

REVENUE WORKSHOP

BOARD OF COUNTY COMMISSIONERS

JULY 11, 2005

A revenue workshop of the Board of County Commissioners was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman Sara J. Devos and Commissioners Thomas G. Moore, Adam Cummings, Thomas C. D'Aprile and Matthew D. DeBoer. Also in attendance were County Administrator Bruce D. Loucks, County Attorney Janette S. Knowlton, Internal Audit Director Michael Byrne, Supervisor of Minutes Diane J. Nice, and Deputy Clerk Gail Manley. The workshop was called to order at **10:03 A.M.**

I. Presentation - Revenue Overview

II. Board Discussion

Raymond Sandrock, Budget Director, explained this is the first of several budget meetings including the General Budget Workshop on Wednesday, July 13, 2005 at 1:30 P.M. in Room 119 to set the tentative millage rates for TRIM Notices; the Public Hearing on Wednesday, July 13, 2005 at 5:01 P.M. at Lemon Bay High School on proposed MSBU rate increases above the previously established maximum rates; and the Public Hearing on Thursday, July 14, 2005 at 5:01 P.M. in Room 119 on proposed MSBU rate increases above the previously established maximum rates. Mr. Sandrock advised the purpose of this workshop is to review major revenue trends, projections, and impacts on the General Fund, Impact Fees, Sales Tax Extension, Transportation Trust Fund, Capital Projects Fund, complexities of the beginning balance in the General Fund, and millage rate impacts of funding priority projects through the Capital Projects Fund. Mr. Sandrock stated Ad Valorem Tax revenues, on page 2 of the packet information, reflect significant increases from FY 03/04 as a result of increased property valuations and new construction growth; even though 2004 hurricanes have dramatically impacted property valuations for FY 06, growth factors within the County have socked a negative impact due to lost property valuations; certified estimates are expected from the Property Appraiser today and the amounts will be rolled into calculations for the budget workshop on Wednesday but the calculations today are based on preliminary

numbers received in June for a 3.8% increase and just over \$2 million in ad valorem revenues. Mr. Sandrock reported other major revenue sources in the General Fund include Telecommunications (cellular telephones, cable, and other communication devices) that are projected to continue to be level for FY 06 at \$5.1 million; State Revenue Sharing (collections on cigarettes sales and use taxes and allocated accounting is based on a use formula) at just over \$4 million for an additional \$387,189 in revenues; and the One Cent Sales Tax allocation is the largest allocation for local governments among the State Revenue Shared Sources; significant increases are projected for this year and next year in the amount of \$5 million which are tied to local spending and recovery and the funds should normalize in FY 07; Ambulance Service Fees are anticipated to remain flat at \$4.1 million; and other revenues received in the General Fund include grants, fees for Animal Control and Parks and Recreation, interest earnings, and donations. Mr. Sandrock reviewed Impact Fees, page 3, pointing out the 5.9% increase between FY 03 and FY 04 as a result of growth which should be sustained; results of the Impact Fee Study (the Study) are anticipated in three to five months including an Affordable Housing Impact Fee; and suggested staff index impact fees prior to receipt of the Study results. **Chairman Devos** questioned if all allowable impact fees are being assessed. Mr. Sandrock explained the Study would include review of all possible impact fee assessments and recalled Board direction regarding an Affordable Housing Impact Fee. Bruce D. Loucks, County Administrator, reported the Charlotte County School Board anticipates a School Construction Impact Fee as part of the Study and explained the Study would compute Impact Fees. Mr. Sandrock stated, based upon impact fee collections in other counties, Charlotte County is collecting in categories for which impact fees might be collected except affordable housing. **Commissioner Cummings** recalled discussions about indexing and mentioned it should be done as part of the Study. **Chairman Devos** concurred. **Commissioner DeBoer** commented in support of indexing current fees. **Chairman Devos and Commissioner Cummings** agreed. **Commissioner Moore** opined fees need to go up and cautioned about specific language usage in dealing with the State. **Commissioner DeBoer** suggested evaluating what percentage of a house sale/value is appropriate so as to not go over a certain threshold. **Commissioner Cummings** stated Charlotte County should continue to set the example for accountability of

impact fees. **Chairman Devos** agreed. **Chairman Devos** questioned Janette S. Knowlton, County Attorney, as to the Board's ability to act on this issue today. Attorney Knowlton suggested advertising it on a future agenda. **Chairman Devos** requested the indexing be placed on the next Board agenda. **Chairman Devos** requested impact fees be equitably applied to single residents and developers. **Commissioner D'Aprile** requested an explanation on the levy of impact fees on residential and commercial. Mr. Sandroock expressed understanding that current impact fees are standard for single-family homes and the Study should include amounts for different types of housing. **Commissioner D'Aprile** suggested impact fees be based on square footage. Mr. Sandroock stated that is one of the latest methodologies for impact fees. **Commissioner Cummings** indicated the Study is to select a methodology and establish a statistical correlation between typical square footage of residential homes and trip generation, level of service for libraries and Sheriff's Office or costs to maintain target levels of service. Mr. Sandroock continued the presentation on page 4 concerning complexities to project the \$13.5 million General Fund Beginning Balance and the drop in Reserve Levels from the \$8.9 million established this year to \$3.4 in FY 06 which could change after certified valuations are received from the Property Appraiser and actual reimbursements are received from insurance and FEMA. **Chairman Devos** clarified "Administration" on page 3 deals with government facilities. **Commissioner Cummings** stated courtrooms are also included. Mr. Sandroock explained the Sales Tax Extension (the extra penny) collections, page 5, were originally projected at \$96 million; the current conservative projected total excess collections are \$14 million totaling \$110 million but actual collections could be as much as \$20 million; and suggested discussion of Sales Tax Expenditures be held at the Wednesday workshop. **Commissioner DeBoer** requested actual expenditures over the years in addition to encumbrances. **Commissioner Cummings** recalled discussion on the expenditures and requested verification if the \$1.61 million excess allocated to date reflected cost increases associated with projects allocated out of the \$96 million by referendum or additional projects on the secondary list. Mr. Loucks explained the \$1.61 was allocated for fire stations and pools on the original list and advised the Sales Tax List of projects for recommended funding from the \$12.3 million to be discussed at the workshop on Wednesday are from the A list. **Commissioner Cummings** reiterated the question about the additional \$1.61

million as an increase to the project costs allocated under the \$96 million. Mr. Loucks stated the packet for the Wednesday workshop would detail revised costs and the \$12.39 would accommodate costs higher than the original \$96 million. Mr. Sandrock stated page 6 depicts the FY 06 State and Local Fuel Taxes including the Ninth Cent Gas Tax effective January 1, 2006 projected at an additional \$633,000 for 9 months of activity and \$800,000 over a full year; after January 1, 2006 Charlotte County will fully utilize all local gas tax options; the Second Local Option (five cent) can only be used for new construction or capacity increasing projects; and other gas tax revenues may be used for maintenance or new construction even though these revenues are used primarily for maintenance. **Commissioner Cummings** requested verification that \$8.5 million of the \$13.4 million is used for maintenance as opposed to new capacity. Mr. Sandrock explained the approximate \$4 from the Second Local Option Tax (five cent) is used for new construction, the remaining \$9.4 million is used for maintenance, and impact fees is the other source for new construction amounting to about \$4.7 million. Mr. Loucks reported the Ninth Cent Gas Tax is being dedicated to Edgewater Drive as new construction and pointed out \$142 million of Road Transportation projects will be funded over the five-year Capital Improvements Program (CIP) but there is about \$79 million in unfunded projects. **Commissioner DeBoer** questioned the time line for the unfunded \$79 million. Mr. Sandrock stated that would be at the end of the five-year CIP. Mr. Loucks clarified that pertains to Transportation projects not all CIP projects. **Commissioner DeBoer** requested details regarding expenditures from Reserves over the last three years in order to show people what they have paid for. **Chairman Devos** questioned the amount and expenditure of the new One Cent Tourist Tax. Mr. Sandrock advised that starts October 1, 2005 and the approximate \$450,000 would be dedicated to renovations and improvements to the Sports Complex. Mr. Sandrock stated page 7 reflects Historical Trends of millage rates from FY 00/01, the proposal is for a .6 millage rate increase for four years from FY 05/06 through FY 08/09 to generate about \$35 million to fund priority projects listed on page 8 including \$10.1 million for the Jail Expansion, \$5 million for the Auditorium gap funding between the total project cost and reimbursements from insurance and FEMA, \$1.68 million for a funding gap for renovations to three fire stations, \$14.5 million of the \$18.5 million cost for the Public Safety

Building, \$3.3 of the \$4.7 million for the Courthouse Renovation, and \$1.3 million for a new facility comprised of 5,000 square feet for Human Services and 1,800 square feet for Veterans Services. Mr. Loucks indicated discussions are being held with the Sheriff regarding offices to be located in the Public Safety Building and the amounts may change regarding the facility. **Commissioner DeBoer** expressed understanding the Sheriff may not want to be located in the new Public Safety facility and requested the cost impact. Mr. Loucks recalled the Sheriff requested about 85,000 to 110,000 square feet that would equate to one-half or two-thirds of the building; if the Sheriff's Office were to move back into the Emergency Operations Center since it has been hardened, that would allow the Public Safety Building to be down sized; and commented on the necessity to find space for Public Works Engineering and Administration. **Chairman Devos** requested the reason why the Sheriff would not want his operations in the new facility. Mr. Loucks indicated a definitive answer has not been received from the Sheriff on location. **Chairman Devos** recalled discussion about leasing for Sheriff's operations in mid-Port Charlotte. Mr. Loucks explained two substations are being combined in the Promenades Shopping Center for move-in sometime in August or September. **Commissioner Cummings** requested the windload capacity of the hardened building. Mr. Loucks stated 140 mph windload capacity is the most that engineers will stand behind, the strengthening of the roof complies with that requirement, the walls withstood damage, expressed understanding that the entire building has been engineered to withstand 140 mph winds, and noted Assistant County Administrator Kelly Shoemaker's nod in the affirmative. **Commissioner Cummings** expressed concern about allowing "first responders" to be located in buildings e.g. fire stations and substations, that are not engineered and designed to meet the windload capacities. **Chairman Devos** indicated the \$1.6 million is for hardening of existing fire stations. Mr. Sandrock stated the funds would be used to increase station integrity to the maximum. Mr. Loucks advised the difference between the \$1.6 million and the \$5.5 million total project cost is to be made up from assessments and CIP monies. **Commissioner Moore** commented on the inaccuracy of the \$1.317 million for the Capital Projects Fund and Total Project Cost for Human Services since discussion at the recent budget workshop indicated an increase of the Total Project Cost to \$13.1 million. Mr. Sandrock concurred; explained the project will be initiated, controlled, or managed

with the State Department of Health and the Federal Government and the \$1.317 million is shown as a contribution toward the overall project. **Commissioner Cummings** requested confirmation of the \$3 million from Sales Tax revenues for the Courthouse Restoration. Mr. Sandrock stated the proposed \$3 million would be coming from the CIP and \$500,000 from the County's Sales Tax Extension revenues. **Commissioner Cummings** recalled the Courthouse Restoration was excluded from the Sales Tax referendum. **Chairman Devos** indicated the City of Punta Gorda did not designate any projects. Mr. Sandrock stated he would review it, the \$500,000 may have been from the previous Sales Tax Extension, and it was not on the original list. **Chairman Devos** recalled the County originally agreed to \$500,000 along with the City but it is not a Sales Tax project. **Commissioner Cummings** stated the \$500,000 might have been budgeted from the General Fund. **Chairman Devos** agreed. **Chairman Devos** stated the majority of the \$140 to \$150 million deficit in the five-year CIP is attributed to transportation projects. Mr. Sandrock stated that included Sales Tax Extension excess requests of which \$70 million to \$80 million was for transportation projects, recovery projects, and new facilities; beyond the \$35 million in initiatives to shore up projects such as Edgewater and transportation projects, there are allocations of additional Sales Tax Extension monies and the Ninth Cent Gas Tax; since the CIP Workshop, additional requests have been received for Sales Tax Extension funds and Excess Collections up to about \$23 million; and even if the \$35 million was factored out, the deficit would still be in the \$100 million range. **Chairman Devos** estimated a 2.5 millage increase might be necessary for the next four years depending on the projects. Mr. Sandrock stated one option would be a millage rate increase or a future Sales Tax Extension. **Chairman Devos** commented on the importance of the Edgewater expansion and requested an update from Thomas F. O'Kane, Jr., Public Works Director. Mr. O'Kane distributed and reviewed a handout on the Edgewater Drive Corridor Improvements dated July 2005 including changes over the last five years; the total project with four-laning from S.R. 776 down Flamingo Boulevard to Harbor Boulevard is about \$70 million; approximately \$7.5 million has been spent on right-of-way and mitigation land acquisition for Phase I (the connection from S.R. 776 to Collingswood) which is about a \$30 million project for two lanes; all construction is beyond 2010; an item will be on the Board's first meeting agenda in August to hire an

engineer to begin design of Phase I. **Chairman Devos** requested the total project amount funded. Mr. Sandrock explained \$11 million and the \$8 million from the Sales Tax Extension. Mr. O'Kane clarified \$11 million is funded. Mr. Loucks indicated an additional \$900,000 per year is anticipated from the Ninth Cent Gas Tax for a total of about \$24 million over five years. **Chairman Devos** questioned the expenditure of the \$24 million. Mr. O'Kane reported purchase of rights-of-way would be done, design would be finalized, land would be acquired for mitigation, and construction monies would be accumulated; the \$24 million is included in the \$70 million project cost for four-laning, alignment, and bridge improvements. **Chairman Devos** calculated an additional \$46 million would be needed over the next five years. Mr. O'Kane suggested expanding the scope of work for the design engineer to include four-laning from Collingswood to Harbor Boulevard. **Chairman Devos** added the \$46 million and \$36 million for an \$82 million shortfall in the next five years and suggested reviewing available revenue sources, prioritizing and eliminating projects from the CIP, and/or increasing the millage rate. **Commissioner Moore** commented in support of completing the Midway Boulevard project over the Edgewater Drive expansion. **Chairman Devos** pointed out the expansion of Edgewater Drive will provide a by-pass route from West County and prevent failure of U.S. 41 and reiterated CIP projects should be re-evaluated. **Commissioner Cummings** recalled a \$110 million deficit in the needs list of the five-year CIP and funded projects. Mr. Sandrock advised the deficit is closer to \$80 million. Mr. Loucks recalled the total shortfall is \$140 million when the .6 mill is included. Mr. Sandrock explained the \$80 million deficit is attributed to transportation projects and Midway Boulevard is funded. **Commissioner Moore** recalled a shortage of \$5 million to \$10 million on the Midway Boulevard project. Mr. O'Kane pointed out Midway Boulevard funding is shown through FY 08, Midway Bridge Improvements safety improvements on three bridges south of Edgewater Drive are not funded, and the Midway Boulevard project runs from Kings Highway to Elcam Boulevard with funding through FY 08. **Commissioner Cummings** calculated the \$46 million deficit to four-lane Edgewater Drive from U.S. 41 to S.R. 776 plus the \$36 million for major CIP projects to be funded by a millage increase total \$82 million. **Commissioner Cummings** recalled the .6 millage increase would provide \$36 million, the \$.01 gas tax is projected at \$600,000 next year and \$750,000 for the subsequent

four years for a total of \$3.6 million. **Chairman Devos** clarified the gas tax was already removed leaving a deficit of \$46 million. **Commissioner Cummings** pointed out the Sales Tax runs through FY 08, three of the five-year CIP, which might generate \$15 million a year; if it is extended into the two remaining years, it might generate another \$15 million for a \$30 million potential revenue source; stated construction costs have at least doubled; and requested the likelihood of doubling road impact fees. Mr. Sandrock reported recent studies reflect doubling and tripling impact fees across the board. **Commissioner Cummings** advised doubled impact fees would generate \$35 million over five years. Mr. Sandrock explained revenues would be spread between the different County sectors. **Commissioner Cummings** added approximately one-half of the \$25 million from road impact fees would be generated in West and South County and not available for the Edgewater project and \$12.5 million a year for five years would equate to \$62.5 million. Mr. O'Kane explained projects in the five-year CIP might be considered on a yearly basis in lieu of the fiscal impact on the overall plan. **Chairman Devos** reiterated the need to re-evaluate CIP projects especially if the .6 millage rate increase is not levied. Mr. O'Kane commented on the unlikelihood of permitting and completing all of the projects within the five-year time frame even if funding were available. **Commissioner Cummings** stated, based upon his experience of serving on the Metropolitan Planning Organization (MPO), a model is being developed to predict levels of service on all County-wide arterials; the CIP should be based upon the rate of growth and traffic that it will generate instead of a needs list; and opined the Edgewater expansion will need to be done in the not too distant future. Mr. O'Kane pointed out the widening of Placida Road to Cape Haze Drive is not the same need as the Edgewater Drive project and should not be on an equal competitive basis for CIP funding. **Chairman Devos** agreed. **Commissioner Cummings** stated Edgewater Drive and Midway Boulevard projects should be funded; a time based or five-year CIP plan is necessary but a hypothetical CIP should correspond to growth projections; and the model being developed is a critical element. **Chairman Devos** requested the timeline and commented on the need to re-prioritize projects. Mr. O'Kane suggested a model be developed for up to an 8 to 10-year time line, stated projects can be segregated out, and brought back at the first meeting in August. **Commissioner DeBoer** stated he has

no objection to changing the CIP and questioned when the Edgewater improvements would be constructed if monies were available. Mr. O'Kane responded 2008/09 and added pond locations have not been identified for stormwater detention or retention. **Commissioner DeBoer** recalled some years ago funds were shifted from Mid-County projects to construct West County projects because the need developed quicker and suggested reprioritizing CIP projects on a regular basis. **Commissioner D'Aprile** commented in support of reprioritizing CIP projects, concentrating on the highest priority projects, and identifying funding sources. **Commissioner Cummings** pointed out revenue sources include increases to the millage rate, impact fees, and gas tax, and a possible sales tax extension; funding for environmental lands acquisition should be by referendum or as part of a millage increase; the Ninth Cent Gas Tax is done; suggested indexing impact fees once the study is done; the current proposal is to increase the millage rate by .6 mill; and he might be more inclined to do the Sales Tax in 2008 rather than a referendum. Mr. Sandrock indicated a future sales tax extension has been discussed, this workshop concerns revenues whereas the workshop on Wednesday was scheduled for overall review. **Chairman Devos** concluded the only way to fund proposed CIP projects, without some elimination, would be to increase the millage rate by .6 mill. Mr. Sandrock concluded the presentation by explaining that a .6 mill increase to the average property owner, e.g. on a \$160,000 property with \$25,000 homestead exemption for \$135,000 taxable valuation, would be \$81 per year increase or about \$7 per month. **Commissioner DeBoer** stated he would consider the .6 mill increase, a decision needs to be made regarding the Public Safety building, the amount for the Courthouse restoration should be reduced by the number offered by the first offering party, he has concerns about the unlikelihood of an additional sales tax extension passing on a referendum, and commented in support of putting the environmental lands acquisition issue on the ballot. **Chairman Devos** agreed with **Commissioners Cummings and DeBoer** on addressing environmental lands acquisition, commented on the need to identify additional funding sources, and re-prioritizing CIP projects.

MEETING ADJOURNED: 11:30 A.M.

Signature on file in Commission Minutes

Sara J. Devos
Chairman

ATTEST:

BARBARA T. SCOTT, CLERK
OF THE CIRCUIT COURT AND
EX-OFFICIO TO THE BOARD
OF COUNTY COMMISSIONERS

By: Signature on file in Commission Minutes
Deputy Clerk

djn