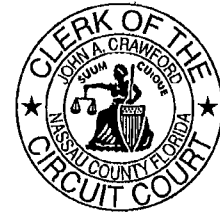




John A. Crawford
Clerk of the Circuit Court
Nassau County

March 8, 2007



The Honorable Jim B. Higginbotham, Chairman
Nassau County Board of County Commissioners
Post Office Box 1010
Fernandina Beach, FL 32035

Dear Chairman Higginbotham and Commissioners:

Based on the need for taxpayers to have financial predictability for the future cost of government, I am requesting that the Board of County Commissioners instruct the Board's staff to make recommendations to the Board for changing the Board's fiscal planning strategy and policies and amending all growth management regulations so as to result in Nassau County becoming a "fiscally sustainable community."

Overall, growth has not been proven to pay its own way. Growth management regulations must be amended to mandate that growth demonstrate itself to be at minimum fiscally neutral. Existing taxpayers should not be burdened with the additional costs of new growth. In fact, good growth management practices and policies would lead to new growth being required to demonstrate a substantial fiscal benefit to the community before that growth is allowed to occur. Every subdividing of land, every additional resident moving to Nassau County presently creates negative fiscal impacts on every other existing taxpayer because population growth by necessity accelerates the size and cost of government. Growth is not currently paying its own way. Unless better growth management techniques are applied along with a much higher level of fiscal planning for both future *operational* and *capital* costs of government our present standard for living in Nassau County will become a distant memory.

As you approach this growth planning challenge, the Board must embrace "fiscal planning" and sound business practices as a part of preparation for increased growth. The first step has to be the introduction of a realistic capital project plan that is tied by ordinance to identified and dedicated funding sources. Additionally, if

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identified dedicated funding sources are not attached to each project specified in the capital plan, those projects must be removed from the plan.

So much hope has been given incorrectly to impact fees as the fiscal solution to growth. But, impact fees, no matter how high the county sets them, only can be used for part of the capital costs facing the county as it grows and none of it can be applied toward increased operational expenses. Nassau County must develop new strategies for meeting the increased operational expenses of government associated with growth. The present model of looking to existing taxpayers to make up the operational and capital shortfalls in government funding that are related to growth is a failed model.

I am recommending that the Board of County Commissioners take several important steps to start the journey toward "fiscal sustainability:"

- 1) Payoff landfill as soon as possible with existing available cash, over time freeing up \$5 million annually in sales tax revenues that can then be dedicated to vital capital projects. (\$65 million over 13 years)
- 2) Following landfill payoff, immediately develop a funding plan for permanent landfill closure costs (\$9 million estimated). This can be accomplished in total by the end of the '07/'08 budget cycle.
- 3) Develop strategies to render the remaining \$15 to \$20 million in value from the landfill to go toward paying for permanent closure costs.
- 4) By ordinance, create the "Capital Project Accrual Account" (CPAA) and redirect all future Small County 1 cent Surtax revenues to the CPAA to grow year to year until it is adequate to fund identified capital projects in your capital project plan, ie, Sheriff's Administration building, roads, etc.
- 5) Adopt a written "pay-as-you-go" policy for funding capital plan projects, avoiding new debt creation. All building projects should be paid for in-full at the time they go into service. Require that any new

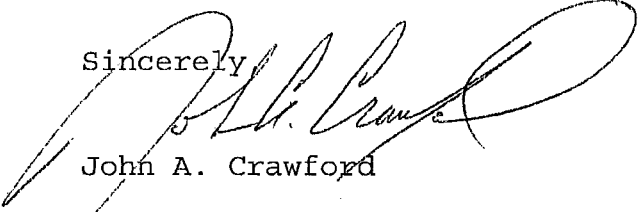
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long-term debt only be allowed by referendum of the voters.

- 6) Each budget cycle, actually specify a millage portion within the appropriate taxing funds, ie, General Fund and Transportation Fund which is dedicated to the Capital Project Accrual Account and only used to fund those identified capital plan projects.

There is no better time than today to start toward making Nassau County a "fiscally sustainable community." Please let me know how I can assist you in your endeavors to turn fiscal planning challenges into taxpayer opportunities.

Sincerely



John A. Crawford

Cc: County Commissioners
David Hallman, County Attorney
Walter Fufidio, Planning Director
Regional Council