

Board of County Commissioners

Agenda Request

Date of Meeting: April 7, 2008

Date Submitted: March 26, 3008

To: Honorable Chairman and Members

From: Benjamin H. Pingree, County Administrator
Timothy Barden, Office of Management and Budget Director

Subject: Status Report On Road Paving Options and Initiatives for the Paving of Private Subdivisions in Wakulla County (Summerwood and Summerwind).

Statement of Issue:

This agenda item requests the Board accept the status report on road paving options and initiatives research by staff for the paving of private subdivisions in Wakulla County.

Background:

At the February 4, 2008 meeting, at the request of Commissioner Brian Langston, the Board directed staff review options available to the residents of the Summerwood and Summerwind subdivisions for the paving of their private roads.

In the past, Wakulla County had instituted traditional measures for providing road paving assistance to private subdivisions. These measures included the County obtaining private loans to fund paving in these subdivisions. The County would then set-up an amortized loan repayment schedule, usually 20 years, with interest, secured by a lien against the homeowner's property. The County then would be charged with administering these loans and making the annualized payments from the payments received from the individual property owners. This method of collection proved to be unworkable for the County. Since the collection was not the uniform method of collection (annual tax bill), the County was reliant upon property owners making their payments timely in order so the County could meet the obligations of the loan. Most often times, payments received have been sporadic and not timely. There is no penalty to the homeowner for non-payment of the annual payments, unless the property is sold, which then would require payment of the entire lien. However, when payments are not received, this requires the County to utilize other funds to make the annualized loan payment to the financial institution.

In an attempt to explore options to assist with road paving needs of Wakulla residents living in private subdivisions, staff researched measures currently in operation in other counties that have positive and negative consequences. The neighboring counties and cities researched are in a similar position as Wakulla County and are also seeking options for providing these services. Staff communicated with the neighboring counties of Gadsden, Franklin, Santa Rosa, Leon and the City of Tallahassee in an attempt to identify workable programs for possible duplication. However, these inquiries revealed that most all counties and cities are practicing similar

traditional approaches to provide paving assistance to subdivisions such as, self assessments, non-ad valorem assessments or Municipal Services Taxing Units (MSBU), and special funds used for project assistance.

Traditional Funding Options

1. Self-Assessment: Self-assessment involves the community or home owners association in a private subdivision assessing each home within the subdivision their portion of the cost of paving the roads subdivision and by either taking out a loan through a private institution or paying a contractor the upfront the costs of the project.
2. Non Ad-Valorem Assessment/Municipal Services Benefit Unit (MSBU): a non-ad valorem assessment is a legal financing mechanism or method wherein the County establishes a special district to allow a group of citizens to fund a desired improvement such as utilities, storm water, solid waste and roads. This process allows the property owner to finance the amount of the assessment over a period of time, generally ten (10) to fifteen (15) years depending on the project cost and type of improvements. The assessment will appear annually on the property tax bill as a non-ad valorem assessment. The assessment is a set amount for all property and is not based on the property value. Per Florida Statutes, there is a timeframe as well as cost associated with establishing either of these funding methods. The County Attorney has provided a brief synopsis of the timeline and deadlines as well as additional costs associated with the Tax Collector and Property Appraiser with these funding mechanisms (Attachment #1).

The County of Santa Rosa has a Municipal Service Benefit Unit department that handles all requests for the establishment of county MSBUs. Included in those requests are those from private subdivisions for paving. They have staff, policy, and procedures in place to handle these requests (Attachment #2).

Along with the traditional methods of funding projects, staff researched several funding practices currently used in Leon County and the City of Tallahassee. These methods are similar to most of the traditional methods above but use either different funding sources or different levels of participation by the homeowners.

1. 2/3 –2/3 Road Paving Program – Leon County: Leon County requires two-thirds consensus of subdivision resident's to pave a subdivision's road. The County prepares the design, which is held to minimum standards to keep costs down, issues the permits, and performs the paving. The County fronts the funds for the paving. The full cost is passed on to the homeowners via a special tax assessment that is added to the ad valorem taxes. The homeowners convey right of way to the County for continued maintenance.

This option has met with criticism because there is no special protection from the tax collector issuing tax certificates in cases where the property owner defaults on the ad

valorem taxes. The county tax collector does not have the flexibility to ‘work’ with the homeowners to separate the ad valorem taxes from this special tax assessment. This results in low income individuals who are unable to pay their assessment potentially losing their homes. On all delinquent tax bills, the Tax Collector is required to issue tax liens and which can be sold to highest bidder at auction.

2. 50-50 Road Paving Program – City of Tallahassee:

The City of Tallahassee requires 100% consent from the subdivision property owners before it will consider paving the roads. The City designs, permits, paves and fronts the costs. However, if less than 100% of the property or homeowners do not consent, they will not pave a subdivision. The City conveys only 50% of the costs to the subdivision owners. The other 50% is paid by the City via a special fund. The City’s subdivision paving standards are different from the County’s, in that the City requires curbs, gutters and sidewalks as part of the paving, which escalates the cost for each individual property or homeowner. Another drawback is that the City must establish up front the “Aggregate Cost Benefit” to the City by the improvements to be made. This aggregate cost benefit is provided to the property or homeowners when the city sends out the poll questionnaire so that the affected property or homeowners know up front what the paving cost will be, if they consent to the paving. Once the paving is done, this aggregate cost benefit is passed to the property or homeowner through an increased value assessment of the property. The City tax collector separates and distinguishes this special assessment cost from the regular ad valorem taxes, by classification as a special ad valorem tax. This enables property and homeowners to pay each separately and prevents the legal problems that are present in the County’s 2/3’s program. The homeowners have 10 years to pay off the special assessment tax, or if the property is sold, the assuming owner must repay.

City staff advised that this program was essentially not working because of the problems with 100% consensus, the increased value assessment and the inability of the low, very low and moderate income property and homeowners to agree and or to repay the special ad valorem tax. Many of the absent property or homeowners never respond to the city’s poll questionnaire or they refuse to provide easements and it makes the program very difficult to work with. In most cases, the city wound up spending large amounts of staff time and resources in efforts to obtain the 100% consensus only to fail in the end.

The road paving efforts of Leon County and the City of Tallahassee are not working based on the information provided to Office of Management and Budget staff by the program managers. These programs were designed with the needs of the property and homeowner’s in mind. However, given the financial burdens facing very low, low and moderate income property and homeowner, their inability to take on or repay additional financial burdens, has cause for the County to explore more viable means and avenues to identify options that present and less financial burden to all.

Analysis:

The paving of private subdivisions is not a unique challenge faced by the many jurisdictions that have a substantial amount of un-paved private subdivisions. Because, in most of these jurisdictions, the roads are private roads that require that the residents bear the costs of having their roads paved. Some of the larger jurisdictions provide some level of assistance, but most require that the costs be borne solely by the homeowners within that subdivision.

Options:

1. Accept Status Report On Road Paving Options and Initiatives for the Paving of Private Subdivisions in Wakulla County.
2. Do not Accept Status Report On Road Paving Options and Initiatives for the Paving of Private Subdivisions in Wakulla County.
3. Board Direction.

Recommendation:

Option #1

Attachments(s):

1. County Attorney Memo
2. Santa Rosa County Policy

