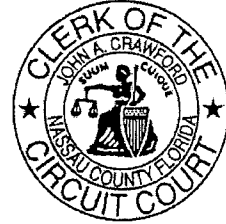




John A. Crawford  
Clerk of the Circuit Court  
Nassau County



June 5, 2006

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

Re: Financing of Sheriff's Department Administration Building

Dear Chairman Branan:

Thank you for your leadership in convening the many interested parties who desire to assist the Board of County Commissioners as you work to resolve the current facility crisis at the Sheriff's Department Administration Building. As you know, your budget department and Clerk Finance both are investigating various fiscal strategies to help you fund this project.

One measure of the County's borrowing ability is the "anti-dilution test" which must be performed by the Clerk's office when the Board is considering issuing debt. While that assessment appears to remain favorable, our closer analysis indicates that there is only approximately \$364,000 of non-ad valorem revenues currently available for any additional annual debt service that might be created. Under your present financial condition and considering the need to preserve your remaining non-ad valorem revenues for ongoing county operational purposes it is my view that any significant increase in long-term debt or debt service at this time must be avoided.

In view of the present financial condition of the county and the Board's stated intent to work to improve the county's financial condition, I am recommending that a *pay-as-you-go* finance strategy be employed to meet the completion of the several high priority facilities identified by the Board. If commissioners commit by vote now to set aside existing cash as well as the additional revenues needed as they become available in the new budget year, the completion of the Sheriff's Administration building including 911 emergency dispatch is within reach without incurring any additional ongoing debt. While the completion of a new county Emergency Operations Center (EOC) is also a stated high priority of the Board, fiscally speaking, it appears that it may be a more

prudent and realistic approach to seek other state and federal funding sources to help complete the funding required for that facility. Meanwhile, if the Board agrees that the EOC can be safely temporarily facilitated in existing structures, i.e., other facilities out of harm's way until funding needs can be met, it will allow us all to focus on successfully building and funding the other two critical facilities (Sheriff/911).

Based on the Board's 5/30/06 action establishing the Sheriff's Administration, 911 Dispatch and EOC as the top priorities of the 5-year capital projects plan currently being established, and considering the need to preserve existing cash flow and work toward improving the county's financial condition overall by avoiding increasing the present debt or debt service, I recommend that the Board consider taking the following actions:

- 1) By Board vote, freeze the expenditure of the remaining Cash Carried Forward funds from the 04/05 budget year (present value at approx. \$3,839,494) and dedicate those funds exclusively to the Sheriff's Admin/911 under one roof facility,
- 2) Agree to schedule only those expenditures required for the project during the remaining 05/06 budget year for which revenue is presently on hand,
- 3) Complete the disposal of the county properties currently owned at the beach, 14<sup>th</sup> Street, and the present Sheriff's Admin site on SR 200, assuring that adequate due diligence is performed prior to any sale to maximize the proceeds to the county from any sales,
- 4) Add the former Planning & Zoning property on S. 8<sup>th</sup> Street (Five Points) to the list of properties to be sold,
- 5) By Board vote, agree to dedicate adequate 06/07 small county surtax revenues to meet the remaining funding for the Sheriff Admin/911 construction
- 6) Evaluate existing debt service agreements for restructuring to provide any needed "bridge" loan for temporary funding of project costs.

Professional appraisals have been obtained over the past several years on the below listed properties which indicate the following estimated values:

A) <b><u>Oceanfront Property</u></b> , 75' frontage	\$ 396,000
Appraisal Dated 01/31/03	
B) <b><u>14<sup>th</sup> Street Annex</u></b>	\$ 530,000
Appraisal Dated 10/18/05, 22-23 Lots	
C) <b><u>2290 SR 200 Five Points</u></b>	\$ 290,000
Appraisal Dated 09/03/03	
D) <b><u>50 Bobby Moore Circle</u></b> , Current Sheriff Admin	<u>\$2,700,000</u>
Appraisal Dated 03/24/06, 14.69 acres	

Total <i>Initial</i> Estimate	<b>\$3,916,000</b>
Plus 04/05 Cash Carried Forward	<b><u>\$3,839,494</u></b>
Near-term Potential Revenue	<b><u>\$7,755,494</u></b>

PLEASE NOTE: Due to rapidly increasing property values in Nassau County and the age of the various appraisals, values could possibly be grossly understated.

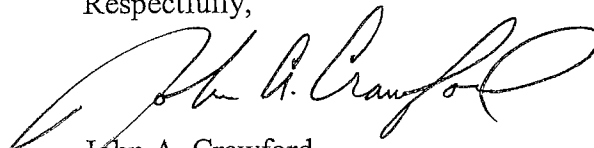
Current estimated cost of Sheriff's Admin/911

\$11,846,242

Assuming that the BOCC votes to freeze existing 04/05 Cash Carried Forward revenues now and only receives the minimum amounts appraised on the properties listed for possible sale herein, the shortfall for paying as-you-go is currently estimated at \$4,090,748. Again, the appraisals appear to represent "minimums" reasonably expected. It appears that remaining funding required could be realistically budgeted for the 06/07 budget cycle, primarily from one cent small county surtax. One final cautionary note about disposing of existing county-owned properties to help fund your capital projects: be sure that you will not need those particular properties for future county facilities. Due to the increasing values and scarcity of these properties, you will not likely be able to afford to purchase replacement properties in the future.

Please let me know how you wish to proceed and we will work diligently to assist you.

Respectfully,



John A. Crawford  
Ex Officio Clerk