



# North Port

FLORIDA



# **Charter Amendment Discussion**

Authority to issue bonds under  
City Charter Section 1.02(b)

City Commission Regular Meeting

Staff Presentation

June 11, 2024

# Charter Amendment Discussion Background

- History of Commission request
  - Began in Nov. 2022 after Hurricane Ian
- Charter Section 1.02(b) authorizes the City to:
  - Borrow money and issue bonds (general obligation or revenue) to finance capital projects.
  - Requires a majority vote of voters to issue a general obligation or revenue bond.

Bonding Limitations = Referendum Required





# State Constitution Regarding Issuing Debt

- Florida Constitution, Article VII, Section 12 sets General Obligation (GO) Bond requirements.
- Must be used to finance/refinance a capital project.
- Referendum required when:
  - Payable from ad valorem taxation; and
  - Maturation date greater than 12 months from issuance.
- Referendum is not required for short-term projects with a maturation date of less than 12 months.

# State Statute Regarding Revenue Bonds

- Florida Statutes Section 166.101-166.141 permits municipalities to borrow money, contract loans and issue bonds to finance any capital project.
- Referendum is not required





# Disadvantages with Current Financing Methods

- Pay as You Go –
  - Requires current citizens to fully bear the burden to pay for improvements that will benefit future residents.
  - Delayed response to infrastructure needs (i.e. roads, bridges, water and sewer connections) while waiting for funds to accumulate which results in vulnerability to inflation and increased project costs.
- Charter Restrictions –
  - Inability to meet timelines to participate in no to low interest loans and similar offered by other government agencies.
  - Inability to address forecasted need for infrastructure of over \$1.8 billion.

# Proposed Charter Amendment Language

- April 23, 2024, Special Meeting – staff recommended pursuing a charter amendment that followed Sarasota County’s model.
- Further research has prompted a revision of this guidance.
- The City of North Port’s needs and operations are more similar to other entities that approach financing in a different model than the County.

# Comparable Communities Approach to Debt Limits

## Debt Limits Managed by Policy

- City of Cape Coral
- City of Fort Myers
- City of Homestead
- City of Palm Coast
- City of Sunrise
- Charlotte County
- Manatee County





# Administrative Management of Debt Via Policy


- Development of this plan will allow the Commission the ability to establish debt limits specific to North Port's needs based on credit rating metrics and debt affordability measures.
- Examples of Debt Management Policies Attached.
- Independent Consultant, PFM, contracted to assist with development of a Debt Management Plan.





# Community Input on Debt Issuance

While a referendum will not be required, debt issuance will require a minimum of two publicly noticed meetings to allow City Commission evaluation and community input.





# Draft Proposed Ballot Language

In Florida, local governments can issue certain debt for various governmental purposes; however, the City Charter requires voter approval before issuing any debt. Do you approve amending the Charter to allow the City Commission to issue debt without prior voter approval: (i) to respond to a declared emergency or disaster, such as a hurricane; and (ii) for safety and public health projects, such as for emergency and essential services, roads, bridges, and sanitation?

# Direction Requested

Provide direction on removal of the borrowing cap and on the utilization of policy to manage debt limits.

## Next Steps

- An Ordinance regarding the referendum and proposed charter amendment will be brought for Commission consideration within two publicly noticed meetings.
- Ballot language is due to the Supervisor of Elections by August 6, 2024.





**Questions?**