Transportation Alternative Funding Task Force Committee
Meeting Minutes - May 5, 2008

Present: Bennett Walling
Virgil Clark
John Moore
Fred Johnson
Bud Beucher
Ronald Jacobs

Absent: Duane Booth

County Staff Present:
Cindy Hall, County Manager, Doug Krueger, Budget Director, Jim Stivender, Public Works Director
Lake-Sumter MPO Staff Present:
T.J. Fish, Executive Director of the Lake-Sumter MPO
Consultant: Bob Wallace with Tindale- Oliver

Call to Order: Meeting called to order at 4:05 p.m. by Chairman Bennett Walling.

Proper Noticing: Meeting was properly noticed by legal ad.

Approval of Minutes: Chairman Walling requested move to motion for approval of minutes for April 2008. John Moore moved to approve and Bud Beucher seconded the motion and it was unanimously carried.

Cindy Hall shared with committee members a handout outlining the funds from the County general fund spent on transportation. This was in response to a question asked at the last meeting on whether other counties spend general fund on transportation. She was hoping for a trend, but there did not appear to be one.

Cindy Hall advised that Lake and similar counties in the past have specific funding sources for transportation like gas tax, sales tax. Not much is allocated from the general fund. Other counties would have gas tax, but perhaps not sales tax since our sales tax is a voted tax. They probably do have impact fees, but at different levels.

Seminole has a specific millage that they attribute to transportation. It goes into their general fund, and then they pull out and use it for transportation. Other counties may or may not do the same. Other counties may take some sales tax and some use utility taxes. General fund can be used for anything.

T.J. Fish advised that in addition to the handout provided by Cindy Hall, they would also go through sales tax and gas tax to build a picture for the committee. He stated that the existing general fund would not be able to solve the issues at hand.

Cindy Hall shared a handout on general fund historical information broken down by department. She asked that they look at the 2008 Adopted that reflected the programs currently in place. Public Works has a $6 million budget with $360,000 going to transportation; the remainder goes to such things as parks programs not transportation. Parks funds are "picked" from different funds, and can come from such things as impact fees, sales tax, and gas taxes, as well as from the general fund.

Mr. Moore asked if we were at the point where we needed to look at all of the projects on a critical priority basis. Ms. Hall advised that the goal of the Task Force is not to re-prioritize Mr. Stivender's or Mr. Fish's projects. Mr. Moore stated that he was not suggesting that, but wanted to take the list already compiled and look at the money part to see what we can and can't do.

Mr. Fish stated that the only source of funds we have now for road projects are impact fees and they are being affected by the economy with the exception of South Lake County.

Mr. Beucher stated that road maintenance and improvements used to be paid from the general fund. He also stated that there is a disparity in taxes of owners that have lived in their homes for years and new home owners. The new home owner pays much more in taxes and also is paying impact fees.

Mr. Jacobs stated that funding for road maintenance and road projects is sorely lacking. Current residents in Lake County need to pay their share and they are not.

Mr. Walling asked that Ms. Hall expand her list to show millage and also show the total transportation funding sources rates. Ms. Hall will provide the committee with that information at the next meeting.

Mr. Fish stated that the general fund is shared with cities in the county. The committee is talking about dedicated funding sources to do the big ticket items, and not talking about a maintenance fund.

Mr. Wallace from Tindale-Oliver began his presentation to the committee. His presentation would involve the following:

- **Explore alternative funding sources**
- **Look at transportation as an asset**

- **New homes or existing homes consume capacity. If we allow it to be consumed and not replace it, then the quality of life goes down.**
- **Cover different scenarios, sales tax, gas tax, MSTU and document stamps**

It was requested by the committee that Indian River County be added to the Tindale-Olive study.

Mr. Wallace began his presentation with the following:

Road Impact Fees
This is a capacity expanding source of revenue tied to the comprehensive plan. It is not used to make up shortfalls.

Mr. Wallace will provide a document to the committee that shows the current transportation impact fees of several counties across the state.

Gas Tax
Lake County has not implemented the 2nd Option Gas Tax. Five pennies can be used for capital projects. Earmarked and defined in the comprehensive plan (transportation element). On the average it generates $1.4 million per penny. This does not include sharing it with municipalities.

Sales Tax
The one penny tax expires in December 2017. One third of the tax goes to municipalities, one third to School Board and one third to the county. The School Board has used some of their current 1/3 penny as the pledge source for bonds. One half of the 1/3 that goes to the county is used for road construction, resurfacing, sidewalk and trails. There is no roadway expansion in this fund.

Mr. Johnson questioned why 1/3 goes to the School Board. He also doesn't think that the money should be used for dog parks; instead it should be used for roads. Ms. Hall advised that the 1/3 that goes to the School Board is mandate by ordinance.

MSTU – Municipal Service Taxing Unit
A specific taxing unit established by the Board of County Commissioners via an adopted ordinance.

Mr. Walling asked if they could reduce the Parks funds and combine that into the road program.

Mr. Stivender advised that the budget submitted for this year reduced stormwater down to 50% and increased Parks and Roads up 25%.

Document Stamps

Florida Statutes authorizes the imposition of an excise tax on documents. Section 201.02, Florida Statutes, applies a documentary stamp tax to documents relating to the transfer of interests in real property. The tax rate of this excise tax is applied to the amount of consideration for the transfer.

Mr. Fish explained that the 2nd Local Option Gas Tax is the most realistic of all of the funding sources discussed. This could be done by referendum, or by super vote of the BCC. Gas tax is a low dollar revenue producing source.

Ms Hall stated that perhaps for subsequent meetings we should summarize on a chart what the options are.

Mr. Walling asked about a "big box" store on Highway 441 in Lady Lake. He surmised that they must have had to pay several million dollars in impact fees and then a great deal in property taxes. He wanted to know how much in county resources it takes to have the business there.

Ms. Hall answered that it would not equal to residential requirements.

Mr. Walling asked how much money it would take right now to get all of the roads up to standard and any new capacity that is needed.

Ms. Hall noted that nothing in the budget is geared toward any particular service user. The budget is designed overall for services the county provides. She stated that she was hearing that the committee wants to consider using funds generated from new construction for transportation. Because of legislative changes that came from the State, Lake County won't even make the bottom line next year. There won't be additional funds from any new construction.

Mr. Walling asked Mr. Wallace to come up with a dollar amount of what it would take, amortized to determine what they would need through 2025 and then separately, come up with what new development revenue would bring to the County.

Mr. Johnson voiced his concern that from 2006 – 2008 we had an increase in the budget by 20%, and we should have taken a percentage of the total budget income and put it towards roads, and it was foolish not to do so.

Mr. Walling asked that a percentage of the general fund be set aside and then they could take a look at the shortfall after that. He then asked Mr. Fish if roads around areas that are potentially going to be large developments like Cherry Lake Tree Farm and The Hills of Minneola, was proportionate fair share considered on the revenue side.

Mr. Fish advised that they took impact fees and increased them by 50% and every five years increased it by 50%, that was before there was a proportionate fair share statute. He stated that he felt that a better vehicle would be to look at MSTU.

Mr. Stivender commented that "big box" projects and homeowners should be paying something on their property taxes for transportation.

Mr. Walling said that it should not be over and above what they are already paying. A new development with 1,000 homes, and it brings in $100,000 per year in new taxes, and another new development goes in next to it, and they are valued at a higher rate, and they bring in $500,000 per year that new money that the County now has, should be added to the budget for capital improvements.

Mr. Beucher said that if someone lives in a house for 20 years, and hasn't been paying for the roads, then new growth isn't exclusively the problem.

Mr. Wallace responded that over the last ten years, new growth has been charged a quarter of what it cost to build capacity for roads.

Mr. Jacobs interjected that we need to do a spreadsheet showing the annual costs over the next 17 years based on requirements. Then look at revenues to pay on an annualized basis. A package is needed for both the County Commissioners as well as the public. We must advise them that this is something that needs to be done.

Mr. Clark stated that if you look at budgeting priorities on a scale of 1 – 10, you would find that most would put it at a 4 priority in the budget process. New growth did not get us into this mess, we got there because we didn't collect enough impact fees, we didn't budget to cover the road fund, the budget was not there, construction costs increased and the there was a failure to increase taxes. Mr. Clark also asked if it was true that every $1.00 spent on road improvements save $6.00 to $10.00 in the future.

Mr. Stivender responded that was accurate because the overlaying or resurfacing a road means that crews would not need to be continuing repairing potholes on that road. The road patching would far exceed the cost of resurfacing the road.

Mr. Fish shared the contents of an article from Tax Watch, and advised that the MPO is purely concerned about road capacity. He supports maintenance, but the Task Force was created because of the Impact Fee issue. The Impact Fee was all about capacity.

Mr. Clark asked for clarification as it was his understanding that road maintenance funding was part of their task.

Ms. Hall responded that the Board of County Commissioners recognizes that both areas are deficient in funding. Transportation in general is an area that hasn't been funded adequately and there is a need to maintain roads. The goal of the Task Force is to address transportation in general. Many of the funding sources can be used for either road construction of road maintenance. Some sources are capital in nature and not maintenance, but it doesn't have to be new capacity, they can also be old capacity.

Ms. Hall advised that we can change county-wide millage, but there is a limit based on new legislation.

Mr. Johnson requested that since Commissioner Cadwell is the liaison for the Task Force, he would like to see him attend the meetings.

Mr. Walling asked if it is possible for the Task Force to have "round table" meetings to discuss the issues.

Ms. Hall advised that would not be a problem as long as minutes were taken and the meeting properly advertised.

Mr. Jacobs requested information showing the annual budget and the annual income.

Mr. Walling specified that the committee wants to know how much is needed per year at present value and the projected income for those same years that would show shortfalls.

Mr. Moore asked that road projects tied to developments not be listed in the report.

Mr. Walling asked for a report that outlines how much money is projected by new development.

Mr. Fish asked that each member provide an answer to the following questions:

1. **Should new funding sources be created for transportation?**
2. **Support the use of property taxes for transportation?**
3. **Transportation infrastructure vital role for local government?**

The consensus of the committee was to think over those questions and answer them at the next meeting.

Meeting adjourned: 6:30 p.m.

The next Lake County Transportation Alternative Funding Task Force Committee meeting is scheduled for June 2, 2007 at 4:00 p.m. in room 233 of the County Administration Building.

Note: The following items were requested by the Committee

1. **Cindy Hall – expand list provided to the Committee this meeting to show millage and also show the total transportation funding sources rates.**
2. **Add Indian River County to the Tindale-Oliver study.**
3. **Summarize on a chart what the options are.**
4. **Mr. Wallace - come up with a dollar amount, amortized to determine would be needed through 2025, separately list new development revenue.**
5. **How much is needed per year at present value and the projected income for those same years for the next 17 years. Do not include road projects that are tied to developments in the report.**
6. **A report that outlines how much money is projected by new developments.**
7. **Mr. Wallace – provide a report showing the current transportation impact fees of several counties around the state.**