

Meeting Date
12-10-15



AGENDA	
Section	Leg. Intent
Item No.	II

**AGENDA REPORT**  
**BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS**

<b>SUBJECT:</b>	Approval of Legislative Intent Ordinance Adoption Fuel Tax and Local Option Gas Tax
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<b>DEPT/OFFICE:</b>	District 2 Commission Office
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**Requested Action:**  
It is requested the Board of County Commissioners approve the legislative intent to hold a public hearing to consider adoption of the additional fuel and local option gas tax for road improvements in Brevard County.

**Summary Explanation & Background:**

A core function of local government is the provision of adequate and reliable infrastructure critical for a viable economy and to enhance the quality of life of our community. Brevard County and its cities have significant road maintenance and capacity needs which require dedicated and sustained funding.

Current road funding only allows for the resurfacing of approximately eight miles of roads per year. In order to resurface all County roads on a 20 year rotational basis, the County would need to resurface 55 miles per year. A 20-year resurfacing rotation is the industry standard ensuring that roads do not decay to the point of needing reconstruction, which is prohibitively more expensive. The County has been unable to consistently fund the above referenced standard resulting in approximately 280 miles of roads requiring either partial or full reconstruction. In addition to underfunding ongoing maintenance and the resulting maintenance backlog, road expansion and capacity is severely underfunded. The County currently faces the following annual shortfalls within its road program.

<b>Maintenance/Resurfacing</b>	<b>\$6,200,000</b>
<b>Maintenance Backlog</b>	<b>\$11,860,000</b>
<b>Capacity Backlog</b>	<b>\$29,570,000</b>

To address these funding needs, Brevard County has the ability to levy an additional 6 cents per gallon in gas taxes. The first additional cent (referred to as the 9<sup>th</sup> cent fuel tax) could be used for any transportation purpose and would generate approximately \$2 million for use by Brevard County. Collecting the full five cents could generate approximately \$5.7 million for Brevard County and approximately \$3.8 million for municipalities within Brevard.

<b>Clerk to the Board Instruction:</b>				
Exhibits Attached: Draft Ordinances; Blue Ribbon Advisory Board Report and Recommendations				
<b>Contract /Agreement (If attached):</b>	Reviewed by County Attorney	Yes <input type="checkbox"/>	No <input type="checkbox"/>	PR <input type="checkbox"/>
County Manager Stockton Whitten	Jim Barfield, Commissioner District 2 		Department Director / Extension	



In presenting its report in March of 2014 the Transportation Blue Ribbon Committee made the following recommendations:

1. **Maintain current funding** - \$14M annually. The current Public Works budget is derived from multiple sources including general revenue. The BRAC recommends maintaining a combination of current revenue sources to keep this level of annual funding. New sources of revenue should not be used to supplant existing funds.
2. **Levy 6 cents per gallon of additional gas tax** - \$7.8M annually. The BRAC recommends that the Board of County Commissioners take action prior to July 1 to begin collecting new gas tax revenue on January 1, 2015. These funds should be fully committed to regularly scheduled maintenance of existing infrastructure which is the first priority. These funds should not be bonded. Due to annexation and the significant number of county roads now within city limits, it is suggested that, in advance of this levy, a new interlocal agreement be negotiated committing 60% of new funding to county roads and 40% to city-maintained roads. With this formula, new projected County revenue would be \$2,042,900 from the 9th cent fuel tax and \$5,727,903 from the five-cent Local Option Gas Tax. The municipalities would receive an additional \$3,818,652 annually. Distribution of current gas tax revenues would continue using the existing formula (47% county/53% cities).
3. **Collect impact fees to support capacity expansion** - \$3.4M annually. The BRAC recommends that the County Commission allow the current moratorium on impact fees to sunset as scheduled on December 31, 2014. The annual revenue from impact fees will fluctuate proportionately to growth and their use will be limited to increasing capacity to support that growth. The County is conducting an analysis of the impact fee structure and should work closely with real estate and building professionals to set appropriate impact fees that will support capacity expansion.
4. **Support a one-half cent infrastructure sales tax referendum** - \$17.45M annually. The infrastructure sales tax is the only funding mechanism that provides the revenue needed to support maintenance, reconstruction, and capacity for the County and the cities. The BRAC recommends that an infrastructure sales tax referendum be placed on the November, 2014 ballot. The sales tax would be limited to 15 years with all funding dedicated to transportation infrastructure. They also recommend the development of interlocal agreements for the County and cities, prior to the referendum, that include the following commitments:
  - Limited to 15 years
  - Revenue can only be used for transportation infrastructure (as defined by the LOGT statute)
  - Funds will be distributed based on the Department of Revenue allocation formula
  - Resurfacing and maintenance of existing infrastructure will be prioritized
  - Each jurisdiction will produce and maintain a list of project priorities
  - Each jurisdiction will be required to produce an annual accountability report
  - The additional six cents gas tax would be rescinded during the years that the infrastructure sales tax is collected
  - Bonding is discouraged (may consider limited bonding)



Based on the Blue Ribbon Advisory Committee's findings and recommendations, the additional 6 cents gas tax will provide the necessary sustainable funding for road maintenance. However, it is critical to ensure transparency and accountability in the management of public funding.

It is recommended that the County and the Municipalities develop a prioritized list (description and estimated costs) of maintenance projects so that the public has a clear and complete understanding of where the money will be used. The additional road funding should not be used for capacity projects. A supermajority vote of the Board of County Commissioners is required for approval.

In addition to the above referenced requirement it is also suggested that the County and each Municipality establish Citizen Oversight Committees. Lastly, the collection of the gas tax would begin on January 1, 2017 and sunset on December 31, 2026<sup>7</sup> unless extended by the County Commission and respective Municipalities during calendar year 2026<sup>7</sup>.

**Fiscal Impact:** The adoption of the Blue Ribbon Advisory Committee's recommendation to levy 6 cents per gallon of additional gas tax would generate an additional \$7.7M annually of the fuel tax revenues. It is projected that 90 miles of roads could be maintained annually rather than the current 8 miles. Without the \$7.7M annually of the additional fuel tax revenues, road maintenance would continue to be deferred, compounding the current shortfall.



## ORDINANCE NO. 2015-

AN ORDINANCE ESTABLISHING, IMPOSING AND LEVYING THE NINTH CENT FUEL TAX UPON EVERY GALLON OF MOTOR FUEL SOLD IN BREVARD COUNTY; AND PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, the Brevard County Board of County Commissioners previously adopted Ordinances No. 85-27, 86-13, 88-13, 97-06, 99-40 and 2005-51 which imposed, pursuant to Sections 336.025 and 206.41(1)(e), Florida Statutes, a 6-cent local option fuel tax upon every gallon of motor fuel and diesel fuel sold in Brevard County for a specified term; and

**WHEREAS**, The Blue Ribbon Advisory Board for Transportation Infrastructure consisting of distinguished citizens from throughout the County has prepared the report attached hereto as Exhibit A, in which the Blue Ribbon Board states that:

(1) the current funded costs incurred by the county for road maintenance is approximately \$14 million each year; and

(2) due to the lack of adherence to the prescribed 20 year resurfacing schedule, about 280 miles of road require either partial or full reconstruction;

(3) due to the failure to adhere to the 20 year resurfacing schedule, there currently exists a legacy backlog of road deficiencies throughout the unincorporated area of the county that will require approximately \$11.86 million each year over the next 15 years to remediate; and

**WHEREAS**, the Blue Ribbon Board indicated that, going forward, adherence to the prescribed 20 year resurfacing program for all Brevard County roads would require an additional \$6.2 million each year apart from the existing road maintenance program and legacy backlog of road requiring partial or complete reconstruction; and

**WHEREAS**, the Blue Ribbon Board concluded that the levy of an additional 1-cent fuel tax authorized by Florida Law, known as the Ninth Cent Fuel Tax, would generate an estimated \$2.0 million for county use only, and



**WHEREAS**, Section 336.021 and Section 206.41(1)(d), Florida Statutes authorize the imposition and levy of up to an additional 1 cent fuel tax upon every gallon of motor fuel sold in Brevard County known as the “Ninth Cent Fuel Tax”; and

**WHEREAS**, the County hereby finds it in the best interests of the public to levy the Ninth Cent Fuel Tax for the transportation expenditures as defined by Section 336.025(7), Florida Statutes, as it may be amended from time to time; and

**WHEREAS**, the revenues generated by the Ninth Cent Fuel Tax and levied under this ordinance shall be distributed to Brevard County as prescribed by Florida Statutes;

**NOW, THEREFORE BE IT ORDAINED** by the Board of County Commissioners of Brevard County, Florida:

**Section 1. Definitions.** For the purposes of this ordinance, the following phrases or words shall have the following meaning:

"Motor fuel" means all gasoline products or any product blended with gasoline or any fuel placed in the storage supply tank of a gasoline-powered motor vehicle.

“Ninth Cent Fuel Tax” means the 1 cent tax authorized to be imposed on motor fuel under Sections 206.41(1)(d) and 336.021, Florida Statutes.

“Transportation expenditures” shall have the meaning set forth in section 336.025(7), Florida Statutes as amended from time to time.

**Section 2. Levy of Ninth Cent Fuel Tax.** Pursuant to Sections 206.41 and 336.021, Florida Statutes, in addition to other taxes allowed by law, there is hereby imposed the Ninth Cent Fuel Tax of one cent upon every gallon of motor fuel sold in Brevard County. The Ninth Cent Fuel Tax shall be imposed and collected in the incorporated and unincorporated areas of the County, commencing on January 1, 2017, and shall continue thereafter.

**Section 3. Distribution of the Tax.** The proceeds of the tax shall be distributed to Brevard County, Florida. Brevard County may share the proceeds with municipalities pursuant to



Interlocal Agreements, but Brevard County is not required to share the proceeds with such municipalities.

**Section 4. Use of Tax Proceeds.** The proceeds of the Ninth Cent Fuel Tax collected and distributed to Brevard County shall be used solely for the purposes set forth in the Florida Statutes as amended from time to time, which, as currently written, shall include transportation expenditures defined in Section 336.025(7) Florida Statutes.

**Section 5. Notification of the Department of Revenue.** In accordance with section 336.025(5)(a), Florida Statutes, by October 1 of each year, the County Manager or designee shall notify the Department of Revenue of the rate of the taxes levied pursuant to Section 1 above. The County Manager, or designee, shall also have the duty to notify the department in the event the Board decides to rescind the tax, provided that any such rescission may not take effect on any date other than December 31 and the County Manager shall be required to provide a minimum of 60 days' notice to the Department of Revenue of such decision.

**Section 6. Effective Date.** The Ordinance shall take effect on January 1, 2016. This ordinance and the levy of the Ninth Cent Fuel Tax provided for in this ordinance shall remain in effect ~~for ten (10) years after taking effect commencement of collection of the tax, or until December 31, 2026 upon which date this ordinance and the levy provided for in this ordinance shall and shall thereafter~~ be deemed repealed unless re-adopted by the Board of County Commissioners. A certified copy of this ordinance shall be filed with the Department of State and Department of Revenue with ten (10) days of its adoption.

DONE AND ADOPTED in regular session, pursuant to a majority vote plus one, this 1st day of December, 2015.

BOARD OF COUNTY COMMISSIONERS OF BREVARD COUNTY, FLORIDA

\_\_\_\_\_  
Scott Ellis, Clerk

By \_\_\_\_\_  
Robin Fisher, Chairman

(As approved by the Board on \_\_\_\_\_, 2015)



## ORDINANCE NO. 2015-\_\_\_\_\_

**AN ORDINANCE BREVARD COUNTY, FLORIDA; LEVYING THE 5 - C E N T LOCAL OPTION FUEL TAX UPON EVERY GALLON OF MOTOR FUEL SOLD IN BREVARD COUNTY AS AUTHORIZED UNDER 206.41(1)(e) and 336.025(1)(b), FLORIDA STATUTES; PROVIDING FOR DISTRIBUTION OF THE TAX PROCEEDS; PROVIDING FOR USE OF PROCEEDS; PROVIDING FOR NOTIFICATION OF THE DEPARTMENT OF REVENUE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Brevard County Board of County Commissioners has previously adopted Ordinances No. 85-27, 86-13, 88-13, 97-06, 99-40 and 2005-51 which imposed, pursuant to Sections 336.025 and 206.41(1)(e), Florida Statutes, a 6-cent local option fuel tax upon every gallon of motor fuel and diesel fuel sold in Brevard County for a specified term; and

**WHEREAS**, The Blue Ribbon Advisory Board for Transportation Infrastructure made of distinguished citizens from throughout the County has prepared the report attached hereto as Exhibit A, in which the Blue Ribbon Board states that:

- 1) the current funded costs incurred by the county for road maintenance is approximately \$14 million each year; and
- 2) due to the lack of adherence to the prescribed 20 year resurfacing schedule, about 280 miles of road require either partial or full reconstruction;
- 3) due to the failure to adhere to the 20 year resurfacing schedule, there currently exists a legacy backlog of road deficiencies throughout the unincorporated area of the county that will require approximately \$11.86 million each year over the next 15 years to remediate; and

**WHEREAS**, the Blue Ribbon Board indicated that, going forward, adherence to the prescribed 20 year resurfacing program for all Brevard County roads would require an additional \$6.2 million each year apart from the existing road maintenance program and legacy backlog of road requiring partial or complete reconstruction; and

**WHEREAS**, the Blue Ribbon Board concluded that the levy of an additional 5-cent fuel tax authorized by Florida Law would help make up about \$5.7 million of the additional \$6.2 million required just for recurring future maintenance requirements including adherence to the 20 year resurfacing program, though that \$6.2 million amount will not be sufficient to address the backlog of existing road deficiencies consisting of the 280 miles of roads in the unincorporated area that are in need of partial or full reconstruction; and



**WHEREAS**, Sections 336.025(1)(b) and section 206.41(1)(e), Florida Statutes authorize the levy of up to an additional 5-cent local option fuel tax upon every gallon of motor fuel sold in Brevard County; and

**WHEREAS**, the County hereby finds it in the best interests of the public to levy the full additional 5-cents of local option fuel tax as for the road expenditures statutorily authorized in section 336.025(1)(b)(3), Florida Statutes; and

**WHEREAS**, the revenues generated by the Local Option Fuel Tax levied under this ordinance shall be distributed between the county and municipalities in the manner prescribed by section 336.025, Florida Statutes;

**NOW, THEREFORE BE IT ORDAINED** by the Board of County Commissioners of Brevard County, Florida:

**Section 1. Definitions.** For the purposes of this ordinance, the following phrases or words shall have the following meaning:

"Motor fuel" means all gasoline products or any product blended with gasoline or any fuel placed in the storage supply tank of a gasoline-powered motor vehicle.

"additional Local Option Fuel Tax" means the taxes authorized to be imposed on motor fuel under sections 206.41(1)(e) and 336.025(1)(b), Florida Statutes.

"Transportation expenditures" shall have the meaning set forth in section 336.025(7), Florida Statutes as amended from time to time.

**Section 2. Levy of Local Option Fuel Tax.** Pursuant to Section 336.025, Florida Statutes, in addition to other taxes allowed by law, there is hereby imposed a 5-cent additional Local Option Fuel Tax upon every gallon of motor fuel sold in Brevard County and taxed under the Local Option Fuel Tax provisions of Part I or Part II of Chapter 206, Florida Statutes. All local option fuel taxes shall be imposed and collected in the incorporated and unincorporated areas of the County, commencing on January 1, 2017, and shall continue thereafter.

**Section 3. Distribution of the Tax.** The proceeds of the 5-cent additional Local Option Fuel Tax being levied hereunder shall be distributed among Brevard County and the eligible municipalities pursuant to the terms of an interlocal agreement established prior to January 1, 2017, as amended thereafter from time to time. However, if no interlocal agreement is established, or the negotiated interlocal agreement is invalidated, the proceeds of the tax shall be distributed among Brevard County and the eligible municipalities in the manner prescribed in section 336.025, Florida Statutes. After initial levy of the tax pursuant to this paragraph, the proportions shall be recalculated as required



by F.S. section 336.025(4)(a). Such interlocal agreement, as amended from time to time, shall provide that the amount of the 5-cent additional Local Option Fuel Tax tax revenues distributed to Brevard County shall not be less than reduced below 60% of the entire proceeds of ~~the that tax. local option fuel tax, including the 6-cent levy that is already in effect on the adoption date of this ordinance.~~

**Section 4. Use of Tax Proceeds.** The proceeds of the local option fuel tax collected and distributed to Brevard County shall be used solely for the purposes set forth in section 336.025(1)(b) 3., Florida Statutes as amended from time to time, which as of the date of adoption include transportation expenditures needed to meet the requirements of the capital improvements element of an adopted comprehensive plan or for expenditures needed to meet immediate local transportation problems and for other transportation-related expenditures that are critical for building comprehensive roadway networks by local governments. For purposes of this paragraph, expenditures for the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads shall be deemed to increase capacity and such projects shall be included in the capital improvements element of an adopted comprehensive plan. Expenditures for purposes of this paragraph shall not include routine maintenance of roads.

**Section 5. Notification of the Department of Revenue.** In accordance with section 336.025(5)(a), Florida Statutes, by October 1 of each year, the County Manager or designee shall notify the Department of Revenue of the rate of the taxes levied pursuant to paragraphs section 1 above. The County Manager shall also provide the department with a certified copy of the interlocal agreement or any amendments thereto as provided for under subparagraph section 3. and specifically notify the department of the distribution proportions established by such agreement or amendments or by section 336.025(4), if no interlocal agreement exists. The County Manager or designee shall also have the duty to notify the department in the event the Board decides to rescind the tax, provided that any such rescission may not take effect on any date other than December 31 and the County Manager shall be required to provide a minimum of 60 days' notice to the Department of Revenue of such decision.

**Section 6. Effective Date.** The Ordinance shall take effect on January 1, 2016. ~~This The levy provided for in this ordinance shall remain in effect for ten (10) years after commencement of the tax collection, or until December 31, 2026 and upon which date this ordinance and the levy provided for in this ordinance shall thereafter~~ be deemed repealed unless re-adopted by the Board of County Commissioners. A certified copy of this ordinance shall be filed with the Department of State and Department of Revenue with ten (10) days of its adoption.



DONE AND ADOPTED in regular session this \_\_\_\_ day of \_\_\_\_\_, 20156.

BOARD OF COUNTY COMMISSIONERS OF  
BREVARD COUNTY, FLORIDA

\_\_\_\_\_  
Scott Ellis, Clerk

By \_\_\_\_\_

, Chairman

(As approved by the Board on \_\_\_\_\_, 2015)



# **Blue Ribbon Advisory Board for Transportation Infrastructure**

## **Report and Recommendations to the Brevard County Board of County Commissioners**

**Approved by a 15:1 vote of the  
Blue Ribbon Transportation Advisory Committee  
March 18, 2014**



## EXECUTIVE SUMMARY

Recognizing the critical role that infrastructure plays in promoting economic development and community welfare as well as the burgeoning mismatch between infrastructure revenues and needs, the Brevard County Board of County Commissioners established the Transportation Infrastructure Advisory Board (hereafter, Blue Ribbon Advisory Committee or BRAC) on April 2, 2013. The mission of the BRAC, set forth by the Brevard County Board of County Commissioners, is to:

***Review the ongoing road maintenance and capacity needs of Brevard County and forward to the Board of County Commissioners sustainable short and long term funding solutions that can either be approved by the Board of County Commissioners or submitted to the voters of Brevard County for approval.***

Over a period of eight months (August 2013 - March 2014), BRAC members, representing a cross-section of Brevard County businesses and professional organizations, reviewed numerous documents related to infrastructure issues including presentations made by County staff, municipal transportation staff and representatives, as well as outside consultants.

The BRAC's principal concern was to provide the Brevard County Board of County Commissioners recommendations for action(s) by Spring 2014, adhering faithfully to the mission statement set forth. Accordingly, the short and long term funding solutions to be discussed in this report represent additional revenues to be collected from taxpayers for the purpose of bridging the gap between dollars needed versus dollars available.

### Background

Figure 1 (see Page 8) provides the crux of Brevard County's current infrastructure dilemma, calibrated to a 15-year cycle. On an annual basis, approximately \$14 million is presently available for the recurring funding of routine maintenance (\$11.435M), resurfacing (\$0.626M), equipment maintenance/capital (\$1.615M), and landscaping (\$0.324M). Unfortunately, that level of funding only allows for the resurfacing of about eight miles of roads per year, far short of the 55 miles per year needed to resurface Brevard's 1,110 miles of roads on a 20 year rotation (i.e., 1,100 miles/20 years = 55). A 20-year resurfacing rotation ensures that the roads do not decay to the point of needing reconstruction, which is prohibitively more expensive.

Ensuring that all Brevard County local roads are resurfaced on a 20 year rotation requires an additional \$4.2M per year (does not include municipal, state or federal roads). Including traffic, drainage, and sidewalk maintenance bumps that annual figure to **\$6.2M**; thus, the recurring maintenance requirements, all things normalized, would require \$20.2M per year over the next 15 years, in contrast to the \$14M currently available.

All things are not normalized, however, as Brevard County has a legacy bill. At the present time, due to the lack of adherence to the prescribed 20 year resurfacing schedule, about 280 miles of road require either partial or full reconstruction, at an annual cost of \$10.06M. Factoring in the annualized backlog costs for traffic, drainage, and sidewalk maintenance (i.e., \$1.8M) yields a yearly legacy remediation bill of **\$11.86M**, to be incurred over the next 15 years.



In total, sustaining the existing roadway infrastructure requires additional funding of **\$18.06M** per year (i.e., \$6.2M + 11.86M) over the next 15 years, at which point remediation would be complete. Sustainable funding for roadway infrastructure would then fall to an additional \$6.2M (albeit adjusted for inflation) beyond what is presently available.

None of the revenues discussed up to this point are associated with infrastructure expansion or capacity. Figure 2 (see Pages 9, 10) provides in tabular form in excess of \$440M in new road construction projects to be completed over the next 15 years to fix transportation capacity problems. This would involve in the neighborhood of about \$30M per year of additional funding. There is currently no funding source to address these capacity issues.

### **Funding Options**

(1) Brevard County has the ability to levy an *additional* 6 cents per gallon in **gas taxes**. The first additional cent (referred to as the 9<sup>th</sup> cent fuel tax) could be used for any transportation purpose and would generate \$2M for use by county government only. An additional Local Option Gas Tax (LOGT) of one to five cents is allowable for operations, maintenance, repair, signalization, and construction. Collecting the full five cents could generate \$5.7M for the County and an additional \$3.8M for distribution to the municipalities. All told, maxing out the available fuel levies would yield an additional \$7.8M in revenues targeted for County infrastructure.

*Pros vs. Cons* - A gas tax is a relatively good option for transportation funding. Road infrastructure is dominated by automobile traffic, which predominantly runs on fuel. Larger vehicles, which weigh more and depreciate the roadway asset to a greater degree, typically require more fuel to run. Visiting tourists, who utilize rental vehicles and benefit from a sound infrastructure, pay for this use through gas purchases, and it is estimated that about 25% of Brevard's gas taxes are collected from visitors. Pedestrians, cyclists, and those who drive in Brevard County but typically purchase their fuel elsewhere, benefit from use without contributing. The roadway asset's depreciation from the first two categories is likely negligible, however, and with respect to the latter, it is probably offset by those who drive in other counties but purchase their fuel on the Space Coast.

Brevard County collects one of the lowest amounts of gas tax in the state. In terms of nearby counties, Volusia County, for example, already collects the full twelve cents per gallon. In terms of expedience, with a supermajority vote of four county commissioners, Brevard County could collect between one and six cents in additional gas taxes. A ballot referendum is not required.

On the negative side, gas taxes are a specific tax, levied per gallon. They are not percent based, and do not fluctuate with price. All told, the combined impact of inflation, greater fuel efficiency, and reduced driving behavior has given this funding source a sort of planned decline. Gas tax revenues have been declining, and while an expanding economy will likely provide a positive push on miles driven, the expectation is that gas tax revenues will continue to decline as cars become more fuel efficient and/or independent. In addition, a survey conducted by the Space Coast Transportation Planning Organization (SCTPO) revealed a gas tax increase to be the least popular option.

*Assessment* -The gas tax option would be considered a short-term solution. It is politically expedient in that it can be invoked at a Brevard County Board of County Commissioners Board Meeting. It would cover the additional \$6.2M needed, all things normalized, for recurring maintenance requirements. It would not, however, tackle any of the backlog needed to remediate the existing capital structure, or provide funds for new capacity expansion.



(2) **Impact fees** are set by local governments to ensure that the costs of providing public services for new developments are paid for by that new development. The committee reviewed an historical evaluation showing that impact fees were previously set at levels that did not fully pay for the infrastructure costs associated with development. During the recent economic downturn, impact fees were suspended in Brevard County and in most municipalities. Only Melbourne and Palm Bay are currently collecting impact fees.

Although impact fees are driven by construction demand, it is estimated that in the current economy, impact fees would generate \$3.4M annually for the county and an additional \$2.7M for the municipalities. These amounts will likely increase as the economy and housing industry rebounds. *Impact fees can only be used for infrastructure related to development.* They cannot be used for maintenance and repair of existing infrastructure. The current moratorium on impact fees expires at the end of 2014.

*Pros vs. Cons* – Impact fees are designed to alleviate the choke points that occur due to development and the burdening on existing infrastructure that development precipitates. Those who tax the existing infrastructure are themselves taxed to create additional capacity. In terms of expedience, impact fees can be set by a simple majority vote of the Brevard County commission. A ballot referendum is not required, and in fact, no further action on this issue is required as the current moratorium will sunset without any further action.

In the SCTPO survey of citizens in 2013 to determine their transportation needs and funding preferences, assessing impact fees on new construction was the only new option favored by a majority of respondents. Two out of three residents surveyed supported the use of impact fees to fund transportation.

On the negative side, impact fees, to the extent they are passed on to buyers, raise the price of housing at a time of industry recovery. Whether that impact from price, as opposed to a population fundamental, would be the primary driver on sales is debatable. As stated earlier, impact fees are also constrained for capacity increase only.

*Assessment* – Impact fees, without conjunction with some other option, are an extremely modest short-term solution for unfunded future capacity expansion. They can only be used for capacity expansion, which has an estimated need of about \$440M over the next 15 years. With housing recovery it is conceivable that impact fees, along with matching funds, can yield in the neighborhood of 35% of the required dollars needed for new capacity expansion during the next 15 years. A long-term solution would require a companion source of funds.

(3) **An infrastructure sales tax** is a new tax levy of up to one cent per dollar on most goods and services purchased within Brevard County. Proceeds can be used to finance, plan, and construct infrastructure. Similar to gas taxes, the infrastructure sales tax is collected from any buyer, whether residents or visitors. The average household cost for a half-cent sales tax is estimated at \$67.50 annually, but is, of course, based on actual spending for taxable goods and services.

*Pros vs. Cons* – An infrastructure sales tax is an indirect tax option for funding transportation infrastructure. Typically most retail items purchased in Brevard County utilize road infrastructure for distribution. In essence, all buyers pay for the infrastructure that facilitates the sale of those goods and services, including tourists. A half-cent infrastructure sales tax generates significant revenue – about \$17.5M for the county and almost \$14M for distribution to the cities. It is the only option that provides a reasonable attempt at closing the unfunded transportation backlog. Additionally, the revenues collected will increase as the economy expands.



On the negative side, an infrastructure sales tax, while it can be placed on the ballot with a simple majority vote of the Brevard County Commission, must be approved by voters in a referendum. Consequently, it is not as politically expedient as gas taxes or impact fees. In the SCTPO survey of citizens in 2013 to determine their transportation needs and funding preferences, an infrastructure sales tax garnered favor with just under 50% of respondents. The School Board of Brevard County will have a one-half cent infrastructure sales tax referendum on the November 2014 ballot which further complicates this issue.

*Assessment* - The infrastructure sale tax is a long-term solution. The revenues involved, likely exceeding \$300M over the next 15 years, comprise a funding source that is at least close to the order of magnitude needed to remedy the current mismatch between needs and funds. It is also long-term in that it cannot be immediately enacted by a vote of the Brevard County Commissioners. It is plausible that passage may require multiple referendum attempts. Communities that have successfully implemented a sales tax have provided voters with a well-defined list of projects to be funded.

(4) A **public services tax** is a tax levied on the purchase of alternative forms of energy/fuel including electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. The tax proceeds are considered general fund revenue for the jurisdiction but could be restricted in use for transportation projects. All of Brevard's municipalities and the surrounding counties currently collect public services taxes. It is only residents of unincorporated Brevard County that do not pay this tax. It is estimated that Brevard County would generate over \$12M annually using this funding stream. The County Attorney's interpretation of the charter indicates that this revenue source would require approval by a voter referendum.

*Pros vs. Cons* - A public services tax is a somewhat reliable source of revenue based on the fact that most residents pay for electricity directly, or indirectly through passed costs, and thus, provides a pathway for community provision of infrastructure. It is an imperfect choice for use on transportation projects. On the positive side, a public services tax would provide two-thirds the revenue of a half-cent sales tax, and this revenue would also be flexible in its use. The revenues collected will also increase as the economy expands. In addition, county passage of a public services tax equalizes the playing field between the incorporated and unincorporated areas.

On the negative side, a public services tax, like an infrastructure sales tax, must be approved by voters in a referendum. Consequently, it is not as politically expedient as gas taxes or impact fees. The School Board of Brevard County will have a one-half cent infrastructure sales tax referendum on the November 2014 ballot which further complicates this issue.

*Assessment* - A public services tax offers a long-term solution for transportation funding although not as desirable as an infrastructure sales tax. Since the infrastructure sales tax provides more revenue than a public services tax, and both need to be passed by referendum, it is hard to see how this option would be preferred to the infrastructure sales tax.



## Priorities

The BRAC has identified these priorities and recommends that the Board of County Commissioners take action to address them in this order:

1. *Regularly scheduled maintenance of existing infrastructure - \$6.2M annually.* According to the American Association of State Highway and Transportation Officials, every \$1 spent to keep a road in good condition avoids \$6-14 needed later to rebuild the same road once it has deteriorated significantly. The BRAC recommends increasing funding to resurface an additional 47 miles of existing roads per year (\$4.2M) and routine traffic, drainage, and sidewalk maintenance (\$2M).

### THE COST OF WAITING

\$6.2M/year starting now	=	Good Roads \$93M over 15 years
Waiting 15 years	=	Poor Roads \$296M back to Good

2. *Existing backlog of roadway reconstruction and maintenance - \$11.86M annually.* Currently there are 283 miles of roadways that have deteriorated beyond resurfacing that must be partially or fully reconstructed as well as a backlog of traffic, drainage, and sidewalk projects. The BRAC recommends budgeting for these projects over a period of 15 years with annual funding for roadway reconstruction (\$10.06M) and additional routine maintenance (\$1.8M).

### MAINTENANCE/BACKLOG

<u>FUNDING</u>	<u>PRODUCES</u>	<u>SERVES</u>
\$18.06M/annually	1110 miles of good roads	570,244 current residents

3. *Roadway capacity to accommodate growth - \$29.57M annually.* Almost 100,000 new residents have moved to Brevard County since 2000 and an additional 116,000 residents are expected over the next 15 years. Transportation capacity investment has not kept pace with this growth and many roads are near or at their planned capacity. Brevard County Public Works has a capital improvement plan with a detailed list of projects for transportation infrastructure to address current population and traffic increases (\$443.6M).

## Recommendations

1. *Maintain current funding - \$14M annually.* The current Public Works budget is derived from multiple sources including general revenue. The BRAC recommends maintaining a combination of current revenue sources to keep this level of annual funding. New sources of revenue should not be used to supplant existing funds.
2. *Levy 6 cents per gallon of additional gas tax - \$7.8M annually.* The BRAC recommends that the Board of County Commissioners take action prior to July 1 to begin collecting new gas tax revenue on January 1, 2015. These funds should be fully committed to regularly scheduled maintenance of existing infrastructure which is the first priority. These funds should not be bonded.



Due to annexation and the significant number of county roads now within city limits, it is suggested that, in advance of this levy, a new interlocal agreement be negotiated committing 60% of new funding to county roads and 40% to city-maintained roads. With this formula, new projected County revenue would be \$2,042,900 from the 9<sup>th</sup> cent fuel tax and \$5,727,903 from the five-cent Local Option Gas Tax. The municipalities would receive an additional \$3,818,652 annually. Distribution of current gas tax revenues would continue using the existing formula (47% county/53% cities).

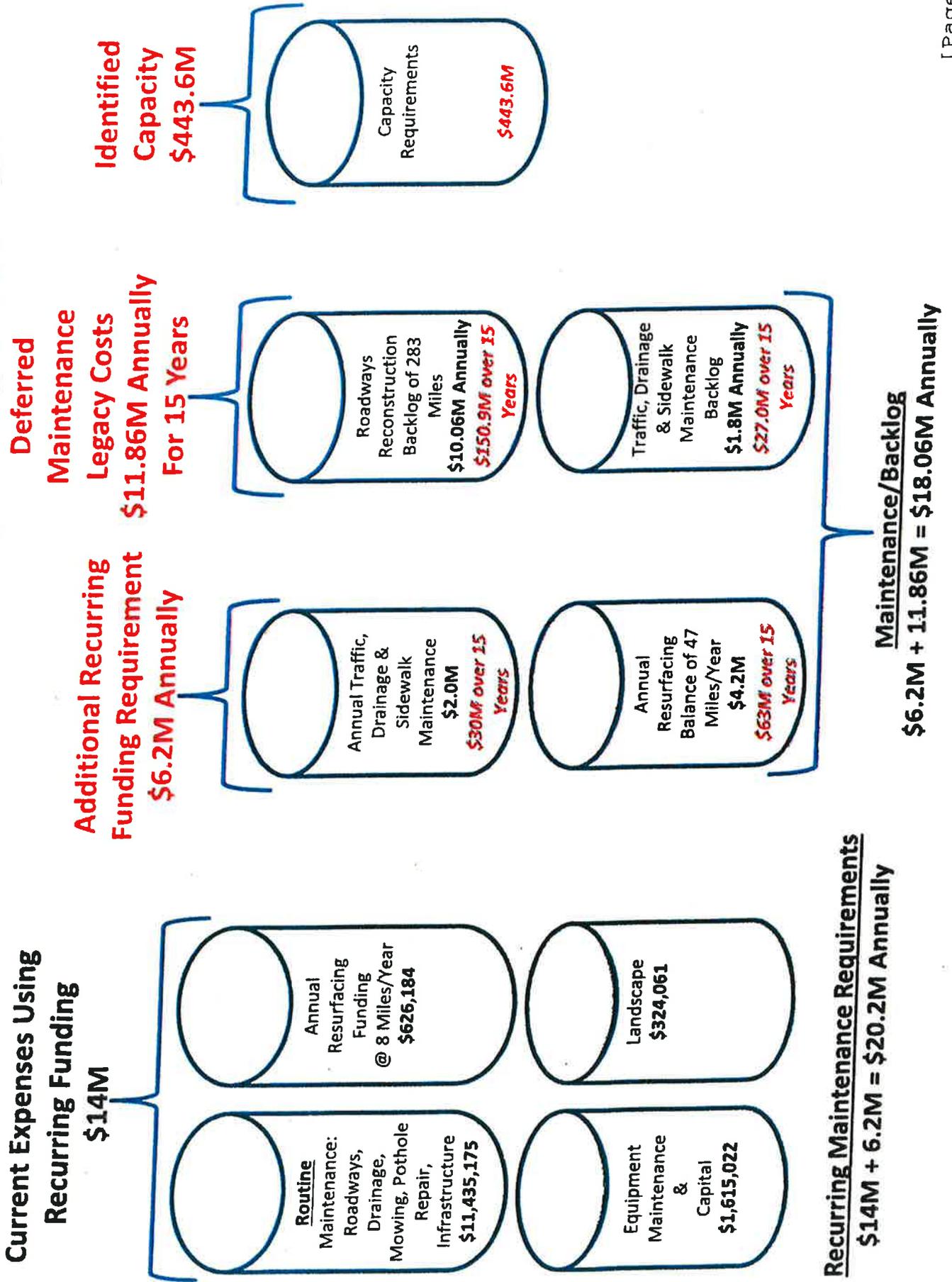
3. **Collect impact fees to support capacity expansion - \$3.4M annually.** The BRAC recommends that the County Commission allow the current moratorium on impact fees to sunset as scheduled on December 31, 2014. The annual revenue from impact fees will fluctuate proportionately to growth and their use will be limited to increasing capacity to support that growth. The County is conducting an analysis of the impact fee structure and should work closely with real estate and building professionals to set appropriate impact fees that will support capacity expansion.
4. **Support a one-half cent infrastructure sales tax referendum - \$17.45M annually.** The infrastructure sales tax is the only funding mechanism that provides the revenue needed to support maintenance, reconstruction, and capacity for the County and the cities. The BRAC recommends that an infrastructure sales tax referendum be placed on the November, 2014 ballot. The sales tax would be limited to 15 years with all funding dedicated to transportation infrastructure. They also recommend the development of interlocal agreements for the County and cities, prior to the referendum, that include the following commitments:
  - Limited to 15 years
  - Revenue can only be used for transportation infrastructure (as defined by the LOGT statute)
  - Funds will be distributed based on the Department of Revenue allocation formula
  - Resurfacing and maintenance of existing infrastructure will be prioritized
  - Each jurisdiction will produce and maintain a list of project priorities
  - Each jurisdiction will be required to produce an annual accountability report
  - The additional six cents gas tax would be rescinded during the years that the infrastructure sales tax is collected
  - Bonding is discouraged (may consider limited bonding)

Figure 3 (see Page 11) provides a summary chart of revenue options and recommendations.



Figure 1

# Transportation Infrastructure Spending and Needs





**Fig. 9**  
**Brevard County Unfunded Transportation Projects**

District	Project	Project Limits	Type of Project	Projected Cost
2	SR 520	Delannoy Avenue to Kiwanis Island	Most Arm Replacement/Repair	\$3,000,000
2	Imperial St Realignment		Realignment	Est Not Avail
2	Sea Ray Bridge		Bridge Replacement	
3	Micco Road	at Dottie Lane	Bridge Replacement-Design & Construction	\$1,000,000
3	Micco Road	at Dottie Lane	Bridge Replacement - design & construction	\$2,000,000
Countywide	Hurricane Stock	Unincorporated	Traffic Signals	\$2,000,000
Countywide	Traffic - Striping Backlog	Unincorporated	Replace Striping	\$400,000
Countywide	Traffic Signal - LED	Unincorporated	LED Bulb Installation	\$4,004,863
Countywide	Traffic Signal - Rehab	Unincorporated	Rehabs	\$72,079
Countywide	Traffic Signs	Unincorporated	Maintenance and Replacement	\$3,672,114
Countywide	Sidewalks	All Districts	@ \$30,000 per district for 10 years	\$9,368,856
1	Resurfacing (General)(Unincorporated)		Traffic, Drainage, Sidewalk Maintenance Backlog	\$1,500,000
2	Resurfacing (General)(Unincorporated)	30 Miles of Roads*	Resurfacing and Reconstruction	\$27,017,912
3	Babcock St.	38 Miles of Roads*	Resurfacing and Reconstruction	\$10,671,429
3	Resurfacing (General)(Unincorporated)	Malabar to County Line	Reconstruction	\$13,178,096
4	Resurfacing (General)(Unincorporated)	55 Miles of Roads*	Resurfacing and Reconstruction	\$5,150,000
4	Lake Andrew Drive	100 Miles of Roads*	Resurfacing and Reconstruction	\$18,504,762
5	Babcock Street	Circle to Judge Fran Jamieson Way	Resurfacing	\$32,604,761
5	Babcock Street	Fee Ave. to RR Tracks	Resurfacing/Reconstruction	\$275,000
5	Resurfacing (General)(Unincorporated)	Malabar Road to County Line	Resurfacing/Reconstruction	\$2,800,000
5	Minton Rd.	60 Miles of Roads*	Resurfacing and Reconstruction	\$5,150,000
5	Minton Rd.	Helen to 192	Resurfacing	\$20,071,428
5	Malabar Rd. Ext	Eber to Helen	Resurfacing	\$170,000
5	Babcock St.	at C-8 Canal	Box Culvert	\$1,441,000
5	Riverside Drive	Malabar Rd to County Line	Resurfacing/Reconstruction	\$155,096
5	Riverside Drive	S. of SR 518 to N. of US 192	Reconstruction	\$3,750,000
5	Riverside Drive	S. of SR 518 to N. of US 192	Paved Shoulders and Bike Path	\$1,980,590
Countywide	Resurfacing & Reconstruction	S. of SR 518 to N. of US 192	Resurfacing areas not recently resurfaced	\$1,050,000
Countywide	Resurfacing (General)(Incorporated)	40 Miles (50% of Un-Incorporated Miles)	Resurfacing/Reconstruction	\$180,000
		40 Miles of Roads (50% of Total)	Resurfacing and Reconstruction	\$16,871,429
			Roadway Backlog	\$16,871,428
1	Curtis Boulevard		Deferred Maintenance Legacy Costs	\$150,875,019
1	Dairy Road	Grissom Road to Song	4 Lane Urban-sidewalks	\$177,892,931
1	Fay Boulevard	Carpenter Road to US 1	4 Lane Urban-sidewalks	\$10,977,246
1	Grissom Road	Grissom to I-95	4 Lane Urban-sidewalks	\$17,786,002
1	Grissom Road	Bridge to Kings Hwy.	4 Lane Urban-sidewalks	\$6,905,520
1	Grissom Road	Canaveral Groves to Bridge	4 Lane Rural-sidewalks	\$14,060,450
2	Lucas Road	Industry Road to Canaveral Groves	4 Lane Rural-sidewalks	\$7,462,257
2	Players Lane	N. Courtenay to N. Tropical	3 Lane Urban-sidewalks	\$9,365,320
2	S. Courtenay Parkway	Extended Corridor	Extend Roadway with sidewalks	\$4,972,598
3	Babcock St.	Fontenberry to Cone	4 Lane Urban (1 mile)	\$8,087,830
3	Babcock Street	Malabar Road to S. County Line	4 Lane Rural-sidewalks-Design/Acq/RW	\$52,500,000
3	Babcock Street	Waco Intersection	Intersection Imp. Design & Construction	\$1,600,000
3	Babcock Street	Wyoming/Valkaria Intersection	Intersection Imp. Design & Construction	\$3,060,000
3	Eber Road	Eldron/Grant Intersection	Intersection Imp. Design & Construction	\$2,300,000
		Dairy Road to Minton Road	4 Lane Urban	\$7,572,691



**Fig. 1**  
**Brevard County Unfunded Transportation Projects**

District	Project	Project Limits	Type of Project	Projected Cost
3	Florida Avenue	Dairy Road to Minton Road	4 Lane Urban	
3	Hollywood Boulevard	US 192 to Palm Bay Road	4 Lane Urban-sidewalks-Design/Acq/RW	\$10,632,630
3	Micco Road	Interchange to US 1	4 Lane	\$23,000,000
3	Minton Rd.	US 192 to Malabar Road	6-Lane Urban	\$55,000,000
3	Riverside Dr.	US 192 & SR 518	US 192 Intersection	\$7,430,138
4	Aurora Road	Wickham Road to John Rodas Blvd.	3 Lane Urban-sidewalks	\$691,268
4	Barnes Blvd	Murrell Rd to US 1	4-Lane Urban/Sidewalks-Design-R/W & Const	\$6,313,173
4	Post Road Flyover	Extended Corridor	2 Lane Bridge over I-95	Est Not Avail
4	Washingtonia	Viera to St. Johns Heritage Parkway	Roadway Extension - Design	\$11,107,839
4	Washingtonia	Viera to St. Johns Heritage Parkway at Forest Lake Drive	2-Lane Urban/Sidewalks-R/W & Const.	\$750,000
4	Wickham Road	at Forest Lake Drive	Traffic Signal - Design & Construction	\$12,500,000
4	Wickham Road	at Forest Lake Drive	Traffic Signal - Design & Construction	\$450,000
4	Wickham/Interlachen Turn Lanes Improvement	Interlachen Rd/Wickham Intersection	Intersection Improvement, design & Construction Feasibility Study	\$450,000
5	Aurora Road	Wickham Road to John Rodas Blvd.	3 Lane Urban-sidewalks	Est Not Avail
5	Babcock St.	Malabar Road to S. County Line	4 Lane Rural-sidewalks-Design/Acq/RW	\$6,313,173
5	Ellis Rd.	John Rodas to W. Melbourne	4-Lane Urban/Sidewalks - Design	\$17,500,000
5	Ellis Rd.	John Rodas to W. Melbourne	4-Lane Urban/Sidewalks - Design	\$1,500,000
5	John Rodas Blvd.	US 192 to Eau Gallie	Intersections Improvement Project	\$50,000,000
5	John Rodas Blvd.	US 192 to Eau Gallie	4-Lane Urban/Sidewalks - 12.5% Match Only	\$9,055,117
5	Minton Rd.	US 192 to Malabar Road	6-Lane Urban	\$5,689,650
5	Riverside Dr.	US 192 & SR 518	US 192 Intersection	\$7,430,138
5	St. Johns Heritage Parkway	N. of US 192 to Ellis Rd. Ph. 2B	2 Lane Urban/Sidewalks-Redesign & Const.	\$691,268
5	St. Johns Heritage Parkway	Palm Bay City Limits to Ellis Road	Widen to 4 Lanes	\$16,680,000
5	Washingtonia	Viera to St. Johns Heritage Parkway	Roadway Extension - Design	\$16,000,000
5	Washingtonia	Viera to St. Johns Heritage Parkway	2-Lane Urban/Sidewalks-R/W & Const.	\$750,000
5	Wickham Rd.	Nasa Blvd. to Sarno Road	6-Lane Urban/Sidewalks - 12.5% Match Only	\$12,500,000
4/5	Wickham Road	General Operational Improvements		\$4,520,544
Countywide	Traffic Operations Building	Infrastructure		\$9,216,900
1	405 Bike Path		Sidewalk - Design & Construction	\$4,000,000
1	Carpenter Road	Longbow Circle to SR 46	Sidewalk - Construction	Est Not Avail
1	Grisson Road	Perimeter Rd. SR 405	Sidewalks	\$500,000
1	Sisson Road	SR 405 to SR 50	Sidewalks	\$656,350
1	US 1		Sidewalk - Design & Construction	\$800,000
1	Knox McCrae	Fairglen Bridge to S. of Broadway	Sidewalk - Design & Construction	\$370,000
1	Sherwood & Robin Hood	Fox Lake Park	Sidewalk - Design & Construction	Est Not Avail
1	Wendy Lee Drive		Sidewalk - Design & Construction	Est Not Avail
2	N. Banana River Drive	Sisson Road to Goldenleaf Lane at Girard Blvd.	Pedestrian Bridge	\$80,000
2	Sykes Creek Parkway	Fortenberry Road to N. Banana River Dr.	Sidewalk (3 miles)	\$500,000
2	Range Road	Lake Drive to SR 520	Sidewalk - Design & Construction	\$933,211
3	Hollywood Boulevard	Whitman Drive to Melbourne Landings	Sidewalk - Design & Construction	\$359,520
4	Wickham Road	Longleaf Elementary	Sidewalk - Design & Construction	\$30,000
5	Aurora Road	8,300' of Sidewalk	Sidewalk - Construction	\$30,000
Capacity				\$1,154,700
Grand Total				\$443,570,068
				\$621,462,999



# REVENUE OPTIONS AND COMMITTEE RECOMMENDATIONS

## Figure 3

Published: 10/15/2013  
 Revised: 3/18/2014

REVENUE TYPE	WHO PAYS	STRINGS/LIMITATIONS	REVENUE DISTRIBUTION IF LEVY WAS ESTABLISHED	COMMENTS & DRAFT RECOMMENDATIONS
<b>Brevard County 9th Cent Fuel Tax</b> The diesel portion of this tax is mandatory, however the remainder which covers unleaded fuel is an optional levy which Brevard County does not have in place at this time.	All individuals who buy fuels in Brevard County pay this tax. 15% to 25% are considered tourists/non-residents.	Any legitimate County transportation purpose	County - 100% \$2,042,900 Cities - 0% \$0	4 out of 5 Commissioners Supermajority required to approve Draft Recommendation: Enact with the following stipulations; funding is restricted to transportation maintenance only, and there will be no reduction in the current maintenance funding. If the Infrastructure Sales Tax is passed this revenue stream will be rescinded. No bonding.
<b>Local Option Gas Tax 1-5 Cent (LOGT)</b> County governments are authorized to levy up to 11 cents of local option fuel taxes between the 1-6 Cent Local Option Gas Tax and the additional 1-5 Cent Local Option Gas Tax. The funds are used for transportation expenditures	All individuals who buy fuels in Brevard County pay this tax. 15% to 25% are considered tourists/non-residents.	Limitations: 1. Public transportation operations & Maint storage for equipment 2. Right-of-Way maintenance/ equipment, structure, and repair 3. Right of way drainage 4. Street light installation, operation, maintenance, and repair 5. Traffic signs, Traffic Eng. signalization, pavement markings 6. Bridge maintenance and operation 7. Debt service and current expenditures for transportation capital projects (construction, reconstruction, sidewalks)	County - 60% \$5,727,903 Cities - 40% \$3,818,602	4 out of 5 Commissioners Supermajority required for approval. Distribution to county and cities requires an interlocal agreement with the county and enough of the cities to represent 50% of the municipalities total population. Draft Recommendation: Enact with the following stipulations; funding is restricted to transportation maintenance only, no reduction in the current maintenance funding. If the Infrastructure Sales Tax is passed this revenue stream will be rescinded. No bonding
<b>Transportation Impact Fees</b> 2.6 Million from Impact Fees that were suspended in 2009. All previous fees collected have been allocated to transportation projects. For planning purposes we have shown \$0 in the "FY2014 budgeted"	Developers pay this fee	In 2009, all residential, commercial and industrial land use are exempt from \$2.6 Million Transportation Impact fees, all other impact fees still apply.	County \$3,400,000 Cities \$1,700,000	Simple majority- 3 out of 5 County Commissioners required for approval Draft Recommendation: Allow moratorium to sunset as currently scheduled on 12/31/2014.
<b>Infrastructure Sales Tax @ 0.5 percent</b>	Purchasers of most goods/services within Brevard County will pay this tax	Proceeds must be expended to finance, plan, and construct infrastructure; to acquire land for public recreation, conservation, or protection of natural resources.	County - 56.03% \$17,458,977 Cities - 43.97% \$13,703,035	Simple majority- 3 out of 5 County Commissioners required for placement on a referendum ballot Distribution to county and cities requires an interlocal agreement with the county and enough of the cities to represent 50% of the municipalities total population Draft Recommendation: Enact with the following stipulations; funding is restricted to transportation infrastructure only, and there will be no reduction in the current maintenance funding. If passed then the other gas taxes options identified here are rescinded. Bonding discouraged. Requires an interlocal agreement with the cities as to the distribution. Restricted use for transportation, required annual reporting and accountability. This tax expires after 15 years.
<b>Public Services Tax</b>	Purchasers of these goods/services within Brevard County will pay this tax	The tax proceeds are considered General Fund revenue for the municipality or Charter County.	\$12,000,000 - \$14,000,000	Statutorily requires a simple majority - 3 out of 5 County Commissioner required for approval; however per County Charter, it requires a referendum. Draft Recommendation: Forgo this option - not adequate to solve major challenges

Note: These options are contingent on maintaining the current \$14M Road & Bridge Operating Budget with it's General Fund transfer and MSTU rates. The revenue amounts are based on the 2012 Local Government Financial Information Handbook.



## Brevard County Budget Basics

December 10, 2015

Budget Office



## Presentation Outline



2

- **Governmental GAAP and The Color of Money**
- **FY 2015-2016 Budget**
- **The Color of Money in Detail**
- **General Government Operating Revenue**
- **The General Revenue Checkbook**

## Fund Accounting



3

- **Fund Accounting**
  - **Government's activities not typically considered a homogeneous whole**
  - **Local government is comprised of separate fiscal entities: "funds"**
    - **Segregate activities/objectives in accordance with regulations, restrictions or limitations**
    - **Classified by "fund types" for reporting purposes**

Source: GFOA – Stephen J. Gauthier, Accounting and Financial Reporting

## Restricted Use of Funds



4

- **Legal Restrictions**
  - **Funds allocated for specified purposes (Utilities, Solid Waste, Roads, Library, Mosquito Control, etc.)**
  - **By Statute**
  - **By Special Act**
- **Voter Approved Restrictions**
- **Imposed by Creditors**
- **Grant Requirements**
  - **Leveraging Funds**
- **Federal and State Guidelines**

## GASB 54 Definitions



5

- **Special Revenue Funds** – account for/report the proceeds of revenue sources *restricted* to expenditures for specific purposes
- **Debt Service Funds** – account for/report financial resources *restricted* for principal and interest
- **Capital Project Funds** – account for/report financial resources *restricted* to capital outlay
- **Enterprise Funds** – Proprietary fund type used for an activity for which a fee is paid for goods or services
- **Internal Service Funds** - Proprietary fund type used for an activity that provides goods or services to other depts/agencies, etc. on a cost reimbursement basis.

## Fund Groups



6

- **General Fund**
  - The chief reporting vehicle for a local government
  - Accounts for activities not reported in other fund type.
  - Funds may be used for any public purpose.

Source: GFOA – Stephen J. Gauthier, Accounting and Financial Reporting

## Fund Groups (Cont'd)



7

### o Special Revenue Funds

- Examples:
  - Gas Tax: proceeds may only be used to finance road maintenance and repair
  - Legal restrictions on grant proceeds: may only be spent on specified purposes
  - Special Districts: Libraries, Mosquito Control, EEL's, Tourism

## Fund Groups (Cont'd)



8

### o Debt Service Funds

- Mandatory when:
  - Legally mandated
  - For payments maturing in future years (greater than one year's principal and interest payment)

Source: GFOA – Stephen J. Gauthier, Accounting and Financial Reporting

## Fund Groups (Cont'd)



9

### o Capital Projects Funds

- Enhances government's understanding of capital activities
- Avoids distortions in trend reporting when capital and operating activities are mixed

Source: GFOA – Stephen J. Gauthier, [Accounting and Financial Reporting](#)

## Fund Groups (Cont'd)



10

### o Enterprise Funds

- Used for one or both:
  - Activities financed/operated similar to business enterprises (costs recovered primarily through user charges)
    - Utilities; Solid Waste; Golf Courses
  - Provide information on revenues, expenses, and net income where such information is useful for capital maintenance, public policy, accountability, management control, or some other purpose

Source: GFOA – Stephen J. Gauthier, [Accounting and Financial Reporting](#)

## Fund Groups (Cont'd)



11

### Internal Service Funds

- Cost-allocation devices for services provided to other departments within the government
- Often used to account for information systems and risk-management activities.

Source: GFOA – Stephen J. Gauthier, Accounting and Financial Reporting



12

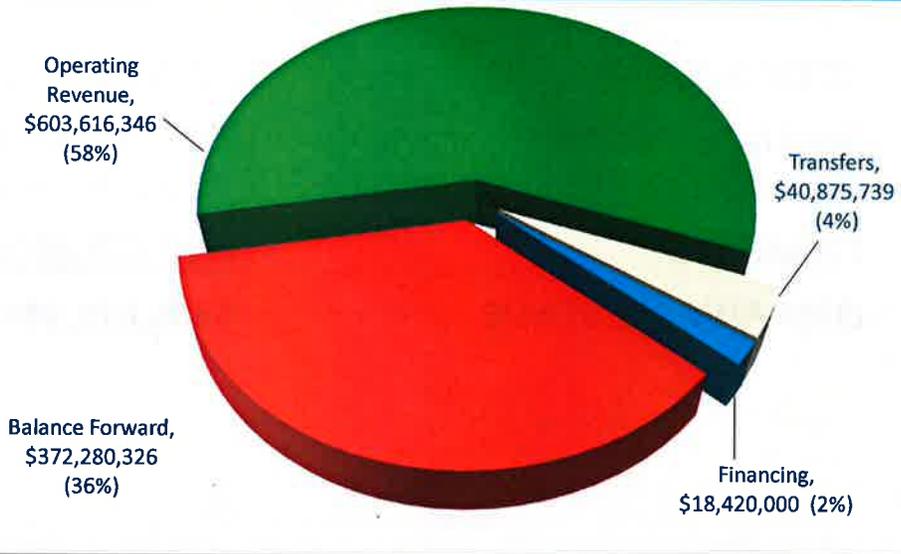
## THE FY 2015-2016 BUDGET

## THE FY 2015-2016 ADOPTED BUDGET:

# \$1,035,192,411



13



14

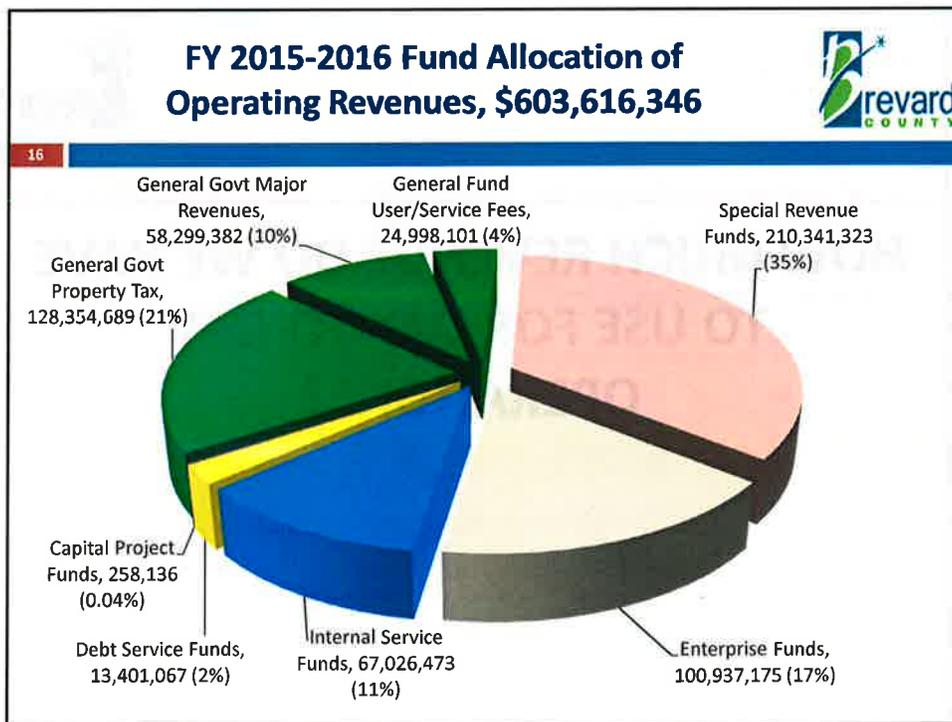
## HOW MUCH REVENUE DO WE HAVE TO USE FOR DAY-TO-DAY OPERATIONS?

### From The Total Budget to Operating Revenue



15

<b>TOTAL BUDGET</b>	<b>\$1,035,192,411</b>
<b>BALANCE FORWARD</b>	<b>(\$372,280,326)</b>
<b>INTER/INTRA FUND TRANSFERS</b>	<b>(\$40,875,739)</b>
<b>FINANCING</b>	<b><u>(\$18,420,000)</u></b>
<b>OPERATING REVENUE</b>	<b>\$603,616,346</b>



**FY 2015-2016 Fund Allocation of  
Non-General Government Operating Revenues**



**17**

<b>User/Services Fees</b>		<b>Special Revenue Funds</b>	
Parks and Recreation	\$7,313,730	Public Works	\$52,257,667
Central Services	\$6,058,702	Fire Rescue	\$47,904,042
Public Works	\$8,707,889	Sheriff	\$25,986,140
Sheriff's Office	\$2,052,765	Natural Resources	\$21,874,663
Natural Resources	\$1,297,203	Library Services	\$16,823,425
Emergency Management	\$1,053,380	Tourism	\$11,495,240
Planning and Development	\$1,043,930	Parks and Recreation	\$7,816,556
Other Other GF	\$1,449,476	Housing/Human Svcs	\$7,797,511
<b>Total Dept User Fee Funds</b>	<b>\$24,993,401</b>	Planning and Development	\$7,280,718
<b>Enterprise Funds</b>		Emergency Management	\$3,804,453
Utility Services	\$37,830,592	Court Operations	\$2,579,301
Solid Waste	\$36,704,036	Valkaria Airport	\$1,985,000
Transit Services	\$19,428,581	Space Coast Transp Planning	\$1,491,591
Golf Courses	\$2,869,661	Other Special Revenue Funds	\$1,245,016
TICO	\$2,313,197	<b>Total Special Revenue Funds</b>	<b>\$210,341,323</b>
Melbourne-Tillman	\$1,791,108	<b>Capital Project Funds</b>	
<b>Total Enterprise Funds</b>	<b>\$100,937,175</b>	Parks and Recreation	\$232,592
<b>Internal Service Funds</b>		Emergency Management	\$25,544
Employee Benefits	\$34,536,717	<b>Capital Project Funds</b>	<b>\$258,136</b>
Risk Management	\$6,291,407	<b>Debt Services Funds</b>	
IT Communications	\$3,493,329	Parks and Recreation	\$13,401,067
<b>Total Internal Service Funds</b>	<b>\$44,321,453</b>		



**18**

## HOW MUCH GENERAL OPERATING REVENUE DO WE HAVE?

## From The Total Operating Revenue to General Operating Revenue



19

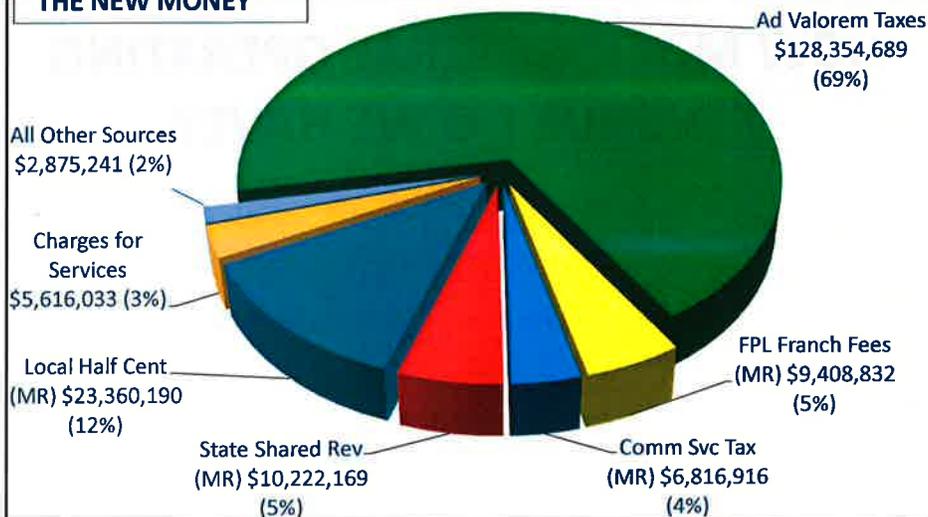
OPERATING REVENUE	\$603,616,346
SPECIAL REVENUE	(\$210,341,323)
ENTERPRISE REVENUE	(\$100,937,175)
INTERNAL SERVICE REVENUE	(\$67,026,473)
USER FEES REVENUE	(\$24,998,101)
DEBT SERVICE REVENUE	(\$13,401,067)
CAPITAL PROJECTS REVENUE	(\$258,136)
<b>GENERAL OPERATING REVENUE</b>	<b>\$186,654,071</b>

## THE FY 2015-2016 BUDGET: General Government Operating Revenue: \$186,654,071



20

### "THE NEW MONEY"





21

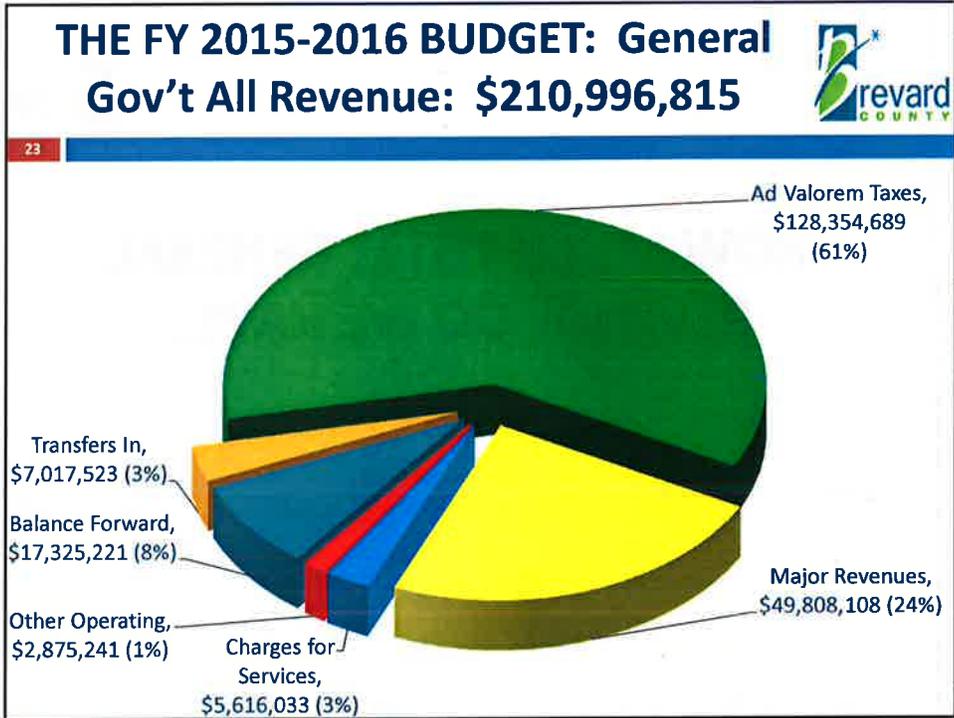
## HOW MUCH TOTAL GENERAL REVENUE DO WE HAVE?

### From General Operating Revenue to Total General Revenue



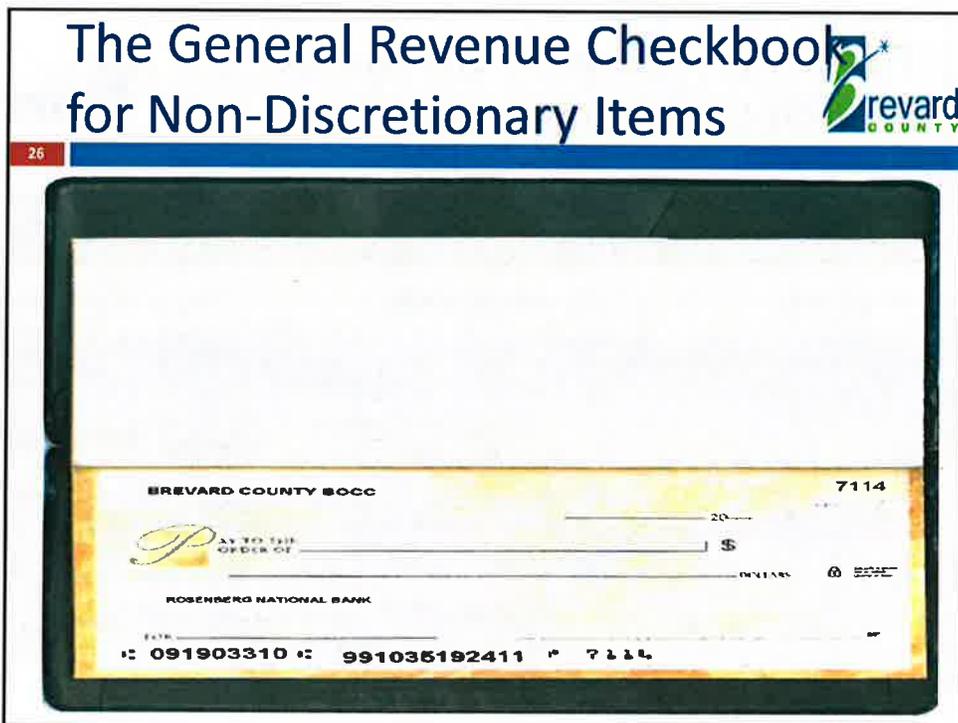
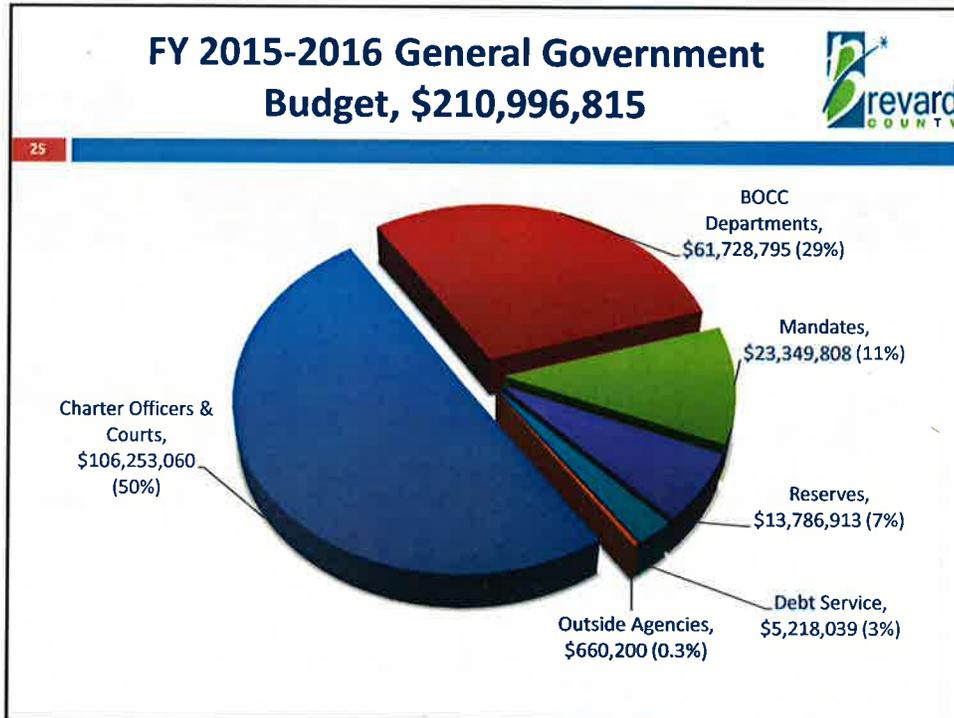
22

OPERATING REVENUE	\$186,654,071
BALANCE FORWARD	\$17,325,221
TRANSFERS IN	<u>\$7,017,523</u>
<b>TOTAL GENERAL REVENUE</b>	<b>\$210,996,815</b>



### FY 2015-2016 GF BUDGET

<p><b>GF Revenue Sources:</b></p> <table border="0"> <tr><td>Current Ad Valorem</td><td style="text-align: right;">\$128,354,689</td></tr> <tr><td>Prior Year Ad Valorem</td><td style="text-align: right;">\$665,000</td></tr> <tr><td>Communication Svc Tax</td><td style="text-align: right;">\$6,816,916</td></tr> <tr><td>FPL Franchise Fees</td><td style="text-align: right;">\$9,408,832</td></tr> <tr><td>State Shared Revenue</td><td style="text-align: right;">\$10,222,169</td></tr> <tr><td>Local Half Cent Sales Tax</td><td style="text-align: right;">\$23,360,190</td></tr> <tr><td>All Other Operating Revenue</td><td style="text-align: right;">\$7,826,274</td></tr> <tr><td>Balance Forward</td><td style="text-align: right;">\$17,325,221</td></tr> <tr><td>Non-Operating Revenue</td><td style="text-align: right;">\$7,017,523</td></tr> <tr><td><b>Total General Fund Sources:</b></td><td style="text-align: right;"><b><u>\$210,996,815</u></b></td></tr> </table>	Current Ad Valorem	\$128,354,689	Prior Year Ad Valorem	\$665,000	Communication Svc Tax	\$6,816,916	FPL Franchise Fees	\$9,408,832	State Shared Revenue	\$10,222,169	Local Half Cent Sales Tax	\$23,360,190	All Other Operating Revenue	\$7,826,274	Balance Forward	\$17,325,221	Non-Operating Revenue	\$7,017,523	<b>Total General Fund Sources:</b>	<b><u>\$210,996,815</u></b>	<p><b>GF Uses:</b></p> <table border="0"> <tr><td>Charter Officers</td><td style="text-align: right;">\$103,668,986</td></tr> <tr><td>Court Operations</td><td style="text-align: right;">\$2,584,074</td></tr> <tr><td>Outside Agencies</td><td style="text-align: right;">\$660,200</td></tr> <tr><td>Mandates</td><td style="text-align: right;">\$23,349,808</td></tr> <tr><td>Reserves</td><td style="text-align: right;">\$13,786,913</td></tr> <tr><td><b>Total GF Uses</b></td><td style="text-align: right;"><b><u>\$144,049,981</u></b></td></tr> <tr><td colspan="2"><b>BOCC GF Supported Departments</b></td></tr> <tr><td>  Total Comp and Benefits</td><td style="text-align: right;">\$31,193,275</td></tr> <tr><td>  Operating and Capital Expenses</td><td style="text-align: right;">\$30,535,520</td></tr> <tr><td>  Debt Service</td><td style="text-align: right;">\$5,218,039</td></tr> <tr><td><b>Total General Fund Uses:</b></td><td style="text-align: right;"><b><u>\$210,996,815</u></b></td></tr> </table>	Charter Officers	\$103,668,986	Court Operations	\$2,584,074	Outside Agencies	\$660,200	Mandates	\$23,349,808	Reserves	\$13,786,913	<b>Total GF Uses</b>	<b><u>\$144,049,981</u></b>	<b>BOCC GF Supported Departments</b>		Total Comp and Benefits	\$31,193,275	Operating and Capital Expenses	\$30,535,520	Debt Service	\$5,218,039	<b>Total General Fund Uses:</b>	<b><u>\$210,996,815</u></b>
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### The General Revenue Checkbook for Non-Discretionary Items



27

Check Number	Date	Payer	Description	Deposit	Balance
	10/1	General Government	Balance Forward		\$17,325,221
	1/1	Various Sources	Operating Revenue	\$186,654,071	\$203,979,292
	9/30	Various Agencies	Transfers In	\$7,017,523	\$210,996,815

### The General Revenue Checkbook for Non-Discretionary Items



28

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$210,996,815
<b>MANDATES – MUST PAY</b>					
1	10/1	Medicaid	F.S. 409.915; Pay or state revenue garnished	\$7,027,456	\$203,969,359
1	10/1	Property Appraiser	F.S. 192.091; Commission for schools and cities	\$5,299,405	\$198,669,954
1	10/1	Tax Collector	F.S. 192.091; Commission for schools	\$4,671,894	\$193,998,060

### The General Revenue Checkbook for Non-Discretionary Items



29

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$193,998,060
<b>MANDATES – MUST PAY</b>					
1	10/1	Courts & Law Library	FL State Constitution; Article V Section 14	\$2,584,074	\$191,413,986
1	10/1	Baker Act	F.S. 394.76; Loss of 3:1 State Match	\$1,748,507	\$189,665,479
1	10/1	Pretrial Disposition of Juvenile	F.S. 985.686; Pay or state revenue garnished	\$1,768,264	\$187,897,215

### The General Revenue Checkbook for Non-Discretionary Items



30

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$187,897,215
<b>MANDATES – MUST PAY</b>					
1	10/1	Medical Examiner	F.S. 406.08; Governor appointee	\$1,373,468	\$186,523,747
1	10/1	Comprehensive Plan	F.S. 163.3177; Foundation for development plan	\$973,968	\$185,549,779
1	10/1	All Other	ECFRPC; Child Protection, Indigent Burials, VAB, Health Care Act, Inmate Medical	\$486,846	\$185,062,933

### The General Revenue Checkbook for Non-Discretionary Items



31

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$185,062,933
<b>CHARTER OFFICERS</b>					
1	10/1	Sheriff	Jail	\$41,000,247	\$144,062,686
1	10/1	Sheriff	Law Enforcement	\$40,650,346	\$103,412,340
1	10/1	Sheriff	Courts	\$6,306,250	\$97,106,090
1	10/1	Sheriff	Animal Services, Brev Code, Ch 24, Article II F.S. 828.27, 828.30, 828.15, 828.073	\$3,813,902	\$93,292,188

### The General Revenue Checkbook for Non-Discretionary Items



32

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$93,292,188
<b>CHARTER OFFICERS</b>					
1	10/1	Supervisor of Elections	Election Funding	\$5,245,015	\$88,047,173
1	10/1	Tax Collector	F.S. 192.091; BOCC Commission	\$2,511,670	\$85,535,503
1	10/1	Property Appraiser	F.S. 192.091; BOCC Commission	\$2,101,556	\$83,433,947
1	10/1	Clerk to the Board	Board Records and Minutes, and County Finance	\$2,040,000	\$81,393,947

### The General Revenue Checkbook for Non-Discretionary Items



33

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$81,393,947
<b>OTHER OBLIGATIONS</b>					
1	10/1	Reserves	Emergency Mitigation	\$13,786,913	\$67,607,034
1	10/1	Various	Debt Obligations	\$4,579,520	\$63,027,514
1	10/1	Various	Debt Obligations, Golf	\$689,369	\$62,338,145
1	10/1	CRA Payments	TIF Obligations	\$3,922,567	\$58,415,578

### The General Revenue Checkbook for Non-Discretionary Items



34

Check Number	Date	Payee	Description	Withdrawal	Balance
	10/1		Previous Balance		\$58,415,578
<b>PUBLIC SAFETY, INFRASTRUCTURE, AND VETERANS SERVICES</b>					
1	10/1	Fire Rescue	EMS	\$7,730,778	\$50,684,800
1	10/1	Public Works	Road and Bridge	\$5,852,977	\$44,831,823
1	10/1	Fire Rescue	Ocean Rescue	\$1,554,326	\$43,277,497
1	10/1	Emergency Mgmt	Emergency Operations	\$594,803	\$42,682,694
1	10/1	Housing & Human Svcs	School Crossing Guards	\$595,021	\$42,087,673
1	10/1	Housing & Human Svcs	Veterans Services	\$293,787	\$41,793,886



35

**The checkbook tells us that only \$41,793,886 (4.04% of the total budget) remains for other General Fund supported Programs and Services as follows:**

## **Discretionary General Fund Allocations**



36

○ <b>Parks and Recreation -</b>	<b>\$12,230,872</b>
• North	\$3,557,646
• Central	\$4,213,257
• South	\$4,459,969
○ <b>Central Services -</b>	<b>\$8,851,355</b>
○ <b>General Government -</b>	<b>\$4,868,193</b>
○ <b>Housing and Human Services -</b>	<b>\$2,571,981</b>

<b>Discretionary General Fund Allocations</b>		
○ Information Technology -	<b>\$2,270,179</b>	
○ Transit -	<b>\$1,705,453</b>	
○ Commissioners -	<b>\$1,616,327</b>	
○ County Attorney's Office -	<b>\$1,543,818</b>	
○ Grant to EDC -	<b>\$1,400,050</b>	
○ County Manager's Office -	<b>\$1,063,873</b>	
○ UF/Extension Services -	<b>\$811,828</b>	

<b>Discretionary General Fund Allocations</b>		
○ Human Resources -	<b>\$646,823</b>	
○ Budget Office -	<b>\$592,337</b>	
○ Community Based Organizations	<b>\$510,200</b>	
○ Natural Resources -	<b>\$355,337</b>	
○ Planning and Development -	<b>\$345,205</b>	
○ SCGTV -	<b>\$260,055</b>	
○ Brevard Cultural Alliance-	<b>\$150,000</b>	



39

## THE AVAILABILITY OF \$270 MILLION IN TAXES AND OTHER GENERAL GOVERNMENT REVENUE?

**The Source of the \$270 Million**



40

Source	Amount
AD VALOREM TAXES	\$215,403,557
LOCAL HALF CENT SALE TAX	\$23,360,190
STATE SHARED REVENUE	\$10,222,169
FPL FRANCHISE FEES	\$9,408,832
COMMUNICATIONS SVC TAX	\$6,816,916
OTHER GENERAL GOV OPERATING	\$8,491,275
<b>TOTAL</b>	<b>\$273,702,939</b>

# Ad Valorem Taxes, \$215,403,557



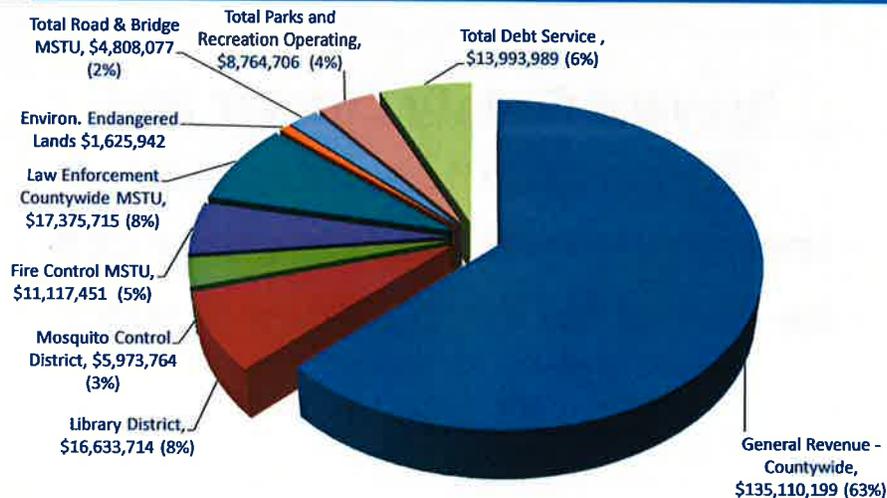
41

Tax District or Unit	FY 2015-2016 Certified Gross	FY 2015-2016 Adopted	FY 2015-2016 Tax Revenues
	Taxable Property Value	Millage Rates	
General Revenue - Countywide	\$29,696,507,254	4.5497	\$135,110,199
Library District	\$29,943,678,917	0.5555	\$16,633,714
Mosquito Control District	\$29,943,678,917	0.1995	\$5,973,764
Fire Control MSTU	\$14,666,822,546	0.7580	\$11,117,451
Recreation District #1 MSTU	\$3,985,592,020	0.6810	\$2,714,188
Recreation Dist. #4 O & M	\$3,254,385,865	0.6281	\$2,044,080
TICO Airport Authority	\$12,788,948,201	-	\$0
Law Enforcement Countywide MSTU	\$13,691,367,769	1.2691	\$17,375,715
Road & Bridge Dist. #1 MSTU	\$2,746,380,033	0.5511	\$1,513,530
Road & Bridge Dist. #2 MSTU	\$3,303,957,594	0.2874	\$949,557
Road & Bridge Dist. #3 MSTU	\$1,481,878,185	0.3045	\$451,232
Road & Bridge Dist. #4 MSTU	\$3,826,997,526	0.3145	\$1,203,591
Road & Bridge Dist. #5 MSTU	\$1,211,202,920	0.4303	\$521,181
Rd & Bridge Dist #4 MSTU N Beaches	\$491,182,855	0.3032	\$148,927
Rd & Bridge Dist #4 MSTU MISO.	\$141,068,338	0.1422	\$20,060
Environ. Endangered Land ('04)	\$29,943,678,917	0.0543	\$1,625,942
PSJ/CanGroves Recreation MSTU	\$1,376,798,124	0.3568	\$491,242
N. Brevard Special Recreation Dist.	\$2,321,168,382	-	\$0
Merritt Island Recreation MSTU	\$2,659,417,332	0.1588	\$422,315
S. Brevard Special Recreation Dist.	\$16,800,005,289	0.1841	\$3,092,881
Sub - Total Operating			\$201,409,568
Environ. Endangered Land ('04)	\$29,977,254,057	0.1102	\$3,303,493
PSJ/CanGroves Recreation MSTU	\$1,376,798,124	0.0915	\$125,977
N. Brevard Special Recreation Dist.	\$2,327,754,032	0.8000	\$1,862,203
Merritt Island Recreation MSTU	\$2,659,417,332	0.6412	\$1,705,218
S. Brevard Special Recreation Dist.	\$16,823,989,449	0.4159	\$6,997,097
Sub - Total Debt Service			\$13,993,989
<b>Total Operating and Debt Service</b>			<b>\$215,403,557</b>

## FY 2015-2016 Ad Valorem Revenue By Tax District



42



## False Narratives



43

**Can't we just increase the millage rates for the General Countywide and Road & Bridge MSTUs and decrease other millages?**

## False Narratives



44

**Brevard County Charter and Florida statutes determine maximum millage rates that can be levied for each taxing district.**

## The Charter Ad Valorem Revenues



45

- **The County Charter (2.9.3.1 (a-d)) provides for an “allowable increase in ad valorem revenues over the revenues for the previous year”**
  - **Limited to the lesser of 3% or the change in the Consumer Price Index**
  - **Exclude New Construction from the anticipated revenue**

## The Charter Ad Valorem Revenues



46

### **Exception:**

**The Board may impose an ad valorem tax at a rate which exceeds the limitations if a supermajority of the Board concurs in a finding that such an excess is necessary because of emergency or critical need. The finding shall set forth the ultimate facts upon which it is based, and shall be valid for a single budget year.**

## The Charter Ad Valorem Revenues



47

### House Bill No. 1577, Chapter 2007-310:

Brevard County may cap, through a provision in its charter, the annual growth in ad valorem tax revenues. Any such *cap may not restrict the annual growth at a rate below the lesser of 3% or the percentage change in the CPI.*

## Calculating Anticipated Revenue and the Associated Tax Rate (General Fund)



48

	2014-2015	2015-2016
a) TAXABLE PROPERTY VALUE		\$29,696,507,254
b) NEW CONSTRUCTION		\$398,657,471
c) BUDGETED AD VALOREM REVENUE	\$131,170,955	
d) CHANGE IN CONSUMER PRICE INDEX (If less than 3%)		1.62%
e) ALLOWABLE AD VALOREM REVENUE (Prior year revenue x Change in CPI)		\$133,296,427
d) NEW CONSTRUCTION AD VALOREM REVENUE		\$1,813,772
f) TOTAL NEW AD VALOREM REVENUE		\$135,110,199
g) BUDGET AT 95% (per Florida Statutes)		\$128,354,689

## Revised Availability

Source	Assumptions	Reality
AD VALOREM TAXES	\$215,403,557	\$128,354,689
LOCAL HALF CENT SALE TAX	\$23,360,190	\$23,360,190
STATE SHARED REVENUE	\$10,222,169	\$10,222,169
FPL FRANCHISE FEES	\$9,408,832	\$9,408,832
COMMUNICATONS SVC TAX	\$6,816,916	\$6,816,916
OTHER GENERAL GOV OPERATING	\$8,491,275	\$8,491,275
<b>TOTAL</b>	<b>\$273,702,939</b>	<b>\$186,654,071</b>

## The Charter Ad Valorem Revenues

50

- All millages
  - Set to achieve charter maximum revenues
    - Except for voted millages
  - By Charter, the revenue cannot be set at a higher level
  - No alterations will shift any revenues to the General Countywide
  - Library, Mosquito Control, EELS and Parks Revenues are restricted by Statute or Voter Referendum
  - This is true for current and future years
    - Unless Charter section 2.9.3.1 (d) is removed

## Maximum Millages



51

### According to Florida Statute 200.065

- **Maximum millage rate**
  - **For County, municipality, special district dependent municipal service taxing unit, or independent special district**
  - **Is Rolled-back rate - Amount of taxes which would have been levied in the prior year if maximum millage rate had been applied**
    - **Adjusted for change in per capita personal income, unless a higher rate was adopted, in which case the maximum is the adopted rate.**

## Maximum Millages



52

### Florida Statute 200.065 (continued)

- **A higher rate may be adopted only under the following conditions:**
- **A rate of not more than 110 percent of the rolled-back rate may be adopted if approved by a two-thirds vote of the membership of the governing body**
- **A rate in excess of 110 percent may be adopted if approved by a unanimous vote of the membership of the governing body**
  - **or if the rate is approved by a referendum**

# Maximum Millages



53

## Florida Statute 200.065 (continued)

### (b) Millage rate

- Of county or municipality, municipal service taxing unit of that county, and any special district dependent
- May exceed maximum millage rate calculated
  - if the ad valorem taxes levied do not exceed the maximum total ad valorem taxes levied

# Adopted Revenue vs. State Maximum Revenue



54

The difference between General Fund Adopted and State Maximum Revenue is **\$51,597,681**



