



# **REVENUE ANALYSIS TECHNICAL MEMORANDUM**

## **2035 Long Range Transportation Plan Update**

### **Addendum # 1**

**LAKE-SUMTER MPO**  
*1616 South 14<sup>th</sup> Street*  
*Leesburg, FL 34748*

**JULY 2010**

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# Section 1: Introduction

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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

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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)**

<b>Time Period</b>	<b>TMA Funds</b>
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
<b>Total</b>	<b>\$59,944,197</b>

## Section 3: Baseline Revenues – Sumter County

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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)**

<b>Time Period</b>	<b>Roads</b>	<b>Transit</b>	<b>Enhancements</b>	<b>Total</b>
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
<b>Total</b>	<b>\$292,260,000</b>	<b>\$52,050,000</b>	<b>\$7,100,000</b>	<b>\$351,410,000</b>

## Section 4: Enhanced Revenues – Sumter County

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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 2<sup>nd</sup> 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 2<sup>nd</sup> local option gas tax (LOGT). To estimate revenues for this option, the value per penny of the 1<sup>st</sup> LOGT is used as a proxy to estimate the value per penny for the 2<sup>nd</sup> LOGT. In addition, it is assumed that the 2<sup>nd</sup> LOGT revenues will be distributed between the Sumter County BOCC and the municipalities using the same percentages as the 1<sup>st</sup> LOGT. The County could adopt up to the five maximum pennies of 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> Local Option Gas Tax (2014-2035)**

<b>Time Period</b>	<b>Sumter County BOCC <sup>(1)</sup></b>	<b>Bushnell <sup>(2)</sup></b>	<b>Wildwood <sup>(3)</sup></b>	<b>Total</b>
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
<b>Total</b>	<b>\$49,960,000</b>	<b>\$1,900,000</b>	<b>\$3,950,000</b>	<b>\$55,810,000</b>

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

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

(3) Based on the distribution of the 1<sup>st</sup> LOGT, the City of Wildwood would be entitled to approximately 5.3 percent of the 2<sup>nd</sup> 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)**

<b>Time Period</b>	<b>Countywide LDSS Revenue for Transportation</b>	<b>Capacity Revenues</b>	<b>Maintenance Revenues</b>
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
<b>Total</b>	<b>\$128,196,819</b>	<b>\$25,639,363</b>	<b>\$64,098,414</b>

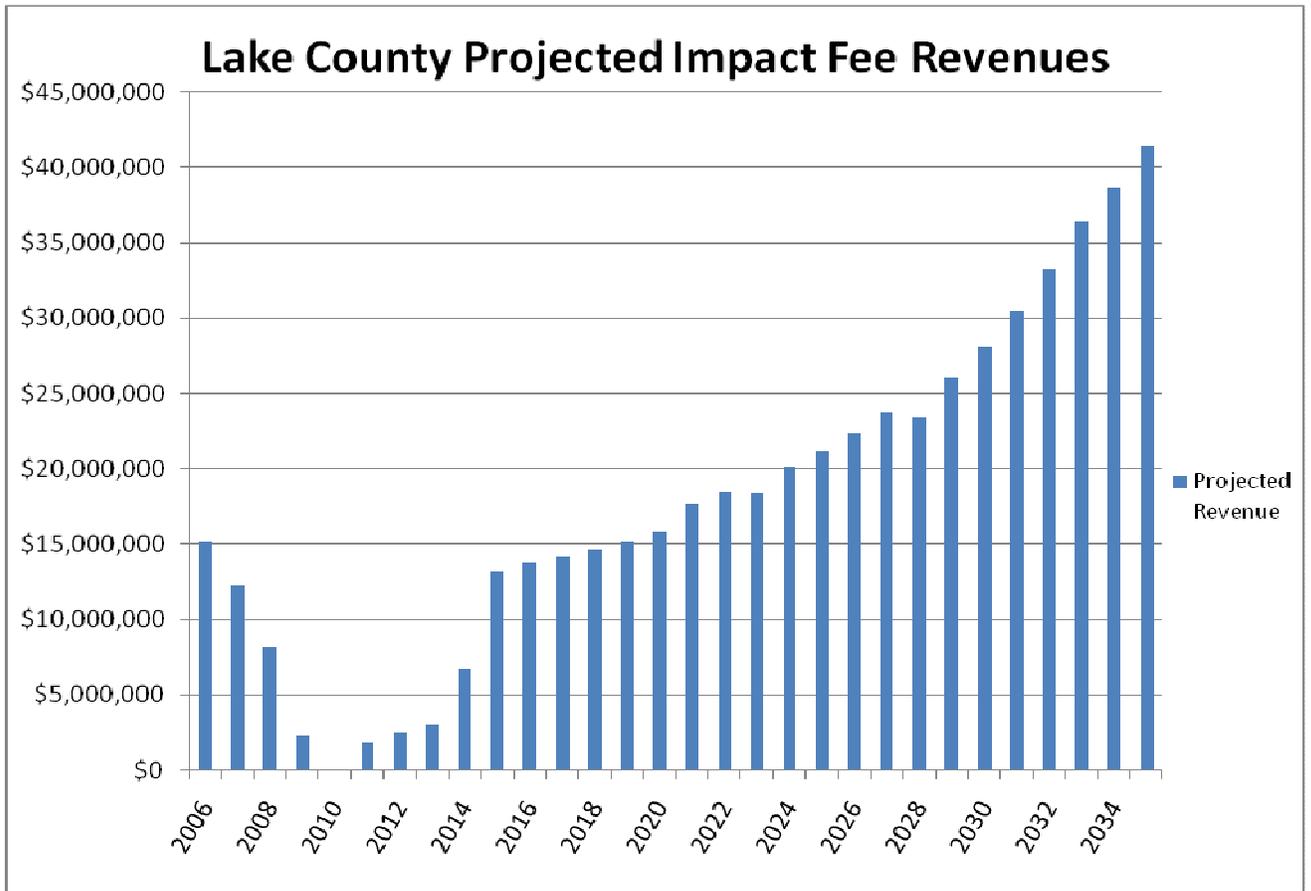
## **Section 5: Baseline Revenues – Lake County**

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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)**

<b>Time Period</b>	<b>Roads</b>	<b>Transit</b>	<b>Enhancements &amp; Sidewalks</b>	<b>Total</b>
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
<b>Total</b>	<b>\$778,080,000</b>	<b>\$388,160,000</b>	<b>\$26,630,000</b>	<b>\$1,192,870,000</b>

## Section 6: Enhanced Revenues – Lake County

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

- Adoption of an additional five pennies of the 2<sup>nd</sup> 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 2<sup>nd</sup> LOGT. To estimate revenues for this option, the value per penny of the 1<sup>st</sup> LOGT is used as a proxy to estimate the value per penny for the 2<sup>nd</sup> LOGT. In addition, it is assumed that the 2<sup>nd</sup> LOGT revenues will be distributed between the Lake County BOCC and the municipalities using the same percentages as the 1<sup>st</sup> LOGT. The County could adopt up to the five maximum pennies of 2<sup>nd</sup> 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 2<sup>nd</sup> 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  
2<sup>nd</sup> LOGT (5 pennies) Revenues (2014-2035)**

<b>Time Period</b>	<b>Lake County</b>	<b>Clermont</b>	<b>Eustis</b>	<b>Lady Lake</b>	<b>Leesburg</b>	<b>Minneola</b>	<b>Mt. Dora</b>	<b>Tavares</b>	<b>Total</b>
<b>2014-15</b>	\$8,582,100	\$469,932	\$884,344	\$215,288	\$1,010,988	\$79,166	\$536,040	\$463,376	\$12,241,234
<b>2016-20</b>	\$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
<b>2021-25</b>	\$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
<b>2026-30</b>	\$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
<b>2031-35</b>	\$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
<b>Total</b>	<b>\$94,403,100</b>	<b>\$5,169,252</b>	<b>\$9,727,784</b>	<b>\$2,368,168</b>	<b>\$11,120,868</b>	<b>\$870,826</b>	<b>\$5,896,440</b>	<b>\$5,097,136</b>	<b>\$134,653,574</b>

Source: The distribution of gas tax revenues is from the 2009-2010 Florida LCIR document. Revenue estimates for the 2<sup>nd</sup> LOGT are based on the value per penny of the 1<sup>st</sup> 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 2<sup>nd</sup> LOGT (2014-2035)**

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

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 2<sup>nd</sup> LOGT (5 pennies) (2014-2035)**

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

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)**

<b>Time Period</b>	<b>Taxable Value of New Commercial Construction</b>	<b>Dedicated to Transportation Capacity</b>
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
<b>Total (2014-2035)</b>	<b>\$1,910,414,000</b>	<b>\$39,297,000</b>

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)**

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