LAKE COUNTY
CAPITAL FACILITIES ADVISORY COMMITTEE MEETING

Thursday, August 18, 2011
9:30 AM

Lake County Public Works
Large Conference Room
437 Ardice Avenue
Eustis, FL 32726

AGENDA

I. CALL TO ORDER

II. MINUTE APPROVAL

- August 8, 2011

III. OLD BUSINESS

IV. NEW BUSINESS

- Recommendation Discussion
- September Meeting Schedule

V. ADJOURNMENT

Lake County Capital Facilities Advisory Committee
Report to the Lake County Board of County Commissioners
Transportation Funding
October 2011

Background

Acknowledgement of the Lake County Alternative Funding Task Force effort that culminated in December 2008.

Lake County Impact Fee Advisory Committee reconstituted as the Capital Facilities Advisory Committee with an emphasized focus on transportation funding; a six-month process was requested by the BCC.

The CFAC began reviewing issues connected to transportation funding and spending.

The TAFTF Report was utilized as a basis for the work of the CFAC, along with updated information on current conditions, including the Duncan Associates transportation impact fee study and the cost-feasible plan of the Lake~Sumter MPO, *Transportation 2035*.

Observations

Acknowledgement of dependency on transportation impact fees to provide virtually all revenues for road capacity.

Need for diversification of revenues to reduce the dependency on an impact fee funding source that is unpredictable due to being tied to development approvals.

Diversification could result in an equitable and balanced funding policy that requires new development to mitigate impacts while also dispersing responsibility among residents, landowners, visitors - all beneficiaries of the transportation system.

Understanding the dependency on impact fees, fuel taxes are one of the more user-based approaches, however, ad valorem taxes and the capital sales tax are two funding options that have the greatest revenue potential.

Many taxpayers incorrectly assume that property taxes aid in funding Lake County's road program.

Lake County faces deficits in revenues to cover capacity and maintenance needs, with capacity needs approximately $20 million per year growing through the next generation to $30 million annually and maintenance needs at $15 million per year growing to $20 million annually.

Recommendations for Short-term Action

Any changes to funding policy should be preceded by an audit of Lake County Public Works to examine departmental efficiency and to determine if road projects are being produced as cost-effectively as feasible.

Lake County should have a moderate transportation impact fee, which requires a removal of the current suspension and adoption of a new ordinance. The current impact fee amount should

not be increased at this time (approximately $2500 per home), however a phasing plan tied to construction costs could be incorporated into action to reinstate.

While addressing the impact fee, the timing would be most appropriate to package the issue of the need for diversification of funding by also adopting through a supermajority vote the five-cent-per-gallon Second Local Option Gas Tax. It is not anticipated that adoption of the additional five cents will necessarily result in an actual increase in gas prices within Lake County due to market realities among competing retailers.

Recommendations for Mid-Term Action

Understanding that six cents of fuel taxes in effect since the 1980s will sunset without BCC action, the renewal of these three taxes is supported in order to continue to fund the operations of Lake County Public Works. The renewals must occur in 2013, 2014 and 2015, with each BCC action renewing two-cents of fuel tax in each of the three years.

During this mid-term period through 2015, the Lake County should continue diversification of transportation revenues by utilizing ad valorem revenues through property taxes. This is a far more stable revenue source and the funding levels have the potential to substantially address funding deficits.

An ad valorem approach could be accomplished by BCC action or through a voter referendum. One approach could be a countywide Municipal Services Taxation Unit (MSTU) in partnership with the 14 municipalities of Lake County.

Another ad valorem approach is for the BCC to earmark a portion of the General Fund to dedicate by policy to transportation. A phased, incremental approach of designating a percentage of General Fund revenues could be implemented as property values stabilize and begin to ascend. Eight percent (8%) has been established as a reasonable target percentage of the General Fund.

Recommendation for Long-Term Action

With the 2017 sunset of the capital sales tax totaling one cent, discussion should begin now on the proposed allocation of a renewed penny. Renewal of the sales tax will require voter approval through referendum. The current allocation should be reconsidered in order to more effectively address funding needs throughout Lake County, including within municipalities. With the current tax distributed among the cities, the county government and the school district, the revenue source is so dispersed among multiple entities its effectiveness is diluted.

The sales tax could be proposed to voters as a transportation solution that would be dedicated solely to that purpose. However, Lake County and the 14 municipalities currently utilize the sales tax for other capital projects such as buildings, parks and other public facilities.

A 50-50 split of the sales tax between the BCC and the 14 municipalities could lead to a matching funds program to cover regional transportation needs within cities and towns.

An long-term effort should begin now to better strengthen the process between Lake County and its municipalities. Municipalities should take a greater leadership role in advancing transportation projects within cities and towns.

LAKE COUNTY ALTERNATIVE FUNDING TASK FORCE – ALTERNATIVE FUNDING SOURCES - POTENTIAL REVENUE GENERATION MATRIX

<table>
<tr><th>OPTION/ SOURCE</th><th>RECOMMENDED PURPOSE</th><th>POTENTIAL REVENUE GENERATION</th><th>ASSUMPTIONS</th><th>NOTES</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>1. Cost Cutting

Current Roadway Maintenance and Capacity</td><td>Enhanced Efficiency</td><td><table><tr><th>TIME PERIOD</th><th>SAVINGS</th></tr><tr><td>2014 - 2015</td><td>$130,000</td></tr><tr><td>2016 - 2020</td><td>$543,000</td></tr><tr><td>2021 - 2025</td><td>$1,216,000</td></tr><tr><td>2026 - 2030</td><td>$1,377,000</td></tr><tr><td>2031 - 2035</td><td>$2,050,000</td></tr></table></td><td>2% saved on every project in Cost Feasible Plan</td><td>Not a revenue generator
Savings vary greatly among projects making it difficult to estimate
Cost estimating has become much more accurate within the last 5 years</td></tr>
<tr><td>2. General Fund

Ad Valorem Property Tax</td><td>Maintenance</td><td><table><tr><th>TIME PERIOD</th><th>REVENUE GENERATED</th></tr><tr><td>2014 - 2015</td><td>$13,717,776</td></tr><tr><td>2016 - 2020</td><td>$36,588,941</td></tr><tr><td>2021 - 2025</td><td>$40,397,147</td></tr><tr><td>2026 - 2030</td><td>$45,948,549</td></tr><tr><td>2031 - 2035</td><td>$53,266,962</td></tr></table></td><td>A certain percentage of dedicated General Fund for roadway maintenance
• 2% in Year 1
• 4% in Year 2
• 6% in Year 3
• 8% in Year 4 and remaining at 8%</td><td></td></tr>
<tr><td>3. Municipal Role

Municipal Ad Valorem, Fuel Taxes, Sales Taxes</td><td>Maintenance and Capacity</td><td><table><tr><th>TIME PERIOD</th><th>REVENUE GENERATED</th></tr><tr><td>2014 - 2015</td><td>$4,286,805</td></tr><tr><td>2016 - 2020</td><td>$11,434,044</td></tr><tr><td>2021 - 2025</td><td>$12,624,109</td></tr><tr><td>2026 - 2030</td><td>$14,358,923</td></tr><tr><td>2031 - 2035</td><td>$16,645,926</td></tr></table></td><td>Municipalities would participate with the County as funding partners for new projects, County could consider imposing disincentives to municipalities that annex areas without assuming roadway maintenance responsibility</td><td>Specific guidance on how the municipalities share should be calculated, but the result was anticipated to be similar to Recommendations 4A and 4B</td></tr>
<tr><td>4A. Ad Valorem

Countywide Ad Valorem Tax</td><td>Capacity</td><td><table><tr><th>TIME PERIOD</th><th>REVENUE GENERATED</th></tr><tr><td>2014 - 2015</td><td>$4,286,805</td></tr><tr><td>2016 - 2020</td><td>$11,434,044</td></tr><tr><td>2021 - 2025</td><td>$12,624,109</td></tr><tr><td>2026 - 2030</td><td>$14,358,923</td></tr><tr><td>2031 - 2035</td><td>$16,645,926</td></tr></table></td><td>County-wide Ad Valorem property tax dedicated to transportation
Rate not specified, however 0.25 mill had previously been dedicated by the County in the mid-1980s and used in this calculation</td><td></td></tr>
<tr><td>4B. Commercial Ad Valorem Growth

Countywide Ad Valorem Commercial Property Tax</td><td>Capacity</td><td><table><tr><th>TIME PERIOD</th><th>TAXABLE VALUE OF NEW COMMERCIAL CONSTRUCTION</th><th>DEDICATED TO TRANSPORTATION CAPACITY</th></tr><tr><td>2014 - 2015</td><td>$137,988,000</td><td>$961,000</td></tr><tr><td>2016 - 2020</td><td>$368,051,000</td><td>$7,316,000</td></tr><tr><td>2021 - 2025</td><td>$406,358,000</td><td>$9,087,000</td></tr><tr><td>2026 - 2030</td><td>$462,200,000</td><td>$10,177,000</td></tr><tr><td>2031 - 2035</td><td>$535,817,000</td><td>$11,756,000</td></tr><tr><td>Total 2014-2035</td><td>$1,910,414,000</td><td>$39,297,000</td></tr></table>Source: Lake County Property Appraiser for Historical New Commercial Annual Taxable Values.</td><td>Utilize new property taxes from commercial development for a period of five years
Revenues are allocated to transportation beginning in year 2014 using existing millage rate of 4.6511 assumed to remain constant thru 2035.</td><td></td></tr>
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5A. Countywide MSTU

Ad Valorem Property Tax

Capacity

TIME PERIOD	1/4 - mill	1/2 - mill	3/4 - mill	1 - mill
2014 - 2015	$7,570,000	$17,270,000	$26,980,000	$36,680,000
2016 - 2020	$20,200,000	$46,070,000	$71,950,000	$97,830,000
2021 - 2025	$22,300,000	$50,870,000	$79,440,000	$108,010,000
2026 - 2030	$25,360,000	$57,860,000	$90,360,000	$122,850,000
2031 - 2035	$29,400,000	$67,070,000	$104,750,000	$142,420,000
Total	$104,830,000	$239,140,000	$373,480,000	$507,790,000

Revenues generated from additional municipal services taxation units (MSTU) based on ¼, ½, ¾, and 1 additional mill

6. Impact Fees

New Construction Starts or Expansions

Capacity

TIME PERIOD	REVENUE GENERATED
2014 - 2015	$9,970,000
2016 - 2020	$36,900,000
2021 - 2025	$48,080,000
2026 - 2030	$62,010,000
2031 - 2035	$90,430,000
Total	$247,390,000

Adopted impact fees remain in place through 2035
Revenues are based on population projections consistent with BEBR medium

7. Fuel Taxes

Gas and Diesel Fuel Sales

Maintenance

TIME PERIOD	LAKE COUNTY	CLERMONT	EUSTIS	LADY LAKE	LEESBURG	MINNEOLA	MT. DORA	TAVARES	TOTAL
2014-15	$5,696,514	$311,926	$586,998	$142,900	$671,060	$52,548	$355,806	$307,574	$8,125,326
2016-20	$14,241,285	$779,815	$1,467,495	$357,250	$1,677,650	$131,370	$889,515	$768,935	$20,313,315
2021-25	$14,241,285	$779,815	$1,467,495	$357,250	$1,677,650	$131,370	$889,515	$768,935	$20,313,315
2026-30	$14,241,285	$779,815	$1,467,495	$357,250	$1,677,650	$131,370	$889,515	$768,935	$20,313,315
2031-35	$14,241,285	$779,815	$1,467,495	$357,250	$1,677,650	$131,370	$889,515	$768,935	$20,313,315
Total	**$62,661,654**	**$3,431,186**	**$6,456,978**	**$1,571,900**	**$7,381,660**	**$578,028**	**$3,913,866**	**$3,383,314**	**$89,378,586**

Estimates the revenues to both Lake County BCC and municipalities in Lake County resulting from adoption of the 5 pennies of the second local option gas tax

Can be adopted by supermajority of BCC (4 out of 5)
Can also go to referendum

8. Public-Private Partnerships

Private Funds or Part of Development Projects

Capacity

TIME PERIOD	REVENUE GENERATED
2014 - 2015	$2,800,000
2016 - 2020	$8,300,000
2021 - 2025	$14,900,000
2026 - 2030	$81,500,000
2031 - 2035	$0
Total	$107,500,000

Developer contributions assumed for Cost Feasible projects by YOE

Public Private Partnerships – revenues varies from project to project

9. Other Funding Sources

User fees, tolls, MSBUs and special districts

Capacity and Maintenance

Revenues vary from project to project

MSBU may be appropriate in certain areas (Minneola)
Possible toll road in South Lake

10. Sales Tax

Sales receipts of Goods and Services

Capacity

TIME PERIOD	REVENUE GENERATED
2014 - 2015	$0
2016 - 2020	$97,981,332
2021 - 2025	$177,003,544
2026 - 2030	$198,224,978
2031 - 2035	$227,513,891

Assumes entire penny of sales tax for road capacity upon reauthorization effective Jan. 1, 2018

Could be taken to voters with a reconfigured distribution (50-50 county-municipalities)