

1 **MINUTES OF THE WORKSHOP MEETING** of the City Council of the City of Orange City,  
2 Florida, held on Tuesday, January 23, 2007 at 6:00 p.m. in Council Chambers, 201 N. Holly  
3 Avenue, Orange City.

4

5 **CALL TO ORDER**

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7 The Meeting was called to order at 6:00 p.m. by Mayor Erwin and roll call was taken.

8

9 **ROLL CALL**

10

11 PRESENT: Mayor Albert T. Erwin; Vice Mayor Anthony R. Yebba, Council Members Jeff H.  
12 Allebach, Donald C. Sherrill, Joelle R. DeVane, Jim Mahoney, Robert A. Storke;  
13 City Manager John. J. McCue; City Attorney William Reischmann; City Clerk  
14 Deborah Renner

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16

17 **1. DISCUSS SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING IN**  
18 **COMMERCIAL AREAS:**

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20 Mr. McCue introduced Camille Tharpe, Government Services Group (GSG) with whom the City has  
21 contracted to study the implementation of a special assessment district for street lighting in the  
22 commercial corridors of the City. He stated that the purpose of tonight's meeting was for  
23 informational purposes only.

24

25 Camille Tharpe came forward and provided a power point presentation regarding the  
26 implementation of a special assessment district for street lighting. Ms. Tharpe said that her firm was  
27 tasked with finding the funding for capital and operating costs for the street lighting district. She  
28 advised that the rates presented this evening are "very preliminary."

29

30 Ms. Tharpe said that the special assessment mechanism affords all of the benefits found in collection  
31 of property taxes such as a 95-98% collection rate and discounts for the property owner. It allows  
32 the City to then pledge these assessments for a bank loan or a bond. The City can impose a special  
33 assessment through its home rule authority. The assessments are imposed against a specific property  
34 because that property derives special benefits from the expenditure of the money. In order to impose  
35 a special assessment, it must be proved that the property derives a special benefit and that the  
36 assessment method is fair and reasonable. It has already been determined in the courts that street  
37 lighting programs qualify as providing a special benefit to property. Ms. Tharpe said that the  
38 difficult part is determining an assessment methodology that is "fair and reasonable" so as to  
39 withstand any legal challenge.

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41 In response to a question from Mayor Erwin, Ms. Tharpe said that special assessments have been  
42 allowed in Florida since 1987.

43

44 Ms. Tharpe displayed a map depicting the proposed street lighting district. Council Member  
45 Mahoney asked how the City can rationalize the benefit of the special assessment in the area of  
46 Rhode Island from Veterans Memorial to 17-92. Mr. McCue said that safety and esthetics can be

1 considered. Ms. Tharpe stated that there are about 294 parcels involved in the assessment district.  
2 She noted that this figure is based on last year's tax roll and may have changed somewhat since then.  
3 Of the 294 parcels, 240 of them are in the City limits. Of the remaining properties, 48 are in the  
4 unincorporated area and 6 are in DeBary. Uses in the proposed district range from 182 commercial  
5 properties, 55 residential properties, 32 industrial, 22 institutional and 3 miscellaneous.  
6

7 Ms. Tharpe said that it will cost about \$340,000 to install the street lights. She qualified that the  
8 assumptions she used in her calculations are very conservative. She said that she based her figures  
9 on a five-year repayment term at 6% interest (plus 1%), one payment per year plus the inclusion of  
10 contingency costs and debt service reserve. Regarding operating costs, Ms. Tharpe said that she  
11 used \$260,000 in the initial year for maintenance with a 3% annual increase in operating costs to  
12 determine a five-year average annual cost.  
13

14 The apportionment methodology consists of three components: 50% of the assessment will be based  
15 on front footage, 25% of the cost is based on building square footage, and 25% of the cost is based  
16 on the value of the property. The assessment will remain fixed even though operating and  
17 maintenance (O&M) costs change every year.  
18

19 Ms. Tharpe said that the next step was identifying all of the properties in the affected area. The cost  
20 estimates are based on the value as of September 2006.  
21

22 The capital cost component involves all potential costs for the project. She said that she loaded  
23 approximately \$125,000 in contingency costs. Based on those cost figures, the debt service for a  
24 five-year period is \$133,000 annually. Also added were costs for the tax collector (2%) and the 5%  
25 statutory discount afforded in the tax structure. With all costs combined, the annual debt service is  
26 \$150,000. A cost for each of the disbursement factors was then determined to apply to each  
27 property to determine the assessment amount. O&M costs were then disbursed for each factor. A  
28 draft report was compiled showing the actual assessment for each property on the tax rolls in the  
29 project area.  
30

31 Ms. Tharpe addressed the issue of properties outside the City's boundary areas stating that they can't  
32 be charged on the tax rolls for their part of the cost. Remedies for this situation are that those costs  
33 could be paid by the City out of the general fund, or to ask the governing agencies to incur the  
34 expense. She suggested that the City Manager negotiate with those agencies to find a resolution to  
35 this issue.  
36

37 Ms. Tharpe said that the City needs to get an expert opinion verifying the special benefit to the  
38 subject properties. There are also special exemptions for the institutional properties in the area.  
39 Options for dealing with this are to attempt to assess them for the costs, or for the City to pay for  
40 these properties. The institutional portion of the total assessment represents about \$13,000 for the  
41 capital assessment amount and \$27,000 on the O&M amount. Ms. Tharpe noted that there are  
42 methods for imposing the O&M costs on these properties such as their utility bills. The properties  
43 outside the municipal boundaries represent about \$20,000 in capital costs. Ms. Tharpe stated,  
44 "Between those two, it's an issue that we need to get resolved."  
45

46 Ms. Tharpe stated that the next step would be to update the data. She noted that the proposed

1 schedule is “very aggressive.” She said that all of the work must be done by September 15<sup>th</sup> in order  
2 to certify the assessment rolls and provide them to the tax assessor for inclusion on next year’s tax  
3 bill November 1<sup>st</sup>. The next step is to adopt an initial assessment resolution. That has been  
4 tentatively scheduled for February 27<sup>th</sup>, but could be pushed back three to six months. The initial  
5 assessment resolution sets out the methodology for the assessment along with the final rates.  
6 Financing must be in place at that time. First class notices must then be sent to each affected  
7 property owner setting forth the assessment terms. A public hearing must then be held to provide an  
8 opportunity for the property owners to express their concerns to the Council. Council must then  
9 decide whether to move forward with the assessment or to change the rates. Ms. Tharpe noted that  
10 any change in the rates at this time can only be less than the previously noticed charges. Prepayment  
11 of the assessed charges is allowed for any property owner wishing to do so prior to August 1<sup>st</sup> when  
12 the final rolls must be prepared for the tax collector. Ms. Tharpe said that prepayment can be made  
13 at any time during the five years. In response to a question from Council Member Mahoney, Ms.  
14 Tharpe said that large commercial entities often like to prepay their assessments to avoid interest  
15 costs. She noted that it is a deductible expense for a business.  
16

17 Mr. McCue noted that the map of the proposed area is preliminary and may be subject to adjustment.  
18 He said that there would be a period of public input if Council wishes to pursue this project at this  
19 time. In addition, costs will have to be confirmed and financing arranged. Mr. McCue noted that  
20 the City currently pays for many street lights at the present time, therefore, there may be some  
21 financial benefit derived there. He asked for Council’s input regarding the project, noting that staff  
22 would not recommend pursuing the aggressive schedule Ms. Tharpe set out. In conclusion, Mr.  
23 McCue stated, “Tonight isn’t a commitment to it other than if you want to go down that path let us  
24 know. We’ll work with the consultant to start moving things but it won’t be at this light speed that  
25 we have in here.”  
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27 Vice Mayor Yebba asked what type of street lights staff was considering. Mr. McCue responded  
28 that they would be similar to the period-oriented lights on Graves Avenue. Vice Mayor Yebba noted  
29 the need for lighting on Rhode Island Avenue.  
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31 Council Member Sherrill asked whether the proposed type of lighting would provide adequate light.  
32 Mr. McCue said that DOT has a method to determine how to produce adequate lighting for a  
33 specific area.  
34

35 In response to a question from Council Member Allebach, Mr. McCue advised that there are no  
36 single family homes involved in the proposed project. Mr. McCue said that he would distribute the  
37 draft assessment report to Council which shows the preliminary assessment by property.  
38

39 Council Member Mahoney noted that there are components of the project which may not be  
40 collectible. Mr. McCue responded that if the project is implemented, some of the costs the City is  
41 currently incurring can be shifted to provide for those.  
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43 Council Member Storke noted the high O&M costs, stating that they were the equivalent of buying a  
44 new set of lights every year. Mr. McCue responded that the lights would be leased. He stated,  
45 “Street lights are not cheap to operate and maintain, not at all.”  
46

1 In response to a question from Council Member Sherrill regarding which properties were located in  
 2 the City of DeBary, Mr. McCue said that he instructed staff to construct a comprehensive map that  
 3 covered the entire commercial corridor. He said that there are opportunities to “tweak” the map  
 4 which may avoid some of the boundary issues.

5  
 6 Council Member Sherrill expressed his support for moving forward with the project.

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 8 **2. ADJOURNMENT**

9  
 10 There being no further business, Mayor Erwin adjourned the meeting at 6:40 p.m.

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 12 **RESPECTFULLY SUBMITTED:**

**APPROVED ON**

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 14  
 15 Deborah J. Renner, CMC  
 16 City Clerk

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