

# Local Option Gas Tax

May 18, 2017

File #150938A-MOD

# Local Option Gas Tax

- First 3 cents – Interlocal Agreement
  - Term: 1988 – 2018
  - Distribution: City 43.94%; County 43.94%
- Second 3 cents – Interlocal Agreement
  - Term: 1985 – 2017 (*last approved 5/19/16*)
  - Distribution: City 38.635%; County 55.557%
- Additional 5 cents – Interlocal Agreement
  - Term: 2007 – 2018
  - Distribution: City 38.635%; County 52.10%

# Allowable Expenditures

- First 6 cents:
  - Transportation expenditures:
    - Public transportation operations and maintenance
    - Roadway and r/w maintenance and equipment
    - Roadway and r/w drainage
    - Streetlighting
    - Traffic signs, traffic engineering, signalization, pavement markings
    - Bridge maintenance and operation
    - Debt service and current expenditures for transportation capital projects

# Allowable Expenditures

- Additional 5 cents:
  - Construction of new roads, reconstruction or resurfacing of existing roads, or paving of existing roads shall be deemed to increase capacity and such projects shall be included in the CIP.

# Attorney General Opinions

- revenues may not be used to pay:
  - AGO 2010-29 operational expenditures for storm drainage, street lighting, and traffic signalization including electricity and water service
  - AGO 2002-02 to construct bicycle paths separate and apart from roads or streets
  - AGO 2000-37 for a stand-alone sidewalk construction project or for tree trimming projects when the trees are not directly on or adjacent to roads or streets

# State Statute Provisions

- F.S. Chapter §336.025 (3)(a)1.
  - The County may, prior to June 1, establish by interlocal agreement with one or more of the municipalities located therein, representing a majority of the population of the incorporated area within the county, a distribution formula for dividing the entire proceeds...

# State Statute Provisions

- (3)(a)2.
  - If an interlocal agreement has not been executed...., the county may, prior to June 10, adopt a resolution of intent to levy the tax..
- (3)(b)
  - If no interlocal agreement or resolution..., municipalities representing more than 50 percent of the county population may, prior to June 20, adopt uniform resolutions ...setting the date for a countywide referendum on whether to levy the tax.

# State Statute Provisions

- (4)(a)
  - If tax ....is levied under the circumstances of subparagraph (3)(a)2. or paragraph (3)(b), the proceeds of the tax shall be distributed ... based on the transportation expenditures of each for the immediately preceding 5 fiscal years, as a proportion of the total of such expenditures...



# Recent Approved Motions

- This topic was discussed at the March 6, 2017 Joint City Commission/County Commission meeting. The City Commission approved a motion to authorize the City Manager to negotiate an agreement with the result of a 45% / 45% / 10% split over a 10 year period.
- At the County Commission's March 30, 2017 meeting, the County Commission approved a motion directing the County Manager to prepare his Preliminary Budget based on the 4th, 5th and 6th cents of the gas tax expiring at the end of 2017.

# Fiscal Impacts

- Using updated projections of total tax revenue, if the 4th, 5th and 6<sup>th</sup> cents of the gas tax are not renewed for FY18, the City will experience an annual reduction in gas tax revenue of approximately \$1,494,694. The specific FY18 reduction in revenue would be approximately \$1,121,021 (the tax will be collected Oct.-Dec. 2017). The loss in revenue would need to be addressed as part of the FY18 budget.
- As a reminder, the City's portion of the current annual revenue from the 11 cents of Local Option Gas Tax is approximately \$5,359,912. Alachua County's portion is \$6,772,026 and the other Municipalities receive \$1,210,042.
- Under the City Commission's recommended funding split, the City would receive \$6,003,891, Alachua County would receive \$6,003,891 and Other Municipalities would receive \$1,334,198 total.

# Fiscal Impacts (continued)

All 11¢ :	County		Gainesville		Other Cities	
45-45-10	6,003,891	45.000%	6,003,891	45.000%	1,334,198	10.000%
Current Interlocal	<u>6,772,026</u>	<u>50.759%</u>	<u>5,359,912</u>	<u>40.172%</u>	<u>1,210,042</u>	<u>9.070%</u>
Change	(768,135)	-5.759%	643,979	4.828%	124,156	0.930%
4th, 5th & 6th¢ only:	County		Gainesville		Other Cities	
45-45-10	1,740,941	45.000%	1,740,941	45.000%	386,876	10.000%
Current Interlocal	<u>2,149,365</u>	<u>55.557%</u>	<u>1,494,694</u>	<u>38.635%</u>	<u>224,697</u>	<u>5.808%</u>
Change	(408,424)	-10.557%	246,247	6.365%	162,179	4.192%

# Additional Five Cent Interlocal Agreements

- The City and County entered into an interlocal agreement and first amendment (May 22 and Dec. 11, 2007 respectively), where the county agreed to use gas tax revenues as follows:
  - Used only for unpaved roads (15%), bike/ped facilities (10%), resurfacing and reconstruction projects and roadway safety improvements (75%)
    - Resurfacing/reconstruction projects in priority order
      - NW 16<sup>th</sup> and 23<sup>rd</sup> Avenues\*
      - SW 63<sup>rd</sup> Blvd. and SW 62<sup>nd</sup> Ave.
      - NW County Road 235
      - NW 43<sup>rd</sup> Street\*
      - NW County Road 231
  - \*within 15 years of the imposition of the tax (Jan. 1, 2008)

# May 3 BOCC Letter

- At the May 2, 2017 Alachua County Commission Special Policy meeting, the commission unanimously passed the following motion (transmitted via May 3 letter):
  - Direct (county) staff to develop a new priority list for the board to approve that excludes projects that are in whole or in part within the city limits of Gainesville
  - Authorize the County Manager and Attorney to prepare a letter to the City of Gainesville indicating the boards willingness to proceed with the two projects within the city limits of Gainesville on the condition that the city take over the roads upon completion.
    - 16<sup>th</sup> Avenue from NW 13<sup>th</sup> Street to NE Second Street (appr. \$1.2 M)
    - NW 43<sup>rd</sup> Street from Newberry Road to Hwy-441 (appr. \$7M)
  - Proceed with Tower Road as the new number one priority

# May 10 BOCC Letter

- In a May 10 letter to the Mayor from the Chair of the County Commission, the county requested the following:
  - The city agree to consolidate all 11 cents of the local options gas tax, for 10 years, at the current status quo (40.17%) distribution formula
  - The county agrees to continue the following:
    - The practice of sharing FDOT County Incentive Grant Program (CIGP) funding (averaging \$1-2M a year), alternating annually between the city and county
    - to prioritize their reconstruction and maintenance road projects within the city, such as NW 16<sup>th</sup>/23<sup>rd</sup> and NW 43<sup>rd</sup>
    - to support Transportation Improvement Programs (TIP) through the MTPO that are favorable to the city's priorities, particularly capital and operations funding for transit



## MTPO TIP FY18-FY22

### FEDERAL & STATE FUNDING DISTRIBUTION (in thousands)

	City of Gainesville		Unincorporated Area		Countywide <sup>4</sup>	Transit	Airport	Total
	City Roads <sup>1</sup>	FDOT Roads <sup>3</sup>	County Roads <sup>2</sup>	FDOT Roads <sup>3</sup>				
AIRPORT	\$0	\$0	\$0	\$0	\$0	\$0	\$22,754	\$22,754
BIKE/PED	\$1,469	\$5,132	\$0	\$3,079	\$0	\$0	\$0	\$9,680
CONSTRUCTION PROJECTS	\$0	\$4,586	\$26,750	\$0	\$0	\$0	\$0	\$31,336
INTERSECTION PROJECTS	\$0	\$19,444	\$0	\$1,537	\$9,098	\$0	\$0	\$30,079
INTERSTATE PROJECTS	\$0	\$29	\$0	\$49	\$0	\$0	\$0	\$78
LANDSCAPING PROJECTS	\$0	\$820	\$0	\$645	\$0	\$0	\$0	\$1,465
MAINTENANCE PROJECTS	\$0	\$0	\$0	\$0	\$31,214	\$0	\$0	\$31,214
RAILROAD PROJECTS	\$0	\$460	\$0	\$0	\$0	\$0	\$0	\$460
RESURFACING PROJECTS	\$0	\$5,435	\$0	\$7,651	\$0	\$0	\$0	\$13,086
TRANSIT PROJECTS	\$0	\$0	\$0	\$0	\$0	\$58,985	\$0	\$58,985
<b>Total</b>	\$1,469	\$35,906	\$26,750	\$12,961	\$40,312	\$58,985	\$22,754	
	\$37,375		\$39,711		\$40,312	\$58,985	\$22,754	

NOTE: Excludes previous year funding, outside of the TIP horizon.

1. City roads are owned and maintained by the City of Gainesville

2. County roads are owned and maintained by Alachua County

3. FDOT roads are owned and maintained by the FDOT; several roads traverse City limits.

4. The locations of countywide projects are not defined in the MTPO TIP



# Road Jurisdictions & Definitions

- “City street system” means all local roads within a municipality, and all collector roads inside that municipality, which are not in the county road system
  - “Collector road” means a route providing service which is of relatively moderate average traffic volume, moderately average trip length, and moderately average operating speed. Such a route also collects and distributes traffic between local roads or arterial roads and serves as a linkage between land access and mobility needs.
  - “Local road” means a route providing service which is of relatively low average traffic volume, short average trip length or minimal through-traffic movements, and high land access for abutting property.

Florida Statutes Chapter 334.03

# Road Jurisdictions & Definitions

- “County road system” means all collector roads in the unincorporated areas of a county and all extensions of such collector roads into and through any incorporated areas, all local roads in the unincorporated areas, and all urban minor arterial roads not in the State Highway System
  - “Urban minor arterial road” means a route that generally interconnects with and augments an urban principal arterial road and provides service to trips of shorter length and a lower level of travel mobility. The term includes all arterials not classified as “principal” and contains facilities that place more emphasis on land access than the higher system.

# Current Analysis

- Deadline to reach agreement on a distribution formula for all 11 cents of the local option gas tax prior to June 1 (for 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> cents)
- The City Commission has offered a distribution formula split equally between the city and county (45%/45%) which holds other municipalities harmless at 10% funding
- Based on the time available, staff does not believe it is feasible to reach an agreement on distribution of all 11 cents, which will need to take place over the next year

# Current Analysis

- Focus on extending the current agreement to continue the distribution of the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> cents for the LOGT for one year (aligns with 2018 expiration of remaining 8 cents)
- Encourage the County Commission to fulfill its obligations under the existing interlocal agreement for the LOGT, including the timely completion of projects within the city

# Options for 4<sup>th</sup>, 5<sup>th</sup> & 6<sup>th</sup> Cents

