

**RESOLUTION NO. 19-133**

**A RESOLUTION OF THE CITY COUNCIL OF PANAMA CITY BEACH, FLORIDA, RELATING TO THE PROVISION AND FUNDING OF COMMUNITY REDEVELOPMENT AND RELATED CAPITAL, SERVICES, FACILITIES, AND PROGRAMS WITHIN THE FRONT BEACH ROAD COMMUNITY REDEVELOPMENT AREA OF PANAMA CITY BEACH, FLORIDA; PROVIDING FOR THE IMPOSITION OF SPECIAL ASSESSMENTS WITHIN SUCH REDEVELOPMENT AREA TO FUND, IN PART, CAPITAL, SERVICES, FACILITIES AND PROGRAMS ASSOCIATED WITH THE IMPLEMENTATION OF THE FRONT BEACH ROAD COMMUNITY REDEVELOPMENT PLAN; IDENTIFYING BENEFITS, BURDENS AND COSTS TO BE ASSESSED; ESTABLISHING THE METHOD OF APPORTIONING BENEFITS, BURDENS AND COSTS AMONG SPECIALLY BENEFITED PROPERTY; ADOPTING AN ASSESSMENT ROLL; PROVIDING THE METHOD OF COLLECTION; PROVIDING FOR ASSOCIATED POLICY DIRECTION; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PANAMA CITY BEACH, FLORIDA, AS FOLLOWS:**

**ARTICLE I**

**INTRODUCTION**

**SECTION 1.01. AUTHORITY.** This Resolution of the City Council of Panama City Beach, Florida (the "City") is adopted pursuant to Ordinance No. 1498 (the "Assessment Ordinance"), Sections 166.021 and 166.041, Florida Statutes, the Front Beach Road Community Redevelopment Plan, and other applicable provisions of law.

**SECTION 1.02. DEFINITIONS.** This Resolution constitutes the Annual Assessment Resolution as defined in the Assessment Ordinance. All capitalized words

and terms not otherwise defined herein shall have the meaning set forth in the Assessment Ordinance, unless the context hereof otherwise requires.

**“Front Beach Road Community Redevelopment Area”** means that community redevelopment area within the City described in the Front Beach Road Community Redevelopment Plan.

**“Front Beach Road Community Redevelopment Plan”** means the Plan or Community Redevelopment Plan as defined therein.

**SECTION 1.03. INTERPRETATION.** Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Resolution; and the term “hereafter” means after, and the term “heretofore” means before, the effective date of this Resolution. Words of any gender include the correlative words of the other gender, unless the sense indicates otherwise.

**SECTION 1.04. FINDINGS.** It is hereby ascertained, determined and declared as follows:

(A) The City’s and its redevelopment agency’s procedural compliance with the general law governing community redevelopment, the validity and sufficiency of the Front Beach Road Community Redevelopment Plan including the designation of the Front Beach Road Community Redevelopment Area set forth therein are in repose, and

the legality of all proceedings in connection therewith were adjudicated with finality in that certain Final Judgment rendered on July 9, 2003 by the Circuit Court in and for Bay County.<sup>1</sup>

(B) The provision of planned community redevelopment, among other things, inherently benefits properties in defined community redevelopment areas.

(C) Community redevelopment related capital, services, facilities and programs in the Front Beach Road Community Redevelopment Area possess a logical relationship to the value, use and enjoyment of real property by, among other things: (1) implementing planned and transformative blighted area remediation, advancing local, regional and even wider market place competitiveness, and protecting the value of properties, land value and improvements and structures thereon, in this coastal area; (2) protecting the life and safety of residents, intended occupants, visitors, and tourists in the use and enjoyment of such real property, and thus increasing the utility and value of properties within the community redevelopment area; and, (3) lowering potential for liability claims and associated increases in the cost of casualty or liability insurance to property owners within this community redevelopment area. Such benefits occur on both vacant and developed property in this coastal area.

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<sup>1</sup> Panama City Beach v. State, No. 03-1849 (Fla. 14th Cir. Ct. 2003); recorded in Official Record 2305, at page 1264 of the Public Records of Bay County, Florida.

(D) Substantial benefits resulting from expenditures for community redevelopment related capital, services, facilities or programs provided from statutory redevelopment funding to properties within the Front Beach Road Community Redevelopment Area have occurred, are present in the Front Beach Road Community Redevelopment Area, have served to benefit properties and have and reasonably will continue to logically transform and increase the value, use and enjoyment of all properties within this entire community redevelopment area, as well as create present, lasting and reasonably expected long term economic advantage to properties within the Front Beach Road Community Redevelopment Area.

(E) Special benefits from the expenditure of funds for community redevelopment related capital, services, facilities or programs to affected lands provided from proceeds of a special assessment within the Front Beach Road Community Redevelopment Area fairly include, by way of example and not limitation, improved traffic circulation and capacity, improved use of right of ways, bettering a sense of place and tourism market competitiveness for properties, assured development capacity, better ingress and egress with an eye toward public safety, better capacity to evacuate and protect properties and improvements during storm events, enhancements to quality and superiority of place, visual improvements (including landscaping and hard infrastructure), thoughtful connection of the entire redevelopment area to the

regional transportation system, and the introduction, accomplishment and continual availability of such benefits which serve to address and remediate documented and recognized blighted area conditions.

(F) Despite significant planned and implemented redevelopment plan accomplishments so far, it is increasingly apparent that statutory redevelopment revenues will not sustain the obligations of existing and near term capital commitments in the Front Beach Road Community Redevelopment Area and the associated redevelopment plan as well as required upkeep of improved roadways and related improvements or enhancements without jeopardizing the overall anticipated accomplishments of the intended transformation of the Front Beach Road Community Redevelopment Area. This is not an unknown or unintended consequence of a time limited statutory redevelopment regime, and certainly becomes more cognizable with the passage of time.

(G) The City Council, and ex-officio in its redevelopment agency capacity, is the steward for the financial well-being of both the Front Beach Road Community Redevelopment Area and the larger City. Accordingly, the City Council is necessarily mindful that: (1) City general fund availability is limited, as the City imposes no ad valorem tax; (2) the statutory redevelopment revenues are not permanent and will end and expire; (3) the use of statutory redevelopment revenues will most effectively be

used to sooner accomplish larger planned capital projects; and (4) it is fair and reasonable to begin to fund certain administrative, operations and maintenance costs with annual non-ad valorem assessments.

(H) The City Council has previously directed and carefully considered the report prepared by GAI Consultants, Inc. describing a special assessment apportionment methodology designed to fund some portion of the annual budget expenditures corresponding to (1) administrative and ministerial activities (for ease of reference referred to as Category A herein); and, (2) continuing maintenance, upkeep and capital equipment (for ease of reference referred to as Category B herein) in the Front Beach Road Community Redevelopment Area.

(I) GAI Consultants, Inc. reviewed budget information related to the provision of community redevelopment capital, services, facilities and programs and shared a reasoned analysis of budget components, resulting in the observation that all Tax Parcels benefit equally in a substantially uniform manner (per parcel) from community redevelopment capital, services, facilities and programs characterized as administrative and ministerial activities (Category A associated Assessed Cost). Such benefits, burdens and costs reasonably accrue equally to every Tax Parcel in the Front Beach Road Community Redevelopment Area and do not necessarily vary from parcel to parcel based upon property classification or parcel specific physical characteristics

(location or improvements), and stem from general overhead, manpower, office costs and related items necessary for the City's redevelopment agency to perform as a subunit of local government, including necessary and statutorily required management, reporting and regulatory compliance activities. These costs are technical and professional in their focus and directly connected with the redevelopment agency associated staffing and office environment of the community redevelopment agency and City functions associated with the Front Beach Road Community Redevelopment Area.

(J) The amount of resources applied to administrative and ministerial activities (addressed in Category A) each year is a public administration and policy decision which necessarily focuses in the aggregate on all property within the Front Beach Road Community Redevelopment Area. In developing a recurring revenue source to fund a portion of the such activities in an annual budget associated with community redevelopment capital, services, facilities and programs, it is not necessary to focus on the size, value or physical characteristics of individual Tax Parcels. Instead, in this context, each individual Tax Parcel contributes similarly to such overall administrative and ministerial activities, and similarly and substantially shares the same benefits from such cost components; and, therefore it is fair and reasonable to ask

the owner of each Tax Parcel to contribute equally toward funding all or a portion of these administrative and ministerial activities (Category A associated Assessed Cost).

(K) The mere availability of administrative and ministerial activities (addressed in Category A) benefits each Tax Parcel of real property in the Front Beach Road Community Redevelopment Area in a substantially uniform fashion by relieving the common burden placed upon City and redevelopment agency services and facilities collectively created by individual Tax Parcels. Fundamentally, the presence of each Tax Parcel within the community redevelopment area creates a comparable and similar requirement to continually administratively monitor, advance and implement the community redevelopment plan to provide such community redevelopment capital, services, facilities and programs for all Tax Parcels in the Front Beach Road Community Redevelopment Area.

(L) Also, GAI Consultants, Inc. in its review of budget information related to the provision of community redevelopment capital, services, facilities and programs shared a reasoned analysis of budget components, resulting in the observation that all Tax Parcels typically benefit variably from community redevelopment capital, services, facilities and programs characterized as continued maintenance, upkeep and capital equipment (Category B associated Assessed Cost). Such benefits, burdens and cost can be reasonably shared based upon an ever-changing combination of select metrics



indicative of each Tax Parcel's (1) relative scale or intensity of usage, (2) relative economic position, and (3) relative locational advantage. These costs can include for example, landscape maintenance, street-sweeping, pavement and sidewalk maintenance, power, irrigation, and purchases of supplies, materials and capital equipment associated with these activities in the Front Beach Road Community Redevelopment Area.

(M) The amount of resources for continued maintenance, upkeep and capital equipment (addressed in Category B) each year is a public administration and policy decision which necessarily focuses in the aggregate on all property within the Front Beach Road Community Redevelopment Area. In developing a recurring revenue source to fund a portion of such activities in an annual budget associated with community redevelopment capital, services, facilities and programs, it is not necessary to share costs solely on a per parcel basis. Instead in this context, considering the relative attributes of relative scale or intensity of usage or activity, square footage and improvements value, relative economic position and relative locational advantage associated with each individual Tax Parcel is fair and reasoned.

(N) The sharing of benefits, burdens and costs for community redevelopment related capital, services, facilities and programs associated with continued maintenance, upkeep and capital equipment (Category B associated Assessed

Cost) can be allocated rationally by applying metrics that result from publicly maintained information updated continually and reflect and adjust for relative scale or intensity of usage or activity, square footage, improvement value, relative economic position and relative locational advantage to reasonably apportion Assessed Cost. However, weighting and combining such metrics serves to better attend to principles of equity and fairness. This is a direct and logically related means to share benefits, burdens and costs of community redevelopment capital, services, facilities and programs.

(O) An allocation of benefits, burdens and costs for community redevelopment capital, services, facilities and programs associated with continued maintenance, upkeep and capital equipment (Category B associated Assessed Cost) weighted sixty percent (60%) on square footage (reflecting relative scale or intensity of usage or activity), thirty percent (30%) on improvement value (reflecting relative economic position), and ten percent (10%) on land value (representing relative locational advantage) considered together logically and fairly serve to systematically, proportionately, and reasonably apportion such (Category B) assessed costs – presently and over time.

(P) Apportionment on the basis of square footage of improvements, improvement value, and land value for Tax Parcels within the Front Beach Road

Community Redevelopment Area (as determined by data derived from the Tax Roll prepared by the Property Appraiser) recognizes and fairly shares the more varied and relative benefits accruing to properties within the community redevelopment area.

(1) Square footage data is closely associated with traffic counts generated according to size and operating capacity of improvements to properties. Square footage of improved properties is the basis routinely used as a proxy for measuring and analyzing vehicular traffic activity in industry and peer reviewed academic studies. Square footage is properly weighted most heavily to determine Assessments associated with Category B associated Assessed Cost because square footage data best discriminates and distinguishes among land use activities closely correlated to number of vehicular trips, mobility, an increased level of dependence on transportation associated infrastructure, and ultimately the level of upkeep and maintenance required by the focal projects associated with the Front Beach Road Community Redevelopment Plan.

(2) Improvement value is reflective of the relationship of a Tax Parcel's relative financial performance with the Tax Parcel's level of utilization where improved mobility and access correlates to higher levels of visitation, destination appeal, income or rents, and materially improved economic advantage in a

manner that the value of improvements constructed present a proxy for each Tax Parcel's economic character and functioning condition relative to other Tax Parcels in the community redevelopment area.

(3) Land value is an important and well recognized indication of local benefit stemming from access and mobility, but has been weighted to avoid the appearance that beach exposure pushes Assessed Cost onto Tax Parcels with substantive asset value realized simply through waterfront orientation, rather than transportation, mobility and community redevelopment advantages.

In this context, it is therefore fair and reasonable to ask the owner of each Tax Parcel to contribute to the more varied and relative benefits, burdens and costs based upon these three attributes toward funding all or a portion of community redevelopment capital, services, facilities and programs characterized as continued maintenance, upkeep and capital equipment (Category B associated Assessed Cost).

(Q) Besides the advantage of relying upon data prepared by the Property Appraiser in the normal conduct of such office's responsibilities, an approach based in whole or in part upon heated or air-conditioned square footage (routinely used in annual mass appraisal processes), improvement value (which is a function of annually certified land value subtracted from annually certified just value for all Tax Parcels), or land value (where land value is annually determined and certified for any given Tax

Parcel) are each advantageous because each data set is independently and continually updated and thus is self-correcting annually. These three attributes may each change from year to year in accordance with market conditions and other factors and such variations will be adjusted automatically each subsequent year in accordance with the updated data independently determined by the Property Appraiser for other statutory purposes and available as public records. As these data sets associated with any given Tax Parcel annually change, increase or decrease with the passage of time, they will each do so relative to each of these overall attributes with all assessed parcels in the Front Beach Road Community Redevelopment Area so that each Tax Parcel's relative benefit, burden and proportion of Category B associated Assessed Cost to the total amount assessed using each of these three attributes for that Tax Parcel and all Tax Parcels within the community redevelopment area would also change, increase or decrease proportionately.

(R) The findings contained herein are premised upon information, input, analysis and review from City staff, officials and experts, and public comment, as well as careful consideration by the City Council. A combination of the foregoing yields a reasoned apportionment methodology premised upon two distinct categories of apportionment allocation: Category A – a sharing of benefits, burdens and costs for community redevelopment capital, services, facilities and programs premised upon

each Tax Parcel in the Front Beach Road Community Redevelopment Area sharing in the cost of overall *administrative and ministerial activities* to advance and implement the community redevelopment plan based upon a per Tax Parcel allocation; and, Category B – a sharing of benefits, burdens and costs for community redevelopment capital, services, facilities and programs premised upon essential *maintenance, upkeep, and capital equipment* using weighted and more varied attributes of square footage, improvement value, and land value as compared to such attributes or value of improvements and land among all Tax Parcels in the Front Beach Road Community Redevelopment Area. Although either of these two categories or aspects of these categories might be used in part to address significant portions of a budget for special assessment apportionment purposes, together they better provide a reasoned and self-adjusting equity tool and repeatable mechanism for the City to fairly and reasonably share assessable benefits, burdens and costs among all assessable Tax Parcels in the Front Beach Road Community Redevelopment Area.

(S) It is fair, reasonable, effective, and efficient for all Tax Parcels, including statutorily defined parcels such as individual condominium or cooperative units with extraordinary alienability, to share in digesting Assessed Cost in the manner presented by the Assessments to be imposed. This is particularly so where the alienability of underlying common land, land value or improvement value inextricably associated

with common areas or common elements is severely restrained by law and uniformly treated as subsumed in determining improvement value in statutory or common ownership regimes typical of condominium or cooperative development.

(T) The use of data derived from the Tax Roll (both in form and content), which is statutorily required or uniformly maintained annually in a database of all Tax Parcels employed by the Property Appraiser and Tax Collector, represents a reasonably accurate, fair and efficient means to update, determine, allocate and distribute Assessed Cost associated with community redevelopment and the Front Beach Road Community Redevelopment Plan.

(U) The City is not required to fully fund any given essential service or capital cost through a special assessment. So long as the application of funds is for a public purpose and funds are legally available, the City may alternatively determine to fund all or some discrete portion of an essential service or capital cost, such as community redevelopment capital, services, facilities and programs, with general fund or other legally available revenues. The determination as to whether to contribute other legally available revenues, and how much to contribute, lies solely in the discretion of the City Council.

(V) There is no requirement that the City impose an assessment for the maximum amount of the budget that can be funded by special assessments. Stated in

the alternative, the City Council may annually determine as an equity tool to impose special assessments at a rate less than necessary to fund all or any specific portion of the costs which might otherwise be funded by special assessments associated with community redevelopment capital, services, facilities or programs. Costs incurred in providing community redevelopment capital, services, facilities and programs not otherwise funded through Assessments may be paid with general fund or other legally available revenues. Such legally available revenues as a matter of policy may be applied exclusively to any category or class of budget allocation or expense otherwise funded by a special assessment, in part to one category or class of any budget allocation or expense, or in any combination thereof, and maintain the validity of each apportionment approach used for the remaining portion of the budget attributed to the Assessed Cost. This flexibility is implemented through a policy and legislative determination employed through careful adherence to case law, statutory law, and the State Constitution, as well as the exercise of annual budget responsibility, discretion and equity vested in the City Council. Any annual rate of Assessment that otherwise exceeds that previously established by resolution or not noticed to affected property owners in the manner provided in the Assessment Ordinance shall be subject to further notice and public hearing.



(W) Allocating Assessed Cost to provide community redevelopment capital, services, facilities and programs on a Tax Parcel basis reasonably avoids cost inefficiencies and unnecessary administration, and is a fair, efficient and reasonable mechanism to allocate such costs among all affected property owners of Tax Parcels within the Front Beach Road Community Redevelopment Area.

(X) It is fair and reasonable to (1) multiply the estimated budget allocated to Category A by an identified proportion of the costs associated with Category A, in order to determine a proportional amount of the estimated budget allocable to such Category A associated Assessed Cost; and, (2) then divide such amount by a reasonable estimate of the total number of Tax Parcels within the Front Beach Road Community Redevelopment Area in order to determine the proposed annual rate of assessment per Tax Parcel in an attempt to uniformly and proportionally fund such Category A associated Assessed Cost.

(Y) It is fair and reasonable to (1) multiply the estimated budget allocated to Category B by an identified proportion of the costs associated with Category B, in order to determine a proportionate amount of the estimated budget allocable to such Category B associated Assessed Cost; (2) then respectively multiply by the weighted percentages of sixty percent (60%) for the square footage, thirty percent (30%) for improvement value, and ten percent (10%) for land value; (3) divide each result for

these three attributes respectively by a determination of square feet, improvement value and land value for all Tax Parcels within the Front Beach Road Community Redevelopment Area to determine the proposed annual rate for each of these three attributes; (4) apply such annual rates respectively to the number of square feet, amount of improvement value, and amount of land value for each Tax Parcel; and (5) then lastly, sum all three respective results for each Tax Parcel to determine the Category B associated Assessed Cost for each Tax Parcel.

(Z) The City Council is cognizant that any system, metric or analytical view of appraising benefits or assessing costs will be open to some criticism or suggestion of alternative methods or approaches, and has labored to educate itself as to the facts, analysis, law and policy latitudes available to it in determining the Assessed Cost and the rate(s) of the Assessment in the process of approving the Assessment Roll.

(AA) The Assessments reasonably conform with and carry out, in part, the objectives and intent of the Front Beach Road Community Redevelopment Plan.

(BB) The apportionment among Tax Parcels of a portion of an annual budget for community redevelopment capital, services, facilities and programs represented by the assessment rates and Assessments hereby adopted, are reasonably characterized as necessary to carry out the Front Beach Road Community Redevelopment Plan and paramount public purposes evidenced thereby, and is hereby determined to be a fair

and reasonable means to annually allocate and share such benefits, burdens and Assessed Cost associated with both Category A and Category B community redevelopment undertakings and actions in the Front Beach Road Community Redevelopment Area.

(CC) The benefits derived or burdens relieved through the Assessed Cost of community redevelopment capital, services, facilities and programs as to each Tax Parcel subjected to the Assessments equal or exceed the amount of the special assessments levied and imposed hereunder. The Assessment for any Tax Parcel within the Front Beach Road Community Redevelopment Area in employing such an approach also does not exceed the proportional benefits (or corresponding relief of burdens) that such Tax Parcel will receive (or cause) compared to any other Tax Parcel so assessed within such community redevelopment area.

(DD) The City Council hereby finds and determines that the Assessments to be imposed in accordance with this Resolution provide a rational, proper, annually self-adjusting and equitable method of funding a portion of associated community redevelopment capital, services, facilities and programs by fairly and reasonably allocating a portion of the cost thereof among specially benefited property within the Front Beach Road Community Redevelopment Area.

## ARTICLE II

### NOTICE AND PUBLIC HEARING

#### SECTION 2.01. ESTIMATED ASSESSED COST; RATE OF ASSESSMENT.

(A) The estimated Assessed Cost to be recovered through Assessments for the Fiscal Year commencing October 1, 2019 is \$703,094.50, consisting of \$425,670.50 for Category A – apportioned per Tax Parcel, and \$277,424 for Category B – apportioned based upon the weighted sum of relative attributes of square footage, improvement value and land value for each Tax Parcel.

(B) The Assessments established in this Annual Assessment Resolution are determined by the assessment rates prepared for consideration by the public and City Council in the preparation of the Assessment Roll for the Fiscal Year commencing October 1, 2019.

(C) The rate of Assessment is (1) \$33.89 for each Tax Parcel as reflected in the Tax Roll (Category A), plus (2) the sum of the following for each Tax Parcel (Category B):

(a) the heated or air-conditioned square footage obtained from public records determined by the Property Appraiser (approximately 60% weight of the Category B associated Assessed Cost or \$166,454) multiplied by \$0.008 (i.e. eighty

percent of or 8/10<sup>ths</sup> of one (1) cent (\$0.01)), per square foot;

(b) the improvement value for each parcel, which is the result of the reported just value minus the reported land value obtained from public records determined by the Property Appraiser (approximately 30% weight of Category B associated Assessed Cost, or \$83,227) multiplied by \$0.03 per \$1,000 of improvement value; and,

(c) the reported land value for each parcel obtained from public records determined by the Property Appraiser (approximately 10% weight of Category B Assessed Cost, or \$27,743) multiplied by \$0.05 per \$1,000 of land value.

## **SECTION 2.02. ASSESSMENT ROLL**

(A) The Assessment Coordinator has prepared or caused to be prepared a preliminary Assessment Roll that contains the following information:

(1) a summary description of each Tax Parcel (conforming to the description contained on the Tax Roll maintained by the Property Appraiser for the purpose of levying and collecting ad valorem taxes) which is intended to be subject to the Assessment;

(2) the name of the owner of record of each Tax Parcel, as shown on the Tax Roll; and

(3) the proposed amount of the total Assessment for each affected Tax Parcel for the fiscal year commencing October 1, 2019, exclusive of anticipated costs of collection and administration.

(B) In the event the City also imposes or collects an impact fee upon new growth or development for capital improvements related to such community redevelopment capital, services, facilities or programs, the special assessments provided for hereunder shall not include costs attributable to capital improvements necessitated by new growth or development which were included in the computation of such impact fee or which are otherwise funded by such impact fee.

(C) Copies of the Assessment Ordinance, this Resolution and the preliminary Assessment Roll have been made available in the City Clerk's office at City Hall Annex, George C. Cowgill Bldg., 110 South Arnold Road, Panama City Beach, Florida, 32413, and have been open to public inspection in a manner consistent with the Assessment Ordinance. The proposed approach, the amount and method of Assessment for each Tax Parcel has been noticed since August 23, 2019 at or through the City's website and has been accessible through the internet at <http://quicksearch.ennead-data.com/pcbfbrcra/> and at the City Clerk's office located at City Hall Annex, George C. Cowgill Bldg., 110 South Arnold Road, Panama City Beach, Florida.

(D) In the event the Assessment Coordinator makes any corrections, exemptions, authorized deferrals or other modifications to the Assessment Roll authorized by the Assessment Ordinance, this Resolution or otherwise, all funding for such changes to the Assessment Roll shall be funded by legally available funds other than direct proceeds of the Assessments. Such changes shall not require any recalculation or change in the rate or rates of assessment otherwise considered or adopted pursuant to the Assessment Ordinance or any Annual Assessment Resolution.

**SECTION 2.03. NOTICE BY PUBLICATION.**

The Assessment Coordinator has directed the publication of notice of a public hearing in the manner and time provided in the Assessment Ordinance. Proof of timely and compliant publication of the notice is attached hereto as Appendix A.

**SECTION 2.04. PUBLIC HEARING.** A public hearing was held on September 12, 2019 commencing at or about 6:00 p.m. in City Hall Council Chambers, 110 South Arnold Road, Panama City Beach, Florida 32413, at which time the Council received and considered information and comments on the Assessments from City officials, staff, experts and advisors, as well as the public and affected property owners, and considered imposing Assessments and the method of collection thereof as required by the Assessment Ordinance.

**ARTICLE III**

**ASSESSMENTS**

**SECTION 3.01. IMPOSITION.** Upon adoption hereof, Assessments are to be levied and imposed throughout the Front Beach Road Community Redevelopment Area within the boundaries of the City and this Resolution shall be deemed to be adopted and confirmed for all purposes.

**SECTION 3.02. IMPOSITION OF ASSESSMENTS.** Assessments shall be imposed against Tax Parcels located within the Front Beach Road Community Redevelopment Area, the annual amount of which shall be computed for each Tax Parcel in accordance with this Resolution and shall include all administration and collection costs, fees and adjustments provided for in Section 2.01(B) of the Ordinance. When imposed, the Assessment for each Fiscal Year shall constitute a lien upon Assessed Property equal in rank and dignity with the liens of all state, county, district or municipal taxes and other non-ad valorem assessments as provided in the Assessment Ordinance.

**SECTION 3.03. APPORTIONMENT APPROACH.**

(A) As provided for herein, the Assessed Cost shall be apportioned among all Tax Parcels within the Front Beach Road Community Redevelopment Area, not otherwise exempted hereunder, and including any statutorily defined parcels such as



individual condominium or cooperative units with extraordinary alienability. The estimated Assessed Cost and rate of Assessment shall be that described in Section 2.01 hereof.

(B) It is hereby ascertained, determined, and declared that the method of determining the Assessments as set forth in this Annual Assessment Resolution is a fair and reasonable method of paying for, recovering and apportioning the Assessed Cost among Tax Parcels of Assessed Property located within the Front Beach Road Community Redevelopment Area.

(C) The Assessment Roll is hereby approved.

**SECTION 3.04. APPLICATION OF ASSESSMENT PROCEEDS**

Proceeds derived by the City from the Assessments, after payment of costs and expenses associated with collection and administration of the Assessments, shall be utilized for the provision of community redevelopment related capital, services, facilities, and programs. In the event there is any fund balance remaining at the end of the Fiscal Year, such balance shall be carried forward and used only to fund costs associated with such community redevelopment related capital, services, facilities, and programs within the Front Beach Road Community Redevelopment Area.

**SECTION 3.05. COLLECTION OF ASSESSMENTS; VALIDATION.**

(A) Unless otherwise determined by the City Council, collection of the Assessments shall take place pursuant to the direct billing method of collection described in Article III of the Assessment Ordinance. The traditional direct billing method is initially less expensive, more timely, and provides fair and adequate notice and opportunity to be heard through publication in a newspaper of general circulation; and coupled with the provision of the presentation of an interactive and searchable preliminary Assessment Roll on-line provides cost effective, reasonable, timely, convenient, and extraordinary due process.

(B) The amount of the Assessment imposed, levied, and billed to each owner of Assessed Property shall additionally include a five dollar (\$5) fee per invoice or bill to defray the City notice, mailing, billing, administrative and implementation costs.

(C) Assembling infrastructure and use of capital equipment are fundamental components to the Front Beach Road Community Redevelopment Plan. Following the initial Assessment adoption for FY 2019-20, staff and counsel for the City are directed and authorized to institute proceedings pursuant to Chapter 75, Florida Statutes, to judicially confirm the validity of the Assessments and use of proceeds of the Assessments to secure Obligations as provided for in the Assessment Ordinance. Any Obligations issued by the City shall contain a covenant by the City to adopt an Annual

Assessment Resolution imposing Assessments for each Fiscal Year until any Obligations have been paid in full.

**SECTION 3.06. DIRECTION CONCERNING ANY EXEMPTION.**

(A) Tax Parcels which are statutorily exempted from the payment of ad valorem taxes are in most circumstances subject to the Assessments contemplated hereunder. Tax Parcels classified or described by the Property Appraiser as institutionally tax exempt, have been previously included in other non-ad valorem assessments imposed by the City, and are subject to the Assessments contemplated hereunder.

(B) Tax parcels comprising Government Property are not subject to the Assessments contemplated hereunder. Such Tax Parcels include those classified or described by the Property Appraiser as government-owned, including the following: (1) military, (2) forest, parks, recreational, (3) public county schools, (4) public colleges, (5) public hospitals, (6) other county-owned property, (7) other state-owned property, (8) other federal-owned property, and (9) other municipal-owned property. Provided, however, each such Government Property owner may be approached by the Mayor, or such person's designee, and asked to pay as a fee or charge an amount comparable to the Assessment for each such Government Property. Said amount may be invoiced annually, quarterly or monthly in accord with Section 3.04 of the Assessment

Ordinance.

(C) The following Tax Parcel classifications are special designations used by the Property Appraiser for recordkeeping purposes and do not represent actual or assessable Tax Parcels and are not subject to the Assessments contemplated hereunder:

(1) common element, (2) header record, and (3) notes parcel.

(D) Certain Tax Parcels associated with the following classifications used by the Property Appraiser typically do not receive a special benefit from the provision of community redevelopment capital, services, facilities or programs or are infeasible or impractical to assess, and therefore the Assessment Coordinator may direct same are not subject to the Assessments contemplated hereunder: (1) right-of-way (including beach access), (2) rivers, lakes & submerged land, (3) sewage disposal & waste lands, and (4) outdoor recreation or parkland.

(E) Tax Parcels associated with the following classifications used by the Property Appraiser receive a special benefit from the provision of community redevelopment capital, services, facilities or programs and are subject to the Assessments contemplated hereunder: (1) cropland, (2) timberland, (3) grazing land, (4) orchards and groves, (5) apiary, aquaculture, fowl, horse, and other animals, and (6) nursery, floriculture, sod production, and hydroponics. As the assessments contemplated hereunder are not imposed pursuant to chapter 170, Florida Statutes, any

exemption from assessment for certain agricultural or other lands described therein does not apply. In the event a court of competent jurisdiction determines that certain agricultural or other lands are not subject to the Assessments, the imposition of the Assessments on such properties or portions of properties not subject to the Assessments shall be severed from this Resolution and an amount equivalent to that which would have been raised by such levy shall be paid from other legally available funds.

(F) The classifications of properties in this Section which are or may be exempted, in whole or in part, are reasonably determined to be inappropriate, infeasible or impracticable to assess, and either benefit marginally or create a lesser or nominal demand or burden on the City's costs associated with this community redevelopment area, do not merit the expenditure of public funds to impose or collect the Assessments, are exempt and/or otherwise generally serve in some respect to promote the public health, safety, morals, general welfare, security, prosperity and contentment of the inhabitants, residents, visitors and property owners within the Front Beach Road Community Redevelopment Area. The Assessment Coordinator, or such person's designee, is authorized and directed to use sound judgment in extending such determinations and guidance as the Assessment Roll is collected. The foregoing classifications of properties not to be assessed do not include Government Property that is leased for private use.

(G) Based upon the foregoing, there are relatively few exempt properties within the Front Beach Road Community Redevelopment Area. Using legally available funds other than the proceeds of the Assessments, the City shall otherwise fund or contribute an amount equal to the Assessments that would have been otherwise derived, in whole or in part, from such exempt properties.

(H) Provided, however, the City Council reserves the right and ability in the future to impose Assessments against Tax Parcels determined to be exempt, in whole or in part, hereunder to the extent permitted by law, for any reason including lack of reasonable cooperation or willingness to pay for a share of the Assessment Cost, or otherwise in the event required or directed to do so by a court of competent jurisdiction.

**SECTION 3.07. EFFECT OF ANNUAL ASSESSMENT RESOLUTION.**

The adoption of this Annual Assessment Resolution shall be the final adjudication of the issues presented herein (including, but not limited to, the method of apportionment and assessment, the rate or rates of assessment, the Assessment Roll, the levy and lien of the Assessments, and method of collection and enforcement), unless proper steps are initiated in a court of competent jurisdiction to secure relief within twenty (20) days from the date of City Council's adoption of this Annual Assessment Resolution.

**ARTICLE IV**

**GENERAL PROVISIONS**

**SECTION 4.01. AUTHORIZATIONS.** The Mayor and any member of the City Council, the City Attorney, the City Manager, the Clerk, the Community Redevelopment Area Manager and such other officials, employees or agents of the City as may be designated by the City Council are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the City that are necessary or desirable in connection with the imposition, confirmation and collection of the Assessments contemplated hereunder, and which are directed, authorized or are not inconsistent with the terms and provisions of this Resolution.


**SECTION 4.02. CONFLICTS.** All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

**SECTION 4.03. SEVERABILITY.** If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are declared to be severable.

**SECTION 4.04. EFFECTIVE DATE.** This Annual Assessment Resolution shall take effect immediately upon its passage and adoption.

**PASSED and ADOPTED** in regular session of the City Council of the City of Panama City Beach, Florida, this 12<sup>th</sup> day of September 2019.

**PANAMA CITY BEACH CITY COUNCIL**

By:   
Mike Thomas, Mayor

ATTEST:

  
Mary Jan Bossert, City Clerk



**APPENDIX A  
PROOF OF PUBLICATION**

# The News Herald

501 W. 11<sup>th</sup> Street  
P.O. Box 1940, Panama City, FL 32401  
Published Daily  
Panama City, Bay County, Florida

## State of Florida County of Bay

Before the undersigned authority personally appeared Karen Glenn, who on oath says that she is a Legal Advertising Representative of The News Herald, a newspaper published at Panama City in Bay County, Florida; that the attached copy of advertisement, being a Legal Advertisement #11058252 in the matter of **NOTICE OF HEARING - September 12** in the Bay County Court, was published in said newspaper in the issue of **August 23, 2019**.

Affiant further says that the said The News Herald is a newspaper published at Panama City, in said Bay County, Florida, *is a direct successor of the Panama City News* and that the said newspaper, *together with its direct predecessor*, has heretofore been continuously published in said Bay County, Florida, each day (except that the predecessor, *Panama City News*, was not published on Sundays) and has been entered as periodicals matter at the post office in Panama City, in said Bay County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement, and affiant further says that (s)he has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in said newspaper.

Karen Glenn

State of Florida

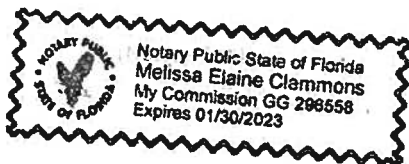
County of Bay

Sworn to and subscribed before me this **23rd** day of **August**, A.D., **2019**.

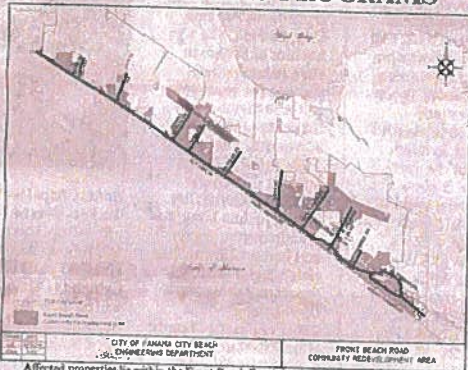
By Karen Glenn, Legal Advertising Representative of The News Herald,

who is personally known to me or has produced N/A as identification.

Melissa Elaine Clammons  
Notary Public, State of Florida at Large



**NOTICE OF HEARING TO CONSIDER IMPOSING AND PROVIDE FOR COLLECTION OF NON-AD VALOREM SPECIAL ASSESSMENTS WITHIN THE FRONT BEACH ROAD COMMUNITY REDEVELOPMENT AREA TO FUND IN PART THE COSTS ASSOCIATED WITH COMMUNITY REDEVELOPMENT RELATED CAPITAL, SERVICES, FACILITIES AND PROGRAMS**



Affected properties lie within the Front Beach Road Community Redevelopment Area of Panama City Beach, Florida.

This notice concerns the process the City Council of the City of Panama City Beach, Florida (the "City") is considering to address the challenge of continuing the planned funding of the long-term transformation of the Front Beach Road Community Redevelopment Area.

Since 2002, the City acting through its Community Redevelopment Agency has launched a series of substantial phase-making transportation and mobility improvements within the larger Front Beach Road corridor of our City. This has been done pursuant to a redevelopment plan reviewed by the County and approved by our circuit court in 2003. In that plan, funding for these redevelopment projects and activities comes mostly from an increased or portion of property taxes Front Beach Road (however, changes in this area since 2003 are imperative so far, but the duration of this plan and this redevelopment funding is scheduled to end in the next decade or so.

The Front Beach Road redevelopment plan objectives have been remarkably beneficial to this community and the County, but the long term plan is certainly not complete. Recent review by financial and transportation experts make it clear that long-term action is now required to begin to supplement the funding of operating, maintaining and administering services to this area to better sustain the existing and best future redevelopment capital commitments. This will help accomplish the exceptional transformation specifically contemplated in the 2003 redevelopment plan. The use of special or non-ad valorem assessments described in this Notice was specifically contemplated in the 2003 redevelopment plan. These assessments serve to satisfy compliance obligations and responsibilities of the City, its redevelopment agency and the properties within this redevelopment area to accomplish objectives in this area's community redevelopment plan.

Accordingly, the City is preparing to partially fund with these assessments a portion of the annual operating and capital equipment costs specifically associated with community redevelopment administration, maintenance and operations in the redevelopment area. The City Council's goal is to put in place a supplemental and alternative means to deal with budget needs through the adoption of special rates that can remain reasonable and flexible, and that might be changed efficiently over time with future overall budget and other economic conditions, our community will continue to administer, to operate, and maintain community redevelopment related capital, services, facilities or programs while showing financial stewardship. This is a thoughtful, compliant and responsible approach which addresses a challenging balancing process that must be addressed annually and with an eye on our future in this increasingly successful planned redevelopment area transformation.

These special assessments for each of the approximately 12,561 assessable parcels in the Front Beach Road community redevelopment area are proposed to fund a small portion of the community redevelopment associated budget for the upcoming FY 2019-20 in the estimated amount of \$701,094.50. The method of collection will be by traditional direct billing from the City sent by U.S. mail this Fall to each affected property owner at their address on file with the local tax collector. Payment will then be due upon receipt in subsequent years collections (including any delinquencies) will likely occur using the uniform method of collection on your tax bill beginning in November 2020. In this approach each parcel of property assigned an identification number by the Bay County Property Appraiser is considered one (1) tax parcel.

If you wish to learn more, a detailed description of the assessment program is available on the City's website at <http://www.panamacitybeach.com> which includes a copy of the proposed procedural Ordinance and Initial Assessment Resolution and proposed Assessment Roll.

On September 12, 2019, at 6:00 p.m. the City Council will hold a public hearing in the City Council Chambers at City Hall, 110 South Armistead Road, Panama City Beach, Florida, for the purpose of receiving comments on the proposed procedural Ordinance, and the Initial Assessment Resolution and roll concerning the imposition and levy of assessments for FY 2019-20 by the direct billing method.

You are invited to attend or appear at the public hearing, and/or file written comments or objections with the City Clerk at [file-city@pcgov.com](mailto:file-city@pcgov.com). Please also look up the individual impact on your parcel located in this redevelopment area at <http://taxesearch.com/assess-lands.com/pol/bccra/>. If you decide to appeal any decision made by the City Council with respect to any matter considered at or after the hearing, you will need a record of the proceedings and may need to ensure that a verbatim record is made, including the testimony and evidence upon which the appeal is to be made.

If approved by City Council after the September 12 hearing setting the rate of assessment for each tax parcel, the City will include a \$5 fee per invoice or bill to defray City office, mailing, billing, administrative and implementation costs.

These special assessments are only for expenditures associated with properties within the Front Beach Road Community Redevelopment Area (see map or geographic depiction above), and are proposed to be apportioned as follows by combining two (2) categories of charges for this special assessment:

Category A: Budgeted costs of a portion of administrative and ministerial activities (\$425,670.50) shared equally per parcel among all parcels will be \$33.59 per tax parcel.

Category B: Budgeted costs of a portion of continued maintenance, upkeep and capital equipment (\$277,424) weighted and shared based upon a combination of three (3) relative attributes or factors:

- (1) the heated or air-conditioned square footage reported in the public records of the local property appraiser (approximately 60% weight, or \$166,451) will be \$0.008 per square foot;
- (2) the improvement value for each parcel, which is the result of the reported just value minus the reported land value in the public records of the local property appraiser (approximately 30% weight, or \$83,227) will be \$0.03 per \$1,000 of improvement value; and,
- (3) the land value for each parcel reported in the public records of the local property appraiser (approximately 10% weight, \$27,743) will be \$0.05 per \$1,000 of land value.

The variable dollar amount attributed to each affected tax parcel and other information concerning this proposed assessment, upon properties within the Front Beach Road Community Redevelopment Area is available online at <http://taxesearch.com/assess-lands.com/pol/bccra/> or accessible by computer terminal upon inquiry at the office of the City Clerk at City Hall.

Any special assessment imposed will by law only be imposed by the City Council, and not the County, nor its Commissioner/Officers, the Property Appraiser or Tax Collector. Any activity of the Property Appraiser or Tax Collector under the provisions of this process are purely ministerial.

ANY PERSON WISHING TO ENSURE THAT AN ADEQUATE RECORD OF THE PROCEEDINGS IS MAINTAINED FOR APPELLATE PURPOSES IS ADVISED TO MAKE THE NECESSARY ARRANGEMENTS FOR RECORDING AT HIS OR HER OWN EXPENSE.

ANY PERSON REQUIRING A SPECIAL ACCOMMODATION AT THIS MEETING BECAUSE OF A DISABILITY OR PHYSICAL IMPAIRMENT SHOULD CONTACT THE PANAMA CITY BEACH CITY CLERK, AT CITY HALL, 110 SOUTH ARMISTEAD ROAD, PANAMA CITY BEACH, FLORIDA 32413 OR BY PHONE AT (850) 235-5100 AT LEAST FIVE (5) CALENDAR DAYS PRIOR TO THE MEETING. IF YOU ARE HEARING OR SPEECH IMPAIRED, AND YOU POSSESS TDD EQUIPMENT, YOU MAY CONTACT THE CITY CLERK USING THE FLORIDA DUAL PARTY RELAY SYSTEM WHICH CAN BE REACHED AT (800) 955-8770 (VOICE) OR (800) 955-8771.

PUBLISHED AT THE DIRECTION OF THE CITY MANAGER, CITY OF PANAMA CITY BEACH.  
Published on or before August 23, 2019.

August 21, 2019

GAI Project No. A190405.00

Honorable Mayor and  
City Council, City of Panama City Beach, Florida  
110 South Arnold Road  
Panama City Beach, Florida 32413

**Front Beach Road Redevelopment Area  
Assessment Strategy for Operations and Maintenance Toward Better  
Facilitating Funding of Construction and Maintenance of Capital  
Improvements and Essential Services  
City of Panama City Beach, Florida**

**Introduction**

On June 27, 2019, the City formally authorized GAI Consultants (GAI) to analyze the special benefits associated with various transportation related infrastructure and to explore options for defraying at least some of the administrative, operational and maintenance expense of overseeing those facilities.

Comprised of roads, sidewalks, landscaping and other features, the extensive infrastructure described in this memorandum is either now in service, undergoing construction, or undergoing design. If within the latter category, the anticipated improvements adhere to a specific timetable tied to incremental receipts accruing for use by the City's Community Redevelopment Agency (CRA). As a series of linked or connected improvements, these existing and anticipated facilities confer benefits to all properties within the confines of the Front Beach Road Community Redevelopment Area (FBRCA) as shown in Exhibit A. Such non-ad valorem or special assessments are without question consistent with the *Front Beach Road Community Redevelopment Plan* (CRP) and, as described herein, better support the overall funding of construction and capital improvements as well as essential services described in the CRP.

This memorandum explains an approach to identifying and describing the major benefits to the group of properties within this redevelopment area. The logical resulting relationship of the properties included in this area was described and judicially validated by the circuit court at the inception of the FBRCA and the resulting CRP.

This memorandum also summarizes current financial issues facing the CRA and the scheduled improvements within the FBRCA. Finally, it continues with a limited discussion of Florida's legal position on assessments to provide context for our analysis, establishing a rationale by which the varied costs associated with the provision or upkeep of these multiple facilities and improvements are allocated to the benefitted property within this redevelopment area.

GAI Consultants, Inc.  
618 E. South Street  
Suite 700  
Orlando, Florida 32801  
T 407.423.8398  
gaiconsultants.com

## Purpose

Since 2002, the City of Panama City Beach, acting through its Community Redevelopment Agency (CRA), has launched a series of transportation and mobility improvements within the FBRCRA consistent with objectives and concepts articulated in the adopted CRP. The capital cost of this complex infrastructure – along with its continued administrative, operational, and maintenance expense – has been paid for principally through increment monies accruing to the CRA's Trust Fund. The substance of this memorandum describes and documents the reasoned implementation of assessments as a means to satisfy the compliance obligations and responsibilities of the City, the CRA, and the properties within the redevelopment area to accomplish the physical and financial objectives of the CRP.

An exhaustive analysis, more recently completed by Public Financial Management (PFM) and ZHA Incorporated, has led to observations that the fiscal resources of the CRA's Trust Fund cannot sustain the obligations of existing and near-term capital commitments as well as the required upkeep of improved roadways and related improvements or enhancements without jeopardizing the overall anticipated success of the CRP. In this context,

- *Capital commitments* include all the normal costs of planning, engineering, and construction of major roads in the associated redevelopment area as well as various specialized equipment, streetscape, and landscaping upgrades within the rights-of way.
- *Administrative costs* are closely aligned with the specific management and coordination functions of certain CRA staff and their activities associated within the FBRCRA.
- *Operating and maintenance costs* include regular mowing, watering, and attending to the landscaping enhancements, reserves for making periodic repairs stemming from usage and age, and the coordination and management costs associated with monitoring the scheduled upkeep required by the improvements in the FBRCRA.

Many local governments have the option of absorbing all or part of these related administrative, operational and maintenance costs within the framework of their normal taxing powers. Panama City Beach has no ad valorem tax, so funds which might otherwise be available to allocate to these administrative, operational, and maintenance activities are effectively limited. In this situation, the existence of the CRA and increment revenue have proven demonstrably and substantially beneficial to the City generally but to properties located within the FBRCRA very specifically. Consequently, the City, as steward for the financial wellbeing of both the City and the CRA, is mindful that funding available from increment revenue could be most effectively used for capital, the term of that increment revenue stream will expire, and the funding of certain administrative operations and maintenance costs are an absolutely necessary feature of this community redevelopment initiative over time.



Toward assuring financial resources remain available for the administrative, operational and maintenance of the CRA's transportation and mobility improvements or enhancements, the City among other things, determined in the CRP that an assessment would be necessary to assure implementation of that plan and to sustain benefits already realized. To date, the major financial resources available to the City or CRA and identified in the CRP have been utilized with the exception of assessments which have yet to be imposed for any activity. The supplemented imposition and use of assessments is now timely, consistent with the CRP and various inter local agreements, and will expedite the delivery of available capital to this redevelopment area.

Certainly, some benefits extend to properties outside of the FBR CRA because road section upgrades or improvements are part of a larger transportation system. However, we continue to observe fairly some 15 years later that any benefits realized beyond the FBR CRA are coincidental to the redevelopment area beneficiaries targeted by the infrastructure in the CRP and now in place or imminently underway. The record, codified in the adopted CRP, recognized that materially upgraded infrastructure is necessary to preserve and leverage the extensive concentration of real property assets which are the primary source of this community's sense of place, economic activity and wealth. As well, the apportionment method identified herein has been carefully structured to achieve relative proportionality among the parcels *within the redevelopment area*. While the infrastructure improvements provide a number of benefits subsequently outlined in this memo, they are substantively intended to enhance highly localized access and circulation as well as to assure automobile and pedestrian safety for residents, visitors, and guests of the area's hotels, housing, and many commercial properties largely concentrated in the FBR CRA. Indeed, a major percentage of both the City's 1% occupational license tax and the entire County's Tourist Development Tax is generated within this specific area.

### **Description of Improvements and Budgets**

Since Panama City Beach launched its CRA several years ago, it has been focused on making a series of transportation and mobility related improvements in the FBR CRA in particular because of that area's economic importance to the larger community and the region. These improvements which are [1] already operational, [2] about to begin construction, or [3] in advanced stages of design include initiatives addressing improved roads, sidewalks, signalization, lighting, undergrounding of utilities, storm water controls, landscape beautification, extensive irrigation, and other placemaking activities.

The figures below, prepared by the City and CRA staff, based on input from PFM and ZHA, offer insight on the scale of the undertaking and the prospective financial burden for various activities and road segments within the FBR CRA.

Table 1.0 - Total administrative, operational and maintenance costs through 2034

Program Year	[1]	[2]	[3]	[4]	[5]
	Improved Segments or in Advanced Stages		Total Columns [1] and [2]	Unimproved or Remaining Segments	
	FBCRA Administrative and Management Costs	Operational and Maintenance Costs		Operational and Maintenance Costs	Total Columns [3] and [4]
2020	\$851,341	\$554,846	\$1,406,187	\$303,400 00	\$1,709,587 00
2021	\$876,881	\$571,491	\$1,448,373	\$303,644 00	\$1,752,016 61
2022	\$903,188	\$588,636	\$1,491,824	\$312,753 32	\$1,804,577 11
2023	\$930,283	\$709,966	\$1,640,249	\$322,135 92	\$1,962,384 99
2024	\$958,192	\$776,399	\$1,734,591	\$331,800 00	\$2,066,390 65
2025	\$986,938	\$950,509	\$1,937,447	\$341,754 00	\$2,279,200 55
2026	\$1,016,546	\$979,024	\$1,995,570	\$268,721 47	\$2,264,291 42
2027	\$1,047,042	\$1,170,786	\$2,217,828	\$276,783 11	\$2,494,611 27
2028	\$1,078,453	\$1,205,910	\$2,284,363	\$194,259 19	\$2,478,622 19
2029	\$1,110,807	\$1,472,639	\$2,583,446	\$178,884 40	\$2,762,330 45
2030	\$1,144,131	\$1,516,818	\$2,660,949	\$143,328 68	\$2,804,278 11
2031	\$1,178,455	\$1,873,323	\$3,051,778	\$83,953 78	\$3,135,731 41
2032	\$1,213,809	\$2,100,492	\$3,314,300	\$52,753 15	\$3,367,053 41
2033	\$1,250,223	\$2,367,130	\$3,617,353	\$15,786 74	\$3,633,140 00
2034	\$1,287,730	\$2,580,081	\$3,867,811	\$15,786 74	\$3,883,597 69

About a dozen different road segments are part of the longer-term capital vision, each with some varied mix of improvements or enhancements. According to the ZHA and PFM analyses and staff prepared budgets, the annual administrative, operating, and maintenance costs required to upkeep all of these segments pass \$2,500,000 per year by 2027 (Column [5]) with the costs reaching almost \$3,100,000 by 2031 (Column [5]). While there are modest drops in sums in 2028 and 2029, the figures grow to about \$3,900,000 by 2034 (Column [5]). For the improved segments only, the figures (Column [3]) steadily grow from \$1,400,000 in 2020 to \$3,900,000 in 2034.

Based on representations from staff involved at Panama City Beach, these costs include roadway segments already owned and controlled by the City as well as segments expected to be acquired via agreement from Florida's Department of Transportation. Without being privy to all details of any future transactions with the State of Florida, this analysis treats each segment as through the costs tabulated in the ZHA and PFM analyses will be obligations of the City or its CRA.

The costs highlighted in column 3 above are the primary focus of this anticipated and proposed supplemental assessment and particularly the allocation methodology which together comport with the nature and design of improvements within the FBCRA and the content of the CRP, and reasonably, fairly, and logically allocate benefits to all properties with this redevelopment area.

### Special Assessments in General, Florida Law

Special assessments are a dedicated revenue source available to general purpose local governments to fund capital improvements or essential services and to address administrative, operational and maintenance costs of these improvements and services. While this overview should not be construed as a

legal opinion about the specifics of our analysis, there are legal guidelines to draw upon in laying out an assessment methodology to conform with accepted principles and practices necessary to achieve legal validity. As established by Florida case law, only two requirements exist for the imposition of a valid special assessment.

- The property assessed must derive a special benefit from the improvement or service provided; and
- The assessment must be fairly and reasonably apportioned among the properties receiving the special benefit.

Without implying that virtually all options are open to approval, this short – but very particular – set of parameters suggests flexibility in the means available to policy makers to pursue an assessment program rationally crafted to each community's objectives and circumstances.

1. Under both Florida's case law and certain statutory components, it is well settled that the benefit required for a valid special assessment may be measured or benchmarked against things in addition to, or other than, simply an increase in real property market value. Consequently, benefit might also be weighed in terms that are abstractions of value, including proxies often correlated with value. Among those proxies might be size of structures, trips, density, intensity, and land use for example because they are frequently associated with greater or lesser real property value or valuations.
2. The concept of benefit also includes the relief of a burden or demand created by property as well as added use and enjoyment of the real property.
3. It is not necessary that the benefits be direct or immediate, but they must be substantial, certain, and capable of being realized within a reasonable time.
4. A logical extension of the principles expressed in paragraphs 1, 2, and 3 is that benefits can in fact be conceptual. Still, they must be capable of being evaluated by some metric or standard and ultimately apportioned in a reasonable manner.
5. The benefits must be distinguishable or different from those of non-assessed properties, but they may coincidentally extend to non-assessed properties.

In sum, Florida's case law, as well as its statutory regime relating to special assessments, supports substantial latitude both in the means by which benefit to or relief of burden created by real property is identified and determined and the subsequent manner by which an assessment itself is calculated or apportioned.

Though Florida law requires that special assessments which fund improvements or services must be fairly and reasonably apportioned, Florida's Supreme Court has held the method of apportionment is immaterial and may vary provided the



amount of the assessment for each property does not exceed the proportional benefits it receives compared to other properties.

### **Benefit to Property Stemming from Improved mobility and Placemaking Activities**

Assessments have been used to support road projects in Florida. This funding or financing vehicle is not novel and was specifically envisioned as a means to support the monetary obligations budgeted in the CRP. In particular, the use of assessments was considered one of the CRP's primary objectives when the CRP was initially adopted.

While assessments for supporting transportation programs are not unusual and their application elsewhere does not imply direct comparability circumstance to circumstance, the precedent for using them in such a fashion clearly exists, and it would be altogether unreasonable to deny that transportation and mobility initiatives do not benefit property. The direct and logical relationship is immediately self-evident.

Indeed, it would be difficult, if not altogether impossible, to have any real property development approved in the absence of a carefully prepared plan which addresses traffic generation, parking, and interface with the larger transportation system. Increasingly, studies and analysis have focused attention on broadened mobility options which emphasize modes to accommodate cyclists, pedestrians, and mass transportation as an alternative to cars. In some communities, it is not unusual for certain locations and types of development offering improved mobility and access to be awarded priority in the approval process.

With the value and importance of mobility to affected properties established, it is an easy and reasonable premise to extend the logic of operating and maintaining these facilities as also providing a benefit to property. Just as in the larger context, the direct relationship is also immediately self-evident.

Although several of the benefits described in more detail may overlap, it is useful for informational and analytical purposes to articulate them separately since they respond to or satisfy different expectations or needs and assume varying qualities. Roads, providing broad access to certain properties, may be the primary focus of a transportation network but landscaping and sidewalks fulfill different objectives and add their own distinct benefits to properties.

The collective and relative benefits listed below are among those enjoyed by each property within the FBRCA and those properties in particular along the Front Beach Road corridor and various connecting roads or segments shown in the attached exhibit.

- **Improved traffic circulation and capacity.** First and foremost, the roads identified allow the community's concentration of hotels, other lodging or residential development, entertainment venues, dining, and commercial establishments to attract and receive paying guests and

visitors while at the same time benefitting and protecting both residential and non-residential properties within the redevelopment area. In this context, circulation and capacity are fundamental to the economic performance of properties located within the FBRCA. The roads and the access they provide are vital to retaining the value and integrity of this coastal community's built environment. In the main, this is a beach resort community which remains dependent upon securing the operational network of roads linking properties within the redevelopment area, owners, users, customers, facilities, and the gulf or beaches to Front Beach Road.

- **Redevelopment: Special recognition in Section 163.335, Part III, Florida Statutes.** The importance of the above is given legislative emphasis in Chapter 163.335 which speaks to the challenges of advancing redevelopment initiatives in coastal resort and tourist communities that have been shown subject to blight and in need of remediation. Effectively, in this context, the City and its CRA are acting affirmatively to assure that its resort hotels, other lodging or residential development, entertainment venues, dining, commercial establishments, and other supporting properties collectively sustain their facilities, a sense of place, and infrastructure to remain competitive in a much larger and broader national marketplace.
- **Assured development capacity.** At least today, virtually every real estate redevelopment concept must report its likely levels of conventional traffic [origin and destination] as a means of weighing impacts on a specific area's road segment(s). Some projects face the possibility of reduced development opportunities or, in the worst case, full denial should there be excess transportation volume. In effect, land use, density, intensity, scale, and ultimately value are very much correlated to road segment capacity which often must be in place and maintained to assure they function effectively as planned and constructed. This maintained capacity would be among the most valuable benefits to property stemming from a thoughtfully implemented assessment program.
- **Public safety.** The various improvements constructed and managed are substantively associated with enhanced public safety. As well as reducing auto accidents, the multiple improvements and upgrades directly improve the safety of pedestrians, cyclists, and others using alternative modes of transportation. While much of the improved safety is experienced within the public realm, the properties within the FBRCA are accorded better ingress and egress through direct points rather than less clearly marked or controlled easements across ambiguous right-of-way. Incidental to the controlled access, adjacent properties receive some protection from the liability claims and actions which can occur when private activities interface with poorly designed and defined public spaces.

- **Hurricane evacuation: Special recognition in Section 163.3177, Part III, Florida Statutes.** The threats of emergency conditions are given legislative emphasis in section 163.3177, et seq., which generally speak to a local government's capability to evacuate the coastal population before an impending natural disaster. The importance of operating and maintaining accessible and functional transportation routes for that purpose has been affirmed over the course of many powerful Florida storms with Bay County especially hard hit in 2018. With its concentration of resort hotels, other lodging or residential development, entertainment venues, dining, and commercial establishments the visitation and tourism dependent economy inherently associated with properties comprising the FBRCRA faces an especially heavy responsibility and burden associated with disaster preparedness.
- **Quality and superiority of place.** The hospitality industry must periodically reinvest in the quality of its main facilities and its various support facilities. One aspect, given increasing attention, is the visceral character and appeal of the locational setting in which the hospitality and resort industry function. Often described as "a sense of place", the decision to invest and then subsequently operate and maintain a network of pedestrian corridors – richly landscaped, with strong visual cues, and linking desired destinations – are important planning and experiential objectives which benefit property. Retaining a superior quality of place is a very visible and continuing financial obligation providing both benefits as well as burdens to property. As the quality and content of the visitation experience are improved, demand, spending, and property values increase commensurately for the properties best able to protect and leverage their connections with the physical environment.
- **General visual improvements.** Even a casual inspection of the parcels along the affected road segments in the FBRCRA indicates a varied mix of landscape treatments prior to implementation of the CRA's improvement program. Before the plans were implemented, the neighborhood's rights-of-way were poorly defined. Parking frequently extended into these rights-of-way. Some properties had nominal landscape buffers at the road's edge. At an aggregate level, there was uncontrolled visual clutter which was an impediment to public safety as further discussed below. Now, in the improved segments, the impact and street interface created by the landscaped areas evidences substantive improvements creating well defined areas for pedestrians and automobiles and a clear distinction between the public and adjacent private realms. This installed landscaping adds value to the properties within the redevelopment area and fairly generates costs or burdens reasonably attributable to those properties to maintain the same, at least in part.
- **Improved property values, transportation.** Many empirical studies have shown the quantitative relationship between real property values and the level and accessibility of transportation improvements associated with a specific property.

- **Improved property values, landscaping.** Similarly, many studies have also shown the quantitative relationship between real property values and the level of landscaping improvements associated with a specific property. The levels of improved value vary according to the quality of the materials, the quality of upkeep, and the complementing impacts the executed program exerts on the quality of place.
- **Reduced carbon footprint.** As well as producing direct economic effects, improved landscaping is a positive influence on the overall environment. In conjunction with the improved or increased mobility options that supplant cars as the only transportation mode, the carbon footprint of these properties within this redevelopment area is accordingly reduced.
- **Connection with the regional surface transportation system.** Panama City Beach and its many gulf front attractions are accessed via a regional highway system. This resort market and its varied hotels, other lodging or residential development, entertainment venues, dining, and commercial establishments are largely automobile dependent. Relative to many less intensely developed parts of the panhandle's gulf coast, a disproportionate share of the built environment in the FBRCRA is tied by its respective road segment into the regional network. This network or system of highways and roads performs as the conduit for substantial local economic activity that sustains strong property values.
- **Enjoyment of property and protection of value.** The various transportation and related improvements benefit both residential as well as non-residential properties. The improved and integrated network based on alternative mobility options yields materially greater access to a broader set of personal and commercial choices which are associated with fuller use and enjoyment in real property.
- **Observed (re)investment.** The FBRCRA represents a legislatively created redevelopment area or district, subject to special treatment and investment activity. All tax parcels or properties within the district's boundaries contribute increment revenues and share resources to generate proportionately greater property value gains from improvements made throughout the area.
- **Relief of Burden.** As suggested by the above, the improvements which are being made throughout the FBRCRA would likely not be possible without support of the City and its redevelopment agency. Effectively, the financial burden of making substantial capital improvements and maintaining them on a property by property basis has so far been removed from each benefitted property. Occurring in the context of a more complete set of physical and aesthetic improvements, this significant reduction in individual burden has yielded markedly higher values in total. The obligations to construct, operate, and maintain a defined landscaped space have thus far been shifted entirely onto the public sector. In effect, substantial value and benefit have become available to the FBRCRA with little present commensurate financial responsibility or commitment of private resources to date. Now as real

and palpable benefits accrue to these properties, it is fair and reasoned to address and share these cost burdens, at least in part.

- **General economic advantage.** The above benefits, viewed in the aggregate, provide a distinct economic enhancement to all improved residential and non-residential parcels, as well as the few unimproved parcels in the FBRCA. While the particular advantage or enhancement will be greater or lesser to respective properties in the FBRCA, they are material and substantive in all cases and, at a broader community level, are superior to the quality any property could reasonably expect to realize without much more individualized effort and materially higher cost per parcel in a designated period.

These multiple, identifiable, and distinguishable benefits or advantages can be illustrated or calculated by various means which fairly justify underwriting associated administration, operational, maintenance, and capital equipment expenses connected to this infrastructure, and then sustaining it in part, by levying assessments within the FBRCA. Further, the economic character of these benefits is that they will be substantively in excess of the shared costs allocated by any special assessment crafted as described and imposed.

### Overview of Proposed Apportionment Method

There is no single method prescribed in Florida's statutes for a specific set of circumstances, and no single apportionment methodology has emerged as preferable in the governing case law for a given service or improvement. An assessment can reflect any number of methods or variables including value although other measures or considerations are also a useful means to parse and allocate the benefits and burdens. As long as the apportionment is reasonable and not arbitrary, the assessment should be capable of withstanding legal challenge.

The lesson of prior legal action or rulings is that local governments are free to select an apportionment methodology which provides a rational means to share the benefits, burdens, and costs of the services within a budget while accomplishing administrative efficiency, coordination, management, and general implementation objectives occurring now and from year to year. In this case, there are about a dozen discretely identifiable and measurable benefits or advantages that validate assessments as a legally suitable tool to create, maintain or operate an enhanced mobility program in the FBRCA while at the same time addressing the remediation and objectives in the CRP for this redevelopment area.

We are mindful that many other methods might further the planning and mobility objectives of the City's legislative bodies (both the City itself and its redevelopment agency). As benefits have been defined and described in the current case, we believe both the benefits and costs of sustaining them are rationally and practically allocated to each affected tax parcel in the FBRCA based on a specific formula or calculus which recognizes certain equally shared

administrative costs as well as certain varied costs stemming from a property's size, character, usage, and location.

In our recommended approach, we have intentionally disaggregated overall costs into two discrete groups or classes that (Category A) relate to defraying administration of contracts, routine coordination, and various ministerial activities stemming from the overall management of the CRA and its financial or reporting responsibilities and (Category B) broad upkeep of any related improvements and the establishment of reserves for periodic repairs, acquisition of needed capital equipment, and replacement. These categories and the allocation of their related costs achieve reasoned fairness and equity. The costs falling into Category A and Category B would be distributed to each parcel sharing and benefiting from the network of roads and placemaking activities envisioned throughout the entirety of the FBRCRA as briefly described below. As time passes, this apportionment method will in essence update and adjust itself annually as the number and mix of tax parcels changes within this area.

As of this date, there are a total of approximately 12,600 parcels in the FBRCRA affected by this analysis. Among these are exempt properties owned by State, County, or local government and others which, for various reasons, are simply not feasible or appropriate to assess (e.g. subsurface rights, submerged land, slivers or hiatuses, rights-of-way, common elements). Parcels which comprise the common areas of condominium projects, for example, fall into this latter category, but due to restrained alienability can alternatively be fairly addressed.<sup>1</sup>

Netting the *exempt* and otherwise *not assessable* parcels from the total number of records yields an estimated 12,561 properties subject to assessment. This estimated parcel count may vary as the final assessment roll is established.

- **Category A: Administrative and ministerial activities.** While not a strict accounting concept nor intended as one, the costs assigned to the first category are substantially recurring obligations without obvious regard to the number or type of parcels in the FBRCRA. The costs of Category A largely extend from the necessary functions outlined in Florida statute authorizing and regulating the activities of CRA's. They include the allocated cost of staff salaries and various costs of supporting a functional office as well as the costs associated with the responsibility of continually monitoring the data from mass appraisal systems and verifying changes in individual tax records. The sums involved would be the same if these costs were a function or sub-function of any special or general purpose local government. Collectively, the costs assigned to Category A are a precursor to implementing, and subsequently overseeing, all the longer term planned improvements that have already been completed or are soon to be started. *All assessable* tax parcels within the FBRCRA would share in a portion of these annually budgeted costs on the basis of a uniform charge per parcel.

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<sup>1</sup> See Apportionment Formula, *Improvement Value, supra*.

- **Category B: Continued maintenance and upkeep.** The costs assigned to Category B stem almost entirely from the coordination of improvements and the subsequent need for repair or upkeep. These costs will vary materially over time as the completed and improved road network and any related infrastructure continue to expand and age. These expenses include all routine maintenance (road sweeping, mowing, edging, other) reserves, repair, and replacement monies and could fund the lease or purchase of equipment to support various repair or maintenance activities. Such costs would be shared among all assessable parcels in the FBRCRA on the basis of an allocation reflecting a parcel's (1) relative scale or intensity of usage or activity [the square footage of any improvements tied to a tax parcel], (2) relative economic position [the value of those improvements], and (3) relative locational advantage identified for that tax parcel [value reported for the land]. Together, these variables correlate with the overarching purpose of the improvements and their upkeep which is to enhance mobility in the FBRCRA and accomplish, the objectives in the CRP.

The specific calculation for Category B could reasonably be subjected to a minimum (diminishing return of effort) threshold. Calculations falling below this minimum threshold would pay only the assessment calculated for Category A.

The recommended allocation framework presents a fair and reasoned approach as its relationship to any near or future term initiatives within the FBRCRA continually adjusts each year, and is simultaneously rational, quantitatively precise, and objectively calculated.

- At the present time, it is intuitively clear that all tax parcels benefit but the approach outlined is more conservative and nuanced in its approach by allocating the respective costs differently. Instinctually, the benefits of plans managed or coordinated is different than plans implemented.
- To the latter point, as plans are advanced, mobility options for pedestrians and cars improved, traffic capacity created, visual acuity experienced, and overall quality of the built environment within the redevelopment area is enhanced, it is reasonably posited that properties of various intensity of use, character, and location will experience continuously proportionate gains and burdens based on these three characteristics. Much of those benefits and burdens can or will be experienced in terms of each parcel's relative economic standing within the community.
- Value alone is conceivably an appropriate proxy for the multiple benefits and advantages realized as roads and other mobility improvements occur but does not adequately capture all of the non-monetary yet substantial and measurable benefits to property described above. Rather, the combined and weighted treatment of multiple variables creates a logically persuasive and multi-dimensional means of proportionately distributing cost to specific benefiting tax parcels.

A compelling feature of the three variables described in this memorandum and recommended as a means of aligning costs or benefits is that all of them are reported within the Bay County property appraisal system or can be calculated from the uniformly chronicled information. These Bay County records are independently collected, verified, routinely updated and maintained for various reporting, mass appraisal and allocation purposes. Such tax records comprise the data source which underlies virtually all budgetary policy and decision occurring within this and other Florida counties.

With minimal or no cost to Panama City Beach or its CRA, the local appraisal systems will be repeatedly available to re-examine this redevelopment area each year. The information or data recorded will be adjusted automatically as properties within the affected area develop and change. Accordingly, the assessment approach contemplated for the proposed purposes relies upon such system as a stable, reasonable and standardized resource.

The schema used here draws extensively on the existing tax rolls which, aside from fulfilling an important legal function, are an obviously systematic source of data readily allocating relative and proportionate benefit [cost] across property types in terms of their locational and situational circumstance. Key variables, in the current instance, have been culled from the tax records because of their connections to the specific benefits and burdens described.

Besides the advantage of relying upon data prepared by the local constitutional property appraiser in the normal course of his or her responsibilities, an approach based in whole or in part upon value and other factors is advantageous and defensible because it is uniform in its estimation of just value as the basis for purpose of estimating the value of improvements or enhancements, treats properties with proportionate fairness, has an internal system of controls or appeals, and is self-correcting.

Applied to this and similar assessments, the tax records generally can be expected to change from year to year in accordance with market conditions and other factors, some very discrete to individual parcels. Where conditions or needs dictate, such variation will be adjusted automatically each subsequent year in accordance with the latest relative value determined by the property appraiser's data. If the improvements or enhancements on a given tax parcel were to increase or decrease in value with the passage of time relative to the improvement value within the bounds of the FBRORA that tax parcel's percentage of the total amount assessed would also increase or decrease proportionately to the whole. Using the measures or data employed by the local property appraiser is a fair and reasoned method and proxy for distributing and equitably sharing the multitude of benefits and burdens involved in the special assessment described in this memorandum.

To the degree that any measurement reflecting value might be facially claimed as a unlawful tax, that argument is entirely without merit because the use of value to calculate a non-ad valorem assessment has been routinely upheld by the courts, so long as there is a rational relationship between the metric used (value) and the estimation of benefits received or burdens relieved.



### Apportionment: CRA Administrative and Ministerial Activities (Category A)

The City and the CRA have invested heavily in the FBR CRA to upgrade its mobility infrastructure with the broader objective of securing this area as the primary source of the region's economic activity. This broader objective is articulated in the CRP and its realization carries substantial administration costs.

While the ultimate strategy is to sustain and (re)develop a designated area through collection of incremental revenues generated by the area's property tax base, several years can pass before proceeds are sufficient to fund and support planned capital initiatives as well as all the administrative and ministerial duties attendant to managing the typical community redevelopment agency. In this case, much of the money which has become available has been obligated to capital needs.

As we have reviewed and interpreted the budget of the CRA, its costs stem from general overhead, manpower, office costs, and related items necessary to perform as a subunit of government. These various costs are primarily technical and professional in their focus and directly connected with the existing staff and office environment of the CRA.

Table 2.0: FBR CRA 2020 budget for administrative and ministerial functions.

<b>Salaries</b>	<b>\$310,560</b>
<b>Insurance</b>	<b>\$29,465</b>
<b>Salary related</b>	<b>\$67,411</b>
<b>Professional Services</b>	<b>\$106,850</b>
<b>Contract Services</b>	<b>\$229,000</b>
<b>Utilities</b>	<b>\$19,300</b>
<b>Communication</b>	<b>\$13,855</b>
<b>Other</b>	<b>\$74,900</b>
	<b>\$851,341</b>

From the beginning, the FBR CRA has had strong support from the City, the CRA, and the many private property owners within the affected area. With all groups and constituencies working together to achieve a common objective, it has been determined that the above costs should be supported in part by increment revenue accruing to the FBR CRA and by assessments allocated to individual tax parcels. In effect, the redevelopment area judicially approved at inception, will act more in a partnership with the City and its redevelopment agency with a portion of the costs of certain functions shared by the CRA itself and all benefitting property owners in the FBR CRA. Remaining monies not tied to these expenses can now be freed to realize the remaining segments, programs or improvements set forth in the original and still applicable CRP.

So, while certain properties in the FBRCRA will receive additional benefits or gains proportionately, every tax parcel within this area realizes a complement of benefits from the special designation legislatively granted to the broader redevelopment area. This is an extraordinary and growing benefit we observe as rationally accruing equally to every tax parcel in the FBRCRA without regard to any discriminating features.

For the present purposes, the following total costs are reasoned to be those associated with maintaining the administrative capacity and organizational framework necessary to the basic functions and mission of the CRA associated with the FBRCRA and the CRP. Here they are shown as being shared between CRA itself and all the tax parcels in the FBRCRA. Although policies and benefits may change, the apportionment method will remain sturdy and repeatable over time.

Table 3.0: CRA Administrative and ministerial functions through 2034

	[1]	[2]	[3]
Program Year	Administrative and Management Costs	Less: CRA Contributions	Costs Subject to Assessments
2020	\$851,341	\$425,671	\$425,671
2021	\$876,881	\$438,441	\$438,441
2022	\$903,188	\$451,594	\$451,594
2023	\$930,283	\$465,142	\$465,142
2024	\$958,192	\$479,096	\$479,096
2025	\$986,938	\$493,469	\$493,469
2026	\$1,016,546	\$508,273	\$508,273
2027	\$1,047,042	\$523,521	\$523,521
2028	\$1,078,453	\$539,227	\$539,227
2029	\$1,110,807	\$555,403	\$555,403
2030	\$1,144,131	\$572,066	\$572,066
2031	\$1,178,455	\$589,228	\$589,228
2032	\$1,213,809	\$606,904	\$606,904
2033	\$1,250,223	\$625,111	\$625,111
2034	\$1,287,730	\$643,865	\$643,865

### Apportionment Formula

In the recommended initial approach, the highlighted cost (column [3]), representing approximately 50% of the CRA's FBRCRA associated administrative budget and comprising Category A, would be shared equally by each of the estimated 12,561 assessable tax parcels in the FBRCRA.

### Apportionment Calculation for Category A

Although the CRA and City may opt to assess a lesser amount, assessments could absorb an estimated maximum of \$425,671 (i.e. one-half of \$851,341) of Category A expenses based on the current approach and budget.

These costs would be distributed equally to each of the estimated 12,561 assessable parcels in the FBCRA. Based on the maximum budget figure, individual Category A assessments would average no more than approximately \$33.89 per tax parcel.

In subsequent years, the process would require a budgetary review and recalculation of this charge.

### **Apportionment: Continued Maintenance, Upkeep and Capital Equipment (Category B)**

Beyond the above expenses of supporting the basic activities of the CRA itself, there are substantive costs of continuing to operate and maintain all the various transportation and related improvements funded and financed to date by the redevelopment regime in the FBCRA. The City may elect to implement an additional fee, charge, assessment, or other revenue generation mechanism to cover these costs. Each dollar of assessment accordingly charged annually in effect concomitantly frees up a dollar of redevelopment increment annually, before the availability of the redevelopment increment stream expires, for achieving the larger planned capital expenditures in the long-term CRP.

As the entirety of the CRP is implemented, there will be additional contracts let through the CRA causing its administrative, coordination, management and ministerial costs to increase. These costs will be surpassed by expenditures associated with actual landscape maintenance, pavement and sidewalk maintenance, power, irrigation, and purchases of supplies or small equipment associated with these activities. In addition to these items, there should likely also be reserves set aside for financial stability and to periodically offset life cycle costs of some equipment or materials, including landscaping material.

These costs -- which recognize the timing of improvements, varied landscaping, road surfaces, and sidewalk treatments to be operated and maintained over their functional life -- can be allocated rationally based on a formula applying metrics that reflect and adjust for relative scale or intensity of usage or activity square footage, improvement value, relative economic position and relative locational advantage.

*Table 4.0: Key road segments and construction dates*

	Start Date	Status
Richard Jackson Blvd	2/1/2008	Completed 2009
Churchwell Drive	5/1/2007	Completed 2008
South Thomas Drive	5/1/2013	Completed 2013
Front Beach Road Segment 1	3/1/2013	Completed 2013
Front Beach Rd Segment 2	10/1/2016	Construction
Front Beach Rd. Segment 3/SR 79	1/1/2020	Design
Front Beach Rd Segment 4.1	10/1/2021	Design
Front Beach Rd Segment 4.2	10/1/2023	Design

*Table 5.0: Schedule of operational and maintenance cost for segments already constructed, about to be constructed or under design through 2034*

Program Year	Operational and Maintenance Costs
2020	\$554,846
2021	\$571,491
2022	\$588,636
2023	\$709,966
2024	\$776,399
2025	\$950,509
2026	\$979,024
2027	\$1,170,786
2028	\$1,205,910
2029	\$1,472,639
2030	\$1,516,818
2031	\$1,873,323
2032	\$2,100,492
2033	\$2,367,130
2034	\$2,580,081

### Apportionment Formula

The budgeted costs comprising Category B will be annually allocated to each of the estimated 12,561 affected tax parcels using a combination of metrics indicative of each parcel's relative scale or intensity of usage, relative economic position, and relative locational advantage. That allocation would be weighted 60% on square footage [relative scale or intensity of usage or activity], 30% on improvement value [relative economic position], and 10% on land value [relative locational advantage]. Taken together, they rationally allocate the cost to each tax parcel precisely, systematically and proportionately. We submit this is a logical, fair and reasoned means to share costs, benefits and burdens among properties within the FBRCRA – presently and over time.

These respective percentages or weights reflect a number of specific observations based on multiple industry sources and academic research.

- **Square footage.** Square footage is weighted very heavily since structure or facility size is closely associated with the number of average daily trips (ADT) as these are defined by the Institute of Traffic Engineers (ITE). In the ITE manual, more than 120 types of commercial and residential development are listed with each having its own distinctive traffic counts that vary materially according to size or operating capacity. Square footage is an accepted and broadly applied variable to evaluate transportation related issues or policies. Effectively, it is the assumed basis by which virtually all vehicular traffic activity is analyzed and measured in industry and peer reviewed academic studies.

While the proposed schema is not intended as a transportation equivalent, concepts associated with building size and form directly tie to the broader mobility objectives underpinning the FBRCRA. Specifically, the emphasis here is size to discriminate and distinguish among land use activities which are also closely and reasonably correlated to number of trips, mobility, an increased level of dependence on transportation infrastructure, and ultimately the level of upkeep and maintenance of same throughout the FBRCRA. Indeed, it is equitable and logical that square footage is a key variable and accorded a major influence, especially in the context of the others also described. As it is applied here, this variable in particular is a proxy for the scale or intensity of usage or activity associated with an individual tax parcel relative to other parcels in the affected area and sharing the same benefits or costs.

Notwithstanding its merits as a valid measure of benefit and cost, in our opinion, square footage could distort an equitable distribution if deployed without regard to other influences or factors. Here, based on the reasoning and analysis above, square footage is weighted at 60% of the total assessment with the square footage of any one tax parcel a proportionate share of the weighted calculation. This provides flexibility for the CRA to adjust the precise balance of percentages in response to changes within the community as more segments are completed and other circumstances evolve.

For purposes of calculating the current assessment, square footage is defined as the heated or air-conditioned square footage of any improved area identified and reported in the county appraiser's property tax records. In some cases, this square footage could include garages, utility or accessory units but not parking lots or impervious surfaces.

Vacant (unimproved) parcels receive no allocation of cost based on this variable.

- **Improvement value.** The merits of value as an indicium of benefit are well reasoned and, in this specific case, reflect the relationship of a property's relative financial performance with its level of utilization. With the area's concentration of retail shops, entertainment venues, commercial establishments, restaurants, and places of lodging, it is altogether logical to expect improved mobility and access to correlate with higher levels of visitation, destination appeal, income or rents, and materially improved economic advantage. Again, these are concepts which have been the subject of multiple industry and peer reviewed academic studies or inquiries and are adapted here in this reasoned approach. In particular, the value of improvements constructed comprises a proxy for an individual tax parcel's economic character and functioning condition relative to other parcels in the affected area and sharing the same benefits or costs.

Whatever its merits as a valid measure of benefit and cost, in our view, improvement value could distort an equitable cost distribution if deployed alone without regard to other influences or factors. So [here], based on the reasoning and analysis above, improvement value is weighted at 30% of the total assessment with the improvement value of any one parcel being allocated a proportionate share of the weighted calculation.

For purposes of calculating the assessment, improvement value is defined as the county property appraisers officially reported and recorded just market value minus any officially recorded land value.

In the case of condominiums – where a land value can become a common element by law and mass appraisal processes, effectively becoming separately inalienable, no longer easily severable from improvements, and often incorporated into the value of the dominant condominium or cooperative units for valuation purposes – just value itself incorporates such land and improvement value. This is reasonable because the common legal structure of condominium or cooperative ownership materially restricts the severability of a specific or individual unit from any associated parcel of land committed to use as a common element, effectively conveying benefit that might otherwise exist from land and other features back to the unit itself in the form of improvement value. This valuation treatment fairly addresses and rationally considers the example of a typical residential or non-residential structure and lot in which that building might be severed or removed physically by the owner and subsequently freely or easily replaced with a materially larger (or smaller) and more (or less) valuable improvement.

Vacant (unimproved) parcels receive no allocation of cost based on this variable.

- **Land value.** This analysis has purposely segregated land and improvement value. Under typical circumstances, land value might represent about 15% of the total market value of property based on alternate approaches to valuation. In the case of hotels, properties which dominate much of the FBRCRA, Hospitality Valuation Services (2018) reports land values associated with such lodging as effectively 10% to 20% of the average hotel's development costs.

While an important and well recognized indicium of locational benefit stemming from access and mobility, land value is given moderately less weight in our submitted allocation. This recommendation avoids even the appearance that beach exposure unfairly pushes the calculated assessments onto those properties with substantive asset value realized simply through their waterfront orientation, rather than transportation advantages. In particular, land value is a well-reasoned and thoughtful proxy reflecting the special locational advantage enjoyed by any tax parcel relative to other tax parcels otherwise similarly situated or

configured within the affected area and sharing the same benefits or costs.

Whatever its merits as a valid measure of benefit and cost, in our view, land value could distort an equitable distribution if deployed alone without regard to other influences or factors. Here, based on the reasoning and analysis above, land value is separately weighted at 10% of the total assessment with the land value of any one parcel a proportionate share of the weighted calculation.

For purposes of calculating the current assessment, land value is defined as the value for land identified and reported in the county appraiser's property tax records.

In the case of a statutorily designated condominium, cooperative or similar multiple unit real property regimes, capable of being segregated as unique tax parcels among numerous ownerships, we recognize there is rarely a separately reported land value so that this component would likely receive no allocation of costs based on this variable. However, this circumstance is logically, rationally and otherwise automatically reasonably considered in the context of the improvement value component of the apportionment approach submitted.

### **Apportionment Calculation for Category B**

Although the FBRCA and City may opt to assess a lesser amount, assessments could absorb an *estimated maximum* of \$554,846 of Category B expenses based on the current approach and budget. The assessment and allocation for Category B would reflect this calculation:

- 60% of \$554,846. = \$332,908 distributed proportionately to each parcel based on its percentage share of the total square footage of improvements of all estimated 12,561 assessable parcels in the FBRCA or \$26.50 *on average*.
- 30% of \$554,846 = \$166,454 distributed proportionately to each parcel based on its percentage share of the total value of improvements for all estimated 12,561 assessable parcels in the FBRCA or \$13.25 *on average*.
- 10% of \$554,846 = \$55,485 distributed proportionately to each parcel based on its percentage share of the total land value recorded for all estimated 12,561 assessable parcels in the FBRCA or \$4.41 *on average*.

The specific calculation for Category B is reasonably subject to a minimum threshold recognizing the normal procedures for regular ad valorem collections. To this point, if the calculation for any parcel -- based on its proportionate share as it is described -- should not yield a minimum sum at least equal to its collection cost, then the affected parcel might, for administrative ease and efficiency purposes, pay *only a specified and limited charge*. That threshold sum would be modest and, in any case, be consistent with normal tax collection policies and practices. Although the figure could change, today those policies and practices establish a \$5.00 minimum before a bill is distributed. Effectively, the decision to



impose a limited charge then represents a reasoned policy decision for dealing with a relative few tax parcels generally absorbed as an administrative and annual verification cost.

The foregoing apportionment approach is designed and intended to be durable. In subsequent years the process would require a budgetary review and recalculation of this charge as the array and attributes of all assessable parcels changes annually. The methodology, however, remains intact.

### Total Assessment: Category A and Category B Together

Should the City direct implementation as recommended, the total applicable *maximum assessment* for any one tax parcel, *on average*, stemming from the charges allocated to Category A and to Category B is the combination resulting from the respective proportionate calculations for each of the three measures based on the information reported for each parcel. The table below summarizes the average maximum ceiling assuming each parcel pays its full proportionate share without regard to any threshold limits.

Table 6.0: Illustrative example of total maximum assessments, 2020 current budget, average per tax parcel

	Activity	Number of Parcels	Estimated Average
Category A Charges	CRA Administrative and Coordination Activities	12,561 [equally per parcel]	\$33.89
Category B Charges	Maintenance, Continued Upkeep and Capital Equipment	12,561 [weighted per parcel]	\$44.16
<b>TOTAL MAXIMUM AVERAGE</b>			<b>\$78.05</b>

In subsequent years the process would require a budgetary review and recalculation of each charge.

### Policy Options

This analysis supports the proposed assessment strategy from an equitable, legally attentive and practical perspective and reflects the maximum *based on the currently anticipated budget(s)*. The apportionment methodology described provides certain flexibility and readily accommodates local policy determinations regarding the relevant variables and the actual maximum charge which would be assessed.



The City and CRA can elect to absorb the maximum budgeted sums as described on pages 15 and 17 and above, or some lesser percentage with the balance being funded through other legally available revenues. Based on continuing conversations with staff, a lower percentage and sum could be recommended and implemented consistent with this formula and approach. Exhibit B expressly contemplates a lower percentage with the details of the calculation(s) explained.

The consequences of a lower percentage would be at least three-fold: [1] slowing the progress of accomplishing the capital delivery of the CRA on a dollar for dollar basis, [2] deferring the implementation of a primary objective in the CRP, and [3] deferring the establishment of an alternative and supplemental means to address these costs well before the increment revenue stream expires.

In effect, adopting the apportionment structure outlined, the City has the means to support the funding of various operational and maintenance costs of initiatives occurring, or soon to occur, within the FBRCRA in an administratively efficient, rational, fair, and reasoned manner.

### Funding Examples

Examples of assessments for various types of residential and non-residential properties are shown in the Appendix. The examples illustrate the impacts to these various types of properties to accommodate adjustments or alterations in policy should there be any.

Sincerely,

**Community Solutions Group,  
a GAI Consultants, Inc.  
Service Group**



Owen Beitsch, PhD  
Senior Director, Economics and Real Estate

OB/cl

#### Attachments:

Exhibit A – FBRCRA Boundaries and Major Road Segments

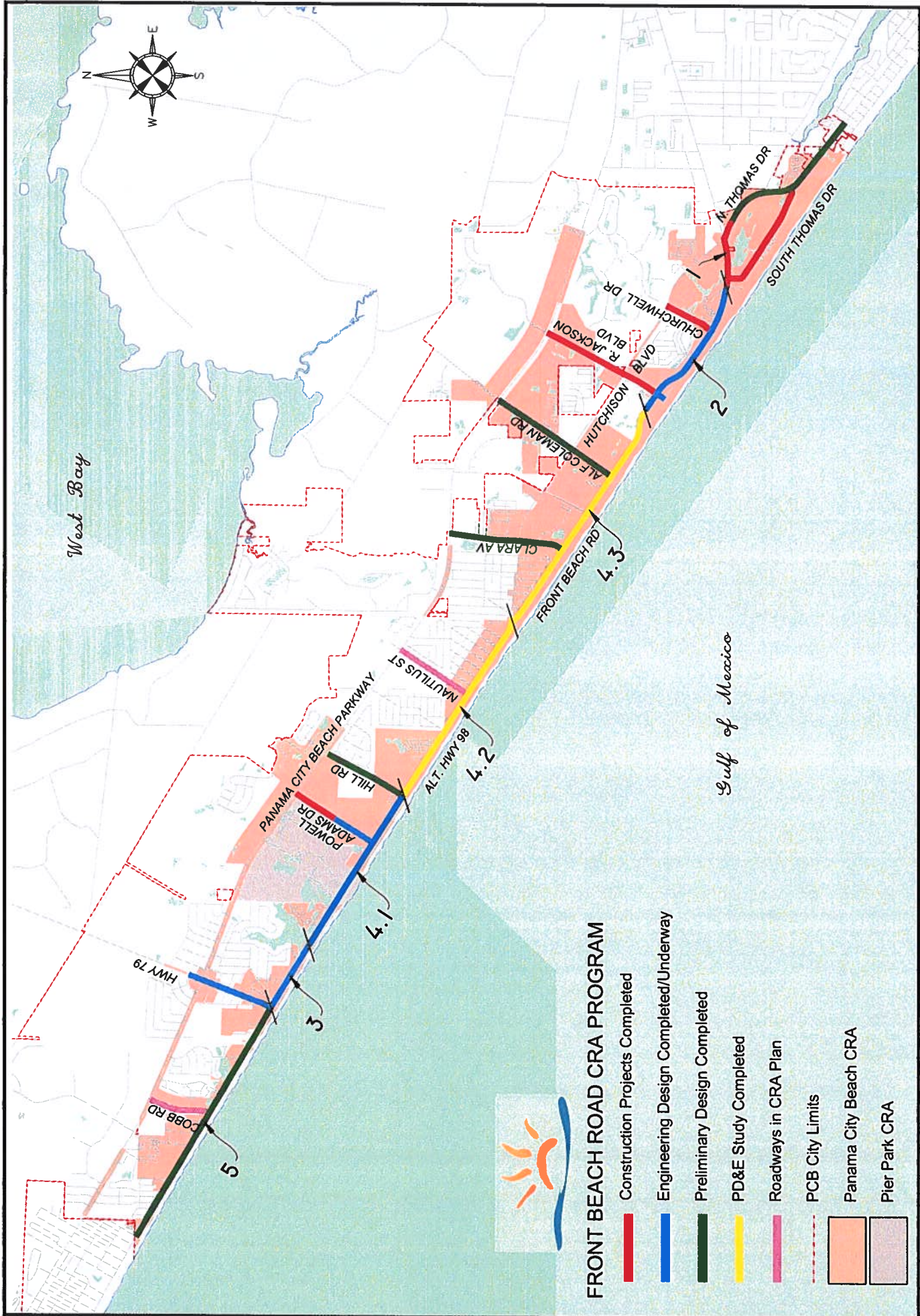
Exhibit B – Funding examples showing impacts to various properties

August 21, 2019  
GAI Project No. A190405.00

Planning | Urban Design  
Landscape Architecture  
Economics | Real Estate

## **EXHIBIT A**

# **FBRCRA Boundaries and Major Road Segments**



**FRONT BEACH ROAD CRA PROGRAM**

- █ Construction Projects Completed
- █ Engineering Design Completed/Underway
- █ Preliminary Design Completed
- █ PD&E Study Completed
- █ Roadways in CRA Plan
- PCB City Limits
- Panama City Beach CRA
- Pier Park CRA

DRAWN	DATE
MAS	6/7/16
SCALE	N.T.S.

CITY OF PANAMA CITY BEACH  
ENGINEERING DEPARTMENT

EXHIBIT I  
CRA PROJECT STATUS

August 21, 2019  
GAI Project No. A190405.00

Planning | Urban Design  
Landscape Architecture  
Economics | Real Estate

## **EXHIBIT B**

### **Funding Examples**





ENNEAD LLC

APPENDIX B

Front Beach Road CRA Non-ad Valorem Assessment

Executive Summary

Background: The total estimated 2019-20 budget includes an estimated \$425,670.50, representing Administrative costs and an estimated \$554,846 for Operations and Maintenance costs resulting in a total budget of \$980,516.50.

APPENDIX B presents examples of various parcel land uses and their estimated Non-ad Valorem assessments based on the recovery of 100% of the Administrative budget (\$425,670.50) and approximately 50% of the Operations and Maintenance budget (\$277,424) resulting in a total of \$703,094.50, or 71% of the total budget.

Administrative assessments are proposed to be shared equally among all 12,561 "assessable" tax parcels within the CRA or \$33.89 each. Operations and Maintenance costs are proposed using the following formula:

60% of the assessment is based on the heated and air-conditioned square footage as provided in the Bay County Property Appraiser's records or \$166,454;

30% of the assessment is based on the calculated improvement value using Bay County Property Appraiser's records or \$83,227; and

10% of the assessment is based on the land value as found in the Bay County Property Appraiser's records or \$27,743.

Note: Collection costs, tax collector and property appraiser fees, as applicable, and adjustments for the 4% statutory discount for early payment are *not* included in the values shown in the examples shown below.

Land Use	Parcel	Owner	Location	Administration	Operations & Maintenance	TOTAL NAV
Commercial	34034-005-080	AMSOUTH BANK	11540 PC BCH PKWY	\$33.89	\$87.34	\$121.23
Commercial	34881-102-000	BILLY BONES PANAMA CITY BCH	HUTCHISON BLVD	\$33.89	\$71.00	\$104.89
Commercial	34030-005-036	BREAKFAST POINT STATION LLC	11240 PCB PKWY	\$33.89	\$1,173.55	\$1,207.44
Commercial	34109-000-000	CASA LOMA PCB, INC	13615 FRONT BCH RD	\$33.89	\$614.59	\$648.48
Commercial	40001-000-768	DARLINGTON STREET LLC	9860 THOMAS DR S	\$33.89	\$8.15	\$42.04
Commercial	30185-021-000	FUNTANA VILLAGE, INC.	8795 THOMAS DR	\$33.89	\$432.43	\$466.32
Commercial	34805-000-000	HOLIDAY RESORT PCB, INC	11127 FRONT BCH RD	\$33.89	\$2,670.43	\$2,704.32
Commercial	34040-011-000	JONES INTERCABLE, INC	392 LAUREL ST A	\$33.89	\$17.41	\$51.30
Commercial	33327-000-000	LAWRENCE FAMILY ENTERPRISES	16610 FRONT BCH RD	\$33.89	\$15.15	\$49.04
Commercial	34034-005-085	LOWE'S HOME CENTERS, INC.	11751 PC BCH PKWY	\$33.89	\$1,707.52	\$1,741.41
Commercial	34033-020-000	MIRACLE STRIP-SHIPWRECK ISLAND	ALF COLEMAN RD	\$33.89	\$593.80	\$627.69
Commercial	34034-005-001	WHATABURGER REAL ESTATE LLC	11749 PC BCH PKWY	\$33.89	\$64.37	\$98.26
Condo	30473-170-022	BENNETT, DAVID C	8601 SURF DR 11-W	\$33.89	\$53.03	\$86.92
Condo	34881-577-197	BROWNING, MICHAEL P	10811 FRONT BCH RD	\$33.89	\$0.00	\$33.89
Condo	34800-501-000	COX, CYNTHIA A	11347 FRONT BCH RD 1110	\$33.89	\$15.07	\$48.96
Industrial	38327-005-000	HUNDUR, LTD.	17456 FRONT BCH RD	\$33.89	\$81.64	\$115.53
Industrial	34881-560-000	PINEAPPLE WILLY'S, INC.	12 MIRACLE STRIP LOOP	\$33.89	\$44.24	\$78.13
Institutional	34030-005-030	CHP PANAMA CITY FL OWNER LLC	95 GRAND HERON DR	\$33.89	\$915.59	\$949.48
Institutional	34473-000-000	P C BEACH MINISTRIES INC	622 LAUREL ST	\$33.89	\$31.62	\$65.51
Multi-Family	33401-000-000	CAPELIN INVESTMENTS, LLC	212 ARNOLD RD S	\$33.89	\$11.49	\$45.38
Multi-Family	34314-000-000	HATCHER, ELIZABETH GENESE CO-	13223 OLEANDER DR	\$33.89	\$131.17	\$165.06
Multi-Family	33811-000-004	EMERALD BEACH RESORT LLC	FRONT BEACH RD	\$33.89	\$66.51	\$100.40
Multi-Family	34034-005-040	STONE HARBOR PARTNERS II LTD	510 ALF COLEMAN RD	\$33.89	\$615.53	\$649.42
Single Family	32738-980-104	SHAHER, CHRISTINE	119 BAINBRIDGE ST	\$33.89	\$26.44	\$60.33
Single Family	34329-000-000	McALPIN-OLEANDER	12999 OLEANDER DR	\$33.89	\$60.69	\$94.58
Single Family	35026-000-000	HANDLEY, FRANCES D	17466 FRONT BCH RD	\$33.89	\$41.96	\$75.85
Single Family	34468-030-000	PHELPS, CHERYL A	609 GARDENIA ST UNIT D	\$33.89	\$11.75	\$45.64
Utility	34497-000-000	SOUTHERN BELL TEL & TEL CO	604 NAUTILUS ST	\$33.89	\$94.77	\$128.66
Vacant	32767-010-000	BEACHCOMBER BY THE SEA, INC	17133 FRONT BCH RD	\$33.89	\$0.00	\$33.89
Vacant	34661-010-000	ROBERTS, BOB G & DELORES F	ARGONAUT ST	\$33.89	\$5.03	\$38.92
Vacant	33750-010-000	ST JOE PAPER COMPANY	15495 PCB PKWY	\$33.89	\$338.06	\$371.95