

**LAKE COUNTY
BOARD OF COUNTY COMMISSIONERS**

**CAPITAL FACILITIES ADVISORY
COMMITTEE**

RECOMMENDATIONS

2013 through 2035



LAKE COUNTY
FLORIDA

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To: Chairwoman Jennifer Hill

Lake County Board of County Commissioners

From: Chairman Davis Talmage
Capital Facilities Advisory Committee

The Capital Facilities Advisory Committee respectfully submits the attached document with our formal recommendations in regards to Transportation Alternative Funding.

As you and the other commissioners are aware, in the fall of 2010, the Board of County Commissioners broadened the scope of the Lake County Impact Fee Committee to include all Capital Facilities for the county. The committee, retitled as the Capital Facilities Advisory Committee (CFAC), was tasked with an intense six month meeting schedule to address the issues surrounding Lake County's projected \$700 million funding request for transportation needs through 2035, and to create a list of recommendations for funding. The committee, comprised of 11 appointed citizens with diverse professional backgrounds, met twice a month for six months to absorb and study the information provided by county staff. The committee based its report on the assumptions that the valuation of the projected funding and transportation needs provided by staff are accurate.

The recommendations listed in the attached document were thoroughly dissected and vigorously discussed. While our committee members had differing opinions in some areas, our mission remained intact: to address the transportation funding needs of the county.

In 2008, the Transportation Alternative Funding Task Force (Task Force) conducted a similar study on the deficiencies in transportation funding for Lake County. CFAC utilized that report as a guideline for its study, and gave much credence to the work of the Task Force. While the economic environment is assuredly different now, the current CFAC came to many of the same conclusions as our predecessors: we can no longer rely on a singular funding source to meet our current and future transportation funding needs. This revelation was not shocking, so we quickly turned our attention to the work at hand: to identify funding solutions that are available and to prioritize them, as well as to create certain guidelines for their use and implementation.

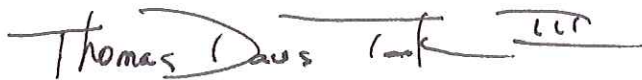
Please take special care to note, the CFAC recommendations have been established not as a comprehensive solution, but as a portfolio of funding options. Recommendation number one, regarding ad valorem, is the first critical implementation this committee strongly suggests be enacted.

The accompanying recommendations are listed in numerical order as to importance and implementation. Carefully note, even with implementation of the first five recommendations, the commission must consider the recommendations in number 6 in an attempt to meet the needs. Each recommendation is followed by either a benefit of our recommendation (+) or possible negative issue (-) surrounding our recommendation. Through our work with the county staff, we have created projected revenue amounts for each recommendation, thus, that projection is highlighted in each recommendation. Finally, each recommendation contains an action item illustrating the committees support or indifference to each item.

Concerning the recommendation to renew and reallocate the infrastructure sales tax (#3) our committee was adamant that this is not a statement or referendum on the School Board's needs.

For your consideration, we present now our recommendations and conclusions, accompanied by brief explanations. We hope you find our submissions relevant and valuable as you come together as a board to address these critical funding issues.

Respectfully Submitted,

A handwritten signature in black ink that reads "Thomas Davis" followed by a stylized flourish and the initials "LLR" in a small box.

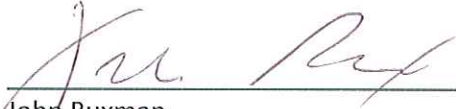
Davis Talmage, CFAC Chairman

Respectfully,

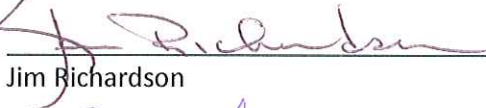
Lake County Capital Facilities Advisory Committee



Davis Talmage III, Chairman



John Buxman

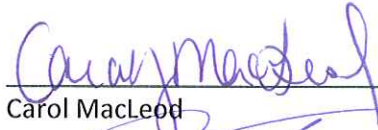


Jim Richardson

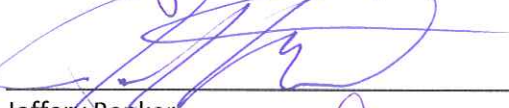


Linda Nagle

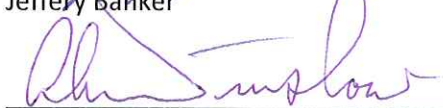
Lucille Espey-Francis



Carol MacLeod



Jeffery Banker



Alan Winslow



Nancy Lee Hurlbert



Ralph Smith



Bill Benham

RECOMMENDATIONS

The Capital Facilities Advisory Committee recommends the following for transportation needs in Lake County:

1. **AD VALOREM – Recommend ad valorem funding be utilized to maintain the Lake County road system without a millage increase; to initially start in 2013 at 2% of property values, increase 2% each year thereafter until at 8% in 2016, and remain at 8% level each year**

- + The first and foremost revenue recommendation by this Committee
- + The proposed funding estimate at 2011 values would be:
 - 2012/13 @ 2% of property taxes, approximately \$1.4 M,
 - 2013/14 @ 4% of property taxes, approximately \$2.7 M,
 - 2014/15 @ 6% of property taxes, approximately \$4 M,
 - 2015/16 @ 8% of property taxes, approx. \$5.4 M and to remain at 8% level thereafter
- + Revenue can be expended for maintenance and capital needs
- Other programs would be affected if ad valorem remains at same millage level

HISTORY: Ad valorem was a source of transportation funding before the gas taxes were received in 1984. The recommendation to use 8% of ad valorem revenue was included in option 2 of the 2008 Transportation Task Force report. Millage rate is set by Board of County Commission vote.

PROJECTION: The revenue generated during 2013-2035 using the BEBR low projection would be approximately \$126.4 million.

ACTION: Recommended unanimously by 8 - 0 Committee vote

2. **6¢ LOCAL OPTION GAS TAX – Renew each of the existing 2¢ - 2¢ - 2¢ revenue sources for an additional 30 year term using an adjusted distribution formula with the municipalities**

- + Lake County is in the process of re-structuring this funding source with the 14 municipalities between now and 2016 and adjusting the distribution formula annually based on road miles and population.
- + Gas tax is a user fee that is paid by those purchasing fuel sources
- + It is a current existing revenue source
- + Revenue can be expended for maintenance and capital needs
- Increase in fuel efficient vehicles will reduce the revenue

HISTORY: Adoption of each 2 cents occurred in 1984, 1985 and 1986 and each sunsets after 30 years. The renewal is recommended in a similar fashion: 2 cents in 2014, 2 cents in 2015 and 2 cents in 2016. This revenue has been predominantly used for maintenance. A super majority vote of the Board of County Commissioners can adopt this funding source.

PROJECTION: The estimated revenue from 2013-2035 using the re-structured distribution formula with the cities would be approximately \$111 million assuming a .5 – 1% increase annually.

ACTION: Recommended unanimously by 8 - 0 Committee vote

3. **INFRASTRUCTURE SALES TAX – Recommend a referendum to renew and re-allocate the current 1¢ sales tax for a period of 15 years and again for another 15 year term**

- a. Recommend the distribution of revenue is split 50% with municipalities
- b. Recommend half of both the County and City portion must be expended for transportation needs

- + Recommend referendum on ballot in 2016 for a 15 year term with revenue to begin in January 2018, and to renew for an additional 15 year term when that period sunsets
- +/- Change in distribution means the School Board will no longer receive revenue after renewal
- Revenue can only be expended for capital needs (items over \$1,000 with a five year life)

HISTORY: Infrastructure Sales Tax revenue was originally approved by voters in 1987 for a 15 year term and was used for landfill closures and to construct the jail. It was shared 50% with the cities. The 2003 renewal sunsets in 2017 and the revenue is split 1/3 with School Board, 1/3 with cities and 1/3 to Lake County with the principal issues for schools and transportation. Referendum vote required to adopt.

PROJECTION: The estimated revenue from 2013-2035 using the reallocation distribution formula and a 2% annual increase would be approximately \$182 million for transportation needs in Lake County.

ACTION: Recommended 7 – 1 by Committee vote

4. **5¢ LOCAL OPTION GAS TAX – Recommend a referendum in 2012 to collect this additional fuel tax in January 2014 for a 30 year term**

- + Gas tax is a user fee that is paid by those purchasing fuel sources
- +/- Levied on motor fuel, but not on diesel fuel
- This revenue must be expended for capital needs only

HISTORY: This tax has been available since 1993 through legislation and requires a super majority vote by the Board of County Commissioners to adopt or by a referendum.

PROJECTION: The estimated revenue from 2014-2035 would be \$73 million for Lake County, using the BEBR low projection.

ACTION: Recommended 7 – 1 by Committee vote

5. **ROAD IMPACT FEES – Reinststate transportation impact fees at a discounted rate and adopt other funding sources to further offset the fee charge**

- a. Adopt the June 2010 Duncan Associates report which provides a greater discount and savings for commercial and industrial properties
- b. Adopt other funding sources for capital construction to validate the discounted impact fee rate
- c. Utilize the county unemployment rate to further discount impact fees

- + Establishes partnering relationship with developers
- + Competitive with other counties

+/- The adopted impact fees should be discounted based on the current economic conditions of Lake County. The unemployment rate should be used as a measure in discounting the adopted Transportation Impact Fee rates. Fee collections could be applied in the following manner:

Unemployment at 4% or below = 100% of adopted fee

Unemployment at 5% = 80% of adopted fee

Unemployment at 6% = 60% of adopted fee

Unemployment at 7% = 40% of adopted fee

Unemployment at 8% = 20% of adopted fee

Unemployment at 9% or greater = 0 of adopted fee

- Must expend for capacity enhancement capital needs only
- May prevent some growth

HISTORY: Road impact fees were first utilized in 1985 in Lake County and have been re-evaluated 9 times since then. They were suspended March 2010 for one year and again in 2011 for an additional year until March 2012. The Board of County Commissioners adopts the impact fee.

PROJECTION: The estimated revenue from 2013-2035 using the Duncan report distribution formula would be approximately \$35 million for Lake County using the BEBR moderate projection each year and the unemployment rate is higher than 4% and assuming that other funding sources (other options) are adopted to offset the impact fee.

ACTION: Recommendation for Impact Fees was 4 – 3 vote by the Committee
Recommendation to include unemployment rate was 7 - 1 by Committee vote

6. **Recommend evaluate and consider other possible transportation revenue sources, including but not limited to these:**

A **Doc Stamps** - Make request to Legislative Delegation to enact a fee as part of doc stamps fee collection in lieu of impact fees. Each real estate transaction would provide a revenue stream. Every time a property is transferred the fee would be collected.

B **Tire surcharge** – Collection of a surcharge on tire purchases should be considered. This would be collected on electric cars also.

C **Mobility fees** – Fees are based on location. A discount may be given when a location is closer to essential services. This fee would be in lieu of impact fees. Please review Pasco County fees for additional information on how this fee might be implemented.

D **MSTU** – Consider the re-allocation of this revenue source for transportation.

E **MSBU** – Establish a Benefit Unit wherever they can be utilized.

F **Privatization** – Consider privatization of some of the Public Works functions.

G **Long-term Financing** – Specific road projects financed with long-term financing

COPY OF RESOLUTION