

# Downtown Fort Lauderdale Wave Streetcar System Assessment Program Report

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# Introduction

Government Services Group, Inc. (GSG) has been engaged to assist the Downtown Development Authority of Fort Lauderdale (DDA) in developing a special assessment program to fund a portion of the capital costs of a downtown streetcar system commonly referred to as the “Wave Streetcar” consistent Florida case law (Wave Streetcar Assessment). The Wave Streetcar is a 2.7 mile streetcar system that will serve as a local circulator in Downtown Fort Lauderdale spanning the New River to connect the hospital and courthouse districts on the south side with the downtown business core and the government, education, shopping, recreation and entertainment centers on the north side. The Wave Streetcar will connect these activity areas with the existing Broward County Transit Central Bus Terminal as well as with the proposed Florida East Coast Railroad passenger service and the Central Broward East West premium transit corridor projects that are currently under development.

A full description of the proposed downtown streetcar project is included in the Downtown Fort Lauderdale Transit Circulator Project Alternatives Analysis/Environmental Assessment Report (AA/EA Report) dated April 2012. The Wave Streetcar service area identified in the AA/EA Report encompasses the Downtown Fort Lauderdale Regional Activity Center (RAC) and the South RAC, including the hospital district surrounding the Broward General Medical Center facility.

The proposed Wave Streetcar Assessment will be imposed by the City of Fort Lauderdale (City) and collected pursuant to the uniform method of collection in section 197.3632, Florida Statutes commencing in Fiscal Year 2013-14. The Wave Streetcar Assessment will be imposed on properties within the Wave Streetcar service area identified in the AA/EA Report and illustrated in Figure 1 (Wave Streetcar Assessment Area).



# Objectives

The DDA retained GSG to develop a special assessment program capable of funding the costs associated with the Wave Streetcar Project; the special assessments will be collected using the Uniform Method commencing Fiscal Year 2013-14. The Uniform Method requires the use of data available on the ad valorem tax roll. Accordingly, the challenge for GSG is to develop a non-ad valorem assessment program which uses property information that is or will be on the ad valorem tax roll.

The Wave Streetcar Assessments are required to meet the Florida case law requirements for a valid special assessment. These requirements are:

- The services or facilities provided must provide a special benefit to the property being assessed; and,
- The costs assessed must be fairly and reasonably apportioned among the properties that receive the special benefit.

To this end, GSG has been charged to fully cost the proposed project, to develop a fair and reasonable apportionment methodology for such assessable costs and determine assessment rates and parcel classifications that are accurate, fair and reasonable. GSG performed the following tasks in accomplishing the project objectives:

- Evaluated the Wave Streetcar Project to identify the properties within the Wave Streetcar service area benefitted by the streetcar project (Wave Streetcar Assessment Area).
- Determined the anticipated relative benefit derived by the affected properties within the Wave Streetcar Assessment Area from the construction of the Wave Streetcar Project.
- Recommended the fair and reasonable apportionment of assessable costs among the benefitted parcels.
- Determined the full costs of constructing the proposed Wave Streetcar Project.
- Reviewed such final cost determination with the DDA and City staff, consultants and financial advisors to confirm that all elements provide the requisite special benefit to the assessed property.
- Calculated assessment rates for the assessment program.
- Ascertained that the assessment rates and parcel classifications recommended conform to the statutory requirements of the Uniform Method.

# Background

The Wave Streetcar is a 2.7 mile streetcar system that will serve as a local circulator in Downtown Fort Lauderdale spanning the New River to connect the hospital and courthouse districts on the south side with the downtown business core and the government, education, shopping, recreation and entertainment centers on the north side. The Wave Streetcar will connect these activity areas with the existing Broward County Transit Central Bus Terminal as well as with the proposed Florida East Coast Railroad passenger service and the Central Broward East West premium transit corridor projects that are currently under development.

The South Florida Regional Transportation Authority is the Federal Transit Administration project sponsor and will oversee the design and construction of the Wave Streetcar Project. Broward County will be the owner of the Wave Streetcar and Broward County Transit will be responsible for operations and maintenance of the system. Additional partners include the Broward Metropolitan Planning Organization, the City, the DDA and the Florida Department of Transportation, with the City agreeing to impose the proposed Wave Streetcar Assessment.

The Wave Streetcar service area is identified in the AA/EA Report as the streetcar influence zone, which is a half-mile on either side of the proposed streetcar alignment. Typically, a half-mile radius around a rail station is considered to be the transit service area or influence zone. A half-mile is approximately a ten-minute walk and is considered to be the distance that most people are willing to walk for a trip by rail transit. The Wave Streetcar Assessment will be imposed on properties within the Wave Streetcar service area (Wave Streetcar Assessment Area) which encompasses the Downtown Fort Lauderdale RAC and the South RAC. The Wave Streetcar will serve this area of densest development and will act as a spine running through the highest concentration of activity generating uses.

Past growth in Downtown Fort Lauderdale has consumed most of the developable land. Future growth will require redevelopment of the land in close coordination with a transportation alternative that supports higher densities, mixed-uses, a pedestrian orientation and economic development. According to the AA/EA Report, the purpose of the Wave Streetcar is, “to facilitate the economic growth and development patterns prescribed in the adopted land use plans and to support sustainable development in Downtown Fort Lauderdale by improving mobility and regional connectivity while providing transportation alternatives and reducing automobile dependency. The future growth of Downtown Fort Lauderdale will be constrained without the implementation of a major transit investment that provides a high level of mobility.”

# Assessment Program

## DESCRIPTION OF PROJECT

The Wave Streetcar Project includes a double-track guideway with ten stations made up of a combination of median and side-platform stations that will include shelters, benches and passenger information systems. Service will be provided every 7.5 minutes on weekdays and every 15 minutes during evenings, Sundays and holidays. There will be streetscape improvements around the stations including pedestrian crosswalks, streetlighting and improved sidewalks. A traffic signalization package is also part of the Wave Streetcar Project which will help maintain headways of 7.5 minutes during peak periods.

## ASSESSMENT AREA PROPERTY COMPOSITION

The DDA provided GSG with information from the ad valorem tax roll from the Broward County Property Appraiser's office to develop the assessment roll for the Wave Streetcar Assessment Area. Each property use within the Wave Streetcar Assessment Area on the ad valorem tax roll was assigned to one of the property use categories based on their assignment of use by the Broward County Property Appraiser or verification of use obtained through field research. The Property Appraiser assigns a four-digit code based on the Florida Department of Revenue (DOR) property use codes reflected in Rule 12D-8.008, Florida Administrative Code. There are three Property Use Categories proposed for the Wave Streetcar Assessment Program. Table 1 provides a listing of the number of parcels for each DOR property use code within the Wave Streetcar Assessment Area along with their assignment to a property use category. Within the Assessment Area, data obtained from the Broward County Property Appraiser indicates that there are currently 5,428 tax parcels.

**Table 1**  
**Number of Parcels by DOR Code**

DOR Code	DOR Description	Category	# Parcels
00	Vacant Residential	Land	172
01	Single Family Improved	Residential	344
03	Multi Family +10 Units	Residential	33
04	Condominium	Residential	3,176
07	Miscellaneous Residential	Not Assessed	8
08	Multi Family 2-9 Units	Residential	170
10	Vacant Commercial	Land	70
11	Stores 1 Story	Non-Residential	99
12	Mixed Use Store/Office	Non-Residential	119
14	Supermarkets	Non-Residential	1
17	Office Non-Prof 1 Story	Non-Residential	229
18	Office Non-Prof 2+ Story	Non-Residential	168
19	Professional Services	Non-Residential	103

<b>DOR Code</b>	<b>DOR Description</b>	<b>Category</b>	<b># Parcels</b>
20	Air/Marine/Bus Terminals	Non-Residential	5
21	Restaurants/Cafeterias	Non-Residential	6
22	Drive-In Restaurant	Non-Residential	11
23	Bank/S & L/Mortgage/Credit	Non-Residential	9
26	Service Stations	Non-Residential	8
27	Auto Sales/Service/Rental	Non-Residential	31
28	Parking Lots/Garages	Land/Non-Residential	274
32	Theater/Auditorium	Non-Residential	1
33	Nightclub/Bar/Lounge	Non-Residential	11
39	Hotels/Motels	Non-Residential	9
40	Vacant Industrial	Land	1
41	Lt Manufacturing/Small Machine Shop/Print	Non-Residential	21
48	Warehousing	Non-Residential	166
49	Open Storage	Land	3
70	Vacant Institutional	Land	1
71	Churches	Non-Residential	11
72	Private Schools & College	Non-Residential	12
73	Private Owned Hospitals	Non-Residential	5
74	Homes For The Aged	Non-Residential	5
75	Orphanages	Non-Residential	1
76	Mortuaries/Cemeteries	Non-Residential	1
77	Clubs, Lodges, Union Halls	Non-Residential	5
78	Sanitariums, Convalescent, Rest	Non-Residential	3
79	Cultural Org, Facilities	Non-Residential	1
80	Undefined	Non-Residential	24
82	Government Forest/Parks/Recreational	Land	10
83	Public County Schools	Non-Residential	3
84	Colleges	Non-Residential	3
86	County	Non-Residential	11
87	State	Non-Residential	4
88	Federal	Non-Residential	1
89	Municipal Not Parks	Non-Residential	13
91	Utilities, Gas/Electric/Telephone	Non-Residential	8
94	Right-Of-Way	Land	51
98	Centrally Assessed	Land	7
<b>Total</b>			<b>5,428</b>

Source: 2012 Ad Valorem Tax Roll Files

For parcels assigned to the Residential Property Use Category (single-family, multi-family, condominiums, etc.), the DDA provided GSG with a listing of the total number of dwelling units for each parcel as determined from the ad valorem tax roll files or through the use of field research.

For parcels within the Non-Residential Property Use Category (commercial, industrial/warehouse, parking garages, institutional and government, etc.), the DDA provided GSG with the amount of square footage of the non-residential structures as determined from the ad valorem tax roll files or through the use of field research.

For parcels within the Land Property Use Category (vacant land, parking lots, rights-of way, etc.), the DDA provided GSG with the amount of square footage of the land area as determined from the ad valorem tax roll files or through the use of field research..

## PROJECT COST ESTIMATES

Table 2 provides a summary of the project costs by cost category and total approximately \$142.59 million. Project costs include guideway and track, ten stations, vehicle maintenance and storage facility, sitework, traffic control and traction power systems, right-of-way, five hybrid streetcar vehicles and professional services. Costs also include allocated contingencies (to address uncertainties in the estimated costs) and unallocated contingencies (to address changes in scope and schedule). Estimated financing charges are also included.

**Table 2**  
**Project Cost Summary**

<b>Description</b>	<b>Cost</b>
Guideway and Track Elements	\$37,800,000
Station, Stops, Terminals, Intermodal	\$3,480,000
Maintenance and Storage Facilities	\$8,160,000
Sitework and Special Conditions	\$8,910,000
Systems	\$1,960,000
<b>Construction Subtotal</b>	<b>\$70,310,000</b>
Professional Services : ROW, Land, Existing Improvements	\$7,540,000
Professional Services: Vehicles (Hybrid and Spare Parts)	\$28,280,000
Professional Services: Construction	\$21,290,000
<b>Professional Services Subtotal</b>	<b>\$57,110,000</b>
Unallocated Contingency	\$12,750,000
Finance Charge	\$2,420,000
<b>Contingency - Finance Charges Subtotal</b>	<b>\$15,170,000</b>
<b>Total Project Costs</b>	<b>\$142,590,000</b>

Source: AA/EA Report

## PROJECT FUNDING SOURCES

Table 3 provides a summary of the project funding sources. Federal, State, regional, local and private sector funding sources have been identified to meet the project cost requirements for the Wave Streetcar Project. The Federal government is providing approximately \$71.31 million from the Federal Section 5309 Small Starts Program. The Florida Department of Transportation has committed \$35.65 million from its New Starts Transportation Program. The City has committed \$31.09 in funding consisting of \$10.5 million in cash and land contributions and \$20.59 from the proposed Wave Streetcar Assessment Program. The Broward County Metropolitan Planning Organization has also committed \$4.54 million to the project.

The \$122.0 million contribution (over 86 percent of the total project costs) from the Federal, State, County and City governments exceeds the proportion of the estimated project costs that would be attributable to governmentally-owned property (Government Property) through the Wave Assessment Program, which will therefore, not be assessed.

**Table 3**  
**Project Funding Sources**

<b>Funding Source</b>	<b>Amount</b>
FTA Small Starts Funding	\$71,310,000
State of Florida New Starts Program	\$35,650,000
City of Fort Lauderdale	\$10,500,000
Broward MPO	\$4,540,000
Private Property Owners (Special Assessment)	\$20,590,000
<b>Total (All Sources)</b>	<b>\$142,590,000</b>

Source: AA/EA Report

## ASSESSABLE COST CALCULATIONS

Table 4 shows the estimated total gross project costs, application of existing grants and other funds and net assessable costs for the Wave Streetcar Assessment Program.

**Table 4**  
**Wave Streetcar Assessment Program Assessable Cost Calculations**

<b>Total Project Costs</b>	<b>\$142,590,000</b>
Less FTA Small Starts Funding	\$(71,310,000)
Less State of Florida New Starts Program	\$(35,650,000)
Less City of Fort Lauderdale	\$(10,500,000)
Less Broward MPO	\$(4,540,000)
<b>Net Assessable Costs</b>	<b>\$20,590,000</b>

It is assumed that the Wave Streetcar assessable costs will be financed by the City over a period of 25 years through Special Assessment Bonds. Based on the net assessable costs to be generated (\$20.59 million), the financing inputs provided in Table 5 are based on the following assumptions:

- 25-year debt service.
- 5.30% net interest rate plus 100 basis points.
- One debt service payment per year.
- No capitalized interest was included.
- Debt service reserve fund of \$1,647,075 was included.
- Cost of issuance at \$199,500 was included in the financing costs.
- Underwriter's discount of \$226,650 was included.
- Additional proceeds of \$1,775 were included.

**Table 5**  
**Wave Streetcar Assessment Program Financing Inputs**

<b>Item</b>	<b>Amount</b>
Total Assessable Project Costs	\$20,590,000.00
Debt Service Reserve Fund	\$1,647,075.00
Capitalized Interest	\$0.00
Cost of Issuance	\$199,500.00
Underwriter's Discount	\$226,650.00
Additional Proceeds	\$1,775.00
<b>Total Loan</b>	<b>\$22,665,000.00</b>

Source: First Southwest

## STANDARDS FOR A VALID SPECIAL ASSESSMENT

Municipalities may impose special assessments under their home rule authority. The procedures necessary to impose special assessments to be collected on the ad valorem tax bill are outlined at the end of this Assessment Report. As established by case law, two requirements exist for the imposition of a valid special assessment: (1) the property assessed must derive a special benefit from the improvement or service provided, and (2) the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit. City of Boca Raton v. State, 595 So. 2d 25 (Fla. 1992).

The test to be applied in evaluating whether a special benefit is conferred on property by the provision of a service or facility is whether there is a “logical relationship” between the services provided and the benefit to real property. Whisnant v. Stringfellow, 50 So. 2d 885 (Fla. 1951). This logical relationship to property test defines the line between those services or improvements that can be funded by special assessments and those failing to satisfy the special benefit test. Governmental functions such as indigent health care, general law enforcement activities and the general provision of government fail to bear a logical relationship to property and thus are required to be funded by taxes. Examples of services or facilities that possess a logical relationship to property, and thus can be funded wholly or partially by special assessments are: solid waste collection and disposal, stormwater management, street improvements, water and wastewater services and downtown redevelopment.

The benefit required for a valid special assessment consists of more than simply an increase in market value and includes both potential increases in value and the added use and enjoyment of the property. Although the benefit derived need not be direct and immediate, the benefit must be special and peculiar to the property assessed and not a general benefit to the entire community. If a specific project provides a general community benefit, but still provides a unique special benefit to specific property, a portion of the project cost may be eligible for assessment against the benefited property. The Florida Supreme Court upheld an assessment imposed by a municipality to fund construction of roadway and median improvements, street lights and street monuments. See City of Winter Springs v. State, 776 So.2d 255 (Fla. 2001).

An improvement or service which specially benefits the assessed properties must also be "fairly and reasonably apportioned among the benefited properties." See City of Boca Raton v. State, 595 So. 2d 25 (Fla. 1992); Parrish v. Hillsborough County, 123 So. 830 (Fla. 1929). For example, in South Trail Fire Control Dist. Sarasota County v. State, 273 So. 2d 380 (Fla. 1973), the Court upheld the apportionment scheme that assessed business and commercial property on an area basis while other property was assessed on a flat rate basis. The Supreme Court held that the manner of the assessment's apportionment is immaterial and may vary provided that the amount of the assessment for each property does not exceed the proportional benefits it receives as compared to other properties. Although there are a wide variety of allocation methods that have passed judicial muster, the method applied to each specific assessment program must reasonably represent the relative amount of special benefit to be derived by the assessed property.

However, improper apportionment will defeat a special assessment when a special benefit is otherwise available. In City of Ft. Lauderdale v. Carter, 71 So. 2d 260 (Fla. 1954), a special assessment for garbage, waste and trash collection was apportioned based upon the value of the property. The Court held this assessment to be invalid in that apportioning on the basis of value did not bear any reasonable relationship to the services provided.

In comparison, the Supreme Court in City of Naples v. Moon, 269 So. 2d 355 (Fla. 1972), found that the levying of a special assessment for improved parking facilities was valid because the City established specific guidelines to measure the benefits accruing to the assessed property. The guidelines were the value of the property benefited, relative floor space of each improved property, its kind, susceptibility to improvement, and the maximum annual benefits to be conferred thereon See City of Naples, 269 So. 2d at 358.

Finally, in determining the reasonableness of the apportionment, courts generally give deference to the legislative determination of a local government See Harris v. Wilson, 693 So.2d 945 (Fla. 1997). In Sarasota County v. Sarasota Church of Christ, 667 So. 2d 180 (Fla. 1995). The Supreme Court stated, "[T]he legislative determination as to the existence of special benefits and as to the apportionment of the costs of those benefits should be upheld [by the courts] unless the determination is arbitrary." See Sarasota County v. Sarasota Church of Christ, 667 So. 2d at 184.

## **SPECIAL BENEFIT ASSUMPTIONS**

According to the AA/EA Report, the purpose of the Wave Streetcar is, "to facilitate the economic growth and development patterns prescribed in the adopted land use plans and to support sustainable development in Downtown Fort Lauderdale by improving mobility and regional connectivity while providing transportation alternatives and reducing automobile dependency. The future growth of Downtown Fort Lauderdale will be constrained without the implementation of a major transit investment that provides a high level of mobility."

From the analysis provided in the AA/EA Report, the infrastructure development and improvements associated with the Wave Streetcar Project possess a logical relationship to the use and enjoyment of the assessed property. As a result of the infrastructure development and improvements associated with the Wave Streetcar Project, completion of the project components will permit the accommodation of growth and redevelopment within the Wave Streetcar Assessment Area. Infrastructure development and

improvements associated with the Wave Streetcar Project will provide for and result in an increased level of necessary infrastructure services, enhancement of area recreation and utilization, promoted user-friendliness, and enhance overall aesthetic beautification of the project area. As such, the infrastructure developments and improvements associated with the Wave Streetcar Project will enhance and strengthen the relationship of such improvements to the use and enjoyment of the assessed parcels, as well as ultimately benefit and promote the property values within the Wave Streetcar Assessment Area.

The development of the proposed assessment methodology is based upon the assumptions that appropriate legislative findings are prepared and included in the assessment resolutions required to implement the program.

## **APPORTIONMENT METHODOLOGY**

All parcels within the Wave Streetcar Assessment Area benefit from the Wave Streetcar Project. Because there is no guarantee or assurance that the future land use projections will be realized, current property use classification as assigned by the Broward County Property Appraiser provides a more sound and reasoned approach for purposes of realistic and representative assessment calculation and apportionment.

The proposed apportionment methodology is a two-step process. First, the apportionment methodology allocates the assessable costs of the Wave Streetcar Project to property use categories on the basis of value.

The second step of the apportionment methodology allocates the share of the assessable costs apportioned to each property use category among the assessed parcels within each property use category.

## **COST APPORTIONMENT**

The assessable costs associated with the infrastructure improvements associated with the Wave Streetcar Project were apportioned among the Property Use Categories utilizing a just value apportionment, whereby the assessable costs were apportioned among the Property Use Categories proportionate to the percentage of each Property Use Category's just value in relation to the sum of the entire Wave Streetcar Assessment Area's total just value. The cost apportionment calculation included the just value of all of the tax parcels within the Assessment Area, including Government Properties. To avoid aberrations in property values due to recent sales, etc., GSG used two years of just value for the cost apportionment step. Accordingly, GSG added the just values for each tax parcel from the 2011 and 2012 ad valorem tax rolls and divided by two to calculate the average just value for each tax parcel. This apportionment is illustrated in Table 6.

**Table 6**  
**Cost Apportionment within Property Use Categories**

Category	Total Average Just Value by Category	% of Value by Category
Non-Residential	\$2,209,201,745	61.73%
Land	\$270,046,815	7.55%
Residential	\$1,099,572,765	30.72%
	<b>\$3,578,821,325</b>	<b>100.00%</b>

Source: 2011 and 2012 Ad Valorem Tax Roll Files

## PARCEL APPORTIONMENT

The share of the assessable costs apportioned to each property use category was further apportioned among the tax parcels within each property use category in the manner described in Table 7.

**Table 7**  
**Parcel Apportionment within Property Use Categories**

Category	Parcel Apportionment
Non-Residential	Square Footage of Buildings
Land	Square Footage of Land Area
Residential	Dwelling Unit

Applying the foregoing apportionment methodology, assessment rates were computed for each property use category. The specific methodology, underlying special benefit and fair apportionment assumptions are included below and generally described.

## RESIDENTIAL PARCEL APPORTIONMENT ASSUMPTIONS

The following assumptions support findings that the parcel apportionment applied in the Residential Property Use Category is fair and reasonable. The Residential Property Use Category includes such properties as single-family dwelling units, multi-family dwelling units, and condominiums.

- The size or the value of each individual residential parcel does not determine the scope of the benefit derived from the Wave Streetcar Assessment. The special benefit is driven by the existence of a dwelling unit and the anticipated average occupant population.

## RESIDENTIAL PARCEL APPORTIONMENT CALCULATION

Based on the proportion of the Residential Property Use Category's just value in relation to the sum of the entire Wave Streetcar Assessment Area's total just value, the percentages of assessable costs attributable to residential properties were calculated. The amount of the assessable costs allocable to residential property was further divided by the number of dwelling units in the Residential Property Use Category, excluding Government Parcels, to compute the Wave Streetcar Assessment to be imposed against each dwelling unit. For each residential parcel, the actual number of dwelling units located on the parcel will be multiplied by the residential dwelling unit rate to compute the residential assessment amount for the parcel.

## NON-RESIDENTIAL PARCEL APPORTIONMENT ASSUMPTIONS

The Non-Residential Property Use Category includes commercial, industrial/warehouse, stand-alone parking garages, institutional and government property uses.

The following assumptions support findings that the parcel apportionment applied in the Non-Residential Property Use Category is fair and reasonable.

- The separation of the non-residential buildings by actual square footage is fair and reasonable for the purpose of parcel apportionment because the increase in value is determined and measured by the actual square footage of structures and improvements within benefited parcels.
- The exclusion of parking garages located on tax parcels that also include buildings that are subject to the assessment is fair and reasonable because the assessment is based on the square footage of the building as an indicator of the special benefit derived from the Wave Streetcar Project.

## NON-RESIDENTIAL PARCEL APPORTIONMENT CALCULATION

Based on the proportion of the Non-Residential Property Use Category's just value in relation to the sum of the entire Wave Streetcar Assessment Area's total just value, the percentages of assessable costs attributable to non-residential properties were calculated. The amount of the assessable costs allocable to each non-residential parcel will be based upon the aggregate of all non-residential building square footage situated on the parcel. The amount of the assessable costs allocable to non-residential property was further divided by the total amount of non-residential square footage in the Non-Residential Property Use Category, excluding Government Parcels, to compute the Wave Streetcar Assessment amount per square foot. For each non-residential parcel, the actual amount of non-residential square footage located on the parcel will be multiplied by the non-residential square footage rate to compute the non-residential assessment amount for the parcel.

## LAND PARCEL APPORTIONMENT ASSUMPTIONS

The Land Property Use Category includes vacant land, parking lots and rights-of way.

The following assumption supports findings that the parcel apportionment applied in the Land Property Use Category is fair and reasonable.

- The separation of vacant unimproved land by actual square footage of land area is fair and reasonable for the purpose of parcel apportionment because the increase in value is determined and measured by the actual square footage of the land area within benefited parcels.

## LAND PARCEL APPORTIONMENT CALCULATION

Based on the proportion of the Land Property Use Category's just value in relation to the sum of the entire Wave Streetcar Assessment Area's total just value, the percentages of assessable costs attributable to land properties were calculated. The amount of the assessable costs allocable to each land parcel will be based upon the aggregate of land area situated on the parcel. The amount of the assessable costs allocable to land property was further divided by the total amount of land area in the Land Property Use Category, excluding Government Parcels, to compute the Wave Streetcar Assessment amount per square foot of land area. For each land parcel, the actual amount of land area located on the

parcel will be multiplied by the land area square footage rate to compute the land assessment amount for the parcel.

Based on the above methodology, Table 8 summarizes the number of billing units by property use category for the Wave Streetcar Assessment Program.

**Table 8**  
**Number of Billing Units by Property Use Category**

Category	Type of Unit	Total Units
Non-Residential	Building Area	14,390,213
Land	Land Area	5,701,988
Residential	Dwelling Units	5,834

Source: Preliminary Assessment Roll

## PREPAYMENT OF ASSESSMENTS

In a typical assessment program, property owners are allowed to prepay their assessment amounts prior to financing to avoid additional financing costs and are provided additional prepayment opportunities at any time after the money has been borrowed, subject to financing costs. However, because the development of vacant land or redevelopment of any other parcel will result in an adjustment to that tax parcel based on the actual development that occurs, there is potential for the assessment amount for the other tax parcels to be reduced due to an increase in the number of billing units resulting from the new development. Therefore, the prepayments calculated each year may exceed the actual prepayment amounts after adjustment for additional billing units from new development which might require refunds.

## ANNUAL ASSESSMENT AMOUNTS

Table 9 provides the calculation of the annual assessment amounts based on the following assumptions:

- The proposed total project costs of \$142,590,000 and assessable costs of \$20,590,000.
- The maximum annual debt service amount is approximately \$1,647,075 as provided in Appendix A.
- Estimated costs were included for the annual Assessment Administration, City Administrative Costs or City Indirect Costs.
- The Department of Revenue Collection costs are the costs for the City to bill and collect the assessments using the tax bills mailed annually around November 1<sup>st</sup> by the Broward County Department of Revenue Collection and are estimated at 2% of the annual assessment revenue.
- Property Appraiser costs are the costs for the services provided by the Broward County Property Appraiser and are estimated at \$2.00 per parcel plus a one-time set up fee of \$1,000.
- Statutory Discount reflects a 95% collection of the annual assessment to cover the 4% statutory discount allowed by the Uniform Method and 1% reserve for under collection. Accordingly, the statutory discount is budgeted at 5% of the annual assessment revenue.

- Contingency includes an estimated amount to recover any unbudgeted annual expenses

**Table 9**  
**Wave Streetcar Assessment Program Annual Assessment Amounts**

Components	Source – Based On	Amount
Maximum Annual Debt Service	First Southwest	\$1,647,075
Assessment Administration	Estimated	\$10,000
City Administrative Costs	Estimated	\$30,000
City Indirect Costs	Estimated	\$15,115
Tax Collector Costs	Estimated at 2% of Annual Revenue	\$32,942
Property Appraiser Costs	\$2/parcel + \$1,000 set up fee	\$11,514
Statutory Discount	Estimated at 5% of Annual Revenue	\$82,354
Contingency		\$50,000
<b>Total Annual Assessment Amount</b>		<b>\$1,879,000</b>

Source: Financing Assumptions

Table 10 provides the maximum annual assessment rates for the Wave Streetcar Assessment Program.

**Table 10**  
**Wave Streetcar Assessment Program Maximum Annual Assessment Rates**

Category	Billing Unit	Rate Per Billing Unit
Non-Residential	Building square feet	\$0.09
Land	Land area square feet	\$0.03
Residential	Dwelling unit	\$99.00

## EXEMPTIONS AND IMPACT OF EXEMPTIONS

Because the Wave Streetcar Assessment is being developed to meet the case law standards for a valid special assessment, any proposed exemptions require special scrutiny. The crafting of an exemption must be founded upon a legitimate public purpose, and not trample on state or federal constitutional concepts of equal protection and constitutional prohibitions against establishment of religion or the use of the public treasury directly or indirectly to aid religious institutions. Furthermore, to ensure public acceptance, any exemption must make common sense and be fundamentally fair. Finally, the impact of any proposed exemption should be evaluated in terms of its magnitude and fiscal consequences on the other available funding sources.

## GOVERNMENT PROPERTIES

Because the \$122.0 million contribution (over 86 percent of the total project costs) from the Federal, State, County and City governments exceeds the proportion of the estimated project costs that would be attributable to governmentally-owned property (Government Property) through the Wave Assessment Program; government property will not be assessed. In addition, there are several other issues with charging government properties. First, a forced sale of government property is not available as an enforcement mechanism. As to each level of government, differing concepts of immunity and other

statutory provisions or case law decisions may prevent collection or frustrate special assessment imposition. Finally, state and federal laws contain a patchwork of provisions exempting certain governmental property owners from the payment of special assessments.

## INSTITUTIONAL, TAX-EXEMPT PROPERTIES

Whenever crafting an exemption, it is important to understand that the fair apportionment element required by Florida case law prohibits the shifting of the fiscal costs of any special assessment from exempt landowners to other non-exempt landowners. In other words, the funding for an exemption from a special assessment must come from a legally available external revenue source. Funding for assessment exemptions cannot come from the proceeds derived directly from the imposition of special assessments for the Wave Streetcar Project. Because any exemption must be funded by an external funding source, the grant of any exemption will not have any impact upon the assessment to be imposed upon any other non-exempt parcels.

Whether or not the City decides to fund exemptions for Wave Streetcar Assessments on property owned by non-governmental entities would be based upon a determination that such exemptions constituted a valid public purpose. The importance of special assessments on non-governmental, tax-exempt parcels has been addressed by the Florida Supreme Court in Sarasota County v. Sarasota Church of Christ, 667 So.2d 180 (Fla. 1995) (In reciting the facts of the case on appeal, the Court stated that the party challenging the assessment consisted of religious organizations or entities owning developed real property in Sarasota County [the Churches] that are exempt from ad valorem taxes but not from special assessments.) The funding of exemptions for non-governmentally owned institutional property wholly exempt from ad valorem taxes could be based on a finding that such properties provide facilities and uses to their ownership, occupants or membership, as well as the public in general, that otherwise might be required to be provided by the City. Such a finding would be the basis for a determination that such properties served a legitimate public purpose or provided a public benefit that merited the City's funding of an exemption from the Wave Streetcar Assessment.

In identifying an appropriate exemption scheme, the City should be cautious not to confuse the ownership of a parcel with the parcel's use. For example, a determination to exempt properties used for institutional purposes would have to be extended to similar institutional property owned by entities created for profit, as well as institutional property owned by non-profit or governmental entities. However, if the City wanted to make the policy decision to narrow the exemption to only institutional property owned by not-for-profit entities, it might consider adding a second test to the exemption which afforded exemptions to institutional properties which were wholly exempt from ad valorem taxes. Adding the tax-exempt criteria further narrows the exemption on a well-tested tax-exempt premise. Such an exemption is provided in the City's current fire rescue special assessment program.

Based on the same criteria used for the City's current fire rescue special assessment program, the amount of revenue attributable to the institutional, tax-exempt properties is approximately \$45,000.

## **OUTSTANDING ISSUES**

### **REAL PROPERTY ASSESSMENT ROLL DATA**

Assessment programs collected under the Uniform Method should use the information maintained by the property appraiser on the ad valorem tax roll. This is because the data utilized to assign property use categories and determine the number of billing units per category is based upon information provided on the real property assessment roll as maintained by the Property Appraiser for the levy of ad valorem taxes. However, property appraisers are charged only with the responsibility of determining the value of all property within the City and maintaining certain records specifically required for the preparation of the ad valorem tax roll. Thus, the ad valorem tax roll is designed solely to provide the data required by property appraisers to fulfill their charge of assessing the value of property. In contrast, assessment programs focus on property use, size of improvements and other parcel, land and building characteristics.

A majority of the information used for the development of the assessment rate for this Assessment Report was provided by the ad valorem tax roll. However, some of the data was acquired by field research. The inability to extract desired data sets directly from the ad valorem tax roll should not be interpreted to mean that the data utilized is inadequate or flawed. As stated previously, the charge of the property appraiser is to determine the value of property and to produce an ad valorem tax roll. Nonetheless, correct extraction of necessary data for non-ad valorem assessment program development should always be of ultimate concern and underlying importance. Therefore, further verification of the assessment database may be required during the actual implementation phase; this verification may result in modification of the database and rates within this Assessment Report.

### **EXEMPTION OF INSTITUTIONAL, TAX-EXEMPT (NON-GOVERNMENTAL) PARCELS**

The aggregate cost for the institutional, wholly tax-exempt properties was estimated as part of the Non-Residential Category based on an analysis of each parcel's use. The fair apportionment concepts in the methodology provided within this Assessment Report require an identification of the respective costs for these properties. In the event that a policy decision is made to exempt institutional, tax-exempt property, the proportional assessed costs allocated to such exemptions must be funded from other legally available sources because the financial burden of such exemption cannot be apportioned to non-exempt parcels. With any exemption, care should be taken to craft and ensure a non-discriminatory exemption class based upon valid public purpose concepts.

### **ANNUAL ASSESSMENT RATES**

The maximum annual assessment rates were based on numerous assumptions regarding total project costs, net assessable costs, financing plan (including the type of financing (bonds), term, interest rates, etc.) and annual assessment costs (collection costs, statutory discount, etc.). Any change to these assumptions may result in modifications to the annual assessment rates provided within this Assessment Report.

# Implementation Phase

It is the City's current intent to collect the Wave Streetcar Assessments on the ad valorem tax bill pursuant to the Uniform Assessment Collection Act established pursuant to Chapter 197, Florida Statutes.

The City will be required to follow the statutory deadlines provided in section 197.3632, Florida Statutes. The following section describes all of the steps required to implement and collect the proposed Wave Streetcar Assessment on the ad valorem tax bill in Fiscal Year 2013-14 and thereafter. Following this section is a critical events schedule identifying specific dates for all significant remaining events.

## RESOLUTION OF INTENT

To use the tax bill collection process, a local government must follow the strict procedures provided in section 197.3632, Florida Statutes (Uniform Method). A local government must initiate the process almost a year before it intends to begin using the Uniform Method to collect the assessments. The process begins with the passage of a resolution of intent prior to January 1 or, if the property appraiser, tax collector, and local government agree, March 1. The adoption of a resolution of intent does not obligate the local government to use the method or to impose a special assessment, but it is a prerequisite to using the Uniform Method.

The local government must publish notice of its intent to consider a resolution to use the Uniform Method weekly for four consecutive weeks prior to a public hearing on the matter. If the resolution is adopted, the governing board must send a copy of it to the property appraiser, the tax collector, and the Florida Department of Revenue by January 10 or, if the property appraiser, tax collector, and local government agree, March 10. The City must comply with this requirement by adopting a resolution of intent and timely notifying the Broward County Property Appraiser, the Broward County Department of Revenue Collection and the Florida Department of Revenue.

**The City completed this requirement by adopting Resolution 12-241 on December 18, 2012.**

## ASSESSMENT ORDINANCE

The City will need to adopt an assessment ordinance under its home rule power. The Capital Assessment Ordinance should outline the procedural steps and notifications required to impose a recurring annual capital special assessment that is consistent with the Uniform Assessment Collection Act. The adoption of the Assessment Ordinance will require two readings and only one public hearing and may be completed prior to construction of the project.

**The adoption of the Assessment Ordinance is scheduled for May 7, 2013.**

## INITIAL ASSESSMENT RESOLUTION

The Initial Assessment Resolution begins the assessment process for a specific project and does not require public hearing. The Initial Assessment Resolution must include the following:

- Describes the property to be located within the proposed assessment area;
- Describes the improvements proposed for funding from proceeds of the assessments;
- Estimates the capital costs;
- Describes with particularity the proposed method of apportioning the capital costs among the parcels of property located within the proposed assessment area, such that the owner of any parcel of property can objectively determine the number of assessment units and the amount of the assessment;
- Describes the provisions, if any, for acceleration and prepayment of the assessment;
- Describes the provisions, if any, for reallocating the assessment upon future subdivision;
- Includes specific legislative findings that recognize the fairness provided by the apportionment methodology;
- Sets a public hearing date for final consideration, and
- Directs and authorizes the mailed and published notifications to those property owners included on an initial assessment roll.

**The adoption of the Initial Assessment Resolution is scheduled for May 7, 2013.**

## NOTICE TO PROPERTY OWNERS (MAILED AND PUBLISHED)

The City is required to publish notice of the public hearing and to mail an individual notice to each property owner. The mailed notice must include the following information:

- The purpose of the assessment;
- The total amount to be levied against the parcel;
- The unit of measurement applied to determine the assessment;
- The number of units contained in the parcel;
- The total revenue to be collected by the assessment;
- A statement that failure to pay the assessment will cause a tax certificate to be issued against the property, which may result in a loss of title; and
- A statement that all affected property owners have a right to appear at the public hearing and to file written objections with the City within 20 days of the notice; and the date, time and place of the public hearing.

**The mailed and published notices are scheduled for May 14, 2013.**

## PUBLIC HEARING AND FINAL ASSESSMENT RESOLUTION

The City is required to hold a public hearing. Immediately following the public hearing, or at any subsequent meeting, the City may adopt the Final Assessment Resolution which must:

- Create the assessment area;
- Confirm, modify or repeal the Initial Assessment Resolution with such amendments, if any, as may be deemed appropriate by the Council;
- Establish the maximum amount of the assessment for each assessment unit;
- Approve the assessment roll, with such amendments as it deems just and right; and
- Determine the method of collection.

**The adoption of the Final Assessment Resolution is scheduled for June 4, 2013.**

## CERTIFICATION OF THE ASSESSMENT ROLL AND COLLECTION OF ASSESSMENTS

The assessment roll must be certified to the Broward County Department of Revenue Collection by September 15. Collection of the special assessments and ad valorem taxes begins in November. Failure to pay the assessments and taxes result in the issuance of a tax certificate and may result in the sale of a tax deed.

Any minor modifications, corrections or errors must be made in accordance with the procedure applicable to the correction of errors on the tax roll, upon written direction from the City to the Broward County Department of Revenue Collection.

**The Fiscal Year 2013-14 Assessment Roll will be certified by September 15, 2013.**

## FINANCING RESOLUTION AND BOND VALIDATION

The resolution for issuance of the debt and related financing terms does not typically require a public hearing or notice and may be adopted at any time. The closing and funding of the financing typically occurs after the City holds the public hearing and adopts the Final Assessment Resolution. In the event the City wishes to provide additional comfort to the Bondholders or Bank related to any particular financing, Chapter 75, Florida Statutes, provides a method of validating certain issues related to the issuance of debt by governmental entities. This process involves filing a complaint in the courts and seeking an expedited hearing to decide certain issues prior to the issuance of debt. This process, referred to as "Bond Validation" typically takes from 60-90 days, depending on the court schedule and if any answers to the complaint is filed by opposing parties.

## ANNUAL PUBLIC HEARING

Once the final assessment resolution is adopted and the assessment roll can be certified, statutory requirements provide that the assessment roll must be certified by September 15 to the tax collector to be collected along with ad valorem taxes each year. This is accomplished by the City adopting an annual resolution (Annual Resolution).

## CRITICAL EVENTS SCHEDULE

The following provides a general overview related to the remaining critical events schedule:

<b>Event</b>	<b>Date</b>
Presentation to City Commission/DDA and Preliminary Direction from City Commission/DDA on Assessment Program	April 2, 2013
First Reading of Assessment Ordinance	April 16, 2013
City advertises Public Hearing to adopt Assessment Ordinance	By April 26, 2013
City Commission holds Public Hearing to adopt Assessment Ordinance	May 7, 2013
City Commission adopts Initial Assessment Resolution	May 7, 2013
GSG Prints and Stuffs First Class Notices for Fiscal Year 2013-14	May 8 - 14, 2013
City Publishes Notice of Public Hearing to adopt Final Assessment Resolution	May 14, 2013
GSG Mails First Class Notices to affected Property Owners	May 14, 2013
City Commission holds Public Hearing to adopt Final Assessment Resolution	June 4, 2013
City Initiates Bond Validation Process	July - August 2013
GSG exports and transmits the Annual Assessment Roll to the Broward County Department of Revenue Collection	By September 15, 2013
City certifies Non-Ad Valorem Assessment Roll to Broward County Department of Revenue Collection	By September 15, 2013

# Appendix A

## DEBT SERVICE SCHEDULE

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
8/1/2014	\$445,000	\$1,201,792.86	\$1,646,792.86
8/1/2015	\$545,000	\$1,098,222.26	\$1,643,222.26
8/1/2016	\$560,000	\$1,083,507.26	\$1,643,507.26
8/1/2017	\$575,000	\$1,067,267.26	\$1,642,267.26
8/1/2018	\$595,000	\$1,049,442.26	\$1,644,442.26
8/1/2019	\$615,000	\$1,029,361.00	\$1,644,361.00
8/1/2020	\$640,000	\$1,006,606.00	\$1,644,606.00
8/1/2021	\$665,000	\$981,006.00	\$1,644,006.00
8/1/2022	\$690,000	\$952,743.50	\$1,642,743.50
8/1/2023	\$725,000	\$921,693.50	\$1,646,693.50
8/1/2024	\$755,000	\$887,618.50	\$1,642,618.50
8/1/2025	\$795,000	\$849,113.50	\$1,644,113.50
8/1/2026	\$835,000	\$808,568.50	\$1,643,568.50
8/1/2027	\$880,000	\$765,983.50	\$1,645,983.50
8/1/2028	\$925,000	\$721,103.50	\$1,646,103.50
8/1/2029	\$970,000	\$673,928.50	\$1,643,928.50
8/1/2030	\$1,020,000	\$622,227.50	\$1,642,227.50
8/1/2031	\$1,075,000	\$567,861.50	\$1,642,861.50
8/1/2032	\$1,135,000	\$510,564.00	\$1,645,564.00
8/1/2033	\$1,195,000	\$450,068.50	\$1,645,068.50
8/1/2034	\$1,260,000	\$386,375.00	\$1,646,375.00
8/1/2035	\$1,330,000	\$317,075.00	\$1,647,075.00
8/1/2036	\$1,400,000	\$243,925.00	\$1,643,925.00
8/1/2037	\$1,475,000	\$166,925.00	\$1,641,925.00
8/1/2038	\$1,560,000	\$85,800.00	\$1,645,800.00
<b>Total</b>	<b>\$22,665,000</b>	<b>\$18,448,779.40</b>	<b>\$41,113,779.40</b>