxes for all property owners.

In addition to increasing reserves, the BOCC has maintained the prioritization of economic development which is reflected in the Fiscal Year 2023 Recommended Budget. This year we are funding \$200,000 Economic Incentive programs to provide continued infrastructure improvements and business incentives for expansion in and relocation to Hernando County. The funding for business incentives that we established last year has already resulted in two incentive projects that will generate over 175 jobs and \$ 39 Million in capital investment. The \$200,000 will help maintain funding as incentives are approved. We also are adding a business retention manager in economic development. This position will be to serve the businesses that are already located here and partner with them to continue to maintain and grow their business here.

Beyond economic development, there are several other significant initiatives included in the Fiscal Year 2023 Recommended Budget. This upcoming budget year, the BOCC will start construction on the remodel and expansion of the courthouse. The project will be funded with \$6,000,000 from the Court Improvement Fund, \$9,000,000 from ARPA funding and borrowing of \$9,000,000. In addition, the courthouse expansion has caused relocation of

County Administration, Planning, and the offices of the Supervisor of Elections and the Property Appraiser. This relocation has resulted in increased General Fund expenses due to rent payments for the buildings that now house the relocated departments and Constitutional Offices. We have capital projects planned to purchase or build permanent locations for the County Administration and Constitutional Offices. Funding for the new permanent locations is planned through sale of surplus properties, impact fees, and General Fund revenues. We have delayed the design and construction of the new Building for the Constitutional officers due to the increased cost of construction currently. We will revisit this project at a more economical time to build.

We have also instituted a Capital Improvement Fund. We have placed one-time funding above the reserve levels required by the BOCC in this fund. Creation of this Capital Improvement Fund will eventually allow at least partial funding to proceed with Board approved capital improvement projects that are currently unfunded. These projects include the HC Public Safety Training Facility and Anderson Snow Park Master Plan. Having a Capital Improvement Fund is critical to maximize the amount of funding we can bring into the county from State and Federal sources. All grants require a match and having the ability to provide a match greatly increases the county competitiveness.

Another County initiative for FY23 is the planned joint use initiative for land recently acquired from the airport. The BOCC has entered a partnership with Pasco Hernando State College and the Wilton Simpson Technical College Center to jointly use County property for the improvement of vo-technical and workforce training in our community. The County is partially funding the infrastructure and site planning from building impact fees (\$500,000) in FY22. The County applied for a received a grant for \$6,159,600 from the Department of Economic Opportunity.

The Fiscal Year 2023 Recommended Budget also includes several important financial impacts to consider. The Florida Retirement System County participation rates (average of 2.0% increase) increased again this year. We have budgeted salary increases for all employees at 3.0%, employees represented by Teamsters at 3.0% and employees represented by IAFF at 3.75%. Health care costs have increased for the County insurance plans. We are requesting an increase in the county contribution of 3% (\$289,176) to minimize impact to employees.

There are 27.5 new positions in the Recommended Budget, with twelve (12) positions in the General Fund. We added six (6) in Utilities for Water and Sewer infrastructure maintenance and two for Water Enforcement Officers to be located in Code Enforcement. The two Water Enforcement Officers are to help prevent excessive water use in the community to keep us in compliance with our water use permit.

In Development Services, we are adding a Zoning Inspector to increase the efficiency of the Zoning staff to review applications and have one employee conducting all the site inspections. This will also allow code officers to conduct more code enforcement actions, instead of assisting with zoning inspections. We also are adding one inspector/plans examiner in Building due to the continued increase in activity.

In Hernando County Fire and Emergency Services, we are requesting to add one daytime ambulance to help with the increased calls during the peak hours. This requires four (4) Single-Certification Paramedics.

In Public Works, we are adding three (3) employees to assist with increased maintenance of roadways and signals. We are also requesting one (1) Custodian due to the increase in building space to maintain.

In Health and Human Services, we are adding one (1) position for a Housing Coordinator. Hernando County will exceed a population of 200,000 this year. This will change requirements and funding for housing programs. This position will assist in developing workforce and affordable housing in the community and the increase in housing programs we administer.

In Community Services, we have added a Kennel worker / Veterinary Assistant and increased one Kennel Worker from part time to full time. We continue to see a high demand of animals that are received and adopted in Animal Services. This trend will continue with the increase in population. We are requesting one (1) Youth Librarian to increase the services for youth programs. We also added a Maintenance Technician and an Electrician for Parks. We have two (2) more positions in the budget for parks that will only be hired depending on other actions. We recommend one (1) position as a Project Manager if the Half Cent Sales Referendum passes in November. We recommend one Maintenance Technician for the proposed Shoal Line Recreation Area project if the BOCC approves a lease on this property.

We are requesting one (1) position in Human Resources and one (1) hybrid position for Purchasing and Management and Budget to assist with the increase in workload.

The Disaster Recovery program established in FY21 for hurricane storm debris removal continues to be funded through Solid Waste. We have over \$800,000 established in this fund to minimize the impact on County reserves for response for a storm event.

The County is seeing a very high level of growth in commercial and residential the increase in value this year is 18.82% which added a taxable value increase of 2,024,271,700. The County is in an area that is experiencing and will continue to experience a high growth rate. There are numerous subdivisions under construction and several more being planned that will increase the number of residents in the County. While residential growth will bring increased revenue, the need for increased services usually exceeds the associated revenue growth. As a result, the increased residential growth will need to be complimented by a growth in commercial businesses to maintain and lower the rate of taxes in the county. We have been successful this year in growing the commercial value of the county. There are several large commercial projects in design and under construction that will add increased value in the future.

This FY 2023 Recommended Budget has a proposed \$124,508,058 in Capital Improvement projects from all funding sources. The General Fund has a proposed \$14 million in funding for Capital Improvement projects including the Comprehensive ERP software system (\$2,500,000) for the BOCC and the Clerk of the Courts, Dr. Dennis Wilfong Center for Success infrastructure (\$6,059,600), Veterans Park Monument Relocation (\$500,000), Hernando Beach Boat Parking Expansion (\$50,000) and others. Other significant capital projects are the Tax Collector Westside Building, the Glen Wastewater Treatment Plan Upgrade, Anderson Snow Splash Park, Road Resurfacing program, and Peck Sink Boardwalk.

We are pleased to state that we have made significant progress on the critical capital projects that the county has not been able to accomplish for a long time. These projects are the New Government Building, 800 MHz Emergency Radio system, ERP Comprehensive Software System, and the Courthouse remodel and security upgrade. The BOCC completed the purchase of 800 MHZ Emergency Radio System with CARES Act funding which reduced the cost impact to County residents. This upgrade is in progress. For FY23, we have again funded the first

phase of the Comprehensive ERP Software system. This project phase was originally planned for FY21, we hope to be able to make significant progress this year. The Courthouse remodel project has been awarded for construction at \$21.4 Million dollars. The New Government Building project has been changed to only a building for the Constitutional officers. The County offices have been relocated to other county buildings and we are renting one building that we intend to purchase with funding from the sale of surplus lands. The building for the Constitutional officers has been delayed until construction costs return to a normal value.

Like many local units of government, employee retention and recruitment has been a priority for this upcoming year. We have done well with recruitments with increases of our human resources software applications this past year. However, we still have critical openings in select positions in the county. We are proposing funding for a compression study as we work on increasing the minimum wage to \$15.00 per hour. We are also internally reviewing the job classifications and pay scales to create both affordable and competitive pay structures within the county.

To assist with initiatives related to employee retention and recruitment, we have made improvements with training and development of our staff. This year we completed two leadership development courses and two ambassador training programs. We are also working to increase the management abilities of our staff and the also the morale of the organization through additional employee development and involvement. We have implemented flexible schedules and four-day work weeks when the position allows and the service to the community is not affected. We will add an employee driven Core Values initiatives this year, as well as a public speaking course.

Last year we added a Grants and Operations Performance Coordinator. This additional position has resulted in over \$6 million in grants for the county. We have obtained grants for economic development, broadband planning, and Wastewater improvements along with two legislative appropriations. We have submitted grants for roadway expansion and are working on other potential grants. We intend to continue to increase the amount of grant funding we receive in the county.

Looking forward, the BOCC should consider more options to diversify revenue. Diversification of revenue is extremely helpful during times of lower economic growth. The addition of a sales tax will assist in reducing the reliance on

property taxes for recreational projects. Future consideration of a stormwater utility instead of the MSTU could be reviewed along with a PILOT (Payment in Lieu of Taxes) from the utility and solid waste funds to further reduce dependence on property taxes.

While there are uncertainties in the economic forecast for the future, Hernando County financially is in a strong position to be able to continue to serve the citizens of the County with any change in revenue.

I recommend the BOCC lower the ad-valorem millage by 0.20 mills, with the remaining millage and funding levels remaining constant.

Sincerely,



Jeffrey Rogers, P.E.  
County Administrator