



# City of North Port Capital Improvement Plan

**Presented by: PFM Financial Advisors**

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PFM Financial Advisors LLC  
[www.pfm.com](http://www.pfm.com)

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200 South Orange Avenue, Suite 760  
Orlando, FL 32801



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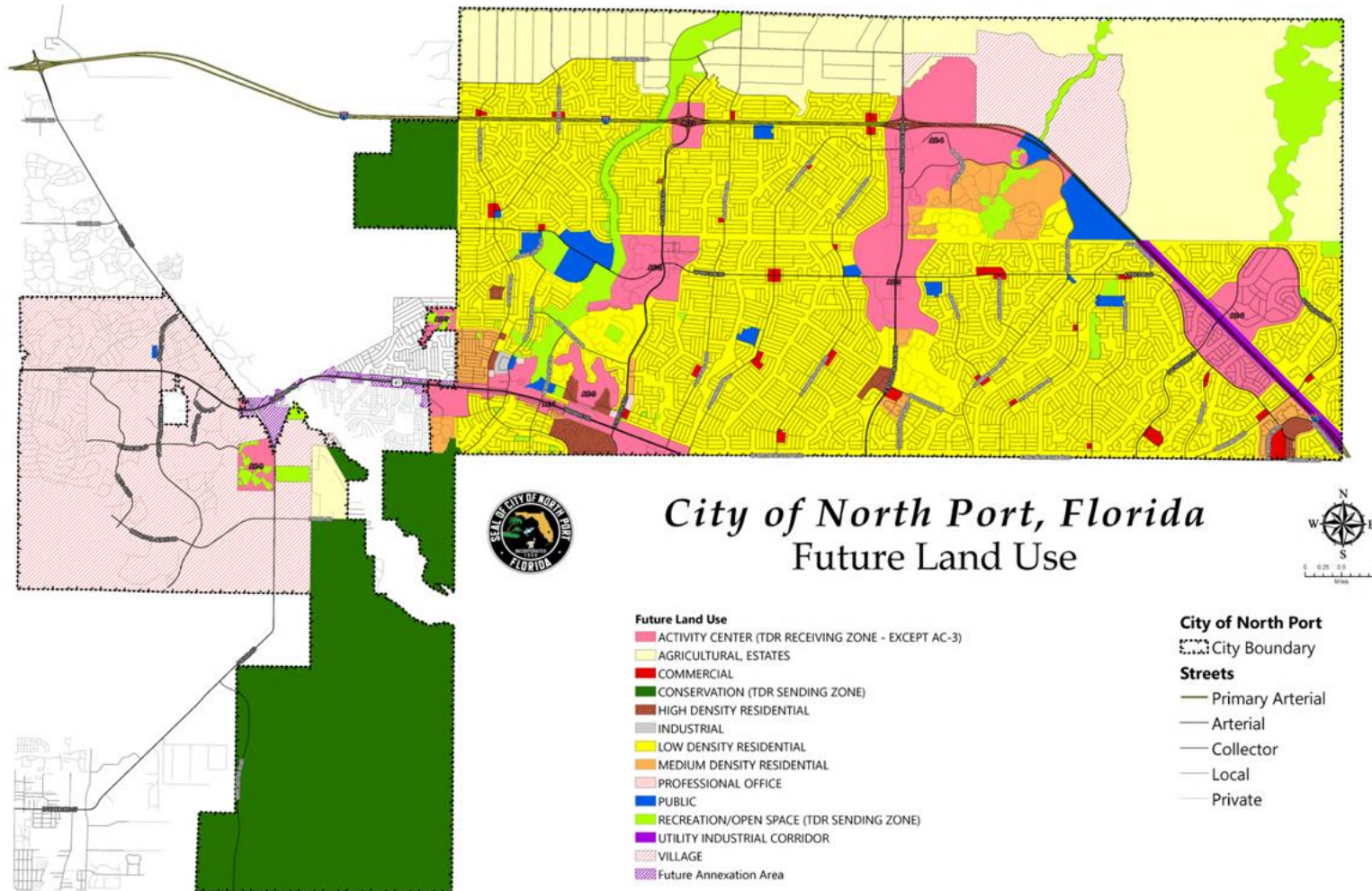
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# I. Planning Model Overview



## City of North Port – Future Land Use Map (Context Map)





## Scenarios Developed and Analyzed

- The City recently adopted changes to its Comprehensive Land Use Plan with respect to changes to its Unified Land Development Codes (ULDC)
  - The most consequential result of this change is limiting the future development of pre-platted single family lots in the Eastern portion of the City
- The City requested PFM model and estimate the fiscal and economic impacts of three proposed development scenarios
  - **Scenario 1:** Application of the Historic Unified Land Development Codes (ULDCs), which assumes a 3% annual population growth rate and a ratio of employment within the City to population within the city of 0.25 (The current ratio is 0.15)
  - **Scenario 2:** A scenario that implements the City's application of the updated ULDCs, which assumes a 4% annual growth rate and an employment-population ratio of 0.45
  - **Scenario 3:** A slower-growth scenario that still implements the updated UCLDs but assumes a 3% annual growth rate and an employment-population ratio of 0.33. This scenario is more characteristic of a market-based analysis with slower population growth and less employment within the city compared to Scenario 2
- The City provided a 20-year CIP to include required infrastructure improvements to satisfy needs created with updated ULDC projections



## **II. Impact Analysis**



## Difference Between Fiscal Impacts and Economic Impacts

### ◆ FISCAL IMPACTS

- The fiscal impact is the expected impact of a project or series of projects to the local municipalities budget as a result of the development of a project or series of projects. This is typically measured in the form budget revenues and expenses.

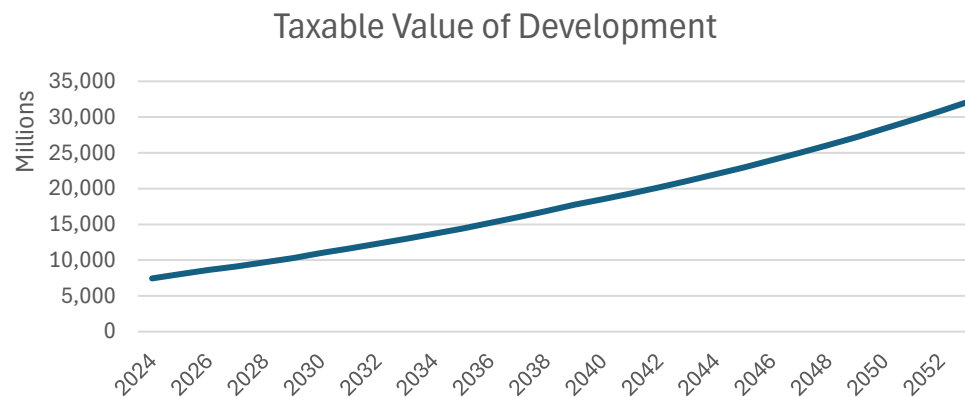
### ◆ ECONOMIC IMPACTS

- The economic impact is the expected impact on the economy from spending generated as a result of the development of a project or series of projects. This is typically measured in the form of jobs, wages and output (production value).



## What is the Fiscal Impact?

- ◆ Fiscal impacts refer to the actual impact that residents, employees, visitors, and building structures will have on the City of North Port through the General Fund, Road and Drainage, Solid Waste, and Fire Rescue Funds, et cetera
  - These impacts include revenues generated by taxes, fees, and other charges
  - Expenditures represent the additional cost for government-provided services such as police, human services, parks and recreation, et cetera
- ◆ All scenarios proposed will ultimately generate significant property tax revenue for the City. The chart below demonstrates the additional taxable value of development across the slow growth scenario used for the City's long-term planning model

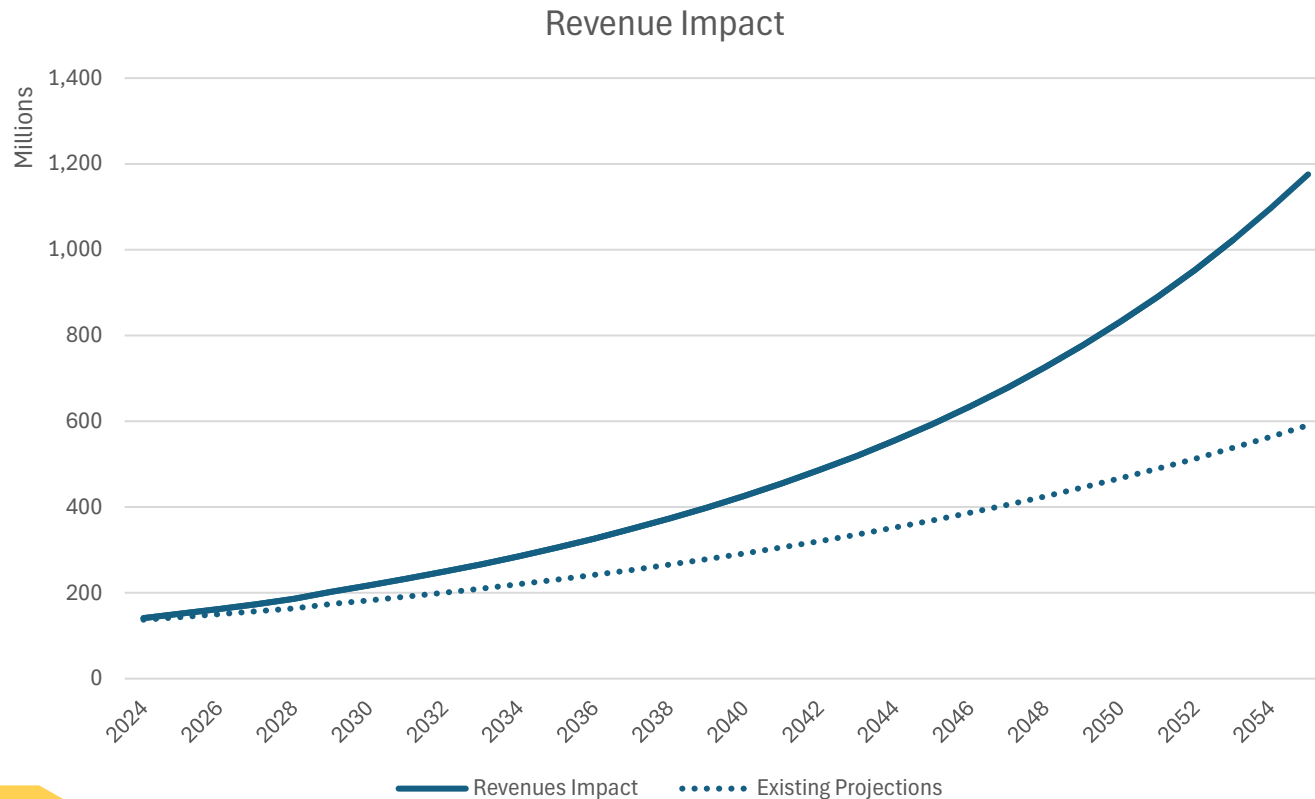






## Revenue Impacts

- The chart below shows the existing budget projections (grown by the CAGR to 2055) alongside the budget projections including the additional revenue for each slow growth ULDC scenario used for the long-term planning model

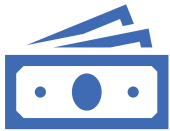




## What is the Economic Impact?

- ◆ The economic impact is the expected impact on the economy from spending generated as a result of the project. The cumulative spending effects include the direct, indirect, and induced effects.

### Direct Effect



One or more production changes or expenditures made by producers/consumers as a result of an activity or policy.

### Indirect Effect



Business-to-business purchases in the supply chain.

### Induced Effect



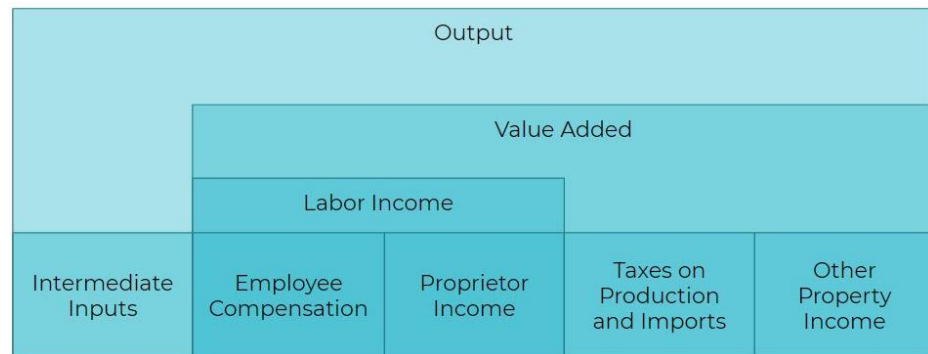
Household spending of Labor Income.

Source: IMPLAN



## What is the Economic Impact?

- The economic impact of the direct, indirect, and induced effects are measured through expected associated employment, labor income, value added, and output.
- **Employment**
  - Industry-specific mix of full-time, part-time, and seasonal employment. It is an annual average that accounts for seasonality. IMPLAN Employment is not equal to full time equivalents
- **Labor Income**
  - All forms of employment income, including employee compensation (wages, salaries, and benefits) and proprietor income
- **Value Added**
  - The difference between total output and the cost of intermediate inputs. It is a measure of the contribution to GDP
- **Output**
  - Equals the value of production



Source: IMPLAN



## **III. 20 Year CIP Summary**



## Summary of 20 Year CIP

- The City has visibility of a potential \$2.5 Billion in Capital Projects over the next 20 years to support anticipated growth

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Information Technology	900,000	10,400,000	1,000,000	0		600,000	1,800,000		175,000	
Parks & Recreation	9,206,500	7,705,000	7,411,000	6,080,000	21,985,000	2,010,000	1,250,000	320,000	835,000	1,735,000
Police	6,705,000	9,402,000	9,906,000	9,907,000	19,104,000	10,257,000	10,556,000	41,741,000	11,994,000	27,265,000
Utilities	25,818,262	22,011,000	31,821,000	31,487,000	29,293,000	28,948,000	26,993,000	26,948,000	26,991,000	26,944,000
Public Works - Road & Drainage	22,979,720	47,788,050	17,463,842	17,977,218	21,520,119	21,241,652	19,159,289	59,816,709	16,279,423	50,701,596
Public Works - Facilities Maintenance	9,109,000	8,094,990	7,594,990	69,500,000	5,500,000	3,240,000	3,499,200	3,779,136	4,081,467	4,407,984
Public Works - Solid Waste	1,725,000	16,760,000	1,797,440	1,834,378	1,873,873	3,513,988	1,954,787	12,008,339	7,051,712	12,096,981
Public Works - Fleet Management	0	0	500,000	0	34,500,000	5,000,000				
Fire Rescue	2,500,000	19,177,524	4,610,000	1,700,000	850,000	24,775,481	5,010,000	70,000	30,515,718	6,100,000
Development Services							10,000,000			
<b>Grand Total</b>	<b>78,943,482</b>	<b>141,338,564</b>	<b>82,104,272</b>	<b>138,485,596</b>	<b>134,625,991</b>	<b>99,586,121</b>	<b>80,222,276</b>	<b>144,683,183</b>	<b>97,923,320</b>	<b>129,250,561</b>

	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	20 Year Total
Information Technology	1,400,000	2,600,000			200,000	800,000	3,050,000			225,000	23,150,000
Parks & Recreation	1,460,000	835,000	1,260,000	1,315,000	2,420,000	455,000	415,000	490,000	1,670,000	1,705,000	70,562,500
Police	12,257,000	12,581,125	12,573,125	12,571,125	12,866,705	12,873,705	14,467,782	14,472,782	14,471,782	14,473,782	290,445,913
Utilities	27,397,000	27,398,000	26,939,000	26,990,000	26,939,000	26,988,000	26,996,000	26,993,000	26,939,000	26,944,000	547,777,262
Public Works - Road & Drainage	35,652,093	60,839,248	73,329,563	59,524,371	61,020,546	19,078,452	11,164,999	19,708,245	51,477,116	179,707,923	866,430,173
Public Works - Facilities Maintenance	9,760,623	10,891,473	12,165,291	13,601,389	15,221,806	17,051,703	19,119,814	21,458,971	25,206,695	30,087,297	293,371,829
Public Works - Solid Waste	822,000	816,000	2,261,929	814,000	818,000	2,440,849	822,000	812,000	813,000	2,708,164	73,744,439
Public Works - Fleet Management											40,000,000
Fire Rescue	1,325,000	35,937,995	10,295,000	2,700,000	3,350,000	36,184,363	8,360,000	16,410,000	38,430,000	250,000	248,551,081
Development Services											
<b>Grand Total</b>	<b>90,073,716</b>	<b>151,898,841</b>	<b>138,823,908</b>	<b>117,515,885</b>	<b>122,836,057</b>	<b>115,872,072</b>	<b>84,395,596</b>	<b>100,344,998</b>	<b>159,007,593</b>	<b>256,101,166</b>	<b>2,454,033,197</b>



## 5 Year CIP Needs

- ◆ The City has potentially \$575 Million in Capital Projects over the next 5 years dependent on growth

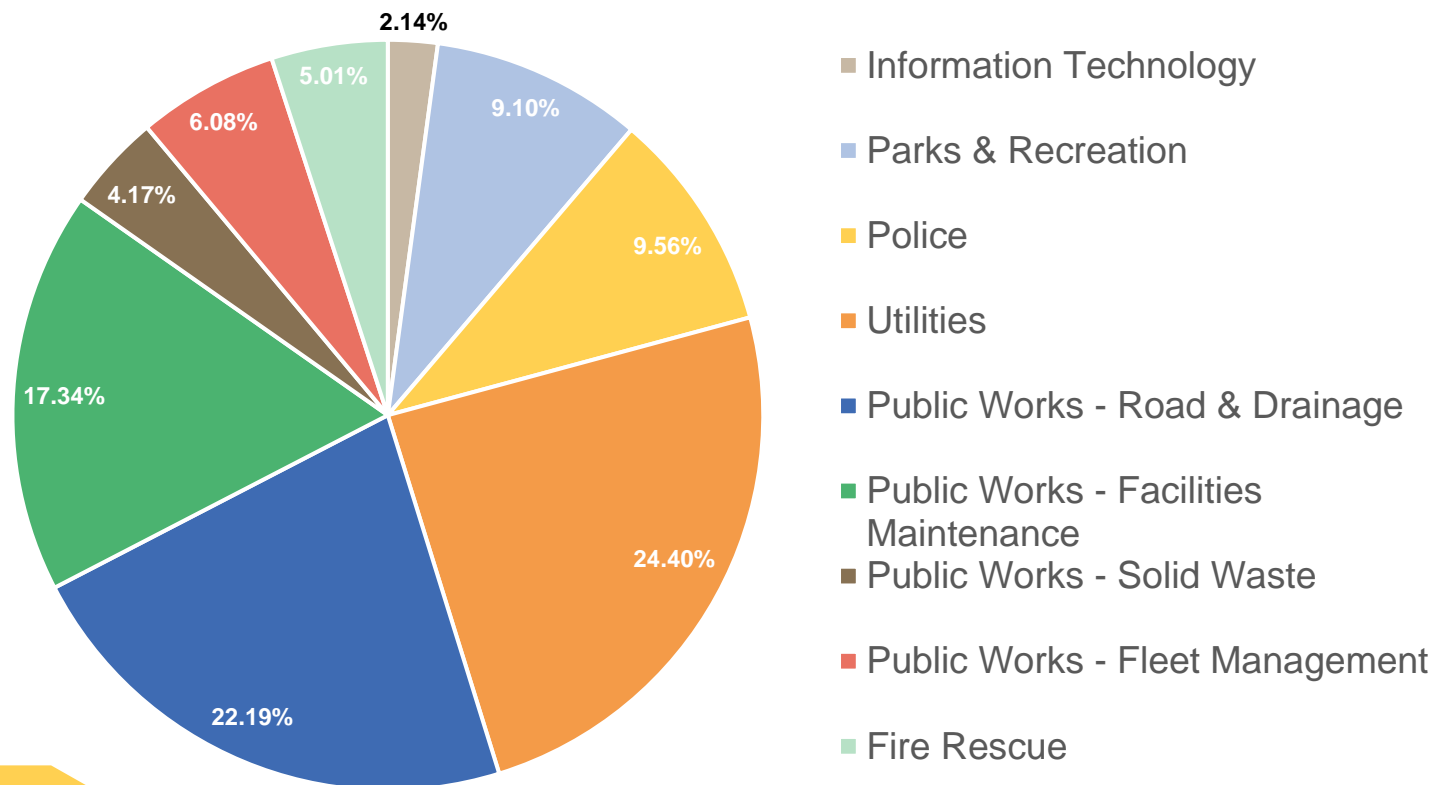
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	5 Year Total
Information Technology	900,000	10,400,000	1,000,000	0		12,300,000
Parks & Recreation	9,206,500	7,705,000	7,411,000	6,080,000	21,985,000	52,387,500
Police	6,705,000	9,402,000	9,906,000	9,907,000	19,104,000	55,024,000
Utilities	25,818,262	22,011,000	31,821,000	31,487,000	29,293,000	140,430,262
Public Works - Road & Drainage	22,979,720	47,788,050	17,463,842	17,977,218	21,520,119	127,728,949
Public Works - Facilities Maintenance	9,109,000	8,094,990	7,594,990	69,500,000	5,500,000	99,798,980
Public Works - Solid Waste	1,725,000	16,760,000	1,797,440	1,834,378	1,873,873	23,990,690
Public Works - Fleet Management	0	0	500,000	0	34,500,000	35,000,000
Fire Rescue	2,500,000	19,177,524	4,610,000	1,700,000	850,000	28,837,524
Development Services						0
<b>Grand Total</b>	<b>78,943,482</b>	<b>141,338,564</b>	<b>82,104,272</b>	<b>138,485,596</b>	<b>134,625,991</b>	<b>575,497,905</b>



## 5 Year CIP Needs

- ◆ Road and drainage, facilities, and solid waste infrastructure improvements are driving near term CIP needs

5 Year Total by Department





## **IV. Debt Management and Financing Options**





## Priority Funding Needs Identified

The City has prioritized the following CIP projects and placed them on the 2025 ballot for voter approval via referendum

- ◆ **Police Department Headquarters** - Building police substations around the city, as opposed to a centralized headquarters, is not the most efficient model, due to lack of streamlining services and more administrative overhead. There are also no other existing sites located in North Port that make financial sense to retrofit, due to Florida Building Code standards that require police headquarters be hardened to withstand natural disasters.
- ◆ **Solid Waste Transfer Station** - Without the development of a transfer station, as the population increases, the Solid Waste Division will need to hire additional staff and expand its fleet to accommodate multiple daily trips to the landfill.
- ◆ **Wastewater Treatment Facility** - The wastewater treatment plant effluent pump is reaching its capacity to properly dispose of treated water, and the current pipeline does not meet treatment flow needs, as overflows are currently deposited into an on-site pond. A new pumping station and pipeline is needed to prevent future spills.



## Initial Financing Details

### ◆ **GO Bonds for New Police Department Headquarters**

- NTE: \$150,000,000
- Term: 30 Years
- Average Annual DS: \$6,699,000

### ◆ **Solid Waste Revenue Bonds for a new Solid Waste Transfer Station**

- NTE: \$14,000,000
- Term: 30 Years
- Average Annual DS: \$814,000

### ◆ **Utility System Revenue Bonds for Capital Improvements to a Wastewater Treatment Facility**

- NTE: \$17,000,000
- Term: 30 Years
- Average Annual DS: \$989,000



## Future Financing Details

- ◆ Current strategy is to bring projects up for referendum approval as-needed
- ◆ Timing will be based on needs and affordability
- ◆ Identify revenue source(s) that will be used to pay debt service
- ◆ Staff will manage the debt portfolio in accordance with the City's recently adopted Debt Policy



## Financing Alternatives

- ◆ Referendum vote is currently required for the City to issue debt
- ◆ If referendum approval is not achieved, the City will need to consider financing capital projects through an alternative delivery
  - Certificates of Participation (Financing Corporation Established)
  - Public Private Partnership (Developer Financed)
  - Privatization (City sells Utilities and other Assets to be managed by a for profit entity)
- ◆ Passing risk to a private developer can often times create logistical benefits, but financing would be through a higher cost option than the City's borrowing rate
- ◆ Each of the alternative delivery options will have a net increase in cost to ratepayers and citizens



## Why Borrow?

- ◆ Large capital projects often can't be broken into smaller phases and funded out of annual budget
- ◆ Mitigating rising construction costs by securing construction contracts prior to receiving associated revenues
- ◆ Taxpayer / Ratepayer equity, meaning as multiple generations benefit from a capital project, the cost burden of such project is shared across those same generations over the term of the financing
- ◆ Refunding for debt service savings or restructuring
- ◆ Historically speaking, interest rates for municipalities are low
- ◆ Locking in current rates allows the City to effectively hedge against inflation and minimize its impact
- ◆ Issuing debt enables cities to recover from emergencies and disasters through immediate access to cash when reserves are not sufficient



## Debt Management Policy Defined

- ◆ Elected officials setting policy have a structure and framework to hold them accountable for decisions made that impact their constituents
- ◆ Written procedures to guide debt evaluation and administration, which mirror the GFOA's recommended best practices
- ◆ Designed to improve decision making, reinforce policy objectives, provide structuring parameters and demonstrate the city's commitment to long-term capital planning
- ◆ Recognized as a credit strength by ratings analysis, banks and investors
- ◆ A well managed debt portfolio provides assurances that payments will be made in a timely manner and compliance requirements will be met
- ◆ Over time and based on economic conditions and city needs, the policy will be reviewed and updated
- ◆ The DMP will be reviewed every 5 years, in addition to the production of an annual Debt Evaluation Report and Report to Bondholders



## Debt Management Policy Objectives

- ◆ Ensure Fiscal Sustainability
- ◆ Evaluate Debt Affordability
- ◆ Promote Transparency, Accountability and Reporting Compliance
- ◆ Structure Debt Efficiently
- ◆ Utilize Appropriate Debt Instruments
- ◆ Preserve and Enhance Creditworthiness and Investor Confidence
- ◆ Support Capital Improvement Projects
- ◆ Ensure Legal and Regulatory Compliance



## Debt Metrics Approved

- ◆ The debt affordability metrics shown below were adopted via Resolution no. 2024-R-57 on November 4, 2024

Governmental Fund	General Fund	Special District or Special Rev.	Capital Projects or Surtax	Utilities and Enterprise
Debt Per Capita ( $< \$2,500$ )  Debt to TAV ( $< 2.50\%$ )  Debt Service Payments as % of Net Op. Revs. ( $< 15.00\%$ )	Debt Service Coverage ( $\geq 3.00x$ )	Debt Service Coverage ( $\geq 2.00x$ )	Debt Service Coverage ( $\geq 2.00x$ )	Debt Service Coverage ( $\geq 1.20x$ )  Days Cash on Hand ( $\geq 150$ days)





## Current Debt Metrics

- ◆ All current metrics are within the ranges determined in the Debt Management Policy

Governmental Activities Fund			
Target = or	< \$2,500	< 2.50%	< 15.00%
	Debt Per Capita	Debt to TAV	Debt Service as a % of Net Operating Revenue
2025	\$865	0.78%	2.96%

Current Capacity	153,000,000	173,000,000	24,000,000
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	General Fund	Special District or Special Revenue	Capital Projects or Surtax	Utilities and Enterprise
Target = or	>3.00x	>2.00x	>2.00x	>1.20x
	Operating Revenue DS Coverage	Operating Revenue DS Coverage (Road & Drainage)	Operating Revenue DS Coverage (Surtax)	Net Revenue DS Coverage
2025	N/A	11.10x	5.26x	1.93x



## V. Questions