Board of County Commissioners
Leon County, Florida

Workshop on

Transportation CIP and Orange Avenue

2:30 p.m. - 4:00 p.m.
November 30, 2004

Commission Chambers

Leon County Courthouse 5th Floor

Board of County Commissioners
Workshop

Date of Meeting: November 30, 2004

Date Submitted: November 24, 2004

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator
Tony Park, P.E., Public Works Director

Subject: Workshop on the Transportation CIP and Orange Avenue

Statement of Issue:
This workshop seeks Board direction regarding the continued development of the Orange Avenue CIP and other projects in the County Transportation CIP in light of increased costs for acquisition of right-of-way (ROW) and construction materials and to recognize the $1.24M shortfall in collection of local option sales taxes.

Background:
On September 23, 2004 Leon County opened bids for the Orange Avenue Project, anticipating bids in the approximate range of $20M. At that time it was expected that the project would require additional funding due to right-of-way acquisition costs exceeding earlier estimates. The lowest and best bid received was in the amount of $27.5M (of which $1.5M is to be paid by the City of Tallahassee for utility work) which exceeded the bid estimate by $7.5M. In analyzing these bids, staff found that the cost overruns were associated with concrete structures, earthwork and mobilization/construction preparation items which are documented later in this workshop. The bid along with the remaining projected costs for right-of-way settlements and construction engineering and inspection costs results in a total project funding shortage of $12.1M.

Staff has reviewed the status of the major transportation projects in the County's Capital Improvements Program which include Buck Lake Road, Orange Avenue, Tharpe Street, Lafayette Street and the Mahan Road Phase II Advance Funding. Staff findings are that all projects are being impacted by the cost of right-of-way acquisition to a significant degree, both in cost and scheduling. This workshop will present updated cost projections and the status of these projects for Board reference in this regard.

On October 7, 2004, the Office of Management and Budget notified the Board that the Department of Revenue had over-estimated prior year local option sales tax distributions to the County by approximately $1.24M. These funds were withheld from subsequent distributions thereby reducing the amount of funds the County had anticipated collecting and which had previously been programmed to the CIP. This issue should be considered in conjunction with the project issues.

Analysis:

Buck Lake Road

The following table reflects a current budget shortfall of $2.8M, the majority of which is associated with ROW cost escalation.

Table 1

	Expense to Date	Cost to Complete	Present Budget	Shortfall
Current Cost	$2.0M	$9.8M	$7.0M	$2.8M

The PD&E Study estimated $0.8M for ROW costs, and the projected costs are $4.5M. This figure does not include those parcels to be acquired from Fallschase due to the uncertainty of the cost and timing of those acquisitions. Those costs have been projected to have a value (based on different sources) ranging from $1M to $12M. Staff currently has the project engineer re-designing the project in two phases to allow construction of the portion requiring Fallschase property to be accomplished at a later date.

The PD&E study resulted in a directive to design staff that the right-of-way acquisitions were to be limited to 4.5 feet on each side of the right-of-way, a rather severe limitation for a project of this magnitude. To accommodate this restriction, it was necessary to design a portion of the project using a curb and gutter / underground drainage system instead of the conventional open swale drainage system. Those additional construction costs are considered to be ROW costs for this analysis.

The project has experienced many delays since 1995, including design changes for removal of the originally proposed roundabout at Pedrick Road and a project redesign to provide for curb and gutter design where ROW was insufficient. Right-of-way acquisition was initiated in May, 2002 but has been hampered by a need to wait for the new County Policy for Real Estate Acquisition to be developed and implemented and also by new policies and procedures regarding Sunshine Law implementation. At the present time, approximately 14% of the parcels needed have been acquired and it is expected that these acquisitions will be completed within 9 to 12 months.

Orange Avenue

The following table reflects a current budget shortfall of $12.1M, which is associated with ROW cost and construction cost escalation.

Table 2

	Expense to Date	Cost to Complete	Present Budget	Shortfall
Current Cost	$9.1M	$28.7M	$16.6M	$12.1M

The PD&E Study estimated $0.9M for ROW costs, and the projected costs are $7.6M. The PD&E right-of-way cost projection was based upon right-of-way takings intended to minimize impacts to the existing residences and businesses located along the project corridor. At the conclusion of the PD&E study however, FEMA issued a new and revised flood map for the area based on an entirely new study. This significantly impacted many of the design concepts used for the PD&E study, particularly requiring that large segments of the road be raised from 2 to 4 feet above existing grade. This factor contributed greatly to the need for more ROW than originally assumed. Due to the commercial nature of many of the takings, business damages were also quite significant. In an effort to minimize ROW takings, the project design provides for walls and other features that add construction cost. ROW acquisition commenced in March, 2001 and is essentially complete at this time with a few parcel values being established in court.

This project provides for the enclosure of a significant segment of the East Branch Ditch. This enclosure is being accomplished using a double run of 6' by 14' box culvert. In many areas, the road is being built over the culvert. The large amount of concrete and steel exposed the project to the shortages now being experienced in the construction industry and has therefore contributed significantly to the construction costs exceeding our estimates.

We are also advised by the bidders on this project that fluctuating materials prices are a continuing concern. In light of the fact that the Orange Avenue project will span almost three years, they have all built significant contingencies into their bids to allow for price increases over that time period.

Tharpe Street

The following table reflects a current budget shortfall of $6.1M, the majority of which is associated with ROW cost escalation.

Table 3

Estimated Project Cost	Present Budget	Shortfall
$31.0M	$24.9M	$6.1M

The PD&E Study estimates the ROW costs to be $14.5M. The figure does not include those parcels to be acquired for stormwater facilities. The Tharpe Street project PD&E study has been one of the most exhaustive and in depth studies conducted by Leon County to date. The scope of the study has exceeded that of customary PD&E's to the extent that ROW needs have been evaluated intensively and staff has actually met with property owners in an effort to mitigate ROW needs through project design. In spite of these efforts, the project is realizing the impacts of ROW costs that are occurring on other projects in Florida and in our vicinity – that ROW costs are nearly equal to the actual cost of design and construction.

Lafayette Street

In the following table, the current projections of cost for budget purposes are summarized.

Table 4

Estimated Project Cost	Present Budget	Shortfall
$4.5M	$4.5M	TBD

There have been no development activities for this project since it was entered into the budget based on preliminary cost estimates. ROW will be needed for intersection improvements and will most certainly be needed for stormwater treatment facilities. Experience to date has shown that property for stormwater facilities developed areas such as this will be at premium costs. These properties will not be conveniently located for project needs, requiring additional ROW to convey stormwater from the project to the treatment location. The recent ROW acquisition for a stormwater facility for the Old St. Augustine / Blairstone intersection alone cost approximately $0.5M. It is to be expected that further development of this project will realize a need for significant additional funding.

Mahan Road Phase II Advance Funding

The following table reflects a current budget shortfall of $3.5M, the majority of which is associated with construction cost escalation.

Table 5

	Expense to Date	Cost to Complete	Present Budget	Shortfall
FDOT	$7.0M	$16.5M	$13M	$3.5M

Leon County has previously advance funded the acquisition of ROW for this project ($7.0M), and all ROW has been acquired. At the present time, FDOT has declared that they will not consider advance funding of this project until the year 2016. In the meantime, FDOT is setting aside funding for the project in its annual budget and now has a little more than $6M in this account. If FDOT continues to set aside approximately $3M per year as they have for the past two years, the project will reach full funding level in 2 to 3 years which is sooner than the County's current budget projects making the advance funding available.

Summary

The issue currently before the Board is consideration of the budget shortfalls associated with the County's major transportation projects. The issue is summarized in the following table and staff has prepared several optional actions that can be taken at this time to address this issue.

Table 6

Project	Cost to Complete	Available Budget	Budget Shortfall
Buck Lake Road	$9.8M	$7.0M	$2.8M
Orange Avenue	$28.7M	$16.6M	$12.1M
Tharpe Street	$31.0M	$24.9M	$6.1M
Lafayette Street	$4.5M	$4.5M	N/A
Mahan Phase II AF	$16.5M	$13M	$3.5M
Sales Tax Shortage	$1.24M	$0.0M	$1.24M
Totals	$91.74M	$66.0M	$25.74M

Options To be Considered

1. Terminate the Tharpe Street Project and reconsider in future budgets.

   Removal of the project from the County CIP will completely eliminate the budget shortfall of $6.1M associated with the project and make the budgeted funds of $24.9M available to cover the shortfalls of all other projects, leaving a surplus of $5.26M for future funding of the Tharpe Street project.

Table 7

Total Budget Shortfall	$25.74M
Terminate Tharpe Street	$31.0M
Net Surplus Funds	$5.26M

The Tharpe Street project is the largest single impact on the overall issue at hand and has the least demand for completion based on concurrency, development and citizen interest at this time. There is no doubt that future concurrency models will be calling for this project, but at the present time they do not. The County has expended almost $0.9M in project development to date.

2. Terminate the Orange Avenue Project and reconsider in future budgets.

   Removal of this project from the County CIP will eliminate the largest single budget shortfall of $12.1M and make the budgeted funds of $16.6M available to cover other shortfalls, leaving a surplus of $2.96M for the future funding of the Orange Avenue Project.

Table 8

Total Budget Shortfall	$25.74M
Terminate Orange Ave.	$28.7M
Net Surplus Funds	$2.96M

The Orange Avenue Project is included in the Southwood DRI as necessary for that project to meet concurrency and Leon County has agreed that it will construct the project. Termination of the project will probably result in stopping the Southwood development and possible actions against Leon County. There is also a large group of local residents who expect the project to be constructed. The County has expended almost $9.0M in project development to date.

3. Terminate the Lafayette Street and Mahan Phase II Advance Funding Projects and reconsider in future budgets and reduce the Buck Lake Road Project to intersection improvements only.

This action will eliminate shortfalls totaling $6.3M and make the budgeted funds of $22.5M available to cover other shortfalls leaving a surplus of $3.06M for future funding of these projects. The County has expended almost $2.0M in project development to date for these projects.

Table 9

Total Budget Shortfall	$25.74M
Less Shortfalls	-$6.3M
Plus Budgeted Funds	$22.5M
Net Surplus Funds	$3.06M

The Lafayette Street project, having not been initiated yet, will have little impact on concurrency or social issues if it is terminated for future budget consideration. The Mahan Phase II Advance Funding may not be necessary based on current FDOT activities and may not be possible based on current FDOT positions regarding advance funding. Elimination of the Buck Lake Road Project would have significant impacts on concurrency and social issues in that area. It is believed, however, that maintaining the proposed improvements at Pedrick Road and Mahan Drive will sufficiently mitigate both of those issues. These intersection improvements are expected to cost no more than $2M and allow the balance of the budgeted funds ($5M) to be used for other purposes.

4. Levy the five cent Local Option Fuel Tax.

As provided by F.S. 336.025, up to an additional 5-cent local option fuel tax may be levied upon every gallon of motor fuel sold in the County. The tax may be levied through an ordinance adopted by a majority plus one vote of the Board or by approval of referendum, and must not exceed 30 years. Monies received shall be solely used for transportation expenditures which include: the acquisition of rights-of-way, public transportation construction, reconstruction, operation, maintenance, and repair of transportation facilities, roads, bridges, bicycle paths, and pedestrian pathways. All rate changes of the tax must be levied before July 1 to be effective January 1 of the following year.

The additional 5 cent tax would generate an estimated $5.3 million annually. According to Florida Statutes, the proceeds of the additional gas tax must be shared between the County and the City. The allocation between the City and County can be accomplished through an interlocal agreement. The City and County have an existing interlocal agreement for purposes of sharing the 6 cent local option gas tax. The existing allocation is 46.67% County and 53.33% City. If there is not an interlocal agreement, the proceeds of the tax shall be distributed among the County and City of Tallahassee based on the transportation expenditures of each for the immediately preceding 5 fiscal years, as a proportion of the total expenditures for the County and City.

The City is currently preparing a comprehensive review and evaluation of the TalTran bus service. The City anticipates that there will be recommendations in the final report that will be beneficial to all citizens of the County. City staff anticipate that the report will also recommend that a portion of the 5 cent local option fuel tax be considered for funding of the TalTran service. The City anticipates this study being completed in the next several months.

For purposes of this workshop, it will be assumed that a 50%/50% allocation between the City and the County could be established via interlocal agreement. This allocates approximately $2.55 million annually for each entity. The County could utilize these additional revenues as a pledge towards a bond issue to cover the entire estimated shortfall of $25.74 million in the County's transportation five year CIP. Given current market conditions the bond would have a term of between 12 or 13 years. This would coincide with the expiration of the existing six (6) cent local option gas tax.

Options:

1. Terminate the Tharpe Street Project and reconsider in future budgets.

2. Terminate the Orange Avenue Project and reconsider in future budgets.

3. Terminate the Lafayette Street and Mahan Phase II Advance Funding Projects and reconsider in future budgets and reduce the Buck Lake Road Project to intersection improvements only.

4. Direct staff to develop a draft ordinance for the imposition of the 5 cent local option gas tax and negotiate an interlocal agreement with the City of Tallahassee for the sharing of the revenues.

5. Board Direction.

Recommendation:
Board Direction.

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