

Research Report

May 2002



IMPROVED EFFICIENCY = \$22 MILLION FOR HILLSBOROUGH COUNTY

***FLORIDA TAXWATCH AND BLUE RIBBON
COMMITTEE RECOMMENDATIONS PROMPT
SERVICE DELIVERY IMPROVEMENTS;
MUCH REMAINS TO BE DONE***

EXECUTIVE SUMMARY

OVERVIEW

In December 1997, the Hillsborough County Board of County Commissioners (BOCC) contracted with Florida TaxWatch (FTW) to develop deliverables comparing and analyzing government structures, functions, services and taxes in Florida and other states; criteria to evaluate Hillsborough County's services and service levels; performance-based standards for measurement of County services; cost saving recommendations and ways to improve Hillsborough County's capacity to address revenue, expenditure and program challenges over the next decade.

Earlier that year, the BOCC appointed a 15-member Blue Ribbon Committee on County Finances (BRC) as an outgrowth of tax reform discussions during the County's budget deliberations. The BOCC's charge to the BRC was to undertake a comprehensive review and make recommendations regarding County revenues, expenditures and programs.


In late 1998, the FTW and the BRC submitted separate reports to the BOCC recommending 130 improvements. These included a decade-long operational improvement plan; specific cost savings and management improvements; a decision-making process to subject services to a filtering system; criteria to evaluate the County's 300 plus services; performance measures tied to the budget process; and assessment of the County's performance auditing program. The FTW report also suggested 14 areas for additional research.

In 1999 and 2000, the County Administration reviewed the feasibility of each recommendation and presented agenda items on most recommendations to the BOCC. This Florida TaxWatch report shows that as of April 30, 2002, the BOCC and County Administration, together with selected Constitutional Offices and independent authorities, have implemented 57% of the recommendations in part or whole, or similar measures within the spirit of the recommendations. Another 8% still await consideration/action and the remaining 35% have not been sufficiently implemented or have been rejected because current policy/practice is preferred or because they are deemed to be unfeasible. Recurring and non-recurring added value (cost savings, cost avoidances, revenue and service enhancements) between January 1999 and April 2002 from these and related recommendations plus other County government initiatives revenue totals \$22.3 million.

While considerable attention has been given to the recommendations and progress has been made during the past three and a half years, much more can and should be done - particularly in achieving cost savings and cost avoidances. Recommendations not yet implemented include managed competition to drive down service delivery costs; a real effort to selectively consolidate approximately \$70 million worth of common County services such as data processing, personnel, finance and accounting systems, purchasing, communications and fleet; and a performance-based productivity awards initiative that could generate, document and publicly communicate taxpayer benefits of as much as \$20 million annually based on the 14-year old Davis Productivity Awards program for state employees. Revisiting these recommendations should be a top BOCC priority for the immediate future.


Citizens look to their government to deliver quality services and demonstrate a conscientious ongoing effort to implement efficiencies that stretch available resources. They expect and deserve nothing less than their elected officials' and employees' best efforts.

Key Recommendations Implemented Or In Progress

 **Financial Policies and Budgeting.** As Florida TaxWatch and the Blue Ribbon Committee were completing their work, the BOCC adopted new financial policies including funding a reserve account, removing restrictions on the use of certain funds to increase flexibility in executing BOCC priorities, and requiring preparation of a financial forecast and annual financial plan consistent with the Capital Improvement Plan. County staff say these policies have helped to upgrade the County's debt rating -- which directly impacts interest expenses for long-term bonds -- and have helped the County weather post-September 11, 2001 conditions and the subsequent recession.

Since 1999, the BOCC has adopted annual budgets that are consistent with its financial policies, and this year it cut \$3.5 million worth of recurring costs from the \$600 million plus portion of the budget that is not passed through to local agencies and service providers.. While this less than 1% reduction falls short of a 5% target, it is a step in the right direction. The BOCC can and should act


to more aggressively move available resources to higher priorities and to provide tax relief, particularly in view of a 13% increase in new revenue available to the County in fy 2002.

 **Performance Auditing.** Following a recent Florida TaxWatch examination of the County's eight-year old performance auditing program, County Administration is putting renewed emphasis on implementing recommendations approved by the BOCC on May 17, 2000.

Improvements to be implemented or given increased focus include requiring audit reports to present detailed information on additional costs, cost avoidances and cost savings that would result from implementation of audit recommendations; listing audit findings and recommendations in priority order, beginning with those related to the implementation of BOCC policies and priorities; County Administration providing semi-annual reports to the BOCC that list each audit recommendation and action taken, with an explanation of when, how or why the action was taken and resulting costs, cost avoidances and cost savings; and the semi-annual reports listing total cumulative cost savings identified by all audits, savings in each separate audit, and the dollar amount of savings achieved to date.

Systems and Operational Improvements


- ✓ Completion of one of the nation's most detailed road and street infrastructure inventories, a major step toward creating an assets accounting system.
- ✓ A three-year process to be completed in July 2002 that converts Geographic Information software from Gena-Map to ArcInfo to provide compatibility with GIS software.
- ✓ Completion of a human resources information system in 2002 that will enable the Management and Budget Office to analyze employee turnover costs and savings, provide an opportunity to re-engineer the County's payroll process, and provide valuable information for calculating unit cost of County service data for budgeting and managing resources. Of concern, however, is that this system and a new Project Information Management System likely will not automate merging of financial and non-financial data needed to determine most services' unit costs.
- ✓ An administrative referral system that now provides access to referrals and assignments by BOCC offices and enables Commissioners' aides to enter referrals into the tracking system.
- ✓ A pilot project on telecommuting which is a start toward long-term restructuring of work patterns that can reduce future facilities costs and boost productivity and employee satisfaction.
- ✓ The opening of a formerly restricted recruitment process that now enables employees to move

 **Governing Statement.** Each of the above actions are in accordance with a BOCC-adopted Governing Statement of mission and values for Hillsborough County government. Its mission is to provide effective, quality service at a reasonable cost with courtesy, integrity and accountability in a manner which protects and enhances the quality of life of a diverse population. Its values include educational opportunity, individual freedom, personal responsibility, human rights, economic self-sufficiency, private property rights and a sustainable environment.


Other Recommendations Implemented Or In Progress


- ✓ The County exploits several options for cost saving bulk purchase of commodities.
- ✓ A new policy requires right of way dedications for some future roads as part of the rezoning process.
- ✓ A new program incentivizes developers to dedicate right of way and construct roadway projects.
- ✓ A purchasing card program similar to the State of Florida's is being implemented, with estimated annual savings in excess of several hundred thousand dollars.
- ✓ An energy plan featuring short, mid and long-term objectives has cut costs by \$250,000.
- ✓ A BOCC-adopted policy to co-locate public facilities can save money and increase citizen convenience.
- ✓ Outside agencies occupying County space now pay their own operating expenses.

Key Recommendations That Should Be Revisited


 **Managed Competition.** While the BOCC is congratulated for making \$3.5 million worth of budget cuts proposed by County Administration in the fy 2002 budget, the BOCC should reconsider its September 2000 rejection of the County Administrator's recommended managed competition proposal for street maintenance, solid waste transport, mowing public facilities, and selected professional services. Last spring, an alternative 5% savings target (approximately \$30 million of funding from the \$600 million or more that is not passed through to other agencies and service providers) was suggested by a County Commissioner and the County Administrator subsequently


challenged all departments to show how much savings they could offer during the fy 2002 and 2003 budget development process, with a target of approximately 5% overall. As noted above, this exercise yielded \$3.5 million worth of cuts, or less than 1% of the non-pass through budget. Much more can and should be done. The off-year of the County's biennial budget cycle is the time to initiate managed competition.


 **Purchase of Non-Competitive Services.** The BOCC should reconsider its vote to maintain a non-competitive Request For Applications (RFA) process for distributing approximately \$5 million for community services provided by non-profit organizations.

 **Consolidation of Selected Common Services.** With support from Constitutional Officers, the BOCC should revise its initial charge to a standing committee of high ranking County staff "to identify where [service] overlap exists; determine the degree and cost of the overlap; and the impact of eliminating the overlap". The committee should be directed to take another look at ways and means to consolidate and centralize some of the approximately \$70 million worth of common County services.

Florida TaxWatch suggests that rather than identifying "overlap" (two or more entities providing a service to the same customer), the committee should focus on the "duplication" inherent in similarly titled staff positions in County Administration, the Constitutional Offices and Independent Authorities providing similar if not virtually duplicate services to their staff and external services. Areas to consider include personnel, purchasing, data processing, finance and accounting, communications and fleet.

 **Performance Reporting and Cost Savings.** A quarterly reporting process mandated by the BOCC to track implementation of Blue Ribbon Committee and Florida TaxWatch recommendations should be revised to improve its understandability and utility as detailed in a December 8, 1999 letter from Florida TaxWatch to the County Administrator. Florida TaxWatch agrees with a suggestion by the Director of the Office of Management and Budget to report results to the BOCC on a shorter format that focuses on what has changed since the last quarterly report. His office prepared four extensive reports to the BOCC last year which generated discussion of their format but not their content.

 **Productivity Awards Program.** The BOCC and Constitutional Officers should implement a performance-based productivity awards program similar to the Davis Productivity Awards for Florida's state employees. Employee recognition can be even more powerful at the local level because citizens are more directly involved in recognizing and appreciating good public service. Proportional to the state's thirteen-year added value of \$3.9 billion, based on population and size of workforce, the County could anticipate documented annual added value (cost savings, cost avoidances and additional revenue) from award winners' achievements of up to \$20 million.

 **Filtering Process.** The BOCC should reconsider one of the Blue Ribbon Committee's major recommendations, a "filtering" process to evaluate existing and proposed County services for compliance with its adopted statement of mission and values, its financial and debt management policies, a long range strategic financial plan and economic analysis matrix. The BOCC opted to maintain the current process of budget development by Decision Unit. The County's FY 2002-03 budget instructions required all departments and agencies to tie their Decision Units to a list of 300 services delineated in Florida TaxWatch Deliverable Three of its financial services contract with the BOCC. However, this process yielded minor budget redirects reflecting changing priorities and, as noted above, \$3.5 million worth of budget cuts representing less than 1% of the non-pass portion of the budget, versus a 5% target.


Related to the filtering process and improved budgeting and management, the BOCC should reconsider FTW and BRC recommendations to:


- Utilize a matrix of mandated, essential and discretionary services in decision making, particularly for reallocating resources to higher priorities via budget re-directs.

- Appoint an advisory committee of elected and appointed officials and citizens to review and prioritize County services as an aid to the BOCC's responsibility to set service priorities as part of the budget process.;


- Appoint a Performance Advisory Committee to identify and recommend ways to streamline County government bureaucracy as an aid to the BOCC's management oversight responsibility; and


- Conduct a personnel utilization study to determine whether costs can be cut.

 **Focus on Major Policy Issues.** While the BOCC took half a dozen steps in 2000 to streamline its meetings, lack of meeting management by the BOCC still appears to leave insufficient time for deliberation on major issues.


 **County Modernization.** The BOCC should reconsider its rejection of a recommended County Modernization Citizens Committee on the basis that such a committee would duplicate the work of the Charter Review Board. This Board was disbanded after approving just one government accountability improvement initiative for the November 2002 ballot.


Other Recommendations To Revisit


 **Quality of Life.** Some 200 pages of charts, statistics and narrative on the County's website, based on indicators partially developed by the former citizen-based Hillsborough Tomorrow Committee and completed by County staff, are intended to help users assess Hillsborough County's quality of life. The 200 pages of material should be summarized and explained to make it more understandable to the public.


 **Unit of Service Benchmarks.** Several years ago, the BOCC approved development of performance measures to help determine the cost of services, and the fy 2002 and 2003 budget includes some unit of service cost information. However, the BOCC should be concerned that the County lacks a financial system that can merge financial and non-financial data to determine the unit cost of most County services.

As presently configured, a Project Information Management System (PIMS) and a Human Resources Information System (HRIS) now being implemented will provide valuable information for calculating unit cost of service data which is critical for budgeting and managing resources. However, the County's financial system will continue to be dependent on manual calculation of the unit cost of services. Providing automated data on total costs and unit of service volumes costs would require replacing some or all of the current financial management system, integration of the current system with new software designed to merge financial and non-financial data, or some hybrid of these solutions.

 **Pre-Auditing.** The Clerk of the Court should reconsider his opposition to a statistical sampling process that pre-audits only expenditures over \$1,000. This approach, which would require a state statutory change, was adopted by Florida Comptroller's five years ago to save millions of dollars annually.

 **Zoning Reviews.** The BOCC should reconsider its previous action affirming dual zoning reviews by the Planning Commission and Department of Planning and Growth Management despite a 1996 audit finding that an annual \$67,000 cost avoidance would be gained if the Planning Commission ceased reviewing Zoning Hearing Master recommendations.

 **Late Night Security.** The BOCC should reconsider its previous action not to solicit competitive proposals for late night security which could save an estimated \$50,000 annually.

 **Consolidation of Television Stations.** The BOCC should reconsider its previous action not to pursue combining television facilities of Hillsborough County government, its cities and the public school system.

 **Bus Stop Advertising.** The BOCC should reconsider its previous action not to approve

maintenance of bus stops and benches by private sector companies in return for advertising on them. Doing so could generate \$300,000 new revenue to help reduce financial assistance to Hartline.

Recommendations Awaiting Initial Consideration/Action

The following items have been reviewed by County Administration but there is no record of BOCC consideration/action, or of action or voluntary compliance by Constitutional Offices or Independent Authorities)

- ◆ Reduction of the Department of Planning and Growth Management's 150 different fees. A fee study now in progress provides an opportunity to reduce the number of fees.
- ◆ Implementation of area wide zoning to reduce the cost of growth management regulation.
- ◆ Regulatory changes to limit inequitable financial impacts of development.
- ◆ Documentation of cost savings from a revamped Capital Improvements Program.
- ◆ Presentation to the BOCC of a strategic plan legitimized by the budget process to assist the BOCC at its annual goal setting retreat; to assist individual members' responses to County Administration's annual survey of services that should be considered for increased and decreased resources; and to assist the BOCC's allocation/redirection of resources during the budget process.
- ◆ Review of the County Comprehensive Plan for its impact on the BOCC's Vision and Values statement; its compatibility with a vision for the community developed by the citizen-based Hillsborough Tomorrow Committee; and its compatibility with community indicators partially developed by Hillsborough Tomorrow, completed by County staff and posted on the County's web site.
- ◆ Constitutional Officers' voluntary compliance with County Administration's budget development instructions, particularly including Decision Unit information in their proposed budgets.
- ◆ BOCC consideration of a County Administration report titled "Revenue Portfolio Diversification for Hillsborough County" that was delivered to the BOCC on June 16, 1999. This report should be updated and re-submitted.
- ◆ Documentation that full advantage is being taken of free labor available to the County via court ordered community service.

- ◆ Documentation of time and travel savings from increased employee training at County Center and via satellite.
- ◆ Revision of Civil Service rules to encourage and increase employee cross-training.
- ◆ Utilization of performance measurement and quality services initiative data in employee evaluations and compensation decisions.

Summary Of Added Value To Hillsborough County Service Delivery 1999 - 2002

Following is a summary of \$22.3 million worth of recurring and non-recurring cost savings, cost avoidances and revenue increases reported by County agencies for the period January 1999 through April 2002. \$17 million is from implementing recommendations by the 1997-98 Blue Ribbon Committee on County Finances and Florida TaxWatch, and from related initiatives. An additional \$5.3 million is from 23 other initiatives. A list of all line items is in the full Florida TaxWatch report.

Florida TaxWatch's criteria for including added value items are (a) that initiatives producing added value must have begun since the Blue Ribbon Committee on County Finances and Florida TaxWatch initiated their work with Hillsborough County in 1998, and (b) that additional funding for services garnered from sources outside of County government must have resulted from a competitive process. A response from the Sheriff's Office citing \$89.1 million added value achieved over the past 30 years is attached to the full report as requested.

Cumulative Cost Savings Reported

\$ 4,800,000	Aviation Authority
\$ 5,927,934	Board of County Commissioners
\$ 187,400	Civil Service Board
\$ 777,341	Clerk of the Court
\$ 1,019,500	Port Authority
\$ 268,774	Property Appraiser
\$ 36,423	Public Defender
\$ 51,000	Supervisor of Elections
\$ 247,400	State Attorney
\$ 1,326,690	Tax Collector
\$14,591,462	

Cumulative Cost Avoidances Reported

\$ 4,030,000	Board of County Commissioners
\$ 522,423	Public Defender
\$ 2,011,766	Sheriff
\$ 6,564,189	

Cumulative Additional Revenue Reported

\$ 1,139,485	Sheriff
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TOTAL: \$22.3 MILLION

A Word of Appreciation

Florida TaxWatch expresses special appreciation to current and former members of the Board of County Commissioners for the many hours they spent reviewing over 100 recommendations made by the 1997-98 Blue Ribbon Committee on County Finances and Florida TaxWatch, and for taking affirmative action on a majority of the recommendations. Appreciation also to County Administrator Dan Kleman and staff for reviewing the recommendations, preparing them as BOCC agenda items and developing Quarterly Reports since 1999 that track the recommendations' progress.

Extensive assistance over the past two and one half years has been provided by Eric Johnson, Director of Management and Budget, and HeathCliff Beach, Management Systems Analyst, to make the preparation of this Florida TaxWatch report possible.

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Planning and Research Section, Sheriff's Department

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Chief Deputy Property Appraiser

The Honorable Richard Ake
Clerk of the Circuit Court

Gene Gardner
Director, Civil Service Board

Louis Miller
Executive Director, Aviation Authority

Finally, Florida TaxWatch commends Chairman Jerry Koehler and 14 members of the 1997-98 Blue Ribbon Committee on County Finances appointed by the BOCC for volunteering their time and talent to review and make improvement recommendations regarding County revenues, expenditures and programs. The Committee's work and that of Florida TaxWatch was very ably facilitated by Mike Merrill, Department of Debt Management, and Edith Stewart, Office of Public Affairs, who served as staff to the Committee.

This report was researched and written by Dave Davis, Director, Hillsborough County Project, with assistance from County officials and staff, Florida TaxWatch Assistant Research Analysts Michelle Bailey, Philip Canto and Abdulhamit Yagmurcu, and Chima Onwunli, MIS Coordinator, under the direction of Keith G. Baker, Ph.D., Senior Vice President and Chief Operating Officer. Steven L. Evans, Chairman; Dominic M. Calabro, President and Publisher

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