LAKE COUNTY IMPACT FEE COMMITTEE
February 18, 2010

The Lake County Impact Fee Committee met on Thursday, February 18, 2010 in Training Room "A" at the Lake County Agricultural Center at 1951 Woodlea Rd. Tavares, Florida. Ordinance 1996-31, effective April 19, 1996, created this Committee to review impact fees adopted by the Board of County Commissioners, evaluate the expenditure of funds collected via impact fees, and make recommendations to the Board of County Commissioners.

Ordinance 2004-26, enacted April 6, 2004, effective April 13, 2004, changed the name of the Impact Fee Evaluation and Review Committee to the Lake County Impact Fee Committee. A current commissioner of the Lake County Board of County Commissioners shall serve as liaison in a nonvoting position and shall not be considered a member.

County Commission Liaison
Commissioner Jennifer Hill

Members Present:
Bill Benham, Agricultural Industry Representative
Bill Calhoun, Citizen at Large
Robert Foley, Lake County Conservation Council
Richard Giacobe, Citizen at Large
Nancy Hurlbert, Citizen at Large, Chairman
Karen Leheup-Smith, Lake County League of Cities
Carol MacLeod, Lake County Schools
Linda Nagle, Home Builders Association of Lake County
Ray San Fratello, Chamber of Commerce

Members Not Present:
James Argento, Citizen at Large
Peter Glenn, Banking and Finance

Staff Present:
Angi Thompson, Development Processing Manager
Ed O'Malley, Program Specialist
Melanie Marsh. Interim County Attorney
Dottie Keedy, Executive Director Economic Growth and Redevelopment
T. J. Fish, Executive Director MPO

Guest:

Susanne Guerkle (spelling?), Clermont Radiology
Jim Miller, Commercial Real Estate Broker

Chair Hurlbert called the meeting to order at 9:30 a.m. and noted that some changes in the agenda were in order and asked Ms. Thompson to apprise the committee of these changes. Ms. Thompson indicated that under "Old Business" we would be adding a discussion regarding a deferral for the Glen at Cagan Crossing. Carol Macleod requested that this item be added to the agenda. Chairman Hurlbert asked for self introductions of all individuals at the meeting. Linda Nagle asked that we add an additional item to the agenda under "Old Business". She requested an update on the status of the impact fee studies currently underway. Chair Hurlbert then noted that the meeting had been duly advertised and requested a motion to approve the January 21, 2010 Lake County Impact Fee Committee meeting minutes.

MOTION by Ray San Fratello, SECONDED by Carol MacLeod to approve the January 21, 2010 Lake County Impact Fee Committee minutes.

FOR: **Benham, Calhoun, Giacobe, Foley, Hurlbert, Leheup-Smith, MacLeod, Nagle, San Fratello**

AGAINST: **None**

NOT PRESENT: **Argento, Glenn**

MOTION CARRIED: **9 – 0**

Old Business:

Discussion of the Glen at Cagan Crossing impact fee deferral:

Ms. Hurlbert turned the floor over to Ms. Carol Macleod. Ms Macleod indicated that she had a statement that she wished to have read into the minutes of the impact fee committee relative to a deferral of all impact fees approved by the Board of County Commissioners (BCC). Ms. MacLeod then read this statement into the record. A copy of this statement is attached as a part of the permanent record of this meeting.

Ms. Thompson provided a current update on the status of this deferral. She indicated that the County Manager's office was planning a meeting with all concerned parties. Melanie Marsh indicated that she did not have any further information at this time.

Mr. Calhoun questioned why this particular deferral had not come through this committee. Ms. Thompson indicated that it was a BCC decision to do it this way. Mr. Calhoun stated that he wanted it on the record that he very much protested the BCC making unilateral decisions such as this. Ms. Hurlbert requested that staff and the County Attorney's office prepare an update on this item for the committee to hear at the next regularly scheduled meeting in April.

Update on the Impact Fee Study being completed by Duncan Associates:

Ms. Thompson indicated that the consultant has informed her that they are preparing a draft report of the study for staff review and comment and that they hoped to have this review available for staff in mid-March. Once staff comments are incorporated into the draft, the consultant will prepare a public review draft which will be shared with this committee and all other committees awaiting results of the study. Ms. Thompson stated that a date certain for this is not yet available but she feels the next regularly scheduled meeting in April will more than likely fall in line with the consultant releasing the draft report. Ms. Thompson further stated that should a special meeting of the committee be required she would set it up and notify the members as required.

Ms. Nagle asked if the methodologies and assumptions being used in the study had been made and, if so, when would the committee have an opportunity to review these assumptions. Ms. Thompson indicated that the consultant was provided an outline of the study requirements by the committee and they were in the process of preparing the study for us. Ms. Nagle indicated that she was bringing this up because in the prior transportation impact fee study hearings a question was raised about the methodology used in the study and the answer had been that it was too late to question the methodology. Ms. Thompson indicated that she wasn't fully able to answer Ms. Nagle's question. She stated that this consultant was charged with simplifying the number of categories used for commercial impact fees and they would be considering the recommendations of this committee with respect to information provided by the Transportation Alternative Funding Taskforce (TAFT). Ms. Nagle then made a formal request that these assumptions be made available to the committee as soon as possible.

Ms. Hurlbert then recognized Mr. Calhoun who had indicated he had a question. Mr. Calhoun then asked Commissioner Hill if she had any recollection of the deferral which had been given to the Glenn at Cagan Crossing. Commissioner Hill indicted that to her understanding deferrals were a prerogative of the BCC based on a recommendation from the County Manager. Commissioner Hill's response was supported by Mr. Foley and Ms. MacLeod. Ms. Nagle asked if a process was in place to notify the School Board of these deferrals. It was mentioned

this was the first time a deferral like this had taken place and no process was in place. Mr. Foley expressed his understanding of the School Board's dismay as they had budgeted based on collection of these fees and that the school serving this area of the county is now over capacity. Ms. MacLeod indicated a building addition was in the Master Plan but was not done due to budget reasons. Ms. Hurlbert added that she felt any deferral of this size should have been brought to the attention of all departments whose budgets where affected by the deferral and she felt the committee would have further to say on this at the next meeting when an update was provided.

Some discussion followed relative to whether or not a School Board member attends BCC meetings on a regular basis. Ms. Hurlbert pointed out that BCC agendas are published in advance and are fairly detailed. She pointed out that School Board members can attend these meetings. She further stated that she felt we should await an update at the next meeting before having any further discussion today.

New Business:

Discussion of 3/2/10 BCC meeting agenda item (requires action)

- potential road impact fee suspension ordinance and
- possible waiver of road impact fees (to be paid by incentive funds)

Ms. Hurlbert introduced the discussion and Ms. Thompson provided a further clarification of the agenda item. Ms Thompson then read into the record a statement which she had received from Peter Glenn, a committee member, who knew he would be unable to attend, but still wanted to express his feelings relative to a suspension of transportation impact fees.

Mr. Calhoun indicated that the number of foreclosed homes and business vacancies he found in a Google search leads him to believe that developers should be looking into using vacant buildings rather than building any new homes or buildings. He stated that they would not need any suspension of impact fees if this were being done. Ms. Hurlbert added that she was wondering why we aren't considering all the impact fee categories instead of just the transportation impact fees. Ms. Thompson indicated she felt she could answer this. The BCC was really interested in incentivizing commercial construction and the largest part of the commercial impact fees is the transportation piece. It was further added that any suspension of the collection of an impact fee would have to extend to all permits where that fee was collected i.e., commercial and residential permits.

Mr. Foley asked if staff had done any analysis of how much money would be involved in a suspension. Ms. Thompson indicated an analysis has been completed including a projection of fees which might be lost due to a suspension based on past and more recent collections. She further indicated that conversations with the Public Works Department had led to statement by them that the transportation program will be put on hold. Some discussion of current and planned Public Works projects was then held. Mr. Foley asked if the BCC had any specific goal in mind in terms of new projects which might result from the suspension. Commissioner Hill indicated the BCC is looking for any and all ways that they may be able to help grow the county's economy.

Ms. Nagle then stated she felt the BCC was looking to create jobs due to the very high unemployment rate in the county. She further indicated that in her opinion impact fees were a high impediment to small business and to start-up companies. She posed the question of what the tangible aspects of a suspension would be. She felt the impacts would be on commercial projects and be almost immaterial with respect to residential construction. She explained that the committee shouldn't be concerned that a suspension would lead to more unneeded residential construction. She believes residential construction which would come about strictly due to this suspension would be negligible. Ms. Nagle further talked about the ripple effects of new construction, including sales taxes on construction material, increased property values as vacant subdivision lots are built out, an increased sense of security in the community, an increase in permitting fees, an increase in local property tax, etc. She further stated that any raise in the employment numbers would save the county money now being spent for social services. She also specified intangible benefits to increasing the number of jobs in the county including things like dignity and the effect on children.

Commissioner Hill verified that the BCC was looking to lower the unemployment rate and it was not targeted to any one or more identified commercial projects.

Mr. Foley indicated that he didn't believe a suspension would automatically lead to a large number of projects coming on line. He would like to see some projections of what a suspension might drive. The discussion then turned toward the waiver of commercial impact fees and payment of these fees out of the county's economic incentive funds. Ms. Keedy explained the purpose of the economic incentive funds and the ordinance which put these funds in place.

Mr. San Fratello expressed an opinion that mirrored Ms. Nagle's. His concern is that the economy will be worse over time and the BCC needs to do as much as possible to create jobs. The projections for transportation impact fees over the next 9 to 12 months is in the order of two million dollars ($2,000,000.00) based on the current number of permits being processed and extrapolated out over this time frame. Mr. San Fratello basically expressed the opinion that this amount of money was a drop in the bucket in so far as requirements to fund Lake County roads and that it would be worth the risk of losing this money by suspending the transportation impact fee on the hope that this suspension would generate jobs in the County. He further stated that he doesn't believe that the funds in the economic development budget should be used to supplant transportation impact fees through a waiver program. He believes these fees are targeted at specific categories of business and are required in today's environment to negotiate the relocation of business to the County.

Mr. Calhoun expressed an opinion that the talk about jobs has been overblown. He stated that he didn't believe the creation of jobs, while important, should be the basis for making decisions which would then affect the condition of roads in the County. Mr. Calhoun feels the suspension of road impact fees was not an acceptable alternative. Various committee members then got into the merits of Mr. Calhoun's position. Positions included doing everything possible to alleviate the bleak unemployment numbers. Ms. Leheup-Smith offered that the suspension of impact fees in the past in other areas had not led to any increase in businesses and would, alternatively, increase the problems we have with the infrastructure in the County. This led to a discussion once again of how to fund infrastructure improvements.

Ms. Hurlbert asked Mr. T. J. Fish to address the committee with his thoughts on the needs of county roads versus the suspension of transportation impact fees. Mr. Fish stated he was not in a position to tell committee members what they should do. He hoped that they would keep in mind the recommendations of the TAFT and that ultimately these recommendations are the answer to the county's infrastructure needs. He stated that he understood the BCC's position with respect to creating jobs within the county and further stated that the amount of transportation impact fee money at risk with the implementation of a suspension ordinance was not all that much. At today's costs, he indicated, a suspension which resulted in the loss of two to three million dollars was only enough money to complete a mile or two of road work. He further stated this is an insignificant portion of the county's overall needs and that the county relies too much on impact fees. Mr. Fish expressed his desire to see a long term fix of the infrastructure come out of this situation. He conceded a suspension would have a short term detrimental impact on the road program while at the same time would give the BCC an opportunity to move forward in an attempt to address unemployment. He ended by saying the Commissioners could use the Impact Fee Committee's support.

Ms. Hurlbert then asked Ms. Keedy to address the committee on the availability and use of economic incentive funds. Ms. Keedy provided some background on the goals of her department and how her department works with respect to bringing employer's to Lake County. She stated that not having economic incentive funds available would take Lake County out of the running for Enterprise Florida type businesses. Finally, she wanted the committee to understand that once depleted these funds would be gone as they are not recurring funds. If used to cover the costs of a waiver program, the funds would be gone. Discussion followed as to the types of targeted industry these funds are aimed at as well as the criteria the business must meet in terms of jobs and wages.

Mr. Jim Miller, a guest at the meeting, then commented on the growth at the Villages in and with recent suspension of transportation impact fees in Marion County puts Lake County at a disadvantage. He felt that the commercial impact fees are a significant part of start-up fees for a business. Lastly, he wanted the committee to take into consideration that on the off chance this suspension created a large number of applications and it became clear the county would lose out a large amount of fees that maybe this wouldn't be such a bad thing if it led to large scale job production.

Susanne, another guest at the meeting, expressed her belief that a suspension of transportation impact fees would allow Clermont Radiology to put that money back into their business thereby providing better service to the

community and the potential for additional jobs at the Center. She went on to discuss the benefits of a community centered business versus a hospital. Impact fees for a business such as Clermont Radiology would be approximately $40,302.00 in road impact fees.

Ms. MacLeod expressed her concern for the temporary nature of the suspension currently being discussed to end, if implemented, on 12/31/2010. She believes that it will foster concern about impact fee methodology and she does not see it helping and no real means to measure benefits over so short a period of time. This discussion of length of the suspension period led committee members to suggest that perhaps the period should be a minimum of one year from the effective date, at a minimum. Mr. San Fratello stated from experience he would never want to be a position of fighting decline as he once had to do in another state. He would rather extend the suspension period, take a chance on the loss of some additional amount of road impact fees, and be in a position to manage growth as the alternative. Mr. Calhoun brought up the possibility of a payment plan as an alternative. A question of the legality of a commercial payment plan was briefly discussed. Mr. Calhoun stated that if the suspension was approved businesses would potentially be taking advantage of the county in two ways: one by way of economic incentive funds and secondly by way of a suspension of transportation impact fees.

Ms. Hurlbert wanted to add that she agrees with Mr. Glenn's stated position. In moving about the County Ms. Hurlbert stated, she sees all the vacant buildings and believes the job problem is unemployment from jobs they used to have and she would like to see the county find a way to incentivize existing business to hire or rehire these unemployed individuals. She is opposed to a suspension of transportation impact fees. This led to a discussion of whether impact fees applied to a business in an existing building. It was reiterated for the committee that a change of use could and generally did result in new transportation impact fees. Lastly, Ms. Hurlbert added that a Brookings Institution study she had consulted stated that impact fees do not slow job growth and further that impact fees sustain job growth in the economy.

Ms. Hurlbert called for a motion which met the BCC's request.

Various motions were discussed and withdrawn as either being out of order or supplanted by the adopted motion.

MOTION by Linda Nagle, SECONDED by Ray San Fratello to extend the expiration of the suspension ordinance to a period of one year from its effective date.

FOR: **Benham, Giacobe, Foley, Nagle, San Fratello**

AGAINST: **Calhoun, Hurlbert, Leheup-Smith, MacLeod,**

NOT PRESENT: **Argento, Glenn**

MOTION CARRIED: **5 – 4**

MOTION by Ray San Fratello, SECONDED by Richard Foley to adopt the ordinance for a period of one year from its effective date.

FOR: **Benham, Foley, Nagle, San Fratello**

AGAINST: **Calhoun, Giacobe, Hurlbert, Leheup-Smith, MacLeod,**

NOT PRESENT: **Argento, Glenn**

MOTION FAILED: **5 - 4**

MOTION by Karen Leheup-Smith, SECONDED by Ray San Fratello to not use the economic incentive funds to offset transportation impact fees waived.

FOR: **Benham, Calhoun, Giacobe, Foley, Hurlbert, Leheup-Smith, MacLeod, Nagle, San Fratello**

AGAINST: **None**

NOT PRESENT: **Argento, Glenn**

MOTION CARRIED: **9 – 0**

MOTION by Linda Nagle, SECONDED by Ray San Fratello to adopt the ordinance as originally written with an expiration of December 31, 2010.

FOR: **Benham, Foley, Nagle, San Fratello**

AGAINST: **Calhoun, Giacobe, Hurlbert, Leheup-Smith, MacLeod,**

NOT PRESENT: **Argento, Glenn**

MOTION FAILED: **5 - 4**

It was confirmed on a question from Ray San Fratello that the BCC was not obligated to accept the committee's votes on these motions and that they would be aware of the split nature of the vote. It was further confirmed that the committee's vote was a recommendation to the BCC. It was further reinforced that the BCC needed to address the alternative means of funding roads in the County as outlined in the report from the Transportation Alternative Funding Task Force.

Ms. Hurlbert asked that members try their utmost to be available for upcoming meetings due to their importance.

Ms. Hurlbert entertained a motion to adjourn which was seconded at 11:17 AM.

Respectfully submitted,

Ed O'Malley	Nancy Hurlbert
Program Specialist	Chairman