

APTA – Alligator Point Taxpayers Association

Minutes of the Board of Directors Meeting – January 13, 2007

President Ken Osborne called the meeting to order at 9 am. He introduced Camille Tharpe with Government Services Group and Alan Pierce with Franklin County. He announced that our regular agenda would be put aside so that we could hear from our two visitors regarding the beach renourishment project. He turned the meeting over to Ms. Tharpe and she outlined the discussion topics for this meeting which were: overview of funding options; project assumptions; restoration zones; apportionment methodology; cost calculations; preliminary rates; and remaining issues.

Funding Options: Three options are available for funding the beach renourishment project. 1) Municipal Service Taxing Unit (MSTU) using ad valorem taxes 2) Municipal Service Benefit Unit (MSBU) using special assessments and 3) Tax Increment Financing (TIF). She explained that the numbers used in this presentation are preliminary and are probably larger than we will end up with.

- 1) MSTU – There are constraints in this option – a millage cap and tax must be spread uniformly over all property within the project area with the rate the same for developed and undeveloped property. In order for the county to borrow money to pay for the project, a referendum is required to pledge the MSTU funds for debt repayment. Only property owners in the MSTU area who are registered to vote in the county would be allowed to vote in the referendum. There is still some resolution to be done on the referendum requirements. The MSTU area has been created by the county so that the project can proceed. If another funding source is used, the MSTU will sunset and will not be available for any other purpose.
- 2) MSBU – This option uses special assessments to fund services and are not based on the value of the property but on the benefit received by the property and does not require a referendum. Special assessments require that a special benefit must be provided to the property and that the apportionment of the assessment must be fair and reasonable. Assessments will be based upon buildable lots.
- 3) TIF - The tax increment is the difference between last year's taxable value and this year's taxable value. Whatever that difference amounts to is called the tax increment. A TIF can be used as the sole source of funding for the debt repayment or in addition to the MSTU or MSBU. At the present time, this type of funding would not generate enough revenue to fund the project but it could be used as an addition to one of the other options.

Project Assumptions: The analysis for this presentation was based on the MRD Report (prepared by Mike Dombrowski's engineering group) and on the Alternative Four option. For the MSTU option, two benefit components were created. For the MSBU option, three benefit components were created. For the MSBU option the assessment methodology was based on current or future buildable lots. The MRD costs for all the grant funds were reduced and an eight year repayment schedule was created.

Restoration Zones: These are based on Alternative Four project area which includes the area from South Shoals east to Bald Point Road. Zone One includes the entire beach front within the entire project. Zone Two includes all the properties across the street from the beach front within the entire project area. Zone Three includes all remaining properties within the entire project area. Zone Four includes all the properties to the west of the project area (i.e. west of the water towers.)

Apportionment Methodology: The MSTU method allocates 50% of the cost to the safety component (Zones 1, 2, 3, 4) and 50% to the storm protection, aesthetic, and recreational component (Zones 1, 2, 3). The MSBU option allocates 50% of the cost to safety component (Zones 1, 2, 3, 4), 30% to storm protection component (Zone 1) and 20% to aesthetic and recreational component (Zones 2, 3).

Cost Calculations: The costs for this presentation are based on the following figures. The initial beach restoration project is approximately \$8.9 million in costs. The state's special appropriation is \$1 million. The DEP grant is \$1.4 million and there are additional DEP grants to defray approximately 43% of the net project costs. The amount to be funded by the county is approximately \$3.4 million dollars. The total loan cost is \$4,556,558 given the following assumptions: capitalized interest is based on 6 months; includes additional 5% contingency on financing costs; debt service reserve fund is one year of principal and interest. These are the worst case scenario assumptions. The county can probably reduce these costs. Based on those costs, every year for 8 years the county needs to repay \$793,923. For the MSTU option, there would be an additional 5% cost for the budgetary reserve making the total annual revenue requirement \$833,619 For the MSBU option, there would be an additional 2% required to pay the tax collector to collect the assessments and 5% for the statutory discount. This would make the total annual assessable costs \$851,911.

Preliminary Rates: For the MSTU option, the total costs were allocated equally to the two components. Then for each component, the taxable value in the zones included in the component was added up and the costs divided by the value to calculate the millage rates. For the properties in the safety component (all zones) the millage rate would be 1.8 mils. For the properties in the storm protection, aesthetic and recreational component (zones 1, 2, 3), the millage rate would be 5 mils plus the 1.8 mils for a total of 6.8 mils.

For the MSBU option, the total costs were allocated to the 3 components. Then for each component, they added up the number of buildable lots in the zones that were included and divided the costs by the number of lots to calculate the assessment rates. For the properties included in the safety component (all zones), the rate per unit would be \$560 per year. For the properties included in the storm protection component (zone 1), the rate per unit would be \$2,242 per year in addition to the \$560. For the properties included in the aesthetic and recreational component (zones 2, 3), the rate per unit would be \$648 per year in addition to the \$560.

Remaining Issues: First of all, this is a preliminary analysis. The MSTU has been created and the property appraiser will identify all the properties that should be included. This will change the rates since the number is understated as considered because the correct number of properties was not available for consideration. Second, the county can

combine the funding options – it doesn't have to choose just one. Also, if the county chooses a MSTU option, it would require a referendum.

In general discussion after the formal presentation, it was disclosed that we have 448 registered voters in our district, with 356 in Alligator Point and 248 of those in the project area. APTA sent out a questionnaire to get the opinion of all the property owners. Of the 970 forms sent out, 226 were returned to be counted and 77% of them were in favor of the project going forward. The question was raised as to exactly who would be voting for or against this project. Ms. Tharpe stated that if it is funded by an MSTU, the registered voters in the project area would be voting. If it is funded by an MSBU, the county would send out notices via first class mail to all the property owners in the affected area stating exactly what the proposed assessment to them would be and inviting them to a public hearing 20 days later to voice their opinion. The decision would be made solely by the County Commissioners after the public has a chance to comment. The county will make the final decision which funding option will be used. It is hoped that the county commission will support the TIF financing in conjunction with whatever option is chosen to help defray the costs. Whatever method is chosen, it will end in 8 years. It is anticipated that all the numbers will have been crunched, the funding method chosen and the rates finalized so that the TRIM notices in the fall will reflect the correct numbers either as a tax or an assessment. Ms. Tharpe stated that she would provide APTA with a copy of her presentation for placement on the web site.

President Osborne then called for patience from everyone and requested that you become knowledgeable about the entire project before you make your final decision whether or not to support this project. He stated that we need to take advantage of this one-time chance to utilize the funding assistance that is available. Ken requested a straw vote of all the people present at the meeting for or against proceeding with the next phase of the project. The vote was an overwhelming majority in favor of proceeding. He then called for an official vote by the APTA Board Members. Motion was made that it be APTA's official position to support and continue the renourishment project. Motion was made by Frank Gibson; seconded by Joe Hambrose; passed unanimously. This is what Ken will take to the county commission meeting on APTA's behalf.

It was decided informally to postpone our normal agenda items until the next meeting. Ann Maruszak requested that articles for the newsletter be submitted by January 19.

Motion to adjourn by Frank Gibson; second by Paul Parker; motion passed. Meeting adjourned at 10:50 am.

Respectfully submitted,
Camilla Godfrey, Secretary

Members absent: Hinchee, Houston