

Local Transportation Funding Perspectives

Citizen Volunteer / Business Owner's View of Transportation

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Vice-Chair Lake County Transportation Alternative Funding Task Force

Background

- Concern Impact Fees Are the Only Revenue Source Used for Road Expansion Projects Lake County
- MPO Alternative Revenue Analysis Study
 - Exploring funding options
 - general ad-valorem, MSTU's, local option gas taxes, sales tax, non ad-valorem assessments, special districts and others?

Transportation Alternative Funding Task Force

- Appointed by Lake County BCC
- Met 12 times between October 2007 and January 2008
- Prepared funding options categorized by funding type
- Funding options are presented by funding type

Key Concepts

- Transportation Capacity Is An Asset
- Consumption & Replacement of Capacity
- Credibility – Building Projects On Time
- Maximizing the Public Benefit

Option 1 – Cost Cutting Measures

- Scrutinize how transportation projects are accomplished to ensure efficiency and minimize waste
- Consider options that lower right-of-way and construction costs
- Examine the need for enhancements such as sidewalks and landscaping
- Re-evaluate adopted levels of acceptable traffic congestion
- Bottom line - Do More With Less!
- Revenue potential considered low to moderate

Option 2 – General Fund

- General Funds are not currently used for road maintenance
- The Task Force recommended that general funds be incrementally shifted to transportation
- The incremental shift should begin with 2% and increase by 2% per year through the 4th year to 8%
- This is the quickest funding source available for transportation maintenance at this time
- The revenue potential of this source varies because of the annual budget process, unless long-term policy commitments are made

Option 3 – Municipal Role

- Municipalities should take the lead on transportation improvement projects within their jurisdictions
- The County would become the maintaining jurisdiction on roadways within the municipalities
- The County impact fee would become a funding option for the municipalities
- Municipal funding sources include ad-valorem property tax fuel tax and sales tax
- This approach requires strong city-planning coordination
- Incentives could be put in place to create cooperation among the county and cities
- The revenue potential for this approach to transportation funding is high

Option 4-A – Ad Valorem

- Recognized as a stable, potential source of funding for roadway capacity projects
- Mid-1980s, a .25 mill was dedicated to transportation but replaced by impact fee
- Supported by Task Force with caveat that other General Fund revenues are allocated and if cost cutting measures (*Option 1*) are implemented
- Revenue potential for this approach is moderate to high based on the millage rate

Option 4-B – Commercial Ad Valorem Growth

- Growth at this time is occurring in the commercial sector, not the residential sector
- Task Force recommends that ad valorem taxes for new commercial development be dedicated to transportation capacity projects for the first five years the improved property is on the tax roll
- Funds would be spent in the benefit district in which they were collected
- The revenue potential is moderate, contingent on commercial development

Option 5-A – Countywide Municipal Services Taxation Unit (MSTU)

- A MSTU is an ad valorem-based funding mechanism available local governments
- A special taxing district would be create Countywide to cover the capital cost of additional roadway capacity
- Intergovernmental coordination between the 14 municipalities and Lake County is required
- The revenue potential for this approach to transportation funding is high

Option 5-B – Unincorporated Municipal Services Taxation Unit (MSTU)

- The County has an existing MSTU for stormwater system improvements, ,parks and roads that could be reprioritized to focus on road maintenance or capacity
- Task Force thoroughly studied this option and concluded that this funding source is best matched with capacity needs and should not compete with stormwater and parks for funding
- From this, the Task Force recommends the adoption of an MSTU that covers only the unincorporated areas of Lake County
- Option should be consider in lieu of 5-A, not in addition to 5-A
- This approach provides high revenue generation potential

Option 6 – Impact Fees

- Although impact fees may assist in obtaining revenue for capacity, the recent decline in new development makes it an unreliable funding source and reliance on future funds from this source should be minimal
- Revenue from other sources for roadway capacity would lower dependence on impact fees
- Require a Proportionate Fair Share payment by the developer to address the deficiency
- The revenue potential from impact fees is moderate to high, but variable because of the tie to new construction

Option 7 – Fuel Taxes

- Five cents of fuel taxes remain available for adoption
- Second Local Option Fuel Tax
- The additional revenue generated is not as substantial as many taxpayers believe - \$6 Million
- For this reason, the Task Force recommended that any revenue generated by the Second Local Option Fuel Tax be used for roadway maintenance
- If approached comprehensively as part of a package of changes to transportation funding policy in coordination with the municipalities, fuel taxes dedicated to maintenance could substantially benefit both the Cities and the County through mutual maintenance agreements

Option 8 – Public-Private Partnerships

- Emphasis placed on the need for new development to pay for costs associated with their impact
- Pioneer Agreements could be put in place to fund capacity projects
- To work, it requires the cooperation between the development community, municipalities, and Lake County
- Construction of improvements by developer is preferred to collection payments

Option 9 – Other Funding Sources

- User Fees – Toll roads, Per mile fee tracked by transponder
- MSBUs – Municipal Service Benefit Units would allow certain transportation projects to be bonded through special assessments on specific properties
- Special Districts and CRAs
- The revenue potential for these opportunities varies and requires further study is required

Option 10 – Sales Tax

- May be the best revenue source for covering major infrastructure needs
- Currently, none of the existing sales tax is dedicated to road capacity projects but is sometimes used for maintenance
- The sales tax is committed in its current state until it sunsets 2017, but voters can be given the option in 2016 to re-enact the sales tax dedicating a penny to transportation
- Viewed by the committee as the most effective long-term funding solution
- Potential revenue that could be generated is considered high

Task Force Recommendations

- Implement cost cutting measures
- BCC -begin revenue policy reform
- New impact fee study is needed
- Implement public budget assessment committee
- Transportation
 - supports health, safety and welfare of citizens
 - is critical to economic vitality of county

Questions?



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