



Tampa Bay Region

POST-DISASTER REDEVELOPMENT

Financial Plan

PDRP Appendix C:

Hernando County Post Disaster Redevelopment Plan

Financial Planning Technical Memorandum

PREPARED FOR



Hernando County
18900 Cortez Blvd.,
Brooksville, FL 34601
(352) 754-4083

PREPARED BY



777 S Harbour Island Blvd
#600,
Tampa, FL 33602
813.223.9500



501 East Kennedy Blvd. Suite
1010
Tampa, FL 33602
813.327.5448

July 2025

Table of Contents

1	Introduction.....	3
2	Overview of Best Practices	4
3	Fiscal Overview and Vulnerabilities	5
3.1	Major Revenue Sources.....	5
3.2	Economic Trends and Estimating Revenue	7
3.3	Potential Disaster Impacts to Revenue	8
3.4	Potential Disaster-Related Costs	10
4	Financial Policies and Plans	11
4.1	Reserves.....	12
4.2	Prioritization of Funds.....	13
4.3	Financing and Funding Management.....	15
5	Additional Funding	16
5.1	Federal & State Sources.....	16
5.2	Private Contributions.....	21
5.3	Alternative Sources	22
6	Recommendations.....	25

List of Tables

Table No.	Description	Page
Table 1.	Hernando County Budgeted Revenues by Fund Type	6
Table 2.	Description of Revenues and Vulnerabilities	9
Table 3.	Description of Reserve Policies	12
Table 4.	Hernando County CIP Selection Priorities	14
Table 5.	Alternative Funding Sources	23
Table 6.	Post-Disaster Financial Planning Best Practices and Hernando County Level of Achievement	28

List of Figures

Figure No.	Description	Page
Figure 1.	Post-Disaster Phases and Terms	3
Figure 2.	Summary of Best Practices for Post-Disaster Financial Planning	4
Figure 3.	Hernando County Revenues, FY 2025 Budget	6
Figure 4.	20 Year Totals of Florida Federal Funding	17
Figure 5.	Categories of PDRP Federal and State Funding Sources	17
Figure 6.	Timing and Relationship of Primary Post-Disaster Funding	18
Figure 7.	Post-Disaster Recovery and Redevelopment Funding Sources	20
Figure 8.	Possible Procurement Requirements Associated with Federal Funds	21

1 Introduction

This Financial Planning Technical Memorandum for the Post-Disaster Redevelopment Plan (PDRP) outlines Hernando County's (County) financial vulnerabilities, as well as current and future strategies to respond to potential disasters. It considers the best practices for post-disaster financial administration, examines the County's existing policies and plans, and makes recommendations for financial preparedness for short-term recovery into long-term redevelopment. The relationship between the two phases, and related terminology, are illustrated in Figure 1.

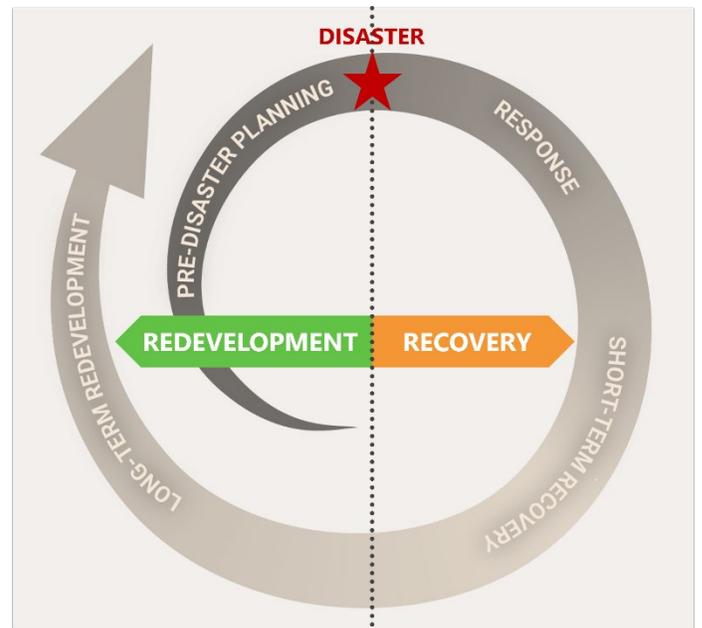


Figure 1. Post-Disaster Phases and Terms

Effective financial management before and after a disaster is critical to a community's resilience. Major disasters can place strain on the community's financial systems, often increasing costs for local government, businesses, and residents while simultaneously reducing revenues. Major disasters create a gap in funding capacities at a time when financial resources are needed most. Post-disaster impacts can lead to economic losses, physical damage to property and infrastructure, environmental degradation, and an overall diminished quality of life that persists beyond initial recovery. Communities with plans and strategies to wisely use local revenues, prioritize needs, and efficiently leverage outside funding sources can recover and redevelop more quickly and robustly.

Successful post-disaster financial planning requires an understanding of current financial operations and the potential disruptions a disaster could cause. Informed by available County documents and interviews with County staff, this Financial Planning Technical Memorandum for Hernando County's Post-Disaster Redevelopment Plan highlights critical financial issues and offers recommendations that aim to further enhance the County's financial preparedness and post-disaster capabilities. It includes the following sections:

- Best Practices
- Fiscal Overview and Vulnerabilities
- Financial Policies and Plans
- Additional Funding
- Recommendations

Although some of the identified actions can be valuable in short-term recovery phase, the principal focus is on their creation and implementation during the extended long-term redevelopment phase.

2 Overview of Best Practices

With extreme weather increasing in frequency and severity, communities are experiencing costlier and more destructive disasters more often. As such, resources¹ are available that provide guidance on best practices related to disaster-related financial planning and implementation. **Figure 2** organizes recommendations from these sources, as well as information from peer reviews of other PDRPs, into four strategy areas with actions. It also includes considerations raised in discussions with emergency operations and financial staff across the Tampa Bay region. Actions in each of the four strategy areas can relate to another and blur across the phases of post-disaster recovery and redevelopment.

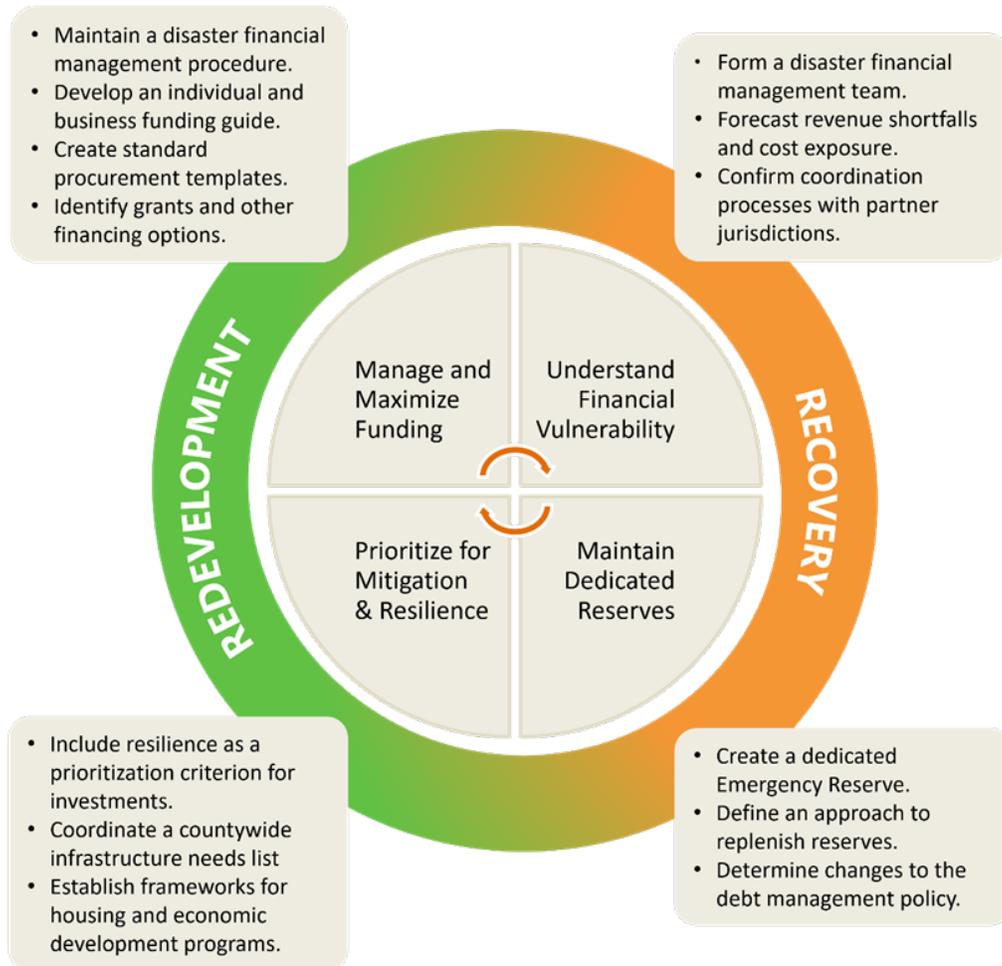


Figure 2. Summary of Best Practices for Post-Disaster Financial Planning

¹ [Disaster Finance Resource Center, Government Finance Officers Association, 2025;](#)
[Disaster Financial Management Guide, Federal Emergency Management Administration, 2020;](#)
[Post-Disaster Redevelopment Planning: A Guide for Florida Communities, Florida Division of Emergency Management, 2010/2018.](#)
[Planning for Post-Disaster Recovery Briefing Papers: Financial Recovery, American Planning Association, 2014](#)

3 Fiscal Overview and Vulnerabilities

Hernando County is located on Florida’s west coast, within the Tampa Bay Region, and has an estimated population of 218,150². The County includes one incorporated city, Brooksville, and its largest community, Spring Hill, which is home to over half the population. Other unincorporated areas include Weeki Wachee, Ridge Manor, and Hernando Beach. The County offers recreational opportunities through its parks, waterways, and proximity to the Gulf of Mexico.

The Hernando County Board of County Commissioners (the Board) serves as the County’s governing body, overseeing budget approval, fund allocation, and the delivery of essential public services such as law enforcement, fire protection, and utilities. The five elected Commissioners each represent a geographic district and work alongside Constitutional Officers, including the Clerk of Court, Property Appraiser, Tax Collector, Supervisor of Elections, and Sheriff, to carry out government functions. The Board sets the millage rate to fund most County operations, while the County Administrator and Deputy Administrator manage daily departmental activities. Financial operations are supported by the Department of Financial Services, with fee collection handled separately by the Tax Collector, Clerk, and Comptroller.

Hernando County manages over 100 funds across six categories to ensure transparency and accountability. These include the General Fund for core services, Special Revenue Funds for designated programs, Debt Service and Capital Funds for obligations and infrastructure, Enterprise Funds for utilities and operations, and Internal Service Funds for internal support functions.

3.1 Major Revenue Sources

In the most recent 2024-2025 Adopted Budget, the total budgeted revenue from all sources for Hernando County was \$940,345,359, a 23% increase from the previous year’s budget revenue total.³ Of the major fund categories, increased budgeted revenues were largely driven by a significant increase to the expected Enterprise Fund revenues, which represent 38.9% of the total 2024-2025 Adopted Budget. All fund categories except for Debt Service Funds saw an increase in expected revenues in the 2024-2025 Adopted Budget, reflecting the increased revenues driven by the County’s population and economic growth, as illustrated in **Table 1**.

² [U.S. Census Bureau QuickFacts: Hernando County, Florida](#)

³ [Hernando County FY25 Adopted Budget Book, Budget Overview](#)

Table 1. Hernando County Budgeted Revenues by Fund Type

Fund Type	2023 - 24 Adopted Budget	2024 - 25 Adopted Budget	Change (%)	% of Total Revenue
Enterprise	\$276,539,558	\$365,845,869	32.3%	38.91%
Special Revenue	\$206,646,086	\$248,386,008	20.2%	26.41%
General Fund	\$202,249,885	\$231,040,830	14.2%	24.57%
Internal Service	\$56,020,526	\$67,720,718	20.9%	7.20%
Capital	\$21,096,320	\$22,977,054	8.9%	2.44%
Debt Service	\$4,820,779	\$4,374,880	-9.2%	0.47%
Total	\$767,373,154	\$940,345,359	22.5%	100%

A more detailed breakdown of the County’s revenue identifies each source of funds by six distinct categories - Taxes, Charges for Services, Licenses and Permits, Transfers, Other (Intergovernmental, Miscellaneous, Fines & Forfeitures), and Other Sources. The percentage of total budgeted revenues for each of these are illustrated in **Figure 3** below:

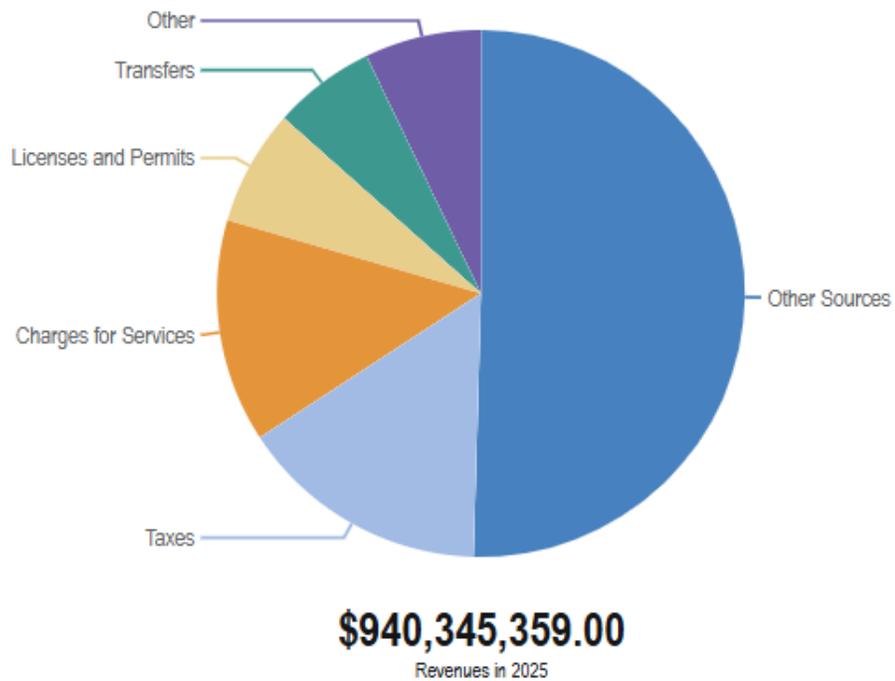


Figure 3. Hernando County Revenues, FY 2025 Budget

Overall, Hernando County maintains a diversified revenue base to support its annual budget and operations. Focusing solely on new, annually generated revenue sources, the County primarily relies on three major revenue categories: Taxes, Charges for Services, and Licenses and Permits. These core revenue streams account for just over 36% of total budgeted revenues and are composed of various sub-categories and revenue types. A significant portion is derived from taxes, which was boosted by a 10.53% increase in taxable value reported by the Property Appraiser, along with projected gains in local option gas tax, tourism development tax, and communications service taxes. Charges for services are also increasing, driven by higher fees for solid waste and garbage collection, as well as a 14% rise in fire assessments following a recent study. Additionally, licenses and permits have

experienced substantial growth due to heightened development activity, particularly in planning, zoning, and building permits. The recent increasing trends and the broad mix of funding ensure fiscal stability and supports Hernando County's expanding service needs. Although some of these sources are for specific uses, many can be used for recovery and redevelopment activities in some way.

3.2 Economic Trends and Estimating Revenue

Hernando County's economy has been shaped by historical periods of rapid population growth, particularly from the 1970s through the early 1990s, during which it outpaced state-level growth rates. In recent decades, population growth has moderated and begun to align more closely with broader Florida trends, reflecting a maturing phase in the county's development⁴. While the pace of growth has plateaued relative to its earlier trajectory, ongoing development activity and gradual economic diversification continue to create new opportunities for investment.

The County's strategic location along Florida's west coast and its access to major transportation corridors have made it an attractive destination for industrial and distribution-related investment. The presence of a major non-urban airfield has further supported this growth, bringing increased development in logistics and shipping sectors. Additionally, while the construction industry remains a key economic driver, supported by residential and commercial development, recent challenges around housing affordability, driven in part by elevated interest rates, are beginning to put pressure on new development. Though demand for building permits and related services has remained relatively strong, there are signs that higher borrowing costs may temporarily curb construction activity, particularly in the housing sector⁵.

Retail and service sectors have also expanded, particularly in areas like Spring Hill, where population density supports a wide range of consumer-facing businesses. Overall, the County's economic development efforts, focused on Airport Operations, Tourism Development, and the Office of Economic Development, have helped attract new investment and support local business growth.

Each of these trends has direct implications for the County's revenue streams. Growth in construction and development activity increases revenues from permits, impact fees, and special assessments. Expansion in the retail and service sectors contributes to local option sales and fuel taxes, while a growing property base strengthens ad valorem tax revenues⁶. However, this reliance on development-related revenues can introduce future vulnerabilities in the event of disruption from a major disaster, threatening a halt to multiple key industries in the County and declines in permitting activities, property values, and reduced consumer spending.

Understanding these economic dynamics is essential for forecasting future revenues. A central component of the County's budgeting process is revenue and expenditure forecasting, which begins early in the fiscal year and is informed by current and projected economic conditions. The County actively monitors population growth, development activity, and sector-specific trends to inform its revenue projections.

⁴ U.S. Census Bureau

⁵ U.S. Census Bureau

⁶ U.S. Bureau of Economic Analysis

3.3 Potential Disaster Impacts to Revenue

In the event of a major disaster, such as a hurricane, disruptions to economic activities have the potential to significantly impact the major revenue sources of the County. These impacts may be short-term and temporary, but for a severe storm, these impacts could have longer-lasting effects on the County's financial health and capabilities through their long-term redevelopment efforts. When disaster impacts are extreme enough to present long-term disruptions, the County's most significant revenue sources are more likely to be disrupted. Specifically, tax revenues and revenues from annual charges for services and permitting are threatened in the event of long-lasting storm impacts.

According to research published by the National Bureau of Economic Research, counties hit by hurricanes experience a significant and lasting decline in local tax revenues. On average, property tax revenues fell by about 7.2% in the decade following a major hurricane. Even the impacts of minor storms can even be felt with an average 2% decline in local revenue sources in the 6-10 years following a major hurricane. Additionally, counties affected by major hurricanes are about 10% more likely to experience a municipal bond credit rating downgrade within the first year after the disaster. This increased risk reflects the long-term fiscal stress hurricanes impose on local governments through reduced revenues and elevated recovery costs.⁷

However, other research suggests there are potential positive long-term impacts on local economies and government finances. Natural disasters may stimulate economic growth by accelerating the replacement of outdated infrastructure with more efficient and productive capital. Similarly, although hurricanes often reduce local tax revenues, post-disaster reconstruction efforts can temporarily boost employment and income, particularly in sectors like construction and public services, contributing to short-term economic recovery.⁸

Like its economic base, the County has various revenue sources to sustain its financial position, which is critical in the face of a major disaster or storm event. **Table 2** describes the County's primary revenue sources to the approximately \$940 million of annually generated revenues, as well as their vulnerabilities post-disaster.⁹

⁷ [National Bureau of Economic Research Local Public Finance Dynamics and Hurricane Shocks](#)

⁸ [Skidmore, M., & Toya, H. \(2002\). Do natural disasters promote long-run growth? *Economic Inquiry*, 40\(4\), 664–687.](#)

⁹ [Hernando County FY25 Adopted Budget Book, Budget Overview](#)

Table 2. Description of Revenues and Vulnerabilities

Major Revenue Source	Description	Percentage of New Annual Revenues	Risk Score	Vulnerabilities
Ad-Valorem Taxes	Hernando County relies heavily on ad valorem taxes, commonly known as property taxes, as a primary source of revenue for its General Fund. These taxes are levied based on the assessed value of real property and are critical to funding essential county operations and services. Ad valorem revenues are not substantially collected until after December 1st each fiscal year.	13.94%	Very High	Property taxes are highly exposed to disaster impact: assessed values drop, collections delay, and cash flow gaps emerge if storms hit early in the fiscal year.
Licenses and Permits: Special Assessments	Special assessments are used to fund specific services that benefit properties. These are non-ad valorem assessments, meaning they are not based on property value, but rather on the benefit received. Examples of special assessments in Hernando County include the Solid Waste Disposal Assessment, Fire Protection Assessment, Street Lighting MSBUs, and Road Paving and Drainage MSBU.	5.98%	Low	These fees are stable, service-specific (e.g., waste/fire), and often collected alongside other services. Temporary hardship or delays may happen, but revenue typically rebounds quickly.
Charges for Services: Physical Environment	Charges for Services related to the Physical Environment encompass a range of fees collected for services that support environmental management and infrastructure. These include solid waste collection and disposal, stormwater management, and water and sewer services. These fees are typically structured as user charges, meaning they are paid by individuals or property that directly benefit from the services, rather than being funded through general taxation.	5.53%	Moderate	Infrastructure-based revenues (e.g., sewer, stormwater) are vulnerable to physical damage, service outages, and increased costs. Demand is stable but temporarily suppressed during recovery.
Charges for Services: General Government	Charges for Services: General Government are collected in exchange for services provided by departments such as the Clerk of Court, Property Appraiser, Tax Collector, and other Board of County Commissioners (BOCC) functions including records management, permitting, and public records processing. These fees are typically structured to recover the cost of delivering specific services and are reviewed periodically to ensure they remain aligned with service demand and inflationary pressures. As part of the County's broader financial strategy, these charges help reduce reliance on ad valorem taxes and provide a more diversified and resilient revenue portfolio.	5.40%	Moderate	Services like permitting and records are administratively sensitive — offices may close, staff get reassigned, and public demand dips post-disaster. Recovery is not instant.

Charges for Services: Public Safety	Charges for Services: Public Safety are collected in exchange for specific public safety services provided by the County, such as fire protection, emergency medical response, and law enforcement support. The fees help offset the operational costs of maintaining these essential services and are typically structured as user-based charges, meaning they are paid by individuals or properties that directly benefit from the service, rather than being funded through general taxation.	2.14%	Moderate	Emergency services are in high demand during disasters, but revenue from user fees may drop due to fee waivers, billing suspensions, or facility damage.
Local Option Fuel Tax	The County participates in Florida’s statutory framework that allows local governments to levy up to 12 cents per gallon in local option fuel taxes. These include the Six-Cent Local Option Fuel Tax, the Ninth-Cent Fuel Tax, and the Five-Cent Second Local Option Fuel Tax. In Hernando County, proceeds from these taxes are often used to match state and federal transportation grants. This revenue stream provides a relatively stable and earmarked source of funding for critical mobility and safety improvements.	0.90%	Low	Revenue dips temporarily due to fuel shortages or road closures but typically rebound quickly. It's earmarked for infrastructure, often matched by federal/state grants.
Licenses and Permits: Permits	The County’s Building Division manages the permitting process, offering services such as permit application tracking, contractor verification, and inspection scheduling. Permit types include, but are not limited to, residential and commercial building permits, electrical and mechanical permits, mobile home permits, fire alarm and suppression permits, and occupancy permits. This system ensures that construction and development activities meet safety standards while generating revenue to support public services and infrastructure.	0.67%	Low	Permitting activity drops during immediate disaster response but rebounds significantly during reconstruction. The revenue share is small, and long-term gains often offset short-term losses.

3.4 Potential Disaster-Related Costs

Beyond understanding the vulnerabilities and likelihood of disruptions to the County’s major revenue streams, it is important to know the actual potential physical damage and the costs that will be incurred by the County in the event of a major natural disaster. By identifying the costs associated with an array of physical damage that could occur during a major storm will allow the County to forecast various scenarios and better prepare appropriate strategic approaches to recover and redevelopment for as many circumstances and the accompanying financial needs as possible based on the physical damage that a storm leaves behind.

In September and October 2024, damage from Hurricanes Helene and Milton caused approximately \$94 billion in total economic loss statewide. Hurricane Helene was considered one of the most destructive natural disasters of 2024, resulting in an overall loss of \$56 billion and \$16 billion from insurers. Hurricane Milton insured losses totaled \$25 billion with a total loss of \$38 billion. The Tampa Region, including Hernando County, suffered a significant portion of this damage, with the greatest impact and needs attributed to the housing, infrastructure and economic sectors in the County¹⁰.

A HAZUS model, run for a severe 1,000-year storm making landfall in Hernando County expressed total economic loss could be upwards of \$7.4 billion with 81% of projected losses coming from property damage and 14% stemming from business interruption in the region.¹¹ The model forecasts \$5.3 billion in losses specifically to residential property loss in this storm scenario.

These results highlight Hernando County's vulnerabilities, especially in housing, infrastructure, and economic resilience, and underscores the need for sustained strategic investment to reduce the risks posed by its most significant hazards: flooding, tropical cyclones, and severe storms. The County, like many other local governments, are already faced with and trying to address a housing affordability crisis of their own, with the availability of affordable homes continuing to decrease, especially for low-income households.

In response to growing housing challenges, Hernando County has taken steps to address affordability and resilience through its long-range planning documents. The County's Comprehensive Plan includes a Housing Element that outlines goals and policies to ensure a diverse and affordable housing stock, promote infill development, and support housing for low- and moderate-income households¹². Complementing this, the County's Local Housing Assistance Plan, submitted to the Florida Housing Finance Corporation, details specific strategies and funding mechanisms to assist income-eligible residents through rehabilitation, down payment assistance, and emergency repairs¹³. Continued progress will depend on the County's ability to strategically deploy financial resources to reduce long-term risk and protect its most vulnerable communities.

This data suggests the County should continue to set healthy financial reserve goals and focus on residential mitigation. This may mean opportunities to support resilience improvements for residential structures, but also infrastructure system improvements, such as stormwater or transportation, to address flooding and hardening of facilities.

4 Financial Policies and Plans

To mitigate the vulnerability of revenue sources during short-term recovery and to support long-term redevelopment, it is essential for municipalities to adopt strong financial policies that ensure fiscal stability. This includes building and maintaining sufficient reserves, establishing clear priorities for the use of limited financial resources, and identifying when and how to pursue alternative financing and

¹⁰ [Claims Journal, Property Damage from Beryl, Helene and Milton, 2025](#)

¹¹ HAZUS Model. Created for 2025 Tampa Bay Post Disaster Redevelopment Plan, 2024.

¹² [Hernando County Comprehensive Plan – Housing Element](#)

¹³ [Hernando County Local Housing Assistance Plan](#)

funding sources. These strategies are especially critical in the aftermath of a catastrophic event, when traditional revenue streams may be disrupted and the demand for public services increases. A well-structured financial framework not only supports immediate recovery efforts but also lays the groundwork for sustainable redevelopment.

In Florida, municipal financial governance is guided by a statutory framework that promotes fiscal responsibility, transparency, and long-term resilience. Florida Statute Chapter 129 outlines the powers and responsibilities of county governments, including their authority to legislate, tax, borrow, and manage public services. It also mandates key fiscal practices such as adopting a balanced budget and allows for the creation of reserve funds to address unforeseen needs¹⁴. Hernando County’s existing financial policies align with these statutory requirements. As the County evaluates opportunities to update or enhance its financial policies in support of recovery and redevelopment, maintaining compliance with state law will be essential. These policies can serve as powerful tools to strengthen Hernando’s financial resilience and capacity to recover from future disruptions.

4.1 Reserves

The County sets aside reserves to address unforeseen and unexpected events and to offset unexpected downturns in revenues from budgeted estimates. Sufficient levels of reserves ensure continued orderly operation and tax structure stability. The current reserve policies deployed by the County and each of the reserve funds they maintain are outlined in **Table 3** below.

Table 3. Description of Reserve Policies

Financial Policy	Description
General Fund Reserves	<ul style="list-style-type: none"> The Board directive has been to build toward and maintain the General Fund at 25% reserves. It is important to note, however, that as the total budget increases, the percentage reserve requirement also increases. Reserves in the General Fund will be calculated at 18.5% and consists of four (4) categories: Reserve for Contingencies, Reserve for Emergencies, Reserve for Stabilization and Reserve Balance Forward. Each of these reserves is established at a minimum level based on a percentage of the total approved General Fund budget, less reserves, transfers, debt and grants. All Other Fund Reserves are budgeted in amounts necessary to preserve the financial stability of the individual Fund.
Reserve for Contingencies	<ul style="list-style-type: none"> Reserves for Contingencies is for one-time expenditures that do not exceed \$100,000. This reserve is established at 0.5% of the total General Fund’s operating budget, less reserves, transfers, debt and grants. The Board, as needed, uses these reserves for reallocation during the year to provide for small increases in service, delivery costs and unanticipated needs of a nonrecurring nature that may arise throughout the year. While these funds are intended to cover unanticipated budget issues, it is not to cover poor departmental management of appropriated funds. Use of the Reserves for Contingencies will be made by simple majority of the Board in an amount up to \$25,000 and any amount needed to cover costs associated with Federal and/or State mandates. Any amount over \$25,000 must be approved by a supermajority of the Board.

¹⁴ [Chapter 129 - 2024 Florida Statutes - The Florida Senate](#)

<p>Reserve for Emergencies</p>	<ul style="list-style-type: none"> The County has a General Fund Emergency Reserve for those cases where expenditures are in excess of \$100,000 and the use of such funds are for one-time emergency expenditures (i.e. hurricanes). This reserve is established at 3.5% of the total General Fund’s operating budget in any one year less reserves, transfers, debt and grants and will only be used if approved by a supermajority vote by the Board of County Commissioners.
<p>Reserve for Stabilization</p>	<ul style="list-style-type: none"> The County has a General Fund Stabilization Reserve for those cases where expenditures are more than \$100,000 and the use of such funds are for one-time loss of a major revenue source and/or a severe downturn in the local economy. This reserve is also established at 3.5% of the total General Fund’s operating budget in any one year less reserves, transfers, debt and grants and will be used if approved by a supermajority vote by the Board of County Commissioners. To maintain Hernando County’s financial stability, it is imperative that sufficient reserves be established to carry the County through in financial downturn or emergency.
<p>Reserve for Balance Forward</p>	<ul style="list-style-type: none"> As with many counties, Hernando County relies heavily on Ad Valorem Taxes to fund its General Fund. These funds are not substantially collected until after December 1st. A Reserve for Cash Forward is budgeted in any fund that requires monies to be carried forward in the following year to support operations until sufficient current revenues are received. The Reserve for Balance Forward is intended to maintain a minimum of 11% of the total operating budget in any one fiscal year.
<p>Additional Reserves</p>	<p>Hernando County has additional reserve policies, including:</p> <ul style="list-style-type: none"> Insurance reserves are established at a level consistent with purchased insurance policies, adequately indemnifying the County, and its officers and employees against loss. Additional reserves may be set aside to cover specific expenditure, where the probability of the expenditure is sufficient to plan for, but estimated costs are unknown (i.e., legal cases). Appropriations from a reserve for future construction and improvement may be made only by resolution of the Board for the purpose or purposes for which the reserve was made. Balance forward is used to fund reserves. If the reserves needed exceed balance forward, expense budgets will need to be reduced. If the balance forward exceeds the reserves needed, the Board will determine how the one-time remaining funds are to be used.

The County also has adopted a formal reserve replacement policy that ensures any use of reserve funds is followed by a structured replenishment process. Once reserve levels are established and met, any withdrawal triggers a two-tiered recovery approach. If the amount used is less than 1% of the total fund budget, it must be fully restored in the following fiscal year. However, if the amount exceeds 1%, the policy requires that at least 1% of the fund’s annual budget be allocated each year toward replenishment until the full amount is restored.¹⁵

4.2 Prioritization of Funds

In addition to maintaining well-funded reserves to address emergency situations such as major storms, it is critical for Hernando County to implement a structured and transparent prioritization process for allocating post-disaster funding. Disasters often place strain on local governments, which must simultaneously uphold existing financial obligations while also responding to a sudden influx of

¹⁵ [Hernando County FY25 Adopted Budget Book, Budget Policy](#)

urgent recovery needs and long-term redevelopment challenges. Without a clearly defined strategy for integrating these competing demands, the decision-making process can become fragmented and inefficient, ultimately delaying recovery efforts and undermining the effectiveness of redevelopment initiatives. Hernando County currently utilizes several financial prioritization tools, methodologies and project sources.

The main governing document that guides the County’s ongoing Capital Improvement Planning (CIP) process is the Hernando County Comprehensive Plan (Comprehensive Plan). This document clearly dictates that the County produces a five-year schedule of capital projects required to support growth. Projects must have a minimum cost of \$50,000 and a useful life of at least ten years, with the schedule updated annually to identify both funded and unfunded needs¹⁶.

Projects are prioritized according to their ability to protect public health and safety, fulfill legal obligations, preserve or optimize existing infrastructure, address service deficiencies, reduce service delivery costs, and support growth in existing or planned development areas. **Table 4** shows the exact priorities used by the County from the Capital Improvement Element of the comprehensive plan. The County emphasizes maintaining adopted levels of service and ensuring that infrastructure is available when needed. There is currently no direct reference or inclusion of mitigation or resilience incorporated into these priorities from the Capital Improvement Element section of the Comprehensive Plan.

Table 4. Hernando County CIP Selection Priorities

Capital Improvement Element Selection Priorities – Hernando County Comprehensive Plan
<ul style="list-style-type: none"> • Protect public health and safety or fulfill the County’s legal commitment to providing facilities and services, including for development orders. • Preserves or achieves full use of existing assets, thus maintaining or achieving adopted levels of service. • Corrects an existing service level deficiency. • Significantly reduces the cost of providing a new or existing service. • Corrects service level deficiencies resulting from new growth: <ul style="list-style-type: none"> ○ Provide full service to existing developed areas or infill development, ○ Provide directed infrastructure to projected growth areas. • Increase in level of service or represents a new service

In addition to its annual CIP processes, the County also produced a 2020 Local Mitigation Strategy (LMS), which currently serves as the Emergency Management Plan for the County and a key component of it’s broader resilience planning framework. This document identifies the County’s most significant hazards and outlines strategies to reduce risk and enhance the community’s ability to withstand and recover from disasters.¹⁷

The LMS provides a long-term vision for hazard mitigation and includes a mitigation action plan that prioritizes specific resiliency projects, including infrastructure hardening, stormwater improvements, and emergency facility upgrades. Projects are ranked based on risk reduction potential, cost-effectiveness, and alignment with community goals, with the goal to direct County resources toward the most impactful resiliency initiatives¹⁰. By integrating the LMS into its capital planning and grant-seeking efforts, Hernando County could strengthen its capacity to respond to major disasters and meet the needs of long-term redevelopment following a major storm.

¹⁶ [Hernando County, Florida 2040 Comprehensive Plan, 2018](#)

¹⁷ Hernando County Local Mitigation Strategy, 2020

4.3 Financing and Funding Management

A clear understanding of existing financial management policies and the funding mechanisms available to support the County’s cash flow needs during redevelopment provides a more complete picture of its fiscal capacity. This insight enables the County to develop a well-rounded, responsive funding strategy that supports efficient recovery and positions it for long-term financial stability.

The following policies provide guidance and rules of operations for how the County can execute its financial strategies and the options that may be available to them to redevelop from a major storm event:

Budget Policy¹⁸:

Budget Policy No. 29-01 provides the framework for Hernando County’s annual budget process, emphasizing transparency, accountability, and alignment with long-term goals. Managed by the Office of Management and Budget, the policy requires all departments to participate in forecasting and budget development, ensuring a structurally balanced budget and responsible fund management. It also integrates capital improvement planning and performance-based budgeting, allowing for mid-year adjustments when necessary to maintain flexibility and fiscal discipline.

Grants Management Policy¹⁹:

Grant Management Policy No. 15-01 outlines Hernando County’s approach to administering all federal, state, and other grant funding received by the Board of County Commissioners. Designed to ensure compliance, accountability, and efficiency, the policy applies to all departments under the County Administrator and any entities managing grants on the County’s behalf. It establishes a decentralized but coordinated structure, requiring each department to assign a Project Manager and Project Administrator to oversee grant compliance, financial tracking, and performance reporting. Strong internal controls are emphasized, including documentation of all expenditures, adherence to eligibility requirements, and timely reporting. The policy also prioritizes transparency and audit readiness, ensuring that all grant records are accessible for internal and external review.

Capital Asset Policy²⁰:

Capital Assets Policy No. 07-04 governs the management, documentation, and disposal of Hernando County’s capital assets, with a particular focus on those acquired through grant funding. The policy ensures that all fixed assets are properly recorded upon receipt, safeguarded throughout their lifecycle, and disposed of in accordance with the County’s Fleet Surplus Policy and any applicable grant terms. It also supports strategic financial planning by aligning asset management with grant accounting practices. Each grant is tracked within a designated department in the financial system using unique revenue accounts, ensuring that only eligible expenditures are recorded. This structure not only ensures compliance with federal and state audit standards but also strengthens the County’s capacity to respond to emergencies and manage long-term redevelopment efforts.

¹⁸ [Hernando County FY25 Adopted Budget Book, Budget Policy](#)

¹⁹ [Hernando County FY25 Adopted Budget Book, Grants Management Policy](#)

²⁰ [Hernando County FY25 Adopted Budget Book, Capital Asset Policy](#)

Debt Management Policy²¹:

Debt Management Policy No. 41-01 provides a disciplined and transparent framework for how Hernando County issues, manages, and repays debt to support long-term capital investments while preserving the County's financial health. The policy ensures that debt is used strategically, only for capital improvements and infrastructure projects that deliver lasting public benefit, and never for recurring operational expenses. It defines acceptable debt instruments, such as general obligation bonds, revenue bonds, and lease-purchase agreements, and sets benchmarks for debt capacity and affordability, including limits on debt service relative to operating revenues and total debt relative to assessed property values. All debt issuances must be authorized by the Board of County Commissioners and supported by thorough financial analysis to determine the most cost-effective financing method. The County may also engage financial advisors, bond counsel, and underwriters to ensure legal compliance and favorable terms. Post-issuance, the County is responsible for monitoring debt service, arbitrage compliance, and federal disclosure requirements to maintain strong credit ratings and continued access to competitive borrowing.

5 Additional Funding

The cost to recover and redevelop from the damage caused by a major disaster will always exceed local revenue capacity, even with strong financial policies for reserves, resource prioritization, and financing tools. In the aftermath of a disaster, state, federal, and other sources of aid become available to assist the community to recover and redevelop.

5.1 Federal & State Sources

Federal funding has been crucial in supporting post-disaster recovery and redevelopment, with Florida receiving over \$25 billion in the past 20 years from just three key programs (**Figure 4**). Federal funding typically covers 75% to 100% of submitted, eligible expenses. For other federal grant opportunities, this percentage decreases to between 50% and 80%, but additional state funding can complement federal funds, easing financial pressures on local governments. It's important to note that federal and state funding may also support specific local initiatives.

Both federal and state funding programs offer various financial assistance options for post-disaster recovery and redevelopment. Each funding source serves a specific purpose, but navigating eligibility requirements and application processes can be challenging due to the ever-changing funding landscape.

²¹ [Hernando County FY25 Adopted Budget Book, Debt Management Policy](#)

Generally, federal and state funding programs fall into three categories shown in **Figure 5** based on when the funds become available and the type of programs or projects they support. Understanding the primary assistance programs, the circumstances under which they become available, and how they can be combined helps communities respond efficiently to funding announcements and maximize available resources. Short-term recovery funding is made directly available to local governments, businesses, and individuals, in support of housing, economic development, and infrastructure. Long-term redevelopment funding sources, focused on mitigation and resilience, often flow to or through local governments and are primarily aimed at structures or infrastructure. Beyond disaster-related funding programs, other federal and state grants and loans can contribute to achieving PDRP recommendations on an on-going basis into the redevelopment and pre-disaster phase. These are primarily competitive opportunities that the County must identify and pursue proactively. Across the three categories, applicable funding sources that support PDRP recommendations are captured in **Appendix A**.

Florida	
Events:	30
Total Funding:	\$25,344,036,564
Funding Breakdown	
FEMA Individual & Household Program:	\$4,622,772,157
FEMA Public Assistance:	\$12,397,046,760
HUD CDBG-DR:	\$8,324,217,647

Figure 4. 20 Year Totals of Florida Federal Funding

Category 1: Short-term Recovery	Category 2: Long-term Redevelopment	Category 3: Non-disaster related funding programs
<ul style="list-style-type: none"> • Follows a disaster declaration at the federal or state level • Legislative appropriation or one-time authorization of certain amount • Spent on costs caused by the specific disaster. • Communities must react when funding becomes available, likely within one year of the disaster declaration. 	<ul style="list-style-type: none"> • Do not necessarily require a disaster declaration • Follows a regular application and award cycle. • Associated with reducing vulnerabilities and future damage; involve hardening of structures or infrastructure. • Communities proactively seek these when funding becomes available likely between one and five-years of the disaster. 	<ul style="list-style-type: none"> • Can support identified long-term redevelopment needs, such as affordable housing. • Identify opportunities with evaluation criteria tied to mitigation or resilience to increase competitiveness • Target programs with higher award capacities aligned with PDRP areas. • Communities proactively seek these when funding becomes available on an on-going basis.

Figure 5. Categories of PDRP Federal and State Funding Sources

Figure 6 further illustrates the relationship between the various funding sources, guiding documents, and approach to how each can be pursued to meet the recovery, and redevelopment needs following a major disaster.

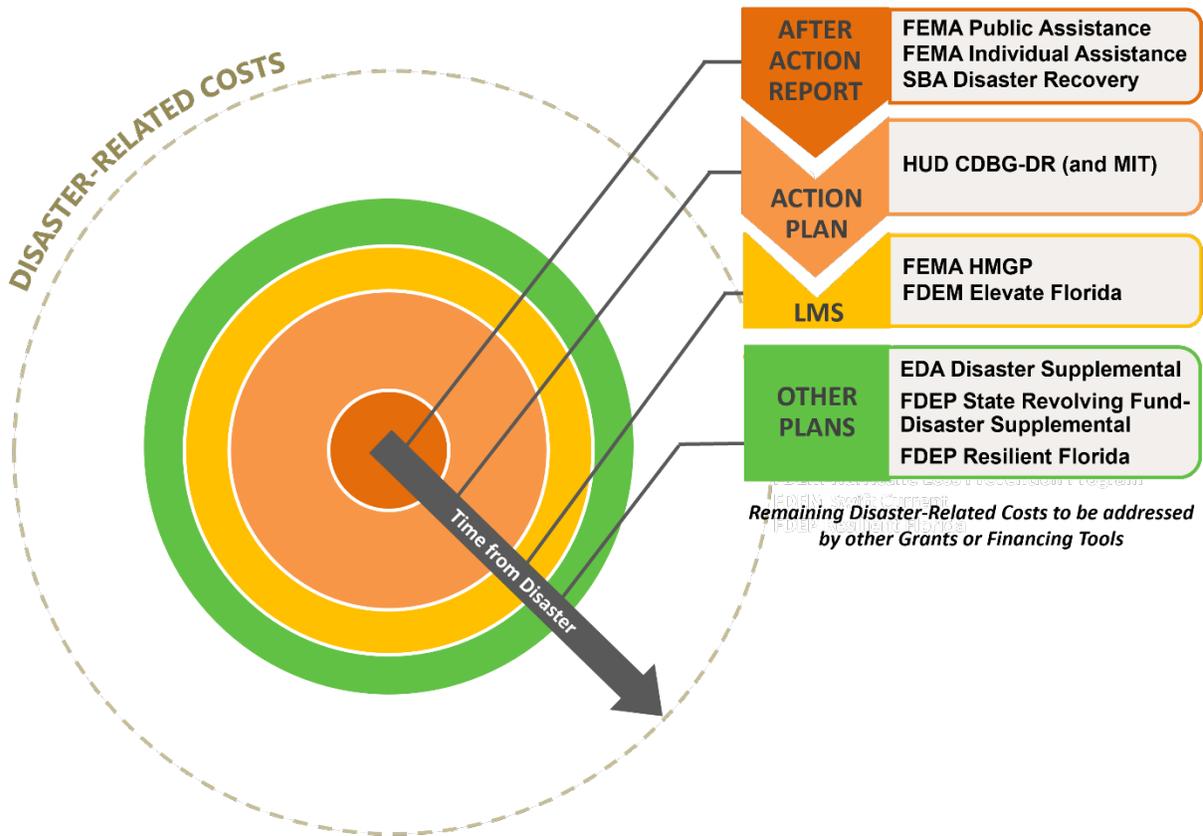


Figure 6. Timing and Relationship of Primary Post-Disaster Funding

In anticipating federal assistance for short-term recovery, it is important to acknowledge the relationship between a few key funding sources and their qualifying planning documents to maximize award amounts and expedite access to funds. This includes As opposed to seeking grant funding as part of a typical application cycle, the County must react quickly to these funds being authorized by congressional action after a disaster declaration. This includes understanding eligible expenditures and having pre-identified programs or projects ready to deploy the funding. between FEMA Public and Individual Assistance; Small Business Administration (SBA) programs, such as Physical Disaster and Economic Injury, HUD Community Development Block Grant Funding for Disaster Recovery (CDBG-DR) or Mitigation (CDBG-MIT); and FEMA Hazard Mitigation Grant Program (HMGP) funds.

FEMA Public and Individual Assistance and SBA Disaster Assistance

Within 30-60 days of federal disaster declaration and after request for assistance, FEMA Public and Individual Assistance and SBA Disaster Assistance may be made available to a community, its residents and businesses. The Public Assistance funds cover at least 75 percent of the eligible costs to address damage related to the disaster and can support work activities such as clear debris; apply

emergency protective measures to preserve life and property in response to the disaster; and repair or replace damaged structures. Because the funding is on a reimbursement basis, it is critical for the County to maintain strong documentation protocols.

Individual Assistance is direct funding to individuals and households for a variety of expenses connected to a disaster. Like Public Assistance, there are certain eligibility requirements, particularly in connection with private insurance, and evidence of expenditure is necessary.

The SBA Disaster Assistance program offers low-interest loans to help homeowners, renters, businesses, and nonprofits recover from federally declared disasters. These loans cover physical damage, economic injury, and mitigation improvements to reduce future risk. While not grants, they provide critical financial support when insurance and FEMA aid are insufficient.

As a community moves out of the immediate response stage, After Action Report is often created that, amongst other topics, captures the total damage and disaster-related assistance funding. The amount and use of Public and Assistance and SBA programs directly affects how CDBG-DR funds are allocated and the amount of HMGP funds that may be available.

Community Development Block Grant-Disaster Recovery Funding

With a disaster declaration, congressional action may allocate additional funding to the Community Development Block Grant–Disaster Recovery (CDBG-DR) program to support specific recovery efforts. These funds are provided directly to state and local governments, offering broad flexibility to address a wide range of recovery needs directly related to the disaster, including housing, economic development and infrastructure. It also can fund local-cost share match and mitigation projects. However, prior to being awarded the funds, communities must create an Action Plan. This Action Plan considers the costs associated with damage and economic losses against the amount prior to government aid across different sectors. This “unmet need” is typically categorized into housing, economic development, and infrastructure, with communities often distributing CDBG-DR funds in proportion to the unmet needs in the sectors.

FEMA Hazard Mitigation Grant Program

The Hazard Mitigation Grant Program offers financial support to state and local governments for projects that permanently reduce or eliminate the risk of future damage from disasters. It promotes safer construction practices and the strengthening of existing buildings and infrastructure. Managed at the state level, the Hazard Mitigation Grant Program (HMGP) requires local governments to coordinate with their state to access funding and apply to projects listed in the Local Mitigation Strategy. The amount of funding available is determined by a sliding scale based on the total estimated federal disaster assistance.

Additional Disaster-Related Federal Funding

Beyond the disaster-related funding described above, there are many other opportunities to access state and federal funding for recovery and redevelopment. These additional sources are often less flexible and related to a specific use whether that be housing or defined infrastructure assets such as water or transportation systems.

Figure 7 illustrates additional disaster-related federal and state funding sources available to local governments, business/individuals, and during which post-disaster phase they are likely to be available. It is important to note that programs at a state level may originate from federal sources, and the State of Florida may choose to create a funding program specific to one or multiple storm events. For example, the newly created Elevate Florida program is funded by HMGP state and local allocations and Flood Mitigation Assistance dollars. It was created in response to Hurricanes Helene and Milton. Hernando County also has rural areas that would qualify for US Department of Agriculture (USDA) grants.

Funding Approach

A disaster-related or resilience program or project may be eligible for multiple funding sources, while a single source could fund multiple programs or projects. Or it could be that there is one project that perfectly fits a specific funding program. Given this dynamic circumstance, the County may want to keep a complete list of housing/economic development programs or infrastructure projects from its Comprehensive Plan and CIP (funded and unfunded) so it can more easily match these programs and projects with federal and state grant and loan opportunities. For the unfunded infrastructure project list, this would also be inclusive of County projects on the Local Mitigation Strategy (LMS) or considered for Enterprise Funds. This approach creates a framework to apply to grants with the most competitive project, maximize awards, and determine if there are opportunities to package projects into a single funding program.

Having a centralized funding strategy can also prevent any unintended and over-commitments of revenue. Many funding programs have local match requirements, which can include creative financing solutions. A funding strategy helps coordinate local revenues as part of the annual or multi-year budget development. Identifying, applying, and managing grants takes money; and it also

Funding Program	
Immediate Post-disaster	FEMA Public Assistance
	FEMA Individual Assistance
	SBA Physical Disaster and Economic Injury Loans
Short-term Recovery	HUD Emergency Solutions/Shelter Grants Program
	USDA Emergency Watershed Protection (EWP)
	USACE Emergency Operations Flood Response
	USDOT Highway Trust Fund – Emergency Relief (ER) Program
	HUD Community Development Block Grant- Disaster Recovery
Long-term Redevelopment	FEMA Community Disaster Loan Program
	FEMA Hazard Mitigation Program
	FDEM Elevate Florida
	FDEP State Revolving Fund – Supplemental
	EDA Disaster Supplemental
	FDEM Hurricane Loss Mitigation Program
	FEMA Flood Mitigation Assistance Program (FMA)
	NOAA Coastal Zone Management; Hazards, Environmental Recovery, and Mitigation
	FL Commerce – Rebuild Florida (CDBG)
	FDEM Pre-Disaster Mitigation Program
Pre-disaster Mitigation	FDEP Resilient Florida
	USDOT Promoting Resilient Operations for Transformative, Efficient and Cost-Saving Transportation (PROTECT)

Figure 7. Post-Disaster Recovery and Redevelopment Funding Sources

takes time. Depending on the County staff workload following a disaster, it may be prudent to limit the amount of grant pursuits or budget for technical assistance to help apply for and manage applications and compliance efforts.

Procurement and Contract Compliance

Compliance with federal procurement requirements, such as those outlined in 2 CFR 200 and other policies, is essential for ensuring transparency, accountability, and efficiency in the use of federal funds. Adhering to these regulations is particularly important for securing reimbursements. For the immediate post-disaster period, pre-existing contracts are crucial for expediting the procurement of goods and services needed immediately post-disaster. These contracts, having been approved in advance, allow for quicker execution during emergencies.

Additional Federal Requirements	Professional Services	Construction
Contract Changes, Remedies, and Termination	Yes	Yes
Debarment and Suspension	Yes	Yes
Records Retention	Yes	Yes
Compliance with Federal Laws/ No Obligation by Government	Yes	Yes
Byrd Ani-Lobbying Certification	>\$100k	>\$100k
Clean Air Act and Federal Water Pollution Act		>\$150k
Contract Work Hours and Safety		>\$100k
Equal Employment Opportunity		Yes
Recovered Materials		Item is >\$10,000
Davis/Bacon and Copeland Anti-Kickback Act		Grant-specific
Domestic Procurement (Build America, Buy America)		Grant-specific

Figure 8. Possible Procurement Requirements Associated with Federal Funds

For professional services and construction delivered with federal and state grants, some procurement and contract requirements are similar across funding agencies, while others differ depending on the project or grant type. **Figure 8** summarizes the typical compliance requirements and when they are applicable. For instance, FEMA grants categorized as “post-disaster” do not require Davis-Bacon or Build America, Buy America (BABA), but “pre-disaster” grants do require BABA. Having standard language and templates developed to share with staff and project managers encourages prompt use of funds, compliance and consistency.

5.2 Private Contributions

Following a disaster, the collective strength of the community appears through donations of money, goods, and time. These donations provide essential resources such as water, food, and clothing, helping to meet immediate needs and support through recovery and redevelopment. While this generosity is invaluable, it can be overwhelming and requires effective coordination. Although a

myriad of individual private and non-profit organizations offers contributions, a few key organizations play a central role in organizing the influx of donations and volunteers.

Voluntary Organizations Active in Disasters (VOAD)

National Voluntary Organizations Active in Disaster (VOAD) was established to improve coordination among disaster response organizations. Working with FEMA, VOAD's primary role is to facilitate communication, collaboration, coordination, and cooperation among its member organizations. This coalition includes over 70 national organizations and state/territory VOADs, including Hernando County, which represent local and regional groups. VOAD members work together throughout the disaster cycle, from preparation to response and recovery. Their purpose is to ensure efficient and effective delivery of services to disaster survivors, minimizing duplication of efforts and addressing unmet needs.

Volunteer Florida and Florida Disaster Recovery Fund

Volunteer Florida, officially recognized as the Florida Commission on Community Service, is the state's lead agency for volunteer mobilization and donation coordination during disasters. The Volunteer Florida Foundation manages the Florida Disaster Fund, aiding communities' post-disaster. The Fund is fueled by donations from private corporations and foundations and provides direct grants to local nonprofits and faith-based groups who need to rebuild their own infrastructure to serve their communities.

Hernando County Community Emergency Response Team

The Community Emergency Response Team (CERT) is composed of trained volunteers, who are prepared to assist their communities before, during, and after a disaster until professional responders arrive. After completing a 21-hour basic training program, CERT members are equipped to extinguish small fires, provide basic medical aid, conduct search and rescue operations, and support shelter staffing and damage assessments. They also report local impacts to an established Emergency Operations Center.

5.3 Alternative Sources

Besides federal, state, and private funding sources, alternative financing and funding sources are available to address long-term redevelopment funding needs. These include issuing debt and leveraging market forces. Adapted from the paper Financing Climate Resilience, **Table 5** outlines some of the more creative options and their benefits.²² These methods can boost available funding to support disaster-related projects, climate resiliency, and critical redevelopment activities. However, progressing these creative sources require careful planning, feasibility studies, and financial analysis, as well as possible intergovernmental agreements or partnerships with Community Redevelopment Agencies or the private sector.

²² [Financing Climate Resilience: Funding and Financing Models for Building Green and Resilient Infrastructure in Florida, O'Connell and Connors, Harvard Kennedy School, 2019.](#)

Table 5. Alternative Funding Sources

Alternative Funding Sources			Potential to Generate Revenue	Technical and Political Feasibility	Equity
Public Finance & Collaborative Approaches	Municipal Bonds: General Obligation, Revenue, Green/Climate	Municipal bonds used to fund environmentally beneficial projects. They require third-party certification and ongoing reporting. While they can attract sustainability-focused investors, they come with higher administrative costs and no guaranteed lower interest rates.	High	Medium	Medium
	Collaborative Revenue Bonds (CRBs)	Allow multiple public entities to share the cost of a project based on the benefits they receive. CRBs are ideal for regional projects, requiring coordination and benefit-sharing agreements.	High	Medium	High
	Tax Increment Financing (TIF)	A public finance tool that allows local governments to revitalize underdeveloped or blighted areas by capturing the increase in property tax revenue resulting from rising property values. This additional revenue, known as the increment, is reinvested into the same area to fund improvements like parks and public spaces, roads, and utilities.	Medium	Medium	Low
	Public-Private Partnerships (P3s)	Private entities financing and managing public infrastructure projects. P3s reduce public capital needs and share risk but can be complex and more expensive due to higher private borrowing costs.	Medium	Medium	Low
Alternative Revenue Generating Mechanisms	Development Impact Fees	Charges on new developments to fund infrastructure needed due to growth. They align costs with beneficiaries but must meet legal standards and can raise housing costs.	Medium	Low	Medium
	Non-Ad Valorem Special Assessments	Charges based on the benefit a property receives from a project, not its value. They provide stable funding for local improvements but require voter approval and careful design.	High	Medium	Medium

	Local Infrastructure Sales Surtax	A voter-approved local sales tax used to fund infrastructure. It can raise significant revenue but is politically sensitive.	High	Medium	Medium
Market-Based Environmental Funding	Carbon Offset Markets	Tool to generate revenue by selling carbon credits from projects like mangrove restoration. While these markets monetize environmental benefits, revenues are low and verification costs are high.	Low	Medium	High
	Mitigation Banking	Restoration of wetlands or floodplains to generate credits that developers can buy to offset environmental impacts. It supports ecological restoration but is limited by regulations and market demand.	Low	Low	High
	Transfer of Development Rights (TDR)	Allows landowners in conservation areas to sell development rights to developers in growth zones. It preserves land without public spending but is complex and depends on market demand. Though it does generally create a revenue stream, it can accomplish mitigation goals.	Low	Medium	Medium
	Opportunity Zones and Qualified Opportunity Funds	Designated economically distressed areas by the U.S. government to encourage long-term private investment and economic development. Investors can receive significant tax benefits by reinvesting capital gains into Qualified Opportunity Funds that support projects in these zones. These benefits include deferral of capital gains taxes, partial exclusion of those gains, and potential tax-free growth on new investments held for at least 10 years. The program aims to revitalize underserved communities while offering attractive incentives to investors.	Low	Low	High

6 Recommendations

In reviewing Hernando County’s fiscal structure, revenue sources, and financial management policies and plans, the County demonstrates adequate financial preparedness and organizational aptitude. It actively monitors its revenues and forecasts to inform its budgeting process, taking into consideration future economic conditions. It employs sustainable budgeting practices and maintains a structured reserve policy with defined thresholds and replenishment procedures. Hernando County’s planning documents, including its Comprehensive Plan, CIP, and LMS, reflect an educated and organized approach to infrastructure investment and hazard mitigation, though opportunities remain to more fully integrate resilience into capital prioritization. The County follows established financial and operational protocols for post-disaster decision-making, guided by its LMS during the recovery phase and by its Grants Management and Budget Policies during redevelopment. These frameworks, along with Hernando’s experience managing federal and state disaster funding, position it to effectively administer, track, and maximize grant resources.

When comparing the County’s financial administration to best practices for Post-Disaster Financial Planning outlined in **Figure 1** of this technical memorandum, gaps and opportunities for improvement remain. Addressing these strategies will be essential to ensure the County is better prepared to respond effectively to a major storm event as well as any shifts in government aid that could occur, including diminished federal funding. **Table 6** highlights the four best practice strategy areas and related actions and the County’s current level of achievement, including:

- *Advanced:* The County actively performs the stated best practice and has a solid foundation for post-disaster recovery and redevelopment.
- *Intermediate:* The County maintains a policy or practice, but there are opportunities for further clarification or expansion.
- *Minimum:* The County does not have a stated financial policy or practice to address the issue. Or a policy or practice exists but lacks specificity.

During pre-disaster, “blue-sky” periods, the County may focus on moving forward those actions that are at an Intermediate or Minimum level of achievement. This includes focusing on creating a disaster-related reserve and clearly prioritizing disaster-related project and program needs. Some of the suggested, best practice actions are interconnected and may be able to be addressed simultaneously. Detailed recommendations include:

- **Establish a more comprehensive disaster-focused financial management team.**

Establishing a formal coordination team, beyond LMS collaboration, with defined roles, cross-departmental representation, and financial expertise could improve recovery operations, streamline coordination, and align with funding and strategic plans (1.1). A key responsibility of the redevelopment financial management team would be to develop a comprehensive post-disaster flow of funds strategy. This includes assessing internal financial capacities (**Tables 2 & 4**), while also anticipating and preparing for external funding sources like FEMA and FDEP, including the critical actions required to access them efficiently. In parallel, the team should identify and evaluate additional financing tools available to the County, including debt instruments, grants, and alternative funding mechanisms (**Table 5**).

Additionally, this financial management team could begin forecasting potential damage scenarios and conducting financial modeling to simulate varying disaster impacts. This analysis will help the County quantify funding gaps, prioritize recovery investments, and anticipate how redevelopment demands may

shift under different conditions. The resulting models will guide a data-driven financial roadmap for housing recovery, infrastructure restoration, economic stabilization, and long-term redevelopment (1.2).

To ensure coordinated implementation, the team may also engage municipal partners and sub-recipients to establish shared protocols for fund administration, enhance regional capacity, reduce duplication, and ensure all jurisdictions are positioned to access and manage recovery funding effectively to necessary requirements (1.3).

- **Update the County’s current capital investment approach and priorities to promote mitigation and resiliency actions.**

A critical element of effective disaster recovery and redevelopment begins well before a major event occurs. Proactive, strategic investment in hazard mitigation can save the County and its residents millions of dollars in damages to infrastructure, property, and the local economy. To realize these benefits, the County must move beyond simply identifying threats and mitigation categories, it must prioritize and fund mitigation projects through its annual Capital Improvement Plan. Embedding resilience and hazard mitigation directly into the CIP framework outlined in the County’s Comprehensive Plan is the most effective way to institutionalize this approach (3.1).

Additionally, the County could align its CIP with the project list and priorities identified in the Local Mitigation Strategy. Integrating the LMS into the annual CIP process would ensure that resilience projects are consistently considered for funding, rather than relying solely on hazard mitigation grants. While grants and outside funding will remain a key component of the County’s mitigation strategy, establishing a formal process for annually updating and submitting unfunded resilience and mitigation projects, similar to departmental CIP proposals, would help normalize these efforts as part of routine capital planning. Making hazard mitigation a recurring capital investment would - strengthen the County’s capacity to manage post-disaster recovery and long-term redevelopment (3.2).

- **Formalize a more robust framework for Grants Management, such as a documented policy and procedure.**

To strengthen Hernando County’s ability to secure and manage external funding, it is recommended that the County formalize its grants management framework. While dedicated staff currently evaluate potential projects for grant opportunities, the process remains informal and varies across departments. Interviews with County personnel highlighted that one of the most significant challenges is the need to educate departments on how to pursue grants and navigate the application and compliance process.

A formalized framework would address this gap by centralizing key compliance functions, standardizing application templates, and providing consistent guidance across departments (4.3). It would also build internal capacity and institutional knowledge, ensuring staff are better equipped to identify, apply for, and manage grants effectively, while also understanding regulatory requirements, best practices, and the processes necessary for successful grant execution (4.1).

Additionally, a formal framework would enhance coordination with state agencies such as the Florida Department of Environmental Protection and the Florida Division of Emergency Management, keeping the County engaged, informed, and better positioned to pursue strategic funding opportunities (4.4).

- **Update reserve policies to enhance the dedicated emergency reserve fund to better address financial vulnerabilities following a major storm event.**

The County’s existing reserve policies have effectively supported financial operations and contributed to its long-term fiscal health. However, when considering major post-disaster impacts, a redundant financial approach to reserves is advisable, one that preserves fund balances in short-term recovery and can support sustained, large-scale investments in development. To address this, the County should re-

evaluate its reserve policies and establish a dedicated reserve fund specifically for major storm impacts (2.2). This fund should be governed by stricter funding requirements and clearly defined conditions for use, ensuring it remains available for significant cash-flow short-falls and long-term redevelopment needs.

- **Re-evaluate the County’s existing Debt Management policy to adapt to future post-disaster funding needs and potentially diminished federal and state funding levels.**

Hernando County’s Debt Management Policy balances financial flexibility with fiscal discipline by using various debt instruments and short-term financing tools while maintaining safeguards for the County’s credit health. This flexibility allows the County to respond to unforeseen events like disaster recovery (2.3). However, changes in federal and state funding strategies indicate that disaster-related funding may decrease. The County could reassess its Debt Management Policy to address both immediate recovery of cashflow needs and long-term redevelopment funding after a disaster. This reassessment may explore non-traditional financing mechanisms to expand the County’s financial options (**Table 4**), evaluate funding options outside of traditional sources and public sources (4.5), and improve its ability to respond quickly and effectively to future emergencies.

Table 6. Post-Disaster Financial Planning Best Practices and Hernando County Level of Achievement

Strategy Area and Action	Best Practice	Achievement Level
Strategy Area 1:	Understand vulnerabilities and organize for disaster-related decision making.	
1	Form a disaster financial management team with representatives from each RSF, for both short-term and long-term post-disaster administration and programming of funds.	Minimum
2	Evaluate financial risk by forecasting potential revenue shortfalls and cost of possible damages.	Intermediate
3	Confirm coordination processes with partner jurisdictions, such as mutual aid agreements or pass-through funding.	Intermediate
Strategy Area 2:	Strategy Area 2: Develop dedicated reserves to maintain cash-flow, fund balance, and high credit ratings through short-term recovery.	
1	Maintain healthy fund balance and define an approach to replenishment with excess reserves.	Advanced
2	Create a dedicated Emergency Reserve specific to disaster recovery, catastrophic events.	Intermediate
3	Determine if the debt management policy needs to be amended to allow for any emergency lines or credit or temporary borrowing in certain disaster circumstances.	Intermediate
Strategy Area 3:	Prioritize programs and projects that support mitigation and resilience in long-term redevelopment to reduce future risk.	
1	Include mitigation and resilience as a prioritization criterion in annual investment decisions.	Minimum
2	Develop and coordinate a countywide infrastructure needs list that is inclusive and coordinated with the CIP, Enterprise Funded, County LMS and PDRP needs. Note projects that are disaster-related and in lower-income areas.	Intermediate
3	Establish frameworks for post-disaster housing and economic development programs to receive pass-through state and federal funding, as well as how to return to pre-disaster levels.	Intermediate
Strategy Area 4:	Manage and maximize alternative funding sources throughout all post-disaster/pre-disaster phases.	
1	Create a disaster financial management procedure to accurately and efficiently document expenditures and comply with federal regulations, including pre-established recovery contracts, to maximize reimbursement.	Intermediate
2	Facilitate funding and contributions, including from volunteer organizations and donations for community needs, to individual and businesses, including development of an individual and business resource guide.	Advanced
3	Develop workflows and standard procurement templates from key funding agencies such as FEMA, FDEM, and FDEP to support ensure compliance during project/program delivery with grants.	Minimum
4	Use the unfunded needs list to proactively identify projects that are most competitive for grants and eligible grant programs	Intermediate
5	Explore the feasibility of other financing options in circumstances where government aid funding is unavailable.	Intermediate