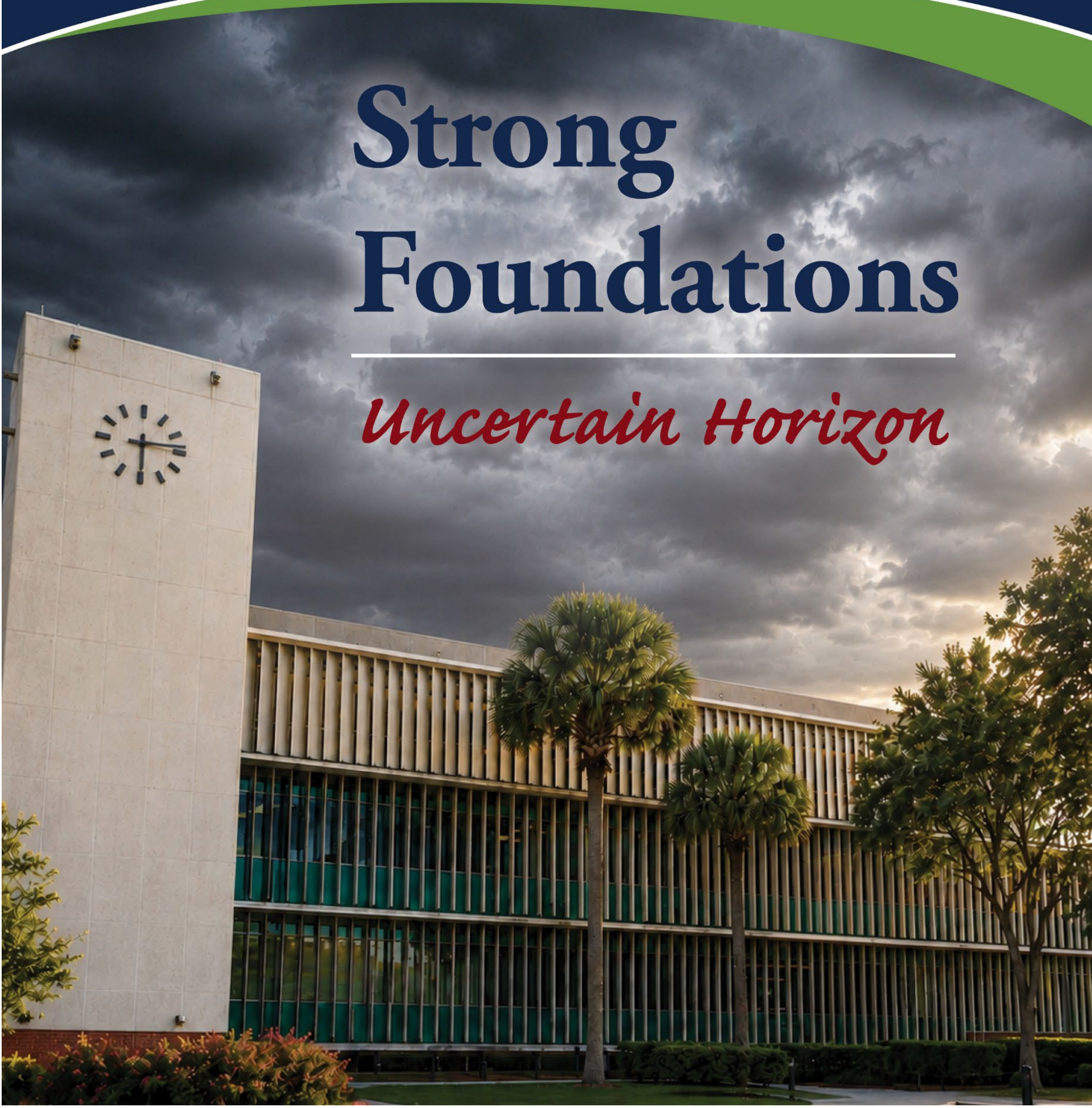
FY27 Budget Message

Strong Foundations

Uncertain Horizon



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July 14, 2026

INTRODUCTION

To the Honorable Alachua County Board of County Commissioners:

As required by Florida law, I submit to you the balanced FY27 Tentative Budget. It reflects Alachua County's commitment to fiscal responsibility, essential public services, and careful stewardship of taxpayer resources.

The theme for the FY27 Budget is **Strong Foundations - Uncertain Horizon.** It reflects the County's financial strength today and the uncertain environment in which this budget was developed.

This budget continues to build on our **Strong Foundations**. The recommended General Fund property tax millage rate is the rollback rate of 7.2107 mills, reduced from 7.6000 mills. This continues a ten-year pattern of General Fund millage reductions and marks the third rollback rate in that period. This recommendation reflects the discipline that has helped the County enter FY27 with sound finances, operational stability, and the flexibility to protect core services.

For the current Law Enforcement Municipal Services Taxing Unit (MSTU), I recommend maintaining the property tax millage rate of 3.5678 mills. This recommendation reflects the importance of maintaining a strong public safety system by continuing to support the operational needs of law enforcement.

The FY27 Tentative Budget maintains support for this, and other essential services residents depend on every day. Public safety and transportation infrastructure remain the County's largest investments, with more than $343 million dedicated to these critical services. The budget also supports housing, social services, environmental protection, land conservation, parks, recreation, economic development, and programs that strengthen our quality of life.

Although property tax revenues represent approximately 23 percent of the County's total budget, they provide much of the recurring revenue that supports the General Fund. The General Fund is the primary lawfully available funding source for many of the County's legal obligations and for many of the services expected by our residents. As a result, changes to recurring General Fund revenues cannot be measured simply as a percentage of the overall budget. They directly affect the County's ability to fund those obligations and maintain those services.

While the County’s financial foundation remains strong, the **Uncertain Horizon** before us is shaped by proposed Constitutional Amendment 3 concerning homestead exemptions, ongoing legislative discussions regarding broader property tax reform, and the enactment of Senate Bill 4-F.

SB 4-F, which became law on June 24, 2026, establishes the rollback rate as the maximum millage rate that may be adopted by a simple majority vote beginning with this budget cycle. The rollback rate is the millage rate necessary to generate the same property tax revenue from existing taxable property as the previous year. Revenue generated by new growth is calculated separately. Higher millage rates remain authorized under Florida law but require supermajority or unanimous approval, depending on the rate proposed.

The recommendations in this budget were developed before Senate Bill 4-F became law and reflect the County's long-standing commitment to responsible financial stewardship, thoughtful long-term planning, and investment in the community our residents value.

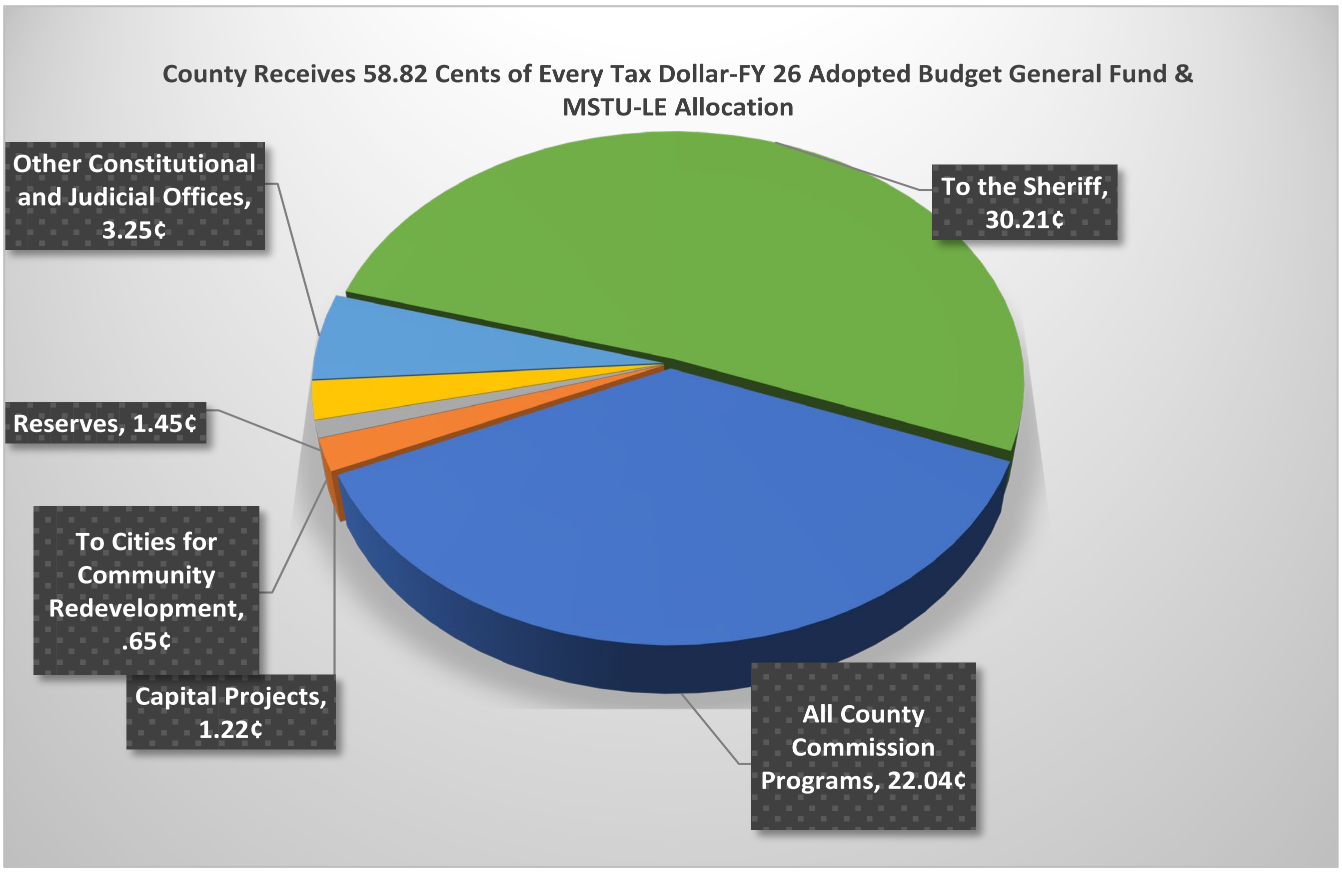
Against this backdrop, the FY27 Tentative Budget takes a measured approach to new General Fund obligations. In many respects, it is a continuation budget. It maintains current service levels, limits recurring General Fund growth, and focuses on hiring positions critical to providing essential services. Authorized projects and contracts continue to move forward. Where practical, this budget avoids significant new recurring obligations.

While we cannot predict the future, this approach preserves the Board’s ability to respond thoughtfully to changing conditions.

I respectfully submit the FY27 Tentative Budget for your consideration.

Alachua County's Share of Each Property Tax Dollar

In FY26, the County received 58.82 cents of every property tax dollar. Of this amount, 22.04 cents were used for County departmental operations, and 1.22 cents funded capital projects. The remaining 35.56 cents were distributed as follows: 30.21 cents to the Sheriff; 3.25 cents to other Constitutional and Judicial offices; 0.65 cents to cities for community redevelopment; and 1.45 cents were held in reserves. The following chart illustrates how the Commission allocated its property tax dollars.



PROPERTY VALUES AND MILLAGE RATES

FY27 represents the tenth consecutive year Alachua County's property values are rising yet slowing and the General Fund millage is lowered. This Tentative Budget demonstrates a 7.52% increase in General Fund Values and a 7.73% increase in the Municipal Service Taxing Unit – Law Enforcement Values. The increases are based on taxable values provided to us by the Property Appraiser on July 1, 2026.

The Commission will be asked to set the tentative millage rates at the public hearing on July 14, 2026, County Commission evening meeting.

GENERAL FUND

I am recommending reducing the General Fund millage rate for the tenth year in a row and utilizing the rolled back rate of 7.2107 mills. The General Fund provides resources for most County departments and Constitutional offices. The FY27 General Fund sum of all property tax revenues is $183,955,387. The total of all General Fund revenue sources is $324,372,860.

The General Fund budget totals include many revenue sources such as Ad Valorem Tax, State Sales Tax, Communications Service Tax, and Public Service Tax.
The FY27 budget was be developed in alignment with the Board's strategic planning process, which helps guide long-term priorities and investments in alignment with evolving community goals.

FY27 Proposed Millage Rates July 1, 2026		
	General Fund	**MSTU - Law Enforcement**
Tax Year 2026 Projected Taxable Value	**$ 26,854,154,128**	**$ 10,914,280,123**
Tax Year 2025 Final Gross Taxable Value	**$ 24,975,276,470**	**$ 10,131,597,305**
Current Millage	**7.6000**	**3.5678**
FY27 Projected Revenue	$ 193,886,993	$ 36,992,970
FY26 Projected Revenue	$ 180,321,496	$ 34,340,137
Difference	$ 13,565,497	$ 2,652,833
Simple Majority Cap (Roll-back Rate)	**7.2107**	**3.3829**
Millage Change	**-0.3893**	**-0.1849**
FY27 Projected Revenue	$ 183,955,387	$ 35,075,822
FY26 Projected Revenue	$ 180,321,496	$ 34,340,137
Difference	$ 3,633,891	$ 735,685
Two Thirds Vote Cap	**7.9318**	**3.7212**
Millage Change	**0.3318**	**0.1534**
FY27 Projected Revenue	$ 202,350,925	$ 38,583,404
FY26 Projected Revenue	$ 180,321,496	$ 34,340,137
Difference	$ 22,029,429	$ 4,243,267
	ANY RATE ABOVE 7.9318	**ANY RATE ABOVE 3.7212 Mils**
Unanimous Vote Cap	**10.0000**	**10.0000**
Millage Change	**2.4000**	**6.4322**
FY27 Projected Revenue	$ 255,114,464	$ 103,685,661
FY26 Projected Revenue	$ 180,321,496	$ 34,340,137
Difference	$ 74,792,968	$ 69,345,524
Recommended Millage	**7.2107**	**3.5678**
Millage Change	**-0.3893**	**0.0000**
FY27 Projected Revenue	$ 183,955,387	$ 36,992,970
FY26 Projected Revenue	$ 180,321,496	$ 34,340,137
Difference	$ 3,633,891	$ 2,652,833

MUNICIPAL SERVICES TAXING UNIT (MSTU), MUNICIPAL SERVICES BENEFIT UNITS (MSBU) & GAS TAX

MSTU Law Enforcement

I recommend no increase to the Law Enforcement MSTU millage rate of 3.5678 mills. FY27 property tax revenues are projected at $36,992,970, representing 75% of the total MSTU budget of $49,097,730. The MSTU provides approximately 31% of the County's total $158 million investment in law enforcement services.

MSBU Fire Protection

Fire protection will continue to be funded through the Municipal Services Benefit Unit (MSBU). I recommend no increase to the assessment, maintaining the FY27 rates at $132.47 for Tier 1 and $7.28 for Tier 2. Assessment revenues are projected at $23,199,258, representing approximately 61% of the total fund budget of $38,030,388.

MSBU Stormwater

Stormwater management will continue to be funded through the MSBU assessment, and I recommend no increase for FY27. Stormwater projects will continue as planned, and a long-term funding and implementation plan will be presented during FY27. Assessment revenues are projected at $,3,180,961 representing approximately 59% of the total fund budget of $5,371,577.

MSBU Refuse Collection

I recommend no increase in refuse collection fees for FY27. The tipping fee will remain at $65.00. The County will renegotiate its solid waste collection contract during FY27, and any resulting fee adjustments would be reflected in the FY28 budget.
FY27 MSBU assessment revenues are projected at $6,835,868, representing approximately 68% of the Refuse Collection Fund budget of $10,002,818. The total FY27 budget for all waste-related funds is $47,249,363.

Gas Tax Fund

The Gas Tax Fund (Fund 149) accounts for local option gas tax revenues generated from motor fuel sales in Alachua County. State law restricts these revenues to transportation-related purposes, including road construction, maintenance, resurfacing, intersection improvements, and traffic signal systems.

Gas tax revenues have remained relatively flat in recent years. To help sustain roadway maintenance and preservation activities, the County redirected 20% of its Communications Services Tax revenues to the Gas Tax Fund. The FY27 Budget includes $14,936,434 in total funding for the Gas Tax Fund, supported by gas tax revenues, fund balance, Communications Services Tax revenues, and other dedicated transportation revenues.

Wild Spaces Public Places (WSPP), Infrastructure Surtax

On November 8, 2022, Alachua County voters approved a ten-year, one-cent Infrastructure Surtax, with one-half cent dedicated to conservation lands and parks and one-half cent dedicated to roads and affordable housing.

Although projected revenues were reduced following repeal of Florida's Business Rent Tax, the FY27 Tentative Budget continues to make significant investments in each of the voter-approved categories, including $12.5 million for land conservation, $3.1 million for parks, $10.9 million for roads, and $4.7 million for affordable housing.

COUNTY STRATEGIC INVESTMENTS

COLA and Minimum Wage Increase

Each County fund will continue to bear its proportionate share of employee-related costs, Including Florida Retirement System (FRS) contributions, health insurance, employee compensation, and reserves.

To support the County's and Constitutional Officers' ability to recruit and retain a highly qualified workforce, I recommend a 3% Cost-of-Living Adjustment (COLA) for employee compensation. This recommendation includes equivalent funding for bargaining unit employees and employees of the Constitutional and Judicial Officers. The budget also includes the Board-approved 4% increase in health insurance costs.

Consistent with the County's ongoing commitment to a living wage, the FY27 Tentative Budget recommends increasing the County minimum wage from $18.50 to $19.00 per hour for County, Constitutional, and Judicial employees funded by the County.

Public Safety

Public safety remains one of the County's highest funding priorities and the largest core service investment. The FY27 Tentative Budget continues investments in law enforcement, fire rescue, emergency response capabilities, fleet replacement, equipment modernization, and public safety infrastructure to support the County's growing service demands.

The FY27 Budget includes approximately $158 million for Law Enforcement and $96 million for Fire Rescue, reflecting the County's continued commitment to protecting the safety, health, and well-being of our residents.

Transportation

Transportation remains the County's second largest core service investment and a critical component of the County's long-term infrastructure strategy. Funding is provided through a combination of dedicated gas taxes, infrastructure surtax revenues, stormwater revenues, transportation-related fees, state and federal grants, and debt proceeds, each restricted to specific purposes under state law.

Collectively, these resources provide approximately $114 million in FY27 to maintain, preserve, and improve the County's transportation infrastructure while supporting long-term safety, mobility, and resilience.

Housing Initiatives

Housing continues to be one of the Board's highest strategic priorities. During FY26, renovations were completed at the Budget Inn and Scottish Inn. Progress also continues on the County's container home pilot project, and renovations are underway at the 35-unit Sunrise Apartments.

The voter-approved Infrastructure Sales Surtax will support the development of new homes, expand housing opportunities while helping families build long-term financial stability through homeownership.

The Housing Trust also continues to receive annual General Fund support. This investment expands affordable housing opportunities, promotes single-family homeownership, and helps preserve affordable apartment communities throughout the County.

Pandemic Revenue Recovery Funds

The County continues to strategically utilize one-time Pandemic Revenue Recovery funds to advance projects and initiatives that address community needs while supporting long-term County priorities. Current initiatives include the Broadband Deployment Project, improvements to the Santa Fe Hills Water System, food security programs, and housing initiatives.

Addressing the County’s Critical Building Needs

Many County facilities are more than fifty years old, with several exceeding one hundred years in age. The FY27 Budget continues implementation of the Facilities Master Plan through strategic investments that modernize County infrastructure, improve operational efficiency, address deferred maintenance, and create more effective public service facilities.

Major Phase I initiatives include construction of the new Civil Courthouse, Central Energy Plant, and parking garage; renovation of the Armory into Fire Rescue Headquarters and the Emergency Operations Center; development of a new Animal Resources facility; strategic consolidation of County operations; and other critical facility improvements identified in the Facilities Master Plan.

CONCLUSION

The FY27 Tentative Budget reflects a disciplined and measured approach to governing through fiscal uncertainty. It preserves the County's long-standing commitment to responsible financial stewardship while maintaining the Board's flexibility to thoughtfully respond as future conditions become better defined. At the same time, it continues to invest in the essential services our residents rely upon and remains aligned with the County's mission, vision, values, and the Board's strategic priorities.

I appreciate the Board's leadership and guidance throughout this process and look forward to continuing our work together to finalize the FY27 Budget.