

BOARD OF COUNTY COMMISSIONERS

JULY 13, 2007

A meeting was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman Loftus, Commissioner Duffy, Commissioner Cummings, Commissioner D'Aprile, and Commissioner Moore. Also in attendance were County Administrator Loucks, County Attorney Knowlton, Finance Director Navan, and Deputy Clerk Manley. The following members were absent: None. The meeting was called to order at 9:00 AM.

1. Presentation of Proposed FY 07/08 Capital Improvements Program.

2. Board Questions.

Mr. Loucks stated that we are here to talk about the Capital Improvements Program (CIP) in a workshop setting, and not looking for decisions, but indicated that as the project list is compiled and there is discussion about tax reform, there are impacts to the CIP that must be discussed.

Budget Director Raymond Sandrock indicated that the purpose of today's workshop is to review the proposed Capital Improvements Projects; and stated that we will talk about concurrency, looking briefly at some of the major projects in the fund, and discussing tax reform and how it impacts the Capital Projects Fund. Mr. Sandrock reported that concurrency is driven by Senate Bill 360; that projects based upon levels of service have the highest priority; and should be addressed to have a plan in place to bring the projects up to the level of service and a financial plan for them.

Mr. Sandrock stated that level of service on roadways is an example of what projects are focus on; indicted that the new law states that rather than a 5 year plan for roadways, it can be extended to a 10 year plan to be certain we are compliant; and explained that where projects are being defined currently, they must be prioritized to be certain those projects are in the longer CIP.

Mr. Sandrock explained that the plan must be in place by December 2008; and that there would be some impacts, such as loss of State shared revenues and prohibition on new construction, if the plan is not in place. Mr. Sandrock advised that projects funded with the Capital Projects Fund are area facilities, Parks, Recreation and Libraries; and is the backbone of many of the large projects that we have in place today such as the Jail Expansion, Event Center, Courthouse, Regional Parks, and Libraries. Mr. Sandrock stated that ad valorem, or property taxes, is the major funding portion of the Capital Projects Fund, reviewed the graph reflected on page 7 of the packet material, and indicated that the 1 year loss would be \$1.35 million.

Mr. Sandrock advised that the chart reflected on page 8 of the packet material demonstrates the volume of current projects in the Capital Projects Fund, totaling \$89 million for FY 07/08; that most are not new and are involved in the .006 mil increase done 7 years ago for priority projects, such as the jail expansion, Event Center, Courthouse, and renovation of fire stations; advised that every project is listed in the CIP book; and that anyone in the Budget Office or other departments would review projects individually as requested. Mr. Sandrock stated that adding a new facility and parking garage for the Murdock Administration site was removed from the Capital Projects Fund, and that only a few projects were added, such as some renovation work for the Family Services Center, replacement of the radio system for Public Safety, and various other small projects.

Mr. Sandrock stated that the Capital Projects Fund Tax Reform Millage Rate chart reflected on page 9 of the packet material focuses on examining tax reform from a millage perspective; that the blue columns are the rates going forward; that the assumption would be that property valuations stayed flat, and that you would increase the rates based upon the cap that you would have very year; that from the second year there would be a slight reduction, which represents the \$1.3 million loss; and from that point forward each year could be increased based upon new construction and the per capita income growth, which might be between 2% and 3% per year, but that if you contrast that with what has happened over the last couple years where property valuations increased 12% and 50% respectively, the new cap adjusts and does not allow for that.

Mr. Sandrock pointed out that we are only talking about the legislative part of tax reform; that anything related to the super exemption has not been factored in; that it is difficult to come up with a number because there are so many decision points involved with that part of the next step on tax reform; but that an estimate would be in the \$2 million - \$3 million, and could be more or less

Mr. Sandrock reviewed the Impacts or Tax Reform reflected on page 10 of the handout material; stated that the first year revenue loss of \$1.35 million would be cumulative over the 5 year period with an additional potential impact of the super exemption; that there is approximately \$3 million in reserves in the fund every year, which is not a great deal, and brings emphasis on bringing projects in close to or below budget; that some of the decision points would be the reserves in the fund, are we happy with the project list, or are there projects that need to be cut, that most of the projects have operational costs, and how do we consider those with the operating part of the budget and the constraints. Mr. Sandrock reviewed the Charlotte County Courthouse, Charlotte County Events Center, Charlotte Sports Park Stadium, and the North Charlotte Regional Park projects and the funding sources per the handout material.

Mr. Sandrock reviewed the Ad Valorem Summary reflected on page 15 of the handout material; indicated that presently the 5 year CIP is in balance; that there is a projection that some short-term borrowing would be needed in order to bridge the cash flow gap; and reminded that there would be new operational costs with new facilities.

Mr. Sandrock advised that the original revenue projection from the extra one cent sales tax of 2002 for sales tax projects was \$96 million; that we watch the trends as each year passes and project what extra collections would be, which today is \$25.3 million, for a total sales tax collection of \$121.3 million; that \$118.4 million has been allocated toward projects, leaving \$2.9 million that can be directed to other sales tax projects. Mr. Loucks pointed out that at the Board meeting July 10, 2007 **Commissioner D'Aprile** identified that \$400,000-\$500,000 for equipment for the Englewood Fire Station would be out of this; and that consideration by the Board to allocate the remaining

approximately \$2.5 million for use on the pipeline would be brought back on July 24, 2007.

Mr. Sandrock pointed out that the charts on pages 18 and 19 of the handout material reflect the original list of sales tax projects; that the projects total \$118 million; that projects which have been completed are highlighted in yellow or are noted as "now completed"; and that the columns to the right show projects where additional funds have been allocated in the past.

Mr. Sandrock indicated that page 21 reflects a variety of projects where the \$2.9 million excess sales tax can be allocated.

Mr. Sandrock stated that revenue in gas taxes for the last couple years is slightly flat or declining as per gallon gas goes up, and that a leveling off of consumption is being seen; that new impact fees were in place June 1, 2006, are an important new revenue source to roads and other major categories in the CIP, and are being tracked. Mr. Sandrock pointed out that sales tax is being utilized for Winchester Boulevard, Edgewater Drive, Burnt Store Road, and Veterans Boulevard; that two major road projects are Winchester Boulevard and Midway Boulevard, for which we are looking into possibly borrowing \$65 million based upon this new impact fee schedule; and that the unfunded or future project amount continues to grow.

Mr. Sandrock reviewed gas tax revenues reflected on page 24; indicated that annually there is not a significant difference; that of the \$12 million total gas tax reflected, \$3.4 million is being directed toward new roads or road projects where additional lanes are being added; and that the additional amount of gas tax is directed toward maintenance projects. Mr. Sandrock pointed out that \$16.3 million is the cumulative using various funding sources that is available for new road construction, but that one project alone would be \$40 million plus.

Mr. Sandrock stated that the road improvements projects reflected on pages 26 and 27 have been discussed for a couple years. **Commissioner Cummings** opined that the gas tax referred to are optional and get prorated back, recalled changes in distribution of gas tax by the State and Federal, and inquired if the roads we are looking at would have been eligible for

Metropolitan Planning Organization (MPO) funds, had it not been for the State changing the process. Mr. Sandrock indicated he was not certain, but opined that many would. Public Works Director Thomas O'Kane explained that Federal funds must be on system roadways; that Aquí Esta Drive is the only road project for which Federal Funds were granted; and commented on other funding sources available. **Commissioner Cummings** pointed out that the way the formula is now those funds would no longer be used in Charlotte County; that our gas taxes are being paid in Charlotte County, but are going out of the County. Mr. O'Kane elaborated on **Commissioner Cummings'** comments; (**discussion ensued on the dollar loss Charlotte County has seen due to the new formula**).

Mr. O'Kane pointed out that Charlotte County must front the money for widening U.S. 41 along the Murdock Village area, even though we will eventually get it back. **Commissioner Moore** requested clarification and asked for dollar amounts; **Commissioner Cummings** explained, and stated that the approximate \$5/\$6 million that Charlotte County previously received with the 50/50 split now goes to large projects such as I-75.

Commissioner Cummings opined that the formula change probably cost Charlotte County \$3/\$4 million per year in revenues that could have gone toward road expansions. **Commissioner Moore** inquired if the County were to get some of the \$3/\$4 million State money back were there projects on the list that can be done. Mr. O'Kane explained that currently no State funds are used for numbered route systems, but if more money comes to this area through the MPO process, we could fund the U.S. 41 project that we must front the money for. **Commissioner Cummings** pointed out that the change in the way funds are expended excludes the types of projects that Charlotte County needs.

Commissioner Moore asked if the Burnt Store Road project qualified for Strategic Intermodel System (SIS) funds. Mr. O'Kane explained that I-75 and a portion of U.S. 17 from the interchange of I-75 up to DeSoto County would qualify for SIS funds. **Commissioner Cummings** advised that the Burnt Store project was able to be included under the guise of it being a regional road that fit under the Transportation Regional Incentive Program (TRIP), and stated that the TRIP program does not have as much money because most of the money goes to the SIS.

Mr. O'Kane recalled a program that was available when he first came here where the State funded projects that would take pressure off State roadways, such as Edgewater, Veterans, and Kings Highway; that the program was waived; and that those type changes have chipped away at our funding sources, and makes it difficult to plan transportation projects for the future.

Commissioner D'Aprile stated that a great reduction in the contribution from the State to the County has taken place over the years, inquired what the reduction was, and why the reduction took place. Mr. Loucks said several years ago the State advised that it would only put the funds into the SIS programs, and because Charlotte County does not have many areas where those funds would be allowed, the funds go to projects in other counties. Mr. Loucks indicated that the amount that the State keeps of the gas tax revenues from the constitutional gas tax, county fuel tax, 9 cent diesel, and 9 cent motor tax, is different dependent on what is levied on it; that revenue sharing has been taking place forever, which was okay when it came back, but now it is not coming back.

At **Commissioner D'Aprile's** request Mr. O'Kane provided an explanation of the difference between an intermodel roadway versus an interconnecting roadway; indicated that I-75 and a portion of U.S. 17 are the only SIS areas that the State considers significant roadways and SIS projects in Charlotte County; and stated that it is hard to advise how to fund future transportation projects in Charlotte County.

Commissioner D'Aprile asked if this was a legislative decision or a Federal decision. Mr. O'Kane opined that it is a tightening of the Federal budget; and indicated that the LAF program is dying because so many restrictions have been placed on it. Mr. Loucks explained that FDOT made a presentation to its advisory committee while he was in Tallahassee, which indicated that it has run into the same problem with the high cost of construction and right-of-way acquisition, and that what they anticipated and budgeted versus what actual costs came in at caused the need for FDOT to re-prioritize their projects. **Commissioner D'Aprile** indicated that generally speaking the State and Federal governments cut the revenue that we have received in the past, and have expected to receive, leaving the responsibility of any

repairs or new roads to the counties. Mr. Loucks and Mr. O'Kane agreed.

Commissioner Cummings stated that over the last several years the price of maintaining and building new roads roughly doubled; that the State and Federal governments cut the number of roads that they were maintaining and improving in half, and passed Senate Bill 360 requiring the counties to maintain the level of service; that they did not give the counties an option of not doing it; and opined that if the State and Federal governments will not pay to maintain the road systems they should give the counties the tools with which to do so.

Commissioner D'Aprile opined that this conversation energizes his proposal to the MSBU elimination and going to a flat tax. **Commissioner Cummings** stated that rumor is that next year they may try to slam the door on MSBU's. Mr. O'Kane commented on some possible funds that the County might be eligible for next year for the Piper Road project through an intermodal transportation fund. **Commissioner Cummings** indicated that County's congressional delegation got the County some relief with some funding for U.S. 41 and some other projects.

Mr. O'Kane pointed out that the state goes back and forth with its rules, but the Feds have stringent rules that hurt the county. **Commissioner Cummings** commented on the LAF program, indicated that we can do projects earlier and pay for them and eventually get the money back, but that it is hard to do it faster and cheaper because of the state process that must be followed.

Commissioner Moore indicated it is hard to solve the problem when we cannot define the situation sufficiently. **Commissioner Cummings** opined that we should go back to the Center for Urban Transportation Research Study (CUTRS) and ask that they find a way to get our gas tax money back. **Commissioner Moore** inquired if that has been done. **Commissioner Cummings** advised that there has been considerable contesting through MPO, but he did not know if it has been a part of the Board of County Commissioner's formal agenda.

Mr. Sandrock commented on the MSBU Projects referenced on page 28 for FY 07/08, indicated that examples are railroad crossing

rehabilitation, road and bridge paving program, and major equipment replacement, and reviewed some of the major projects.

Mr. Sandrock reported that major categories reflected in the Charlotte County Utility (CCU) Summary on page 33 are water expansion projects, wastewater expansion, and utility maintenance projects, with a total cost of \$178 million, and \$513.8 million over the 5 year CIP. **Commissioner Cummings** inquired how much of that is in our normal expansion dealing with new growth versus retrofitting our infill area per the Comprehensive Plan (Comp Plan.) Terri Kesner explained that one CIP is a retrofitting utility infrastructure system expansion, which is to take a look at existing areas to determine where we need to expand our system next; that most of the CIP's are for growth and the system expansion project has only \$2.2 attributed to it; that if utilities expands any more in the infill area it would be funded through an MSBU project; and indicated that the only thing budgeted for was the initial upfront design and feasibility studies. **Commissioner Cummings** inquired how long that was anticipated to take, and opined there had been one in the Charlotte Harbor CRA. Ms. Kesner provided an update on where the consultant was on the feasibility study based upon pre-established criteria; indicated that the task right now is to prioritize sections that need to be addressed and establish MSBU programs.

Mr. Sandrock reviewed the larger projects in Utilities as reflected in the handout material. Mr. Loucks advised that the Board had recently inquired about reclaimed water surcharge, and indicated that it would generate a little over \$3 million per year if CC water customers paid an extra \$5.00 per month toward reclaimed water. **Commissioner Moore** agreed it is good to have as much reuse as possible, but that there is not enough to meet the demand. **Commissioner Cummings** pointed out that what is available right now can be used on the major golf courses that have their own storage facilities, and explained that the problem lays in storage of the surges until the demand is needed. **Commissioner D'Aprile** stated he has no objection to reuse, but does have a problem right now in charging customers \$5.00 when they do not benefit directly. Mr. Loucks commented on the backbone interconnect system for reclaimed water expansion on page 36, indicated that is a system cost, which is like a major transmission line that you do not get a direct benefit from, but

which improves the benefit to the system. **Commissioner D'Aprile** commented on exploring other funding options before considering a charge to customers. **Commissioner Cummings** explained that grants are being explored, but opined it would be more easily justified as part of a sewer expense than a water supply expense.

Mr. Sandrock indicated that completion of the West Charlotte Mini-Transfer Station project reference on page 38 would be July 2008, at a cost of \$1.3 Million. **Chairman Loftus** questioned the operational cost for the Mid County facility being \$100,000 more than the West County facility. Jim Thomson explained that the West County facility would be closed, and indicated that there would be significant efficiencies in the hauling costs by doing the renovations.

Mr. Sandrock advised that the CIP element as related to the County budget, which this year approaches \$1 billion, is \$600 million, or about 60%. **Commissioner Cummings** asked that of the \$600 million how much is contracted out to the private sector. Mr. Loucks explained that probably all of it was. **Commissioner Cummings** agreed, and indicated that it reflects the importance of **Commissioner D'Aprile's** comments about the huge consequence of being required to reveal our estimates to bidders beforehand.

Chairman Loftus commented on design of buildings and types of landscape as a cost savings measure. Mr. Loucks explained that the County follows the commercial design standards in the use of landscaping; that we are looking for ways to be more efficient within the code, and are revisiting the commercial design standards to add elements such as xeroscaping, but pointed out that until the code is changed we must follow policy.

Commissioner Cummings indicated that as an overall statement he would prefer to do one project right rather than two half-way or poorly; agreed that we need to comply with the letter and intent of State law by getting further into concurrency management; opined that Parks and Recreation level of service should be determined by facility rather than acreage; and stated that we should resist the temptation to lower the level of service.

Commissioner Cummings inquired how much of the CIP program is the .006 mil capital ad valorem assessment, and if that millage rate is impacted by the ad valorem decisions being imposed upon us by the State. Mr. Sandrock replied that it was in the \$80 million range for 5 years, and affirmative that the millage rate is impacted by the ad valorem decisions being imposed upon us by the State. **Commissioner Cummings** commented on cutting back hours on libraries and questioned that new libraries should be built if those we have cannot be staffed; and inquired if we need to re-consider the .006 mil and re-direct it back to the General Fund. Mr. Loucks explained that we must still reduce the millage rate in both of those funds; advised that the West County Library construction is rolling along; that it is almost 100% ad valorem; that there is an operating impact; and that a decision must be made soon on going forward with that project.

Commissioner Cummings opined that we need to consider filling some of the holes created in the General Fund with some of the money that was re-directed out of it toward the Capital Improvements Fund; and in doing so, must look project-by-project which ones would be delayed, how expensive the facility would be to operate, and how important it is to maintaining the level of service. Mr. Loucks agreed, and indicated that it started by increases in office space in Murdock, which is not a level of service, being taken out of the 5 year CIP, in order to balance this 5 year CIP.

Mr. Loucks stated that if you look at the list of ad valorem projects, a large number of those are for constitutional officers; and indicated that we are reducing staff, but that the constitutional officers are not, and are needing more space. **Commissioner Cummings** inquired if over time the Capital Improvements Fund has taken money from the General Fund Reserves to make up for losses. Mr. Sandrock explained that reserves have been transferred from the General Fund to the Capital Projects only more recently with hurricane related projects. **Commissioner Cummings** asked if some of the other funds that received the benefit of the General Fund could pay the General Fund back and not run into problems with the cap. Mr. Loucks stated that it could through transfers, but asked what projects are we willing to give up to do that. **Commissioner Cummings** indicated that it would be projects that are a combination of expensive to operative, and/or not as important to the level of service that

are not funded by the millage rate. Mr. Loucks pointed out that we need to be certain that the amount that gets transferred out of the CIP over to the General Fund has some relationship to the Capital Projects. **Chairman Loftus** agreed that we must look at the operational costs on any new facilities, but must also take into consideration the additional cost of construction in delaying the facility; and stressed his concern for Ordinance changes now.

Commissioner Duffy agreed that local government should take the lead on green construction, and that any new county facility should have the latest conservation measures as part of the new construction; stated that all departments should immediately encourage staff to turn lights off lights as often as possible; that she would rather lose a building than cut corners on a building we are doing; that levels of service should be set at a reasonable level that can be achieved with the budget restraints and operating budget; and that we should look carefully at maintenance.

Mr. Sandrock reminded of the upcoming MSBU hearings and Preliminary Budget Review Workshop. **Commissioner Cummings** stated that he would be interested in exploring the possibility of re-directing at least some portion of the .006 mil back to the General Fund and seeing what the consequences of that would be on the CIP. **Commissioner Duffy** commented on criticism of the Board because of public discussion on certain budget cuts.

Commissioner D'Aprile commented on complaints about taxi cabs and differences between the requirements of a taxi cab driver versus a chauffer, and opined that the issues should be checked into further and the ordinance revised. Attorney Knowlton stated that her department was looking into the ordinance; that the ordinance is good, but that enforcement is an issue; and commented on enforcement difficulties and funding issues. **Chairman Loftus** indicated that there should be more of a background check. Attorney Knowlton expressed concern that the list of issues is growing, and agreed that it is necessary to sit down with those who have complained to review all elements of concern.

Commissioner Cummings stated that all issues should be addressed without getting too carried away; indicated that the taxi cab

ordinance was initially driven by the big companies wanting to be certain the little companies had the same requirements, which at that time was more about competition rather than the consumer; and stated that we don't want to get into the middle of free-market competition and change the balance of power. **Commissioner D'Aprile** agreed that small companies should have the same opportunities, and that everyone's paperwork is done timely.

Commissioner Moore inquired if there were any potential revenue projections for when the jail is open. Mr. Sandrock stated that the initial projection for housing Federal inmates was of about \$74/\$75 per day; and explained that for some period of time in the existing jail we received Federal Revenues, but as the jail capacity increased those revenues were lost. **Commissioner Moore** stated he would like that data when possible. **Chairman Loftus** requested that the Board receive per bed/per day cost for the jail.

ADJOURNED 10:30 AM.

Signature on file in Commission Minutes
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**

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