North Mala Compra Drainage Improvements Funding Analysis

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DATE: January 7, 2015

PROJECT NUMBER: 462804

Introduction

This report presents the results of a funding analysis for proposed stormwater management improvements in the North Mala Compra and Marineland Acres areas of Flagler County. The analysis developed preliminary assessments for funding of the planned improvements in the proposed assessment districts. It also presents proposed late comer fees that would be collected from properties that develop in the future.

England, Thims & Miller, Inc. (ETM) developed a drainage infrastructure project to serve the area roughly bounded to the east of State Road A1A and north of Mala Compra Road. This area consists of a collection of neighborhoods that include older and newer development. Some of the newer development has permitted stormwater facilities while the older areas generally do not. However, the entire area has only about half of its parcels developed (i.e., with buildings).Nearly all of the parcels are residential with a few condominiums near the beach in the south and a few commercial parcels along A1A.

This report describes the proposed assessment districts, including the planned improvements to serve properties in each district and associated estimated capital and operating costs, preliminary funding plan, apportionment of benefits, preliminary assessments, latecomer fees, and conclusions and recommendations.

Assessment Area

Because of the nature of the layout of the neighborhoods, and the existing and proposed facilities, two separate assessment areas are proposed to implement the planned improvements in the Marineland Acres Drainage Study project area. The first is referred to as the North Mala Compra District, and the second as the Marineland Acres District. The North Mala Compra District includes all of the parcels in the Marineland Acres District and also includes neighborhoods south to Mala Compra Road, including Rollins Dunes, Armand Beach, Johnson Beach, Sea Colony and adjacent parcels to the west, but east of A1A. The Marineland Acres Assessment District is comprised of Marineland Acres, Sea Scape, Oceanside Acres, and portions of Washington Oaks Garden east of A1A that drain into the project area. Figure 1 is a map of the two proposed assessment districts. Lands that have been or are expected to be developed with assessable residential units are included in each of the assessment districts. The reason that the study area was divided into two districts will be explained further in the funding alternatives section below.

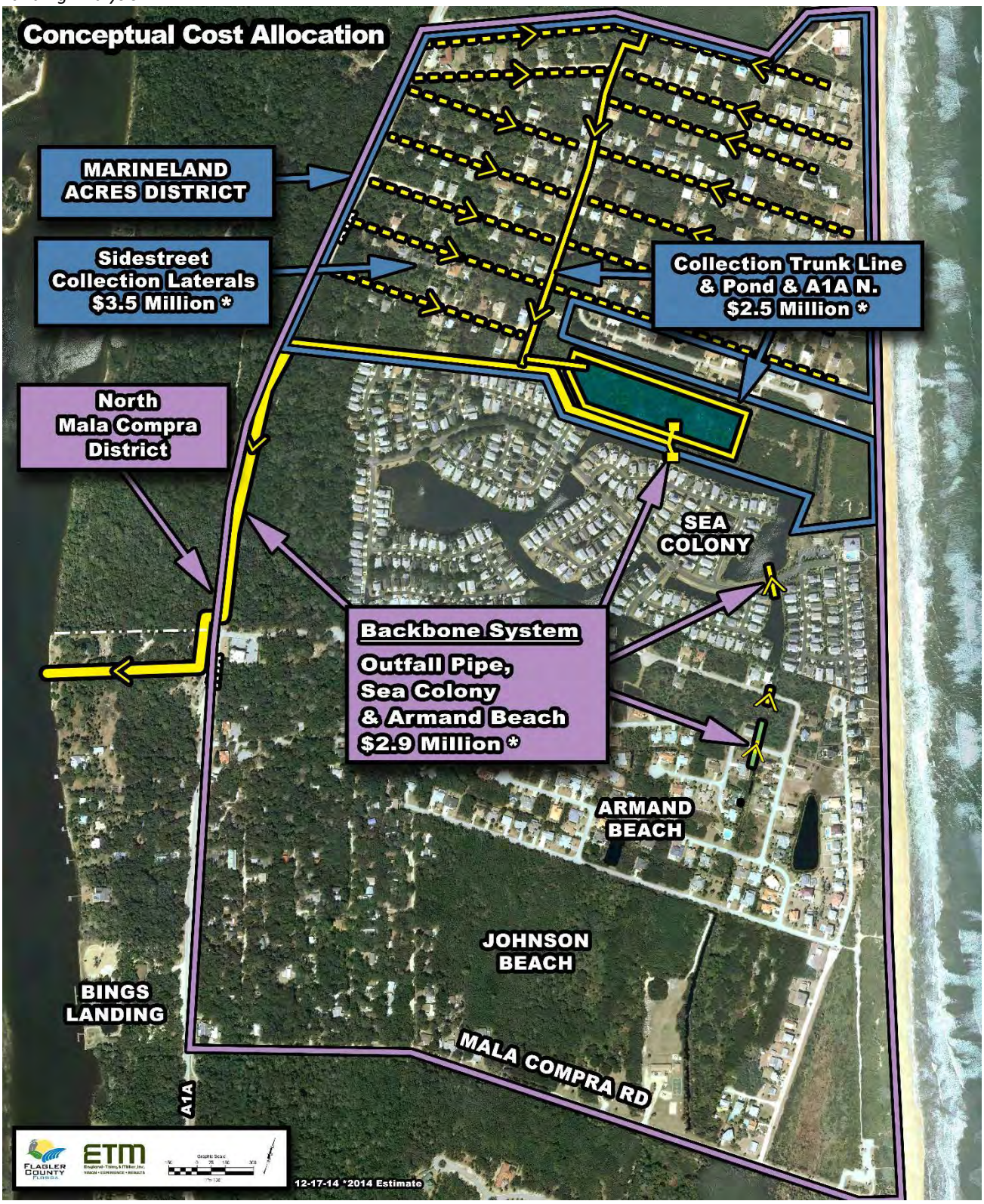
To the extent that state-owned properties adjacent to, or within the vicinity of, the assessment area benefit from the proposed stormwater management improvements that are the subject of this analysis, they are excluded from the assessment areas. This is because the levy of a benefit assessment on such properties would result in a duplication of charges to the privately-owned property in each of the assessment districts. The County owns several parcels in the area, and these parcels are included in the allocation of the assessments. The County is also participating through direct funding of some of the construction costs which is explained below. Streets and roads are not included in the drainage assessment analysis. Other properties in the general vicinity of the districts but outside of the assessment areas are excluded because they receive only incidental benefit from the stormwater management improvements that are the subject of this analysis.

The North Mala Compra District consists of approximately 390 acres. 1,419 primarily single-family parcels are platted in this assessment District. This count includes the total number of individual parcels that the county now owns in the Armand Beach area. The Marineland Acres District, lies within the boundaries of the North Mala Compra District, and can be generally considered to be the northern half of the North Mala Compra District. The Marineland Acres District consists of approximately 167 acres, and once fully developed is expected to have 390 primarily single-family parcels in that assessment district.

FIGURE 1

North Mala Compra and Marineland Acres Drainage District Assessment Areas

Funding Analysis



The parcels in the assessment districts consist of both developed and undeveloped parcels, some with on-site stormwater systems, and others without. Table 1 presents a characterization of the parcels in the North Mala Compra District and Marineland Acres Districts.

TABLE 1
Characterization of the Parcels in the North Mala Compra and Marineland Acres Districts
Funding Analysis

Benefit Group	Stormwater System	No. of Parcels	Vacant	Percent Vacant
Armand Beach Area	Subtotals below:	293	120	41%
	N	*25*	*16*	*64%*
	Y	*268*	*104*	*39%*
Johnson Beach Area	N	353*	220	63%
Marineland Acres Area	N	373	182	49%
Rollins Dunes	Y	29	14	48%
Sea Colony Area	Y	354	4	1%
Sea Scape Dr.	N-p	17	9	53%
Proposed North Mala Compra Basin Drainage District Total		**1,419**	**669**	**47%**
County Owned Pond Parcels	NA	3		
Total		**1,422**		

*176 of these parcels are County owned.
4 vacant parcels near A1A in Sea Colony Area are County owned.
N-p means that this neighborhood has permitted swales that overflow into neighboring parcels during larger storms, assumed no system present to reduce areawide flooding.
NA means that these parcels would not be assessed since they will be part of the stormwater system.

Planned Improvements

The proposed improvements in the North Mala Compra District will consist of “backbone” improvements that will include a new outfall to convey stormwater runoff from the developments in the District to the Intracoastal Waterway. The backbone improvements consist of outfall pipe, connections of the outfall pipe from an existing stormwater pond, and improved connections between the Sea Colony and Armand Beach existing stormwater systems. Figure 1 illustrates these projects. The Rollins Dunes neighborhood has a permitted stormwater system and when their system overtops in very large events, the overflow will drain toward the new outfall. Therefore, benefits derived in this area are associated with the new outfall in the Mala Compra District. This backbone system is considered Phase 1 because it must be in place before any drainage can be connected from the north.

The proposed improvements to serve the Marineland Acres District will consist of stormwater management improvements that will collect the stormwater runoff from the individual parcels in the Marineland Acres District and carry it to the backbone outfall. The planned improvements include a stormwater pond, collection trunk line, a pipe crossing under A1A, and sidestreet collection laterals (Figure 1). It is anticipated that these improvements may be constructed in two phases (Phases 2 and 3).

The County will own and maintain the improvements and is planning to construct at least some of the proposed improvements using County staff. The North Mala Compra District improvements may be

implemented in a separate stand-alone phases, but the outfall pipeline is required for improvements to be effective for the District. For purposes of this analysis, all of the improvements assigned to the North Mala Compra District are included as one phase (Phase 1). Depending on funding, the proposed improvements in the Marineland Acres District may also be constructed in phases, with the early phase(s) consisting of the storage pond, collection trunk lines, and improvements along A1A. The sidestreet collection laterals would be constructed in a later phase. For purposes of this analysis, two phases were assumed as described below.

Table 2 lists a summary of estimated construction cost opinion for these improvements. The construction cost estimates were provided by ETM. These construction cost estimates are preliminary estimates and will be refined prior to actual implementation of any assessments. These cost opinions include construction services costs but not all of the capital fees that may be incurred during the project implementation because the sources of some monies are not known at this time. None of the planned improvements have been constructed at the time this report was being prepared.

TABLE 2

Planned Improvements Construction Cost Opinion by District

Funding Analysis

District	Phase	Component	Construction Cost
North Mala Compra District			
	Backbone System, Phase 1		
		Outfall Pipe	$2,519,221
		Sea Colony Area	$265,209
		Armand Beach Area	$117,884
		Total District	$2,902,314
Marineland Acres District			
	Phase 2		
		Collection Trunkline	$1,299,418
		Stormwater Pond	$1,131,738
		A1A-N. Culvert	$33,259
		Subtotal Construction	$2,464,415
	Phase 3		
		Sidestreet Collection Laterals	$3,455,514
	Phases 2 and 3	Total District	$5,919,929
Combined North Mala Compra and Marineland Acres Districts			
	Phases 1 through 3	Total Project Construction Cost	$8,822,243

Funding Plan

The County is considering using available reserves to offset a portion of the construction costs of the planned improvements. For the purposes of this analysis, two options were considered for funding the improvements to serve the North Mala Compra District (Phase 1). The first option assumes that the County decides not to, or is unable to provide funds to offset any of the construction cost of these improvements. Benefit to the entire area is provided by the new outfall, so the second option assumes that the County would offset all of the construction costs of the backbone system improvements in the North Mala Compra District. Under this second option, properties in this district would not be assessed for any of the capital costs, but would be assessed for their share of the annual operation and maintenance (O&M) costs of the North Mala Compra drainage improvements.

For the Marineland Acres District, two options were also considered. The first option assumes no County funding of the planned improvements that solely serve this District. The second option assumes that the County provides approximately $1 million to offset a portion of the construction costs of Phase 2 improvements (pond, collection trunk lines, and improvements along A1A) and $3 million to pay for most of Phase 3 improvements (sidestreet collection laterals). Annual operating costs would also be assessed to the parcels in the District.

It was assumed for this analysis that the portion of the construction costs not paid for by the County, would be amortized over a 20 year period, at an interest rate of 6.0 percent, with equal annual principal and interest payments. Table 3 summarizes the total project construction costs and the planned County contributions through direct and outside funding (about 78 percent funded by outside of the districts). Table 4 presents the annual payments under each option for each district and the estimated annual operating costs (O&M). From these values, it is apparent that the County is directly funding about 46 percent of the construction costs in these two proposed districts which will reduce the landowners' assessment substantially.

TABLE 3

Summary of Project Cost Opinions and Anticipated Outside Funding

Funding Analysis

Project Component	Construction Cost Opinion	County/Outside Contribution	Net Capital Cost to District
N. Mala Compra District			
Phase 1 - Backbone System	$2,902,314	$2,902,314	$0
Marineland Acres District			
Phase 2 - Pond,Trunklines, and A1A Culvert	$2,464,415	$1,000,000	$1,464,415
Phase 3 - Collection Laterals	$3,455,514	$3,000,000	$455,514
Subtotal Marineland Acres	$5,919,929	$4,000,000	$1,919,929
N. Mala Compra and Marineland Acres District Project Cost Opinion	$8,822,243	$6,902,314	$1,919,929

Outside contributions by direct County and outside funding.

TABLE 4
Annual Capital and Operating Cost by Option
Funding Analysis

	Full Cost			Net Cost after Outside Contribution		
	Capital Annualized Cost	**Annual O&M Cost**	**Total Annual Cost**	**Capital Annualized Cost**	**Annual O&M Cost**	**Total Annual Cost**
N. Mala Compra District	$253,037	$84,900	$337,937	$0	$84,900	$84,900
Marineland Acres District						
Ponds, Collection Trunkline, and N. A1A Crossing	$214,859	$61,600	$276,459	$127,674	$61,600	$189,274
Sidestreet Laterals	$301,267	$34,600	$335,867	$39,714	$34,600	$74,314
Subtotal Marineland Acres	$516,126	$96,200	$612,326	$167,388	$96,200	$263,588
Total N. Mala Compra and Marineland Acres	$769,163	$181,100	$950,263	$167,388	$181,100	$348,488

Annualized over a 20 year amortization period at 6%

Funding Alternatives

The funding alternatives considered herein consist of:

- Special Assessment Districts
- Impact Fees
- Latecomer Fees
- Stormwater User Fees, and
- Revenue Bonds

The following provides a short description of each of these alternatives. This is followed by an evaluation of the advantages and disadvantages of using each alternative for funding the planned drainage improvements and associated O&M costs in the study area.

Special Assessment District

Special Assessment Districts (SADs) are typically formed to fund capital improvements and associated operating costs that will affect a defined geographical area that would receive a special benefit from the proposed improvements. They are often used to fund public improvements, such as sanitary sewers, stormwater drains, and/or water mains. A special assessment district (SAD) may be initiated either through resolution of the local government or at the request of property owners whose property would be benefitted by the improvements. The cost of the planned improvements will typically be financed through special assessment revenue bonds. The annual debt service on the bonds will then be recovered through annual assessments to the property owners benefitted by the improvements. The annual assessments are collected by the County Tax Collector. Benefitted property owners typically have the option of paying their share of the cost of the improvements within 60 days of the creation of the SAD, to avoid the annual debt service payments. The cost of the improvements and annual debt service on the bonds must be allocated

among the benefitted properties in proportion to the benefits that are received. This distribution could be per parcel, land area, front footage, or other measure of the benefits received.

A special form of SADs involves the use of Municipal Service Benefit Units (MSBUs). A MSBU is a non-ad valorem assessment district that is formed to finance a needed improvement or service in a specific geographic area. The properties in the MSBU receive the benefit and share in the cost of the improvement or service. Annual assessments may be based on a fee per parcel, per front foot, or other measure of the benefits received. The assessments may be fixed (that is, to pay the annual debt service on a bond or loan issued to finance the improvement) or variable, in which case the assessment may be recalculated annually based on the anticipated operating or other costs being recovered through the assessment for the year, and potential changes in the measure of the benefits received. MSBUs have been used to finance street lighting, solid waste services, weed control, and so forth.

Impact Fees

An impact fee is a one-time charge applied to new construction. The purpose of the fee is to fund capital projects such as water, wastewater, stormwater, and other infrastructure that are needed to serve new development. The funds collected cannot be used for O&M or repair of capital facilities. Impact fees are often used to fund improvements to provide capacity to serve new growth or to extend transmission lines or the other backbone components of the system to provide service to new development. Impact fees have become a widely accepted method of funding growth-related capital infrastructure with the advantage that state statutes and local government ordinances have been created to authorize and govern the use of these fees. However, impact fees have also generated controversy and disputes because they are perceived to add to the cost of new development. These fees are often reviewed by developers, homebuilder associations, and other entities to ensure that the fees are legal and equitable.

By statute and case law, impact fees must be used to provide capacity or improvements to serve new growth; the funds cannot be used for improvements to serve existing customers, and the level of service that the impact fees are designed to provide must be consistent with the level of service that the existing users are receiving. That is, the impact fees cannot be based on developing facilities that can handle a major rainfall event (that is, a once in every 50-year rainfall event), if the existing customers are only receiving service that only provides for handling a much smaller rainfall event (that is, a once in every 10-year rainfall event).

Latecomer Fees

Latecomer fees or agreements, also referred to as recovery contracts or reimbursement agreements, allow a property owner who has installed street or utility improvements to recover a portion of the costs of those improvements from other property owners who later develop property in the vicinity and use the improvements.

Local governments may require an owner of land that is to be subdivided or developed to provide roads, water, sewage, and/or drainage works with enough capacity to service properties that are located near their development. Such works may be termed “excess” or “extended” services. A water main that must be constructed along vacant properties to reach a proposed subdivision is an example of an extended service. A requirement that a water main be sized larger than immediately required to service a proposed subdivision is an example of an excess service. The developer may be required to pay for the cost of constructing the water line larger than is needed to serve their development by the utility or local government. The utility or local government will then collect a latecomer fee from other users or developments that subsequently connect to the line. Similarly, a drainage line that is oversized to handle additional runoff beyond what is needed to serve the initial development can be the subject of a latecomer fee. The utility or local government will then use the funds collected from this fee to reimburse the initial developer for the cost they incurred to oversize the line. The latecomer fee is payable at the time another user or development connects to the line or begins using the facilities that are the basis for the charge.

Typically, the terms of the agreement between the utility or local government and the developer installing the improvements have a time limit, often 10 to 15 years, after which any development that would use the line or facilities would not be subject to the latecomer fee, and the utility or local government would not be required to reimburse the initial developer for these costs.

Stormwater User Fees (Stormwater Utility)

A stormwater user fee is a monthly or periodic fee that is collected by a stormwater utility. The stormwater utility is established to manage and control the runoff from properties in its service area. The revenues generated by the monthly user fee and the utility's other sources of income are used to fund the activities of the stormwater utility, which may include planning, design and construction of facility improvements, repayment of any outstanding debts, O&M, and the organizational and administrative requirements of a comprehensive stormwater program. The requirements to comply with the stormwater NPDES permitting program is often administered by the stormwater utility, for example.

The stormwater user fee is typically based on an Equivalent Residential Unit, which in turn is usually based on the average impervious area of a typical single-family residential property in its service area. The user fee for commercial and other non-residential properties is then based on the impervious area of their property in comparison to that of a typical residential user. Some utilities charge a flat fee, while some others have both fixed and variable (based on imperviousness) components to their fee structure. Discounts are often included for systems with permitted stormwater facilities that reduce runoff from their property.

A stormwater user fee can only be collected from properties that have constructed improvements on their properties that add additional runoff from their properties (buildings, pavement, etc.). Properties that have not been developed or improved are not subject to this fee, thus a significant number of undeveloped properties in the study area would not be subject to the fee.

Revenue Bonds

A revenue bond is an obligation issued to finance a revenue-producing project. Both the principal and interest of such bonds are paid exclusively from the earnings of the utility or activity. As a general rule, such issues do not have any claim on the general credit or taxing power of the governmental unit that issues them. A system of sinking funds and operating controls typically is established to assure investors that the financial affairs of the project will be maintained in good order and all commitments honored.

In general, revenue bond financing is best suited to projects that 1) can operate on a service charge or user-fee basis; 2) have the potential to be self-supporting, previously demonstrated under public or private operation; and 3) can produce sufficient revenue without jeopardizing other important economic or social objectives of the community.

Two principal reasons for the issuance of revenue bonds rather than general obligation bonds are:

1. Revenue bonds are based on the concept that only the users of a facility financed by the sale of bonds should pay for that facility.
2. Revenue bonds are not ordinarily subject to statutory or constitutional debt limitations. Revenue bonds do constitute an obligation of the issuing jurisdiction. However, the obligations extend only to the payment of the bonds from a designated source of revenue (that is, a stormwater user fee).

A special form of revenue bond is a Special Assessment Revenue Bond. These bonds are repaid with the revenue generated by the special assessment on the land benefited by the improvements.

Evaluation of Funding Alternatives

The following discusses some of the pros and cons of each of the funding alternatives described previously.

Special Assessment District

Some of the primary advantages of establishing a SAD to fund the types of improvements being considered for Marineland Acres and North Mala Compra Districts include:

- Special assessments are generally a dependable source of revenue that can be used to fund both capital and operating costs.
- Costs would be recovered from those receiving a special benefit from the proposed improvements in proportion to the benefits received.
- Special assessments are a means of raising money outside county debt and general property tax limits. (Special assessment bonds do not count toward statutory debt limitations).
- Special assessments provide a means of levying charges for public services against property otherwise exempt from taxation.
- Special Assessment Revenue Bonds can be issued to finance the proposed improvements over a number of years. The anticipated revenue from the annual assessments to the property that would be benefitted by the proposed improvements would provide the annual funding for making the debt service payments on these bonds.
- Property owners in other areas of the County that would not directly benefit by the improvements would not be subject to the annual assessments.

The primary disadvantages of funding the proposed improvements with a SAD include:

- The effort and expense in establishing the SAD and determining the benefit to each property.
- The time and expense involved in administration of the SAD and its assessments. The administrative procedures require careful execution to avoid litigation.

If Flagler County were to use special assessments to fund the proposed drainage improvements, it recommended establishing two assessment districts (MSBUs), one for the improvements to Marineland Acres and the other for the improvements to the North Mala Compra backbone system.

Impact Fees

Impact fees provide a means of funding the provision of roads, drainage, utilities, and so forth to new developments, and to help avoid charging existing customers for improvements to serve new growth. As such, they can be an important tool for communities for the provision of municipal services to new service areas. However, these fees can only be used for capital improvements to serve new growth, or to repay debt service issued to finance capital improvements to serve new growth. Impact fee funds cannot be used for system operating costs or repairs. The funds generated through impact fees also may not be used for improvements to serve existing customers, nor may they be based on providing a level of service that is higher than the level of service being provided in the rest of the utility's or local government's service area.

Impact fees are often controversial as they may increase the cost of new housing or other developments, and are occasionally challenged by developers.

As approximately 53 percent of the study area is already developed, these properties would not be subject to an impact fee, unless they were redeveloped. However, the remaining 47 percent of the study area has not been developed, and thus could be subject to an impact fee, when it is developed. By constructing the proposed improvements, a comprehensive drainage system would be developed to serve Marineland Acres, which would provide the basis for an impact fee that could be collected from new development in the service area, provided that the undeveloped properties were not already paying for their share of these drainage improvements through a special assessment or one of the other funding mechanisms being considered. For example, if the proposed improvements were being primarily paid for through a stormwater user fee, collected from developed properties in the service area, then a portion of the cost of proposed

improvements could be recovered through an impact fee on new users of the drainage system. However, provisions would need to be made to avoid double-charging the new user for the drainage improvements (once through the impact fee and then again through the user charge).

Latecomer Fees

Latecomer fees are a useful tool for funding improvements in specific circumstances. In situations where a line or outfall being constructed to serve a new development can be oversized or extended to meet the future needs of other developments, the latecomer fee provides a means of reimbursing the developer for the cost of oversizing or extension of the line beyond what is needed for their development. The situation in this project does not fit the exact circumstances that would typically warrant the use of this funding mechanism. The areas that would be served by the proposed improvements are already developed; however, since the number of vacant parcels is large, the impact of future buildings will affect the runoff volume from the drainage area and unless the new facilities are sized to accommodate this building there would be a capacity issue. Therefore, the intent of the latecomer fee concept applies to this project.

Stormwater User Fees (Stormwater Utility)

Forming a stormwater utility and collecting a stormwater user fee can provide a stable source of long-term funding for a stormwater management program. This stable source of long-term funding can provide a basis for issuing debt to finance the needed improvements. The user fee system is typically based on the impervious area of each parcel and thus reflects the demands that each user is placing on the drainage system. However, the effort and expense associated with developing the impervious area and other billing information (e.g., credits), establishing the utility by ordinance, managing the billing and collection system, and the overall administration of the system can be considerable.

Because of the effort and expense involved, most stormwater utilities are established to serve large areas, such as an entire city or large portions of or an entire county. Thus, while establishing a stormwater utility would provide a continuing stable source of funding for the drainage services in Marineland Acres and other nearby communities, the cost to establish and administer a stormwater utility for just the study area would likely be prohibitive.

Revenue Bonds

The County may find it necessary to issue debt to finance the proposed improvements. Revenue bonds and special assessment revenue bonds must rely on a stable source of funding that can be pledged to the repayment of the bonds. Thus, revenue bonds could be used to help finance the proposed improvements if the County was to form a stormwater utility, or special assessment revenue bonds could be used if the County were to form a SAD. One of the main advantages of revenue bonds is that the County would not need to secure the bonds with its general taxing power, and the funds generated through the stormwater utility would be used to repay the debt service on the bonds. Or alternatively, if special assessment revenue bonds were issued, only those property owners benefitted by the improvements would be responsible for repaying the bonds.

Apportionment of Estimated Costs

It is recommended that the County consider forming two SADs to finance these drainage improvements. One of the districts would be just for the capital improvements in the Marineland Acres area, and the other would be improvements in the North Mala Compra backbone system area as previously defined. O&M associated with these improvements should also be included in these assessments. Formation of a MSBU, would help ensure that properties would pay their equitable share of the costs and provide a foundation for long term funding of these drainage improvements and associated operating costs.

Part of the reason to separate the study area into two districts is to better allocate the benefits between the planned improvements to the assessable parcels in the North Mala Compra District and the Marineland

Acres District. In addition to proximity to facilities included in each district, individual parcels were assigned benefit depending on whether or not a building was present because of the higher volume of stormwater runoff from developed properties. The amount of stormwater runoff from developed parcels was determined by the design engineer (ETM), to be about twice that of an undeveloped parcel. Thus, the benefits to the developed parcels were determined to be twice that of an undeveloped parcel.

Consideration was also given to varying the assessments based on whether a parcel is served by an existing stormwater system. A parcel with an existing stormwater system would not benefit directly as much as a parcel without a stormwater system, but would still have benefits derived from better drainage in the area (access and property value escalation). However, since Rollins Dunes is the only neighborhood with significant stormwater facilities in the proximity of Marineland Acres and it was assigned to North Mala Compra District, there was no differences between parcels in the Marineland Acres District. Since the neighborhoods without stormwater systems in the southern North Mala Compra District do not receive any substantial new infrastructure except for the general benefits derived from the backbone system, no extra benefit was assigned to parcels without stormwater facilities (Johnson Beach and some neighborhoods closer to A1A).

The assessments were developed based on the number of parcels in each district and whether they were developed. Data was obtained from the County property appraiser database to allocate fees to parcels. Before implementation, these rates may be altered somewhat to reflect the current development and final funding costs (interest rates, period of return, and so forth), but future rates should be similar to those developed here if the project is implemented within a couple of years.

The assessable properties in the North Mala Compra and Marineland Acres Districts were determined to benefit equally from the operating costs for each District, respectively. Thus the assessments for operating costs were a uniform amount per parcel in each District.

Preliminary Projected Annual Assessments

Table 5 presents the resulting estimated assessments to properties in each District with and without County/outside funding for all or a portion of the planned improvements in each District. Parcels in the Marineland Acres District will be subject to the assessments for the North Mala Compra District and for the Marineland Acres District. Table 5 shows these combined assessments. All of these values are preliminary because the actual costs may vary and the County will need to develop the ordinances to implement the MSBU and fees. In addition, the project will be completed over time, so while some O&M costs will be incurred soon, Phase 1, the assessments for later phases will be delayed until needed. Tables 5B and 5C illustrates how the assessments may be implemented over time assuming that all three phases would be constructed over a 4 year period, full outside funding is obtained, and the assessment fees are rounded to the nearest $5 increment.

TABLE 5A

Estimated Annual Assessments by District

Funding Analysis

Type of Parcel	District/Phase	O&M without County Contribution	O&M with County Contribution[1]	Construction without Outside Contribution	Construction with County/Outside Contribution[2]	Total O&M and Construction without Outside Contribution	Total O&M and Construction with County/Outside Contribution
Developed	**N. Mala Compra District**						
	Phase 1	$60.00	$30.00	$221.48	$0.00	$281.48	$30.00
	Marineland Acres District[3]						
	Phase 2 - Pond, Collection Trunkline, and N. A1A	$157.95	$78.97	$729.57	$433.53	$887.52	$512.50
	Phase 3 - Sidestreet Collection Laterals	$88.72	$0.00	$1,022.98	$134.85	$1,111.70	$134.85
	N. Mala Compra and Marineland Acres Districts Assessments Combined	$306.67	$108.97	$1,974.03	$568.38	$2,280.69	$677.36
Vacant	**N. Mala Compra District**						
	Phase 1	$60.00	$30.00	$110.74	$0.00	$170.74	$30.00
	Marineland Acres District						
	Phase 2 - Pond, Collection Trunkline, and N. A1A	$157.95	$78.97	$364.79	$216.76	$522.73	$295.74
	Phase 3 - Sidestreet Collection Laterals	$88.72	$0.00	$511.49	$67.43	$600.21	$67.43
	N. Mala Compra and Marineland Acres Districts Assessments Combined	$306.67	$108.97	$987.01	$284.19	$1,293.68	$393.16

[1] County staff proposes to contribute 50 percent of increase in O&M costs for Phase 2; 100 percent of increase for Phase 3.

[2] County and outside contributions for future phases is tentative, pending commission approval and grant monies, but assumed to be $1M for Phase 2 and $3M for Phase 3.

[3] Marineland Acres District include the neighborhoods of Marineland Acres, Seascape Drive, and Oceanside Drive.

TABLE 5B

Example of Implementation of a MSBU Assessment over Time for Developed Parcels

Funding Analysis

		Annual Assessment First 10 Years									
Developed		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Phase 1 N. Mala Compra	Construction										
	O&M		$30	$30	$30	$30	$30	$30	$30	$30	$30
Phase 2 Marineland Acres Only	Construction	$435	$435	$435	$435	$435	$435	$435	$435	$435	$435
	O&M				$80	$80	$80	$80	$80	$80	$80
Phase 3 Marineland Acres Only	Construction					$135	$135	$135	$135	$135	$135
	O&M										
Marineland Acres Only	Total Fee	$435	$465	$465	$545	$680	$680	$680	$680	$680	$680

Assumes continuous construction of each phase with full outside funding for construction.

TABLE 5C

Example of Implementation of a MSBU Assessment over Time for Vacant Parcels

Funding Analysis

Vacant		Annual Assessment First 10 Years									
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Phase 1 N. Mala Compra	Construction										
	O&M		$30	$30	$30	$30	$30	$30	$30	$30	$30
Phase 2 Marineland Acres Only	Construction	$220	$220	$220	$220	$220	$220	$220	$220	$220	$220
	O&M				$80	$80	$80	$80	$80	$80	$80
Phase 3 Marineland Acres Only	Construction					$70	$70	$70	$70	$70	$70
	O&M										
Marineland Acres Only	Combined Fee	$220	$250	$250	$330	$400	$400	$400	$400	$400	$400

Assumes continuous construction of each phase with full outside funding for construction.

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Latecomer Fees

The proposed assessments vary for developed and undeveloped properties. The proposed stormwater management facilities will be sized to handle the runoff from the parcels in the respective district, assuming that the district fully develops. Once a parcel develops, it will switch from paying the undeveloped or vacant property assessment, to paying the developed property assessment. A drainage line that is oversized to handle additional runoff beyond what is needed to serve the initial development can be the subject of a late comer fee. The utility or local government typically use the funds collected from this fee to reimburse the initial developer for the cost they incurred to oversize the line. In this case, the County is the developer of these improvements. The latecomer fee is payable at the time another user or development connects to the line or begins using the facilities that are the basis for the charge.

The proposed latecomer fees would be designed to recover the differential in the assessments between the developed and undeveloped properties for the period until the parcel develops. The latecomer fee could be designed to escalate on an annual basis or averaged out over a 5 year period. It is assumed that these latecomer fees would be updated at a 5-year cycle. Table 6A presents proposed latecomer fees for each district with annual updates, both with and without the County contribution to construction costs. Table 6B illustrates an average fee for development that may occur during a 5-year cycle. Using an average escalation fee has some administrative advantages, but may also be somewhat harder to anticipate future changes. The latecomer fee in the Marineland Acres District would vary depending upon how much the County had implemented (assumed to be implemented in two phases here). New development in the Marineland Acres District would also be subject to the latecomer fee for the North Mala Compra District.

Revenues generated by the proposed latecomer fees could be used by the County to reduce the assessment amounts to be collected in subsequent periods, or to reimburse the County for some of the funds that it uses to pay for some of the improvements in these Districts.

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TABLE 6

Example Latecomer Fee Options for Study Area, Annual Fee Escalation

Funding Analysis

Annual Fee Escalation Example	**Year 1**		**Year 2**		**Year 3**		**Year 4**		**Year 5**	
	Without Outside Contribution	**With Outside Contribution**	**Without Outside Contribution**	**With Outside Contribution**	**Without Outside Contribution**	**With Outside Contribution**	**Without Outside Contribution**	**With Outside Contribution**	**Without Outside Contribution**	**With Outside Contribution**
N. Mala Compra District (Phase 1)	$110.74	$0.00	$221.48	$0.00	$332.22	$0.00	$442.95	$0.00	$553.69	$0.00
Marineland Acres District (Breakdown for Illustration Purposes)										
Phase 2 - Pond, Trunkline, and N. A1A Culvert	$364.79	$216.76	$729.57	$433.53	$1,094.36	$650.29	$1,459.14	$867.06	$1,823.93	$1,083.82
Phase 3 - Sidestreet Collection Laterals	$511.49	$67.43	$1,022.98	$134.85	$1,534.47	$202.28	$2,045.96	$269.70	$2,557.44	$337.13
Combined Phases 2 and 3	$876.28	$284.19	$1,752.55	$568.38	$2,628.83	$852.57	$3,505.10	$1,136.76	$4,381.38	$1,420.95
Total N. Mala Compra and Marineland Acres (Total Assessment in Marineland Acres District)										
Phase 2 - Pond, Trunkline, and N. A1A Crossing	$475.52	$216.76	$951.05	$433.53	$1,426.57	$650.29	$1,902.10	$867.06	$2,377.62	$1,083.82
Phase 3 - Sidestreet Collection Laterals	$622.23	$67.43	$1,244.45	$134.85	$1,866.68	$202.28	$2,488.91	$269.70	$3,111.14	$337.13
Combined Phases 2 and 3	$987.01	$284.19	$1,974.03	$568.38	$2,961.04	$852.57	$3,948.05	$1,136.76	$4,935.07	$1,420.95

Future escalation would be reevaluated and established at a 5-year frequency.

TABLE 6B

Example Latecomer Fee Options for Study Area, Average 5-Year Fee Escalation

Funding Analysis

Fee Set For 5 Year Period Example	**Years 1 - 5**	
	Without Outside Contribution	**With County/Outside Contribution**
N. Mala Compra District (Phase 1)	$332.22	$0.00
Marineland Acres District (Breakdown for Illustrative Purposes)		
Phase 2 - Pond, Trunkline, and N. A1A Crossing		
	$1,094.36	$650.29
Phase 3 - Sidestreet Collection Laterals		
	$1,534.47	$202.28
Combined Phases 2 and 3		
	$2,628.83	$852.57
Total N. Mala Compra and Marineland Acres (Total Assessment in Marineland Acres District)		
Phase 2 - Pond, Trunkline, and N. A1A Crossing		
	$1,426.57	$650.29
Phase 3 - Sidestreet Collection Laterals		
	$1,866.68	$202.28
Combined Phases 2 and 3		
	$2,961.04	$852.57

Future escalation would be reevaluated and established at a 5-year frequency.

Conclusions and Recommendations

Flagler County is considering options for funding proposed stormwater management improvements to alleviate drainage problems in North Mala Compra and Marineland Acres and surrounding areas. The creation of assessment districts to help fund these improvements, along with available County and outside funds and the collection of latecomer fees, could provide sufficient funds to finance these improvements and the annual operation and maintenance costs. The analysis presented herein presents preliminary projected assessments, and latecomer fees under this proposed approach to funding these improvements and services.

It is recommended that the County consider the options presented herein for funding the provision of these facilities and services. The allocation of construction costs between parcels vary according to benefit and latecomer fees provide an equitable means of providing these services to an area in need of additional stormwater management services. If the County decides to proceed with this approach, the costs and analysis should be refined and updated as the required facilities, cost estimates for providing these facilities and services, and the County's available funding sources are better defined during implementation.