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SHAVING THE WAY

Road deficit can be tempered with tweaks rather than taxes

Before writing the county's projected $196 million road deficit in red ink, pencil in factors that could whittle away a substantial part of that predicted shortfall.

County Budget Director Ray Sandrock said estimated revenues are low-balled using a conservative 8 percent tax-valuation increase, while anticipated costs are calculated in a worst-case scenario.

Using this formula, it's not surprising how the county has a lot more roadwork than road money.

Sandrock apprised commissioners Wednesday of the county's widening road-building gap during a preliminary presentation of the capital-improvements program in the proposed 2007 budget.

The CIP's road-building plan outlines 32 projects that will cost an estimated $183 million in the next five years.

The county has $156 million to pay for those projects, creating a $27.41 million five-year shortfall that balloons dramatically beyond that horizon.

In fact, the forecast deficit for just seven key projects, including several that have already started, is $196 million alone.

Commissioners' initial reaction to this daunting disclosure was to consider relaxing their prohibition against using property tax revenues to finance road projects.

The county uses impact fees, sales and gas taxes, state and federal revenue-sharing to pay for roads.

And while imposing taxes for roads may be on the budget table this summer, Sandrock said how viable -- and palatable -- that option depends on how much sales and gas tax revenues the county receives and what the tax-valuation assessment is.

Until after July 1, he said, these forecasts remain "the great unknowns."

The almost-knowns in 2007 revenue forecasts break down like this:

*** Impact fees:** Will generate an estimated $12 million in 2007 for roads.

The new impact-fee schedule, which went into effect June 1, is expected to accumulate $62 million in five years for road building -- $41.8 million more than the former fee program would have.

*** Gas taxes:** The 5-cent local option is expected to generate $3.4 million and the 9-cent motor fuel tax $900,000 in 2007.

Gas tax revenues are expected to decline by 4 percent this year from 2005 because high fuel costs are prompting people to drive less.

*** Sales taxes:** Final figures are provided by the state, although the county is sticking with its six-year progression forecast.

When the 1-cent local option sales tax program was approved in 2002, it was expected to generate $96 million by 2008. That six-year forecast has been adjusted to $118 .4 million.

If preliminary projections are accurate, the county should recoup more than $20 million in sales tax revenues this year.

*** Property taxes:** While these revenues are not used to finance roads, they do pay for other CIP projects and operational expenses.

However, if commissioners opt to tap into this tax source, this may be the best time to do so.

Property tax projections are based on tax valuation increasing by 8 percent -- a conservative estimate.

Last week, Sandrock said, the county actually anticipates at least a 10.5 percent increase, which could still be a low-ball forecast.

Last year, after planning for a 3.8 percent increase in property tax revenues, county coffers received an unexpected 24 percent income boost.

It's doubtful this year's increase will be that dramatic, Sandrock said, before noting that nothing will be certain until after July 1.

"Until then, it's wait and see," he said.

Commissioner Sara Devos said if the county receives an unexpected boost the way it did last year, there will be several options.

"We can hold onto that money, attach it to a project or even offer a tax decrease," she said.

With the county looking at a "scary" $196 million deficit in its long-term road plan, this may be the year to use as much money as possible to address the gap.

"This could be the last year to have the luxury of a double-digit increase," Devos said. "I don't think you are going to be as fortunate in years to come."

Sandrock agreed, noting appraisers and budget directors statewide are saying stabilizing property values will temper tax revenues.

*** Bonds:** As impact fees kick in, they foster the needed income momentum to support a bond measure that could finance much of the projected shortfall and accelerate projects, reducing their costs.

The advantage to fees is they can be bonded without a referendum.

While conservative and unimaginative income estimates contribute to the revenue quotient of the shortfall, the expenditure side of the ledger could also change dramatically with some tweaking.

In fact, as Commissioner Adam Cummings said, the actual road-building deficit for the seven projects redlined in the CIP is "nowhere close" to $196 million.

In fact, there may be more than $100 million in selective costs that could be eliminated from four projects alone.

Cummings said the only cost figures that appear accurate, if not underestimated, are the $95.86 million State Road 776/Edgewater corridor project.

About $80 million of the estimated costs are "unfunded" with few options for shortcuts.

"Edgewater is the $78 million nut we've got to crack," Cummings said.

Here's how the county could save costs in four other projects:

*** Aqui Esta Boulevard:** This widening project is now tabbed at $23 million, $11 million more than anticipated revenues.

Not that it matters.

Last fall, the state yanked much of the project's money. It has since restored $6.1 million, but the proposal will be significantly scaled back, County Public Works Director Tom O'Kane said, eliminating much, if not all, of the projected shortfall.

* **Burnt Store Road:** This $40 million project has a projected deficit of $32 million.

But hold on, O'Kane said, noting the county hopes to seal deals with developers along the road similar to the one it negotiated with Tern Bay Development Co. last year.

That deal calls for Tern Bay to widen and improve a 1.77 mile span of Burnt Store Road for $5.65 million.

*** Piper Road:** This $33 million project to widen four miles of Piper Road between U.S. 17 and Jones Loop Road at I-75 faces a projected $18.6 million shortfall.

However, O'Kane said, this could be significantly reduced if landowners deed easements and rights of way.

Also, he said, some builders in Enterprise Charlotte Airport Park are willing to assist financing the project for impact fee credits.

Commission Chairman Tom Moore said the airport's deal with Publix cannot be imperiled.

Publix is building a 600,000-square-foot distribution center that will employ 300 people on an 88-acre parcel within the park.

*** Toledo Blade Phase II:** This project's $47.85 million shortfall can be reduced, apparently, by disinterest.

Part of the project includes widening a seven-mile stretch between I-75 and U.S. 41 as part of a $15 million joint effort with North Port.

That part of the plan appears intact, but the rest?

"I'm uncertain how much enthusiasm there is," O'Kane said.

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