

Meeting Date
12-10-15



AGENDA	
Section	Leg. Intent
Item No.	II

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	Approval of Legislative Intent Ordinance Adoption Fuel Tax and Local Option Gas Tax
DEPT/OFFICE:	District 2 Commission Office

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.

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

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 9th 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.

Clerk to the Board Instruction:

Exhibits Attached: Draft Ordinances; Blue Ribbon Advisory Board Report and Recommendations

Contract /Agreement (If attached): Reviewed by County Attorney Yes No PR

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~~7~~ unless extended by the County Commission and respective Municipalities during calendar year 2026~~7~~.

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.



Tammy Etheridge, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
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December 11, 2015

MEMORANDUM

TO: Jim Barfield, District 2 Commissioner

RE: Item II., Legislative Intent for Ordinance Adopting Fuel Tax and Local Option Gas Tax

The Board of County Commissioners, in special session on December 10, 2015, approved legislative intent to hold a public hearing to consider adoption of the additional fuel and local option gas tax for road improvements in the County.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Etheridge, Deputy Clerk

cc: Each Commissioner
County Manager
County Attorney

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 - CENT 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 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 _____, 2015.

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 9th 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 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)

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

Figure 1

Transportation Infrastructure Spending and Needs

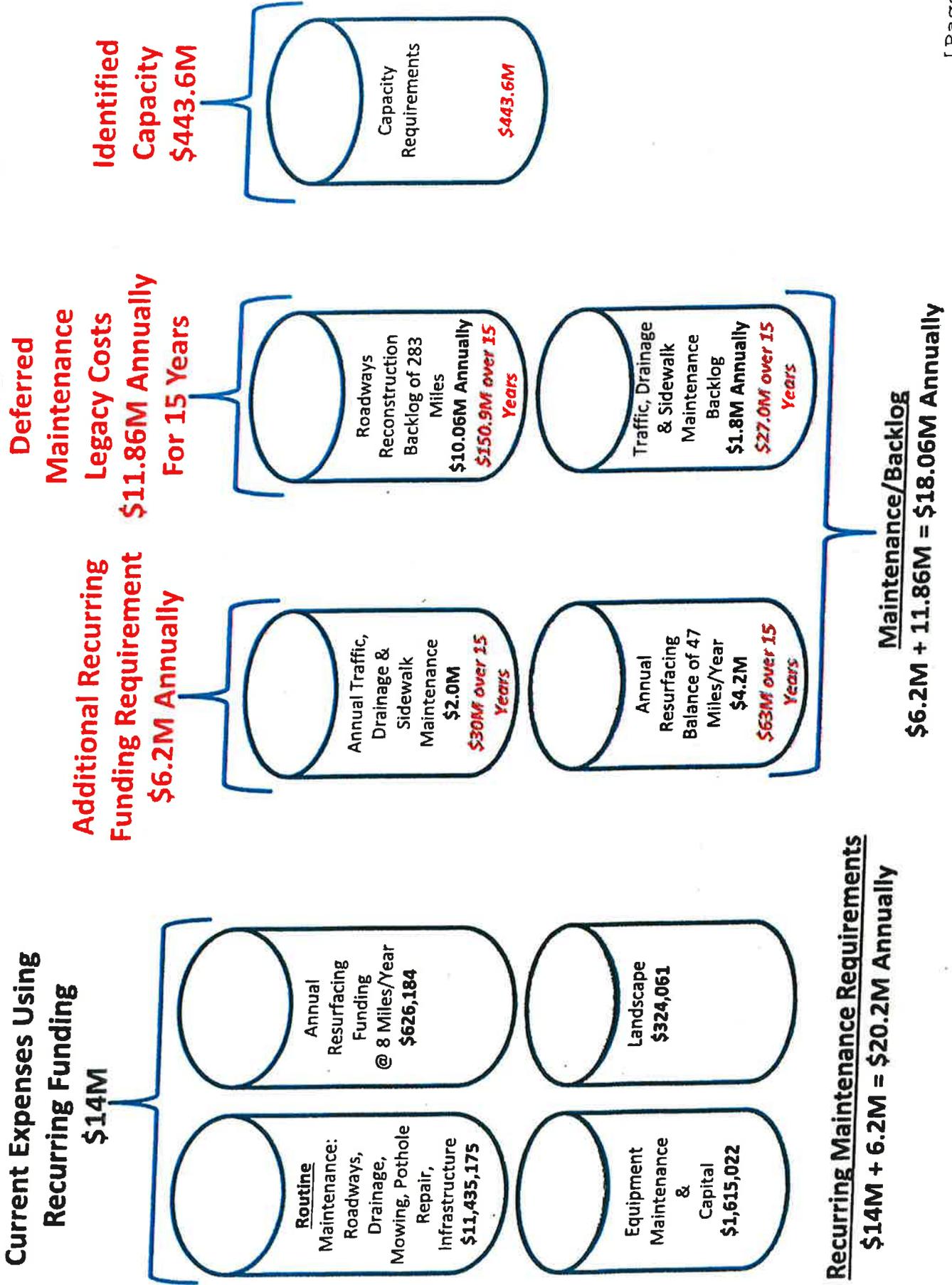


Fig.

Brevard County Unfunded Transportation Projects

District	Project	Project Limits	Type of Project	Projected Cost
2	SR 520	Delannoy Avenue to Kiwanis Island	Mast Arm Replacement/Repair	\$3,000,000
2	Imperial St Realignment		Realignment	Est Not Avail
2	Sea Ray Bridge		Bridge Replacement	\$1,000,000
3	Micco Road	at Dottie Lane	Bridge Replacement-Design & Construction	\$2,000,000
3	Micco Road	at Dottie Lane	Bridge Replacement - design & construction	\$2,000,000
Countywide	Hurricane Stock	Unincorporated	Traffic Signals	\$400,000
Countywide	Traffic - Striping Backlog	Unincorporated	Replace Striping	\$4,004,863
Countywide	Traffic Signal - LED	Unincorporated	LED Bulb Installation	\$72,079
Countywide	Traffic Signal - Rehab	Unincorporated	Rehabs	\$3,672,114
Countywide	Traffic Signs	Unincorporated	Maintenance and Replacement	\$9,368,856
Countywide	Sidewalks	Unincorporated	@ \$30,000 per district for 10 years	\$1,500,000
1	Resurfacing (General)(Unincorporated)	All Districts	Traffic, Drainage, Sidewalk Maintenance Backlog	\$27,017,912
2	Resurfacing (General)(Unincorporated)	30 Miles of Roads*	Resurfacing and Reconstruction	\$10,671,429
3	Babcock St.	38 Miles of Roads*	Resurfacing and Reconstruction	\$13,178,096
3	Resurfacing (General)(Unincorporated)	Malabar to County Line	Reconstruction	\$5,150,000
4	Resurfacing (General)(Unincorporated)	55 Miles of Roads*	Resurfacing and Reconstruction	\$18,504,762
4	Lake Andrew Drive	100 Miles of Roads*	Resurfacing and Reconstruction	\$32,604,761
5	Babcock Street	Circle to Judge Fran Jamieson Way	Resurfacing	\$275,000
5	Babcock Street	Fee Ave. to RR Tracks	Resurfacing/Reconstruction	\$2,800,000
5	Resurfacing (General)(Unincorporated)	Malabar Road to County Line	Resurfacing/Reconstruction	\$5,150,000
5	Minton Rd.	60 Miles of Roads*	Resurfacing and Reconstruction	\$20,071,428
5	Minton Rd.	Helen to 192	Resurfacing	\$170,000
5	Malabar Rd. Ext	Eber to Helen	Box Culvert	\$1,441,000
5	Babcock St.	at C-8 Canal	Resurfacing/Reconstruction	\$155,096
5	Riverside Drive	Malabar Rd to County Line	Reconstruction	\$3,750,000
5	Riverside Drive	S. of SR 518 to N. of US 192	Reconstruction	\$1,980,590
5	Riverside Drive	S. of SR 518 to N. of US 192	Paved Shoulders and Bike Path	\$1,050,000
Countywide	Resurfacing & Reconstruction	S. of SR 518 to N. of US 192	Resurfacing areas not recently resurfaced	\$180,000
Countywide	Resurfacing (General)(Incorporated)	40 Miles (50% of Un-Incorporated Miles)	Resurfacing/Reconstruction	\$16,871,429
Countywide	Resurfacing (General)(Incorporated)	40 Miles of Roads (50% of Total)	Resurfacing and Reconstruction	\$16,871,428
1	Curtis Boulevard		Roadway Backlog	\$150,875,019
1	Dairy Road	Grissom Road to Song	Deferred Maintenance Legacy Costs	\$177,892,931
1	Fay Boulevard	Carpenter Road to US 1	4 Lane Urban-sidewalks	\$10,927,246
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 Urban-sidewalks	\$14,060,450
1	Grissom Road	Industry Road to Canaveral Groves	4 Lane Rural-sidewalks	\$7,462,257
2	Lucas Road	N. Courtenay to N. Tropical	4 Lane Rural-sidewalks	\$9,365,320
2	Players Lane	Extended Corridor	3 Lane Urban-sidewalks	\$4,972,598
2	S. Courtenay Parkway	Fortenberry to Cone	Extend Roadway with sidewalks	\$1,382,535
3	Babcock St.	Malabar Road to S. County Line	4 Lane Urban (1 mile)	\$8,087,830
3	Babcock Street	Waco Intersection	4 Lane Rural-sidewalks-Design/Acq/RW	\$52,500,000
3	Babcock Street	Wyoming/Valkaria Intersection	Intersection Imp. Design & Construction	\$1,600,000
3	Babcock Street	Eldron/Grant Intersection	Intersection Imp. Design & Construction	\$3,060,000
3	Eber Road	Dairy Road to Minton Road	Intersection Imp. Design & Construction	\$2,300,000
			4 Lane Urban	\$7,572,691

**Fig. 10
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	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	Est Not Avail
5	Aurora Road	Wickham Road to John Rodas Blvd.	3 Lane Urban-sidewalks	\$450,000
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 Eau Gallie	6-Lane Urban	\$5,689,650
5	Riverside Dr.	US 192 to Malabar Road	US 192 Intersection	\$7,430,138
5	St. Johns Heritage Parkway	US 192 & SR 518	2 Lane Urban/Sidewalks-Redesign & Const.	\$691,268
5	St. Johns Heritage Parkway	N. of US 192 to Ellis Rd. Ph. 2B	Widened to 4 Lanes	\$16,680,000
5	Washingtonia	Palm Bay City Limits to Ellis Road	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.	Viera to St. Johns Heritage Parkway	6-Lane Urban/Sidewalks - 12.5% Match Only	\$12,500,000
4/5	Wickham Road	Nasa Blvd. to Sarno Road		\$4,520,544
Countywide	Traffic Operations Building	General Operational Improvements		\$9,216,900
1	405 Bike Path	Infrastructure		\$4,000,000
1	Carpenter Road	Longbow Circle to SR 46	Sidewalk - Design & Construction	Est Not Avail
1	Grissom Road	Perimeter Rd. SR 405	Sidewalk - Construction	\$500,000
1	Sisson Road	SR 405 to SR 50	Sidewalks	\$658,350
1	US 1	Fairglen Bridge to S. of Broadway	Sidewalk - Construction	\$800,000
1	Knox McCrae	Fox Lake Park	Sidewalk - Design & Construction	\$370,000
1	Sherwood & Robin Hood		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	Pedestrian Bridge	\$80,000
2	Sykes Creek Parkway	at Girard Blvd.	Sidewalk (3 miles)	\$500,000
2	Range Road	Fortenberry Road to N. Banana River Dr.	Sidewalk - Design & Construction	\$933,211
3	Hollywood Boulevard	Lake Drive to SR 520	Sidewalk - Design & Construction	\$359,520
4	Wickham Road	Whitman Drive to Melbourne Landings	Sidewalk - Design & Construction	\$30,000
5	Aurora Road	Longleaf Elementary	Sidewalk - Design & Construction	\$30,000
		8,300' of Sidewalk	Sidewalk - Construction	\$30,000
		Capacity		\$1,154,700
		Grand Total		\$443,570,068
				\$621,462,999

Figure 3 REVENUE OPTIONS AND COMMITTEE RECOMMENDATIONS

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REVENUE TYPE	WHO PAYS	STRIKES/LIMITATIONS	REVENUE DISTRIBUTION IF LEVY WAS ESTABLISHED	COMMENTS & DRAFT RECOMMENDATIONS
Brevard County 9th Cent Fuel Tax 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.
Local Option Gas Tax 1-5 Cent (LOGT) 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, 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.
Transportation Impact Fees 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 uses 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.
Infrastructure Sales Tax @ 0.5 percent	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.
Public Services Tax	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: Forge 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.