



CITY OF GAINESVILLE
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September 25, 2017

PRIVILEGED AND CONFIDENTIAL

Via Email ca.alvarez@embargmail.com

Carlos Alvarez, Esquire
 847 East Park Avenue
 Tallahassee, FL 32301

RE: *Alachua County/City of Gainesville Gas Tax Mediation*

Dear Mr. Alvarez:

Thank you for agreeing to mediate the above-referenced matter. The City of Gainesville provides the following for the mediation conference scheduled for October 9, 2017.

Sections 206.41 and 336.025 Fla. Stat. authorize a county to levy a local tax on every gallon of motor fuel sold in the county. The tax can be between 1 cent and 11 cents per gallon and is referred to as the "local option fuel tax" or "gas tax". If a county chooses to impose the gas tax, it must be shared with the municipalities within the county.

The distribution of revenue is generally provided for in an interlocal agreement between a county and its largest municipality. In the event that an interlocal agreement cannot be reached, the statutes provide for a default distribution.

Alachua County has levied the full 11 cents gas tax. The City and the County have 3 Interlocal Agreements that establish the revenue distributions all of which are set to expire:

1. An Interlocal Agreement (hereinafter "Agreement 1") providing for the distribution of the 1st, 2nd and 3rd cents that expires September 30, 2018.
2. An Interlocal Agreement (hereinafter "Agreement 2") providing for the distribution of the 3rd, 4th and 5th cents expiring on December 31, 2017, and
3. An Interlocal Agreement (hereinafter "Agreement 3") for the final 5 cents that expires on September 30, 2018.

Agreement 1's formula for distribution is City 43.94%, the County 43.94%, and the remaining 12.12% to be distributed to other municipalities within the County. Agreement 2's formula for distribution is City 38.635%, County 55.56% and the remaining 5.805% to be

distributed to the other municipalities. The formula for Agreement 3 is City 38.635%, County 52.10% and the remaining 9.265% to be distributed to the other municipalities.

In May 2016 the City Commission directed City staff to negotiate a long term agreement covering all 11 cents of the Gas Tax with a single distribution formula. The parties have been unable to reach an agreement on the split of revenues going forward. Attached Exhibit 1, prepared by City Staff, sets forth various methods of splitting the revenue and issues associated with those alternatives, as well as a breakdown of the amount of revenue the City and County would respectively receive under each alternative.

The County's offer on the distribution of the tax as communicated to the City is set forth in Exhibit 2. The City's proposed distribution is provided in the Commission action reflected in Exhibit 3.

If the tax is levied and no interlocal agreement is adopted, the tax revenues are distributed in accord with Section 336.025(4) Fla. Stat. This section provides that revenues are distributed between the County and the municipalities based on the transportation expenditures of each for the immediately preceding 5 years. This default provision would give the City the highest share of revenues out of the potential ways to calculate the revenue distribution, with a range of 75.07% to 46.61%.

Attending the mediation on behalf of the City will be the Mayor and six City Commissioners, Anthony Lyons, City Manager, Daniel Hoffman, Assistant City Manager, Phil Mann, Interim Public Works Director, Christopher Quinn and Mark Benton with City finance, Jesus Gomez, Transit Director, Deborah Leistner, Planning Manager, Wendy Thomas, Planning and Development Director, and the City's attorneys.

Once again, thank you for your assistance in this matter. I would request a call with you to discuss other issues I am not including in this mediation statement.

Sincerely yours,



Elizabeth A. Waratuke
Litigation Attorney

EAW/cgow

Attachments

CITY OF GAINESVILLE STAFF ANALYSIS

Legistar No: 150938

Title: Local Option Gas Tax

Sponsor:

City Staff Contact: Teresa Scott, P.E.; April Shuping; Paul Folkers

Summary of Issue On May 19, 2016 the City Commission took the following action: 1) authorized the Mayor to execute a one year extension of the Interlocal Agreement for the 4th, 5th and 6th cents of the Local Option Gas Tax (LOGT) through December 31, 2017 and 2) directed City staff to negotiate a long term agreement covering all 11 cents of the Local Option Gas Tax over the next year with a single distribution formula and triggers for periodic review and potential modification to the distribution formula.

The Interlocal Agreement for Local Option Gas Tax associated with the 4th, 5th and 6th cents expires in 2017. The two additional Interlocal Agreements for LOGT one for the 1st, 2nd and 3rd cents and one for the additional five cents expire in 2018.

Florida Statutes Chapter 336.025 provides that the County and municipality representing the majority of the population within the County to establish an Interlocal Agreement prior to June 1 for the continuation of the LOGT for the subsequent calendar year. Therefore, if the City Commission desires to enter into an Interlocal Agreement for distribution of the 4th, 5th, and 6th cents of LOGT an agreement must be executed between the City of Gainesville and Alachua County by June 1, 2017.

History/Background Information There are three Interlocal Agreements between the City of Gainesville and Alachua County for the distribution of Local Option Gas Tax.

- The first three cents has a term that expires in 2018. The formula for distribution is City 43.94% (\$1,536,964/year) and County 43.94% (\$1,536,964/year) and the remaining 12.12% (\$423,942) distributed to the other municipalities.
- The second three cents has a term that expires in 2017. The current distribution is City 38.635% (\$1,351,402) and County 55.56% (\$1,943,312) and the remaining 5.805% (\$203,156) distributed to the other municipalities.
- The additional five cents has a term that expires in 2018. The distribution is City 38.635% (\$1,962,357) and County 52.10% (\$2,648,814) and the remaining 9.265% (\$468,050) distributed to the other municipalities.

Governance

Florida Statutes Chapter 336.025 governs the levy, distribution and use of the revenues associated with all local option gas tax. (3)(a)1 provides that 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 within the county, a distribution formula for dividing the entire proceeds...”

(3)(a)2. Provides “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) provides “if not Interlocal agreement or resolution..., municipalities representing more than 50 percent of the county population may, prior to June 20, adopt uniform resolutionssetting the date for a countywide referendum on whether to levy the tax.”

(4)(1) provides “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 transportation expenditures of each of the immediately preceding 5 fiscal years, as a proportion of the total of such expenditures...”

Transportation Expenditures

First 6 cents (used in calculation of default formula):

- Public transportation operations and maintenance
- Roadway and r/w maintenance and equipment
- Roadway and r/w drainage
- Street lighting installation, operation, maintenance and repair
- Traffic signs, traffic engineering, signalization and pavement markings, installation, operation, maintenance and repair
- Bridge maintenance and operation
- Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads and sidewalks.

Additional 5 cents:

- Public transportation operations and maintenance
- 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.

Attempts at Negotiation on Staff Level:

City staff met with Alachua County staff on five separate occasions over the course of three months. In earliest discussions we agreed to define transportation expenditures and attempt to

agree on a default defined distribution based on transportation expenditures from the previous five year period as a percentage of the total transportation expenditures.

The categories that we agreed to include in the expenditures were:

- Road Maintenance
- Road Resurfacing/Capital Improvements
- Transit
- Bike/Ped Facilities
- Stormwater (associated with road drainage)
- Signs, Markings, Signals, Streetlights

The City was able to develop this expenditure list and was prepared to provide to the County on September 7; County staff was not able to pull this information together due to limitations in their accounting system until September 29 when Alachua County emailed the list to City staff. There were no additional meetings held between City and County staff as Alachua County scheduled a discussion of the subject at their October 4 County Commission meeting and the County Commission took action (noted below).

Transportation Expenditures Self-Defined:

The average annual expenditures based on the previous five years:

Alachua County	\$16,150,730
City of GNV	\$61,914,153
Total	\$78,064,883

This approach would increase the revenue to City of Gainesville by \$3,857,568 for all 11 cents; assuming the other municipalities are held harmless.

Current Distribution of Local Option Gas Tax Revenues

	City of Gainesville	Alachua County	Other Municipalities
First three cents:	\$1,536,964	\$1,536,964	\$423,942
Second three cents:	\$1,351,402	\$1,943,312	\$203,156
Additional five cents:	\$1,962,357	\$2,648,814	\$468,050
Total (annual):	\$4,850,724	\$6,129,090	\$1,095,148

Transportation Needs (Attachment A, B and C provide detailed information on City of Gainesville's transportation needs) Alachua County staff mentioned approaching the distribution based on future transportation needs however they wanted this to be for a roads only approach rather than for the entire transportation system. City of Gainesville Transportation Needs:

Transit (cost over an 8 year period):

Capital	\$64.4M
Additional Service	\$24.4M

Roads (based on current needs – not long range transportation needs):

Pavement Management	
(All roads current PCI \leq 75)	
Collectors and Non-residential	\$19.6M
Local	\$50.7M
(current funding allocated \$2M/year)	
Other Transportation Needs	\$107.0M
(Capacity, reconstruction, safety, bike/pedestrian)	
Total	\$266.1M

Alachua County Board of County Commissioners passed two motions regarding the Local Option Gas Tax at their October 4, 2016 meeting:

Motion 1: Commissioner Pinkoson moved to direct staff to return with a proposal for alternative funding in lieu of gas tax for the pavement maintenance plan as well as information on the costs of RTS, signalization, and road maintenance under the state default formula, and an annexation policy that states that if a road is completely within the boundaries of a municipality, that municipality takes over road maintenance. The motion carried 5-0.

Motion 2: Commissioner Cornell moved to use the miles and population approach to gas tax distribution and request that the smaller municipalities join the County in backing the miles and population approach. The motion carried 4-0 with Commissioner Chestnut out of the room.

Annexation Impacts:

Road jurisdictions and definitions are outlined in Florida Statutes Chapter 334.03:

“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.

“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.

Since 2000 the City of Gainesville has accepted jurisdiction of 26.7 miles of local and collector roads fully contained within the city upon annexations. The roads that we have not accepted responsibility for are the urban minor arterial roads which by definition noted above should remain on the County road system. Staff checked other jurisdictions such as Leon County/City of Tallahassee. Leon County also owns roads contained within the limits of City of Tallahassee.

Attachment D is a map identifying the roads (approximately 27.9 miles) that remain classified as urban minor arterial wholly or partially contained within the City Of Gainesville. The estimated cost of maintenance for these is approximately \$1,116,000/year (\$40,000 per year per mile of road).

One additional road, South Main Street between Williston Road and S 16 Avenue (1.2 miles) has not been accepted by the City since the designation of this street changed in 2013 from an urban minor arterial to a collector road. Alachua County adopted a resolution to transfer ownership to the City. The estimated cost if the City accepts this transfer is \$45,000 per year for maintenance of pavement, signage and striping. The City already provides the landscape maintenance along S. Main Street.

It is important to note that the City pays for the operating and maintenance cost of 763 streetlights (\$114,879 plus fuel surcharge fees) and 50 traffic signals (\$96,364) located along these urban minor arterial roads owned by Alachua County but located within the city limits. Alachua County contracts with the City of Gainesville for traffic signal maintenance in the unincorporated area at \$201,164 for FY16 – this contract covers 39 signals. The City of

Gainesville also reimburses Alachua County approximately \$960,000 per year for the cost of operating and maintaining all streetlights in the unincorporated area.

Key Issues

- What should gas tax be used for (transportation vs. roads only)?
 1. Any use allowed by State Statute which has a broader view of transportation including transit
 2. Or roads only as the County appears to favor
- What are the City and County's relative investments in transportation?
 1. County's investment has historically been primarily limited to gas tax funding
 2. City has developed a variety of revenue sources beyond the gas tax to help address the City's transportation needs including funding from:
 - ☐ Stormwater Management Utility - (City can use this funding to address road related stormwater needs; however, County has no stormwater utility and has spent considerable gas tax funding over the years to address road related stormwater needs)
 - ☐ Solid Waste Utility – contributes approximately \$2M/year towards pavement management of residential streets (local streets).
 - ☐ Partnerships - Interlocal Agreements with the University of Florida, Santa Fe College and Alachua County for transit services.

City staff does not believe the City should be penalized via the distribution of gas tax funds for its efforts to increase and diversify funding to address transportation needs.

Options

There are a number of options available to the City Commission for negotiating with Alachua County Board of County Commissions on a distribution formula for local option gas tax. Attachment E provides comparisons of the various formulas.

A. Transportation Needs

City of Gainesville's Transportation Needs are estimated at \$266,100,000. Alachua County staff has not provided a listing of their transportation needs so there is no distribution

formula calculated at this time. If this approach is to be taken there will need to be more conversation of how the distribution is established.

Pros – This would focus expenditures on future transportation needs.

Cons – Alachua County staff took a position that this approach should be roads only and not include transit.

B. Combination of road miles and population

This approach reduces the percentage of revenue coming to the City of Gainesville from the 4th, 5th and 6th cents' current rate of 38.64% to 37.788%. This equates to a \$29,627/year drop in revenue to the City of Gainesville, a \$212,006 reduction to Alachua County and a \$244,484 increase to the Other Municipalities.

The below chart shows the impact of this distribution percentage based on all 11 cents:

	Current		Average of Road Miles/Population		Net	
Alachua County	\$	6,129,090	50.8%	\$ 5,976,623	49.5%	\$ (152,467) -1.26%
City of Alachua	\$	222,348	1.8%	\$ 418,820	3.5%	\$ 196,472 1.63%
City of Archer	\$	101,807	0.8%	\$ 64,963	0.5%	\$ (36,844) -0.31%
City of Gainesville	\$	4,850,724	40.2%	\$ 4,562,887	37.8%	\$ (287,837) -2.38%
City of Hawthorne	\$	126,001	1.0%	\$ 94,607	0.8%	\$ (31,393) -0.26%
City of High Springs	\$	250,269	2.1%	\$ 373,479	3.1%	\$ 123,209 1.02%
Town of Lacrosse	\$	35,411	0.3%	\$ 14,671	0.1%	\$ (20,740) -0.17%
Town of Micanopy	\$	106,611	0.9%	\$ 72,389	0.6%	\$ (34,222) -0.28%
City of Newberry	\$	149,092	1.2%	\$ 436,812	3.6%	\$ 287,719 2.38%
City of Waldo	\$	103,609	0.9%	\$ 59,711	0.5%	\$ (43,898) -0.36%
	\$	12,074,962	100.0%	\$ 12,074,962	100.0%	\$ (0) 0.0%

Pros - Provides a combination of population and road miles.

Cons – This approach does not account for transit which is a major component of the transportation system.

C. Mobility Index

Person miles travelled on locally maintained collector and urban arterial roads and daily transit trips along these routes. Based on Alachua County's analysis the formula for distribution for the 4th, 5th, and 6th cents would be 24.1% for City of Gainesville and 74.6% for Alachua County. This equates to a \$508,415 reduction to City of Gainesville and a \$508,415 increase to Alachua County and holds harmless the Other Municipalities.

The below chart shows the impact of this distribution percentage based on all 11 cents:

Current			Mobility Index (Hold Small Cities)			Net	
Alachua County	\$ 6,129,090	50.8%	\$ 8,069,748	66.8%	\$ 1,940,658	16.07%	
City of Alachua	\$ 222,348	1.8%	\$ 222,348	1.8%	-	0.00%	
City of Archer	\$ 101,807	0.8%	\$ 101,807	0.8%	-	0.00%	
City of Gainesville	\$ 4,850,724	40.2%	\$ 2,910,066	24.1%	(1,940,658)	-16.07%	
City of Hawthorne	\$ 126,001	1.0%	\$ 126,001	1.0%	-	0.00%	
City of High Springs	\$ 250,269	2.1%	\$ 250,269	2.1%	-	0.00%	
Town of Lacrosse	\$ 35,411	0.3%	\$ 35,411	0.3%	-	0.00%	
Town of Micanopy	\$ 106,611	0.9%	\$ 106,611	0.9%	-	0.00%	
City of Newberry	\$ 149,092	1.2%	\$ 149,092	1.2%	-	0.00%	
City of Waldo	\$ 103,609	0.9%	\$ 103,609	0.9%	-	0.00%	
	\$ 12,074,962	100.0%	\$ 12,074,962	100.0%	-	0.0%	

Pros – Provides some recognition for transit trips in the percentage calculation.

Cons – City staff questions the legitimacy of the calculations conducted by County staff for example we found errors in the roads used in the calculations in that some City collector roads were left out. Another example is that only ridership on routes along roads the County selected were used rather than ridership across the transit system.

D. Default – Transportation Expenditures – City and County staff conducted a self-defined listing of transportation expenditures as outlined in Florida Statutes Chapter 336.025 (7):

- (a) Public transportation operations and maintenance.
- (b) Roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment.
- (c) Roadway and right-of-way drainage.
- (d) Street lighting installation, operation, maintenance, and repair.
- (e) Traffic signs, traffic engineering, signalization, and pavement markings, installation, operation, maintenance, and repair.
- (f) Bridge maintenance and operation.
- (g) Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads and sidewalks.

This approach provides the City with the highest distribution percentage over the 4th, 5th, and 6th cents ranging from 75.07% (self-defined), 66.67 (AFR) and 46.61% (FDOT). This provides additional revenue of \$1,274,449 (self-defined), \$980,615 (AFR), \$278,955 (FDOT)

to the City of Gainesville assuming the Other Municipalities are held harmless. Alachua County would see a reduction in revenue of \$1,292,008 (self-defined), \$941,955 (AFR) and \$397,708 (FDOT).

The below chart shows the impact of this distribution percentage based on all 11 cents:

	Current		Transp. Exp. Self Defined		Net	
Alachua County	\$	6,129,090	50.8%	\$ 2,178,425	18.0%	\$ (3,950,665) -32.72%
City of Alachua	\$	222,348	1.8%	\$ 226,406	1.9%	\$ 4,058 0.03%
City of Archer	\$	101,807	0.8%	\$ 103,241	0.9%	\$ 1,434 0.01%
City of Gainesville	\$	4,850,724	40.2%	\$ 8,783,830	72.7%	\$ 3,933,106 32.57%
City of Hawthorne	\$	126,001	1.0%	\$ 127,995	1.1%	\$ 1,994 0.02%
City of High Springs	\$	250,269	2.1%	\$ 254,782	2.1%	\$ 4,512 0.04%
Town of Lacrosse	\$	35,411	0.3%	\$ 35,621	0.3%	\$ 210 0.00%
Town of Micanopy	\$	106,611	0.9%	\$ 108,675	0.9%	\$ 2,064 0.02%
City of Newberry	\$	149,092	1.2%	\$ 151,541	1.3%	\$ 2,449 0.02%
City of Waldo	\$	103,609	0.9%	\$ 104,448	0.9%	\$ 839 0.01%
	\$	12,074,962	100.0%	\$ 12,074,962	100.0%	\$ (0) 0.0%

	Current		Transportation Exp - AFR		Net	
Alachua County	\$	6,129,090	50.8%	\$ 3,456,774	28.6%	\$ (2,672,316) -22.13%
City of Alachua	\$	222,348	1.8%	\$ 169,701	1.4%	\$ (52,647) -0.44%
City of Archer	\$	101,807	0.8%	\$ 31,266	0.3%	\$ (70,541) -0.58%
City of Gainesville	\$	4,850,724	40.2%	\$ 8,050,333	66.7%	\$ 3,199,609 26.50%
City of Hawthorne	\$	126,001	1.0%	\$ 31,934	0.3%	\$ (94,067) -0.78%
City of High Springs	\$	250,269	2.1%	\$ 130,155	1.1%	\$ (120,115) -0.99%
Town of Lacrosse	\$	35,411	0.3%	\$ 5,401	0.0%	\$ (30,010) -0.25%
Town of Micanopy	\$	106,611	0.9%	\$ 19,215	0.2%	\$ (87,396) -0.72%
City of Newberry	\$	149,092	1.2%	\$ 151,089	1.3%	\$ 1,997 0.02%
City of Waldo	\$	103,609	0.9%	\$ 29,094	0.2%	\$ (74,515) -0.62%
	\$	12,074,962	100.0%	\$ 12,074,962	100.0%	\$ (0) 0.0%

	Current		Transportation Exp. FDOT		Net	
Alachua County	\$	6,129,090	50.8%	\$ 5,335,563	44.2%	\$ (793,527) -6.57%
City of Alachua	\$	222,348	1.8%	\$ 473,822	3.9%	\$ 251,474 2.08%
City of Archer	\$	101,807	0.8%	\$ 27,169	0.2%	\$ (74,638) -0.62%
City of Gainesville	\$	4,850,724	40.2%	\$ 5,628,140	46.6%	\$ 777,416 6.44%
City of Hawthorne	\$	126,001	1.0%	\$ 43,591	0.4%	\$ (82,410) -0.68%
City of High Springs	\$	250,269	2.1%	\$ 302,719	2.5%	\$ 52,450 0.43%
Town of Lacrosse	\$	35,411	0.3%	\$ 7,366	0.1%	\$ (28,046) -0.23%
Town of Micanopy	\$	106,611	0.9%	\$ 26,565	0.2%	\$ (80,046) -0.66%
City of Newberry	\$	149,092	1.2%	\$ 206,482	1.7%	\$ 57,390 0.48%
City of Waldo	\$	103,609	0.9%	\$ 23,305	0.2%	\$ (80,304) -0.67%
	\$	12,074,962	100.0%	\$ 12,074,721	100.0%	\$ (241) 0.0%

Pros – This approach provides incentive for jurisdictions to provide funding sources in addition to Local Option Gas Tax to fund the transportation system. The City of

Gainesville has done an exceptional job of diversifying revenue in order to meet the needs of the larger transportation system to serve the regional area.

Cons – Until the Department of Labor provides clarification it is difficult to determine exactly how much revenue the City would receive.

D. Population

This distribution methodology is based on population of each area compared to the population of the entire county. The City of Gainesville's distribution for the 4th, 5th, and 6th cents would increase to 50.2% resulting in an additional \$404,529 per year in revenue. Alachua County would see a \$548,781 reduction in revenue.

The below chart shows the impact of this distribution percentage based on all 11 cents:

	Current			Population			Net		
Alachua County	\$	6,129,090	50.8%	\$	4,814,046	39.9%	\$	(1,315,044)	-10.89%
City of Alachua	\$	222,348	1.8%	\$	463,679	3.8%	\$	241,331	2.00%
City of Archer	\$	101,807	0.8%	\$	53,975	0.4%	\$	(47,832)	-0.40%
City of Gainesville	\$	4,850,724	40.2%	\$	6,061,631	50.2%	\$	1,210,907	10.03%
City of Hawthorne	\$	126,001	1.0%	\$	64,843	0.5%	\$	(61,158)	-0.51%
City of High Springs	\$	250,269	2.1%	\$	272,049	2.3%	\$	21,779	0.18%
Town of Lacrosse	\$	35,411	0.3%	\$	17,629	0.1%	\$	(17,782)	-0.15%
Town of Micanopy	\$	106,611	0.9%	\$	28,135	0.2%	\$	(78,476)	-0.65%
City of Newberry	\$	149,092	1.2%	\$	253,936	2.1%	\$	104,844	0.87%
City of Waldo	\$	103,609	0.9%	\$	45,040	0.4%	\$	(58,569)	-0.49%
	\$	12,074,962	100.0%	\$	12,074,962	100.0%	\$	(0)	0.0%

Pros – Population approach provides a nexus to those paying gas taxes.

Cons – There are no cons from a City perspective. County staff argues that this approach does not reflect where people are purchasing fuel, does not account for the County maintained roads within the municipal limits and that all population is county population.

E. Miles of Road

This can be calculated based on centerline miles or lane miles. The formulas in the documents are based on centerline miles. Lane miles would provide greater distribution to Alachua County. Based on the 4th, 5th and 6th cents the City of Gainesville's distribution would reduce from 38.64% to 25.376%, a reduction of \$463,783. Alachua County would realize an increase in revenue of \$124,769.

The below chart shows the impact of this distribution percentage based on all 11 cents:

	Current		CL Rd Miles		Net	
Alachua County	\$	6,129,090	50.8%	\$ 7,139,201	59.1%	\$ 1,010,111 8.37%
City of Alachua	\$	222,348	1.8%	\$ 373,962	3.1%	\$ 151,614 1.26%
City of Archer	\$	101,807	0.8%	\$ 75,952	0.6%	\$ (25,855) -0.21%
City of Gainesville	\$	4,850,724	40.2%	\$ 3,064,142	25.4%	\$ (1,786,581) -14.80%
City of Hawthorne	\$	126,001	1.0%	\$ 124,372	1.0%	\$ (1,629) -0.01%
City of High Springs	\$	250,269	2.1%	\$ 474,908	3.9%	\$ 224,639 1.86%
Town of Lacrosse	\$	35,411	0.3%	\$ 11,713	0.1%	\$ (23,699) -0.20%
Town of Micanopy	\$	106,611	0.9%	\$ 116,644	1.0%	\$ 10,033 0.08%
City of Newberry	\$	149,092	1.2%	\$ 619,687	5.1%	\$ 470,595 3.90%
City of Waldo	\$	103,609	0.9%	\$ 74,382	0.6%	\$ (29,227) -0.24%
	\$	12,074,962	100.0%	\$ 12,074,962	100.0%	\$ (0) 0.0%

Pros – There are no pros from a City perspective.

Cons – Transit is an integral part of the urban transportation system. This approach does not provide any contribution of the transit system to the distribution formula even though it is an eligible expense.

Staff Recommended Option

If there is a desire to hold the Other Municipalities harmless and all eleven cents are combined into one agreement; then the 9% for the Other Municipalities would be taken off the top and the remaining 91% dispersed between the City and the County. Staff recommends for all 11 cents the City should receive between 50.2% and 62%. Where the 50.2% is reflective of the population approach and the 62% is the average of the transportation expenditures approach.

Attachments/References

Attachment A: Overall Priority List_2017

Attachment B: Road Projects

Attachment C: Transit Projects 2016 – 8 years

Attachment D: Map

Attachment E: Gas Tax16

..Title

Interlocal Agreement with Alachua County for Local Option Fuel Tax (B)

Section 336.025, Florida Statutes allow counties to impose a local option gas tax of one- to eleven-cents on motor fuel sold in a county, with the revenue generated by such tax to be used by county and municipal governments only for transportation expenditures authorized by law. There are three interlocal agreements with Alachua County identifying the formulas for the distribution of these funds.

..Explanation

Section 336.025, Florida Statutes permits the County the authority to levy a local option gas tax upon every gallon of motor fuel and special fuel sold in the County and taxed under the provisions of Chapter 206, F.S.

There are three (3) Interlocal Agreements that establish the revenue distributions:

1. 1st, 2nd, and 3rd cents agreement expires September 30, 2018;
2. 4th, 5th, and 6th cents agreement expires in December 31, 2017;
3. 5 cent local option gas tax agreement expires in September 30, 2018.

On May 19th, 2016 the City Commission directed staff to work with County staff to negotiate a new agreement. Staff will present an update on the discussions to date.

..Fiscal Note

The current annual distribution to the City is approximately \$4.66 million or 38.635% of overall gas tax revenues.

..Recommendation

The City Commission: 1) hear an informational presentation from City staff and 2) provide guidance as desired.



Alachua County Board of County Commissioners

Ken Cornell, *Chair*
Lee Pinkoson, *Vice Chair*
Mike Byerly
Charles S. Chestnut, IV
Robert Hutchinson

Administration
Dr. Lee A. Niblock, CM
County Manager

May 10, 2017

Mayor Lauren Poe
City of Gainesville
200 East University Avenue
Gainesville, FL 32601

Dear Mayor Poe,

When looking at transportation funding, the relationship between Alachua County and the City of Gainesville has been built on a long history of quid pro quo agreements which, taken as a whole, have equitably served the citizens of both the City and unincorporated Alachua County.

The current distribution of the local option gas tax is favorable to Alachua County; the County has reciprocated through a series of agreements that are very favorable to the City. The County requests that the City agree to consolidate all eleven cents of the local option gas tax, for a period of ten years, at the current status quo distribution formula. This distribution formula will result in revenues of approximately \$47 million to the City over that period.

In exchange, the County agrees to the following:

- The County will continue the historical practice of sharing the Florida Department of Transportation's County Incentive Grant Program (CIGP) funding, alternating annual awards between County and City. These grants have averaged \$1-2 million per year. The County is under no legal obligation to share, but the current gas tax distribution has convinced the County that sharing this grant is fair. The CIGP grant has recently enabled the City to fund projects such as the Depot Avenue and upcoming SW 40th Blvd. reconstructions, totaling \$5.2 million over the past five years.
- The County will continue to prioritize their high-profile reconstruction and maintenance road projects within the City of Gainesville, such as the recent rehabilitation of NW 16th Ave./23rd Ave., at the expense of unincorporated area projects. This will include upcoming projects such as the reconstruction of all of NW 43rd St. and NW 16th Ave. between NW 13th and 2nd Streets. These two projects alone will cost the County approximately \$8.2 million, largely funded through gas tax revenue.
- The County will continue to support Transportation Improvement Programs (TIP) through the Metropolitan Transportation Planning Organization (MTPO,) that are highly favorable to the City's priorities, particularly capital and operations funding for transit. Over the next five years the City is looking at over \$100 million in projects. This historical emphasis on

transit has come at the expense of County road maintenance projects. Without the current gas tax distribution, the County will be compelled to re-evaluate its priorities within the TIP, which requires majority support from both City and County Commissions. County staff is currently preparing a draft TIP for the County Commission's consideration at the MTPO meeting in June that is more favorable to unincorporated area projects.

I suggest that we have a joint meeting in advance of the soon to expire 3-cent gas tax. In talking to City staff, it would appear that the best opportunity to meet would be on Monday, May 22 at 9 a.m.

Thank you for your consideration in this matter.

Sincerely,



Ken Cornell, Chair
Alachua County Commission
Chr17.101

KC/MS/lg

cc: Board of County Commissioners
Lee A. Niblock, County Manager
Michele Lieberman, County Attorney
Gainesville City Commission
Anthony Lyons, City Manager

James Harriott, Deputy County Manager
Mark Sexton, Legislative Affairs Director
Ramon Gavarrete, Public Works Director
Tommy Crosby, OMB Director
Nicole Shalley, City Attorney

ADOPTION OF THE AGENDA**AGENDA STATEMENT****ROLL CALL**160606.**Strategic Plan UF (NB)****RECOMMENDATION**

The City Commission receive a report from the University of Florida.

150938.**Interlocal Agreement with Alachua County for Local Option Fuel Tax (B)**

Section 336.025, Florida Statutes allow counties to impose local option gas tax of one to eleven cents on motor fuel sold in a county, with the revenue generated by such tax to be used by county and municipal governments only for transportation expenditures authorized by law. There are three interlocal agreements with Alachua County identifying the formulas for the distribution of these funds.

Explanation: On November 14, 2016 during the Joint City Commission/County Commission meeting the City Commission took the following action: 1) set aside 10% funding for the other municipalities and split the remaining 90% between City of Gainesville and Alachua County 45% / 45% for a ten year term with a five year reopener; and 2) directed staff to review possible joint funding of RTS service benefiting areas such as the SWAG or other possible joint projects.

Florida Statutes Chapter 336.025 provides that the County and municipality representing the majority of the population within the County to establish an Interlocal Agreement prior to June 1st for the continuation of the Local Option Gas Tax for the subsequent calendar year.

Therefore, if the City Commission desires to enter into an Interlocal Agreement for distribution of the 4th, 5th, and 6th cents of Local Option Gas Tax an agreement must be executed between the City of Gainesville and Alachua County by June 1, 2017.

Fiscal Note: The City's portion of the annual revenue from the 11 cents of Local Option Gas Tax under the current distributions is approximately \$4,850,723. Alachua County's portion is \$6,129,090 and the Other Municipalities receive \$1,095,148. Under the City Commission's recommended funding split the City would receive \$5,433,733, Alachua County would receive \$5,433,733 and the Other Municipalities would receive in total \$1,207,496.

The Staff Analysis has not been modified from the last version and remain in the backup.

RECOMMENDATION

The City Commission discuss the item.

Teresa Scott made a presentation.

Motion by Commissioner Carter, seconded by Commissioner Goston to accept staff recommendation, except changing December 2017 to December 2016. Motion failed 3-4, with Commissioner Hayes-Santos, Commissioner Budd, Commissioner Goston and Commissioner Chase voting no. Motion failed.

Amendment: 1) Change Recommendation No. 1 to 38.635 percent and 2) Change Recommendation No. 2 from over the next year to be heard on December 31, 2016.

Teresa Scott, April Shuping and Paul Folkers made presentations.

Perry Clausen, Donald Shepherd and Walter Willard spoke to the matter.

Motion: Utilize 45/45/10 breakdown for 10 years and advise staff to partner with the County staff on mutual projects.

Commissioner Chase arrived at 3:18 PM.

Jim Harriott, Teresa Scott and April Shuping made presentations.