1 LAKE Team

# LAKE COUNTY TRANSPORTATION FUNDING ANALYSIS

## Context and Chronology:

Ad Valorem as a funding source for roads was removed in 1988 as transportation impact fees became the revenue source for roadway capacity projects. This removed the primary funding source indexed for new road construction and maintenance. Roadway needs were already backlogged in Lake County.

Infrastructure Sales Tax is intended to be a primary funding source for roadway needs. However, Lake County's sales tax is split in thirds amongst the county, the school board and 14 cities. The one-third split received by the BCC is then split amongst roads, parks, public safety and debt service. Most other counties utilize their infrastructure sales tax for roadway needs.

Our current gas tax is not being utilized for capacity projects and economic development; it is being used for road maintenance.

Lake County School Board has not adopted their additional half penny sales tax option, which if done, could return their one-third portion of Infrastructure Sales Tax to Lake County BCC for use for roads.

Lake County BCC has not adopted the Second Local Option Gas Tax at five cents per gallon. On a $2.50 gallon of gas, the additional nickel translates to two percent (2%) and would generate an estimated $5 million. For the average motorist driving 10,000 miles per year in a vehicle getting 25 miles-per-gallon, the additional nickel would amount to $20 per year.

## Capital Facilities Advisory Committee (CFAC) Identified Need:

**Based upon the 2013-2035 CFAC Recommendations Report, the following funding needs were identified:**

$700M in new construction and maintenance for county roads.

Lake County's Five-Year Road Construction Plan totals $120M in funding between federal and state grants, road impact fees and infrastructure sales tax.

None of the CFAC recommendations were adopted as funding sources increased.

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## Oportunities:

**FDOT's Local Government Transportation Funding Options Subject Brief states: "When a community leverages local funding options to the maximum extent possible, the local government improves the likelihood of receiving state funding."**

1. Institute General Fund (Ad Valorem) Investments: Year One at 2%, Year Two at 4%, Year Three at 6%, Year Four at 8%, as recommended by the previous two CFAC committees (15 years and eight years ago.) The earmarked amounts would be based on the Board of County Commissioners ad valorem revenues and budget, not the total ad valorem and budget including constitutional officers.

2. Utilizing the natural growth of property values while planning for the recommended earmarks before rollbacks are considered would allow the Lake County BCC to create a matching funds program. Cities and developers could apply and leverage funds at a 50-50 match for roadway under the County's jurisdiction. It could be used for capacity projects to build new roads and address congestion issues. For example, if the BCC funded a $10 million matching program, $20 million in roadway projects could be mobilized that year.

3. Utilize Municipal Services Benefit Units (MSBUs) in transportation funding. An MSBU is a legal financing mechanism that allows local government to establish a discrete area within which to provide for the delivery and funding of essential services or improvements.

4. Begin planning now for the impact of electric vehicle fees or charging station fees. While the use of electric vehicles (EVs) is in the early adopter phase, now is the time to begin proactive planning for how EVs will impact transportation funding, particularly since Lake County has not adopted full use of the local option gas tax. It is predicted that once EV adoption reaches 25%, state and federal transportation budgets will be severely impacted.