



# North Port

FLORIDA

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# 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
<b>TOTAL BONDS</b>	<b>\$31,110,000</b>	<b>\$17,480,729</b>

# 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.*



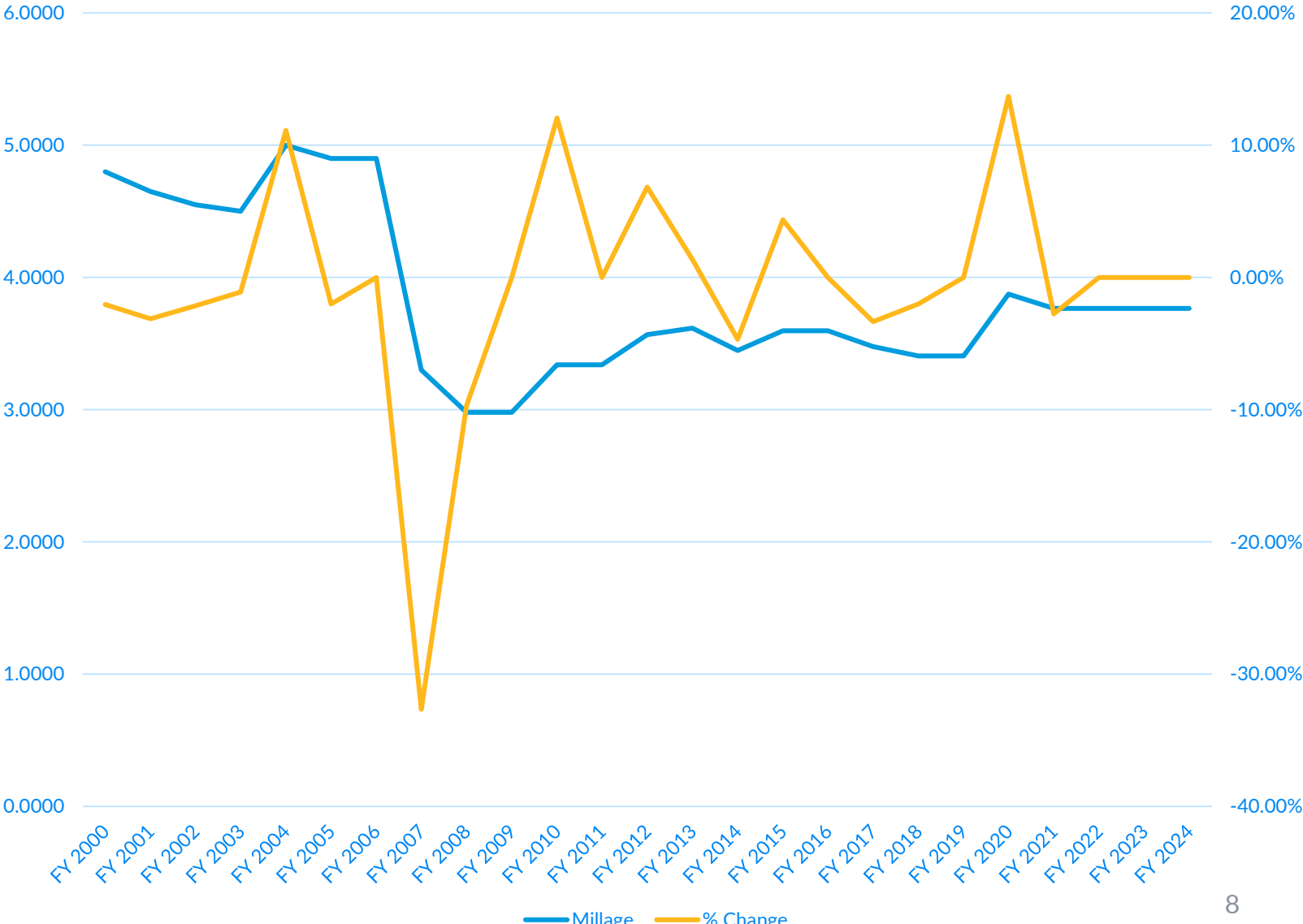
# Strong Economic Indicators

- 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%



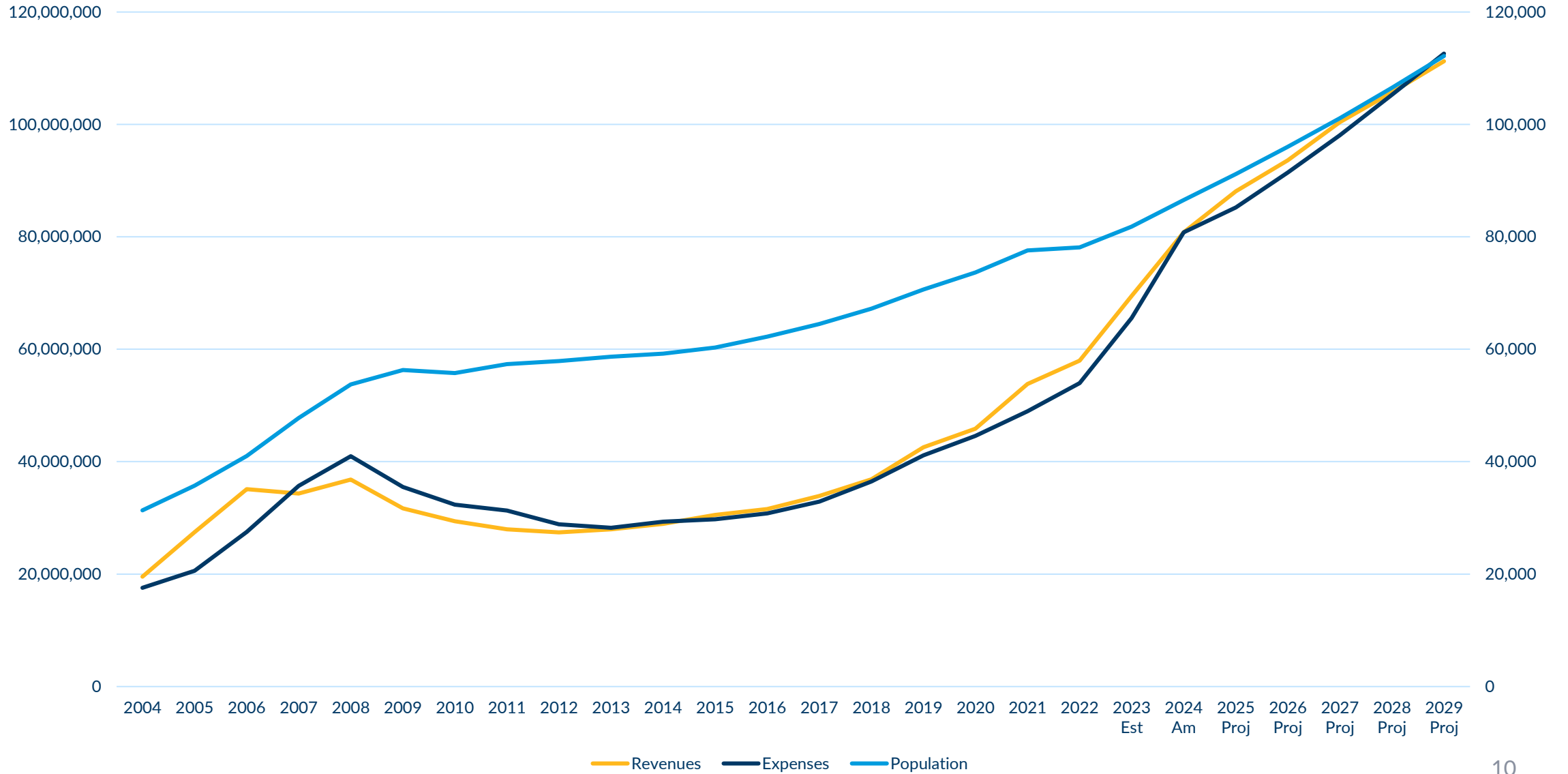


# Sample millage impacts

- 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

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**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?**