1.4 The financial feasibility of providing needed infrastructure to achieve and maintain adopted level-of-service standards and sustain concurrency through capital improvements.

A. Introduction and Background:

In 1985 and 1986, the Florida Legislature significantly strengthened the requirements for county and city comprehensive plans. One of the provisions of the Local Government Comprehensive Planning and Land Development Regulation Act is the requirement that the comprehensive plan must contain a Capital Improvement Element to "... consider the needs for and location of public facilities..." (Section 163.3177(3), Florida Statutes).

The Capital Improvement Element (CIE) must identify public facilities that will be required during the next five years, including the cost of the facilities, and the sources of revenue that will be used to fund the facilities.

One of the specific requirements of the legislation states that the public facilities that are contained in the CIE must be based on "standards to ensure the availability of public facilities and the adequacy of those facilities including acceptable levels of service." The administrative regulation that implements the statutes defines the phrase "level of service" as "... an indicator of the extent or degree of service provided by ... a facility based on and related to the operational characteristics of the facility. Level of service shall indicate the capacity per unit of demand for each public facility." (Section 9J-5.003 (41), Florida Administrative Code).

Section 9J-5.0055 (1)(b), Florida Administrative Code (FAC), reads as follows:

“A requirement that the local government Capital Improvements Element, as provided by Rule 9J-5.016, FAC, of this chapter, shall set forth a financially feasible plan which demonstrates that the adopted level of service standards will be achieved and maintained.”

The CIE of the Collier County Growth Management Plan (GMP) contains the County’s adopted Five-year Schedule of Capital Improvements, including transportation improvements. This schedule is updated and amended annually to ensure compliance with the above requirement. On occasion, the need for emergency expenditures may require the Board of County Commissioners (BCC) to reallocate funding from other budgetary areas to meet the requirements of the Capital Improvement Program. In such instances, the Capital Improvement Schedule is adjusted, through an advertised public hearing process, to make certain that the County has adequate funding to meet its capital improvement needs.

As part of the Transportation Element, the County established minimum acceptable level of service standards on the existing highway system. For County roadways, the level of service standard to be maintained is "D" or “E” as measured on a peak hour basis. Several County and State facilities have been given a minimum LOS "E" standard.
To maintain the adopted LOS on roadways, the County has implemented a concurrency management regulatory program that ties issuance of development orders to the

demonstration of adequate capacity on all roadway segments that would be significantly impacted by new development. In summary, this program maintains an inventory of the following for each arterial and collector roadway segment:

- Actual traffic on each segment as determined through an annual traffic counting program,
- The peak hour service capacity as determined by engineering analyses performed by the Transportation Division, and
- Capacity that will be used by new development for which a Certificate of Adequate Public Facilities has been issued.

In order to prevent sudden unanticipated LOS failures, the County adopted Ordinance 04-08 which established a “real time” “checkbook accounting” concurrency management process.

See the Adequate Public Facilities Ordinance (Division 3.15 of the Collier County Land Development Code) for details of this process.

Division 3.15 of the Land Development Code (LDC) is also known as the Collier County Adequate Public Facilities Ordinance (APFO). It describes the annual count program done on County roads to determine their annual average daily traffic (AADT). It describes how the relationship between that AADT and the segments adopted level of service (LOS) standard determines the road segment’s level of service.

The current levels of service at which road segments are operating are reported annually in the Annual Update and Inventory Report (AUIR). This report indicates which segments are operating at levels of service worse than their adopted standard LOS. It also contains predictions of when certain segments will reach levels of service that exceed their adopted standard LOS. Although traffic volumes are expressed as AADT, LOS calculations are done to ensure adequate levels of service. Peak season and peak hour traffic conditions are skewed in Collier County because of the heavy influx of seasonal residents and tourists. As such, it is deemed an inappropriate and unreasonable imposition on taxpayers to provide a roadway system designed for the peak of the peak season. Therefore, the LOS calculations are based on traffic conditions experienced for 10 months of the year with the peak seasonal and tourist months of February and March omitted from the analysis.

B. Analysis:

The MPO Long Range Transportation Plan’s Financially Feasible Plan and Needs Plan as adopted on March 23, 2001, are hereby incorporated to define the major roadway needs for Collier County. The 2025 Financially Feasible Plan is presented as Map 1.4-1 and displays the needed roadway improvements that can be funded through the year 2025. Map 1.4-2 shows the total projected roadway improvements needed by 2025. Note that the Financially Feasible Plan does not include all needs identified through the Urban Area Transportation Study. It only includes the projects that can be funded from reasonably anticipated revenues. While the total 2025 needs are estimated to require funding of approximately 1.7 billion dollars, the cost feasible plan reflects funding of approximately $1.5 billion. Based on recent efforts to treat transportation as a top priority, the BCC has committed to increase revenues so that future needs are fully met. As directed by the BCC, efforts are underway to develop measures to close the 0.2 billion-dollar shortfall between the total needs plan and cost feasible plan through public/private partnerships such as reserving right of way and drainage.

Financial feasibility and analysis for Capital Improvements are covered in the CIE through the following objective and policies:

Objective 1.2:
Provide public facilities in order to maintain adopted level of service standards that are within the ability of the County to fund, or within the County's authority to require others to provide. Existing facility deficiencies measured against the adopted level of service standards will be eliminated with revenues generated by ad valorem taxes and intergovernmental revenues received based on economic activity. Future development will bear a proportionate cost of facility improvements necessitated by growth. Future development's payments may take the form of, but are not limited to, voluntary contributions for the benefit of any public facility, impact fees, dedications of land, provision of public facilities, and future payments of user fees, special assessments and taxes.

Policy 1.2.1:
The estimated capital expenditures for all needed public facilities shall not exceed conservative estimates of revenues from sources that are available to the County pursuant to current law, and which have not been rejected by referendum, if a referendum is required to enact a source of revenue.

Policy 1.2.2:
Existing and future development shall both pay for the costs of needed public facilities. Existing development shall pay for some or all facilities that reduce or eliminate existing deficiencies, some or all of the replacement of obsolete or worn out facilities, and may pay a portion of the cost of facilities needed by future development. Both existing and future development may have part of their costs paid by grants, entitlements or public facilities from other levels of government and independent districts.

Policy 1.2.3:
Public facilities financed by County enterprise funds (i.e., potable water, sanitary sewer and solid waste) may be financed by debt to be repaid by user fees and charges for enterprise services, or the facilities may be financed from current assets (i.e., reserves, surpluses and current revenue).

Policy 1.2.4:
Public facilities financed by non-enterprise funds (i.e., roads, surface water management, parks, library, emergency medical service, and jail shall be financed from current revenues and assets (pay-as-you-go financing) and Revenue Bonds approved by the Board of County Commissioners. Debt financing shall not be used to provide excess capacity in non-enterprise public facilities unless the excess capacity is an unavoidable

result of a capital improvement that is needed to achieve or maintain standards for levels of service. Notwithstanding other provisions of this policy, general obligation bonds approved by referendum may be used for any public facilities to acquire capacity needed within the Schedule of Capital improvements or for excess capacity.

Policy 1.2.5:
The County shall not provide a public facility, nor shall it accept the provision of a public facility by others, if the County is unable to pay for the subsequent annual operating and maintenance costs of the facility.

Policy 1.2.6:
The County shall continue to collect Road Impact Fees for road facilities requiring the same level of service standard as adopted in Policy 1.1.5 of this element in order to assess new development a pro rata share of the costs required to finance transportation improvements necessitated by such development.

Policy 1.2.7:
The County shall continue to collect impact fees for Parks and Recreation, EMS and Library facilities requiring the same level of service standard as adopted in Policy 1.1.5 of this element in order to assess new development a pro rata share of the costs required to finance Parks and Recreation, EMS and Library improvements necessitated by such development.

Policy 1.2.8:
If, for any reason, the County cannot provide revenue sources identified, as needed funding for specific projects within the adopted Schedule of Capital Improvements, the Growth Management Plan shall be amended based on one or more of the following actions:

A. Remove through a plan amendment facility improvements or new facilities from the adopted Schedule of Capital Improvements that exceed the adopted levels of service for the growth during the next five (5) fiscal years;

B. Remove from the adopted Schedule of Capital Improvements through a plan amendment facility improvements or new facilities that reduce the operating cost of providing a service or facility but do not provide additional facility capacity;

C. Where feasible, transfer funds from a funded Non-Capital Improvement Element capital project in order to fund an identified deficient Capital Improvement Element public facility. The resulting revisions shall be reflected in the required annual update.

D. Lower the adopted level of service standard through a plan amendment for the facility for which funding cannot be obtained.

E. Do not issue development orders that would continue to cause a deficiency based on the facility's adopted level of service standard.

Policy 1.2.9:
Collier County will not exceed a maximum ratio of total general governmental debt service to bondable revenues from current sources of 13%. Whereas Florida Statutes place no limitation on the application of revenues to debt service by local taxing authorities, prudent fiscal management dictates a self-imposed level of constraint. Current bondable revenues are ad valorem taxes and State-shared revenues, specifically gas taxes and the half-cent sales tax. The Enterprise Funds operate under a revenue bonding ratio set by the financial markets and, are therefore, excluded from this debt policy.

Fiscal Impact Analysis Model:

The County recently had the opportunity to evaluate the accuracy and effectiveness of the Fishkind and Associates Fiscal Impact Analysis Model (FIAM) for the first time while hearing and approving the Ave Maria Stewardship Receiving Area (SRA) application. Section 2.2.27.10.L of the Collier County LDC states:

SRA economic assessment. An economic assessment meeting the requirements of this section shall be prepared and submitted as part of the SRA designation application package. At a minimum, the analysis shall consider the following public facilities and services: transportation, potable water, wastewater, irrigation water, stormwater management, solid waste, parks, law enforcement, emergency medical services, fire, and schools. Development phasing and funding mechanisms shall address any adverse impacts to adopted minimum levels of service pursuant to the Division 3.15 of the LDC.

1. *Demonstration of fiscal neutrality. Each SRA must demonstrate that its development, as a whole, will be fiscally neutral or positive to the Collier County tax base, at the end of each phase, or every five years, whichever occurs first, and in the horizon year (build-out). This demonstration will be made for each unit of government responsible for the services listed below, using one of the following methodologies:*

    a. *Collier County fiscal impact model. The fiscal impact model officially adopted and maintained by Collier County.*

    b. *Alternative fiscal impact model. If Collier County has not adopted a fiscal impact model as indicated above, the applicant may develop an alternative fiscal impact model using a methodology approved by Collier County. The model methodology will be consistent with the Fiscal Impact Analysis Model ("FIAM") developed by the State of Florida or with Burchell et al., 1994, Development Assessment Handbook (ULI).*

The BCC may grant exceptions to this policy of fiscal neutrality to accommodate affordable or workforce housing.

2. *Monitoring requirement. To assure fiscal neutrality, the developer of the SRA shall submit to Collier County a fiscal impact analysis report ("Report") every*

five years until the SRA is 90 percent built out. The report will provide a fiscal impact analysis of the project in accord with the methodology outlined above.

3. Imposition of special assessments. If the report identifies a negative fiscal impact of the project to a unit of local government referenced above, the landowner will accede to a special assessment on his property to offset such a shortfall or in the alternative make a lump sum payment to the unit of local government equal to the present value of the estimated shortfall for a period covering the previous phase (or five year interval). The BCC may grant a waiver to accommodate affordable housing.

[4.] Special districts encouraged in SRAs. The use of community development districts (CDD's), municipal service benefit units (MSBU's), municipal service taxing units (MSTU's), or other special districts shall be encouraged in SRAs. When formed, the special districts shall encompass all of the land designated for development in the SRA. Subsequent to formation, the special district will enter into an interlocal agreement with the county to assure fiscal neutrality. As outlined above, if the monitoring reveals a shortfall of net revenue, the special district will impose the necessary remedial assessment on lands in the SRA.

Every analytical instrument has its limitations. Most notably, the FIAM, created by Fishkind and Associates, cannot (and was never intended to) be the exclusive measure on which land use decisions are completed. Typically, land use decisions are made in the context of an explicitly political process in which numerous considerations are weighed. For example, economic, environmental, social and political concerns also weigh heavily when making land use judgments.

It is important to be aware of particular problematic issues that tend to recur in fiscal impact analyses and that could be difficult to resolve. These issues may alter the findings of the analysis or render it incomplete in providing an assessment of a project's impact on local finances. Some of these issues are inherent in the state of the art of fiscal impact analysis, while others can be overcome with use of better methodologies. Most are related to the tendency of fiscal impact analysis to take too narrow a focus in one way or another.

Significant shifts in a jurisdiction's revenue base or service demands are most likely to occur in communities like Collier County who are experiencing rapid new development that differs significantly in rate, type, character, location or intensity from previous development. Over time, as the community increasingly begins to reflect the characteristics and preferences of new residents and businesses, its demand for services and revenue-generating capability will be increasingly influenced by its newer development. In rapidly growing communities undergoing a transition from rural to suburban, or from small to midsize or midsize to large, such a shift can begin in only a few years. In jurisdictions undergoing transition from a lower to a higher level of development, service costs rarely remain constant on a per capita basis over an extended period.

Some fiscal impact analyses not only underestimate costs but also overestimate the revenues likely to be associated with a project. In addition, developers may have unrealistic expectations about their ability to capture a share of the local or regional market for housing and commercial space. The developer of a commercial project, for example, may base the project's fiscal impact analysis on 100 percent of the planned space being developed and occupied. The project, however, may not achieve full "build-out" for several years or even decades. Large projects are often "phased" by their developers, with later portions developed over the course of the development, but only if the previous phases are successful and local economic conditions are favorable. Particularly, if a mixed-use project fails to achieve build-out of a significant portion of its commercial space, the project's impact on the local jurisdiction's budget will likely be significantly affected.

The lack of consistent standards for fiscal impact analyses can often present additional complicating factors. Only a few states or localities require a fiscal impact analysis as part of their formal zoning, permitting or planning process. As a result, there are few formal procedures or requirements for the preparation of such analyses, and few such analyses are subjected to outside review or judicial scrutiny. Indeed, methodologies applied to analyze individual projects or development scenarios can be highly variable even within the same jurisdiction.

Whatever the regulatory environment, project-level fiscal analyses constitute the large majority of fiscal impact analyses. Since most are prepared by and for developers in support of applications for required project approvals or rezoning, it is not surprising that most also project a neutral or positive financial impact.

In reality, each individual project competes with similar projects within the market area for whatever growth the jurisdiction can reasonably be expected to capture. Not all will be successful. Fiscal impact analyses of speculative projects should consider the impact of a range of build-out scenarios so that reviewers can assess the risks of partial or complete market failure of such projects, in terms of both market absorption and assumed sales prices or rents.

Summary:

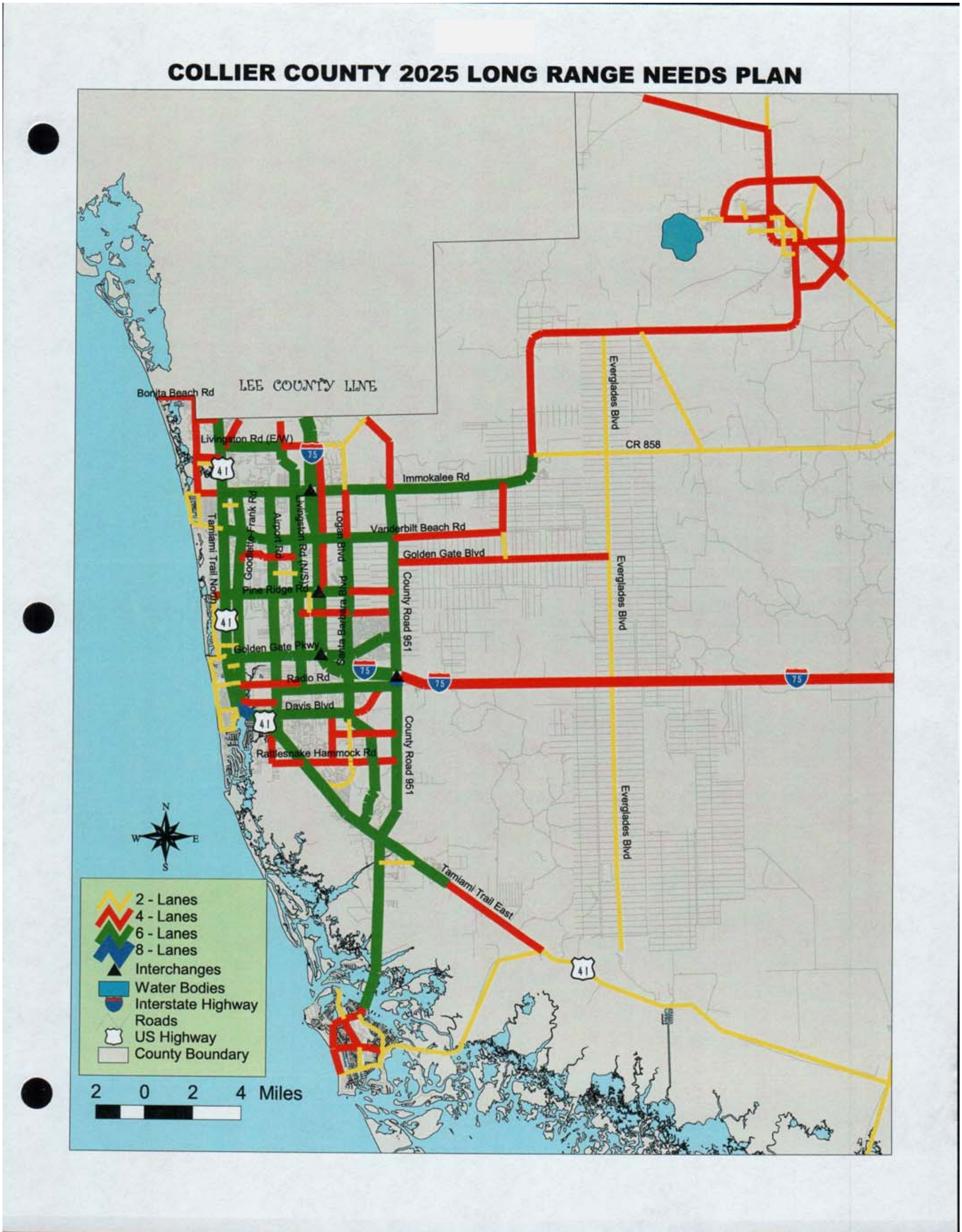
A schedule of transportation improvements and data concerning the adopted level of service standards can be found in Chapter 2 – Evaluation of Major Issues, Sections 2.1 through 2.4 of the EAR. Concurrency management systems and various capital improvement data can also be found throughout Chapter 2 of this EAR.

While required and prepared as part of an SRA application, the FIAM has yet to be formally adopted by the BCC as Collier County’s official tool for financial analysis and/or modeling. Staff is working in cooperation with Fishkind and Associates in an effort to provide an updated model to the Collier County Planning Commission, the BCC and staff for review and consideration. Therefore, the FIAM can not be utilized or applied to the EAR as to whether transportation improvements are needed to achieve and maintain level of service standards.

Map 1.4-1


COLLIER COUNTY 2025 LONG RANGE FINANCIALLY FEASIBLE PLAN
LEE COUNTY LINE
Bonita Beach Rd
Livingston Rd (E/W)
Immokalee Rd
Vanderbilt Beach Rd
Golden Gate Blvd
Pine Ridge Rd
Golden Gate Pkwy
Radio Rd
Davis Blvd
Rattlesnake Hammock Rd
Tamiami Trail North
Goodlette-Frank Rd
Airport Rd
Livingston Rd (N/S)
Logan Blvd
Santa Barbara Blvd
County Road 951
Everglades Blvd
CR 858
Tamiami Trail East
2 - Lanes
4 - Lanes
6 - Lanes
8 - Lanes
Interchanges
Water Bodies
Interstate Highway
Roads
US Highway
County Boundary
2 0 2 4 Miles

Map 1.4-2


COLLIER COUNTY 2025 LONG RANGE NEEDS PLAN
LEE COUNTY LINE
Bonita Beach Rd
Livingston Rd (E/W)
Immokalee Rd
Vanderbilt Beach Rd
Golden Gate Blvd
Pine Ridge Rd
Golden Gate Pkwy
Radio Rd
Davis Blvd
Rattlesnake Hammock Rd
Tamiami Trail North
Goodlette-Frank Rd
Airport Rd
Livingston Rd (N/S)
Logan Blvd
Santa Barbara Blvd
County Road 951
Everglades Blvd
CR 858
Tamiami Trail East
75
41
N
S
E
W
2 - Lanes
4 - Lanes
6 - Lanes
8 - Lanes
Interchanges
Water Bodies
Interstate Highway
Roads
US Highway
County Boundary
2 0 2 4 Miles