



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures	-0-	-0-	-0-	-0-	-0-
Operating Costs	-0-	-0-	-0-	-0-	-0-
External Revenues	-0-	-0-	-0-	-0-	-0-
Program Income (County)	-0-	-0-	-0-	-0-	-0-
In-Kind Match (County)	-0-	-0-	-0-	-0-	-0-
NET FISCAL IMPACT	-0-	-0-	-0-	-0-	-0-
# ADDITIONAL FTE	-0-	-0-	-0-	-0-	-0-
POSITIONS (CUMULATIVE)	-0-	-0-	-0-	-0-	-0-

Is Item Included in Current Budget? Yes  No

**Budget Account No.:**

Fund    Agency    Organization    Object    Amount


**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

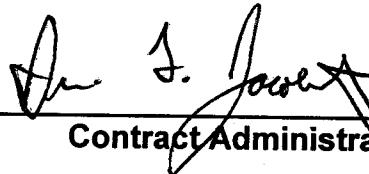
This item has no fiscal impact.

**C. Departmental Fiscal Review:** \_\_\_\_\_

**III. REVIEW COMMENTS**

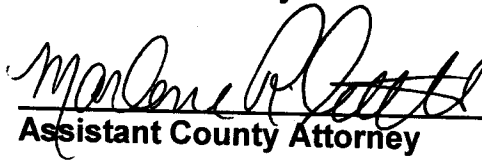
**A. OFMB Fiscal and/or Contract Administration Comments:**

 4-6-09  
 OFMB

 4/6/09  
 Contract Administration

*Handwritten notes:* 4/2/09, CN 4/3/09, 5/2/09, 4/2/09

**B. Legal Sufficiency:**

 4/6/09  
 Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

This summary is not to be used as a basis for payment.

Background and Justification (cont.):

## **Background and Justification (cont.):**

The Palm Beach Ranchette community consists of approximately 425 lots, with the majority being one acre in size. This makes the community similar in character to the Acreage and Jupiter Farms. The community developed with unpaved roads and no water or sewer. Horses were common as were other uses and activities (detached horse barns/garages/storage sheds, ATV's, no homeowners association, etc.). In the late 1980's the residents requested the County use the Program to pave the two main access roads into and through the community (Palomino Drive and Blanchette Trail). The County agreed and assessed all property owners in the community for 50% of the paving costs. 80% of the project costs assigned to the residents was borne by all properties and the remaining 20% was assessed, in addition to the first assessment, to the properties fronting the two roads. This was followed in 2005 by the installation of water throughout the community and each property owner was assessed their portion of 100% of the cost to install the water. Roads not maintained by the County (including all in this Board item) are maintained on an as needed basis by neighborhood residents.

The County received multiple requests in the 2000-2004 timeframe from Ranchette residents interested in having roads in front of their homes paved. This was a somewhat contentious issue, pitting equestrian interests and those who wanted the roads to stay unpaved against those who wanted a particular street paved. We sent out petitions to interested individuals who took the initiative to talk to their neighbors along a given road segment and obtain signatures in favor of paving. We first received and approved petitions from more than 51% of the residents along Pinion (Fargo – Blanchette) in 1996 and placed it into the MSTU program. The road was paved in 2002. Additional petitions were received from residents along Yearling (2003), Rodeo (2004), Pinto (2004-5) and El Paso (Fargo – Blanchette) (2002) and from residents along El Paso/ Pancho/Pinto east of Blanchette (2004-5). While petitions were circulated in 2004 for Arrowhead, they never achieved 51% support for the paving. At no time did the County issue or receive petitions from Fargo residents. We did not look to include those roads (Arrowhead and Fargo) in potential paving projects in the neighborhood as is consistent with our ordinance and past practices.

## **MSTU PROGRAM**

In December 2006, the Board gave direction to staff not to issue additional petitions for MSTU projects countywide, and to "re-petition" 16 projects that had completed the petitioning process. This was necessary because projects were costing 75-100% higher than estimates from a few years earlier and the Program needed \$7-10m to be able to complete every project that had petitioned the County. Neighborhoods were complaining of the unexpected higher costs and, in one case, a neighborhood insisted that the project be canceled to avoid the higher assessment. Staff did the re-petitioning and only six projects received support for the higher assessments. Two of the projects supporting higher assessments involved roads in the Ranchettes – Yearling, Rodeo, Pinto and El Paso. The other Ranchette project, El Paso/Pancho did not support the higher assessment.

With the result of the re-petitioning in hand, design was completed on the four roads and a bid was awarded. That paving work is just being completed.

**Even with the elimination of the 10 projects, the MSTU Program is not projected to have enough funds to complete all the remaining projects in the next five years.** Staff is recommending that a \$2m West Palm Beach "M" canal bridge project be shifted out of the Program in an effort to create a balanced program.

As a reminder, in December 2008, the MSTU ordinance was changed to have future MSTU road projects assessed at 100%, instead of providing the 50% County contribution that has been in effect for past projects. All existing projects remaining in the program have active, approved petitions that were received prior to the ordinance change. They will be assessed under the historic 50/50 split when it comes time to do the project. No new petitions have been distributed with the 100% assessment.

### El Paso (east of Blanchette) and Pancho

Residents along El Paso, Pancho and Pinto, east of Blanchette, expressed an interest in getting their roads paved in 2004. We provided petitions (with estimated assessment levels) to one of the neighbors which were to be circulated requesting that each property owner sign to indicate support for the project. We did not receive the required 51% approval for the three roads when the petitions were submitted in early 2004. Subsequently in 2005, discussions were held and it was decided that we could potentially consider a two road project (El Paso and Pancho) since 8 of the 14 residents on those roads had agreed to be assessed in the 2004 petition. However, by that point the Program showed a significant deficit and the roads were never accepted for County maintenance nor included in the Program.

As part of the countywide re-petitioning process in 2007, these residents were sent new petitions showing the expected higher future assessment. They were asked to show support for a paving project at the higher expected assessment amount. The new estimate was \$20,000 per household vs \$7000 from the previously executed petitions. No new petitions were returned showing support for the project at the higher assessment amount. With that, these two roads, along with nine other projects in the county, were removed from consideration for a future MSTU project.

We have heard from residents along these two roads who believe that they are now subjected to increased use of their unpaved road by ATV users who have shifted from the recently paved roads onto their road. They also believe that their road project should be funded ahead of Fargo, as Fargo has never had petitions requesting paving and has not completed the petitioning process showing at least 51% of the residents support a specific projected assessment level.

They also believe that they were treated incorrectly when the County established the expected assessment at \$20,000 per lot as part of the re-petitioning process. They believe if the amount had been lower, similar to the amount sent to their neighbors to the west (\$16,000), that a majority of the residents would have given a positive response. Staff has explained that the difference is primarily due to the economy of scale of the projects – 168 homeowners were part of the project to the west. For this much smaller project only 14 homeowners were to be assessed. The projects to the west had already started design and there were few, if any, unknowns – thus a more accurate cost estimate was possible. The El Paso/Pancho project was not designed, and it was believed that with other projects ahead of it in the program, that it would be years before construction would be able to proceed and the cost estimate was based on construction out 4+ years.

Staff believes that the cost to pave El Paso and Pancho, with associated drainage and guardrail additions will be approximately \$400,000. There are only 14 homes along these streets (nine on El Paso and five on Pancho) and if 100% of the costs are assessed, each homeowner will be responsible for approximately \$29,000. The majority of the project will be paving adjacent to a canal, and homes are only on the north side of El Paso. Residents assert that the county has historically paid for the canal side of a MSTU project, and that this cost sharing should apply in this situation. That approach would effectively have 23 "lots" assessed (nine would be "County"), with each homeowner assessed approximately \$17,500. The County would be responsible for \$160,000 under this cost sharing approach.

### Arrowhead Drive (Fargo – Blanchette)

This section was issued petitions in 2004, but the residents never showed that 51% might be interested in a paving project. However, with the recent paving of the four roads to the south, the Arrowhead residents have contacted Commissioner Santamaria's office and given him petitions from over 70% of the residents along Arrowhead indicating support for having their road paved. However, the petitions did not indicate how much the residents would be willing to contribute and no county petitions with any cost estimates have been sent out, as per our current practice.

This road also is adjacent to a canal, and if petitions are authorized now or in the future, guidance is requested as to how to assess the residents. This one mile long segment is expected to cost approximately \$800,000. With either 23 or 24 residents to be 100% assessed, the cost to each would be approximately \$35,000 (typically, the resident living on the corner of Arrowhead and Fargo would only be assessed for one road – and both roads are before the Board today for consideration. The Board should decide if the property owner should pay for a share of Arrowhead, Fargo, or both). If the county were to participate, as they have in past, the cost to the County would be \$400,000 and each resident's assessment would approximately \$17,500.

### Fargo Avenue

In 2008, when the County was ready to move forward with the paving project involving the four east/west roads, the Board was asked if Fargo could be added to the project. The Board responded negatively since no new projects were being accepted into the program and it would significantly delay the bidding of the project since no engineer had been selected and the design and permitting were expected to take 9-12 months (given the history of the other roads in the neighborhood). Subsequently, the resident making the request, Mr. Schaller, requested that the Board consider amending the ordinance to collect 100% of the cost from residents assessed for a MSTU project, with the hope that it would make funding the Fargo paving easier since there would be no county dollars in the project when it was completed. Staff already was considering the change and supported the request. The Board agreed to the change and directed staff to amend the ordinance to reflect the higher percentage for all future projects.

Staff was also asked in 2008 how much it would cost to construct Fargo in conjunction with the existing paving project. An estimate of approximately \$250-\$300,000 was given, which would have constructed Fargo from El Paso – Yearling, approximately 2/3 the length of Fargo. At no time did the Board discuss where the up-front monies to potentially pave the road would come from. The Board also never discussed who should be assessed for the paving of Fargo.

The current estimate is \$210,000 – which will pay for paving Fargo from El Paso – Yearling (1600'). A longer project, El Paso – Arrowhead (2600') would be expected to cost approximately \$375,000.

Fargo assessment issues –

**Limits** – Should the road be paved from El Paso – Yearling (the limits of the current job), or from El Paso to Arrowhead? Staff recommends (El Paso – Yearling) as the appropriate section.

**Benefited area** – Residents with their primary access onto Palomino cannot be assessed. Fargo residents should be assessed for the paving, but they did not participate in the original four road 50% assessment project (resulting in assessments of approximately \$7500). With this now being a 100% assessment project, staff recommends an assessment of \$15,000 per lot, which would be assessed to eight benefitting properties. Drainage improvements in the Fargo right way should have been included in the current Ranchette project to address the water flowing from the east/west roads into Fargo. Those improvements are required and will be installed. Funding exists in the current Ranchette assessment to pay for these drainage modifications without increasing the current assessment. In total, these funds will be sufficient to construct Fargo.

Discussion: Of the three roads discussed, Fargo Avenue would have the least long term impact on the County budget. The assessments could be expected to cover 100% of the costs. Only the provision of up-front funding would be the responsibility of the County. Neither of the other two projects seem financially feasible without a significant contribution by the County. Both could require an approximately 50% County contribution (with the roads having residents only on one side), which could total approximately \$560,000. Given the other capital and operating needs of the County, staff would not recommend that the County contribute to these two projects at this time.

Staff has discussed if the County could potentially borrow money to do MSTU projects that will be 100% repaid by residents, including interest on the borrowed monies. The Office of Financial Management and Budget (OFMB) has determined that it may be feasible for the County to pursue various funding options for the MSTU program, depending on the amount needed at a particular time. Staff recommends that the Board wait until the budget process this summer to address opening up the MSTU program to new projects.

**Direction:**

- 1) Should the MSTU process be reopened to allow consideration for 100% resident funded projects? **Staff** – Wait until the summer budget process.
- 2) Should Fargo be given consideration given how it is physically situated in the Ranchette community and the ability to use existing monies from current assessments on the ultimate improvements in the right of way? **Staff** – Yes, limit the project to (El Paso – Yearling) and direct staff to petition the eight affected Fargo residents at the \$15,000 threshold and find the monies to do the project if more than 50% support the petition. We will also use available assessment monies to address drainage issues on Fargo associated with the current project.
- 3) Should the County contribute to an MSTU project where residents are only on one side of the street? **Staff** – No, given the current financial situation. However, it can be discussed at any time in the future.
- 4) If the MSTU program is “reopened”, should the County offer the ten projects previously re-petitioned the first opportunity to participate? **Staff** – Yes, but only if the projected cost for a 100% resident project is expected to be less than the amount they previously rejected in the 2007 re-petitioning process.

