



NorthPortFL.gov



Bond referendum

History | Decision points | Discussion

Bond referendum potential language

- History of Commission request
 - Began in Nov. 2022 after Hurricane Ian
- Potential language: City Commission has the authority to borrow for emergency disaster recovery (no cap) and public safety needs (\$28M cap)
- Request follows Sarasota County model
- Any changes to this recommended bond language?



General Obligation Bonds

A GO bond is a municipal bond backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. We currently do not have any GO debt. Below is a chart of Transportation Improvement Assessment Bonds and Revenue Bonds.

DESCRIPTION OF DEBT	GOVERNMENTAL	ENTERPRISE
\$39,525,000 Series 2013 and Series 2020 (Refunding) Transportation Improvement Assessment Bonds, due in annual installments of \$1,590,000 - \$2,510,000 beginning July 1, <u>2014</u> through July 1, 2037; interest between 1.00% and 5.00%; secured by a pledge of non-ad valorem capital assessments.	\$31,110,000	\$ -
\$6,211,908 Series 2005 Utility System Refunding Revenue Bonds, due in annual installments of \$17,177 - \$592,317 beginning September 30, <u>2006</u> through September 30, 2030; interest at 4.02%; secured by a pledge of the net revenues of the system operations and impact fees.	-	4,137,229
\$23,400,800 State Revolving Fund Loan, due in semi-annual installments of \$447,888 - \$768,979 beginning July 15, <u>2011</u> through January 15, 2031; interest between 2.49% and 3.12%; secured by a pledge of the net revenues of the system operations and impact fees.	-	13,343,500
TOTAL BONDS	\$31,110,000	\$17,480,729

Current debt

Debt service requirements as of
Sept. 30, 2022.

GOVERNMENTAL FUNDS		TRANSPORTATION	
TRANSPORTATION IMPROVEMENT ASSESSMENT BONDS			
Year Ended September 30		<u>Principal</u>	<u>Interest</u>
	2023	1,705,000	885,446
	2024	1,775,000	676,315
	2025	1,830,000	635,490
	2026	1,885,000	593,400
	2027	1,940,000	550,045
	2028-2032	10,570,000	2,054,820
	2033-2037	11,405,000	766,015
	<i>TOTAL</i>	<i>\$31,110,000</i>	<i>\$ 6,161,531</i>
ENTERPRISE FUNDS		WATER & SEWER UTILITY	
REVENUE BONDS			
Year Ended September 30		<u>Principal</u>	<u>Interest</u>
	2023	1,918,833	323,411
	2024	1,951,985	288,463
	2025	1,990,619	251,835
	2026	2,023,973	214,540
	2027	2,061,973	176,396
	2028	2,104,869	137,405
	2029	2,143,160	96,808
	2030	2,185,817	55,381
	2031	1,099,500	12,754
	<i>TOTAL</i>	<i>\$17,480,729</i>	<i>\$ 1,556,993</i>

Other debt instruments

- Certificates of Participation (COPs)
 - Type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by revenues.
- Capital lease - A contractual agreement in which a grantee acquires the right to use a capital asset for a specified period of time without obtaining full ownership, in exchange for a periodic payment regardless of the tax status of the transaction.

At this time, we do not believe Surtax is available to pay for these two debt instruments, because they are both forms of leases.



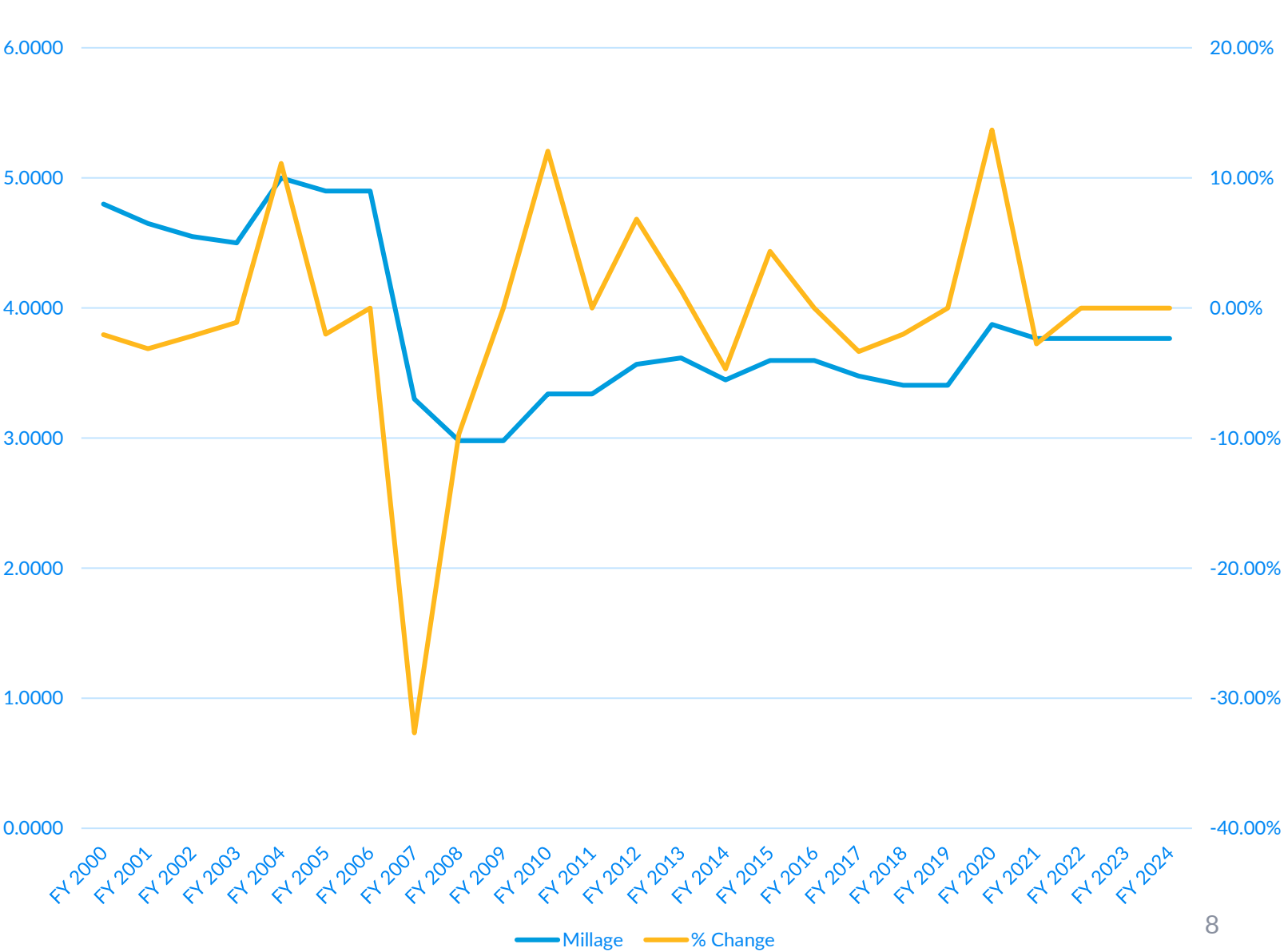
Strong Economic Indicators

- North Port's median household income as a percentage of the U.S. median household income continues to rise.
 - It has increased every year since 2017.
 - Comparatively, this measure for all other Aa-rated cities and counties is on the decline.
- Estimated full value of property in North Port on a per capita basis was \$115,202 in 2022.
 - Comparatively, the median for all other Aa-rated cities and counties was only \$108,666.
- A long-term liability ratio is a measure of municipal debt compared to revenue.
 - North Port – 145% in 2022
 - Other Aa-rated cities and counties – 244.8% in 2022



Millage history

	Millage	% Change
FY 2000	4.8000	-2.04%
FY 2001	4.6500	-3.12%
FY 2002	4.5500	-2.15%
FY 2003	4.5000	-1.10%
FY 2004	5.0000	11.11%
FY 2005	4.9000	-2.00%
FY 2006	4.9000	0.00%
FY 2007	3.3000	-32.65%
FY 2008	2.9805	-9.68%
FY 2009	2.9805	0.00%
FY 2010	3.3400	12.06%
FY 2011	3.3400	0.00%
FY 2012	3.5681	6.83%
FY 2013	3.6167	1.36%
FY 2014	3.4474	-4.68%
FY 2015	3.5974	4.35%
FY 2016	3.5974	0.00%
FY 2017	3.4770	-3.35%
FY 2018	3.4070	-2.01%
FY 2019	3.4070	0.00%
FY 2020	3.8735	13.69%
FY 2021	3.7667	-2.76%
FY 2022	3.7667	0.00%
FY 2023	3.7667	0.00%
FY 2024	3.7667	0.00%

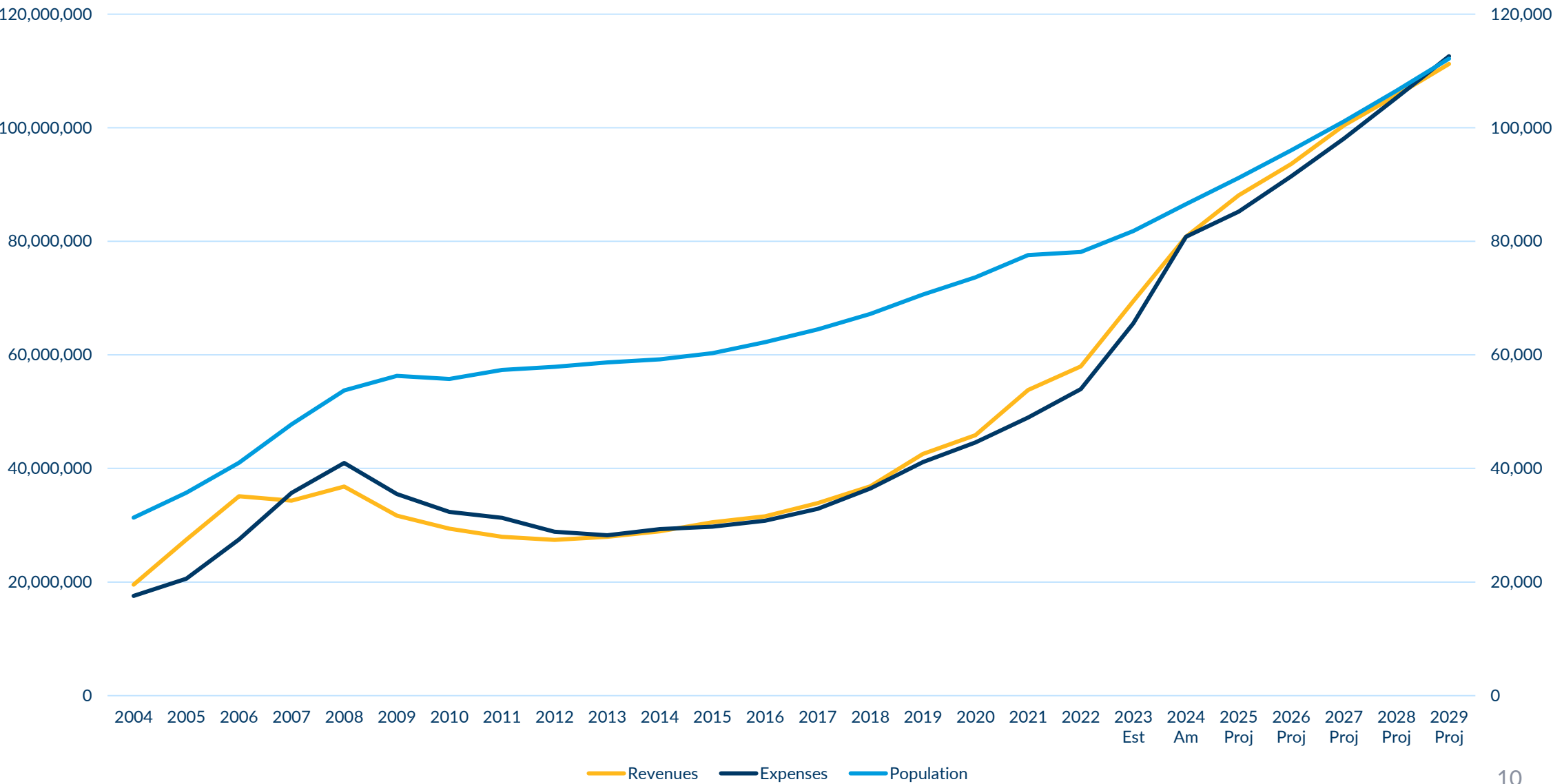


Sample millage impacts

- FY 24 assessed value \$8,496,865,543
- 40-year bond/6% interest
- \$200k assessed value in FY 25 / 3% increase after
- 10% annual increase to assessed value FY 25-27

		FY 25	FY 26	FY 27
Borrowing amounts				
	Annual debt payment	9,346,552,097	10,281,207,307	11,309,328,038
\$28,000,000	\$1,848,718	0.2050	0.1863	0.1694
\$78,000,000	\$5,150,000	0.5710	0.5191	0.4719
\$94,000,000	\$6,206,410	0.6881	0.6256	0.5687
\$100,000,000	\$6,602,563	0.7320	0.6655	0.6050
\$122,000,000	\$8,054,480	0.8930	0.8118	0.7380
Inc to previous year's millage				
\$28,000,000		5.44%	4.69%	4.07%
\$78,000,000		15.16%	11.97%	9.72%
\$94,000,000		18.27%	14.04%	11.19%
\$100,000,000		19.43%	14.79%	11.72%
\$122,000,000		23.71%	17.42%	13.49%
Cost to homeowner				
Assessed Value		200,000	206,000	212,180
\$28,000,000		40.99	38.39	35.94
\$78,000,000		114.20	106.93	100.13
\$94,000,000		137.62	128.87	120.66
\$100,000,000		146.41	137.09	128.37
\$122,000,000		178.60	167.24	156.59

General Fund growth



Bond Referendum language cont'd

- Surtax rearrangement
 - Move Price Widening Phase II into Surtax V
 - Makes \$50 million available
- Bond language like Widening Price Phase I – Nov. 2022
 - Can we bond money to be repaid through future Surtax funds?
- Timing
 - November 2024 general election
 - March 2025 special election if unsuccessful



Why is growth not paying for growth?

- Commercial and industrial development:
 - Pay more in taxes per acre than low-density residential
 - Pay more in taxes than they receive in services
 - Result is a net fiscal benefit to cities.
- North Port is pre-platted into a low-density residential community.
- City cannot withhold home construction permits if they comply with Comprehensive Plan and City code.
- The continued low-density sprawl exacerbates the fiscally negative balance.
- In master-planned communities, developers pay for the construction of all infrastructure to serve the development.



Developers and pro rata share

- The City did not charge the full recommended fees for some years, and significant value was lost.
- During this time, construction costs also increased by 43.2%.
- This contributed to the City's inability to fund needed projects to keep pace with development.



History of North Port's low impact fee percentages

2011

City conducted an Impact Fee Study and City Commission adopted a schedule of impact fees, but only at 50% of the fee rates the study indicated would be needed to offset the cost of providing infrastructure and services to new development.

2012

City Commission placed a 2-year moratorium on collection of transportation and solid waste impact fees, with the moratorium on transportation extended a third year to 2015.

2019

City Commission raised the impact fees to 75% of what the 2011 study recommended.

2021

City Commission raised impact fees to 100% of the 2011 study, but the Florida Legislature passed HB 337 which invalidated the increase.

2022

City procured a Demonstrated Needs Study as required by HB 337 that justified raising the impact fees and adopted the increased fees.

Decision points for March 5, 2024

- How much do you want to spend on a new Police Headquarters?
- How do you want to pay for the new Police Headquarters?
 - Surtax Rearrangement
 - Millage rate increase
 - Combination of the two
- Amount of millage rate increase?
- Bond referendum
 - Two questions or one? Bonding authority and Surtax
 - Millage rate implications





Questions?