



# FY23 Budget Message: Prudence and Caution





June 28, 2022

## INTRODUCTION

To the Honorable Alachua County Board of County Commissioners:

The presentation of the Tentative Budget and Budget Message is one of my essential and fundamental duties. As Florida law mandates, I am presenting you with a balanced budget.

This year's Tentative Budget presents particular challenges. We live in a time of deep fiscal uncertainty. Inflation is continuing its steep ascent, and gasoline prices are skyrocketing. Inflation is affecting everything we do in county government. From energy to construction materials to goods and services, costs are rising.

The workforce is undergoing a significant shift as the baby boomers and others participate in the "Great Resignation" of 2021-22. Recent studies reveal that in addition to baby boomers retiring, Americans are leaving work due to low pay, a lack of opportunities for advancement, feeling disrespected in the workplace and feeling unfulfilled at work.

My budget message is simple: facing these uncertainties, we must exercise fiscal prudence and caution. Therefore, it is my recommendation that, with few exceptions, we adopt a continuation budget. I recommend keeping our current level of services, and using gains from property value increases primarily to offer inflation relief to our employees and the employees of the Constitutional and Judicial Officers. I also recommend increasing funding for pavement management. I am grateful for the many years of responsible financial planning that make this recommendation possible.

Out of respect for our taxpayers' challenges, I recommend lowering the General Fund property tax millage rate, for the sixth consecutive year, from 7.8662 mills to 7.7662 mills.

In addition to lowering the General Fund millage rate, I recommend no increases to the MSTU Law Enforcement millage rate, the County's Stormwater Fee, and the Solid Waste Assessment.

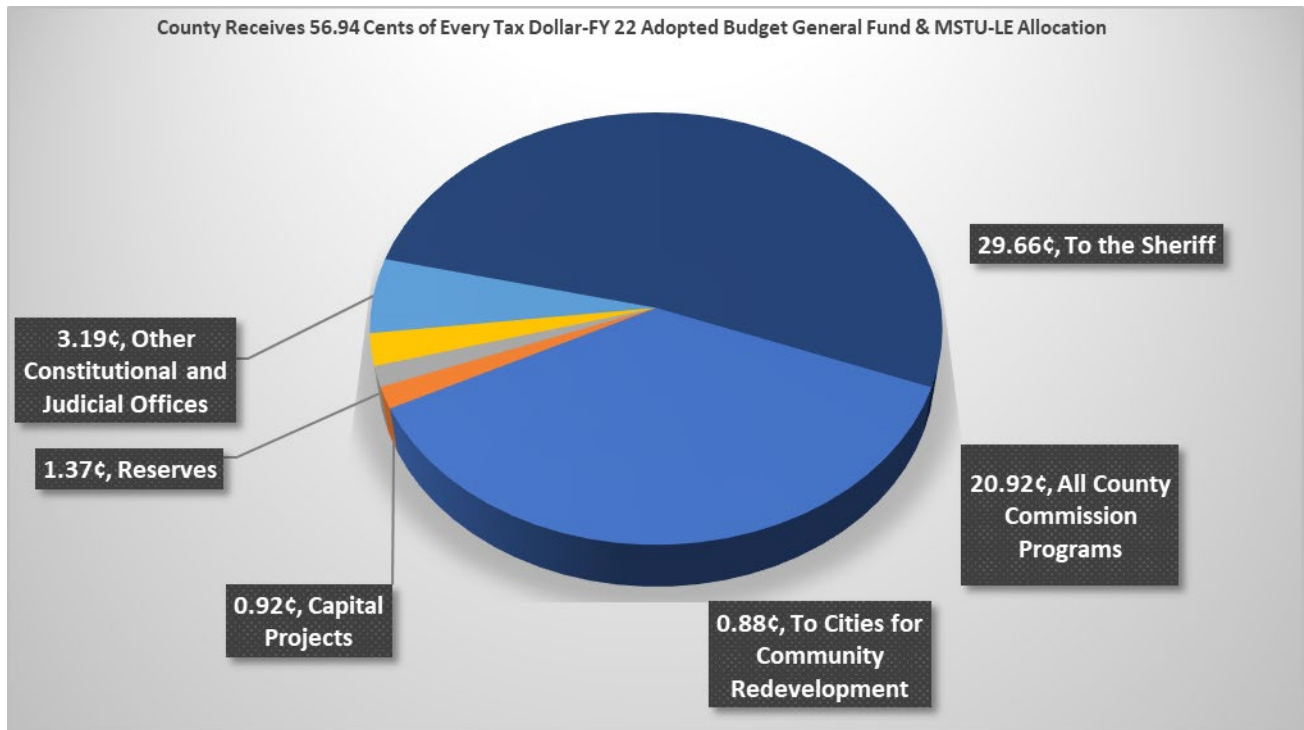
I recommend a modest increase to the Fire Assessment: Tier 1 from \$90.69 to \$94.50 and Tier 2 from \$8.31 to \$8.55.

In this Tentative Budget, you have my recommendations for the prudent and cautious fiscal decisions that are mindful of the importance of our core services to the public.



## The Commission's Share of Each Property Tax Dollar

The Commission received 56.94 cents of every property tax dollar in FY22. Of this amount, 20.92 cents were used for County departmental operations, and 0.92 cents funded capital projects. The remaining 35.10 cents were distributed as follows: 29.66 cents to the Sheriff; 3.19 cents to other Constitutional and Judicial offices; .88 cents to cities for community redevelopment; and 1.37 cents were held in reserves. The following chart illustrates how the Commission allocated its property tax dollars.



## PROPERTY VALUES AND MILLAGE RATES

For the eighth consecutive year, Alachua County's property values are rising. Originally, we anticipated an FY23 property value increase of 8% to 10%. This Tentative Budget is based on a 10% increase in the General Fund and an 11% increase in the Municipal Service and Law enforcement Taxing Units. The increases are based on values provided to us by the Property Appraiser on June 22, 2022. The Commission will be asked to set the tentative millage rates at their meeting on July 12, 2022.

<b>FY23 Proposed Millage Rates 6-22-22</b>		
<b>Property Tax Revenue Only</b>	<b>General Fund</b>	<b>MSTU Law Enforcement</b>
<b>2023 Projected Taxable Value</b>	<b>19,160,011,382</b>	<b>8,013,037,104</b>
<b>2022 Final Gross Taxable Value</b>	<b>17,170,753,952</b>	<b>7,179,774,227</b>
<b>Current Millage</b>	<b>7.8662</b>	<b>3.5678</b>
FY23 Projected Revenue	143,180,657	27,159,468
FY22 Projected Revenue	128,315,156	24,335,199
Difference	14,865,502	2,824,270
<b>Simple Majority Cap</b>	<b>10.0000</b>	<b>3.6161</b>
<b>Millage Change</b>	<b>2.1338</b>	<b>0.0483</b>
FY23 Projected Revenue	182,020,108	27,527,146
FY22 Projected Revenue	128,315,156	24,335,199
Difference	53,704,953	3,191,948
<b>Super Majority Cap</b>	<b>10.0000</b>	<b>3.9777</b>
<b>Millage Change</b>	<b>2.1338</b>	<b>0.4099</b>
FY23 Projected Revenue	182,020,108	30,279,785
FY22 Projected Revenue	128,315,156	24,335,199
Difference	53,704,953	5,944,586
<b>Rollback Rate</b>	<b>7.2684</b>	<b>3.2983</b>
<b>Millage Change</b>	<b>-0.5978</b>	<b>-0.2695</b>
FY23 Projected Revenue	132,299,495	25,107,930
FY22 Projected Revenue	128,315,156	24,335,199
Difference	3,984,340	772,732
<b>Recommended</b>	<b>7.7662</b>	<b>3.5678</b>
<b>Millage Change</b>	<b>-0.1000</b>	<b>0.0000</b>
FY23 Projected Revenue	141,360,457	27,159,469
FY22 Projected Revenue	128,315,156	24,335,199
Difference	13,045,302	2,824,271
Note: Estimated Change in Florida Per Capita Personal Income 1.0613% per the Florida Department of Revenue.		

**GENERAL FUND**

I recommend reducing the General Fund millage rate from 7.8662 mills to 7.7662 mills. The General Fund provides resources for the majority of County departments and Constitutional offices. The FY23 General Fund sum of all property tax revenues is \$141,360,457. The total of all revenue sources is \$229,048,202.

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

Each of these funds will pay its fair share of the Florida Retirement System (FRS) contributions, health insurance increases, employee compensation increases, and reserves. The budget totals include many revenue sources such as Ad Valorem Tax, State Sales Tax, Communications Service Tax, and Public Service Tax.

### **MSTU Law Enforcement**

I recommend no increase to the MSTU Law Enforcement Fund rate of 3.5678. The FY23 MSTU Law Enforcement total from property tax revenue is \$27,159,469. The total from all revenue sources is \$30,577,284.

### **MSBU Fire Protection**

Fire Protection will continue to be funded through an MSBU assessment fee, and there will be a modest increase to the Fire Assessment for Tier 1 from \$90.69 to \$94.50 and for Tier 2 from \$8.31 to \$8.55. for FY 23. The total budget is \$28,776,355.

### **MSBU Stormwater**

Stormwater issues will continue to be funded through an MSBU assessment fee for FY23 and require no increase. The total budget is \$1,951,698.

### **MSBU Curbside Collection**

I am recommending no increase in the MSBU Curbside Refuse Collection. It is assessed and apportioned among benefited parcels per cart size per dwelling. It is funded through an MSBU assessment. The total budget is \$7,741,355.

### **Gas Tax Fund**

The projected Gas Tax FY23 revenue is \$12,988,650. Over the last three decades, consistent with national trends, the cost of providing transportation system services has outpaced revenues collected from gas taxes. This trend will continue as cars become more fuel-efficient and residents continue to choose alternative modes of transportation. To offset this Gas Tax funding deficiency, General Fund transfers are used to bolster our level of service. The Local Option Fuel Taxes (totaling 11 cents) have been extended for ten years, and an interlocal agreement has been entered with the City of Gainesville. The County's share of the Gas Tax proceeds from the agreement is 50%.

## **COUNTY INITIATIVES AND IMPERATIVES**

### **A COLA and Minimum Wage Increase**

I recommend giving our employees a Cost-of-Living Adjustment (COLA). This recommendation includes an equivalent level of funding for employees of the Constitutional and Judicial Officers. I recommend that we set aside a comparable level of funding for bargaining unit employees.

In the FY22 budget, the Commission reached its goal of a \$15.00 per hour minimum wage. The approved \$1,000 mid-year adjustment for all employees brought the minimum wage for current employees up to \$15.48 per hour. Continuing the effort to reach a living wage, the FY23 Tentative Budget increases the County Minimum Wage from \$15.00 to

\$16.00 an hour. I am recommending this increase for all County, Constitutional, and Judicial employees funded by the County.

### **Pavement Management Plan**

The Commission has committed to increasing road maintenance funding through various sources. Therefore, I recommend more than doubling our General Fund contribution by adding \$4 million towards pavement management.

### **Alachua County Sports Complex at Celebration Pointe**

The construction of the 140,000-foot indoor Sports Complex is well underway, with the opening slated for January 2023. The complex will be an enormous economic boost for Alachua County by providing jobs, tax revenues, economic activity, and exciting events for visitors and locals alike.

### **Addressing the County's Critical Building Needs**

This budget continues to move the County forward in developing a new administration building to consolidate much of the County's downtown operations into a single location. This project offers the County a unique opportunity to design and construct a facility that recognizes the "new normal" of operations in a post-pandemic world while encouraging economic development in downtown Gainesville. We are continuing to plan for the Court Services building as part of the County's judicial campus.

## **AMERICAN RESCUE PLAN**

### **Eastside Clinic and Urgent Care**

This clinic is moving forward through a three-way partnership. Alachua County and the City of Gainesville will share construction capital costs equally. Shands & UF Health will be responsible for all operating costs and the land for the facility.

### **Central Receiving Facility (CRT)**

For years we have discussed the need for a triage facility to divert those in need of treatment from going to jail. We have reached an agreement with Meridian Behavioral Health to locate the CRT at their current campus. The CRT provides a single point of entry for coordination of care, information-sharing, evaluation, and intervention for those in need or crisis.

### **Broadband**

Alachua County budgeted \$15 million to provide broadband to unserved and underserved areas. Thus far, the County has hired two full-time staff to research potential partnerships with existing providers and is exploring whether Alachua County should become an Internet Service Provider (ISP).

## **CONCLUSION**

The FY23 Tentative Budget is now in your hands. This process will culminate in your adoption of the budget on September 27, 2022. There will be multiple budget meetings between now and then, providing opportunities for discussion and final budget direction from the Commission.