

City of North Port, Florida
Contraction of City Boundaries Feasibility Study



April 2, 2021



BACKGROUND

This Contraction Feasibility Study for the City of North Port, Florida has been prepared to analyze fiscal and other impacts to the City of North Port related to a citizen petition for municipal contraction filed with the City on October 28, 2020 (“Contraction Petition”) pursuant to Florida Statutes §171.051(2).¹ This petition was organized and sponsored by the West Villagers for Responsible Government (“WV4RG” or “Petitioner”). The Contraction Petition filed with the City on October 28, 2020 requests that the municipal boundaries of the City of North Port (“City”) be contracted to remove “all lands west of the Myakka River from the City of North Port Municipal Boundary.”² The lands west of the Myakka River that are within the City of North Port and proposed for removal from the City boundaries are referred to as the “Contraction Area” in this Report.

Under the statutory process for contraction of municipal boundaries proposed by qualified voters under Florida Statutes §171.051(2), the City is required to undertake a study of the feasibility of the proposed contraction. Under the Joint Stipulation Regarding Submission of Petition signed by the City and the Petitioner, the six-month period to undertake the feasibility study commenced upon November 16, 2020, the date of verification of the sufficiency of the petition by the Sarasota County Supervisor of Elections. After consideration of the feasibility of the proposed contraction, the City shall either initiate proceedings to contract its boundaries using the statutory process or reject the petition, specifically stating the facts upon which the rejection is based. F.S. §171.051(2). The City has engaged Munilytics, Inc. to provide this Contraction Feasibility Study to assist the City Commission with identifying and evaluating impacts to the City from the City boundaries.

The Florida Legislature has established contraction procedures and criteria for municipal contractions in Florida Statutes Chapter 171, the Municipal Annexation or Contraction Act (“Act”). As stated in F.S. §171.021, the purposes of the Act are to “set forth procedures for adjusting the boundaries of municipalities through annexations or contractions of corporate limits and to set forth criteria for determining when annexations or contractions may take place so as to:

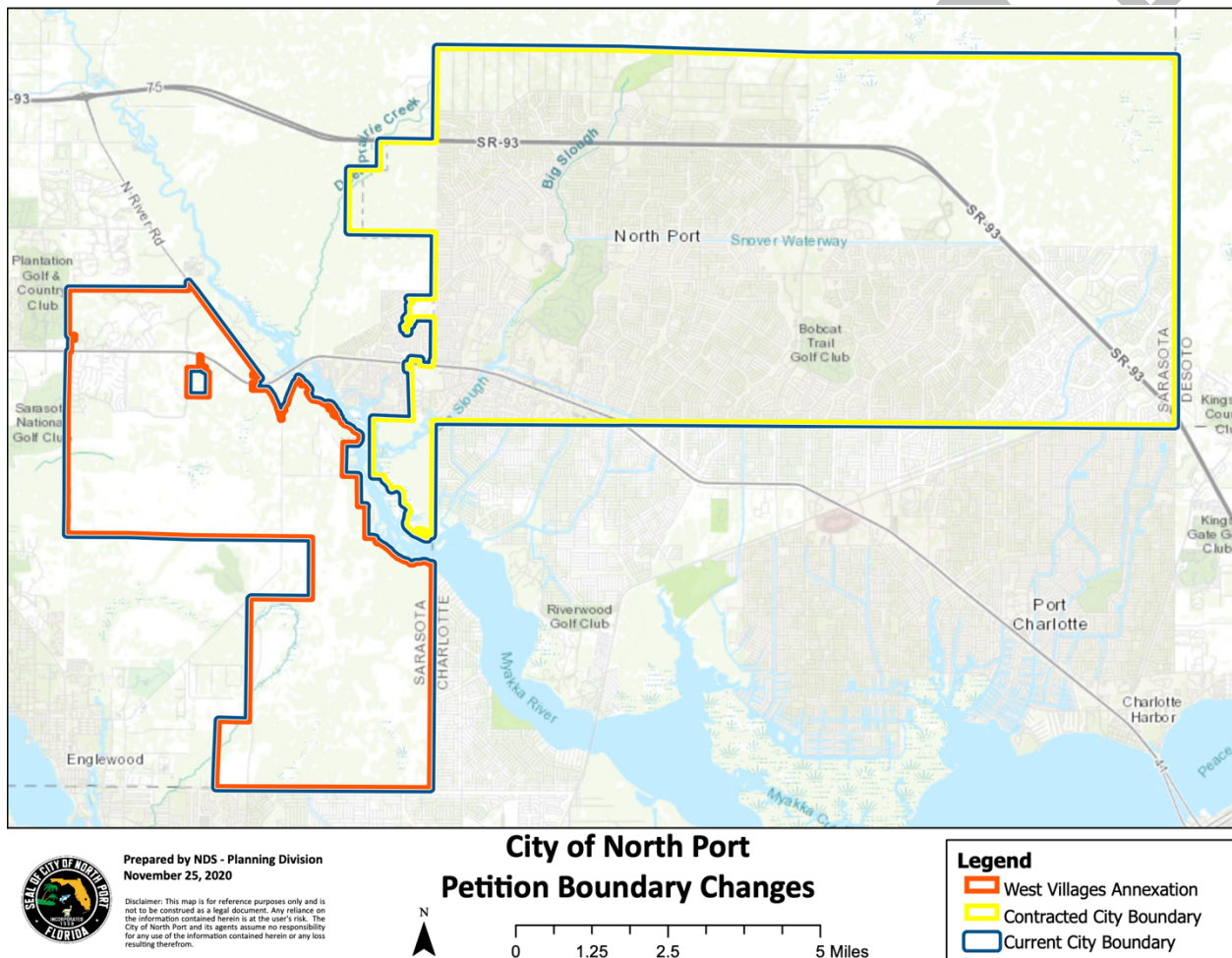
- (1) Ensure sound urban development and accommodation to growth.
- (2) Establish uniform legislative standards throughout the state for the adjustment of municipal boundaries.
- (3) Ensure the efficient provision of urban services to areas that become urban in character.
- (4) Ensure that areas are not annexed unless municipal services can be provided to those areas.”

The policies reflected in the purposes of the Act are relevant for the City Commission to consider in addition to the City’s Comprehensive Plan and related planning documents and the fiscal and other impacts discussed in this Report when evaluating the proposed Contraction Petition. Pursuant to F.S. §171.051(2), the City Commission’s options after review of the Contraction Petition are, if the petition fulfills the prerequisites for contraction specified in the Act, to either (1) initiate contraction proceedings under F.S. §171.051(1), or (2) reject the petition, specifically stating the facts upon which the rejection is based. Information and analysis provided in this Report is intended to assist the City Commission with review of the feasibility and determining the advisability of removing the Contraction Area from the City’s boundaries as proposed in the Contraction Petition. Detailed information on the fiscal impacts to the City are presented in Section __, ____, of this Report. The specific criteria required for the Contraction Area are discussed in Section __, Statutory Requirements and Process for Contraction, of this Report. Identification of additional issues of concern that are difficult to specifically quantify for the City are outlined in Section __, Additional Issues of Concern, of this Report.

The proposed Contraction Area includes all land within the City boundaries that is west of the Myakka River. This area includes lands located within the West Villages Improvement District (“WVID”) which includes approximately 8,730 acres,³ the Myakka State Forest and SFWMD Park/Preserve lands of approximately 6,981 acres, and some additional parcels comprising approximately 242.7 acres of land within the City boundary but not part of WVID.⁴ A map illustrating the Contraction Area requested in the November 2020 Contraction Petition is

included as Figure 1 in this Report (“City of North Port Petition Boundary Changes”, prepared by NDS – Planning Division, Nov. 25, 2020). Please note that the area delineated by a red line on the map is the boundary of the Contraction Area (not “West Villages Annexation” as described in the Legend). The remainder of this Report will analyze fiscal and other relevant impacts to the City if the Contraction Area were removed from the jurisdiction of the City.

Figure 1. City of North Port Citizen Contraction Petition Boundary Changes



Financial Considerations of Contraction

The financial impact on is significant. We estimate that the first six years would result in a net loss of \$16,336,750 to the City of North Port. The City loses \$63,322,814 in revenue but saves \$46,986,064 in expenditures. The first year the net loss to the City would be \$1,932,259. We don't believe it's likely that the City would be able to reduce expenditures enough to offset the revenue loss.. These losses combine across the City's General and Special Revenue funds (Road and Drainage Fund, Fire Rescue District Fund, Solid Waste District Fund, Surtax III Fund). We expect the City's Water and Sewer Utilities Fund to generate 25% or more operating revenue on the same expenses due to the levying of a state-allowed municipal surcharge on non-City customers. We have not considered the City's non-major funds in this analysis as we believe they are either not impacted by contraction, not material to the City's operation, have by law revenues that should match expenditures over time, or are essentially internal operation funds charged back to other funds and therefore eliminated. Table 1 summarizes the net effect across the studied funds:

Table 1. Financial Impact of Contraction Across All Funds

City of North Port, Florida Fiscal Impact Contraction							
Reduction Impact							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
Estimated Total Revenue							
Contraction Reduction	\$8,126,644	\$9,081,277	\$10,035,954	\$10,990,678	\$11,945,449	\$13,142,813	\$63,322,814
Estimated Total Expenditure							
Contraction Reduction	\$6,194,385	\$6,942,205	\$7,460,132	\$7,978,058	\$8,495,985	\$9,915,298	\$46,986,064
City Net Shortfall	(\$1,932,259)	(\$2,139,071)	(\$2,575,822)	(\$3,012,619)	(\$3,449,464)	(\$3,227,514)	(\$16,336,750)

The forecasted expenditure reduction represents reductions using a per capita cost approach to City services, excluding those services funded through the three assessment districts operated by the City. We have assumed that certain City services, such as City Commission, City Attorney, City Manager, City Clerk, Finance, Information Technology, and Human Resources functions would not be reduced at all. These operations would likely exist in the same manner as they do now, regardless of whether the area is contracted or not. It can be expected that much of the lost \$11 million in net revenue would need to be recovered from the portion of the City that remains incorporated after the contraction, most likely in the form of higher property taxes and

fire assessments. Alternatively, or in combination with property tax and fire assessment increases, residents and businesses could see a reduction in the level of services, most notably police and fire services. Several of the funds within the City's financial structure would experience less funding and would need to reduce expenses or burden the remaining residents and businesses with additional cost.

The General Fund is expected to lose \$34,912,224 over the six year study period. Property tax reductions using the current millage rate levy occur because of the loss of the tax base in the contracted area. We have assumed 400 additional homes are added each year, and we believe that to be conservative (meaning more homes than projected could be added). Utility, franchise and communications services taxes will be lost because the homes and businesses that consume utilities will no longer pay those taxes to the City. State shared revenues such as municipal revenue sharing and the half-cent sales tax will be reduced because they are distributed to the City by the state using formulas which are largely population driven. Taxes on commercial property insurances that are used to help pay for police and fire pensions will be lost as those properties will now be in the unincorporated area and this is money that the City will still have to pay to fund those benefits to employees. Business tax receipts on the commercial properties will likewise disappear from the City's finances. Table 2 details the losses in revenue from the City's General Fund:

Table 2. Forecasted Reductions in General Fund Revenues

City of North Port, Florida
Fiscal Impact Contraction

Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
Estimated Revenues Contraction Reduction							
Ad Valorem Taxes	\$3,219,725	3,602,744	3,985,763	4,368,782	4,751,801	5,134,820	\$25,063,634
Insurance Premium Tax Fire	\$12,134	12,498	12,873	13,259	13,657	14,066	\$78,486
Insurance Premium Tax Police	\$29,746	30,638	31,558	32,504	33,480	34,484	\$192,410
Electric Utility Tax	\$116,039	\$127,615	\$139,191	\$150,767	\$162,343	\$173,919	\$869,872
Communication Services Tax	\$148,608	\$156,983	\$165,358	\$173,734	\$182,109	\$190,484	\$1,017,275
Local Business Tax	\$7,508	\$7,741	\$7,981	\$8,228	\$8,483	\$8,746	\$48,687
Electric Franchise Fee	\$423,498	\$465,746	\$507,994	\$550,242	\$592,490	\$634,738	\$3,174,711
Municipal Revenue Sharing	\$187,260	\$197,814	\$208,368	\$218,922	\$229,475	\$240,029	\$1,281,869
Half Cent Sales Tax	\$465,318	\$491,543	\$517,768	\$543,992	\$570,217	\$596,442	\$3,185,280
Total General Fund Contraction Reduction	\$4,609,836	5,093,322	\$5,576,853	\$6,060,430	\$6,544,054	\$7,027,728	\$34,912,224

In order to accommodate these initial revenue reductions only, excluding any expenditure reductions, the Commission would be required to increase the millage rate from the current 3.8735 mills to 4.7026 mills (a 21.4% increase) to replace only the loss of ad valorem taxes or 5.0605 mills (a 30.6% increase) to replace all the lost revenue in initial revenue drop. This would increase the tax burden on the homeowner with an average assessed taxable value of \$109,735 by \$90.98 or \$130.26, respectively.

Furthermore, City's special revenue funds would also experience reductions in revenues. These reductions will require a reduction in expenditures (meaning service efforts), increased property taxes, and/or increased special assessments.

The Fire Rescue special assessments would experience an initial drop in revenue of over \$1.3 million based on the 2020-21 assessments billed and almost \$10 million over the 6-year forecasted period. In order to accommodate the disruption in assessment, it is highly likely that services would be reduced or assessments increased on the remaining property owners in the City. Table 3 details the expected losses each year based upon the current assessment rates and the expected number of new properties added each year in the contracted area.

Table 3. Forecasted Reductions in Fire Assessments

City of North Port, Florida Fiscal Impact Contraction							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
110 Fire Rescue District Estimate Revenue Contraction Reduction							
Fire/Rescue Assessment	\$1,319,491	\$1,448,159	\$1,576,827	\$1,705,495	\$1,834,163	\$1,962,832	\$9,846,968

The Road & Drainage District fund would lose almost a \$500 thousand initially in revenue and nearly \$6 million over the 6-year forecast period. Most of this will result in reduced maintenance and improvements. The lost revenue occurs because the County 9th Cent fuel tax, the state's 5 and 6 cent fuel taxes, and the portion of municipal revenue sharing allocated to transportation

needs are distributed based upon the City's population. The City also levies a small special assessment in the contracted area and would lose those funds as well. Additionally, over \$59,000² of existing annual debt service attributed to the contracted area would still be owed by the City. To avoid violating bond covenants and risking litigation, and to avoid burdening remaining residents and businesses with those obligations incurred on behalf of the contracted area, the City and the County would likely enter into an agreement for the County to collect those amounts from property owners in the contracted to then be paid to the City until the bonds are paid off. Table 4 details the various revenues for the Road and Drainage District fund and the forecasted lost revenue:

Table 4. Road and Drainage District Fund Revenue Reductions

City of North Port, Florida Fiscal Impact Contraction							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
107 Road & Drainage District Revenue Contraction Reduction							
County 9th Cent Fuel Tax	\$23,208	\$24,516	\$25,824	\$27,131	\$28,439	\$29,747	\$158,865
1st Gas Tax 1 - 6 Cent	\$118,404	\$125,078	\$131,751	\$138,424	\$145,097	\$107,015	\$765,768
2nd Gas Tax 1 - 5 Cent	\$87,328	\$92,250	\$97,172	\$102,093	\$107,015	\$229,475	\$715,333
Revenue Sharing Muni Gas Taxes	\$46,815	\$49,454	\$52,092	\$54,730	\$57,369	\$229,767	\$490,227
Road Maintenance Assessment	\$186,669	\$373,338	\$560,007	\$746,676	\$933,345	\$1,120,013	\$3,920,047
	\$462,424	\$664,634	\$866,844	\$1,069,054	\$1,271,265	\$1,716,018	\$6,050,240

Solid Waste assessments would initially decline by almost \$1 million³, culminating in over \$7 million lost during the forecast period. These assessment revenues are levied on benefitted properties, which, in the case of the contracted area, are the homes. These lost revenues will be offset with certain expenditures of the City, such as tipping fees for waste disposal at the landfills, but other costs, such as labor and equipment, may not disappear from the City's operations. It's likely that the solid waste assessments in the remaining incorporated area of the City will be increased. It may also happen that the City would have to reduce a crew or at least some personnel who currently provide collection and disposal services in the contracted area. In any event, if the City keeps all of its employees, solid waste assessments will increase. If they don't keep all of those employees, then services in the remaining area could be diminish. Table 5 notes

² Sarasota County Tax Collector 2020-21

² Ibid

the lost revenue from reduced solid waste assessments based upon the growth of the area over the study period:

Table 5. Solid Waste District Fund Revenue Reductions

City of North Port, Florida Fiscal Impact Contraction							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
120 Solid Waste District Revenue Contraction Reduction							
Solid Waste Assessments	\$984,900	\$1,082,900	\$1,180,900	\$1,278,900	\$1,376,900	\$1,474,900	\$7,379,400

Finally, capital infrastructure would have to be reduced as the City's share of the County Local Option Surtax fund would see a reduction of almost \$750,000 initially, and in excess of \$7.3million over the forecast period. These funds are the City's share of local option sales tax collections in the county and are distributed based upon the City's proportionate share of population. The lost revenue represents the per capita distribution multiplied by the reduction in population, giving consideration to the expected growth in population in the contracted area. Table 6 details the lost revenue over the study period:

Table 6. Surtax 3 Fund

City of North Port, Florida Fiscal Impact Contraction							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
306 Surtax Contraction Revenue Reduction							
Local Discretionary Sales Tax	\$749,992	\$792,261	\$834,530	\$876,798	\$919,067	\$961,335	\$5,133,983

In order to analyze the fiscal impact to the City, certain elements of data and information that was relied upon was provided by the Sarasota County Tax Collector ("Collector"), Office of Economic and Demographic Research for the State of Florida, the adopted City budgets and audited financial states, reports filed by the City with the State's Chief Financial Officer, U.S. Census information, and proprietary databases licensed through Esri™ that provided current estimated and future forecasted demographic information.

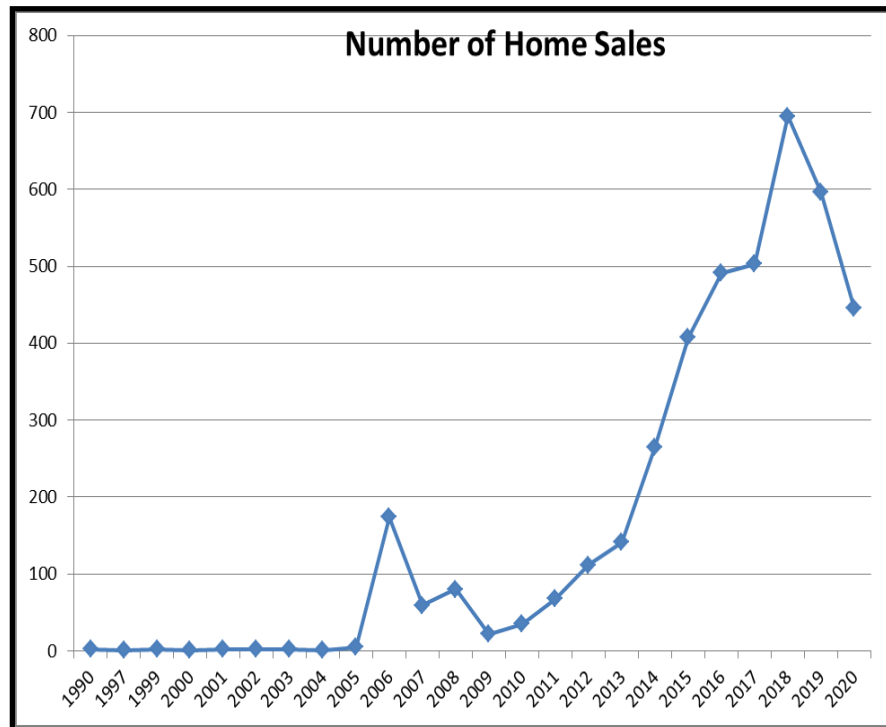
We used the Sarasota County Tax Collector data to analyze property tax bills for fiscal year 2020-21 (property tax year 2020). We used data from the City Planning Department of to determine which parcels are located within the Contraction Area.

Fiscal impact of the contraction relies heavily upon the existing and forecasted population within the Contraction Area. For purposes of determining population in the Area, we used completed housing units billed by the Tax Collector and merged that with data from the City, and then further adjusted that using demographic details provided by Esri. The number of homes billed by the Tax Collector⁴ in 2020 was 4,980. About 23% of the homes in the Contraction Area are not occupied by residents that count towards population. This is considered a vacancy rate, but that does not mean that people do not occupy the home at least part of the year. It's likely that many of these homes are not considered the primary residence by the occupants. Florida is known for having many seasonal residents that require and expect services. Our population estimate for the Contracted Area is 5,465 permanent residents.

As the graph in Figure 2 illustrates, housing units added appear to have peaked during 2018 at almost 700 new units. The subsequent two years saw a decline to 445 units in 2020. While no one can exactly identify what the future of new home units added will be, it appears reasonable and conservative to expect the growth in new home construction to average about 400 units per year over the next 5 years. As a result, we are using that as an estimated number of new housing units to be 400 per year in the calculations to determine population and therefore revenue. It would not be surprising to find in the current housing market to see this number be ultimately exceeded. Were that to occur, the lost revenue would be even greater than forecasted in this study.

⁴ Sarasota County Tax Collector and City Planning Department merged data files to incorporate the year a housing unit was built.

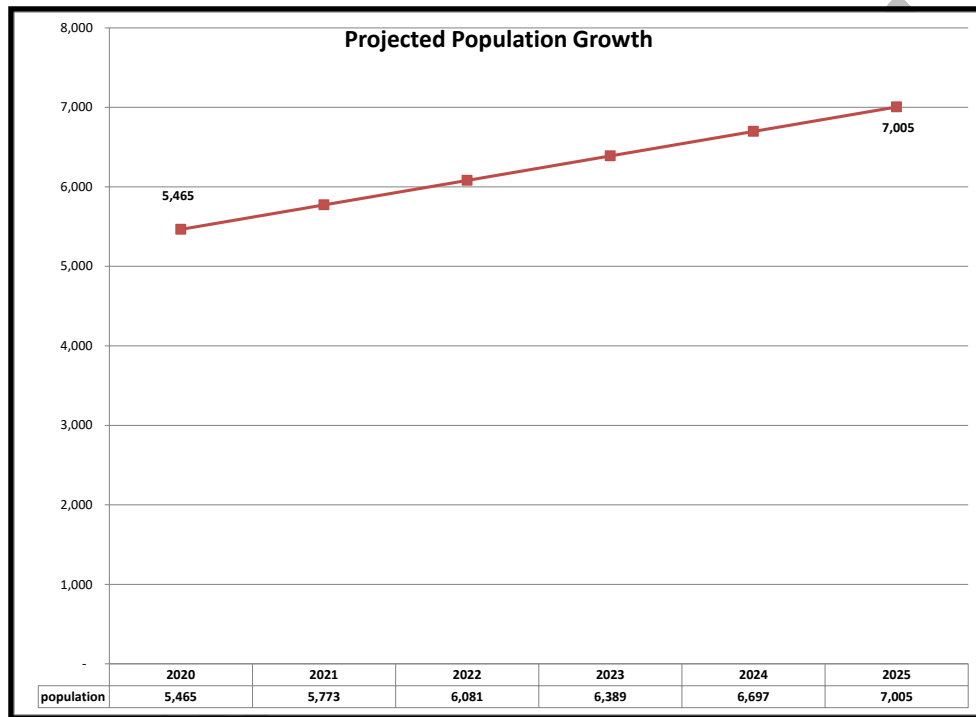
Figure 2. Historical Number of Home Sales In Contraction Area



Based upon the assumptions of new housing unit growth of 400 per year, a 23% unit vacancy rate pursuant to Esri's estimate, and a household occupancy of 2.02 people per home, we calculated that 616 new residents will be added to the City's population annually over the next 5 years. This growth is illustrated in the graph in Figure 3:

(continued on next page)

Figure 3. Projected Addition of Homes In Contraction Area



Almost 85% of the City’s General Fund revenues⁵ are derived from four revenue categories; ad valorem taxes, other taxes (most taxes on utilities), intergovernmental revenues, and charges for services. Ad valorem taxes account for about 37% of all General Fund revenues. To a large degree, the planned future development of the Contracted Area is likely to be the largest contributor of growth to the City’s property tax base.

General Fund Revenue

As you can view in Table 7, the General Fund⁶ of the City has eleven categories of revenue and other financing sources that are used to fund the City’s General Fund operations (by definition,

⁵ Page 115 of the “FY2021AdoptedBudget.pdf”

⁶ Ibid

the General Fund is used to account for activities not accounted for in another fund. It is almost always a municipalities largest and most diverse fund). We will focus our attention to the four main categories previously mentioned.

Table 7. FY2020-2021 Budget General Fund Revenues and Other Financing Sources

General Fund Revenues		
Ad Valorem Taxes	\$	18,723,440
Other Taxes		3,937,360
Permits & Special Assessments		4,123,830
Intergovernmental Revenue		7,982,460
Charges for Services		11,622,470
Fines & Forfeitures		169,410
Investment Income		800,000
Miscellaneous Revenues		1,347,620
Other Sources		15,000
Transfers In		613,100
Appropriated Fund Balance		729,210
Total Revenues & Other Financing Sources	\$	50,063,900

Our more detailed analysis for the FY 2020-2021 budget year and the next five forecasted years reflects our best estimates based upon the assumptions of new housing stock additions and projected population growth within the Contraction Area. As noted in the Table 8, \$4,609,836 or about 9% of the General Fund revenue, comes from the Contracted Area. In order to determine this amount, we used the County Tax Collector's property tax files for the City's 2020-2021 fiscal year (property tax year 2020) which also included special assessments for the Contracted Area. The ad valorem taxes billed in the Contraction Area represent more than 17% of the City's total ad valorem taxes budgeted in Fiscal Year 2020-2021. While property taxable values and property tax rates determine the amount of property taxes to be collected, we are able to provide estimates of other sources of revenue to the General Fund based on specific data and the aforementioned housing and population assumptions.

Insurance premium taxes are levied on commercial insurance premiums written on properties in the City and these taxes are used to help pay for the pension costs of fire and police employees who retire from the City and we allocated the Contraction Area an amount based upon the proportion of commercial property values in that area to the total commercial property values in the entire city. Estimates of electric franchise and utility taxes was determined by calculating the square feet of each buildings, the use of each property, and published annual energy costs of various building uses by the Energy Information Administration of the U.S. Department of Energy. For projected added housing units, we used the current average home square footage in the Contraction Area of 2,156. This results in the loss of an estimated \$11,576 per year revenue for the added 400 homes. Similarly, the electric franchise fee follows the same formula and the loss is \$42,248 annually. These two sources from taxes on utilities comprise over 23% of the revenue provided by the Contracted Area. The communication services tax is the amount attributed per capita provided by the State of Florida⁷ in fiscal year 2020-2021, which is over 7% of the funds collected. Municipal revenue sharing represents more than 11% of the funding. Municipal revenue sharing and the City's portion of the half-cent sales tax are essentially per capita distributions and the loss of population results in lost revenue

The sum of these revenue losses were used to determine the impact on the City.

We utilized the City's filed annual financial reports with the State of Florida's Chief Financial Officer to analyze and project future revenues of the City and the Contracted Area. We used the reported fiscal years 2015 through 2019 to project the future through linear regression. Table 8 reflects the prior reported fiscal years and projected future General Fund revenues of the City. The model assumes current tax rates and distribution methods.

⁷ <http://edr.state.fl.us/Content/local-government/data/county-municipal/index.cfm>

¹⁰ <https://apps.fldfs.com/LocalGov/Reports/Default.aspx>

Table 8. Historical and Projected City Revenue Detail

FISCAL YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund Revenue												
311000 - Ad Valorem Taxes	9,228,706	10,087,024	11,017,060	12,079,877	13,589,528	14,414,788	15,606,054	16,795,331	17,931,346	18,986,664	20,187,550	21,307,686
312510 - Fire Insurance Premium Tax (Firefighters' Pension)	139,199	137,557	139,168	153,366	167,919	169,417	181,226	192,269	200,174	208,410	219,379	228,025
312520 - Casualty Insurance Premium Tax (Police Officers' Retirement)	341,432	378,333	405,720	453,918	495,381	530,002	570,570	612,853	650,463	689,759	730,551	769,899
314100 - Utility Service Tax - Electricity	749,292	788,561	836,661	899,698	949,894	998,524	1,054,615	1,108,298	1,158,782	1,212,288	1,266,010	1,318,033
315000 - Communications Service Tax (Chapter 202)	1,863,757	1,809,323	1,895,025	1,952,279	2,002,556	2,030,754	2,103,105	2,145,135	2,192,644	2,243,206	2,297,302	2,342,217
316000 - Local Business Tax (Chapter 205)	136,049	142,197	118,613	137,009	130,086	127,657	125,830	129,363	124,125	124,347	123,767	122,744
323100 - Franchise Fee - Electricity	2,918,342	2,941,991	3,121,469	3,234,444	3,443,055	3,534,424	3,707,012	3,849,401	4,001,828	4,136,901	4,295,844	4,437,747
323400 - Franchise Fee - Gas	32,362	31,593	30,365	32,635	31,289	31,318	31,552	31,749	31,255	31,542	31,529	31,449
324620 - Impact Fees - Commercial - Culture/Recreation	8,184	0	7,839	30,650	35,606	42,104	56,832	67,438	74,967	86,607	97,732	107,005
325100 - Special Assessments - Capital Improvement	236,380	(118,095)	307,360	303,196	277,209	352,095	497,421	476,163	551,061	632,321	686,040	728,619
329000 - Other Permits, Fees & Special Assessments	4,920	6,585	3,225	4,950	5,625	4,994	4,841	5,709	5,444	5,429	5,725	5,876
331200 - Federal Grant - Public Safety	10,272	36,965	15,637	13,579	293,393	236,826	322,523	427,498	515,854	549,897	656,361	731,449
331500 - Federal Grant - Economic Environment			11,147		45,011							
331690 - Federal Grant - Other Human Services	62,823	58,757	66,252	65,370	65,279	67,154	69,308	69,042	70,642	72,069	72,993	73,930
331900 - Federal Grant - Other			(3,619)		41,950							
334100 - State Grant - General Government	15,000	0	33,000	0	1,877							
334200 - State Grant - Public Safety	3,994	3,754	3,541	3,873	3,458	3,438	3,398	3,326	3,152	3,137	3,036	2,936
335120 - State Revenue Sharing - Proceeds	1,451,009	1,570,848	1,749,745	1,881,200	2,057,967	2,199,434	2,361,457	2,512,458	2,672,305	2,823,235	2,981,313	3,135,300
335140 - State Revenue Sharing - Mobile Home Licenses	2,226	2,325	2,640	2,094	2,401	2,373	2,324	2,260	2,367	2,291	2,286	2,292
335150 - State Revenue Sharing - Alcoholic Beverage Licenses	13,377	12,869	13,491	14,933	13,987	14,717	15,257	15,471	15,577	16,182	16,416	16,689
335180 - State Revenue Sharing - Local Government Half-Cent Sales Tax	5,028,895	5,378,559	5,630,639	6,054,853	6,466,628	6,777,443	7,151,751	7,545,707	7,899,326	8,258,269	8,639,267	9,005,143
337100 - Local Government Unit Grant - General Government		1,000										
337200 - Local Government Unit Grant - Public Safety		1,370	4,616									
337500 - Local Government Unit Grant - Economic Environment	347											
337700 - Local Government Unit Grant - Culture/Recreation					4,355							
341100 - Service Charge - Recording Fees	110,947	93,351	97,605	115,004	130,366	127,602	143,164	153,863	161,155	169,582	181,659	189,697
341200 - Internal Service Fund Fees and Charges		0	0	0	0							
341900 - Other General Government Charges and Fees	18,330	51,769	61,453	89,653	134,654	152,331	180,270	213,766	242,287	267,672	299,075	328,069
342100 - Service Charge - Law Enforcement Services	274,814	272,223	265,179	353,265	495,716	489,093	574,378	661,794	723,566	777,430	863,011	927,906
342600 - Service Charge - Ambulance Fees	1,313,856	1,441,635	1,452,365	1,668,756	1,972,414	2,033,076	2,224,529	2,442,822	2,608,394	2,760,759	2,965,685	3,140,512
342900 - Service Charge - Other Public Safety Charges and Fees	67,075	74,166	141,680	139,533	60,291	112,089	103,889	80,588	76,990	87,339	69,259	64,861
343900 - Service Charge - Other Physical Environment Charges	55,968	69,184	57,618	114,050	117,837	133,513	155,103	179,954	190,814	213,163	233,012	251,117
346900 - Service Charge - Other Human Services Charges	11,441											
347100 - Service Charge - Libraries	753	2										
347200 - Service Charge - Parks and Recreation	239,813	242,659	251,072	310,470	286,916	314,791	335,214	351,474	358,865	383,626	397,191	412,106
347400 - Service Charge - Special Events	21,520	21,106	29,019	26,672	20,552	24,863	24,156	21,592	21,600	22,201	20,518	20,013
347500 - Service Charge - Special Recreation Facilities	47,034	51,921	64,230	56,254	59,814	64,818	65,821	65,712	69,961	71,581	72,878	75,185
349000 - Other Charges for Services	4,804,417	4,868,578	4,846,641	5,341,001	5,965,718	6,003,779	6,421,987	6,859,866	7,166,669	7,461,001	7,880,398	8,213,372
351100 - Judgments and Fines - As Decided by County Court Criminal	84,891	66,334	65,000	77,207	109,956	98,979	116,569	131,015	141,013	147,751	163,662	173,279
354000 - Fines - Local Ordinance Violation	95,333	42,351	104,175	86,720	40,701	54,388	53,847	28,069	21,498	20,283	5,450	
358200 - Sale of Contraband Property Seized by Law Enforcement	10,680	(110)	19	169	746							
361100 - Interest	165,936	138,884	142,622	167,247	688,023	582,304	773,488	973,773	1,146,522	1,225,362	1,438,035	1,585,641
362000 - Rents and Royalties	241,063	262,829	255,787	256,786	253,882	259,948	255,546	257,194	257,415	258,091	257,085	258,259
364000 - Disposition of Fixed Assets	46,566	17,464	59,338	51,169	24,166	36,412	38,527	25,009	23,669	25,837	19,088	15,011
365000 - Sale of Surplus Materials and Scrap	26	85	728	2,257	219	1,430	1,598	1,521	1,377	1,951	1,822	1,917
366000 - Contributions and Donations from Private Sources	189,319	100,342	53,793	115,034	123,133	81,020	103,873	115,215	101,986	102,615	113,333	109,300
369900 - Other Miscellaneous Revenues	96,839	101,756	266,165	378,192	141,324	306,477	324,163	296,549	295,207	362,095	341,582	354,034
381000 - Inter-Fund Group Transfers In	357,530	387,930	412,690	420,260	1,799,050	1,550,103	2,027,218	2,549,534	3,015,248	3,217,779	3,768,991	4,161,291
384000 - Debt Proceeds		0										
388200 - Compensation for Loss of General Capital Asset	26,777	17,310	12,871	18,255	24,469	18,835	22,742	25,531	25,815	26,295	29,241	30,053
Total	30,527,494	31,593,285	34,049,644	37,105,878	42,574,401	43,983,309	47,811,163	51,424,314	54,751,364	57,684,965	61,434,077	64,678,665

Based on the 5-year historical data, the City's revenue projection grows annually in excess of 6.2% through 2026 by the average income increasing over \$3 million per year. Assuming the Contracted Area is successful, it is projected the City will lose on average 10% of its estimated annual General Fund Revenue. Table 9 depicts the projected reduction in revenue through 2026.

Table 9. Projected City Revenue Losses Due To Contraction

City of North Port, Florida Fiscal Impact Contraction							
Estimated Revenues After Contraction							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
Estimated General Fund Projected Revenue	47,811,163	51,424,314	54,751,364	57,684,965	61,434,077	64,678,665	337,784,547
Total General Fund Contraction Reduction	(4,609,836)	(5,093,322)	(5,576,853)	(6,060,430)	(6,544,054)	(7,027,728)	(34,912,224)
Total Estimated General Fund Project Revenue	43,201,326	46,330,991	49,174,511	51,624,535	54,890,022	57,650,937	302,872,323
Change in revenue projection	-10%	-10%	-10%	-11%	-11%	-11%	-10%

As shown earlier, the reduction to City revenues could be interpreted as a gain for the Contracted Area residents and owners as in the future they will be paying less annually than current.

However, this perspective is only part of the picture. Another segment is the potential impact on the expenditures of the City and how any deficit would be addressed.

General Fund

Forecasts in the General Fund expenditures for the City and the Contracted Area was determined in many instances on a per capita basis. Revenues and expenditures for the City as a whole will be used to determine the impact of contraction will have to the remaining incorporated areas of the City. In order to calculate the impacts, both revenues and expenditures of the City are taken from the financial filings with the State of Florida¹¹. The detail of expenditures is shown in Table 10:

(continued)

¹¹ <https://apps.fldfs.com/LocalGov/Reports/Default.aspx>

Table 10. Historical and Projected City Revenue Detail

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expenditure General Fund												
511.10 - Legislative - Personnel Services	229,631	231,567	241,034	278,916	285,195	300,812	322,300	340,980	354,010	373,999	391,845	408,259
511.30 - Legislative - Operating Expenses	130,747	125,132	135,437	120,655	137,246	132,400	135,077	135,471	140,408	138,939	141,982	143,559
512.10 - Executive - Personnel Services	1,175,506	1,265,965	1,264,934	1,321,412	1,588,065	1,587,346	1,695,312	1,829,421	1,941,291	2,012,845	2,142,336	2,247,482
512.30 - Executive - Operating Expenses	224,857	264,030	287,148	209,037	273,944	264,757	256,259	256,412	275,201	263,565	268,206	273,243
512.60 - Executive - Capital Outlay	0	6,870	0	21,804	0	10,215	9,785	10,755	6,818	11,767	9,909	10,185
513.10 - Financial and Administrative - Personnel Services	1,639,077	1,767,526	2,034,749	2,385,716	2,349,527	2,647,046	2,859,058	3,028,204	3,192,262	3,435,208	3,605,214	3,793,784
513.30 - Financial and Administrative - Operating Expenses	908,576	1,047,094	788,019	815,616	1,387,685	1,207,420	1,325,262	1,544,688	1,674,850	1,701,460	1,892,037	2,014,756
513.60 - Financial and Administrative - Capital Outlay	0	16,161	17,199	27,800	51	15,765	10,013	6,243	2,029	5,150	(924)	(2,388)
514.10 - Legal Counsel - Personnel Services	268,935	360,742	458,224	426,167	500,991	561,873	595,108	631,315	694,415	733,627	776,112	825,411
514.30 - Legal Counsel - Operating Expenses	263,386	265,050	206,034	169,181	198,251	152,539	128,369	119,283	102,621	72,858	59,602	41,359
514.60 - Legal Counsel - Capital Outlay	6,975	0										
515.10 - Comprehensive Planning - Personnel Services	675,604	764,451	826,257	956,000	1,010,745	1,105,161	1,192,295	1,282,463	1,359,675	1,452,616	1,537,129	1,622,782
515.30 - Comprehensive Planning - Operating Expenses	27,356	91,078	196,505	88,182	101,584	144,609	128,034	107,628	133,610	131,214	122,655	128,477
515.60 - Comprehensive Planning - Capital Outlay	0	22,987	0	47,015	0	21,209	17,175	19,643	9,738	18,926	13,737	13,566
516.10 - Non-Court Information Systems - Personnel Services	690,124	762,641	793,768	990,400	985,560	1,090,088	1,178,497	1,268,406	1,327,275	1,428,490	1,506,226	1,586,442
516.30 - Non-Court Information Systems - Operating Expenses	881,456	866,851	1,056,972	1,013,933	1,201,311	1,240,142	1,343,118	1,410,646	1,522,400	1,587,328	1,682,823	1,766,090
516.60 - Non-Court Information Systems - Capital Outlay	164,954	136,386	204,961	390,328	262,898	366,854	427,948	457,348	470,802	549,060	576,582	613,042
519.10 - Other General Government - Personnel Services	1,042,342	1,049,839	1,001,324	1,086,544	654,242	745,010	620,370	490,465	351,517	314,322	165,268	62,485
519.30 - Other General Government - Operating Expenses	1,340,328	1,669,481	1,625,169	1,829,056	1,372,667	1,634,616	1,529,528	1,482,491	1,408,791	1,461,655	1,363,419	1,343,261
519.60 - Other General Government - Capital Outlay	125,957	11,594	298,966	242,472	102,885	211,795	234,839	170,512	188,911	221,019	197,171	195,041
521.10 - Law Enforcement - Personnel Services	12,614,040	12,547,715	13,191,651	14,302,106	15,678,098	16,031,474	17,186,398	18,193,604	19,065,725	19,912,275	20,970,174	21,851,503
521.30 - Law Enforcement - Operating Expenses	1,281,759	1,441,185	1,381,245	1,830,711	2,134,959	2,242,750	2,513,223	2,823,376	3,018,082	3,250,539	3,525,725	3,761,839
521.60 - Law Enforcement - Capital Outlay	4,850	82,122	59,228	67,738	421,892	373,076	484,183	627,798	749,660	804,399	946,260	1,052,687
521.70 - Law Enforcement - Debt Service	41,465	41,465	41,465									
524.10 - Protective Inspections - Personnel Services	476,519	501,162	449,216	473,974	476,817	467,560	461,865	471,552	464,414	462,197	463,065	462,532
524.30 - Protective Inspections - Operating Expenses	78,259	65,121	147,307	187,758	220,663	262,055	316,748	350,860	394,304	439,752	482,628	523,054
524.60 - Protective Inspections - Capital Outlay	0	68958	23717	800	0							
525.30 - Emergency and Disaster Relief - Operating Expenses					5,200							
526.10 - Ambulance and Rescue Services - Personnel Services	3,396,172	3,524,192	3,715,078	4,107,104	5,095,805	5,162,324	5,717,998	6,277,979	6,761,425	7,137,175	7,709,319	8,173,330
526.30 - Ambulance and Rescue Services - Operating Expenses	493,290	528,592	643,193	758,879	1,063,774	1,108,922	1,295,044	1,470,086	1,635,447	1,766,007	1,951,473	2,106,245
526.60 - Ambulance and Rescue Services - Capital Outlay		0	0	0	0							
552.10 - Industry Development - Personnel Services	75,345	113,711	157,531	160,882	531,648	495,757	633,368	781,802	923,759	994,347	1,152,078	1,272,060
552.30 - Industry Development - Operating Expenses	138,079	99,829	132,653	164,217	166,544	176,660	204,246	215,553	227,556	246,387	262,910	275,779
564.10 - Public Assistance - Personnel Services	213,272	240,206	208,566	274,475	312,090	319,293	349,436	390,739	410,169	436,627	469,873	497,397
564.30 - Public Assistance - Operating Expenses	67,030	64,620	51,285	93,080	91,174	96,462	110,396	124,961	128,110	140,932	152,168	161,168
564.60 - Public Assistance - Capital Outlay	134,158											
572.10 - Parks/Recreation - Personnel Services	784,263	819,713	896,075	957,256	1,894,092	1,777,440	2,142,957	2,527,748	2,876,853	3,058,567	3,465,558	3,767,143
572.30 - Parks/Recreation - Operating Expenses	199,603	185,940	266,782	291,309	710,483	668,962	847,619	1,018,829	1,185,093	1,275,923	1,464,704	1,605,813
572.60 - Parks/Recreation - Capital Outlay	0	0	4482	59257	83298	97163.3	130782.84	162149.022	182510.6976	210204.1071	239904.8349	265000.0228
573.60 - Cultural Services - Capital Outlay					4975							
574.30 - Special Events - Operating Expenses					20155							
581.90 - Interfund Transfers Out - Other Uses	67,000	27,000	67,000	320,000	335,000	411,900	543,520	648,966	711,813	827,447	928,545	1,016,618
Total Expenditures	29,860,915	31,076,976	32,873,174	36,469,780	41,659,514	43,131,454	46,946,130	50,678,373	53,891,544	56,876,829	60,635,715	63,879,006
Net Revenue	666,579	516,309	1,176,470	636,098	914,887	851,855	865,032	745,940	859,820	808,136	798,362	799,659

The City has a positive net income each reporting year and into the future using a linear regression model. This has excluded the acquisition of capital assets but includes debt service, for acquired assets. We have chosen to removed periodic large capital outlays because it distorts forecasts. By including debt service, we capture a de facto “annual depreciation expense” which would smooth expenditures in a manner that better matched the use of those assets over time to the period they were used. As an example, a \$1 million fire truck that has a useful life of 10 years would roughly be charged \$100,000 each year by adding back in or including debt service.

Based on the 5-year historical data, the City’s expenditure projection grows slightly more than the revenue projection. The average projection is in excess of 6.3% through 2026. Assuming expenditures are not modified as a result of the Contracted Area as revenues decline, the projections change as can be seen in the Table 11:

Table 11. Fiscal Impact to City of Contraction

Fiscal Impact Of Contraction							
Fiscal Year	2021	2022	2023	2024	2025	2026	6-YEAR
Estimated General Fund Projected Revenue	47,811,163	51,424,314	54,751,364	57,684,965	61,434,077	64,678,665	337,784,547
Total General Fund Contraction Reduction	(4,609,836)	(5,093,322)	(5,576,853)	(6,060,430)	(6,544,054)	(7,027,728)	(34,912,224)
Total Estimated General Fund Projected Revenue	43,201,326	46,330,991	49,174,511	51,624,535	54,890,022	57,650,937	302,872,323
Total Estimated General Fund Projected Expenditures	46,946,130	50,678,373	53,891,544	56,876,829	60,635,715	63,879,006	332,907,597
Net Income After Contraction	(3,744,804)	(4,347,382)	(4,717,033)	(5,252,294)	(5,745,693)	(6,228,069)	(30,035,274)

The reduction in revenue will require action by the City to take one or more actions to raise taxes and assessments or cut services or both. The estimated growth in taxable values of the City help reduce the impact of the lost revenues, but not by much. Were the City to only increase the millage rate in future years to accommodate for the lost revenue, then the effect on property taxes is illustrated in Table 12:

Table 12. Illustrated Impact To City Property Tax Rate From Contraction

Millage Rate Impact Of Contraction						
Current Millage Rate: 3.8735						
Fiscal Year	2021	2022	2023	2024	2025	2026
Net Income After Contraction	(\$3,744,804)	(\$4,293,558)	(\$4,608,466)	(\$5,088,956)	(\$5,405,095)	(\$5,787,490)
Projected Ad valorem Taxes	\$15,606,054	\$16,795,331	\$17,931,346	\$18,986,664	\$20,187,550	\$21,307,686
Projected Assessed Taxable Value at Current Millage Rate	\$3,883,561,732	\$4,000,068,584	\$4,120,070,641	\$4,243,672,761	\$4,370,982,944	\$4,502,112,432
Projected Millage Rate Change to Mitigate Lost Revenue	0.9643	1.0734	1.1185	1.1992	1.2366	1.2855
New Project Millage Rate	4.8378	4.9469	4.9920	5.0727	5.1101	5.1590

As shown, the millage rate rises from its current 3.8735 to 4.8378 currently and then to 5.1590 in 2026. Under this scenario, the average homeowner in the remaining incorporated City would see an increase in their annual property tax bill.

The City Commission will have to address how to handle this significant loss of revenue, but if they choose to make up for the lost revenue with just property taxes, then a typical property tax bill for a homeowner could be expected to increase as illustrated in Table 13:

Table 13: Effect on Property Tax Bills If Contraction Occurs

Millage Rate Impact Of Contraction on Average Home Value						
Current Millage Rate:		3.8735	Average Home Value Not in Contracted Area		\$109,735	
Fiscal Year	2021	2022	2023	2024	2025	2026
Net Income After Contraction	(\$3,744,804)	(\$4,293,558)	(\$4,608,466)	(\$5,088,956)	(\$5,405,095)	(\$5,787,490)
Projected Ad valorem Taxes	\$15,606,054	\$16,795,331	\$17,931,346	\$18,986,664	\$20,187,550	\$21,307,686
Projected Assessed Taxable Value at Current Millage Rate	\$3,883,561,732	\$4,000,068,584	\$4,120,070,641	\$4,243,672,761	\$4,370,982,944	\$4,502,112,432
Projected Millage Rate Change to Mitigate Lost Revenue	0.9643	1.0734	1.1185	1.1992	1.2366	1.2855
New Project Millage Rate	4.8378	4.9469	4.9920	5.0727	5.1101	5.1590
Average Current Advalorem Tax Bill is \$425.06	\$530.87	\$542.84	\$547.80	\$556.65	\$560.76	\$566.12
Annual Increase in Ad valorem Tax Bill	\$105.81	\$117.79	\$122.74	\$131.59	\$135.70	\$141.06

One should assume that certain appropriations within the General Fund will not be affected through the possible reduction in city size as the result of the Contracted Area being removed from the City. As noted earlier, certain operations (City Commission, City Attorney, City Manager, City Clerk, Finance, Information Technology, and Human Resources) will not likely be reduced.

Table 14 summarizes the City's FY2020-2021 General Fund expenditures:

Table 14. FY2020-2021 General Fund Expenditure Summary

General Fund Expenditures	
City Commission	\$ 460,960
City Attorney	995,290
City Manager	1,273,830
City Clerk	815,630
Finance	1,759,930
Neighborhood Development Services	3,088,500
Information Technology	2,834,000
Human Resources	1,142,870
Parks & Recreation/NPAC/Parks Maintenance	4,466,000
Police	21,212,060
Emergency Medical	8,822,440
Facilities Maintenance	2,162,920
Non-Departmental	1,029,470
Total Expenditures	\$ 50,063,900

How Contraction Affects Residents Financially in the Area Contracted

Much of the analysis heretofore has concentrated on the impact the Contracted Area has on the City. In the summary at the beginning of this analysis, the impact on the City's three assessment districts was lightly addressed. Since assessment districts are theoretically a break-even operation, we noted that a portion of the Road & Stormwater assessment is dedicated to pay principal and interest on road debt to the amount of about \$59,000. Losing the Contracted Area would impact the bond holder and possibly affect future bond ratings. Theoretically, the assessment revenues should be offset by service costs with the exception of a portion of the Road & Drainage Fund assessment meant to fund debt service.

In the meantime, the Contracted Area would see annual savings in what they pay for local government. Service levels will likely be different, and probably less, in the Contracted Area. This is detailed later in the report.

If the Contracted Area were removed, ad valorem taxes billed by the Collector was \$3,219,725, which would have been eliminated. If they are included in the County EMS ad valorem tax millage and the fire rescue assessment, the initial savings is \$69,155, while solid waste savings would be \$346,343 and stormwater could see a savings of \$264,768. However, the City provides water and sewer services to the Contracted Area and that would result in a surcharge for water consumption amounting to \$249,945. The total savings to the Contracted Area is \$3,650,046.

The average home size in the Contracted Area is 2,156 sf with an average taxable value of \$247,205. The owner would pay the City \$957.55 in property taxes, \$326.92 for a fire assessment, \$245.00 for a solid waste assessment, \$21.47 in road & drainage assessments, and depending on geographic location, another \$46.00 for road assessments. Electric franchise taxes would be \$103.25 and electric utility taxes would be \$28.29. The homeowner would pay the City a total of \$1,729.14.

In the Contracted Area, the home would pay an EMS millage that would cost \$163.16. It would be included in the County's Fire Rescue assessment district and be charged \$155.48. The Solid waste assessment in the County is \$218.31. If the Contracted Area can be included in the

Stormwater assessment program, it could cost up to \$90.65 or beyond. The annual water surcharge for this homeowner will be \$62.16 at the current rate structure. This homeowner would pay a total of \$630.71. The comparison is shown in Table 15:

Table 15: Comparison of Costs In City and In Contracted Area

Average Home in Contracted Area Cost vs City Cost Estimate			
Average Square Feet of a Home in Contracted Area	2,156		
Average Price of a Home in Contracted Area		\$247,205.00	
		In City	Not In City
Ad valorem tax bill		\$957.55	\$0.00
EMS tax bill		\$0.00	\$163.16
Fire assessment district		\$326.92	\$155.48
Solid Waste assessment district		\$245.00	\$218.31
Road & Drainage District		\$21.47	\$93.76
Electric Franchise		\$103.25	
Electric Utility tax		\$28.29	
Outside City Water Surcharge			\$62.16
	Total	\$1,682.48	\$630.71

Costs are but one part of living in a City. The services and level of those services can be starkly different and that is addressed later in this report.

Bond Ratings and Other Issues

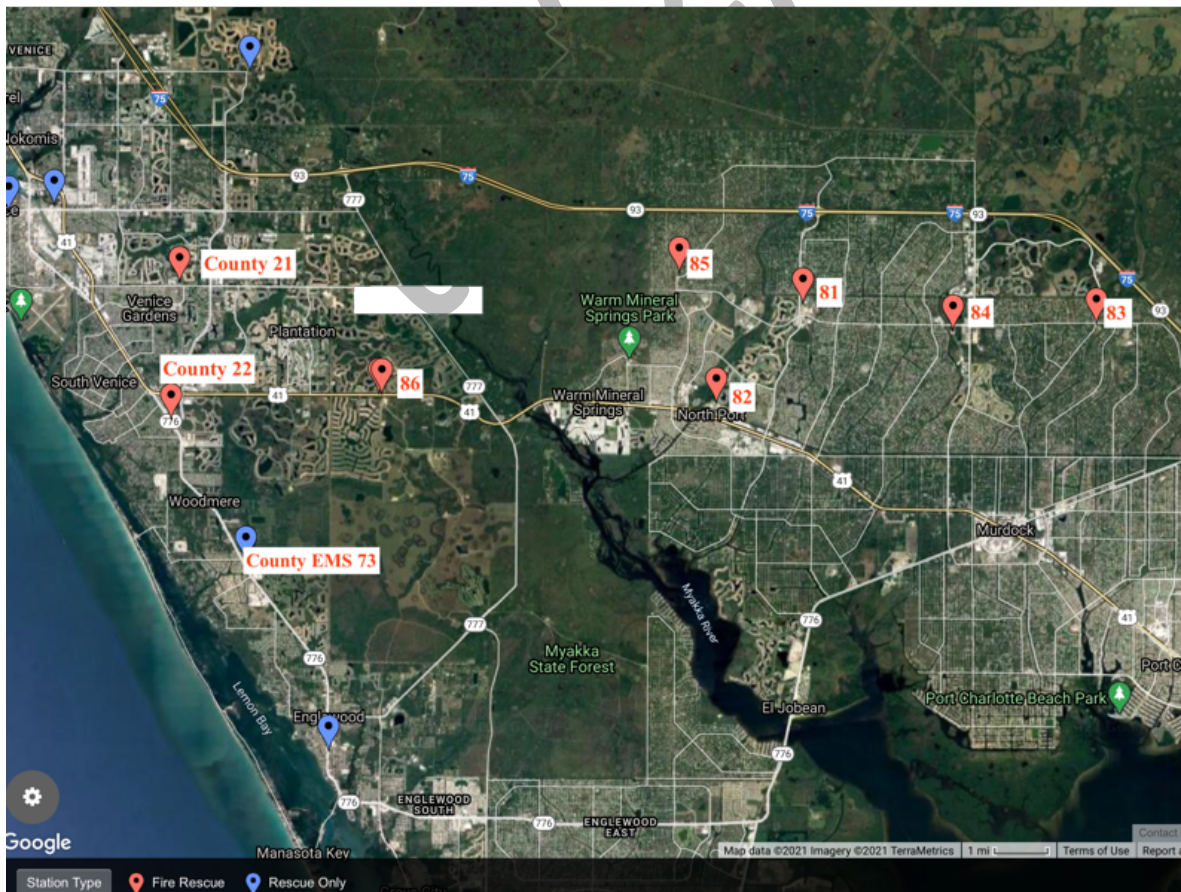
With respect to bond ratings, the current outstanding road improvement bond can be seen as detrimental due to a reduction in customers to pay the assessment on the bond; however, the City should have recourse to continue to collect pledged assessments from the Contracted Area. There is the possibility the City's debt rating for this bond could be negatively impacted. Relative to the utility debt, it is funded through user fees and the user base should continue beyond the contraction. Properties will continue to be serviced by the City.

Effects of Contraction on Service Delivery and Considerations For Services If Contraction Occurs

The City of North Port has spent considerable time, effort, and money over the years in planning for future services to all of its residents. Service efforts are not the same in North Port as they are in the unincorporated areas of Sarasota County and many things should be considered in virtually every operation of the City. Most of what the City provides the Contracted Area residents and businesses will still need from the County. In this section we detail each of these services and issues that should be considered.

Fire and EMS Services

Figure 3. Fire Rescue and Rescue Stations In Area of North Port
City of North Port and Sarasota County



Emergency Services Consulting International (ESCI) issued a Fire Station Location Study in October 2019. The study was for the area within the boundaries of the West Villages Master Planned Community within the City of North Port. The study was commissioned by West Villages, LLLP, to determine the future optimal location for North Port Fire Rescue Station 86, as well as future fire stations that may be required to serve the development at buildout. Two additional potential future fire rescue stations were also identified in the study, though they have not been included in the map above or our financial projections since they were outside the study timeline. The new station is under construction and is expected to be completed in the Fall of 2021 and will be staffed at that time. The initial annual cost of staffing and operating Station 86 with a Fire Apparatus Ladder Truck, Rescue Vehicle, and Brush Truck is estimated at \$2,184,705 starting in Fiscal Year 2022. The initial capital cost of the station is estimated to be \$12,513,621, which does not include the cost of land required of the Developer. Total first year costs of opening and operating Station 86 are about \$14.7 million. The capital costs will have ultimately been paid by development through the payment of impact fees. The Station location identification and payment of capital components was facilitated by the City, WVID, and the Developer.

While fire stations are generally assigned particular geographic areas, they do not operate in a vacuum. Station personnel rely upon the assistance of other fire rescue personnel in other fire stations to assist in events such as structural fires. The location of each station is in part determined by the location of other stations that can be called upon to help when needed. This is not an infrequent occurrence. Station 86 has been sited in part to serve the growing area west of the Myakka River but also at a location where it can be assisted by other North Port fire stations as well as providing assistance to those stations. It is common for one station's engines or rescue vehicle to move up to cover another station that may be involved in a call for service and may be tied up for some time. The more stations, equipment, and manning a City has available, the better the fire or rescue services, the less likely situations will arise that cannot be

covered due to the unavailability of additional resources. Table 15 from the ESCI report illustrates the resources needed to fight a typical 2,000 square foot residential structure fire:

Table 16: Full Alarm Personnel Needed For Residential Single-Family Fire

Initial Full Alarm Assignment—2,000 SF Residential Structure Fire	
Incident Commander	1
Water Supply Operator	1
2 Application Hose Lines	4
1 Support member per line	2
Victim Search and Rescue Team	2
Ground Ladder Deployment	2
Aerial Device Operator	1
Incident Rapid Intervention Crew (2FF)	2
Total	15

Table 17 illustrates the resources needed to fight a 13,000 sf to 196,000 sf open air strip shopping center:

Table 17. Full Alarm Personnel Needed For Shopping Center Fire

Initial Full Alarm Assignment	
Open Air Strip Shopping Center (13,000 SF to 196,000 SF)	
Incident Commander	1
Water Supply Operators	2
3 Application Hose Lines	6
1 Support member per line	3
Victim Search and Rescue team	4
Ground Ladder Deployment	4
Aerial Device Operator	1
Rapid Intervention Crew (4FF)	4
EMS Care	2
Total	27

This illustrates how a fire department's resources are called upon to assist a station called out to a residential structural fire. The structural fire requires 15 personnel on scene. In the case of the shopping center, 27 personnel are needed. When this occurs in the contracted area, station personnel from other City fire stations are called in to assist. The remaining fire stations are then available to cover whatever station and units were moved to up assist Station 86. As you can see from the station location amount above, Station 86 in the study area is supported by 5 other fire rescue stations operated by the City of North Port. It does not appear that Station 86 would likely be called in to assist the stations east of the Myakka River, since each of those stations appear to be better positioned to assist.

Were the area to be contracted out of the City and the City ceased providing fire rescue services to the area, then Sarasota County would have to provide coverage. The closest available County fire stations that could support Station 86 operations are County Stations 21 and 22. County EMS-only stations do not appear to be in a practical position for routine EMS support. These two fire rescue stations serve a fairly densely developed area and it would call into question how often Station 86 would be called in to assist those stations and vice versa and

then what burden that would put on the City of North Port's fire rescue resources if mutual aid were required. We believe this has real potential to be inequitable to the City of North Port's residents and businesses.

Were the study area to be contracted out of the City, the robust station support available elsewhere in the City may not be available to the area. Alternatively, were the City to provide mutual aid to the contracted area, North Port property owners would be subsidizing the contracted area who would be paying nothing towards a service that had been planned and developed for them. This is a key consideration for residents and businesses on both sides of the Myakka River to consider. Additionally, the command and control of the Station is currently under the North Port Fire Chief who is responsible solely to the City of North Port businesses and residents. County fire service command personnel have a larger audience to whom they are responsible. Contracted area residents may or may not get the same level of accountability since the county fire operations answer to the Sarasota County Commission.

The two future fire stations that might be built were this to remain in North Port would also provide more robust coverage and response times. The level of service provided by the North Port fire department is very high. It is ISO rated 1/1Y, ranking it in the top 1% of fire departments nationwide. Insurance rates are tied to these ratings. The City's water distribution system with its frequent location of fire hydrants is very good. Here, the City, through its planning processes started long before the first home was built, worked with the Developer and WVID to plan and construct a utility system capable of serving this area of the City. Even if contracted, the Utilities would continue to be owned and operated by the City, who would be able to charge between 25% and 50% more to properties that would, if contracted, be outside the City limits. This would not affect fire services, however.

Fire assessments for residential properties are less in the unincorporated areas, but this appears to be function of fewer stations and their attendant costs spread out over a very large area. It's likely the ISO rating under the County system would be a 2, which would result in higher insurance rates.

Continuity of Fire Rescue Services After Contraction

There are a number of foreseeable issues to insure uninterrupted service delivery of both fire and rescue services to the contracted area.

1. Station Utilization. Station 86 is or will be owned by the City of North Port. Numerous agreements regarding the financing, planning, development, acquisition and deployment of fire rescue services, both for this station and potentially two others would need to be addressed. Would the City be willing to return the station and equipment? Would those who were party to agreement feel harmed that the fire rescue services are being altered unilaterally. Would the City keep the employees hired to staff the station or would they have to be let go? Would the County hire them? Would the County staff it the same as the City? Would the County contract with the City to provide the services to the area temporarily or permanently? How would the station be integrated into a larger system? Would the City be harmed with mutual aid arrangements by becoming a near perpetual "donor" of services at the expense of City taxpayers?

2. Financing the Operations of a County-run station. The annual cost of operating the station will be well north of \$2 million and will only benefit the study area. The County might consider levying a Municipal Services Taxing Unit charge to properties in the contracted area to pay for the additional services the area would be receiving above and beyond what other incorporated areas enjoy.

3. Response Protocols. The City's fire department no doubt would have different response protocols for different incidents and those protocols would rely primarily on city resources. The City operates 5 other stations and has more equipment and manning that the County could reasonably provide.

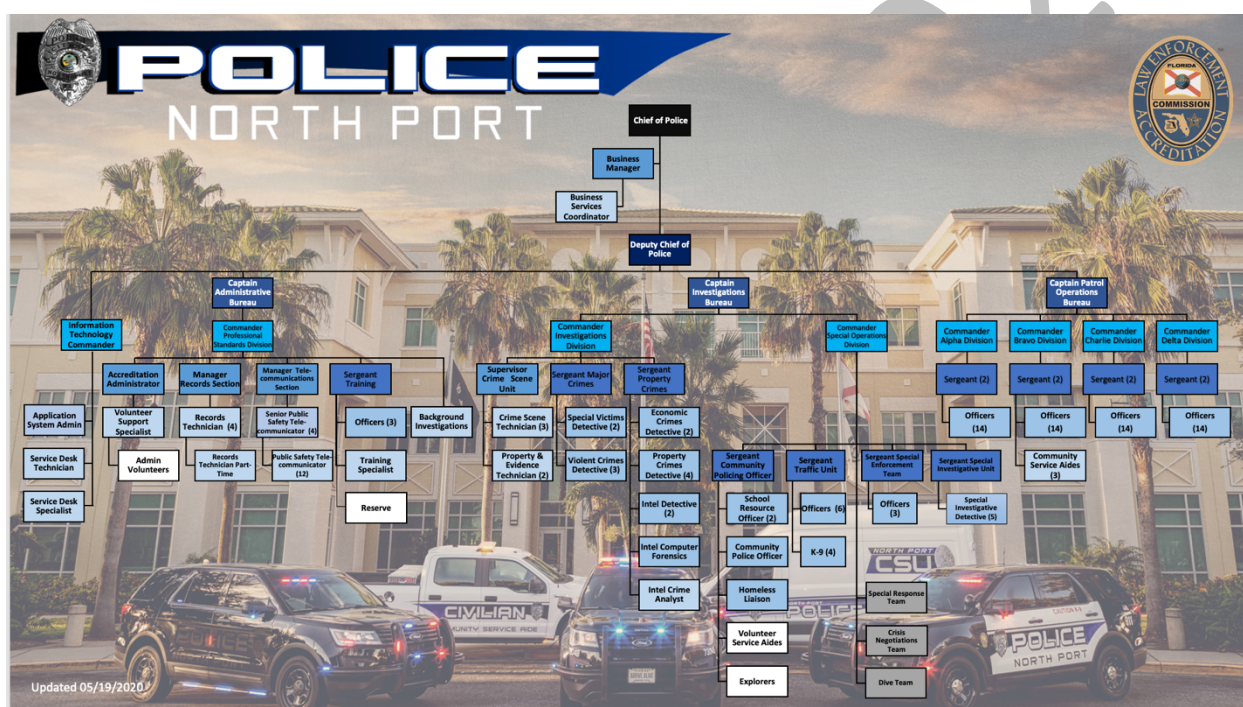
4. Future Station Expansions. A good deal of planning and legal framework has been undertaken to plan for future fire stations as development occurs. These agreements would have to be changed and agreed to by the parties to the agreements and then the County or the WVID would be in charge of monitoring and implementing those expansions. The City has demonstrated that it has remained on top of what is required to plan and implement a robust fire service and has worked with the Developer and WVID from the beginning in furtherance of this important public service.

5. There are a number of costs that have been incurred by the City and they might be within their rights to expect reimbursement of prior expenses or payment for property they own. The negotiations over these items may or may not be amicable and again there are parties to these agreements that may feel they have been harmed.

Law Enforcement Service Considerations

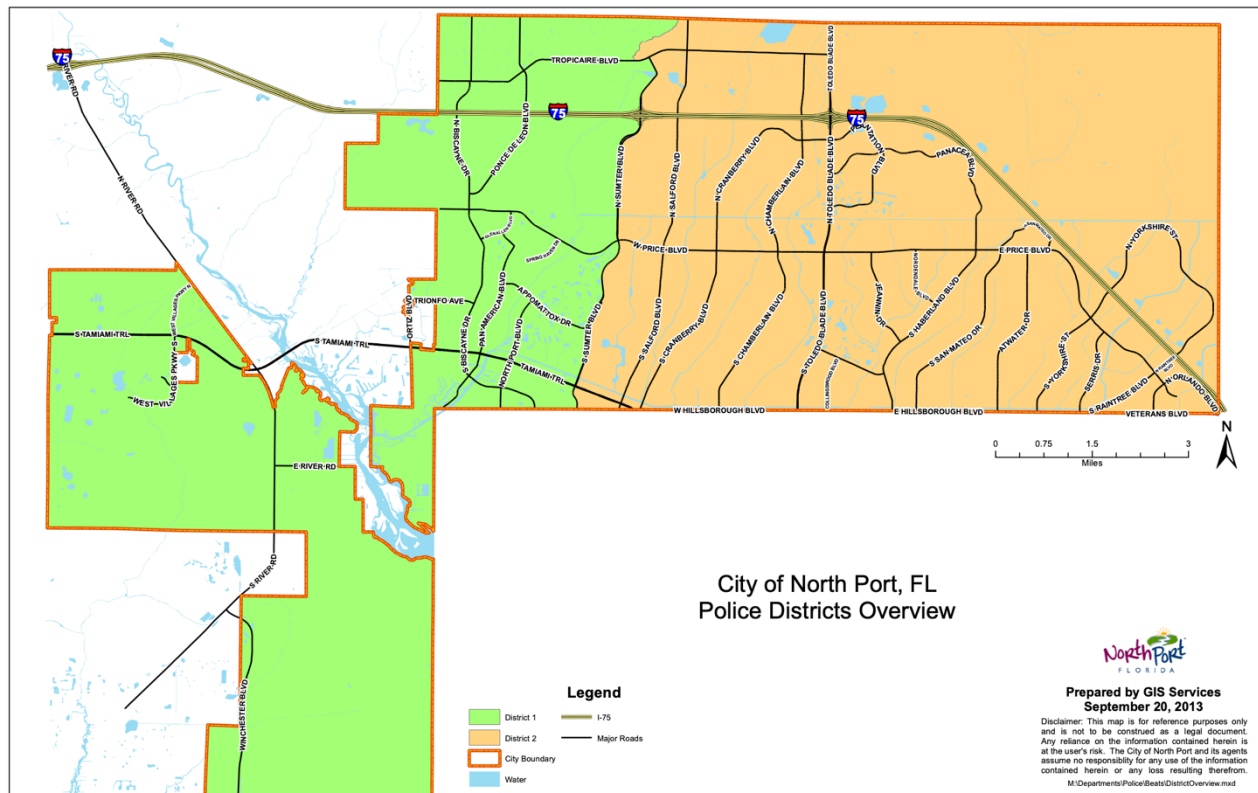
The City of North Port has a very robust and professional police department. The department has 167 funded positions, including 123 sworn positions. The department is organized along three main bureaus: Patrol, Investigations, and Administration, as detailed in the department's current organizational chart:

Figure 4. Police Department Table of Organization and Staffing



The patrol bureau is further organized with four divisions (Alpha, Bravo, Charlie, and Delta) each comprised of 14 officers, 2 sergeants, and 1 commander. The Bravo division is complemented with 3 community service aides. The City is divided into 2 districts. The study area is part of District 1 (the green area below) and is east of the Myakka River:

Figure 5. City of North Police Department District Boundaries



Much of District 1 is currently undeveloped but still served by the Police Department. The City assigns 8 sworn personnel in the contracted area. The current annual personnel and operating costs for these personnel is \$900,047 plus an estimated. Vehicles for the officers are initially paid for from the local option sales tax and the cost of the vehicles is approximately \$444,000. WVID, as part of its agreement with the City, contributed \$85,942.13 in one-time equipment support. Renewal and Replacement of the capital items will be made by the City in future periods. As the study area develops, additional police personnel will be added.

If the area becomes unincorporated, the Sarasota County Sheriff's Office would be obliged to provide deputies to cover calls for service in the area and to provide patrols. The Sheriff is an elected constitutional official and the Sheriff's budget is approved by the County Commission. It is not clear how many deputies would be dedicated to this area. What is clear is that the

North Port Police Chief is responsible only for the City of North Port, is accountable to the elected and appointed officials of North Port and would only serve North Port residents and businesses. The Police Department's budget is set by the City Commission of North Port. The City Commission represents only the residents and businesses of North Port whereas the County Commissioners and the Sheriff serve a multitude of areas and interests. The local control and direct ability to control resources and policy is an important element that North Port enjoys but which can be a challenge for larger governments and organizations that have many masters and financial resources that have many demands upon them. In this regard, we believe the service levels and responsiveness of a City police department would be greater than those of a county or sheriff-provided service. Much like with fire services, the City would have up to 15 additional personnel available to immediately assist officers currently assigned to the study area. It is unlikely that the Sheriff would be able to quickly respond with that number of deputies if necessary. Again, it is probably more likely that the City would be called upon to assist deputies as they would likely be closer and able to respond. This could also happen in the other direction, but it seems more likely that the lion's share of mutual aid calls would be to the unincorporated area. This would be a hidden subsidy or gift to the contracted area and be done at the expense of North Port businesses and residents.

To get a level of service greater than what the Sheriff provides county-wide, it would be reasonable to expect at some point for the County to levy a Municipal Services Taxing Unit that would levy taxes or charges to property owners located in the study area. These additional charges or taxes would be used to pay for a higher level of service. Were that to happen, we suspect that the cost would not be much different than what would have been paid were the area to remain in North Port. The area is ultimately to be developed in a very urban or suburban manner and over time and the tendency of these areas over time is towards annexation or incorporation rather than remaining unincorporated.

There are a number of foreseeable issues to insure uninterrupted service delivery of law enforcement services to the contracted area.

1. Will the City reduce its force by the 8 sworn officers deployed in the contracted area or will they keep them through an attrition period? To the extent the currently employed officers are kept on payroll, North Port residents and businesses would be harmed financially.
2. Will the Sheriff purchase any equipment the City no longer needs or will the City otherwise be reimbursed for these costs?
3. Ongoing criminal investigations and cases. The City and the sheriff will likely have to enter into an agreement as to how criminal investigations and ongoing prosecutions will be handled. To the extent the City must still be involved with court appearances or time spent on investigations, will the City be reimbursed for these costs, which could be significant?
4. Alarm permits and responses will need to be changed over to the Sheriff and all permit holders will have to be notified.
5. Mutual Aid. Will the City, through its mutual aid agreements, be expected to provide support in an area where the sheriff may not have the immediate resources needed to assist deputies? And will that in turn make the City a “donor” of those services and costs, thus harming the City and its residents and taxpayers?
6. There are a number of costs that have been incurred by the City and they might be within their rights to expect reimbursement of prior expenses or payment for property they own. The

negotiations over these items may or may not be amicable and again there are parties to these agreements that may feel they have been harmed.

Solid Waste and Recycling

The City of North Port provides solid waste collection and disposal services, as well as recycling and other services such as free white goods/appliance collection, two free annual bulk trash pickup, electronic waste disposal, and once a week yard waste collection. The City provides each home a 95-yard waste tote (for a one-time fee of \$100). They also provide free garbage totes. Garbage is picked up once a week. The City utilizes its own equipment and personnel in providing this service. The county level of service is very similar but is provided through a contract with Waste Management, a private hauler. From time-to-time, the County may change haulers and the County has not collection equipment and personnel of its own. While it has not been an issue, there is a possibility that a private hauler's workers may strike while it is unlawful for public employees to strike in the State of Florida.

Were the area to be contracted, there is likely going to be a slight increase in costs to the remaining customers as some fixed costs such as administration will now be allocated over fewer homes. If the City elects to keep the employees that provide service to this area, then rates will be higher for remaining customers as well.

The City was given a solid waste truck as part of its agreements to WVID and the Developer. Were the City to agree to contract the area away from the City, parties to those agreements may feel they have been harmed and seek repayment for the amounts paid on behalf of the City. It's unlikely they would want the garbage truck back as they would not have a use for it. The City would likely keep the truck as a spare.

issues to insure uninterrupted service delivery of solid waste services to the contracted area.

1. It would not be a difficult transition for a new hauler to begin providing services to the area. The totes that have been given to or leased to customers are City property and the City may or may not want back used totes. The unamortized value of the totes would be owed back to the City as well as the cost of disposing of any unwanted totes.

2. The County has a franchise agreement with Waste Management to provide solid waste services to county residents and businesses. They would be the exclusive provider of services to the contracted area and it is unlikely that the County could contract with the City to continue providing this service.

3. The service levels are very similar but they are not identical. An educational campaign would have to be undertaken by the new hauler or the County to inform residents of the new service.

4. There will be initial disruption as residents will likely have to return their current totes and get new totes from Waste Management. There are always people who are not at home because they are seasonal residents, on vacation, etc. These people will have to be accommodated when they return, which will be a burden to the new hauler and city alike.

Code Enforcement

Code enforcement actions that are pending will have to be adjudicated and a process agreed to between the County and the City. Infractions incurred through the date of contraction will remain with the City, but the County may have a new violation on the same property. Liens

will still need to be collected by the City, but the City will need to make certain that all liens have been recorded to make sure that future buyers are made aware of the lien. Future property owners may not know to contact the City for estoppel letters/lien searches.

The County codes will be different than the City codes and this will be confusing for certain property owners. What may have been allowed in North Port may not be allowed in the County and vice versa. An educational campaign would likely be required by the County to inform property owners of new requirements.

Business owners will need to be notified of the change in governing rules. The processes and fees will not be the same. The issue of whether business taxes are paid for annually on a fiscal year basis and unearned taxes may require refunding by the City. The County will need to inform all the businesses that were in the contracted area of the change. The City will likely need to identify each business and provide all relevant information to the County. This is another example of the added burden to the City to extract out property owners from its various operations.

Building Permits and Inspections

This is an area where you can almost certainly expect an initial disruption of services and serious complaints from builders, developers, trades people, and homeowners. At the point of contraction, and really well prior to it, builders will have projects underway. The plan review and permitting will be in process on many sites and both the County and City building departments will have to engage in a well thought out plan of action as to how these plan review and permits will run out over the several months following contraction. Builders should not be expected to pay twice (in fact, they may litigate this point). Other issues on failed inspections, red tags, stop work orders, and the like will need to be addressed.

Those who pull permits will have to be well informed as to the transition. Fees that may have been paid may need to be in part paid over to the County for the inspections they will undertake. Impact fees will most definitely change as the City won't have the authority to collect them anymore. And that raises the issue of the developer agreements and interlocal agreements the city has to collect the impact fees and, in many cases, pay them out to WVID as reimbursement for facilities and equipment built by WVID and turned over to the City. WVID issued debt in many cases for the now city-owned improvements and they can't be harmed without expecting litigation. It is likely these various agreements will have to be re-negotiated if the Commission approves the petition. The revenue lost from the permitting activity in theory is largely or entirely offset by the avoidance of the expenditures associated with the revenue. The County may also consider opening a satellite permitting and inspection office as a convenience to the public.

Impact fees present some rather unique challenges. Typically collected at or near the issuance of a certificate of occupancy, the money is collected for a specific purpose and must be spent within a reasonable period of time. However, the county likely doesn't have the same impact fee criteria or application as the City and much of the exactions come from the City's land development code. It could potentially arise that some of the money the City has collected would need to be refunded and that there could be a period of time when no impact fees are collected in the contracted area. This could also present potential liability to the City for contracting away an area that had agreements in place with both the Developer and WVID.

Personnel in this operation will be negatively impacted as the workload will likely be greatly diminished. We have not quantified this amount because even outside of a boundary contraction, it is difficult to gauge the level of staffing needed from one year to the next.

Planning and Zoning

This area has the potential to create serious problems for both the City and the Developer. Significant amount of time and money have gone towards the planning the area properly and in compliance with the City's Comprehensive Plan and land development regulations. Once contracted, the area would fall under the County's Comprehensive Plan and land development regulations and no doubt there will be inconsistencies between the two. The County will have to take steps to either amend their rules and regulations or the Developer will need to comply with the County's current plan. Further, if the Developer is delayed, through no fault of their own, it seems likely that they would seek relief and damages. Most the Planning and Zoning issues will involve the Developer, but other property owners will likely not have the convenience of the location of the City's offices and personnel and will have to go to the county for these services.

As noted often in this report, there are many agreements to which the City is a party. They are essentially partners with WVID and the Developer. The City will likely be in the process of reviewing many applications of various types and each will likely be in a different state of review or approval and under the rules the City had when the applications were filed. The City and the County will need to spend time deciding how these pending applications and their approval or denial will be completed and should in any event prevent the applicants from being harmed for circumstances beyond their control. The City may have exposure if applicants are delayed because the City agreed to a contraction of boundaries in the process harmed an applicant.

Any fees collected and not earned will need to be returned to the customer. Any cost recovery accounts with balances will need to be accounted for and moneys returned.

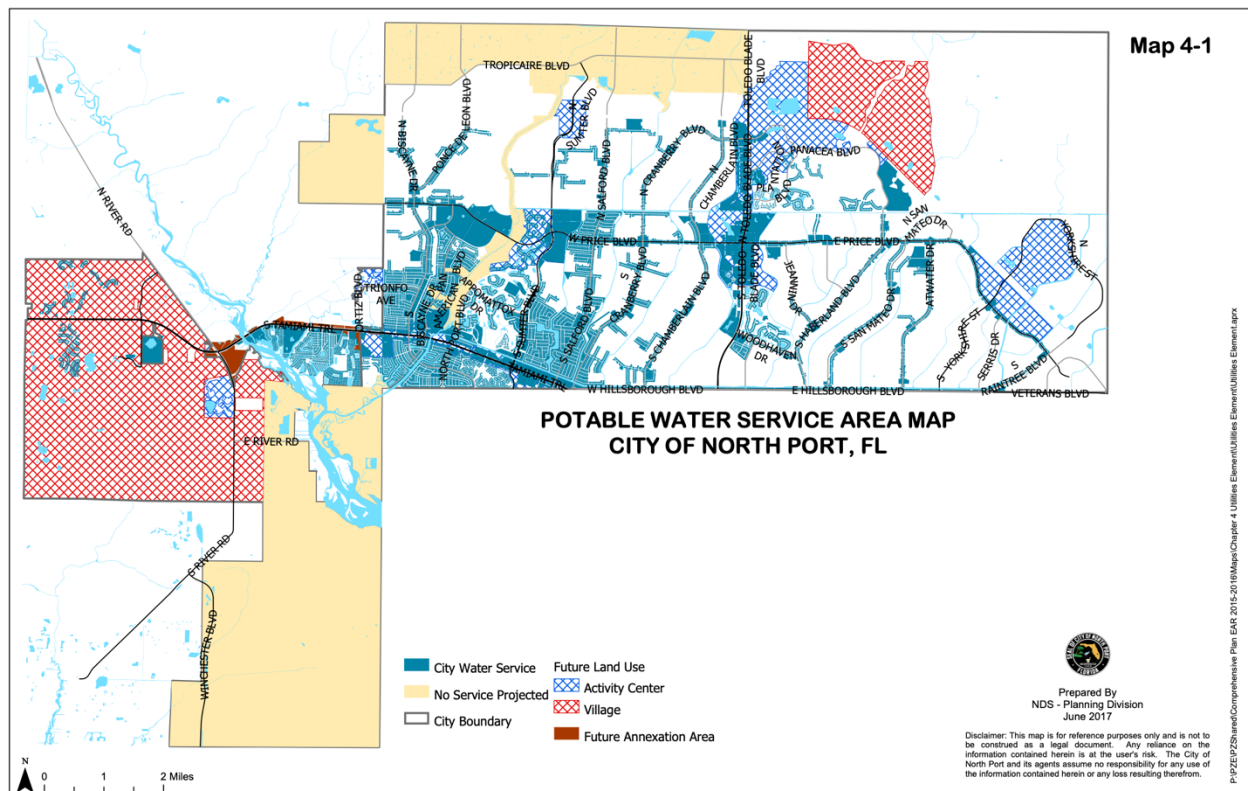
The City employees will likely need to be reduced in this area as the workload will undoubtedly be less than it would have been had the area stayed in the City.

Water and Wastewater

The City owns all the utilities and the service area in the area to be contracted. They have no obligation to sell or otherwise convey this to any other entity. The City also is obliged to its bond holders for all outstanding debt. As you can see from the service area map below, almost all of the developed study area is in the City's service area. Significant amounts of time, effort, and money has been expended the City, WVID, and the Developer in efficiently planning for the provision of water and sewer services. The City owns rights-of-way and easements, sometimes intertwined with roadways and other property that could not easily be isolated without spending significant sums of money on engineering, surveys, and legal work. At the end of the day, the City would need these rights of way and easements just as much as any other utility would need them. As of its last audited financial states (FY2019) the city had about \$137.5 million book value of assets in its utility system and \$27,231,557 in debt owed by the system, exclusive of pension obligations and other post-employment benefits. Figure 6 shows the City's service area for water and sewer:

(continued on next page)

Figure 6. City of North Port Water and Sewer Service Area



The debt has a pledge of the system revenues, including Contributions In Aid of Construction and the customer's monthly bills. They will likely be barred or enjoined from disposing of any system assets, including the service area. We do not expect any disruption in service to customers within the contracted area. We do believe the City would be well within its rights to charge a surcharge of between 25% and 50% to customers outside the City limits. This is allowed by law and is a common practice throughout Florida. We estimate that this will cost study area homeowners about \$250 annually and that amount would like grow as rates increase. While rate increases are open to any member of the public, the body approving those rate increases are elected by only North Port voters. Unincorporated property owners or customers would have no elected representation regarding the water and sewer operations.

Streets, Roads, and Drainage

For the most part, the street, roads, and drainage infrastructure in the study are recent additions and are likely in very good shape. The infrastructure belongs to the City and currently the City is responsible for the maintenance of the systems. However, and as noted above in the section on water and sewer, many of the road rights of way owned by the City have utilities beneath them and these would need to be converted to easements to provide access to the underground work. The stormwater system, which includes a trail network owned by the City, would need to be conveyed to the County. And, as noted above, this comes at considerable engineering, surveying, and legal expense, which would likely be paid for ultimately by the contracted area.

The City receives sales surtax funds which can be used for infrastructure projects. Its share of the funds is derived from its population share in the county. The City loses these funds, which are significant. The County will receive the funds, but they have a larger area and more demand for this source of revenue and the contracted area may not receive as much as it would have had it remained in the City.

The City also had \$33,255,000 in Series 2013 Transportation Improvement Assessment Bonds. The bonds were issued for reconstruction and rehabilitation of 266 miles of existing city roadways. The City has pledged \$52,753,419 of future assessment revenues to use to pay the principal and interest on the bonds as they come due through 2039. The City and the County will have to agree to the amount owed by the study area properties and the County will be obliged to pay that portion of the outstanding debt. This no doubt will be collected as a special assessment on the study area properties. The allocation of the debt service costs is beyond the scope of this report, but the assessments for roadway and drainage that are currently levied may not be much different from that which the County will charge those same properties.

The only question remaining would be if the County would be as responsive as the City regarding issues surrounding these, roads, and drainage in the study area.

Outstanding Debt and Future Bond Ratings

The City is in very good financial shape. Prior to COVID-19, the City's last audited financial statements showed nearly \$12 million of unassigned reserves in the City's General Fund, or 28% of General Fund expenditures. The City has used less than 40% of its property tax capacity. Even with contraction and the pressure that will put on the City's remaining property owner, we expect the City's taxing capacity to still be below 50%.

Still, losing the future growth of the contracted study area very well might result in a lesser underlying bond rating than what it otherwise would have, resulting in higher interest costs.

Debt that relies upon water and sewer system revenues would not likely be affected since the City would retain ownership of the system and the service area that coincides with the study area.

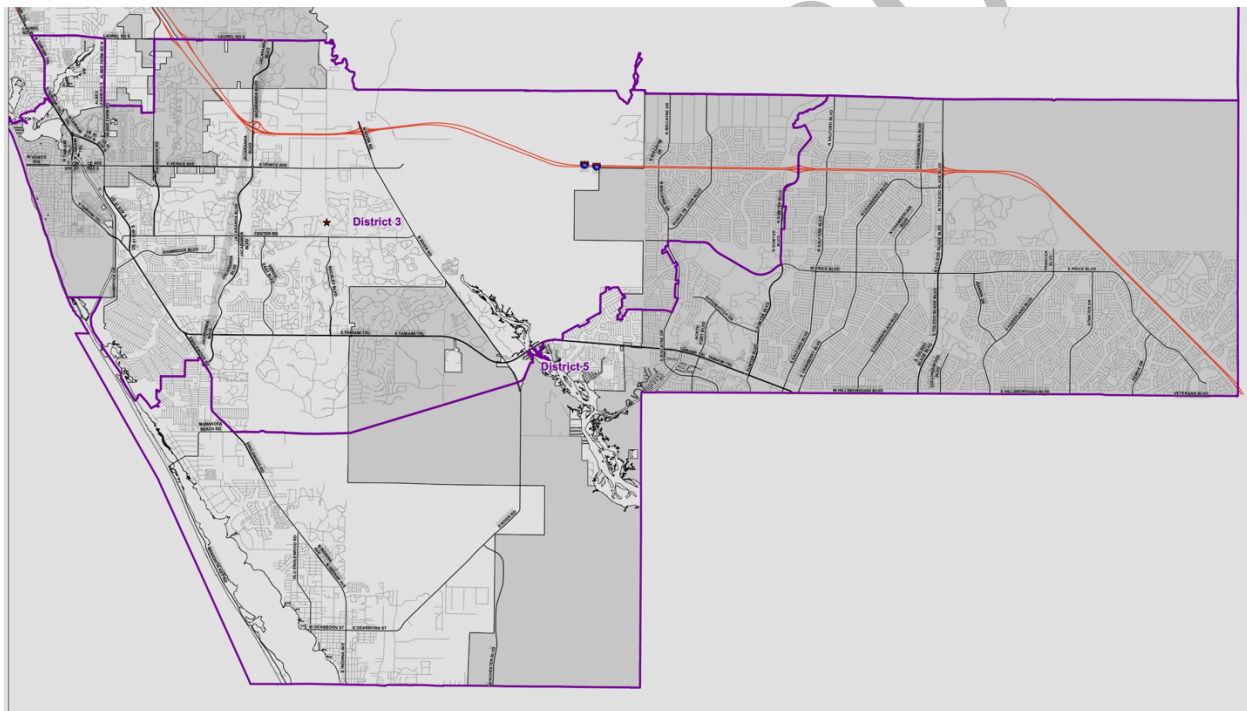
The City has no other bonded debt. Its underlying bond rating would likely be better if the area were not contracted. If that were the case, its interest cost of borrowing would expect to be less over time if the area remained in the City.

Hurricane and Public Emergencies

Preparing for and recovering from natural disasters like hurricanes is an area of service delivery that is impossible to quantify in terms of known dollar exposure. When a hurricane hits a community, the costs to prepare, respond, and recover from it can be massive. The extent to which virtually every public service is interrupted can also be staggering, and the ability of a local government to respond to its citizen's needs can be strained to an almost unimaginable degree. Debris damage, street signs, traffic signals, water, sewer, electric, flooding, deaths and injuries: the list can go on. In cities like North Port, the elected and appointed officials and the

public employees who work for them know their community better than anyone else at the County level and they will typically prepare and respond better than a larger county government that has likely also sustained wide-spread damage and disruption. Resources such as personnel and equipment are their own and they will use them for their community first and they will be focused on their community. Counties don't have that luxury. They will respond, but typically not as quickly and not as responsively. A county commissioner is responsible for a much larger area than a city commissioner.

Figure 7. County Commission District 5 Current Boundaries



County Commission District 5 covers all of the City of North Port, but that is only one part of the District. Five city commissioners cover less than half the area of District 5 and can concentrate and distribute their efforts. This dynamic is very apparent during emergencies such as hurricanes. Again, it is impossible to quantify what this is worth to a North Port resident or business, but we believe it to be a significant advantage during trying times.

ADDITIONAL ISSUES OF CONCERN RELATED TO THE CONTRACTION PETITION

In addition to the specific fiscal impacts on City revenues and expenditures detailed previously in this Report, there are additional issues of concern if an ordinance contracting the City boundary as requested in the Contraction Petition were to be approved. Under Florida Statutes §171.052(2) and §171.061(2), an ordinance contracting municipal boundaries shall “make provision for apportionment of any prior existing debt and property”; and the City “shall reach agreement with the county governing body to determine what portion, if any, of the existing indebtedness or property of the municipality shall be assumed by the county of which the excluded territory will become a part, the fair value of such indebtedness or property, and the manner of transfer and financing.” Note that the language in FS §171.061(2) does not require that the County make the City whole as to debt or property. The past actions, current activities, and future commitments of the City, the WVID, the Developers, and the County related to the Contraction Area are spread over the past twenty years plus at least twenty to thirty years in the future, are numerous, and will not be easily renegotiated and reapportioned.

Some of the issues listed below directly affect the City while some would directly affect Sarasota County, WVID, and the Developers of land within the Contraction Area. Due to the numerous agreements and commitments made by and between these entities plus various agencies of the State of Florida, all issues listed below will indirectly impact the City, requiring staff and/or consultant time even if all past, existing, and future financial commitments of the City are reimbursed, recognized, and/or cancelled in a way that makes the City whole. Significant costs will be placed on all parties – with much of the costs ultimately borne by the residents of the Contraction Area, residents of the WVID, residents of the City, and residents of the County. Specific costs have not been assigned to these issues in this Report; however, the City Commission may consider the ramifications of these issues when considering the feasibility of the Contraction Petition.

Additional impacts and issues of concern to be addressed if an ordinance excluding the Contraction Area from the City boundaries were approved include:

1. Would require renegotiation of multiple agreements by and between the District, the Developer, the County, the City, the State and various other entities. Such renegotiations will result in substantial costs to all parties, including the City, and are unlikely to result in the City being made whole for prior expenditures. Commitments related to land transfers and capital improvements (for example, water and wastewater treatment plants, parks, fire stations, government facilities, River Road) would require reallocation of funding commitments, ownership, and service responsibilities between the City and the County as well as WVID and Developers.
2. Loss of opportunity for the City to address the City's identified need to provide more diversity of land uses within the City for long-term sustainability and success of the community. "As originally platted, the City had approximately 5% of total land area dedicated to uses other than residential. National studies suggest that successful and sustainable community's *[sic]* average between 15%-17% of their total land area devoted to non-residential uses. Because the platted lots located within the City are use-restricted by deed and not zoning, the potential to create large areas for innovative land design was nearly impossible. This is the reason why the City pursued annexation" ⁵ The City embarked on the process of collaborating with large landowners in the area that became the WVID with a series of voluntary annexations in 2002, with creation of the West Village Independent District by adoption of Chap. 2004-456 by the Florida Legislature in 2004, and with amendments to the City's Comprehensive Plan and development regulations including creation of the Village Land Use Classification and adoption of the Village District Pattern Planning (VPDD) process. The Village Land Use Classification is intended to establish a more sustainable pattern of development for the City, promote better jobs/housing balance within the City, avoid and overcome typical problems of urban sprawl, protect, and enhance environmental assets, and provide for an orderly transition of land uses with proper timing and location of needed public facilities. ⁶ Since that time, Villages A, B, C, and D are in various stages of development, and Villages E, F, and G have VDPPs that were approved by the City on July 24, 2019. The Atlanta Braves Spring Training Facility has been constructed in Village G and opened in early 2020. This serves as a

regional attraction for business and visitors. The land for the training facility is owned by Sarasota County, so tax revenue impacts to the City from Contraction may be minimal for the City; however, the City contributed \$4,700,000 to WVID as its share of funding for the facility. It is unclear whether the City will obtain the full expected value for its residents from that contribution if the requested Contraction occurs.

3. Negative impacts to the local economy and to North Port residents and businesses due to the delays in the development process if the requested Contraction is approved. If the Contraction Area reverts to unincorporated status, all development within the Contraction Area would be subject to the County Comprehensive Plan and development regulations. Processing Comprehensive Plan amendments and related plan reviews and approvals for the Contracted Area will require many months of time, during which neither the City nor the County would be authorized to issue development approvals. In addition, the County's ability to adopt ordinances to approve Comprehensive Plan amendments for density increases and to allow provision of County urban services in the Contracted Area are constrained by Sections 2.2(A)1 and 2.2(A)2 of the Sarasota County Charter. These Charter provisions require a majority plus one vote of the County Commission to approve an ordinance amending the County Comprehensive Plan which increases allowable density or intensity⁷ and fiscal neutrality as well as a unanimous vote of the County Commission to approve an ordinance expanding the County's Urban Service Area or establishing new Future Land Use Overlay Districts increasing the density or intensity of lands outside the Urban Service Area.⁸ These Charter provisions would complicate and potentially frustrate the adoption of County Comprehensive Plan amendments necessary for the County to approve development and provide urban services within the Contracted Area.
4. The uncertainty and delay for future development within the Contracted Area would negatively impact local North Port businesses and employees working in the development and related industries as well as the entities owning developable lands within the Contracted Area. Outstanding bonds of the WVID could be impaired and/or could require increased assessments on property within the WVID if revenue streams are reduced due

to delayed development. Additionally, the negative impact on vested rights and other property rights of landowners within the Contracted Area⁹ poses a potential risk to the City. If the City takes actions that reduce the existing development rights of landowners in the Contraction Area, it is possible that those landowners will pursue Bert Harris Act and other damages claims against the City. Even if such claims were ultimately held invalid, the City would have the expense of defending against multiple claims and litigation.

5. The Contraction Area is located within the North Port Commission District #5 with a portion of the District remaining after removal of the Contraction Area. However, the change in population would very create a need to review and possibly redistrict the City Commission Districts to reflect the change in population. Such redistricting must comply with the provisions of Section 2.02 of the City of North Port Charter.¹⁰ Additionally, the boundaries of dependent special districts of the City, the Fire and Rescue District and the Road and Drainage District, boundaries would have to be adjusted to exclude lands within the Contraction Area. Any facilities and services provided in the Contraction Area would have to be analyzed to determine if any services would continue to be provided under contract or interlocal agreement. No non-ad valorem assessments imposed by the City for either district would continue in the Contraction Area. Any City district facilities, services, or projects within the Contraction Area would need to be examined to determine if sufficient benefit to properties and residents within the contracted City boundaries would be provided to justify retaining or continuing such facilities, services, or projects or any expenditure of City non-ad valorem revenues or other City funds.

¹ F.S. §171.051 Contraction procedures.—Any municipality may initiate the contraction of municipal boundaries in the following manner:

(1) The governing body shall by ordinance propose the contraction of municipal boundaries, as described in the ordinance, and provide an effective date for the contraction.

(2) A petition of 15 percent of the qualified voters in an area desiring to be excluded from the municipal boundaries, filed with the clerk of the municipal governing body, may propose such an ordinance. The municipality to which such petition is directed shall immediately undertake a study of the feasibility of such proposal and shall,

within 6 months, either initiate proceedings under subsection (1) or reject the petition, specifically stating the facts upon which the rejection is based.

History.—s. 1, ch. 74-190; s. 17, ch. 90-279.

² Cover/Transmittal Letter Submission of Petition by Qualified Voters, submitted to City of North Port on Oct. 28, 2020. A previous petition for contraction was constructively withdrawn upon submittal of the Oct. petition pursuant to a Joint Stipulation Regarding Submission of Petition executed by the City and by representatives of West Villagers for Responsible Government, a political committee, and West Villagers for Responsible Government, Inc. The previous petition proposed to exclude only lands within the West Villages Improvement District located within the City boundaries.

³ Source: Map of City of North Port West Villages, prepared by NDS – Planning Division, August 11, 2020.

⁴ Acreage of areas within the Contraction Area but outside the boundaries of the WVID is based on acreage data available on the Sarasota County Property Appraiser's website and review of maps prepared by NDS – Planning Division.

⁵ Memorandum re Petition #CPA-05-130, from Sam Jones, Planning Director, City of North Port, to City of North Port Planning & Zoning Advisory Board; dated Feb. 14, 2008.

⁶ West Villages Pattern Book (VDPB), Chap. 2. History and Background, Adopted April 28, 2020, City of North Port Ordinance No. 2019-46.

⁷ Sarasota County Charter, Section 2.2A(1) Provided however, any ordinance amending Sarasota County's Comprehensive Plan which increases allowable land use density or intensity, shall require an affirmative vote of a majority plus one of the full membership of the Board of County Commissioners. (Added 11/6/2007.)

⁸ Sarasota County Charter, Section 2.2A(2) Provided further, that from and after the effective date of this subsection 2.2A(2), any ordinance amending Sarasota County's Comprehensive Plan which either:

- (1) adds lands lying outside the Urban Service Area boundary to the Urban Service Area,
- (2) establishes new Future Land Use Overlay Districts which increase the allowable land use density or intensity on lands lying outside the Urban Service Area Boundary, or
- (3) adds lands outside the Urban Service Area Boundary to either the Settlement Area Overlay or the Affordable Housing Overlay,

Shall be fiscally neutral and shall require the unanimous affirmative vote of the full membership of the Board of County Commissioners.

"Urban Service Area" shall mean that area delineated on that certain map titled "Future Land Use Map of Sarasota County," January 2019 edition 8 dated November 2006, which is on file in the official records of the Clerk to the Board of County Commissioners.

This sub-section 2.2A(2) shall not apply to amendments to the goals, objectives and policies of the Sarasota 2050 Resource Management Areas or to the Land Use Maps approved as part of Sarasota 2050.

This sub-section 2.2A(2) shall not apply to comprehensive plan amendments that were approved for transmittal to the Department of Community Affairs prior to January 1, 2008.

Any proposed ordinance amending Sarasota County's Comprehensive Plan eliminating the Urban Service Area Boundary from Sarasota County's Comprehensive Plan shall be subject to voter approval at a referendum election called for that purpose.

No Charter amendment adopted after the effective date of this sub-section 2.2A(2) that deals with the extent of or process for altering the Urban Service Area in Sarasota County's Comprehensive Plan shall become effective unless that amendment explicitly provides for the repeal of this sub-section 2.2A(2).

(Added sub-section 2.2A(2) 5/6/2008.)

⁹ For example, the WV Pattern Book states: "Established in Comprehensive Plan Policy 13.1.n, portions of the West Villages that are under the control of the West Villages, LLLP, are entitled for 16,400 dwelling units. As of November 2018, a total of 8,198 dwelling units have concurrency approval across the northernmost Villages, Villages A-D." See, WV Pattern Book, adopted April 20, 2020, at pg 7.

¹⁰ City of North Port Charter, Sec. 2.02. Districting and redistricting plans.

- (a) There shall be five (5) City Commission districts, numbers 1, 2, 3, 4, and 5.

(b) The City Commission shall by ordinance adopt the boundaries of each of the five (5) districts using the following specifications:

1. Each district shall be formed of compact, contiguous territory;
2. Each district shall be based on the principle of equal effective representation as required by the United States Constitution; and
3. Each district shall be as equal in population as possible, with no more than a five percent (5%) deviation in population based on average population among the districts.

(c) The City Commission approved a districting plan by Ordinance No. 2014-41 on December 1, 2014.

(d) The City Commission shall approve a redistricting plan by ordinance, if a substantial change is proven, in accordance with Section 2.02(b) no later than 10 months (300 days) following each decennial census published results.

1. Proposed plans must be available to the public for inspection and comment not less than one (1) month before the first public hearing on the plans. Proposed plans shall include a map and description of recommended district boundaries.
2. Redistricting provisions shall not be deemed to prohibit the City Commission from considering restructuring boundaries of the districts in the event of major changes in the population of any district brought about by annexation, contraction, or substantial population shifts prior to the decennial census results.
3. The City Commission may utilize management, staff, or consultants in the evaluation and/or drawing of proposed district boundaries.
4. Any adopted redistricting plan will take effect for any election held at least one (1) year following final approval of the plan.
5. A sitting Commissioner who is adversely affected by the redistricting plan may serve out the balance of their term as a representative of their former Commission District Seat.

(e) If the City Commission fails to enact a redistricting plan within the required time, the City Attorney shall, the following business day, inform the Circuit Court, Sarasota County, and ask that a special master be appointed to perform the redistricting. The special master shall, within sixty (60) days, provide the court with a plan drawn in accordance with the criteria set forth in Section 2.02(b). That plan shall have the force and effect of law unless the court finds it does not comply with the criteria. The court shall cause a redistricting plan to go into effect one (1) year after the court's final approval. The City shall be liable for all reasonable costs incurred by the special master in preparing the redistricting plan for the court.