TRANSPORTATION ALTERNATIVE FUNDING TASK FORCE COMMITTEE
Meeting Minutes – June 2, 2008

Present: Bennett Walling, Virgil Clark, John Moore, Fred Johnson, Bud Beucher, Duane Booth

Absent: Ronald Jacobs

County Staff Present: Commissioner Welton Cadwell, Commissioner Jennifer Hill, Commissioner Debbie Stivender, Cindy Hall, County Manager, Jim Stivender, Public Works Director.

Lake-Sumter MPO Staff Present: T.J. Fish, Executive Director-Lake-Sumter MPO

Consultant: Bob Wallace, Tindale-Oliver and Associates

Call to Order: Meeting called to order at 4:10 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 May 2008. Bud Beucher moved to approve and Fred Johnson seconded the motion and it was unanimously carried.

TAB V: County Comparisons: Cindy Hall shared with committee members a handout for further round table discussions. This handout included comparisons of surrounding Counties (Flagler, Indian River, Lake, Marion, Orange, Osceola, Polk, Seminole, Sumter and Volusia) showing general fund millage (total general fund and amount used for transportation), population of counties, local option fuel tax, and voted sales tax.

TAB VI: Impact Fee Comparison statewide and by Counties - T.J. Fish shared with committee members a handout showing Impact Fees used statewide and by Counties. Some Counties chose to vote in the one-cent penny to goes towards transportation and help keep growth impact fees down, whereas, others did not and relied only on Impact Fees.

TAB VII: Tax Increase from New Development – Cindy Hall shared with committee members a handout showing the tax base from new development for the past 7-years (2002 through 2008) that would be coming into the general fund.

TAB VIII: Revenue Sources for Transportation – Cindy Hall and T.J. Fish shared the following *available sources* with committee members:

1) *1 to 5 Cents Local Option Fuel Tax* – could be voted in by BCC prior to any July 1 date to become effective the subsequent Jan. 1. *Revenue estimate $1.0 million per penny or $6.0 million total.*
2) *Impact Fees* – currently have and could be changed immediately. *Revenue estimate: equal $4 million per $1000 of impact fee per SFH.*

TAB VIII: Revenue Sources for Transportation 9continued)

3) *Unincorporated Millage* – currently have and could be changed immediately. *Revenue estimate equal $3 million for each .25 mills levied.*
4) *Countywide Millage* – currently have; portion could be earmarked for transportation. *Revenue estimate equal $5.6 million for each .25 mills levied. Bud Beucher asked if Countywide included unincorporated and Cindy Hall stated it included everything (Cities and County).*
5) *Voted Sales Tax* – already in place. Ordinances and Inter-local agreements dictate how it is used. *Note: Current revenue estimates equal $5.5 million annually for transportation. The full penny generates about $34 million (but split many ways).*

Revenue Sources for Transportation – T.J. Fish shared the following *innovative ideas* with committee members:

1) *ROW Dedication* – Cities and County partnership on projects, which can result in significant cost savings on road projects. Municipalities have the ability to receive dedicated ROW at the time of voluntary annexation, as well as, the ability to regulate development design, which can prevent structures or valuable parking or other improvements from being permitted in future ROW. Mr. Johnson requested verification that Municipalities do not have ROW dedication written into their annexation code and Mr. Fish advised it has been occurring more frequently. *Note: Interlocal agreements between Lake County and each municipality on cooperative ROW acquisition will result in millions of dollars in savings and will prevent multi-year delays of projects due to ROW cost increases.*
2) *Community Redevelopment Area (CRA)* – Already in several municipalities (Leesburg, Eustis, Mount Dora and Tavares) allowing a portion of property taxes to be dedicated to improvements within the district (such as landscaping, insufficient roadways and inadequate parking). Local government can issue bonds, borrow money, or seek grant money to pay for projects included in CRA plan. Mr. Johnson asked when doing a CRA is it only for the period in which the road is being done and Mr. Fish advised yes. *Note: Amount of potential revenue to be determined. Existing CRA's within cities could be utilized to fund needed road capacity projects and other capital improvements. New CRA's could be examined within other cities and in unincorporated areas of County.*
3) *Concurrency Backlog Authority (CBA)* - Brand new as of 2007. Recent court case stating that a Referendum vote may be required for project to be bonded. *Note: amount of potential revenue to be determined. CBA's could be created in areas where transportation concurrency deficiencies require innovative funding solution.*
4) *Community Development District (CDD)* – Instead of government carrying debt, developer does**.** Primary function is to provide infrastructure for a new community: roadways, street lights, stormwater management areas, walking trails and sidewalks, etc. CDD does require government approval. *Note: CDD funds toward transportation needs would be determined on a case-by-case basis per each proposed development and to allow financing through municipal bonds of infrastructure (therefore, decreasing local governments' role in financing certain infrastructure).*

Revenue Sources for Transportation (continued) – T.J. Fish shared the following *innovative ideas* with committee members:

5) *Municipal Service Benefit Units (MSBU)* – Assessment-based app roach to funding improvements within a specific district of benefit. MSBU's could be created in areas where needs are greatest and where residents are willing to share costs of improvements. MSBU's could also be created in areas proposed for development where developers are willing to partner with local government to meet regional needs. *Note: City of Wildwood has recently annexed 35,000-50,000 homes using MSBU approach along with Community Development Districts (CDD's).*

6) *Public-Partner Partnerships* – Opportunity for local governments and developers to partner to fund transportation needs. *Note: Private funding of transportation infrastructure will increase in frequency and in amount as public funding remains limited and as roadways fail.*

7) *Toll Facilities* – Currently have two available to us (Turnpike Enterprise and Expressway Authority – Orlando/Orange Co). If Lake County were to do a partnership, it would be with the Turnpike or Expressway Authority. Special legislation would allow Lake County to create an expressway authority, but have not defined particular needs and are not ready to build a toll-road.

8) *Regional Transportation Authority* – Few examples of metropolitan areas that have RTA's are Tampa Bay and Jacksonville. RTA's deal with transportation projects utilizing tolls and fares, such as expressways, bridges, commuter rail and light rail. Fred Johnson asked what Towns and Municipalities are doing regarding roads that were built many years ago and need replacement. Mr. Fish advised there are not any major 'collector roads' running within the Cities only. *Note: Long-term mechanism for meeting major regional needs.*

TAB IX: Realistic Needs for Transportation – Jim Stivender, Jr., shared the following with committee members:

1) *Expenditure/Revenue Exercise* – A 'what if' exercise was provided comparing expenditure needs, funding sources, grants, transfers and reserves for the 2008 amended budget.

2) *Impact Fee Project List* – List of road projects (within each benefit district) was provided showing what would be accomplished if everything stayed as is (a total of $142.3 million over five years – 2010 to 2014). Most of these projects are not funded for construction.

3) *How Cities and County relate to Fuel Tax Penny Revenue Coming in* – A handout was provided showing collection of revenue between Cities and County and how it is distributed. The 1st & 2nd pennies were enacted in 1984 and will run out in 2014; the 3rd & 4th pennies were enacted in 1985 and will run out in 2015 and the 6-pennies will run out in 2016.

4) *Lake County Population, Maintained Road Miles, & Gasoline Taxes Shared with Municipalities* – A handout was provided showing how population and road miles maintained have changed. Lane miles in Cities have grown mostly within subdivisions and County still responsible for all collector roads. Fred Moore asked about annexation and Mr. Stivender and Mr. Fish advised that Cities do not take over collector roads and that County still has to maintain and widen them.

   Mr. Fish pointed out that if Impact Fees were to be adjusted, smaller projects are usually done, but larger projects suffer such as CR 466A and CR 48 and are not likely to get done unless assistance is obtained from developer fair share. Even with increase of Impact Fees, larger projects are not being completed. Mr. Stivender advised he wanted to show what could be done and where revenues would be spent.

Commissioner Cadwell asked if ½ mill is assumed for FY 2010, (on 'Revenues & Expenditures' exercise), was it for Cities and County. Mr. Stivender stated yes and that this was discussed at several meetings regarding Cities annexing several properties and putting a lot of impact on our County roads, with citizens necessarily not paying for it. Cindy Hall advised this ended information provided by County and was open to any questions the committee may have.

Questions from Committee Members:

1) *Chairman Walling: What amount of money is needed to adequately fund transportation?* Mr. Stivender stated from the expenditure side, $15 million per year for resurfacing roads is needed; $9,099,654 million per year for personal services and $12,500,000 for operating expenditures are realistic numbers. Mr. Stivender also stated that $28, 500,000 is a realistic number for the current impact fee project list, which is directly to capacity need and not enhancements of roads, intersections improvements or resurfacing. Mr. Beucher asked if these funds are accumulated between five years and Mr. Stivender advised yes. Chairman Walling stated if funding is obtained and there are other items to address, what is done?

   Mr. Fish stated that the $28,500,000 is for capital improvements and distributed between the six-benefit districts and does not meet bigger project needs. Mr. Beucher asked what dollar amount is for 2025 plan of MPO and Mr. Fish stated it was $1.7 Billion in needs (2004 dollars). Mr. Johnson asked how many projects are connected to new development and Mr. Fish stated that over $700 million in projected revenues (assuming impact fees would go up some and gas tax going up). Cindy Hall asked if some would be handled through State funding and Mr. Fish stated yes that all projected State revenues were included in the $700 million.

2) *Virgil Clark: Can the total amount be broken down into smaller areas such as maintenance, road maintenance, road enhancement / safety, and then deal with Impact Fees, so it is not overwhelming and easier to resolve?* Mr. Beucher agreed and stated that it is difficult to envision accomplishing these tasks based on economics within our County. There is a need to take Mr. Fish's list of needs and wants and determine a more realistic number and then come up with a way to pay for it. Mr. Booth mentioned that based on numbers that Mr. Fish and Mr. Stivender has provided, along with revenues from impact fees, $31,000 would be needed from each homeowner to pay for it all.

   Mr. Booth stated that there is a need to find what other funding sources are available to build new roads. Mr. Clark mentioned there is also a need to break down tasks and focus on them one at a time (for example maintenance), then make recommendations and tackle the next one (example: impact fees for the need of capacity projects). Mr. Moore stated there is a need to look at capacity, but we cannot look at capacity now, due to current roads that need repaired. Mr. Beucher agreed with Mr. Booth for the need of general funds money made available for building and maintaining of roads.

   Mr. Clark stated he believes the road maintenance is the responsibility of all taxpayers within the County and that enhancements should be paid for by impact fees and taxes, and parameters put in place for new growth to pay for it. Mr. Moore stated it could include concurrency and not just impact fees and Mr. Clark agreed. Commissioner Cadwell stated that due to rapid growth the past few years, County has been playing 'catch-up' and that is where the money has gone.

   Chairman Walling stated he believes that new development should pay for its own and money could be placed in a fund for capital improvements for roadways. Commissioner Cadwell stated taking a percentage of growth off commercial would work, but just the opposite for residential.

Mr. Johnson stated that the County needs to structure its' tax base and impact fees to promote commercial and industrial growth in the area and to help create jobs. Mr. Beucher agreed with Mr. Johnson and advised that the tax base for companies coming into Florida should be kept down in order to entice them to come and that long term residents should help carry the burden of maintenance for our roads. Mr. Clark advised that most residents who come to Lake County are retirees because it is a nice place to live and cheaper to live than other areas. Mr. Moore advised that there are a lot of residents who live in Mount Dora and the Clermont area that travel daily to work in Orlando. Mr. Johnson advised that if you look at economics numbers, within the next twelve to fifteen years, there will be a 'dry spell' in growth, economics, and revenues due to 'baby boomers' driving the economy for the last 22-years. Mr. Clark stated that with different numbers listed, which ones are used and Mr. Fish stated that numbers from the Bureau of Economic Business Research is used when planning, which have been around for many years.

3) *Fred Moore:* *Was SR 50 included in the dollar amount given for widening?* Mr. Fish stated only items that were funded for the next five years were included, which SR 50 was not funded. Chairman Walling asked if SR 50 was included in as one of the costs and Mr. Fish stated it was listed as one of the needs. Commissioner Cadwell asked Mr. Johnson about his comment on future economics and Mr. Johnson stated that the spending rate will be slow until the next group behind 'baby boomers' gets into the workplace and begin spending. Mr. Moore mentioned that commercial units that were coming into the area of the SR 50 /Plaza Collina area are not able to afford to locate in area if they if they must pay for portion of widening project. Mr. Fish advised that developers have come in and looked at current impact fee (which he believes is too low) and fair share fee and changing their business plans and therefore we must find other funding sources.

4) *Chairman Walling:* *Mr. Fish, why do you think our Impact Fees are too low?* Chairman Walling advised that he believes the money is not being put in the right places and that priorities need to be set first (with transportation needs on top of the list). Chairman Walling stated that comparing budgets of other counties on the chart provided by Mr. Fish, Indian River County has 140,000 residents with a total budget of $130 Million for transportation, whereas, Lake County has more residents and a total budget of $78 Million for transportation. Commissioner Cadwell asked if the chart shows what their property values are (being a coastal County) and Chairman Walling stated it did not show. Ms. Hall stated the chart showed a high impact fee and Mr. Wallace advised their current impact fee is $5,300 per single family. Mr. Wallace also advised that they there has been a lot of growth in the past few years and they have a sales tax that funds transportation (per long range plan a few years ago). Chairman Walling went on to say that impact fees will not solve these problems as the need has not gone away and must look at other funding sources. Mr. Johnson stated before he can ask the public for more money to pay for roads, he is looking for the County Manager and Commissioners to show where money can come from to go toward transportation needs and Chairman Walling agreed. Ms. Hall advised County is working on the 2008-2009 Fiscal Year Budget and there will be a reduction of $9 Million. Mr. Johnson stated that County needs to come up with a budget number that is dedicated for roads so the public will know what their money is being used for or the perception will be that taxes are being paid and nothing to show for it. Chairman Walling stated that when you run out of money, you cannot keep raising taxes and tolls. Mr. Johnson asked if anyone else on the committee feels like him and Chairman Walling and Mr. Booth stated he agreed, as well as, Mr. Moore, Mr. Clark, and Mr. Beucher. Mr. Moore stated there is a need to look at 'multiple levels' to obtain money. Chairman Walling asked if impact fees went away and used the example of a $200,000 house, and questioned how much in taxes the County would receive in a one-year and Ms. Hall stated $800 and it would go into the general fund.

5) *Bud Beucher:* *Can the County's share for commercial taxes for the first five years be earmarked just for roads in addition to what their impact fees are?* Commissioner Cadwell advised that he had read previous minutes regarding commercial growth and asked Ms. Hall if she could look at commercial growth for the past year and separate out from bottom line and look at over 4-5 year period. Ms. Hall advised that the property appraiser has this broken out. Mr. Beucher asked about older homes being sold and the need to charge new owners an impact fee and Chairman Walling said that legislation may be required. Mr. Johnson stated that when the older home is sold, the value will increase but Mr. Beucher advised it would not matter as there is not any general funding going towards roads. Mr. Moore stated that if 10-15% of budget is taken and earmarked for roads it is still not enough to solve problem, but is 'one-piece' towards it. Mr. Clark stated that current residents should be paying for what is here now and new growth should pay for itself. Mr. Moore advised that when you increase impact fees, he sees it as an 'artificial increase' in value of homes and is not any help now and Chairman Walling agreed. Mr. Fish went back to answer Chairman Walling's question about impact fees being increased and advised that the impact fee should never have been proposed at $11,400, but there was not any other funding source being used at that time. Mr. Fish suggested that there is a fair compromise between $2,500 and $11,400 per home for impact fees and then look at MSBU's disbursed by commercial properties. Mr. Booth asked if this would be a 30-year payback and Mr. Fish stated it could be whatever it is structured as. Chairman Walling asked if you could use a site that has already been established and Mr. Fish stated it can be. Chairman Walling asked if you could go back to SR 50 (as example) and create an after the fact 'CRA' on commercial businesses that do not cost the County anything and Commissioner Cadwell stated they had talked about this in some unincorporated areas within the County that are like municipalities (such as Astor and Mt. Plymouth/Sorrento), but they are more site specific. You would need to create a 'mini' CRA for commercial property within an incorporated area. Ms. Hall stated that using an 'MSTU' would work best and Chairman Walling advised it could be done simply by restructuring the budget. Mr. Wallace advised that a combination of multiple sources put together to fund top priorities (reviewed again in long range plan) and will look at reduction in population projected to occur and there will be changes. Mr. Beucher believes the road impact fee is not funding roads, but funding bicycle paths, public transportation, barrier walls, landscaping, etc., and that there is a need to look at everything, as citizens do not want to pay more taxes. Commissioner Cadwell advised that you cannot look at just transportation, as there are other citizens that are just as passionate about libraries and parks, as well. He went onto say that what is being done in transportation is important, but the County is not in a position (with majority of citizens) to quit funding other areas until roads are taken care of. Mr. Booth advised that what the State did with schools and the lottery system is the same thing that was done with our roads in (1983-1984), when impact fees were enacted and taken out of the general funds, which hurt us. He also would like to see some of the road budget back in the general fund and take money back from water authority and put back into roads. Mr. Johnson advised landscaping is nice to look at, but there is an ongoing operational cost and questioned if needed.

Mr. Fish advised that legislature demanded FDOT cut $1.3 Billion out of their budget statewide, which FDOT dropped all landscaping projects with funds going to other priorities, and only landscaping projects for erosion control will be funded. Mr. Clark said that if a survey was done in Lake County on landscaping issues, you would probably come up with 78% (as the State did), as landscaping enhances the look of the County and cannot pave everything. Mr. Beucher suggested that surrounding community businesses assist with landscaping projects, which will help enhance their business as well. Mr. Fish reported there is still a need to look at other areas for additional

funding sources such as impact fees, MSBU's, MSTU's, etc., but Chairman Walling believes the general fund can still be tapped.

Commissioner Cadwell stated that the whole answer is not in the general fund as they have reviewed it, but will look at other areas such as commercial growth, impact fees, etc. Mr. Beucher advised that maybe there is a need to change standards. Mr. Wallace commented that changing standards is an option but any changes made are tied back to the Comprehensive Plan to the County and all Cities, and if changing the standards, it must go through the Comprehensive Plan process. Mr. Fish advised 'needs' can be adjusted and the developer can pick up more.

6) *Virgil Clark:* *What are the standards for licensing and raising fees for vehicles on County basis?* Commissioner Cadwell advised when you want to change impact fee law and make other changes you will need to go to Tallahassee and get it done and open ourselves up to other areas. Chairman Walling stated that he has seen a decline in mount of traffic on the roads in the last 3-5 months. Mr. Stivender advised that within the last 5-years, there has been a decline of 2-4%, but some roads with connections have doubled. Commissioner Cadwell advised that people are not driving as much due to the increase in fuel costs. Mr. Stivender went back to the discussion on economics that Mr. Johnson brought up about 'Baby Boomers' and the buying power in the 1980's - 1990's and asked if 2008-2023 will not be buying as much and downsizing, and Mr. Johnson stated yes. Mr. Johnson also stated that you will see 40-year joint mortgages where the 'Baby Boomer' is retired and his family cannot afford to purchase a house, and will co-sign to help pay for it. Mr. Moore asked if we have looked at the Comp Plan for Cities and their impacts on road needs and Mr. Fish stated the Cities need to be partners in the solution for County transportation needs.

7) *Chairman Walling:* *Commissioner Cadwell, what is needed from the committee for recommendations?* Commissioner Cadwell advised the committee should come to a consensus and put it in writing and present to the Board of County Commissioners. Mr. Fish asked Commissioner Cadwell if he was expecting one answer and Commissioner Cadwell stated he did not have any expectations, but thought the committee would probably come back with a 3-4 answer approach. Chairman Walling advised that once the Commissioner left, he would like to break out into an open round table discussion, as Ms. Hall had suggested.

Open Round Table Discussion

Mr. Booth: Made request to Ms. Hall and Mr. Fish to put funding sources we have on paper, make assumptions and then providing numbers on what can be done.

Ideas: Use 8% of general fund for transportation; Impact Fee to $6,000; look at commercial taxes and use portion; MSBU/MSTU in specific City corridors (how much in dollars & process to establish); Sales Tax (fixed until 2017); Annexation within Cities – right of way dedication; After looking at these, possibility of backing impact fee amount down.

Chairman Walling: Asked how many building permits had been pulled for single family homes this year and Ms. Hall stated she could get that number for him.

Mr. Booth: Asked Mr. Johnson (from a business standpoint), if a business was looking at areas within the state and impact fees, would they bypass our County if our impact fees were not the lowest or highest (knowing what we had to offer) and Mr. Johnson stated that usually they look at the middle of the field and begin crossing off. Chairman Walling stated the need to average all impact fees including Lake County and asked if the chart showed all Counties that have impact fees and Mr. Wallace advised that they are transportation impact fees that are known at this time.

Mr. Beucher: Asked Ms. Hall what the predicted general fund for next year would be and Ms. Hall stated they are predicting around $150 Million. Mr. Beucher asked as of 2017, what would the 1-cent penny sales tax would be around $30 Million escalated (determined by inflation). Mr. Beucher then asked what the value would be for commercial property, if residential property is was $1.4 Billion, and Mr. Wallace stated it would be about 25%, which would be $8 Million a year (as a rolling average), if all County taxes were earmarked for a 5-year period. Mr. Beucher stated he would take impact fees at $5,995 dollars took a ¼ of the Countywide MSTU and Ms. Hall stated that if a Countywide MSTU was done, every city would have to agree, as a Countywide MSTU is the same as a general fund. Ms. Hall advised in order to do this is to 1) have all Cities sign up for it or 2) County would levy a ¼ of a mill for transportation. Mr. Beucher stated he believes it is not a great idea to add more to gas taxes; but believes the millage rate needs to be raised.

Mr. Wallace: Stated that what has been discussed is coming up about 1.1 Billion over 17 year period (if only having sales tax for 8-years) and making general fund adjustments to 8% plus commercial, would be a big hit. Ms. Hall stated the concept makes sense but numbers for next budget year would not work, but suggested to "phase-in" recommendations within the next five-years. Chairman Walling advised to go ahead with commercial and impact fee now. Ms. Hall stated this would possibly work, but timing is difficult due to County reducing the budget another $9 Million reduction for next year.

Mr. Booth: Stated that since the budget for the Sheriff's Office takes up 70% of general fund, there may have to be adjustments to their budget, due to rising gasoline prices and possible crime rate going up.

Mr. Johnson: Suggested when making recommendations, to include boundaries for increasing Capital Project Improvements (CPI) on impact fee side, so these issues are not brought up again in the future.

Mr. Clark: Asked if these suggestions could be put into a format and emailed to committee, so they can review and Ms. Hall advised this could be done.

Mr. Fish: Provided a handout of revenue options (previously emailed) and asked for committee to review and provide response. Mr. Beucher asked if there would be a revenue balance, if budget is trimmed 25% and Mr. Fish stated that what ever is adopted is what will be done. The MPO plan includes existing FDOT plans and what is adopted by the County, and then would adopt a plan according to recommendations. Mr. Booth asked Mr. Fish for a list of other funding options (grants, state-federal matching funds), and bring back to the next meeting and Mr. Fish agreed. Jim Stivender advised that CPI is money used for construction and a monthly report is provided by FDOT. Mr. Johnson asked if he could have a copy and Mr. Stivender advised yes.

Meeting adjourned at 6:30pm.

The next Lake County Transportation Alternative Funding Task Force Committee meeting is scheduled for July 7, 2008 at 4:00 p.m. in room 233 of the County Administration Building.