

# Development & Implementation of Special Assessment Programs

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Stormwater, Water & Wastewater | Grants Management | Community Development  
Fire Assessment | Revenue Enhancement | Program Administration



# Outline of Presentation

- Overview of special assessments
- Case law requirements
- Identifying funding sources for services and capital projects:
  - Fire Services
  - Stormwater Services
  - Capital Improvements
- Strategies and Pitfalls

# Special Assessments

## What is a Special Assessment?

A charge imposed against real property to pay for essential services and capital infrastructure provided by the local government

- Service and capital assessments provide dedicated funding options for essential services and capital needs such as:
  - Fire/Rescue
  - Solid Waste
  - Stormwater
  - Potable Water and Sewer
  - Wastewater
  - Street Lighting
  - Beach Renourishment
  - Neighborhood Improvements
  - Critical Infrastructure Improvements
  - Transportation Infrastructure
  - Economic Development



# Is an Assessment a Tax?

No.

## Similarities

- Both generate revenue to pay for services and facilities
- Both are mandatory and can be collected on the tax bill

## Differences

- Assessments must benefit property; taxes need not
- Authorization for special assessments come from the Home Rule powers of the local government; taxes must be provided by general law
- Local governments may develop the rate of assessments and the manner of apportioning costs; taxes must be prescribed by Legislature



# Case Law Requirements for Special Assessments

- Special benefit to property
  - Do the services or facilities being funded provide a special benefit to property?
- Fair and reasonable apportionment
  - Logically and factually driven method must be developed to spread the costs among the benefited properties
  - Does method of apportionment make sense in terms of what is being provided?
  - Legislative determination receives judicial deference



# FIRE SERVICES





## A Fire Assessment is...

- A cost-effective and financially stable means of funding fire services and facilities
- A dedicated funding source
- A tax equity tool
- An annual decision

## Court-Approved Methodologies

### Historical Demand Methodology

- Historical demand is the driving factor
- Most widely adopted – cities, counties, fire districts
- Based on initial response; therefore, treats all calls equally
- Logical and easy for lay person to understand

### Availability/Protection from Loss: Tiered Methodology

- Two tiers of benefit
  - Service available equally to all parcels
  - Protection from loss represented by the cost value of the structures
- Predominantly implemented in cities
- Initial implementation requires bond validation proceedings



# Data Components Required for Both Methodologies

- 
1. Service Delivery
    - Level of services
    - Benefit area
    - Square foot cap
  2. Fire Department Budget
    - Allocation between Fire and EMS\*
  3. Call Data
 

<p><b>Historical Demand</b></p> <ul style="list-style-type: none"> <li>• Remove EMS calls</li> <li>• Conduct analysis of fire protection demand</li> </ul>	<p><b>Availability</b></p> <ul style="list-style-type: none"> <li>• Determine time in service vs. time available to respond</li> </ul>
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  4. Parcel Data
 

<p><b>Historical Demand</b></p> <ul style="list-style-type: none"> <li>• Building/Property Uses</li> <li>• Dwelling Units, Square Footage, Acres</li> </ul>	<p><b>Availability</b></p> <ul style="list-style-type: none"> <li>• Number of Parcels</li> <li>• Structure Values</li> </ul>
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\* In June 2000, in the case of SMM Properties, Inc. v. City of North Lauderdale, the Fourth District Court of Appeals concluded that EMS did not provide a special benefit to property; however, it reaffirmed that fire suppression, fire prevention, fire/building inspections and first response medical services do provide a special benefit to property. Methodology was upheld by the 4<sup>th</sup> DCA in July 2010 in Desiderio Corporation, et al. vs. The City of Boynton Beach, Florida, et al., Case Nos. 4D09-58 and 4D09-1384 (Fla. 4<sup>th</sup> DCA Jan. 2010).

# Cost Apportionment Methodology

- Develop Call and Incident Profile
  - One or More Years Call Data
- Determine Appropriate Property Categories
  - Residential
    - Single Family
    - Multi-Family
    - Mobile Homes
  - Non-Residential
    - Commercial
    - Hotel/Motel
    - Industrial/Warehouse
    - Institutional
    - Nursing Home
  - Land (if applicable)
- Utilize Net Assessment Budget



# Parcel Apportionment Methodology

Category	Percentage of Calls	Proportion of Assessable Costs	Dwelling Units or Square Feet	Rate per Unit
Residential	65.00%	\$3,250,000	10,000	\$325.00
Commercial	25.00%	\$1,250,000	3,000,000	\$0.42
Industrial/Warehouse	1.00%	\$50,000	500,000	\$0.10
Institutional	9.00%	\$450,000	1,000,000	\$0.45
<b>Total</b>	<b>100.00%</b>	<b>\$5,000,000</b>		

# Availability/Protection From Loss Methodology

## Tier 1 Cost Apportionment – Response Readiness Availability

- Provision and maintenance of the facilities, equipment and personnel necessary to provide 24 hour a day, seven days a week, year around fire protection service to all parcels in the jurisdiction
- Tier 1 costs are the fixed costs of the system that are not discretionary and that are not deployed in the actual response to calls. These costs include:
  - The personnel costs that must be incurred independent of calls for service (total personnel costs less the portion of personnel costs involved in actually responding to calls for service), plus
  - Lease payments and capital expenses.



# Availability/Protection From Loss Methodology

## Tier 2 Cost Apportionment – Protection from Loss of the Value of Structures

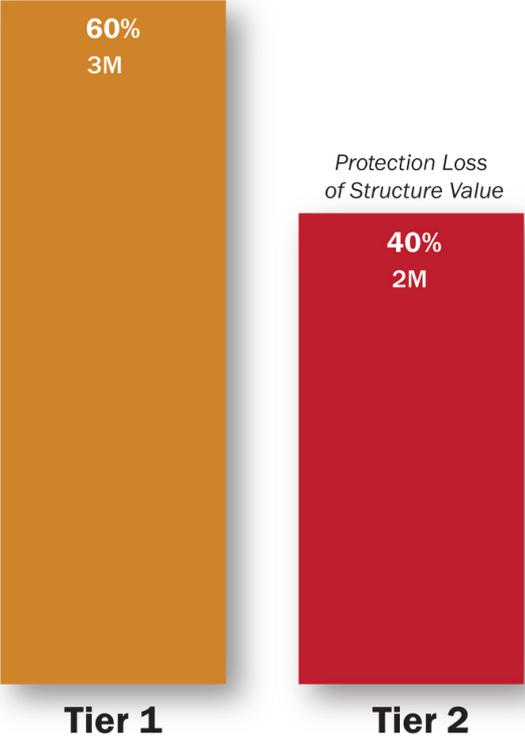
- Includes all costs that are not included in the Tier 1 - Response Readiness Availability
- Tier 2 costs are the allocated and variable costs of the system that are deployed in the actual response to calls. These costs include:
  - The allocated portion of personnel costs involved in responding to calls for service, plus
  - Other variable operating costs that are incurred relative to variable expenses, such as fuel, equipment maintenance, etc.



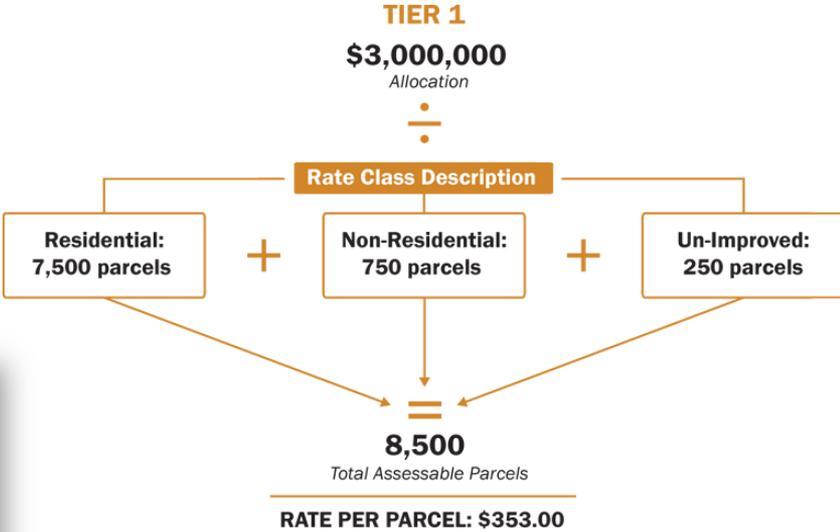
# Availability/Protection From Loss Methodology

## Example of Cost Apportionment Between Tier 1 & Tier 2

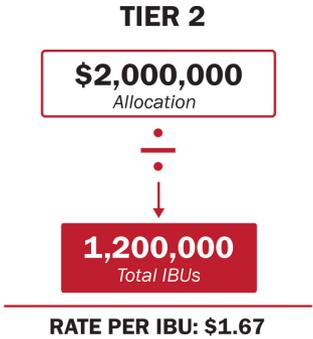
Response Readiness



## Sample Calculation of Tier 1 annual assessment rate per parcel:



Sample Calculation of Tier 2 annual assessment rates:  
 IBU = Improvement Billing Unit is measured in terms of each property's structure value rounded down to the nearest \$1,000 and then divided by \$1,000



# STORMWATER SERVICES



# Stormwater Programs in Florida

- Approximately 165 stormwater utility programs in Florida
  - 9.3% increase from 2011 and expected to continue increasing
    - Florida Supreme Court consistently upheld validity of stormwater fees
    - Generally more public support for user fees as opposed to ad valorem or other general taxes
    - Process of implementing Numeric Nutrient Criteria and Total Maximum Daily Load programs in Florida is beginning to take full effect
- 96% of local governments surveyed said they use user fees or special assessments to generate revenue for stormwater services
- 76% use an impervious area methodology
  - 6% use both gross area and impervious area
  - 5% use gross area with intensity of development factor
  - 13% use some other methodology
- Average Equivalent Residential Unit (“ERU”) value is 3,047 square feet of impervious area
  - 59% based the ERU value on average single family home
- Average revenue generated through a stormwater utility is \$3,626,620



\*Funding levels are based on policy decision. Most local governments reported that the stormwater fee revenue was adequate to meet most of the administrative costs but not for needs associated with capital improvement programs.

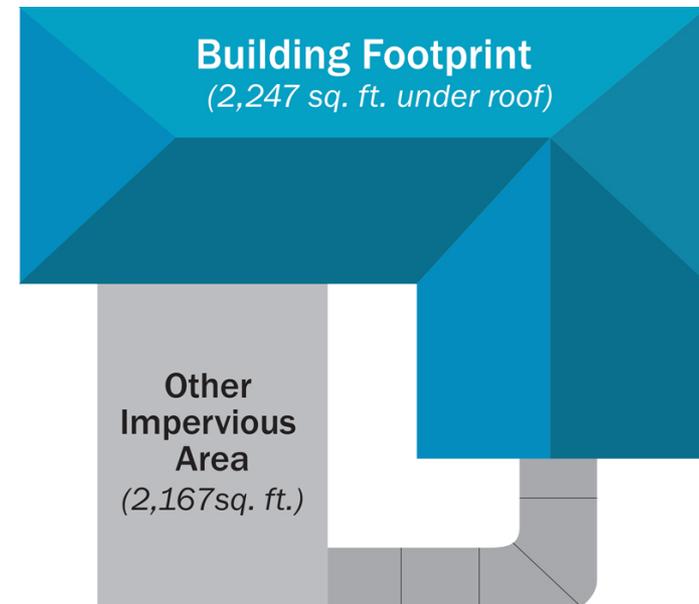
# Impervious Area Apportionment Methodology

## Equivalent Stormwater Unit “ESU”

- Measurement that serves as a common index to compare runoff generated by different sized properties
- Equivalent Stormwater Unit value is developed using a statistical sampling of residential parcels in benefit area
- Building Footprint + Additional Impervious Area (sidewalks, porches, decks, pools, etc.) = Total Impervious Area

### Average Single Family House

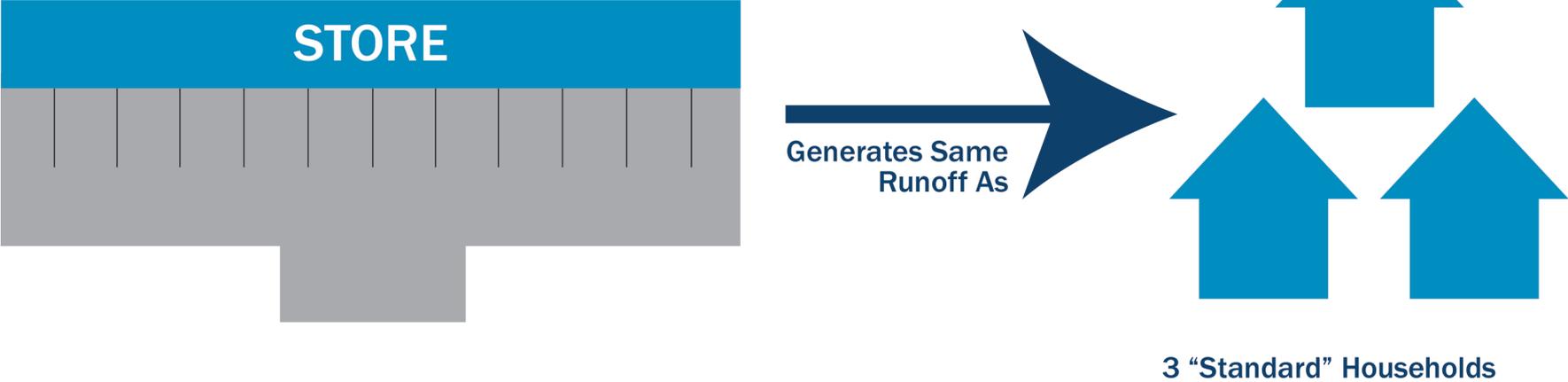
1 ESU = 4,414 square feet of total impervious area



# Impervious Area Methodology

## ("Equivalent Stormwater Unit")

Customer pays based on number of "standard" households



# Typical Rate Classes

- Residential
  - Tiers
  - Dwelling Unit
- Condominium
  - Proportionate share of complex
- General
  - Actual impervious area





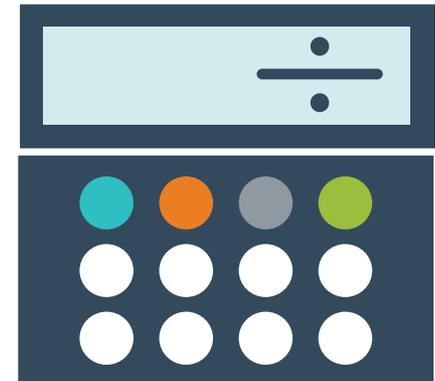
# \*Sample Single Family Residential Tiers

RESIDENTIAL TIER	BUILDING FOOTPRINT AREA RANGE (Provided by the Property Appraiser)	PLUS ADDITIONAL IMPERVIOUS AREA	ASSIGNED BILLING UNITS (ESUS)
SMALL 	100-1,400 sq. ft.	Assumed based on statistical sample	= .66 ESUs
MEDIUM 	1,401-3,400 sq. ft.	Assumed based on statistical sample	= 1.00 ESUs
LARGE 	3,401-6,000 sq. ft.	Assumed based on statistical sample	= 1.50 ESUs
VERY LARGE 	>> 6,000 sq. ft.	Measured	= Calculated

\*Residential parcels are assigned to a tier based on building footprint size to avoid having to measure ALL residential parcels.

# Parcel Calculations

- General Parcels
  - Measured impervious area  $\div$  4,414 (ESU Value)
- Condominium Parcels
  - Residential
    - Condo complex measured impervious area  $\div$  4,414 (ESU value)  $\div$  total parcels
  - Non-Residential
    - (Condo complex measured impervious area  $\div$  4,414 (ESU value)) x (parcel building square feet  $\div$  total bld. square feet)
  - Mixed Use
    - Non-residential based on proportionate share of building
    - Residential portion divided equally among residential parcels





# Mitigation Credit Policy

Reduction in assessment for incorporation of on site stormwater facilities.

## Equivalent Stormwater Unit Calculation Model

PRIVATE, ON SITE FACILITIES



# INFRASTRUCTURE IMPROVEMENTS



# Alternative Funding for Infrastructure Improvements

- Alternative funding for infrastructure improvements provide governments with the means to enhance communities, modernize aging infrastructure and create value
- Programs include assistance with securing, managing and financing for infrastructure:
  - beautification, water, wastewater, stormwater, developer/P3 projects, roadways, parking garages, transit projects and more



# Methods of Apportionment for Infrastructure Projects

- Physical Use of Property
- Relative Proximity to Facility/Project
- Amount of Service/Facility Required
- Lineal Front Foot
- Per Parcel or Unit
- Square Footage of Improvements
- Relative Value of Property
- Combination of Factors



# Project Example: Metropica Improvement District



- City of Sunrise  
Metropica Improvement  
District  
Cost: \$47 M
  - 65-acre, “eat, live, work”  
community that will have  
2,500 condos, 300  
townhomes, 485,000 square  
feet of commercial space and  
785,000 square feet of office  
space, as well as a 2-acre park



# Project Example:

## Metropica Improvement District

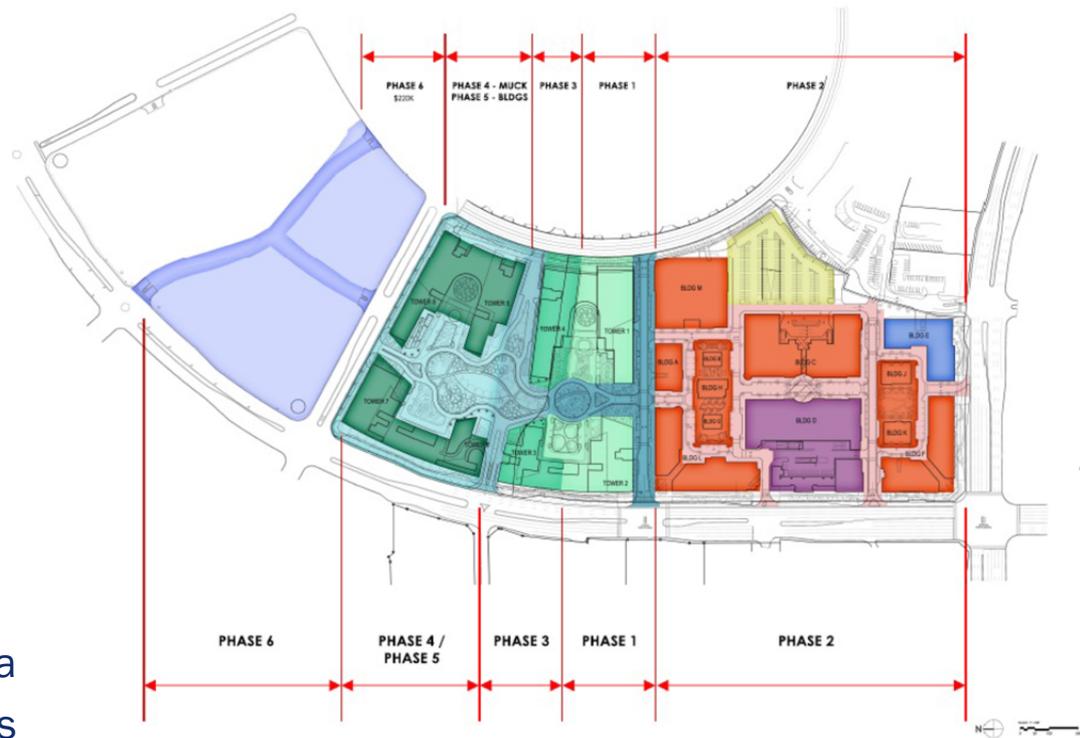
- The MID was created to provide or assist in the provision of land and public improvements within or outside its boundaries which benefit property lying within its boundaries.
- The MID was authorized to impose and collect non-ad valorem assessments as well as to issue special assessment bonds and bond anticipation notes, and to issue refunding bonds for public improvements secured by the special assessments levied on the benefitted property within the MID.
- Metropica is a mixed-use development including over 2,500 residential units, 650,000 square feet of office space and 485,000 square feet of commercial uses - designed using concepts of “new urbanism” and “human modernism” that strive to create pedestrian and eco-friendly environments.

# Project Example: Metropica Improvement District

## Assessment Methodology

- Project Components:
  - Roadways
  - Stormwater
  - Water and Wastewater
  - Beautification
- Property Categories:
  - Residential Property
  - Commercial Property
  - Office Property
- Methodology
  - Roadways – Trip Generation
  - Stormwater – Impervious Area
  - Water and Wastewater – ERCs
  - Beautification - ERUs

## Proposed Improvements



# Project Example: WAVE Streetcar System

- City of Fort Lauderdale & The Downtown Development Authority  
WAVE Streetcar Project  
Cost: \$142.59 M
  - 2.7 mile transportation system that connects hospital and courthouse districts on the south side with the downtown business on the north side





# Project Example: WAVE Streetcar System

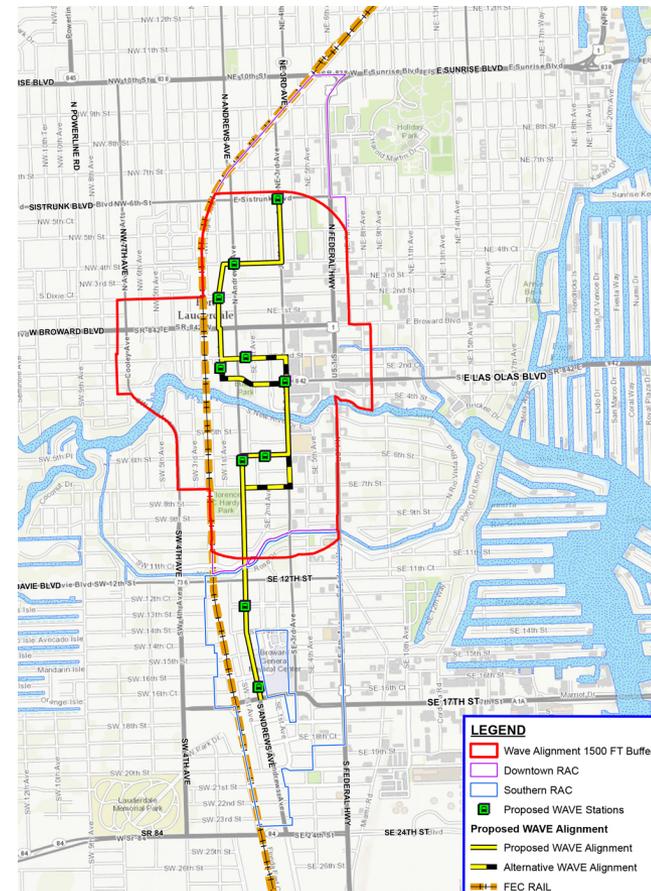
- The WAVE Streetcar Project involves constructing a new fixed guideway streetcar transit service that connects the existing Broward County Transit Central Bus Terminal, the proposed Florida East Coast Railroad passenger service and the Central Broward East West premium transit corridor projects that are currently under development.
- The 2.7 mile streetcar system will serve as a local circulator in Downtown Fort Lauderdale. The project has two phases: Phase One and Phase Two.
- The WAVE Streetcar system will enhance and strengthen the use and enjoyment of the assessed parcels as well as promote the property values within the benefit area.
- The assessment will be imposed on properties within the service area beautified by the Streetcar Project.

# Project Example: WAVE Streetcar System

## Assessment Methodology

- Benefit area encompasses the Downtown RAC and the South RAC (including the hospital district).
- Two step process:
  1. Cost Apportionment - Allocates the assessable costs to property use categories on the basis of value.
  2. Parcel Apportionment - Allocates the share of the assessable costs apportioned to each property use category among the assessed parcels within each property use category.

## Proposed Improvements



# Project Example: Parking Garages at Sawgrass Mills Mall

- City of Sunrise  
Parking Garages at  
Sawgrass Mills  
Cost: \$64 M
  - Two public parking garage structures at Florida's largest outlet, value retail and entertainment venue



# Project Example:

## Parking Garages at Sawgrass Mills Mall

- Includes the design, permitting and construction of two public parking garages and ancillary infrastructure located within the Sawgrass Mills Mall pursuant to a Development Agreement between the City and the Developer.
- The first additional parking garage will increase the total number of parking spaces for the Sawgrass Mills Mall from 10,123 to 11,697 to provide sufficient parking spaces for a proposed new addition to the Colonnade at Sawgrass and for the existing Sawgrass Mills Mall.
- The Developer has agreed to ground-lease to the City the tax parcels upon which the parking garages will be constructed.
- The City and the Developer will execute a Sublease Agreement and the City and the Developer will execute an Easement and Operating Agreement for the Developer to operate, manage and maintain the parking garages consistent with the Development Agreement.
- The City will pay for the construction of the two parking garages from the proceeds of assessment bonds issued by the City.

# Project Example: Parking Garages at Sawgrass Mills Mall

## Assessment Methodology

Assessment is based on the adjusted square footage as assigned by the Broward County Property Appraiser because the number of parking spaces required for new development is determined by the gross leasable area of the building per the City’s land development regulations.

## Proposed Improvements

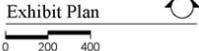
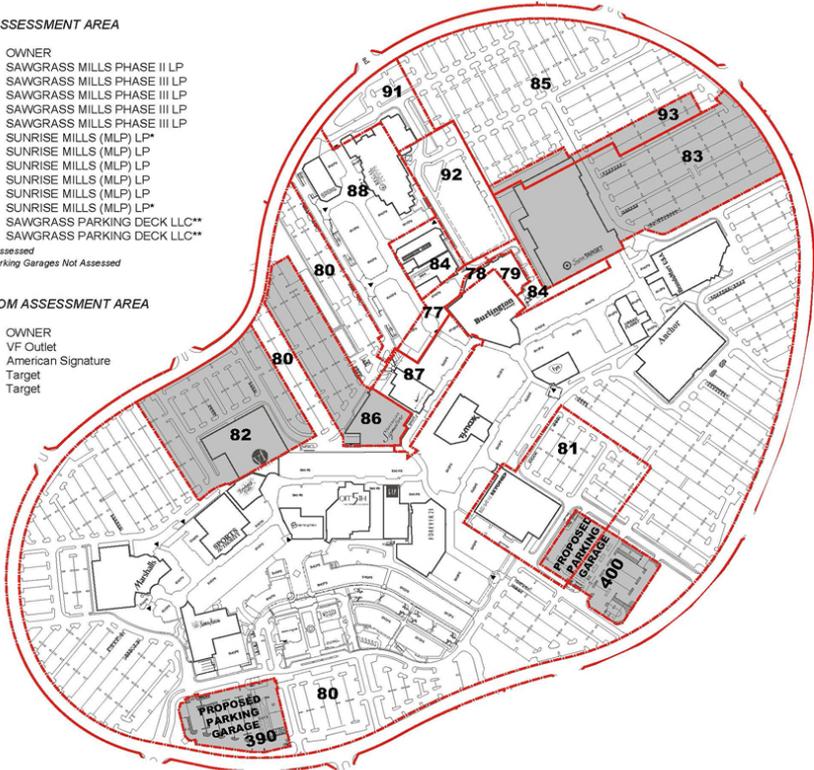
### INCLUDED IN ASSESSMENT AREA

FOLIO	OWNER
494026050087	SAWGRASS MILLS PHASE II LP
494026050077	SAWGRASS MILLS PHASE III LP
494026050084	SAWGRASS MILLS PHASE III LP
494026050088	SAWGRASS MILLS PHASE III LP
494026050091	SAWGRASS MILLS PHASE III LP
494026050085	SUNRISE MILLS (MLP) LP*
494026050078	SUNRISE MILLS (MLP) LP
494026050079	SUNRISE MILLS (MLP) LP
494026050080	SUNRISE MILLS (MLP) LP
494026050081	SUNRISE MILLS (MLP) LP
494026050082	SUNRISE MILLS (MLP) LP
494026050390	SAWGRASS PARKING DECK LLC**
494026050400	SAWGRASS PARKING DECK LLC**

\*Parcels Not Assessed  
\*\*Proposed Parking Garages Not Assessed

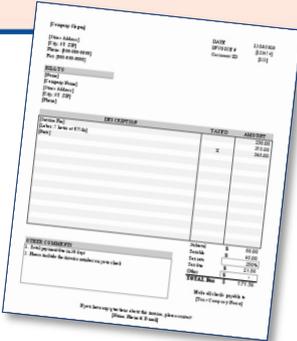
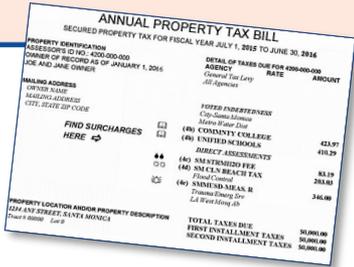
### EXCLUDED FROM ASSESSMENT AREA

FOLIO	OWNER
494026050082	VF Outlet
494026050086	American Signature
494026050083	Target
494026050093	Target



# Collection Options: Pros and Cons

	TAX BILL	SEPARATE BILL	UTILITY BILL
<b>PROS</b> 	<ul style="list-style-type: none"> <li>Highest collection rate (95 – 98%)</li> <li>One bill with all charges</li> <li>Use tax roll data from PA</li> </ul>	<ul style="list-style-type: none"> <li>Deadlines set by local government</li> <li>Time frame set by local government</li> <li>Use tax roll from PA</li> <li>May be able to use for government property</li> </ul>	<ul style="list-style-type: none"> <li>Deadlines set by local government</li> <li>Time frame set by local government</li> <li>Easier to charge exempt property</li> <li>May be able to use for government property</li> </ul>
<b>CONS</b> 	<ul style="list-style-type: none"> <li>Strict deadlines</li> <li>Strict time frame</li> <li>Cannot use for government property</li> </ul>	<ul style="list-style-type: none"> <li>Lowest collection rate (70 – 90%)</li> <li>More expensive to implement</li> <li>Not a full picture of charges</li> </ul>	<ul style="list-style-type: none"> <li>Collection issues regarding non-payment</li> <li>Utility bill gets crowded</li> <li>Difficult to correlate utility accounts to property uses (methodology issues)</li> <li>May miss vacant, unoccupied property or those without utility account.</li> </ul>





# Collection Options: Implementation Procedures

<b>Tax Bill</b>	<b>Separate Bill</b>	<b>Utility Bill</b>
Resolution of Intent		
Notice to Proceed	Notice to Proceed	Notice to Proceed
Assessment Report with Rates	Assessment Report with Rates	Assessment Report with Rates
Public Education	Public Education	Public Education
Home Rule Ordinance	Home Rule Ordinance	Home Rule Ordinance
Initial Assessment Resolution	Initial Assessment Resolution	
Public Notice (mailed and newspaper)	Public Notice (as determined)	Public Notice (as determined)
Final Resolution to Adopt Rates	Final Resolution to Adopt Rates	Final Resolution to Adopt Rates
Certify Assessment Roll to Tax Collector		
Collected on Tax Bill	Collected on Separate Bill	Collected on Utility Bill

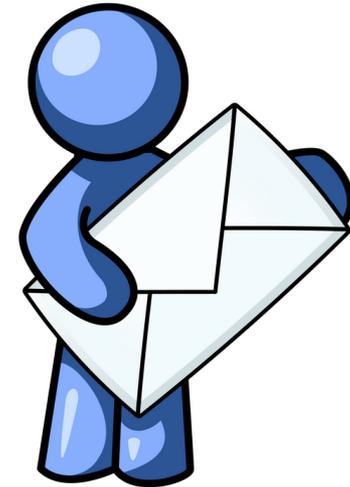
# Strategies and Pitfalls

- Assessment Report and Rates constitute small portion of project deliverables
  - Need expertise in all aspects of project
    - Understanding of case law requirements
    - Comprehension service of delivery components
    - Expertise with statutory requirements and capital project timeframes
    - Knowledge of ad valorem tax roll data
- Funding strategies
  - Not funding 100% of costs
  - Earmark for certain budget items (strategic plan, improving services)



## Strategies and Pitfalls (cont.)

- Flexible methodology
  - Use flexibility to develop a legally defensible and publicly acceptable method that meets the need of local government
- Identifying stakeholders
  - Top 100 rate payer
  - Tax exempt properties
  - Create hardship exemptions strategies
- Education Education
  - PowerPoint presentations
  - Workshops
  - Town Hall Meetings
  - Phone Bank
  - Websites
  - FAQs



# Strategies and Pitfalls (cont.)

- Identifying stakeholders
  - Top 100 rate payers
  - Exempt properties
  - Create hardship exemptions strategies
  - Create economic development
- Public Education
  - PowerPoint presentations
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