Dear Chairman Eggers and Members of the Pinellas County Board of County Commissioners:

I am pleased to submit the Fiscal Year 2026-2027 (FY27) Proposed Pinellas County Budget and Capital Plan for your review. This structurally balanced proposal totals $5.137B across all funds, including $1.125B in the General Fund (growing 1.2% from $1.112B in the FY26 Adopted Budget), and $1.094B in the Capital Budget, including reserves. We have worked with every area of the County Government to make difficult, but smart, reductions while identifying alternative revenue sources. In doing so, we were careful not to make cuts that would cost more in the future, such as deferring maintenance on roads and bridges that are more expensive to replace than to maintain. While we are proposing to reduce our workforce by the equivalent of 43.8 positions (34.8 in the General Fund) to balance the budget, our goal is to reassign staff as we have position vacancies to generally prevent having to lay off good employees. I am confident that the work displayed in this year's budget continues to meet the high standards that have earned us the Government Finance Officers Association Distinguished Budget Presentation Award for the past 20 consecutive years.

Budget Challenges

The story of this budget begins not with balance, but with a significant fiscal challenge. As we entered the FY27 budget development process, Pinellas County faced a potential General Fund structural deficit of more than $18M which grew through the process to more than $30M. The gap was not caused by a single decision or expense. It developed from several pressures converging at the same time.

Our largest single expenditure (the Sheriff's Budget) was originally requested to grow at $26.208M while our largest single revenue source (Countywide General Fund Property Taxes) is growing at $26.526M. Our second largest revenue source (Sales Taxes from the State of Florida) has reduced by $6.619M due largely to the recent change in State Law associated with rent paid by businesses for commercial space, which has similarly reduced our Penny for Pinellas projections.

Unfunded Mandates and External Pressures

A growing share of the County's budget is committed before local priorities are considered. State and federal unfunded mandates require direct payments or impose obligations without sufficient funding. General Fund examples include $14.460M for Medicaid (up from the FY26 amount of $13.812M), $3.163M for Juvenile Justice (up from the FY26 amount of $2.848M), a $4.859M increase for the Florida Retirement System, and $1.300M for cybersecurity requirements for the Supervisor of Elections (begun in FY26). State Law also requires the County to pay $19.042M to the Tax Collector on behalf of the School Board for property tax collection, and $9.756M to the Property Appraiser for both School Board and municipalities property appraisals. In addition to the already constrained budget environment, the Legislature enacted two unfunded mandates during this legislative session. First, it expanded retirement benefits for first responders in the Sheriff's Office by adding a cost-of-living adjustment (COLA), resulting in $4.581M in additional retirement costs in the Sheriff's budget. This amount is included in the $4.859M referenced above. Second, it revised the requirements for counties to pay all Tax Collector fees on behalf of the School Board, causing $3.031M of General Fund expenditures. This amount is included in the $19.042M referenced above.

We have experienced inflation, like our residents and businesses, affecting the cost of health care, retirement, construction, technology, insurance, labor, and contracts. This inflation, slower revenue growth, and unfunded mandates leave fewer resources for local priorities and make property tax relief increasingly difficult while maintaining essential responsibilities.

With these pressures at the forefront and the potential for property tax reform on the horizon, the Countywide General Fund property tax millage rate is proposed at 4.5423 mills, the same rate as in FY26–following four reductions in the last five years. General Fund reserves total $169.771M, or 17.9% of revenues. These reserves are not excess funds. They help us respond to emergencies, absorb revenue volatility, manage state and federal grant reimbursement changes, and avoid sudden tax or fee increases or sudden service reductions. We can either gradually increase our reserves to the level required by current policy or, more importantly, build capacity to cover the new campus's future bond payments, estimated at $25M annually.

Reprioritizing Services and Programs

At my direction, departments reporting to the Board reduced their collective General Fund budgets by $16.292M and 34.8 positions. Most departments incorporated the already-prepared 3% recurring budget reduction scenarios (formerly called Stress Tests). Working with Constitutional Officers and other Appointing Authorities, many of the other entities that do not report directly to the Board reduced their budgets as well.

The Sheriff's Office agreed to reduce its General Fund request by $7.306M, including 10 vacant positions. Even after the reduction, the Sheriff's Office budget increases by approximately $22.508M, or 4.7%, because of retirement, bargaining, compensation, and contractual obligations. The Clerk's Office reduced its General Fund request by $297,000, including one position. Business Technology Services agreed to reductions of $3.139M, including five positions. Human Resources agreed to reductions of $235,000, including two positions.

Our limited budget capacity has required us to propose reprioritized County needs and recommend policy shifts. Core services are protected to the greatest extent possible. Certain lower-priority programs have been proposed to be reduced, transferred to other funding sources, or discontinued. We would not otherwise choose these actions, but they are necessary to preserve the most essential services. These include:

- *Care About Me* funding is proposed to no longer be funded by the General Fund and is instead funded with Opioid Abatement settlement funds in the amount of $1.417M.
- Social Action Funding is recommended to be reduced from $1.706M in FY26 to $667,000 in FY27, supporting recurring agencies but no new agencies.
- General Fund support for services to survivors of sexual assault is recommended to be shifted from the budget to private hospitals. Under State Law, hospitals are required to provide this service.
- The proposal recommends returning the Weedon Island Preserve and Shell Key to the State of Florida and closing the Weedon Island Preserve Cultural and Natural History Center. This is a direct result of state unfunded mandates necessitating reductions. This includes the reduction of five Park Rangers totaling $245,000, one Supervisor, the equivalent of 1.7 Education and Outreach Specialists totaling $164,000, and a reduction of $65,000 in Construction and Property Management for maintenance of the building.
- Because we have been unable to fill lifeguard positions at County parks, the Proposed Budget recommends discontinuing the service and eliminating 20 Lifeguards and five Senior Lifeguards totaling $374,000.
- Strengthening the medical-necessity requirements for employee GLP-1 pharmaceutical reimbursement is expected to reduce usage and is budgeted to save $800,000.
- The Building and Development Review Services department is recommended to be reorganized yielding a savings of $247,000 and eliminating 3.5 positions in the General Fund while Housing and Community Development is similarly recommended to be reduced by one position totaling $74,000 in the General Fund. These reorganizations are designed to achieve savings without impacting services provided to the public.
- The annual MSTU grant funding of $220,000 for not-for-profit agencies in the unincorporated area is recommended to be removed from the budget.
- County Administration and internal services (including Workforce Relations, Budget, Purchasing, Strategic Initiatives, and the Office of Fleet and Asset Management) are recommended to reduce their collective General Fund budgets by $727,000, including 9.5 positions. Cost recovery has been improved this year as well.

- The proposed budget lowers the amount each department pays per employee into the County's health insurance fund, even though health care costs continue to rise. This saves $611,000 in the General Fund and another $1.089M across all other funds. The difference will be covered by intentionally using a portion of the health insurance fund's reserves.
- Across those departments reporting to the Board of County Commissioners, the Proposed Budget recommends implementing all or part of almost every 3% budget reduction scenario (formerly called Stress Tests). The County's creation of these scenarios was originally a Board idea that has made this budget balancing possible.

The Proposed Budget also includes recommended, targeted revenue adjustments including increases in parking rates at the County's three beach parks from $6.00 per day to $3.50 per hour along with associated increases to parking fees at our park boat ramps and parking and boat ramp annual passes, projected to generate approximately $2.772M annually. These recommendations bring our parking fees closer to the fees charged in similar municipal lots. These adjustments further improve cost recovery and assign more costs to the users of the parking lots, reducing the park system's reliance on property taxes.

Necessary Policy Shifts

In short, the Proposed Budget closes the projected deficit through recurring reductions and recurring revenues - not General Fund reserves, one-time or temporary funding, nor through property tax rate increases. Our efforts will not end here. In accordance with the Board's direction, we will continue to identify additional savings opportunities on an ongoing basis.

This budget continues a necessary policy shift in how the County establishes priorities, funds services, recovers costs, uses facilities, and evaluates programs. As the Board has suggested, we must ask whether a service is a core County responsibility, whether others should carry more of the cost, whether results are measurable, and whether or not each service is sustainable.

The Budget Preparation Studies will continue to examine programs, service models, cost recovery, facility requirements, and performance improvement opportunities. This will better inform future Board decisions. We must change longstanding practices wherever the financial model no longer supports them. That is how we preserve the County's ability to meet its responsibilities over time, reduce our reliance on property tax revenues, and ultimately maintain the public's confidence.

Protecting Core Services and Assets

Within these constraints, the budget protects life, health, safety, and essential infrastructure. Beyond the Sheriff's Office, the General Fund supports regional 9-1-1, ambulance transports and other emergency medical services, the Medical Examiner, the court system, and our justice-system partners.

Transportation funding continues for roads, bridges, traffic operations, drainage, sidewalks, and traffic management systems, with continuation of the three dedicated transportation millages at the same rates as in FY26 and since inception. The Capital Improvement Plan prioritizes extending the useful life of existing assets, all life-safety projects, and dedicated or externally-funded projects.

The budget maintains commitments to beach nourishment, coastal management, surface-water improvements, environmental protection, and hurricane readiness. It supports the multi-year Pinellas Recovers Community Development Block Grant- Disaster Recovery (CDBG-DR) program for those affected by Hurricanes Idalia, Helene, and Milton. Because federal reimbursements are less predictable, the Proposed Budget does not assume full repayment of local costs.

Our enterprise funds - Utilities, Solid Waste, and St. Pete-Clearwater International Airport - remain supported by dedicated revenues, adopted master plans, and long-term capital programs. Rates and fees are guided by the cost of service, affordability, regulatory obligations, and the need to avoid more expensive deferred maintenance.

Stewardship, Our Workforce, and Modernization

This proposal demonstrates responsible stewardship of the public's money and trust. We have challenged spending, recommended reductions of positions and programs, protected reserves to be able to address future risks, limited new recurring commitments, and directed one-time resources to one-time needs. We cannot preserve every service at its current level, but we are preserving financial integrity and focusing resources where government is most needed.

Our workforce is the primary connection between the budget and the services our residents receive. The proposal includes a 3% salary increase, budgeted at $2.695M in the General Fund and $5.181M in other funds, while continuing workforce development investments. The Sheriff has also proposed a 3% salary increase, which was included in the original budget request. Competitive compensation is necessary, but it must remain sustainable.

The budget continues the Workday Enterprise Resource Planning software implementation to modernize financial, human resources, payroll, procurement, grants, and budgeting processes, giving us a great opportunity to improve internal processes and functions. Planning for the Icot government campus continues, subject to future Board approvals and preserved decision points on financing, design, and construction.

Preparing for What Comes Next

FY27 follows demanding years of hurricane recovery and rising operating costs. It also precedes potential changes to Florida's local revenue structure, including the statewide property tax measure scheduled for the November 2026 ballot and possible further legislative constraints. Those changes could materially reduce recurring revenues beginning in FY28 and intensifying in FY29. FY27 is therefore both an annual plan and a bridge to more difficult future decisions. We have balanced this budget under current law, but we cannot ignore the challenges ahead.

The Proposed Budget is now before you for review, discussion, and refinement. Figures will be updated, Board direction incorporated, and the public given full opportunity to examine and comment. I appreciate the cooperation of all stakeholders and look forward to the budget workshops planned for August 20 and September 3, 2026, and the public budget hearings on September 10 and 24, 2026.

Together, we can discuss, debate, and adopt a budget that protects essential services, respects the public's money and trust, and prepares Pinellas County for the challenges ahead.

Sincerely,

Barry A. Burton, County Administrator