

Road and Drainage Assessment Revenue Sufficiency Analysis and Cost Apportionment

North Port
Road and Drainage District

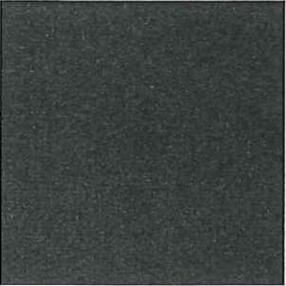


Overview

1. Background
2. Mowing Assessment
Restructuring Options
3. Revenue Sufficiency Analysis
4. Cost Apportionment
5. Assessment Options With FY
2019 Apportioned Costs
6. Discussion and Commission
Direction

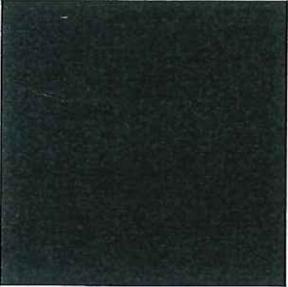
Road and Drainage Assessment

1. Background



Background

- The North Port Road and Drainage District maintains the road and drainage network within the District,
 - The roads assessment is based upon trip generation rates of property classes, and
 - The drainage assessment is based upon the portions of the drainage system from which each parcel receives benefit...
 - Tertiary System – collects rainfall in neighborhoods and conveys to the Secondary System
 - Secondary Drainage System – Conveys drainage from the Tertiary System to the Primary System
 - Primary Drainage System – Conveys drainage from the Secondary System to receiving waters
- The District also mows the rights-of-way for all vacant lots within the District.
 - The current mowing assessment is to only vacant lots and is equal per parcel



Background

The North Port Road and Drainage District has retained Stantec to conduct a Road and Drainage Assessment Study to address the following:

1. Develop a ten-year financial plan to determine annual assessment adjustments that will be required to ensure that the District will generate sufficient revenues to meet all of its projected operations, maintenance and capital cost requirements,
2. Review and update the assessment methodology, including allocation of costs to the primary functions of Roads, Drainage and Mowing,
3. Review and update the assessment rate structure for each function above,
4. Prepare an assessment roll to reflect the results of the above activities,
5. Assist the District with implementation of the adjusted assessments for inclusion on the November 2018 tax bill.

Road and Drainage Assessments

2. Mowing Assessment Restructuring Options



Standard Lot:
80'x120',
1/4 Acre



Estates Lot:
230'x570',
3 Acres



Large Panacea Lot:
Average 28.63 Acres

PLANTATION BL

Alternative A

Change Mowing Assessment Structure from Per Parcel to Per Linear Feet

	Type of Lot	Mowing Per Parcel - Current	Mowing by Linear Feet - Projected	Impact
A1	Standard Vacant	\$51.64	\$50.87	(\$0.77)
A2	Estates Vacant	\$51.64	\$172.34	\$120.70
A3	Large Panacea Vacant	\$51.64	\$1,734.07	\$1,682.43

Alternative B

Change Mowing Assessment Structure from Per Parcel to Per Linear Feet and Add Mowing of Improved Estates

	Type of Lot	Mowing Per Parcel - Current	Mowing by Linear Feet - Projected	Impact
B1	Standard Vacant	\$51.64	\$50.87	(\$0.77)
B2	Estates Vacant	\$51.64	\$218.22	\$166.58
B3	Large Panacea Vacant	\$51.64	\$1,734.07	\$1,682.43
B4	Estates Improved	\$0.00	\$218.22	\$218.22

Mowing
Charged per
Parcel

Mowing
Charged per
Linear Feet

Drainage

Arterials & Collectors – 8x/yr



Mowing Level
of Service
(per parcel)

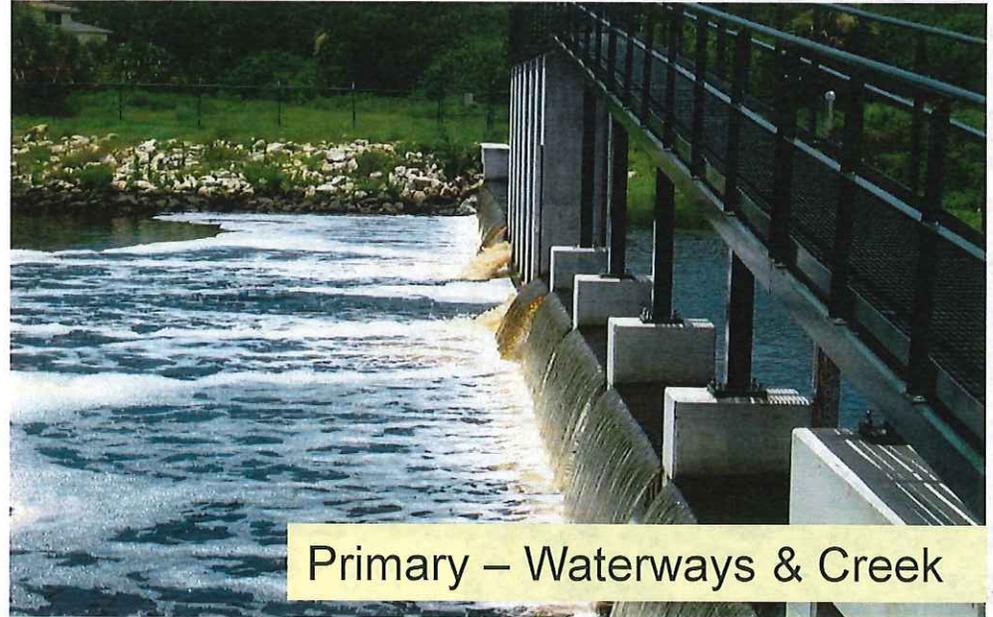
Swales– 2x/yr



Local Roads– 6x/yr



Drainage (by acre)



Primary – Waterways & Creek

Secondary – Retention Ditches & Outfalls



Tertiary - Swales

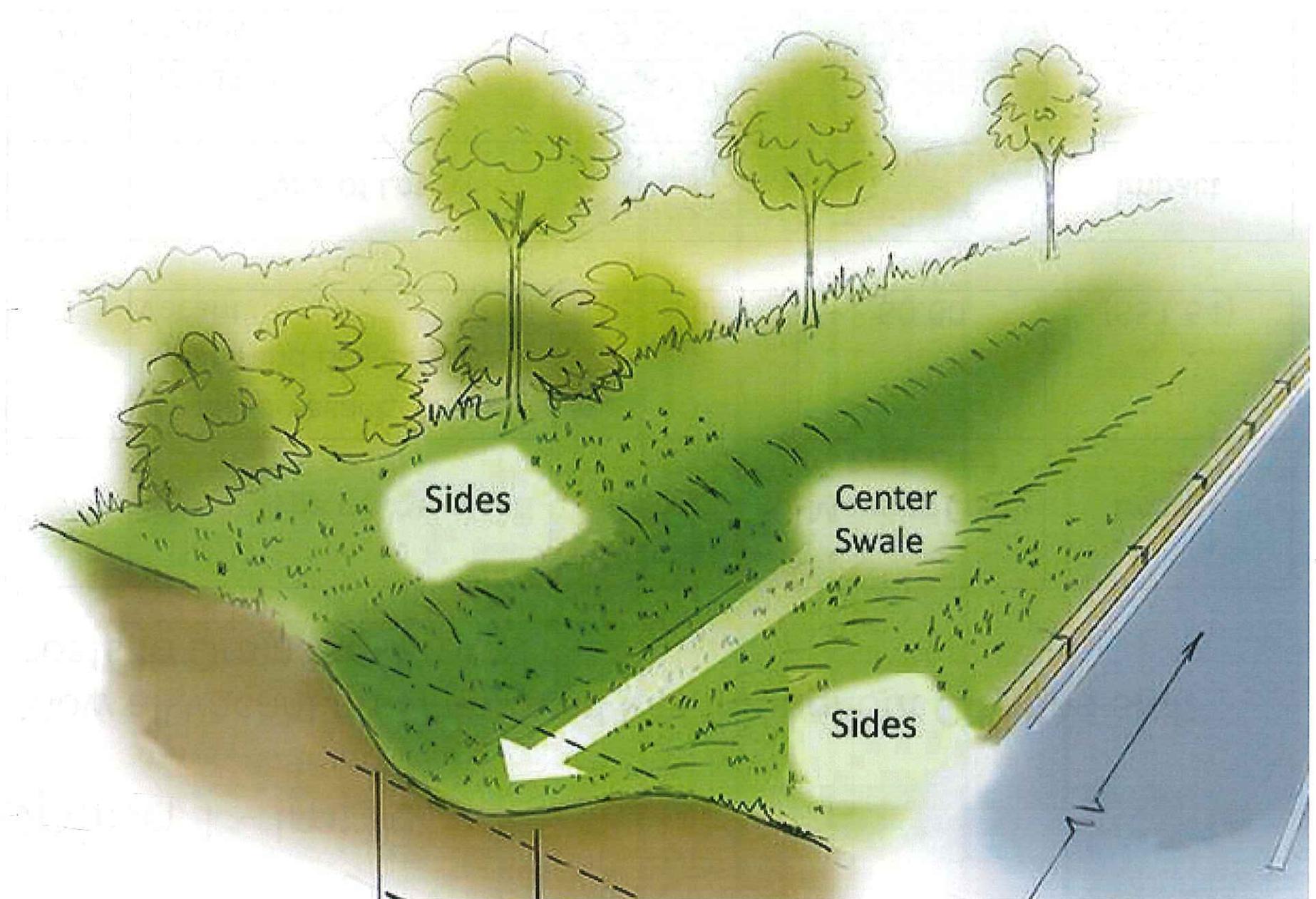
Option 1 - Impact

Mow all vacant and improved lots throughout City and shift costs to Drainage

	Type of Lot	Mowing Per Parcel - Current	Mowing Cost - Projected	Impact
1	Standard Vacant, Estates Vacant and Large Panacea Vacant	\$51.64	\$0.00	(\$51.64)

	Type of Lot	Drainage - Current	Drainage - Proposed	Impact
1A	Standard	\$81.10	\$131.01	\$49.91
1B	Estates	\$233.52	\$383.73	\$150.21

Option 2



Option 2

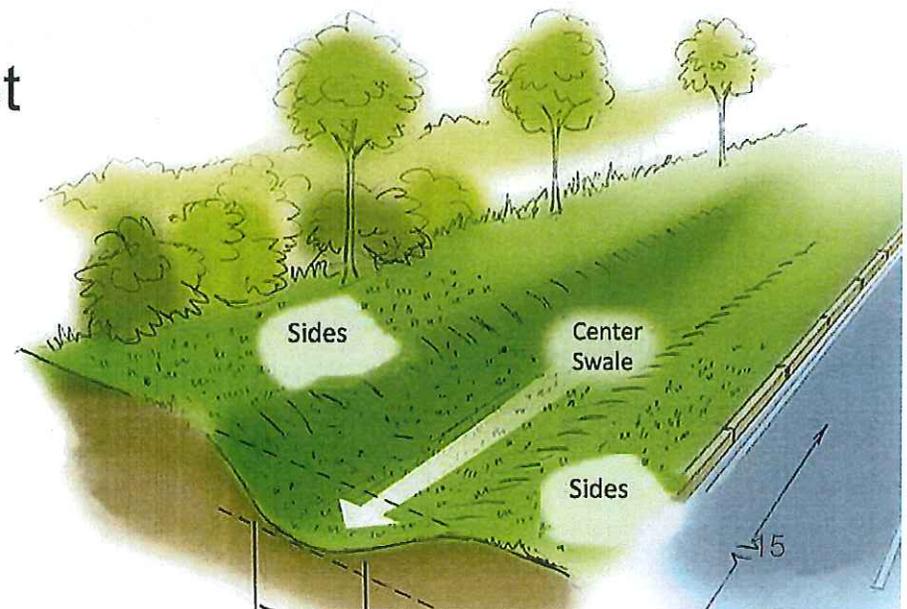
All Vacant Lots

- City Continue Mowing Sides (80% costs remain on Mowing)
- City Continue Mowing Center Swale (20% costs shift to Drainage)

All Improved Lots

- Residents Continue Mowing Sides
- City Mow Center Swale (costs shift to Drainage)

A. Per Parcel and B. Linear Feet



Option 2 - Impacts

	Type of Lot	Mowing Per Parcel - Current	Mowing Cost - Projected	Impact
2A	Standard Vacant, Estates Vacant and Large Panacea Vacant	\$51.64	\$45.30	(\$6.34)
	Type of Lot	Drainage - Current	Drainage - Proposed	Impact
2A	Standard	\$81.10	\$96.80	\$15.70
2A	Estates	\$81.10	\$280.77	\$199.67

	Type of Lot	Mowing Per Parcel - Current	Mowing by Linear Feet - Projected	Impact
2B	Standard Vacant	\$51.64	\$44.69	(\$6.95)
2B	Estates Vacant	\$51.64	\$151.50	\$99.86
2B	Large Panacea Vacant	\$51.64	\$1,568.62	\$1,516.98
	Type of Lot	Drainage - Current	Drainage - Proposed	Impact
2B	Standard	\$81.10	\$96.80	\$15.70
2B	Estates	\$81.10	\$280.77	\$199.67

Option 3

All Vacant Lots

- City Continue Mowing (Costs remain on Mowing, except Estates costs shift to Drainage)

Improved Lots

- City Mow Estates Improved Lots (costs shift to Drainage)
- Residents Continue Mowing

A. Per Parcel and B. Linear Feet



Option 3 - Impacts

	Type of Lot	Mowing Per Parcel - Current	Mowing Cost - Projected	Impact
3A	Standard Vacant and Large Panacea Vacant	\$51.64	\$51.64	\$0.00
3A	Estates Vacant	\$51.64	\$0.00	(\$51.64)
	Type of Lot	Drainage - Current	Drainage - Proposed	Impact
3A	Standard	\$81.10	\$85.48	\$4.38
3A	Estates	\$233.52	\$246.71	\$13.19

	Type of Lot	Mowing Per Parcel - Current	Mowing by Linear Feet - Projected	Impact
3B	Standard Vacant	\$51.64	\$51.23	(\$0.41)
3B	Estates Vacant	\$51.64	\$0.00	(\$51.64)
3B	Large Panacea Vacant	\$51.64	\$1,798.17	\$1,746.53
	Type of Lot	Drainage - Current	Drainage - Proposed	Impact
3B	Standard	\$81.10	\$85.48	\$4.38
3B	Estates	\$233.52	\$246.71	\$13.19

			Projected Overall Increase/(Decrease) on Typical Lot			
	Additional Costs	Increase Level of Service	Standard Vacant	Standard Improved	Estates Vacant	Estates Improved
Alternative A						
	\$ -					
Change to Linear Feet		No	(\$0.77)	\$0.00	\$120.70	\$0.00
Alternative B						
	\$ 83,703					
Mow all lots in Estates (charge by Linear Feet)		Only for Estates Improved Lots	(\$0.77)	\$0.00	\$166.58	\$218.22
Option 1						
	\$ 1,086,949					
Mow all lots with costs assigned to Drainage		Yes	(\$1.73)	\$49.91	\$98.57	\$150.21
Option 2						
	\$ 635,491					
A. Mow all lot center swales		Yes	\$9.36	\$15.70	\$193.33	\$199.67
B. By Linear Feet		Yes	\$8.75	\$15.70	\$299.53	\$199.67
Option 3						
	\$ 288,703					
A. Mow all lots in Estates with costs assigned to Drainage		Only for Estates Improved Lots	\$4.38	\$4.38	(\$38.45)	\$13.19
B. By Linear Feet		Only for Estates Improved Lots	\$3.97	\$4.38	(\$38.45)	\$13.19

Discussion

Road and Drainage Assessment

3. Revenue Sufficiency Analysis (RSA)

Revenue Sufficiency Analysis (RSA) Background

- FY 2016: City engaged Stantec, formerly Burton and Associates, to conduct a Revenue Sufficiency Analysis (RSA)
 - 10-Year Cash Flow Projection revealed a level annual assessment revenue adjustment plan of 4.5% maintains financial stability and reserve targets
- FY 2018: City retained Stantec to update the RSA with current data

Data and Assumptions

Data Basis

- FY 2017 Year-End Estimates
- FY 2018 Adopted Budget
- FY 2019 Preliminary Budget
- FY 2020 and beyond
 - Projected based upon FY 2019 Preliminary Budget
 - Individual line-item cost escalation factors applied
 - 96% Budget Execution to O&M Costs
- Beginning Fund Reserve Balance obtained from the FY 2017 City of North Port Comprehensive Annual Financial Report
 - Minimum Operating Reserve: 25% of Annual O&M Costs

Data and Assumptions

Capital Improvement Program

- CIP contains costs for neighborhood improvements, sidewalks and pedestrian bridge maintenance, road improvements, and capital equipment
- Majority of CIP is funded through District Funds, Surtax, Transportation Impact Fees, and future anticipated borrowing.
 - Various other outside funding sources such as grants
 - Road and Drainage District will incur additional O&M impacts from various capital projects
- CIP contains two large road expansion projects in the next five years
 - Price Boulevard Widening Phase I
 - Price Boulevard Widening Phase II

Key Issues For Road And Drainage District

Future Borrowing Needs – Driven By Price Boulevard Widening

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Par Amount Projections	\$36,984,310	\$0	\$4,334,757	\$51,883,334	\$0
Cumulative New Debt Service*	\$1,201,990	\$2,543,740	\$2,706,293	\$4,931,012	\$6,673,345

Increased Level Of Service Expenditures

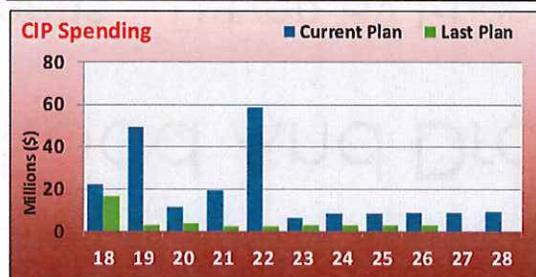
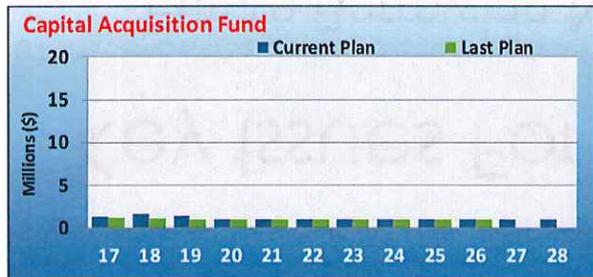
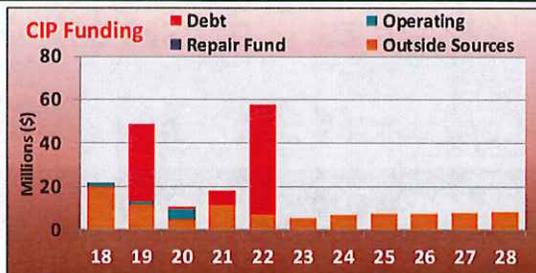
Expenditure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
R&M Water Control Structs	\$150,000	\$199,000	\$2,614,500	\$1,801,000	\$1,926,000
R&M Roads	\$103,390	\$ 85,900	\$353,800	\$367,800	\$381,600
R&M Road Maintenance Prog	\$3,573,300	\$4,248,270	\$4,391,980	\$4,551,060	\$4,732,590
R&M Drainage	\$957,900	\$1,207,850	\$1,225,970	\$1,244,360	\$1,263,030

*First year of each new borrowing reflects interest-only payment

Level Rate Plan Diagnostic Results

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

	SAVE	CALC	ROLL	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Cumulative Change	
Override					4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	FY 2023	FY 2028
Drainage Rate Increases				0.00%	4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	25.09%	55.89%
Last Plan				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%	0.00%	24.61%	55.29%
Override					4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		
Mowing Rate Increases				0.00%	4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	PS FY19	96.0%
Last Plan				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%	0.00%	OMV FY19	96.0%
Override					4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	OMF FY19	96.0%
Roads Rate Increases				0.00%	4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	Cap. Acq. Fund	\$ 1,000,000
Last Plan				4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%	0.00%	Separate Gas Tax	No
CIP \$ Redistribution				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Separate Traffic Fees	No
CIP Execution %				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Additional Surtax	0%
Operating Reserve Mo				3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	E. Res FY 18-20	\$0
Drainage	\$81.10	\$81.10	85.07	88.90	92.90	97.08	101.45	106.02	110.79	115.78	120.99	126.43			E. Res FY 21+	\$0
Roads	\$46.87	\$46.87	49.17	51.38	53.69	56.11	58.63	61.27	64.03	66.91	69.92	73.07			E. Res Cap	0%
Total Annual Assessment	\$127.97	134.24	140.28	146.59	153.19	160.08	167.29	174.82	182.69	190.91	199.50			Check	\$ -	
Last Plan	\$135.83	141.94	148.33	155.00	161.97	169.26	176.88	184.84	0.00	0.00	0.00					



Additional Surtax To Address Diagnostic View

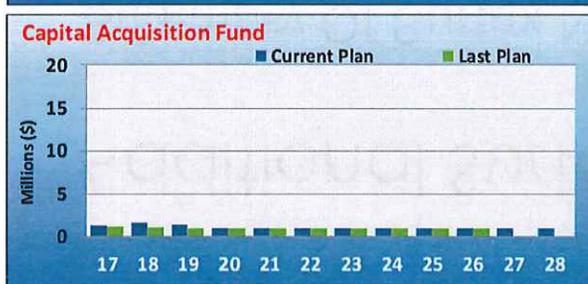
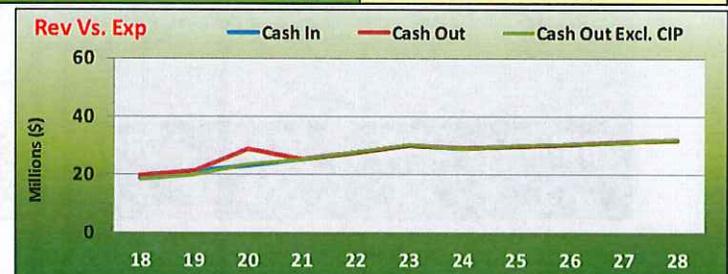
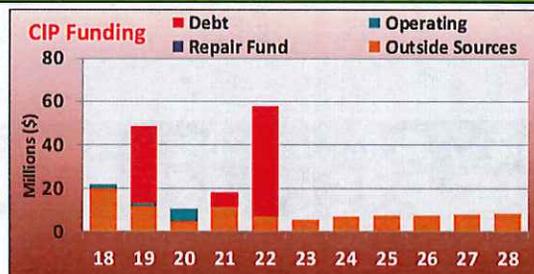
Summary Of Surtax Needed By Year (In Millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Current Planned Surtax Funding	\$6.09	\$4.58	\$5.95	\$5.17	\$5.33	\$7.25	\$7.47	\$7.70	\$7.93	\$8.17
Additional Surtax Needs Price Blvd. Phase I	\$0.00	\$1.21	\$3.00	\$2.21	\$2.33	\$0.48	\$0.38	\$0.28	\$0.17	\$0.06
Additional Surtax Needs Price Blvd. Phase II	\$0.00	\$0.00	\$0.00	\$1.61	\$3.43	\$3.33	\$3.22	\$3.11	\$2.99	\$2.87
TOTAL	\$6.09	\$5.79	\$8.95	\$8.99	\$11.09	\$11.06	\$11.07	\$11.09	\$11.09	\$11.10

Level Rate Plan With Additional Surtax

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

SAVE	CALC	ROLL	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Cumulative Change		
		Override ▶		4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	FY 2023	FY 2028	
		Drainage Rate Increases	0.00%	4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	25.09%	55.89%	
		Last Plan	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%	0.00%	24.61%	55.29%	
		Override ▶		4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	PS FY19 ▶	96.0%	
		Mowing Rate Increases	0.00%	4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	OMV FY19 ▶	96.0%	
		Last Plan	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%	0.00%	OMF FY19 ▶	96.0%	
		Override ▶		4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	Cap. Acq. Fund	\$ 1,000,000	
		Roads Rate Increases	0.00%	4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	Separate Gas Tax	No	
		Last Plan	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	0.00%	0.00%	Separate Traffic Fees	No	
		CIP \$ Redistribution ▶	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Additional Surtax	100%	
		CIP Execution % ▶	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	E. Res FY 18-20	\$0	
		Operating Reserve Mo ▶	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	E. Res FY 21+	\$0	
		Drainage	\$81.10	\$81.10	85.07	88.90	92.90	97.08	101.45	106.02	110.79	115.78	120.99	126.43	E. Res Cap	0%
		Roads	\$46.87	\$46.87	49.17	51.38	53.69	56.11	58.63	61.27	64.03	66.91	69.92	73.07	Check	\$ -
		Total Annual Assessment	\$127.97	134.24	140.28	146.59	153.19	160.08	167.29	174.82	182.69	190.91	199.50			
		Last Plan	\$135.83	141.94	148.33	155.00	161.97	169.26	176.88	184.84	0.00	0.00	0.00			



Conclusions

The study concludes the following:

- The requested rate increase of 4.90% in FY 2019 and the original ongoing rate increases of 4.50% each year thereafter are not sufficient to meet the planned needs of the Road and Drainage District.
- To sustain the District, the District will have to address one or more of the following:
 1. Rate increases above 4.50%
 2. Increase the annual request of Surtax
 3. New Capital Assessment Bond
 4. Decrease the level-of-service
- Given the unexpected costs of Price Boulevard Phase I and II, along with other unanticipated future needs, it is recommended to review the District's Revenue Sufficiency on an annual or bi-annual basis to ensure financial sustainability is achieved.

Discussion and Interactive Modeling

Road and Drainage Assessment

4. Cost Apportionment

Basis of Apportionment

Two-Pronged Test

1. The property assessed must derive a special benefit from the service provided.
 2. The assessment must be fairly and reasonably apportioned among the properties that receive the special benefit.
- **Roads:**
 1. Special Benefit – Accessibility of maintained Roads network
 2. Fair Apportionment – Apportioned based on trips generated by property class
 - **Drainage:**
 1. Special Benefit – Drainage provided by the Drainage System components
 2. Fair Apportionment – Apportioned based on benefit provided by the specific system components
 - **Mowing:**
 1. Special Benefit – Provided by mowing of right-of-ways on vacant parcels
 2. Fair Apportionment – Apportioned equally to all vacant parcels benefitted

Allocation of Costs

- Allocation of Cost of Primary Functions
 - Roads
 - Administration
 - Base Roads
 - Enhanced Roads
 - Drainage
 - Administration
 - Drainage I
 - Drainage II
 - Drainage III
 - Mowing
 - Administration
 - Mowing of right-of-ways

Apportionment Of FY 2019 Revenue Requirements

FY 2019 Projected Assessment Charges	Mowing		Roads			Drainage			
	Admin	Mowing	Admin	Base	Enhanced	Admin	Primary	Secondary	Tertiary
FY 2018 Assessment	\$ 3.99	\$ 51.64	\$ 4.40	\$ 11.94	\$ 30.53	\$ 5.27	\$ 34.50	\$ 20.04	\$ 21.29
Projected FY 2019 Assessment*	\$ 6.27	\$ 37.63	\$ 4.97	\$ 26.83	\$ 6.21	\$ 11.41	\$ 34.44	\$ 25.24	\$ 32.22
<i>Percentage Difference</i>	57.14%	-27.13%	12.95%	124.71%	-79.66%	116.51%	-0.17%	25.95%	51.34%

* Projected FY 2019 Assessment reflects the reapportioned cost allocation analysis utilizing the current assessment methodology

Discussion and Interactive Modeling

Road and Drainage Assessment

5. Discussion and Commission Direction

Discussion and Commission Direction

1. Assessment structure recommendation:

Commission Direction

2. Revenue Sufficiency Analysis recommendation:

Commission Direction

3. Cost Apportionment

Commission Direction

