



FY 2016 Budget Message



Where Nature, Culture and Innovation Meet

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July 7, 2015

INTRODUCTION

To the Honorable Alachua County Board of County Commissioners:

Our mission in Alachua County is to provide responsive, quality service to our citizens. It is to ensure the sustainability of our County by balancing economic, environmental, and social concerns. Our vision and values embody integrity, honesty, respect, innovation, accountability, and communication.



Keeping our mission, vision, and values at the forefront, it is with a sense of excitement, determination, and optimism that I present the FY16 Tentative Budget and my first Alachua County Budget Message. The budget process is the fundamental way for you, the Board of County Commissioners (BoCC), to communicate your priorities and vision to the citizens you were duly elected to serve. This recommended budget is responsive to the desires you have articulated in my first seven months on the job.

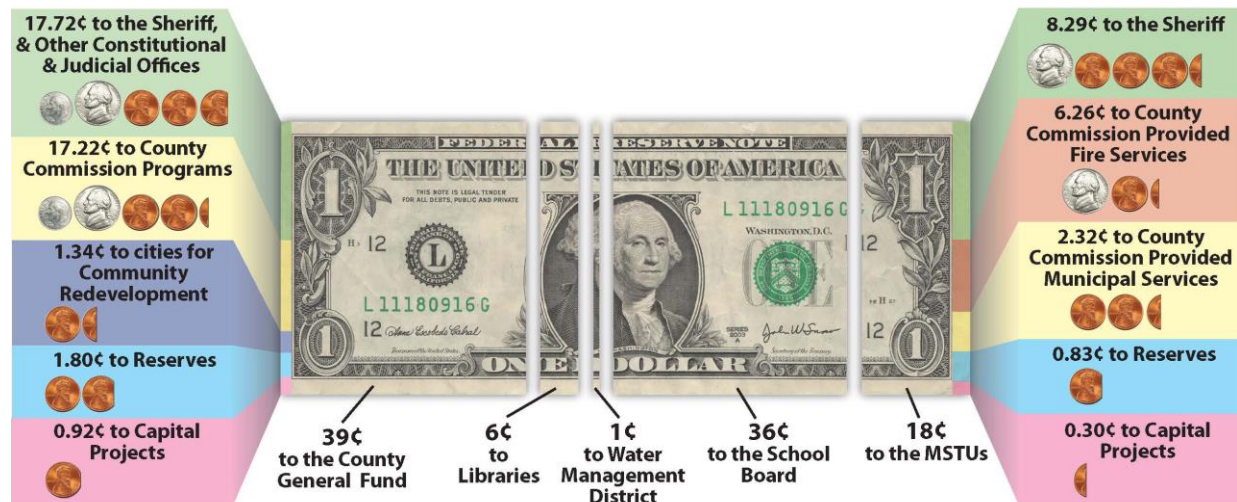
Under the County Charter, the County Manager is the Chief Budget Officer. I take this fiduciary responsibility seriously. Given the clear leadership direction from the BoCC, and having the support of an exceptional staff including the Deputy County Manager, Assistant County Managers, directors, managers, supervisors, and the front line men and women who serve Alachua County's citizens every day, we are able to present this balanced budget. This proposed budget expands services to our citizens in areas such as roads, ambulances, mental health, and solar power.

All Constitutional Officers' budgets are increased in the FY16 Tentative Budget. Early on in the budget process, the Constitutional Officers (Clerk of the Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector) were notified that our modest property value increase in the General Fund will be utilized to cover Florida Retirement System (FRS) and health care cost increases in our respective budgets. I also asked the Constitutional Officers to cover a modest Cost of Living Adjustment (COLA) for their employees within their existing resources rather than through increased budget requests. In recommending this method of paying for COLA's, I am asking the Constitutional Officers to do the same thing that I have asked of my own department directors.

Looking forward, Alachua County continues to have a strong and growing economic foundation bolstered by our educational institutions, our healthcare industry, our government institutions, and our innovation economy. Our good economic indicators, increasing property values, and vibrant economy are strong evidence that Alachua County's future is bright.

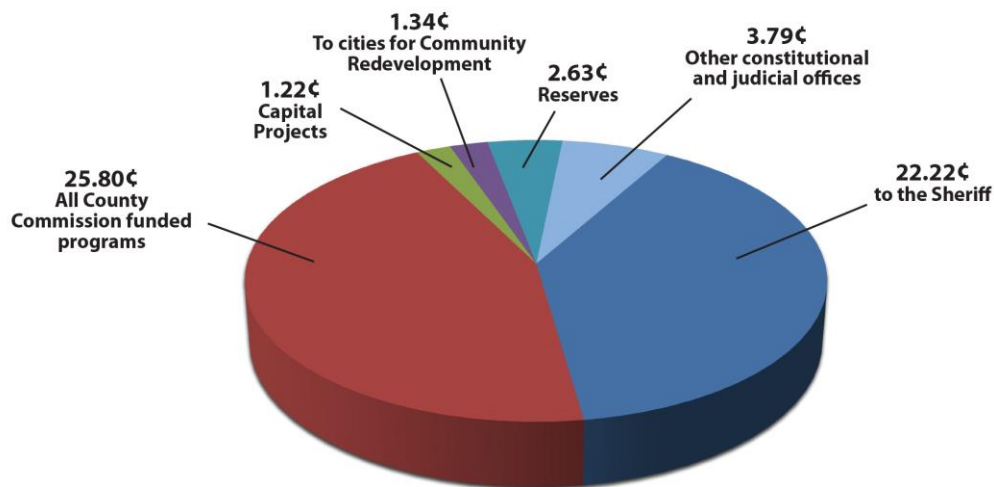
HOW YOUR FY15 PROPERTY TAXES WERE DIVIDED

This is a representation of how each property tax dollar is divided for property owners in the unincorporated area. All Alachua County property owners pay only 17.22 cents per property tax dollar for county-wide programs provided by the County Commission. Property owners in the unincorporated area pay a Municipal Services Taxing Unit (MSTU) of 8.58 cents per property tax dollar for municipal services provided by the County Commission. Property owners living within municipalities pay their city's property tax instead of the MSTU.



How the BoCC Spends its 57 Cents of Each Property Tax Dollar

The BoCC distributes 57 cents of the dollar above. Of the 57 cents, 25.80 cents goes to the BoCC departments, 22.22 cents goes to the Sheriff, and the remaining funds are divided between the other constitutional and judicial offices, capital projects, community redevelopment, and to reserves. Line item detail information for BoCC departments is included in this budget document.



PROPERTY VALUES AND MILLAGE RATES

I am pleased to report that for the second year in a row, Alachua County's property values are on the rise. The FY16 Tentative Budget anticipates property value increases of approximately 2.9 percent in the General Fund, and approximately 3.5 percent in the Municipal Services Taxing Units (MSTUs). The BoCC will be asked to set the tentative millage rates at their meeting on July 14, 2015.

Alachua County Board of County Commissioners
 FY16 Millage - **Property Tax Revenue Only**
 As of July 1, 2015

FY16 MILLAGE RATES				
Property Tax Revenue Only	General Fund	MSTU Unincorporated	MSTU Law Enforcement	MSTU Fire Services
Property Value Growth	2.9%	3.8%	3.5%	3.7%
2015 Estimated Taxable Value	\$ 12,133,262,746	\$ 4,949,440,384	\$ 5,360,352,466	\$ 5,052,509,326
2014 Final Gross Taxable Value	\$ 11,791,403,268	\$ 4,767,601,452	\$ 5,180,346,086	\$ 4,869,940,660
Current Millage	8.7990	0.5038	2.2235	1.4736
FY16 Projected Revenue	101,422,550	2,368,852	11,322,807	7,073,109
FY15 Projected Revenue	98,564,929	2,281,822	10,942,575	6,817,527
Difference	2,857,620	87,030	380,232	255,582
Simple Majority Cap (1.96%)	10.0000	0.5169	2.2260	1.6272
Millage Change	1.2010	0.0131	0.0025	0.1536
FY16 Projected Revenue	115,265,996	2,430,447	11,335,537	7,810,371
FY15 Projected Revenue	98,564,929	2,281,822	10,942,575	6,817,527
Difference	16,701,067	148,626	392,963	992,844
Supermajority Cap (10% of Simple Majority Cap)	10.0000	0.5686	2.4486	1.7899
Millage Change	1.2010	0.0648	0.2251	0.3163
FY16 Projected Revenue	115,265,996	2,673,539	12,469,091	8,591,312
FY15 Projected Revenue	98,564,929	2,281,822	10,942,575	6,817,527
Difference	16,701,067	391,717	1,526,517	1,773,785
Recommended	Simple Majority	Unanimous	Super Majority	Simple Majority
Millage Change	8.7950	0.6228	2.3283	1.5507
FY16 Projected Revenue	101,376,444	2,928,386	11,856,483	7,443,180
FY15 Projected Revenue	98,564,929	2,281,822	10,942,575	6,817,527
Difference	2,811,514	646,564	913,909	625,653
Rollback Rate	8.6828	0.4932	2.1832	1.4431
Millage Change	-0.1162	-0.0106	-0.0403	-0.0305
FY16 Projected Revenue	100,083,159	2,319,011	11,117,585	6,926,712
FY15 Projected Revenue	98,564,929	2,281,822	10,942,575	6,817,527
Difference	1,518,230	37,189	175,011	109,185

Home Price \$169,000 less \$50,000 Homestead Exemption equals a net tax value of \$119,000.

Prior Year taxes	1,047.08	59.95	264.60	175.36
Proposed Scenario	1,046.61	74.11	277.07	184.53
Net change	(0.48)	14.16	12.47	9.17

Minus: Reduction in Alachua Forever Millage of (.0905) (10.77)
 Unincorporated Homeowner Net Change **\$24.55**

Ad Valorem Tax revenues are budgeted at 95% for budgetary purposes.

Notes on Scenario:

General Fund = -0.0040 modest millage reduction

MSTU-U = 0.1190 millage increase plus excess annual revenues absorbs all of RTS for \$809,000

MSTU-LE = 0.1048 millage increase to absorb use of Fund Balance, FRS and Health increases

MSTU-FR = 0.0224 millage increase absorbs FRS and Health Increase and 0.0547 for FSAA City of Gainesville

GENERAL FUND

The FY16 General Fund recommendations are the result of a clear understanding of the BoCC's stated priorities and the needs of all of the BoCC departments, Constitutional Officers, and other agencies funded by the BoCC.

The County's FY16 General Fund totals \$138,899,178 and is based on a 0.004 mills reduction in the millage rate from the current 8.7990 to 8.7950. The General Fund provides resources for the majority of County departments and constitutional offices.

MUNICIPAL SERVICES TAXING UNITS (MSTU'S) & GAS TAX

All of these funds will pay their appropriate share of the FRS and health insurance increases, employee compensation increases, and reserves. The budget totals are inclusive of many revenue sources including Ad Valorem Tax, State Sales Tax, Communications Service Tax, and Public Service Tax.

MSTU Unincorporated

I am recommending an increase in the MSTU Unincorporated Fund of 0.1190 mills. The FY16 Unincorporated MSTU total budget is \$6,882,534 based on a Unanimous millage rate of 0.6228. This increase will help with a transfer of Regional Transit System (RTS) service costs of \$800,000 from the Gas Tax to the MSTU.

MSTU Law Enforcement

I am recommending an increase of 0.1048 mills for the Law Enforcement MSTU. The total budget is \$19,604,056 based on the Super Majority millage rate of 2.3283. The increase is to absorb increases in FRS and health insurance and to shore up the fund balance.

MSTU Fire Protection

I am recommending an increase of 0.0771 in the Fire Protection Services MSTU. The total budget is \$15,328,490 based upon the Simple Majority millage rate of 1.5507 mills. I am recommending this rate increase to absorb the loss of revenue, the new expenditures resulting from the City of Gainesville's decision to put a fire squad in the Fire Station 19 service area, and to cover FRS and health insurance increases.

IMPACT OF MILLAGE RATE CHANGES

Based on a household in the unincorporated area paying General Fund and the three MSTU's, and assuming a home value of approximately \$169,000, the increase will be \$24.55 per household. This reflects a reduction in the General Fund of \$0.48, an increase in the three MSTU's of \$35.80, and an Alachua County Debt Service reduction of \$10.77, for a net increase of \$24.55 per year.

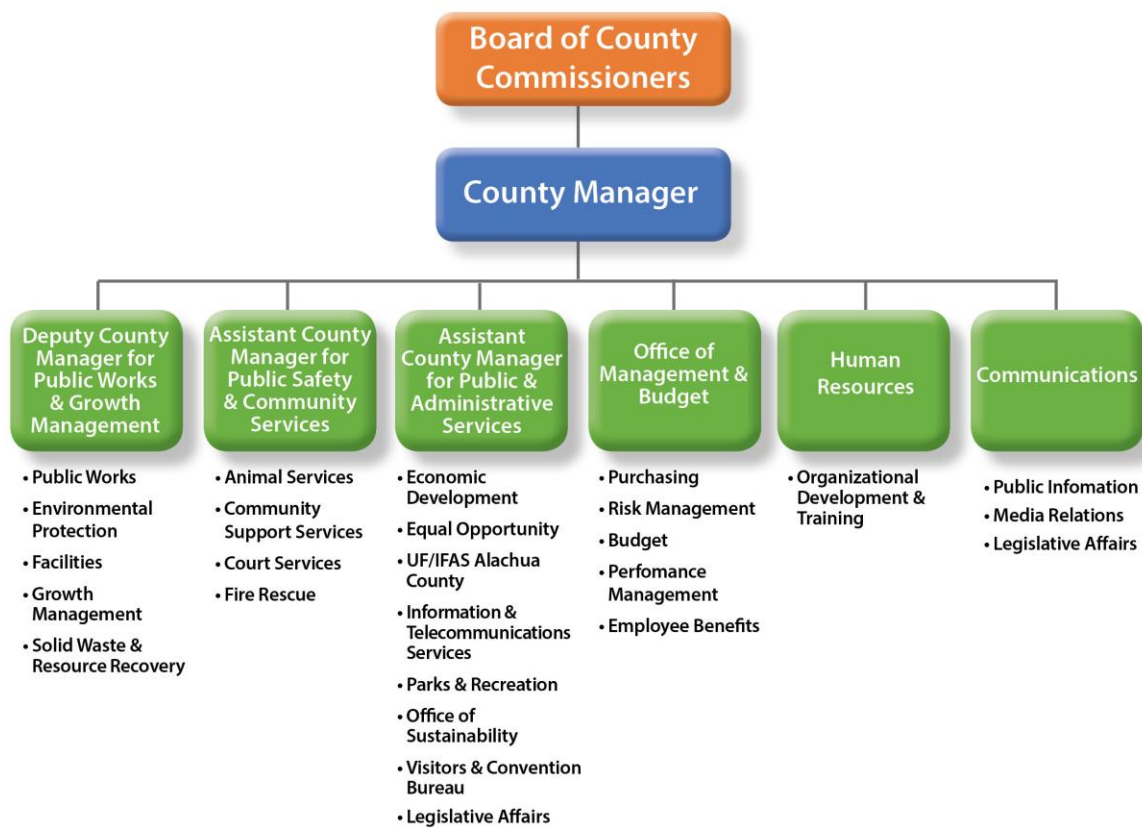
GAS TAX FUND

The Gas Tax total budget is \$10,115,346. Over the last three decades, and consistent with national trends, the cost of providing transportation system services has outpaced revenues collected from gas taxes. This trend will continue as cars continue to become

more fuel-efficient and residents continue to choose alternative modes of transportation. As such, the primary funding source for road repair and maintenance will continue to decline. In order to offset the increasing costs and decreasing revenues, General Fund transfers have been used to maintain a steady level of service. In the FY16 Tentative Budget, I am recommending a 75 percent increase from all taxing units.

DEPARTMENTAL AND LEADERSHIP REORGANIZATION

The chart below outlines my structural changes to the County Manager’s portion of the overall County organization. These changes will align our organization into more efficient and functional groups, and will allow me to better serve the BoCC, staff, and our citizens.



COST OF LIVING ADJUSTMENT/LIVING WAGE

I recommend that we provide an across-the-board three percent Cost of Living Adjustment (COLA) for our employees, and that the BoCC allows me to negotiate with the bargaining units. While we have made strides in the last two years to make up for the lean years of the Not-So-Great-Recession, when our employees suffered through a 6-year period without an increase, we need to continue to invest in our most valuable asset, our loyal staff.

In order to provide this COLA, I have asked department heads to reduce their FY16 budget requests and to limit enhancement requests. To their credit, they responded with approximately \$1.4 million in reductions. This has not been a one-size-fits-all process. Reductions have been carefully analyzed to ensure alignment with BoCC priorities. I will reiterate that it is my recommendation that the Constitutional Officers approach COLA's in this same way.

I believe that all Alachua County employees deserve a Living Wage. I am recommending that we spend \$33,000 to bring approximately 20 employees up to the Federal Living Wage guideline of \$11.66 per hour.

NEW BUDGET IMPACTS FOR FY16

Roads - \$1.5 million

I am recommending a 75 percent increase from all taxing units for road repair and resurfacing. This will increase all taxing units' commitment from \$2 million to \$3.5 million. Our road challenges did not happen overnight and they will not be fixed overnight. By utilizing a new Citizens Reasonable Road Standards approach, we will be able to stretch our road budget much further. This includes an increase in the General Fund transfer of \$500,000 to the Gas Tax Fund, a transfer of Regional Transit System (RTS) service costs of \$800,000 to the MSTU, and \$200,000 in the reallocation of operational funds.

Three new Rescue Units - \$769,000 (offset by \$536,000 anticipated Revenue)

I am recommending three rescue units be added to our existing 12 units. This will allow us to do an even better job of providing much-needed emergency responses. This will improve response time, raise revenues and will reduce the number of "move-ups" which allows for more availability and better response times in the unincorporated areas and outlying municipalities.

Fire Service Assistance Agreement - \$262,000

I am recommending this rate increase to absorb the loss of revenue and the new expenditures resulting from the City of Gainesville's decision to put a fire squad in the Fire Station 19 service area.

Supervisor of Elections Equipment - \$441,000

During Presidential election years, the Supervisor of Elections is required to staff and support polling locations for primary elections, which increases their costs.

Downtown Parking for Citizens/Employees - \$20,000

Citizens attending public meetings downtown are forced to pay for parking, find alternatives to driving, or move their cars every two hours. Our employees working downtown are similarly affected. To address this situation I am recommending a combination of bulk parking spot leasing and parking validation on noticed Commission meeting days.

Remaining Cost of ERP Financial Software - \$36,000

This is the last payment for the new financial system that will allow the retirement of the long used and antiquated HTE system.

Communication Equipment Update - \$62,500

The equipment in our boardroom is reaching the end of its functional life cycle. The Communication's Office is beginning the multi-year process of replacing and upgrading the equipment, beginning with pieces that are already experiencing failures and glitches.

Florida Retirement System (FRS) - \$927,000

With the release of the State's latest figures, I have budgeted for the FY16 State mandated increase in FRS costs for BoCC and Constitutional Officers.

Employee Healthcare - \$1,218,000

The County's health insurance premium is increasing eight percent for BoCC and Constitutional Officers. The County will continue to pay for 85 percent of the premium and employees will continue to pay 15 percent.

Employee Health Clinic - \$500,000

As part of an effort to keep our employees healthy and address rising healthcare costs, I am recommending the establishment of an employee health clinic that will encourage our employees to take a more proactive approach to their health. This is a strong move in the direction of healthcare cost containment.

Debt Service - \$1.4 million

In 2014, the County bonded future revenues for the 515 Main Street building, the Criminal Courthouse HVAC project, Rescue #9 and Fire Station #23. A non-recurring \$600,000 reserve fund has been set up for this debt service as a part of this \$1.4 million allocation.

Solar Power Fund - \$300,000

Alachua County will be a leader both state-wide and nationally in the deployment of solar power systems. This funding will be used for projects under discussion.

Medicaid Increase - \$230,000

Medicaid costs continue to rise. I have budgeted \$230,000 for this year's mandated increase from the State of Florida.

Amendment 11 Additional Senior Homestead Exemption

This item does not impact the FY16 budget. It will have an approximate \$58,000 impact on the FY17 budget. This exemption will give low income seniors (65 years or older) an additional \$25,000 homestead exemption if their home has a just value of under \$250,000 and they have lived in their home for 25 years or more.

Community Agency Partnership Program (CAPP) Enhancement - \$149,000

I have added this to bring total CAPP funding up to \$1,158,000. This brings CAPP funding up to the FY12 Adopted Budget peak level.

Rapid Response Fund - \$50,000

This Fund will give the BoCC the option of funding projects they deem worthy, but that fall outside of the normal CAPP process.

Community Redevelopment Agency (CRA) Budget - \$68,000

Based on increased property values, I am increasing the funding to the CRA's within the local municipalities which will stimulate economic development.

Court Facility Fee (Article V) - \$175,000

To offset trending revenue reductions, a \$5 increase for moving violations will be implemented to assist with properly supporting judicial facilities.

Mental Health - \$150,000

I am requesting \$150,000 to address mental health issues. Court Services will administer these funds. A number of options are currently being explored to address this need in our community in an effort to reduce incarceration costs in our County jail.

Administration Building Renovations for Tax Collector - \$260,000

These are the costs associated with expanding the Tax Collector's space on the 1st floor of the County Administration Building.

Property Appraiser Antenna Finding Service - \$133,000

By contracting with a vendor who will actively seek and find antennas that are not currently being assessed, the Property Appraiser is confident that this will generate enough revenues to make this a worthwhile investment.

Enhanced Controlled Burning /Land Management - \$15,000

This budget enhancement will allow the County to conduct prescribed burns through contractual services on an estimated additional 150 acres of Alachua County Forever preserve land.

CONCLUSION

I began this message by mentioning the excitement, determination, and optimism that I feel as I engage in my first Alachua County budget process. The FY16 Tentative Budget includes the funds needed to continue the excellent programs and services we provide our citizens. It also addresses the priorities that I have heard the BoCC articulate in my seven months on the job.

Change can be unsettling, but change is essential to the health of a high-performing organization. As the economy continues to improve, Alachua County is poised to boldly move forward. We are on the right course for organizational improvement and efficiencies. These changes will result in the vision and direction of the BoCC being quickly translated into action and implementation.

It remains my pleasure to serve you, County staff, and the good citizens of Alachua County, and I look forward to your feedback, questions, and comments.

Respectfully,

A handwritten signature in black ink, appearing to read "Lee A. Niblock". The signature is fluid and cursive, written in a professional style.

Dr. Lee A. Niblock, CM
County Manager