



CITY OF RIVIERA BEACH

TO: HONORABLE MAYOR RONNIE FELDER
HONORABLE CHAIRWOMAN, KASHAMBA MILLER-ANDERSON
HONORABLE CHAIR PRO TEM, JULIA BOTEL, ED. D
HONORABLE COUNCILMEMBER, TRADRICK MCCOY
HONORABLE COUNCILMEMBER, SHIRLEY LANIER
HONORABLE COUNCILMEMBER, DOUGLAS LAWSON

FROM: JONATHAN E. EVANS, CITY MANAGER, MPA, MBA, ICMA-CM
RANDY M. SHERMAN, DIRECTOR OF FINANCE AND ADMINISTRATIVE
SERVICES, CPA, CPFO, CTP

**SUBJECT: ONE-CENT INFRASTRUCTURE SALES SURTAX –
SELECTION OF PROJECTS AND APPOINTMENT OF OVERSIGHT
COMMITTEE**

DATE: SEPTEMBER 5, 2019

COPY: GENERAL PUBLIC

Background

On November 8, 2016, Palm Beach County voters approved a ballot initiative to levy a one-cent infrastructure sales surtax to pay for public infrastructure improvements. The collection was authorized under Florida Statutes, Section 212.055(2), effective beginning January 1, 2017 and extending for a period of ten years. With the levy of a one-cent sales surtax, it is projected that over this 10-year period, the County would benefit from an estimated \$2.69 billion in infrastructure investments, repairs, renovations, and improvements. The monies are apportioned appropriately among Palm Beach County, Palm Beach County School District, and thirty-nine local municipalities. Local municipalities are projected to receive 20% of the anticipated proceeds, resulting in \$537.6 million and the largest recipient being the Palm Beach County School District which is projected to receive \$1.345 billion.



This one-cent sales surtax can be used for local government infrastructure. The surtax differs from transactions subject to state sales tax in that the local-option sales tax base only applies to the first \$5,000 of the purchase price of taxable personal property, while sales tax applies to the entire purchase price, regardless of the amount, pursuant to Florida Statutes, Section 212.054(b). This surtax does not apply to certain groceries, medical products and supplies, or other specified goods, as listed in Florida Statutes, Section 212.08. This one-cent sales surtax can be utilized to fund public infrastructure facilities and allows local municipalities to provide safe, efficient, and uninterrupted provisions of essential public services, including buildings, equipment, technology and security, roads, bridges, sidewalks, streetlights, signalization, parks and recreation facilities, and general government facilities, drainage, wastewater facilities, and public safety vehicles and equipment.

Budget and Fiscal Impact

Revenues generated through the one-cent sales surtax program are administered, collected, and enforced in accordance with Florida Statutes, Section 212.054 and rules promulgated by the Florida Department of Revenue which is also responsible for the distribution of the surtax proceeds directly to the City in accordance with the inter-local agreement. The City is anticipated to collect approximately \$23 million over the 10-year period.

During City Council budget workshop held on August 26, 2019, the City Departments made presentations to the Council in which several departments expressed concerns regarding the City's infrastructure needs and investments. The City's tentative Five-Year Capital Projects Plan for FY 2019/2020 through FY 2023/2024 estimates capital projects totaling \$341.188 million and the capital budget for FY 2019/2020 amounts to \$45.157 million. Included in the City's Capital Projects Plan is the construction of a new municipal complex which is projected to cost approximately \$150 million over a period of ten years. For fiscal years 2019/2020 to 2023/2024, it is projected that the capital outlay will be \$62 million.

Recommendation

The City Manager recommends that the City Council: (1) authorizes the use of the one-cent infrastructure sales surtax to assist in funding of the new municipal complex; (2) establishes an independent citizen surtax oversight committee to satisfy the requirements of Palm Beach County Ordinance 2016-032; and (3) directs the City Manager to develop a sales surtax plan to include the duties and responsibilities of the independent citizen surtax oversight committee. Based on direction from the City Council, the City Manager will present these items to the City Council for consideration and approval.