

Council Auditor's Office
JTA Interlocal Agreement & LOGT Reissue
Bill 2013-820

The bill before you would -

1. reissue the .06 Local Option Gas Tax (LOGT) for an additional 20 years and address its distribution,
2. approve a new Interlocal agreement with JTA amending the Better Jacksonville Transportation Plan,
3. approve a prioritized list of road projects to be completed by JTA with portion of LOGT,
4. disclose the City's intention to spend 1/5 of the portion of the City's share of the LOGT allocation on bicycle and pedestrian improvements, and
5. transfer operations of the Ferry to JTA.

Background

The current Interlocal agreement between the City and JTA was initially approved as part of the Better Jacksonville Plan (BJP). The BJP agreement addressed the construction of identified projects to be completed by the City and JTA using either paygo funds or bonding pledges and it addressed the continued funding of JTA's mass transportation program. The funding sources that provide revenue for the BJP program include the ½ cent Local Option Transportation Sales Tax (Sales Tax), the 6 cents Local Option Gas Tax (LOGT) and the 2 cents Constitution Gas Tax (CGT). The current agreement requires all three revenue funds to be deposited with a Fiscal Agent who then distributes the revenue according to the Interlocal agreement. A "Distribution Schedule" has been prepared and is attached highlighting how the revenue is currently required to be distributed.

After 30 years, the City's authorization to collect the LOGT is set to expire August 31, 2016. The BJP Interlocal agreement acknowledges this expiration date and states that "The parties agree to review the Excess Funds in 2015 to address future mass transit funding." Excess Funds was a term used to label an amount that was left over at the end of a year from the ½ Sales tax and CGT after certain expense calculations were made. As a result of the 2005-898-E amendment to the Interlocal agreement, the City allocated its portion of the Excess Funds to JTA, approximately \$32.9M. A total distribution of Excess Funds of \$65.8 M was made to JTA and appears as part of JTA's 2012/2013 total fund balance of \$106M.

This Bill

This bill proposes a change to the distribution of the three revenue sources as shown in the last column of "Distribution Schedule" and proceeds with the construction of various road/mobility projects. JTA and the City have performed a reevaluation of the remaining BJP projects. Based on that reevaluation JTA has produced a new priority project list. JTA proposes to pursue the completion of approximately \$100-120M in projects from that project list, initially using their available fund balance and then subsequently issuing bonds using their 5 cents share of the extended LOGT as a dedicated funding source. Based on LOGT revenue estimates JTA believes that this course of action will result in annual project debt service of approximately \$8.5M with the remaining amount available for bus subsidy. Last year LOGT collections were \$27,296,733.

The bill would also transfer the responsibility of the Ferry to JTA during the term of this agreement. If the JTA terminates Ferry service or returns the Ferry service to the City, the City would be entitled to a yearly payment of \$500,000 (with annual CPI adjustment). The proposed agreement does not address the role the Ferry Commission would have in the Ferry's continued operations.

Issues/Concerns/Proposed Amendments

1. Office of General Counsel proposes technical amendments in response to Bond Counsel's review and recommendation
 - a. Amend agreement to include OGC recommended amendments in regard to Bond Counsel suggestions.
2. Project scopes can be modified without Council agreement and approval.
 - a. Limit increases/decreases in project funding to 20% without additional action.
3. Proposed agreement does not address priority in which projects are to be accomplished.
 - a. State in agreement that projects are to be constructed according to attached prioritized list
4. The Transportation ½ Sales Tax and the Constitutional Gas Tax are components of this amended BJP Interlocal agreement but are not identified as such in the title and body of the bill
 - a. Amend bill to clarify new distribution of Transportation ½ Sales Tax and CGT.
5. The bill's current language would only allow JTA to use their LOGT proceeds for the development, construction, operation and or maintenance of certain roadway projects whereas the current Interlocal agreement gives JTA the flexibility to use their funds for any legal purpose.
 - a. Amend bill to allow JTA to use their allocated funds for any legal purpose.
6. The budgeted appropriation for current City BJP projects that will not be completed by the City needs to be amended in order to appropriately reflect the change in funding.
 - a. Amend the bill to require a subsequent ordinance to address these funding reductions.
7. The agreement does not address the Ferry Commission's future role in the Ferry operations.
 - a. Amend the bill to clarify the Commission's continued relationship.
8. Various technical corrections are necessary to correct or clarify name of tax and purpose.
 - a. Amend bill to clarify or correct tax name and or purpose

**"DISTRIBUTION SCHEDULE"
 BJP Interlocal Agreement Allocation
 Bill 2013-820**

	Current Distribution 2013 Revenue	2016 W/Out LOGT based on 2013 Revenue	Bill 2013-820 - Proposal based on 2013 Revenue
1/2 Transportation Sales tax Total Collections	69,523,961	69,523,961	69,523,961
BJP Debt Service			
	40,128,200	40,128,200	40,128,200
Residual Amount after BJP Debt Service			
JTA - Bus Subsidy	25,544,265	25,544,265	29,395,761
JTA - Administrative	1,190,082	1,190,082	0
JTA - Mass Transit Discretionary Amount	1,033,545	1,033,545	0
City - Committed for Debt Service	1,627,869	1,627,869	0
Constitutional Gas Tax .02 - Total Collections	8,195,196	8,195,196	8,195,196
20% City - deposited into the General Fund	1,639,039	1,639,039	1,639,039
80%			
JTA - Bus Subsidy	5,694,948	5,694,948	4,097,598
JTA - Administrative	265,921	265,921	0
JTA - Mass Transit Discretionary Amount	231,230	231,230	0
City - Committed for Debt Service	364,057	364,057	2,458,559
Local Option Gas Tax .06 - Total Collections	27,296,733	0	27,296,733
JTA - Bus Subsidy or any legal purpose - Proposed also Debt Service	27,296,733	0	22,747,278
City - Proposed local roads & Ped./Bicycle - Paygo	0	0	4,549,456
TOTAL DEBT SERVICE	40,128,200	40,128,200	40,128,200
TOTAL TO JTA	61,256,724	33,959,991	56,240,637
TOTAL TO CITY	3,630,965	3,630,965	8,647,054
	105,015,889	77,719,156	105,015,890

Note Distribution Percentages are approximates and determinate on available revenue

Bill 2013-820
BJP Interlocal Agreement - LOGT Extension
Schedule Attached

FIRST COLUMN – Current Practice

The current BJP 2013 revenue distribution is found on the first column of the spreadsheet (attached).

1. The $\frac{1}{2}$ **Sales Tax** goes first to pay scheduled BJP debt service. Any residual amount is distributed 85% to JTA – Bus Subsidy, 4.4% JTA Administrative Expenses, 4.1% JTA Mass Transit Discretionary amount and 6.4% to the City
2. The **.02 Constitutional Gas Tax** is distributed 20% to the City (deposited into the General Fund), with the remaining 80% distributed 85% to JTA – Bus Subsidy, 4.4% JTA Administrative Expenses, 4.1% JTA Mass Transit Discretionary amount and 6.4% to the City though “committed” to debt service payments,
3. The **.06 Local Option Gas tax** is not pledged for debt service and all proceeds from this tax are transferred to JTA for Mass Transit or any legal purpose.

SECOND COLUMN – Post LOGT

The BJP 2016 revenue distribution post LOGT expiration is found on the second column of the spreadsheet (attached).

1. The $\frac{1}{2}$ **Sales Tax** goes first to pay scheduled BJP debt service. Any residual amount is distributed 85% to JTA – Bus Subsidy, 4.4% JTA Administrative Expenses, 4.1% JTA Mass Transit Discretionary amount and 6.4% to the City
2. The **.02 Constitutional Gas Tax** is distributed 20% to the City (deposited into the General Fund), with the remaining 80% distributed 85% to JTA – Bus Subsidy, 4.4% JTA Administrative Expenses, 4.1% JTA Mass Transit Discretionary amount and 6.4% to the City though “committed” to debt service payments,
3. The **.06 Local Option Gas tax** expires August 31, 2016 no revenue collected.

THIRD COLUMN - Proposal

The Proposed BJP 2013 revenue distribution is found on the third column of the spreadsheet

1. The $\frac{1}{2}$ **Sales Tax** goes first to pay scheduled BJP debt service. Any residual amount is distributed 100% to JTA – Bus Subsidy.
2. The **.02 Constitutional Gas Tax** is distributed 20% to the City (deposited into the General Fund), 50% distributed to JTA for any legal purpose and the remaining 30% to the City for any necessary debt service payments or paygo projects if funding is available,
3. The **.06 Local Option Gas tax** would be allocated 5 cents to JTA for Debt Service on New Project list issued Bonds and the remainder allocated to Mass Transit or any legal purpose. Of the .01 cent allocated to the City 80% would be used for Paygo road maintenance and 20% would be for pedestrian and bicycle improvements.