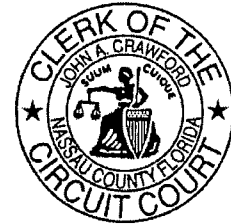




John A. Crawford
Clerk of the Circuit Court
Nassau County



September 11, 2006

The Honorable Tom Branan, Chairman
Nassau County Board of County Commissioners
Post Office Box 1010
Fernandina Beach, FL 32035

Re: Landfill Indebtedness

Dear Chairman Branan and Commissioners:

As Chief Financial Officer, it is my recommendation that tonight you take immediate steps to revise your proposed 2006/2007 budget to accommodate the retirement of the landfill indebtedness. A decision must be made as to whether the county will continue down the road of spending on symptoms or investing in cures. Year after year, the county devotes assessments, gate revenues and now, hard-earned tax dollars to short-term fixes that cannot work to cure the ongoing financial quagmire at the landfill. Until the debt is eliminated, the landfill's business model will remain untenable, flawed and options for improving unattainable. Without decisive action tonight as a part of your budget process, taxpayers are forced to give up hope of ever reducing or eliminating altogether the residential or commercial assessments because of that debt.

I am sure you will agree that while there is no way to rectify the errors of the past, to continue on a track of using precious resources needed elsewhere and now subsidizing a business model that is essentially upside down in its mortgage, would be fiscally irresponsible. To subsidize the landfill with revenues that could more wisely be applied to debt elimination must be viewed as unacceptable. Taxpayers, citizens and businesses must see that their hard earned dollars are being used in the most responsible and effective way. The present landfill

business model (gate rate tied to assessment level) makes it mathematically impossible to compete with other landfills in this region or anywhere, for that matter, until its debt is retired. In fact, it is doubtful you could sell this landfill today if you wanted to because of that debt burden.

This past week, I met with your staff to review a number of legally available revenue sources that could possibly be used to eliminate the landfill debt over the coming months. Adequate funding has been identified by my staff, but it is up to you to determine the exact revenue sources to use to eliminate the landfill debt and solve this problem permanently.

I would strongly advise that you go directly to your proposed 2006/2007 budget revenue increases to solve this problem before you find yourselves depending on them for other pressing, competing needs. The attached analysis gives you a solid starting point from which to derive the \$12,417,000 needed to retire the landfill indebtedness. Please keep in mind this does not even take into account any of the 22% increase (roughly \$6 million) in ad valorem General Fund property tax revenues for the 2006/2007 budget year.

If you cannot eliminate the landfill debt in the ensuing months utilizing the revenues that we identified, then you might find it necessary to utilize a portion of the \$6 million extra General Fund property tax revenue or other sources to retire the landfill debt. However, without a meaningful landfill fiscal solution, surely the citizens will expect you to return the majority of those increases to them in the form of ad valorem property tax relief.

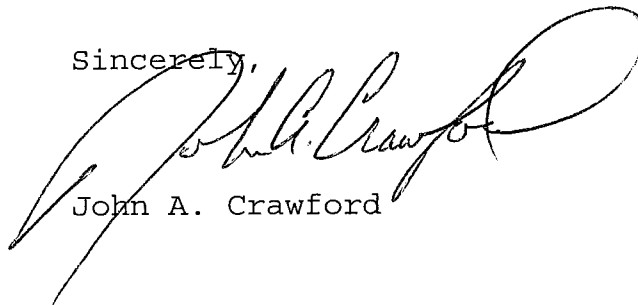
As the Sheriff's Admin/911 and Emergency Operations Center facilities are still in the early planning stages, taking this decisive debt reduction action will not only allow the proper amount of time required to design, plan and competitively select the contractors, but will allow the County to go back to the Legislature and other potential revenue sources to request assistance in funding these critical facilities. More importantly, once this debt is retired in the ensuing months, the full amount of the One-Cent Surtax can be dedicated directly to a "pay-as-you-go" approach to these important facilities. I know

that each of you deeply desires to arrive at this Friday night's public hearing regarding increasing landfill assessments with hope that a permanent solution is attainable within the next twelve months (or less) because of your budget decisions tonight.

As I have already expressed to each of you individually, I am encouraged because I deeply believe you will provide the leadership it takes to solve this longtime problem, once and for all. These are your decisions alone to make and we look forward to assisting you when called upon. Thank you for encouraging dialogue between your staff and mine as together we move toward solutions that will benefit the citizens, taxpayers and businesses of Nassau County.

Please know that we stand ready to assist you in any way possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "John A. Crawford". The signature is written in dark ink and is positioned above the printed name.

John A. Crawford

Attachment

Solid Waste Bond Payoff on 11/1/06

Costs:

Balance Payable-SW 1999 Bonds @ 9/30/06		11,830,000
Estimated Net Interest Payments-Sept 2006 & Oct 2006	^	118,000
Early Payoff Penalty of 1999 Bonds	*	469,000
		<hr/>
Estimated Amount Owed to Payoff 1999 SW Bonds		12,417,000

Available Funding Sources to Payoff Debt:

2006/2007 Transfer In from One-Cent Fund (as tentatively budgeted)		5,000,000
2005/2006 Current Available One-Cent BCC to Allocate Reserve		2,100,000
2005/2006 Current Available General Fund BCC to Allocate Reserve		830,000
Additional Unanticipated 2005/2006 Cash Forward from One-Cent		1,000,000
Additional Unanticipated 2005/2006 Cash Forward from General Fund		2,929,000
Line of Credit and/or other potential add'l unanticipated GF Cash Forward		558,000
		<hr/>
Total Available Sources		12,417,000

Future Interest Savings to the County:

Elimination of Future Bond Interest Costs**		3,291,000
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Legend

- * Actual amount is \$468,531, which is based on current market rates. Figure provided by Leslie Skipper, Wachovia VP of Governmental Units.
- ** Includes Remarketing, Rating & Paying Agent Fees
- ^ For the 2006/2007 fiscal year, interest accrues approximately \$50,000 per month.