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# Press Release

For Immediate Release

## Chamber Alliance Recommends Comprehensive Approach to Transportation Funding

**(August 16, 2007)** The Chamber Alliance of Lake County, representing the eight Chambers of Commerce and the 3,500 businesses that are members of these chambers, has attempted to objectively review Lake County's Transportation Impact Fee Study and the various studies from outside business groups to formulate an opinion about the proposed impact fees. Based on our review of the study and associated reports, The Chamber Alliance is recommending that the County Commission take the following actions:

- 1. Delay implementation of transportation impact fees until specific data used in the report is adequately explained or modified in order to provide public confidence that the fees are based on a sound and accurate study.**
- 2. If upon the revision of the study an increase is still warranted that exceeds a 20% increase, phase in the increase and provide adequate lead time for those construction projects that have already been planned and funded based on current impact fees.**
- 3. Prior to the adoption of new transportation impact fees, the economic development visioning process that the County is starting should be used to define strategies to ensure that the transportation impact fee does not adversely impact incumbent businesses and the industries the County seeks to attract.**
- 4. Establish a Blue Ribbon Panel to design long term transportation funding strategies, including new revenue sources, and recommendations that equitably distribute cost and appropriately fund transportation maintenance and new construction. This panel should develop recommendations in six to nine months.**

According to Robert Johnson, President of the Alliance, “Our recommendations are designed to ensure that transportation funding is based on sound principals and do not adversely impact the local economy.

## Impact Fee Study Overview

The County is proposing that Transportation Impact Fees increase in some cases over 500%. According to the County’s consultant these fees are necessary due to the cost of current road construction and length of travel that occurs per vehicle trip in Lake County. While the Chamber Alliance agrees that roadway construction cost has increased since the last impact fee study was

Land Use	Lake Current	Lake County Proposed	% Increase
Bank	\$12,207	\$65,620	538%
Medical Office	\$6,717	\$36,282	540%
Restaurant	\$11,422	\$58,516	512%
Supermarket	\$4,952	\$24,486	494%
Retail	\$2,816	\$19,133	679%
Fast Food Restaurant	\$17,706	\$147,231	832%
Office	\$4,452	\$15,431	347%
Day Care	\$4,507	\$22,090	490%
Hospital	\$2,444	\$12,641	517%
Church	\$1,322	\$6,561	496%
Industrial Park- Light	\$2,157	\$11,137	516%
Manufacturing	\$1,182	\$6,107	517%
Warehousing	\$1,535	\$7,931	517%
Single Family	\$2,189	\$11,396	521%
Apartment	\$1,408	\$5,229	371%
<b>Average Increase</b>			<b>526%</b>

conducted, there are certain elements and data in the Impact Fee Study that have caused the Chamber Alliance to question basic assumptions used to create the study, including:

1. Trip Length. The County’s consultant estimated that the average trip length in Lake County is 28% longer than other area counties. The average trip

Area County Trip Length

County	Population per sq. mile (Density)	Average Trip Length (Model)
Volusia	447.3	9.42
Sumter	135.7	9.7
Flagler	162.1	10.13
Marion	334.6	10.78
Lake	276.0	13.90

Source: Tindale-Oliver & Associates (County’s Impact Fee Consultant).

length variation is only around 10% for the surrounding counties, many of which

have waterways and lakes. The modeling that was used in Lake County by the consultant has a limited number of sample trips (12 residential and 5 commercial) to determine average trip lengths for both commercial and residential vehicle trips. It appears the trip locations used in this study were not random, not representative of the trips the population takes in the County, and overall were not adequate to come to this conclusion. New, more appropriate and random local trips should be utilized.

2. **Roadway Costs.** According to the County’s impact fee consultant, surrounding counties can build their roads for up to \$1.5 million per lane mile less than in Lake County. The County’s impact fee study indicates that the proposed impact fee is based on roadway construction cost of \$4.2 million per lane mile, which is based on a blended, average cost to construct both County and State roads throughout the State of Florida. The study identified two local Lake County road project costs that were close to the average statewide roadway construction costs to demonstrate local road costs (average County costs \$3.7 million). The two roadways were not your typical roadway project. One was only a ¼ mile connector to Hwy 50 and the other was CR 466A in The Villages area. The County’s consultant also presented a list of other counties in the area and their associated roadway construction, but these area counties have a lower average cost per lane mile than the State average (\$5.3 million) or for the two roads that were used for Lake County (see chart below). It does not seem reasonable that the Impact Fee Study use State-wide average costs when local area County road construction costs are up to \$1.5 million lower per lane mile. Additionally, using only two roads in Lake County is not an adequate sample to justify using state-wide construction costs for future roadway costs funded through impact fees.

**Area County Average Roadway Cost**

County	Number of Roads Used in Study	Average Cost per Lane Mile
Lake	2*	\$3,789,275
Polk	6	\$2,311,654
Pasco	1	\$3,079,051
Osceola	10*	\$3,231,866
Volusia	15*	\$2,564,932
Hernando	3*	\$2,263,912

Source: Tindale-Oliver & Associates (County’s Impact Fee Consultant).

\* Road projects include future improvement estimates.

3. **Fairness.** The primary concern with any tax or fee is whether all parties are being treated fairly. There is an element of the study that does not appear to meet this test. The study required that impact fees cover the full cost associated with upgrading two lane roads to four lanes even if the existing road is deficient and in need of maintenance. Often two lane roads that are being widened are older and substandard. As a result of the addition of two lanes, the original two lanes are updated to meet modern standard and often rebuilt extending the life of the original two lanes by another 25 years. The County’s Impact Fee Study proposes that the upgrading of existing lanes be paid with impact fees. Growth and new development should not be charged for the repair and modernization of existing roadways as new development is not responsible for maintenance or replacement costs through impact fees.

## Economic Impact

The Chamber Alliance has considered the economic impact that would be caused by the adoption of the impact fee schedule. The following are concerns that we have with the fees as proposed:

1. **Community Attractiveness.** The County’s own Industrial Development Authority has expressed serious concern that the proposed impact fees will have a significant detrimental effect on the ability of the County to attract quality businesses to the County. Additionally, there are major industrial projects that are currently considering locating in Lake County that have already expressed their inability to do so if the impact fees are increased beyond that of surrounding counties.

### Comparison of Area Transportation Impact Fees

Land Use	Lake Current	Lake County Proposed	Sumter County	Marion County	Volusia County
Bank	\$12,207	<b>\$65,620</b>	\$35,250	\$23,168	\$10,960
Medical Office	\$6,717	<b>\$36,282</b>	\$8,770	\$17,847	\$5,560
Restaurant	\$11,422	<b>\$58,516</b>	\$19,550	\$27,807	\$10,590
Supermarket	\$4,952	<b>\$24,486</b>	\$17,650	\$11,795	\$6,800
Retail	\$2,816	<b>\$19,133</b>	\$7,650	\$8,596	\$5,350
Fast Food Restaurant	\$17,706	<b>\$147,231</b>	\$66,930	\$67,920	\$23,010
Office	\$4,452	<b>\$15,431</b>	\$2,670	\$8,883	\$4,320
Day Care	\$4,507	<b>\$22,090</b>	\$16,040	\$11,332	\$4,390
Hospital	\$2,444	<b>\$12,641</b>	\$3,790	\$8,758	\$2,490
Church	\$1,322	<b>\$6,561</b>	\$2,210	\$3,205	\$1,210
Industrial Park- Light	\$2,157	<b>\$11,137</b>	\$1,690	\$3,294	\$1,220
Manufacturing	\$1,182	<b>\$6,107</b>	\$930	\$1,804	\$680
Warehousing	\$1,535	<b>\$7,931</b>	\$1,200	\$2,349	\$860
Single Family	\$2,189	<b>\$11,396</b>	\$2,582	\$5,462	\$2,173
Apartment	\$1,408	<b>\$5,229</b>	\$1,813	\$3,047	\$1,506

2. **Financial Impact.** Dr. Hank Fishkind, a renowned economist, commissioned by the Business Council of 100, studied the economic impact of the transportation impact fees and found that the proposed fee would actually drive business away from the County and actually lower the fees being collected. His study found that the proposed fees would have a negative impact on the amount of commercial and industrial development in the County. He estimated that commercial development would decline by 588,279 square feet in 2008 as a direct result of the proposed fees and that the actual combined impact fee and ad valorem revenues would be reduced over 20 years by \$6.7 million. Additionally, the Fishkind study determined that due to the reduction in local development, 960 jobs will be lost along with \$77 million annually in the local economy.

3. **Existing Business Impact.** There are many businesses in Lake County that have expressed to the local Chambers of Commerce their own story on how the impact fees will negatively affect their business. In their own words local citizens and business people have identified how they believe the fees will impact them and their industry:

#### **Medical Industry**

According to Louis H. Bremer, Jr., President & Chief Executive Officer, Leesburg Regional Medical Center & The Villages Regional Hospital , “The proposed increase in transportation impact fees related to hospitals and medical office/clinic buildings would have a very negative effect upon access to healthcare services in Lake County. It is already difficult to recruit providers to Florida and to Lake County for a number of reasons. One of those reasons is that a large percentage of the residents are on Medicare and that equates to lower reimbursement for the healthcare providers. The proposed increases would make Lake County even more economically unattractive to healthcare providers. There is already a significant shortage of physicians and other healthcare providers in Lake County and the last thing we need to do is to give potential healthcare providers another reason not to come to here.”

## **Retail and Service**

**Dan Gorden, General Manager of Hawthorne, a senior housing development, states, “Transportation impact fees, at the level proposed by Lake County, will destroy future commercial development and cripple an already weak economy in Lake County. Senior citizens in Lake County require the products and services offered by commercial businesses without having to drive many miles to obtain these products and services.”**

## **Workforce Housing**

**“There is already a struggle in this arena”, states Kelly Pisciotta, Development/Public Relations Director, Habitat for Humanity. “With the proposed increase it will be nearly impossible for our County’s work force. We realize that not everyone can afford new construction, however when construction costs go up it moves the entire market up, meaning families cannot afford pre existing homes either. This is more than a housing issue, this is also an economic issue. If families cannot afford to live in our county, they are going to find employment where they can afford to live.”**

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