TOWN OF HOWEY IN THE HILLS

From: Councilor David R. Miles

To: Councilors Lannaman, Arnold, Mayor Pro Tem Everline, Mayor Wells, Town Manager O'Keefe

Subject: Budget Project 2026-01, Road Improvement Program and Finger Pier and Dock Replacement Program

1. PROJECT 2026-01: This is a new project in the FY 2026 Budget designed to continue and accelerate the work first implemented by the Town Council in the FY 2021-22 Budget and funded one year at a time by reconstructing one road of one to two blocks long, plus resolve the safety concerns with the Town Finger Pier and Dock through reconstruction and upgrade to more durable materials.
2. BACKGROUND: In the twenty years prior to FY 2021-22 only two existing roads within the Town of Howey In The Hills were repaired or reconstructed. Approximately 2010, Lake County milled and overlayed Lakeshore Blvd. at no cost to the Town. Approximately 2018, the Town reconstructed Island Drive as it was sinking into the swamp that surrounds the road. Otherwise, little was done except to fill potholes on the roads in Original Howey. The Town Council determined in the FY 2021-2022 Budget that work to improve the roads in Original Howey was long overdue. They began funding the reconstruction of all roads beginning as follows:

Budget Year	**Road(s)**
FY 2021-22	Marilyn Avenue
FY 2022-23	N. Dixie Avenue
FY 2023-24	N. Citrus Avenue
FY 2024-25	E. Gardenia Street, E. Holly Street

The Council funded these streets at approximately $300,000 per year, which was only sufficient to reconstruct one to three blocks of roadway. This was because most Town Roads were not constructed to modern standards when originally built. They had no limestone base, were very narrow at sixteen (16) feet, and had no curbs or storm water runoff features. As we have been reconstructing these roads, we have been correcting most of these deficiencies, so the roads will last a longer time. We have also been repairing safety concerns, such as existed at the intersection of N. Citrus and Camelia Way. The goal of this program was to correct the long-standing road deficiencies over a period of twenty years, with the worst roads being tackled first. All construction work has been funded from the Infrastructure Fund. The local share of gas taxes was placed in this fund as required by state law, along with other general revenues, sufficient to fund the annual Road Improvement Program.

In February 2025, numerous changes were approved by the new Council to the accounting structure of the Town. These included moving garbage collection revenue and expenses from the Utility Fund to the General Fund, breaking the Wastewater Fund from a department within the Utility Fund into a separate enterprise fund, numerous changes within the General Fund, and germane to this discussion, establishing a new Transportation Special Revenue Fund, and moving all road construction costs into this fund in the future, however leaving the all of the general revenue lines in the Infrastructure Special Revenue Fund and the General Fund. This effectively removed the funding stream designated for the Road Improvement Project. It was then proposed on May 1,2025 to use $100,000 of funding in the Infrastructure Fund for reconstructing the Town Dock, a new project not previously budgeted, and deleting the reconstruction of E. Holly Street due to a lack of available funds. Meanwhile the funds in the new Transportation Fund were fully depleted by moving the minor road repair and street lighting costs from the General Fund to the Transportation Fund, while leaving the revenue budgeted for these costs in the General Fund. The Road Improvement Program was then reduced to $225,000 per year in the Five-Year Capital Plan, effectively limiting it to reconstructing no more than 800 feet per year (about one block), and with no designated funding source.

3.PROPOSAL: This FY 2025-26 Budget Proposal is to restore the Road Improvement Program to the funding as provided in the past and fully fund and complete six roads and the Finger Pier and Town Dock reconstruction, all in FY 2025-26. This would involve borrowing a total of $1,425,000 in the form of a tax-exempt municipal bank loan and completing the six road reconstruction projects and two marine projects totaling $1,423,750 as shown at Appendix A. The six road projects to be completed in FY 2026-28 and on the Public Works Road Improvement list are N. Tangerine Avenue, N. Georgia Avenue, W. Pine Street, W. Palmetto Street, N. Valencia Avenue, and E. Mission Lane. The Marine Projects to be completed are five additional fishing piers (above the two already slated for completion by FY 2024-25) and replacing the boat dock. To pay for this construction this proposal requires obtaining a construction loan (where you make draws and incur interest only as payments are needed to the contractors for work completed) and then turning it into a full loan not to exceed a period of five years total. The proposal projects beginning the loan by December 2025 at an estimated interest rate of 4.0%, as we are in a declining interest rate environment. Current interest rates for a five-year municipal borrowing as of July 9,2025 are 4.75% (source United Southern Bank). A loan amount of $1,425,000 is proposed, with total payments not to exceed $1,584,277 over the five years, including $159,277 in interest. A 60-month amortization table of monthly payments is attached at Appendix C, based on the full amount being outstanding for the entire period. If the construction draw method is done in the first year, the interest amounts will be lower, i.e. this is a worst case at the 4% interest rate. Is this affordable? In our audited FY 2023-24 fiscal year total revenue in the Infrastructure Fund was $271,737. Our FY 2024-25 Budget estimates $286,200 in revenue. A fair estimate for FY 2025-26 is $302,000, with further increases of $15,000 per year in the remaining four years as our population explodes. Thus $317,000, $332,000, $347,000, and $362,000 in the next four years. This totals an estimated revenue of $1,660,000 during the loan period, providing a buffer of $75,723.

4. SUMMARY: It appears that we have adequate resources to complete all the road improvements scheduled for the next three years and complete the upcoming dock improvements and five finger pier replacements with the revenue stream projected to fund a five-year bank loan. Based on the current annual budget projected at $225,000 per year, it would take at least seven years to complete these six streets. This project would allow for almost a full mile of two-lane streets with curbs and some drainage features to be completed in one year, while at the same time completing our dock and pier projects. The interest costs would not exceed $149,613 and would be offset by expected inflation in road construction costs, which have been running much higher than the general rate of inflation. We also would be able to achieve economies of scale by doing more work at one time and reducing repeated mobilization expenses.

5. RECOMMENDATION: Implement this loan and proposed construction as part of the FY 2025-26 Budget.

APPENDIX A

INFRASTRUCTURE FUND CAPITAL PROJECTS

FY 2025-2026

ROADS:

1.	N. Tangerine	1400 lf @$250=	$350,000
2.	N. Georgia	656 lf @$250=	$164,000
3.	W. Pine	370 lf @$250=	$ 92,500
4.	W. Palmetto	347 lf @$250=	$ 86,750
5.	N. Velencia	1121 lf @$250=	$280,250
6.	E. Mission Lane	1335 lf @$150*=	$200,250
	Subtotal		$1,173,750

- Mill and Overlay Only

DOCKS:

7.	Replace Fishing Piers	5 @ $30,000=	$150,000
8.	Replace Boat Dock	1 @ $100,000=	100,000
	Subtotal		$250,000
	Total Projects		$1,423,750

Public Works

5 Year – Road Improvement List

FY2025 – FY2029

FY2025		
Road Name:	**Road Rating:**	**Notes:**
N. Citrus Avenue – 1,116 LF	1	Survey, Realignment of Road in Right-of-Way, Intersection Improvements at E. Camellia Way & S.R 19, Potholes, Bad Edges, Base Failure
E. Gardenia Street – 826 LF	1	Lateral and Horizonal Pavement Cracking, Tree Roots Compromising Road Base and Pavement, Base Failure
E. Holly Street – 752 LF	1	Lateral and Horizonal Pavement Cracking, Tree Roots Compromising Road Base and Pavement, Base Failure
FY2026		
N. Tangerine Avenue – 1,400 LF	1	Pavement Cracking, Delaminating of Pavement Layers, Base Failure, Intersection Improvements at N. Lakeshore Boulevard
FY2027		
N. Georgia Avenue – 656 LF	1	Bad Lateral and Horizonal Pavement Cracking, Potholes, Base Failure
W. Pine Street – 370 LF	2	Some Lateral and Horizonal Pavement Cracking, Base Failure
W. Palmetto Avenue – 347 LF	2	Some Lateral and Horizonal Pavement Cracking, Base Failure
FY2028		
N. Valencia Avenue – 1,121 LF	1	Bad Lateral Pavement Cracking, Delaminating of Pavement Layers, Potholes
Mission Lane – 1,335 LF	2	Some Lateral and Horizonal Pavement Cracking, Base Failure, Potholes (Road has lime rock base, mill and pave only)
FY2029		
E. Croton Way – 1,650 LF	2	Lateral Cracking, Narrow Radius @ N. Temple, Bad Radius @ N. Valencia, Bad Radius @ N. Lakeshore Blvd

Road Rating:

1 – Very Poor, 2 – Poor, 3 – Fair, 4 – Good, 5 – Excellent

Additional Notes:

** Roads may be added or removed from the list during any fiscal year due to additional Budgeting and/or Budgetary Restraints.

** Some roads may be improved over multiple fiscal years due to the length of road and/or Budgetary Restraints.

APPENDIX B

Public Works

Road Inventory Report

Road Name	Rating	Notes
E. Holly Street	1	Lateral cracking, tree roots, base failure, Radius @ SR 19
E. Gardenia Street	1	Lateral cracking, base failure, drop-offs, tree roots, Radius @ SR 19
N. Citrus Ave	1	Bad Lateral Cracking, Broken edges, Narrow curved intersection @ Camellia Way, Radius @ SR 19
N. Tangerine Ave	1	Bad Lateral & Horizontal cracking, Delamination of asphalt layers, Bad Radius @ Camellia Way
N. Valencia Ave	1	Lateral cracking, Lifting, Bad radius @ E. Magnolia, Bad radius @ E. Croton Way
N. Georgia Ave	1	Bad Lateral Cracking, Bad Intersection/Radius @ W. Cypress Ave
E. Myrtle Street	2	Cracking, small potholes, Radius @ SR 19
E. Oak Street	2	Lateral cracking, Radius @ N. Lakeshore Blvd, Radius @ SR 19
E. Pine Street	2	Lateral & Horizonal cracking, Radius @ N. Lakeshore Blvd, Radius @ SR 19
E. Cedar Street	2	Lateral cracking, Northside Radius @ SR 19
E. Palmetto Ave	2	Lateral cracking, small potholes, Radius @ N. Lakeshore Blvd, Radius @ SR 19
E. Cypress Ave	2	Lateral cracking, Radius @ SR 19
E. Magnolia Ave	2	Lateral cracking, Radius @ SR 19
E. Laurel Ave	2	Lateral cracking, Radius @ SR 19
E. Croton Way	2	Lateral cracking, narrow Radius @ N. Temple, Bad radius @ N. Valencia, Bad Radius @ N. lakeshore Blvd
Mission Lane	2	Some cracking, potholes, tree roots
N. Lakeshore Blvd. (Red Road)	2	Some Lateral Cracking, Potholes
E. Camellia Way	2	Lateral cracking, Broken edges, Narrow Intersection @ N. Temple
N. Temple Ave	2	Lateral Cracking, Narrow Intersection @ Orchid, Bad Radius @ Camellia Way, Bad Radius @ E. Croton, Bad Radius @ E. Laurel
W. Cypress	2	Lateral Cracking, Bad Narrow radius @ SR 19
W. Dupont Circle	2	Lateral Cracking, Potholes
W. Oak Street	2	Lateral Cracking, Narrow Radius @ SR 19
W. Pine Street	2	Lateral Cracking, Narrow Radius @ SR 19
W. Palmetto Street	2	Lateral Cracking, Narrow Radius @ SR 19
W. Myrtle Street	3	Some cracking, Radius @ SR 19, Radius @ S. Dixie Drive
W. Holly Street	3	Some cracking, Radius @ SR 19, Radius @ S. Dixie Drive

W. Lakeview Ave	3	Some cracking, Radius @ S. Dixie Drive, Radius @ SR 19
W. Oleander Ave	3	Some cracking, Radius @ S. Dixie Drive
S. Dixie Drive	3	Some cracking, Radius @ SR 19, Radius @ W. Oleander Ave, Radius @ W. Myrtle, Radius @ W. Lakeview, Radius @ W. Holly St
E. Lakeview Ave	3	Some cracking, Radius @ SR 19
E. Orchid Way	3	Some cracking, Narrow Intersections @ N. Valencia & N. Temple
W. Magnolia	3	Some Lateral Cracking, Narrow Radius @ SR 19
N. Dixie Drive (W. Pine St – W. Central Ave)	3	Some Cracking
N. Florida Ave (W. Cypress Ave - W. Dupont Cir	3	Potholes, Bad Radius @ W. Cypress Ave, Bad Radius @ W. Dupont
N. Florida Ave (W. Oak St – W. Central Ave)	3	Some Lateral Cracking
E. Central Ave	4	Some Lateral Cracking, Some Small Potholes
N. Lakeshore Blvd. (E. Central – N. Tangerine)	4	Some Lateral Cracking
S. Florida Ave	4	Some Lateral Cracking, Broken Edges
Venezia Blvd	4.5	Some Minor Cracking
Messina Place	4.5	Some Minor Cracking
Terracotta Terrace	4.5	Some Minor Cracking
Napoli Way	4.5	Some Minor Cracking
Bellissimo Place	4.5	Some Minor Cracking
Calabria Way	4.5	Some Minor Cracking
Avila Place	4.5	Some Small Patched Areas
Amola Way	5	Excellent Condition
Marilyn Ave	5	Excellent Condition, Reconstructed in 2022
N. Dixie Drive	5	Excellent Condition, Reconstructed and Widened in 2023

Road Ratings:

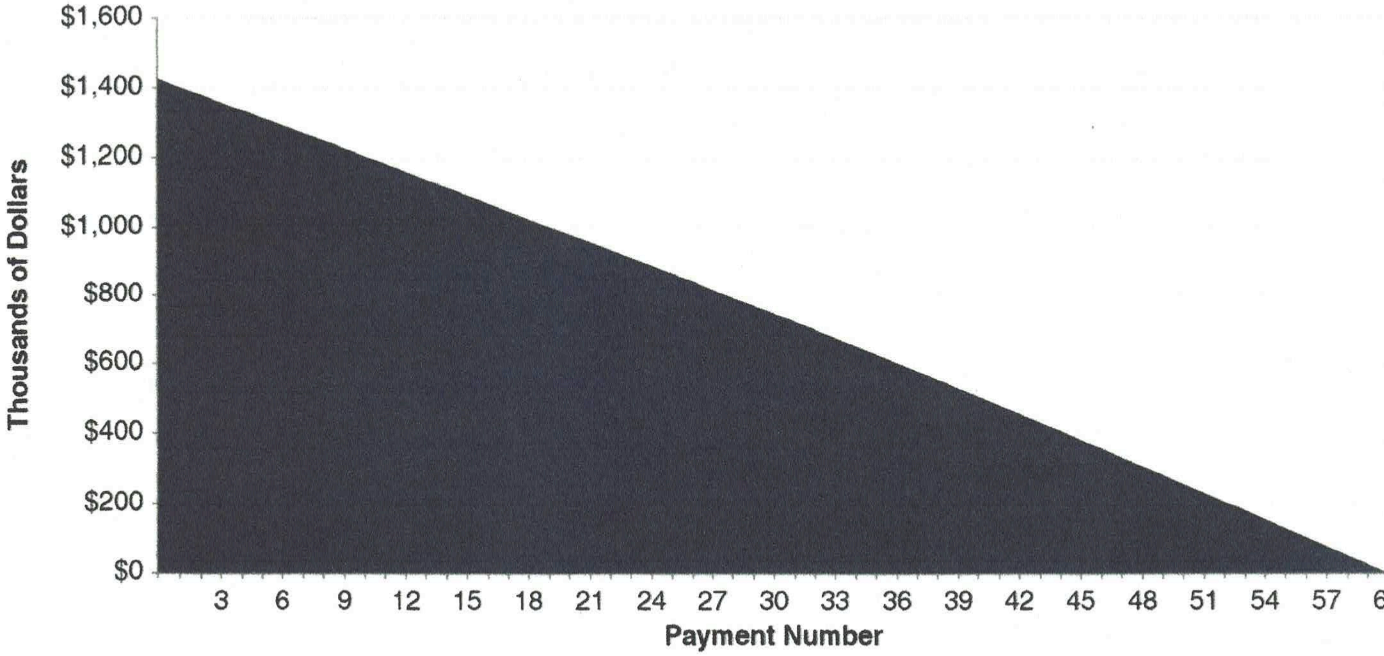
1. **Very Poor Condition**
2. **Poor Condition**
3. **Fair Condition**
4. **Good Condition**
5. **Excellent Condition/New**

Amortizing Loan Calculator › United Southern Bank
data2.profitstarscms.com

Your $1,425,000.00 loan has 60 monthly payments of $26,243.54 at 4%.

If you make all of your payments on this loan, and do not prepay any of the principal, the total interest for this loan is $149,612.67.

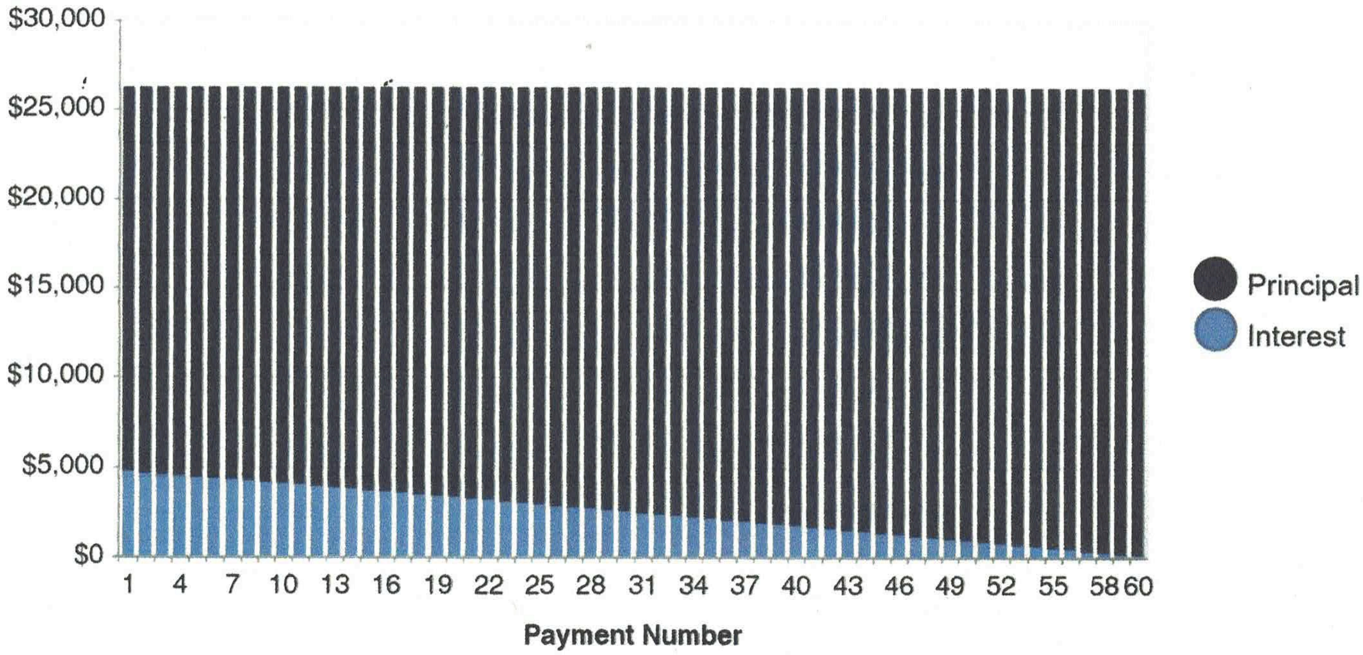
Balances for a $1,425,000.00 loan



Loan Summary	
Loan amount	$1,425,000.00
Monthly payment	$26,243.54
Interest rate	4%
Term	60 monthly payments
Total payments	$1,574,612.67
Total interest paid	$149,612.67

APPENDIX C

Total Principal and Interest by Payment



Payment Schedule

#	Payment	Principal	Interest	Loan balance
				$1,425,000.00
1	$26,243.54	$21,493.54	$4,750.00	$1,403,506.46
2	$26,243.54	$21,565.19	$4,678.35	$1,381,941.27
3	$26,243.54	$21,637.07	$4,606.47	$1,360,304.20
4	$26,243.54	$21,709.19	$4,534.35	$1,338,595.01
5	$26,243.54	$21,781.56	$4,461.98	$1,316,813.45
6	$26,243.54	$21,854.16	$4,389.38	$1,294,959.29
7	$26,243.54	$21,927.01	$4,316.53	$1,273,032.28
8	$26,243.54	$22,000.10	$4,243.44	$1,251,032.18
9	$26,243.54	$22,073.43	$4,170.11	$1,228,958.75
10	$26,243.54	$22,147.01	$4,096.53	$1,206,811.74
11	$26,243.54	$22,220.83	$4,022.71	$1,184,590.91
12	$26,243.54	$22,294.90	$3,948.64	$1,162,296.01
13	$26,243.54	$22,369.22	$3,874.32	$1,139,926.79

#	Payment	Principal	Interest	Loan balance
14	$26,243.54	$22,443.78	$3,799.76	$1,117,483.01
15	$26,243.54	$22,518.60	$3,724.94	$1,094,964.41
16	$26,243.54	$22,593.66	$3,649.88	$1,072,370.75
17	$26,243.54	$22,668.97	$3,574.57	$1,049,701.78
18	$26,243.54	$22,744.53	$3,499.01	$1,026,957.25
19	$26,243.54	$22,820.35	$3,423.19	$1,004,136.90
20	$26,243.54	$22,896.42	$3,347.12	$981,240.48
21	$26,243.54	$22,972.74	$3,270.80	$958,267.74
22	$26,243.54	$23,049.31	$3,194.23	$935,218.43
23	$26,243.54	$23,126.15	$3,117.39	$912,092.28
24	$26,243.54	$23,203.23	$3,040.31	$888,889.05
25	$26,243.54	$23,280.58	$2,962.96	$865,608.47
26	$26,243.54	$23,358.18	$2,885.36	$842,250.29
27	$26,243.54	$23,436.04	$2,807.50	$818,814.25
28	$26,243.54	$23,514.16	$2,729.38	$795,300.09
29	$26,243.54	$23,592.54	$2,651.00	$771,707.55
30	$26,243.54	$23,671.18	$2,572.36	$748,036.37
31	$26,243.54	$23,750.09	$2,493.45	$724,286.28
32	$26,243.54	$23,829.25	$2,414.29	$700,457.03
33	$26,243.54	$23,908.68	$2,334.86	$676,548.35
34	$26,243.54	$23,988.38	$2,255.16	$652,559.97
35	$26,243.54	$24,068.34	$2,175.20	$628,491.63
36	$26,243.54	$24,148.57	$2,094.97	$604,343.06
37	$26,243.54	$24,229.06	$2,014.48	$580,114.00
38	$26,243.54	$24,309.83	$1,933.71	$555,804.17
39	$26,243.54	$24,390.86	$1,852.68	$531,413.31

#	Payment	Principal	Interest	Loan balance
40	$26,243.54	$24,472.16	$1,771.38	$506,941.15
41	$26,243.54	$24,553.74	$1,689.80	$482,387.41
42	$26,243.54	$24,635.58	$1,607.96	$457,751.83
43	$26,243.54	$24,717.70	$1,525.84	$433,034.13
44	$26,243.54	$24,800.09	$1,443.45	$408,234.04
45	$26,243.54	$24,882.76	$1,360.78	$383,351.28
46	$26,243.54	$24,965.70	$1,277.84	$358,385.58
47	$26,243.54	$25,048.92	$1,194.62	$333,336.66
48	$26,243.54	$25,132.42	$1,111.12	$308,204.24
49	$26,243.54	$25,216.19	$1,027.35	$282,988.05
50	$26,243.54	$25,300.25	$943.29	$257,687.80
51	$26,243.54	$25,384.58	$858.96	$232,303.22
52	$26,243.54	$25,469.20	$774.34	$206,834.02
53	$26,243.54	$25,554.09	$689.45	$181,279.93
54	$26,243.54	$25,639.27	$604.27	$155,640.66
55	$26,243.54	$25,724.74	$518.80	$129,915.92
56	$26,243.54	$25,810.49	$433.05	$104,105.43
57	$26,243.54	$25,896.52	$347.02	$78,208.91
58	$26,243.54	$25,982.84	$260.70	$52,226.07
59	$26,243.54	$26,069.45	$174.09	$26,156.62
60	$26,243.81	$26,156.62	$87.19	$0.00