M E M O R A N D U M

Date: October 28, 2014

TO: Town Commission

FROM: Dave Bullock, Town Manager

SUBJECT: Ordinance 2014-29, Establishing Gulfside/Bayside Beach Districts

The Town's Comprehensive Plan identifies maintenance of the native beach, beach restoration projects, control of shoreline erosion, storm protection, and protecting upland properties and public infrastructure as a critical objective and action of the Town. Town Staff, the Town Attorney, and Town consultants have worked together in order to establish a fiscally responsible long term beach management plan. Factors incorporated into the plan include:

- 20 Year Beach Capital and Maintenance Plan
- Financial Analysis Model and Funding Framework Review
- Beach Funding Ordinance

The Town historically has maintained a 5 year Beach Capital Plan. For purposes of a longer term plan, Town Staff and Olsen & Associates have built upon the 5 year plan to include projects and operation and maintenance costs for a 20 year timeline. The projected timeline of these costs were utilized as the base for a financial analysis model created by Burton & Associates. The financial model allows for analyzing multiple scenarios and their impact on millage rates. In coordination with the financial model creation, the existing beach funding structure for Longboat Key Beach Erosion Control Districts A and B (Districts A and B) was reviewed. Burton & Associates has provided a report with the results of this review and a discussion of the financial model.

Based on the 20 Year Beach Capital and Maintenance Plan, the financial model, and funding structure review, changes are proposed through a new beach funding ordinance. The ordinance is similar to the current beach funding structure for Districts A and B; however the new ordinance also incorporates the following:

- Greater flexibility to include all costs (capital and operation and maintenance) associated with the beach program
- Refinement of the beach district boundaries to be geographically separated by Gulf of Mexico Drive
- Sunset Districts A and B following the payoff of the District A General Obligation Bond or in 2021, whichever shall occur earlier

At the September 15, 2014 Regular Workshop Meeting the Commission requested that the Town Attorney revisit certain language contained in Section 92.67 of draft Ordinance 2014-29 relating to the total amount of the Bayside District's millage contribution for beach renourishment purposes. Additionally, at the September 15, 2014 Regular Workshop Meeting, Vice Mayor Duncan asked the Town Attorney whether the Town Commission

could incorporate a referendum requirement within the Town's Code of Ordinances. Applicable Florida law (including the Town Charter) does not prevent the Town Commission from including and incorporating a referendum requirement into the Town's Ordinances. Should the Town Commission choose to proceed in this manner, it is important to understand that the inclusion of such a referendum requirement within an Ordinance can be deleted, modified or amended by a future Town Commission in the same manner as ordinances are enacted. See, Fla. Stat. 166.041 (stating that at a minimum municipal ordinances must be read on at least 2 separate days and noticed in a newspaper at least 10 days prior to adoption). If the Town Commission wants to memorialize a referendum requirement in a manner that makes it more difficult to change in the future, then the Town Commission may want to consider whether to incorporate such a provision within the Town's Charter. During the first reading of Ordinance 2014-29 on October 6, 2014, the Town Commission discussed these policy decisions and directed the incorporation of the following revised language:

> <u>Unless a majority of voters voting in a referendum election in the Bayside District fail to approve the issuance of debt for beach district financing and refinancing purposes, the Bayside District's total contribution for the funding of the Town's beach renourishment, operation and maintenance activities, and costs shall be 20% of the combined millage rate for both the Gulfside and Bayside Districts. Any change to the Bayside District's total combined millage contribution percentage for such financings or re-financings shall require a public referendum.</u>

The Town Manager, Mr. Michael Burton with Burton & Associates, and the Town Attorney will present the attached PowerPoint presentation to provide further detail of the work conducted and the resulting Ordinance. A copy of Ordinance 2014-29 and the Burton & Associates report are also attached. Please let me know if you have any questions concerning this Ordinance.

LONG TERM BEACH MANAGEMENT PLANNING AND ANALYSIS TOOLS

November 3, 2014

Regular Meeting

BEACH IMPORTANCE TO LONGBOAT

- The beaches are one of our most important natural assets and attractions
- Attracts and retains both residents and visitors
- Responsible for high property values
- Vital base for the Town's economy

BEACH MANAGEMENT & POLICY

- 5 Year capital plan maintained in annual budget
- Comprehensive Plan objective to maintain a viable and protective beach
- Town Vision that natural assets combine with visionary planning
- Town Mission as a premier residential and visitor destination

ADOPTED COMPREHENSIVE PLAN POLICY ACTIONS

- Maintain the native beach
- Control effects of erosion
- Enhance storm protection
- Protect developed upland properties and infrastructure

VOTER COMMITMENT

1993 Project:

District A: 82% in favor

District B: 68% in favor

2005 Project:

District A: 82% in favor

District B: 77% in favor

2011 Project:

District A: 80% in favor

District B: 74% in favor

LONG TERM BEACH MANAGEMENT PLANNING AND ANALYSIS TOOLS

- 20 year capital and maintenance plan
- Financial analysis model and funding framework review
- Ordinance to support the plan

20 YEAR BEACH CAPITAL AND MAINTENANCE PLAN

- A detailed look at next 5 years and estimate for following 15 years based on projected needs by Town Staff and Olsen & Associates
- Project locations(s) identified
- Costs and options identified
- Operation and maintenance costs identified

Town of Longboat Key
302-Beach Capital Fund

PROJECTED CASH FLOW — *Updated: 5/23/14*

	Future Available Resources *2014 forward*		Actual 2012-2013	Budget 2013-14	Estimated 2013-2014	Estimated 2014-2015	Estimated 2015-2016	Estimated 2016-2017	Estimated 2017-2018	Estimated 2018-2019	Estimated 2019-2020	Estimated 2020-2021	Estimated 2021-2022	Estimated 2022-2023	Estimated 2023-2024
				From MITS											
July 1 Fund Balance			4,909,221	5,276,491	5,276,491	4,506,023	(1,382,340)	(1,954,009)	102,147	(241,395)	(677,086)	(1,390,208)	258,966	167,700	94,047
Revenue:															
FEMA Storm Debby (324,076 cy sand)	8,610,484		8,236		49,418										
Short term borrowing pending FEMA						-									
State-Storm Debby															
BP Oil Claim Funds	5,961,136	?????			-	-	-	-	-	-	-	-	-	-	-
State Grants								2,335,034							
Interest		0.10%	16,422	30,000	30,000	4,506	(1,382)	(1,954)	102	(241)	(677)	(1,390)	259	168	94
Bond Proceeds-20 year	16,000,000	authorized		16,000,000		-	15,680,000				-	32,000,000			
Bond Proceeds-5 to 7 years						-									
Infrastructure surtax	1,430,569														
Road & Bridget Fund			337,814												
Beach Improvement Fund	-		-												
Future TDT Revenue	500,000/yr		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
New TDT Beach Maintenance Revenue						40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Cap Tourist Development Tax Fund Balance	1,884,507					1,884,507	-								
Beach Fund Fund Balance	5,276,491	line 84													
Sinking Fund - Tax now							-								
Total Revenue			762,472	16,430,000	479,418	2,329,013	16,118,618	2,773,080	440,102	439,759	439,323	32,438,610	440,259	440,168	440,094

TDT Authorized Beach Maintenance **$64,000/yr**

NOTE: - The GRANT WILL BE ACCOUNTED FOR IN THE TDT FUND AND NOT THE CAPITAL PROJECT FUND

Maintenance:												
Labor (.52 FTE @ $45K avg)	23,400	24,570	25,807	26,577	27,901	29,296	30,761	32,299	33,914	35,610	37,390
Admin (.20 FTE @$90K avg - No Fringe)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Fringe Benefits (@ 30% Of .52 Labor FTE)	7,020	7,371	7,445	7,817	8,208	8,618	9,049	9,502	9,977	10,475	10,999
Equipment Usage (Equip Hrly rate @% of task)	12,395	12,395	12,395	12,395	12,395	12,395	12,395	12,395	12,395	12,395	12,395
Equipment replacement	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
Tools	300	300	400	400	400	400	500	500	500	500	600
Supplies (based on current line item budget)	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Legal - Beach District Ordinances	35,000	65,000									
Prof Services Other	3,000										
Investment Expense	3,150										

[redacted]

FINANCIAL ANALYSIS MODEL

- Analytical tool that allows full understanding of project and operating costs
- Allows “what if” scenarios for different approaches to paying for projects
- Uses Property Appraiser databases for both counties
- Help assure the beach funds are managed in a fiscally responsible manner

ORDINANCE TO SUPPORT THE BEACH PLANS

- Provide the legal framework to provide project financing
- Allows the Town Commission flexibility in funding capital and operating costs of beach program
- Is very similar to existing ordinances with slight refinements

BURTON & ASSOCIATES STUDY

OBJECTIVE OF THE STUDY

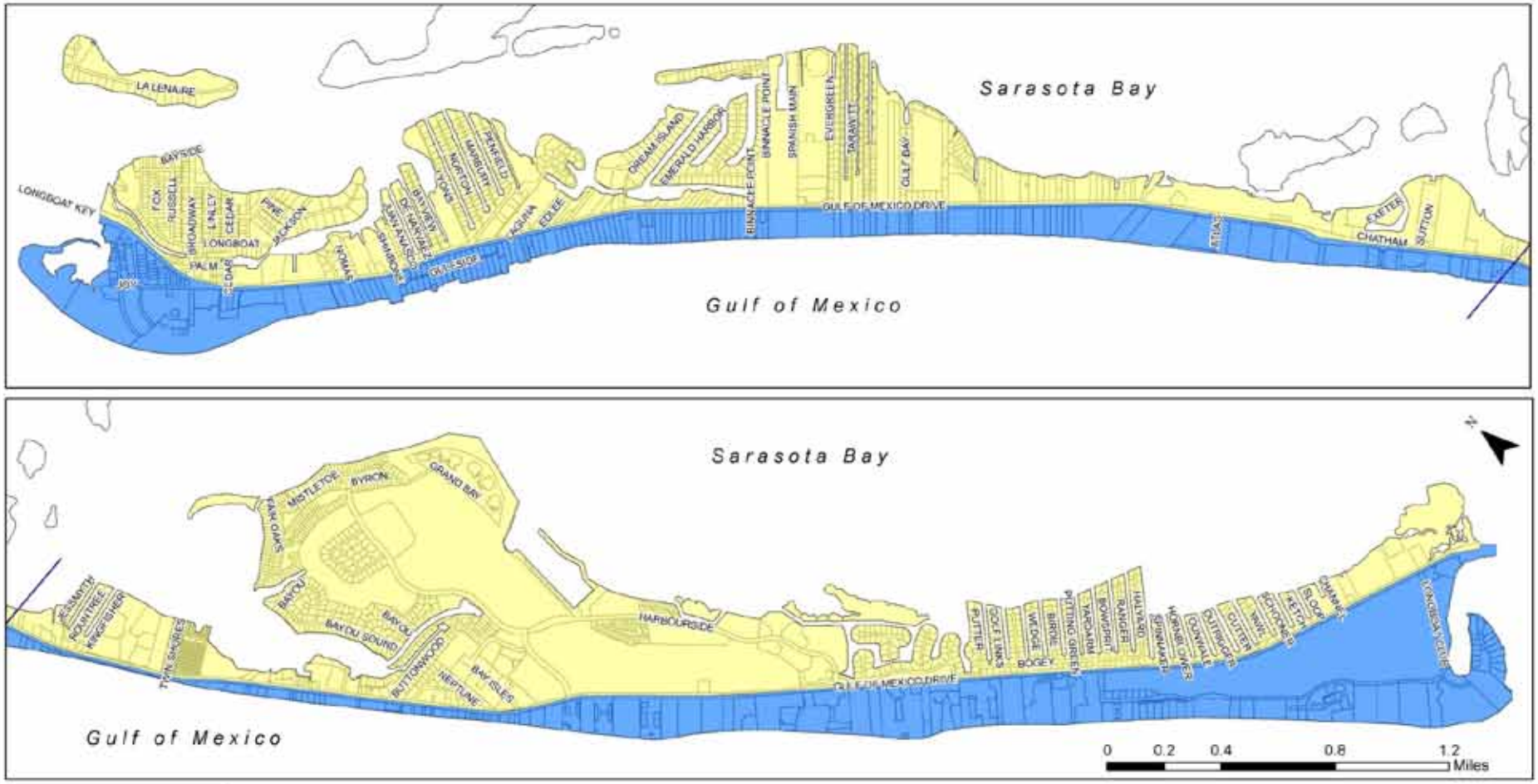
- Evaluate the current Beach Renourishment Taxing District structure
- Develop a 20 year plan of millage rates with the following goals:
  - Fund O&M Expenses
  - Fund borrowing for large capital projects
  - As low and consistent of a millage as possible

AD VALOREM TAXATION

- Uniform – Rate is uniform for all properties within each taxing unit
- Public Purpose – Renourishment benefits all properties in the Town
- Reasonable – Beach Renourishment Tax is not arbitrary or an abuse of power

RECOMMENDED ADJUSTMENTS

- Create clearly defined Gulfside and Bayside Districts using only Gulf of Mexico Drive (GMD) as the geographic boundary
- Sunset District A and District B when FY 2015 borrowing is paid off
- Retain 80/20 apportionment of millage between the Gulfside and Bayside Districts, respectively



Town of Longboat Key

Prepared by Department of Planning, Zoning, & Building Town of Longboat

September 2014

BEACH FUNDING DISTRICTS

BAYSIDE DISTRICT

GULFSIDE DISTRICT

FY 2015 RECOMMENDED MILLAGE

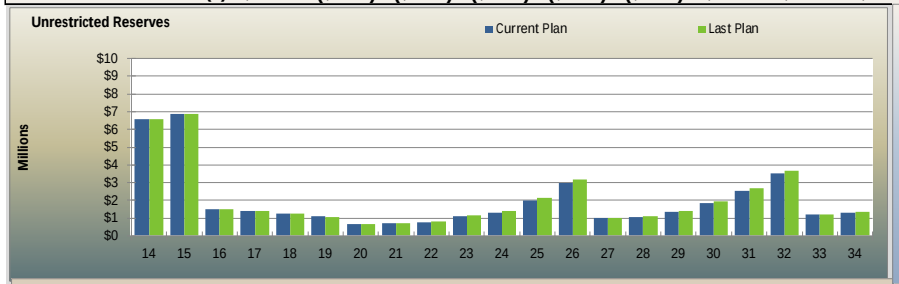
FY 2015 MILLAGE RATES		
District A Millage	80%	0.8500
District B Millage	20%	0.2125

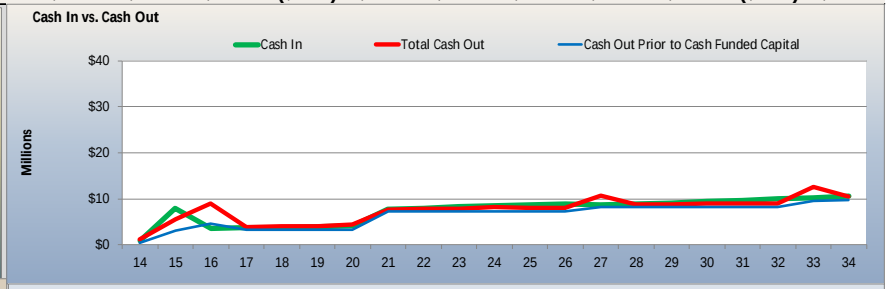
THE FIGURE BELOW PRESENTS THE ESTIMATED CAPITAL PROJECTS, BORROWINGS AND MILLAGE RATES REQUIRED IN EACH YEAR OF THE TWENTY (20) YEAR PROJECTION PERIOD.

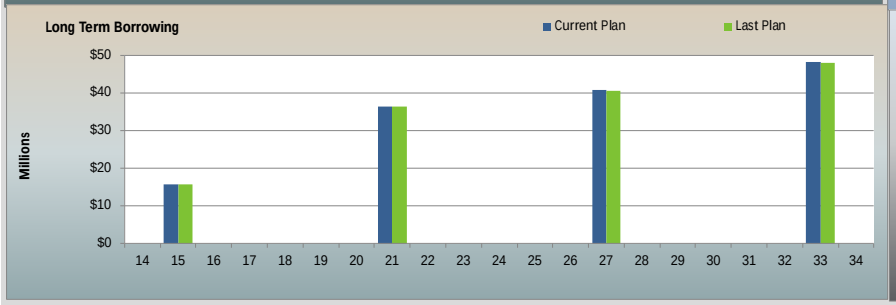
IT IS IMPORTANT TO NOTE THAT PROPERTY VALUE CHANGES AND OTHER FACTORS MAY OCCUR DIFFERENTLY THAN PROJECTED IN THIS ANALYSIS; THEREFORE, THE FINAL DETERMINATION OF REQUIRED MILLAGE RATES FOR FY 2021 AND BEYOND FOR THE GULFSIDE AND BAYSIDE DISTRICTS SHOULD BE REEVALUATED PRIOR TO ADOPTION.

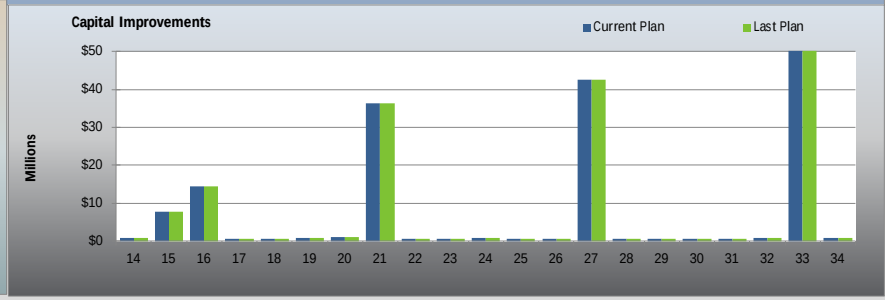
BEACH RENOURISHMENT FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS - GF) SUMMARY

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
District A/Gulfside Millage	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	1.7044	1.7044	1.7044	1.7044	1.7044	1.7044	1.5960	1.5960	1.5960	1.5960	1.5960	1.5960	1.5960	1.5960
District B/Bayside Millage	0.2125	0.2125	0.2125	0.2125	0.2125	0.2125	0.4261	0.4261	0.4261	0.4261	0.4261	0.4261	0.3990	0.3990	0.3990	0.3990	0.3990	0.3990	0.3990	0.3990
Property Value Adj	N/A	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cash Flow Prior to CFC (1)	$4.89	($1.04)	$0.50	$0.59	$0.73	$0.78	$0.59	$0.73	$1.00	$1.17	$1.41	$1.66	$0.53	$0.74	$0.98	$1.24	$1.50	$1.78	$0.64	$0.90
Cash Flow with CFC (1)	$2.52	($5.32)	($0.08)	($0.14)	($0.17)	($0.41)	$0.05	$0.10	$0.32	$0.23	$0.75	$1.02	($1.93)	$0.07	$0.30	$0.52	$0.77	$1.03	($2.26)	$0.11









ORDINANCE REFINEMENTS BASED ON BURTON STUDY

- Sunset Longboat Key Beach Erosion Control Districts A and B (Ord 92-24 / 92-26)
- Establish a Longboat Key Gulfside District – a dependent district located on the West side of GMD
- Establish a Longboat Key Bayside District – a dependent district located on the East side of GMD

SUNSET OF LONGBOAT KEY BEACH EROSION DISTRICTS A AND B

Ordinance 2014-29 adds Sections 92.37 and 92.57 to repeal Districts A and B at a time certain in the future when:

a) there is a payoff of the general obligation bond for District A, or
b) October 1, 2021, whichever shall occur first

CURRENT DEBT FINANCING FY 2015

Districts A and B will still exist for purposes of the issuance of a G.O. bond to District A for a not to exceed amount of $16 million with payoff anticipated in 2020. This debt was authorized by a March 15, 2011 referendum and August 3, 2011 validation final judgment.

WHAT IS THE SAME?

- Town Commission will sit as Gulfside/Bayside Districts governing body
- Any future debt financings will still require referendum approval of Gulfside and Bayside residents
- Gulfside is given authority to assume ***all*** of the costs of renourishment if Bayside voters do not approve debt issuance at referendum.

WHAT IS MODIFIED?

- Boundaries of Gulfside and Bayside Districts will be determined by GMD. A property's location on the East or West side of GMD will determine district
- The Town, not a dependent district, will be the issuer of any debt
- There is a more comprehensive listing of the dependent districts' powers. Districts *may* fund routine beach operation and maintenance activities in future
- Language added to memorialize the 80/20 allocation of millage contribution between Gulfside and Bayside Districts and require referendum to alter

ESTABLISHMENT OF GULFSIDE AND BAYSIDE DISTRICTS

Proposed Ordinance 2014-29 creates Code Sections 92.40 - 92.48, and 92.60 - 92.68 to address eight Statutory mandated criteria for Gulfside and Bayside Districts, respectively

ORDINANCE 2014-29

- Sections 92.40 and 92.60 sets authority of the Commission to establish the districts
- Sections 92.41 and 92.61 sets the Purpose, Powers, Function, and Duties of the districts
  - Language provides a comprehensive listing of powers: funding, planning, contracting, financing
  - More detailed than the prior powers conferred by the existing ordinances

ORDINANCE 2014-29 (cont.)

- Sections 92.42 and 92.62 sets geographic limits of the districts
  - Gulfside is all real property located West of GMD
  - Bayside is all real property located East of GMD

ORDINANCE 2014-29 (cont.)

- Sections 92.43 and 92.63 states that the districts will have powers set forth in their subsections of the Code
- Sections 92.44 and 92.64 adopts dependent district structure as best alternative
- Sections 92.45 and 92.65 sets Commission as governing body of the districts
- Sections 92.46 and 92.66 provides disclosures, noticing, and reporting requirements

ORDINANCE 2014-29 (cont.)

- Sections 92.47 and 92.67 provides for ad valorem tax funding
  - Tax payer referendum still required to issue debt
- Section 92.47 provides that Gulfside can pay all finance costs
- Section 92.67 provides that Bayside can pay a portion of the finance costs

ORDINANCE 2014-29 (cont.)

- **80/20 Millage Contribution set forth in Section 92.67**
- **Section 92.67 limits the Bayside District's contribution to 20% of the total millage contribution for beach renourishment.**
- **Revised language states:**

"Unless a majority of voters voting in a referendum election in the Bayside District fail to approve the issuance of debt for beach district financing and refinancing purposes, the Bayside District's total contribution for the funding of the Town's beach renourishment, operation and maintenance activities, and costs shall be 20% of the combined millage rate for both the Gulfside and Bayside Districts. Any change to the Bayside District's total combined millage contribution percentage for such financings or re-financings shall require a public referendum."

ORDINANCE 2014-29 (cont.)

- Sections 92.48 and 92.68 provide that the creation of the Gulfside/Bayside Districts is consistent with the Town's Comprehensive Plan

SUMMARY

- Combination of the 20 year beach capital and maintenance plan, financial analysis tool and proper legal framework position the Town to develop and implement sound plans for this increasingly costly program
- Flexibility is provided to allow for changing circumstances such as: unanticipated projects, changes in operating funds, changes in financial markets

STATUS & NEXT STEPS

- First reading of refined ordinance adopted at October 6, 2014 Regular Meeting
- Second reading and public hearing on November 3, 2014 Regular Meeting
- Beach project update presented at the October 20, 2014 Regular Workshop Meeting

QUESTIONS??

ORDINANCE 2014-29

AN ORDINANCE OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING CHAPTER 92, PARKS, PUBLIC BEACHES, AND PUBLIC BEACH ACCESSES, OF THE TOWN OF LONGBOAT KEY CODE OF ORDINANCES; ADOPTING THE FINDINGS SET FORTH IN A STUDY BY BURTON AND ASSOCIATES; CREATING A NEW SECTION 92.37, REPEALING THE LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A UPON THE PAYOFF OF THE GENERAL OBLIGATION BOND TO BE ISSUED IN THE FUTURE BY LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A OR OCTOBER 1, 2021, WHICHEVER SHALL OCCUR EARLIER; CREATING A NEW SECTION 92.40, ESTABLISHING THE LONGBOAT KEY GULFSIDE DISTRICT, A DEPENDENT SPECIAL DISTRICT OF THE TOWN OF LONGBOAT KEY; CREATING A NEW SECTION 92.41, PROVIDING FOR THE PURPOSE, POWERS, FUNCTION, AND DUTIES OF THE LONGBOAT KEY GULFSIDE DISTRICT; CREATING A NEW SECTION 92.42, ESTABLISHING THE GEOGRAPHIC BOUNDARIES OF THE LONGBOAT KEY GULFSIDE DISTRICT; CREATING A NEW SECTION 92.43, ESTABLISHING THE AUTHORITY OF THE LONGBOAT KEY GULFSIDE DISTRICT; CREATING A NEW SECTION 92.44, ADOPTING FINDINGS THAT THE ESTABLISHMENT OF THE LONGBOAT KEY GULFSIDE DISTRICT IS THE BEST ALTERNATIVE; CREATING A NEW SECTION 92.45, SETTING FORTH THE GOVERNANCE OF THE LONGBOAT KEY GULFSIDE DISTRICT; CREATING A NEW SECTION 92.46, ESTABLISHING THE APPLICABLE FINANCIAL DISCLOSURE, NOTICING, AND REPORTING REQUIREMENTS FOR THE LONGBOAT KEY GULFSIDE DISTRICT; CREATING A NEW SECTION 92.47, ESTABLISHING THE FINANCING METHODS OF THE LONGBOAT KEY GULFSIDE DISTRICT; CREATING A NEW SECTION 92.48, ADOPTING FINDINGS THAT THE ESTABLISHMENT OF THE LONGBOAT KEY GULFSIDE DISTRICT IS CONSISTENT WITH THE TOWN'S COMPREHENSIVE PLAN; CREATING A NEW SECTION 92.57, REPEALING THE LONGBOAT KEY BEACH EROSION CONTROL DISTRICT B UPON THE PAYOFF OF THE GENERAL OBLIGATION BOND TO BE ISSUED IN THE FUTURE BY LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A OR OCTOBER 1, 2021, WHICHEVER SHALL OCCUR EARLIER; CREATING A NEW SECTION 92.60, ESTABLISHING THE LONGBOAT KEY BAYSIDE DISTRICT, A DEPENDENT SPECIAL DISTRICT OF THE TOWN OF LONGBOAT KEY; CREATING A NEW SECTION 92.61, PROVIDING FOR THE PURPOSE, POWERS, FUNCTION, AND DUTIES OF THE LONGBOAT KEY BAYSIDE DISTRICT; CREATING A NEW SECTION 92.62, ESTABLISHING THE GEOGRAPHIC BOUNDARIES OF THE LONGBOAT KEY BAYSIDE DISTRICT; CREATING A NEW SECTION 92.63, ESTABLISHING THE AUTHORITY OF THE LONGBOAT KEY BAYSIDE DISTRICT; CREATING A NEW SECTION 92.64, ADOPTING FINDINGS THAT THE ESTABLISHMENT OF THE LONGBOAT KEY BAYSIDE DISTRICT IS THE BEST ALTERNATIVE; CREATING A NEW SECTION 92.65, SETTING

FORTH THE GOVERNANCE OF THE LONGBOAT KEY BAYSIDE DISTRICT; CREATING A NEW SECTION 92.66, ESTABLISHING THE APPLICABLE FINANCIAL DISCLOSURE, NOTICING, AND REPORTING REQUIREMENTS FOR THE LONGBOAT KEY BAYSIDE DISTRICT; CREATING A NEW SECTION 92.67, ESTABLISHING THE FINANCING METHODS OF THE LONGBOAT KEY BAYSIDE DISTRICT; CREATING A NEW SECTION 92.68, ADOPTING FINDINGS THAT THE ESTABLISHMENT OF THE LONGBOAT KEY BAYSIDE DISTRICT IS CONSISTENT WITH THE TOWN'S COMPREHENSIVE PLAN; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; DIRECTING THE TOWN CLERK TO PROVIDE CERTIFIED COPIES OF THIS ORDINANCE TO THE PROPERTY APPRAISERS AND TAX COLLECTORS OF SARASOTA AND MANATEE COUNTIES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Longboat Key ("Town") is a coastal, barrier island community with approximately 10 miles of beaches adjacent to the Gulf of Mexico; and

WHEREAS, the Town is authorized pursuant to its home rule powers, Article VIII of the Florida Constitution and Chapters 166 and 189, Florida Statutes, to create dependent special districts within the jurisdictional boundary lines of the municipality; and

WHEREAS, in 1990, the Town of Longboat Key Commission ("Town Commission") enacted Ordinance 90-21, which created the Longboat Key Beach Erosion Control District; and

WHEREAS, in 1992, the Town Commission enacted Ordinance 92-24, which superseded the enactment of Ordinance 90-21, and created the "Longboat Key Beach Erosion Control District A" (hereinafter "District A"), a dependent special district for the purpose of providing beach restoration and maintenance programs; and

WHEREAS, Ordinance 92-24 established that the geographical boundaries of District A to include: (a) all gulf-front properties located between Gulf of Mexico Drive and the Gulf of Mexico; and (b) all commercially zoned or used properties that are contiguous to Gulf of Mexico Drive or other District property; and

WHEREAS, in 1992, the Town Commission enacted Ordinance 92-26, which superseded the enactment of Ordinance 90-21, and created the "Longboat Key Beach Erosion Control District B" (hereinafter "District B"), a dependent special district for the purpose of providing beach restoration and maintenance programs; and

WHEREAS, Ordinance 92-26 established that the geographical boundaries of District B would include all properties within the Town of Longboat Key that were not located in District A; and

WHEREAS, since the establishment of District A and District B, three (3) beach renourishment projects have been publicly funded through the issuance of bonds; and

WHEREAS, pursuant to voter referendum approval on March 15, 2011, and bond validation final judgment rendered on August 3, 2011, District A is authorized to issue a not to exceed $16,000,000 general obligation bond (together with any refunding bond, the "District A Bond") to finance certain beach renourishment and/or erosion control capital projects estimated to begin in 2016, and residents of the Town will thereafter be expected to pay a certain voted millage to be levied by District A and District B, to repay such District A Bond during the 2015 though 2020 tax years; and

WHEREAS, due to the anticipated long-term needs of the Town to finance future beach maintenance activities and renourishment projects, the Town Commission commissioned a study by Burton and Associates (hereinafter "Burton study") dated September 9, 2014, to evaluate and establish the validity, uniformity, benefits, and reasonableness associated with the Town continuing to levy an ad valorem tax on the property owners within the Town, and to determine whether any updates to the existing dependent district structures established by Ordinances 92-24 and 92-26 and codified within Chapter 92, Sections 92.30 through 92.56, of the Town's Code of Ordinances should be considered for future projects and activities; and

WHEREAS, on October 6, 2014, and November 3, 2014, the Town Commission conducted public hearings to consider revisions to Chapter 92 of the Town's Code of Ordinances; and

WHEREAS, during the public hearings held on October 6, 2014, and November 3, 2014, the Town Commission heard testimony and evidence relating to the Town's beaches and the Town Commission was presented with the findings and recommendations from the Burton study; and

WHEREAS, at said public hearings, the Town Commission heard testimony and evidence that the Town's beaches are a valuable asset to the Town and that beach maintenance and renourishment projects protect the health, safety, and welfare of the Town's residents; and

WHEREAS, the Town Commission also heard testimony and evidence that the Town's beaches are an integral asset to the Town as the beaches attract tourists, commercial businesses, and future residents to the community and retain commercial businesses and current residents within the Town; and

WHEREAS, the Town Commission also heard testimony and evidence that beach maintenance and renourishment activities within the Town will be an ongoing Town expenditure necessitated by tidal and wave action and other natural and man-made causes of beach and coastal erosion; and

WHEREAS, at said public hearings, the Town Commission considered the Burton study findings that beach maintenance and renourishment projects enhance the value of all real property, including commercial property, located within the Town; and

WHEREAS, at said public hearings, the Town Commission considered the Burton study findings that all private and commercial properties within the Town receive some

benefit in terms of property value preservation from beach maintenance activities and renourishment projects within the Town; and

WHEREAS, at said public hearings, the Town Commission considered the Burton study findings that private and commercial real properties that are located in closer proximity to the Gulf of Mexico and the Town's beaches receive enhanced benefit from ongoing beach maintenance and renourishment activities since the properties receive protection from the total loss of property due to their proximity to the Gulf of Mexico; and

WHEREAS, at said public hearings, the Town Commission considered the Burton study recommendation that based upon the enhanced benefit, it was reasonable for the real properties generally located on the west side of Gulf of Mexico Drive to pay a higher millage rate than those real properties generally located on the east side of Gulf of Mexico Drive; and

WHEREAS, at said public hearings, the Town Commission considered the Burton study recommendation that Gulf of Mexico Drive is an appropriate and reasonable geographic dividing line to establish two (2) dependent districts for purposes of levying an appropriate millage; and

WHEREAS, after considering the findings in the Burton study, the evidence and testimony provided at the above referenced public meetings and hearings, the Town Commission has determined that that the establishment of two (2) new dependent special districts for future ongoing beach renourishment projects and maintenance activities is within the public interest; and

WHEREAS, the Town Commission has decided to establish the two (2) new dependent special districts that shall encompass all real property within the jurisdictional boundaries of the Town as follows: (a) Longboat Key Gulfside District ("Gulfside District") generally located on the westerly side of Gulf of Mexico Drive, and (b) Longboat Key Bayside District ("Bayside District") generally located on the easterly side of Gulf of Mexico Drive; and

WHEREAS, the Town Commission has decided that it shall preside as the governing boards of both the Gulfside District and Bayside District; and

WHEREAS, the Town Commission finds that there is a public purpose in financing future beach renourishment projects and the ongoing beach maintenance projects necessary through the creation of the Gulfside and Bayside Districts; and

WHEREAS, the Town Commission seeks to establish the Town's authority to: (a) finance the long-term beach renourishment projects and maintenance activities within the Town's Gulfside and Bayside Districts; (b) create an operation and maintenance/administration/renewal and replacement fund within the Gulfside and Bayside Districts for the ongoing funding of beach renourishment and maintenance projects; (c) utilize the Town's taxing powers to finance the Town's ongoing beach renourishment projects and maintenance activities within such districts; and (d) subject to referendum approval, issue bonds or other obligations for the funding of beach renourishment and

beach projects payable by the property owners within the Gulfside and Bayside Districts; and

WHEREAS, following the issuance and maturity or full retirement, as applicable of the District A Bond, the Town Commission seeks to sunset and repeal the existing Longboat Key Beach Erosion Control District A and Longboat Key Beach Erosion Control District B upon the payoff of the District A Bond or October 1, 2021, whichever shall occur earlier and, subject to referendum approval, issue all future debt to finance certain beach renourishment and/or erosion control capital projects using the Gulfside and Bayside District special dependent district structure.

NOW, THEREFORE, BE IT ENACTED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA THAT:

SECTION 1. The above recitals are true and correct and are hereby incorporated fully herein.

SECTION 2. The Town Commission hereby adopts and incorporates by reference the finding contained within the study by Burton and Associates, dated September 9, 2014.

SECTION 3. Chapter 92, Parks, Public Beaches, and Public Beach Accesses is hereby amended as shown in the attached Exhibit A, with additions shown in underline and deletions in strikethrough text.

SECTION 4. If any section, subsection, sentence, clause or provision of this Ordinance is held invalid, the remainder of the Ordinance shall not be affected.

SECTION 5. All ordinances or parts of ordinances in conflict herewith shall be and the same are hereby repealed.

SECTION 6. The creation of the Gulfside District and ~~Beachside~~ Bayside District is consistent with the *Town of Longboat Key's Comprehensive Plan* (adopted by Ordinance 2007-37 and dated December 3, 2007).

SECTION 7. The Town of Longboat Key Clerk is hereby directed to provide a certified copy of this Ordinance to the Property Appraisers of Sarasota and Manatee County and the Tax Collectors of Sarasota and Manatee County so as to provide such entities with notice of the creation of the Gulfside and ~~Beachside~~ Bayside Districts for the purposes of including the ad valorem taxes on subsequent year's tax bill. The Town of Longboat Key shall comply with such additional notice requirements as may be required by law, including but not limited to such notice as may be required pursuant to Chapter 189, Florida Statutes and by the Florida Department of Revenue.

SECTION 8. This Ordinance shall take effect immediately upon second reading, public hearing, and adoption. The governing board of the Longboat Key Gulfside District and Longboat Key Bayside District shall be empowered to act as of the effective date of this Ordinance. The creation of the Longboat Key Gulfside District and Longboat Key Bayside District shall take effect on the date of adoption.

PASSED on the first reading the 6th day of October , 2014.

PASSED on second reading and public hearing the _____ day of _____, 2014.

_____
James L. Brown, Mayor

ATTEST:

_____
Trish Granger, Town Clerk

Attachment: Exhibit “A” – Chapter 92

ORDINANCE 2014-29
EXHIBIT A

CHAPTER 92 – PARKS, BEACHES, AND PUBLIC ACCESSES

Parks.
Removal of dead fish.
Longboat Key Beach Erosion Control District A
Longboat Key Gulfside District
Longboat Key Beach Erosion Control District B
Longboat Key Bayside District

Longboat Key Beach Erosion Control District A

Editor's note: The editor has interpreted Ords. 92-24 and 92-26, creating Erosion Control Districts A and B as superseding Ord. 90-21, passed July 31, 1990, which created the "Longboat Key Beach Erosion Control District."

Longboat Key Beach Erosion Control District A
92.30 Authority for this subchapter.
92.31 Findings.
92.32 Creation.
92.33 Territory of district.
92.34 Governing body.
92.35 Purposes of district.
92.36 Powers of district.
92.37 Repeal of district.

Longboat Key Gulfside District
92.40 Establishment of Gulfside District.
92.41 Purpose, Powers, Function and Duties.
92.42 Geographic Boundary of Gulfside District.
92.43 Authority of Gulfside District.
92.44 Best Alternative.
92.45 Governance.
92.46 Applicable Financial Disclosure, Noticing, and Reporting.
92.47 Financing.
92.48 Consistent with Comprehensive Plan.

Longboat Key Beach Erosion Control District B
92.50 Authority for this subchapter.
92.51 Findings.
92.52 Creation.
92.53 Territory of district.
92.54 Governing body.
92.55 Purposes of district.
92.56 Powers of district.
92.57 Repeal of district.

Longboat Key Bayside District
92.60 Establishment of Bayside District.
92.61 Purpose, Powers, Function and Duties.
92.62 Geographic Boundary of Bayside District.
92.63 Authority of Bayside District.
92.64 Best Alternative.
92.65 Governance.
92.66 Applicable Financial Disclosure, Noticing, and Reporting.
92.67 Financing.
92.68 Consistent with Comprehensive Plan.

92.30 Authority for this subchapter.
This subchapter is enacted pursuant to Article VIII, § 2(b), Florida Constitution of 1968, as amended; F.S. ch. 166, pts. I and II, (1991); F.S. ch. 170, (1991); and F.S. §§ 189.402(1) and 189.4041, (1991), as amended; and other applicable provisions of law.
(Ord. 92-24, passed 8-6-92)

92.31 Findings.
The town commission hereby finds that it is necessary and proper for the town to establish a dependent special district for beach restoration and maintenance within the town.
(Ord. 92-24, passed 8-6-92)

92.32 Creation.
There is hereby created and established a dependent special district of the town entitled the "Longboat Key Beach Erosion Control District A."
(Ord. 92-24, passed 8-6-92)

92.33 Territory of district.
The boundaries of the Longboat Key Beach Erosion Control District A are set forth on the large-scale maps of the town which were on display in the town hall prior to and during the enactment of Ordinances 92-24 and 92-26 of the town commission, enacted on August 6, 1992, which large-scale maps are presently on file in the office of the town clerk. Representations of such maps solely for identification and administrative convenience have been prepared and are attached hereto as Exhibit A. Any discrepancy or apparent discrepancy between the actual large-scale maps and the representations attached hereto as Exhibit A shall be resolved in favor of the large-scale maps on file in the office of the town clerk.
(Ord. 92-24, passed 8-6-92)

92.34 Governing body.
The members of the town commission shall serve ex officio as the governing body of the Longboat Key Beach Erosion Control District A.
(Ord. 92-24, passed 8-6-92)

92.35 Purposes of district.
The purpose of the Longboat Key Beach Erosion Control District A shall be to provide for the planning, financing, construction, operation and maintenance of gulf beach restoration and gulf beach maintenance projects within the district and other related gulf beach projects.
(Ord. 92-24, passed 8-6-92)

92.36 Powers of district.
The district shall have all the powers under Florida law which the town has under Florida law, which shall be exercised solely for the purposes of the district as established herein, which powers shall include, but not be limited to, the power to conduct studies and adopt plans related to beach restoration and maintenance, maintain the beach, purchase and sell property, enter into contracts with both public and private entities, issue bonds and other obligations, levy taxes, levy special assessments, and appropriate and spend public funds; provided, however, that the power to issue bonds or other obligations or the levy of special assessments shall require the approval of a majority of the electors of the district voting on the proposed bond issue or special assessment.
(Ord. 92-24, passed 8-6-92)

92.37 Repeal of district.
Upon the payoff of the general obligation bond to be issued in the future by the Longboat Key Beach Erosion Control District A (including any refunding bond) or October 1, 2021, whichever shall occur earlier, all provisions contained within Sections 92.31 though 92.36 of this Code of Ordinances relating to the Longboat Key Beach Erosion Control District A shall be repealed and of no further force and effect.

Longboat Key Gulfside District
92.40 Establishment of Gulfside District. The Town Commission does hereby establish the Longboat Key Gulfside District, hereinafter the "Gulfside District" pursuant to the Town's home rule authority as set forth in Article VIII, Section 2 of the Florida Constitution; and the Town's home rule authority as set forth in Chapter 166, Florida Statutes; and Chapter 189, Florida Statutes. The Gulfside District shall be a dependent special district of the Town of Longboat Key, Florida.

92.41 Purpose, Powers, Function, and Duties. The purpose and function of the Gulfside District is to facilitate the Town's financing of ongoing beach maintenance and renourishment activities within the Town that are necessitated by tidal action and other natural and man-made causes of beach and coastal erosion. The Gulfside District shall have all powers, functions, and duties authorized by law to effectuate its purpose including but not limited to the following:

a. To provide for the planning, financing, construction, operation, and maintenance of beach restoration and maintenance projects;
b. To conduct studies and adopt plans related to beach restoration and maintenance projects;
c. To provide for on-going maintenance activities relating to the Town's beaches, sand, accesses and dune system;
d. To enter into contracts with both public and private entities;
e. To receive, utilize, or expend funds, grants, or services from the federal, state, county, or other local governments, or from other private or civic sources;
f. To request the Town Commission create an operation and maintenance/administration/renewal and replacement fund within the Gulfside District for the purposes of funding routine beach maintenance activities, operations, administration, and for purposes of maintenance/renewal and replacement fund or debt service;

g. To construct, reconstruct, or improve, develop and execute a logical and suitable program for comprehensive beach and shore preservation relating to the use and maintenance of the beaches and sand which may be important to their preservation and enjoyment;
h. To contract for services of engineers, attorneys, or other consultants and other agents and employees as the Gulfside District may require or deem necessary to accomplish the purpose and functions of said district;
i. To request the Town Commission levy within the boundaries of the Gulfside District ad valorem taxes to pay the costs of construction, reconstruction, improvement, or maintenance of the beaches, sand, accesses and erosion control projects within said district;
j. To request the Town Commission levy within the boundaries of the Gulfside District non-ad valorem assessments to pay the costs of construction, reconstruction, improvement, or maintenance of the beaches, sand, accesses, and erosion control projects within said district;
k. To request the Town Commission issue bonds or other obligations payable by ad valorem taxes or non-ad valorem assessments collected within the boundaries of the Gulfside District, to finance or refinance beach restoration, renourishment, or maintenance activities, which constitute capital projects, and costs incidental to the issuance of such bonds or obligations including any referendum costs for both the Gulfside District and the Bayside District, if applicable, provided that the proposed bonds or other obligations and associated ad valorem levy, if applicable, has been approved by a majority of the qualified electors residing within said district;
l. To purchase, hold, lease, sell, or otherwise acquire and convey such real and personal property and interests, as may be necessary or proper to carry out the purpose, powers, functions and duties of said district;
m. To hold, control, and acquire by donation or purchase, or dispose of, any easements, dedications, platted reservations, or any reservations for the purposes authorized herein; and
n. To have and exercise such powers as are reasonably implied in or not inconsistent with this subsection which the Town Commission determines are necessary and proper so the Gulfside District can carry out the objectives and purposes of said district.

92.42 Geographic Boundary of Gulfside District. The geographic boundary for the Gulfside District shall include and incorporate all real properties generally located on the westerly side of Gulf of Mexico Drive that are located between Gulf of Mexico Drive and the Gulf of Mexico, all of which are located within the municipal boundaries of the Town. A map identifying all of the parcels located within the Gulfside District is provided in the appendix of this chapter and is hereby incorporated by reference as Exhibit 1.

92.43 Authority of the Gulfside District. The Gulfside District shall have all of the powers authorized by law to perform the duties and financing set forth in Sections 92.41 and 92.47 of the Code of Ordinances.

92.44 Best Alternative. The Town Commission hereby finds that based upon evidence, testimony and reports, the creation of the Gulfside District is the best alternative available for achieving the beach maintenance and renourishment activities set forth herein.

92.45 Governance. The Town Commission shall sit as the governing board of the Gulfside District. The Town Commissioners shall receive no compensation from the Gulfside District for serving as the governing board of said special district. The organization and duties of the Town Commissioners as members of the governing board of Gulfside District shall be the same as it relates to the members as Town Commissioners.

92.46 Applicable Financial Disclosure, Noticing and Reporting. The financial disclosure, noticing, and reporting requirements applicable to the Gulfside District shall be the same as otherwise applicable to the Town Commissioners and the Town of Longboat Key. The Gulfside District shall comply with all reporting requirements required by state law relating to dependent special districts.

92.47 Financing. The Town Commission finds that the levy of ad valorem taxes is the most equitable method available to fairly apportion the costs associated with conducting beach renourishment, beach protection and erosion prevention, and fund the ongoing operating and maintenance, and administration support, costs associated with maintaining the Town's beaches. The Gulfside District is authorized to request the Town Commission levy within the boundaries of the Gulfside District ad valorem taxes to pay all costs to finance and refinance the construction, reconstruction and improvement of beach renourishment, beach protection and erosion prevention projects, and the operation and maintenance, and administrative support, costs associated with maintaining high quality beach conditions. Such costs may include, but are not limited to, the cost to conduct the renourishment and maintenances activities referenced in Section 92.41 of the Code of Ordinances; the cost of the referendum for both the Gulfside District and the Bayside District, if applicable, to approve the bonds or other obligations to finance or refinance the renourishment and maintenance activities, including expenses incidental to the issuance of bonds or other obligations; the cost of the bonds or other obligations to finance or refinance the renourishment and maintenance activities, including expenses incidental to the issuance of bonds or other obligations; the cost of the debt service on the bonds or other obligations necessary to finance or refinance the renourishment and maintenance activities, including the establishment of an appropriate reserve; the cost of the Town's administrative support for the Gulfside District; all costs, referendums, and other activities associated with the Bayside District; and any other costs associated with maintaining the high quality standards established by the Town Commission for the Town's beaches. Following a request from the Gulfside District, the Town Commission may issue bonds or other obligations, subject to referendum approval by the voters within the Gulfside District, payable from ad valorem taxes levied within the Gulfside District which mature more than twelve (12) months after issuance to finance or refinance capital projects in the manner and to the extent heretofore described. The ad valorem taxes, and related bonds, requested by the Gulfside District, shall be assessed and issued only to further the specific purpose of beach restoration and maintenance activities set forth in Sections 92.40-92.48 of the Code of Ordinances and for financing and refinancing purposes. The Town Commission shall maintain the exclusive power and authority to borrow money for the purposes of the Gulfside District. The Town Manager and Town Finance Director shall annually present a written budgetary request on behalf of the Gulfside District to the Town Commission of the Town of Longboat Key by June 1, for the Gulfside District funding. Said request shall include a computation of the funds needed within the Gulfside District

and Bayside District, if any, for the upcoming fiscal year so as to meet all the obligations set forth herein.

92.48 Consistent with Comprehensive Plan. The creation of the Gulfside District is consistent with the Town of Longboat Key's Comprehensive Plan and all other applicable growth management rules and regulations.

Longboat Key Beach Erosion Control District B

92.50 Authority for this subchapter.
This subchapter is enacted pursuant to Article VIII, Section 2(b), Florida Constitution of 1968, as amended; F.S. ch. 166, pts. I and II, (1991); F.S. ch. 170, (1991); and F.S. §§ 189.402(1) and 189.4041, (1991), as amended; and other applicable provisions of law.
(Ord. 92-26, passed 8-6-92)

92.51 Findings.
The town commission hereby finds that it is necessary and proper for the town to establish a dependent special district for beach restoration and maintenance within the town.
(Ord. 92-26, passed 8-6-92)

92.52 Creation.
There is hereby created and established a dependent special district of the town entitled the "Longboat Key Beach Erosion Control District B."
(Ord. 92-26, passed 8-6-92)

92.53 Territory of district.
The boundaries of the Longboat Key Beach Erosion Control District B are set forth on the large-scale maps of the town which were on display in the town hall prior to and during the enactment of subchapters 92-24 and 92-26 of the town commission, enacted on August 6, 1992, which large-scale maps are presently on file in the office of the town clerk. Representations of such maps solely for identification and administrative convenience have been prepared and are attached hereto as Exhibit A. Any discrepancy or apparent discrepancy between the actual large-scale maps and the representations attached hereto as Exhibit A shall be resolved in favor of the large-scale maps on file in the office of the town clerk.
(Ord. 92-26, passed 8-6-92)

92.54 Governing body.
The members of the town commission shall serve ex officio as the governing body of the Longboat Key Beach Erosion Control District B.
(Ord. 92-26, passed 8-6-92)

92.55 Purposes of district.
The purpose of the Longboat Key Beach Erosion Control District B shall be to provide for the planning, financing, construction, operation and maintenance of gulf beach restoration and gulf beach maintenance projects on the island of Longboat Key which benefit the area within Longboat Key Beach Erosion Control District B, whether such projects are physically located within or outside the district, and other related gulf beach projects.

(Ord. 92-26, passed 8-6-92)

92.56 Powers of district.
The district shall have all the powers under Florida law which the town has under Florida law, which shall be exercised solely for the purposes of the district as established herein, which powers shall include, but not be limited to, the power to conduct studies and adopt plans related to beach restoration and maintenance, maintain the beach, purchase and sell property, enter into contracts with both public and private entities, issue bonds and other obligations, levy taxes, levy special assessments and appropriate and spend public funds; provided, however, that the power to issue bonds or other obligations or the levy of special assessments shall require the approval of a majority of the electors of the district voting on the proposed bond issue or special assessment.
(Ord. 92-26, passed 8-6-92)

92.57 Repeal of district.
Upon the payoff of the general obligation bond to be issued in the future by the Longboat Key Beach Erosion Control District A (including any refunding bond) or October 1, 2021, whichever shall occur earlier, all provisions contained within Sections 92.50 though 92.56 of this Code of Ordinances relating to the Longboat Key Beach Erosion Control District B shall be repealed and of no further force and effect.

Longboat Key Bayside District
92.60 Establishment of Bayside District. The Town Commission hereby recognizes that the beaches of the Town are a town-wide asset that benefit all property owners and residents and that there are numerous public and private access areas to the Town's beaches that afford all of the Town's residents a reasonable opportunity to access the Town's beaches. The Town Commission does hereby establish the Longboat Key Bayside District, hereinafter the "Bayside District" pursuant to the Town's home rule authority as set forth in Article VIII, Section 2 of the Florida Constitution; and the Town's home rule authority as set forth in Chapter 166, Florida Statutes; and Chapter 189, Florida Statutes. The Bayside District shall be a dependent special district of the Town of Longboat Key, Florida.

92.61 Purpose, Powers, Function, and Duties. The purpose and function of the Bayside District is to facilitate the Town's financing of ongoing beach maintenance and renourishment activities within the Town that are necessitated by tidal and wave action and other natural and man-made causes of beach and coastal erosion irrespective of whether such projects are physically located within the geographical boundaries of the Bayside District. The Bayside District shall have all powers, functions, and duties authorized by law to effectuate its purpose including but not limited to the following:

a. To provide for the planning, financing, construction, operation and maintenance of beach restoration and maintenance projects;
b. To conduct studies and adopt plans related to beach restoration and maintenance projects;
c. To provide for on-going maintenance activities relating to the Town's beaches, sand, accesses, and dune systems;
d. To enter into contracts with both public and private entities;

e. To receive, utilize, or expend funds, grants, or services from the federal, state, county, or other local governments, or from other private or civic sources;
f. To request the Town Commission create an operation and maintenance/administration/renewal and replacement fund within the Bayside District for the purposes of funding routine beach maintenance activities, operations, administration, and for purposes of maintenance/renewal and replacement fund or debt service;
g. To construct, reconstruct, or improve, develop, and execute a logical and suitable program for comprehensive beach and shore preservation relating to the use and maintenance of the beaches and sand which may be important to their preservation and enjoyment;
h. To contract for services of engineers, attorneys, or other consultants and other agents and employees as the Bayside District may require or deem necessary to accomplish the purpose and functions of said district;
i. To request the Town Commission levy within the boundaries of the Bayside District ad valorem taxes to pay the costs of construction, reconstruction, improvement, or maintenance of the beaches, sand, accesses, and erosion control projects within said district;
j. To request the Town Commission levy within the boundaries of the Bayside District non-ad valorem assessments to pay the costs of construction, reconstruction, improvement, or maintenance of the beaches, sand, accesses, and erosion control projects within said district;
k. To request the Town Commission issue bonds or other obligations payable by ad valorem taxes or non-ad valorem assessments collected within the boundaries of the Bayside District, to finance or refinance beach restoration, renourishment, or maintenance activities, which constitute capital projects, and costs incidental to the issuance of such bonds or obligations including any referendum costs for both the Gulfside District and the Bayside District, if applicable, provided that the proposed bonds or other obligations and associated ad valorem tax levy, if applicable, has been approved by a majority of the qualified electors residing within said district;
l. To purchase, hold, lease, sell, or otherwise acquire and convey such real and personal property and interests, as may be necessary or proper to carry out the purpose, powers, functions and duties of said district;
m. To hold, control, and acquire by donation or purchase, or dispose of, any easements, dedications, platted reservations, or any reservations for the purposes authorized herein; and
n. To have and exercise such powers as are reasonably implied in or not inconsistent with this subsection which the Town Commission determines are necessary and proper so the Bayside District can carry out the objectives and purposes of said district.

92.62 Geographic Boundary of Bayside District. The geographic boundary for the Bayside District shall include and incorporate all real properties generally located on the easterly side of Gulf of Mexico Drive that are located between Gulf of Mexico Drive and Sarasota Bay, all of which are located within the municipal boundaries of the Town. A map identifying all of the parcels located within the Bayside District, is provided in the appendix of this chapter and is hereby incorporated by reference as Exhibit 2.

92.63 Authority of the Bayside District. The Bayside District shall have all of the powers authorized by law to perform the duties and financing set forth in Sections 92.61 and 92.67 of the Code of Ordinances.

92.64 Best Alternative. The Town Commission hereby finds that based upon evidence, testimony, and reports that the creation of the Bayside District is the best alternative available for achieving the beach maintenance and renourishment activities set forth herein.

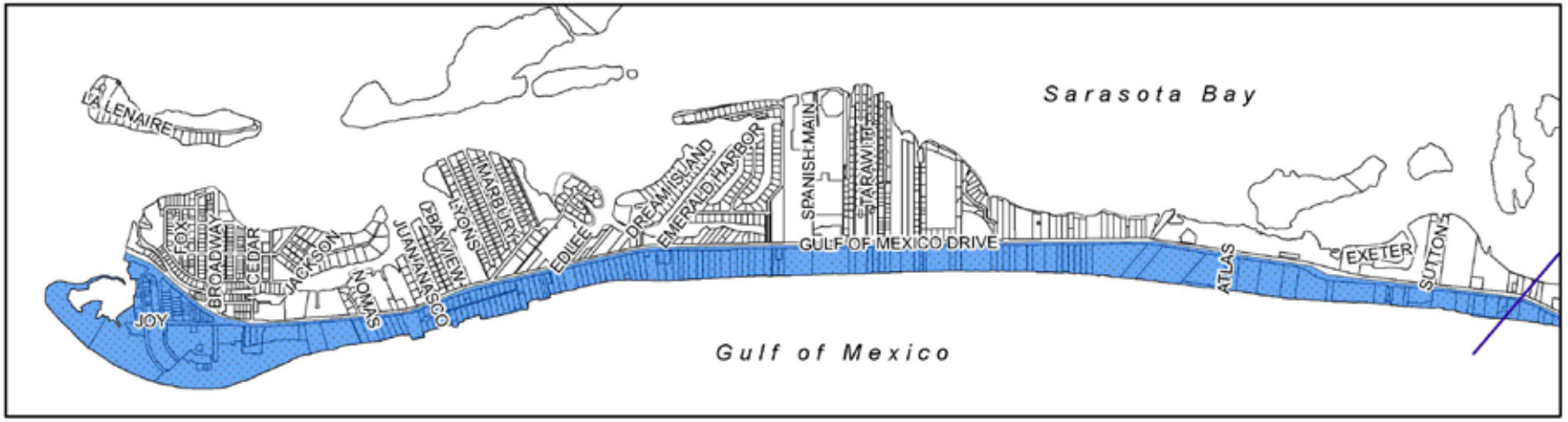
92.65 Governance. The Town Commission shall sit as the governing board of the Bayside District. The Town Commissioners shall receive no compensation from the Bayside District for serving as the governing board of said special district. The organization and duties of the Town Commissioners as members of the governing board of Bayside District shall be the same as it relates to the members as Town Commissioners.

92.66 Applicable Financial Disclosure, Noticing and Reporting. The financial disclosure, noticing, and reporting requirements applicable to the Bayside District shall be the same as otherwise applicable to the Town Commissioners and the Town of Longboat Key. The Bayside District shall comply with all reporting requirements required by state law relating to dependent special districts.

92.67 Financing. In recognition of the fact that the Town's beaches are a town-wide asset benefiting all Town property owners and residents irrespective of their proximate location to the Gulf of Mexico, the Town Commission finds that the levy of ad valorem taxes is the most equitable method available to fairly apportion the costs associated with conducting beach renourishment, beach protection, and erosion prevention, and fund the ongoing operating and maintenance, and administrative support, costs associated with maintaining the Town's beaches. The Bayside District is authorized to request the Town Commission levy within the boundaries of the Bayside District ad valorem taxes to pay a percentage of the costs to finance and refinance the construction, reconstruction, and improvement of beach renourishment, beach protection and erosion prevention projects, and the operation and maintenance, and administrative support, costs associated with maintaining high quality beach conditions. Such costs may include, but are not limited to, the cost to conduct the renourishment and maintenances activities referenced in Section 92.61 of the Code of Ordinances; the cost of the referendum for both the Gulfside District and the Bayside District, if applicable, to approve the bonds or other obligations to finance or refinance the renourishment and maintenance activities, including expenses incidental to the issuance of bonds or other obligations; the cost of the bonds or other obligations to finance or refinance the renourishment and maintenance activities, including expenses incidental to the issuance of bonds or other obligations; the cost of the debt service on the bonds or other obligations necessary to finance or refinance the renourishment and maintenance activities, including the establishment of an appropriate reserve; the cost of the Town's administrative support for the Bayside District; and any other costs associated with maintaining the high quality standards established by the Town Commission for the Town's beaches. Unless a majority of voters voting in a referendum election in the Bayside District fail to approve the issuance of debt for beach district financing and refinancing purposes, the Bayside District's total contribution for the funding of the Town's beach renourishment, operation and maintenance activities, and costs shall be 20% of the combined millage rate for both the Gulfside and Bayside Districts. Any change to the

Bayside District's total combined millage contribution percentage for such financings or re-financings shall require a public referendum. Following a request from the Bayside District, the Town Commission may issue bonds or other obligations, subject to referendum approval by the voters within the Bayside District, payable from ad valorem taxes levied within the Bayside District which mature more than twelve (12) months after issuance to finance or refinance capital projects in the manner and to the extent heretofore described. The ad valorem taxes, and related bonds, requested by the Bayside District, shall be assessed and issued only to further the specific purpose of beach restoration and maintenance activities set forth in Sections 92.60-92.68 of the Code of Ordinances and for financing and refinancing purposes. The Town Commission shall maintain the exclusive power and authority to borrow money for the purposes of the Bayside District. The Town Manager and Town Finance Director shall annually present a written budgetary request on behalf of the Bayside District to the Town Commission of the Town of Longboat Key by June 1, for the Bayside District funding. Said request shall include a computation of the funds needed within the Gulfside District and Bayside District, if any, for the upcoming fiscal year so as to meet the obligations set forth herein.

92.68 Consistent with Comprehensive Plan. The creation of the Bayside District is consistent with the Town of Longboat Key's Comprehensive Plan and all other applicable growth management rules and regulations.



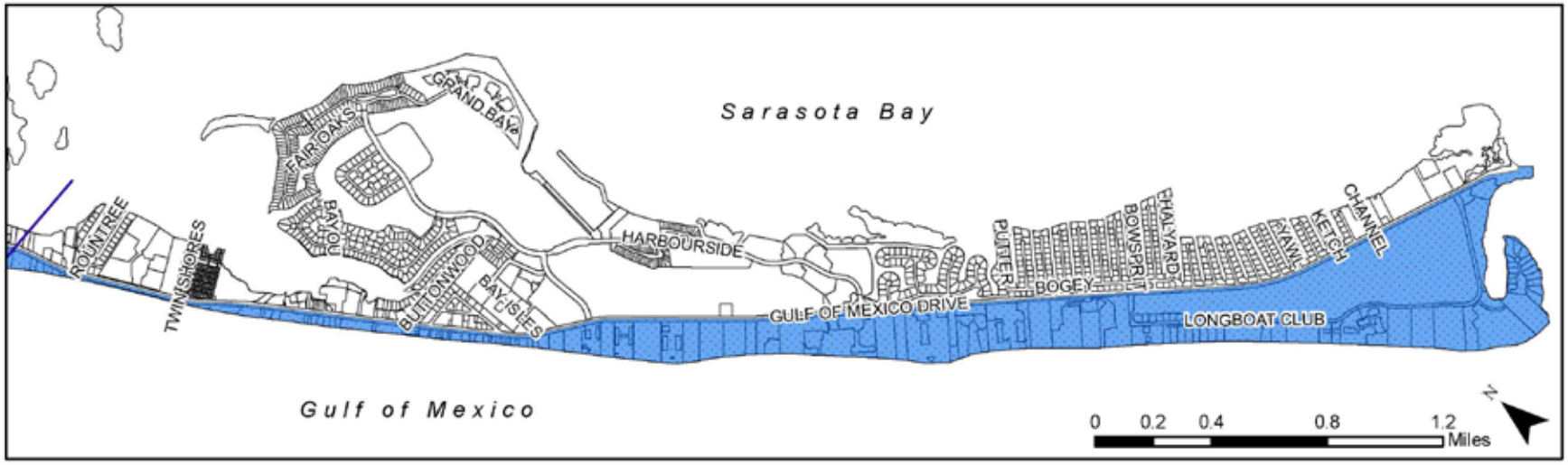


Exhibit 1. Gulfside District

Gulfside District

Town of Longboat Key

Prepared by Department of Planning, Zoning, & Building Town of

September 2014

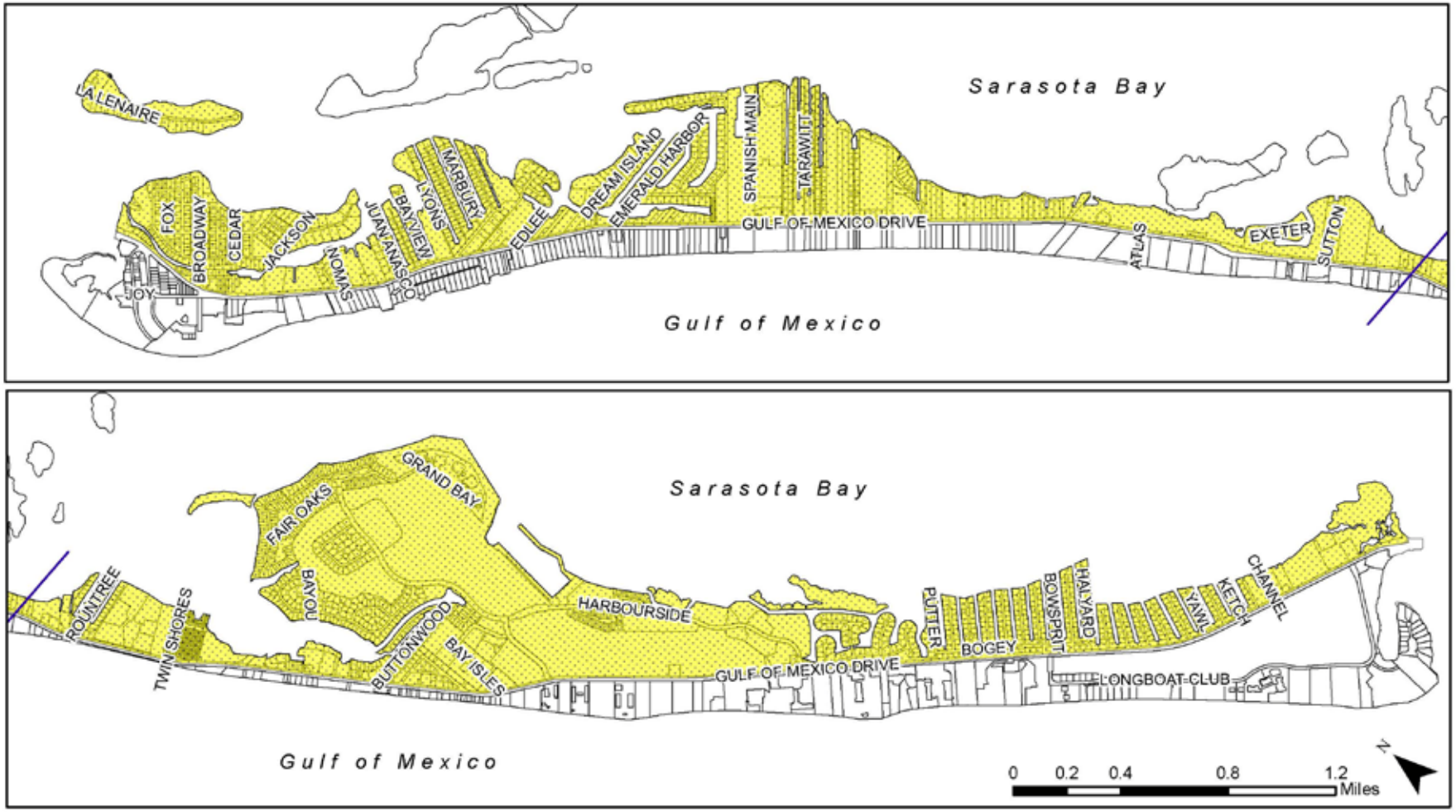


Exhibit 2. Bayside District

Bayside District

Town of Longboat Key

Prepared by Department of Planning, Zoning, & Building Town of

September 2014

The Town of Longboat Key

BEACH RENOURISHMENT TAXING DISTRICT ANALYSIS

FINAL REPORT

September 9, 2014

BURTON & ASSOCIATES

Specialists in Governmental Economics

200 Business Park Circle, Suite 101
St. Augustine, FL 32095
(904) 247-0787

BURTON & ASSOCIATES

September 9, 2014

Mr. Dave Bullock
Town Manager
Town of Longboat Key
501 Bay Isles Road
Longboat Key, FL 34228

Re: Beach Renourishment Taxing District Analysis – Final Report

Dear Mr. Bullock:

Burton & Associates is pleased to present this Final Report of the Beach Renourishment Taxing District Analysis that we have performed for the Town.

We appreciate the fine assistance provided by you and all of the members of Town staff who have participated in the analysis.

If you have any questions, please do not hesitate to call me at (904) 247-0787.

Very truly yours,

Michael E. Burton

President

Enclosure

Burton & Associates
200 Business Park Circle, Suite 101 • St. Augustine, Florida 32095 • Phone (904) 247-0787 • Fax (904) 241-7708
E-mail: mburton@burtonandassociates.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY ..... **I**

SECTION 1. INTRODUCTION **1**

1.1 BACKGROUND 1
1.2 OBJECTIVE AND SCOPE 2
1.3 STUDY PROCEDURES 2
1.4 AD VALOREM TAXES 3
1.5 SUMMARY OF RELEVANT FLORIDA LAW GOVERNING AD VALOREM TAXES 4

SECTION 2. ANALYSIS AND RECOMMENDATIONS **6**

2.1 DISTRICT BOUNDARIES 6
2.2 APPORTIONMENT OF BEACH RENOURISHMENT TAX MILLAGE 7
2.3 CAPITAL PROJECT FUNDING 7

SECTION 3. MILLAGE RATES AND PROPERTY IMPACT **9**

3.1 RECOMMENDED MILLAGE RATES 9
3.2 PROPERTY TAX IMPACTS 11
3.3 RECOMMENDED TAX ROLL 12

EXECUTIVE SUMMARY

Since the formation of the Beach Renourishment special taxing districts in 1992, the operating and capital cost requirements of beach restoration and maintenance for the Town of Longboat Key have significantly increased in both cost and frequency. This rise in capital expenditures has compelled the Town to evaluate the feasibility of funding capital projects through a series of borrowings and implementing an annual ad valorem Beach Renourishment Tax on its residents to cover the total annual costs of the Beach Renourishment Program. The Town engaged Burton & Associates to evaluate the current Beach Renourishment Taxing District structure, identify potential refinements to the structure and develop a twenty (20) year plan of millage rates that will provide sufficient revenue to fund all projected beach renourishment expenses, including debt service on borrowings for large capital projects, with as low and consistent of a millage as possible during the projection period (FY 2015 – FY 2034).

All properties in Longboat Key benefit from the Beach Renourishment Program because the Town's beaches contribute to the appeal of the Town as a place to live, a place for second homes or condos and a destination for tourists and visitors. Because the beaches are such an important part of the Town and its appeal, the Beach Renourishment Program preserves the value of all properties in the Town. However, in evaluating the differential benefit received by properties in Longboat Key from the Beach Renourishment Program, it is clear that properties which are proximate to the Gulf of Mexico (Gulf) receive substantially greater benefit from the ongoing renourishment of the beach than do properties which are less proximate to the Gulf, due to the benefit of protection from loss of structures and land conferred upon these properties by the Beach Renourishment Program. Because Longboat Key is a narrow barrier island with Gulf of Mexico Drive (GMD) splitting the island from north to south, it is a logical defining geographical boundary line for two districts, since all properties on the west side of GMD are either gulf front or very proximate to the Gulf, with many having deeded beach access. Thus, we believe that it would be best that GMD be the defining boundary line between the two refined special districts and the only differentiating distinction in the delineation of the two new dependent districts. The refined districts would be called Gulfside District and Bayside District.

A planned financing in FY 2015 of beach renourishment capital projects is authorized under the current District A and B; therefore, we believe that this financing should be completed under District A and B. However, we think that it would be best that the Town sunset District A and District B after the payment of the debt service on the upcoming financing in FY 2015 in favor of two new districts as discussed above, to be called Gulfside District and Bayside District, with the single dividing boundary as GMD. When the districts are redefined, all properties to the west of GMD should be in the Gulfside District, and all properties on the east side of GMD should be in the Bayside District. This simplified configuration eliminates the need to periodically redraw the maps to reflect current property use, and it will be a clearer and stronger representation of the distinction between the dependent districts; that is, the proximity to the Gulf of Mexico.

Under the existing structure the Beach Renourishment Tax millage rates are apportioned 80%/20% (percent of combined millage) to Districts A and B respectively. This 80%/20% apportionment represents the apportionment that would be based upon taxable property values in each district with the property values in District A being weighted by a factor of about 3 times the property values in District B. We find this to be a reasonable basis for the apportionment between the existing districts based upon the significant differential in benefit received by properties west of GMD compared to those properties east of GMD. Therefore, we believe that the 80%/20% apportionment of costs to District A and District B, respectively, is reasonable to continue to be applied to District A and District B until their sunset as described in the previous paragraph, and that the 80%/20% apportionment is reasonable to be applied to the newly defined Gulfside and Bayside Districts, respectively, upon their implementation.

In order to support the Beach Renourishment Program, including the planned borrowing of approximately $16 million in FY 2015, we recommend that the millage rates for FY 2015 for the existing Districts A and B should be .8500 and .2125, respectively. These millage rates will not require any adjustments until FY 2021, when another borrowing will be necessary to fund the sand placement project in that year, at which time it is recommended to be accomplished under the refined Gulfside/Bayside district definitions. We have provided estimated order of magnitude millage rates for FY 2021 and beyond in this report; <u>however, as property value changes and other factors may occur differently than projected in this analysis, the final determination of required millage rates for FY 2021 and beyond for the Gulfside and Bayside Districts should be reevaluated prior to adoption.</u>

SECTION 1. INTRODUCTION

This report presents the results of an analysis of the funding of the Town of Longboat Key's (the Town's) beach renourishment requirements through the use of taxing districts. The Town monitors and maintains the Gulf of Mexico beaches bordering the western shore of the Town, which spans portions of Manatee and Sarasota Counties. From the early 1990s until now, the Town has relied on local option tax funds along with state and federal grants to fund its capital and operating expenses. The Town has also imposed an ad valorem tax (Beach Renourishment Tax) on residents; but only in years when additional funding was necessary to cover the cost of a financed capital project in that year. However, the operating and capital cost requirements of beach restoration and maintenance (Renourishment), particularly in high erosion area sand placements, have risen to such a level that it has caused the Town to evaluate the feasibility of funding future projects through a series of borrowings to fund capital projects and implementation of an annual ad valorem Beach Renourishment Tax on its residents to cover the total annual costs of the Beach Renourishment Program.

1.1 BACKGROUND

In 1992, the Town instituted the Beach Renourishment Tax in the form of two dependent ad valorem Special Taxing Districts (Districts). Large scale maps were created which designate the exact boundaries of the Districts, but the general boundaries are as follows:

- Longboat Key Beach Erosion Control District A (District A) is generally located on the Gulf of Mexico side of the barrier island and consists of all properties between Gulf of Mexico Drive (GMD) and the Gulf of Mexico, and any commercial properties contiguous to either GMD or other District A properties that are contiguous to GMD.
- Longboat Key Beach Erosion Control District B (District B) is generally located on the Sarasota Bay side of the barrier island and consists of all properties not included in District A.

Renourishment in the Town of Longboat Key is an ongoing and costly effort, which involves monitoring and maintaining the beaches and wildlife of this barrier island. The beaches attract tourists and commercial businesses to the area. The enjoyment of these beaches is perhaps the most significant factor in attracting and retaining the residents of the Town. There are numerous public and private access areas to the Town's beaches that afford all of the Town's residents nearby access to the Town's beaches. It is, therefore, important to the Town and its residents that the Town's beaches be preserved as a town-wide asset, and that erosion is not allowed to consume the beaches on the Gulf of Mexico. Erosion is due to tidal and wave action, rising sea levels, storms, and man-made causes, and it is inevitable and constant. The Town maintains the shoreline of the beach by replenishing sand in erosional areas and by constructing seawalls, groins, and other structures to mitigate further erosion.

Renourishment preserves the value of all properties in the Town, but particularly properties in District A that are proximate to the Gulf of Mexico, that might otherwise experience damage to or loss of

structures and land, and commercial properties in District A that rely on the tourism and related commerce stemming from the desirability of the beaches. Therefore, the Beach Renourishment Tax has historically been apportioned accordingly, with a higher burden in District A than in District B. When taxes are assessed, District A is responsible for 80% of the combined Beach Renourishment Tax millage and District B pays 20% of the Beach Renourishment Tax millage.

Until now, the Beach Renourishment Tax has been assessed intermittently, when other sources of funds were insufficient to cover required capital projects as they occurred. The most recent ad valorem assessment was in FY 2010. The Town spent about $4.1 million in FY 2011 for interim sand placement in high erosion areas of the beach on the Gulf of Mexico in anticipation of a larger project scheduled for FY 2016, projected to cost $11.0 million. The Town's Coastal Engineers have advised the Town that in the future, the necessary sand placements and structures will require substantial Town expenditures to include approximately $30 million in FY 2021 and future renourishment projects that will be $30 million or higher.

The necessity of regular sand placements prompted the Town to engage the services of Burton & Associates to evaluate the above referenced Beach Renourishment Tax, to determine if any refinements are warranted, and to evaluate the structuring of an annual millage for the Districts to support required operations and maintenance costs and the debt service on a series of borrowings that can fund the Town's Renourishment plan with as minimal and consistent of an annual millage as possible. This report presents the results of the study (Study) conducted by Burton & Associates, proposed refinements to the structure of the existing Taxing Districts (Districts A and B), and a twenty (20) year beach renourishment funding plan and associated millage for each Beach Renourishment Taxing District.

1.2 OBJECTIVE AND SCOPE

The objective of this Study was to:

1. Evaluate the Town's current Beach Renourishment Taxing District structure and to recommend refinements, and
2. Develop a twenty (20) year plan of millage rates that will provide sufficient funding of all beach renourishment expenses, including operations and maintenance expenses and borrowings to fund large capital projects for sand placement and structures, with as low and consistent of a millage as possible during the projection period (FY 2015 – FY 2034).

1.3 STUDY PROCEDURES

During this Study we evaluated the current Beach Renourishment Tax, including the cost apportionment methodology between the existing Districts A and B and the physical boundaries of said dependent districts. We developed recommended refinements to the dependent district boundaries that are described in this report below as well as recommended annual millage rates for each existing dependent district (Districts A and B) and a revised tax roll based on the assumption that those refinements will be adopted.

In order to develop recommended Beach Renourishment Tax millage rates for FY 2015, we identified the full FY 2015 cost requirements for the provision of Renourishment that recognize not only the required capital program, but also the operating costs associated with the Beach Renourishment Program. In order to determine the total FY 2015 Beach Renourishment Tax revenue requirements we obtained the Town's historical and budgeted financial information, including historical operating expenditures, the FY 2014 operating budget, and estimated FY 2014 results. We also obtained the preliminary FY 2015 operating budget, which included the 20 year capital plan, detailing expected annual Renourishment requirements through FY 2034.

The FY 2015 Beach Renourishment Tax revenue requirement was then apportioned to District A and District B properties, the basis of which is explained in more detail in Section 2.2. The property values used in determining the required millage rates in each existing dependent district were based upon property data obtained from the Sarasota County Property Appraiser's Office and the Manatee County Property Appraiser's Office.

Property classifications were based upon Department of Revenue (DOR) property use codes for each parcel as maintained on the above referenced Property Appraisers' databases. The properties in the existing and refined dependent districts were confirmed with Town staff and GIS mapping of all the parcels in the Town. The structure of the existing Beach Renourishment Tax Program was used to develop specific Beach Renourishment Tax millage rates for District A and B, and the refined dependent districts. The results of the Study are presented herein.

We accomplished this work through interactive work sessions with Town staff. During these work sessions we evaluated all cost components of the revenue requirements, current homesteaded and tax exempt properties, and other features of the Beach Renourishment Tax Program with Town staff. This was accomplished by use of visual representations projected on a viewing screen from our interactive assessment model. In this way, we identified the recommended Beach Renourishment Tax millage rates presented in this report that will allow the Town to meet its FY 2015 Beach Renourishment Program cost requirements with the existing Districts A and B. We also identified two additional estimated millage rates in subsequent years that will be sufficient to continue funding the Renourishment projects through the rest of the 20 year projection period.

1.4 AD VALOREM TAXES

Ad valorem taxes, Latin for "according to value", are taxes based on just value of properties. Local government entities that levy property taxes in Florida include counties, municipalities, school districts, and special districts. Unlike special non ad valorem assessments, which are apportioned to certain properties within a jurisdiction based on benefit from a specific service, ad valorem taxes are assessed on all properties within the jurisdiction at a millage rate per $1,000 of the taxable value of the property. Ad valorem taxes are not based on benefit, as they must be levied for a public purpose; that is, for the public health, comfort, and convenience of all properties within the jurisdiction.

Thus, while each jurisdiction sets its own tax rate, an ad valorem tax must be uniform within the jurisdiction across all property types, with certain limitations. The most common valuation limitation is homestead exemption (Save Our Homes), which precludes up to $50,000 of the just value from taxation and limits the increase of any assessment on qualifying properties to 3% of the assessment for the prior year, or the annual change in the Consumer Price Index, whichever is less. The tax is expressed in terms of a mill, or $1 per $1,000 of assessed value.

Therefore, the recommended Beach Renourishment Taxes calculated in this study were applied within the existing Districts A and B based on Taxable Values assigned by the Sarasota County Property Appraiser's Office and the Manatee County Property Appraiser's Office. Taxable Values are calculated as Just Value less any applicable deductions, such as the Save Our Homes exemptions for homesteaded properties, which comprise about 28% of the total parcels in both existing Districts A and B. The total millage was calculated such that the costs of supporting Beach Renourishment in excess of expected revenues from other sources will be recovered through taxes to properties within each existing District A and B.

1.5 SUMMARY OF RELEVANT FLORIDA LAW GOVERNING AD VALOREM TAXES

This section discusses relevant Florida Law regarding ad valorem taxation as it relates to the Town's Beach Renourishment Tax Program. The discussion covers Florida Law relating to uniformity, public purpose, and reasonableness.

Uniformity

Article VII, Section 2 of the Florida Constitution states "All ad valorem taxation shall be at a uniform rate within each taxing unit." That is, in any jurisdiction, there can be no distinction between property classes or uses; all properties are levied at the same millage rate based on their taxable values.

Currently, the Town has two dependent taxing districts, District A and District B. The Town has the authority under its home rule powers and Section 189.4041, Florida Statutes, to create more than one separate taxing unit based on a geographic basis, and a different rate in each taxing unit so long as the rate within each taxing unit is uniform. All properties in District A are levied at the same rate, and all properties in District B are levied at the same rate, regardless of the land use or property class.

Public Purpose

An ad valorem tax must be for a public purpose, rather than a private benefit. The purpose of the tax cannot be one that benefits certain properties exclusively. To determine whether a tax is for a public purpose, the consideration is whether Renourishment is for the general welfare of all properties within the Town. Applicable Florida case law has determined that all properties derived enough benefit from a special district's operations to justify uniformly levying a tax on all parcels, regardless of whether an individual parcel benefited directly or indirectly.

Renourishment of the public beaches of the Town of Longboat Key preserves the value of all parcels in the Town, not just those parcels that are gulf front.

Reasonableness

The tax cannot be arbitrary or contrary to law, and must be within the power or authority of the taxing unit levying the tax. It is well settled under Florida law that local governments are afforded great latitude regarding legislative determinations to levy ad valorem taxes and that the power to levy ad valorem taxes is a legislative function. If there is dispute as to the necessity or purpose of the tax, the legislative determination of the taxing entity is presumptively valid and the decision will be in favor of the taxing entity unless the courts find that the action is an arbitrary exertion of power that violates private rights. The courts will not intervene in any legislative determination unless the tax seems purely arbitrary or an abuse of power.

SECTION 2. ANALYSIS AND RECOMMENDATIONS

This section presents our analysis of the current Beach Renourishment Tax Program, the basis for the recommended future refinements to the existing Districts A and B, a twenty (20) year projection of recommended millage rates by the existing Districts, and an evaluation of the impact of the recommended taxes upon various properties. The methodology used resulted in millage rates that require increases only in years of large borrowings for capital projects, and remain otherwise consistent from year to year.

2.1 DISTRICT BOUNDARIES

Ordinance 92-24 of the Town of Longboat Key Code of Ordinances (Ordinance 92-24), was the basis for the establishment of the current Beach Renourishment Tax Program in District A. In Ordinance 92-24, District A is defined as "all properties which are located between Gulf of Mexico Drive and the Gulf of Mexico; and all properties which are used or zoned for commercial, office, marina, tourism use or community facility institutional, and are contiguous to Gulf of Mexico Drive or other property in the district." Ordinance 92-26 of the Town of Longboat Key Code of Ordinances (Ordinance 92-26), which established District B, states that District B consists of "all property within the Town of Longboat Key which is not located within Longboat Key Beach Erosion Control District A." Both Ordinances also stipulate that, in event of any question as to the territory of each district, the boundaries drawn on large scale maps at the time of the enactment of the Ordinances should be the guide.

Evaluation and Recommendation – In evaluating the differential benefit received by properties in Longboat Key from the Beach Renourishment Program, it is clear that properties which are proximate to the Gulf of Mexico (Gulf) receive substantially greater benefit[1] from the ongoing renourishment of the beach than do properties which are less proximate to the Gulf. Because Longboat Key is a narrow barrier island with Gulf of Mexico Drive (GMD) splitting the island from north to south, this state road creates a logical defining geographical boundary line for two districts. All properties west of GMD are either Gulf-front and have deeded beach access, or are very proximate to the Gulf and the Town's public beach access areas. The properties east of GMD are relatively proximate to the Town's public beach access areas, but are more buffered from tidal and wave influences. Thus, we believe that it would be best that GMD be the defining boundary line between the two refined special districts. This structure is consistent with the primary District A and B definitions in Ordinances 92-24 and 92-26. However, we believe that it would be best if the GMD boundary is the only differentiating distinction in the delineation of the two dependent districts. Therefore, we recommend that after the FY 2015 financing is completely paid off, which will take place within the existing District A and B structure, the dependent districts should be refined and redefined as the Gulfside District and the Bayside District, based upon the

[1] In the form of not only preservation of property value, but also protection from the potential total loss of land and/or structures over time if the beaches are not renourished.

geographic location of properties within such districts with no inclusion in the Gulfside District of properties that are east of GMD.

We think that it would be best that the Town sunset District A and District B after the payment of the debt service on the upcoming financing in FY 2015 in favor of two new districts as discussed above, to be called Gulfside District and Bayside District, with the single dividing boundary as GMD. All properties on the west of GMD should be in the Gulfside District, and all properties on the east side of GMD should be in the Bayside District. With this simplified configuration, there will be no need to periodically redraw the maps to reflect current property use, which has not been done since the creation of existing Districts A and B, and it will be a clearer and stronger representation of the distinction between the dependent districts; that is, the proximity to the Gulf of Mexico.

2.2 APPORTIONMENT OF BEACH RENOURISHMENT TAX MILLAGE

As mentioned earlier, under the existing structure the Beach Renourishment Tax millage rates are apportioned to the dependent districts with District A being apportioned 80% of the combined millage of both districts' millage and District B being apportioned 20% of the combined millage. As discussed in the prior section, both Districts A and B experience a preservation of value from economic losses that would stem from lack of beach access and decreased tourism and related commerce if the Town's beaches on the Gulf of Mexico were neglected. However, District A experiences a greater preservation of value from Renourishment than District B, as the land and structures in District A are protected from damage or destruction and total loss that would otherwise occur if erosion was left unchecked. The 80%/20% apportionment represents the apportionment that would be based upon taxable property values in each district with the property values in District A being weighted by a factor of about 3 times the property values in District B. We find this to be a reasonable basis for the apportionment between the existing districts based upon the significant differential in benefit received by properties west of GMD compared to those properties east of GMD. Therefore, we believe that the 80%/20% apportionment of costs to District A and District B, respectively, is reasonable to continue to be applied to District A and District B until their sunset as described in the prior section, and that the 80%/20% apportionment is reasonable to be applied to the newly defined Gulfside and Bayside Districts, respectively, upon their implementation. This apportionment has been included in all of the calculations of this Study and is reflected in the recommended millage rates herein.

2.3 CAPITAL PROJECT FUNDING

Due to the frequency and increasing cost of sand placements in erosional areas, an intermittent system of taxation and cash funding of all capital projects is no longer feasible for the Town and its residents. The Town's other revenue sources for beach renourishment are minimal compared to the cost of the Renourishment program. Besides grants, the other revenue sources consist largely of Tourist Development Tax funds from Sarasota and Manatee Counties.[2] Thus, an annual millage rate needs to be

[2] These Tourist Development Tax revenues from Sarasota and Manatee counties were applied to projects in the respective counties in the analysis conducted during this Study.

established that will produce revenues sufficient to cover the difference in the expected revenues and the total of operating expenses, cash funded capital projects, and debt service for any necessary borrowings, all while maintaining a positive balance in the Beach Capital Fund.

In FY 2011, the Town passed a Resolution to allow for issuance of $16 million in General Obligation Bonds. These bonds are expected to be issued in FY 2015, the proceeds of which will cover the $11 million sand placement scheduled for FY 2016 as well as several other projects in FY 2015 and FY 2016, ranging from $1.5 million to $3.5 million each. We recommend that the existing Districts A and B, under which this authorization was established, remain until the payment of the debt service for the financing is complete, which is estimated to be in FY 2021, based upon the assumption of a 6 year term for the financing.

The Study determined that additional borrowings will be necessary to fund the $30 million+ sand placement projects expected in FY 2021, FY 2027, and FY 2033. Such borrowings will require additional referendum authority. It is unclear at this time if the Town voters will be asked to approve all such borrowings at one time or in smaller separate referendum elections. Therefore, we recommend that the new Gulfside and Bayside District definitions be adopted for the Beach Renourishment Program beginning in FY 2021. The following section discusses the millage rates for District A and District B, which will be necessary to fund the debt service on the FY 2015 borrowing under the existing district definitions established by Ordinances 92-24 and 92-26, and the schedule of future borrowings and projected millage rates.

SECTION 3. MILLAGE RATES AND PROPERTY IMPACT

This section presents the Beach Renourishment Tax millage rates and an analysis of the impact of the recommended millage rates upon a sample of representative properties.

3.1 RECOMMENDED MILLAGE RATES

We developed millage rates based upon the application of a uniform millage rate to the existing and refined dependent districts according to the apportionment described in Section 2.2, with 80% of the total millage paid by District A or Gulfside District and 20% of the millage paid by District B or Bayside District. The total millage necessary to fund the Town's twenty (20) year Renourishment plan was determined by calculating the additional revenue requirement in each year of the projection period as a percentage of the total values for District A and District B. Property values were assumed to increase by 5% per year through FY 2018, and by 3% from FY 2019 through the end of the projection period. The millage for FY 2015 is shown below.

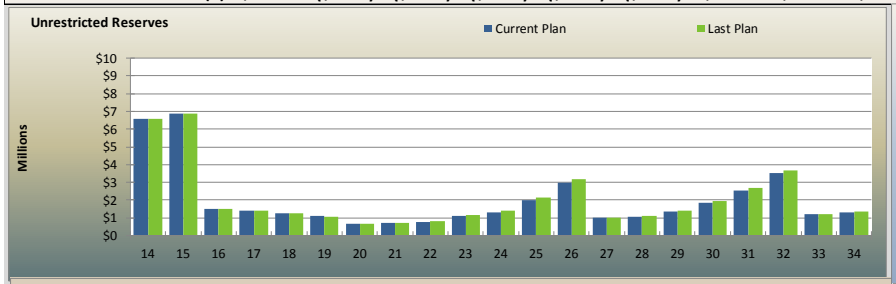
FY 2015 MILLAGE RATES		
District A Millage	80%	0.8500
District B Millage	20%	0.2125

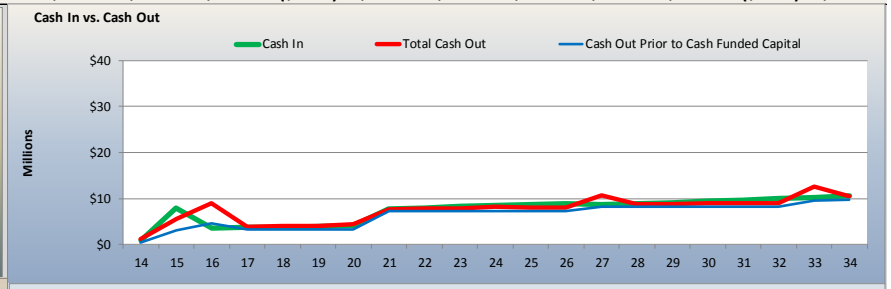
These millage rates will not require any adjustments until FY 2021, when another borrowing will be necessary to fund the sand placement project in that year, which is recommended to be accomplished under the refined Gulfside/Bayside district definitions. The figure on the following page presents the estimated millage rates required in each year of the twenty (20) year projection period.

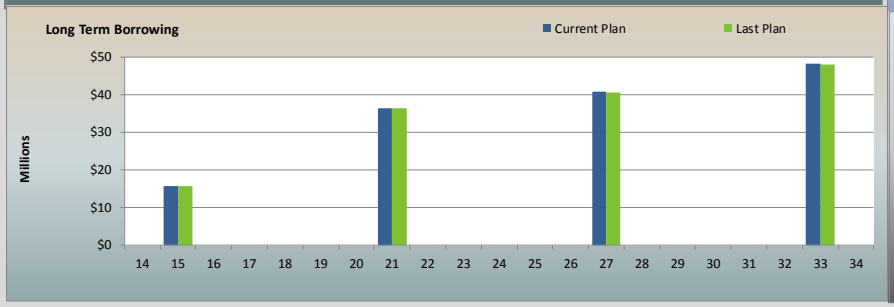
Note: It is important to note that property value changes and other factors may occur differently than projected in this analysis; therefore, the final determination of required millage rates for FY 2021 and beyond for the Gulfside and Bayside Districts should be reevaluated prior to adoption.

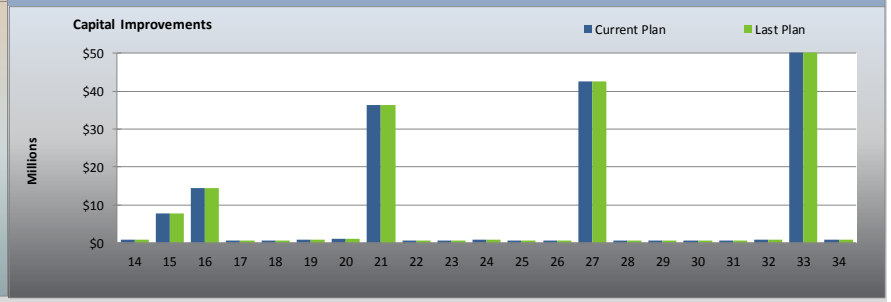
BEACH RENOURISHMENT FUND FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS - GF) SUMMARY

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
District A/Gulfside Millage	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	1.7044	1.7044	1.7044	1.7044	1.7044	1.7044	1.5960	1.5960	1.5960	1.5960	1.5960	1.5960	1.5960	1.5960
District B/Bayside Millage	0.2125	0.2125	0.2125	0.2125	0.2125	0.2125	0.4261	0.4261	0.4261	0.4261	0.4261	0.4261	0.3990	0.3990	0.3990	0.3990	0.3990	0.3990	0.3990	0.3990
Property Value Adj	N/A	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cash Flow Prior to CFC (1)	$4.89	($1.04)	$0.50	$0.59	$0.73	$0.78	$0.59	$0.73	$1.00	$1.17	$1.41	$1.66	$0.53	$0.74	$0.98	$1.24	$1.50	$1.78	$0.64	$0.90
Cash Flow with CFC (1)	$2.52	($5.32)	($0.08)	($0.14)	($0.17)	($0.41)	$0.05	$0.10	$0.32	$0.23	$0.75	$1.02	($1.93)	$0.07	$0.30	$0.52	$0.77	$1.03	($2.26)	$0.11









(1) CFC = Cash Funded Capital

3.2 PROPERTY TAX IMPACTS

The change in the total tax bill for the average single family residential property with the addition of an annual Beach Renourishment Tax millage in FY 2015 in addition to the General Fund millage is presented in the tables below for existing Districts A and B.

SINGLE FAMILY HOMES

DISTRICT A

Net Effect of Beach Erosion Millage to District A Residential Households - FY 2015				
	Median Value	Average Value	Med-High Val	High Value
Avg Home Taxable Value:	$ 1,300,000	$ 1,700,000	$ 3,725,000	$ 7,185,000
Percentile Rank:	*50%*	*63%*	*90%*	*98%*
Change in Total Tax Bill:	**$ 1,105.00**	**$ 1,445.00**	**$ 3,166.25**	**$ 6,107.25**
Eff Monthly Impact:	$ 92.08	$ 120.42	$ 263.85	$ 508.94

General Fund Millage:	2.2368	2.2368	2.2368	2.2368
Beach District A Millage	0.8500	0.8500	0.8500	0.8500

DISTRICT B

Net Effect of Beach Erosion Millage to District B Residential Households - FY 2015				
	Median Value	Average Value	Med-High Val	High Value
Avg Home Taxable Value:	$ 470,000	$ 550,000	$ 1,100,000	$ 1,950,000
Percentile Rank:	*50%*	*60%*	*90%*	*98%*
Change in Total Tax Bill:	**$ 99.88**	**$ 116.88**	**$ 233.75**	**$ 414.38**
Eff Monthly Impact:	$ 8.32	$ 9.74	$ 19.48	$ 34.53

General Fund Millage:	2.2368	2.2368	2.2368	2.2368
Beach District B Millage	0.2125	0.2125	0.2125	0.2125

The change in the total tax bill in FY 2015 for the average condominium with the addition of an annual Beach Renourishment Tax millage in addition to the General Fund millage is presented in the tables below for existing Districts A and B.

CONDOMINIUMS

DISTRICT A

Net Effect of Beach Erosion Millage to District A Multifamily Households - FY 2015				
	Median Value	Average Value	Med-High Val	High Value
Avg Home Taxable Value:	$ 390,000	$ 555,000	$ 1,100,000	$ 2,100,000
Percentile Rank:	*50%*	*71%*	*90%*	*98%*
Change in Total Tax Bill:	**$ 331.50**	**$ 471.75**	**$ 935.00**	**$ 1,785.00**
Eff Monthly Impact:	$ 27.63	$ 39.31	$ 77.92	$ 148.75

General Fund Millage:	2.2368	2.2368	2.2368	2.2368
Beach District A Millage	0.8500	0.8500	0.8500	0.8500

DISTRICT B

Net Effect of Beach Erosion Millage to District B Multifamily Households - FY 2015				
	Median Value	Average Value	Med-High Val	High Value
Avg Home Taxable Value:	$ 225,000	$ 310,000	$ 670,000	$ 860,000
Percentile Rank:	*50%*	*70%*	*90%*	*98%*
Change in Total Tax Bill:	**$ 47.81**	**$ 65.88**	**$ 142.38**	**$ 182.75**
Eff Monthly Impact:	$ 3.98	$ 5.49	$ 11.86	$ 15.23

General Fund Millage:	2.2368	2.2368	2.2368	2.2368
Beach District B Millage	0.2125	0.2125	0.2125	0.2125

3.3 RECOMMENDED TAX ROLL

We recommend that the FY 2015 through FY 2020 millage be applied to the tax rolls for District A and District B as currently configured. However, we developed a preliminary Beach Renourishment Tax Roll (Roll) of all parcels within the Town according to the configuration of Gulfside District and Bayside District described herein. The parcels were confirmed by GIS mapping and discussions with Town staff. This tax roll is preliminary and must be reevaluated prior to implementation of millage on the Gulfside and Bayside Districts in FY 2021. It should be reemphasized that these millage rates are estimates that represent the order of magnitude of the expected millage rates in future years, but the property value changes that will occur from today through FY 2021 dictate that these millage rates must be reevaluated prior to the implementation of millage on the Gulfside District and the Bayside District as recommended

in this report. This preliminary tax roll is being delivered electronically to the Town for information purposes only and should not be construed as the final tax rolls for the Gulfside and Bayside Districts.

End of Agenda Item