

## EXECUTIVE SUMMARY

CPSP-2009-3: Petition Requesting Amendment to the Capital Improvement Element of the Growth Management Plan, Ordinance 89-05, as amended. (Adoption hearing)

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## OBJECTIVE

To review and adopt amendments to the Capital Improvement Element of the Collier County Growth Management Plan, and to approve submittal to the Florida Department of Community Affairs.

Included with this Executive Summary are copies of materials to be provided to the Florida Department of Community Affairs (DCA) upon their adoption, particularly the Ordinance adopting these amendments and its corresponding Exhibit "A" – the updated version of the Capital Improvement Element (CIE) 5-Year Schedule of Capital Improvements [as an attachment to the Ordinance].

## CONSIDERATIONS

Chapter 163, Part II, *Florida Statutes*, also known as the Local Government Comprehensive Planning Act, requires all local governments within the State of Florida to maintain comprehensive planning programs based upon an adopted local government comprehensive plan. As part of this process, local governments must monitor changing conditions and use this information to guide periodic amendments to the local comprehensive plan, a/k/a Growth Management Plan (GMP). More specifically, Section 163.3177(3)(b)1., *Florida Statutes*, requires the County to review its Capital Improvement Element on an annual basis in order to maintain a financially feasible 5-Year Schedule of Capital Improvements. An amendment to the comprehensive plan is required to update the schedule on an annual basis, or to eliminate, defer or delay construction of any facility listed in the 5-Year Schedule.

Pursuant to Section 163.3177(3)(b)2., *Florida Statutes*, amendment to the Capital Improvement Element requires only a single public hearing before the governing board (BCC) as an adoption hearing. However, in keeping with the BCC's standing policy direction regarding GMP amendments, a second separate public hearing was held before the Collier County Planning Commission (sitting in its official role as the County's land planning agency). Their recommendation is included as part of this Summary.

The presently recommended CIE's Schedule of Capital Improvements covers the 5-year planning period for the fiscal years 2010 through 2014, and follows the 2009 AUIR adopted by the BCC on November 3, 2009. This Summary serves as a reminder how during budget hearings, the BCC directed Transportation Division staff to provide alternatives during the CIE update and amendment process, for both Arterial and Collector Roads and Stormwater Management Systems.

Capital Improvement Element updates recommended herein generally follow the adopted 2009 AUIR. Also incorporated are BCC direction, additional staff analysis; and adjustments to project scheduling based on fluctuations and decreases in annual population projections and future demand, resulting in reduced revenue projections. As with 2009, the County is again faced with decreased demand on capital infrastructure and facilities, and is proposing to delay and in some situations eliminate proposed infrastructure and facilities in the adopted 5-year Schedule of Capital Improvements. However, the County will remain concurrent in the 5-year CIE.

The Collier County Comprehensive Planning Department is currently positioned at the beginning phases of the next, or 2011, Evaluation and Appraisal Report (EAR). EAR-based amendments will

account for virtually all of the text-based revisions to the CIE. Consequently, the presently proposed annual update to the Capital Improvement Element confines itself to the 5-Year Schedule of Capital Improvements, and the second 5-year Schedule as an un-adopted CIE appendix.

Growth and population estimates and projections have been falling since the issuance of the 2006 BEBR population projections. These declining numbers were taken into account in the preparation of the County's Annual Update and Inventory Report (AUIR) and the CIE. However, it should be noted that the Transportation Division uses actual traffic counts instead of population numbers. This practice is attributed to the fact that counts vary based on facility expansion, and origin and destination changes that normally occur through the normal development process.

For comparison, the Collier County Population Estimates and Projection (CCPEP) figures are 6.2%, 12% and 17.2% decreases from the 2006, 2007 and 2008 CCPEPs for the same years, respectively. Population projections for years 2010, 2015 and 2020 have fallen 22.1%, 29.8% and 34.4%, respectively, from the 2006 to the 2009 CCPEPs.

These estimate and projection figures show that in 2006, Collier County was scheduling its capital improvement projects within the planning period (then 2007 to 2011) to meet the demands of more than 490,000 people – with more than 566,000 people expected by 2015. The 2009 AUIR figures indicate the County can alter its schedule for projects within the planning period (now 2010 to 2014) to meet the demands of a population of about 432,000 – with just over 440,000 people now expected in 2015. Annualized growth rates reported in the AUIR have dropped from 6.2 % in 2006 to 1.44% by 2009.

It should be noted that if this trend continues, some projects would be pushed out of the second 5-year planning period. However, when the economy rebounds, and vacant residential units are occupied, their re-occupancy will likely generate nearly immediate demand. Fortunately, the CIE is updated annually – which identifies pending financial constraints and curtails possible concurrency issues.

The effects of these population growth decreases have influenced the demand for public facilities and infrastructure with a corresponding reduction in the expenditure of revenues for them throughout the County. They are discussed in the CCPC Staff Report.

One of the more illustrative indicators of this downward trend is the traffic counts on County arterial and collector roads. Observations illustrated an overall decline in peak hour directional volume from the prior year, 2008. Traffic volume decreased an average of 4% from the peak hour trip counts reported the prior year. More than 22% of the County's 132 counting stations showed a decrease of greater than 10%. At ninety-nine count stations, for example, counts were down from the prior year; 27 count stations were up from the prior year; and, six stations showed no change. Consequently, County arterial and collector road projects gained another measure of flexibility while still maintaining concurrency. The 5-Year Schedule of Capital Improvements included with this annual CIE update and amendment presents three (3) Transportation alternatives and two (2) Stormwater Management System alternatives responding to the potential impacts and costs associated with an uncertain planning future.

The lower population projections and reduced trips on the arterial and collector road network correlate directly with decreased demand for other public facilities and infrastructure, as well as a reduced revenue stream.

Capital expenditures from Impact Fee revenues are projected to be reduced by 54% over the previous CIE. Capital expenditures from Gas Tax revenues are projected to be reduced by 17% over the previous CIE. Ad valorem/General Fund revenues may be reduced from as little as 11% to as much

as 20%, reflecting not only capital expenditures on road projects, but also Transportation Division funding division-wide.

At the BCC's direction, the Transportation Division was charged with developing alternatives that also reduce ad valorem/General Fund expenditures for the Transportation Capital program. In combination with the Impact Fee and Gas Tax reductions, three alternatives were developed to address a reduction in ad valorem General Fund support for Transportation. They are: 1) the anticipated 11% ad valorem reduction in fiscal years 2011 through 2014 based on decreased assessed values; 2) a 15% ad valorem reduction; and 3) a 20% reduction in ad valorem. *These three Transportation alternatives are itemized in the document entitled CIE Changes from 2009 to 2010, included as a supplement to the CCPC Staff Report, and are presented in Exhibit "A" on pages 16.11, 16.15 and 16.20.*

In each alternative, the total percent of reduction for the entire Transportation Division (operations and capital) is assumed to be reduced from the capital budget. Sufficient ad valorem funding (beyond debt service) is available in the Transportation Capital budget to cover the \$3.53 million reduction annually for the 11% in alternative No. 1. However, the \$4.82 million reduction for the 15% in alternative No. 2 would require that \$898,000 in Gas Tax also be reduced in the Transportation Capital program annually to maintain level funding in the Operations and Maintenance budget for the Transportation Division. Alternative No. 3 at 20% reduction would require \$1.72 million of Gas Tax be reduced annually beyond all non-debt service ad valorem in the Transportation Capital program to maintain level funding for Transportation Operations and Maintenance Programs. With the addition of over 400 new and improved lane miles of roadways, the expanded infrastructure for Traffic Operations and the advancing age of our bridges, further budget cuts to Operations and Maintenance would not allow sufficient investment to safely maintain the capital inventory that currently exists. Nor would further cuts concordantly address the increased demand for maintenance that will result from the deferral of capital projects. In fact, a generally level funding for Operations and Maintenance will still mean a further increase in deferred maintenance, which will need to be addressed at a significantly higher cost when funding improves.

The alternatives prepared seek to ensure deficiencies are addressed or, at least, progress is being made to address each deficiency. At the same time, BCC policy directive is to keep the County out of a long-term concurrency management system and from facing the creation of a *Transportation Concurrency Backlog Authority*.

This approach also avoids being forced into a long-term financially feasible CIE, which by Statute can be 10 or 15 years. Both the *Transportation Concurrency Backlog Authority* and long-term CIE and concurrency management system could become issues if there is a significant upturn in growth and there is a widening of the financial gap for all of the deficient road segments where ultimately, major funding would be required in a short period of time and no funding is available.

The alternatives substantially address existing and projected transportation deficiencies but further delay major improvements. The different alternatives take the costs into consideration that have been deferred, as well as the cumulative effect of the interim improvements and what the potential financial impact will be when the deferred improvements must be made. It is possible that these improvements could all be required in close proximity in time with, or at the same time that, other major projects will be required. The cost benefit ratio of deferring improvements to out-years differs with each alternative, resulting with different financial scenarios. The 11% alternative slows down future project readiness and removes construction for the segment of Collier Boulevard from north of I-75 to Green Boulevard and the construction for the Valewood Extension. The 15% reduction results in the further reduction in rights-of-way acquisition and the loss of construction funding for Santa Barbara Boulevard from Copper Leaf Lane north to Green Boulevard. The major difference between the 15% and 20% alternatives is that the 20% alternative does not leave any funds available to roll into the new fifth year

(fiscal year 2015) or thereafter to bring forward a current concurrency concern (Golden Gate Boulevard), the Santa Barbara Boulevard project, the Collier Boulevard between Golden Gate Main Canal and Green Boulevard, or other concurrency segments that may develop over the next five years. Specific project implications of the three alternatives are demonstrated in the Schedule of Capital Improvements included with this annual CIE update.

During the 2009 budget hearings, the BCC requested two alternatives be developed for the Stormwater Management Systems component of the Schedule of Capital Improvements that correspond with the different funding levels. First, an alternative that reflects Stormwater Management's status as a millage neutral program was developed within the assumption that revenues from the BCC established .15 mills would be reduced by 11% based on lower assessed values. The second alternative substantially restricts Stormwater Management System project funding by reducing the millage from .15 mills to .10 mills and then applying the anticipated 11% reduction in assessed values. Under this second alternative, the Stormwater Management program is essentially restricted to implementation of LASIP with some assumed reductions in scope and costs to meet the permitted schedule for completion of the project. *Both Stormwater Management alternatives are presented in Exhibit "A" on pages 18.11 and 18.11R.*

Projected total Capital Improvement spending in this CIE ranges from \$635,225,800 to \$659,359,000 depending on the alternative adopted, from approximately 92 percent to 95.5 percent of the 2009 AUIR amount of \$689,898,600. However, spending in this CIE is from 93.5% to 97.1% of the \$678,380,680 amount in the previous CIE. *[In the configuration recommended by the CCPC, with no reduced Stormwater Management program millage, the CIE totals are \$648,295,000 expenditure side and \$654,209,000 revenue side.]*

The combined effect of the Roads and Stormwater Management alternatives do not affect programmed improvements in the first year, and scheduled capital improvement projects are funded at \$175.3M in fiscal year 2010.

The economic realities that influenced growth and development during the last two years have required adjustments in capital improvements and services planning and potential changes in the GMP that have not been experienced since the adoption of the GMP in 1989, as required by *Florida's Local Government Comprehensive Planning and Land Development Regulation Act (Growth Management Act)*. This is only the second time our Capital Improvement program requires us to deal with falling population projections, declining school enrollment, an out-migrating populace and workforce, and diminishing demand on capital infrastructure and services. The tangible affects of these new realities can be seen in nearly every planned public project and capital improvement. Our levels of service can be maintained longer than previously projected, or can be achieved at later dates where projects were scheduled to address deficiencies. An indirect effect of decreasing demand for new facilities and services are revenues associated with new development. Until new development occurs, the demand for new capital infrastructure, services, and associated revenue (Impact Fees) will remain stagnant as demand and anticipated revenue are inextricably intertwined. Until the economy recovers, it is quite possible that the aforementioned economic realities and corresponding impacts will continue.

Finally, other factors attributable to the economy that warrant consideration are changes apparent in the day-to-day practices of the residents, workers and visitors in Collier County. People are conserving more and consuming less, extending the life of existing public facilities and forestalling the need for new facilities.

Additional background and analyses appear in the Staff Report to the CCPC.

Revisions to the Capital Improvement Element discussed herein are exempt from the twice per year limitation on adoption of Comprehensive Plan amendments as set forth in paragraph 9J-11.006(1)(a)7., *Florida Administrative Code*.

### In Summary

All amendments to the CIE and support data and analysis are consistent with the BCC's directive of maintaining a two-year Concurrency Management System and a five-year CIE. Under no circumstances has any amendment, support data or analysis been provided which would indicate that Collier County is considering or in support of a long-term concurrency management system. Conversely, extensive *footnotes* have once again been included in the capital improvement schedules for years one through five and years six through ten stating that the improvements in the future years do not constitute a long-term concurrency management system and no project is subject to proportionate share. Prior policy directives of the BCC were followed and the best interests of Collier County were considered at all times.

### LEGAL CONSIDERATIONS

This Executive Summary, along with the CCPC Staff Report and its Appendices, the adopting Ordinance and its Exhibits (for the 5-Year Schedule of Capital Improvements) have been reviewed by the Office of the County Attorney for legal sufficiency and determined to be sufficient for Board action.

*[HEAC]*

### FISCAL IMPACT

Certain fiscal impacts to Collier County do result from updates to the CIE. A number of capital improvement projects previously appeared in years one, two or three of the 5-Year Schedule of Capital Improvements have been rescheduled to future years four and five— along with their associated costs. Some projects have been removed from the 5-Year Schedule entirely.

A downward trend in development and the corresponding decrease in development applications have resulted with a decrease in impact fees collected. As a direct consequence, loans from the General Fund are required to pay off debt obligations for facilities built at the height of the real estate market when land and construction prices were peaking at their highest levels.

*[Funding from Impact Fees over the 5-year planning period is projected at \$86.8, at \$86.8M from Gas Taxes, at \$64.8M from Grants & Reimbursements, at \$29M from Carry Forward, at \$5.2M from Developer Contributions, at \$10.6M from Interest Earnings, at \$3.3M from Revenue Reserves, at \$3M from State Revolving Fund loans, at \$147.4M from Capital Accounts, at \$91.9M from Rate Revenues, at \$6.8M from Tipping Fees, and from \$99.1M to \$123.2M are derived from the General Fund, depending on the Roads and Stormwater Management alternative adopted.]*

### GROWTH MANAGEMENT PLAN (GMP) IMPACT

This hearing is being held to review and adopt certain updates to the CIE as an amendment to the Collier County Growth Management Plan, Ordinance 89-05, as amended.

The Collier County Growth Management Plan was impacted by amendments associated with the previous CIE updates that were to have been incorporated into other affected GMP Elements – originally expected to take place within this CIE update. But the text portions of any update do not appear here and are being considered as part of the 2011 Evaluation and Appraisal Report and subsequent GMP amendments.

## COLLIER COUNTY PLANNING COMMISSION (CCPC) RECOMMENDATION

The CCPC considered CPSP-2009-3 at its January 21 and January 28, 2010 hearings. Planning Commissioners voted unanimously (8:0) to forward Capital Improvement Element updates to the BCC with a recommendation to adopt and to transmit to the Florida Department of Community Affairs, with three (3) specific proposals, as follows:

1. Use the 5-Year Schedule of Capital Improvements based on the 15% reduction in Transportation Division General Fund revenue *[as presented in Exhibit "A" on pages 16.15 and 22.15]*.
2. Discontinue the practice of showing Landfill Tipping Fees as a revenue source for Solid Waste Disposal Facilities projects (cell construction) in the 5-Year Schedule of Capital Improvements *[as presented in Exhibit "A" on page 20]*.
3. Fund new County bridges with Impact Fee revenue whenever possible *[as with the 23<sup>rd</sup> Avenue Bridge in the Estates]*.

The CCPC recommended only changes to the 5-Year Schedule of Capital Improvements of the CIE, as reflected in Exhibit "A" pages 16.15 and 22.15 accompanying the Ordinance.

### RECOMMENDATION

Recommendation to select one of the three Transportation alternatives and one of the two Stormwater Management System alternatives and adopt by Ordinance the corresponding updated Capital Improvement Element 5-Year Schedule of Capital Improvements as an amendment to the Collier County Growth Management Plan, approve submittal of adoption materials to the Florida Department of Community Affairs, and consider policy direction offered by the CCPC.

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