# M E M O R A N D U M

Date: December 01, 2015

**TO:** Town Commission

**FROM:** Dave Bullock, Town Manager

**SUBJECT:** Resolution 2015-30, Providing for an Initial Assessment for Gulf of Mexico Drive Utility Undergrounding Project

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Resolution 2015-30 includes findings that conclude that undergrounding the overhead utility lines have safety, reliability, and aesthetic benefits to the assessed properties and that installation of street lighting improvements and installation of fiber optics also benefits the assessed properties.

It establishes that costs of the undergrounding will be apportioned based on Equivalent Benefit Units (EBUs). The Resolution approves the Assessment Report prepared by Willdan Financial Services and Brannon & Gillespie which describes the apportionment methodology based upon EBUs used to allocate the costs and benefits associated with the undergrounding project among benefitted property and determines that such method is reasonable and equitable. A copy of the report is included in this agenda item.

Resolution 2015-30 also describes how the assessment roll will be maintained. It establishes a date for a public hearing to consider the final assessment resolution and imposition of assessments and directs the mailing and publication of notice of such hearing.

Resolution 2015-30 further describes how each EBU is assigned to different types of parcels and addresses special parcel types (golf courses and Jewfish Key properties).

The Resolution includes an initial prepayment option for property owners who wish to prepay the assessments prior to issuance of bonds and thereby avoid bond issuance expenses and interest payments over time, and sets forth the method for calculating prepayment amounts after bond issuance. The term of the assessments is set at 30 years.

Resolution 2015-20 is placed on the December 7, 2015 Regular Meeting for Commission consideration and formal action.

**TOWN OF LONGBOAT KEY, FLORIDA**

**GULF OF MEXICO DRIVE**
**UTILITY UNDERGROUNDING PROJECT**

# INITIAL ASSESSMENT RESOLUTION

**Adopted December 7, 2015**

**TABLE OF CONTENTS**

**PAGE**

ARTICLE I

DEFINITIONS AND FINDINGS

SECTION 1.01. DEFINITIONS……1
SECTION 1.02. INTERPRETATION……..6
SECTION 1.03. FINDINGS……..……6

ARTICLE II

NOTICE AND PUBLIC HEARING

SECTION 2.01. ESTIMATED CAPITAL COST AND PROJECT COST……...10
SECTION 2.02. ASSESSMENT ROLL……...10
SECTION 2.03. PUBLIC HEARING……10
SECTION 2.04. NOTICE BY PUBLICATION……11
SECTION 2.05. NOTICE BY MAIL……..11

ARTICLE III

ASSESSMENTS

SECTION 3.01. DESCRIPTION OF PROPOSED ASSESSMENT AREA……..12
SECTION 3.02. IMPOSITION OF ASSESSMENTS……...12
SECTION 3.03. APPORTIONMENT METHODOLOGY……12
SECTION 3.04. PREPAYMENT ……18
SECTION 3.05. ADJUSTMENT AFTER PREPAYMENT
UPON SUBSTANTIAL IMPROVEMENT OF TAX PARCEL……..20

ARTICLE IV

GENERAL PROVISIONS

SECTION 4.01. METHOD OF COLLECTION……..22
SECTION 4.02. SEVERABILITY……....22
SECTION 4.03. EFFECTIVE DATE……...22

APPENDIX A FORM OF PUBLISHED NOTICE
APPENDIX B FORM OF MAILED NOTICE

**RESOLUTION 2015-30**

**A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, RELATING TO THE ACQUISITION, CONSTRUCTION AND FUNDING OF CAPITAL IMPROVEMENTS ASSOCIATED WITH THE UNDERGROUNDING OF ELECTRICAL, COMMUNICATIONS, FIBER OPTICS AND OTHER UTILITIES, AND INSTALLATION OF STREET LIGHTING RELATING TO GULF OF MEXICO DRIVE; PROVIDING FOR THE IMPOSITION OF SPECIAL ASSESSMENTS TO FUND THE COSTS OF SUCH IMPROVEMENTS; ESTIMATING THE COST OF THE IMPROVEMENTS; ESTABLISHING THE METHOD OF ASSESSING THE COSTS OF THE IMPROVEMENTS AGAINST SPECIALLY BENEFITED REAL PROPERTY; DIRECTING THE TOWN MANAGER TO PREPARE A PRELIMINARY ASSESSMENT ROLL; ESTABLISHING A PUBLIC HEARING TO CONSIDER IMPOSITION OF THE PROPOSED ASSESSMENTS; DIRECTING THE PROVISION OF NOTICE IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AS FOLLOWS:**

## ARTICLE I

## DEFINITIONS AND FINDINGS

**SECTION 1.01. DEFINITIONS.** This Resolution constitutes an Initial Assessment Resolution within the meaning of the Assessment Ordinance. All capitalized words and terms not otherwise defined herein shall have the meaning set forth in the Assessment Ordinance. As used in this Resolution, the following terms shall have the following meanings, unless the context hereof otherwise requires.

**"Assessed Property"** means the Tax Parcels included on the Assessment Roll and subject to the Assessments imposed hereunder.

**"Assessment"** means a special assessment (sometimes characterized as a non-ad valorem assessment) imposed by the Town against Assessed Property to fund all or a

portion of the costs associated with the Project and related expenses, computed in the manner described in Section 3.03 hereof.

**"Assessment Coordinator"** means the Town Manager or his designee responsible for coordinating Assessments as provided herein.

**"Assessment Ordinance"** means Town Ordinance No. 2015-30, as may be amended from time to time, or its successor in function.

**"Assessment Report"** means the Underground Utility Assessment Methodology Report for the Gulf of Mexico Drive Project prepared by Willdan Financial Services and Brannon & Gillespie LLC, and, as the context requires, any draft thereof and supplements thereto.

**"Assessment Roll"** means the special assessment roll for the Project which contains a list of the Tax Parcels subject to the Assessments imposed hereunder and the amount of the Assessment imposed against each.

**"Capital Cost"** means all or any portion of the expenses that are properly attributable to the Project including but not limited to preparation, planning, engineering, design, acquisition, construction, installation, reconstruction, renewal or replacement (including demolition, environmental mitigation (if any) and relocation) of the Undergrounding Improvements and Onsite Improvements, including legal, consulting and advertising costs and costs associated with development and imposition of the Assessments under generally accepted accounting principles; and including reimbursement to the Town for any funds advanced in furtherance of the Project and interest on any interfund or intrafund loan for such purposes.

**"Collection Cost"** means the estimated cost to be incurred by the Town during any Fiscal Year in connection with the implementation, administration, collection, and enforcement of the Assessments, including, without limiting the generality of the foregoing, any service charges of the Tax Collector or Property Appraiser pursuant to the Uniform Assessment Collection Act or other general law and amounts necessary to off-set any applicable statutory discounts for the early payment of ad valorem taxes and non-ad valorem assessments.

**"Equivalent Benefit Unit"** or **"EBU"** means the Assessment Unit used to determine the Assessment for each Tax Parcel.

**"Fiscal Year"** means the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law as the fiscal year for the Town.

**"FP&L"** means Florida Power and Light.

**"Obligations"** means Original Obligations or Refunding Obligations.

**"Onsite Improvements"** shall be deemed Capital Improvements as such term is defined in the Assessment Ordinance, and means the improvements and facilities necessary to connect Assessed Property with the Undergrounding Improvements, including but not limited to meter conversions, service laterals and looping of onsite radial primary voltage lines as required by FP&L underground system standards, as further described in the Assessment Report.

**"Original Obligations"** means a series of bonds or other evidence of indebtedness including but not limited to notes, commercial paper or any other obligations of the Town issued or incurred to finance any portion of the costs associated with the Project which may be secured, in whole or in part, by proceeds of the Assessments.

**"Overhead Utility Parcel"** means a Tax Parcel which is either adjacent to an existing utility pole or the parcel boundary is within fifty (50) feet of overhead utility lines.

**"Project"** means collectively the design, permitting, engineering, acquisition, construction, installation and financing of the Undergrounding Improvements and the Onsite Improvements

**"Project Cost"** means collectively (A) the Capital Cost of the Project, (B) the Transaction Cost associated with the Obligations attributable to the Project, (C) interest accruing on such Obligations for such period of time as the Town deems appropriate, (D) the debt service reserve fund or account, if any, established for the Obligations attributable to the Project, and (E) any other costs or expenses related thereto.

**"Property Appraiser"** means, collectively or individually as the context may require, the Sarasota County Property Appraiser and/or Manatee County Property Appraiser.

**"Refunding Obligations"** means a series of bonds or other evidence of indebtedness including but not limited to notes, commercial paper, capital leases or any other obligations of the Town issued or incurred to refund all or any portion of the Original Obligations or any indebtedness issued to refinance the Original Obligations.

**"State"** means the State of Florida.

**"Tax Collector"** means, collectively or individually as the context may require, the Sarasota County Tax Collector and/or Manatee County Tax Collector.

**"Tax Parcel"** means a parcel of property to which the Property Appraiser has assigned a distinct ad valorem property tax identification number.

**"Tax Roll"** means the real property ad valorem tax assessment roll maintained by the Property Appraiser for the purpose of the levy and collection of ad valorem taxes.

**"Town"** means the Town of Longboat Key, Florida.

**"Town Commission"** means the Town Commission of the Town.

**"Transaction Cost"** means the costs, fees and expenses incurred by the Town in connection with the issuance and sale of any series of Obligations, including but not limited to (A) rating agency and other financing fees; (B) the fees and disbursements of bond counsel, issuer's counsel and special assessment counsel; (C) the underwriters' discount; (D) the fees and disbursements of the Town's financial advisor; (E) the costs of preparing and printing the Obligations, the preliminary official statement, the final official statement, and all other documentation supporting issuance of the Obligations; (F) the fees payable in respect of any municipal bond insurance policy; (G) administrative, development, credit review, and all other fees associated with any pooled commercial paper or similar interim financing program; and (G) any other costs of a similar nature incurred in connection with issuance of such Obligations.

**"Uniform Assessment Collection Act"** means Sections 197.3632 and 197.3635, Florida Statutes, or any successor statutes authorizing the collection of non-ad valorem assessments on the same bill as ad valorem taxes, and any applicable regulations promulgated thereunder.

**"Undergrounding Improvements"** shall be deemed Capital Improvements as such term is defined in the Assessment Ordinance, and means the improvements and facilities associated with undergrounding electrical, communications, fiber optics and other utilities and installation of street lighting relating to Gulf of Mexico Drive within the Town, including but not limited to the acquisition of land and/or easements associated therewith and restoration of landscaping, which are necessary to facilitate the undergrounding of all backbone main overhead utility trunk lines and feeder lines and the provision of street lighting improvements relating to Gulf of Mexico Drive, as further described in the Assessment Report. The term "Undergrounding Improvements" shall be broadly construed

to include any and all improvements and facilities associated with the undergrounding of electric, cable and communications utilities, fiber optic conduits and the installation of street lighting improvements relating to Gulf of Mexico Drive, whether inside, outside or adjacent to the right-of-way of Gulf of Mexico Drive or ancillary facilities such as the overhead feeder lines running parallel to Binnacle Point Drive and all or any portion of Broadway Street.

**SECTION 1.02. INTERPRETATION.** Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Resolution; and the term "hereafter" means after, and the term "heretofore" means before, the effective date of this Resolution. Words of any gender include the correlative words of the other gender, unless the sense indicates otherwise.

**SECTION 1.03. FINDINGS.** It is hereby ascertained, determined and declared that:

(A) The undergrounding of utilities, including removal of utility poles and overhead lines, provides safety benefits to Assessed Property by reducing the potential for (1) downed power lines during storm and natural disaster events, (2) the hazardous conditions associated with downed power lines and exposure of live electric lines, and (3) restricted ingress and egress to and from Assessed Property by the owners thereof and emergency responders.

(B) The undergrounding of overhead facilities also improves the reliability of utility services by substantially reducing the frequency of outages when compared with overhead networks, and the installation of new and upgraded utility lines, cables, and appurtenant facilities provides a higher level of reliability of utility services for Assessed Property and reduces exposure to the elements that could cause potential damage and speed deterioration to facilities resulting in service interruptions.

(C) In addition to safety and reliability benefits provided by undergrounding utilities, removing the overhead facilities and utility poles creates an inviting, visually pleasing and scenic pathway for ingress and egress to Assessed Property, eliminates the radical line trimming of trees which frequently results in an unsightly and unnatural appearance and improves the overall aesthetics for Assessed Property.

(D) Street lighting improvements provide beautification, better property identification and recognition, and enhanced safety and accessibility to real property, as well as preserving and/or enhancing the value, marketability and enjoyment of property through the provision of uniform street lighting services.

(E) The installation of fiber optics facilities enhances the value, marketability and enjoyment of real property through the availability of and potential for enhanced telecommunication systems, cost-efficient service delivery, increased reliability and minimized potential for service disruption afforded by state of the art communication links between offices, lift stations, pump stations, security cameras, monitoring stations and county emergency management facilities.

(F) FP&L plans to replace existing overhead power poles serving or otherwise necessary for the provision of service to Gulf of Mexico Drive with new, expensive, larger, and stronger power poles to fortify, or harden, them against tropical storm force winds, thereby significantly increasing the Town's cost to underground the subject utilities at a future date after such replacement has occurred.

(G) By undertaking the Project at this time, the Town can maximize the financial assistance available for the Project through a reduction of up to 25% of the otherwise required contribution in aid of construction payable to FP&L.

(H) On November 3, 2015, a majority of the qualified electors of the Town cast votes in favor of a bond referendum which authorized the Town to issue revenue bonds/notes, in one or more series, not exceeding $25,250,000 to finance the Project.

(I) The Town is authorized by Article VIII, Section 2 of the State Constitution, Section 166.021, Florida Statutes, the Assessment Ordinance, the Uniform Assessment Collection Act, and other applicable provisions of law, to provide for the imposition and collection of charges in the form of Assessments.

(J) The Assessment Ordinance provides the procedure for establishing assessment areas within which the Town may impose and collect Assessments to finance Capital Improvements such as the Undergrounding Improvements and Onsite Improvements.

(K) The Project will convey special benefits to Assessed Property in addition to improved safety, improved reliability and improved aesthetics, including but not limited to heightened use, enjoyment and marketability, and an increase in market value.

(L) Apportioning the costs associated with the Project according to Equivalent Benefit Units is a fair and reasonable method of allocation which measures the proportional benefit conveyed to each parcel of Assessed Property.

(M) The Assessment Report has been considered by the Town Commission in adopting this Resolution. The apportionment methodology described in the Assessment Report and based upon Equivalent Benefit Units is reasonable and equitable, and will continue to be so as properties within the Town develop and change; and it is also manageable and capable of being fairly implemented from year to year without wasteful or extraordinary consumption of resources.

(N) The apportionment method described in the Assessment Report and adopted in Section 3.03 hereof bears a reasonable relationship to the cost of providing the Undergrounding Improvements and Onsite Improvements.

(O) The Assessments to be imposed in accordance with this Resolution provide an equitable method of funding the Project by fairly and reasonably allocating the costs associated therewith among specially benefited property.

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## ARTICLE II

## NOTICE AND PUBLIC HEARING

**SECTION 2.01. ESTIMATED CAPITAL COST AND PROJECT COST.**

(A) The costs associated with the Project will be substantially funded through the imposition of Assessments against Assessed Property in the manner set forth in Article III hereof.

(B) The estimated Capital Cost for the Project is $24,492,500. The estimated Project Cost for the Project is $25,250,000.

**SECTION 2.02. ASSESSMENT ROLL.**

(A) The Assessment Coordinator is hereby directed to prepare a preliminary Assessment Roll for the Project in the manner provided in the Assessment Ordinance.

(B) The Assessment Coordinator shall compute and allocate the Assessments for Undergrounding Improvements and Onsite Improvements among the Tax Parcels comprising Assessed Property in conformity with Article III hereof.

(C) The Assessment Roll shall be maintained on file in the offices of the Town Clerk and open to public inspection. The foregoing shall not be construed to require that the Assessment Roll be in printed form if the amount of the Assessment for each Tax Parcel can be determined by use of a computer terminal or internet access available to the public.

**SECTION 2.03. PUBLIC HEARING.** A public hearing will be conducted by the Town Commission at 7:00 p.m. EST, January 4, 2016, in the Town Commission Chambers at Longboat Key Town Hall, 501 Bay Isles Road, Longboat Key, Florida to consider adoption of a Final Assessment Resolution and imposition of the Assessments.

**SECTION 2.04. NOTICE BY PUBLICATION.** Upon completion of the preliminary Assessment Roll, the Assessment Coordinator shall publish a notice of the public hearing authorized by Section 2.03 hereof in the manner and the time provided in the Assessment Ordinance. Such notice shall be in substantially the form attached hereto as Appendix A.

**SECTION 2.05. NOTICE BY MAIL.** Upon completion of the preliminary Assessment Roll, the Assessment Coordinator shall, at the time and in the manner specified

in the Assessment Ordinance, provide first class mailed notice of the public hearing authorized by Section 2.03 hereof to each property owner proposed to be assessed at the address indicated on the Tax Roll. Such notice shall be in substantially the form attached hereto as Appendix B, with such changes as may be approved by the Assessment Coordinator; provided, however, that any such changes shall be consistent with the requirements of the Uniform Assessment Collection Act and the Assessment Ordinance.

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## ARTICLE III

## ASSESSMENTS

**SECTION 3.01. DESCRIPTION OF PROPOSED ASSESSMENT AREA.** Pursuant to Section 2.02 of the Assessment Ordinance, the Assessment Area pertaining to the Project shall include the entire area within the boundaries of the Town.

**SECTION 3.02. IMPOSITION OF ASSESSMENTS.** Assessments shall be imposed against Assessed Property, the annual amount and term of which shall be computed for each Tax Parcel in accordance with this Article III. When imposed, the Assessment for each Fiscal Year shall constitute a lien upon Assessed Property as provided in Section 2.11 of the Assessment Ordinance.

**SECTION 3.03. APPORTIONMENT METHODOLOGY.**

(A) The apportionment methodology described in the Assessment Report, a copy of which is on file with the Town Clerk and incorporated herein by reference, is fair and reasonable and is hereby approved and adopted as the methodology for apportioning the costs and benefits associated with the Project among Assessed Property. Such methodology shall be applied in preparing the Assessment Roll.

(B) Equivalent Benefit Units. The methodology utilizes a weighted method of apportionment to approximate the relative benefit conveyed by the Project to each parcel of Assessed Property, wherein a single-family residential parcel of one acre or less which is adjacent to an existing utility pole or within approximately fifty (50) feet of overhead utility lines serves as the basic unit of benefit, or 1.0 EBU. The baseline single-family residential parcel will be assigned 3.0 EBUs, with one (1) EBU assigned for each of the three primary benefit categories of safety, reliability and aesthetics.

(C) Allocation Within Benefit Categories. The total Project Cost of $25,250,000 is comprised of the estimated cost of the Undergrounding Improvements ($25,021,522.61) together with the estimated cost of the Onsite Improvements ($228,477.39). The cost of the Undergrounding Improvements shall be divided equally among the three primary benefit categories of safety, reliability and aesthetics, with each benefit category attributed one-third of the cost ($8,340,507.54).

(D) Safety Benefit.

(1) The improved safety benefit is comprised of two components: 0.5 EBUs for improved safety conditions on the parcel, and 0.5 EBUs for improved safety access to and from the parcel.

(2) Certain Tax Parcels are already served by undergrounded utilities and therefore do not benefit to the same extent when compared to Overhead Utility Parcels. Tax Parcels which are not adjacent to an existing utility pole or within approximately fifty (50) feet of overhead utility lines shall be assigned 0.5 safety EBUs to account for the portion of special benefit attributable to improved safety access to and from the parcel, which is independent of a parcel's lot size.

(3) Each condominium complex is assigned safety EBUs on a complex by complex basis and the total safety EBU assignment to the condominium complex is then apportioned evenly to each condominium unit within the complex. For example, for a condominium parcel that is 3 acres of land and has 30 units, the safety EBUs for each parcel would be 0.55 EBUs, which is calculated as: [0.5 EBUs + ((3 acres x 0.5 EBUs)/30 units)] For single-family residential parcels, multi-family parcels, and non-residential parcels, the EBUs calculated are assigned to the applicable parcel number. Boat slips comprising Tax Parcels are treated similarly to condominiums, whereas the safety EBUs are apportioned evenly to all boat slips within the marina. The following table outlines the calculation of safety EBUs.

| Land Use | Overhead Utilities | EBU Assignment |
|---|---|---|
| **Single Family** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Condominium** | Yes | 0.5 EBU + [0.5 EBU per acre of complex rounded down to nearest whole number (min of 0.5)] / condo parcels in Complex |
| | No | 0.5 EBU |
| | | |
| **Multi-Family** | Yes | 0.5 EBU x units + [0.5 EBU per acre rounded down to nearest whole number (min of 0.5)] |
| | No | 0.5 EBU x units |
| | | |
| **Non-Residential** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Boat Slip** | Yes | 0.5 EBU + [0.5 EBU per acre of marina rounded down to nearest whole number (min of 0.5)] / boat slips in marina |
| | No | 0.5 EBU |
| | | |
| **Vacant** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |

(4) The rate of assessment for the safety benefit is $1,639.88 per EBU.

(E) Reliability Benefit.

(1) All Tax Parcels within the Town are specially benefitted by undergrounding the main trunk lines of the electric, cable and phone systems, pursuant to which the risk of such systems being compromised or downed during storm or other events is substantially reduced.

(2) Certain Tax Parcels already have undergrounded facilities for one or more of the three main utility services (electric, cable, phone). Accordingly, a portion of the costs associated with the reliability benefit shall be apportioned among Assessed Property based on the number of connections to be undergrounded for each Tax Parcel.

(3) The reliability benefit is therefore comprised of two components: 0.5 EBUs to reflect the improved reliability resulting from the undergrounding of the primary network plus an additional 0.5 EBU per utility service connection for which service lateral(s) are required.

(4) For condominiums, 0.5 EBU are assigned to each Tax Parcel to reflect the improved reliability resulting from the undergrounding of the primary network and then the number of utility service connections required is evenly apportioned to each condominium parcel within the complex. Boat slips are treated in a similar manner as condominiums. Multi-Family parcels are assigned 0.5 EBUs per dwelling unit to reflect the improved reliability resulting from the undergrounding of the primary network as well as an additional 0.50 EBU per utility connection requiring undergrounding. The following table outlines the calculation of reliability EBUs.

| Land Use | EBU Assignment |
|---|---|
| **Single-Family** | 0.5 EBU plus 0.5 EBU per utility connection requiring undergrounding |
| | |
| **Condominium** | 0.5 EBU plus (0.5 EBU per utility connection requiring undergrounding/condo parcels in Complex) |
| | |
| **Multi-Family** | (0.5 EBU X units) plus 0.5 EBU per utility connection requiring undergrounding |
| | |
| **Non-Residential** | 0.5 EBU plus 0.5 EBU per utility connection requiring undergrounding |
| | |
| **Boat Slip** | 0.5 EBU plus (0.5 EBU per utility connection requiring undergrounding/boat slips in marina) |
| | |
| **Vacant** | 0.5 EBU |

(5) The rate of assessment for the reliability benefit is $1,677.15 per EBU.

(F) Aesthetic Benefit.

(1) A single-family residential parcel adjacent to an existing utility pole or within approximately fifty (50) feet of overhead utility lines is assigned 0.5 EBUs for the improved aesthetics of the parcel and 0.5 EBUs for the improved aesthetics of Gulf of Mexico Drive which serves as the primary pathway for all parcels and sole mode of ingress and egress for vehicular traffic to and from the Town, for a total assignment of 1.0 aesthetic EBUs. As Gulf of Mexico Drive is the main thoroughfare through the Town and vehicular traffic must access and traverse Gulf of Mexico Drive in order to enter and exit the Town's limits, all parcels are attributed a minimum of 0.5 EBUs for improved aesthetics.

(2) Tax Parcels which are not adjacent to an existing utility pole or within approximately fifty (50) feet of overhead utility lines are only assigned 0.5 EBUs for improved aesthetics. The following table outlines the calculation of aesthetic EBUs.

| Land Use | Overhead Utilities | EBU Assignment |
|---|---|---|
| **Single Family** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Condominium** | Yes | 0.5 EBU + [0.5 EBU per acre of complex rounded down to nearest whole number (min of 0.5)] / condo parcels in Complex |
| | No | 0.5 EBU |
| | | |
| **Multi-Family** | Yes | 0.5 EBU x units + [0.5 EBU per acre rounded down to nearest whole number (min of 0.5)] |
| | No | 0.5 EBU x units |
| | | |
| **Non-Residential** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Boat Slip** | Yes | 0.5 EBU + [0.5 EBU per acre of marina rounded down to nearest whole number (min of 0.5)] / boat slips in marina |
| | No | 0.5 EBU |
| | | |
| **Vacant** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |

(3) The rate of assessment for the aesthetic benefit is $1,639.88 per EBU.

(G) Onsite Improvements.

(1) "Looping" is required when another supply to an alternate source can be used to provide service to the property simply by switching the cable connections without having to replace the failed cable. The loop configuration provides the ability for FPL to restore service with a significantly reduced outage time if a cable should fail without having to replace the cable. To ensure such benefits are provided, FPL engineering standards

require that all radial cable installations be converted to a loop configuration when part of a total underground distribution system.

(2) For purposes of calculating the Assessment for each Tax Parcel, costs associated with Onsite Improvements were isolated and only imposed against those Tax Parcels which require those improvements.

(3) Utilizing the FP&L tariff, the cost for each underground service connection conversion is estimated at $584.45.

(4) Additionally, for those Tax Parcels which require looping of onsite radial primary voltage lines as required by FP&L underground system standards, the costs for looping are also taken from FP&L's tariff and are allocated at $1,817.94 per Tax Parcel requiring looping.

(5) For multi-unit properties requiring service connections and/or looping of the radial primary voltage lines, the total cost of the service connection(s) and/or looping is divided equally among the units comprising the property. For example, two townhomes sharing a single service connection would each be assessed $292.23 ($584.45 ÷ 2) for the service connection component of the Onsite Improvements; each unit in a three unit complex requiring two service connection would be assessed $389.63 (($584.45 x 2) ÷ 3); and for an eleven-unit condominium requiring looping, each unit would be assessed $165.27 ($1,817.94 ÷ 11) for the looping component of the Onsite Improvements.

(H) Golf Courses. While Tax Parcels throughout the Assessment Area benefit from the undergrounding of nearby utilities, golf course properties are special cases due to the utilization of the property in relation to its parcel size. A majority of golf course acreage is used for the golf course itself. Tax Parcels comprising golf courses receive a diminishing return of benefit as the parcel's total acreage increases. In order to account for the difference in total special benefit, the acreage for these larger parcels is adjusted. To calculate these parcel's adjusted acreage, the parcel's frontage is multiplied by 100 feet to account for the typical depth of [parcels in the community].

(I) Jewfish Key. Tax Parcels on Jewfish Key are inaccessible by automobile and are therefore benefited by the Project to a lesser degree than other Tax Parcels in the Assessment Area. The parcels on Jewfish Key do realize special benefit from the Undergrounding Improvements because such parcels and/or the occupants thereof (1) may be serviced by emergency vehicles utilizing Gulf of Mexico Drive, (2) could face power and

other utility service outages if overhead facilities on Gulf of Mexico Drive were disrupted in a storm event, and (3) enjoy increased use, enjoyment, marketability and value by virtue of aesthetic improvements to Gulf of Mexico Drive which is a mode of ingress and egress continually available to the owners of property (and occupants) on Jewfish Key. In recognition of the lesser benefit, Tax Parcels on Jewfish Key will be attributed a total of 1.5 EBUs (0.5 each for safety, reliability and aesthetics).

(J) Collection Costs. In addition to the assessment rates set forth above, each annual installment of the Assessment shall include a pro rata share of the Collection Costs.

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**SECTION 3.04. PREPAYMENT.**

(A) The Assessments imposed hereunder shall be subject to prepayment at the option of the property owner, as follows:

(1) Initial Prepayment Option. Prior to the issuance of Obligations, the Assessment Coordinator shall provide first class mailed notice to the owner of each Tax Parcel subject to the Assessment of the owner's option to prepay the Assessment and thereby avoid a pro rata share of Transaction Costs, Collection Costs and annual interest payments associated with the Obligation. On or prior to the date specified in such notice (which shall not be earlier than the fifteenth day following the date on which the notice is delivered to the possession of the U.S. Postal Service), or such later date as the Town Commission may allow in its sole discretion, the owner of each Tax Parcel subject to the Assessment shall be entitled to prepay the total Assessment obligation. The amount of any prepayment made pursuant to this Section 3.04(A)(1) shall be calculated based upon the Tax Parcel's pro rata share of the Capital Cost.

(2) Prepayment Following Issuance of Obligations. Following the date specified in the notice provided pursuant to Section 3.04(A)(1) hereof, or such later date as the Town Commission may allow in its sole discretion, the owner of each parcel of property subject to the Assessment shall be entitled to prepay the total remaining Assessment upon payment of an amount equal to the sum of (a) such parcel's share of the principal amount of Obligations then outstanding (or for which issuance is pending), (b) the premium associated with redemption of such parcel's share of the principal amount of Obligations then outstanding, if any, and (c) interest on such parcel's share of the principal amount of Obligations then outstanding plus one full percentage point, from the most recent date to which interest has been paid to the next date following such prepayment on which the Town can redeem Obligations after providing all notices required by the ordinance or resolution authorizing issuance of such Obligations; provided however, that during any period commencing on the date the annual Assessment Roll is certified for collection pursuant to the Uniform Assessment Collection Act and ending on the next date on which unpaid ad valorem taxes become delinquent, the Town may reduce the amount required to prepay the Assessments imposed against any parcel of property by the amount of the Assessment certified for collection with respect to such parcel. The amount of any prepayment made pursuant to this Section 3.04(A)(2) shall be calculated based upon the Tax Parcel's pro rata share of the

Project Cost. The proceeds of any prepayments received by the Town pursuant to this Section 3.04(A)(2) shall be applied to the repayment of the Obligations or otherwise retire the Project Cost.

(B) At the Town's election, the Assessment imposed against any parcel of property may be subject to acceleration and mandatory prepayment if at any time a tax certificate has been issued and remains outstanding in respect of such property. In such event, the amount required for mandatory prepayment shall be the same as that required for an optional prepayment authorized by Section 3.04(A) hereof.

(C) The amount of all prepayments computed in accordance with this Section 3.04 shall be final and only subject to adjustment as provided in Section 3.05 hereof. The Town shall not be required to refund any portion of a prepayment if (1) the Capital Cost or Project Cost is less than the amount upon which such prepayment was computed, or (2) annual Assessments will not be imposed for the full number of years anticipated at the time of such prepayment.

**SECTION 3.05. ADJUSTMENT AFTER PREPAYMENT UPON SUBSTANTIAL IMPROVEMENT OF TAX PARCEL.** In the event any Assessment is prepaid for any Tax Parcel, or portion thereof, and the Tax Parcel is subsequently developed or reconstructed with more Equivalent Benefit Units than attributed at the time of prepayment, the owner of the Tax Parcel shall then be subject to an adjustment in the Assessment for each additional EBU or fraction thereof, and shall pay such additional amount to the Town in cash at the time a building permit is issued. Such adjustment shall be computed in accordance with the most recent Annual Assessment Resolution for the subject Assessment, without any other credit, refund, recalculation or reapportionment, so that the proceeds from such additional Assessments are available to the Town to additionally apply to payment of applicable Obligations or otherwise retire the Project Cost. In the event such additional amount is not paid to the Town at the time a building permit is issued, the Town may collect such amount by any method authorized by law including but not limited to collection in one or more installments on the ad valorem tax bill in accordance with the Uniform Assessment Collection Act.

[Remainder of page intentionally left blank]

## ARTICLE IV

## GENERAL PROVISIONS

**SECTION 4.01. METHOD OF COLLECTION.** Unless determined otherwise by subsequent resolution of the Town Commission, the Assessments shall be collected in annual installments, over a period not to exceed thirty (30) years, pursuant to the Uniform Assessment Collection Act.

**SECTION 4.02. SEVERABILITY.** If any clause, section or provision of this Resolution shall be declared unconstitutional or invalid for any reason or cause, the remaining portion of said Resolution shall be in full force and effect and be valid as if such invalid portion thereof had not been incorporated herein.

**SECTION 4.03. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

**DULY ADOPTED** this 7th day of December, 2015.

**TOWN COMMISSION OF LONGBOAT KEY, FLORIDA**

_____

Jack G. Duncan, Mayor

ATTEST:

_____

Trish Granger, Town Clerk

# APPENDIX A

## FORM OF NOTICE TO BE PUBLISHED

**NOTICE OF PUBLIC HEARING TO IMPOSE AND**
**PROVIDE FOR COLLECTION OF NON-AD VALOREM ASSESSMENTS**
**TO FUND THE UNDERGROUNDING OF UTILITIES RELATING TO**
**GULF OF MEXICO DRIVE**

Notice is hereby given that the Town Commission of the Town of Longboat Key (the "Town") will conduct a public hearing to consider the imposition and collection of special assessments within Town limits, as shown above, to fund the acquisition and construction of capital improvements associated with undergrounding electrical, communications, fiber optics and other utilities and installation of street lighting relating to Gulf of Mexico Drive within the Town. The public hearing will be held at 7:00 p.m. EST, January 4, 2016, at the Town Commission Chambers at Longboat Key Town Hall, 501 Bay Isles Road, Longboat Key, Florida 34228, for the purpose of receiving public comment on the proposed special assessments. All affected property owners have a right to appear at the hearing and to file written objections with the Town Commission within twenty (20) days of this notice. If a person decides to appeal any decision made by the Town Commission with respect to any matter considered at the hearing, such person will need a record of the proceedings and may need to ensure that a verbatim record is made, including the testimony and evidence upon which the appeal is to be made. In accordance with the Americans with Disabilities Act, persons needing a special accommodation or an interpreter to participate in this proceeding should contact the Town Clerk at Longboat Key Town Hall, 501 Bay Isles Road, Longboat Key, Florida, (941) 316-1999, at least forty-eight (48) hours prior to the date of the hearing.

The assessment for each parcel of property will be based upon the total number of "equivalent benefit units" attributable to each tax parcel subject to the assessment. A more specific description of the improvements and the method of computing the assessment for each parcel of property are set forth in Resolution 2015-30 (the "Initial Assessment Resolution") adopted by the Town Commission on December 7, 2015. Copies of the Initial Assessment Resolution and the preliminary Assessment Roll are available for inspection at the office of the Town Clerk.

The assessments will be collected on the ad valorem tax bill by the Sarasota County Tax Collector and Manatee County Tax Collector, respectively, commencing in November, 2016, as authorized by Section 197.3632, Florida Statutes. Florida law provides that failure to pay the assessments will cause a tax certificate to be issued against the property which may result in a loss of title. The Town Commission intends to collect the assessments in not more than thirty (30) annual installments.

**TOWN COMMISSION OF**
**LONGBOAT KEY, FLORIDA**

[To be published on or before December 14, 2015

# APPENDIX B

## FORM OF NOTICE TO BE MAILED

**[TOWN OF LONGBOAT KEY LETTERHEAD]**

December __, 2015

[Property Owner Name]
[Street Address]
[City, State and zip]

Re: Parcel Number [Insert Number]
Property Address [Insert Address]
Special Assessments to Fund Undergrounding of Utilities Relating to Gulf of Mexico Drive

Dear Property Owner:

The Town Commission of the Town of Longboat Key (the "Town") will conduct a public hearing to consider the imposition and collection of special assessments within Town limits to fund the acquisition and construction of capital improvements associated with undergrounding electrical, communications, fiber optics and other utilities and installation of street lighting relating to Gulf of Mexico Drive within the Town. The public hearing will be held at 7:00 p.m. EST, January 4, 2016, at the Town Commission Chambers at Longboat Key Town Hall, 501 Bay Isles Road, Longboat Key, Florida 34228, for the purpose of receiving public comment on the proposed special assessments. All affected property owners have a right to appear at the hearing and to file written objections with the Town Commission within twenty (20) days of this notice. If a person decides to appeal any decision made by the Town Commission with respect to any matter considered at the hearing, such person will need a record of the proceedings and may need to ensure that a verbatim record is made, including the testimony and evidence upon which the appeal is to be made. In accordance with the Americans with Disabilities Act, persons needing a special accommodation or an interpreter

to participate in this proceeding should contact the Town Clerk at Longboat Key Town Hall, 501 Bay Isles Road, Longboat Key, Florida 34228, at least forty-eight (48) hours prior to the date of the hearing.

The assessment for each parcel of property will be based upon the total number of safety, reliability and aesthetic "equivalent benefit units" attributable to each tax parcel subject to the assessment, and the onsite improvements, if any, which are necessary to connect the parcel with the undergrounded facilities. A more specific description of the improvements and the method of computing the assessment for each parcel of property are set forth in Resolution 2015-30 (the "Initial Assessment Resolution") adopted by the Town Commission on December 7, 2015. Copies of the Initial Assessment Resolution and the preliminary Assessment Roll are available for inspection at the office of the Town Clerk.

The assessments will be collected on the ad valorem tax bill by the Sarasota County Tax Collector and Manatee County Tax Collector, respectively, commencing in November, 2016, as authorized by Section 197.3632, Florida Statutes. Florida law provides that failure to pay the assessments will cause a tax certificate to be issued against the property which may result in a loss of title.

The Town intends to issue bonds or notes to finance the undergrounding project. This will permit the cost attributable to your property to be collected over a period not to exceed thirty (30) years. However, you may choose to prepay the special assessment and avoid the additional financing cost. If the assessments are imposed, you will receive a separate notice of the date and place for payment.

Information concerning the proposed assessment for the parcel identified above is included below.

TOWN COMMISSION OF
LONGBOAT KEY, FLORIDA

***** SEND NO MONEY NOW – THIS IS NOT A BILL*****

[Property Owner Name]
Parcel Number [Insert Number]
Property Address [Insert if Available]

| | |
|---|---|
| Total number of safety EBUs attributed to property: | [Insert Number] |
| Rate of Assessment per safety EBU: | [$1,639.88 per EBU] |
| Total number of reliability EBUs attributed to property: | [Insert Number] |
| Rate of Assessment per reliability EBU: | [$1,677.15 per EBU] |
| Total number of aesthetic EBUs attributed to property: | [Insert Number] |
| Rate of Assessment per aesthetic EBU: | [$1,639.88 per EBU] |
| Onsite Improvements: | [Insert Rate] |
| Amount to make full payment before obligations are issued: | [Insert Amount] |
| Prepayment amount after bonds are issued:* | [Insert Amount] |
| Maximum number of annual payments: | 30 |
| Maximum annual payment:** | [Insert Amount] |

* This amount will be reduced after each annual payment.

** Does not include annual collection and administration costs which will not exceed 8% of the annual assessment payment

[To be mailed on or before December 14, 2015]

*Town of*

# LONGBOAT KEY | FLORIDA

# Underground Utility Assessment Methodology

## Gulf of Mexico Drive Project

December 2015

# Final Report

WILLDAN Financial Services

**Financial & Economic Consulting Services**
T 407.872.2467 | F 888.326.6864 | 200 South Orange Avenue, Suite 1550, Orlando, FL 32801 | www.willdan.com

# Town of Longboat Key, Florida

## Utility Undergrounding Assessment Methodology
## Gulf of Mexico Drive Project

### DECEMBER 2015

WILLDAN Financial Services

**200 South Orange Avenue, Suite 1550 | Orlando, Florida 32801**
**Tel: (407) 872-2467 | Fax: (888) 326-6864 | www.willdan.com**

# Table of Contents

*Table of Contents* ..... *i*

*1.0 Executive Summary* ..... *1*

*2.0 Proposed Public Facilities* ..... *4*

*3.0 Budget* ..... *5*

*4.0 Assessment Methodology* ..... *6*

Improved Safety ..... 6

Improved Reliability ..... 7

Improved Aesthetics ..... 7

*5.0 Benefit Analysis* ..... *8*

Special Benefit ..... 8

Improved Safety ..... 9

Improved Reliability ..... 11

Improved Aesthetics ..... 11

Property Specific Improvements ..... 12

Special Cases ..... 13

Exempt Properties ..... 13

Golf Courses ..... 13

Subdivision of Parcel ..... 14

Calculated Cost per EBU ..... 14

*6.0 Diagram* ..... *15*

*7.0 Assessment Roll* ..... *16*

# 1.0 Executive Summary

Willdan Financial Services (WFS) has partnered with Brannon & Gillespie LLC (B&G) to develop a special assessment apportionment methodology for the Town of Longboat Key (the Town) that reflects the special benefit received by properties within the Town from the proposed undergrounding of electrical, communications, fiber optics and other utilities and installation of street lighting related to that section of Gulf of Mexico Drive located within Town limits (the "Project").

Geographically, the Town is a narrow barrier island approximately 11 miles in length that is located within portions of Manatee and Sarasota Counties. [1] Gulf of Mexico Drive (also known as Florida State Road 789) is the main road that connects the Town's barrier island to the cities of Sarasota to the south and Bradenton Beach to the north. Gulf of Mexico Drive provides vehicular access to all residential and commercial properties located within the Town's limits, and is therefore the primary route for ingress and egress to the Town. Along the entire Gulf of Mexico Drive right-of-way within the Town there exist utility power lines and associated equipment that provide electric power to all properties within the Town. The Town Commission has determined that the utility power poles along Gulf of Mexico Drive and the main feeder lines to those poles, should be eliminated.

The largest component of the Project addresses the undergrounding of currently overhead electric power facilities owned by Florida Power and Light Company ("FPL") which generally consist of wires, transformers, service lines, and utility poles. Recognizing that underground electric utility facilities offer reliability advantages, FPL and the Florida Public Service Commission established an incentive program providing municipalities an incentive to place overhead facilities underground after the hurricanes of 2004 and 2005. This incentive provided for a reduction in the cost to a municipality of up to 25% of the otherwise payable fee for such conversions. In addition, the overhead line strength standards were increased resulting in higher costs for overhead lines. This was also a cost reduction opportunity for undergrounding projects as the fee FPL charges for undergrounding is mainly the difference between the cost for a new underground system less the cost for an equivalent new overhead system. Recently, FPL has been pushed to complete the implementation of extreme wind load engineering designs standards and field implementations. These field implementations result in more expensive overhead line construction costs, as well as stronger and more aesthetically unsightly poles with shorter spans between the poles. These two FPL actions provide current opportunities to both receive a 25% reduction in the fee, but to also obtain a lower calculated fee due to the equivalent overhead line costs having increased. Municipalities such as Miami Beach, Pompano Beach, Ft. Lauderdale, Hollywood, Plantation, Sunny Isles, Gulf Stream, Palm Beach, Holly Hill, Daytona Beach, Collier County, Bonita Springs, Charlotte County, and Ft. Myers are currently pursuing undergrounding projects to obtain the associated benefits for their communities and take advantage of the current reduced costs.

[1] Town's jurisdictional boundaries also include two (2) islands, located within Sarasota Bay, known as Jewfish Key and Sister Key. There are several residential homes located on Jewfish Key.

The second type of facilities involved are overhead communications facilities which are currently attached to the FPL utility poles and owned by Comcast and Verizon. The communications facilities typically consist of fiber optic cables, coaxial cables, fiber nodes, terminal boxes and Amplifiers. Undergrounding these facilities in conjunction with the electric utilities provides a great reduction in costs as the incremental cost to install conduits for communications in addition to the electric conduits is much less than having a project only involving the installation of communications facilities. Additionally, adding conduits for the installation of Town-owned fiber optic facilities offers great opportunities for town communications cost reductions for links between offices, lift stations, pump stations, security cameras, monitoring stations and county emergency management facilities. These communication improvements will benefit the Town as it moves forward with the growing opportunities being provided by the rapid advances in communication technology we are currently experiencing.

The third type of facilities being improved in the Project are street light facilities along Gulf of Mexico Drive. The Town has previously provided street lighting using FPL to install their standard type lights on the existing utility poles. Issues involving sea turtle nesting resulted in the installation of makeshift light shields to prohibit the spillover of light onto the beach turtle nesting areas. These shields often drastically impacted the street lighting pattern, and the placement of electric utility poles was not optimum for producing a uniform illumination for the Town's primary roadway. The cost for FPL to install a new street lighting system after the utility poles are removed is extremely expensive and the monthly facility maintenance charges for the poles and wire typically double the previous monthly FPL cost per light. Available LED lighting now offers drastic reductions in energy costs and well as much longer lamp life, typically around 50,000 hours. This aspect of the Project benefits affected property owners by providing a lighting system on Gulf of Mexico Drive that is both lower in operating and maintenance costs, turtle friendly, enhancing safety thru improved illumination, and aesthetically pleasing.

As part of the creation of this benefit methodology, WFS and B&G conducted fieldwork, surveying the affected area of the Town to accurately incorporate the characteristics of the Town and the relationship between affected properties and the overhead utilities proposed to be undergrounded. Fieldwork is necessary to identify each property's special benefit. This information also allows the methodology to account for the fact that some properties in the Town may already have one of their utility services undergrounded and, therefore, do not benefit to the same degree as properties whose utilities are currently transmitted through overhead facilities. Gulf of Mexico Drive is the main thoroughfare through the Town and vehicular traffic must access and traverse it in order to enter and exit properties within the Town limits. As each parcel in the Town depends on Gulf of Mexico Drive for ingress and egress to and from the key, all parcels located within the Town limits will benefit from the Project with the undergrounding backbone system and main trunk lines along Gulf of Mexico Drive, Binnacle Drive, and Broadway Street. In as much as there is no alternate route to travel up and down the Key, Fire Rescue and Public Safety responders have a critical requirement to be able to utilize

this thoroughfare to protect the life and property of the community. In addition to the fieldwork conducted, WFS also created a parcel database identifying all benefitting properties within the Project Area and Town and categorized those properties based on their land use and other characteristics used in allocating costs of the utility undergrounding project.

# 2.0 Proposed Public Facilities

Utilities, as used in this report, include Florida Power and Light (FPL) overhead electric power facilities, Comcast Communications facilities, Verizon Communications facilities, Street Light facilities and other facilities attached to the utility poles to be removed as part of the undergrounding project. The undergrounding of overhead utility lines (the Project) includes, but is not limited to, the costs associated with all financing, legal, engineering, administrative, and construction activities required to obtain approvals and complete the required construction. Construction activities include trenching, horizontal directional drilling, installing new utility vaults, conduits and transformers, laying conduit lines into trenches, switching services to underground systems, replacement street light installation, Installation of backbone municipal fiber optic cable facility and removing all existing overhead utility poles and wires. The Project is designed to underground all backbone main overhead utility trunk lines, to the extent practical, as part of this Project. The Project will underground all overhead utility facilities within the right-of-way of Gulf of Mexico Drive and the main FPL overhead feeder lines running parallel to Binnacle Point Drive and Broadway Street (the Project Area). The lines on Binnacle Drive and Broadway Street are components of the backbone feeder system and part of the FPL Hardening Project as they connect major underwater feeder lines crossing the bay to the backbone feeders running along Gulf of Mexico Drive. Gulf of Mexico Drive ("GMD") is the main thoroughfare through the Town and vehicular traffic must access and traverse GMD in order to enter and exit the Town limits. As each parcel in the Town depends on Gulf of Mexico Drive for ingress and egress to and from the key, all parcels located within the Town limits will benefit from the Project. Therefore, the Assessment area that will fund the Project is comprised of all parcels within the Town limits.

The benefit methodology presented in this Report focuses on the entire project cost for the undergrounding of overhead facilities throughout the Project Area, including costs of connecting each property's utility services to the undergrounded facilities. Costs related to project design and engineering, project management, associated financing and legal costs, as well as those related to development and adoption of the assessment program have been included in the assessment calculations. The annual costs of administering and collecting the assessments have not, at this time, been included in the assessment calculations contained in this Report. Such costs include fees and expenses imposed by the county tax collectors and property appraisers, and an allowance for the statutory early payment discount which applies when special assessments are collected on the annual property tax bill.

# 3.0 Budget

**Overhead Utility Undergrounding Project**
**Town of Longboat Key**
**Gulf of Mexico Drive Project Area**

| Project Component | Estimated Cost |
|---|---|
| Undergrounding GMD & Feeders | $ 16,900,000 |
| Street Lighting Enhancement GMD | 4,800,000 |
| Fiber Optic Line Installation GMD | 600,000 |
| Financing and Legal Costs | 860,000 |
| Financing, Legal, Inflation Contingency (20%) | 500,000 |
| Multi Year Project Inflation Cost (3 years) | 1,200,000 |
| Other Miscellaneous Costs and Costs Incurred to Date | 390,000 |
| Total Non Ad Valorem Project Cost GMD | **$ 25,250,000** |

Source: Brannon & Gillespie, LLC; Willdan Financial

# 4.0 Assessment Methodology

Under Florida law, special assessments, sometimes referred to as non-ad valorem assessments must satisfy a two-prong test: 1) the property burdened by the assessment must derive a special benefit from the services or improvements provided by the assessment; and 2) the assessment must be fairly and reasonably apportioned among the affected properties to be assessed. "Special Benefit" requires that there be a logical relationship between the services or improvements provided and the benefit to real property. Florida law does not specify the methodology or formula that must be used in calculating assessments; however, the assessment apportionment methodology must be reasonable and not arbitrary. The legislative determinations by the Town Commission regarding the existence of special benefits and reasonableness of the cost apportionment should not be disturbed by a court unless the determinations are arbitrary. This Report discusses the special benefits to properties within the Project Area from the proposed Project and presents the methodology used to apportion the project costs among the benefited properties.

It is necessary to identify the special benefits provided to affected properties within the Project Area as a result of undergrounding overhead utilities. The distribution of electricity and other utility services are currently generally available to all properties within the project area; however, placing overhead electrical lines and other utilities underground will provide special benefit to properties in the Project Area. Such special benefit permits funding the undergrounding project through a non-ad valorem assessment.

Several benefits are conveyed by capital projects of this nature, including heightened use, enjoyment and marketability of the specially-benefitted real property. It is also reasonable to assume that such property will experience an increase in market value as a direct result of the improvements, though the costs associated with quantifying such increase are prohibitive with respect to the amount to be assessed against each property, and Florida law does not require quantification of the special benefit in this fashion. The primary special benefits that will be provided to affected properties as a result of the Project include the following: improved safety, improved reliability and improved aesthetics. Each of these benefits is discussed further in the context of cost allocation in Section 5 and summarized below.

## Improved Safety

The removal of utility poles and overhead lines provides an improved safety benefit by reducing the potential of hazardous conditions in the event of natural disasters. Severe tropical storms, hurricanes, and other natural disasters can cause poles and/or overhead lines to fall and impact property, and possibly cause live electric lines to be exposed. Downed electric lines pose a potential threat of fire and potential injury due to electric shock and can restrict ingress and egress to and from all residential and commercial properties located within the Town's corporate limits by impairing residents and emergency responders access within the Project Area.

## Improved Reliability

The undergrounding of the overhead facilities will also improve the reliability of utility services received by assessed properties. Based on a report entitled *Out of Sight Out of Mind: An Updated Study on the Undergrounding of Overhead Power Lines*, Edison Electric Institute (2012), the undergrounding of overhead utilities substantially reduces the frequency of outages, when compared to the frequency of outages occurring with overhead networks. Parcels will also specially benefit from new upgraded utility lines, cables, and appurtenant facilities installed through the proposed utility undergrounding to their service connections. This provides a higher level of reliability of utility services and reduces exposure to the elements that could cause potential damage and speed deterioration to facilities resulting in service interruptions. Within the Town of Longboat Key, some properties already have undergrounded facilities for one or more of the three main utility services (electric, cable, phone) as provided by FPL, Comcast, and Verizon. Therefore, the project improvement costs related to the special benefit of reliability has been apportioned to affected properties based on the number of connections to be undergrounded for each property. The purpose of this Project is to underground the main trunk lines in the Town. Therefore, all properties within the Town receive a reliability benefit from this Project as this backbone system is put underground instead of being overhead there the electric/cable/communications lines in the Project Area could be downed in the event of storm, etc. In addition, the onsite costs of the service laterals for each utility was separated and individually assessed to the applicable properties. Certain properties will also have to have the existing FPL primary voltage underground radial lines looped on the property for reliability as required by FPL underground system standards. Looping is required to supply an alternate source which can be used to provide service to the property simply by switching the cable connections without having to replace the failed cable. The loop configuration provides the ability for FPL to restore service with a significantly reduced outage time if a cable should fail without having to replace the cable. To ensure such benefits are provided, FPL engineering standards require that all radial cable installations be converted to a loop configuration when part of a total underground distribution system. The properties requiring radial looping have also been identified along with the associated costs.

## Improved Aesthetics

In addition to the safety and reliability benefits provided by undergrounding utilities, removing the overhead facilities and utility poles that run along the Project Area will eliminate a heavy concentration of electric lines and communication facilities, thereby creating an inviting, visually pleasing and scenic gateway for ingress and egress to all parcels within the Town. Undergrounding will eliminate the radical line trimming of trees which frequently results in an unsightly and unnatural appearance. This will improve the overall aesthetics for all properties within the Town. Enhancing visual appeal by removal of overhead lines will benefit the aesthetics of the Town and enhance the use, enjoyment, and marketability of the benefited properties throughout the Town.

# 5.0 Benefit Analysis

An assessment apportionment methodology is the analysis of capital improvements or services - in this case the proposed undergrounding of the existing overhead utilities - to determine the proportional special benefits received by a property. The method of assessment, or allocation of Project costs, is determined by an analysis of the special benefit a property receives from the proposed undergrounding of existing overhead utilities in comparison to the special benefit received by other properties benefited by the proposed improvements.

## Special Benefit

The distribution of electricity and other utilities is available to all properties within the Assessment area. While properties within the Town already receive or have access to utility services through existing overhead facilities, changing the method by which these services are distributed through the undergrounding of utilities is a special benefit to affected properties within the Town. In reviewing the Project Area, cost estimates, and affected properties, it has been determined that all of the improvements for the undergrounding of utilities provide special benefit to the assessed parcels within the Town.

There are three (3) primary categories of special benefit from the undergrounding of overhead utilities used to allocate the Project costs to assessed properties within the Assessment area. These three categories of benefit are: 1) improved safety, 2) improved reliability, and 3) improved aesthetics, as discussed previously. To establish an equitable benefit nexus, it is necessary to relate each property's proportional special benefits to the special benefits of all other affected properties within the Project Area. This Report incorporates a weighted method of apportionment known as an Equivalent Benefit Unit (EBU) methodology that uses a single-family residence comprised of one acre or less with overhead utilities as the basic unit of benefit, or 1.0 EBU per category. Other property types are proportionately weighted (assigned EBUs) based on a benefit formula that equates each property's specific characteristics and special benefits to that of the baseline single-family residential property**.** This proportional weighting may be based on several considerations that may include, but are not limited to, the following: the type of development (land use), size of the property (acreage or units), or other property related factors.

Collectively, the three (3) categories of special benefit listed above reflect the overall proportional special benefits that affected properties within the Project Area will receive from the undergrounding of the overhead utilities. Affected properties are assigned Safety EBUs, Reliability EBUs, and Aesthetic EBUs to distinguish the degree of special benefits received by different properties for each of the three categories, respectively. The overall cost of the Project less costs associated with property specific onsite improvements, such as service laterals and looping of radials, has been evenly allocated to these three categories of special benefit.

Each parcel's Base Assessment is calculated as the total of the proportional special benefit, and

associated cost allocation, as determined for each of these three benefit categories. In addition to each parcel's Base Assessment, there may also be property specific improvements such as radial looping and service lateral replacements that may be needed. These additional property specific improvement needs and costs have been identified for each individual parcel based on preliminary site inspections by Brannon & Gillespie, LLC. As detailed surveying and engineering proceed on the Project, adjustments to the property specific improvement needs will be made as necessary to reflect any changes that may have occurred after the field survey was completed. The information below presents the initial allocation of Project Costs to the three benefit categories and the estimated total cost of property specific improvement costs.

| Category of Special Benefit | Percentage of Budget | Benefit Allocation |
|---|---|---|
| Improved Safety | 33.00% | $ 8,340,507.54 |
| Improved Reliability | 33.00% | 8,340,507.54 |
| Improved Aesthetics | 33.00% | 8,340,507.54 |
| Sub Total | **100.00%** | $ 25,021,522.61 |
| Property Specific Improvements | | 228,477.39 |
| **TOTAL** | | **$ 25,250,000.00** |

For each Category of Benefit, the following discussion identifies parcels that benefit, the assignment of EBUs, and related equations to determine a parcel's EBUs.

## Improved Safety

Properties specially benefit from the improved safety of undergrounding overhead utilities in two distinct ways: 1) the elimination of the potential for poles or overhead lines adjacent to a property to fall and damage property or expose "live" electrical lines, and 2) the elimination of the potential for poles or overhead lines to be downed on the Gulf of Mexico Drive and portions of Binnacle Drive and Broadway Street, potentially restricting or curtailing citizen evacuation and rescue personnel access during storm or emergency events, and generally restricting ingress and egress to and from all parcels within the Town. A single-family residential lot has been assigned a base unit of benefit for improved Safety equal to 1.0 Safety EBU. The base Safety EBU accounts for the two components of improved safety. Therefore, the analysis uses 0.50 equivalent benefit units for the improved safety to the property and 0.50 equivalent benefit units for the improved access to and from the property.

In reviewing the characteristics of affected properties within the Project Area, there are multiple properties that encompass an area greater than one acre. Condominium complexes, multi-family residences, non-residential properties, as well as certain single family residential properties span a greater area of potential use. Therefore, an equivalency has been developed to proportionately assign EBUs to these properties, when compared to a baseline, one-acre single family residential lot that has been assigned 1.0 Safety EBU. Based on this equivalency, some properties, including certain single-family residences, have been assigned additional Safety EBUs in recognition of the additional special benefit those larger parcels receive from the

proposed utility undergrounding.

In identifying the amount of assigned Safety EBUs for each parcel, overhead facilities (including utility lines and poles), along secondary streets and alleyways [other than Gulf of Mexico Drive] are considered to be adjacent to all properties on both sides of the secondary street and alleyway that are adjacent to the overhead facilities. In addition, utility poles are considered a part of the overhead facilities; therefore, properties adjacent to utility poles are assigned a minimum of 1.0 Safety EBU. For purposes of our analysis, properties with overhead lines within approximately 50 feet of the parcel boundary are assigned a minimum of 1.0 Safety EBU.

Conversely, some parcels are already adjacent to undergrounded utilities, and, therefore, do not benefit to the same extent when compared to parcels currently adjacent to overhead utilities. Properties that do not have overhead facilities adjacent to their property shall be assigned 0.5 Safety EBUs to account for the portion of special benefit attributable to improved safety access to and from their property, which is independent of a property's lot size.

Each condominium complex was assigned Safety EBUs on a complex by complex basis and the total Safety EBU assignment to the condominium complex was then apportioned evenly to each condo unit within the complex. For example, for a condominium parcel that is 3 acres of land and has 30 units, the EBUs for each parcel would be 0.55 EBUs, which is calculated as: **[0.5 EBUs + ((3 acres x 0.5 EBUs)/30 units)]** For single-family residences, multi-family properties, and non-residential properties, the EBUs calculated were assigned to the applicable parcel number. Boat slips were treated similarly to condominiums, whereas the Safety EBUs were apportioned evenly to all boat slips within the marina. **Table 1** outlines the safety EBU calculations.

**Table 1: Safety EBU Calculation**

| Land Use | Overhead Utilities | EBU Assignment |
|---|---|---|
| **Single Family** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Condominium** | Yes | 0.5 EBU + [0.5 EBU per acre of complex rounded down to nearest whole number (min of 0.5)] / condo parcels in Complex |
| | No | 0.5 EBU |
| | | |
| **Multi-Family** | Yes | 0.5 EBU x units + [0.5 EBU per acre rounded down to nearest whole number (min of 0.5)] |
| | No | 0.5 EBU x units |
| | | |
| **Non-Residential** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Boat Slip** | Yes | 0.5 EBU + [0.5 EBU per acre of marina rounded down to nearest whole number (min of 0.5)] / boat slips in marina |
| | No | 0.5 EBU |
| | | |
| **Vacant** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |

## Improved Reliability

The improved reliability benefits that properties receive from the proposed Project is directly related to the undergrounding of the primary utility network and the distribution of electricity through the undergrounding of service laterals that connect each property's utility services. In addition, the number of service laterals required from property to property varies since certain properties have already undergrounded one or more of its services. Therefore, the number of utility services requiring service laterals coupled with the undergrounding of the primary network provides a sound basis to determine the degree of special benefit each property receives from the proposed utility undergrounding when compared to other properties within the project area. Each property has been assigned 0.50 EBUs to reflect the improved reliability resulting from the undergrounding of the primary network plus an additional 0.50 EBU per utility service connection for which service lateral(s) are required. For condominiums, 0.50 EBU were assigned to each parcel to reflect the improved reliability resulting from the undergrounding of the primary network and then the number of utility service connections required was evenly apportioned to each condominium parcel within the complex. Boat slips were treated in a similar manner as condominiums. Multi-Family properties were assigned 0.50 EBUs per unit to reflect the improved reliability resulting from the undergrounding of the primary network as well as an additional 0.50 EBU per utility connection requiring undergrounding. **Table 2** outlines the reliability EBU calculations.

**Table 2: Reliability EBU Calculation**

| Land Use | EBU Assignment |
|---|---|
| **Single-Family** | 0.5 EBU plus 0.5 EBU per utility connection requiring undergrounding |
| | |
| **Condominium** | 0.5 EBU plus (0.5 EBU per utility connection requiring undergrounding/condo parcels in Complex) |
| | |
| **Multi-Family** | (0.5 EBU X units) plus 0.5 EBU per utility connection requiring undergrounding |
| | |
| **Non-Residential** | 0.5 EBU plus 0.5 EBU per utility connection requiring undergrounding |
| | |
| **Boat Slip** | 0.5 EBU plus (0.5 EBU per utility connection requiring undergrounding/boat slips in marina) |
| | |
| **Vacant** | 0.5 EBU |

## Improved Aesthetics

Removing the overhead utilities along Gulf of Mexico Drive will improve the overall aesthetics of individual parcels as well as community aesthetics for all properties within the defined Project Area and Town by eliminating a heavy concentration of electric lines and communication facilities, thereby creating an inviting, visually pleasing and scenic vehicular gateway for ingress and egress to all parcels. In addition, unsightly tree trimming by the utility companies will be eliminated. In the same way that a beautiful entrance to a development

enhances the properties within, the removal of the unsightly overhead lines and the elimination of the unsightly appearance of trees that have been severely damaged to clear a path for the wires will enhance all the properties within the Town. Enhancing visual appeal by removal of overhead lines will benefit the aesthetics of all parcels within the Town and enhance the use, enjoyment and marketability of the benefitted properties. Therefore, a single family residence adjacent to overhead utilities has been assigned 0.5 EBUs for the improved aesthetics of its property and 0.5 EBUs for the improved aesthetics of the property's community, for a total assignment of 1.0 Aesthetic EBUs. As GMD is the main thoroughfare through the Town and vehicular traffic must access and traverse GMD in order to enter and exit the Town's limits, parcels within the Town limits will receive 0.5 EBUs for the improved aesthetics of the property's community.

The assignment of Aesthetic EBUs for property types is similar to the assignment of Safety EBUs. Properties, whose utilities are already undergrounded, will only be assigned 0.5 EBUs for the improved aesthetics of the property's community. **Table 3** outlines the aesthetics EBU calculations.

**Table 3: Aesthetic EBU Calculation**

| Land Use | Overhead Utilities | EBU Assignment |
|---|---|---|
| **Single Family** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Condominium** | Yes | 0.5 EBU + [0.5 EBU per acre of complex rounded down to nearest whole number (min of 0.5)] / condo parcels in Complex |
| | No | 0.5 EBU |
| | | |
| **Multi-Family** | Yes | 0.5 EBU x units + [0.5 EBU per acre rounded down to nearest whole number (min of 0.5)] |
| | No | 0.5 EBU x units |
| | | |
| **Non-Residential** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |
| | | |
| **Boat Slip** | Yes | 0.5 EBU + [0.5 EBU per acre of marina rounded down to nearest whole number (min of 0.5)] / boat slips in marina |
| | No | 0.5 EBU |
| | | |
| **Vacant** | Yes | 0.5 EBU + [0.5 EBU per acre rounded down to nearest whole number (minimum of 0.5 EBU)] |
| | No | 0.5 EBU |

## Property Specific Improvements

Specific detail was provided by B&G on the costs associated with the proposed undergrounded improvements, including costs associated with connecting each property to the utility services. For purposes of calculating each parcel's assessment, costs associated with meter conversions and service laterals were separated and assessed against those properties that required the specific improvement. Utilizing the FPL tariff, the cost for each underground service connection

conversion is estimated at $584.45. The assessment roll provides detail for each parcel's onsite service needs and related costs. Additionally, certain properties will require looping of onsite radial primary voltage lines as required by FPL underground system standards. The costs for looping are again taken from FPL's tariff and are allocated at $1,817.94 per parcel requiring looping. Parcels requiring property specific improvements have been identified by B&G based on review of system maps and visual inspection during field work.

## Special Cases

### Exempt Properties

Within the Town Boundaries, there are various properties which are classified as tax-exempt parcels. This land use identifies properties that are not assessed and are assigned 0.00 EBUs for safety, reliability, and aesthetics. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties;
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;
- Government properties;
- Parcels with veteran's exemptions; etc.

These types of parcels are considered to receive little or no benefit from the improvements, are exempt under state or federal law from the payment of ad valorem taxes and/or non-ad valorem assessments, or are inappropriate or infeasible to assess and are therefore not included on the assessment roll described in **Section 7** below.

### Golf Courses

While parcels throughout the Project Area benefit from the undergrounding of nearby utilities, golf course properties were analyzed as special cases due to the utilization of the property in relation to its parcel size. A majority of the golf course acreage is used for the golf course itself. Therefore, these parcels receive a diminishing return of benefit as the parcel's total acreage increases. In order to account for the difference in total special benefit, the acreage for these larger parcels has been adjusted. To calculate these parcels' adjusted acreage, the parcel's frontage is multiplied by 100 feet to account for the typical depth of a property.

### Subdivision of Parcel

When subdivision of an assessed parcel occurs, the new parcels resulting from the subdivision may be assigned EBUs in accordance with the apportionment methodology described herein if those new parcels likewise receive special benefit from the Project. In such cases, the total amount of the bonded indebtedness usually isn't reallocated among all properties throughout the Assessment area because the reallocation may be cost prohibitive or inefficient, or there may be financing considerations which limit the ability to re-amortize the principal balance outstanding each time a subdivision occurs. Instead, the newly assessed properties are added to the assessment roll under the same annual terms as apply to all other properties on the roll, resulting in additional annual revenue. The additional revenue collected from the new parcels is used to repay the bonds, but because there is now more revenue materializing each year, the term is shortened for all assessed property owners and/or the amount of the final payment is reduced. In this fashion, all of the originally assessed parcels enjoy the benefit of having new parcels share in the cost of the improvement project, with the benefit realized through a shortened repayment term.

A similar issue arises in the context of assessment prepayments, i.e. where the owner of an assessed parcel prepays the entire assessment amount in order to avoid interest and financing charges, but subsequently develops the parcel at a higher intensity, warranting additional assessment allocation. Some communities require that the additional assessment be paid in full as a condition of building permit issuance, with the proceeds applied to the payment of applicable bonded indebtedness.

## Calculated Cost per EBU

Based on our benefit analysis and the assignment of EBUs to each parcel for both the community and specific benefits, the cost per EBU for safety, reliability, and aesthetics are shown below in **Table 4**. It should be noted that these values are based on the current anticipated project costs and may change if there are any changes in the assessment roll or project costs before the project is finalized.

**Table 4: Cost per EBU by Benefit Type**

| Category of Special Benefit | Cost per EBU |
|---|---|
| Safety | $ 1,639.88 |
| Reliability | $ 1,677.15 |
| Aesthetics | $ 1,639.88 |

# 6.0 Diagram

A Diagram showing the affected properties within the Town (as they existed at the time of the creation of this Report), and parcels adjacent to overhead utilities will be provided under separate cover once improvement plans are finalized.

# 7.0 Assessment Roll

An assessment roll identifying each parcel's equivalent benefit unit assignment for each of the three categories of special benefit as well as property specific improvements related to laterals and meter upgrades is provided herein. The Assessment Roll was separated into two components: 1) Base Assessment and 2) Base Assessment plus onsite costs. It should be noted that these schedules contain information gathered from data currently available in government databases and from field surveys. These classifications and property totals are subject to change based on changes in property characteristics, use, etc.

**End of Agenda Item**