

# Infrastructure Surtax Phase III

Jeff Snyder, CPA  
Finance Director

# Infrastructure Surtax Phase III

- ▶ Commonly called the one cent sales tax.
- ▶ Could not be for a term of more than 15 years.
- ▶ Could levy a discretionary sales surtax of 0.5 percent or 1 percent.
- ▶ Can only be used for infrastructure.
- ▶ Approximately 35% of the revenue is supported by our tourists.

# Infrastructure Surtax Phase III

Infrastructure means:

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

# Infrastructure Surtax Phase III

Infrastructure means (continued):

- ▶ “A fire department vehicle, ...a police department vehicle, or any other vehicle, and such equipment necessary to outfit the vehicle for its official use or equipment that has a life expectancy of at least 5 years.”
- ▶ “Any expenditure for the construction, lease, or maintenance of, or provision of utilities or security for, facilities...”

# Infrastructure Surtax Phase III

- ▶ Requires a referendum vote within the county.
- ▶ Municipalities shall adopt uniform resolutions establishing the rate of the surtax and calling for a referendum
- ▶ Must receive approval by a majority of the electors of the county voting in the referendum on the surtax.

# Infrastructure Surtax Phase III

- ▶ Referendum must include a brief general description of the projects to be funded by the surtax...shall be placed on the ballot...
- ▶ List of proposed projects were developed by City staff using public meetings, requests in the City News Letter, web site requests, and staff requests.
- ▶ List of requested projects was created.

# Infrastructure Surtax Phase III

- ▶ One Cent Sales Tax Oversight Committee (1¢ Oversight Committee) was created during Surtax Phase I to monitor and report to the public that the surtax money was spent on promised projects.
- ▶ 1¢ Oversight Committee thoroughly evaluated the project list.
- ▶ 1¢ Oversight Committee recommended projects to City Council.

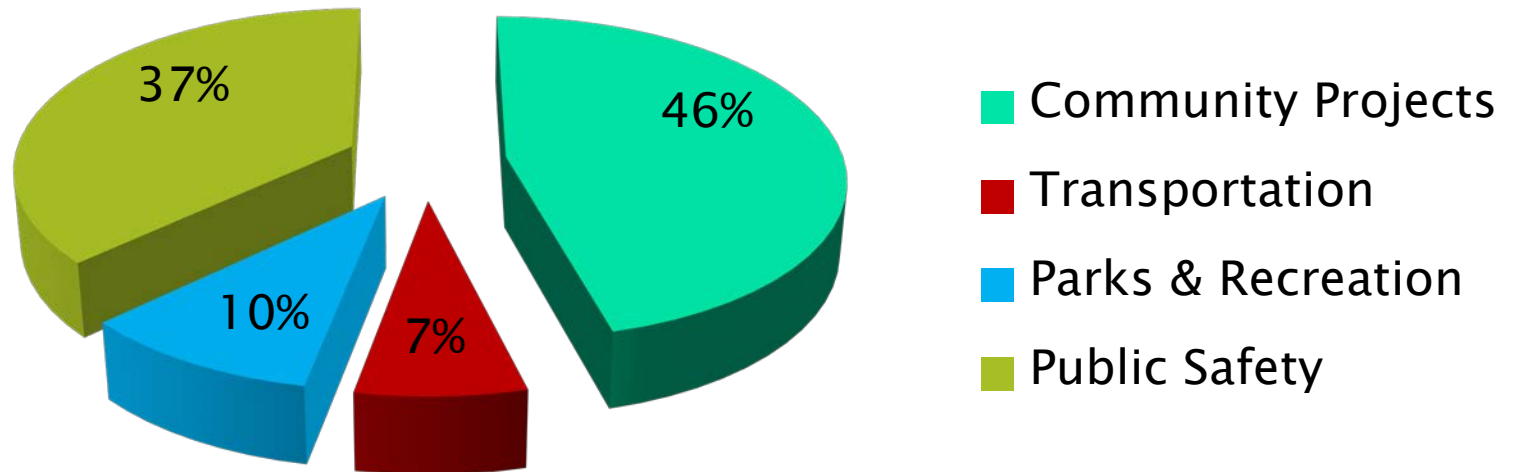
# Infrastructure Surtax Phase III

- ▶ City Council unanimously approved the 1¢ Oversight Committee's project list for inclusion on referendum.
- ▶ Project schedules were established.
- ▶ The Project list was included as well as a brief description of the projects for the referendum.
- ▶ In excess of 60% of the citizens voting in the referendum passed the infrastructure surtax phase III project list.



# Infrastructure Surtax Phase III

Project Type



# Infrastructure Surtax Phase III

## Partial Voter Approved Project List

- ▶ **Community Projects:**
  - **Community center generator – grant assisted**
  - Pilot solar/wind/other energy projects
  - Performing arts center
  - **Replacing outdated infrastructure – Water & Sewer**
  - Runoff ponds & additional vegetation for filtration
  - City public works & solid waste facilities

# Infrastructure Surtax Phase III

## Partial Voter Approved Project List

- ▶ Transportation:
  - Road and side walk improvements
  - US 41 North Beautification – Otherwise completed
- ▶ Parks, Recreation & Beaches:
  - Replacing playground equipment
  - Additional parks in the eastern part of City – Impact fees
  - Canoe & Kayak Launches – Myakka River & Albee Farm
  - Hecksher park tennis court additions
  - Refurbish Higel Park
  - Establish mooring field – Tarpon Center Road – Unable to complete as no one bid to be Harbor Master
  - Beach nourishment

# Infrastructure Surtax Phase III

## Partial Voter Approved Project List

### ► Public Safety:

- Co-locate Fire Station #2 with Police Station
- Rebuild Fire Station #1
- Fire training facility renovation
- Construct burn building
- Replace Fire Department Hazmat Truck – Eliminated program
- Replace Fire Boat – Grant Funded
- Police Department facility expansion & upgrade
- Waymire training facility upgrade

# Infrastructure Surtax Phase III

- ▶ Proceeds of the surtax levied...shall be distributed...according to:
  - An interlocal agreement between the county and the governing bodies of the municipalities...which agreement may include a school district...
  - If there is no local agreement the gas tax distribution formula is used.
- ▶ Sarasota County, City of Long Boat Key, City of Sarasota, City of North Port, Sarasota School Board, and City of Venice have adopted an interlocal agreement.

# Infrastructure Surtax Phase III

- ▶ The most requested project was a performing arts center for the residents of the City of Venice.
- ▶ Discussions with the Sarasota County School Board resulted in an opportunity.
- ▶ The School Board planned on rebuilding Venice High School within six years.
- ▶ City Senior Management negotiated a deal to partner with the School Board.

# Infrastructure Surtax Phase III

- ▶ The City of Venice agreed to provide funding to enhance the music building into a performing arts center by using a portion of the 1¢ sales tax.
- ▶ Maintenance and operational expenses remained with the School Board.
- ▶ Modeled after City of North Port's and Sarasota School Board's joint performing arts center.

# Infrastructure Surtax Phase III

- ▶ Our citizens have the right to use the performing arts center in the evening.
- ▶ The performing arts groups will be required to pay for the cost of operation during the time they use the center.
- ▶ Win-win situation for the students, citizens, School Board and the City of Venice.



# Infrastructure Surtax Phase III

- ▶ School Board moved the project up and began construction sooner.
- ▶ City had to decide – partner with the School Board and build the performing arts center or miss the project.
- ▶ City Council decided to move ahead.
- ▶ City Council voted to approve pledging \$7.5 million over five years beginning FY 2010.
- ▶ Utilized a significant portion of the 1¢ sales tax for the first five years (through fiscal year 2015) on the Performing Arts Center.

# Infrastructure Surtax Phase III

- ▶ As a result City Council pushed back using the one cent sales tax on Utility projects until the Performing Arts Center was substantially completed.
- ▶ The project schedule was amended to accommodate the wishes of City Council.
- ▶ Utility infrastructure improvements schedule was adjusted to begin FY 2015 and continue through FY 2020 at approximately \$1 million per year.

# Infrastructure Surtax Phase III

- ▶ The amended project schedule was included in three separate Utility Rate Studies beginning in FY 2009 as money augmenting the capital improvement plan to reduce the amount of rate increases to our utility customers, discussed, and approved by City Council.
- ▶ In 2012 the most current rate study, including the use of one cent sales taxes to augment the Utilities' Capital Improvement program, was provided to all three bond rating agencies to obtain a bond rating for the Utilities Department.
- ▶ The financing team was able to get all three agencies to provide the City with an exceptional AA rating.

# Infrastructure Surtax Phase III

- ▶ As a result of issuing the \$20 million of revenue bonds (which equates to assurances made to the bond purchasers) the City has committed itself to provide funding as detailed in the Official Statement.
- ▶ The City utilizes a joint senior management needs assessment process to determine projects and purchases which meet the definition of Infrastructure appropriate for funding with 1¢ sales tax money.
- ▶ This needs assessment is then submitted to City Council for approval during the budget process.

# Infrastructure Surtax Phase III

## FY 2014 – 2015 Requests

Recommended Projects	Depart Responsible	Amount
Utility Cap Improvements	Utilities	\$1,100,000
City Hall Replace Carpet	Public Works	60,000
City Hall Replace Roof	Public Works	160,000
Decorative Streetlights	Public Works	30,000
Equipment & Vehicles	Public Works	155,000
Concert Hall	City Manager	81,000
Fencing & Playground Equip	Public Works	86,500
Police Vehicles	Police	232,774
Fire Engine	Fire	485,000
Beach Nourishment	Engineering	250,000
<b>Totals</b>		<b>\$2,610,274</b>

# Infrastructure Surtax Phase III

- ▶ Projections for the future year's revenues were and are significantly overly optimistic (nearly \$63 million).
- ▶ Current conservative estimate is approximately \$37.5 million.
- ▶ Anticipated growth has not materialized which changes the necessary timing for the projects such as moving the public works building.
- ▶ Projects funded by other sources provide opportunities to enhance the benefit of the money.

# Infrastructure Surtax Phase III

- ▶ There is a fiduciary responsibility to ensure that the projects on the original list are completed.
- ▶ City Council always has the opportunity to change the needs based assessment made by senior management staff.
- ▶ If and when revenues are greater than projected, we will be able to complete additional community projects.

# The Prior Infrastructure Surtax Phase II Referendum Results

- ▶ Original Projects Completed with the exception of the business park at the Airport.
- ▶ Additional Community Projects of approximately \$6 million also funded.
  - Including upgrading facilities
  - Purchasing park land – Legacy Park
  - Centennial Park Interactive Fountain
  - West Blalock Park Improvements
  - Fuel Tank Replacement



# Final Slide

- ▶ Questions???