



REVENUE ANALYSIS TECHNICAL MEMORANDUM

2035 Long Range Transportation Plan Update

Addendum # 1

LAKE-SUMTER MPO
1616 South 14th Street
Leesburg, FL 34748

JULY 2010

TABLE OF CONTENTS

SECTION 1:	INTRODUCTION.....	1-1
SECTION 2:	TMA FUNDS – LAKE-SUMTER MPO	2-1
SECTION 3:	BASELINE REVENUES – SUMTER COUNTY	3-1
SECTION 4:	ENHANCED REVENUES – SUMTER COUNTY	4-1
SECTION 5:	BASELINE REVENUES – LAKE COUNTY	5-1
SECTION 6:	ENHANCED REVENUES – LAKE COUNTY	6-1

LIST OF TABLES

Table 2-1:	Lake-Sumter MPO TMA Funds (2014-2035)	2-1
Table 3-1:	Sumter County Revenues by Mode (2014-2035)	3-1
Table 4-1:	Sumter County Enhanced Revenue Option 1 (2014-2035)	4-2
Table 4-2:	Sumter County Enhanced Revenue Option 2 (2014-2035)	4-3
Table 5-1:	Lake County Revenues by Mode (2006-2035)	5-2
Table 6-1:	Lake County – 2 nd LOGT Revenues (2014-2035)	6-2
Table 6-2:	Lake County – Reduction in Impact Fee Revenues due to Credits from 2 nd LOGT Revenues (2014-2035)	6-2
Table 6-3:	Lake County – Net Revenues from LOGT (2014-2035)	6-3
Table 6-4:	Lake County – Commercial New Growth Ad Valorem Revenues (2014-2035)	6-4
Table 6-5:	Lake County – Additional Sales Tax Revenues (2014-2035)	6-5

LIST OF EXHIBITS

Exhibit 5-1:	Projected Lake County Impact Fee Revenues (2006-2035)	5-2
--------------	---	-----

Section 1: Introduction

In preparation for the 2035 Lake-Sumter MPO Long Range Transportation Plan (LRTP) Update, the Lake-Sumter Metropolitan Planning Organization (MPO) evaluated the existing and alternative funding sources potentially available to fund transportation projects in each County's respective 2035 Needs Plan. A technical memorandum (Revenue Analysis for the 2035 Long Range Transportation Update) was developed to summarize the baseline and enhanced revenue analysis for Lake County, Sumter County, and selected municipalities. This addendum to that memorandum is intended to summarize additional revenue analyses for Lake and Sumter County.

The remainder of this document is organized in the following sections.

Section 2 provides a discussion of the additional TMA funds that are anticipated to be available for the Lake-Sumter MPO.

Section 3 provides a discussion of the existing baseline revenues available for funding transportation projects in Sumter County.

Section 4 provides the potential enhanced revenue options available to Sumter County for the 2035 LRTP.

Section 5 provides a discussion of the existing baseline revenues available for funding transportation projects in Lake County for the 2035 LRTP.

Section 6 provides the potential enhanced revenue options available to Lake County.

Section 2: TMA Funds – Lake-Sumter MPO

When the year 2010 census is completed, it is anticipated that the Lake-Sumter MPO will become a Transportation Management Area (TMA), which is defined as an area with a population greater than 200,000. This will make the MPO eligible for additional state/federal funds that are anticipated to total approximately \$60 million from year 2014-2035, as shown in Table 1-1.

**Table 1-1
Lake-Sumter MPO TMA Funds (2014-2035)**

Time Period	TMA Funds
2014 - 2015	\$4,910,952
2016 - 2020	\$12,989,892
2021 - 2025	\$13,718,559
2026 - 2030	\$14,117,983
2031 - 2035	\$14,206,811
Total	\$59,944,197

Section 3: Baseline Revenues – Sumter County

Sumter County uses revenues collected from road impact fees, gas taxes and ad valorem taxes to fund local transportation capacity expansion and maintenance improvements. Some local funds are used to match State and Federal grants for transit service in Sumter County. Due to the county’s rural nature, Sumter County does not routinely dedicate funds for sidewalk improvements that are not a part of roadway widening or new road construction projects. Instead, sidewalk project sites are identified on an “as needed” basis and funding is secured through any grants that may be available at the time.

Local baseline revenues for capacity include \$186.7 million from impact fees, \$19.1 million from the CTT, and \$6.1 million from the ST for a total of \$212 million. Local revenues for maintenance include \$19.3 million from the CTT, and \$18.5 million from the ST for a total of \$37.8 million

Table 3-1 presents the total baseline county, state and federal funds available for transportation projects by mode in Sumter County from 2014 to 2035. A total \$351.4 million dollars are estimated to be available for projects from 2014 to 2035.

**Table 3-1
Sumter County Revenues by Mode (2014-2035)**

Time Period	Roads	Transit	Enhancements	Total
2014 - 2015	\$19,100,000	\$3,850,000	\$580,000	\$23,530,000
2016 - 2020	\$54,670,000	\$10,340,000	\$1,540,000	\$66,550,000
2021 - 2025	\$63,150,000	\$11,470,000	\$1,630,000	\$76,250,000
2026 - 2030	\$72,190,000	\$12,660,000	\$1,670,000	\$86,520,000
2031 - 2035	\$83,150,000	\$13,730,000	\$1,680,000	\$98,560,000
Total	\$292,260,000	\$52,050,000	\$7,100,000	\$351,410,000

Section 4: Enhanced Revenues – Sumter County

In order to fund projects in the 2035 Lake-Sumter MPO LRTP, Sumter County will likely need to explore additional funding sources. The following two options are considered in this analysis:

- Enacting up to five pennies of the 2nd local option gas tax (LOGT)
- Adoption of a one cent Local Discretionary Sales Surtax (for informational purposes only).

Sumter County Option 1 – 2nd Local Option Gas Tax (Five Pennies)

Sumter County has not currently implemented any of the five pennies of the 2nd local option gas tax (LOGT). To estimate revenues for this option, the value per penny of the 1st LOGT is used as a proxy to estimate the value per penny for the 2nd LOGT. In addition, it is assumed that the 2nd LOGT revenues will be distributed between the Sumter County BOCC and the municipalities using the same percentages as the 1st LOGT. The County could adopt up to the five maximum pennies of 2nd LOGT. For purposes of illustrating the revenue potential for this option, Table 4-1 presents the potential revenue that could be generated for Sumter County, the City of Bushnell and the City of Wildwood if all five pennies of the 2nd LOGT were adopted and effective starting in 2014. It should be noted that there is no annual increase in gas tax revenue assumed as it is anticipated any decrease in gas tax revenue due to increased fuel efficiency will be offset by increases in the gas tax. In addition, no assumption is made as to the effect the increased gas tax revenue would have on the impact fee revenue credit. From 2014-2035, it is estimated that \$50 million could be available for the Sumter County BOCC, \$1.9 million for the City of Bushnell, and \$4 million for the City of Wildwood for a total of \$55.8 million.

Table 4-1
Sumter County Enhanced Revenue Option 1
Five Pennies of 2nd Local Option Gas Tax (2014-2035)

Time Period	Sumter County BOCC ⁽¹⁾	Bushnell ⁽²⁾	Wildwood ⁽³⁾	Total
2014 - 2015	\$4,540,000	\$170,000	\$360,000	\$5,070,000
2016 - 2020	\$11,354,200	\$430,000	\$900,000	\$12,684,200
2021 - 2025	\$11,350,000	\$430,000	\$900,000	\$12,680,000
2026 - 2030	\$11,350,000	\$430,000	\$900,000	\$12,680,000
2031 - 2035	\$11,350,000	\$430,000	\$900,000	\$12,680,000
Total	\$49,960,000	\$1,900,000	\$3,950,000	\$55,810,000

(1) Based on the distribution of the 1st LOGT, the Sumter County BOCC would be entitled to approximately 90 percent of the 2nd LOGT revenues

(2) Based on the distribution of the 1st LOGT, the City of Bushnell would be entitled to approximately 2.5 percent of the 2nd LOGT revenues

(3) Based on the distribution of the 1st LOGT, the City of Wildwood would be entitled to approximately 5.3 percent of the 2nd LOGT revenues

Sumter County Option 2 – One Cent Local Discretionary Sales Surtax

For informational purposes only, this option estimates the revenues associated with implementing a one cent Local Discretionary Sales Surtax, beginning in 2014.

Table 4-2 illustrates the additional sales tax revenues that could be available if the County decides to implement the discretionary sales tax. Based on these assumptions, between 2014 and 2035, it is estimated that Sumter County could potentially generate an additional \$128.2 million in revenues.

**Table 4-2
Sumter County Enhanced Revenue Option 2
One Cent Local Discretionary Sales Surtax (2014-2035)**

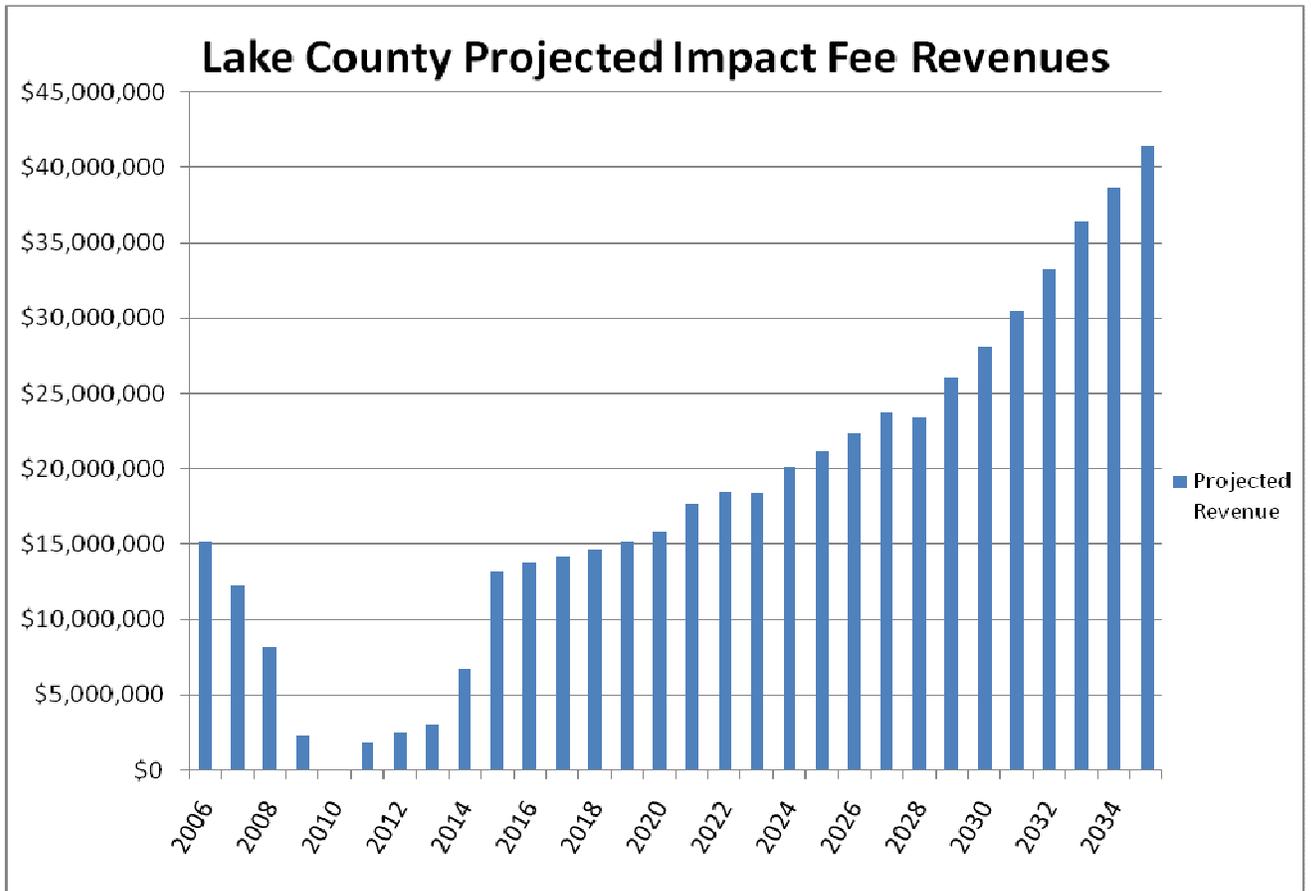
Time Period	Countywide LDSS Revenue for Transportation	Capacity Revenues	Maintenance Revenues
2014-15	\$8,069,576	\$1,613,915	\$4,034,788
2016-20	\$22,778,838	\$4,555,768	\$11,389,421
2021-25	\$27,054,111	\$5,410,823	\$13,527,056
2026-30	\$32,131,797	\$6,426,358	\$16,065,900
2031-35	\$38,162,497	\$7,632,499	\$19,081,249
Total	\$128,196,819	\$25,639,363	\$64,098,414

Section 5: Baseline Revenues – Lake County

Lake County uses revenues collected from road impact fees, gas taxes, local discretionary sales surtax (sales tax), and MSTU (ad valorem taxes) to fund local capacity expansion and maintenance improvements. The County also has a fixed-route transit system whose capital and operating expenses are funded through a combination of federal, state, and local sources, as demonstrated in the 2008 Lake County Transit Development Plan (TDP). In addition, Lake County dedicates a portion of its local sales tax revenues to fund sidewalk improvements.

Exhibit 5-1 summarizes the historical and projected future impact fees on an annual basis. The future revenues shown in this exhibit are based on the rates listed in the April 4, 2010 Lake County Impact Fee Update. The Impact Fee Update identified the potential road impact fee of \$4,366 per single family dwelling unit. Impact fees have been temporarily suspended for year 2010. It is assumed that the fees will be assessed at 50% from years 2011-2013, and then assessed at 100% by year 2014.

Table 5-1 presents the total baseline county, state and federal funds available for transportation projects by mode in Lake County from 2014 to 2035. It is anticipated that \$778.1 million will be available for roads, \$388.2 million for transit, and \$26.6 million for enhancements and sidewalks for a total of \$1.193 billion.



**Exhibit 5-1
Projected Lake County Impact Fee Revenues
(2010-2035)**

**Table 5-1
Lake County Revenues by Mode (2014-2035)**

Time Period	Roads	Transit	Enhancements & Sidewalks	Total
2014 - 2015	\$34,070,000	\$44,910,000	\$2,100,000	\$81,080,000
2016 - 2020	\$116,690,000	\$112,030,000	\$5,570,000	\$234,290,000
2021 - 2025	\$144,350,000	\$67,780,000	\$5,970,000	\$218,100,000
2026 - 2030	\$214,050,000	\$76,680,000	\$6,320,000	\$297,050,000
2031 - 2035	\$268,920,000	\$86,760,000	\$6,670,000	\$362,350,000
Total	\$778,080,000	\$388,160,000	\$26,630,000	\$1,192,870,000

Section 6: Enhanced Revenues – Lake County

The following three additional revenue generating options are considered in this analysis:

- Adoption of an additional five pennies of the 2nd local option gas tax (LOGT)
- Commercial New Growth Ad Valorem Property Tax. Consistent with Task Force Option 4b, this option includes using new property taxes from new commercial development (for a period of five years) on transportation capacity projects. After the five-year period, the tax revenue would go into the general fund.
- Sales Tax Extension: This option assumes that the current penny sales tax is extended in 2017 with the full penny revenues allocated to transportation improvements.

Lake County Option 1 – 2nd Local Option Gas Tax (Five Pennies)

This option estimates the potential revenues for both the Lake County BOCC and municipalities resulting from adoption of five pennies of the 2nd LOGT. To estimate revenues for this option, the value per penny of the 1st LOGT is used as a proxy to estimate the value per penny for the 2nd LOGT. In addition, it is assumed that the 2nd LOGT revenues will be distributed between the Lake County BOCC and the municipalities using the same percentages as the 1st LOGT. The County could adopt up to the five maximum pennies of 2nd LOGT. For purposes of illustrating the revenue potential for this option, Table 6-1 presents the potential revenue that could be generated for Lake County BOCC and the selected municipalities if all five pennies of the 2nd LOGT were adopted and effective starting in 2014. It should be noted that there is no annual variation in gas tax revenue assumed as it is anticipated any decrease in gas tax revenue due to increased fuel efficiency will be offset by increases in the gas tax. A total of \$134.7 million could be generated from 2014 to 2035 if the five penny maximum of the LOGT is adopted.

**Table 6-1
2nd LOGT (5 pennies) Revenues (2014-2035)**

Time Period	Lake County	Clermont	Eustis	Lady Lake	Leesburg	Minneola	Mt. Dora	Tavares	Total
2014-15	\$8,582,100	\$469,932	\$884,344	\$215,288	\$1,010,988	\$79,166	\$536,040	\$463,376	\$12,241,234
2016-20	\$21,455,250	\$1,174,830	\$2,210,860	\$538,220	\$2,527,470	\$197,915	\$1,340,100	\$1,158,440	\$30,603,085
2021-25	\$21,455,250	\$1,174,830	\$2,210,860	\$538,220	\$2,527,470	\$197,915	\$1,340,100	\$1,158,440	\$30,603,085
2026-30	\$21,455,250	\$1,174,830	\$2,210,860	\$538,220	\$2,527,470	\$197,915	\$1,340,100	\$1,158,440	\$30,603,085
2031-35	\$21,455,250	\$1,174,830	\$2,210,860	\$538,220	\$2,527,470	\$197,915	\$1,340,100	\$1,158,440	\$30,603,085
Total	\$94,403,100	\$5,169,252	\$9,727,784	\$2,368,168	\$11,120,868	\$870,826	\$5,896,440	\$5,097,136	\$134,653,574

Source: The distribution of gas tax revenues is from the 2009-2010 Florida LCIR document. Revenue estimates for the 2nd LOGT are based on the value per penny of the 1st LOGT based on the FY 2009-10 distribution between the Lake BOCC and the municipalities. For purposes of this projection, it is assumed that gas tax revenues will remain constant through 2035.

Implementation of this gas tax would result in additional credits to impact fees, lowering the total revenue from impact fees. The reductions in revenue due to impact fee credits associated with enactment of the 2nd LOGT from 2014 to 2035 are shown in Table 6-2.

**Table 6-2
Reduction in Impact Fee Revenues due to Credits from 2nd LOGT (2014-2035)**

Time Period	Initial	Adjusted	Reduction
2014-15	\$19,890,000	\$17,410,000	\$2,480,000
2016-20	\$73,580,000	\$64,430,000	\$9,150,000
2021-25	\$95,870,000	\$83,960,000	\$11,910,000
2026-30	\$123,690,000	\$108,310,000	\$15,380,000
2031-35	\$180,360,000	\$157,920,000	\$22,440,000
Total	\$493,390,000	\$432,030,000	\$61,360,000

The additional LOGT revenue and impact fee credits combine to generate a net total of \$73.3 million in revenue that could be generated by this option from 2014 to 2035, as shown in Table 6-3.

**Table 6-3
Net Revenues from the 2nd LOGT (5 pennies) (2014-2035)**

Time Period	LOGT Revenue	Impact Fee Reduction	Net Revenue
2014-15	\$12,241,234	\$2,480,000	\$9,761,234
2016-20	\$30,603,085	\$9,150,000	\$21,453,085
2021-25	\$30,603,085	\$11,910,000	\$18,693,085
2026-30	\$30,603,085	\$15,380,000	\$15,223,085
2031-35	\$30,603,085	\$22,440,000	\$8,163,085
Total	\$134,653,574	\$61,360,000	\$73,293,574

Lake County Option 2 – Commercial New Growth Ad Valorem Property Tax

Task Force Option 4b includes using new property taxes from new commercial development (for a period of five years) on transportation capacity projects. After the five-year period, the tax revenue would go into the general fund. To develop this scenario, a review of the taxable value of new commercial development since 2005 was undertaken, based on information provided by the Lake County Property Appraiser. During this period, the annual tax revenue from new commercial development averaged \$68 million. For purposes of projecting tax revenues, the existing millage rate of 4.6511 is assumed to remain constant through 2035. Under this option, it is assumed that the revenues are allocated to transportation beginning in year 2014.

Table 6-4 presents the total commercial new growth ad valorem revenues of \$39.3 million that could be available for transportation capacity projects in Lake County from 2014 to 2035.

**Table 6-4
Commercial New Growth Ad Valorem Revenues (2014-2035)**

Time Period	Taxable Value of New Commercial Construction	Dedicated to Transportation Capacity
Total (2014-2015)	\$137,988,000	\$961,000
Total (2016-2020)	\$368,051,000	\$7,316,000
Total (2021-2025)	\$406,358,000	\$9,087,000
Total (2026-2030)	\$462,200,000	\$10,177,000
Total (2031-2035)	\$535,817,000	\$11,756,000
Total (2014-2035)	\$1,910,414,000	\$39,297,000

Source: Lake County Property Appraiser for Historical New Commercial Annual Taxable Values.

Lake County Option 3 – Sales Tax Extension

This option considers the additional revenue that could be directed towards transportation improvements in the event that existing penny sales tax is extended in 2017 and the full penny revenues are allocated to transportation improvements. Table 6-5 presents the additional sales tax revenues of \$244.1 million that could be available for transportation projects.

**Table 6-5
Additional Sales Tax Revenues (2014-2035)**

Time Period	Additional Sales Tax Revenues
2014 - 2015	\$0
2016 - 2020	\$43,151,376
2021 - 2025	\$59,001,181
2026 - 2030	\$66,074,993
2031 - 2035	\$75,837,964
Total	\$244,065,514