



County Manager's FY10 Budget Message



Preface to the County Manager's FY10 Budget Message

The County Manager prepares his Budget Message as a component of his Tentative Budget that he submits to the Board of County Commissioners in July. This budget message incorporates several tables and charts detailing various aspects of this information. The Board subsequently reviews and revises the Tentative Budget and in September votes on these changes to create the Adopted Budget.

The County Manager's Budget Message is not modified to reflect the aforementioned revisions by the Board. Following are updated versions of a select number of charts and tables found in the message that were affected by the changes to the Tentative Budget:

Budget Message Page 7 - Property Tax Revenue Estimates

ALTERNATIVE FY10 MILLAGE RATES

	General Fund	MSTU General	MSTU Law Enforcement	MSTU Fire Services
Property Value Growth	-0.57%	-6.66%	-5.13%	-4.88%
Current Millage	7.5708	0.3847	1.5208	1.1013
Projected Revenue	90,550,000	1,890,000	8,030,000	5,520,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	(6,430,000)	(250,000)	(960,000)	(660,000)
Simple Majority Cap	8.0495	0.4124	1.6252	1.1804
Projected Revenue	96,270,000	2,020,000	8,580,000	5,910,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	(710,000)	(120,000)	(410,000)	(270,000)
Super Majority Cap (0 Diff.)	8.1087	0.4355	1.7020	1.2339
Projected Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	0	0	0	0
Super Majority Cap	8.8545	0.4536	1.7877	1.2985
Projected Revenue	105,900,000	2,230,000	9,440,000	6,500,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	8,920,000	90,000	450,000	320,000

Budget Message Page 9 - Constitutional Officers Budgets

Constitutional/Judicial Office	FY09 Adopted	FY10 Adopted	% Change
Clerk Finance & Accounting	\$2,111,289	\$1,965,749	-6.89%
Clerk Court & Corrections	\$294,268	\$284,426	-3.34%
Property Appraiser	\$4,282,922	\$4,015,753	-6.24%
Sheriff	\$69,131,510	\$67,055,102	-3.00% *
Supervisor of Elections	\$1,786,869	\$1,717,715	-3.87%
Court Administration	\$1,570,937	\$1,473,074	-6.23%
State Attorney	\$411,420	\$377,724	-8.19%
Public Defender	\$337,917	\$254,104	-24.80% **
Guardian Ad Litem	\$96,431	\$92,641	-3.93%
* Sheriff budget submission includes increased revenues for General Fund \$555,000; not reflected in expenditure budget ** Public Defender reduction offset from one-time enhancement of \$51,093			

Budget Message Page 19 - Position Summary by Department

Alachua County Board of County Commissioners					
Number of Employees Within Fiscal Year 2009 and Adopted for Fiscal Year 2010					
Department	FY09 Adopted	FY09 Amendments During Year	Total FY09 Amended	Approved Change for FY10	FY10 Adopted
Information & Telecommunications Service	49.00	0.00	49.00	(1.00)	48.00
General Government	49.00	1.00	50.00	(3.00)	47.00
Administrative Services	72.80	(1.00)	71.80	0.00	71.80
Community Support Services	72.00	(1.00)	71.00	(2.00)	69.00
Court Services	98.25	0.00	98.25	(2.00)	96.25
Fire & Rescue	243.50	(1.00)	242.50	0.00	242.50
Environmental Protection	38.85	(1.00)	37.85	0.00	37.85
Growth Management	59.00	(6.00)	53.00	(1.00)	52.00
Public Works	232.00	(3.00)	229.00	(4.00)	225.00
Public Works-Capital Bonds	0.00	2.00	2.00	0.00	2.00
BoCC Total	914.40	(10.00)	904.40	(13.00)	891.40
Constitutional Office					
Clerk of Circuit Court F&A	25.00	0.00	25.00	0.00	25.00
Court and Corrections	2.00	0.00	2.00	0.00	2.00
Judicial	17.00	0.00	17.00	0.00	17.00
Property Appraiser	57.00	0.00	57.00	(1.00)	56.00
Sheriff	849.50	0.00	849.50	(0.50)	849.00
Supervisor of Elections	13.00	0.00	13.00	0.00	13.00
Tax Collector	69.50	0.00	69.50	(1.00)	68.50
Constitutional Office Total	1033.00	0.00	1033.00	(2.50)	1030.50

Budget Message Page 22 - Court & Article V Funding

General Fund Expense Only	Article V Mandated	Technology "Reasonable and Necessary"	Discretionary "Local Requirement"	Other Court Funding
Clerk of Court				
Operating Budget *	\$195,850			
Courier				\$49,209
Courier				\$49,209
Court Administration **				
Operating Budget *	\$388,027			
Courier	\$29,437			
Alternative Sanctions Coordinator	\$44,661			
Senior Information Systems Analyst		\$45,580		
Information Systems Analyst		\$46,609		
Information Support Specialist		\$41,172		
Information Support Specialist		\$39,926		
Information Support Specialist		\$35,591		
Special Courts Manager			\$66,400	
Deputy Court Administrator			\$56,888	
Court Program Specialist			\$0	
Court Analyst			\$47,229	
Administrative Assistant			\$38,257	
Court Information Receptionist			\$32,601	
Guardian Ad Litem				
Operating Budget *	\$18,972			
Case Coordinator				\$43,953
Staff Assistant				\$37,901
Public Defender				
Operating Budget *	\$116,839			
Assistant Public Defender				\$60,436
State Attorney				
Operating Budget *	\$182,429			
Sub-Total	\$976,215	\$208,877	\$241,375	\$240,708
10% Reduction Amount			(\$24,138)	(\$18,027)
Total			\$217,238	\$222,681

* The decision made for this data is to accept all operating expenses as mandated given the difficulty of separating any that may be discretionary

** Only 66% of the positions under the "Mandated" and "Reasonable and Necessary" columns are funded with the General Fund, the remainder is funded by reimbursed revenue from the other counties in the 8th Circuit in a separate special revenue fund

Highlighted areas depict the Board's decision to increase the Public Defender's budget for Phase II of a paperless filing system and to fully fund the Assistant Public Defender stationed at the Alachua County Jail

Table of Contents

INTRODUCTION	1
A Historic Time of Transition	2
Budget Developed Based Upon Commission Principles	5
BUDGET EXECUTIVE SUMMARY	6
Property Values and Millage Rates.....	6
Impact of Municipal CRAs on County Budget.....	8
Board of County Commissioners	9
Constitutional Officers.....	9
GENERAL FUND SUMMARY.....	10
MSTU Summary	11
Fire Assessment in Lieu of Property Taxes	13
Solid Waste Fund.....	13
Gas Tax Revenues Declining	14
CHOICES.....	15
Capital Improvement Program (CIP).....	15
Financial Markets Impact Debt Service	17
Personnel Summary and Employment Issues.....	18
BUDGET ISSUES.....	19
Fairgrounds/Industrial Park Complex Needed for Economic Development.....	19
Commitment to Our Homeless Continues.....	20
Energy Conservation Efforts	20
Court Funding and Article V Requirements	21
Arrestee and Inmate Medical Costs	23
Future of Juvenile Assessment Center.....	23
Investment Interest Earnings.....	24
Mobility Fee/ Regional Transit System Funding	24
Stimulus Funding Opportunities	25
Regional Conflict Counsel	26
Annexation	26
Jail Overcrowding	26
Tourist Development Council - One-Cent Tax	27
Creating Alternative Futures	27
Communicating With the Public.....	29
CONCLUSION	30

July 7, 2009

INTRODUCTION

To the Honorable Board of County Commissioners and the citizens of Alachua County:

It is with a great sense of purpose and a sober understanding of the realities we face that I present to you the Fiscal Year 2009/10 (FY10) Tentative Budget and Budget Message. The FY10 total County budget submitted herein is \$326.5 million. This is lower than the last year's FY09 budget by \$3.1 million. This budget reflects the contraction of Alachua County government. It is important that our citizens recognize that we are beginning our third year of reduced expenditures. I offer this budget message as a part of our continuing and ongoing community conversation with you, our Constitutional Officers, and our citizens.



Despite the fiscal challenges in preparing the budget for this upcoming year, we are returning to our traditional practice of presenting a two-year budget. The FY10 budget will reflect the actual recommended revenues and expenditures for the upcoming budget year beginning October 1, 2009 through September 30, 2010. The second year, the FY11 budget, represents estimates of continuation spending and the potential revenues to offset those expenditures. This two-year process is important as it forces us, and our Constitutional Officers, to critically evaluate and plan for how we will create a sustainable program of services for our citizens.

With the dramatic changes in the financial markets and the historic nature of the economic recession, it is difficult to predict when the improvement in our revenue picture might occur. This budget is based on the assumption that revenue conditions will remain challenging at best throughout FY11 and recognizes that local government revenues typically lags behind private sector economic and real estate market recovery. The FY10 Tentative Budget continues the reductions made over the last two years. As you know, \$509,000 in mid-year personnel reductions from the elimination of twelve positions took place during the current fiscal year. In light of our drastically curtailed revenue and interest earnings, the FY10 budget shows a further reduction in both personnel and operating costs. This trend is anticipated to continue through much of FY11. It is also of paramount importance to note that the FY10 budget reflects the utilization of the Board of County Commissioner's final "rainy day funds" saved in prior years, known as the Legislative Tax Reform Impact Reserve.

A Historic Time of Transition

“There’s two kinds of people, there’s those who are asleep and those that are awake. I’ve used my music to wake me up and if it wakes other people up on the way that’s okay because we get used to the sound of a bomb going off in Belfast and to the roll call of bad news on television, we get used to the fact that a third of the population on earth are starving. We get used to all these things and we eventually fall asleep in the comfort of our freedom.”

- Bono

Rock musician and U2’s lead singer, Bono, speaks of using his “***music***” to wake people up to the realities and concern for the deteriorating conditions around us, often unseen or denied from the comfort of our security and freedom. For many of us, the recent turbulent economic events have served as a wakeup call. It has become evident to me in discussions with our citizens during our Community Conversations that their feelings of security and freedom have been shaken. Many people have received a wake-up call by way of job loss, investment declines, and foreclosures. People that depend on county services or those who live here because of our quality of life fear the reduction of social, cultural, and public safety programs. In our case instead of “***music***” our individual and collective “***leadership***” needs to strike the chords necessary to awaken the public to the serious challenges that are impacting our community. We need to awaken citizens to the reality that local taxes are directly related to both services and quality of life in our community.

This is a time of major transition of historic proportions. The economic crisis has led to unprecedented changes in both the manner in which our economy functions, and is regulated, and the debt we are leaving for future generations. This has and will continue to impact Alachua County through the amount of tax revenue produced by our local economy to support public services and our ability to efficiently bond revenues for future capital needs. Yet, even during this time of crisis, the state legislature continues to promote property tax “relief” and caps in lieu of the true tax reform needed to close sales tax loop holes and design revenue sources to meet the needs of realistic levels of education and government services provided for our citizens. The needs of our citizens for basic human services and hope, during this recession, are increasing at the very time our revenues are declining.

The Energy Conservation Strategies Commission brought an award winning report to awaken us to the need to become more energy and resource resilient. Energy supplies and prices will continue to fluctuate wildly over future years affecting our fuel and utilities costs. This reality is likely to continue due to the insecurity in our supplies of energy, speculation, regulation of energy sources, and our slowness as a society to adapt to alternative sources. Even our energy conservation efforts and new proposals such as cap and trade, will affect our revenues and our citizens’ cost of living. There continues to be valid concerns and debates among our citizens as they awaken to the need to be better environmental stewards balanced against the need to maintain our economic competitiveness and national security in the era of global competition.

Our awakening will include many years of struggling to repay trillions of dollars of national debt, which will inevitably impact local government finances and our citizens' standard of living.

The three specific trends that contributed to our financial situation reflected within this budget:

1. Economic Recession

Earlier this year I provided the Commission a white paper prepared by The Alliance for Innovation which outlined the key findings from academic research on the current economic crisis. It indicated that this fiscal crisis is deeper and more severe than any experienced in the last fifty years. While various localities have been impacted to different degrees, for the first time in the post-war era all levels of government are simultaneously faced with dramatic revenue reductions. In addition, the financial crisis is filtering downward through every level and source of local government revenue. All categories of Alachua County revenues have declined this year. For the first time property taxes, sales taxes, gasoline taxes, and even user fees have declined simultaneously. There are few simple solutions. Even successful energy and water conservation efforts impact revenues for local utility providers such as GRU.

Florida is one of the hardest hit by property foreclosures, the downturn in the real estate market and the slowdown in the building industry. Only California has been hit harder by these difficulties. Fortunately, Alachua County as a government-centered economy has been less impacted than many parts of Florida by the real estate slowdown. However, our local industry has suffered. Building fee and impact fee revenues are down to historic levels resulting in the reduction of inspectors and planners within our Growth Management department. More importantly, all sales tax revenues have declined significantly in the past year. Specific categories of sales tax collections, such as automobile sales, have been down 30% or more. Approximately 1/3 of fiscal impact in the FY10 budget is a result of the national economic recession.

In addition to our revenue loss, it is important to recognize that the economic recession has damaged the financial stability of many of our residents. Citizens have been subjected to layoffs and reductions of hours in both the public and private sector. Nationally, 2.6 million jobs were lost last year. Florida's unemployment rate in May of 2009 was 10.2% when adjusted for seasonal fluctuations. Alachua County's unemployment although rising at a slower rate is now at 6.6%, up from 3.9% the year before. Unemployed out of county citizens are less likely to vacation or shop in Alachua County and contribute to our economy. Our own unemployed citizens can ill afford to pay more taxes yet paradoxically, require more services from county government, which drives our expenditures up. The Division of Social Services projects that in FY10 they will serve an additional 238 emergency rent and utility assistance clients resulting in an increase of \$75,000 in expenditures.

2. Property Tax Relief

The fiscal challenges we face are largely a consequence of falling real estate values, sharply reduced new construction, and the impact of tax relief efforts such as the passage of Amendment 1 and legislative actions by the state legislature. These efforts undertaken under the guise of true tax reform were actually tax relief efforts targeted to reduce property tax bills, which were peaking in the 2006/2007 time period. Property tax is the primary source of revenue for Florida counties. Alachua County has historically struggled financially due to having only 52 percent of our property on the tax rolls. Now the County has had to deal with decreased revenues resulting from the caps on the future growth of property tax revenues.

The legislature, under a current populist agenda, has placed additional tax legislation to limit property taxes and local government home rule authority on the 2010 ballot. The past property tax relief legislative program and the downturn in property values have resulted in approximately another 1/3 of the fiscal impact in FY10. While the recession will go away, the changes in property tax legislation are being made permanent through legislation and constitutional revision. Absent from the debate in Tallahassee is the fact that According to the Tax Foundation, a nonprofit, nonpartisan research and public education organization that has monitored tax and fiscal activities at all levels of government since 1937, Florida ranks 47th in the nation in terms of the total tax burden on our citizens.

We all should have learned from Amendment 1. We need to awaken citizens to the reality that further legislative attempts to reduce fiscal resources and weaken home rule authority will only result in a lower quality of life and public services in Alachua County.

3. Unfunded Mandates/Funding Formula Changes

Unfunded State mandates continue to be an issue of contention between state and local government. The state continues to pass mandates on to local governments such as inmate medical and juvenile detention. The state has inadequately funded mandated programs which require county contributions and has altered historic funding formulas to the detriment of the County. For example, there are additional demands each year on Alachua County to pick up the costs of court related Article V expenditures and technology. At the same time we are enduring cuts in County programs, we are faced with the decision of funding programs recently abdicated by the State, such as the juvenile assessment center, petroleum clean-up activities, environmental land acquisition, and affordable housing. Taken together, the unfunded mandates, state program reductions and formula changes, reflect the final 1/3 of the fiscal impact on our budget. The propensity of the State to do this is also unlikely to go away in the near future. We need to awaken citizens to the intrusion of the State through its directing of local government expenditures without providing sufficient revenues, withdrawing support for programs benefiting local communities, and the State's decision to raid trust

funds used to provide funding for these local improvements and environmental programs benefiting citizens.

Budget Developed Based Upon Commission Principles

We have developed the tentative budget with the following 12 budget principles developed with the Commission in collaboration with Constitutional Officers. These principles are:

1. Calculate major revenues through a joint revenue estimating conference.
2. Split General Fund revenue reductions between BoCC and Constitutional/Judicial Office based on the percentage allocation from the FY09 budget of 54% and 46%, respectively.
3. Maintain all fiscal policies, specifically the maintenance of our reserves at 5% of operating revenues.
4. Reduce our Capital Improvement Program budget by an additional \$1.7 million dollars for one year.
5. To reduce the number of proposed layoffs, no salary increases are budgeted for non-bargaining unit employees and we will apply the same philosophy in collective bargaining with the IAFF and LIEU employee unions.
6. Maintain current Law Enforcement fund split between General Fund and Law Enforcement MSTU.
7. Reduce discretionary Article V Court related funding.
8. Reduce funding for the Community Agency Partnership Program, the Health Department, and Meridian Behavioral Health by 10% for a total of \$302,641.
9. Use of Self Insurance Reserve Fund excess for a one time employer premium credit, waiver of Other Post-Employment Benefits (OPEB), and a waiver of the employer Wellness Program contribution for a total of \$1.7 million.
10. Fuel, utility, and contractual budget obligations for all units of government were held at the FY09 budget level or below.
11. Prepare the fire contracts funded by the Fire MSTU with participating municipalities based upon a percentage reduction equivalent to that borne by the Fire MSTU and the Public Safety Departmental budget.
12. Prepare the budget based upon the simple majority State millage rate allowed under current legislation.

BUDGET EXECUTIVE SUMMARY

Expenditures in the Tentative Budget for Fiscal Year 2010 total \$326.5 million. This amount by law and accounting standards are broken into over 30 accounting categories known as funds. The General Fund, the County's principal fund, total is \$127.9 million, the Unincorporated Services Municipal Services Taxing Unit total is \$6.3 million, the Law Enforcement Municipal Services Taxing Unit total is \$17.1 million, and the Fire Services Municipal Services Taxing Unit total is \$13.8 million. The three MSTU funds provide taxes to fund services in the unincorporated area. The total budget amount can be somewhat deceiving since more than \$24 million of the budget reflects the movements between funds, as governmental accounting requires of us.

I have presented a balanced budget in all funds as required by law. In light of our changing revenue prospects, I directed all BoCC departments in July of last year to develop Alternative Futures proposals to save revenues or better provide services to mitigate the reductions of Amendment 1. In January of 2009, I requested Department Directors to propose 10% program or budget reductions, which are included as a series of decision packages in Exhibit 1. This exhibit now reflects the list of prioritized budget reductions and proposed restorations directed by the County Commission at the June 12, 2009, Commission Retreat. We have used the results of the Commission Retreat decision packages to prepare this balanced budget. The County Commission may still be required to adjust the submitted decision packages based upon updated revenue estimates to increase or decrease proposed expenditure levels.

This process to determine the appropriate FY10 level of expenditures should be undertaken with the clear recognition that the FY10 tentative budget utilized our remaining balances and one time revenue savings currently available. This enables us to submit a balanced budget without further reductions in expenditures and personnel. It assumes not having an abnormal amount of serious health claims in our Self Insurance Fund or losing our participating Constitutional Departments. There is every indication that the FY11 and the FY12 budgetary revenues may likely continue to be stagnant or reduced.

I hope that as some key indicators now indicate, the economy will recover and major annexations will not further affect our MSTU revenues. If the economy remains stagnant or continues on a downward path, proposed decision package reductions that were restored by the Commission in this budget year, or new reductions in other areas, may have to be made in future budget years to eliminate the funding obligations in FY11 and beyond. There is wisdom in making the programmatic cuts necessary for the future sustainability of our programs now. Our citizens are frequently expressing their concerns about high property taxes, high unemployment, and fear of rising federal taxation.

Property Values and Millage Rates

In Alachua County, the countywide taxable value decreased from \$12.7 billion to \$12.6 billion, or .65%. The unincorporated area taxable value decreased between 5% and 7% depending on the MSTU. All three MSTU's had their taxable values impacted by a significant decrease in net

new construction values mostly due to the loss of properties in the unincorporated area from municipal annexations.

In the FY09 budget, the BoCC chose to maintain prior year taxing levels. During our budget workshops, prior to the submission of this Tentative Budget, the BoCC directed me to prepare the FY10 Budget using property tax revenue estimates based on the simple majority millage rate. This has been done, recognizing declining general revenues, to limit further funding reductions to BoCC departments and all Constitutional Offices.

ALTERNATIVE FY10 MILLAGE RATES				
	General Fund	MSTU General	MSTU Law Enforcement	MSTU Fire Services
Property Value Growth	-0.57%	-6.66%	-5.13%	-4.88%
Current Millage	7.5708	0.3847	1.5208	1.1013
Projected Revenue	90,550,000	1,890,000	8,030,000	5,520,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	(6,430,000)	(250,000)	(960,000)	(660,000)
Simple Majority Cap	8.0495	0.4123	1.6253	1.1804
Projected Revenue	96,270,000	2,020,000	8,580,000	5,910,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	(710,000)	(120,000)	(410,000)	(270,000)
Super Majority Cap (0 Diff.)	8.1087	0.4355	1.7020	1.2339
Projected Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	0	0	0	0
Super Majority Cap	8.8545	0.4536	1.7878	1.2985
Projected Revenue	105,900,000	2,230,000	9,440,000	6,500,000
Budgeted Revenue	96,980,000	2,140,000	8,990,000	6,180,000
Difference	8,920,000	90,000	450,000	320,000

In summary, the tentative budget recommends the General Fund millage rate be set at 8.0495. Millage rate for the MSTU's are proposed to be set at .04123 mills for the Unincorporated Services MSTU, 1.6253 for the Law Enforcement MSTU, and 1.1804 mills for the Fire Protection Services MSTU. The tentative budget also includes a 0.25 mill levy for the voter-approved Alachua County Forever Environmentally Sensitive Lands Program, which does not count against the 10.0 mill cap.

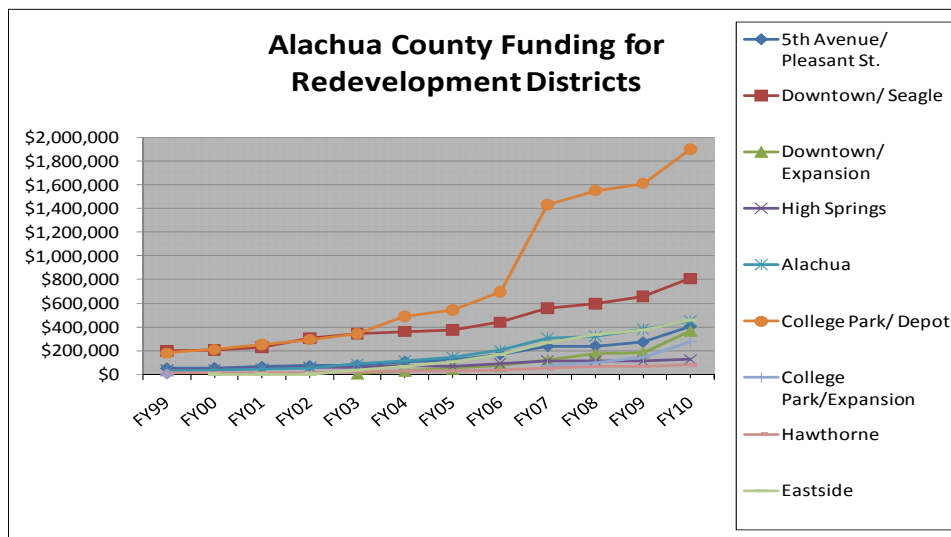
As we look at other county governments, many are facing double-digit declines in property values resulting in significant property tax increases in order to preserve basic service levels. The BoCC's tentative decision to implement at least a simple majority millage cap tax rate has

reduced the requirement of \$4 million in additional reductions beyond what are reflected in this Tentative Budget. The calamities that have fallen upon our finances are serious and should not be dismissed.

These factors have greatly reduced our ability to positively deal with community and organizational issues that are already diminishing the service delivery and organizational capability of all County functions. Recognizing the impending recession in early FY09, I froze staff hiring's and eliminated \$500,000 worth of BoCC position expenses at mid-year. We sought and implemented Alternative Futures recommendations from citizens and employees. We delayed bond funded capital projects and their corresponding debt service requirements. According to the Constitutional Officers who have publicly spoken at our retreats, similar reduction strategies have been implemented in their areas, and they have assured us that they will operate within their share of the General Fund allocation. Again, in FY10 the MSTU's, which fund personnel and equipment intensive public safety operations, have had the most difficult time as they continue to lose tax and revenue base.

Impact of Municipal CRAs on County Budget

Alachua County is a partner in nine Community Redevelopment Areas throughout the County. These include the Cities of Gainesville, High Springs, Alachua, and Hawthorne. In June of this year, the City of Newberry requested that the County consider the establishment of a CRA in their community during the upcoming year. An exceptional job has been done in redeveloping downtown and off-campus commercial areas, particularly in Gainesville, through higher density residential and commercial redevelopment. These CRAs have an overall positive impact on the quality of life, economics, and image of Alachua County as these municipalities improve areas within their community. Often overlooked however, is the County's contribution to these efforts and the impact to General Fund revenue, which is not available to fund other County needs and initiatives. Our budgeted contributions in FY10 total over \$4.8 million, which is an increase of \$1.076 million over last year. This amount may vary based on the final millage rate set by the BoCC. The chart below shows the impact on Alachua County's General Fund from CRA improvement since 1999.



Board of County Commissioners

No BoCC Departments have submitted requests for additional positions for FY10 and FY11. One major increase in the FY10 General Fund is for a state mandate to fund increased costs of the Department of Juvenile Justice. A funding increase of \$217,513 based on a funding formula change, has been included in this tentative budget.

In order to provide a balanced budget, reductions for the General Fund, Fire MSTU and Unincorporated MSTU are detailed in Exhibit 1 following this message. The reductions include the net elimination of 23 FTE's (positions) for the BoCC. In the event that additional budget reductions are necessary, staff has submitted items in the decision packages exceeding the amount needed to balance the budget.

It should be noted that no salary increases are included for BoCC departments in FY10 and FY11. FY10 will be the third year in which BoCC employees have not received base pay increases. Should the economy worsen or revenues drop further, one option, not taken at this point, is implementing a one-week or two-week furlough or equivalent salary reduction for BOCC employees. A two-week furlough of non-emergency employees would reduce the General Fund budget by approximately \$600,000. The option of a 36-hour workweek for non-emergency employees would result in a 10% pay cut equaling a total General Fund reduction of \$1.7 million. Furloughs have both labor relations and service reduction impacts. A furlough could be designed to close down facilities to gain energy savings or staggered throughout the year around holidays or workload.

Constitutional Officers

All Constitutional Officers submitted their FY10 Certified Budgets below the FY09 Budget figures. The chart below recaps these reductions.

Constitutional/Judicial Office	FY09 Adopted	FY10 Tentative	% Change
Clerk Finance & Accounting	\$2,111,289	\$1,965,749	-6.89%
Clerk Court & Corrections	\$294,268	\$284,426	-3.34%
Property Appraiser	\$4,282,922	\$3,789,047	-11.53%
Sheriff	\$69,131,510	\$66,469,378	-3.85% *
Supervisor of Elections	\$1,786,869	\$1,717,715	-3.87%
Court Administration	\$1,570,937	\$1,473,074	-6.23%
State Attorney	\$411,420	\$377,724	-8.19%
Public Defender	\$337,917	\$223,660	-33.81% **
Guardian Ad Litem	\$96,431	\$92,641	-3.93%
* Sheriff budget submission includes increased revenues for General Fund \$555,000; not reflected in expenditure budget ** Public Defender reduction offset from one-time enhancement of \$51,093			

The Public Defender is requesting an increase to fund the second year of their paperless file system (\$45,000) to complete the upgrade of their antiquated system, which is used along with the State Attorney's record management system to improve efficiencies and reduce storage costs. The Tentative Budget does not include this one time increase in operating expenses.

The Supervisor of Elections is requesting an increase of \$104,000 to fund additional early voting sites and equipment upgrades. Due to the limited information available regarding this request and the recurring nature of this request, it has not been included in the FY10 Budget.

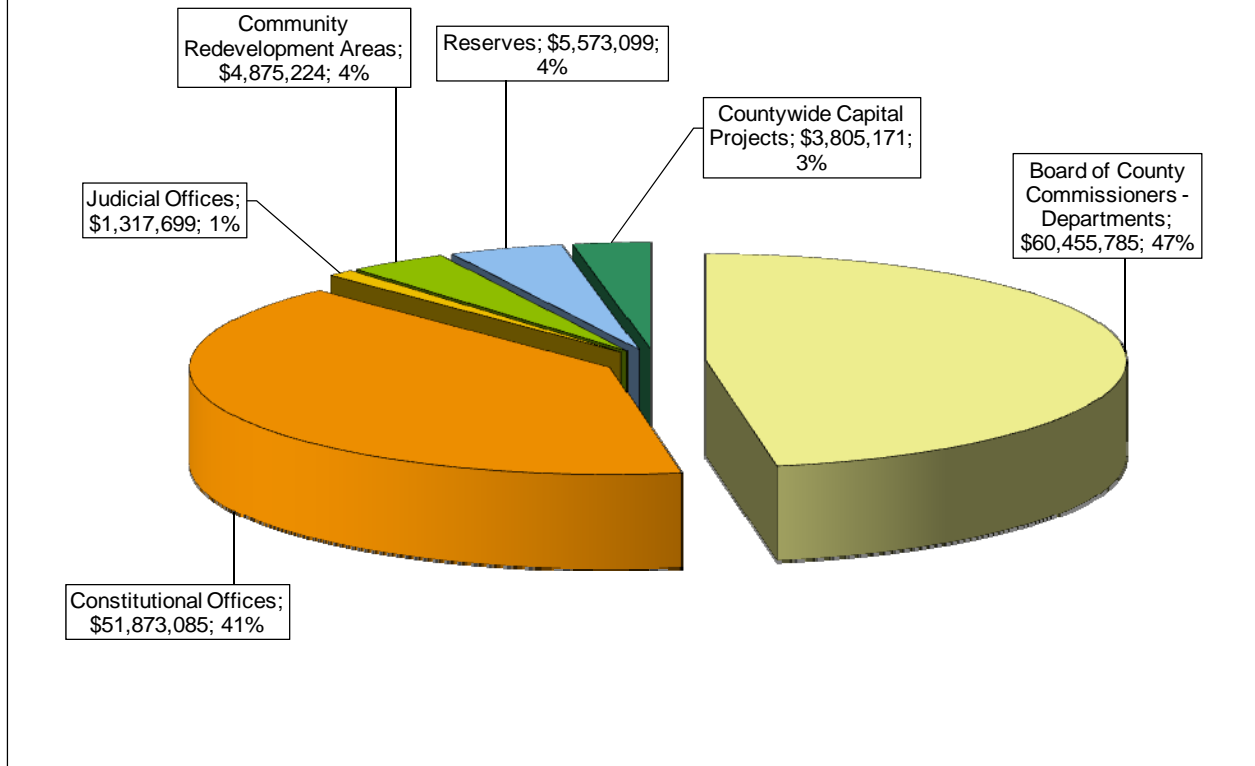
The Tax Collector, as a fee officer, does not submit a budget to the BoCC. However, the fees the BoCC pays to the Tax Collector will most likely increase in FY10 due to the State requirement to fund the School Board share of the fees. The School Board millage rate increase was approved by a voter referendum in November 2008.

GENERAL FUND SUMMARY

The County General Fund totals \$127.9 million and is based on a millage rate of 8.0495. This is the rate that can be set with a simple majority vote by the BoCC. The County Commission will be asked to set the tentative millage rate at their meeting on July 14, 2009.

This fund provides resources for the majority of County departments and Constitutional Offices. A summary of the General Fund allocation is contained in the following chart. A summary of departmental changes are discussed later.

General Fund Expenditures - All FY10 Tentative Budget \$127,900,063



General Fund – End of Year Fund Balance

Under the County’s fiscal policy, a fund balance in the General Fund is carried forward to be utilized in maintaining a 5% General Fund Reserve in the following years’ budget and to fund expenditures in the upcoming year. Due to consecutive years of revenue reductions and the magnitude of the recession, a critical area of concern has been the monitoring of fund balance, which will be made available at the end of the fiscal year. In FY09 the Office of Management and Budget has repeatedly conferred with departments to determine anticipated unspent budget allocations. In March, BoCC departments and Constitutional Officers estimated that collectively a total of \$12 million would be available at the end of FY09. In June, updated information estimated a total of \$10 million would be available for a decrease of \$2 million. The decrease was a result of BoCC departments adjusted expenditure estimates. While this is an estimate, as revenue continues to drop, I will be requesting Administrative Services Director Betty Baker to critically examine fourth quarter fiscal year purchases in an attempt to minimize discretionary, non-essential purchases by BoCC departments. While late fiscal year expenditures have been discouraged in prior years, they are a frequent reality. Failure to bring forward sufficient fund balance increases the likelihood of furloughs in BoCC departments in the FY10 budget.

MSTU Summary

The Unincorporated MSTU total budget is \$ 6.3 million based on a millage rate of 0.4123 in FY10. Portions of these funds will be allocated to County Departments such as Growth

Management, Environmental Protection, park operations, and administrative costs for other services rendered to the MSTU area residents. As parks are developed in the MSTU area or the unincorporated urban service areas, the split of park expenditures between the General Fund and MSTU will increase. In the FY10 budget the Parks Division ratio has been established as 75% MSTU and 25% General Fund.

The Law Enforcement MSTU total tentative budget is \$17.1 million based on a millage rate of 1.6253. This is \$100,720 less than the amount requested in the Sheriff's certified budget. The Sheriff could resubmit a budget allocation that meets this amount of revenue as desired. For purposes of preparing this tentative budget, we have reduced the Sheriff's request under the category of operations expenses. If the BoCC wishes to fully fund the entire Sheriff's request, as reflected in the certified budget, a millage rate at the supermajority level would need to be adopted by the BoCC. While the setting of this millage rate may be done by simple majority for the tentative millage rate at the July 14, 2009 meeting, the final budget approval to fund the Sheriff's full request would require a super majority vote. This MSTU funds patrol services within the unincorporated area. Following last year's agreement with the Sheriff, we have allocated patrol related expenses in the tentative budget on a 70% Law Enforcement MSTU and a 30% General Fund ratio. We have verified that current call loads from the Combined Communications Center supports this ratio.

Future Law Enforcement MSTU millage rate increases can best be avoided by continuing our joint efforts to have municipalities without law enforcement agencies pay for the services provided to them. We appreciate the cities of Archer, Hawthorne, and Newberry, which opted into the Law Enforcement MSTU to fund their public safety obligations.

The Fire Protection Services MSTU totals \$13.8 million and is based upon the tentative millage rate of 1.1894 mills. This reflects \$528,394 less than the budget requested by the Public Safety Department. If the BoCC desires to fund the full amount requested by the Public Safety Department, a millage rate above the simple majority level would be required to be enacted by a super majority vote. If not, I would recommend that the County reduce this amount through our collective bargaining agreement or other personnel related categories.

At the present time, we do not have finalized contracts to provide services or receive services with our municipal fire network agencies. During FY09, the Municipal Fire Authority disbanded and the BoCC agreed to proceed to enter into contracts related to service provision with individual municipalities. As with the other MSTUs, the tentative higher millage rate could be approved by simple majority at the July 14, 2009 meeting but the super majority vote would be required at the final budget hearing.

This MSTU funds fire protection services in the unincorporated area provided by Alachua County Department of Public Safety or its contracted agencies. In FY10, the Cities of Waldo and Hawthorne have joined the City of Archer in opting into the Fire MSTU. The Department of Public Safety will continue to provide services to the affected unincorporated areas directly or by contracting with willing municipalities or neighboring counties. We will continue to contract

with individual cities wanting to receive fire services from Alachua County. Where municipal agencies provide services to the unincorporated area, we will reduce the funding contracts we have with them to reflect the final percentage reduction required of our own department.

Fire Assessment in Lieu of Property Taxes

In light of fiscal realities, we continue to recommend the development of a Fire Assessment to take the place of the Fire Protection Services MSTU in the unincorporated area. Municipalities would continue to be welcomed into any Fire Assessment funding option, which would change fire services from a property tax basis to an assessment fee based on benefit received by the property owner. This would include property owned by non-profits, which currently do not pay property taxes.

This assessment, if implemented, would replace non ad valorem MSTU revenues currently being used for fire services freeing up to \$5.6 million. These non ad valorem funds can be transferred to the General Fund, used for capital projects, or transferred to offset the property tax revenue in the other two MSTU's. An assessment could also eliminate or substantially reduce the Fire Protection Services MSTU millage rate. Had a fire assessment been enacted, as recommended in past years, these revenues would now be available to allocate to other priority programs to avoid further reductions in future years.

Fire Protection Services Tax in Lieu of Taxes

A local option Discretionary Sales Surtax for Emergency Fire Rescue Services was approved by the Legislature during the 2009 session. This tax, which must be approved by countywide referendum, allows local government to replace property tax revenue with a sales tax of up to 1 cent. The surtax proceeds are distributed to the County, which then distributes the funds among all fire service providers in the County pursuant to an interlocal agreement. This tax was not made available in time to impact the FY10 budget and would require a serious policy discussion before being placed on the ballot as it provides an earmarked source for funding for fire services but requires a corresponding reduction in MSTU property taxes. As the current declining sales tax revenues show, trading stable property tax revenues for a sales tax may not be in the best interest of the Public Safety Department.

Solid Waste Fund

Since its inception, the Leveda Brown Environmental Park and Transfer Station has been envisioned as an environmental resource recovery park and recycling facility. In FY08, the County acquired and began a Master Plan for a 75-acre parcel of adjacent land for an industrial park. This will be an integrated facility for resource recovery and reuse of solid waste items to reduce landfill utilization. Our goal is for this facility to become an innovative "green" industrial development and potentially incubate resource based green industry in the County. This property, along with the future fairgrounds property, is currently in the zoning process. The final hearing is expected by the end of FY09.

The Solid Waste Fund finances the operations of the Alachua County Solid Waste division and is an enterprise fund with a total annual budget of approximately \$34.5 million. The County Solid Waste Program continues to function in a highly competitive environment for collection and disposal. The County improved its position in the marketplace by entering into agreements with waste haulers to deliver their waste to the transfer station at a market-based cost. As a result, the transfer station is processing approximately 194,500 tons of waste annually. The BoCC has authorized an entrepreneurship philosophy to encouraging the processing of additional solid waste from other jurisdictions until optimal capacity is reached at the facility.

The County remains concerned about the potential to lose the strategic partnership with the City of Gainesville and the solid waste generated in the city. That loss could have serious negative impacts on the cost effectiveness of the transfer station's operations. On March 18, 2008, the Commission approved a plan to bring back in FY09 an inter-local agreement extending our current operating partnership through 2018 and developed other elements of a joint business plan. An interlocal agreement is currently in process to be approved by the end of the fiscal year.

In April 2007, the U.S. Supreme Court, in a 6-3 decision, upheld the Solid Waste Flow Control Ordinances of the Oneida-Herkimer Solid Waste Management Authority. As the County's transfer station is a publicly owned and operated facility and the waste is transported to a publicly owned and operated landfill, it may be feasible to institute a solid waste flow control ordinance directing all waste generated in the County to the County's transfer facility. This requires the transfer station to be recognized by the state as a "resource recovery facility." The legal ramifications of this option are still being explored.

In FY09, the County installed a 25 kwh/h solar array at the Transfer Station and solar panels on the roof of the Hazardous Waste Collection Center, both of which are in GRU's Feed-In-Tariff program. Staff continues to examine other alternative energy programs such as solar arrays, bio-fuel facilities, and organics recycling at the Southwest Landfill near Archer. All closed landfill sites, many of which are located near municipalities, may be appropriate sites for future alternative uses, as State law requires our long-term protection and monitoring of these facilities.

Gas Tax Revenues Declining

The State Fuel Tax, commonly known as the Gas Tax, is authorized to fund road construction and maintenance costs in county budgets. It may also be used for mass transit, traffic safety devices and road related drainage. The local gas tax collected by cities and counties is not indexed to inflation, whereas the state and federal gas tax is, this leaves local revenues stagnant while state revenues increase.

A portion of the state's revenue is shared with counties and cities to fund transportation improvements. Revenues from our share of the state gas tax funds over \$33 million in transportation improvements bonds.

Alachua County currently levies 12 cents of local option fuel tax which is expected to generate approximately \$6 million in FY10. Of this total, 7 cents is budgeted in the Gas Tax Fund and 5 cents is placed in the capital improvements program for specific capacity enhancements. General Fund support of the Gas Tax Fund has been reduced in the FY10 budget by \$700,000. Our focus has been to allocate gas tax revenues to fund specific capital road projects, but with declining general fund revenues, we may need to continue to redirect gasoline taxes away from capital expenditures toward legally appropriate road maintenance operational expenses.

CHOICES

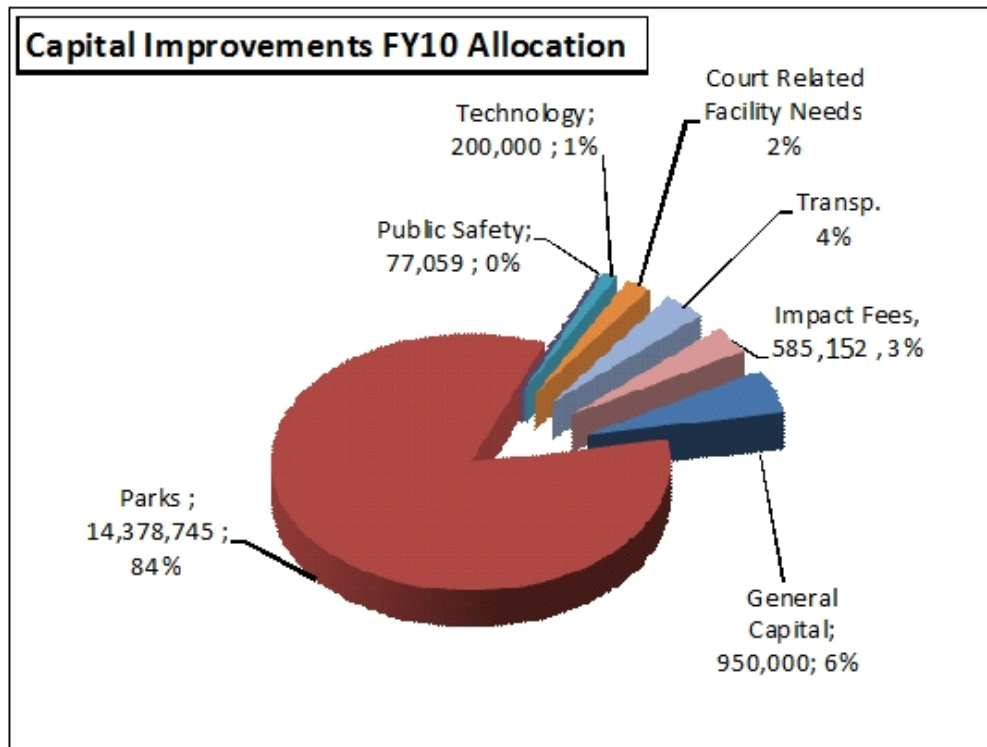
Our CHOICES program is funded by a 0.25% sales surtax and has a balance of \$39,767,235 as of June 29, 2009. These revenues, approved by voter referendum, can only be used to fund CHOICES programs. As with all sales tax collections, CHOICES revenue is declining. Currently, over 2,400 people are being provided healthcare through this referendum-approved program. As we are at the halfway point of the seven-year collection period, we have made several adjustments and improvements to the scope of services provided to enrollees. This is part of a careful and prudent fine-tuning of the program that has taken place since its inception. As financial conditions deteriorate, employers reduce health care benefits, and health related non-profit agencies experience funding reductions, there will be more desires to fund expanded programs to cover the health care needs of the community through the CHOICES Innovative Programs funding category. This is another serious policy discussion for the BoCC.

Capital Improvement Program (CIP)

Despite the fact that construction of major capital facilities is an excellent economic stimulus for our community, the economic conditions have forced a reduction in our CIP program. The total FY10 CIP allocation was reduced by \$1.2 million and now totals \$8.06 million. It contains the monies for capital projects to be constructed in the first year of the County's Five Year Capital Improvements Program. This program is essential to providing facilities and infrastructure necessary to serve the needs of Alachua County's residents and government agencies. Capital projects in this program include major new facilities, property acquisition, and major equipment replacement. In FY10, we anticipate completing a number of energy related projects throughout the County including the remodeling of the County jail facility. The CIP also includes the Technology Fund used to acquire new technologies within the County.

One addition to our CIP in FY10 is the creation of a "Capital Preservation Fund" to explicitly document the County's commitment and renewed focus on maintaining our buildings and property. This is necessary due to the numerous aging facilities within Alachua County and the significant cost when major systems fail in our older buildings. This new fund will include both known, large expense maintenance and repair items as well as provide greater flexibility to quickly respond to unexpected large expense items and building failures that occur throughout the year.

This fund, when coupled with the proposed new contracting system submitted through Alternative Futures, will expedite the repair of major facilities and allow the facilities division to respond to emergency repairs.



Portions of the Capital Improvements Program are also included in the Capital Improvements Element of the Comprehensive Plan. This significant document plays a major role in implementing public and private land development and infrastructure financing decisions by private developers through proportional share methodology, impact fees, and our concurrency management system. Despite recent changes in the Growth Management Act through House Bill 360, our CIP program will continue to be a major underpinning of our growth management efforts.

In FY10, proceeds from the additional 5-cent gasoline tax passed by the Commission in FY07 are being used for capacity enhancement of County roadways including continuing our alternative surface treatment of a prioritized list of dirt roads. We are also pursuing a prioritized list of bike/pedestrian projects in FY10. As with other revenue sources, fuel taxes have declined due to a reduction in travel and gas purchases by consumers. Environmentally this is good from the standpoint of the reduced carbon footprint, yet it negatively affects our revenue that is used to maintain deteriorating roads and roads that are already over capacity.

With the passage of the Wild Spaces/Public Places (WSPP) referendum, there are a series of capital projects that will be constructed by municipalities and the County. 51% of the tax

receipts are dedicated to funding the purchase of Alachua County Forever properties. The remaining portion of the revenue is used for recreation projects that will include a Senior Center that will be constructed and managed by the City of Gainesville.

The County's newest park project is to construct a recreation center at Kanapaha Park on Tower Road. This project was originally planned to cost approximately \$3.2 million of which \$1.9 million was expected to be funded from WSPP. Due to the downturn in sales tax receipts of approximately 20%, this project scope will be adjusted to meet available funding.

Financial Markets Impact Debt Service

FY09 has been a particularly challenging time to manage our four outstanding revenue bond issues. While we delayed our largest new bond issue, we were able to take advantage of our bonding capacity to issue two other sets of bonds. One was to increase the energy efficiency of the County's Jail, which is our largest utility user. The other was to take full advantage of the downturn of the current real estate market to acquire environmental lands for our Alachua County Forever Program by leveraging referendum proceeds as well as constructing park facilities.

Our four outstanding revenue bond issues are as follows: Alachua County Forever Bonds issued in 2003; gas tax bonds issued in 2006 for transportation projects; sales tax bonds issued in 2007 for capital construction projects and an additional gas tax bond issued in 2008 for capital transportation projects. The annual debt service payment for these issues in FY10 is \$10.1 million.

Changes in the municipal bond markets are impacting our bond insurance coverage for some of these issues. Bond insurers are utilized by local governments primarily to make the bond offering more secure and consequently to receive a lower interest rate, lowering the total cost of the debt. The extra security investors receive, that principal and interest payments will be made on time, reduces risk, and increases the bond's liquidity in secondary markets. Like other businesses, bond insurers receive ratings from rating companies that illustrate the insurer's financial stability. These ratings were used when compiling the bond covenants of our issues. Each one is slightly different, but in essence, if a bond insurer's rating falls below a defined level, additional cash reserves must be created to address the perceived increased risk. During FY09, this has impacted our 2006, 2007, and 2008 bond issues. This may not affect the County's budget by itself if the BoCC chooses to cover this reserve thru inter-fund loans. This decision will restrict cash management flexibility within our Self Insurance and Solid Waste Funds if the BoCC elects this option.

We have two other short-term commercial borrowings outstanding. In December 2008, the Jail energy conservation "Phase II" borrowing was issued to finance a roof and HVAC project anticipated to save the County at least \$500,000 in utility costs per year. The debt will retire in 2023 and has an annual payment of approximately \$713,000. The second new issue for \$15 million is related to the 2009 Wild Spaces Public Places program projects and will be paid in full during FY11 using the voter approved, 2 year duration, ½ cent sales tax revenue.

As we enter FY10, there are no plans to issue additional debt despite the County's exemplary credit rating and additional bonding capacity. Our citizens can rest assured that their County is exercising constant vigilance on economic and market conditions.

Personnel Summary and Employment Issues

As we deal with the reduction in revenue and downturn in the local economy, the issue of how we deal with the employees in terms of salaries, wages, and benefits becomes critical. **The FY10 Tentative Budget, per the direction of the BoCC, has been prepared under the philosophy that we will provide no salary increase in this fiscal year and will make every attempt to avoid layoffs of County employees. This was accomplished by freezing positions and offering transfers to employees proposed for lay-off, if deemed qualified, into funded positions. This budget philosophy will carry into collective bargaining negotiations.**

As mentioned earlier, should year-end fund balances, in fact, prove to be below current projections or the economic conditions worsen, I would recommend that the Board consider appropriate personnel cost reductions that could include a one to two week unpaid furlough in which only essential employees report during the holiday season or on a planned staggered basis throughout the year. Such a furlough is a reduction in pay for these employees but preserves health benefits and seniority. Another option with longer-term impact is to provide an early retirement incentive for employees close to retirement through offers of post employment health coverage and insurance. This is being examined by other counties harder hit by the downturn and by FRS restrictions. Constitutional Officers would likely participate in such a program.

The FY10 budget recommends no additional new positions and in fact contains a reduction of 23 positions.

Alachua County Board of County Commissioners					
Number of Employees Within Fiscal Year 2009 and Proposed for Fiscal Year 2010					
Department	FY09 Adopted	FY09 Amendments During Year	Total FY09	Submitted Change for FY10	FY10 Tentative
Information &					
Telecommunication Services	49.00	0.00	49.00	0.00	49.00
General Government	49.00	1.00	50.00	(3.00)	47.00
Administrative Services	72.80	(1.00)	71.80	0.00	71.80
Community Support Services	72.00	(1.00)	71.00	(2.00)	69.00
Court Services	98.25	0.00	98.25	(2.00)	96.25
Fire & Rescue	243.50	(1.00)	242.50	0.00	242.50
Environmental Protection	38.85	(1.00)	37.85	0.00	37.85
Growth Management	59.00	(6.00)	53.00	(1.00)	52.00
Public Works	232.00	(3.00)	229.00	(3.00)	226.00
BoCC Total	914.40	(12.00)	902.40	(11.00)	891.40
Constitutional Officers					
Clerk of Circuit Court F&A	25.00	0.00	25.00	0.00	25.00
Court and Corrections	2.00	0.00	2.00	0.00	2.00
Judicial	17.00	0.00	17.00	0.00	17.00
Property Appraiser	57.00	0.00	57.00	0.00	57.00
Sheriff	849.50	0.00	849.50	0.00	849.50
Supervisor of Elections	13.00	0.00	13.00	0.00	13.00
Tax Collector	69.50	0.00	69.50	0.00	69.50
Constitutional Officers Total	1033.00	0.00	1033.00	0.00	1033.00

BUDGET ISSUES

Fairgrounds/Industrial Park Complex Needed for Economic Development

The Commission will be presented with a new economic development strategy in a few months, prepared by The Council for Economic Outreach (CEO) that once again recognizes the need for industrial and commercial parks to capture technology spin-offs from UF and take advantage of other economic opportunities. As the green shoots of a new economy develop, we need room for plants to grow.

In FY07 Alachua County acquired the Weseman Tract for \$2 million. It is a major priority to continue development of a new fairground/industrial complex on Waldo Road adjacent to our Transfer Station. Development of the new Fairgrounds will serve community agricultural exposition and assembly space needs and allow for reuse of the existing fairgrounds property for the development of a commerce park on NE 39th Avenue in accordance with the implementation of the East Gainesville Redevelopment Plan. The cost of phase one of a replacement fairgrounds is estimated to be approximately \$15 million. This capital project fund has a balance of approximately \$1.2 million, which will be used to develop the utility infrastructure necessary for the fairgrounds/industrial park complex. This project is essential to implement a stronger industrial base for the entire County and make progress on multiple other redevelopment goals. In light of our limited resources in the General Fund and the competing needs to meet our CRA obligations, this budget reflects a one-year suspension of the annual General Fund capital contribution of \$497,000.

Commitment to Our Homeless Continues

We have prepared the budget based on the inclusion of our continued support and partnership with the City of Gainesville for Homeless programs. Current funding allocated to this project is \$36,000 in support of the Office on Homelessness, and \$25,000 for the provision of Cold Night Shelter services during the past winter.

The City of Gainesville has signed a contract for approximately \$680,000 to purchase property off NW 53rd Ave. for the purpose of establishing a One Stop Service Center and temporary housing facility. Due diligence to determine clear title, amend the zoning of the property, and complete other tasks is underway. Construction is slated to begin sometime between January and June 2010.

\$450,000 is the estimated cost for water and sewer connections to the One Stop facility. The additional remaining estimated cost of construction of the facility is \$959,000. The City of Gainesville is committed to using its own funds, funds from the federal American Recovery and Reinvestment Act (ARRA) economic stimulus package, and other potential federal funding. To the extent possible, the City has requested County partnership in the effort to obtain ARRA funding for this project. Additional funding beyond ARRA and currently identified sources will be required to fully establish and actually begin operation of the Homelessness One Stop Services Center.

Energy Conservation Efforts

The FY10 budget reflects our successful efforts to invest in energy conservation and efficiency. Recent upgrades as of April 2009 to County government lighting systems have saved 22% in energy costs. New facilities, such as the recently completed fire rescue station, have been constructed to Leadership in Energy and Environmental Design (LEED) standards. This 5,521 square foot facility includes a high efficiency Air Conditioning System projected to save 20% on annual energy cost. Solar is incorporated for day lighting and for hot water heating, providing 70% of the building's needs.

Ongoing efforts to reduce energy consumption at the County Jail will produce significant dividends to the County taxpayers over the coming years. In 2007, 50% of the County's energy budget was allocated to the jail. Recent energy conservation measures at this facility will reduce consumption by 50% resulting in a cost savings of \$500,000.

Based on these and other conservation projects, we will see a 31% reduction of energy consumption with over \$900,000 saved in total utility costs for County facilities by the end of FY10. No additional funds are being requested for utilities by Facilities, reflecting the offset cost savings in both water and electrical use. The utilities cost is based on utilities company estimates and discussions with our Facilities Manager.

Vehicle fuel costs in FY09 were based upon an anticipated price of over \$4 per gallon. We have reduced that estimate to \$3 per gallon in the coming year. Note that these commodity costs

are difficult to predict in the volatile global environment of Peak Oil, but we will continue to exercise some advantage by buying in bulk, right sizing of vehicles, and investing in alternative fuels for the County fleet. As I draft this message, I am also concerned with a Government Accounting Office report that advises that the Cap and Trade bill recently approved by the House may, in the short term, both increase fuel costs and potentially increase unemployment.

World events may cause shortages, supply disruptions, or dramatically fluctuating costs of fuel during the FY10 budget year and, even more likely, during the two-year budget being proposed. We should be prepared to pay more for fuel and energy costs based on the insecurity of our distribution system and supply. All of Florida's local governments will face these continued threats to their service delivery, community well being, and quality of life. In Florida, over 98% of all energy must be imported as coal, petroleum, natural gas, or nuclear material. Even the food we eat represents a net importation of fossil fuel energy as every calorie of food energy we consume needs 7.3 calories of fossil fuel energy to produce. Because of this, significant investments are still needed at the State and Federal level in community-wide energy conservation and renewable alternative energy systems.

During FY09, the BoCC agreed to create the position of Sustainability Manager to assist in implementing the recommendations of the award-winning Energy Conservation Strategies Commission (ECSC). This position has assisted the organization to encourage and align our effort to become a more energy and water conscious organization. An existing position and limited operating budget of \$63,000 was created for this start-up effort in the County Manager's Office. It is anticipated that many of the ECSC recommendations will require higher initial expenditures in exchange for lower life-cycle costs, better resource utilization, or return on investment. This ECSC report parallels the growing desire among citizens of the United States for a focus on the environmental and national security benefits of comprehensive efforts to build more sustainable communities. Alachua County has been recognized nationally and our County staff is frequently acknowledged for its expertise as a result of our efforts to deal, as a community and organization, with issues of sustainability.

“Sustainability has become an industry, and a handful of Florida communities are looking to cash in. Alachua County is probably the leader, but Orlando, Tallahassee, and Lee and Collier counties may follow suit.”

Herald Tribune, Sarasota FL, Mar. 17, 2009

Court Funding and Article V Requirements

In FY2004, with an adopted change of our State's Constitution first in effect, a dramatic shift in funding for the State Courts began. Article V of the Constitution of the State of Florida concerns itself with the state's Judiciary practice and procedures including defining the courts, participation eligibility, elections, discipline, and the funding of such. Of particular interest to Alachua County is Article V, Section 14 (c) which addresses our mandated funding responsibility of the State's court system. In short, counties are responsible for funding “reasonable and necessary” costs related to communications, technology, and facilities for all court-related functions for Court Administration, the State Attorney, the Public Defender, and the Guardian

Ad Litem program. This section of the Constitution and supporting Florida Statutes also discuss the optional funding of court discretionary expenses from county government resources. The BoCC's financial policies require that an annual review of these expenses take place during each budget cycle. We will hold that discussion during one of our budget workshops in August.

General Fund Expense Only	Article V Mandated	Technology "Reasonable and Necessary"	Discretionary "Local Requirement"	Other Court Funding
Clerk of Court				
Operating Budget *	\$195,850			
Courier				\$49,209
Courier				\$49,209
Court Administration **				
Operating Budget *	\$388,027			
Courier	\$29,437			
Alternative Sanctions Coordinator	\$44,661			
Senior Information Systems Analyst		\$45,580		
Information Systems Analyst		\$46,609		
Information Support Specialist		\$41,172		
Information Support Specialist		\$39,926		
Information Support Specialist		\$35,591		
Special Courts Manager			\$66,400	
Deputy Court Administrator			\$56,888	
Court Program Specialist			\$0	
Court Analyst			\$47,229	
Administrative Assistant			\$38,257	
Court Information Receptionist			\$32,601	
Guardian Ad Litem				
Operating Budget *	\$18,972			
Case Coordinator				\$43,953
Staff Assistant				\$37,901
Public Defender				
Operating Budget *	\$91,839			
Assistant Public Defender				\$54,436
State Attorney				
Operating Budget *	\$182,429			
Sub-Total	\$951,215	\$208,877	\$241,375	\$234,708
10% Reduction Amount			(\$24,138)	(\$23,471)
Total			\$217,238	\$211,237
<p>* The decision made for this data is to accept all operating expenses as mandated given the difficulty of separating any that may be discretionary</p> <p>** Only 66% of the positions under the "Mandated" and "Reasonable and Necessary" columns are funded with the General Fund, the remainder is funded by reimbursed revenue from the other counties in the 8th Circuit in a separate special revenue fund</p>				

Assistance with funding court-related (Article V) expenses have been enacted. The two most important sources are the \$2 Court Technology Fee from recording documents and the \$15 Court Facilities Surcharge from any infraction or violation. For the past two fiscal years, revenue from the technology fee has fallen dramatically and has been below the court's requested funding levels. The General Fund has subsidized the difference and, even with proposed expense reductions, is budgeted to do so again in FY10 and FY11. The court

surcharge revenue is down, but not to the extent of the technology fees. The revenue is allocated to capital preservation and capital construction projects for court functions through our Capital Improvement Plan. Funding requests are currently within the projected resources.

An additional revenue source that rates recognition is the \$65 court cost surcharge for folks pleading nolo contendere, guilty or otherwise found guilty, or adjudicated delinquent. This surcharge is statutorily allocated in equal parts to innovative court programs, to assist in legal aid programs, to juvenile alternative programs, and to fund the law library.

At the direction of the BoCC, we are highlighting these discretionary expenditures by placing them in the decision packages for the BoCC to consider for reduction in the same manner as other reductions. While some of these expenditures may be linked to reducing jail population through court efficiency, many of these are similar to reductions in other programs of the County.

Arrestee and Inmate Medical Costs

Throughout FY09, staff of the BoCC and the Sheriff's department has been working to reduce this significantly growing obligation. Staff has met with our consultants and representatives of Shands and North Florida Regional Hospital to negotiate a less costly charge for the medical processing of arrestees and inmates. In the past three years, inmate medical expenses paid by the BoCC have increased \$2.6 million from \$856,000 in FY07 to \$3.5 million in FY09. Under State law, we are mandated to pay for injuries or illnesses at the time of arrest and while incarcerated, by any municipal or county police agency. Due to the lack of health care for homeless or unemployed individuals, some individuals utilize this safety net to gain health care through arrest. Through close cooperation with the Sheriff's Office, we are proposing to implement an Alternative Future to allow the Administrative Services department to monitor all facets of the contracts related to arrestee and inmate medical costs. This should improve monitoring of the program, reduce costs and coordinate information more easily than the current division of responsibilities and is appropriate since the BoCC must fund all related expenses.

Future of Juvenile Assessment Center

According to Sheriff Darnell, as a result of Governor Crist's budget cuts, several Juvenile Assessment Centers (JAC) throughout the State, including the Alachua County JAC, have had their funding eliminated effective July 1, 2009. The Juvenile Assessment Center located in Alachua County will close and will no longer offer juvenile screening services. This affects multiple law enforcement jurisdictions at various levels and requires officers to be taken off the road to remain with juveniles until parents are contacted.

The Department of Jail (DOJ) is also impacted. The DOJ will be required to be utilized by law enforcement throughout Alachua County for the booking process for juveniles who do not score enough points to merit "secure detention" at the Juvenile Detention Center. These juveniles will not be housed at the DOJ. However, because there are statutory requirements specific to juvenile inmates, there has been a significant effort by DOJ staff to accommodate

this new responsibility within a newly designated area within the DOJ. Further updates regarding this situation will be provided during the budget process

Investment Interest Earnings

As recently as two years ago, annual General Fund interest earnings were \$3.6 million. In the first three quarters of this fiscal year, the investment earnings totaled \$500,000 with a projection of an additional \$150,000 for the balance of this year.

In the past, interest earnings were recorded as revenue to the Clerk of the Court as the administrator of our investments. Due to a 2009 Legislative action, beginning July 1, 2009, investment interest earnings will be accounted for as BoCC revenue. Given that rates on US Treasury 3-month bills are near historic lows, it is safe to assume interest rates will not go much lower. Anticipating a slight increase in yields next year, we will budget annual interest earnings of \$750,000 for FY10 and FY11.

Mobility Fee/ Regional Transit System Funding

With the changes made by the State Legislature to The Growth Management Act dealing with issues of concurrency as well as impact fee legislation, the concept of the mobility fee has placed Alachua County in the forefront of efforts to deal with transportation issues related to new development. As the County moves forward with the mobility fee and the increased dependence upon creating multi-modal transportation solutions, the funding of the Regional Transit System (RTS) needs to be a part of a policy discussion. For Route 75, the County paid for 90% of the route in FY08 and 87% of the route in FY09 and will pay for 76% of the route in FY10. Due to annexation, in terms of the base service, the County no longer pays anything for the portion of Route 75 from Butler Plaza to downtown. We also will no longer pay for any of the routes in the SW 20th Avenue area. Currently the County's contract with the City of Gainesville in the FY10 budget for RTS is \$404, 896 for the base service and \$403,557 for Route 75 totaling \$807,453.

The County has been contributing to the Regional Transit Service since it curtailed joint ownership with the City of Gainesville in the 1980's. Since that time, the County has been paying for routes that serve the unincorporated area. The service has been paid through the gas tax and some grant funding. This has been done based on the concept that the RTS service would serve to reduce single-occupancy vehicular traffic and was a logical use for the gas tax.

The gas tax also funds the Transportation Disadvantaged Program. There is an ongoing allocation of \$190,100 that is currently being used as matching funds for a federal 5311 grant of \$198,500. This program is designed to serve the disabled and assist with transportation for the Foster Grandparents Program. Beginning in the FY10 budget, we are allocating dollars from the MSTU to pay for the Transportation Disadvantaged Program.

As the focus on additional mass transit becomes part of the County's mobility strategy, the BoCC may wish to consider how an expanded RTS system may be equitably financed in the future.

The gas tax is a pay-as-you-go system and is not generating enough money to pay to properly maintain our roads. It appears that the state of the economy, increased petroleum costs, and the migration to more fuel-efficient vehicles will continue to strain gas tax revenue as a means of maintaining our roadways.

Assessment for Stormwater Management Program

As the BoCC is aware, we are continuing the process to fund a Stormwater Management Program through an assessment beginning in 2011. Funding of \$150,000 to develop the stormwater assessment will be funded from the FY09 MSTU reserves. This amount and the initial \$900,000 MSTU loan for the master plan development will be repaid from the Stormwater Management assessment revenue. This assessment would allow us to take a more aggressive role in solving flooding and assuring water quality issues are addressed in the next decade.

Stimulus Funding Opportunities

Like all governmental jurisdictions in America, much of this year has been spent monitoring and pursuing the use of potential stimulus dollars to address community and budget issues in Alachua County. Our goal has been to capture for the County as much of the stimulus dollars as possible and to cooperate with municipalities and non-profits to maximize their utilization of the American Recovery and Reinvestment Act (ARRA) funds. A temporary Stimulus Coordinator was hired to assist in organizing a community based effort to coordinate and facilitate knowledge of the ARRA legislation and host a Stimulus Summit. All County agencies have been encouraged to seek stimulus funding and numerous departments have submitted or are in the process of submitting requests as program criteria are issued by federal agencies. Thus far, projects as diverse as transportation improvements (\$3.2 million committed), mental health programs (\$226,000 committed), Neighborhood Stabilization (\$1 million committed), and public safety communication (over \$500,000 committed) have been funded. Additional projects include energy conservation funding requests currently under development and a \$2.5 million request for a Grove Park Fire/Rescue facility. As many application processes are still being developed by Federal agencies, the outcome of our efforts will be highlighted in the upcoming budget discussions and as our Stimulus Team monitors opportunities.

Due to the fact that the stimulus monies were designed for job creation on ready to go projects, have regulations prohibiting supplanting of existing funding, and require commitments for continuing employment, we are pursuing stimulus funding in a cautious manner. The stimulus funding is not a long-term financial solution for many of our program funding issues due to revenue loss and the structural tax problems that face Florida and Alachua County.

Regional Conflict Counsel

A continuing unresolved mandate on local government enacted in FY07 was the establishment of the Regional Conflict Counsel, which requires Alachua County to house and provide technology for approximately 20 attorneys and support staff to assist the Public Defender in protecting the rights of defendants with conflicting counsel needs. As this issue is being addressed through litigation, funding has not been provided for this program, which is likely to require up to \$115,000 from our reserve funds in FY10 if our litigation is unsuccessful.

Annexation

As in FY09, the FY10 and FY11 budgets will be impacted by a revenue loss from municipal annexations. In FY10 MSTU revenues have been adjusted for the impact of the voter-approved annexation of a major area near Butler Plaza which was effective June 1, 2009. Under a provision in the Fire Services Assistance Agreement, the Alachua County Public Safety Department will continue to provide fire services to this area. This minimizes the negative impact on the Fire Protection Services MSTU.

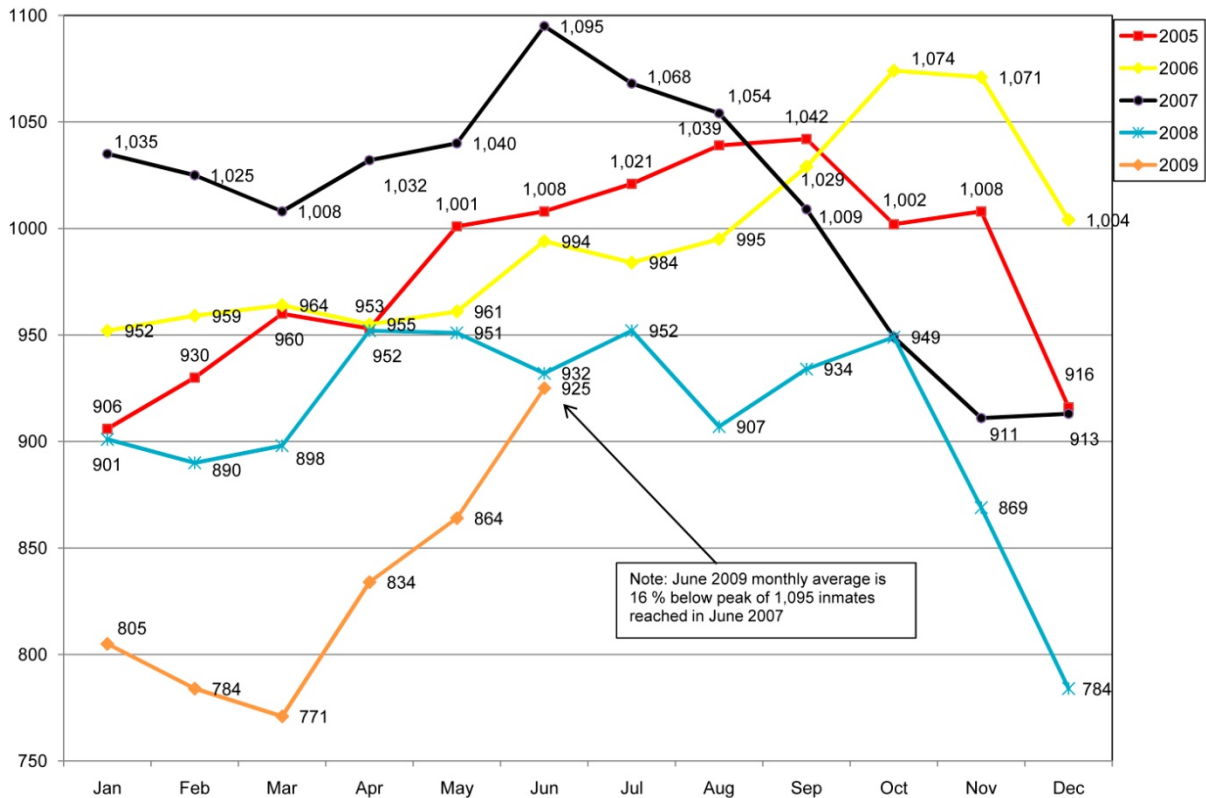
The Annexation Transition Agreement, which won a NACO Award this year, and the Fire Services Assistance Agreement are effective tools for reducing conflicts during annexations. The City of Gainesville recognizes that both of these agreements serve their interests as well as ours. The Annexation Transition Agreement was extended by mutual action through 2014. We are continuing to make progress in joint discussions with the City to assure that environmental protection and Eastside development continues regardless of annexation. Few counties in the Florida, as a matter of policy, have commissions that embrace annexation.

Jail Overcrowding

We have made great progress over the past year in reducing jail population through the variety of programs being administered by the Public Safety Coordinating Council, efforts by the Sheriff's Office, and our Court Services Department. The Jail Population Manager has contributed greatly by monitoring the daily population of the jail and identifying individuals for relocation or expedited processing. From July 1, 2008 through June 30, 2009, the Alachua County Jail in-house population averaged 865 inmates and on July 1, 2009, the Alachua County Jail in house population was 934, about 16% below the peak of 1,095 inmates reached in June 2007. In addition, the barracks expansion has added more capacity to the jail facility. We continue to work on physical improvement at the jail that will reduce energy and water utilization, improve kitchen facilities, and make improvements to jail safety thereby reducing liability.

Due to our current financial picture, a new, larger jail facility expansion is beyond our financial means unless included in a sales tax proposal. We believe the total cost of a new jail expansion, beyond the recent barracks, is likely now out of reach of bonding with existing revenues.

**Alachua County Jail
Monthly Average In-House Population
January 2005 through June 2009**



Source: Alachua County Sheriff's Office, Department of the Jail, Daily Jail Population Worksheets

Tourist Development Council - One-Cent Tax

The County Commission continues to await further recommendations on a fourth cent Tourist Development Tax project. The fourth cent may be enacted by a supermajority vote of the County Commission. This would bring in approximately \$650,000 per year, and this revenue could be used for a bond issue. Currently, the project viewed as having the greatest potential of increasing the return on investment of tax proceeds is the Baseball Dream Park proposed to be constructed in the City of Newberry based on a public/private partnership with the developers from Cooperstown, NY. We have yet to receive a business plan or formal information that the Tourist Development Council can take action on. Other projects that would be eligible for such expenditures are a recreational facility or multi-purpose complex such as the arena or coliseum proposed at the new fairground. It is important that the projects selected generate additional tourism revenue dollars and overnight stays to enhance the Bed Tax.

Creating Alternative Futures

The complexities and scale of the challenges we are facing are daunting. Particularly if you believe, as I do, that a simple economic recovery that returns everything to the way it was two years ago is not going to happen. While some economic indicators are showing positive signs

regarding the recession, the structural challenges of climate change and peak oil, national security and globalization, energy and water conservation and supply, and healthcare and Social Security, have created a fundamentally different set of circumstances than we have encountered in the past. Experts have frequently noted that no practicing managers or elected officials have faced the kind of historic changes that are currently influencing our organizations and communities.

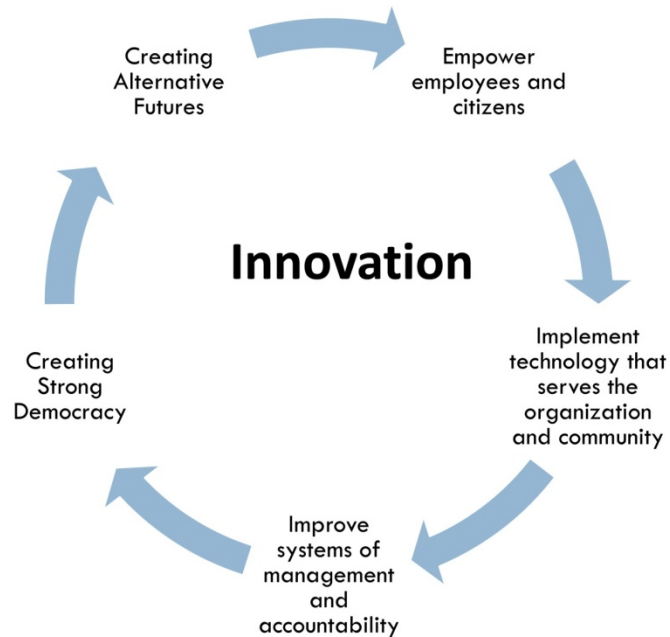
Early ecologist Thomas Berry pointed out that societies and communities often find themselves lost between two stories. There are the observations of the past/existing story that spoke of how things were and a new story about how things will or must be in the future. Successful organizations and societies recognize that there are times of seismic shifts when leaders must awaken, as Bono says, leaving old stories behind and begin developing and telling a new story. In one sense the shift from old industries to green industries, from living on credit to saving for one's retirement, from fossil fuel to alternative energies, from empire to shared power are examples of new stories that must be told. Our question is; in light of fewer resources, what kind of organization and community will we be in the future and what are the new stories that this community needs to tell to define itself and its future?

The chart below demonstrates that between the old story and the new story lies the time of awakening, preparing, and envisioning our community's future.



In the upcoming months, we will continue to pursue an effort, started earlier this year, to identify Alternative Futures for our organization and our community. Creating alternative futures requires communication, collaboration, and encouragement to think differently. While a small business may innovate to serve pizza better and faster, we need to innovate on building better communities and civic organizations. The chart below shows how this process works to identify new ways of providing services, new ways to fund programs, and new ways to organize, reduce and consolidate government services or the governments themselves. The Charter Review Commission, which will soon begins its deliberations, is an opportunity to redesign and innovate government structures and responsibilities.

Think Alternative Futures



Communicating With the Public

It has never been more important to communicate with our citizens and to strengthen opportunities for civic education. We need to continue to make expenditures and efforts at civic education, such as our popular ACCESS program and communications efforts that inform and provide access and transparency to County government. In a deliberate effort to help citizens understand our budget process and the fiscal pressures facing the County, a series of six Community Conversations were held in facilities around the County. These meetings were coordinated by County Manager staff and provided citizens with an opportunity to be briefed on the financial condition of the County, ask questions, and most importantly engage with other citizens by taking part in a budget exercise to prioritize County programs. Several County employees volunteered to help put on these sessions for the public's benefit by role playing community stakeholders and hosting greeting tables. The innovative nature of this program has earned us a grant from the Center for Government Innovation, which will allow us to conduct additional sessions in the upcoming year.

A recent Pew Foundation report has indicated that the gulf between generations has not been this large since the Vietnam era. The report indicates that this is due both to differences in values, life expectations, and methods of social interactions and communication. The Communications Office has continued to innovate to bridge the gap between generations through use of mechanisms such as Facebook, YouTube, and other social networking tools. On the other side of the digital divide, County programming is now available on CBS, NBC, and My 11, which makes them available to citizens without cable or internet access. Modern

communications that are responsive to how our multi-generational citizens get their information are essential to engaging citizens as partners in this process of creation.

I urge us to be particularly aware that in this era, civic education must always be about actions and consequences, about civic rights and responsibilities, about finite public fiscal resources and infinite expenditure requests and about public problems and personal responsibilities as community members to help solve them. In the end, it is all about understanding the kind of community and society we as individuals, and collectively as citizens, are trying to create and what we are willing to sacrifice to obtain it.

CONCLUSION

Last year, in July, I began my budget message with a quote from *Governing Magazine* which noted that we were coming through an era of “perpetual fiscal crisis” marked by irresponsible legislatures, obsolete tax structures, an aging self-absorbed Boomer generation, and rising costs of healthcare, energy, and food. This observation was made well before the September 2008 economic meltdown. I also quoted from columnist Thomas Friedman who had said we were in a new time called the “climate/energy era” where issues of the environment, energy, and climate change were driving economies, job creation, and our national security interests. It is clear we need to begin telling a new story, one of more sustainable communities. As Bono says, many of our citizens can be asleep in the comfort of their freedom unaware of what is occurring around our community and around the world.

Throughout the budget process, we have adhered to the BoCC’s Guiding Visions, which we have submitted as part of the Tentative Budget, for your consideration and approval. The annual review of these Guiding Visions becomes even more important in these intense times of change and fiscal uncertainty. Our efforts to monitor and communicate our performance as an organization and community require a sharpened focus. As in past years, we have made an effort to prepare this budget based on the best financial forecasts and information available to our County staff. We have tried to make sure we were “awake” and alert to the significant trends and national policy changes that are underway in our country that may affect Alachua County. As I prepare this budget message, the stated expansionist agenda for change offered by the Obama Administration on many fronts will influence Alachua County on issues of energy and environment, healthcare, poverty reduction and federal program reform.

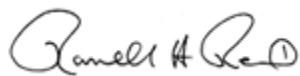
As pointed out in the budget introduction, I am deeply concerned that the effort by the State Legislature to limit both Home Rule and the fiscal viability of local governments continues to be viewed as a politically expedient means to gain popular votes from our citizens. No true tax reform proposals, not even the blatantly obvious opportunity to close sales tax exemptions at this time of crisis, made it through recent legislative committees. In our Community Conversations, citizens in small groups, when confronted with the financial condition of the County and the programs that are being reduced, quickly recognized that they are being offered a false solution at the State level. In the budget simulations activities at these meetings our citizens have shown they have no sacred cows and were willing to reduce all programs if

necessary. They also appreciated the need for each of the services we provide and how these services contribute to a better community.

County staff and the County Commission have made a sincere effort to approach this budget with an open line of communication with our Constitutional Officers and departments. I would like to thank the Constitutional Officers for their cooperation in addressing the fiscal crisis we have faced this year and for making difficult decisions. I thank the BoCC for dedicating so much of their time and attention to the review of the decision packages and financial trends. As always, without the professional work of OMB Director Suzanne Gable, the Office of Management and Budget Staff, and many other County employees, the preparation of this budget would not have been possible.

I look forward to assisting you in the next few months as you undertake your review of the budget presented here today.

In Public Service,

A handwritten signature in black ink that reads "Randall H. Reid". The signature is written in a cursive style with a large initial "R" and a circled "1" at the end.

Randall H. Reid
County Manager