

Background and Policy Issues: (Continued)

Currently, the MSTU Program pays one-half ($\frac{1}{2}$) of the cost of paving and drainage projects and the property owners are assessed one-half ($\frac{1}{2}$) of the total project cost to be paid back over 10 or 20 years. Therefore, the MSTU Program has functioned for over 20 years on an ever diminishing budget by recovering only one-half ($\frac{1}{2}$) of the project cost from the benefiting property owners. It has been determined that approximately 2% of the property owners pay the assessment over the entire term. Most assessments are either paid at the time the improvements are made, the assessed property is sold, or the property owners pay them off early. Therefore, the one-half ($\frac{1}{2}$) share of the project that is paid back with interest to the MSTU program to account for cost increases is never completely replenished. In addition, the interest rate paid by the property owners over the term was reduced from 10% to 8% and then eventually 6.5% in an effort to make the program more attractive to property owners. The lower interest rate reduced the replenishment of the MSTU's share of the project's cost even further.

Over the years, the MSTU Program has also assisted the Countywide Community Revitalization Team (CCRT) and the Annexation Incentive Program (AIP) to fund infrastructure improvements in lower income areas and in unincorporated municipal enclaves. Much of the costs for these projects were never assessed. In many instances, the design costs of these projects were also funded by the MSTU Program with no method of recovery. The CCRT has established 104 areas that need infrastructure improvements. Currently ten of these areas are considered a priority. The OCR's current yearly budget for these improvements is approximately \$3,000,000. However, a typical CCRT neighborhood improvement cost, including water and sewer, is \$700 per foot. OCR has relied on MSTU and Housing and Community Development (HCD) to assist with funding infrastructure improvements in CCRT paving and drainage areas.

Over the last several years, construction costs have greatly increased. These increases appear to have more than quadrupled the total project costs for MSTU Program projects. Since only a few projects could be funded in one year due to the high project costs, a back log of projects developed. As time progressed, the price of the projects that were caught in the backlog also increased. While this has a financial impact on the County, it is also a financial hardship on the property owners. Four years ago, property owners were paying about \$25 per front foot for paving and drainage projects. The same types of projects are now costing the property owner about \$100 per front foot or more. Costs for utility projects have increased even more than paving and drainage costs.

In 2005, we had two projects cancelled due to cost increases. We held public meetings to let the people know the current estimated project costs, and what they could be expected to pay. Due to high costs, the two projects that initially had close to 90% support were rejected by the majority of property owners, and subsequently, cancelled. Both were utility projects, and costs were projected to increase 250-300% over the original estimates the property owners had approved through the petition process. Once the County accepted the original petitions, the engineering design for these two projects began. However, once the projects were cancelled, the designs were stopped. Engineering costs paid on these projects are never recovered because the projects are not constructed, and thus an assessment roll is never adopted to recover the fees, which diminishes the funds in the MSTU Program for other projects. Because of these type responses, if directed by the Board, the MSTU Program will be resurveying all projects, advising the property owners what the expected new project costs are before beginning or continuing any new design efforts. We anticipate that the resurveying process could begin shortly after the first of the year.

In the past, the construction costs and project costs were fairly consistent over the years, and if petitions were sent out for a project, the petitions and project costs were good for a long period. Because of the recent increases in project costs, the MSTU Program has modified the petitions to be valid for one year. If the required number of property owners have not returned the petitions within the time frame, the project is dropped.

Policy Direction

With the interrelationships with other programs, specific direction is requested in the following areas.

- A. **The MSTU Program is in need of additional funding to permit any new projects to be completed, and if the MSTU Program is to continue to fund improvements in Special Districts, additional funding will also be needed.** As shown in **Attachment 1**, there are a limited number of projects that can be completed because of funding limitations. **Attachment 2** is a listing of Proposed Projects where we have received petitions but where no funding has been identified. To fund just these 13 projects will require almost \$15 Million during the next five years. This includes five CCRT projects. We must continue to not issue petitions for new MSTU projects until this backlog is addressed – which may be 5 – 10 years, determining on when new money comes into the program. For your information, one project that submitted petitions in March 2004 shows no paving until after 2011.
- B. **Should MSTU funds still be allowed for paving roads in Special Districts?** Our prior program allows property owners along any non-paved road to petition to be accepted as a project. This could include roads that currently have no governmental entity doing any kind of maintenance – or roads that may be currently maintained by a Drainage or Improvement District. There is no money projected or budgeted in the next five years for roads in Special Districts. However, Indian Trail has recently submitted a list of requested roads that total over \$1.3 Million for 19 separate road segments.
- C. **Connection Fees – When doing a water or sewer project involving a utility (Seacoast, a municipal utility, etc.), should the connection fee be allowed to be paid as part of the project if an individual owner desires it?** Given that the fees can be greater than the original construction cost, and that we have done this already for the projects known as Avondale Pines and Hypoluxo Village I & II, staff recommends that for all water and/or sewer projects done by the Engineering Services MSTU Program, that the County allow the property owners to be permitted to roll those costs into the 100% assessment, if they choose to. Based on past experiences, the added costs are around \$3,000 per single family home for water service. Doing this will increase the water and/or sewer projects costs and funds will be needed to cover these additional expenses. In the current program we anticipate this to be about \$75,000 for Redding Road and \$500,000 for Cinquez Park.
- D. **Should the method of determining funding distribution to projects within CCRT areas be altered?** In the past, projects in CCRT areas were determined by the total assessable costs which were held to \$25 per front foot for the property owners. This amount was then matched by the MSTU fund to be in accordance with Ordinances 94-11 and 95-53. All remaining costs were then funded from other areas like OCR funds, or Commissioner Funds. As prices have driven the bottom line cost up so drastically in the past four (4) years, OCR is able to fund fewer projects in CCRT areas. It may be possible to change the methodology of fund distribution and still be in compliance with Ordinances 94-11 and 95-53. Once the project costs are determined, 50% of the total cost will be assigned to the property owners and then the OCR would pay the property owners portion to then bring the cost down to \$25/front foot. Although the County still pays the same amount in the end, it is which department pays the majority of the cost that is changed. **Attachment 3** is an example of the current vs. proposed method. **If this change is put into effect, additional funds will be needed in the MSTU budget to cover the increase in MSTU costs covered by the MSTU Program.** The MSTU Program would be hit with additional costs of \$9,750,000 on the present program.

- E. **Should the Palm Beach Ranchettes Roadway Projects be deleted from the MSTU Program?** The two projects listed on **Attachment 1** at the bottom below the heavy line are to pave dirt roads in Palm Beach Ranchettes. These projects have been fully designed and permitted, and the anticipated construction cost is \$6,000,000. When the projects started and petitions were received in 2002 for El Paso and Yearling, and 2004 for Pinto and Rodeo, we had over 60% of the property owners in favor of the project with the anticipated cost to the property owners of \$25 - \$45 per front foot which equates to approximately \$5,000 to \$7,000 per lot. Today, the costs are expected to run the property owners \$100 - \$150 per front foot or \$22,500 to \$33,750 per lot (225' frontage). Ordinance 94-11 Section 14 states "that the BOARD at any time, in its sole discretion, may reject the petition or project for any further consideration. It also states "All final petitions hereafter received for consideration under this Ordinance shall be numbered in the order received, and shall be processed accordingly". The Engineering Services Division receives calls on an almost weekly basis about these projects from property owners asking when they can expect to have the paving project completed. To date, we have not informed the neighborhood of the expected cost increases. If the projects are rejected by the Board, the funds can be used towards other projects. Palm Beach County does maintain these roads today and last year spent \$3,000 on maintenance. We graded these roads approximately 8 times last year. A third project has not yet started, but we anticipate that it could cost almost \$1,700,000.
- F. **Should the MSTU Program repetition property owners about desire to have projects using the current cost estimates?** Petitions that were sent out on many paving and drainage projects with cost estimates of \$25-\$45/front foot as the cost for the property owners. Since prices have increased so much in the past several years, current cost estimates for paving and drainage projects is estimated to be \$100-\$150/front foot. The property owners may decide that it is too expensive and they cannot afford it, therefore, they might choose that they no longer support the planned MSTU Project.

M S T U P R O G R A M - C U R R E N T P R O J E C T S

COMM DIST	PROJECT	PROJECT NUMBER	LIMITS	DESCRIPTION	06/07		07/08	08/09	09/10	10/11
1	Cinquez Park Rd East & Carver St. Tuscolossa St. Comella & Evangolina Ave	2000131	North of Indiantown Rd Cilquez Park CCRT Area	Paving & Drainage Water & Sewer	\$ 450,000	C				
2	Sutton Terrace	CCRT 2002130	Dead End to Military Trail	CCRT Paving & Drainage	\$ 335,000	C				
3	Cambridge & Clinton Blvd	CCRT 2004131	Military Trail east to canal	CCRT Paving & Drainage	\$ 250,000	C				
2	Kidd & McConnell Street	CCRT 2004129	Haverhill Rd east to dead end	CCRT Paving & Drainage	\$ 200,000	C				
3	Cooley Court	CCRT 2000135	Dead End north to Lake Worth Rd	Paving & Drainage	\$ 60,000	C				
3	Redding Rd	2006140		Water Main	\$ 40,000	D	\$ 265,000	C		
3	Foss Road	CCRT 2003127	Dead End north to Lake Worth Rd	Paving & Drainage	\$ 175,000	C				
2	Navarre Rd	CCRT 2006145	Haverhill Rd east to dead end	Paving & Drainage	\$ 65,000	D	\$ 79,500	C		
3	Sylvan Ln	CCRT 2000134	Melaleuca Ln north to end	Paving & Drainage	\$ 65,000	C				
3	Riggers Road	2005131	Gondolier Way north to end	Paving & Drainage	\$ 500,000	C				
3	Boston Court	2004133	Boston Dr east to dead end	Paving & Drainage	\$ 50,000	D	\$ 371,000	C		
3	Michlar Dr. , Tamis Tr. , & 105th	2002136	Seminole Ranches	Paving & Drainage					\$ 1,736,280	C
3	Seagrape Road	2002129	Florida Dr west to dead end		\$ 50,000	D	\$ 185,500	C		
6	60th St Bridge over M Canal	2004132	M-Canal Bridge	Bridge	\$ 222,600	D		\$ 2,226,000	C	
6	Dillman Rd	98130	Ranch Rd west to end	Paving & Drainage	\$ 1,000,000	C				
6	Southern & Pines (Royal Palm)	CCRT 2002135	SR-80 north to Wallis Rd CCRT Funded - No Assessments or MSTU funds for Construction	CCRT Paving & Drainage						
2	Ohio & Canton Rd	CCRT CCRT	Haverhill Rd east to end	Paving & Drainage					\$ 54,774	D \$ 547,738 C
6	El Paso & Yearling Drive	2003135	Fargo Ave to Blanchette Tr	Paving & Drainage	\$ 3,000,000	C				
6	Pinto & Rodeo Road	2005129	Pinto from Frontier to Blanchette Rodeo from Fargo to Blanchette	Paving & Drainage	\$ 3,000,000	C				
PROJECT COST					\$ 9,462,600		\$ 901,000	\$ 2,226,000	\$ 1,791,054	\$ 547,738
FUNDS AVAILABLE					\$ 10,207,841		\$ 2,431,241	\$ 2,910,741	\$ 2,035,241	\$ 1,244,187
FUNDING SUMMARY										
NEW REVENUE					\$ 5,034,412		\$ 1,686,000	\$ 1,380,500	\$ 1,350,500	\$ 1,000,000
BALANCE FORWARDED or RESERVES					\$ 5,173,429		\$ 745,241	\$ 1,530,241	\$ 684,741	\$ 244,187
FUNDS AVAILABLE					\$ 10,207,841		\$ 2,431,241	\$ 2,910,741	\$ 2,035,241	\$ 1,244,187
TOTAL PROJECT COST					\$ 9,462,600		\$ 901,000	\$ 2,226,000	\$ 1,791,054	\$ 547,738
RESERVE (TO BE CARRIED FORWARD)					\$ 745,241		\$ 1,530,241	\$ 684,741	\$ 244,187	\$ 696,449

CCRT=FUNDING THROUGH COUNTY COMMUNITY REVITALIZATION TEAM

NOTE: D=Design; R=RW Acquisition; C=Construction

NOTE: CCRT Projects amounts do NOT include CCRT Contributions required to fund the project

M S T U P R O G R A M - P R O P O S E D P R O J E C T S

COMM DIST	PROJECT	LIMITS	DESCRIPTION	LENGTH	PETITIONS RECEIVED	TOTAL PRICE
6	El Paso Dr & Pancho Way	Blanchette east to end	Paving & Drainage	4,140	3/26/04	\$ 1,700,000
3	Coconut Rd	Lake Worth Rd south to end	Paving & Drainage	2,550	6/18/04	\$ 1,100,000
6	1st, 2nd 3rd St, Sunbeam Ave, Wallis Rd & Bischoff Rd	CCRT North of Southern East of Jog	Paving & Drainage	8,100	1/31/05	\$ 3,500,000
3	West Boynton Estates	North of Old Boynton West of Boynton Beach Mall	Water System	16,960	6/7/05	\$ 3,000,000
2	Whipering Pines & Miss Piney Rds	CCRT Military Trail to 4th St	Paving & Drainage	3,900	6/9/05	\$ 1,750,000
1	Coco Plumossus Rd	Penncock Poiint Rd north to Orange Rd	Paving & Drainage	700	7/6/05	\$ 315,000
1	93 Ln North (Johnston Rd)	Rone Ln east to end	Paving & Drainage	600	8/31/05	\$ 260,000
3	A Street	CCRT Kirk Rd east to end	Paving & Drainage	450	9/7/05	\$ 185,000
1	Sun Court	CCRT 91st St north to end	Paving & Drainage	1,900	9/26/05	\$ 775,500
2	Broadway Street	CCRT West of Military Trail	Paving & Drainage	590	9/26/05	\$ 265,000
1	Len Drive	Ellison Wilson Rd, east to end	P&D Plus Water System	1,070	10/19/05	\$ 750,000
6	Wilson Road	East end of Pavement, east to 66th Terr	Paving & Drainage	1,300	6/16/06	\$ 550,000
3	Patio Ct.		Paving & Drainage	1,250	12/17/06	\$ 560,000
TOTAL						\$ 14,710,500

NOTE: D=Design; R=R/W Acquisition; C=Construction

NOTE: Projects listed show full cost for the project without contributions from CCRT

CURRENT METHOD

- A. Projects costs are totaled up
- B. The Front Footages are determined and totaled
- C. Property Owner costs is set at \$25 per Front Foot
- D. Property Owner total costs are calculated by multiplying B and C above
- E. MSTU Program matches Property Owner total $E = D$
- F. E and D are subtracted from Total Costs (A) leaving the Project Costs not funded
- G. OCR funds are used to cover Unfunded Project Costs = F
- H. $A = D + E + G$

An example of this is provided below for a recent MSTU Project, Sutton Terrace
Sutton Terrace Total Project Costs were \$334,212.50 and there 2,254 Front Feet for along the project.

A. Projects costs	\$ 334,323.50	
B. Total Front Footages	2,254	LF
C. Property Owner costs is set at \$25 per Front Foot	25.00	
D. Property Owner total costs are	\$ 56,350.00	
E. MSTU Program matches Property Owner total $E = D$	\$ 56,350.00	
F. $\$334,323.50 - 56,350 - 56,350 =$	\$ 221,623.50	
G. OCR funds = F	\$ 221,623.50	
Total Costs Paid by Property Owners	\$ 56,350.00	
Total Costs Paid by MSTU Program	\$ 56,350.00	
Total Costs Paid by OCR	\$ 221,623.50	

ATTACHMENT 3

PROPOSED METHOD

- A. Projects costs are totaled up
- B. The Front Footages are determined and totaled
- C. MSTU & Property Owner costs each pay 50% of total cost
- D. Property Owner Front Footage Costs are calculated property owner costs divided by Front Footage
- E. Property Owner costs set at \$25 / FF with OCR paying difference
- F. OCR pays everything over \$25 / FF and costs D - E
- G. OCR funds are totaled = F * B
- H. $A = C + G + (B * E)$

An example of this is provided below for a recent MSTU Project, Sutton Terrace
 Sutton Terrace Total Project Costs were \$334,212.50 and there 2,254 Front Feet for along the project.

A. Projects costs	\$ 334,323.50	
B. The Front Footages (FF) are totaled	2,254	LF
C. MSTU & Property Owner costs	\$ 167,161.75	
D. Property Owner total costs are Cost / FF	\$ 74.16 / FF	
E. Property Owner costs set at \$25 / FF	\$25.00 / FF	
F. OCR FF Costs = D - E	\$ 49.16 / FF	
G. OCR funds are totaled = F * B	\$ 110,811.75	
Total Costs Paid by Property Owners	\$ 56,350.00	
Total Costs Paid by MSTU Program	\$ 167,161.75	
Total Costs Paid by OCR	\$ 110,811.75	

The Proposed method reduces OCR funding Budget obligations. In this case the reduction is from \$ 221,623.50 to \$ 110,811.75, which is a reduction of 110,811.75 or one-half (1/2) or 50%.

Since OCR's Annual Budget is currently \$3,000,000 Total to cover grants, MSTU Projects, Water Improvements projects, Parks, Street Lighting and other items to assist the areas with the lowest quality of life standards, this option will increase OCR's available funds for other purposes to improve the quality of life for the CCRT Residents.

ATTACHMENT 3