

EXECUTIVE SUMMARY

Discussion of Conservation Collier program funding and request for policy direction in regards to the \$75 million bond authorization and funding options for the program.

OBJECTIVE:

To obtain policy direction from the Board of County Commissioners regarding the \$75 million bond referendum to determine whether the intent of the Conservation Collier program was to limit funding for land purchases to \$75 million or to simply provide an initial purchasing fund using up to \$75 million in bonds; and, to brief the Board on funding considerations for long term property management needs.

CONSIDERATIONS:

Earlier in the year, staff developed a financial analysis to ensure that the Conservation Collier tax millage being raised is sufficient to fund \$75 million worth of land purchases, associated administration costs and long term management needs for the program. When staff presented this analysis to the Conservation Collier Land Acquisition Advisory Committee (CCLAAC), it became clear that there was a difference amongst staff, some CCLAAC members and individuals instrumental in the initial Conservation Collier campaign regarding exactly what the referendum authorized and what was the funding scope of the Conservation Collier Program.

The actual ballot question presented to the voters for the November 2002 referendum was as follows:

SHALL COLLIER COUNTY BE AUTHORIZED TO ACQUIRE, PRESERVE AND MANAGE ENVIRONMENTALLY SENSITIVE LANDS FOR THE PROTECTION OF WATER RESOURCES, WILDLIFE HABITAT, AND PUBLIC OPEN SPACE BY ISSUING BONDS UP TO SEVENTY-FIVE MILLION DOLLARS PAYABLE FROM AD VALOREM TAXES NOT EXCEEDING ONE QUARTER OF ONE MILL FOR A PERIOD OF TEN (10) YEARS, AND BEARING INTEREST AT A RATE NOT EXCEEDING THE MAXIMUM LEGAL RATE?

According to the County Attorney's staff, the ballot language simply authorizes the issuance of bonds up to \$75 million to be repaid from ad valorem taxes not exceeding 0.25 mills for a period of 10 years. Under Florida law, the millage required to service voter approved bonds is excluded from the state-mandated 10-mill tax levy cap. Therefore, only the taxes required to be levied to service any bond issued under the authority of this referendum do not count as part of this millage cap.

The understanding of CCLAAC members involved in the campaign and some members of the public was that the entire 0.25 mills would be collected for a period of 10 years, resulting in approximately \$150 million for the Conservation Collier Program. Using such logic, the \$75 million bond authorization would merely be considered to be an infusion of up-front capital to allow initial purchases in a rising real estate market, but that this value would not be a funding limitation to the overall program. In contrast, it should also be pointed out that others of the

public may have approved the program with the premise that the overall program was limited to land purchases of \$75 million and that the ¼ mil tax would only be levied to fund up to this \$75 million limitation. Currently, the county manager staff is operating under the premise that the entire program is limited to \$75 million in acquisitions and in doing so has programmed a plan to scale back the millage rates to fund no more than the \$75 million total in land acquisitions, and to raise the additional funds deemed necessary to cover the land management requirements and the administrative costs of coordinating and managing the program.

The referendum language also specifies that the purpose of the bond authorization is to “acquire, preserve, and manage environmentally sensitive lands.” The County’s bond counsel has indicated that, generally, only 5% of proceeds of such bonds may be used for “non-capital projects” (i.e., operating or working capital type expenses), which may include limited management of acquired lands. Funds for long-term management and program administration, however, cannot be taken from the bond proceeds.

In conducting the financial analysis of the long-term management needs for the program, staff based a proposed financial management plan on several working assumptions that have raised various issues. With the above information as background, the major issue revolves around the total funding scope of the program and can be illustrated by the following questions:

- Does the County intend to limit the cost of property acquisition and management to \$75 million; or
- Does the county intend to limit the cost of property acquisition to \$75 million but raise additional funds to administer the program and to manage the acquired properties; or
- Does the County intend to fund the program with the total proceeds of a 0.25 mill levy for ten (10) years?

During the workshop, staff will present the results of the proposed financial management plan, its working assumptions and a presentation of the above issues. Time will also be made available for the public to comment on these issues. Staff will also request direction from the BCC on the program scope.

BCC direction for the funding scope of the Conservation Collier program is important to receive at this time since the CCLAAC will be considering the second cycle of property acquisition. Understanding the funding limits of the program will be an important consideration when evaluating the potential list of properties that have been nominated for acquisition. A recommended acquisition list will then be brought to the BCC in January 2005. Funding limits are also needed so that the County Manager and the Budget Director can plan the appropriate taxing strategy to fund desired program.

FISCAL IMPACT:

The County has already spent \$24 million on property acquisitions for the Conservation Collier program. Additional properties not yet acquired but authorized by the BCC add an estimated \$8.5 million to Cycle 1 properties. The CCLAAC will be considering an estimated \$13 million in nominated properties for the Cycle 2 Active Acquisition List. (Note that this does not yet include any funding for the property surrounding Caribbean Gardens.)

The County has levied the 0.25 mill tax for FY 04 and FY 05 raising a total of \$23.9 million. A levy of 0.25 mills over 10 years is estimated to raise at least \$170 million, assuming a 9% annual growth rate of assessed values. To date, the BCC has authorized \$21.4 million from the Pooled Commercial Paper Loan Program of the Florida Local Government Finance Commission to finance the purchase of the America's Business Park property.

RECOMMENDATION:

That the BCC consider the information presented in this workshop and provide direction to staff on the long-term funding limitations for the Conservation Collier program

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