

Memorandum

TO: Interested Parties
FROM: Wendy Muzzy, Director, Feasibility Research and Will Abberger, Vice President,
Director, Conservation Finance
DATE: May 14, 2020
RE: Indian River County conservation finance estimates

Introduction

In November 1992, Indian River County voters approved a \$26 million bond backed by a ½-mill property tax increase by 53 percent. In November 2004, Indian River County voters approved a renewal of the county's successful land conservation program, approving a \$50 million bond backed by a ½-mill property tax increase with 67 percent voting yes. The Trust for Public Land provided technical assistance to Indian River County to design the ballot measure and worked with local, private citizens to organize and run a successful ballot measure campaign. Indian River County is now interested in exploring the possibility of again renewing county funding for land conservation. In February 2020, Indian River County requested The Trust for Public Land's technical assistance to evaluate potential funding options to continue and sustain the county's land conservation program.

Background¹

The primary purpose and objective of the existing Indian River County Conservation Lands Program is to protect, restore and sustain endangered ecosystems and associated rare and endangered species in Indian River County. Secondary objectives of the program include passive public recreation, preservation of open space, groundwater quality protection, flood protection, protection of historic and cultural resources, and general preservation of "quality of life." The Conservation Lands Program is managed by the Conservation Lands Manager through the Parks and Conservation Resources Division and supervised by the Parks Superintendent. The Conservation Lands Manager and Parks Superintendent also work closely with the Community Development Department.

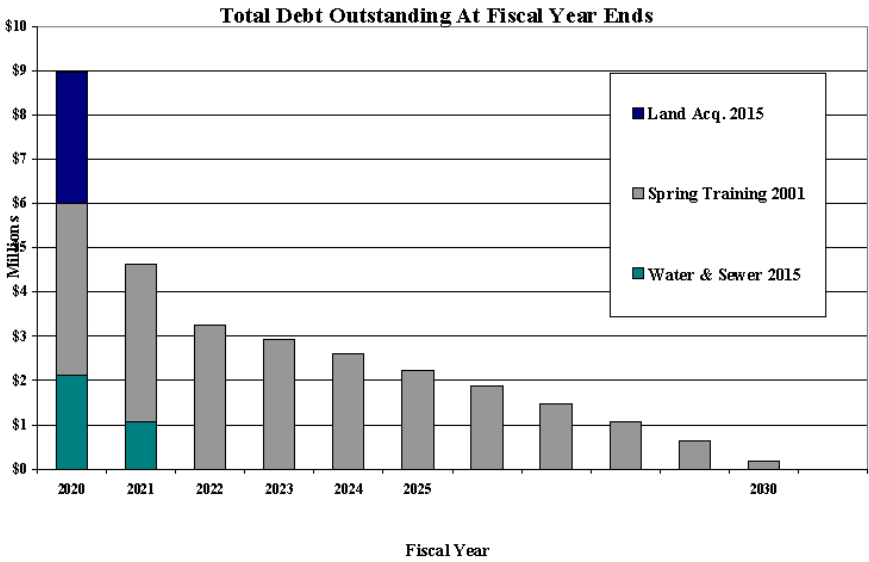
The Parks and Conservation Resources Division enhances and maintains parks, conservation lands, buildings and equipment in order to provide quality recreation, leisure and conservation area.

Indian River County's outstanding debt at the end of FY 2018/2019 stands at \$14,597,000. Enterprise Funds support 21.7% of the overall debt (Utilities Department), leaving about \$11,423,000 or 78.3% in bonds paid from General Governmental funds. The only general obligation (G.O.) bond outstanding is a voter approved G.O. issue for conservation land acquisition. It should be noted that in the State of Florida, G.O. bonds may only be issued after a voter referendum to approve them is passed.

¹ Largely excerpted from the Indian River County website at https://www.irccgov.com/Departments/General_Services/Parks/Index.htm and Indian River County Annual Budget for FY 2019-2020.

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In 2004, the voters of Indian River County approved a referendum to continue the county’s land conservation program and issue an additional \$50 million for land acquisition. Historic and agricultural lands were added to the approved purchases under this referendum, whereas the initial 1992 bond referendum only authorized acquisition of environmental lands. In June 2006, Indian River County issued the 2006 Series Limited General Obligation Bonds in the principal amount of \$48,600,000 at an average interest rate of 4.22% (true interest cost) for land conservation. On February 17, 2015 the Board of County Commissioners approved refunding the bonds using a bank loan in order to save approximately \$1.1 million dollars, or 6.05% of the refunded amount. The bank loan provided a lower borrowing cost at 1.84%, reduced the annual debt service by \$170,000, and allowed for a modest reduction in the ad valorem millage rate. These bonds are due to mature in 2021. All funds have been spent/committed.



Florida History of Conservation Finance

The State of Florida authorizes local communities to use various revenue sources for parks and recreation purposes including property taxes, sales and use taxes, general obligation bonds, and the creation of special districts. Voters approved 82 percent of local conservation finance measures (75 of 92) on the ballot in Florida between 1996 and 2019. General obligation bonds are the most popular public finance mechanism in Florida for parks and conservation. The table to the right illustrates the number and type of conservation finance measures that have gone before voters over the past 23 years. For recent park and land conservation measures on the ballot in

Local Conservation Finance Mechanisms in Florida				
Summary of local ballot measures from 1996 - 2019				
Mechanism	#		Total	%
	Passed	Failed		
Bond	52	7	59	88%
Sales Tax	14	8	22	64%
Property Tax	7	2	9	78%
Other*	2	0	2	100%
Total	75	17	92	82%
<i>*Budget allocations</i>				
Source: TPL LandVote Database (measures that include \$ for land conservation.)				



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Florida, the passage rate is 86 percent. Both municipal measures (Hollywood and Jupiter) on the March 2019 ballot were approved. Five of the six city and county park and land conservation measures on the ballot in 2018 were approved. The finance mechanism for all of these recent ballot measures has been general obligation bonds. Two land conservation ballot measures have already been referred to the November 2020 ballot, Nassau County (\$30 million bond) and Collier County (renewal of a 0.25 mill property tax).

General Obligation Bonds

Florida counties and municipalities are authorized to issue debt for capital improvement purposes including parks and open space in the form of general obligation bonds.² The state statutes do not place specific limits on the amount of debt that can be incurred by a community, but do limit the duration of the bonds to a period not exceeding 40 years. When bonds have been issued, the governing body must levy annually a tax upon taxable property in the jurisdiction sufficient to pay the debt service and interest on the bonds.³

Issuing Bonds for Parks and Open Space

The table to the right illustrates the debt service and millage required for bond amounts that could potentially be issued for parks and open space in Indian River County. For instance, a countywide bond issue for \$50 million would add roughly \$3.9 million to the county’s annual debt service and cost the typical homeowner an average of \$44 per year in additional property taxes.

Bond Financing Costs for Indian River County			
15-year Bond Issues at 2.0% Interest Rate			
2019 Total Taxable Value = \$18.6 billion			
Bond Issue Size	Annual Debt Svce	Mill Levy Increase	Cost/ Year/ Avg. Residential
\$40,000,000	\$3,113,019	0.168	\$35
\$50,000,000	\$3,891,274	0.209	\$44
\$55,000,000	\$4,280,401	0.230	\$48
\$60,000,000	\$4,669,528	0.251	\$52
\$65,000,000	\$5,058,656	0.272	\$57
\$70,000,000	\$5,447,783	0.293	\$61

Source: Florida Dept. of Revenue Ad Valorem & Tax Data Book
Average residential property taxable value \$208,433.

TPL’s bond cost calculations provide a basic estimate of debt service, tax increase, and cost to the average homeowner in the community of potential bond issuances for parks and land conservation. Assumptions include the following: the entire debt amount is issued in the first year and payments are equal until maturity; 15-year maturity; and two percent interest rate. The property tax estimates assume that the jurisdiction would raise property taxes to pay the debt service on bonds, however other revenue streams may be used. The cost for the average residential property represents the estimated annual impact of increased property taxes levied to pay the debt service. The estimates do not take into account growth in the tax base due to new construction and annexation over the life of the bonds. The jurisdiction’s officials, financial advisors, bond counsel and underwriters would establish the actual terms of any bond.

Enactment procedures

The County Commission must call a referendum election prior to the issuance of bonds.⁴ There must be at least 30 days’ notice published in the local newspaper of general circulation.⁵ Bond

² A single ballot question may authorize bonding authority and a millage levy, the excess of which can be used for operations and maintenance. The mill levy must be within the County’s 10-mill cap.
³ Chapters 100 and 130, and Section 200.181, *Florida Statutes*.
⁴ Section 100.211, F.S.
⁵ Section 100.342, F.S.

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elections may be held concurrently with any general or primary election.⁶ General elections are held on the first Tuesday after the first Monday in November of each even numbered year.⁷ The next general election will be Tuesday, November 3, 2020. The deadline in Indian River County for filing a measure for the 2020 General Election is August 17, 2020.⁸ Indian River County voters will elect three county commissioners at this election.

Special elections may also be called after the supervisor of elections consents.⁹ In any special election or referendum not otherwise provided for there shall be at least 30 days' notice of the election or referendum by publication in a newspaper of general circulation in the county. The publication shall be made at least twice, once in the fifth week and once in the third week prior to the week in which the election or referendum is to be held.

Ballot Language

For public measures submitted to voters, a summary must be printed in clear and unambiguous language on the ballot following the list of candidates. The summary shall be an explanatory statement of the chief purpose of the measure, not exceeding 75 words in length, and must be followed by the word "yes" (to indicate approval) and the word "no" (to indicate rejection). The ballot title shall consist of a caption, not exceeding 15 words in length, by which the measure is commonly referred to or spoken of.¹⁰

November 2, 2004 bond in Indian River County, Florida

WATER RESOURCES PROTECTION, ENVIRONMENTALLY SIGNIFICANT LANDS, OPEN SPACE AND WILDLIFE HABITAT PRESERVATION
Approved with 67% yes

To acquire and preserve land to protect water resources, drinking water resources, environmentally significant lands, historic sites, agricultural lands, open spaces, and/or wildlife habitat, shall Indian River County be authorized to issue general obligation bonds with maturities not exceeding 15 years at interest rates not exceeding the legal maximum in an amount not exceeding \$50 million payable from ad valorem taxes not exceeding 1/2 mill, with project spending subject to annual independent audit?

November 1, 1992 bond in Indian River County, Florida

Approved with 53% yes

Shall Indian River County be authorized to acquire environmentally significant land to protect water quality, open spaces, and wildlife habitat, by issuing general obligation bonds not exceeding \$26,000,000 to be repaid in not-to-exceed 15 years and structured so that at the time of issuance the rate necessary to fund the maximum annual payments on the bonds shall not exceed ½ mill?

⁶ Section 100.361, F.S.

⁷ Section 100.031, F.S.

⁸ Personal communication with the Leslie Swan, Supervisor of Elections, 4/8/20.

⁹ Section 100.151, F.S.

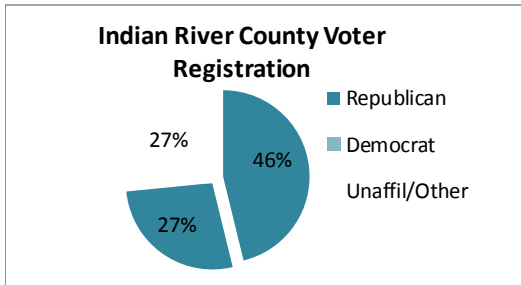
¹⁰ F.S. § 101.161.

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2020 Presidential General Election Calendar

General Election	
Voter Registration Deadline (book closing)	October 5
Vote-by-Mail Ballot Send Deadline - for UOCAVA Voters (Absent Stateside and Overseas Uniformed and Civilian Voters)	September 19
Vote-by-Mail Ballot Send Deadline - For Domestic Voters (7-day mailing window)	September 24 - October 1
Early Voting - Mandatory (8-day period starting on the 10th day and ending on the 3rd day before Election Day)	October 24 - October 31
Early Voting Period - Additional Optional Days (A county may offer early voting on one or more of these days)	October 19, 20, 21, 22, 23, and November 1
Election Day	November 3

County Voter Registration



Indian River County Voter Registration		
Party	Percentage	# Voters
Republican	46%	53,887
Democrat	27%	31,801
Unaffil/Other	27%	30,991
Total	100%	116,679

County Voter Turnout

Indian River County Voter Turnout			
Election	Registered Voters	Ballots Cast	% Turnout
Nov-18	113,426	74,999	66%
Nov-16	106,641	81,716	77%
Nov-14	97,944	53,495	55%
Nov-12	93,569	72,117	77%
Nov-10	90,898	48,507	53%
Nov-08	90,053	71,145	79%

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November 2020 ballot

Indian River County voters likely will be asked in November to increase property taxes to pay for children's services countywide. Draft ballot language follows.

On Jan. 14, the Indian River County Board of County Commissioners voted to explore holding a referendum to establish a set property tax millage for children's services. Currently, an assigned millage of up to 0.1250 provides funds to the children's services advisory committee. Over the past five years, the commissioners have increased the amount allocated to children's services from \$851,965 in 2015/2016 to \$2,062,611 in 2019/2020. At a February 24 workshop, Commissioner Peter O'Bryan suggested an increase of .2 mills for three years, .25 mills for three years, then .33 mills for six years. At the current tax roll, that would be about \$6.8 million at a third of a mill -- a threefold increase over the current funding.

The cost to the average homeowner (taxable value of \$\$196,791) for the new tax for children's services would be \$49.20 annually when the millage is 0.25, rising to \$64.94 annually when the millage reaches 0.33. According to the Florida Housing Data Clearinghouse, the average single-family home in Indian River County was assessed at \$246,791 in 2018. Assuming the standard \$50,000 homestead exemption, the taxable value would be \$196,791.¹¹

¹¹ Winikoff, Michael, Indian River County considers raising taxes for children's services, *Hometown News*, March 5, 2020; and <https://ircgov.legistar.com/LegislationDetail.aspx?ID=4338800&GUID=0A37C87B-8BB6-4FD1-8255-92A4B53000BF&Options=&Search=>

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REVISED 2-7-20

Draft Referendum Language

Option 1:

Dedicated Millage for Children's Trust of Indian River County

In order to fund improvements in quality children's development, physical and mental health, and other services for children residing in Indian River County, shall Indian River County levy each year an ad valorem tax of one-quarter of a mill in 2021, one-third of a mill in 2024, and two-fifths of a mill in 2027 to 2032, and ensure proper fiscal stewardship of these funds, in accordance with Resolution. Reauthorization required in 2032.

- For dedicated millage for Children's Trust
 Against dedicated millage for Children's Trust

Option 2:

Dedicated Millage for Children's Trust of Indian River County

In order to fund improvements in quality children's development, physical and mental health, and other services for children residing in Indian River County, shall Indian River County levy each year an ad valorem tax of one-quarter of a mill in 2021, one-third of a mill in 2024, and two-fifths of a mill in 2030 to 2032, and ensure proper fiscal stewardship of these funds, in accordance with Resolution. Reauthorization required in 2032.

- For dedicated millage for Children's Trust
 Against dedicated millage for Children's Trust