LAKE COUNTY

IMPACT FEE / CAPITAL FACILITIES ADVISORY COMMITTEE

September 8, 2011

County Commission Liaison: Commissioner Sean Parks, District 2

Members Present:
Davis Talmage, Banking and Finance
Bill Benham, Agricultural Industry Representative
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
Jim Stivender, Jr., Public Works Director
Steve Koontz, Budget Director
Fred Schneider, Engineering Division Director
Lori Conway, Road Operations Division Director
Paul Simmons, Planner
Phyllis Hegg, Assistant to Jim Stivender
Cheryl Sutherland, Office Associate III

Citizen Present: Vance Jochim

Chairman Talmage asked for a motion to approve the minutes. A motion was made by Nancy Hurlbert and seconded by Bill Benham – motion passed unanimously.

Old Business: Continued from previous meeting.

New Business: Continuation of discussion from previous meeting.

Steve Koontz, Budget Director gave a presentation to the Committee.

He started with the spreadsheet containing revenue projections going out to 2035. Starting with gas tax (out to 2020 about 1% increase per year after that a half percent per year). It reflects the new distribution with cities. Cities would be getting a little more funding to take care of the roads being transferred from the county to them.

Mr. Stivender – right now the revenue stream for the six cent local option gas tax is based on capital improvement projects for 1979 – 1983. It is not a living adjustment. The fallback method is based on capital expenditures for each city's population count. At that particular time, Eustis, Mount Dora, Umatilla and Leesburg had a much larger capital plan. So they get a bigger pot – it has nothing to do with road miles and nothing to do with population because we never settled the issue. Our goal now is to settle the issue that it is a living will type of situation. Regardless of whether anyone in the room is still around for the next thirty years, we will have a plan in place. If the city takes over more lane miles, they adjust those numbers based on all of the other cities in the county. If the population of the city goes up, it is adjusted based on their population change versus the other cities. Those are the only two factors that will be a constant that we can use, which are State audited numbers, the BEBR number and the audit that you do on your capital improvement to the State every year. The adjustment right now is $600,000.00 from the County to all of the cities. There is also 109 miles of roads that will be transferred to the cities.

Some of these roads need resurfacing before we transfer; some need just microsurfacing, and some stormwater issues need to be addressed. Some are already on our Capital Improvement Plan. Once we complete the work on the roads, the roads will then be transferred to the cities.

Mr. Winslow – you mentioned $600,000.00?

Mr. Stivender – yes that is maintenance money.

Mr. Winslow – is that an ongoing, fixed figure? Or will there be inflation on that in the future?

Mr. Stivender - that is an adjusted number, based on changing the formula from where it was to where it is going.

Mr. Koontz continued his presentation with the next funding source being the one that isn't in effect right now, but there is an option to implement it. The additional 5 cent gas tax if it was implemented in 2014. We used the population growth in the BEBR as one of our main drivers of growth.

Mr. Stivender stated that every single penny goes to the State of Florida and comes back to Lake County. There is a collection fee and a service fee tied to every single one that the State manages that we have no control over.

Mr. Koontz continued – this particular revenue source can only be used for capital.

Mr. Stivender interjected that it includes resurfacing also. It is tied to the Comprehensive Plan and the Legislature changed it in 1997 to include resurfacing. It still has to be a capital project, and cannot be used for patching a pothole, but can used to overlay a road.

Mr. Koontz continued his presentation now moving on to service fees. Funds received by Public Works such as permitting fees, subdivision fees, and signal maintenance with the cities, etc. It varies widely. Projected about a 1 % increase per year. It is also used for salaries, operating or capital. It is not restricted.

Ms. Espey-Francis asked if fees were charged for the parking garage would that count as services fees.

Mr. Koontz – It would be a BCC decision whether if those fees were collected, they would be earmarked for the Public Works Department.

Next is the ad valorem revenue. Mr. Koontz used the BEBER load population. Basically for 2013 he decreased property values by 5%, 2014 by 3%, 2015 and in 2016 he kept them exactly the same, from 2017 on he used population growth to start increasing property values again. He graduated how much would be going from the general fund to transportation starting in 2013 at 2%, 2014 at 4%, 2015 at 6% and then 8% each year thereafter. The millage rate was kept steady for the 20 years at 4.7309. If Ad Valorem revenue were to be allocated to transportation, it would be open-ended and could be used for salaries, operating or capital, unless the BCC puts stipulations on its usage. He trended along with the population starting in 2017.

Steve advised that he has slides that show what Ad Valorem growth has been and where it is now. He will send the information to Paul to send out to committee members. From 2008 until the now, it has dropped 30%. We are at 2004/2005 levels now. He will go back to the late 1990's and early 2000's and look at those growth factors for the committee.

Next item is the MSTU on unincorporated Lake County and it is set up as a roads, parks and stormwater MSTU. Roads compete with parks and stormwater for the funding, and with the growth of the Parks Division over the last five years, they have become the primary funding recipient of the MSTU. It can be used for salary, operating or capital. He showed a graph showing how the fund has been dispensed over the years. The MSTU was originally intended to be used for stormwater projects. The trend now is that Parks is getting a bigger and bigger share each year. Roads are now receiving nothing and stormwater is down to the minimal. Right now there is no other funding source for Parks. Public Lands is the only piece that doesn't come out of this fund.

Linda Nagle stated that the graph just reflects policy decisions. She stated that needs versus policy should be looked at. Maybe we were under-invested in Parks in years past, so we are catching up.

Jim Stivender interjected that in the past our parks had no ball fields and about five or six years ago, the policy decision was to start building ball fields in association with the cities.

Jim Stivender talked about the stormwater side of the fund. This fund was very strong in stormwater funding so we were developing projects, and ranking every basin for water quality, so the worse basins came first. We addressed unincorporated Lake County and would partner with the cities (shared cost) on their stormwater projects. Our largest projects were built in the last three years. In 2013 we will be out of reserves for stormwater projects. The graph shows operating only for Stormwater is strictly for operating. The Public Works Department will be asking the BCC how they want to fund stormwater in the future.

There was a plan in 2005 that this fund would go to a mill and would be split one third each for stormwater, roads and parks. But right now the Parks Department is already exceeding their one third. It is all about balancing services.

Mr. Koontz continued that he did not include this as a funding source at this point because of BCC policy.

Next is sales tax revenue. This is assuming that in 2017 it would be renewed. It is split between the cities, the School Board and the County (1/3, 1/3, 1/3). If it gets renewed in 2017, the scenario that we used would be to exclude the School Board, thus making it a 50/50 split, which means half of 50%, would go towards transportation. We looked at increasing this at 2% a year going forward. The 4.9 jumps to 7.4 because we would get a bigger cut of the pie. Then assuming that it would get renewed again in 2033.

The next item is the road impact fee revenue – this is based on the Duncan Report from 2010. In 2013 with a low number of $3 million and grew that out using the BEBR projections over the course of twenty years.

Mr. Winslow asked about the amount listed for 2012, and Mr. Koontz explained it was reservation fees that were not recognized, so it was moved to 2012.

Mr. Stivender explained what reservation fees are. If you had a development and you wanted to pay your impact fees in advance, you could pay them. We didn't transfer it from that fund over to the active fund until the home was built. The amount was $4.7 million. If impact fees were implemented again starting in 2013, we are looking at $3 million and growing it from there.

Mr. Richardson stated that in a previous meeting we had discussed that we had already met our capacity needs. Generating these fees would increase capacity.

Mr. Stivender interjected that it increases demand but reduces capacity.

Melanie Marsh advised that since these are reservation fees, it the developer voided their development order, they could ask for a refund because they are no longer reserving that capacity on the road. However, if we use this money now and they ask for a refund, they would be put on a waiting list until more reservation fees come in and then they would be refunded. She explained that this is not a prepayment. If a developer can in for a plat, they could reserve that capacity, once the plat is final, it converts to a prepayment. But if they never build it and they withdraw it, then they can ask for a refund on the reservation.

Mr. Koontz then covered grants. Federal and state grants are fairly unpredictable. In previous years we used some of the stimulus money. Going forward we kept it at a minimum level. Grant funds are usually restricted to a particular project.

Mr. Winslow asked what we had in ad valorem new revenues. Mr. Koontz responded $74 million for next year. In 2013, we have the general fund revenues dropping down to $70 million with another 5% decrease. Going forward, then a slow increase.

Mr. Banker asked if there was any consideration that should be given to alternative fuels and fuel efficient vehicles. How does that play into the gas tax situation?

Mr. Stivender interjected that several things have happened over the last three years about alternative taxing. It will be a federal directive with several states conducting studies. But, so far, it has not received serious attention. It will be a slow implementation.

More discussion ensued.

Then the prioritization of funding list was discussed by Committee members. Below is the prioritization list provided by committee members:

Chart from whiteboard:

#1 Ad Valorem
#2 2-2-2 Gas Tax
#3 +5 cent Gas Tax
#4 A. Sales Tax
  B. Impact fee/Reduced to 54% level
  C. Sales Tax reallocation
#5 Reallocate MSTU - $2M
#6 Sales Transaction fee – Legislative Priority

Chairman Talmage suggested to the committee that they get the list done, and then at the next meeting, tweak each one.

Ms. Nagle spoke about the + 5 cent gas tax. If you can convince the taxpayer that it will not make any difference on what they pay at the pump, why don't we take our nickel.

Chairman Talmage interjected that the committee will need to give a description of each of the funding sources on the above list during the next meeting.

Mr. Winslow said the report should also include the pros and cons of each of the above funding sources.

Chairman Talmage asked if the committee wanted to vote on the list as it is posted on the whiteboard.

Linda Nagle suggested that Lake County list in their legislative priorities a Real Estate Transaction tax to help pay for roads. This would make it fairer to everyone.

Mr. Smith made a motion to approve the list as it is posted on the whiteboard. Seconded by Mr. Buxman. Motion passed.

Mr. Talmage explained that this is the prioritization list and then next meeting discuss each one.

Mr. Stivender will be drafting language to go along with each of the funding sources on the prioritization list.

Mr. Richardson stated that he had a problem with impact fees being included on the list.

Ms. Espey-Francis asked that the motion be restated.

Mr. Smith stated that his motion was to vote on it as it is. Mr. Buxman seconded it with a stipulation to remove #6 from the list.

Chairman Talmage stated that #6 is not part of the list. We are only voting on #1 - #5.

Motion was restated again, to vote on the list as it is (#1-#5 only).

Chairman Talmage called for a vote from members – those in favor of accepting #1 - #5 as the priority as listed. Ms. Nagle opposed because she wanted the real estate transaction fee included. The motion passed Committee. The Real Estate Transaction Fee will be discussed again at the next scheduled meeting.

The Chairman stated that at the next meeting, the committee will go into more detail and discuss how they will present their recommendations to the BCC, and any alternatives that members want to discuss.

Mr. Stivender interjected that if the committee wants to move the order of the list around, it can be done at the next meeting.

Chairman Talmage asked about changing the meeting date for the next meeting to September 22nd, however, it was decided to leave the date of September 15th as the next meeting date.

Commissioner Parks again thanked committee members for their time.

Motion to adjourn the meeting was made by Nancy Hurlbert and seconded by Carol MacLeod.

Respectfully submitted:

Phyllis Hegg Phyllis Hegg
Public Works

David Talmage ____________________
CFAC Chairman