

# City of Palm Coast, Florida Agenda Item

**Agenda Date:** June 11, 2024

<b>Department</b> FINANCIAL SERVICES <b>Division</b>	<b>Amount</b> <b>Account #</b>
<b>Subject:</b> PRESENTATION - OVERVIEW OF PROPERTY TAXES (TRIM), REVENUE RESTRICTIONS, AND FINANCING OPTIONS	
<b>Presenter:</b> Helena Alves, Director of Finance, and Gwen Ragsdale, Budget & Procurement Manager	
<b>Attachments:</b> 1. Presentation	
<b>Background:</b> City Council adopted the Fiscal Year 2024 Budget on the 20 <sup>th</sup> day of September 2023, in the amount of \$357,748,234 under Resolution 2023-110.  At the April 23, 2024, Special Budget Workshop, City Council was presented with the Year-to-Date Budget results for operating department budgets, for Fiscal Year 2024 October through March.  Director of Financial Services, Helena Alves, and Budget & Procurement Manager, Gwen Ragsdale, will be presenting to City Council an overview of the revenue restrictions and the process for adopting the Property Tax (TRIM) rate to prepare for the upcoming Fiscal Year 2025 budget. The City's Financial Advisor Joel Tindal from Hilltop Securities Inc will join the presentation and speak to capital financing options available to the City.	
<b>Recommended Action:</b> <b>FOR PRESENTATION ONLY</b>	



# Property Taxes (TRIM), Revenue Restrictions, and Financing Options

Tuesday, June 11, 2024

Helena P. Alves, CGFO, CIA, MBA  
Director of Financial Services

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Gwen E. Ragsdale, MBA  
Budget & Procurement Manager  
Raelene Bowman, Budget Coordinator

February – March

Annual City Council Strategic Action Plan Evaluation

March 19<sup>th</sup>

Annual Financial Audit

March 26<sup>th</sup>

Review 10-year Capital Improvement Plan  
Department Overviews for Fire and Community  
Development

May 28<sup>th</sup>

Department Overviews for Water/Wastewater, Stormwater,  
Public Works, and Parks and Recreation

- June 11<sup>th</sup> Budget Workshop -Property Tax Overview and TRIM, Revenue Restrictions, and Financing Options
- July 9<sup>th</sup> Budget Workshop -General Fund, Facilities, and Information Technology Internal Services Funds
- July 16<sup>th</sup> Adoption of the Maximum Millage Rate (August 4<sup>th</sup> deadline)
- July 23<sup>rd</sup> Budget Workshop -Proprietary Fund Budgets
- August 13<sup>th</sup> Budget Workshop - Fleet, Capital, and All Remaining Fund Budgets
- August 27<sup>th</sup> Final Proposed Budget – All Funds
- 
- September 5<sup>th</sup>  
At 5:15 PM Tentative Date for Public Hearing to Adopt the Tentative Millage Rate and Budget
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- September 18<sup>th</sup>  
At 5:15 PM Tentative Date for Public Hearing to Adopt the Final Millage Rate and Budget



# Truth in Millage (TRIM) Property Taxes

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## Establishes statutory requirements

- That all taxing authorities levying a millage must follow, including all notices and budget hearing requirements.

## Requires Full Disclosure

- By taxing authorities to the taxpayers of the rates and amounts of taxes, prior to levying the taxes.



## By June 1

- Property appraiser provides total assessed value of non-exempt property

## By July 1

- Property appraiser certifies the taxable value (Form DR-420)

## Within 35 days of value certification, notify Property Appraiser of:

- Current year proposed (maximum) millage rate
- Date, time and meeting place of the Tentative Budget Hearing



## Assessed Value

- Value for tax purposes
- Determined by the property appraiser for a given piece of real or personal property

## Exemptions

- Amount deducted from the assessed value of property for tax purposes

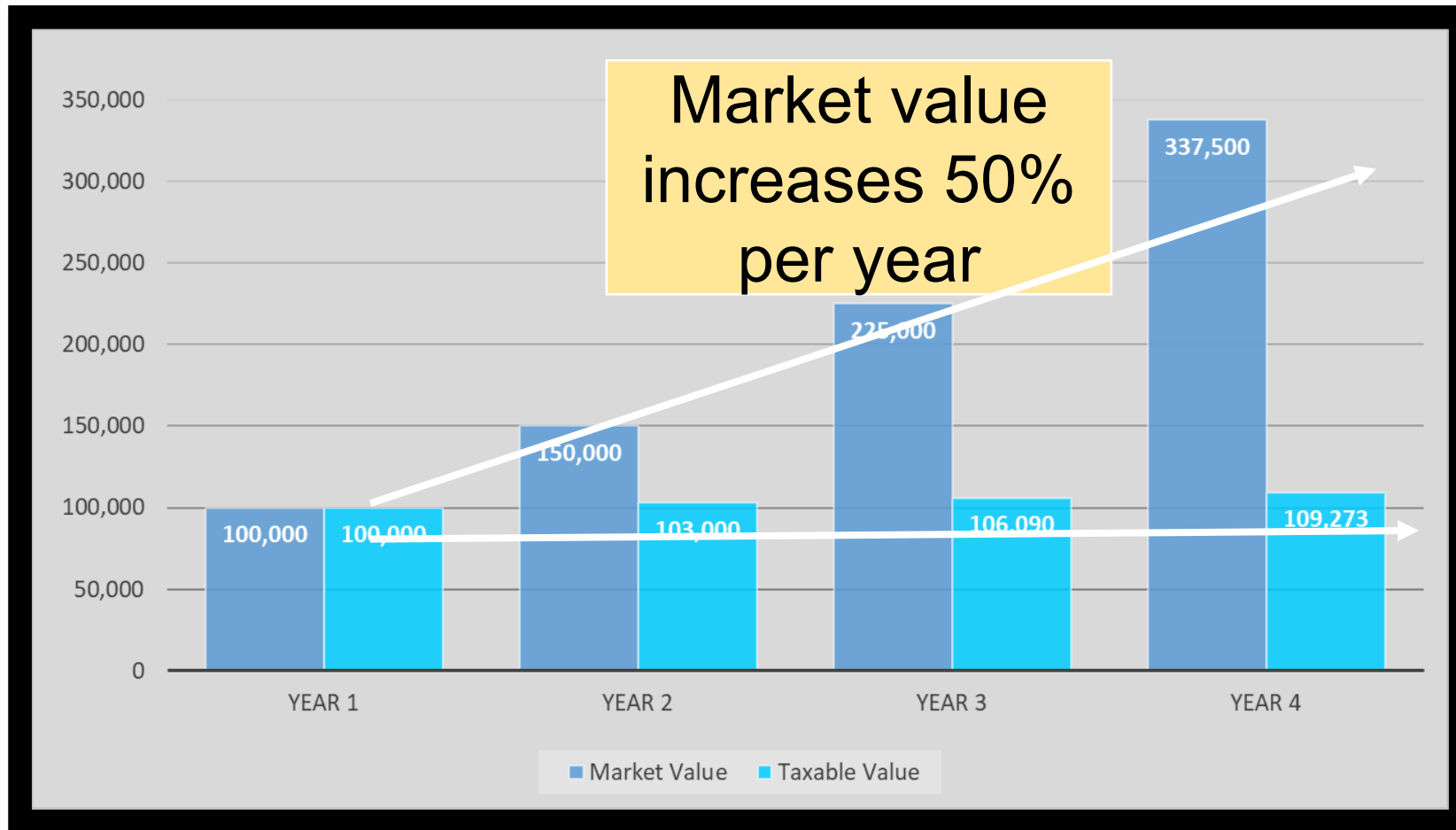
## Taxable Value

- Balance of the assessed value minus exemptions
- Assessed Value – Exemptions =  
Taxable Value





## Hypothetical Example – Save Our Homes



Taxable value on Homestead Property can only increase 3% per year or CPI (lesser of the two)

Taxable value on Non-Homestead Property can only increase 10% per year



# PALM COAST 2024 Ad Valorem Taxes by Taxing Authority



Flagler County ¢45

School Board ¢29

Palm Coast ¢23

Other ¢3

	COLUMN 1*		COLUMN 2*		COLUMN 3*		
TAXING AUTHORITY	Tax Rate (2022)	Your Property Taxes (2022)	Tax Rate if No Budget Change is Adopted (2023)	Your Property Taxes if No Budget Change is Adopted (2023)	Tax Rate PROPOSED (2023)	Your Property Taxes if PROPOSED Budget is Adopted (2023)	<b>PUBLIC HEARING INFORMATION</b> A public hearing on the proposed taxes and budget will be held on:
FLAGLER COUNTY	8.0547	864.17	7.4265	831.82	8.0547	902.18	9/6/2023 5:01 PM GOVT SERV BLDG 2 1769 E MOODY BLVD, BUNNELL, FL 32110
FLAGLER COUNTY VOTED DEBT	0.2915	31.27	0.2796	31.32	0.2796	31.32	9/6/2023 5:01 PM GOVT SERV BLDG 2 1769 E MOODY BLVD, BUNNELL, FL 32110
SCHOOL-STATE LAW LEVY	3.2980	436.29	3.1127	426.46	3.1550	432.26	9/5/2023 5:15 PM GOVT SERV BLDG 2 TRAINING RM 3 1769 E MOODY BLVD, BUNNELL, FL 32110
SCHOOL DISCRETIONARY	2.2480	297.38	2.1217	290.69	2.2480	307.99	9/5/2023 5:15 PM GOVT SERV BLDG 2 TRAINING RM 3 1769 E MOODY BLVD, BUNNELL, FL 32110
<b>CITY OF PALM COAST</b>	<b>4.6100</b>	<b>494.60</b>	<b>4.2570</b>	<b>476.81</b>	<b>4.2570</b>	<b>476.81</b>	<b>9/7/2023 5:15 PM, PC CITY HALL COMM WING 160 LAKE AVE, PALM COAST, FL 32164</b>
SJR WATER MGMT DISTRICT	0.1974	21.18	0.1793	20.08	0.1793	20.08	9/12/2023 5:05 PM SJRWMD HEADQUARTERS 4049 REID STREET, PALATKA, FL 32177
EAST FLAGLER MOSQUITO CONTROL	0.2975	31.99	0.3250	36.40	0.3250	36.40	9/13/2023 5:01 PM EFMCD 210 FIN WAY, PALM COAST, FL 32164
FL INLAND NAVIGATION DIST	0.0320	3.44	0.0288	3.23	0.0288	3.23	9/7/2023 5:05 PM F.LANGFORD PAVILION 1707 NE INDIAN RIVER DR JENSEN BCH, FL 34957
<b>Total Property Taxes</b>	<b>19.0291</b>	<b>2,180.67</b>	<b>17.6751</b>	<b>2,110.60</b>	<b>18.5274</b>	<b>2,210.27</b>	

**COPC is 23% of total millage**

Taxing Districts	Market Value		Assessed Value		Exemptions		Taxable Value	
	2022	2023	2022	2023	2022	2023	2022	2023
Other	272,806	279,884	157,288	162,007	50,000	50,000	107,288	112,007
Municipality	272,806	279,884	157,288	162,007	50,000	50,000	107,288	112,007
County	272,806	279,884	157,288	162,007	50,000	50,000	107,288	112,007
School	272,806	279,884	157,288	162,007	25,000	25,000	132,288	137,007

Assessment Reductions	Applicable to:	Value
Save Our Homes	All Taxes	117,877

Exemptions	Applicable to:	Value
Homestead Exemption	All Taxes	25,000
Additional Homestead Exempt	Non-School Taxes	25,000



Fiscal Year	Property Value	Percentage Change	Total Millage	Ad Valorem Receipts	Population
2025	* \$9,899,000,000	12.98%	4.2570	*** \$40,454,441	** 107,859
2024	\$8,762,097,220	14.61%	4.2570	\$35,808,238	101,737
2023	\$7,645,411,750	19.52%	4.6100	\$33,835,534	98,150
2022	\$6,396,639,746	9.93%	4.6100	\$28,308,969	92,866
2021	\$5,818,727,063	6.72%	4.6989	\$26,247,952	89,437
2020	\$5,452,170,314	9.14%	4.6989	\$24,594,435	86,768

\*Based on June 1 Property Appraiser Valuation \*\*Estimate based on July 1, 2023, from US Census Bureau

\*\*\* Ad Valorem Receipts is 96% of the Taxable Property Value

## Survey of Florida Cities: Population between 80k – 110k

Ranking	City	Population Estimate	Millage Rate	Taxable Value in Billions	Taxes Levied in Millions
1	Boynton Beach	82,208	7.85000	9.12	71.61
2	Deltona	97,337	7.35000	4.60	33.82
3	Fort Myers	97,711	6.69990	11.98	80.28
4	Melbourne	87,662	6.54660	7.76	50.80
5	Sunrise	98,011	6.05430	10.06	60.91
6	Homestead	83,767	6.02060	5.09	30.63
7	Deerfield Beach	87,578	6.00180	10.42	62.52
8	Miami Beach	83,430	5.81550	51.75	300.93
9	Plantation	95,293	5.80000	12.82	74.34
10	Davie	106,989	5.62500	13.76	77.37
11	Largo	84,431	5.52000	7.51	41.46
12	Daytona Beach	80,940	5.43000	8.49	46.12
13	Kissimmee	82,714	4.62530	5.68	26.29
14	<b>Palm Coast</b>	<b>101,737</b>	<b>4.25700</b>	<b>8.76</b>	<b>37.31</b>
15	North Port	86,552	3.76670	8.50	32.01
16	Boca Raton	100,491	3.65800	34.70	126.92
17	Doral	81,318	1.71660	18.30	31.41





# Millage Rate Comparison Fiscal Year 2023

## Survey of Neighboring Florida Cities, Flagler and St. Johns Counties

Ranking	City	Population Estimate	Millage Rate	Taxable Value in Billions	Taxes Levied in Millions
1	Marineland	12	10.00000	0.01	0.13
2	Flagler County	115,378	8.33430	14.51	120.91
3	Bunnell	3,276	7.93000	0.36	2.82
4	St. Augustine	15,307	7.50000	2.94	22.04
5	Deltona	97,337	7.35000	4.60	33.82
6	St. Johns County	273,425	5.51410	47.64	262.69
7	Flagler Beach	5,088	5.45000	1.06	5.80
8	Daytona Beach	80,940	5.43000	8.49	46.12
9	Port Orange	65,008	4.99990	5.05	25.25
10	<b>Palm Coast</b>	<b>101,737</b>	<b>4.25700</b>	<b>8.76</b>	<b>37.31</b>
11	Ormond Beach	44,935	3.92600	5.05	19.83
12	Beverly Beach	474	1.14000	0.11	0.13





# Revenue Restrictions

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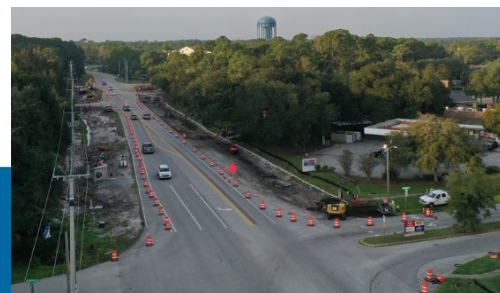
### Streets Improvement Fuel Tax

- Local Option Fuel Tax
  - 6 cents per gallon purchased in Flagler County
  - Distributed per Inter-local agreement based on an average of road miles and population adjusted annually – current 72.97% to COPC.
- Restricted to transportation expenditures



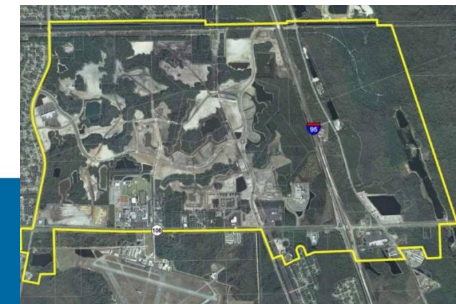
### Streets Improvement State Revenue Sharing

- State Revenue Sharing (b)
  - Portion of State sales and use tax collections & one-cent municipal fuel tax
  - The state requires 18%, we currently transfer 40%



### SR 100 Community Redevelopment Agency (CRA)

- Created in 6/15/2004 – Ordinance 2004-13
- Tax Increment
- Restricted to support redevelopment within the CRA area.



## Capital Projects

- Discretionary Sales Surtaxes (Small County Surtax)
  - ½ percent of the 7% sales tax collected in Flagler County
  - Committed for construction & improvement of public facilities
  - Pursuant to an Ordinance enacted by Flagler County
  - Expires 12/31/2032

## Impact Fees

- Restricted to growth-related projects. Only for projects that are adding new capacity, and cannot be used for existing system deficiencies or operations
  - Transportation Impact Fee
  - Water and Wastewater Impact Fee
  - Recreation Impact Fee
  - Fire Impact Fee

## Governmental Functions Primarily Supported by Taxes (Small County Surtax)

- Fire Stations
- Streets Pavement Program
- Public Works Fleet Facility
- Parks and Trails – Master Plan Projects

## Proprietary Functions Primarily Supported by User Fees

- Water and Wastewater Utility
- Stormwater Management
- Building Permit Department
- Information Technology Enterprise
- Collections and Sanitation Department



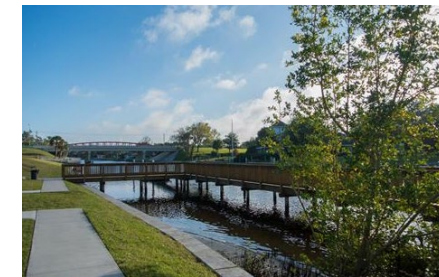
# Governmental Functions - Unfunded Project Cost

- Portion of Fire Stations #22 & #26
- Streets Pavement Program
- Maintenance Operations Complex
- Parks and Trails – Master Plan Projects



## PCI Summary – City Roadways

2017	PCI Range	Condition	2021	Road %
PCI=79	86-100	Good	PCI=75	4.57%
	71-85	Satisfactory		60.77%
	56-70	Fair		31.50%
	41-55	Poor		3.04%
	26-40	Very Poor		0.12%
	11-25	Serious		0%
	0-10	Failed		0%



## Water & Wastewater Utility Fund

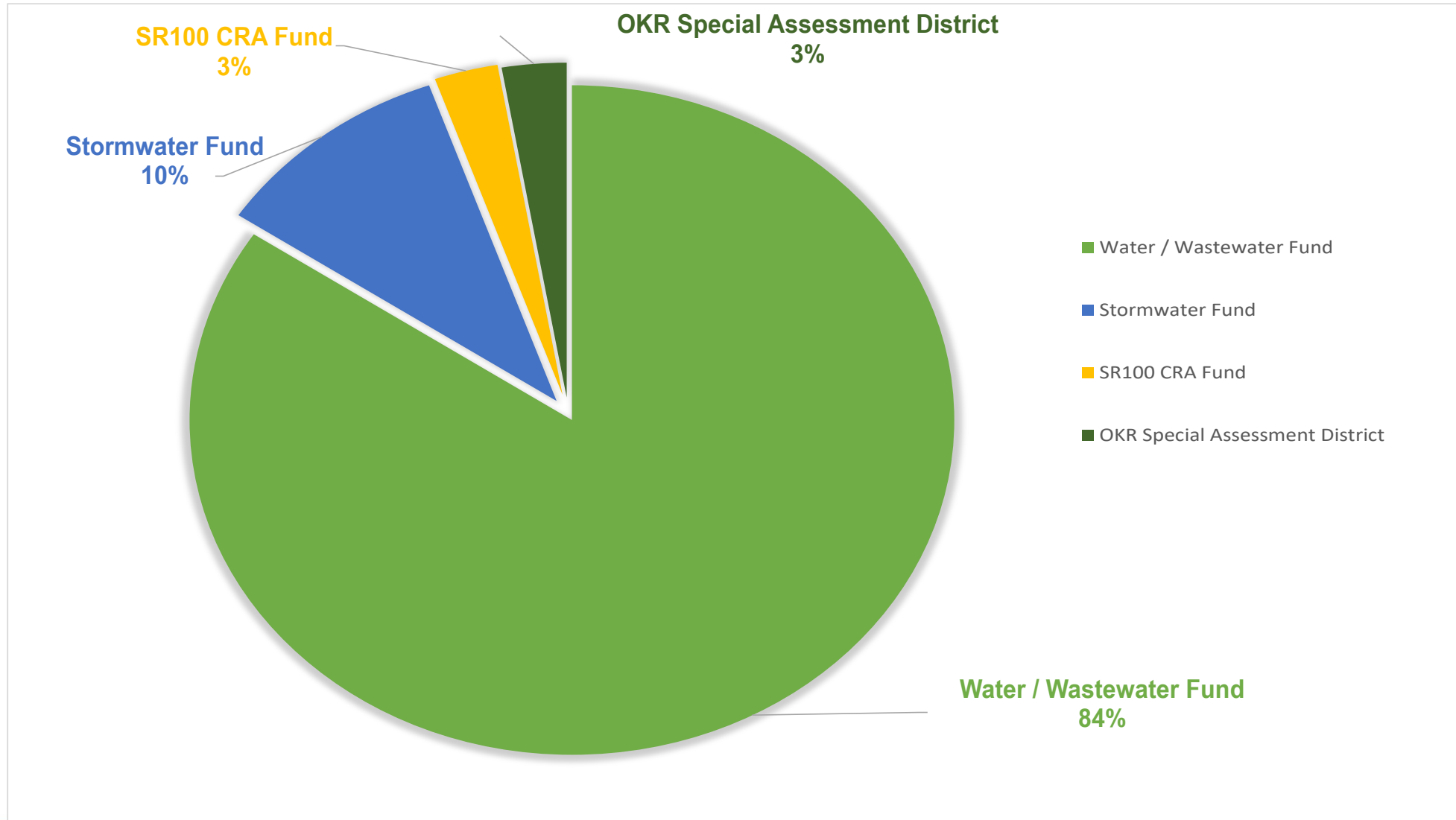
- Used to maintain system & debt service
- Restricted by bond covenants & City Council

## Stormwater Management Utility Fund

- Used to maintain system & debt service
- Restricted by loan covenants & City Council

## Building Permit Fund

- Applied solely to building and permitting costs
- Restricted by Statute





## CURRENTLY IN USE

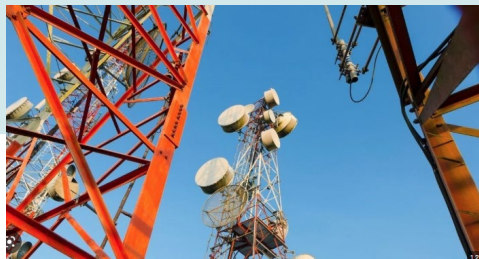
### Ad Valorem Tax (Property Tax)

- Main revenue source of the General Fund
- Based on the taxable value of the property



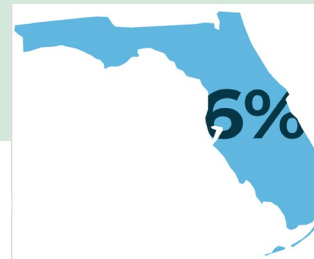
### Communications Services Tax

- 5.22% applied to telecommunications, video, direct-to-home satellite and related services



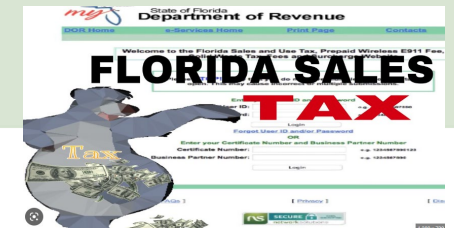
### Half-Cent Sales Tax

- Portion of the state 6% sales tax collected within Flagler County



### State Revenue Sharing

- Portion of State sales and use tax collections & one-cent municipal fuel tax






## NOT CURRENTLY IN USE

### Electric Franchise Fee

- 0.5-6% Electric Franchise Fee
- Amount and use are at the sole discretion of the City Council
- Added to FPL Bill

### Public Service (Utility) Tax

- Includes electric, natural/propane gas, and water
- The state allows up to 10%
- Rate and use determined by City Council
- Added to utility bills

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# Capital Financing Options

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Cities typically do not give a security interest in the asset being financed through a loan (i.e., no mortgage)

Instead, cities designate a revenue source and pledge that revenue source to the repayment of the loan

The pledge gives the lender a security interest in the revenue source which can be enforced by legal action

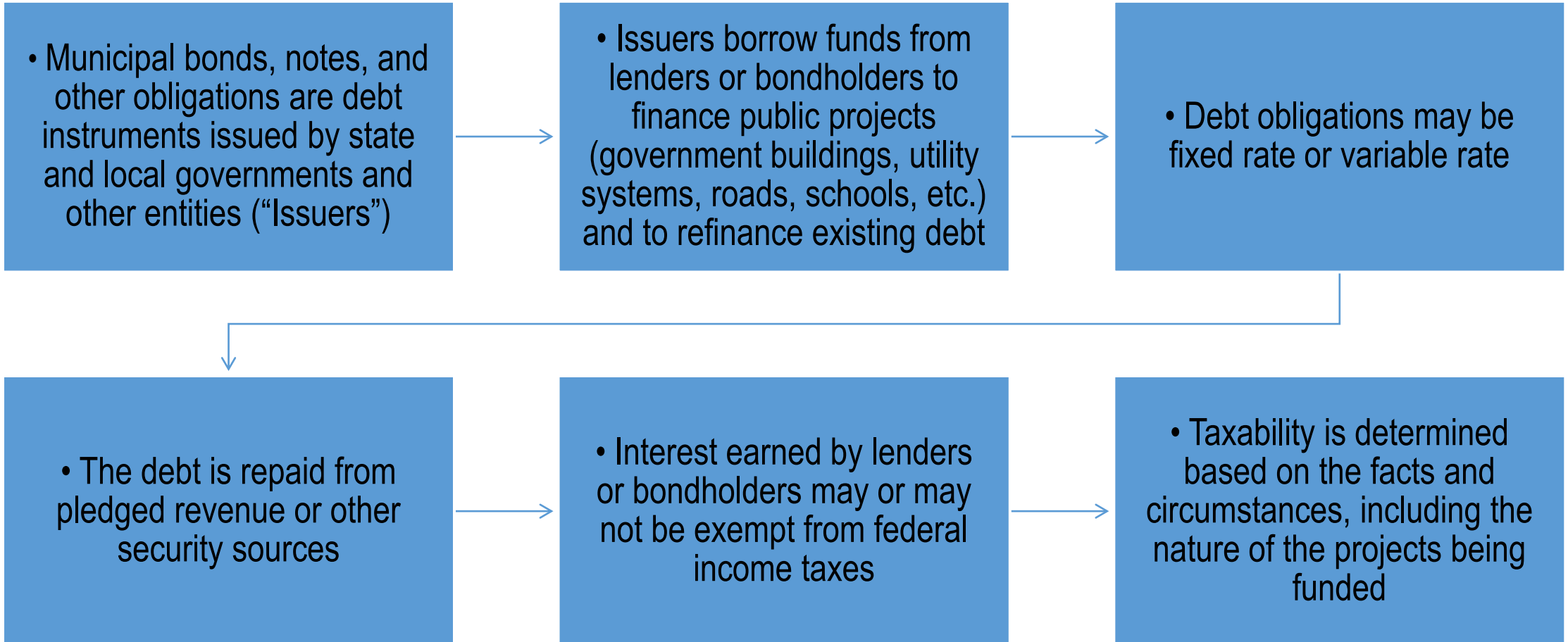
Municipal borrowing can take various forms, each is evidence of an obligation to repay borrowed money

- Bonds
- Notes
- Loan Agreement
- Lease purchase agreement

Borrowing in each case involves a contractual agreement between the borrowing city and the lender which establishes:

- Terms for payment of the borrowed money over time, often 10-30-year term
- Lender's security interest in the pledged revenue source





## General Obligation (GO):

- Secured by ad valorem taxing power
- Gives lenders the ability to compel unlimited increases in annual property tax levies as necessary to repay debt

## General obligation debt can be *limited*

- Secured by ad valorem taxing power but limited with respect to millage rate
- Gives lenders the ability to compel an increase in annual property tax up to the specified millage rate limit

Under Florida law, general obligation debt requires referendum approval

Article VII, Section 12 Fla. Const.:

**SECTION 12. Local bonds.**—Counties, school districts, municipalities, special districts, and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness, or any form of tax anticipation certificates, payable from ad valorem taxation and maturing more than twelve months after issuance only:

- (a) to finance or refinance capital projects authorized by law and only when approved by a vote of the electors who are owners of freeholds therein not wholly exempt from taxation; or
- (b) to refund outstanding bonds and interest and redemption premium thereon at a lower net average interest cost rate.

Generally, debt obligations that are not a general obligation

A city debt obligation secured by a revenue source other than ad valorem taxing power

Common revenue bond security sources:

- Water/wastewater utility revenues
- Stormwater utility revenues
- Tax increment
- Special Assessments
- Local option surtaxes
- Covenant to budget and appropriate all legally available non-ad valorem revenues

State law does not require referendum approval for revenue obligations.

Some cities self-impose local borrowing limitations via charter, including referendum though not required by state law.

- Some include exceptions when borrowing is necessary to respond to emergencies
- Limits local government's ability to respond quickly to unforeseen financial needs and market conditions

Local Limitation: Palm Coast Charter, Art. VI., Sec. 3(e):

- (e) Limitations to Council's Contracting Authority. Unless authorized by the electors of the City at a duly held referendum election, the Council shall not enter into lease-purchase contracts or any other unfunded multiyear contracts, the repayment of which: extends in excess of 36 months; or exceeds \$15,000,000.00.

The City of Palm Coast must obtain referendum approval to enter into lease-purchase contracts or any other unfunded multiyear contracts which are (i) greater than 36 months in length or (ii) more than \$15M.

Terms expressly prohibit lease purchase contracts of more than 36 months or in excess of \$15M

Terms also prohibit "any other unfunded multiyear contract" of more than 36 months or in excess of \$15M





# Types of Debt

Type of Debt	Security Source	Does State Law Require Referendum Approval	Does City Charter Require Referendum Approval
General Obligation (GO)	Unlimited ad-valorem taxation	Yes	Yes
Lease purchase > 36 months or \$15M	Legally available funds	No	Yes
<b>Revenue Obligations &gt; 36 months or \$15M:</b>			
Covenant to Budget & Appropriate (CB&A)	Non-ad valorem revenues	No	Yes (CB&A pledges non-specific revenue source)
Public-Private Partnership (P3)	Depends on the agreement between the parties=> project specific	No	Yes, generally yes if secured by payments made by City; project specific
Special Tax – ex. local option sales taxes	Dedicated sales tax revenue	No	Yes, if the funding source is not dedicated for capital improvements
Tax Increment	Incremental property taxes	No	Yes, if backup pledge of the City's legally available non-ad valorem revenues
Conduit Financing/Industrial Development Revenue Bonds	Lease payments made by conduit borrower and remitted to City	No	Yes, if secured by any legally available non-ad valorem revenues of the City and not solely by lease or other payments made by conduit borrower
Utility System (i.e. enterprise fund) • Water/Sewer; Stormwater	Net revenues of utility system	No	No
Assessments	Special assessments	No	No

Visit [www.palmcoastgov.com](http://www.palmcoastgov.com) and click the link

Access to the Fiscal Year 2025  
budget calendar, budget worksheets  
and previous Council Presentations

