

AGENDA
Broward Metropolitan Planning Organization
Local Surtax Subcommittee Meeting
February 4, 2016, 10:00 a.m.
100 West Cypress Creek Road, Suite 850
Fort Lauderdale, FL 33309



DISCUSSION ITEMS

D-1 **BACKGROUND/OVERVIEW** 10:00

Funding transportation and infrastructure has become increasingly difficult in the past few years. Public revenues supportive of transportation improvements have declined. The Federal Highway Trust Fund, financed primarily by a tax on gasoline, is receiving less money annually based on a dated funding mechanism initially established in the 1970s. Furthermore, Congress has had to fill the funding gap in the Highway Trust Fund over the last couple of years, usually through short term infusions. This has created a funding scenario which is neither adequate nor consistent. If the Broward region is to have a transportation system and the necessary infrastructure to sustain its current residents and seasonal population, as well as attract business, the region will need to look locally for future funding. The MPO's Surtax Subcommittee has been tasked to identify and pursue local funding.

D-2 **EXPECTATIONS** 10:10

The subcommittee will discuss the two surtax options, consider local and regional needs, and set a path forward.

Review the information provided at www.browardmpo.org/planning/sales-surtax and complete the Infrastructure Needs Spreadsheet prior to the meeting.

D-3 **THE PLAN WITH REGIONAL, COUNTY AND LOCAL NEEDS** 10:20

Florida Statute Section 212.055 provides two sales surtax (limited to the first \$5,000 of any taxable item) options for funding transportation and infrastructure in the Broward region. Broward County has one cent additional surtax available for either a Charter County/Regional Transportation System Surtax or Local Government Infrastructure Surtax or a combination of the two. Each option generates the same level of revenue, but allow the funds to be used for different purposes. These options fund partially or fully Commitment 2040, Broward County's Transit Development Plan, and South Florida Regional Transportation Authority's Transit Development Plan.

ACTION ITEM(S)

*D-4 **DIRECTION AND MOTION(S)** Regarding Surtax and Next Steps 11:00

***MOTION TO ADJOURN**

* Motion Requested

For complaints, questions or concerns about civil rights or nondiscrimination, or for special requests under the Americans with Disabilities Act, please contact: Christopher Ryan, Director of Public Involvement and Communication/Title VI Coordinator at (954) 876-0036 or ryanc@BrowardMPO.org.

Public participation is solicited without regard to race, color, national origin, age, sex, religion, disability or family status. Persons who require special accommodations under the Americans with Disabilities Act or persons who require translation services (free of charge) should contact Christopher Ryan at (954) 876-0036 or ryanc@BrowardMPO.org at least seven days prior to the meeting. If hearing impaired, telephone 1-800-273-7545 (TDD).



BERTHA W. HENRY, County Administrator
 115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7362 • FAX 954-357-7360

TO: Broward County Board of County Commissioners

FROM: Bertha Henry, County Administrator 

DATE: January 25, 2016

RE: **Local Option Sales Tax Update**

In an effort to keep the Board of County Commissioners informed, this memorandum is intended to serve as an overview of the community's activities related to developing a surtax ballot initiative.

February 7, 2015, at its annual retreat, the Board of County Commissioners (BOCC) discussed pursuing a Charter County and Regional Transportation System Surtax ("Transportation Surtax"). A summary analysis of the statutory differences between a Transportation Surtax and an Infrastructure Surtax, developed in advance of that workshop and provided to Board members, as well as the statute itself (§ 212.055 (1) and (2)), are included as **Attachment A**. The Broward Metropolitan Planning Organization (BMPO) has, for some time, been evaluating the merits of both the Infrastructure Surtax and the Transportation Surtax. Members of the Broward Workshop formed a subcommittee who reached out to me in the fall to begin a structured dialogue around pursuing a Transportation Surtax.

Legislation was filed this Session (HB 791/SB 1100) which will make the passage of a Transportation Surtax at the local levels more difficult, spurring a series of meetings and conversations intended to situate our county for success. Specifically:

- On December 14th, the County, MPO and Broward Workshop members met to discuss the feasibility of pursuing a transportation-focused ballot initiative in 2016. All parties to the meeting expressed confidence that it could be accomplished. The group discussed the need to identify eligible projects that were regional, demonstrative of community input (planning) and need, and properly supported with long-term operations and maintenance (O&M) funding (as federally-required under MAP 21). The group reviewed the 2006 Plan and agreed to update the valuation and estimates for both capital and O&M as quickly as possible. Presently, the BMPO is in the process of updating its Commitment 2040 Plan. The BMPO offered to begin a dialogue with its municipal members and bring back results of those conversations to the group.
- The County's Transportation Department engaged the services of an FDOT consultant to complete cost estimates (projected out thirty years) and update the TDP and other figures provided by the County as part of the MPO's Commitment 2040 Plan. Those figures will be ready no later than mid-February.
- In late December, I received a letter from Mr. Greg Stuart, Executive Director of the BMPO, requesting the County's participation in a consultant exercise to develop a Transit System Plan and offer comments on its scope. My response to that correspondence is provided as **Attachment B**.

- The County and the MPO met on January 6th at the MPO's Offices and worked through an agenda, facilitated by the MPO's consultant Todd Brauer of the Whitehouse Group. The agreements and action items resulting from that conversation were memorialized in my correspondence to Mr. Stuart, **Attachment C**. Please note that in that letter, I offered to host a joint workshop with the BMPO and the BOCC on February 2nd, in an effort to move toward a consensus as a community; recognizing the timeframe for launching a successful ballot initiative is rapidly approaching critical stage. While a February 2nd Workshop date is reflected in documents distributed by the BMPO, the BMPO indicated that it would prefer more time.
- The MPO's Surtax Subcommittee then met on January 7th. The BMPO distributed the Local Funding Options Fact Sheet to its members, **Attachment D**, which summarizes the availability of the two options (Transportation & Infrastructure Surtaxes) as follows: "The Transportation Surtax, by statute, is automatically distributed 100% to the County; while the Infrastructure Surtax, by statute, is distributed 40% to the County and 60% directly to the cities (using a population based formula)." The document does not elaborate on the implications of Interlocal Agreements on such formulas.
- When I met again with Mr. Stuart and his staff on January 13th, I was informed that significant progress was made with our municipalities. Mr. Brauer stated consensus items for Surtax Subcommittee members included: (1) acknowledgement that having competing ballot initiatives would be self-defeating (i.e., Infrastructure vs Transportation Surtaxes); (2) support, with the exception of one member, for pursuing a full penny, and; (3) recognition of the import of prioritizing O&M. Municipalities expressed concern about the process being "predictable", "repeatable", and "consistent". County representatives were pleased to hear that cities agreed that a consistent message was integral to a successful referendum.
- On January 14th, a second BMPO Surtax Subcommittee transpired. In attendance representing the County was Ms. Cassini and Commissioner Holness. It is my understanding that while no consensus was reached amongst the voting members regarding how best to proceed (Infrastructure vs. Transportation Surtax), discussions of pursuing joint resolutions in support of the Infrastructure Surtax occurred. In addition, achieving sufficient municipal support for an Infrastructure Surtax that it could be brought directly to the ballot (51% total county populations) was cited as a way to assure that should a Transportation Surtax be pursued, cities would attain enhanced negotiation leverage.
- Recognizing that our community is on a critical path, the BMPO has scheduled another meeting of its Surtax Subcommittee on February 4th anticipating the ability to secure agreement amongst the members for a single, cooperative approach.
- I will approach the Mayor to schedule a BOCC workshop on February 16th, the purpose of which will be general discussion, and ultimately, obtaining Board direction.

As always, should you have questions or require additional information, please do not hesitate to contact me, Chris Walton, or Gretchen Cassini.

C: Joni Armstrong Coffey, County Attorney
Evan Lukic, County Auditor
Roberto Hernandez, Deputy County Administrator
Christopher Walton, Director, Transportation Department
Gretchen Cassini, Assistant to the County Administrator
Broward Workshop Surtax Subcommittee

LOCAL OPTION SALES TAXES AVAILABLE TO BROWARD COUNTY

Below is a summary of the Local Option Sales Taxes available to Broward County.

- These taxes apply only to the first \$5,000 of a purchase. (For example, only the first \$5,000 of the cost to purchase a car would be charged these sales taxes.)
- Broward County has the ability to levy up to 3% of local option sales tax for specific purposes described below.
- The 3% is only possible if the County levies the 1% Transportation tax, plus a total of 1% for Infrastructure and/or Indigent Health Care, and 1% for Emergency Fire Rescue. The Emergency Fire Rescue Tax cannot be levied if the County levies two other local option sales taxes without an expiration date.
- This summary does not include every provision in the Statutes. Each Statute has additional provisions that must be considered if pursuing one or more of these surtaxes.

The options available to Broward County are limited to the taxes below:

Charter County and Regional Transportation System

- May levy up to 1%
- State Department of Economic Research estimates that a 1% local option sales tax would generate approximately \$280m net in FY15 dollars
- Requires referendum to levy, which may be a stand-alone ballot question or a charter amendment
- Must be used for transportation operations and capital improvements including Bus Systems, Fixed Guideway Rapid Transit Systems, On-Demand Transportation Services, Roads and Bridges
- Can be remitted to the Transportation Authority for use for the above projects/programs
- If tax is used as a pledge for bonds, then no more than 25% of the bond proceeds may be used for non-transit uses such as roads and bridges
- There is no requirement for an interlocal agreement to “share” with Cities or Regional Transportation Authorities
- The levy of this surtax is not impacted by the combined rate limitations that restrict the levy of some of the other local option sales taxes as described in other sections of this document

Infrastructure

- May levy ½ % or 1%
- Requires referendum
- Referendum may be initiated by County or Cities representing a majority of County population by adopting uniform resolutions calling for a referendum
- The County would receive only 40% of proceeds, unless Cities representing a majority of the municipal population enter into uniform interlocal agreements to give the County a different percentage. Cities would receive the other 60% of the proceeds without these interlocal agreements.
- Without executed interlocal agreements, a 1% sales tax would generate approximately \$112m net in FY15 dollars for the County (40%).
- An interlocal agreement may include the school district with the consent of all the City and the County governing bodies
- The combined rate of this tax and the Indigent Care and Trauma Center Tax cannot exceed 1%
- May not be used for the operational expenses except as noted below
- Authorized uses:
 - Finance, plan and construct “infrastructure” including public facilities with a life expectancy of 5 or more years and related costs
 - Acquire land for recreation, conservation, or protection of natural resources
 - Provide loans, grants, or rebates for energy efficiency improvements if an ordinance authorizing this use is approved by referendum
 - Acquire public safety vehicles with a life expectancy of at least 5 years
 - Construction, lease, maintenance, utilities, security for court facilities.
 - Up to 15% for economic development projects, operational costs and incentives. (The referendum must indicate the intention to allocate these funds.)
 - Can also be used for with limitations for emergency shelters, land acquisition for affordable housing and, and for solid waste landfills closure if ordered by the State Department of Environmental Protection.
 - May be pledged for new bond indebtedness

The 2015 Florida Statutes

Title XIV
TAXATION AND
FINANCE

Chapter 212
TAX ON SALES, USE, AND OTHER
TRANSACTIONS

**[View Entire
Chapter](#)**

212.055 Discretionary sales surtaxes; legislative intent; authorization and use of proceeds.—It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. [212.054](#).

(1) CHARTER COUNTY AND REGIONAL TRANSPORTATION SYSTEM SURTAX.—

(a) Each charter county that has adopted a charter, each county the government of which is consolidated with that of one or more municipalities, and each county that is within or under an interlocal agreement with a regional transportation or transit authority created under chapter 343 or chapter 349 may levy a discretionary sales surtax, subject to approval by a majority vote of the electorate of the county or by a charter amendment approved by a majority vote of the electorate of the county.

(b) The rate shall be up to 1 percent.

(c) The proposal to adopt a discretionary sales surtax as provided in this subsection and to create a trust fund within the county accounts shall be placed on the ballot in accordance with law at a time to be set at the discretion of the governing body.

(d) Proceeds from the surtax shall be applied to as many or as few of the uses enumerated below in whatever combination the county commission deems appropriate:

1. Deposited by the county in the trust fund and shall be used for the purposes of development, construction, equipment, maintenance, operation, supportive services, including a countywide bus system, on-demand transportation services, and related costs of a fixed guideway rapid transit system;

2. Remitted by the governing body of the county to an expressway, transit, or transportation authority created by law to be used, at the discretion of such authority, for the development, construction, operation, or maintenance of roads or bridges in the county, for the operation and maintenance of a bus system, for the operation and maintenance of on-demand transportation services, for the payment of principal and interest on existing bonds issued for the construction of such roads or bridges, and, upon approval by the county commission, such proceeds may be

pledged for bonds issued to refinance existing bonds or new bonds issued for the construction of such roads or bridges;

3. Used by the county for the development, construction, operation, and maintenance of roads and bridges in the county; for the expansion, operation, and maintenance of bus and fixed guideway systems; for the expansion, operation, and maintenance of on-demand transportation services; and for the payment of principal and interest on bonds issued for the construction of fixed guideway rapid transit systems, bus systems, roads, or bridges; and such proceeds may be pledged by the governing body of the county for bonds issued to refinance existing bonds or new bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges and no more than 25 percent used for nontransit uses; and

4. Used by the county for the planning, development, construction, operation, and maintenance of roads and bridges in the county; for the planning, development, expansion, operation, and maintenance of bus and fixed guideway systems; for the planning, development, construction, operation, and maintenance of on-demand transportation services; and for the payment of principal and interest on bonds issued for the construction of fixed guideway rapid transit systems, bus systems, roads, or bridges; and such proceeds may be pledged by the governing body of the county for bonds issued to refinance existing bonds or new bonds issued for the construction of such fixed guideway rapid transit systems, bus systems, roads, or bridges. Pursuant to an interlocal agreement entered into pursuant to chapter 163, the governing body of the county may distribute proceeds from the tax to a municipality, or an expressway or transportation authority created by law to be expended for the purpose authorized by this paragraph. Any county that has entered into interlocal agreements for distribution of proceeds to one or more municipalities in the county shall revise such interlocal agreements no less than every 5 years in order to include any municipalities that have been created since the prior interlocal agreements were executed.

(e) As used in this subsection, the term “on-demand transportation services” means transportation provided between flexible points of origin and destination selected by individual users with such service being provided at a time that is agreed upon by the user and the provider of the service and that is not fixed-schedule or fixed-route in nature.

(2) LOCAL GOVERNMENT INFRASTRUCTURE SURTAX.—

(a)1. The governing authority in each county may levy a discretionary sales surtax of 0.5 percent or 1 percent. The levy of the surtax shall be pursuant to ordinance enacted by a majority of the members of the county governing authority and approved by a majority of the electors of the county voting in a referendum on the surtax. If the governing bodies of the municipalities representing a majority of the county’s population adopt uniform resolutions establishing the rate of the surtax and calling for a referendum on the surtax, the levy of the surtax shall be placed on

the ballot and shall take effect if approved by a majority of the electors of the county voting in the referendum on the surtax.

2. If the surtax was levied pursuant to a referendum held before July 1, 1993, the surtax may not be levied beyond the time established in the ordinance, or, if the ordinance did not limit the period of the levy, the surtax may not be levied for more than 15 years. The levy of such surtax may be extended only by approval of a majority of the electors of the county voting in a referendum on the surtax.

(b) A statement which includes a brief general description of the projects to be funded by the surtax and which conforms to the requirements of s. 101.161 shall be placed on the ballot by the governing authority of any county which enacts an ordinance calling for a referendum on the levy of the surtax or in which the governing bodies of the municipalities representing a majority of the county's population adopt uniform resolutions calling for a referendum on the surtax. The following question shall be placed on the ballot:

FOR the	-cent sales tax
AGAINST the	-cent sales tax

(c) Pursuant to s. 212.054(4), the proceeds of the surtax levied under this subsection shall be distributed to the county and the municipalities within such county in which the surtax was collected, according to:

1. An interlocal agreement between the county governing authority and the governing bodies of the municipalities representing a majority of the county's municipal population, which agreement may include a school district with the consent of the county governing authority and the governing bodies of the municipalities representing a majority of the county's municipal population; or

2. If there is no interlocal agreement, according to the formula provided in s. 218.62.

Any change in the distribution formula must take effect on the first day of any month that begins at least 60 days after written notification of that change has been made to the department.

(d) The proceeds of the surtax authorized by this subsection and any accrued interest shall be expended by the school district, within the county and municipalities within the county, or, in the case of a negotiated joint county agreement, within another county, to finance, plan, and construct infrastructure; to acquire land for public recreation, conservation, or protection of natural resources; to provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing such use is approved by referendum; or to finance the closure of county-owned or municipally owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection. Any use of the

proceeds or interest for purposes of landfill closure before July 1, 1993, is ratified. The proceeds and any interest may not be used for the operational expenses of infrastructure, except that a county that has a population of fewer than 75,000 and that is required to close a landfill may use the proceeds or interest for long-term maintenance costs associated with landfill closure. Counties, as defined in s. [125.011](#), and charter counties may, in addition, use the proceeds or interest to retire or service indebtedness incurred for bonds issued before July 1, 1987, for infrastructure purposes, and for bonds subsequently issued to refund such bonds. Any use of the proceeds or interest for purposes of retiring or servicing indebtedness incurred for refunding bonds before July 1, 1999, is ratified.

1. For the purposes of this paragraph, the term “infrastructure” means:

a. Any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction, or improvement of public facilities that have a life expectancy of 5 or more years and any related land acquisition, land improvement, design, and engineering costs.

b. A fire department vehicle, an emergency medical service vehicle, a sheriff’s office vehicle, a police department vehicle, or any other vehicle, and the equipment necessary to outfit the vehicle for its official use or equipment that has a life expectancy of at least 5 years.

c. Any expenditure for the construction, lease, or maintenance of, or provision of utilities or security for, facilities, as defined in s. [29.008](#).

d. Any fixed capital expenditure or fixed capital outlay associated with the improvement of private facilities that have a life expectancy of 5 or more years and that the owner agrees to make available for use on a temporary basis as needed by a local government as a public emergency shelter or a staging area for emergency response equipment during an emergency officially declared by the state or by the local government under s. [252.38](#). Such improvements are limited to those necessary to comply with current standards for public emergency evacuation shelters. The owner must enter into a written contract with the local government providing the improvement funding to make the private facility available to the public for purposes of emergency shelter at no cost to the local government for a minimum of 10 years after completion of the improvement, with the provision that the obligation will transfer to any subsequent owner until the end of the minimum period.

e. Any land acquisition expenditure for a residential housing project in which at least 30 percent of the units are affordable to individuals or families whose total annual household income does not exceed 120 percent of the area median income adjusted for household size, if the land is owned by a local government or by a special district that enters into a written agreement with the local government to provide such housing. The local government or special district may enter into a ground lease with a public or private person or entity for nominal or other consideration for the construction of the residential housing project on land acquired pursuant to this sub-subparagraph.

2. For the purposes of this paragraph, the term “energy efficiency improvement” means any energy conservation and efficiency improvement that reduces consumption through conservation or a more efficient use of electricity, natural gas, propane, or other forms of energy on the property, including, but not limited to, air sealing; installation of insulation; installation of energy-efficient heating, cooling, or ventilation systems; installation of solar panels; building modifications to increase the use of daylight or shade; replacement of windows; installation of energy controls or energy recovery systems; installation of electric vehicle charging equipment; installation of systems for natural gas fuel as defined in s. 206.9951; and installation of efficient lighting equipment.

3. Notwithstanding any other provision of this subsection, a local government infrastructure surtax imposed or extended after July 1, 1998, may allocate up to 15 percent of the surtax proceeds for deposit into a trust fund within the county’s accounts created for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. The ballot statement must indicate the intention to make an allocation under the authority of this subparagraph.

(e) School districts, counties, and municipalities receiving proceeds under the provisions of this subsection may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law. Local governments may use the services of the Division of Bond Finance of the State Board of Administration pursuant to the State Bond Act to issue any bonds through the provisions of this subsection. Counties and municipalities may join together for the issuance of bonds authorized by this subsection.

(f)1. Notwithstanding paragraph (d), a county that has a population of 50,000 or less on April 1, 1992, or any county designated as an area of critical state concern on the effective date of this act, and that imposed the surtax before July 1, 1992, may use the proceeds and interest of the surtax for any public purpose if:

a. The debt service obligations for any year are met;

b. The county’s comprehensive plan has been determined to be in compliance with part II of chapter 163; and

c. The county has adopted an amendment to the surtax ordinance pursuant to the procedure provided in s. 125.66 authorizing additional uses of the surtax proceeds and interest.

2. A municipality located within a county that has a population of 50,000 or less on April 1, 1992, or within a county designated as an area of critical state concern on the effective date of this act, and that imposed the surtax before July 1, 1992, may not use the proceeds and interest of the surtax for any purpose other than an infrastructure purpose authorized in paragraph (d) unless the municipality’s comprehensive plan has been determined to be in compliance with part II of

chapter 163 and the municipality has adopted an amendment to its surtax ordinance or resolution pursuant to the procedure provided in s. [166.041](#) authorizing additional uses of the surtax proceeds and interest. Such municipality may expend the surtax proceeds and interest for any public purpose authorized in the amendment.

3. Those counties designated as an area of critical state concern which qualify to use the surtax for any public purpose may use only up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure purposes authorized by this section. A county that was designated as an area of critical state concern for at least 20 consecutive years prior to removal of the designation, and that qualified to use the surtax for any public purpose at the time of the removal of the designation, may continue to use up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure purposes for 20 years following removal of the designation, notwithstanding subparagraph (a)2. After expiration of the 20-year period, a county may continue to use up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure if the county adopts an ordinance providing for such continued use of the surtax proceeds.

(g) Notwithstanding paragraph (d), a county having a population greater than 75,000 in which the taxable value of real property is less than 60 percent of the just value of real property for ad valorem tax purposes for the tax year in which an infrastructure surtax referendum is placed before the voters, and the municipalities within such a county, may use the proceeds and interest of the surtax for operation and maintenance of parks and recreation programs and facilities established with the proceeds of the surtax throughout the duration of the surtax levy or while interest earnings accruing from the proceeds of the surtax are available for such use, whichever period is longer.

(h) Notwithstanding any other provision of this section, a county shall not levy local option sales surtaxes authorized in this subsection and subsections (3), (4), and (5) in excess of a combined rate of 1 percent.

BROWARD COUNTY

ADMINISTRATIVE SERVICES

BERTHA W. HENRY, County Administrator

115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7362 • FAX 954-357-7360

December 30, 2015

Broward Metropolitan Planning Organization (BMPO)

Mr. Greg Stuart, Executive Director

Trade Center South

100 West Cypress Creek Road, Suite 850

Fort Lauderdale, FL 33309

Dear Mr. Stuart:

Broward County is in receipt of your request for Broward transit partners to review the scope for the BMPO's proposed Broward Region Transit System Plan and participate in the plan's development.

While the holidays have prevented county staff from weighing in yet, and recognizing that your Board has directed the BMPO to engage a consultant to complete this plan, I wanted to reach out in an effort to understand the context of such a plan, as it relates to the BMPO's existing "Commitment 2040" Long-Range Transportation Plan and amendments that are currently open for public comment. Additionally, I would like to gain an understanding how such a plan will integrate with the planned transit activities of Miami-Dade and Palm Beach—seeing as the plan's scope of work includes: a focus on SFRTA/TriRail (encompassing the tri-county region), as well as contemplates using MDT and PalmTran maps and "previously completed plans for the Southeast Florida Region" as a baseline for the project. If the plan is expected to develop a foundation for transit investment, it would seem appropriate to share the plan's proposed scope of work with the Transit Surtax planning group with whom we met several weeks ago for comment, as well.

We look forward to including the proposed plan in our overall discussion when we join you at your office next Wednesday.

Sincerely,



Bertha Henry, County Administrator

C: Christopher Walton, Transportation Director
Tim Garling, Transit Division Director

Broward County Board of County Commissioners

Mark D. Bogen • Beam Furr • Dale V.C. Holness • Martin David Kiar • Chip LaMarca • Stacy Ritter • Tim Ryan • Barbara Shariel • Lois Wexler
www.broward.org



BERTHA W. HENRY, County Administrator

115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7362 • FAX 954-357-7360

January 11, 2016

Broward Metropolitan Planning Organization (BMPO)
Mr. Greg Stuart, Executive Director
Trade Center South, 100 West Cypress Creek Road, Suite 850
Fort Lauderdale, FL 33309

Dear Mr. Stuart:

As a follow-up to our very productive dialogue on January 6th, I wanted to memorialize what I took away as action items for our respective entities. We agreed that our primary focus would *not* be developing a new Transit System Plan, but rather updating existing plans to ensure the community is adequately prepared for a *Local Option Charter County and Regional Transportation System Surtax* ballot initiative in 2016.

In furtherance of same, Broward County committed to update its financials no later than mid-February. Estimates, being developed with the assistance of a consultant, will value capital needs, with attendant operations and maintenance requirements, projected out thirty years. We discussed "must haves" and "deal-breakers" for all parties, and agreed that one of the most problematic "landmines" potentially undermining any referendum would be the existence of discord amongst the stakeholders.

The BMPO expressed its intent to begin conversations with its Board members in an effort to establish a "united front" regarding the surtax. As discussed, I am prepared to discuss the matter with the County Commission at a workshop on February 6th. Further, the BMPO will be evaluating an acceptable process by which municipal projects would be funded in the event of a successful initiative. We agreed that prioritizing previously-submitted unfunded projects with demonstrated public involvement, planning and O&M commitment, as well as regional connectivity and complete streets/context sensitive components, would be an acceptable approach.

We look forward to continuing our discussion on Wednesday and learning how your initial conversations with your Board members have progressed.

Sincerely,



Bertha Henry, County Administrator

C: Christopher Walton, Transportation Director
Gretchen Cassini, Assistant to the County Administrator

Broward County Board of County Commissioners
Mark D. Bogen • Beam Furr • Dale V.C. Helness • Marta David Kiar • Chip LaMarca • Stacy Ritter • Tim Ryan • Barbara Sharief • Lois Wexler
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LOCAL FUNDING OPTIONS FACT SHEET

Broward is taking steps towards a November 2016 referendum that would establish an additional local funding source using a one cent sales tax. **This one cent would generate \$316 million in the first full year and \$3.5 billion over 10 years.** A plan for how these funds would be used has not been developed yet, but the County Commission is starting the process and is seeking support from the cities.

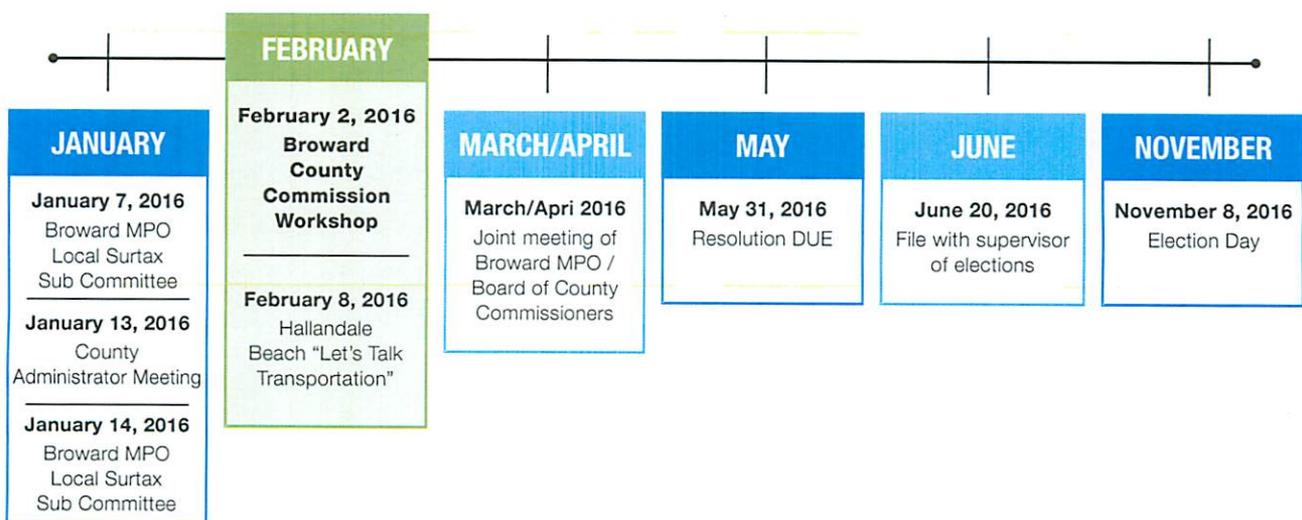
Representatives from the Broward MPO Board are meeting with the County Administrator in preparation for a County Commission workshop scheduled for February 2, 2016, to discuss the referendum. We wanted to share the information below with you so that:

1. You are aware of the two surtax (sales tax) options that are available.
2. You can start identifying your city's needs in preparation for creation of the plan that would support a referendum. **(Note: This is very important! We need to know the types of improvements cities want funding for as soon as possible, starting with the next MPO Local Surtax Sub Committee meeting on January 14, 2016.)**

If you have questions about any of this information, please contact Paul Calvaresi at 954-876-0037 or calvaresip@browardmpo.org.

TIMELINE

Below is a high level timeline of the steps necessary to hold a referendum in November 2016. This timeline also includes related events that have been scheduled, such as Hallandale Beach's "Let's Talk Transportation" event on February 8th and the planned joint meeting of the Broward MPO Board with the Board of County Commissioners.



Discretionary Surtax Options

Funding Transportation Projects within Broward County

FUNDING OPTIONS

The table below lays out the two local surtax options that are available to be implemented in Broward. The key differences between these two options are:

- The Transportation Surtax, by statute, is automatically distributed 100% to the County; while the Infrastructure Surtax, by statute, is distributed 40% to the County and 60% directly to the cities (using a population based formula).
 - Please refer to the "Illustrative Funding Distribution by Municipality" for more information about the level of funding for your city.
 - It is possible to modify these distributions through an Interlocal Agreement.
- The Transportation Surtax is solely for transportation related improvements while the Infrastructure Surtax can be used for other capital investments as noted in the chart below.

	Charter County and Regional Transportation System Surtax	Local Government Infrastructure Surtax
General Information		
Shortened Name:	Transportation Surtax	Infrastructure Surtax
Enabling Legislation:	F.S. Title XIV §212.055(1)	F.S. Title XIV §212.055(2)
Sunset Provision:	No State-imposed Limit	No State-imposed Limit
Counties Who Currently Levy:	3	18
Eligible Uses of Funds		
Transportation Projects: (e.g. transit, roadways, bridges)		
<i>Capital Improvements</i>	✓	✓
<i>Operations and Maintenance</i>	✓	
Other Infrastructure Projects: (e.g. public facilities, affordable housing, emergency vehicles, recreation/conservation land acquisition, energy efficiency loans/grants, landfill closure, and up to 15% for economic development, including operational costs and incentives.)		
		✓
Distribution of Funds Collected		
Percent of Funds by Statute:		
<i>Broward County</i>	100%	40%
<i>Municipalities</i>	0%	60% (by formula)
Changeable by Interlocal Agreement:	✓ +	✓
Estimated Funds Available by Statute (1 cent)		
	<i>(1st full year / 10 years) *</i>	<i>(1st full year / 10 years) *</i>
Broward County:	\$316 m / \$3.5 b	\$127 m / \$1.4 b
Municipalities:	\$0 / \$0	\$189 m / \$2.1 b
*First full year of revenues = 2018; assumes 3.2% annual escalation, no change in population-based formula		

+ Florida Statutes require the Interlocal Agreement developed for this option to be reviewed every 5 years.

1-CENT INFRASTRUCTURE SURTAX ILLUSTRATIVE FUNDING DISTRIBUTION BY MUNICIPALITY

	Distribution %	1st Full Year*	10 Years**
<i>Broward County</i>	40.296%	\$127,351,533	\$1,396,922,018
Coconut Creek	1.815%	\$5,736,262	\$62,921,196
Cooper City	1.084%	\$3,426,952	\$37,590,318
Coral Springs	4.151%	\$13,118,007	\$143,891,734
Dania Beach	1.020%	\$3,224,522	\$35,369,857
Davie	3.159%	\$9,982,223	\$109,495,245
Deerfield Beach	2.559%	\$8,088,765	\$88,725,860
Fort Lauderdale	5.731%	\$18,112,055	\$198,671,562
Hallandale Beach	1.296%	\$4,094,619	\$44,913,972
Hillsboro Beach	0.064%	\$201,046	\$2,205,277
Hollywood	4.857%	\$15,351,483	\$168,390,788
Lauderdale-By-The-Sea	0.207%	\$654,333	\$7,177,396
Lauderdale Lakes	1.125%	\$3,553,981	\$38,983,705
Lauderhill	2.259%	\$7,140,812	\$78,327,735
Lazy Lake	0.001%	\$2,667	\$29,259
Lighthouse Point	0.351%	\$1,109,327	\$12,168,234
Margate	1.864%	\$5,892,193	\$64,631,608
Miramar	4.273%	\$13,504,635	\$148,132,666
North Lauderdale	1.428%	\$4,512,816	\$49,501,188
Oakland Park	1.428%	\$4,511,640	\$49,488,292
Parkland	0.863%	\$2,727,826	\$29,921,594
Pembroke Park	0.209%	\$661,371	\$7,254,598
Pembroke Pines	5.233%	\$16,538,243	\$181,408,387
Plantation	2.885%	\$9,118,633	\$100,022,508
Pompano Beach	3.478%	\$10,993,426	\$120,587,151
Sea Ranch Lakes	0.023%	\$71,779	\$787,347
Southwest Ranches	0.250%	\$788,824	\$8,652,630
Sunrise	2.925%	\$9,245,448	\$101,413,538
Tamarac	2.062%	\$6,517,729	\$71,493,122
West Park	0.482%	\$1,523,684	\$16,713,329
Weston	2.216%	\$7,004,826	\$76,836,103
Wilton Manors	0.405%	\$1,278,696	\$14,026,048
Countywide Total	100%	\$316,040,359	\$3,466,654,266

* 1st Full Year of Revenue = 2018

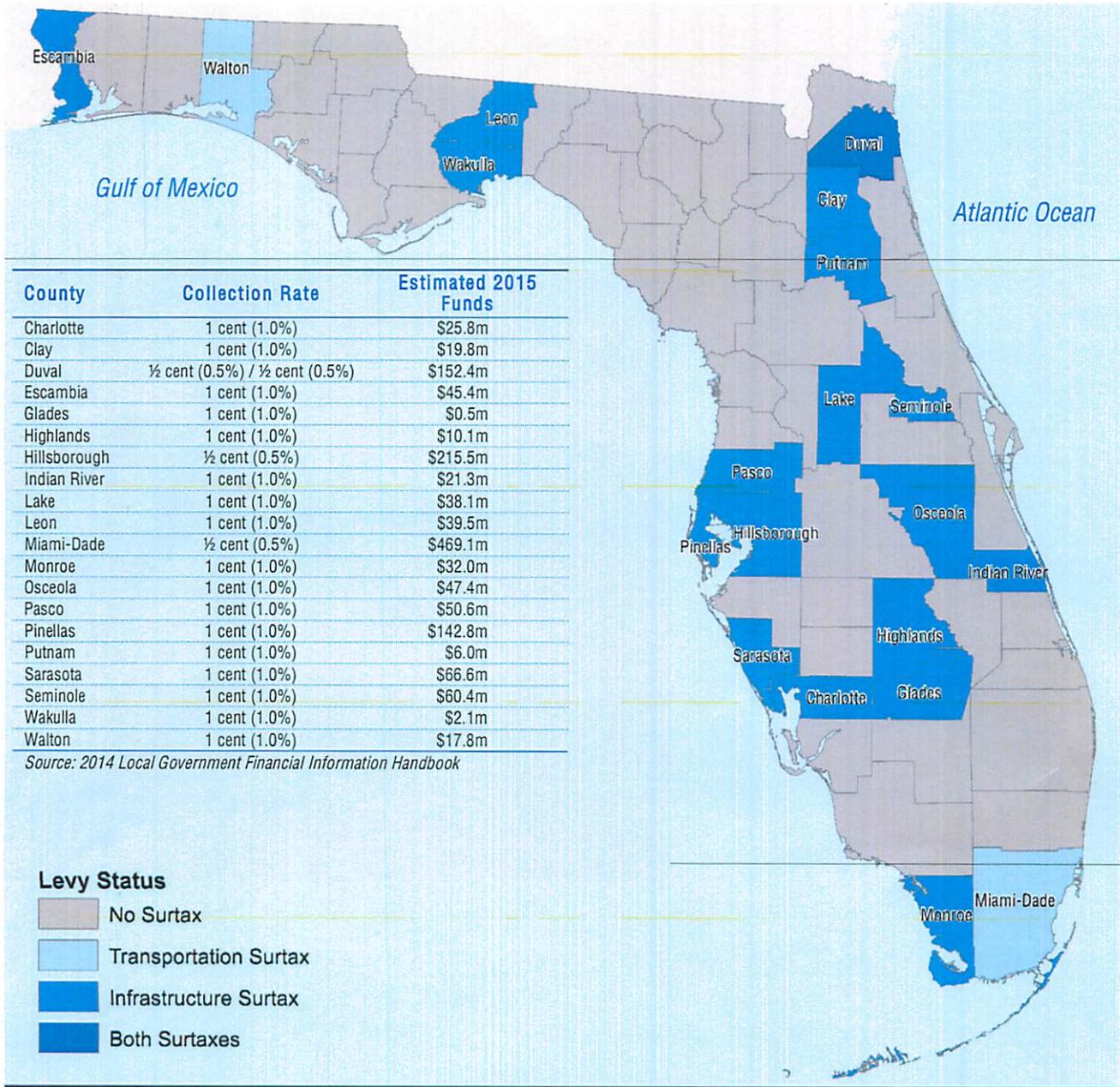
** 10-Year Revenue Estimate = 2017-2026 (2017 is partial year)

Assumes 3.2% revenue escalation based on 20-year history

Assumes maximum 3% State administrative take-down

COUNTIES WHO CURRENTLY LEVY SURTAXES

Finding Transportation and Infrastructure Projects



0 17.5 35 70 105 140 Miles

Broward MPO | December 10, 2015

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Local Option Surtax - Analysis Summary Fact Sheet

Both the *Charter County and Regional Transportation System Surtax* (aka, **Transportation Surtax**) and the *Local Government Infrastructure Surtax* (aka **Infrastructure Surtax**) are available, upon voter approval, to address the transportation and infrastructure funding shortfalls within Broward County. To aid decision-makers in their evaluation of these options, the Broward MPO conducted an analysis of both surtaxes.

The following are key findings associated with the two alternative surtax options.

- Unfunded capital needs can be met by either surtax; the difference lies in the time frame in which project can be implemented.
 - The **Transportation Surtax** allows for a faster delivery of transit and roadway projects.
 - Under the **Infrastructure Surtax**, operational and maintenance (O&M) costs are not funded and other resources must be identified to cover those costs for transit projects.
- The **Transportation Surtax** generates sufficient revenues to meet 100 percent of identified transportation capital and O&M needs by Fiscal Year (FY) 2029, including Broward County Transit's (BCT) Transit Development Plan (TDP) 10-Year Vision Plan as well as those transit and roadway needs identified in regional plans from the Broward MPO Commitment 2040 and the South Florida Regional Transportation Authority Transit Development Plan (TDP).
- In contrast, the **Infrastructure Surtax**, using the statutory allocation formula for Broward County, generates sufficient revenues by FY2033 to meet most of the identified transit and roadway capital needs identified in regional plans, except the full implementation of BCT's Vision Plan. Fifty percent of BCT's Vision Plan remains unfunded due to the schedule of Vision Plan in FY2017 through FY2025. A source of O&M funding would need to be identified.
- **Bonding** could fill funding gaps or advance the delivery of large capital costs such as the *Central Broward East/West Streetcar Extension and Bus Rapid Transit Project*. Advancing such project costs will avoid inflation-related costs and reduce pinch points in the cash flow.
- Costs related to transit projects consume significant revenues in FY2017 through FY2025. If those expenditures can be protracted, room for other transportation funding needs could be made available in the short- to medium-term.
- The O&M costs for roadway projects are relatively small compared with transit projects and are already included in County and municipal budgets.

To view the working document, visit <http://www.browardmpo.org/planning/sales-surtax>

DRAFT

Discretionary Surtax Funding Plan
*Funding Transportation and Other Infrastructure Needs in
Broward County*



Briefing Document
Working Draft in Progress
01/28/2016

Documents Yet to be Received and Integrated

Broward County Unfunded Transportation Needs (apart from BCT/SFRTA)
Broward County Unfunded Other Infrastructure Needs
Municipal Unfunded Transportation Needs
Municipal Unfunded Other Infrastructure Needs

Pending Analyses

Comprehensive Unfunded Transportation Needs (Pending County & Municipalities)
Comprehensive Unfunded Other Infrastructure Needs (Pending County & Municipalities)

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Executive Summary

Background

The Broward Metropolitan Planning Organization (MPO) recently completed development of its financially constrained long-range transportation plan, *Commitment 2040*. As part of the plan's development, the MPO conducted an extensive public outreach process involving the general public, community leaders and agencies that would construct and/or operate any proposed improvements. From this outreach and subsequent technical evaluations, it was clear that the need for transportation and other infrastructure funding in Broward County and its member communities greatly exceeds available resources.

The MPO Board, consisting of locally-elected officials, directed MPO staff to identify funding strategies that could address these infrastructure funding shortfalls in a meaningful way. Two statutorily enabled, but not locally-enacted, additional sources of infrastructure revenue were identified that could address infrastructure funding shortfalls.

Revenue Strategies

This funding plan, developed by the Broward MPO, was assembled to aid decision-makers in their evaluation of local sales surtax options that could provide additional revenue for transportation and other infrastructure needs. As outlined in the following table, two surtaxes authorized by Florida Statute are potential options for this purpose. Approximately 40 percent of the revenue collected from the infrastructure surtax is allocated to the County with the other 60 percent distributed among the County's municipalities according to a statutory formula. However, the distribution of revenues between County and local governments generated by either surtax can be modified based on inter-local agreement.

Summary of Available Surtaxes

	Charter County and Regional Transportation System Surtax	Local Government Infrastructure Surtax
Shortened Name:	Transportation Surtax (1%)	Infrastructure Surtax (1%)
Eligible Uses of Funds		
Transportation Projects:		
<i>Capital Improvements</i>	✓	✓
<i>Operations and Maintenance</i>	✓	
Other Infrastructure Projects:		
		✓
Distribution of Funds by Statute*		
<i>Broward County</i>	100%	40%
<i>Municipalities</i>	0%	60% (by formula)
Estimated Funds Available by Statute (1 cent)		
	<i>(1st Full Year / 25 years inflation adjusted)**</i>	
Broward County	\$316m / \$8.6b	\$127m / \$3.5b
Municipalities	\$0m / \$0m	\$189m / \$5.1b

* Distribution may be adjusted through an inter-local agreement.

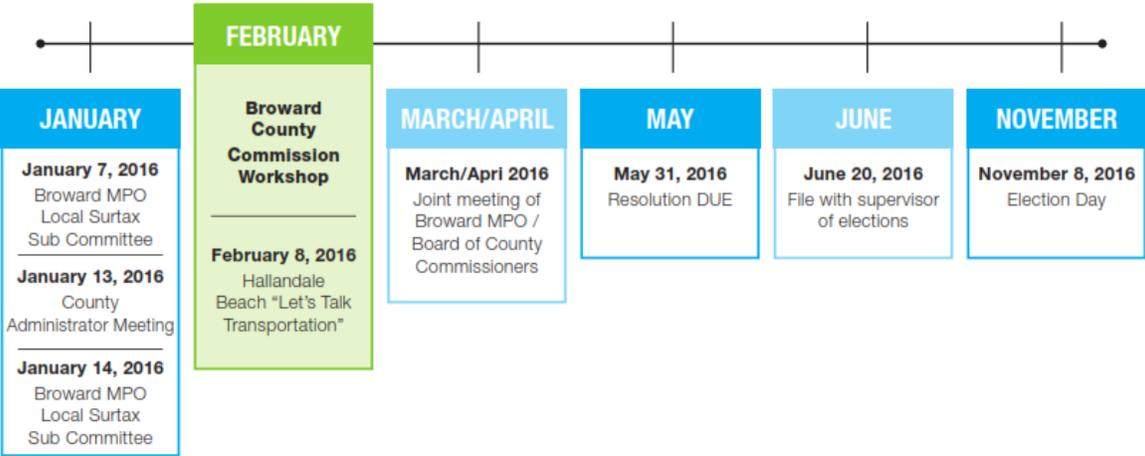
** First full year of revenues is FY2018; 3.2% annual growth in revenues based on historical growth in taxable sales; no change in population-based formula; 3.0% annual state administrative fee deduction; 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over time; 3.0% annual inflation adjustment to project costs.

Use of Revenues

While both surtaxes provide the flexibility to modify the distribution of the \$316 million of annual revenues collected between County and municipal governments, they have constraints as well. The Transportation surtax can be used only for the capital or operating cost of transportation projects. The Infrastructure surtax can be used for transportation and other infrastructure capital costs, but not operating costs. Regardless of the option pursued, eligible uses of the funds would need to be clearly spelled out in the proposed ballot language. This requirement means that any inter-local modifications to the statutory allocation formula would need to be negotiated and in place before final ballot language can be filed with the Supervisor of Elections.

Timeline and Critical Path

Florida Statute places time constraints on the implementation of surtaxes that create urgency in the consideration of these alternatives. Below is a high level timeline of the steps necessary to hold a referendum in November 2016. This timeline also includes related events that have been scheduled, such as Hallandale Beach’s “Let’s Talk Transportation” event on February 8th and planned joint meetings of the Broward MPO Board and the Broward Board of County Commissioners. The critical path is to have uniform inter-local agreements that modify statutory allocation formulae, if needed, and the proposed ballot language formally adopted and ready to be filed before the June 20, 2016 deadline to file with the Supervisor of Elections. If this deadline is not met, the next opportunity to put forth a local surtax initiative will likely not be until at least the year 2020.



Background

The Broward MPO recently completed development of its financially constrained long-range transportation plan, *Commitment 2040*. As part of the plan's development, the MPO conducted an extensive public outreach process involving the general public, community leaders and agencies that would construct and/or operate any proposed improvements. From this outreach and subsequent technical evaluations, it was clear that the need for transportation and other infrastructure funding in Broward County and its member communities greatly exceeds available resources.

Commitment 2040 identified more than \$1 billion of necessary local transportation capital improvements that have no available funding source. This is in addition to billions of dollars in unfunded regional transportation infrastructure needs, current operating shortfalls, and other infrastructure deficiencies identified in local comprehensive and capital improvement plans. Many of these local plans seek to, but are unable to fund, infrastructure deficiencies that would address safety, security, weather resilience and quality of life concerns. Downward trends in the collection of local motor fuel tax receipts and federal funding suggest that the backlog of unfunded transportation and infrastructure needs will only continue to grow if new sources of infrastructure revenue are not found.

The MPO Board, consisting of locally-elected officials, directed MPO staff to identify funding strategies that could address these infrastructure funding shortfalls in a meaningful way. Two statutorily enabled, but not locally-enacted, additional sources of infrastructure revenue were identified that could address infrastructure funding shortfalls.

Statement of Need

To generate additional revenue for infrastructure investment in Broward County, decision-makers have been asked to consider the imposition of a local surtax that would apply to all transactions subject to the state sales tax. The Broward MPO's Strategic Business Plan prioritizes the development of a local surtax funding plan to increase funding for transportation improvements.

Sources of revenue for infrastructure are increasingly strained. Transportation funding comes predominately from motor fuel taxes which are declining due to reductions in consumption related to advances in vehicle fuel efficiency and increased alternative fuel use. Federal funds have become increasingly unreliable as well. Exploring implementation of a local surtax for infrastructure investment is a step toward developing a long-term strategy to increase revenue for transportation.

Broward County has identified unfunded infrastructure capital and operation and maintenance (O&M) needs for Broward County Transit in the BCT Connected plan. The County also is currently undertaking an assessment of other infrastructure needs in the County that could be advanced using surtax revenues. In addition to Broward County's needs, other entities in the County have developed plans and programs that identify unfunded infrastructure investments that are unable to proceed as existing infrastructure funding sources are insufficient. These sources of unfunded infrastructure needs include the following:

- Broward MPO's 'Commitment 2040'
- Broward MPO's 'Regional Complete Streets Initiative'
- Broward County Transit's 'BCT Connected'
- South Florida Regional Transportation Authority's 'SFRTA Forward Plan'
- Municipal Capital Improvement Programs

Exhibit 1 provides a preliminary summary of unfunded transportation needs by plan and mode compiled as of the date of this document. As shown, the unfunded costs total just under \$5.2 billion in inflation adjusted 2017 dollars.

Exhibit 1: Unfunded Transportation Costs by Plan and Mode

Unfunded Transportation Costs	Cost Estimate (2017 \$Millions)*
Capital Roadway & Complete Streets	
Commitment 2040 - Roadway	\$289
Complete Streets	\$80
Total Roadway & Complete Streets Capital	\$369
Capital Transit	
Commitment 2040 - Transit	\$206
Commitment 2040 - East-West**	\$541
BCT Status Quo - Capital	\$214
BCT Vision - Capital	\$1,226
SFRTA Forward Plan - Capital	\$280
SFRTA - Mobility Hubs	\$53
Total Transit Capital	\$2,521
Total Capital	\$2,890
Operation & Maintenance (O&M) Needs	
BCT Status Quo - O&M	\$563
BCT Vision - O&M	\$1,706
SFRTA Forward Plan - O&M	\$7
Total O&M (Transit Only; Roadway O&M not available)	\$2,276
Total Roadway & Complete Streets (Capital)	\$369
Total Transit (Capital and O&M)	\$4,797
TOTAL TRANSPORTATION	\$5,166

*3.0% annual inflation adjustment to project costs.

** Central Broward East/West Streetcar Extension and Bus Rapid Transit (BRT) project

The underlying assumptions supporting the unfunded needs outlined in Exhibit 1 include the following:

- **Included Costs:** The identified unfunded transportation needs included in Exhibit 1 are roadway, transit and complete streets capital costs identified in BCT Connected, Commitment 2040, the Regional Complete Streets Initiative, and the SFRTA Forward Plan. In addition, the identified unfunded needs include O&M costs associated with BCT and SFRTA.
- **Costs that are Not Included.** Exhibit 1 does not include unfunded transportation or infrastructure needs of the County beyond BCT. Exhibit 1 also does not include any infrastructure needs of the municipalities nor O&M costs associated with roadway and complete street investments. Such costs, especially those associated with any new capacity or expansion projects, will need to be funded from either the surtax or other County resources.
- **Inflation Adjustment:** All of the costs in Exhibit 1 are shown in ‘inflation adjusted’ dollars. The cost estimates presented in Commitment 2040 are in 2012 dollars while the project cost estimates in the Regional Complete Streets Initiative are in 2015 dollars. The BCT and SFRTA cost estimates are in year of expenditure dollars. To enable summarizing total costs across the plans and programs, all cost estimates are presented in ‘inflation adjusted’ 2017 dollars. A 3.0 percent annual inflation factor was assumed to make the cost adjustments. The assumed inflation factor is based on the historical growth

in the Engineering News Record’s Construction Cost Index from 2006 through 2015 as well as guidance presented in the Florida Department of Transportation’s 2040 Revenue Forecast Handbook.

- **O&M Cost Growth:** BCT Connect provides estimated ‘status quo’ and ‘vision’ O&M costs through 2025. It is assumed that O&M costs escalate at 3.0 percent annually beginning in 2026.

Overview of Surtaxes and Estimated Revenues

Two local surtaxes, authorized by Florida Statute, are options to generate additional revenue for infrastructure investment in Broward County. **Exhibit 2** provides a summary of the two surtaxes which differ with regard to the types of eligible projects that can be funded, the steps to approval, and potential distribution of funds. **Appendix A** presents a map of the other counties in Florida that currently levy these surtaxes. These surtaxes include the *Charter County and Regional Transportation System Surtax (Transportation Surtax)* and the *Local Government Infrastructure Surtax (Infrastructure Surtax)*.

Exhibit 2: Summary of Available Infrastructure Surtaxes

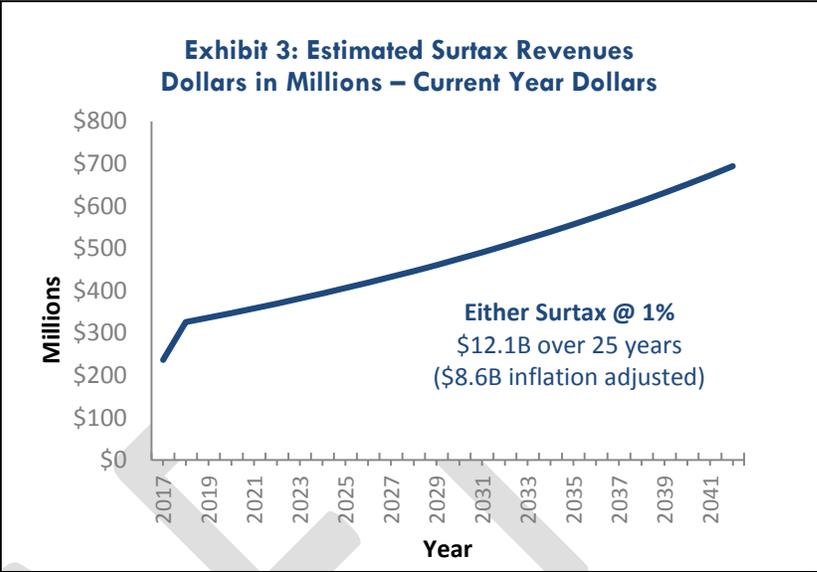
	Charter County and Regional Transportation System Surtax	Local Government Infrastructure Surtax
General Information		
Shortened Name:	Transportation Surtax	Infrastructure Surtax
Enabling Legislation:	F.S. Title XIV §212.055(1)	F.S. Title XIV §212.055(2)
Sunset Provision:	No State-imposed Limit	No State-imposed Limit
Counties Who Currently Levy:	2	18
Eligible Uses of Funds		
Transportation Projects: (e.g. transit, roadways, bridges)		
Capital Improvements	✓	✓
Operations and Maintenance	✓	
Other Infrastructure Projects: (e.g. public facilities, affordable housing, emergency vehicles, recreation/conservation land acquisition, energy efficiency loans/grants, landfill closure, and up to 15% for economic development, including operational costs and incentives)		
		✓
Distribution of Funds Collected		
Percent of Funds by Statute:		
Broward County	100%	40% (by formula)
Municipalities	0%	60% (by formula)
Changeable by Inter-local Agreement	✓	✓
Estimated Funds Available by Statute (1 cent)		
	<i>(1st Full Year / 25 years inflation adjusted)*</i>	
Broward County	\$316m / \$8.6b	\$127m / \$3.5b
Municipalities	\$0m / \$0m	\$189m / \$5.1b

* Notes:

1. First full year of revenues is FY 2018.
2. 3.2% annual growth in revenues based on historical growth in taxable sales.
3. No change in population-based formula.
4. 3.0% annual state administrative fee deduction.
5. 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over time.

Estimated Revenues

Projected revenues that will be generated for the County’s use from the Transportation Surtax and the Infrastructure Surtax using the statutory allocation formulae are presented in **Exhibit 3**. Over 25 years, a 1 percent (1 cent) tax levy of either tax is estimated to generate \$12.1 billion in total revenues (\$8.6 billion inflation adjusted). If the transportation surtax is levied, these revenues would flow to the County (and municipalities with an inter-local agreement) for use on a range of capital and O&M transportation investments. If the infrastructure surtax is levied, approximately 40 percent of the revenue would flow to the County with the other 60 percent allocated to the municipalities, based on population, if the funds are distributed using statutory formula.



The underlying assumptions supporting the projected surtax revenue estimates include the following:

- **Starting Point:** Projected from FY 2016 revenue estimate developed by the Florida Legislature’s Office of Economic and Demographic Research.
- **Timing of Implementation:** Approval in November 2016 referendum and tax implementation on January 1, 2017. The County’s fiscal year ends September 30, FY2017, therefore, FY 2017 only includes 9 months of collection and FY 2018 is the first full year of imposition.
- **Annual Growth Rate:** 3.2 percent, the compound annual growth rate of taxable sales in Broward County between 1996 and 2015.
- **Inflation Adjustment:** Inflation adjusted figures are presented in 2017 dollars and assume a 2.5 percent annual inflation adjustment to revenues to account for reduced buying power of money over time. This is based on the 1990 to 2015 historical average of the consumer price index published by the Bureau of Labor Statistics.
- **Administrative Fee:** 3 percent annual deduction for a State of Florida administrative fee. Note that while the State has the authority to deduct 3 percent from total revenues to cover its administrative expenses, historically, the State has not taken the full 3 percent (in FY 2014, the State deducted less than 0.5 percent).
- **Distribution of Revenues to Municipalities:** Figure 1 only presents Broward County portion of tax revenues. No change in population-based formula is assumed. A change could be implemented through inter-local agreement.

Leveraging Potential

The revenues generated by the surtax could be leveraged through either the issuance of debt or through using the funds to obtain state and/or federal grant funds by providing necessary matching funds.

- **Debt Financing.** Debt issuance can be used to advance a project or basket of projects with a useful life that aligns with a long-term financing repayment. Issuance of bonds or other forms of financing could advance project expenditures earlier in time by pledging the future stream of revenues to repay a bond issuance. The bond proceeds from the issuance would be available sooner than the projected revenue stream from the surtax. Debt issuance, of course, would incur interest and issuance costs that would increase overall costs. Project cost inflation rates, however, relative to the interest costs on the bonds, can soften the impact of this increase. Further, the economic and other benefits to the public of receiving a transportation investment sooner should be considered.

Traditional forms of transportation infrastructure financing include bonds such as revenue bonds and general obligation bonds, capital equipment leases, and grant anticipation notes (GANs). In addition to these traditional financing options, TIFIA loans and SIB loans, described below, could be considered. These loans often have lower interest and, therefore, all-in, costs than traditional municipal bonds.

- *Transportation Infrastructure Financing and Innovation Act (TIFIA).* TIFIA is a US DOT program that provides direct loans (often on a subordinate basis with flexible repayment terms) and other credit assistance to large-scale transportation projects with identified revenue streams.
 - *Florida State Infrastructure Bank (SIBs) Loans/Assistance.* A Florida program capitalized with federal grants and state funds that provides loans to highway, rail, transit, intermodal, and other transportation facilities and projects which produce revenue to amortize debt. SIB loans have low interest rates and favorable terms, with repayments being recycled into subsequent rounds of loans.
- **Grants.** Obtaining state and/or federal grants to supplement County transportation dollars will stretch County funds further and enable additional projects to be funded. Grant funding, above the receipt of traditional formula grants, however, is often highly competitive and receipt cannot be guaranteed. While exploring and applying for such 'discretionary' grants is a sound financial practice, other funding alternatives may need to be sought if efforts are not successful. Grant funding often requires local matching funds be contributed to the project. Surtax revenues could be utilized in part to provide such matching funds. Examples of the most applicable existing discretionary grant programs include, the following:
 - *US Department of Transportation's (US DOT) Transportation Investment Generating Economic Recovery (TIGER) Grants.* TIGER is a competitive grant program that awards grants to road, rail, transit and port projects that will have a significant impact on the Nation, a metropolitan area, or a region. Since 2009 (the program's initial year), TIGER has provided nearly \$4.6 billion to 381 projects. Demand for TIGER is incredibly high, with US DOT receiving more than 6,700 applications requesting more than \$134 billion through the program's seven rounds.
 - *Federal Transit Administration's (FTA) Capital Investment Grants (New Starts, Small Starts, and Core Capacity).* FTA's discretionary New Starts program is the federal government's primary financial resource for supporting locally-planned, implemented, and operated transit fixed guideway capital investments. Roughly \$2 billion is appropriated each year and grants can fund light rail, heavy rail, commuter rail, streetcar, and bus rapid transit projects. Applicants must

follow a multi-step, multi-year process. The minimum required local match was recently increased to 40 percent for New Starts but remains at 20 percent for Small Starts and Core Capacity grants.

- *Florida Department of Transportation (FDOT) New Starts Transit Program.* The State of Florida also funds a New Starts Transit Program. Generally, state eligibility requirements for State New Starts Transit funds are as follows: Over the term of Commitment 2040, FDOT estimates that Florida will provide \$760 million statewide in State New Starts grants. State funding is limited to 50 percent of the non-federal share.

Distribution of Funds, Eligible Expenditures, and Implementation Steps

Distribution of Funds

The statutory distribution of revenues generated by each tax to the County and its municipalities differ, as summarized below:

- *Transportation Surtax:* By statute, 100 percent of revenues are distributed to the County. None of the transportation surtax revenues are required to be distributed to the municipalities.
- *Infrastructure Surtax:* By statute, just over 40 percent of the revenues are distributed to the County and the remaining 60 percent to the municipalities in accordance with formulas provided in Florida Statute Title XIV Chapter 218.62 (see **Exhibit 4**).

The statutory distribution of both taxes can be changed, if an inter-local agreement is approved by the County’s governing body and the governing bodies of the municipalities representing a majority of the County’s municipal population.

Exhibit 4: Infrastructure Surtax Statutory Distribution

	Distribution Percentage*	<i>continued</i>	Distribution Percentage*
Broward County	40.296%	Margate	1.864%
Coconut Creek	1.815%	Miramar	4.273%
Cooper City	1.084%	North Lauderdale	1.428%
Coral Springs	4.151%	Oakland Park	1.428%
Dania Beach	1.020%	Parkland	0.863%
Davie	3.159%	Pembroke Park	0.209%
Deerfield Beach	2.559%	Pembroke Pines	5.233%
Fort Lauderdale	5.731%	Plantation	2.885%
Hallandale Beach	1.296%	Pompano Beach	3.478%
Hillsboro Beach	0.064%	Sea Ranch Lakes	0.023%
Hollywood	4.857%	Southwest Ranches	0.250%
Lauderdale-By-The-Sea	0.207%	Sunrise	2.925%
Lauderdale Lakes	1.125%	Tamarac	2.062%
Lauderhill	2.259%	West Park	0.482%
Lazy Lake	0.001%	Weston	2.216%
Lighthouse Point	0.351%	Wilton Manors	0.405%
		Countywide Total	100.000%

*Subject to change by inter-local agreement.

Eligible Uses of Funds

In general, the transportation surtax may only fund transportation investments and those investments may be capital or O&M in nature. The infrastructure surtax, however, may only fund capital investments and those may be for transportation or a range of other infrastructure. A further description of eligible uses of the revenue is provided below. For a complete description of the eligible uses of the surtaxes, see Florida Statute Title XIV Chapter 212.055.

- *Transportation Surtax:* Revenues may fund a wide variety of transportation investments, including capital and O&M expenses related to the development, construction, equipment, maintenance, operation, and supportive services of public transportation, roads, or bridges. The revenues also may be leveraged and used to repay debt service that funds such expenses.
- *Infrastructure Surtax:* Revenues may fund a wide variety of infrastructure that includes transportation investments but also may include investments in a number of other public facilities and affordable housing. In addition, the infrastructure surtax may fund the purchase of emergency vehicles, land acquisition for recreation or conservation, the provision of loans or grants to property owners to make energy efficiency improvements, and the closure of certain designated landfills. Further, up to 15 percent of the surtax proceeds may fund economic development projects, including related operational costs and incentives. The revenues also may be leveraged and used to repay debt service that funds such expenses. Infrastructure surtax revenues may not be used to fund O&M expenses.

Approval and Implementation Steps

The process to approve implementation differs between the two taxes, as described below. To implement either tax, however, a majority vote of the County's electorate is required.

Transportation Surtax:

- Majority vote of the County's electorate; or
- Charter amendment approved by a majority vote of the County's electorate.

Infrastructure Surtax:

- Ordinance enacted by a majority vote of the County's governing body, and
- Majority of voters in a countywide referendum.
- *Alternatively,* if the County's governing body does not act, municipalities representing the majority of the County's population may initiate the surtax through adoption of uniform resolutions calling for a countywide referendum. Then, if approved by a majority of electors, the surtax would take effect.

Legislative bills have been filed (House Bill 791 and Senate Bill 1100) for the 2016 Legislative Session. The Florida Legislature is currently in session and the regular session ends in early March 2016. If enacted, these bills would require one or both of the following:

- (1) Referendums for both the transportation and infrastructure surtaxes to be held on the day of the general election; and
- (2) At least 60 percent approval of the electors of the County.

If enacted, the bills would take effect on July 1, 2016 and would apply to any transportation or infrastructure surtax levy beginning January 1, 2017 (unless otherwise specified in the enabling legislation).

As approval ultimately requires a referendum, implementation timing begins with the general election date. The County must notify the Florida Department of Revenue by October 1 of the intent to put a

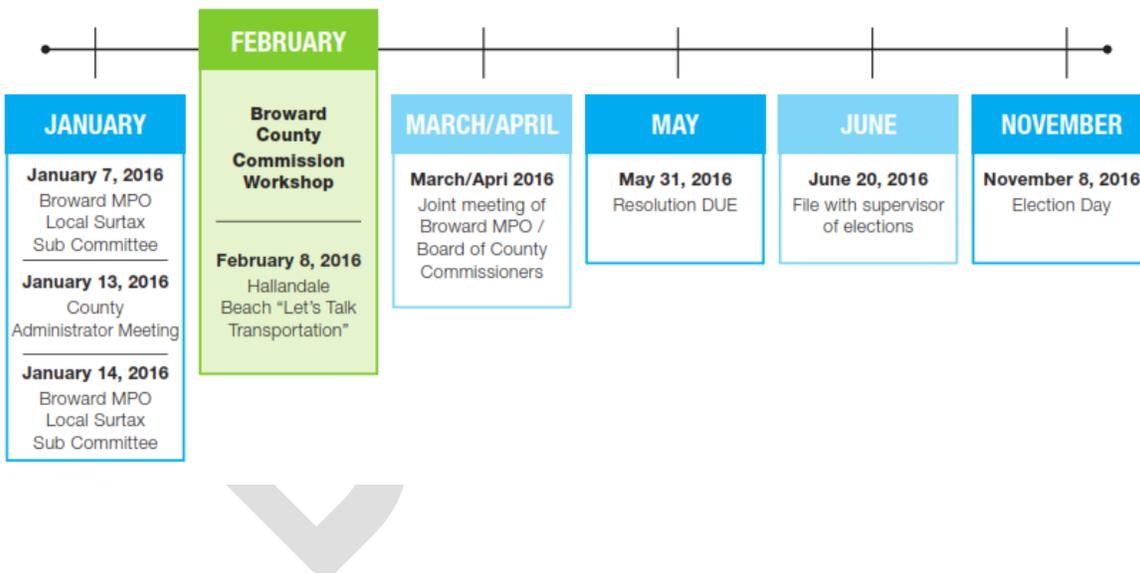
referendum to the electorate that could result in surtax imposition. In 2016, the general election will be held on November 8, 2016. If the referendum is approved, the County must notify the Florida Department of Revenue by November 16th. January 1st would be the effective date if a surtax is approved. Further, any initial levy or rate change can only take effect on January 1st. Failure to provide either notification will result in the delay of the effective date by one year.

There is no state-mandated limit on the length of levy for either surtax. If desired, a sunset date may be established in the referendum that approves the tax.

Timeline and Critical Path

Florida Statute places time constraints on the implementation of surtaxes that create urgency in the consideration of these alternatives. **Exhibit 5** presents a high-level timeline of the steps necessary to hold a referendum in November 2016. This timeline also includes related events that have been scheduled, such as Hallandale Beach’s “Let’s Talk Transportation” event on February 8th, 2016 and planned joint meetings of the Broward MPO Board and the Broward Board of County Commissioners. The critical path is to have uniform inter-local agreements that modify statutory allocation formulae, if needed, and the proposed ballot language formally adopted and ready to be filed before the June 20, 2016 deadline to file with the Supervisor of Elections. If this deadline is not met, the next opportunity to put forth a local surtax initiative will likely not be until at least the year 2020.

Exhibit 5: Surtax Implementation Timeline



Potential Surtax Revenues vs. Unfunded Needs

To aid decision-makers, this section outlines a range of sample investment packages. These investment packages seek to place parameters around the ability of each of the surtax options to meet the identified unfunded needs. The investment packages are intended to help decision-makers answer such questions as:

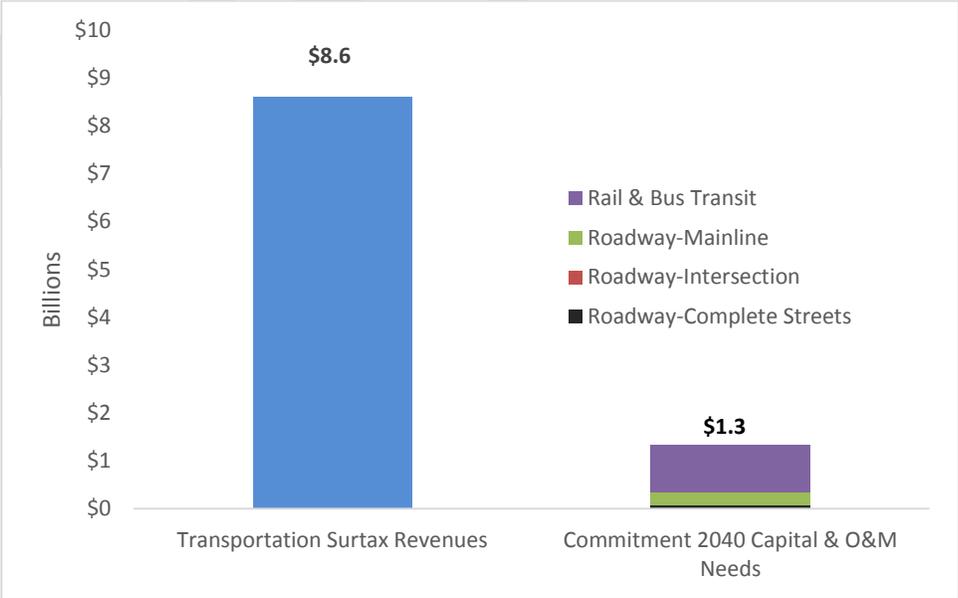
- How much of the unfunded needs can be met by the surtax revenues?
- Will capital and O&M costs be able to be funded?
- What timeframe is required to generate sufficient revenues to meet the identified unfunded needs?
- Could debt issuance be used to expedite project delivery or leverage state and federal grants?

Could We Fund the *Commitment 2040* and the Regional Complete Streets Initiative with the Transportation Surtax?

Yes, with remaining resources available for other transportation needs...

Commitment 2040 identifies slightly more than \$1.3 billion in unfunded local transportation needs that go beyond those in other regional transportation plans. About 73% of the necessary funding is for transit improvements, largely streetcar rail extensions, while the remaining 27% is for roadway and complete streets projects. **Exhibit 6** provides an overview of the projected revenues generated from tax implementation relative to the *Commitment 2040* unfunded needs. If the Transportation Surtax was enacted, all of *Commitment 2040*'s unfunded needs could be funded for capital expenses using approximately \$1.3 billion (15%) of expected revenues. The remaining \$7.3 billion (in 2017 dollars) would be available to meet other transportation funding needs.

Exhibit 6: *Commitment 2040*'s Identified Unfunded Needs vs. Estimated Surtax Revenues
(2017 Inflation Adjusted Dollars)**
Transportation Surtax Revenues

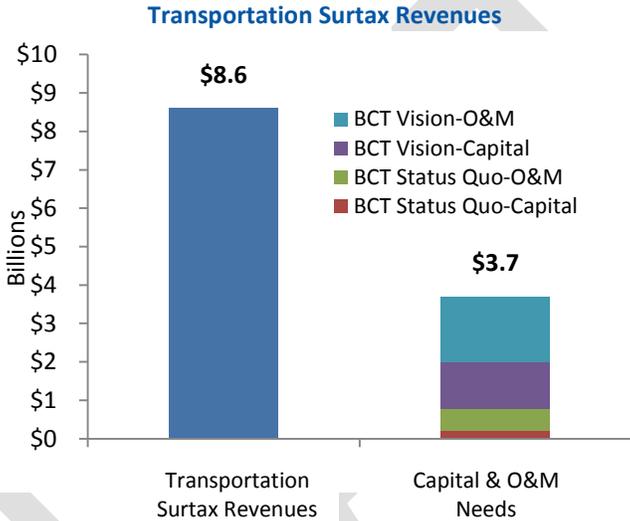


** First full year of revenues is FY2018; 3.2% annual growth in revenues based on historical growth in taxable sales; no change in population-based formula; 3.0% annual state administrative fee deduction; 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over time; 3.0% annual inflation adjustment to project costs.

**Could We Fund the BCT Status Quo and Vision Plans with the Transportation Surtax?
Yes, with remaining resources available for other transportation needs...**

As discussed previously, Broward County Transit has identified unfunded capital and O&M needs in the BCT Connected plan. **Exhibit 7** provides an overview of the projected revenues generated from tax implementation relative to the BCT unfunded needs. If the Transportation Surtax was enacted, all of BCT’s current and “Vision Plan” needs could be funded for both operating and capital using approximately \$3.7 billion (43%) of expected revenues. The remaining \$4.9 billion (in 2017 dollars) would be available to meet other transportation funding needs.

Exhibit 7: Broward County Transit’s Identified Unfunded Needs vs. Estimated Surtax Revenues
(2017 Inflation Adjusted Dollars)**

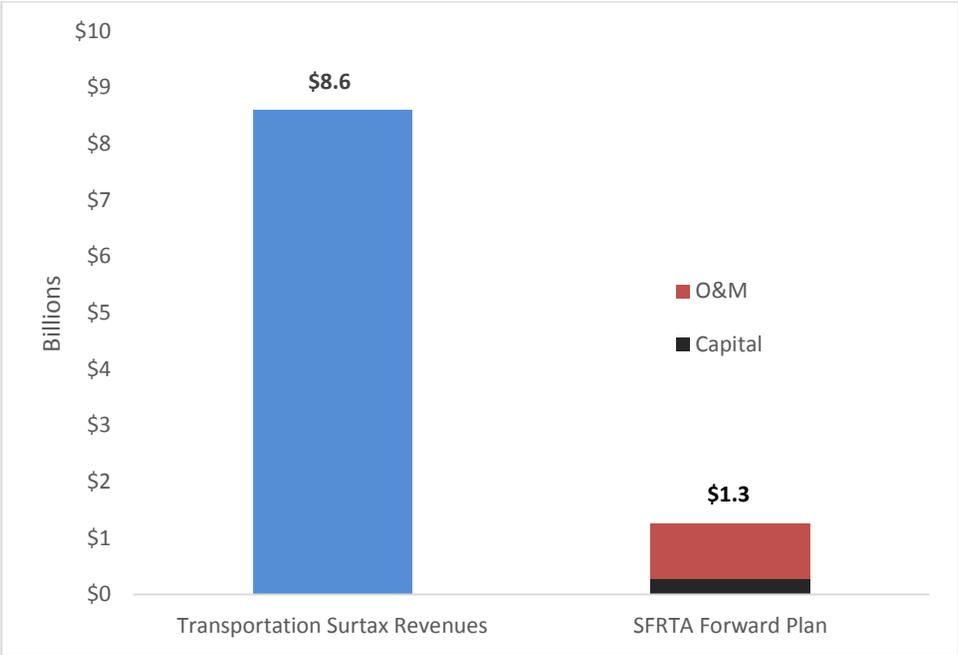


** First full year of revenues is FY2018; 3.2% annual growth in revenues based on historical growth in taxable sales; no change in population-based formula; 3.0% annual state administrative fee deduction; 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over time; 3.0% annual inflation adjustment to project costs.

**Could We Fund the SFRTA Forward Plan with the Transportation Surtax?
Yes, with remaining resources available for other transportation needs...**

The SFRTA Forward Plan identifies slightly more than \$1.3 billion in unfunded transportation needs that would need to be funded by Broward County with the remaining amounts funded by Palm-Beach and Miami-Dade counties. About 22% of the necessary funding is for capital improvements while the remaining 78% is for operating and maintenance (O&M) costs over a 25 year life. **Exhibit 8** provides an overview of the projected revenues generated from tax implementation relative to the *Commitment 2040* unfunded needs. If the Transportation Surtax was enacted, all of *Commitment 2040*’s unfunded needs could be funded for capital expenses using approximately \$1.3 billion (15%) of expected revenues. The remaining \$7.3 billion (in 2017 dollars) would be available to meet other transportation funding needs.

Exhibit 8: SFRTA Forward Plan Identified Unfunded Needs vs. Estimated Surtax Revenues
(2017 Inflation Adjusted Dollars)**
Transportation Surtax Revenues



** First full year of revenues is FY2018; 3.2% annual growth in revenues based on historical growth in taxable sales; no change in population-based formula; 3.0% annual state administrative fee deduction; 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over time; 3.0% annual inflation adjustment to project costs.

Sample Investment Packages

The sample investment packages provided below demonstrate the range of investments that could be accomplished with surtax revenues. These sample investment packages are provided strictly for discussion purposes and do not reflect the actual interests of decision-makers.

Transportation Surtax and the BCT Vision Plan

Under a 1 percent (1 cent) transportation surtax, it is estimated that the County could fund 100 percent of all identified unfunded BCT needs including status quo and vision needs for O&M and capital. As shown in **Exhibit 9**, capital costs are met by FY2025. Costs beyond FY2025 are BCT’s O&M costs associated with the status quo and vision plans. The O&M costs are escalated annually by 3 percent. Please note that Exhibit 9 includes projected revenue lines for both the transportation surtax and infrastructure surtax for illustrative purposes; however, the infrastructure tax may not pay for O&M which is included in this investment package (see the next investment package for a discussion of the ability of the infrastructure tax to meet BCT’s unfunded needs).

Exhibit 10 presents the annual and cumulative surplus under this investment package. Prior year surpluses can accumulate and cover future year costs if needed. Of note, under this investment package, the minimum cumulative balance is estimated to be \$675 million. The County is currently undertaking an assessment of other transportation needs in the County that would benefit from surtax revenues.

Exhibit 9: Transportation Surtax Cash Flow Analysis, BCT Vision Plan Only

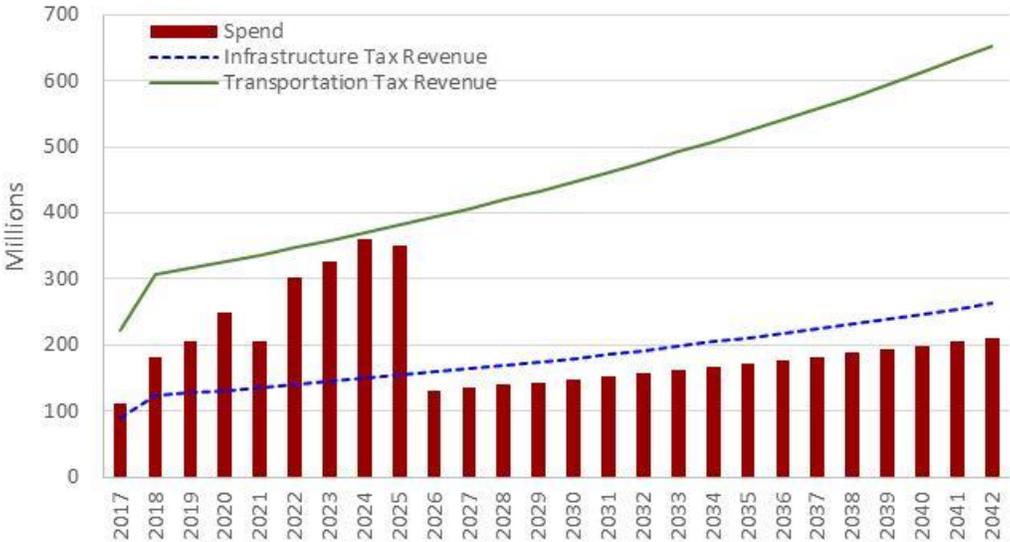
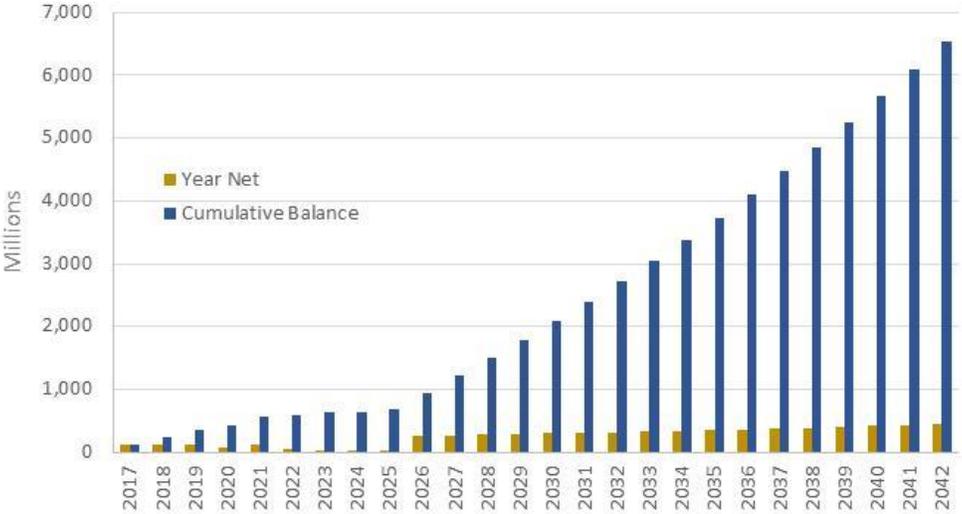


Exhibit 10: Transportation Surtax Annual and Cumulative Surplus / Deficit, BCT Vision Plan Only



Infrastructure Surtax and the BCT Vision Plan

Under a 1 percent (1 cent) infrastructure surtax and default statutory funding distribution, it is estimated that the County could fund approximately 70 percent of the unfunded capital BCT status quo and vision needs will be met. As shown in **Exhibit 11**, these needs are currently programmed in FY2017 through FY2025. If these needs can be deferred, they could be fundable in later years. The infrastructure tax may not pay for O&M and those costs are not included in Exhibit 11. Other resources will need to be identified to fund those ongoing costs. The infrastructure surtax does, however, also generate significant revenues for individual municipalities to use for a range of eligible infrastructure investments.

Exhibit 12 presents the annual and cumulative surplus under this investment package. Under this investment package, the cumulative balance reaches loss of approximately \$448 million in FY2025, the final year of BCT Connected programmed needs.

Exhibit 11: Infrastructure Surtax Cash Flow Analysis, BCT Vision Plan Only

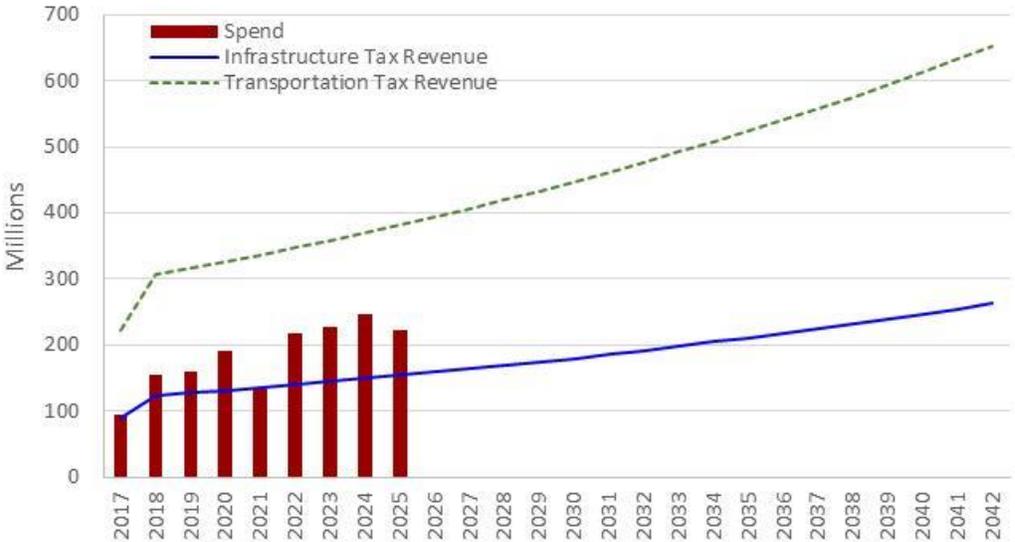
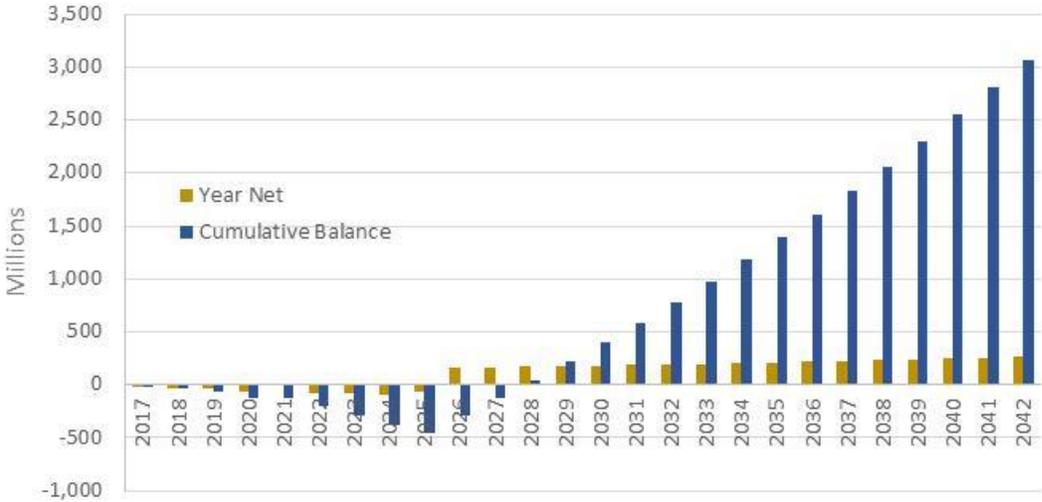


Exhibit 12: Infrastructure Surtax Annual and Cumulative Surplus / Deficit, BCT Vision Plan Only



Can We Fund and Accelerate Project Delivery of Major Transportation Projects with the Infrastructure Surtax if We Bond?

Yes, pinch points are removed related to large project cost...

The Central Broward East/West Streetcar Extension & BRT project could be a good candidate for bonding and/or supplementing funding with a discretionary grant. Such grants are competitive, however, and application criteria are stringent, so receipt is not a guarantee. This investment package incorporates a bond issuance in FY2026 to finance costs associated with this project which is estimated to cost approximately \$700 million in FY2026 inflation adjusted dollars.

As shown in **Exhibit 13**, under a 1 percent (1 cent) infrastructure surtax and default statutory funding distribution plus a bond issuance in FY2026, the County’s portion can fund almost all identified capital

needs for transit, roadways, and complete streets. Issuance of the bond advances the construction timeframe for the project and smooths out the spending of revenues. Under this investment package, approximately 50 percent of the BCT Connected Vision plan’s needs remain unfunded. These needs are currently programmed in FY2017 through FY2025. If these needs can be deferred, they will be fundable in later years. As shown in **Exhibit 14**, the minimum annual cumulative balance under this investment package is \$22 million and sufficiently covers any minor negative annual cash flows.

This investment package does not fund any O&M costs. The infrastructure tax may not pay for O&M so other resources will need to be identified to fund those ongoing costs. The infrastructure surtax does, however, generate significant revenues for individual municipalities to use for a range of eligible infrastructure investments.

Exhibit 13: Infrastructure Surtax + Bonding Advances Major Project

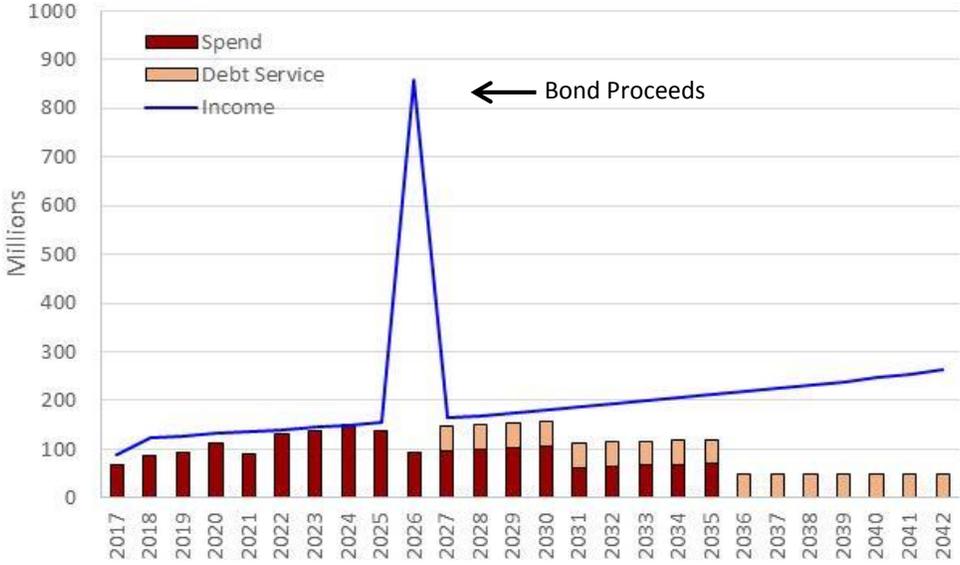
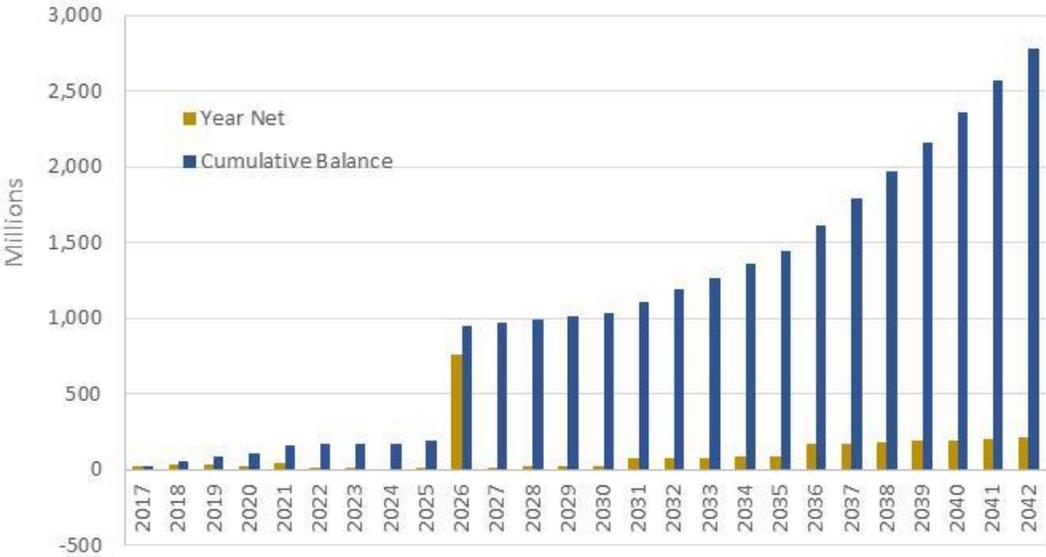


Exhibit 14: Annual and Cumulative Surplus/Deficit



Summary of Findings

Following are key findings associated with the two alternative surtax options.

- Unfunded capital needs can be met by either surtax; differences are in time frame over which needs can be met.
- Under the infrastructure surtax, O&M costs are not funded and other resources must be identified to cover those costs for both transit and roadway investments.
- The transportation surtax generates sufficient revenues to meet 100 percent of identified transportation capital and O&M needs, including the County's identified BCT needs as well as needs identified by other entities in the County. Identified capital needs are estimated to be met by FY2029. Roadway O&M needs are not identified and other resources will need to be identified to cover those costs. Further, the County is currently undertaking an assessment of other transportation needs in the County that would benefit from surtax revenues.
- Using the statutory allocation formula, the County portion of the infrastructure surtax generates sufficient revenues to meet 100 percent of identified transportation capital needs except 50 percent of the BCT Connection Vision plan by FY2033. Spending associated with the Central Broward East/West Streetcar Extension and BRT project exceeds annual revenues in FY2030 through FY2033 but those costs can likely be covered by cumulative balances. The remaining 60 percent of the revenues generated by the infrastructure surtax would be available to fund municipal transportation or other infrastructure projects.
- Bonding could advance the delivery of large capital costs such as the Central Broward East/West Streetcar Extension and BRT project. Advancing such project costs will avoid inflation related costs and reduce pinch points in the cash flow. Due to the schedule of the BCT Connected Vision plan in FY2017 through FY2025, 50 percent of that plan remains unfunded under the infrastructure surtax and bonding investment package. Those costs could be funded in later years or earlier by increasing the size of the initial bond issuance.
- Costs related to BCT Connected and SFRTA Forward plan consume significant revenues in FY2017 through FY2025. If those expenditures can be protracted, room for other transportation funding needs could be made available in the short- to medium-term.
- No O&M costs associated with roadway projects are included in the analysis. These costs are relatively small compared with transit operations and are already included in County and municipal budgets.
- The County and the municipalities are currently undertaking assessments of additional infrastructure needs that would benefit from surtax revenues. Since these needs are currently being identified and quantified, they are not included in this analysis.

Appendix A: Map of Counties that Levy Surtaxes

