

THROUGH: John Barlow, Productivity Committee Chairman

TO: Board of Collier County Commissioners

FROM: Janet Vasey, Productivity Committee's AUIR Subcommittee Chairman

DATE: October 31, 2007

During the month of October, the Productivity Committee reviewed the 2007 Annual Update & Inventory Report (AUIR) on Public Facilities and then participated in a 3-day joint meeting with the Planning Commission.

The following recommendations and comments were unanimously approved at the October 31, 2007 Productivity Committee meeting.

### Category A Facilities

1. We recommend approval of the County Road program. Revenue for the 5-year period appears reasonable and the program is financially feasible with minimal uncertainty.
2. We recommend approval of the Drainage Canal and Structures program with the following comments. We recommend removal of \$6.8 million in grants in AUIR years 4 and 5 due to federal funding uncertainty and a corresponding reduction of \$6.8 million in projects.

A new cost-share funding policy is needed. The current policy is unworkable since Tax Reform legislation makes it difficult to establish Municipal Services Taxing Units (MSTUs) because of the requirement to offset revenues received from any new MSTU. Without MSTUs, benefiting homeowners will not pay their 1/3 share (as currently required) of the projects that would correct flooding and increase their property values, shifting costs to all county taxpayers.
3. We recommend approval of the Potable Water System facilities. We also recommend that Public Utilities Division always provide financial data so the financial feasibility of their AUIR program can be evaluated. The construction program has been significantly delayed by the new University of Florida's Bureau of Economic and Business Research (BEBR) population methodology. We agree with Public Utilities' plan to continue design of new facilities while monitoring the accuracy of BEBR population estimates prior to commencement of construction.
4. We recommend approval of the Sewer Treatment & Collection Systems facilities. We also recommend that Public Utilities Division always provide financial data so the financial feasibility of their AUIR program can be evaluated. The construction program has been significantly delayed by the new BEBR population methodology. We agree with Public Utilities' plan to continue design of new facilities while monitoring the accuracy of BEBR population estimates prior to commencement of construction.

5. We recommend approval of the Solid Waste program. We also recommend that Public Utilities Division always provide financial data.

6. We recommend approval of the Parks and Facilities program, subject to the following concerns. We also recommend that Parks always provide financial data for facilities so the financial feasibility of their AUIR program can be evaluated, even though this information will not be submitted in the Capital Improvements Element (CIE) to the Department of Community Affairs (DCA).

We are concerned that large land donations/transfers have created a surplus in the level of service for regional park acreage (and a \$66.6 million surplus) over the AUIR period. This could indicate either an excess of resources directed to Parks or a poor accounting of large acreage parcels that may have only limited use (625 acres primarily for ATVs). We also question whether state and federal parks should be included in the inventory.

There is concern that the unit cost of \$230,000 per acre is overstated in the current economic environment. The next Park impact fee update is not scheduled until 2009, however, we recommend conducting the study in 2008 to address these issues prior to the next AUIR. We would like to discuss study methodology with the impact fee consultant prior to the study to address these issues. We also recommend that Parks spend no more than funding-on-hand or impact fees collected for land acquisition until the new impact fee study is completed and approved.

### Category B Facilities

1. We recommend approval of the County Jail program. However, it should be noted that, considering the current jail capacity utilization, the deficit of 61 beds (and \$4.3 million cost) at the end of the AUIR period may not materialize.

The draft Jail Master Plan (completed in March 2007) has some questionable conclusions (3.8 beds/1000 population) that the Sheriff's Office also considers problematic. We recommend review and final approval of a revised Jail Master Plan to identify accurate needs for the new jail facility. Considering the time it takes to acquire land and construct jail facilities, discussion on the next major jail expansion should be started soon. We recommend a full update of Jail impact fees in preparation for future jail expansion and a comprehensive review of the level of service standard.

2. We recommend approval of Law Enforcement facilities. We note that Law Enforcement has an \$8.1 million loan from the General Fund with the expectation of using future impact fee increases to repay the loan. Current annual impact fees are already funding the debt service on long-term commercial loans, and unless the new facilities planned in the second 5-year (FY13 to FY17) AUIR period are delayed, future impact fee increases may not be available to repay the loan.

3. We recommend approval of Library Collections and Facilities. We note that Libraries shows a \$2.9 million loan from the General Fund with the expectation of using future impact fee increases to repay the loan. Since there are no new facilities planned after

FY09, it may be possible to use future impact fee increases to repay the loan.

4. We recommend approval of the Emergency Medical Services program. We recommend acceptance of a new Level of Service Standard (LOSS) of 1 unit/16,400 population for the 2007 AUIR. This LOSS is consistent with the actual current level of service, as well as recommendations provided in the EMS Master Plan. Since no new stations are required in FY08, there will be time to fully evaluate the EMS Master Plan before additional capital resources are committed.

We are concerned that this program is not financially feasible beyond the current AUIR period. It is unlikely that EMS will ever be able to repay the \$5.9 million loan from the General Fund. Future impact fee increases are expected to repay this loan but, with the current low level of impact fee revenue and a new unit programmed annually, future impact fee increases will not be available to repay the loan.

We did not have sufficient time to fully review the EMS Master Plan and would like to evaluate the recommendations in more detail, including how fire district ALS unit support is counted. We would like to perform the review in conjunction with the EMS Advisory Council. If this review is approved in our 2008 work plan, we could consider other alternate revenue sources for EMS.

5. While we recommend approval of the Government Buildings program, we are concerned that this program is not financially feasible beyond the current AUIR period. It is unlikely that this facility category will ever be able to repay the \$8.6 million loan from the General Fund. Current impact fees will pay debt service on this 5-year AUIR program over the long-term (15 and 20-year commercial loans), with future impact fee increases expected to repay the General Fund. But, with an aggressive building program (\$120 million) over the next 5-year AUIR period (FY13 to FY17), and current impact fee revenues averaging only \$4 million annually, it is unlikely that impact fee increases could ever repay the loan, or fund the future \$120 million program.

6. We recommend approval of the Isles of Capri Fire District program for the current 5-year AUIR period.

7. We recommend approval of the Ochopee Fire District program for the current 5-year AUIR period. It should be noted that the District expects an additional \$170 thousand in impact fees, over and above their \$193 thousand impact fee revenue projection, which could be used to pay for the \$300 thousand program cost.

### General Comments

In conclusion, we are concerned by the recent use of “loans from the General Fund” to finance new facilities. Last year was the first year we saw this as a revenue source, with \$7.3 million in EMS. At that time, we questioned whether EMS would actually be able to repay this loan. In the 2007 AUIR, there are now 4 facilities relying on loans from the General Fund for a total of \$25.5 million: Law Enforcement (\$8.1 million), Libraries (\$2.9 million), EMS (\$5.9 million) and Government Buildings (\$8.6 million). With the possible exception of Law Enforcement and Libraries, these facilities

will not be able to repay the loans using future impact fee increases, as proposed.

This situation highlights an emerging funding problem where current annual impact fee revenues are already committed to repaying commercial paper loans, leaving General Fund loans to pay for new facilities planned beyond those that are current financed. This raises the question of how Collier County will finance the aggressive capital construction programs planned in the next AUIR period (FY13 to FY17).

Increased reliance on loans from the General Fund, especially in the financially constrained property tax funding environment created by the Legislature's Tax Reform provisions, should be carefully considered. And reported limitations on future bonding capacity, per BCC policy, make additional financing problematic. We recommend a review of the magnitude of the capital funding problem prior to the 2008 AUIR and we would be willing to participate in this review. In general, the Productivity Committee recommends that the Board of County Commissioners adopt as policy a limitation on new AUIR capital projects, for all county departments, to their impact fee balances on hand and as collected each year.

We are available to discuss these issues in more detail at your convenience. Members of the Productivity Committee will be available at the November 5th and 6th BCC meeting on the 2007 AUIR.

Sincerely,

Janet Vasey  
Chairman of the Productivity Committee's AUIR Subcommittee

Cc: Jim Mudd, County Manager