

## ***Funding the Plan***



## **ISSUE: FUNDING THE PLAN**

Successful implementation of local comprehensive plans in Pinellas County has been largely dependent upon a commitment by the voters and elected officials to provide adequate funding. While not the only source of funds, the Penny for Pinellas infrastructure sales tax approved by voters in 1989 and in 1997 has been the funding “workhorse” for plan implementation. The current Penny expires in 2010 and there are significant capital projects (e.g., 118<sup>th</sup> Avenue, and Belcher Road between NE Coachman and Druid) that would require funding beyond 2010 if they are to be constructed. In addition, there are non-capital program expenses associated with local plan implementation as well as costs to operate, maintain, and replace infrastructure already constructed to meet level of service standards. Pinellas County will evaluate the funding needs through the planning horizon of 2025 and identify potential funding sources for meeting these infrastructure needs and for implementing a variety of programs and initiatives to accomplish the Pinellas County Comprehensive Plan’s goals, objectives, and policies.

### **DISCUSSION OF THE ISSUE**

Investing in our capital infrastructure is the keystone to the success of implementing the Pinellas County Comprehensive Plan. Capital infrastructure is the tangible public facilities, including, but not limited to roads, bridges, potable water systems, wastewater and reclaimed water systems, stormwater facilities, parks, natural preserves, and airports. The relationship between growth management and capital infrastructure is that the infrastructure must have the capacity to handle the impacts expected from growth; if not, then further development should not occur until the growth impacts can be accommodated to maintain the level of service standards set by the County in the Comprehensive Plan.

There are issues relating to funding that are exclusive to the various elements of the Pinellas County Comprehensive Plan. A brief discussion of these specific element issues is as follows:

Stormwater Management Element: To reduce flooding potential and meet new water quality standards, there are still many projects on the list of capital improvement needs in the Capital Improvements Element (CIE) for stormwater management. The future method of funding for stormwater and surface water management is currently under review. The Penny for Pinellas has been the primary funding source for capital projects and watershed planning initiatives since its inception. That money is leveraged

whenever possible with grants, or for multi-jurisdictional projects, with interlocal agreements for shared funding. The pace of annexations and resultant differences of opinion regarding drainage responsibilities has been one impetus behind exploring the current approach to funding. The Pinellas County Charter does allow the County to exercise countywide authority for major drainage - which it has not exercised to date - and to therefore fund a countywide program. One idea under discussion is collection of a stormwater utility fee. If a countywide program were to be implemented, the discussion of funding and fees would be complex, particularly as several municipalities already collect a stormwater fee. Discussions on this matter continue and at this time, no decisions have been made. The Surface Water Management Element and the Capital Improvements Element will be amended to reflect the status and/or outcome.

Housing Element: Providing community housing to achieve the Plan's goal of providing an adequate supply of housing in a variety of types, sizes, locations, and price ranges to meet the demands of current and future residents of unincorporated Pinellas County is a prominent matter in Pinellas County. It is paramount that provisions are made to provide adequate community housing for all segments of the population and workforce. The provision of infrastructure that supports the development of residences that are affordable to those members of the workforce that provide services to the rest of the community (e.g. teachers, retail salespersons, those in law enforcement, firefighters, waiters/waitresses) is in the forefront in seeking ways to provide incentives to construct dwelling units for the County's residents. Pinellas County and its municipalities are also evaluating options to supplement existing state and federal housing funds (such as Community Development Block Grants) to support and encourage the provision of more community housing. These funds may be used to create housing trust funds or land banks to create a more affordable housing stock.

Recreation and Open Space Element: There is a master planning effort, currently nearing completion, which will result in the adoption of a Pinellas County Recreation, Open Space, and Culture System Master Plan. New "flagship" projects and new program commitments are being developed through this planning effort. The capital projects should be incorporated in the Capital Improvement Element. Two major areas of focus are on the need for additional beach access and the need for additional public boat access facilities. Capital projects that support efforts to protect, retain, and acquire additional beach access and boating access facilities will be incorporated in the Capital Improvement Element. Another significant funding issue is the required operations and maintenance requirements to provide the upkeep and services that has made Pinellas County Parks the envy of urban park systems.

Sanitary Sewer Element: There is a continuing need to upgrade an aging sewer collection system. The sanitary sewer needs are funded through the Sewer R&R fund (an enterprise fund) and sewer revenue bonds.

Water Supply Element: The major infrastructure needs over the 20-year planning timeframe are the continuous upgrading and/or replacement of the older water distribution lines and the construction of a blending facility to provide potable water of a consistent quality for future residents and visitors. Like the sewer system, the water supply needs for the future are funded through reliable sources, the Water R&R fund (an enterprise fund) and water revenue bonds.

Solid Waste and Resource Recovery Element: Over the next 20 years, parts of the Resource Recovery Facility will be reaching the end of their design life, thus, a major expenditure will be the phased replacement of parts of the facility. The Solid Waste R&R fund (also an enterprise fund) and revenue bonds will be the source of funding for this major endeavor.

Coastal Management Element: The prominent capital needs in the Coastal Management Element are beach renourishment, beach access, and facilities for water-dependent uses (such as boat access facilities). Beach renourishment is multi-purpose: for upland protection, for shoreline protection and for recreation. Typically, federal and state grants, and tourist development tax revenues are the major funding sources for these coastal management projects.

Natural, Historic and Cultural Resources Element: With the scarcity of vacant, buildable parcels throughout Pinellas County, the demand for land has skyrocketed . . . and so has the price of this land. The County has shown its support for the preservation and restoration of designated historic resources through the reduction in property taxes (for up to 10 years) for improvements to historic properties. Among the attractions to this County is the park system complete with connecting trails. In an effort to complete the greenway projects throughout the County, land purchases become a significant capital need. It will be important to maintain a fund to acquire appropriate parcels to complete the greenways system and to seek funding sources for support of cultural activities throughout the County.

Transportation Element: The transportation capital needs are great. Along with the remaining major county projects to expand roadway capacity that will be carried out beyond the Year 2010, the operation and maintenance of these facilities add a significant on-going cost to the County budget. The County is currently responsible for maintaining over 2,650 lane miles of roads. The State average for pavement rehabilitation costs for a lane mile of road is approximately \$13,150. By comparison, the average cost

of constructing a lane mile of road in Pinellas County is more than \$2 million. In 2003, the Pinellas County Public Works Department estimated a backlog in pavement preservation needs that amounted to over \$10 million. Also in 2003, it was estimated that \$66.7 million was needed to cover the costs of anticipated maintenance costs on County roads over the next 20 years.

Along with roadways it maintains, Pinellas County is responsible for the upkeep of 120 bridges for pedestrian as well as vehicular traffic. Bridges in the County are estimated to have a life span of 50 years. The Public Works Department has identified 38 bridges that will exceed this life span over the next 20 years. The total cost of replacing these bridges is estimated at \$124 million. An additional \$31 million would be needed to maintain them. Extension of the current six-cent local fuel tax, which expires in 2007, will not complete fund road maintenance and bridge work, but, it is expected to be necessary to help provide the needed funding for road maintenance and the rehabilitation and replacement of County bridges.

To maintain an efficient transportation network, it will be necessary to incorporate Intelligent Transportation Systems (ITS) by upgrading signalization and providing dynamic message signs. To accommodate a growing population, a greater emphasis needs to be made to fund appropriate mass transit systems. Whether the system is rapid bus transit, a light rail system, or a elevated guideway system, Pinellas County must address the funding of an efficient mass transit system while maintaining adequate funding for bridges, ITS, and the road network.

Economic Element: This new element of the Comprehensive Plan will coordinate public investment in capital improvements and program initiatives with the County's economic development goals, as well as those goals that support the tourism industry, such as improving infrastructure within the major tourism corridors. The County has made strides to create business development opportunities with the opening of the Epicenter, a central business development and training resource. Funding mechanisms will need to be identified to carry out projects to assemble or prepare lands to assist targeted businesses to relocate or remain in Pinellas County.

## RESOURCES TO GUIDE DEVELOPMENT

Pinellas County has taken advantage of the following various resources and practices to guide the development, location, and timing of public facilities that serve the growing population.

*Level of Service Standards:* An indicator providing the capacity per unit of demand for each public facility, level of service standards affect the timing and location of development by encouraging development in areas where public facilities may have excess capacity. Otherwise, a development will not be permitted unless the capacity of a facility or service can adequately handle the impact imposed by that development. Phasing of the development as well as phasing the construction to increase needed capacity may occur to accommodate both desired results. Level of service standards are established for roadways, potable water, sanitary sewer, solid waste, drainage, and mass transit, and recreation.

*Land Development Regulations:* Pinellas County has enacted numerous land development regulations to protect the public's health, safety, and welfare and public and private investments. The County's zoning and subdivision regulations are in place to assure that streets, sidewalks, utility easements, and drainage and flood controls are in place. The County's Concurrency Management System, adopted in 1989, ensures that facilities and services needed to support development are available concurrent with the impact of that development.

*Planning Studies:* From time to time, efforts to study specific facilities and management practices are carried out. These studies focus on specific problems and issues at a more detailed level than provided in the Comprehensive Plan. The results of these studies may provide further guidance for the need to increase service capacity, for the need to construct new facilities in a specific location, or for the need to identify specific management practices that will enhance the delivery of a public service. Examples of such Planning Studies are the Pinellas County Stormwater Management Plan and the Pinellas County Utilities' Sewer System Master Reuse Plan.

*Redevelopment Plans:* Similar to the Planning Studies, some Pinellas municipalities have taken advantage of developing plans, under the Florida Community Redevelopment Act, for specific designated areas of their communities. The redevelopment plans schedule improvements that can act as catalysts for public and private development. Under this Act, communities can take advantage of a financing mechanism called tax increment financing. Tax increment financing can be used to target funds for an extended period of time infrastructure and other improvements in areas where redevelopment is desired. Increases in property taxable

valuations above a base year increase the amount of tax increments, which are earmarked for financing public facility improvements and services in the designated redevelopment area. Pinellas County has not created a community redevelopment district in the unincorporated area and, therefore, has not utilized tax increment financing outside of the municipalities. The County, however, does contribute tax increment revenues to 11 municipal community redevelopment districts. Tax increment revenues are derived from general fund revenues that would otherwise be appropriated for implementation of the County's broader countywide responsibilities.

A collaborative effort has been underway to consider redevelopment potential on a countywide level. The effort is to determine how Pinellas County can continue to grow in economic strength and in quality of life in consideration of the current level of urban development throughout the County.

*Development Agreements:* Development agreements are essentially contracts, sanctioned by State statute, between local government and developers. These agreements contain provisions, which establish and approve the character, rate, and intensity of development on a property. Additionally, development agreements contain terms for the provision and financing of public facilities that the proposed development may require. Pinellas County has used development agreements, pursuant to Chapter 163.3220, Florida Statutes. Currently, the County has 7 active development agreements.

*Moratoria:* A moratorium is an emergency stop-gap ordinance that temporarily halts development for a specified period of time. A moratorium may be imposed on building permits, development approvals, or governmental services, such as potable water connections, sanitary sewer extensions, or hook-ups. Moratoria may generally be imposed for a reasonable time to allow for necessary planning activities pending comprehensive plan preparation, adoption, or amendment. Florida courts have found development moratoria to be a valid measure of last resort for the protection of local public health, safety, and welfare. Pinellas County has not imposed a moratorium since 1989.

*Mandatory Dedication:* Mandatory dedication is a condition of plat approval that a subdivision developer dedicates a certain portion of land in the subdivision to be used for a public purpose, such as roads, parks, and schools. The dedication may be made to the governing body.

Pinellas County requires dedications for rights-of-way and easements for streets, structures, canals, and major waterways, as well as shallow irrigation wells and water, sewer, and gray water reuse systems.

## FINANCIAL RESOURCES

There are numerous financial resources afforded to Florida governments to pay for public infrastructure. Some are earmarked for specific purposes rather than being spent at the discretion of the local government and, therefore, are not readily available for public facilities.

*Capital Improvement Program:* The CIE is a subset of the larger Capital Improvement Program (CIP), which is a plan for expenditures to be incurred each year over a six fiscal-year period to meet anticipated capital needs. The CIP is the local government's annual capital budget that is more encompassing of the capital needs of the local government than are addressed in the Comprehensive Plan. Pinellas County produces a six-year Capital Improvement Program as part of its annual budget process. The first year of the County's CIP is the basis for actual appropriations authorized by the Board of County Commissioners for capital projects when the annual budget is adopted. The applicable projects put forth in the Comprehensive Plan and are addressed in the CIE are part of the CIP to ensure consistency.

*Impact Fees:* Impact fees are charges assessed by local governments against new developments (generally at the permitting stage). These impact fees are a means for local governments to cover the cost of providing capital facilities that serve new developments. These fees are meant to assist in the construction or expansion of an infrastructure to keep pace with new growth. These fees are limited to capital costs only, and not the operating costs of the facilities. Pinellas County, with its municipalities, has adopted a countywide transportation impact fee. This impact fee applies to all development activity which generates additional traffic and which requires a certificate of occupancy, land use permit, or occupational license.

*User Charges and Connection Fees:* User charges are designed to support the costs of public facilities or services by charging those who benefit from them. User charges for water and sewer, along with connection fees, defray the cost of constructing and maintaining facilities, and these funds are commonly used to pay off revenue bonds. Such user charges may also be applied to solid waste services, parking, recreation, mass transit, and storm water facilities. As a tool for influencing the pace and pattern of development, user charges may be designed to vary according to the quantity and location of the service provided. User charges may be greater in an outlying area than for areas having excess facility capacity.

Pinellas County utilizes user charges and connection fees for sanitary sewer and potable water facilities. User charges are also imposed for solid waste disposal.

*Stormwater Utility Fee:* The Pinellas County Charter does allow the County to exercise countywide authority for major drainage - which it has not exercised to date - and to therefore fund a countywide program. One idea that is being considered is the implementation of a stormwater utility fee, whereby development would contribute funds to finance major drainage projects. If a countywide program were to be implemented, the discussion of funding and fees would be complex, particularly as several municipalities already collect a stormwater fee. Discussions on this matter continue and at this time, no decisions have been made.

*Special Assessment Districts:* Special assessment districts are created to impose an assessment against those properties that directly benefit from a public improvement within a defined area. The County has established a policy that special assessment districts must be supported by the owners of at least 60% of the affected properties before the Board of County Commissioners votes to establish the district. Special assessment districts are established to fund street, sidewalk, drainage, sewer, water, streetlights, and other infrastructure improvements. Pinellas County uses special assessment districts to fund for local street paving, local drainage improvements, and for street lighting improvements.

*Municipal Services Taxing Unit:* A municipal services taxing unit (MSTU) is a financing mechanism for providing specific services and/or facilities to a defined geographic area. A MSTU levies ad valorem taxes; however, assessments, and service charges can be sources of income for the MSTU.

Eighteen MSTUs operate in Pinellas County. The primary MSTU represents all of the unincorporated area of Pinellas County. This MSTU is the funding mechanism for providing services to the unincorporated portion of the County, including the Sheriff road patrol. The Public Library Cooperative, the Palm Harbor and Feather Sound Community Services Districts, and the 14 fire protection districts comprise the remaining MSTUs.

A variation of the MSTU is the municipal services benefit unit, or MSBU, recently approved in the unincorporated Lealman area to pay for uniform trash collection services.

*Ad Valorem Taxes (Property Taxes):* County-levied property taxes (ad valorem) are earmarked for specific purposes: 1) countywide, 2)

unincorporated area municipal service taxing units, and 3) special taxing districts categorized as smaller area sized MSTUs.

The FY 05 countywide millage rate is 6.801, which includes the general fund rate, and additional millage rate levies of mosquito control, county health services, and emergency medical services.

*Sales and Use Taxes:* Sales and use taxes are imposed upon the sale or consumption of designated goods or services where such taxes are levied locally. Among the types of sales and use taxes imposed:

a) Local Option Infrastructure Sales Tax

This tax, locally known as the *Penny for Pinellas*, is a one-cent infrastructure sales tax that was approved by Pinellas voters initially in 1989. The tax collected for a ten-year period \$827.9 million, of which \$468.3 million was dedicated to Pinellas County. The remainder was dispersed among the 24 municipalities. In March 1997, the Pinellas electorate voted to extend the *Penny* tax for an additional ten years through the Year 2010. Approximately \$1.37 billion are expected to be collected through out the second *Penny* phase.

The County is initiating, in cooperation with the local Pinellas municipalities, a proposal to request the voters to extend the *Penny* an additional 10 years through the Year 2020. As in the past, the *Penny* will fund additional jail improvements, transportation projects, stormwater/drainage improvements, and recreation/open space improvements. Furthermore, the *Penny* will help fund quality of life improvements as identified in updates to local comprehensive plans.

b) Local Option Resort/Tourist Tax

Pinellas County imposes a local option resort/tourist tax, also known as the Tourist Development Tax, of four percent on most rentals, leases, or lets which have been contracted for periods of six months or less or living accommodations in hotels, motels, apartment houses, rooming houses, and mobile home parks. One-half of one percent of this tax is earmarked for the County's Beach Renourishment Program, which address capital need of the Coastal Management Element of the Comprehensive Plan.

c) Local Option Gas Tax

The State of Florida empowers counties to levy up to six cents per gallon of motor fuel sold. Pinellas County currently levies the full six cents per gallon for transportation projects. This Tax is scheduled to sunset on August 31, 2007. The County

Administrator has been working with the Pinellas municipalities to execute interlocal agreements pursuant to extending the collection of the local option gas tax for an additional ten-year period.

d) ELMS Five Cent Tax

In addition to other taxes, the County may levy a 1-cent, 2-cent, 3-cent, 4-cent, or 5-cent local option fuel tax upon motor fuel sold in the County. The revenue may be used for “transportation expenditures needed to meet the requirements of the capital improvements element of an adopted comprehensive plan . . .”. Expenditures are limited to the construction of new roads, or paving existing roads to increase capacity. Expenditures are not to be used for road maintenance. The funds must be shared with applicable municipalities.

e) Licenses and Permits

These revenues are derived from the issuance of local licenses and permits. Pinellas County derives revenue from a variety of licensing and permitting activities. These include building permits, tree removal permits, water and navigation permits. These revenues are primarily allocated to the general fund.

e) Intergovernmental Revenues

Intergovernmental revenues are derived from federal, state, and local government sources in the form of grants, shared revenue, and payments in lieu of taxes.

- Federal Grants

From time to time, the County utilizes federal funding programs, in the form of grants, for specific activities. These activities vary from emergency shelter care to air quality improvement. Furthermore, some federal grants are used for funding infrastructure construction through programs like the Community Development Block Grant and the Federal Aviation Administration airport construction. Improvements to the transportation system have improved air quality conditions in the County to the point where Congestion Management Air Quality Improvement Program (CMAQ) grant funds from the Federal Highway Administration are no longer available for further air quality improvement capital projects.

- State Grants

Pinellas County has sought to receive supplement funding from various state agencies for funding judicial support programs, infrastructure construction, and the acquisition of endangered lands and open space.

- State-Shared Revenues

The State Revenue Sharing Trust Fund is a pool of revenue from intangible taxes that are distributed proportionately with municipalities and counties. Approximately 2.25 percent of sales and use tax collections are transferred to the Revenue Sharing Trust Fund for counties.

f) Other State-Shared Revenue

In addition to the State Revenue Sharing Trust Fund, Pinellas County receives additional state-shared revenues from the following sources.

- Mobile Home License Tax – The State levies annual licenses on mobile homes, based upon the length of the mobile home. The County receives a proportionate share of the revenues based on the number of units in the unincorporated area of the County.
- Alcoholic Beverage License Tax – The State returns 24% of the taxes imposed and collected on establishments that serve alcoholic beverages in Pinellas County.
- Insurance Agents License Tax – The County receives annual taxes from the Florida Office of Financial Regulation.
- Pari-Mutuel Tax - Repealed
- Local Government ½-Cent Sales Tax
- Motor Vehicle License Tax – Seventy-five cents for each issued motorized vehicle are earmarked for air pollution abatement programs.
- Motor Fuel Tax Refund – A refund of the State Motor and Special Fuel Tax, which is paid for fuel consumed by county vehicles and equipment
- Constitutional Gas Tax – Commonly referred as the fifth and sixth cent gas tax, the State allocates the funds based upon a distribution formula. Eighty percent of the proceeds are reserved for debt service, if any, on County bond issues; the remainder is earmarked for transportation-related expenditures.
- County Gas Tax – The “seventh cent” gas tax is allocated by a distribution formula for transportation costs, including debt service, acquisition, construction, reconstruction, operation, maintenance, and repair of facilities, such as roads and bridges.

g) Grants from Other Local Units

The County occasionally receives contributions from other local governmental units and authorities, such as the Southwest Florida Water Management District, for specified purposes.

#### h) Charges for Service

This funding source encompasses a myriad of services for which the County charges a service fee. These services includes, but is not limited to, recording fees, zoning fees, County court fees, circuit court fees, enterprise fees, traffic fines, transportation impact fees, contractual law enforcement services, fire protection services, animal pound fees, and camping fees.

- a. County Officers' Commission and Fees – This source including commissions and fees received by the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and the Supervisor of Elections are generated by the collection of State, County, or district levied taxes and fees derived from the sale of licenses and permits.
- b. Public Safety – These revenues are from charges and fees associated with the provision of public safety services that include contractual law enforcement services to select municipalities, fees for fire districts, and ambulance service fees.
- c. Enterprise Activities (Water, Sewer, Solid Waste, and Airport) – Enterprise activities are self-supporting entities, which are wholly funded by the revenues they generate from various user charges. Enterprise activities do not rely upon ad valorem funding to meet their needs rather adjustments to their user
- d. Transportation Impact Fee – The Pinellas County Transportation Impact Fee program has been a mechanism, since 1986, to require development to contribute its proportionate share of the cost of capital facilities that mitigate the transportation impacts that are reasonably attributed to the development. These funds deposited in appropriate trust accounts are earmarked for transportation improvements related to growth and development, not to correct existing deficiencies in the transportation system. Fees are spent in the geographic district where the development impacts occur.
- e. Fines and Forfeitures – These revenues are proceeds from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Forfeits are revenues derived from confiscation of deposits or bonds held as performance guarantees and process from the sale of contraband property. This category also includes lien payments to the Court and forfeit on bid deposits.
- f. Interest Earnings – Interest earnings revenues include all proceeds from interest earned on investments, contracts,

and notes. Some of the investment vehicles include certificates of deposit, cash pools, savings deposits, and United States Treasury bonds.

- g. Special Assessments – These revenues result from compulsory levies against certain properties to defray part of all of the cost of specific improvements or benefits that presumed to be of general benefit to the public and special benefit to the assessed properties. The County uses special assessments to fund drainage and road improvements.
- h. Other Revenues – Pinellas County relies upon several other sources of revenue to complete its inventory of financial resources. They are sales of surplus property and scrap, rents and royalties, private contributions and miscellaneous revenue. These sources provide both recurring and nonrecurring revenues. The miscellaneous revenue category includes refunds on prior year expenditures, cost allocation reimbursement as well as other reimbursements from other sources.

i) Ninth-Cent Gas Tax

Florida counties are authorized to levy a one-cent tax on each net gallon of motor and diesel fuels sold within their jurisdiction. Revenues from this tax may be use for transportation purposes. Pinellas County does not levy this tax for motor fuel; however, tax revenue is collected from diesel fuel.

j) Housing Trust Fund

Pinellas County will need to establish a local funding source that can supplement existing state and federal housing programs (such as Community Development Block Grant) in order to support the construction or rehabilitation of housing for those segments of the population that cannot afford market-rate housing. This funding may take the form of a housing trust fund where fees are paid, by a developer, in lieu of actually providing affordable housing units.

k) Communications Service Tax

Several different state and local taxes have been repealed and consolidated into a single tax that is comprised of two parts: the Florida Communications Services Tax and the Local Communication Services Tax. The cable franchise fee, municipal service tax on telecommunications, and permit fees on rights-of-way are the taxes that were repealed. The local communication services tax rate for unincorporated Pinellas County is 5.22%, which includes an additional 0.12% tax rate increase in lieu of payment of permit fees.

l) Public Service Tax

As a charter county, Pinellas County is authorized to levy taxes/fees on public services or utilities just as a municipality is authorized to levy taxes on such services. The tax may be imposed on the purchase of electricity, natural and bottled gas, and water services at a rate not to exceed ten percent.

m) Sale of Bonds

The County has historically assumed a “pay-as-you-go” philosophy in the funding of infrastructure. However, occasionally when circumstances have dictated that this is not a viable approach, the County has utilized the bond market to generate additional capital to meet the construction schedule. The County’s (FY04) debt service requirement for transportation and capital improvement bonds is \$30,042 million.

General obligation bonds are backed by the full faith and credit of the local government, and they are required to be approved by voter referenda. General obligation bonds offer lower interest rates than other bonds as they are, in effect, secured by the taxing power of the local government. Revenues collected from the ad valorem taxes on real property and other sources of general revenue are used to service the government’s debt. Capital improvements financed through general obligation bonds should benefit the County as a whole rather than a particular area or group.

Those directly benefiting from the capital improvement finance revenue bonds, unlike general obligations bonds. Revenue obtained from the issuance of these bonds is used to finance publicly owned facilities, such as parking garages or electric power plants. Charges collected from the users of these facilities are used, in turn, to retire the bond obligation. In this respect, the capital project is self-supporting. Interest rates tend to be higher than for general obligation bonds, and the Board of County Commissioners, without a voter referendum, may approve the issuance of the bonds. In this instance, funds are deposited to trust accounts and restricted to a specific use. User charges are used to service the debt. Capital improvements to the enterprise activities (water, sewer, solid waste, and airport) have been financed through self-supporting revenue bonds. The annual debt service requirement (FY04) for the enterprise activities is \$37.065 million.

The County has used non self-supporting revenue bonds, pledged by a portion of the *Penny for Pinellas* infrastructure sales tax and the Six-cent Local Option Gas Tax to fund non-enterprise activities such as the acquisition of environmentally sensitive lands,

transportation, surface water management, conservation and resource management, cultural projects, and park and recreation construction. As of September 2004, the County had a total outstanding debt for CIE-related projects of \$375.2 million. The debt profile is as follows: general obligation debt: zero percent; self-supporting revenue debt: 62.8 percent; and non self-supporting revenue debt: 37.2 percent.

The County (Pinellas County Economic Development Authority) also issues Industrial Revenue Bonds. These bonds are actually assumed by companies or industries that use the revenue for construction of plants or facilities. The attractiveness of these bonds to industry is that they carry comparatively low interest rates due to their tax-exempt status. The advantage to the local government is that the private sector is responsible for retirement of the debt and the new employment opportunities are created for the community.