

Infrastructure – A Vital Investment

by County Vice Mayor Hal Valeche

Similar to the way you and I have to make periodic improvements to keep our homes in good shape, the County must maintain, repair and sometimes replace our infrastructure. This includes roads, bridges, canals, parks and public safety and general government buildings and equipment. Over time, the deterioration of this infrastructure can result in flooding and drainage problems, the closure of parks, and hinder overall safety.

The County is experiencing a backlog of projects in these areas, which has a current estimated cost of up to \$750 million. This does not include costs for ongoing renewal and replacement work in connection with those projects.

The backlog occurred due to a lack of funding which was a consequence of the last economic recession, along with increasing needs and rising costs of renewal/replacement as the facilities continue to age.

In order to undertake these vital improvements, the County Commission must identify a funding source. Discussions to date have been focused on a plan for infrastructure countywide that would repair and/or replace roads and sidewalks, traffic signals, parks, courthouses, jails and Sheriff substations, and county public buildings. Additionally, other entities including the School District, cultural organizations, and local firefighters representatives are contemplating similar funding mechanisms or combining their efforts with the County on a referendum that would also finance improvements to their infrastructure.

Over the next several months, the BCC will thoroughly review the issues and conduct public meetings to discuss options for funding the backlogged infrastructure projects. Three basic options have been identified:

- Increase the operating millage – this is the rate used to calculate your ad valorem taxes. One mil equals \$1 for every \$1,000 of taxable property value. The BCC has held the County Operating millage rate at 4.7815 for the fifth straight year.
- Issue Bonds – this can be done through either General Obligation or Non-Ad Valorem methods:

General Obligation Bonds – bonds issued to generate \$700 million for projects would incur debt service of \$49.25M annually for 20 years, and would increase the millage rate by 0.2869; the bonds are paid by property owners and approval for the issuance would require a vote of the electorate through a referendum.

Non-Ad Valorem Bonds – bonds would be issued as a pledge to non-ad valorem revenues and would mature in 20 years; the debt service would be paid by the General Fund and would require BCC approval.

- Local Government Infrastructure Surtax – this surtax, which would require voter approval through a referendum, would apply to all transactions subject to the State Sales Tax and the first \$5,000 of the sales price of tangible personal property. It would be set at a rate of one-half or one percent. The surtax would be paid by residents and visitors alike and the revenue generated would stay local, with 60% allocated to the County and 40% allocated to municipalities within the county. Many consumer items would be exempt, including groceries, baby food and medicines.

Projections indicate that a sales surtax of one percent would generate \$220 million annually, and over 10 years at 3% growth would bring in \$2.679 billion. A surtax of a half cent would generate half that amount.

It is anticipated that if the surtax was approved, oversight committees would be formed to audit spending for compliance with approved projects.

The BCC will be giving serious consideration to all of these issues and will be formulating a list of suggested projects. This will be done through an open process that will provide forums for the public, business community, non-profit organizations, municipalities, the School District, fire fighters, and all other interested parties the opportunity to get their input on the record and help the Board formulate a fiscally sound plan to fund this vital infrastructure.

I will keep you apprised as further information is developed on this very important issue. It's something we must do to keep our "house" in good working order, so that we remain an outstanding community for our residents, tourists and businesses.

As always, if there is any way I can assist you, please contact me at (561)355-2201 or by email at hvaleche@pbcgov.org.