

***City of New Port Richey
Annexation Analysis
March 2018***



PMG Associates, Inc.

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Section 1: Introduction

The City of New Port Richey authorized PMG Associates, Inc. to conduct a study regarding potential annexation of surrounding unincorporated Pasco County. The consideration includes the estimate of resources required to enact the annexation and to project the expected revenue and expenditures. The analysis was initiated by the identification of all potential annexation areas. Considerations included the extent of the City's utility service area (water and sewer) and reasonable locations where extensions of City resources are appropriate. Several important issues related to municipal operations were key in this analysis including the elimination of enclaves and the "squaring off" of boundaries to better provide services. Enclaves are defined by Florida Statute as (a) Any unincorporated improved or developed area that is enclosed within and bounded on all sides by a single municipality; or (b) Any unincorporated improved or developed area that is enclosed within and bounded by a single municipality and a natural or manmade obstacle that allows the passage of vehicular traffic to that unincorporated area only through the municipality. The City of New Port Richey must extend the same level of service (LOS) to the annexed areas as they currently provide to existing residents.

Methodology

The selected methodology included the following elements:

1. Identification of "communities of interest" (COI) which is a Federal elections definition that aggregates populations based on common interests and characteristics. Geographic concerns are also included in the identification of a COI;
2. Collection of demographic and housing data for all of the potential COIs. This data includes tax rolls from the Pasco County Property Appraiser and demographic data from ESRI (a nationally recognized source of geographic and demographic data);
3. Collection of service data from Pasco County (listed below);
4. Consideration of phasing of the annexation efforts;
5. Discussion of operational and management issues related to annexation;
6. Examination of zoning and land use issues;
7. Estimation of revenue from the annexation study area based on the current rates for all revenue sources used to fund the general fund of the City;
8. Estimate staffing, operations and capital needs by Department for the potential annexation areas;
9. Review of staffing projections with the City Manager; and
10. Development of a final budget for annexation.

Data Collection

The data that was collected for this analysis includes:

1. Police call data from the Pasco County Sheriff's Office;
2. Fire/EMS call data from the Pasco County Fire/EMS Department;
3. Public works response data from Pasco County Public Works Department;
4. Building permit information from Pasco County Central Permitting Department;
5. Code enforcement response data from Pasco County Code Enforcement Department;
6. Voter registration data from the Pasco County Supervisor of Elections; and
7. Locations of schools from the Pasco County School Board

Section 2: Study Area & Phasing

Initially, the study area was coterminous with the utility service area (water and sewer) of the City. This consideration was based on the philosophy that the City already maintained a relationship with the property owners and residents of the area. The extent of the utility service area is illustrated in Exhibit 2-1 on the following page.

As the project proceeded, it was determined that concentrating the annexation study on the unincorporated areas immediately adjacent to the existing City limits was the best course of action. It also considered the number of registered voters in the individual “communities of interest”. This will eliminate the enclaves and “square off” the existing municipal limits. It will enable a more efficient provision of municipal services and address some areas that offer a challenge, particularly regarding public safety.

The study area is divided into four phases of annexation (refer to Exhibit 2-2). Individual “communities of interest” are also defined with a number designation. The phases were selected to achieve annexation in a more orderly basis and permit each City Department to absorb the new residents and provide the necessary services.

Exhibit 2-1: Utility Service Area (Water and Sewer)

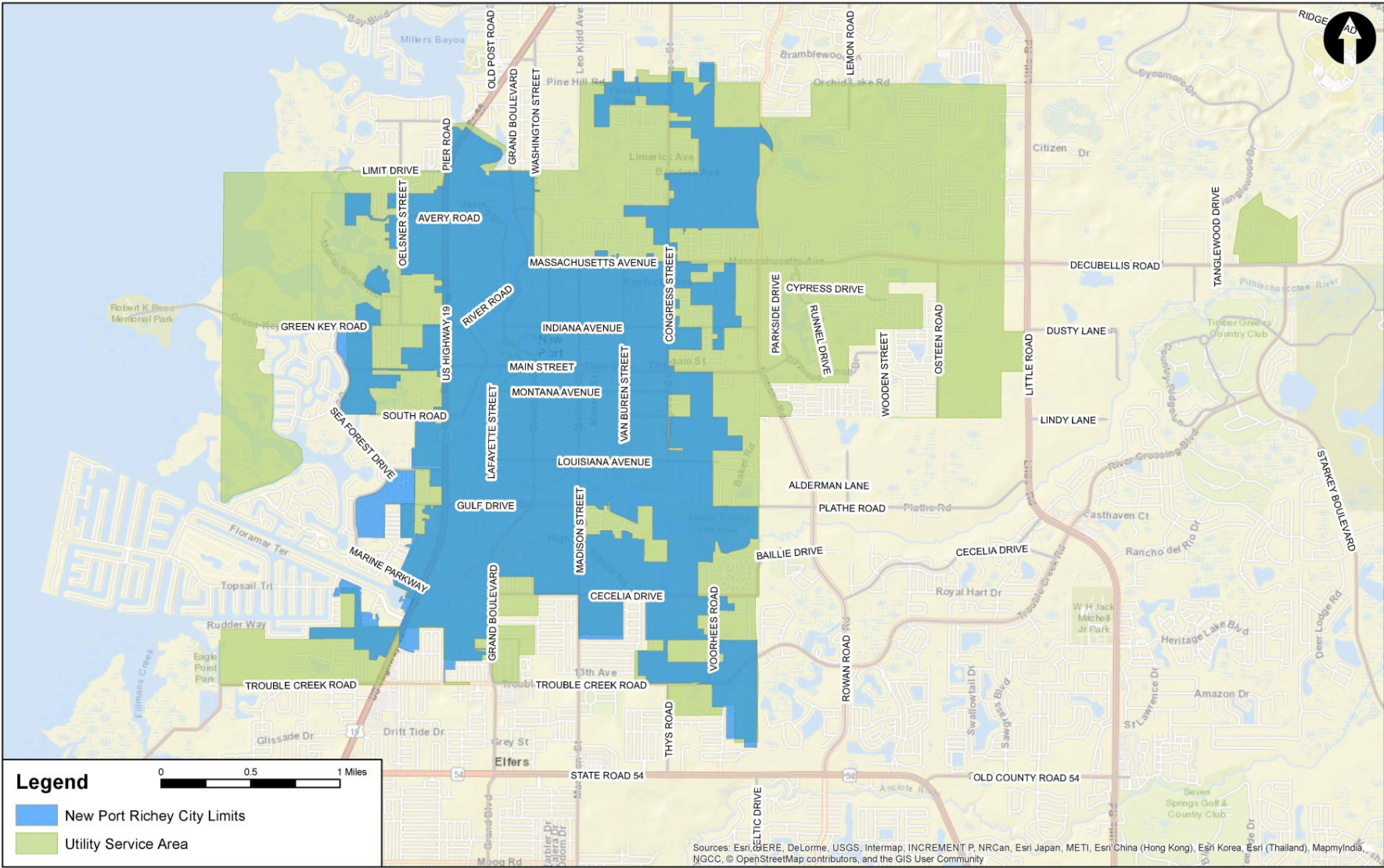
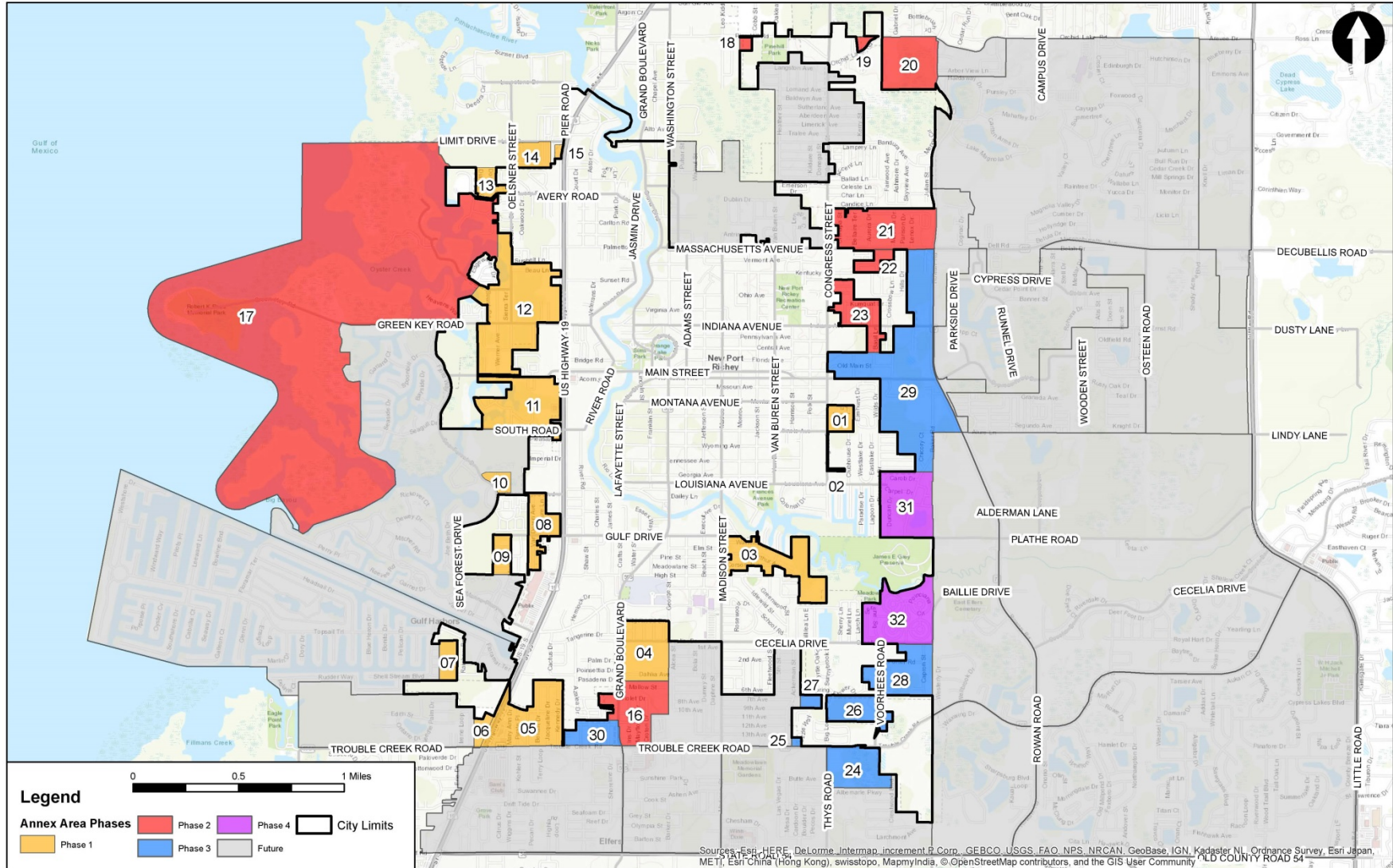


Exhibit 2-2: Study Area with Phases



Demographic & Business Data

The demographic data for the annexation areas was obtained through the Bureau of the Census, ESRI (a national source of demographic data), the Pasco County Supervisor of Elections and the Pasco County Property Appraiser. The data for each phase is expressed in Table 2-1. Data from the existing City boundaries was also included as a reference.

Table 2-1: Demographics, Housing, Business & Taxable Values

Annexation Phase	Housing Units	Occupied Units	Population	Businesses	Voters	Taxable Value
1	1,001	771	1,537	99	826	\$44,570,493
2	1,481	1,179	1,507	75	969	\$40,925,480
3	348	278	501	46	274	\$14,719,521
4	431	338	599	15	348	\$18,193,418
Total	3,261	2,566	4,144	235	2,417	\$118,408,912
Current City	8,792	6,418	15,764	1,674	9,826	\$523,496,073

Section 3: Planning Considerations

City and County land use and zoning regulations were compared to identify differences in permitted uses and other factors that affect lifestyles. Zoning issues are significant since Florida Statutes state that no rezoning can be undertaken until the Comprehensive Plan has been amended to include the new annexed areas.

Land Uses

It is important to note if there are any differences between the approved land uses in the City and in the annexation areas. In addition, this review determines if there are any conflicts. The current land use categories for the City are compared to those that exist (Table 3-1) in the potential annexation area (Table 3-2). Nearly all land use categories in the annexation areas have a corresponding category in New Port Richey, with two exceptions. The County has a very low density land use category (residential density of one unit per acre) and a higher commercial floor area ratio (FAR), as compared to the City. A review of the existing land uses in the potential annexation areas compared to adjacent City of New Port Richey land uses show no conflicts. Table 3-3 lists the land use categories that exist (indicated with an X) in each of the potential annexation areas.

Table 3-1: City of New Port Richey Future Land Use Categories

Land Use Category	Abbreviation	Maximum Density/Intensity
Low Density Residential-5	LDR-5	5 UPA
Low Density Residential-6	LDR-6	6 UPA
Low Medium Density Residential-9	LMDR-9	9 UPA
Low Medium Density Residential-10	LMDR-10	10 UPA
Medium Density Residential-14	MDR-14	14 UPA
Medium Density Residential-20	MDR-20	20 UPA
High Density Residential-24	HDR-24	24 UPA
High Density Residential-30	HDR-30	30 UPA / 0.40 FAR
Residential/Office	R/O	10 UPA / 0.40 FAR
Residential/Office/Retail	R/O/R	10 UPA / 0.40 FAR
Downtown	D	15 UPA / 2.0 FAR
Downtown Core	DC	40 UPA/2.0 FAR
General Commercial	GC	0.50 FAR
Highway Commercial	HC	2.00 FAR
Light Industrial	LI	0.50 FAR
Public/Semi-Public	P/SP	1 UPA / 2.0 FAR
Recreation/Open Space	R/OS	1 UPA
Conservation	C	1 UPA

Table 3-2: Pasco County Future Land Use Categories of Annexation Areas

Future Land Use Category	Abbreviation	Maximum Density/Intensity
Residential – 1	RES-1	1UPA
Residential – 6	RES-6	6 UPA
Residential – 9	RES-9	9 UPA
Residential – 24	RES-24	24 UPA
Commercial/Light Manufacturing District	C-3	50 FAR
Professional Office	OF-2	0.35 FAR
General Commercial District	C-2	0.50 FAR
Light Industrial District	I-1	0.50 FAR
Major Recreation/Open Space	R/OS	N/A
Coastal Land	CL	N/A
Major Public/Semi Public	P/SP	N/A

Table 3-3: Land Use Categories in Annexation Areas

COI	RES-1	RES-6	RES-9	RES-24	C-3	OF-2	C-2	R/OS	CL	I-1	P/SP
1			X								X
2											X
3		X									
4			X		X						
5			X		X						
6					X						
7			X								
8			X		X						
9				X							
10						X					
11			X		X						
12			X		X						
13			X								
14			X								
15					X						
16			X		X						
17	X		X					X	X		
18										X	
19										X	
20					X					X	
21			X			X					
22			X		X						
23			X								
24			X								
25			X								
26		X									
27		X									
28			X								
29					X		X				
30					X						
31			X								
32			X								

Zoning Issues

Zoning districts and respective district regulations were also inventoried for both the City and County. To determine which County zoning districts are located within the annexation area, each area was reviewed using “PascoView”, the County’s on-line GIS mapping system. City regulations were obtained from Municode and those from the County were obtained from the County’s web site.

Research for this portion of the study included obtaining zoning regulations for the City of New Port Richey and determining which zoning districts are located in the proposed unincorporated annexation areas. The specific issues that were examined were:

- Alcoholic beverages
- Land use regulations
- Pets
- Code enforcement (passive vs. active)
- Sign ordinances
- Commercial vehicles
- Recreational vehicles

Based on a comparison between similar City and County zoning districts, the following conclusions have been identified.

- Density - County residential zoning districts include large estate-lots residential at one dwelling unit per acre reflective of suburban and rural lifestyles; the City does not have a similar residential district.
- Alcohol sales/delivery - The City has fewer hours for sales/consumption of alcohol than the County. The City does not allow Sunday sales/delivery between the hours of 2:00 AM and 1:00 PM. The County does not allow Sunday sales/delivery between the hours of 5:00 AM and 12:00 Noon. The City does not allow sales/delivery Monday through Saturday between 2:00 AM and 8:00 AM. The County does not allow sales/delivery Monday through Saturday between the hours of 5:00 AM and 7:00 AM.
- Pets - The City prohibits maintaining roosters and they are designated as a nuisance. The County has no such restrictions, but limits the number of dogs and cats for properties less than 10 acres in size.
- Commercial vehicles - In the City, parking of trailers is not permitted in the front yard unless there is no access to the rear and side yard or insufficient room to the rear or side of the property to park the trailer. In the County, one commercial vehicle can be parked at a residence, if it meets certain weight and size limits. Pasco County allows the commercial vehicle to be parked anywhere on the property and does not screening (from the off-premises view) of any type.
- Recreational vehicles - The City Code allows parking of recreational vehicles in the front or side yard. The County allows recreational vehicles in the side yard if it is screened from view.
- Signs - On residential property in the City, signs are limited to two square feet; in the County the limit is eight square feet. On commercial property, the City limits signage to 200 square feet per business and the County limits it to 480 square feet.

Code Enforcement

The City of New Port Richey has an active code enforcement program. It initiates code enforcement compliance and also responds to inquiries from citizens. In the County, the Code Enforcement Division’s workload is principally complaint generated, as the Division receives a substantial number of complaints per year. There are, however, two separate teams that concentrate on other responsibilities, in a more proactive manner. These are the Community Involvement Team and the Condition Monitoring Team. The Condition Monitoring Team actively seeks out violations throughout the County. The team chooses one area of the County, at a time to evaluate. There is no set schedule for the specific areas to be screened. The specific areas to be monitored are generated at random within the Division.

Section 4: Revenue

Revenue sources for any municipality are those established by State law and permissible in order to fund the operations of the municipality. The list of revenue sources used in this analysis is provided in Table 4-1 along with the authority for the imposition of charges and fees. A description of the individual sources and the rationale for the estimate of the amount is provided in Table 4-1.

Table 4-1: Revenue Sources

Authority	Revenue Source
State Constitution	Ad Valorem Taxes
State Imposed Fees	State Revenue Sharing
	Half-cent Sales Tax
Local Approved Sources	Franchise Fees
	Utility Tax
	Communication Service Tax
	Business Use Tax
	Building Permit Fees
	Intergovernmental Transfers
	Charges for Services
	Fines and Forfeitures
	Stormwater Fees
	Paving Assessment
	Lighting District Fees
	Other Revenues

Source: Local Government Financial Information Handbook – 2013

Ad Valorem Taxes

Ad valorem taxes are the basic revenue source for local government and are imposed on the taxable value of the real property and personal property as determined by the Property Appraiser in each County. Taxable value is defined as the total assessed value less and exemptions (such as “Save Our Homes”, “Elderly”, “Disabled”, etc.). Taxable value figures for the potential annexation area were provided by the Pasco County Property Appraiser and reflect the most recent figures.

Taxes for this category are imposed as a millage rate, which is expressed as a whole number. A mill is defined as the amount per \$1,000 that is used to calculate taxes on property. The method for determining the taxes generated from property within the jurisdiction of the municipality is to divide the total taxable value by \$1,000 and multiply by the approved millage rate.

The millage rate used in this analysis is 8.9950, the current millage rate for the City. For the estimates of revenue, the ad valorem taxes are reduced to account for taxpayers taking the discount for early payment of their tax bill.

Franchise Fees/Utility Taxes/Communication Service Tax

Franchise fees and utility taxes are generally defined as the payment for the right to provide utility service to an area. State law allows any City to impose these revenue sources. The local government will be required to impose a rate to be attached to the use of electric, natural gas, water and other services. The franchise fee rate in Florida has a maximum of 6% of the usage charges, while utility taxes are capped at 10%. The current rate in New Port Richey is at the proscribed limits.

The communication services tax is applied to the use of any communication device registered to a user at an address within the jurisdiction. The local portion of the communications services tax applies to telecommunications, video and related services. This definition includes voice, data, audio, video, or any other information or signals, transmitted by any medium, including:

- Land line telephone
- Cellular telephones
- Satellite telephones
- Cable television service
- Satellite television service
- Internet service
- Tablets
- Any other service that uses airwaves, cable or other interconnected devices

Revenue from this source has had significant expansion annually since more devices are available and in use each year. Many households have multiple devices and will pay a fee on the usage rate of each device. The governing body of the jurisdiction must establish a rate applied to the usage charges, New Port Richey has established the rate at 5% which applicable to residential and business customers.

Licenses and Permits

This category combines several individual revenue sources and is estimated on a per capita figure based on the current budget. The figure used for this analysis is \$122.38 per capita. The business license tax is imposed on the owners of any business enterprise located within the boundaries of the municipality. The rates are established by the governing body and typically are based on the type of business activity performed. More intensive uses usually receive a higher fee.

Building permit fees are charged by local governments for obtaining permits to construct or modify a structure in the jurisdiction. Under State law, these fees cannot be higher than the cost associated with providing the service, including any administrative costs. Several miscellaneous categories also exist and are included in the per capita figure.

Intergovernmental Revenue (State Shared Revenues/ Half-Cent Sales Tax/Alcoholic Beverage Licenses)

State Shared Revenues are funds allocated each year into a fund for distribution to the local entities. There is no set amount. However, the State of Florida attempts to provide at least the same amount as the previous year. The ½ Cent Sales Tax is not revenue generated at the local level, but rather ½ Cent of the 6% Sales Tax collected throughout the State. These funds are placed in a fund and reallocated to the local jurisdictions in a manner similar to the State Shared Revenues. These funds are allocated to municipalities based on population. Alcoholic Beverage Licenses are also a fund collected by the State of Florida and then paid to municipalities

Stormwater Fees

This source represents the funds from the levy of a stormwater fee for all properties in the City. The funds are designated for the maintenance of the drainage facilities. The estimate for this category is \$80 per equivalent residential unit (ERU). Commercial properties are assessed ERUs based on the size of the property and the amount of impervious surface on the parcel. Commercial properties were assigned an average of 5 ERUs, in this study. Revenue from this fee is assigned to the stormwater fund and not the General Fund.

Paving Assessment

New Port Richey levies a paving assessment to address street repairs in the City. The fee is estimated at \$85 per ERU. Revenue from this fee is assigned to the streets fund and not the general fund. Commercial properties were assigned an average of 5 ERUs.

Street Lighting

New Port Richey levies an assessment to address operation and maintenance costs of street lights in the City. The fee is estimated at \$38.71 per ERU. Revenue from this fee is assigned to the street lighting fund and not the general fund. Commercial properties were assigned an average of 5 ERUs.

Total Revenue

General fund revenue includes the ad valorem taxes, franchise fees, utility taxes, intergovernmental revenue and licenses and permits. The total general fund and other revenues for each phase are found in Table 4-2.

Table 4-2: Revenue Projections by Annexation Phase - All Funds

Phase	General Fund	Stormwater	Street Lighting	Paving	Total
1	\$ 767,686	\$ 184,664	\$ 89,356	\$ 196,206	\$1,237,912
2	\$ 798,125	\$ 268,080	\$129,717	\$ 284,835	\$1,480,757
3	\$ 265,332	\$ 420,880	\$203,653	\$ 447,185	\$1,337,050
4	\$ 317,479	\$ 422,400	\$204,389	\$ 448,800	\$1,391,068
Total	\$2,148,622	\$1,296,024	\$627,115	\$1,377,026	\$5,446,787

Section 5: Expenditures

The projection of expenditures for each phase was accomplished by discussions with the various heads of the Departments. The Department was provided the demographic data as well as the information from Pasco County regarding the calls for service in each of the areas. Meetings between the Consultant and the Departments began with a discussion of the existing personnel staffing by each job classification. Based on the amount of activity expected in each Phase, additional staffing was estimated. The costs for the salaries plus fringes were added to the additional operating costs for each Department. Operating costs included vehicles, office and administrative costs and other expected expenditures.

The overall Department requests were discussed with the City Manager along with recommendations by the Consultant. A final recommendation of the additional staffing and other resources required by annexation was then produced. These recommendations were again reviewed by the City Manager. These projections do not represent commitments to the annual budgets. Those specific funding needs will be addressed during the regular budget process.

Staffing

The estimated staffing and budgetary needs of each Department is provided below.

Administration

No new staffing added due to annexation.

Development

Additional personnel & costs include:

- Phase 1 - Building Inspector
- Phase 2 - Development Technician (part-time)
- Capital – Vehicle, computers and software

Economic Development

No new staffing added due to annexation.

Finance

Additional personnel & costs include:

- Phase 1 – Meter Technician
- Phase 2 – Customer Service Representative
- Capital – Computers, software, scanners, “cloud” space

Fire

Additional personnel include:

- Phase 1 –1 Firefighters
- Phase 2 – 1 Firefighter

Human Resources

Additional personnel & costs include:

- Phase 2 – Change part-time Administrative Assistant to full-time

Library

No new staffing added due to annexation

Parks & Recreation

Additional personnel & costs include:

- Phase 2 – Recreation Leader
- Capital - Computers and software

Police

Additional personnel & costs include:

- Phase 1 – 4 Officers, 1 Code Enforcement Officer, 1 Dispatcher
- Phase 2 – 3 Officers, 3 Crossing Guards, 1 Code Enforcement Officer, Crime Scene Technician (from Part-time to full time)
- Phase 3 – 1 Officer
- Capital – Vehicles, uniforms/outfitting, computers, software

Public Works

Costs are divided by funding sources including general fund, stormwater fund and streets fund

- *General Fund*

- Phase 2 – Clerk (part-time); 1 Maintenance Worker I
- Phase 3 - 1 Maintenance Worker I
- Phase 4 – 1 Data Support; 1 Equipment Operator I

- *Stormwater Fund*

- Phase 2 – 1 Utility Worker I
- Phase 4 – 1 Equipment Operator II, 1 Equipment Operator I, 1 Utility Mechanic II, 1 Utility Mechanic I

- *Streets Fund*

- Phase 2 – 1 Maintenance Worker I
- Phase 3 - 1 Maintenance Worker I
- Phase 4 – 1 Maintenance Worker I; 1 Traffic Sign Technician
- Capital – Trucks, backhoe, tools, assorted equipment

Technology Solutions

Additional personnel include:

- Phase 2 – Help Desk Technician
- Capital – Computer, software, “cloud” space

A summary of the total staffing requirements is found in Table 5-1. It shows the addition of 8 employees in phase 1, 16 in phase 2, three in phase 3 and 9 in phase 4. Overall, it is anticipated that 36 additional staff will be required to provide service to the newly annexed areas.

Table 5-1: Summary of Additional Staffing Requirements

Job Title	Phase 1	Phase 2	Phase 3	Phase 4
Administration				
None	0	0	0	0
Development				
Building Inspector	1	0	0	0
Development Technician	0	0.5	0	0
Economic Development				
None	0	0	0	0
Finance				
Meter Technician	1	0	0	0
Customer Service Representative	0	1	0	0
Fire				
Firefighter	1	1	0	0
Human Resources				
Administrative Assistant	0	0.5	0	0
Library				
None	0	0	0	0
Parks & Recreation				
Recreation Leader	0	1	0	0
Police				
Officers	4	3	1	0
Code Enforcement Officer	1	1	0	0
Crossing Guards	0	3	0	0
Dispatcher	1	0	0	0
Crime Scene Technician	0	0.5	0	0
Public Works				
Clerk	0	0.5	0	0
Maintenance Worker I	0	2	2	1
Data Support	0	0	0	1
Equipment Operator I	0	0	0	2
Utility Worker I	0	1	0	0
Equipment Operator II	0	0	0	1
Utility Mechanic II	0	0	0	1
Utility Mechanic I	0	0	0	1
Traffic Sign Technician	0	0	0	1
Technology Solutions				
Help Desk Technician	0	1	0	0
Total	9	16	3	8

Total Expenditures

The development of the estimate of expenditures due to annexation used the following methodology:

- Staffing needs were discussed with each Department
- Where necessary, the figures were adjusted by the Consultant
- Staffing projections were reviewed during several discussion with the City Manager
- Salaries for general employees by classification was obtained from Human Resources
- Fringe Benefits Rates were determined using the budget and reviewed by the Finance Department
- Operating expenditures were derived from the budget
- Computer and software costs were obtained from the Technology Department
- Costs for personnel and equipment for the additional Police staffing were obtained from the Police Department.

The general fund expenditures from all of the Departments are summarized in Table 5-2. These figures represent an estimate based on the Department requests, with review by the City Manager and consideration of available resources. Stormwater and Streets Fund expenditures estimates are provided in Tables 5-3 and 5-4.

Table 5-2: Estimates of Increased Expenditures from Annexation – General Fund

Department	Phase 1	Phase 2	Phase 3	Phase 4
Administration	\$0	\$0	\$0	\$0
Development	\$94,400	\$35,800	\$0	\$0
Economic Development	\$0	\$0	\$0	\$0
Finance	\$40,000	\$48,600	\$1,000	\$1,000
Fire	\$45,000	\$45,000	\$0	\$0
Human Resources	\$0	\$32,200	\$0	\$0
Library	\$0	\$0	\$0	\$0
Parks & Recreation	\$0	\$25,000	\$0	\$0
Police	\$337,900	\$430,900	\$90,800	\$0
Public Works (<i>General Fund</i>)	\$0	\$89,600	\$63,800	\$135,500
Technology Solutions	\$5,000	\$38,000	\$0	\$0
Total	\$522,300	\$745,100	\$155,600	\$136,500

Table 5-3: Estimates of Increased Expenditures From Annexation – Stormwater Fund

Phase	Expenditures
1	\$0
2	\$55,800
3	\$0
4	\$232,800

Table 5-4: Estimates of Increased Expenditures From Annexation – Streets Fund

Phase	Expenditures
1	\$0
2	\$53,800
3	\$53,800
4	\$117,400

Net Financial Position

By comparing the revenue and expenditures, a net financial position from annexation is provided. Table 5-5 provides the fiscal results due to annexation. All phases result in a net positive financial position.

Table 5-5: Net Financial Position from Annexation – General Fund

Category	Phase 1	Phase 2	Phase 3	Phase 4
Revenue	\$798,127	\$767,686	\$265,332	\$317,479
Expenditures	\$522,300	\$745,100	\$155,600	\$136,500
Surplus	\$275,827	\$ 22,586	\$109,732	\$180,979
Cumulative	\$275,827	\$298,413	\$408,145	\$589,124

Utility Fund

The City currently levies a 25% surcharge on water and sewer bills for any customer outside of the City limits. This is based on State law. After annexation, this surcharge may no longer be levied on these customers. A review of the average residential and commercial customer bill shows an estimated of the loss of revenue from the water and sewer fund. The estimates are provided in Table 5-6. The estimate of a revenue loss of \$190,300 for all annexation phases represents approximately 1.5% of the total revenue for the water and sewer fund.

Table 5-6: Loss of Revenue Water & Sewer Fund

Phase	Revenue Loss
1	\$72,000
2	\$32,500
3	\$36,200
4	\$49,600
Total	\$190,300

Section 6: Recommendations

This annexation effort requires joint cooperation between the City of New Port Richey and Pasco County. The areas to be addressed are generally small with a limited population. Based on State law, this annexation can be accomplished without a referendum. With a limited population and registered voters, the annexation can occur under an Interlocal Agreement between the City and County.

The annexation would require a separate ordinance for each “Community of Interest” since they do not abut each another. A survey of the area is necessary to adjust the City boundary map. The City should request the issue be addressed by the County Commission and move forward with providing more efficient municipal services.

The City and County should follow these recommendations:

1. Begin a discussion between County/City administration regarding annexation;
2. Prepare Ordinances to implement Phase 1;
3. Complete the required survey for each COI;
4. Complete annexation of Phase 1;
5. Prepare required elements (ordinances, survey) for the remainder of the three annexation phases based on schedule below.

Table 6-1 includes a recommended schedule of annexation through phase 4. The City and County may adjust this schedule as necessary as the project progresses.

Table 6-1: Time Frames for Annexation

Phase	Time Frame
1	October, 2018
2	October, 2020
3	October, 2022
4	October, 2024
Remainder of reserve area*	Based on needs of the community

* Shown as “future” on Exhibit 2-2

Section 7: Fiscal Impact of Community Redevelopment Area (CRA) Expansion

Pasco County has indicated that it may consider expanding the New Port Richey CRA boundaries, if annexation occurs. Based on the assumption that the CRA expansion would be granted, an analysis has been prepared to illustrate the impacts on the general fund.

Projection of Revenue and Expenditures:

The revenue and expenditure projections found in Sections 4 and 5 of this report are in constant dollars. Inflation has not been considered in that analysis. Since the tax increment finance (TIF) revenue for a CRA is based on an increase in the taxable value, inflation must be considered. It is important to note that no reduction in revenue will occur in the initial year of annexation or CRA expansion since there would be no corresponding increase in taxable value. The result of inflation on revenue and expenditures, without the CRA expansion, is reflected in Table 7-1.

Table 7-1: Fiscal Impact of Annexation and No CRA Expansion

Fiscal Year	Revenue	Expenditures	Surplus
2018/2019	\$767,686	\$522,300	\$245,386
2019/2020	\$779,201	\$537,969	\$241,232
2020/2021	\$1,613,138	\$1,344,585	\$268,553
2021/2022	\$1,637,335	\$1,384,922	\$252,413
2022/2023	\$1,943,508	\$1,601,599	\$341,909
2023/2024	\$1,972,661	\$1,649,647	\$323,014
2024/2025	\$2,349,396	\$1,862,125	\$487,271
2025/2026	\$2,384,637	\$1,917,988	\$466,649
2026/2027	\$2,420,407	\$1,975,528	\$444,879
2027/2028	\$2,456,713	\$2,034,794	\$421,919
2028/2029	\$2,493,564	\$2,095,838	\$397,726
2029/2030	\$2,530,967	\$2,158,713	\$372,254

An estimate of the growth in taxable value is provided based on review of historical data and discussion with the City Manager. The growth rate of 1.5% is estimated for all revenue sources. Expenditures are estimated to increase at a rate of 3% to account for higher insurance and energy costs, as well as salary increases.

Table 7-2: Fiscal Impact of Annexation and CRA Expansion of All Areas

Fiscal Year	Revenue	Expenditures	Surplus
2018/2019	\$767,686	\$522,300	\$245,386
2019/2020	\$773,980	\$537,969	\$236,011
2020/2021	\$1,607,838	\$1,344,585	\$263,253
2021/2022	\$1,626,208	\$1,384,922	\$241,286
2022/2023	\$1,932,215	\$1,601,599	\$330,616
2023/2024	\$1,959,195	\$1,649,647	\$309,548
2024/2025	\$2,335,728	\$1,862,125	\$473,603
2025/2026	\$2,368,213	\$1,917,988	\$450,225
2026/2027	\$2,403,736	\$1,975,528	\$428,208
2027/2028	\$2,439,792	\$2,034,794	\$404,998
2028/2029	\$2,476,389	\$2,095,838	\$380,551
2029/2030	\$2,513,535	\$2,158,713	\$354,822

Conclusion:

Over a ten year period, the loss of revenue due to CRA expansion from the general fund reduces the surplus by approximately \$17,400 in FY 2029/2030. However, during this period, there is still a positive fiscal position without the need for rate increases in any revenue source.

Additional Considerations:

The existing CRA does not cover the entire municipal boundaries of New Port Richey. Previous annexations did not include an expansion of the boundaries. An estimate has been made regarding the loss of revenue should the CRA be expanded to include all of the existing municipal boundaries. This estimate used the same rate of increase of taxable value of 1.5% as in the previous analysis. The increase in TIF will only be based on the amount the tax base increases after the initial year of expansion.

Although this scenario is not caused by annexation, it may be considered due to the impacts of annexation. Table 7-4 lists the loss of expanded revenue due to the expansion of the CRA into areas of the current City limits not included in the CRA, at this time.

Table 7-3: Loss of General Fund Revenue
Due to CRA Expansion Into All Areas of Existing City

Fiscal Year	Additional TIF
2018/2019	\$0
2019/2020	\$5,130
2020/2021	\$10,414
2021/2022	\$15,856
2022/2023	\$21,461
2023/2024	\$27,235
2024/2025	\$33,181
2025/2026	\$39,306
2026/2027	\$45,615
2027/2028	\$52,114
2028/2029	\$58,807
2029/2030	\$65,689