

2009 State of the County Address

BUILDING A STRONG FUTURE ON CONSERVATIVE PRINCIPLES

Good afternoon, and welcome to my 2009 State of the County Address. I'd like to thank the Central Florida Hotel and Lodging Association for once again sponsoring this year's event and, as a charter member of Tiger Bay, thank you for your sponsorship as well. And for the second year in a row, let me recognize the staff here at the Doubletree for another job well done.

I'd also like to thank the Orange County Communications Division for helping facilitate this event...and as always, thanks to the entire county staff for all you do for the citizens of Orange County.

It's hard to believe, but this is my 9th State of the County Address and next year will be my last. Since taking office, I have worked to diversify our economy by protecting our existing businesses, attracting high value jobs and by exercising strong fiscal discipline. No one has played a bigger role with me in protecting, partnering and fiscal discipline than our Board of County Commissioners.

Another key partner is Orlando Mayor Buddy Dyer. We have worked to diversify our local economy – most notably in the field of life sciences. The blossoming Medical City at Lake Nona is a model of this success. Just last month, Orlando and Orange County combined resources to address homelessness. We designated \$6 million in block grant funds to build a permanent 250-bed Men's Service Center on property owned by the Coalition for the Homeless.

I'm also pleased to have my former Public Safety Director Jerry Demings as our Sheriff. We stood shoulder to shoulder during the hurricanes of 2004 and we have an excellent working relationship. We have already put 10 more deputies on I-Drive and I look forward to working with Sheriff Demings to curb juvenile crime.

Another partnership that deserves recognition is our Primary Care Access Network, or PCAN. We assembled a coalition of local health care providers, private foundations, non-profits and faith-based organizations. Together, we built a network of eleven clinics that provide a "medical home" for thousands of uninsured and underinsured county residents. Since we launched PCAN in 2001, we have seen a 25% drop in emergency room visits by uninsured people seeking non-urgent care. That has saved an estimated \$1.4 million. PCAN has earned national attention by finishing in the top 16 of 600 programs competing for a prestigious *Innovations in American Government Award* from Harvard

University's Kennedy School of Government. We'll find out next fall if PCAN is one of the top three. Now that's another partnership worthy of your applause! We as a community have enjoyed many successes and I will touch on some of them today. However, over the past 18 months, we have faced some of the most significant economic challenges of our generation.

In Orange County, property taxes account for more than 50% of the revenue available for government services. If you look at what we expect to collect in property taxes alone, roughly \$640 million next year, 80% of that revenue would be consumed by our Public Safety budget – Fire Rescue, Corrections and the Sheriff's Office leaving the remaining 20% for other county operations such as Parks and Animal Services.

Because of the collapse of the real estate market, this will be the third year in a row that our property tax revenues will decline or remain flat. Property tax cuts enacted by the Florida Legislature have further eroded our revenues. Orange County's base tax rate has decreased by more than 14% since 2007. Our Property Appraiser recently estimated that property values have plummeted about 11% in just the past 12 months.

The amount of property taxes our citizens pay comes from a simple formula: $TAX\ RATE \times PROPERTY\ VALUE = TAXES\ PAID$. Markets go up and markets go down, but tax rates are a public policy decision. Unlike some local governments that raised taxes, our board made a deliberate decision to tighten our belts rather than increase property taxes. We're paying attention to folks like the sub shop owner in my neighborhood who has a sign outside his business that reads, "Don't tax me bro!"

Months ago, we imposed a countywide hiring freeze and told managers to trim their operating expenses by 5%. We told outside agencies that receive county funds to expect a 10% cut. There will be no raises for employees, including managers and department heads in the budget this year. We will eliminate more than 300 vacant positions and we have already reduced hours for some employees who've seen their workload shrink. Because of these preventative measures, there will be no layoffs in Orange County this fiscal year.

As for the Mayor's Office, I eliminated and combined positions reducing my budget by about 30%. Orange County's Constitutional Officers also get it. They have made the appropriate cuts in their budgets and I applaud them for their leadership and for understanding that we're all in the same boat.

One place we can't afford to cut is code enforcement. The Orlando area currently has the 10th highest foreclosure rate in the nation. That means our Code Enforcement Division will continue to be called upon to be the "property

manager of last resort” – mowing yards and securing abandoned houses. Even in these tight budget times, our board has allocated an extra \$1 million so our code enforcement officers can continue to fight blight.

We are fortunate that Orange County has received a special allocation of nearly \$28 million in federal grants for neighborhood stabilization. Our plan is to buy, fix up and sell abandoned homes, demolish blighted properties and provide financing mechanisms to increase homeownership. The bottom line is: We need to win the battle against neighborhood decay. Otherwise, we might as well put out a welcome sign for criminals.

Today’s economic realities illustrate the need for the kind of prudent fiscal management that has insured the stability of Orange County Government in the past, and will continue to serve our citizens in the future. We are building a strong future on conservative principles.

Even before this “perfect storm” of economic hurricanes slammed into our shores, we were following our guiding principles while preparing to weather the storm: Conservatism, fiscal restraint, good judgment and transparency. To that you can add partnerships and protecting existing business.

So my message to you is: The state of the county remains strong, no matter the weather, because we have built a solid foundation from which to launch a strong recovery.

Unlike the federal government that literally has a “license to print money” as they dig our children deeper and deeper into debt, Orange County is required by our State Constitution to adopt a balanced budget. We *have* to live within our means. And we will do so without raising property taxes. In fact, we haven’t raised our tax rate in 20 years!

As you know, the State of Florida is balancing its budget by raising taxes on cigarettes and taking money from the gambling industry. California is even talking about legalizing and taxing marijuana. So, I guess you could say Florida is getting the “smokers and the jokers” and California wants the “midnight tokers.”

We, in Orange County, made several investments during the good times that are generating long-term benefits. For example, our investment in the Convention Center has positioned us to compete for shows internationally. Every year, our convention center pumps about \$1.4 billion into our economy. And that’s just part of the story. Last year, exhibitors and visitors donated more than \$1.8 million in cash, goods and services to local charities.

Later this month, the convention center will host the General Assembly for the Church of the Nazarene. That group has recruited more than 2,000 volunteers from all over America to spend a week tackling more than 100 local community service projects. The effort is called One Heart – Many Hands – and with more than \$1 million in donated labor – it's one of the largest volunteer efforts in the world.

And the big white building with the iconic clamshell windows is also a leader in green technology. It's the first convention center in the U.S to earn federal certification for its innovative recycling program. Just last month, I flipped the switch on a new solar power system on the roof. What is now the largest solar array in the southeast is the result of yet another great partnership we have with OUC and the State of Florida. It includes a new Climate Change Education Center to promote the environmental and economic benefits of solar and other renewable energy.

One of my strategic goals when I became Mayor was to diversify our economy. You've heard me say over and over that tourism is king. Our reputation as the #1 tourist destination in the world is well deserved. But I think we can all agree that strong communities don't put all of their economic eggs in one basket even if they are "golden" eggs!

With the help of our partners at the University of Central Florida, we have built a thriving simulation, modeling and training industry where more than 100 companies thrive with a gross regional product of over \$2.5 billion. Now that's an industry worth protecting! And we are. In a few days, UCF will break ground on a new building that will be part of an anti-terrorism, force protection security system at the research park.

Drive out the 417 near one of the busiest airports in the world and you will see the new medical city taking shape. The UCF College of Medicine will welcome its first class of 40 med students this fall, all of them with a full 4-year scholarship. With 4,300 applicants for just 40 slots, UCF got to pick the cream of the crop making this one of the best medical schools in the nation from day one!

Orange County made a significant investment to bring the Burnham Institute for Medical Research to the medical city. This month's issue of *Fast Company* magazine singles out the medical city when it put Orlando on a list of 12 cities worldwide that offer the best environment for innovation.

At a time when many communities are struggling financially and when the State of Florida and the Turnpike Enterprise are on credit watch, Fitch Ratings, the global rating agency, recently upgraded Orange County's bond rating to "AA." Fitch based its rating on several factors including Orange County's "...strong

fiscal management and the diversifying economy which has a sizeable tourism component and increasing healthcare, education and biotech presence.” There you have it. By the way, that bond refinancing saved us about \$3 million dollars. That’s building a strong future on conservative principles.

Before the Board of County Commissioners approved up to \$540 million of Tourist Development Taxes as Orange County’s contribution toward the community venues, we followed our guiding principles to build them right. First, we made sure convention center and other TDT projects were protected. We boosted our contribution for tourism promotion and we maintained healthy reserves. With those core needs protected, I felt we should make a significant investment in the community venues if extra revenue was available. At that time, we could not see the economic tsunami on the horizon, but we built our finance plan strong enough to protect our taxpayers.

Today, despite a significant decline in tourist tax revenue, the Events Center is coming out of the ground on target for a fall 2010 opening. Wouldn’t it be great if we opened the new center with an Orlando Magic NBA Championship banner hanging from the rafters? All of the community venues are part of the overall vision. As I have said since my first State of the County Address: I want local residents to benefit from taxes paid by tourists.

In the area of transportation, the original forecast of sunny and warm has turned dark and stormy. Although I remain committed and hopeful about SunRail, the State Senate, with the notable exceptions of Senators Lee Constantine and Andy Gardner who fought the good fight, sure let us down this year. Without SunRail, I find it hard to believe the federal government would ever think about giving us millions for high-speed rail.

There’s a good chance our only success story may be the Wekiva Parkway. As you know, I am a strong proponent of completing the long-awaited beltway around metro Orlando. The \$2 billion project will bring the present value of our beltway system to about \$16 billion. The Expressway Authority’s decision to take on that project would hopefully free up state dollars to improve to I-4, but we must redouble our efforts in Tallahassee to make sure the state doesn’t drop the ball. We need the spine of central Florida’s transportation system to be strong and healthy.

See how it all would fit together? For the first time in our history, Metro Orlando could have a fully functioning, inter-modal transportation system – Interstate highway, beltway, commuter rail and high-speed rail. Billions of dollars worth of construction and jobs, jobs, jobs. Think how that could kick start our economic recovery!

There is one significant transportation success story I want to mention. For years I have been pushing for an interchange along the Beachline that would unplug the biggest cul-de-sac in central Florida – Alafaya Trail where about 75,000 people live. I am happy to report we now have a deal with Suburban Land Preserve to connect Alafaya Trail to the Beachline. I expect this connector road to break ground in about a month and I hope to be driving on this road before I leave office. This will go a long way to advance the vision of Innovation Way. At the same time, by sticking to our conservative principles, we are keeping the promise I made when I became Mayor to keep development west of the Econ River to protect our environment.

Recently, Governor Crist put me in charge of the 2010 Census in Florida as Chairman of the Complete Count Committee. We can see that growth in Florida has shifted into reverse. For the first time since the 1940's, more people moved out of Florida than moved in. As you know, growth and tourism are two key components of our economy so the implications of negative growth are very significant.

As I said, these economic troubles are worldwide. Last December I was a keynote speaker at the Global Cities Economic Forum in Toronto. This same group is exploring the possibility of holding a similar forum right here in Orange County. One of the other speakers, Ontario Premier Dalton McGuinty, talked about pressing ahead with as many job-producing government projects as possible. Why? He said, and I agree, "Because it makes us hopeful. It affirms our faith in our ability to do great things together and our refusal to be paralyzed by today's challenges."

Everyone in this room knows that tourism is directly affected by this economy. We still have the greatest collection of theme parks, hotels, time shares, restaurants and attractions anywhere. Orange County makes a significant investment in Orlando/Orange County Convention and Visitors Bureau. Recently that agency, at my urging, adopted some significant reforms to increase its accountability for the public money it receives. At the same time, the CVB must be allowed to be competitive in the marketplace, now more than ever as our competitors fight for every tourism dollar. We need to appreciate what we have and thank the people who "make 'em smile," along with the people who come here to enjoy all the wonderful things we have to offer.

And while I'm on the topic of hospitality, let me tell you a heartwarming story. Fifty-one years ago, the University of Buffalo football team had a dream season and won its first ever bowl bid – to play in the Tangerine Bowl. Sadly, the group that leased the stadium in 1958 would not allow the team's two African-American players to participate in the game. The Buffalo team met and decided – to a man – to decline the bowl bid. Guess what? This September, the University of Buffalo

football team just happens to be coming to town to play UCF. When I heard this, I knew somehow, we had to show those players that Orlando has come a long way. As always, our hospitality industry came through. Thanks to the generosity of corporate partners such Air Tran and the CFHLA along with UCF and Florida Citrus Sports, we are going to host the surviving members of the 1958 team for a memorable weekend here in Central Florida. Is this a great community or what?

One of the reasons I am so confident about emerging from this crisis stronger than ever is our experience. Orange County has an excellent track record preparing for storms of all kinds and we have a well-deserved reputation for doing things the right way.

During the 2004 hurricanes, our conservative fiscal principles ensured we kept healthy cash reserves on hand so we could act decisively. When the need arose, we dipped into those reserves to provide food, water, ice and emergency supplies to storm victims. We had debris removal companies under contract in advance so we could activate them quickly. It took several months, even years, before FEMA reimbursed us for those expenses, but we took care of our citizens when it counted.

Let me assure you, we have triumphed over adversity again and again. Tough times bring out the best in our community. I have seen neighbor helping neighbor, young people reaching out to seniors, and strangers banding together for a common purpose.

We live in a great community with great promise no matter what the weather has in store. We will continue to celebrate tourism as the bedrock of our economy. We will continue to diversify our economy to bring high value jobs to this region. We will continue to develop transportation solutions that will improve mobility and preserve the environment. We will continue to recruit "clean-tech" business to capitalize on the growing environmental movement. We will continue to show compassion for the less fortunate. We will continue to build and preserve our neighborhoods and protect our citizens. And we will do all of these things while sticking to our conservative principles of fiscal restraint, creating partnerships, and protecting business. That is our formula for success and the platform from which we will reach a brighter future.
