LAKE COUNTY

IMPACT FEE / CAPITAL FACILITIES ADVISORY COMMITTEE

August 18, 2011

County Commission Liaison: Commissioner Sean Parks, District 2

Members Present:
Davis Talmage, Banking and Finance
Bill Benham, Agricultural Industry Representative
Linda Nagle, Home Builders Association of Lake County
Carol MacLeod, Lake County Schools
Nancy Hurlbert, Citizen At Large
John Buxman, Chamber of Commerce
Jim Richardson, League of Cities
Jeffrey Banker, Citizen at Large
Alan Winslow, Citizen at Large
Lucille Espey-Francis, Environmental Community
Ralph Smith, Citizen At Large

Staff Present:
Melanie, Assistant County Attorney
Steve Koontz, Budget Director
T.J. Fish, Executive Director, Lake-Sumter MPO
Amye King, Growth Management Director
Paul Simmons, Planner
Phyllis Hegg, Assistant to Jim Stivender

Citizen Present: Vance Jochim

Media Present*:* Livi Stanford, Daily Sun

Meeting called to order by Chairman Talmage at 9:35 a.m.

Ms. Espey-Francis noted a change that needed to be made to the last page of the minutes of July 21, 2011, it states "review" sales tax and it should read "renew" sales tax.

Motion to approve minutes with changes made by Nancy Hurlbert and Seconded by Jim Richardson – motion approved unanimously.

Old Business: None

New Business:

Commissioner Parks thanked Committee members for giving of their time to serve on the Committee. He also mentioned an upcoming audit of the Public Works Department (two phases – benchmarking and efficiency and operational).

DRAFT

The discussion from the last meeting continued.

Mr. Winslow said he had been looking for a matrix with the needs and laid over with what our revenue was. We spent two hours last meeting struggling to get the revenue, now we have it confirmed. We still don't have anything on the needs. It is hard to put together our revenue needs if we don't know what our requirements are.

Jim Stivender advised that our presentation on our cash flow and our projected needs were given to the Committee several meetings ago.

Mr. Winslow stated that what the Committee wanted to see was everything on one page so that they could have a working sheet to work with. At the last meeting they tried to put together what was needed for the next twenty years, and he thought staff would have that laid out over what the staff thought the revenue would be for the next twenty years. The information given so far only gives the expenditures through 2012, and they need the information through 2035. The Committee needs to see it by year because there is a cash flow impact there also. The Committee knows if they go into trying to use general operations revenue that is low in the first few years and gets greater in the later years.

Mr. Stivender advised that roads need to be resurfaced every fifteen years, which is the life expectancy for any given road. Take the 1400 miles of roads that we have, the number that equates to the resurfacing program comes to $12 million to $18 million per year. We do that annually. The number is $8 million to get that going and that is resurfacing only. We are not asking for that because it would prioritize capital infrastructure far over any other need, and we are not in a position to say that or do that. The actual numbers needed to keep up a particular rate of infrastructure renewal, it was so far out there, that the numbers you talked about, even adding every funding source available, maximizing impact fees to a number no one wanted to talk about, it is still not even close to being enough.

Mr. Winslow stated that he only wanted a projection and the assumptions can be put on it, then the Committee can adjust the projection into something that is more realistic according to what they see as revenue.

Jim Stivender advised he was trying to do just that. He was trying to provide a practical range of revenue needed for maintenance and capital dollars, not necessarily including everything that T.J. Fish has been talking about. If you take the lines that I show on the map provided to the Committee, I think those lines will still reflect good numbers.

Mr. Winslow stated that he envisioned getting from Mr. Stivender "pie in the sky" if you could do everything you wanted to do. Then the Committee would put in the revenues by year and

DRAFT

see where we are short. We know that there is probably not enough revenue with the needs that were already projected at the last meeting.

Mr. Stivender stated that for thirty years we had an increase of maintenance costs from $10 million up to $25 million. There have been variables during the past thirty years that will be there during the next thirty years, the cost of fuel, and the availability of fuel, and all of the other commodities. We don't know if there is going to be a growth spurt; our competition will be totally different. It is very hard to project out that far into the future without really guessing.

Mr. Winslow asked Jim Stivender to give the Committee his assumptions and the Committee can decide what to accept and what to reject or modify.

Mr. Stivender left the meeting to bring back more information to the Committee.

Carol MacLeod stated that one of the problems that the School District has is the same problem that the Public Works Department has. If they show what the real maintenance costs are they would "keel over". However, it has become her responsibility to show them those numbers because they need to know what is really out there. It is understood that Mr. Stivender is working in the real world, but the Committee has to know what the real needs are.

Mr. Stivender stated that he took a simple approach. Instead of having fifteen or twenty people in each maintenance barn, we have only ten people in each maintenance barn and the equipment necessary because we have operated with the same number of people for the last twenty-five years. Some County departments have grown, but the road maintenance area has not. We have only gained 100 miles of roads, but the volume of traffic and the number of people have grown and that ages the system more than anything else.

T.J. Fish interjected that the County and the cities have not kept up with their resurfacing programs and the problem with that is each year that goes by that you don't resurface a road that needs it, when you finally do get to it due to a lack of funding it may not be just resurfacing, you may be spending 25 to 40 times more to rebuild that road and that is part of what the Committee needs to be examining, how do we resolve that problem?

T.J. Fish discussed the matrix he provided to the Committee for this meeting. We talked about $15 million growing to a $20 million need per year on the maintenance side and $20 growing to a $30 million need per year on the capacity side.

Nancy Hurlbert asked about impact fees on the matrix. In the last report we had from the consultant, they took into account four of the options, does this number reflect the options being in place, or not?

DRAFT

T.J. Fish's response was that it was strictly taking the number of people projected by the University of Florida BEBR. The average number of homes, how many homes they expect to get built with an impact fee of approximately $2500 per home.

Nancy responded that according to the consultant's report, if we implemented these four options, the impact fees could be reduced by 53%, so we really should be looking at reducing the impact fees by 53%.

T.J. responded that the scenario that Ms. Hulbert described suggests that you are actually trying to fund the needs, whereas in the past we have never had an impact fee in Lake County that was based upon 100% of the recommended amount.

Mr. Winslow – in our analysis last time we used $248 million for that ten year period, now we are talking about $778 million. $247 million was based upon the historic and projected impact fees through 2035. Mr. Winslow questioned how the revenue gets tripled from what was provided at the last meeting.

T.J. Fish responded that the matrix included state and county roads. The Committee should stick with the $247 million. The $778 included Lake and Sumter Counties.

Mr. Winslow stated that even the $247 million is based upon a very aggressive population growth. Sales tax - we were using $64 million during the last meeting as our projection, this comes up to $701 million, ten times the amount, and I assume this is total sales tax not allocating what we get for roads. So, for our purposes the amount should be $115 - $120 million if we keep it at a 1/6.

Mr. Winslow asked the Chairman to adjourn the meeting and wait until they get numbers they can work with. We will spend two hours like we did at the last meeting assembling it all on the board. I think the County ought to be able to put some numbers in front of us that have some meaning so that we can work them. We need to know what the needs are and they can make assumptions better than we can. We need it by year and these numbers are pretty close, but we are finding errors in these numbers also. These numbers also need to be laid out by year.

Mr. Benham asked if the Committee had to get that finite with its recommendations. Or do we send the Commission a message in a generalized term that if we pass these (X) amounts of revenue.

Ms. MacLeod stated that the Commission would not have the whole picture.

Ms. Espey-Francis read from the ordinance establishing the Committee – "our purpose is to review, evaluate and make recommendations on ways to fund transportation and educational infrastructure and facilities". Duties include investigate alternative funding for capital

DRAFT

facilities and equipment required by the County because of demands placed on capital facilities and equipment by new growth. Review impact fee revenues and make recommendations by March 1st of each year.

Mr. Benham stated again about not getting so finite. Renew the 6 cents local option gas tax, have the Commission implement the 2% until they get to 8%, and then look at the safest revenue first that are non-political, then you continue to add on enough until you halfway solve their problem.

Mr. Talmage stated that the Commission would then want to see what each of those options would generate.

Mr. Benham suggested starting them out conservatively. They need to do the resurfacing – that's $12 to $18 million. That is just keeping the roads resurfaced in a proper manner over time. The construction short-list ($600 million over twenty years) that is another pot of money to create.

Mr. Talmage stated that we need to combine it all in the report.

Nancy Hurlbert stated that our capacity needs are $773 and after all of the options still came up with $664. So we are $100 million short using everything that we possibly can.

Mr. Benham went along with what Mr. Winslow said earlier that there is no way possible that looking at the revenue flows that we will ever get to that number.

Nancy Hurlbert stated that we need to emphasize that fact to the BCC so that they realize that they have no choice, that all of these things need to be considered.

Commissioner Parks stated that the BCC wants this Committee to make a recommendation that includes all the ways that we would fund our transportation needs. If you are not getting enough information we will work to get you the information you need until you feel comfortable enough to make that recommendation. The urgency will be to get you the information as quickly as possible.

Mr. Benham stated that the numbers are so gray, let's get a general path by which we want to recommend that they take for future need.

Mr. Winslow stated that maybe we could go so simple today as to say ok, we are comfortable recommending this revenue source, etc. They (the BCC) would have to find out what they need, and if they need more than that, come back to us and we will look at it again. We know right now this doesn't meet the "pie in the sky" desires.

Mr. Talmage stated that we need to prioritize which one of these and how they should be done.

DRAFT

Mr. Winslow discussed gas tax revenue. Over the last eight years, we have averaged better than $10 million per year. (All the gas tax) Why would it drop to $3 million per year? You are projecting $62 million over 20 years, which is only $3 million per year, and we have been averaging $10 million. (Asked of T.J. Fish). (Answer from T.J.) Everything on the matrix took the Task Force options and projected what those revenues would be for those options.

Mr. Benham said there was an assumption of renewal of the six cent local option gas tax. Second one is the 2%, 4% 6% 8% with an 8% cap without raising the millage. Take a piece of the budget and allocate it towards transportation.

Mr. Winslow stated that at the last meeting we used $189 million (general fund).

Mr. Benham stated that if we can sell the public on renewing the 5 cent sales tax in 2017, it would generate a lot of money. It would accomplish a lot of what that need would be. That is not relying on any impact fees being paid again.

Commissioner Parks stated that we get $5 - $6 million for roads from sales tax. If the Committee made the decision, one half of the County's penny sales tax would go to nothing but roads.

Mr. Winslow clarified that the Committee could suggest taking half of the half and that would be about $60 million dollars. That is just for Lake County, $244 million for twenty years for a full penny, we are now taking ¼ of a penny which would be a $61 million over 20 years. That is what we used at the last meeting.

Commissioner Parks offered a scenario of if we collected $33 million in sales tax last year, a third would go to schools, a third goes to cities and our third would be about $11 million, we can only use about $5.5 million of that for roads now. But, if you reconfigured it to half of the $33 million to the cities and half of it to the County and made the policy recommendation requirement that our half of the penny sales would be used for nothing but roads.

Carol MacLeod stated that the School Board has the ability to go out for a ½ penny alone. Do we then pit the two groups against each other because they will end up on the same referendum? Several years ago when they did the last school impact fee study they asked us to look at funding alternatives then and it was brought up that the School Board could do their own sales tax, however, when we all went in together on this years back, the School Board agreed not to pursue that separately. So, when this expires in 2017, the two Boards will either come back together and decide to go back into it together or there will be two separate referendums.

DRAFT

Commissioner Parks stated that we are trying to build a new relationship with the School Board by meeting regularly; perhaps the Committee can put in their recommendations that the two Boards start working on the referendum immediately.

Mr. Benham stated that if it renews, the Committee would like to see the municipalities getting a half and the BCC getting a half and the BCC using a half of their half for transportation.

Mr. Richardson stated that as part of that recommendation, you may mention that municipalities are taking over part of the roads. The cities are not going to take over roads if they aren't getting any money.

Mr. Benham asked Melanie Marsh if it was true that the BCC gets to write the referendum that goes to the public. Ms. Marsh confirmed that that County staff writes it.

Commissioner Parks added that the cities would need to "buy-in" on the referendum.

T.J. Fish added that we could suggest to the cities that they use the formula that 50% of their sales tax be dedicated, they still have the flexibility to do maintenance, but they still have the option to match funds to do regional projects that they have no funding mechanism for at all.

Ms. McLeod added that if you are not real clear on your referendum you are going to lose.

Mr. Talmage stated that we now have three sources of revenue.

Mr. Winslow asked if we are going to put half to the cities with half of that going to transportation.

Mr. Richardson asked if that meant half of the new money going to the cities goes to transportation or half of what they are getting goes to transportation.

Commissioner Parks responded that the new configuration as you split it; half goes to the cities, half goes to the County of each entity's half, half of that has to go to transportation. Countywide half of the penny sales tax goes to transportation.

Mr. Winslow asked if what we are thinking is that when we give more to the cities, and demand that they put half of it into roads, and then will that relieve the County somewhat of their needs?

Mr. Richardson responded that the cities would need to see what they would be taking on with the transfer of roads from the County to the cities.

DRAFT

Mr. Stivender stated that right now, we are proposing about 108 miles countywide and as they annex, they take over the roads. The County's plan is to be in the collector business, whereas the state is in the arterial business. We will set it up so that there is no blending of funds.

Mr. Winslow stated that according to this study, we were getting about $3 million per year for our 1/6, so total sales tax we have been collecting is about $18 million a year, half of that would be $9 million, meaning that about half of $9 million per year is going to go to the cities and the County, and that would be a total of $180 million over twenty years. The County getting $90 million, and the cities would get $90 million over twenty years.

Jim Stivender interjected that he thought those numbers were on the low side. Jim thinks the $3 million is actually higher.

Mr. Benham stated that there are no growth factors associated with what that revenue source is going to bring. That is a conservative number. He stated that he liked the MSBU's because certain areas would greatly benefit.

Mr. Stivender stated that you could do a MSTU countywide, and allow the cities to opt out of it. If we have a certain service we want to provide, to include road maintenance, it can be done countywide and cities can opt out.

Melanie Marsh stated that it would require a referendum to do a new MSTU.

Mr. Winslow stated that what we have so far is local gas tax of $63.5 million, general fund, $190 million, and $100 million on the renewed sales tax, giving us $353.5 million, which is about half of what the estimated needs were at the last meeting. We did have it in there at the last meeting, cost cutting. We estimated 2% which we said would be about $16 million. Staff came in with about $5 million in cost cutting savings. We don't know the actual cost cutting amount.

Mr. Stivender added that the gas tax brings in $7.6 million countywide. That is the existing tax. That is 100% (cities and County combined). With $5 million of that the County's which is 66%.

Mr. Winslow stated that since $5 million is the County's annual take, over a twenty year period it would be $100 million.

Mr. Stivender stated that it would be 60% of his operating budget. We are using $800,000 per penny, which is $4 million of the five cent local option gas tax. If the five cent local option gas tax did not pass it would be a total annual revenue of $4 million dollars. Our present 6 cents is $7.6 million per year (county-wide, includes cities). This does not include diesel fuel. (the present one does, the new one doesn't).

DRAFT

T.J. Fish stated that so far we started out with renewing the six cents, ($7.6 million county-wide); there are on-going discussions with the cities, so the allocation may change, so Lake County's portion may actually go down, cities allocation may go up. We also talked about the 2, 4, 6 and 8 percent (general fund), which will be a hard one to do with property values going down. Renew sales tax, with 50 -50 with cities. If the Schools remain part of the sales tax, then the only option to look at is the ad valorem approach which might be a MSTU.

Mr. Benham stated that we need to time delay the sales tax because you won't start picking up the penny until 2017. Time delay the 2,2,2,2 also because that will be staggered.

Mr. Winslow stated that if we renew the gas taxes, general fund, and renewing the sales taxes, we could come up with about $471 million. He asked Mr. Stivender to provide his needs by year because you will probably find that we will be real short the first couple of years.

Mr. Stivender stated that with sales tax, he can't go out and buy a load of asphalt to fix a pothole, but he can hire a contractor to overlay a road with it. One is considered a capital product and one is considered a maintenance product.

Mr. Stivender shared his "State of the County Roads" reports for 2007, 2008 and 2009 which are actually reports for the previous year. When we first did resurfacing, we went back, and remember we're spending $2.5 million on resurfacing annually for the next five years. That is 50% of 50% of the sales tax that we get. In 2007, our micro resurfacing was $6.7 million dollars per year over a 100 year period. $8.5 million in resurfacing and we are at $2.2 million, we are at 1/10, so $2.2 million is better than $800,000. In 2008, that number went to $7.3 million and $9.8 million. So our system was aging. In 2009, it was $8.2 and $11.6. We were attacking an $8.5 million issue with $2.5 million.

We took federal ARRA dollars and applied it to resurfacing in a given year. I don't have the numbers for 2010, but I know they have gone up. The other thing is that "pie in the sky", we have Maintenance Area I, Maintenance Area 2, Maintenance Area 3, Sign Shop, Special Projects and the office and this is office as in "field office". This is all blue collar with a Road Operations Division Director and Superintendent and some office staff. The "pie in the sky" report would add ten to each of the maintenance areas, five to the sign shop, five to special projects and none to field office staff. That would be another 40 positions. What we have done is augment that by hiring contractors to trim trees, and do right of way mowing etc. As you grow the public has an expectation that you will be out there tomorrow or that afternoon to provide certain services and that is usually done with staff, because with a contractor you need to agree to what is going to happen.

Jim Stivender also covered the following projections: Resurfacing is in these numbers along with everything else, except regional capacity.

DRAFT

2015 $30 million

2025 $35 million

2035 $40 million

To cover all of the extra staff needed, resurfacing every road over 100 years; we are in the $80 - $90 million per year now. About $110 - $120 million per year by 2035. This would reduce the 100 year and get resurfacing done more quickly. For 1400 miles of road. If you have a crew of 15 people and you split into five groups of three or three groups of five which is the normal protocol. You need five people to do patching, driver of the truck, two people operating equipment and two people flagging. In the summertime, the flagmen are mower operators. For every road resurfaced, that crew can be used to do shoulder work, sidewalk work, and ditch work.

Mr. Benham asked about grant money received by the Public Works Department that might offset the numbers.

Mr. Stivender responded that right now, we have $4 million worth of grants, but $2 million of that is the South Lake Trail, and $2 million is to add paved shoulders to one road. We ask for grants regularly. It is never consistent, and is site specific.

Mr. Winslow asked Mr. Stivender what he spent in total last year and the year before. Jim said he could not give him a number without checking.

Mr. Stivender stated that his department has a twenty year need of $700 million.

T.J. Fish stated that the Committee should focus on $800 million.

Commissioner Parks stated that the County is now doing a five year budget model which has not been done in the past. Getting out beyond five years is pretty hard to predict.

Mr. Benham stated that he is trying to grow our receipts by growth now, in sales tax and ad valorem. That can make a huge difference in what the bottom line will be. Can the budget office come up with a growth factor?

T.J. Fish advised that there are growth factors in several of the revenue sources.

Mr. Benham stated that if you look at the gas tax receipts, actually it has dipped a little, but there should be growth in that too.

Mr. Stivender added that there was a two to three percent growth in gas tax receipt in the 1990's.

DRAFT

T.J. Fish advised that the second local option gas tax was the only one that did not show a growth factor.

Carol McLeod stated that if there are impact fees, they are going to be generated by growth which is going to cause new capacity issues.

Mr. Winslow asked that for the next meeting staff quantify by year.

T.J. Fish stated that he, Jim Stivender and Mr. Koontz should be able to provide the information needed by the Committee before the next scheduled meeting.

Mr. Benham asked if staff could get whimsical and trade a few benefit districts. What about creating a new benefit district in the area of the new turnpike interchange? How would that help with what the Committee has to come up with? Without an impact fee being in place a benefit district would be the next best thing.

It was decided that the next meetings will be September 8th and September 15, 2011.

Mr. Winslow stated that the Committee will need to make some tough recommendations and to do that we will need a lot of detail. Staff must decide what they are willing to live with, and by year. What Mr. Stivender needs and the units of revenue that we have.

Mr. Stivender stated that there were years when we didn't spend as much money. It wasn't because we didn't want to, it was because prices were so high and competition wasn't there. When private sector competition disappeared, then we had good bids.

T.J. Fish stated that there is a date scheduled for October 25th for the BCC to hear the Committee's recommendations. (Transportation only).

Mr. Talmage stated that there should be two more meetings. At the next meeting the Committee should have all of the information requested from staff. At the last meeting, verify correctness and change language if needed.

Mr. Stivender will complete the unfunded program by September 1st and will match it with T.J.'s information. Drawing projections out.

A motion to adjourn the meeting was made by Jim Richardson and seconded by Nancy Hurlbert. The meeting was adjourned at 11:55 a.m.

Public Comment:

Vance Jochim – said that his observation is that the County should have staff involved in this more. You should have an organized approach that would be provided to the Committee on

DRAFT

how to assemble all of this data. He said he didn't think there was fact based decision making. Or you have a process where you just talk a lot and everyone gets worn down and you accept numbers given to you by some of the people. If you want to be professional, they need to have a financial management type of person that comes up with a process, it should have been at the first meeting and would have been able to show the flow and then come in with the numbers.

Respectfully submitted:

Phyllis Hegg _____
Public Works

David Talmage _____
CFAC Chairman

DRAFT

DRAFT

DRAFT