

FY26 BUDGET MESSAGE



RESPONSIBLE BUDGETING IN UNCERTAIN FINANCIAL TIMES

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June 24, 2025

INTRODUCTION

To the Honorable Alachua County Board of County Commissioners:

The FY26 Tentative Budget reflects our continued commitment to fiscal responsibility and service excellence. It is a balanced budget that honors the public trust through disciplined stewardship of taxpayer resources.

I am pleased to recommend that for the ninth consecutive year I am recommending a modest millage-rate decrease. These decreases are a tangible reflection of our prudent financial planning and strong economic foundation.



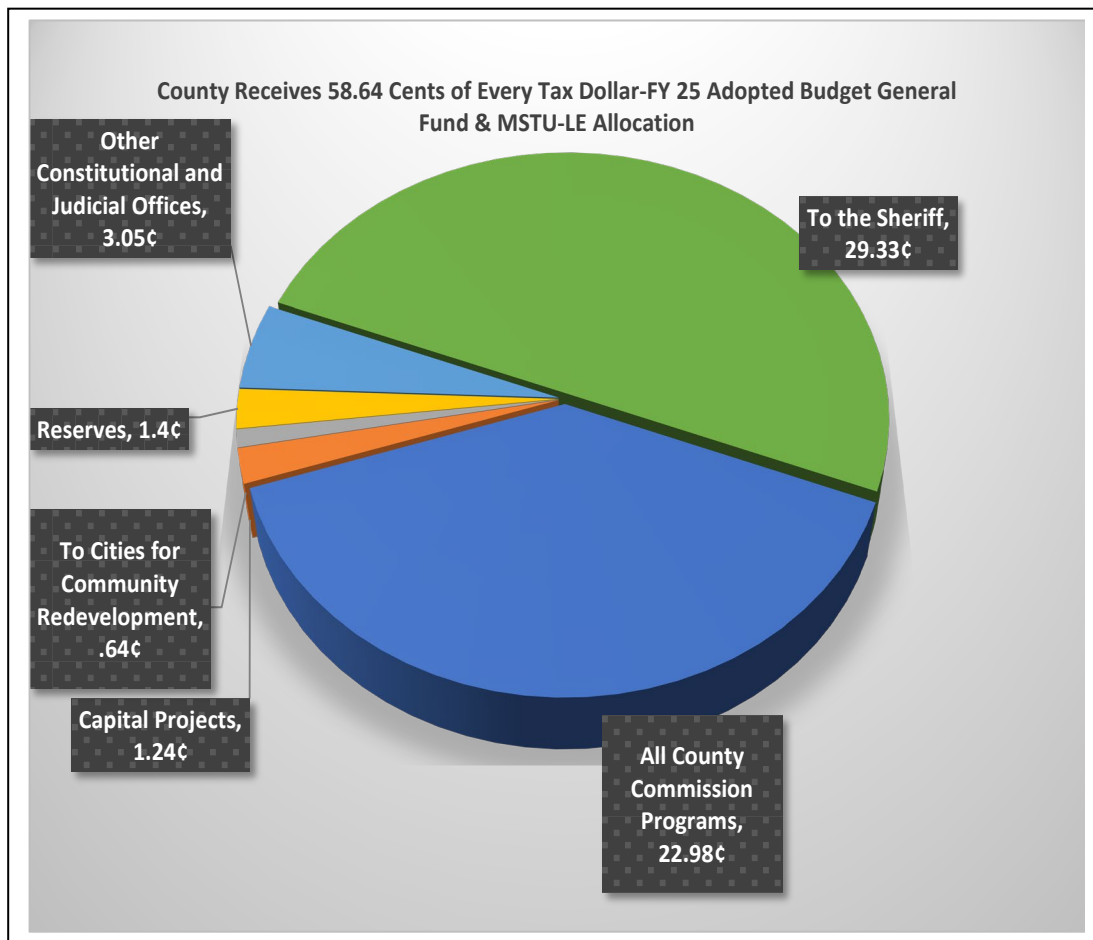
We are living in an era of heightened fiscal uncertainty that includes inflationary pressures, escalating labor and materials costs, and the looming possibilities of more federal and state funding cuts. At the time of this report, it is unclear if FEMA will continue disaster support for local governments and the Governor is considering signing a budget bill that would abolish the sales tax on commercial leases that could have millions in negative impacts on County infrastructure sales tax revenue and our share of State sales tax. This challenging and uncertain environment underscores the need for us to find new ways for our programs and services to be sustainable, and where possible, self-sustaining. These uncertainties also highlight the need to manage the expectations of our residents, non-profits, and other public entities.

While this budget was created with increased scrutiny on all spending, it remains responsive to our core services and County Commission priorities. The core services requiring the most resources include public safety (fire/rescue and law enforcement), and transportation infrastructure. In this budget we have devoted over \$343 million to these two critical services areas. This budget also continues funding the services that are fundamental to the values of our community such as our permanent supportive and affordable housing projects, social services, environmental protection, land conservation, parks and recreation, animal services, smart growth, economic development, recycling and others.

The FY26 Tentative Budget upholds our long-standing standards of fiscal discipline by delivering a balanced budget with a lowered tax burden. It is a blueprint for responsible governance that meets today's realities while safeguarding tomorrow's promise.

Alachua County's Share of Each Property Tax Dollar

In FY25, the County received 58.64 cents of every property tax dollar. Of this amount, 22.98 cents were used for County departmental operations, and 1.24 cents funded capital projects. The remaining 34.42 cents were distributed as follows: 29.33 cents to the Sheriff; 3.05 cents to other Constitutional and Judicial offices; .64 cents to cities for community redevelopment; and 1.40 cents were held in reserves. The following chart illustrates how the Commission allocated its property tax dollars.



PROPERTY VALUES AND MILLAGE RATES

FY26 represents the ninth consecutive year Alachua County's property values are rising and the General Fund Millage is lowered. This Tentative Budget demonstrates a 6.85% increase in General Fund Values and a 5.48% increase in the Municipal Service Taxing Unit – Law Enforcement Values. The increases are based on estimated taxable values provided to us by the Property Appraiser on June 1, 2025.

The Property Appraiser will submit certifiable values on July 1, 2025; revenue estimates will be adjusted accordingly. The Commission will be asked to set the tentative millage rates at the public hearing on July 8, 2025, County Commission evening meeting.

GENERAL FUND

I am recommending reducing the General Fund Millage rate for the ninth year in a row to a lowered rate of 7.6000 mills. The General Fund provides resources for most County departments and Constitutional offices. The FY26 General Fund sum of all property tax revenues is \$180,773,649. The total of all General Fund revenue sources is \$319,481,440.

The General Fund budget totals include many revenue sources such as Ad Valorem Tax, State Sales Tax, Communications Service Tax, and Public Service Tax.

Looking ahead, the FY27 budget will be developed following the Board's upcoming strategic planning process, which will help guide long-term priorities and investments in alignment with evolving community goals.

FY26 Proposed Millage Rates June 24, 2025		
Property Tax Revenue Only	General Fund	MSTU Law Enforcement
Tax Year 2025 Projected Taxable Value	25,005,000,000	10,160,000,000
Tax Year 2024 Final Gross Taxable Value	23,401,116,914	9,632,405,257
Current Millage	7.6180	3.5678
FY26 Projected Revenue	180,963,686	34,436,406
FY25 Projected Revenue	169,356,223	32,648,171
Difference	11,607,462	1,788,235
Simple Majority Cap	9.8640	3.6391
Millage Change	2.2460	0.0713
FY26 Projected Revenue	234,316,854	35,124,593
FY25 Projected Revenue	169,356,223	32,648,171
Difference	64,960,631	2,476,422
Super Majority Cap	10.0000	4.0030
Millage Change	2.3820	0.4352
FY26 Projected Revenue	237,547,500	38,636,956
FY25 Projected Revenue	169,356,223	32,648,171
Difference	68,191,277	5,988,785
Rollback Rate	7.2802	3.4432
Millage Change	-0.3378	-0.1246
FY26 Projected Revenue	172,939,331	33,233,766
FY25 Projected Revenue	169,356,223	32,648,171
Difference	3,583,108	585,596
Recommended	7.6000	3.5678
Millage Change	-0.0180	0.0000
FY26 Projected Revenue	180,536,101	34,436,407
FY25 Projected Revenue	169,356,223	32,648,171
Difference	11,179,878	1,788,236

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

MSTU Law Enforcement

I recommend no increase to the MSTU Law Enforcement Fund millage rate of 3.5678. The FY26 MSTU Law Enforcement total from property tax revenue is \$34,436,407. This represents 24% of the \$143 million in County funding provided to the Sheriff.

MSBU Fire Protection

Fire Protection will continue to be funded through an MSBU assessment fee, Tier 1 will be \$132.47 and \$7.28 for Tier 2. Further evaluations and discussions of the Fire Assessment Fee Study will continue to be developed. The total budget for this fund is \$39,763,118.

MSBU Stormwater

Stormwater management will continue to be funded through an MSBU assessment fee for FY26, and I recommend no increase. Stormwater management projects will continue, and a long-term plan will be presented in FY27. The total fund budget is \$6,222,142.

MSBU Refuse Collection

I recommend no increase in refuse collection fees for FY26. The tipping fee will remain at \$65.00. We will be renegotiating our service contract in FY26 and based upon its outcome fees will adjust accordingly in FY27. MSBU estimated revenue only is \$10,851,577 and the total budget for all waste funds will be \$40,115,257.

Gas Tax Fund

The Gas Tax Fund (Fund 149) is used to collect and spend local option gas tax revenues, which come from a per-gallon tax on motor fuel sold in Alachua County. These revenues are restricted to transportation-related expenses, such as road construction, maintenance, improvements, and traffic signal systems. The fund is essential for maintaining and improving the County's transportation infrastructure, ensuring safe and efficient travel for residents and visitors.

In FY24, actual gas tax revenues increased by only 0.43%, prompting the County to redirect 20% of its Communications Services Tax to support this fund. For FY26, the projected total for Fund 149 is \$18,365,073. Of this, 56% comes from gas tax revenues, 35% from fund balance, 5% from the Communications Services Tax transfer, and 4% from other revenue sources.

Wild Spaces Public Places (WSPP), Infrastructure Surtax

On November 8, 2022, Alachua County voters passed the ten-year one-cent surtax. One-half penny for conservation lands and parks and one-half penny for roads and affordable housing. Surtax funds for the FY26 Tentative Budget includes \$14,420,296, for land conservation, \$3,605,074 for parks, \$12,617,759 for roads, and \$5,407,611 for housing.

COUNTY INITIATIVES AND IMPERATIVES

COLA and Minimum Wage Increase

Each of our revenue funds will pay its fair share of the Florida Retirement System (FRS) contributions, health insurance increases, employee compensation increases, and reserves.

To support the County and Constitutional Officers' ability to be more competitive in hiring and retaining talent I recommend providing a 4% Cost-of-Living Adjustment (COLA) for employee compensation and the Board approved the 2% health insurance increase. This recommendation includes an equivalent level of funding for bargaining unit employees and employees of the Constitutional and Judicial Officers.

Continuing the effort to reach a living wage, the FY26 Tentative Budget recommends increasing the County Minimum Wage from \$18.00 to \$18.50 an hour. I recommend this increase for all County, Constitutional, and Judicial employees funded by the County.

Public Safety

As our largest budgeted core service, funds continue to be directed towards improving public safety. Increases in Law Enforcement, additional Fire Rescue Stations, and a commitment to a modernized fleet and equipment remain an ongoing priority. The FY26 budget reflects a commitment of \$143 million to Law Enforcement and \$96 Million to Fire Rescue services.

Transportation

As our second largest budgeted core service, the County's transportation infrastructure is funded through a combination of dedicated sources, each with specific purposes. Fund 149, the Gas Tax Fund, is restricted to road maintenance activities only, supporting ongoing resurfacing and preservation efforts. Fund 146 is dedicated solely to stormwater management, addressing drainage and flood prevention needs. In addition, four other funds—including the infrastructure surtax—support road and bridge construction projects.

These funds are supplemented by transportation-related fees, state and federal grants, and a debt issuance payment. Combined, these revenue sources for FY26 provide a total of \$104 million to maintain and improve the County's road and bridge network, ensuring long-term safety, mobility, and resilience.

Housing Initiatives

Housing remains a top priority in FY26, reflected in several major initiatives. Renovations are currently underway at the Budget Inn and Scottish Inn, with completion expected by September 30, 2025. Good progress is being made on our container home pilot project located on the property adjacent to the motels. In addition, the County has acquired the Sunrise Apartments, preserving 35 units of affordable housing.

The voter-approved Infrastructure Sales Surtax will fund the development of new homes, expanding access to housing and supporting the creation of generational wealth—contributing to long-term community stability and prosperity.

The Housing Trust also continues to receive \$1 million annually from the General Fund. This continued investment underscores the County's commitment to increasing housing options, particularly through opportunities for single-family homeownership that help build lasting economic security for individuals and families.

Pandemic Revenue Recovery Funds

We continue to utilize the one-time Pandemic Revenue Recovery dollars we received as a response to the pandemic. In FY25, key initiatives advanced in alignment with the Board's strategic priorities. The Eastside Clinic officially opened, and the Broadband Deployment Project was awarded to Windstream. Design work is underway for improvements to the Santa Fe Hills Water System. Other ongoing efforts include public health support through the development of the Central Receiving Facility, as well as programs addressing negative economic impacts—such as continued food security efforts and housing initiatives.

Addressing the County's Critical Building Needs

Being mindful that many of our buildings are over 50 years old, and some over 100 years old, this budget continues the planning and execution of Phase 1 of the Facilities Master Plan, which includes a combination of financial and implementation strategies. The Plan aims to consolidate offices, increase building efficiency, and create sustainable, citizen-focused spaces. Phase 1 (2023-2026) includes:

- The incorporation of Court Services into the new Civil Courthouse building
- Locating permanent space for the Environmental Protection Department
- Building a Chill Water Central Energy plant and Parking Garage at the court complex
- Moving Fire Rescue Headquarters and the Emergency Operations Center into the Armory site
- Building a new Animal Resources facility
- Relocation of County Administration to the current civil courthouse upon completion of the new civil courthouse

CONCLUSION

The FY26 Tentative Budget reflects a disciplined, pragmatic response to current economic conditions and long-term obligations. This budget emphasizes fiscal restraint, realistic expectations, and a focus on core responsibilities. However, it does not lose sight of the County's mission, vision, values and the Commission's strategic plan. I appreciate the Commission's guidance and look forward to its continued direction during the budget process.