

# Special Districts

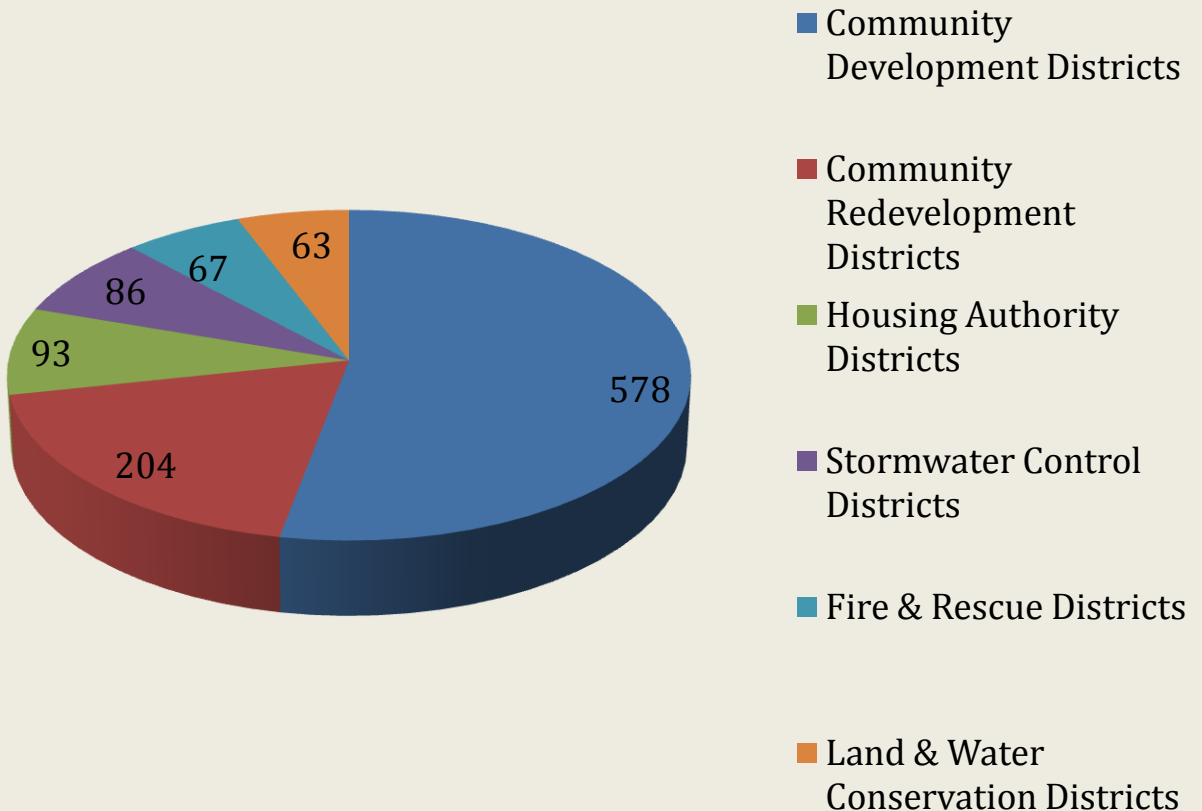
## Summary & Precedent

- Units of local special-purpose government having special authorities and performing special functions;
- Governing board of elected citizens of the district to focus on the specific needs of their community;
- Response to citizen demand for higher level of governmental services that a city or county is unable or unwilling to provide;
- Generate money without overburdening other taxpayers and governments since only those who benefit from the district's services contribute to the revenue base;
- Community Development Districts created by FL law: *the Uniformed Community Development District Act of 1980 (§190.00, F.S.)*

# Special Districts State-Wide

source: Florida Department of Economic Opportunity, Special District Information Program

## Florida's Special-Purpose District Governments Total: 1,633



# Palms of Terra Ceia Bay

## Community Development District

*a colorful history*

- 1979: The original Developers conceived a condominium community with a golf course, clubhouse and other amenities;
- 1982: The District was established to finance construction through tax-free bonds; the first CDD in Manatee County and the third CDD State-wide;
- 1983: The District purchased much of the land and constructed the streets, gatehouse, golf course and clubhouse through Special Assessment and General Obligation Capital Improvement Bonds; which bonds were secured by a pledge of revenues from special assessments to be levied upon properties within the District. The remaining development parcels were purchased by the Developer and platted for condominiums to be built with bond proceeds;
- 1986: The Developer failed. All bond proceeds had been dispersed, the construction fund was depleted, development halted. The Developer bailed-out and sold the development parcels to a third party, Southfield Farms. The District was unable to collect sufficient revenue to meet its obligation to pay down the bond debt.;
- 1988: The District leased the clubhouse and golf course to Fru-Con Ocean Golf Park, Ltd. The "Golf Course Lease" required Fru-Con to fund and complete construction of the golf course, clubhouse and other improvements;

# History, Continued

- 1989: The District was declared to be in default of repayment of the bonds. Law suits and counter law suits were filed;
- 1990: Fru-Con took ownership of the development parcels (and the enormous debt encumbering them) from Southfield Farms;
- 1992: Fru-Con, now the new Developer and land owner, bought-out all of the outstanding debt thus relieving the District from levying additional assessments upon the taxpayers. A Settlement Agreement was signed by all parties essentially eliminating the encumbrances that had stalled development. Fru-Con resumed development of the condominium parcels;
- 1995: The District was unable to meet its Settlement Agreement obligation to compensate Fru-Con toward the improvements made to the clubhouse and golf course. Alternatively, the District deeded the clubhouse and golf course to Fru-Con;
- 2001: Fru-Con sold the clubhouse and golf course to Old Florida Golf, LLC;
- 2001-2004: The remaining development parcels were sold to TBR and TBR II Development;
- 2005: Old Florida Golf sold the clubhouse and golf course to Terra Ceia Bay Clubhouse & Golf, LLC; the present-day owner.

# Fast Forward to Today

The District is responsible for many of the community elements that have a direct impact upon quality of living, salability and property values.

- Major Roads
- Pier & Boardwalk
- Gatehouse
- Landscaping & Irrigation
- Drainage systems
- Conservation lands

The District Board of Supervisors is charged with preserving the viability and sustainability of these elements as well as establishing the revenues needed to pay for them.

- Ad Valorem property taxes
- Non-Ad Valorem maintenance assessments
- Non-Ad Valorem special improvement assessments
- Service fees

# Statutory Alternatives

The Florida Legislature provides for two uniformed means by which an independent special district government may levy taxes upon property within its geographical limits.

## 1. Ad Valorem Taxes

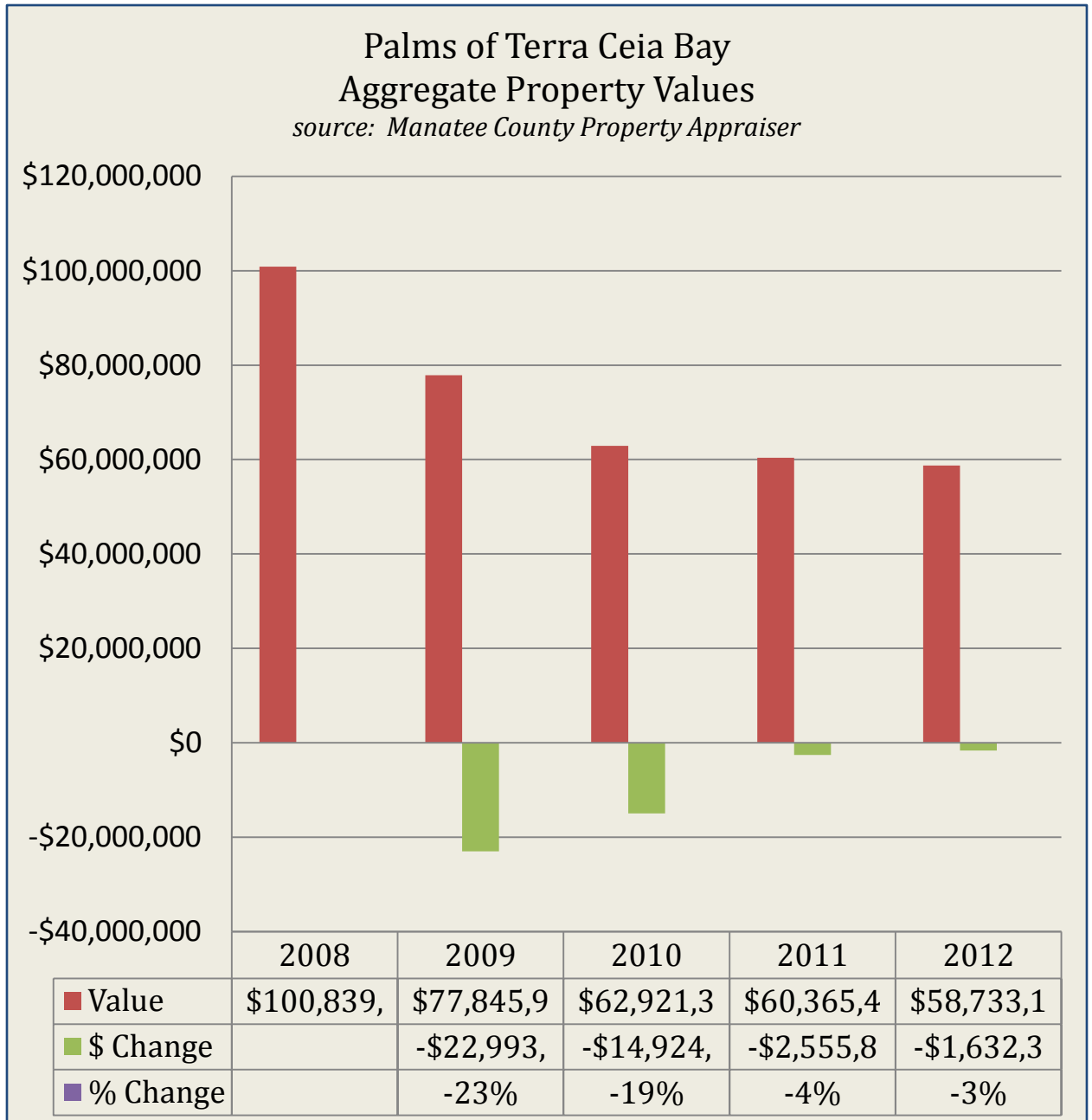
- General-purpose funding
- Widely utilized by general-purpose governments (counties & municipalities)
- Levied on property value determined by the county Property Appraiser
- Collected and enforced by the county tax collector
- Capped at 5.00 mills for Community Development Districts (\$0.005 per \$1,000 of value)

## 2. Non-Ad Valorem Assessments

- Special-purpose funding
- Method most used by special purpose district governments
- Determined by the taxing authority based upon the amount of revenue needed to maintain, preserve and improve assets, facilities and infrastructure
- Allocated to property owners based upon benefit to the property
- Collected and enforced by the county tax collector

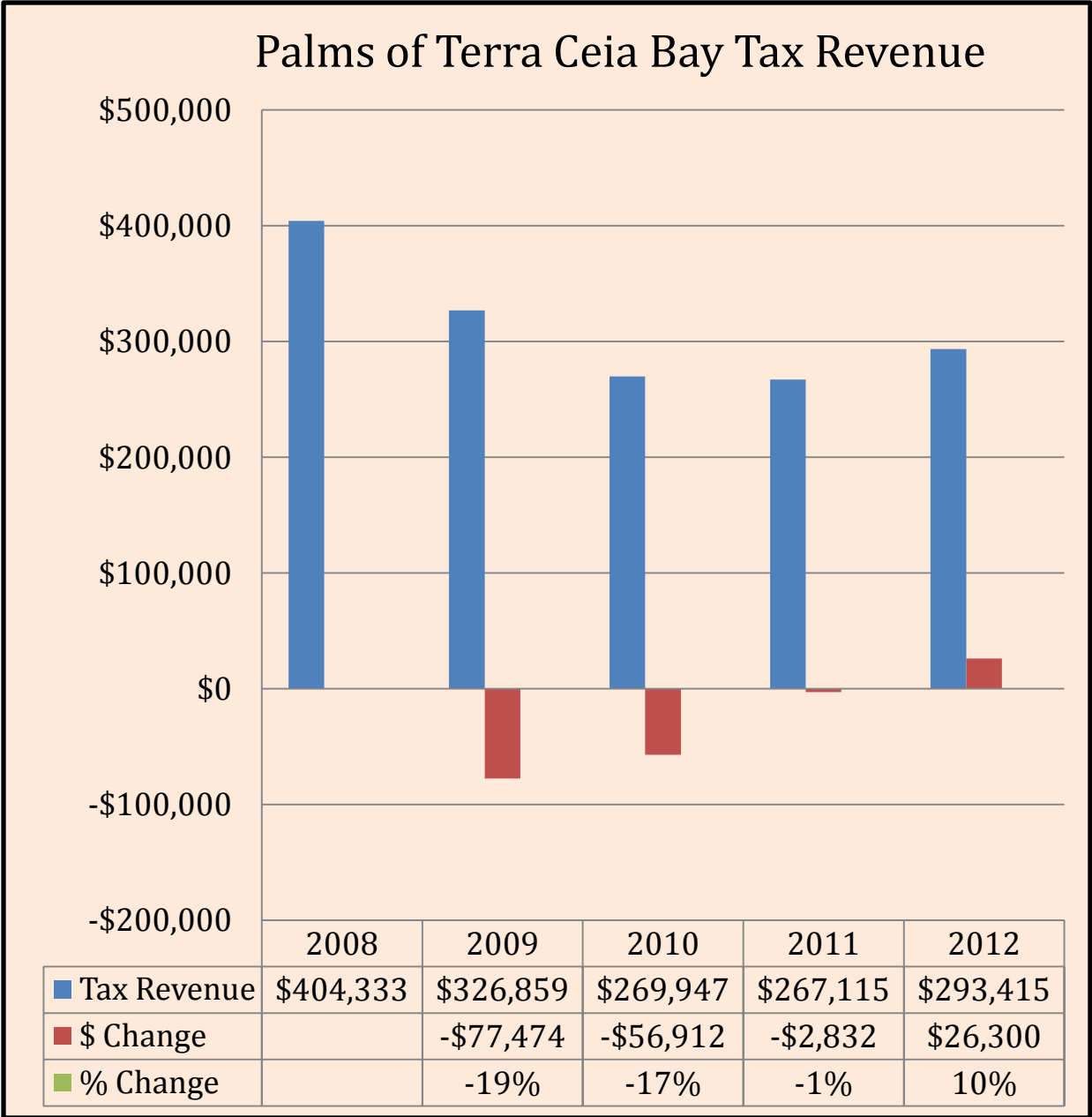
# Economic Influences

As a taxing authority that presently relies exclusively on ad valorem taxes, the District's revenues year-to-year vary depending on property values. Since 2008, aggregate property values within the District have fallen by 42%



# Economic Influences

When property values fall, so too does the District's revenue.





# Economic Influences

There are three ways the District can off-set the loss in revenue:

- 1) Raise the taxing rate (millage)
- 2) Cut the budget
- 3) Revise the taxing methodology

## Examine the Options:

### *1) raise the millage rate*

By law, millage rates for Community Development Districts are capped at 5 mills. That equates to \$0.005 for every \$1,000 of value.

Raising the millage rate affects properties differently. In some cases, increasing the rate does not produce a dollar increase in taxes. Depending on the rate of increase, there are many properties within our District that actually generate less taxes at higher taxing rates year-to-year. This scenario is a result of property values decreasing more significantly than are millage rates increasing.

On the opposite side of the equation are properties with tax exemptions; Homestead Exemption, for example. The taxable value of a property that is Homestead Exempted is static year-to-year. In those instances, an increase in the millage rate will and does result in an out-of-pocket tax increase.

Regardless of exemption status, the amount of taxes property owners pay to the District varies from property to property depending on the taxable value determined by the Manatee County Property Appraiser.

In summary, simply raising the millage rate alone does not compensate for decreased taxable property values.

	<b>Tax Year</b>				
	<b>2012</b> 5.00 mills	<b>2011</b> 4.43mills	<b>2010</b> 4.29 mills	<b>2009</b> 4.00 mills	<b>2008</b> 4.00 mills
Bay Club	1,077	905	964	1,273	1,947
Bay Estates North	322	295	341	368	544
Bay Pointe	681	673	769	1,030	1,373
Captain's Court	396	348	359	498	640
Estuaries	365	385	371	370	473
Estuaries II	437	466	457	452	596
Fairway Oaks	268	241	252	311	414
Fairway Palms	380	366	355	337	513
Fairway Trace	364	370	360	455	667
Fiddler's Bend	421	394	386	372	499
Greens at Edgewater	375	330	350	335	437
Lantana	343	375	384	401	542
Ten Downing	295	273	258	242	359
Terra Ceia Club	281	241	222	242	319
Waterford Court	369	379	394	435	538
Waterford Way	429	365	328	308	421
<b>High</b>	<b>1,077</b>	<b>905</b>	<b>964</b>	<b>1,273</b>	<b>1,947</b>
<b>Average</b>	<b>425</b>	<b>400</b>	<b>409</b>	<b>464</b>	<b>643</b>
<b>Low</b>	<b>268</b>	<b>241</b>	<b>222</b>	<b>242</b>	<b>319</b>

# Units vs. Taxes

	Number of Units		Collective Total District Taxes	
Bay Club	80	14%	\$86,191	31%
Bay Estates North	52	9%	\$16,736	6%
Bay Pointe	36	6%	\$24,505	9%
Captain's Court	24	4%	\$9,497	3%
Estuaries	24	4%	\$8,768	3%
Estuaries II	48	8%	\$20,988	7%
Fairway Oaks	36	6%	\$9,652	3%
Fairway Palms	10	2%	\$3,801	1%
Fairway Trace	10	2%	\$3,833	1%
Fiddler's Bend	36	6%	\$15,158	5%
Greens at Edgewater	40	7%	\$15,012	5%
Lantana	21	4%	\$7,204	3%
Ten Downing	38	6%	\$11,223	4%
Terra Ceia Club	95	16%	\$26,455	9%
Waterford Court	19	3%	\$7,017	3%
Waterford Way	22	4%	\$8,143	3%

# Examine the Options:

## *2) cut the budget*

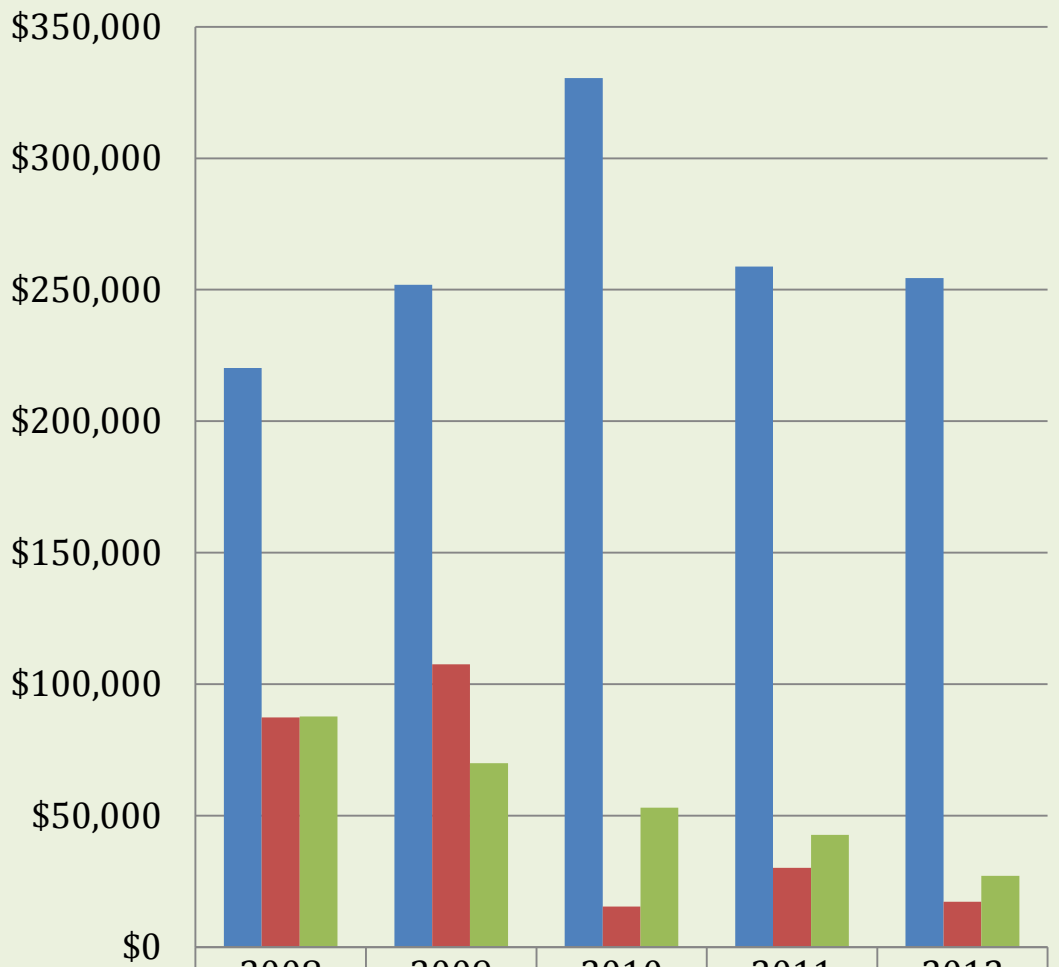
The elected Supervisors of the District Board have a fiduciary responsibility to the property owners of Palms of Terra Ceia Bay to set forth an operating and improvement budget that puts their tax dollars to good use. The Supervisors also have the responsibility of ensuring the District's common elements and assets are preserved at the minimum standards of quality necessary to inure benefit to the taxpayers.

Each year, the District Manager is required by statute to prepare and propose a budget based on a prudent level of funding for meeting administrative and reporting requirements, maintaining and improving common elements, and preserving the tangible assets of the District. When doing so, the DM also considers the needs and wants of the taxpayers.

When the full District Board first considers the final budget draft, it has already been fully vetted. In challenging economic times, the Supervisors are very much aware that there are distinct differences between "nice to haves" and "need to haves". The Board must strike a balance between the cost of discretionary, or "nice to have" items, and the amount of taxes it imposes upon the citizens to pay for them.

There is a limit, however, to how much the expenses component of the budget can be cut. Otherwise, essential services and quality standards would be sacrificed.

## Palms of Terra Ceia Bay Budget History



■ O&M	\$220,283	\$251,930	\$330,464	\$258,865	\$254,478
■ Improvements	\$87,305	\$107,585	\$15,400	\$30,198	\$17,200
■ Additions to Reserves	\$87,712	\$70,000	\$52,979	\$42,679	\$27,089

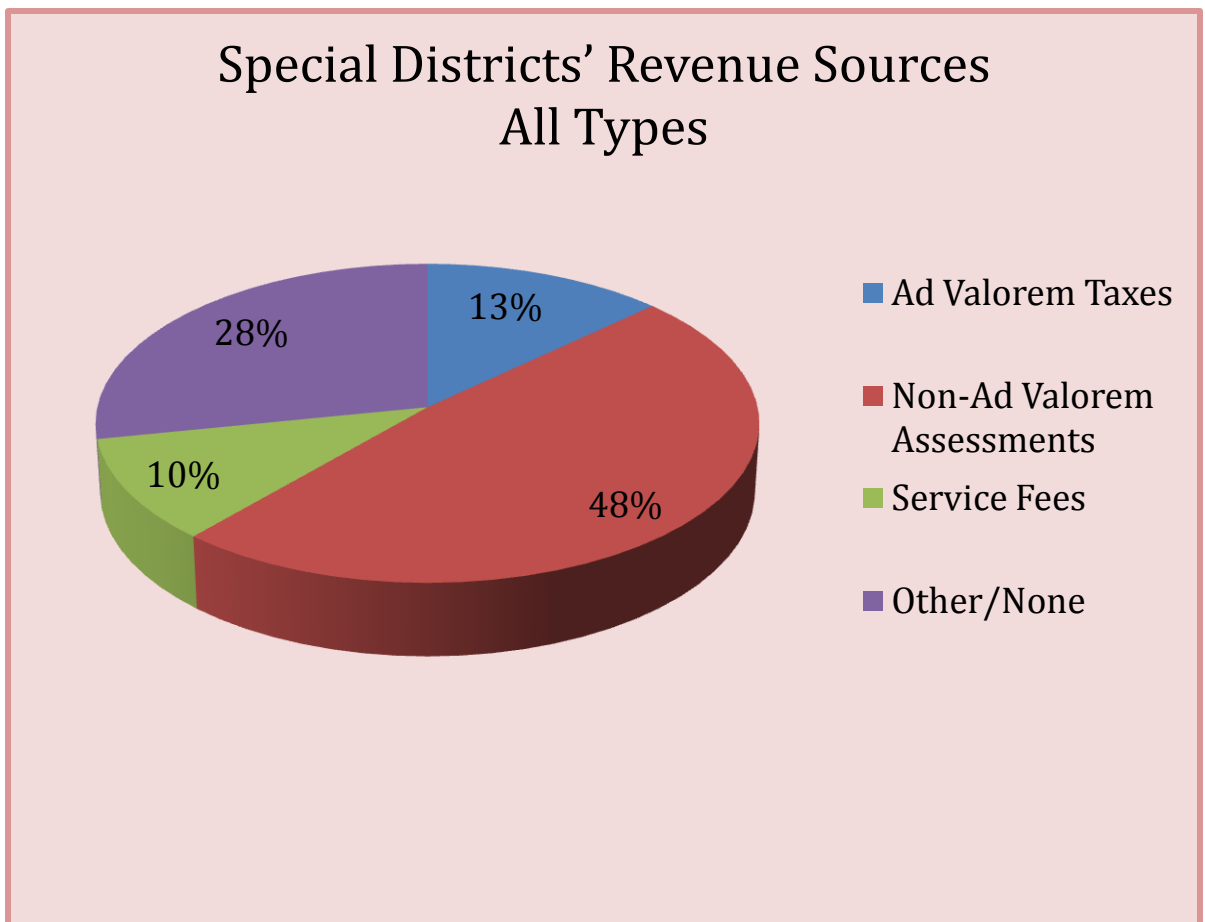
# Examine the Options:

## *3) revise taxing methodology*

The District is empowered to levy Non-Ad Valorem assessments from which to fund expenses for O&M, Capital Improvements and Reserves.

The dollar amount of the assessments are determined by the District based on the level of benefits each property owner receives from the District's services.

This Non-Ad Valorem assessment methodology is the standard and utilized by the majority of Special Districts throughout the State.



source: Florida Department of Economic Opportunity, Special District Information Program

# Community Development Districts State-Wide

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## Revenue Sources

