



October 27, 2008

TO: Board Members

FROM: Board Finance Committee

SUBJECT: Regional Dedicated Transportation Funding

At the METROPLAN ORLANDO Board meeting on October 8, 2008, Chairman Henley said he felt the time had come to tackle the issue of regional dedicated transportation funding. He charged the Board's Finance Committee with meeting to develop general parameters and a framework for this effort that would be recommended to the full Board. Given the importance of this topic, all Board members were to be invited to this meeting.

The Board's Finance Committee met on October 17, 2008. Members in attendance were Commissioner Carlton Henley (Board Chairman), Commissioner Bill Lane (Board Vice Chairman), Commissioner Bill Segal (Board Secretary-Treasurer) and Commissioner Brenda Carey. Two Finance Committee members were not able to attend – Commissioner Tiffany Moore-Russell and Mayor Jim Swan. Two additional Board members – Commissioner John Quinones and Mr. Jose Colon – were in attendance.

The meeting began with Chairman Henley explaining the need for and importance of a regional dedicated transportation funding source. There was general agreement that this is one of the top issues facing us, as we heard at the recent Board workshop on the development of the Year 2030 Long Range Transportation Plan.

Ms. Joanie Schirm, a long-time advocate for increased funding for transit, addressed the Committee during public comments. She called attention to the importance of getting a regional dedicated transportation funding source in place. Ms. Schirm reminded the Committee of one immediate opportunity – the local option gas tax that is available in Orange, Seminole and Osceola Counties. She provided a chart showing the recent drop in gasoline prices (a decline of 70-cents/gallon over the past month) and a report from the Florida Legislative Committee on Intergovernmental Relations on local option gas taxes.



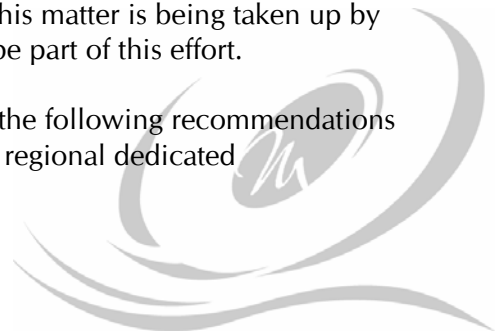
Then staff provided us with background information, some provocative questions having to do with the scope of the effort and an array of prospective funding options. They also discussed key steps in developing plans that had proven to be successful with similar initiatives in our region and elsewhere in the country. Attention was also called to the fact that we have an uneven playing field in our region. For example, Seminole and Osceola Counties have already exercised their Infrastructure Sales Tax; Orange County has not. The Orange County School Board has in place a ½ cent sales tax; the other School Boards do not. And Volusia County has already implemented all of the local option gas taxes; the other three counties have not.

It comes as no surprise to any of our Board members that funding to meet our region's transportation needs is a significant challenge. What has changed in recent years is the magnitude of the need. Furthermore, the gap between needs and available funding is expected to grow in future years. This is a result of three key market factors: (1) the rate of growth forecasted for Central Florida and the resulting increase in transportation demand; (2) the downward trend in the gasoline tax as a result of greater fuel efficiency and alternative fuel vehicles; and (3) Tallahassee and Washington are not expected to come to the rescue as they have been shifting more responsibilities to the local level.

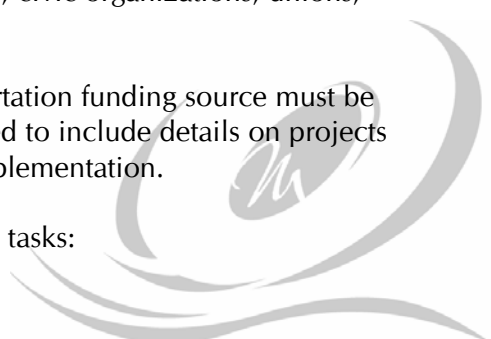
There are solutions. These include such things as mileage-based fees in place of traditional gas taxes; greater reliance on user fees such as tolls, transit fares and parking fees; public-private partnerships and other innovative funding methods. These are all important public policy issues that require further deliberations. However, the Finance Committee feels that meeting our region's transportation needs will also require a regional dedicated transportation funding source, like in many other metropolitan areas. This is about regional mobility – and more. It is also about our economic competitiveness, our environment and our quality of life. But make no mistake – new funding mechanisms will require Central Floridians to pay more in either taxes or fees to improve our region's transportation system. So the plan needs to be developed in a thoughtful and inclusive manner, it must be clear in terms of what will be accomplished, it must include strong accountability provisions and the plan needs to deliver what is promised.

There was some very general conversation on the prospective funding sources (local option gas taxes, local option rental car surcharge, sales tax), with staff providing preliminary information on revenue yields. More detailed information will need to be developed as the Committee's work progresses. Committee members spent consideration time discussing the importance of equity in the development of any type of regional dedicated transportation funding mechanism. During this discussion, concerns were raised about the fairness of the current Lynx cost allocation formula. It was reported that this matter is being taken up by the Lynx Board and, therefore, there was no need for it to be part of this effort.

After careful consideration, the Finance Committee makes the following recommendations to the full Board to get the process started for developing a regional dedicated transportation funding source:



1. The scope of this effort should include Orange, Seminole and Osceola Counties (the METROPLAN ORLANDO service area) and, if they accept our invitation to be part of this effort, Volusia County. Consideration was given to including the seven counties that have been involved in the *myregion.org* program or the ten counties who are represented on the Central Florida MPO Alliance. However, the Committee felt it was best to start with Orange, Seminole, Osceola Counties and, perhaps, Volusia County since these counties have already come together on the Central Florida commuter rail project.
2. The regional dedicated transportation funding source will be used for: (1) maintaining current levels of regularly scheduled Lynx bus service and Access Lynx service in future years; (2) improving Lynx bus and Access Lynx services; (3) future expenses related to the Central Florida commuter rail (although the five funding partners have already pledged local funds for the project and these commitments remain firm); and (4) other rail transit projects drawn from METROPLAN ORLANDO's Regional Transit System Concept Plan. While bus and rail transit should be the major focus of this initiative at this time, it may be appropriate to consider this type of funding mechanism for highway projects in out years.
3. The plan for getting a regional dedicated transportation funding source in place should consist of two elements – a short-term plan that takes advantage of some immediate opportunities and a long-range plan that will take more time and effort to get in place.
4. The revenue yield from the regional dedicated transportation funding source will be in addition to – and not in place of – current transportation funding. This will need to be better defined and stipulated as the plan is developed.
5. We need to continue to focus on getting the approval of the legislature for the Local Option Rental Car Surcharge and the Charter County Transit Surtax for Orange, Seminole, Osceola and Volusia Counties – if not all counties in the state. Progress has been made with these in recent years and we need to get final approval. This is consistent with the legislative priorities already adopted by the METROPLAN ORLANDO Board.
6. The development of the regional dedicated transportation funding source needs to be done in a manner that is very inclusive of all stakeholders – local governments (counties and municipalities), transportation organizations, students, seniors, people with disabilities, faith-based organizations, business interests, civic organizations, unions, homeowner groups, etc.
7. The eventual proposal for a regional dedicated transportation funding source must be very specific on what will be accomplished. It will need to include details on projects and services that will be funded and a timetable for implementation.
8. Staff should be directed to begin work on the following tasks:



- Provide detailed information on all the funding options (including current restrictions that may need to be removed) and yield forecasts.
- Develop action plans and timelines on each of the funding options showing what would need to happen by when in order for funding to materialize.
- Develop tools for use in developing preliminary cost estimates for various transit projects and services.
- Collect information on the overall tax burden on residents in Orange, Seminole, Osceola and Volusia Counties.
- Review market research that has been done by METROPLAN ORLANDO and other organizations to guide the plan development process; identify additional research needs and come up with a plan to collect this information.
- Take advantage of the resources at the Center for Transportation Excellence to put together information on best practices used in successful transportation funding initiatives elsewhere in the country.

If the Board approves these recommendations, the Finance Committee proposes the following as our next steps:

1. Chairman Henley and Mr. Barley will need to meet with Volusia County officials, beginning with County Chairman Frank Bruno, and extend an offer to take part in this effort. Also, we will need to communicate with other counties that are partners with us in various activities (Lake, Sumter, Marion, Flagler, Brevard and Polk) that we have this effort underway on a limited scale involving four counties. The reasons for this will be explained and we will offer to keep them posted on developments.
2. Another helpful forum for communicating about this initiative and keeping people informed is the Congress of Regional Leaders. This group, which is a component of the Central Florida Partnership and *myregion.org*, consists of an elected official representing each of the seven counties, one mayor representing all the municipalities in each county and representatives from the Central Florida School Board Coalition. We are fortunate in that Commissioner Brenda Carey, a member of the Board's Finance Committee, also serves on the Congress of Regional Leaders and is heading up the group's transportation efforts.
3. We recommend forming a 9-member leadership group that will guide work on this initiative. This group would consist of an elected official from Orange County, Seminole County, Osceola County, Volusia County, the City of Orlando and one mayor to represent the other municipalities in each of the four counties. It is recommended that Commissioner Henley serve as the non-voting convener of this group with the METROPLAN ORLANDO Board/Finance Committee members serving in the roles shown below:

Representing:

Seminole County:	Commissioner Brenda Carey
Orange County:	Commissioner Bill Segal
Osceola County:	Commissioner John Quinones
Volusia County:	To be determined
City of Orlando:	To be determined
Seminole County municipalities:	To be determined
Orange County municipalities:	To be determined
Osceola County municipalities:	Mayor Jim Swan
Volusia County municipalities:	To be determined

One of the early decisions that will need to be made by this group is who to involve in the development of this effort and at what point in time to ensure that it is inclusive. All meetings of this leadership group will be noticed and open to the public.

4. In addition to the leadership group comprised of elected officials, a team of staff members with a blend of transportation and finance backgrounds will be formed to provide appropriate support, along with the METROPLAN ORLANDO staff. These meetings will also be open to the public.
5. Reports on progress should be made to the full METROPLAN ORLANDO Board at each month's regular Board meeting.

We request the Board's approval of our eight recommendations and the proposed "next steps."

