

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

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

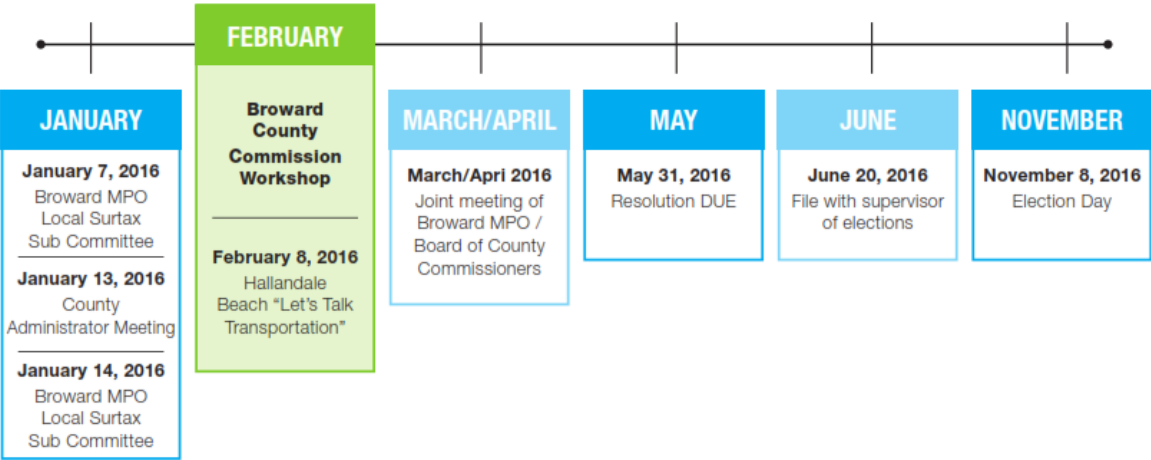
\*\* First full year of revenues is FY2018; 3.2% annual growth in revenues based on historical growth in taxable sales; no change in population-based formula; 3.0% annual state administrative fee deduction; 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over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

<b>Unfunded Transportation Costs</b>	<b>Cost Estimate (2017 \$Millions)*</b>
<b>Capital Roadway &amp; Complete Streets</b>	
Commitment 2040 - Roadway	\$289
Complete Streets	\$80
<b>Total Roadway &amp; Complete Streets Capital</b>	<b>\$369</b>
<b>Capital Transit</b>	
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
<b>Total Transit Capital</b>	<b>\$2,521</b>
<b>Total Capital</b>	<b>\$2,890</b>
<b>Operation &amp; Maintenance (O&amp;M) Needs</b>	
BCT Status Quo - O&M	\$563
BCT Vision - O&M	\$1,706
SFRTA Forward Plan - O&M	\$7
<b>Total O&amp;M (Transit Only; Roadway O&amp;M not available)</b>	<b>\$2,276</b>
<b>Total Roadway &amp; Complete Streets (Capital)</b>	<b>\$369</b>
<b>Total Transit (Capital and O&amp;M)</b>	<b>\$4,797</b>
<b>TOTAL TRANSPORTATION</b>	<b>\$5,166</b>

\*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
<b>General Information</b>		
<b>Shortened Name:</b>	<b>Transportation Surtax</b>	<b>Infrastructure Surtax</b>
<b>Enabling Legislation:</b>	F.S. Title XIV §212.055(1)	F.S. Title XIV §212.055(2)
<b>Sunset Provision:</b>	No State-imposed Limit	No State-imposed Limit
<b>Counties Who Currently Levy:</b>	2	18
<b>Eligible Uses of Funds</b>		
<b>Transportation Projects:</b> (e.g. transit, roadways, bridges)		
<b>Capital Improvements</b>	✓	✓
<b>Operations and Maintenance</b>	✓	
<b>Other Infrastructure Projects:</b> (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)		✓
<b>Distribution of Funds Collected</b>		
<b>Percent of Funds by Statute:</b>		
<b>Broward County</b>	100%	40% (by formula)
<b>Municipalities</b>	0%	60% (by formula)
<b>Changeable by Inter-local Agreement</b>	✓	✓
<b>Estimated Funds Available by Statute (1 cent)</b>		
	<i>(1<sup>st</sup> Full Year / 25 years inflation adjusted)*</i>	
<b>Broward County</b>	\$316m / \$8.6b	\$127m / \$3.5b
<b>Municipalities</b>	\$0m / \$0m	\$189m / \$5.1b

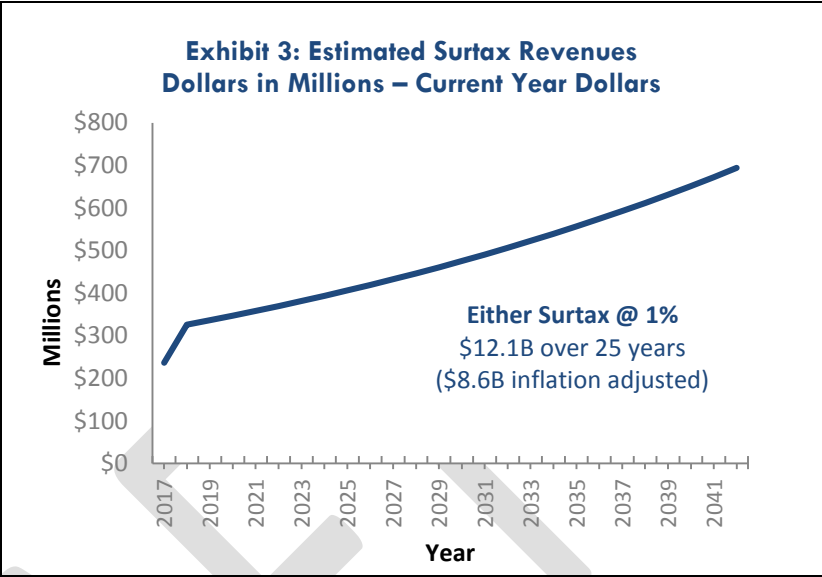
\* Notes:

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*
<b>Broward County</b>	<b>40.296%</b>	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%
		<b>Countywide Total</b>	<b>100.000%</b>

\*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

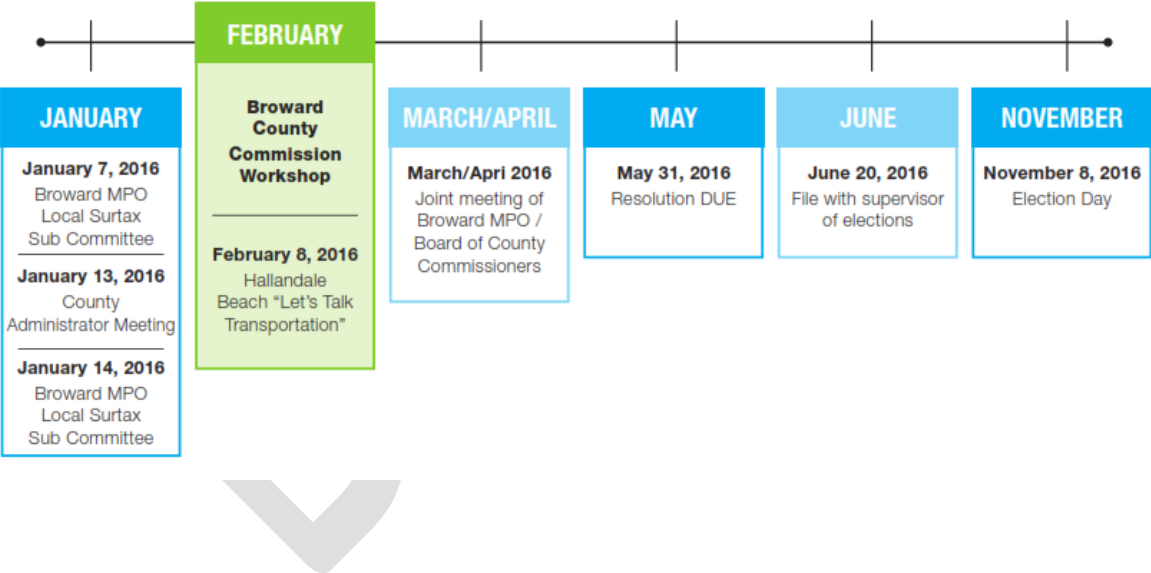
referendum to the electorate that could result in surtax imposition. In 2016, the general election will be held on November 8, 2016. If the referendum is approved, the County must notify the Florida Department of Revenue by November 16<sup>th</sup>. January 1<sup>st</sup> would be the effective date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

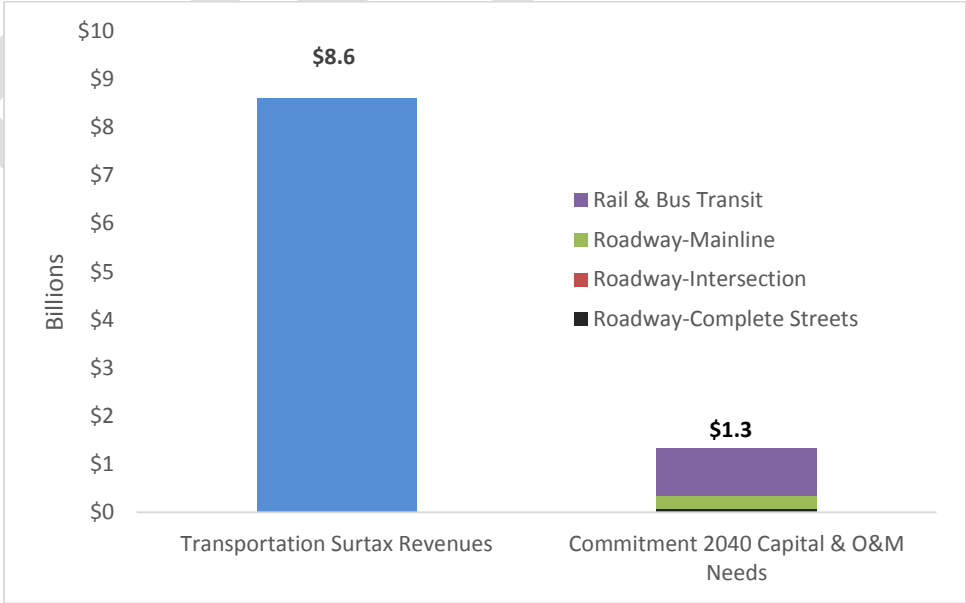
- How much of the unfunded needs can be met by the surtax revenues?
- Will capital and O&M costs be able to be funded?
- What timeframe is required to generate sufficient revenues to meet the identified unfunded needs?
- Could debt issuance be used to expedite project delivery or leverage state and federal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

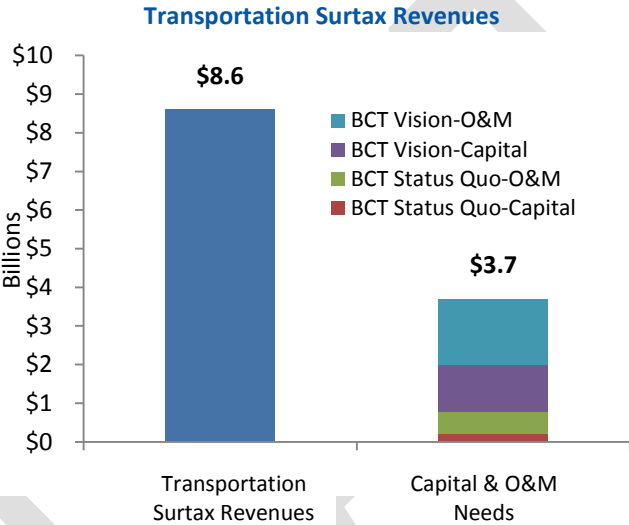


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**Could We Fund the BCT Status Quo and Vision Plans with the Transportation Surtax?  
Yes, with remaining resources available for other transportation needs...**

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)\*\*

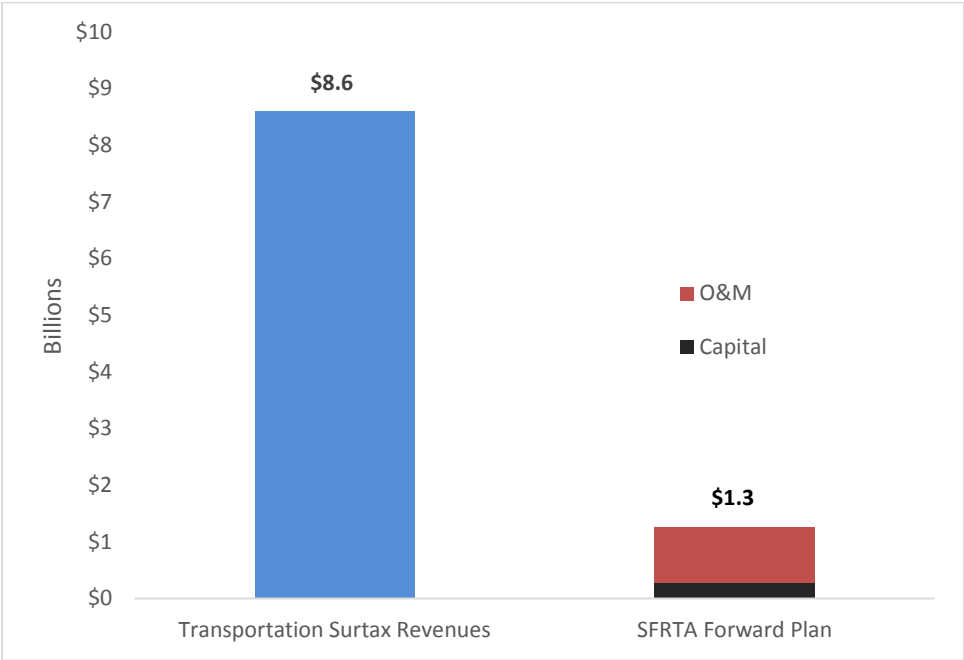


\*\* First full year of revenues is FY2018; 3.2% annual growth in revenues based on historical growth in taxable sales; no change in population-based formula; 3.0% annual state administrative fee deduction; 2.5% annual inflation adjustment to revenues to account for reduced buying power of money over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

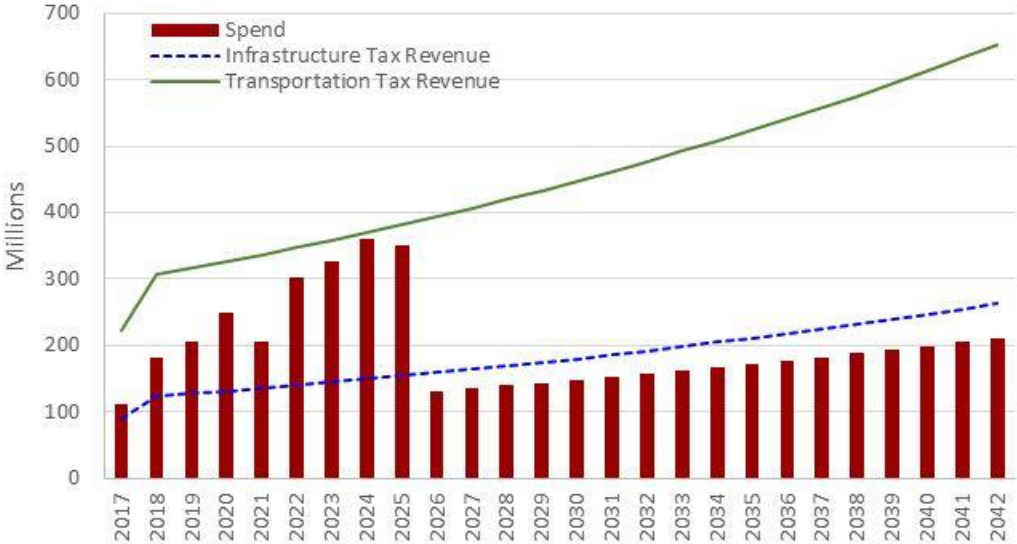
**Transportation Surtax and the BCT Vision Plan**

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).

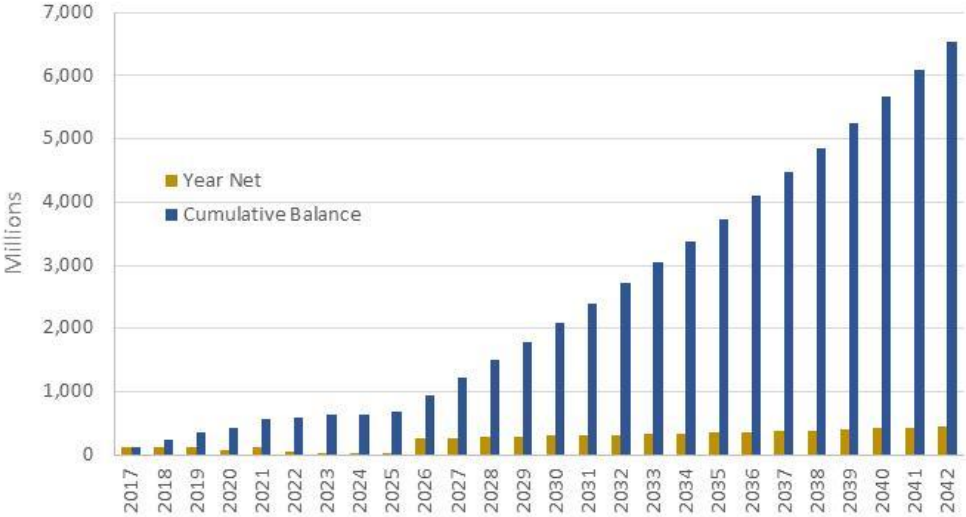
**Exhibit 10** presents the annual and cumulative surplus under this investment package. Prior year surpluses can accumulate and cover future year costs if needed. Of note, under this investment package, the minimum cumulative balance is estimated to be \$675 million. The County is currently undertaking 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**

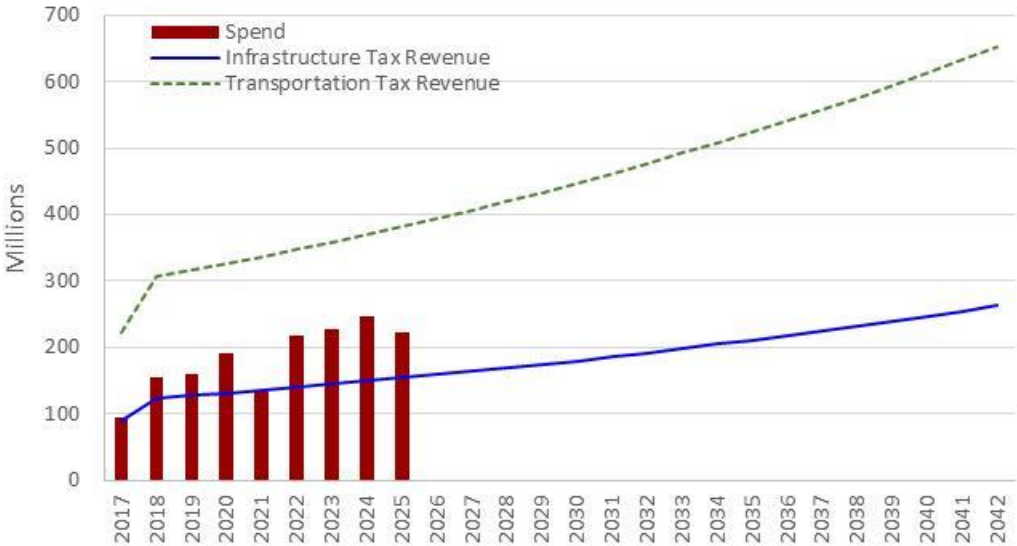


**Infrastructure Surtax and the BCT Vision Plan**

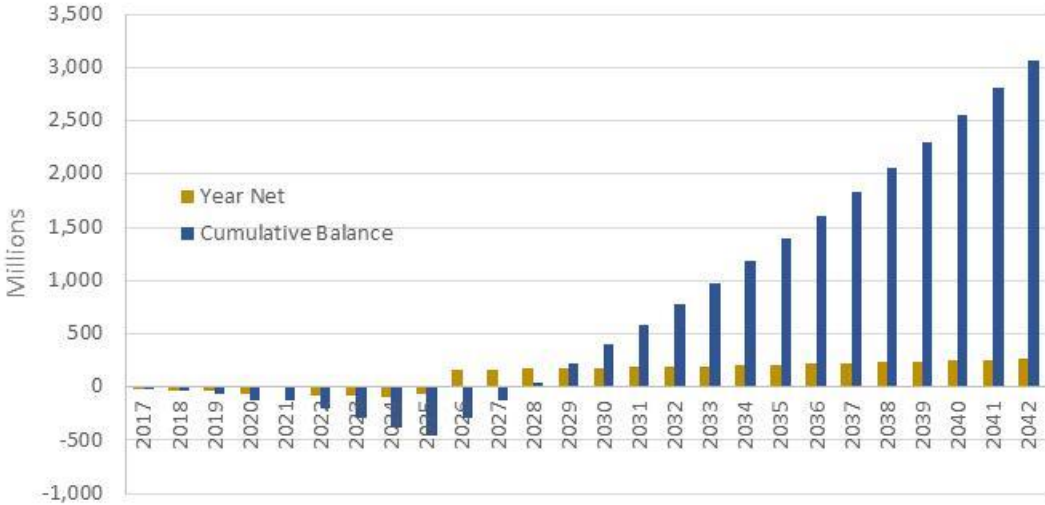
Under a 1 percent (1 cent) infrastructure surtax and default statutory funding distribution, it is estimated that the County could fund approximately 70 percent of the unfunded capital BCT status quo and vision needs will be met. As shown in **Exhibit 11**, these needs are currently programmed in FY2017 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...**

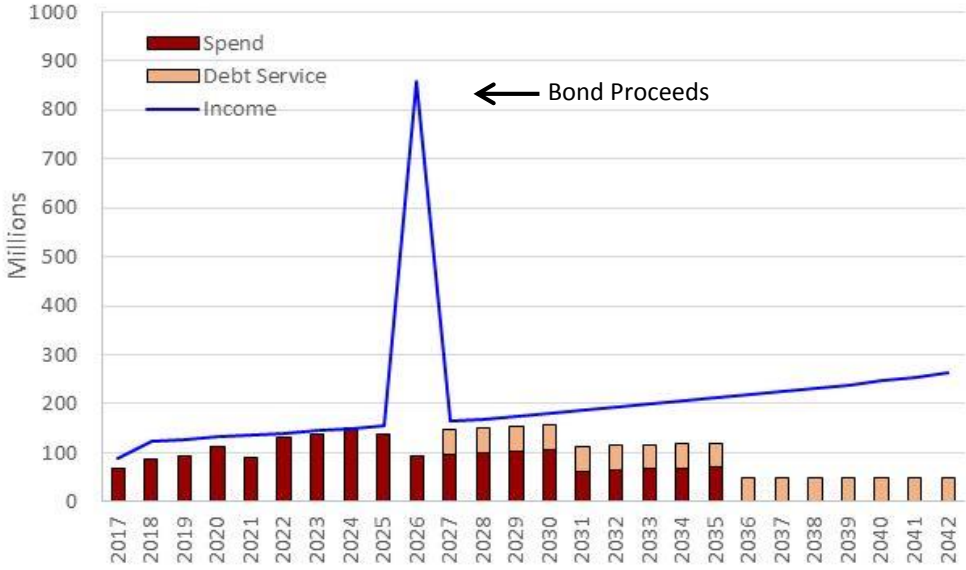
The Central Broward East/West Streetcar Extension & BRT project could be a good candidate for bonding and/or supplementing funding with a discretionary grant. Such grants are competitive, however, and application criteria are stringent, so receipt is not a guarantee. This investment package incorporates 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

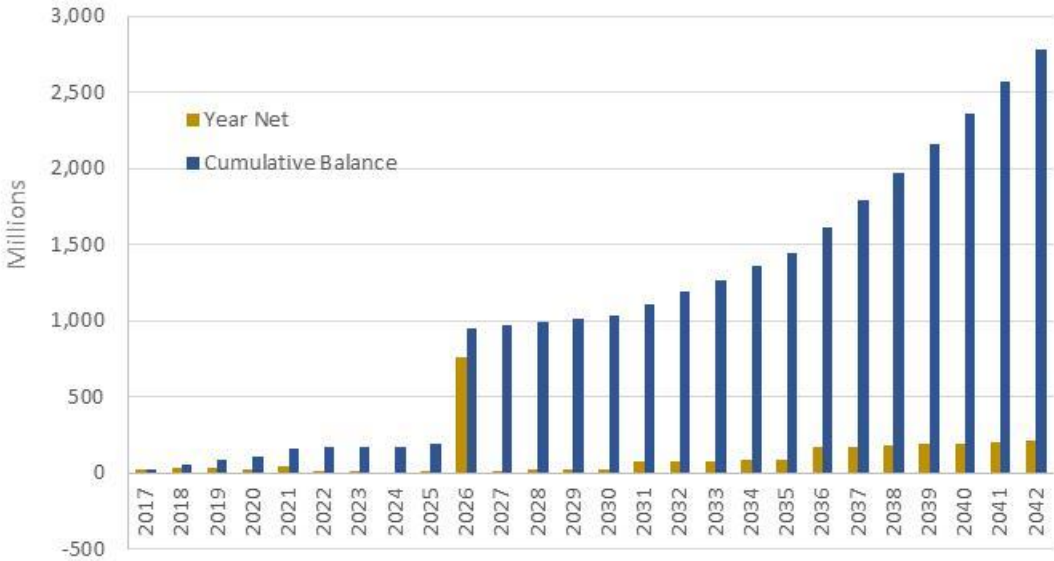
needs for transit, roadways, and complete streets. Issuance of the bond advances the construction timeframe for the project and smooths out the spending of revenues. Under this investment package, approximately 50 percent of the BCT Connected Vision plan’s needs remain unfunded. These needs are currently 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

