



city commission work session agenda

**City Commission Work
Session
October 22, 2020
1:00 pm**

mayor & commissioners				
seat 1 Marty Sullivan	seat 2 Sheila DeCiccio	Mayor Steve Leary	seat 3 Carolyn Cooper	seat 4 Todd Weaver

welcome

Welcome to the City of Winter Park City Commission meeting. The agenda for regularly scheduled Commission meetings is posted outside City Hall the Wednesday before the meeting. Agendas and all backup material supporting each agenda item are available in the City Clerk's office or on the city's website at cityofwinterpark.org.

agenda

*times are projected and
subject to change

1. Call to Order

2. Discussion Item(s)

- a. Discussion on Future Annexations 1 hour

3. Adjournment

appeals and assistance

"If a person decides to appeal any decision made by the Commission with respect to any matter considered at such meeting or hearing, he/she will need a record of the proceedings, and that, for such purpose, he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." (F.S. 286.0105)

"Persons with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk's Office ([407-599-3277](tel:407-599-3277)) at least 48 hours in advance of the meeting."

City Commission

Annexation Work Session



October 22, 2020

Chapter 171, Florida Statutes



Florida Statutes permits annexation in four ways:

- Voluntary annexation by the property owner.
- Annexation of Enclaves by Agreement with Orange County.
- Annexation by voter referendum.
- Annexation by Agreement with property owners.

Voluntary Annexations



- Must be a contiguous abutting property to city limits.
- Undertake a formal or informal cost/benefit study per Comp. Plan.
- Must provide notice to Orange County prior to advertisements.
- Legal Notice in newspaper one week prior to public hearings.
- Two public hearings by City Commission to adopt.
- Orange County FLU and Zoning stays in place until the City adopts the Municipal FLU and Zoning designations.
- City may change FLU and Zoning from what exists in Orange County.

Annexation of Enclaves



- Must be an enclave or island surrounded by a city or cities.
- Must be 10 acres or less in size.
- Undertake an informal or formal cost/benefit study per Comp. Plan.
- Request and receive an Interlocal Agreement with to Orange County prior to advertisements.
- Area may include registered voters without need for voter referendum.
- Two public hearings by City Commission to adopt.
- Orange County FLU and Zoning stays in place until the City adopts the Municipal FLU and Zoning designations.
- City may change FLU and Zoning from what exists in Orange County.

Annexation by Referendum



- Voter Referendum is required if any area to be annexed holds registered voters.
- Must be contiguous compact abutting properties to city limits.
- Must undertake a formal cost/benefit study per Comp. Plan.
- Must provide notice to Orange County prior to advertisements.
- Two public hearings by City Commission to sponsor the voter referendum and agree to annex based on results from those who vote in the referendum*.
- Orange County FLU and Zoning stays in place until the City adopts the Municipal FLU and Zoning designations.
- *City Code requires a separate voter referendum of City electors to agree to accept such area into the City if it holds more than 2% of current population.

Annexation by Agreement with Owners



- Annexation by Annexation Agreement can occur if the area to be annexed has no registered voters, such as a commercial corridor or if the area is to be vacant at the time of annexation with no homes and registered voters in place*.
- City must have signed consents from a majority of the property owners who represent a majority of the land area to be annexed.
- Must be contiguous compact abutting properties to city limits.
- Must undertake a formal cost/benefit study per Comp. Plan.
- Must provide notice to Orange County prior to advertisements.
- Two public hearings by City Commission to annex based on results from a majority of the consents obtained to be annexed*.
- Orange County FLU and Zoning stays in place until the City adopts the municipal FLU and Zoning designations.
- *City Code requires a separate voter referendum of City electors to agree to accept such area into the City if it constitutes, more than 1% of current land area of the City.

West Fairbanks Annexation Policies



- Major Gateway entrance into Winter Park.
- In the past 10 years, City has invested \$20 million dollars in public infrastructure improvements to this West Fairbanks corridor.
- New sanitary sewer system, new street lights, new traffic lights.
- Undergrounding of the major electric transmission lines and service lines.
- Removal of billboards along the corridor.
- Return on this investment will be redevelopment to enhance the aesthetic of the corridor and increase taxable values.

West Fairbanks Annexation Policies (North Side)



- Commercial properties along the North side of Fairbanks Avenue are only 100 feet deep. Impossible to redevelop with new building and parking.
- After investing \$20 million dollars in public infrastructure improvements to this West Fairbanks corridor, the City needs a formula to allow the north frontage of West Fairbanks to redevelop.
- Formula is to allow expanded parking on the backside for new buildings on the front side, but with neighborhood protections.
- Mandatory six foot brick wall, prescribed landscape buffers, no driveways to residential streets, no visible cars or dumpsters.

Comprehensive Plan Policy Direction



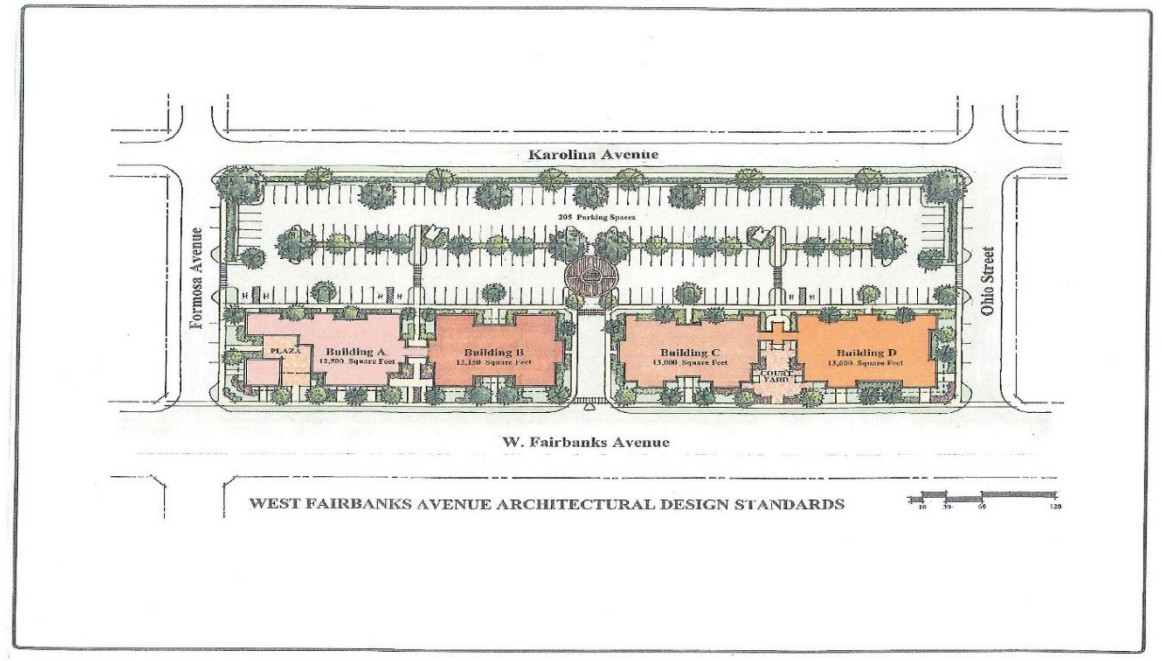
- **Policy 1-L-11: Provide for & Encourage the Redevelopment of the North Side of Fairbanks Avenue** Given the shallow lot depths on the north side of Fairbanks Avenue, the City shall consider the annexation of properties to the rear/north up to Karolina Avenue and land use designations for parking usage provided that the parking is screened from view by a brick wall, landscape, and ligustrum tree buffer per the template provided by the City; that no driveways are permitted that allow access onto the rear streets and that any lighting has no negative impact on nearby homes.

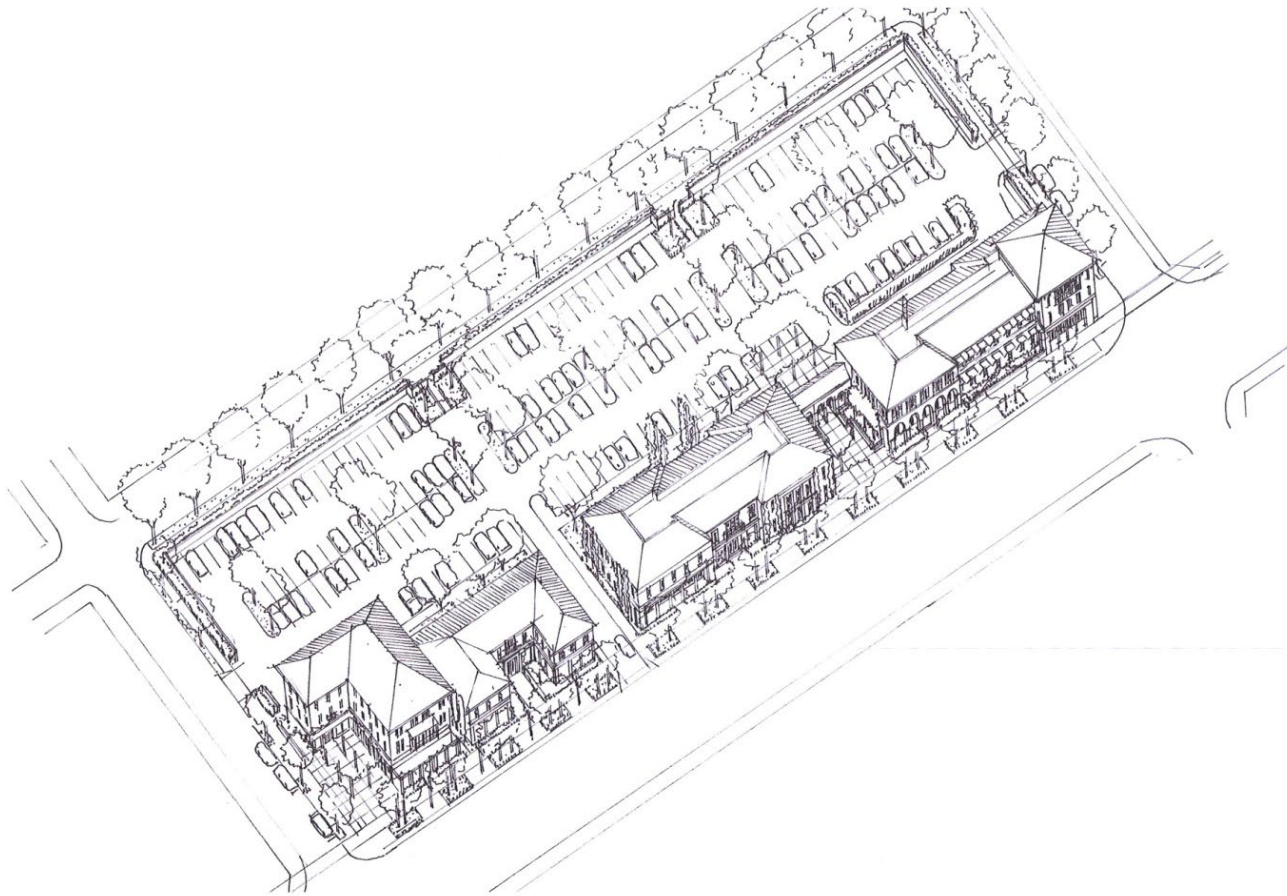
Protections for Adjacent Residential



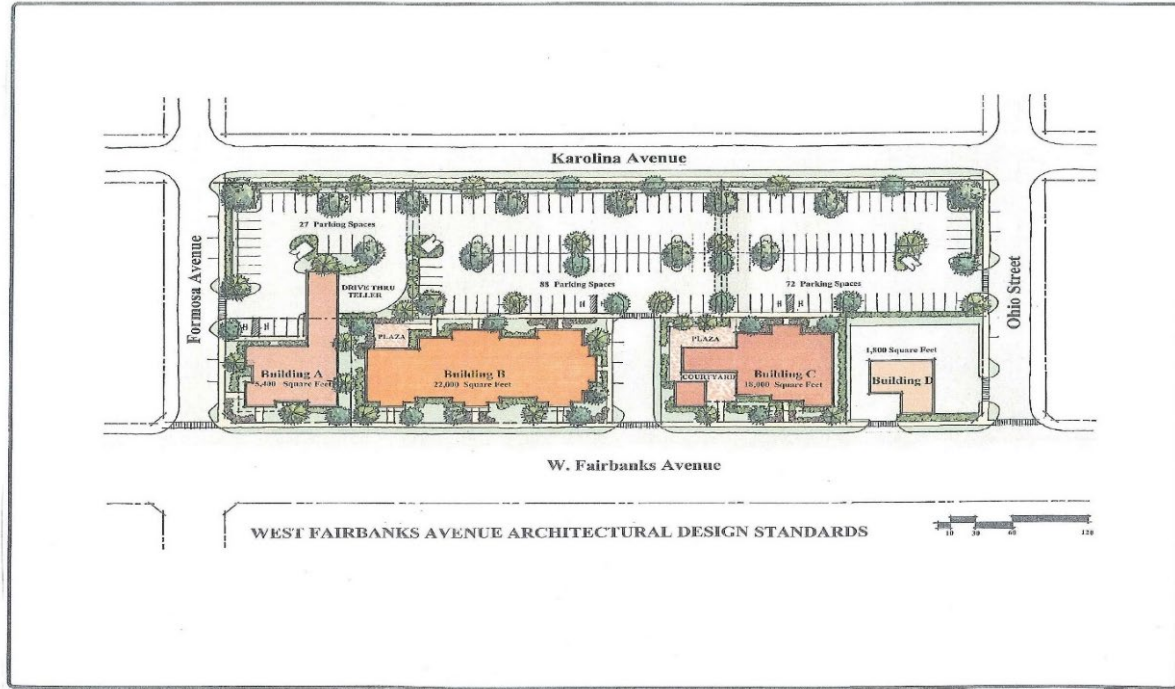
- Six foot brick wall to screen visibility and hide view of cars.
- Landscape buffer on the outside of perimeter brick wall to soften view of the wall.
- No driveways onto the streets in the rear across from homes. Driveways must be on side streets up close to Fairbanks Avenue.
- Dumpsters must be up in front by the buildings.
- Interconnecting drive aisle easement required so interior lots can enter/exit from the side streets.
- Use Parking Lot (PL) zoning in the rear so no structured parking garages are allowed, only surface parking is permitted.
- Building must be up front adjacent to Fairbanks Avenue. Two story height limit. No more than 45% FAR over the project area.

Build-Out per Design Standards

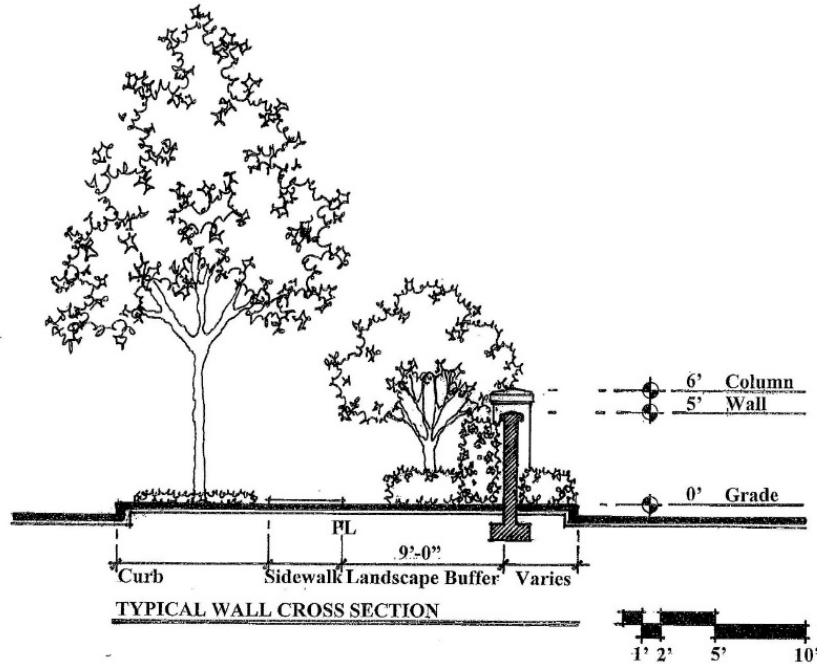




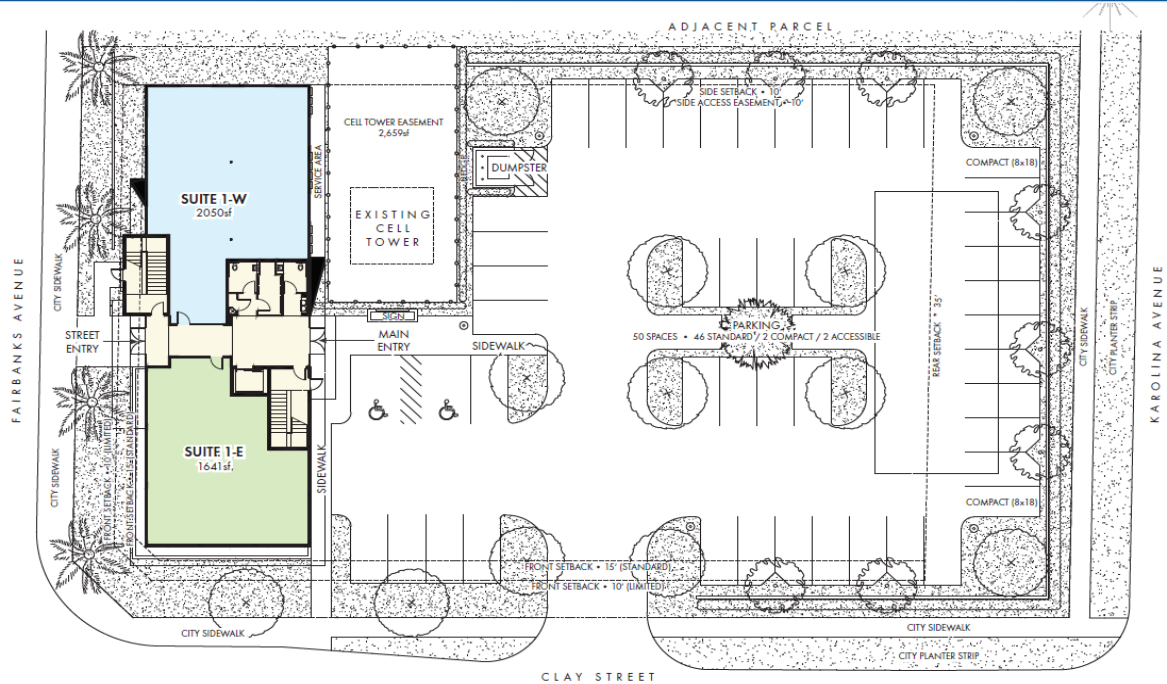
Build-Out per Design Standards



Cross Section of Landscape and Buffer Wall



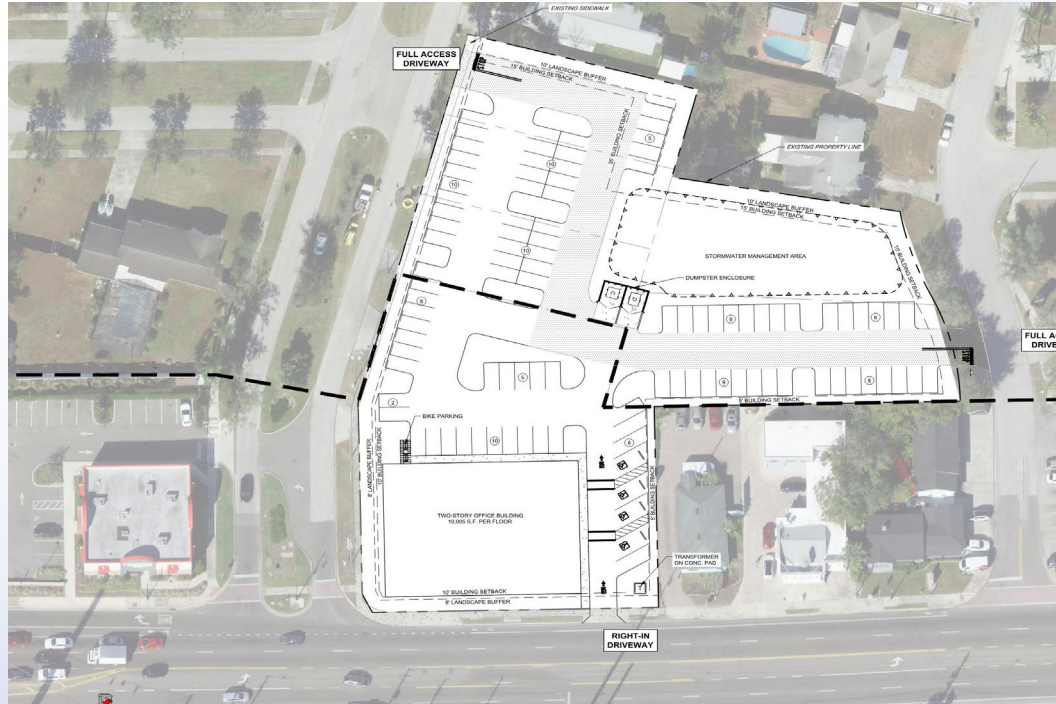
Example of North Side Redevelopment



Paco's Redevelopment



Example of North Side Redevelopment



Comprehensive Plan Policy Direction of the South Side of West Fairbanks Avenue



- **Policy 1-L-4: Annexation, Rezoning, & Redevelopment of Certain Residential Properties South of Fairbanks Avenue** At such time that annexation occurs, the City shall encourage and permit amending the future land use map and redeveloping the isolated pockets of residential properties located along Kentucky and Ogelsby Avenues, south of Fairbanks Avenue from US Highway 17-92 to Interstate 4 to ensure compatible development and to enhance the appearance of the Fairbanks gateway corridor.



Annexation Request
Kentucky Avenue

City of Winter Park
Florida



WP Boundary



Proposed Annexations



Kentucky Avenue Annexation





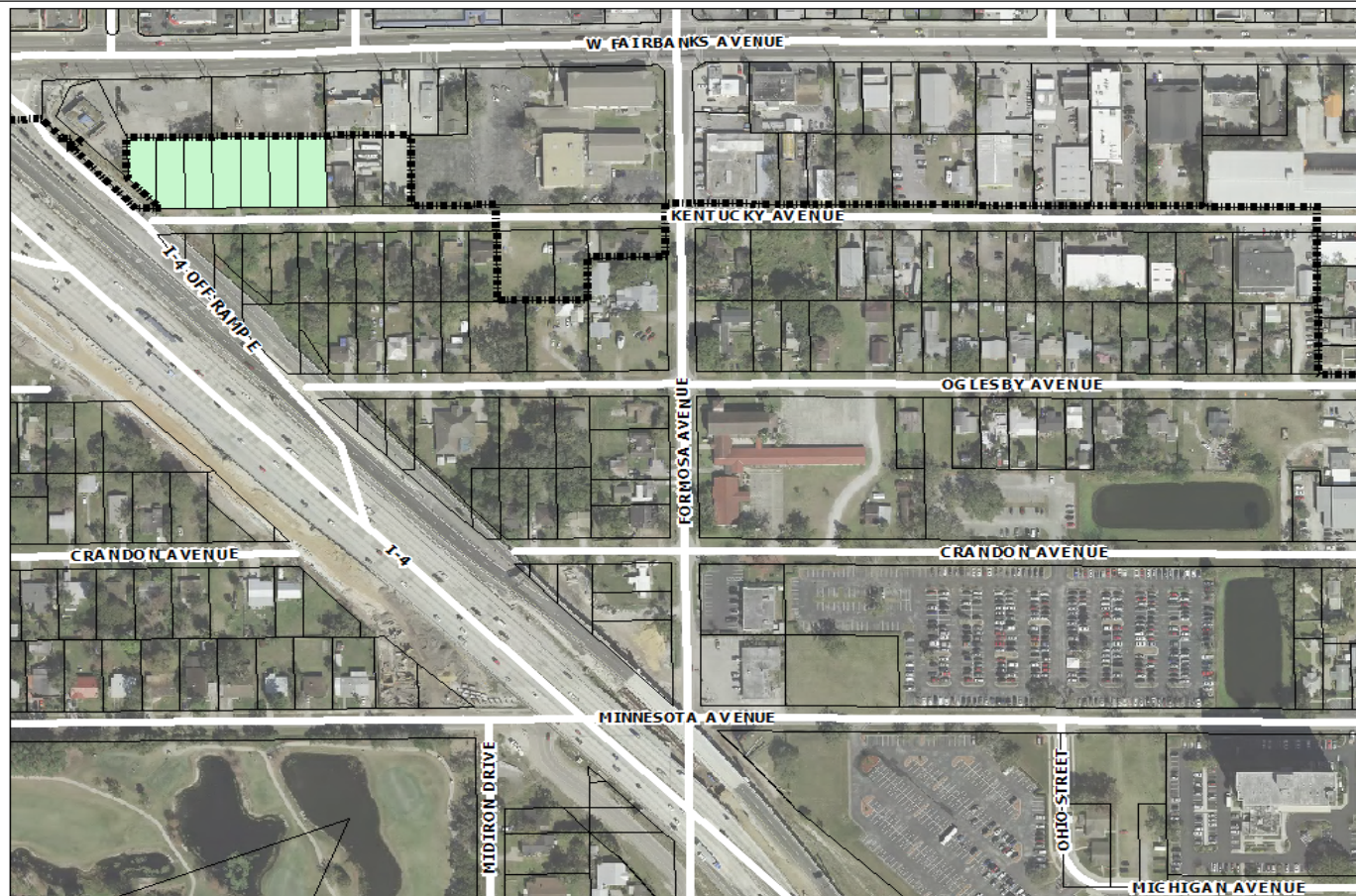
- Logical addition to the City to allow redevelopment of the Fairbanks Avenue frontage with a project that encompasses the land from Fairbanks Avenue back to Kentucky Avenue.
- No added costs to the City to provide service to these seven lots to be annexed.
- Orange County has designated the future land use of these lots for “planned development” thus the County anticipates their future use for commercial redevelopment.
- Property Owner and City only envision C-3 zoning with 45% FAR maximum.
- The subsequent establishment of C-3 zoning gives the City control over the type and quality of redevelopment at this gateway location.
- Buildings must be up front close to Fairbanks Avenue. No more than 45% FAR over the project area.



**South of Fairbanks
Area Analysis**
City of Winter Park
Florida

Legend

-  Winter Park
City Limits
-  Proposed
Annexations

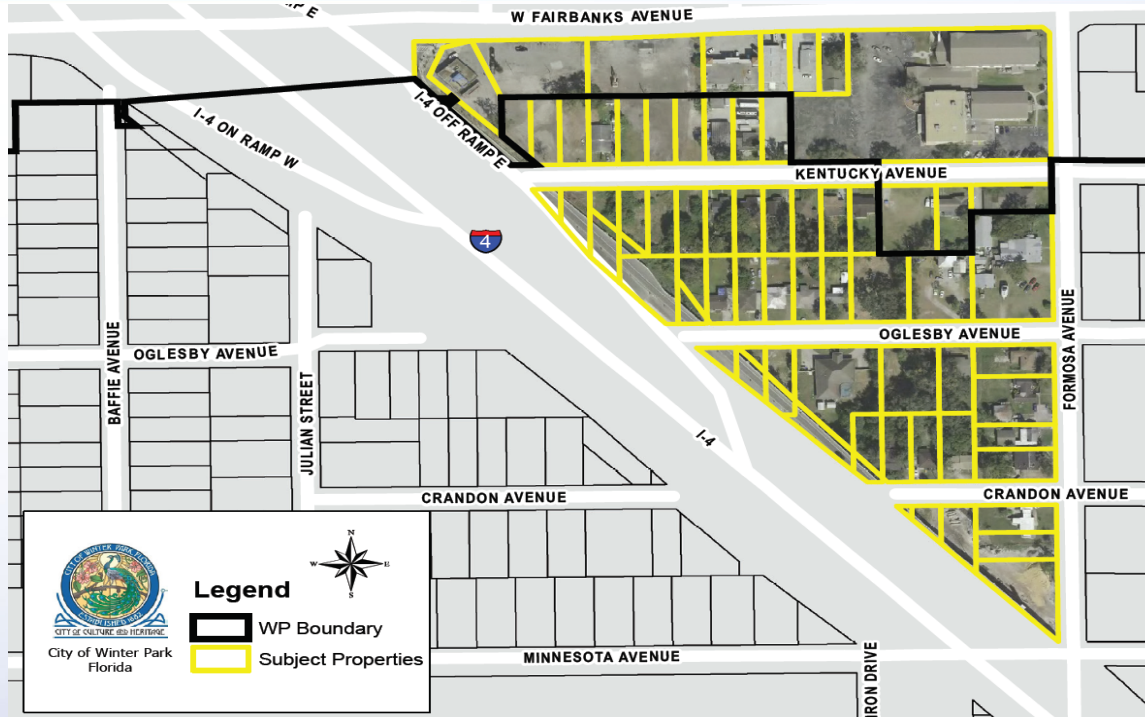


I-4/Formosa Triangle



- Seven acres of property on Kentucky, Ogelsby and Crandon Avenues between Interstate 4 and Formosa Avenue.
- Ownership of these 41 properties is in the hands of 2-3 property owners.
- City of Orlando has an Interlocal Agreement with Orange County indicating their desire to annex this entire area. Calvary Church is in Orlando.
- Sanitary Sewer and Water necessary for redevelopment is more accessible from the City of Winter Park.
- City should require annexation into Winter Park in order to control the quality of the development and receive the benefit of the tax base.
- Comprehensive Plan policies entertain ideas for mixed use or higher density given the location for traffic adjacent to I-4.

I-4/Formosa Triangle



Comprehensive Plan Policy Direction for the I-4 and Formosa Triangle



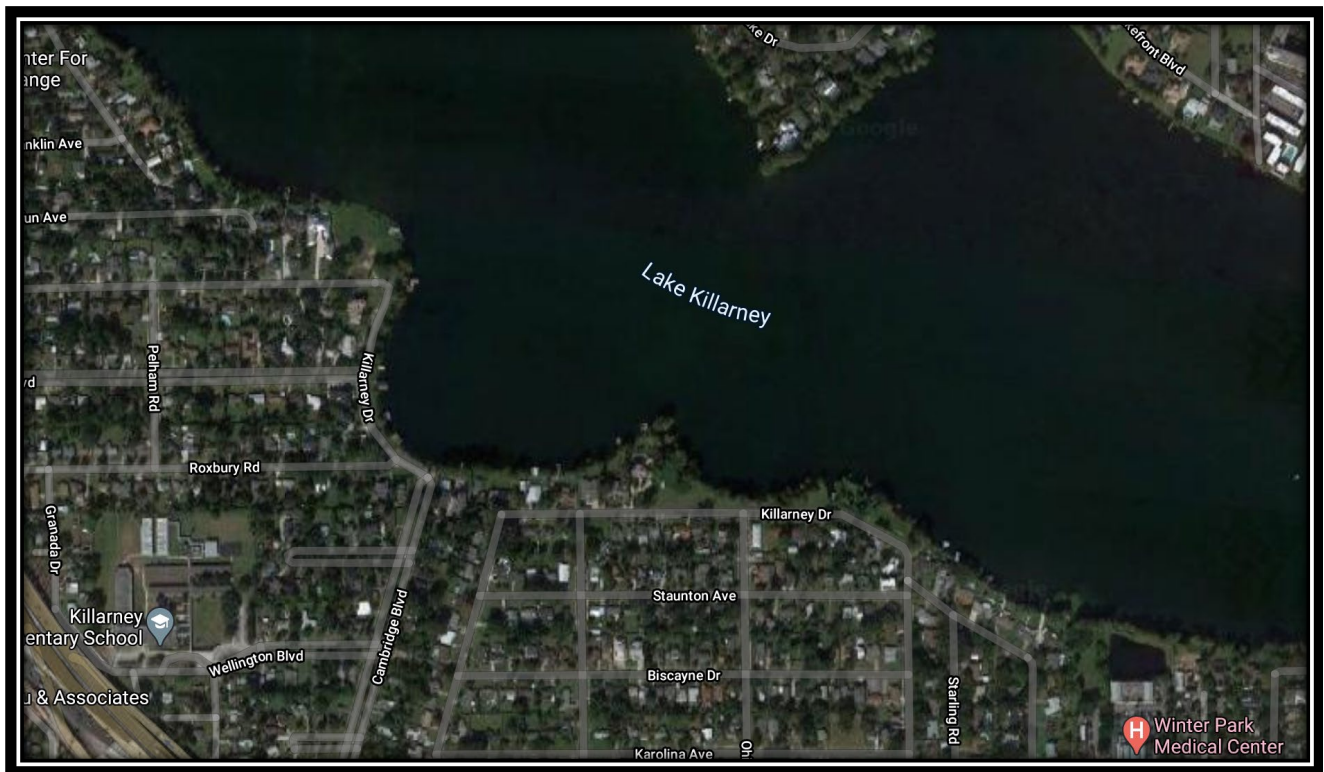
- **Policy 1-L-5: Annexation, Rezoning & Redevelopment of Certain Properties, South of Fairbanks Avenue and West of Formosa Avenue** The City shall encourage the annexation and redevelopment of properties in the area south of Fairbanks Avenue and west of Formosa Avenue along Fairbanks, Kentucky, Ogelsby and Crandon Avenue. Prior to or at the time annexation of such properties within this area occurs, the City shall consider amendment to the Future Land Use element to create a future land use designation and a corresponding zoning designation and land development code standards that may permit for this area either mixed use development or mixed use projects with urban scale with parking garage components and notwithstanding other limitations within the Future Land Use element, permitted floor area ratios consistent with the appropriate future land use designations. Such density and scale of development is deemed compatible given the location on Fairbanks Avenue adjacent to Interstate 4 and to enhance the appearance of the Fairbanks gateway corridor. Roadway abandonments or vacations necessary for assemblage of properties within this area are also encouraged.



I-4/Formosa Triangle

- Staff will continue the occasional discussions with the property owners and other interested parties in critiquing development proposals.
- The Comprehensive Plan indicates that densities including parking garages may be permitted due to the location next to I-4 and lack of neighborhood impact.
- However, the private marketplace will determine the feasibility of potential redevelopment scenarios.
- In the current Covid-19 economy many of the financially viable users (hotels, restaurants, multi-family) may not be financially viable at this time.
- City should not agree to provide sanitary sewer unless project annexes into Winter Park in order to control the scale and quality of the project and to benefit from the added tax base.

KILLARNEY AREA ANNEXATION



10/16/2020

Cost & Benefit Study

Office of Management & Budget

October 2020

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Killarney Area Annexation

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EXECUTIVE SUMMARY

The Killarney Annexation Area (KAA) is located north of W. Fairbanks Ave. and bounded by I-4 to the west, and Lake Killarney to the north and east (see Exhibit A). It is comprised of 589 parcels and has an estimated population of 1,300. Composed of primarily single-family residential neighborhoods and an elementary school, the KAA is designated in the city's adopted Comprehensive Plan as an area for annexation. Over the last couple of years, some residents within the KAA have requested that the City of Winter Park consider advancing the KAA through the annexation process. This report will not address the annexation process, but will focus solely upon the financial aspects of the revenues and expenditures likely to result from the outcome of a potential annexation. The revenue findings, expenditures anticipated, and a special discussion of the impacts of the pandemic and other growth impacts will be discussed within this report.

Revenue Findings

The KAA will generate increased revenues for the City of Winter Park estimated in the amount of \$1.26 million annually. These are primarily comprised of revenues that are derived from the addition of land and population which will impact property taxes and intergovernmental revenues allocated from the state. To a lesser extent, the area will generate additional services fees from Stormwater payments, ambulance transports, and increased reimbursement from the county for School Resource Officers. The following is a summary of the revenue impacts which will be discussed in detail in the body of this document.

Source	Fund	Pre-Covid Est.
Property Taxes	General	422,440
Local Option Gas Tax	General	44,233
Communications Services Tax	General	77,208
Half-Cent Sales Tax	General	225,043
Municipal Revenue Share	General	67,132
SRO Reimbursement	General	50,000
Ambulance Transport Fees	General	84,196
Water Utility Taxes	General	13,944
Electric Utility Taxes	General	112,498
Electric Franchise Fees	General	78,100
Stormwater Fees	Stormwater	117,612

Killarney Area Annexation

Water & Sewer Revenues	Water & Sewer	(34,861)
Total Estimated Revenue Impact		1,257,544

Expenditure Findings

The acquisition of the KAA would add increased operating and capital costs for the City of Winter Park. Public Safety costs related to the increased need for Police and Fire personnel as well as the addition of a new Fire Station to provide Winter Park's service standard to the neighborhood. Additional costs for Public Works, Code Enforcement, and Parks services will also be necessary. These expenditures will vary depending upon the view of which of these costs are more regional in nature and could be partially applied to the impending needs at Ravaudage. Further growth and expansion in the western part of the city is a tipping point for public safety services and a range of scenario expenditure summaries are presented below and further explained in the remainder of this document.

Scenario		Category	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	Bear All Cost	Total Expenditures	1,966,598	1,637,328	1,809,433	1,753,869	1,753,869
Scenario 2	Original Ravaudage	Total Expenditures	1,106,072	1,054,622	1,226,728	1,171,164	1,171,164
Scenario 3	Split Public Safety	Total Expenditures	1,275,579	1,103,037	1,189,089	1,161,307	1,161,307

Summary Findings

The KAA will result in a net cost to the City of Winter Park, however a number of factors impact the significance of any shortfall. The pandemic has lowered the level of intergovernmental revenues received by the city and using rates that are based on this new low level, may understate the revenue generated over future years. Growth opportunities within the KAA may also add to future taxable value and raise property tax revenue collection in the future. Currently the median value of a parcel in the primarily residential KAA is \$140,000, while the median value of a residential parcel in the municipal boundary of Winter Park is \$272,000. This indicates that the KAA could almost double its current taxable value and generate an additional \$400k annually, if its properties became more in-line with the rest of the city. There is also an argument that some cost considerations may have to be incurred by the city, regardless of any further annexation. The Ravaudage

development will put pressure on Public Safety services as it builds-out, and will require the hiring of additional officers and fire personnel that would also serve the KAA. Removing any portion of Public Safety costs from the analysis will greatly reduce the cost of adding the KAA, and in some scenarios, would make the annexation a slightly positive financial benefit. Given that policy and opinion will greatly affect which cost components should be fairly attributed to the KAA, the findings of this analysis would argue that the financial impact should be viewed as neutral to slightly positive. The table below summarizes the scenario findings.

Scenario		Category	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	Bear All Cost	Surplus/Deficit	(709,053)	(379,783)	(551,888)	(496,324)	(496,324)
Scenario 2	Original Ravaudage	Surplus/Deficit	151,472	202,922	30,817	86,381	86,381
Scenario 3	Split Public Safety	Surplus/Deficit	(18,034)	154,508	68,455	96,237	96,237

ASSUMPTIONS

Inflation

This analysis does not use any inflators in its future forecasted revenues and expenditures. Inflators could certainly be applied and would be valid in situations where there is expected to be significantly divergent rates of change in various revenues and expenditures. Overall, the assumption is that revenues will rise in a similar fashion to expenditures over the long term and that this is a safer assumption than trying to create adjustments for possible rates of growth of future development and its effect on property tax revenue and the variability that the pandemic will have in the short-term on revenue sources. Adjustments for issues related to potential tax base growth or the pandemic will instead be discussed as modifiers to any final opinion on this analysis.

Department Cost Estimates

Departments were asked to provide the additional personnel, equipment, and operating needs of adding the KAA. Valuations for the cost of personnel and equipment were made by staff based on the most recent cost per employee data available for fiscal year 2020 – 2021. Many costs have also been annualized to account for capital replacement of items and buildings over their useful life. For instance, vehicles and equipment will have an initial purchase cost but then the ongoing annual costs will factor in a reserve for their eventual replacement. This means that in actuality the city will not spend all the funds indicated in every fiscal year, but that those total amounts represent the actual costs plus the implied liability of needing to replace items in future. The Fire Station is also assumed to be financed through debt issuance and therefore has no initial startup capital cost and is funded annually through debt service payments.

Property Taxes

Property tax data at the time of compiling this report was only available for the 2019 tax year. The 2020 data was just made available and will be incorporated into a later version of this document. For now, property taxes were adjusted upward by 8% to reflect the rate at which the Winter Park area property valuations increased in the last year to arrive at a 2020 figure. Overall the effect on the analysis should be minimal.

REVENUE SOURCES

Property Tax Revenue

The 583 parcels that make up the KAA had a taxable value of \$95,581,465 for the 2019 tax year and would generate \$391,148 in annual property tax revenue based on the City of Winter Park's operating millage rate of 4.0923. It would be fair to adjust this annual amount upwards as 2020 data is now becoming available, and applying the Winter Park growth rate in taxable value of 8%, would yield \$422,440 in annual revenues. The median parcel value in the KAA of \$139,505, indicates that there is room for values to double over some time period if the area were to reach the Winter Park median value of \$271,923¹. Property tax revenue would impact the city's General Fund.

Intergovernmental Revenues

These revenues reflect funding from sources collected by the state and remitted back to local governments based on various methodologies. In most cases, they are apportioned based on population and this analysis uses the most recent revenue estimates for FY21 on a per capita basis. Based on the official Winter Park population of 30,239 the following intergovernmental revenue sources are indicated on a per-capita basis for both the 2020 and 2019 years. Based on an estimated population of 1,300 in the KAA, the total revenue impacts were then derived. Intergovernmental revenues are expected, based on FY21 State estimates, to bring in about \$355k. However it should be noted that this might be an artificially low shorter-term number that reflects the current spending pattern on sales taxes and driving declines caused by the pandemic and recession. For a longer term analysis it may be more reasonable to assume the higher pre-covid figure of \$414k annually. Intergovernmental revenues impact the city's General Fund.

¹ Median of all parcels with a DOR use code of 100 (residential property with a building).

Source	Current State Estimates		Pre-Covid	
	2020 Est. Per Capita	2020 Total Revenue	2019 Est. Per Capita	2019 Total Revenue
Local Option Gas Tax	30.08	39,104	34.03	44,233
Comm Svs Tax	53.54	69,602	59.39	77,208
Sales Taxes	142.76	185,588	173.11	225,043
Revenue Share	46.65	60,645	51.64	67,132
Total	273.03	354,939	318.17	413,616
Difference	(45.14)	(58,677)		

Utility Taxes & Franchise Fees

The City of Winter Park already provides water and sewer services to the KAA, but water utility taxes that would have been paid to Orange County will now be directed towards the city. Electric services will still be provided by Duke Energy regardless of annexation, however the city will start to receive the electric utility taxes and franchise fees for the KAA. All of these sources will impact the city's General Fund.

Electric Franchise Fees & Electric Taxes

Of the 546 parcels that are not Florida Department of Transportation (FDOT) or Orange County Public Schools (OCPS) owned rights-of-way, residential use makes up 95%, so averages for residential customers have been used for this analysis. The Duke Energy paid franchise fee for August on an average 1,500 kWh residential consumer is \$11.92 monthly. Multiplied by the 546 parcels, generates almost \$80k annually. Similarly, the electric tax rate per the same consumer was \$17.17 monthly which generates about \$112k annually.

Water Utility Taxes

Like electric taxes, water utility tax is paid to the jurisdiction as part of the monthly bill. Based on the water rates paid in the KAA in 2019, this would be approximately \$14k annually.

Public Safety Related Revenue Sources

School Resource Officer Reimbursement

Orange County Public Schools provide reimbursement to the city for police officers services dedicated to monitoring the schools through the School Resource Officer (SRO) program. As Killarney Elementary would require an additional SRO, the city will receive its annual contracted amount of \$50k per SRO. This revenue source would impact the city's General Fund.

Ambulance Transport Revenues

The Fire Department receives payment through insurance programs for the transport of critical patients in its ambulances. The Fire Department estimates that the KAA will result in an additional 250 transports a year. The city has a published fee list for types of transports and the average weighted fee per transport over the last three months has been \$868. The city also has a 38.8% collection rate after failures to pay and payment to the processing service are taken into account. Based on these assumptions, transports will result in about \$84k annually in revenue to the General Fund.

Stormwater Fees

Stormwater fees are based on impervious coverage on any given parcel, depending upon the type of use and amount of coverage, varying fee amounts are assessed as part of the monthly utility bill. The parcels in the KAA would start paying the city the fee and based on an average of 8,000 residential parcels in Winter Park, the average fee is \$16.64 monthly. Annually this generates about \$118k in revenue for the Stormwater Fund.

Water & Sewer Fees

The KAA already receives city service but all customers outside of the city limits pay a 25% premium on their bill. The Water & Wastewater Utility will lose this premium if this area is annexed. In 2019, the KAA paid \$174k, and removing the premium would mean a reduction of about \$35k annually to the Water Utility.

Revenue Summary

The KAA is estimated to add about \$1.2 million in annual revenues to the city. As the current pandemic may make the pre-covid figures more accurate, that would mean about \$1.26 million annually. The following chart outlines the revenue sources and details them by fund.

Source	Fund	Current Est.	Pre-Covid Est.
Property Taxes	General	422,440	422,440
Local Option Gas Tax	General	39,104	44,233
Communications Services Tax	General	69,602	77,208
Half-Cent Sales Tax	General	185,588	225,043
Municipal Revenue Share	General	60,645	67,132
SRO Reimbursement	General	50,000	50,000
Ambulance Transport Fees	General	84,196	84,196
Water Utility Taxes	General	13,944	13,944
Electric Utility Taxes	General	112,498	112,498
Electric Franchise Fees	General	78,100	78,100
Stormwater Fees	Stormwater	117,612	117,612
Water & Sewer Revenues	Water & Sewer	(34,861)	(34,861)
Total Estimated Revenue Impact		1,198,868	1,257,544

CITY EXPENDITURES

The city will incur a number of costs to provide the level of service that current residents enjoy. Estimates are based on input and estimates from Department Heads, Budget Office, and resources available on-line.

Police Department

Wages & Benefits

The addition of the KAA would trigger the addition of six officers; four to serve patrol, one for the SRO at Killarney Elementary, and an additional officer that would be needed for investigative services². This detective position would likely not be needed immediately but over time as investigative needs on the west side of town triggered by the annexation at KAA and growth at Ravaudage, increase. The annual cost of an officer is \$92,625, including salary and benefits. Overtime is also expected to add about \$3,468 per officer, totaling an annual cost of just over \$96k or \$577k for all six officers.

Equipment Expenses

Uniforms, equipment, supplies, initial medical testing, radio, body camera, and data systems will cost about \$20,564 per office and would represent a one-year start-up cost of about \$123k.

The average associated ongoing operating costs per officer in the patrol division costs \$11,099 in the most recently completed budget year. This would include all costs related to annual testing, equipment, and phone and internet services. For six officers total operating would be \$67k annually.

Police Vehicles

The police SUV costs \$35k, has an estimated useful life of 10 years, and a salvage value of \$3,500. In addition, average annual repairs and maintenance cost \$3,900 and fuel \$2,300.

² Hired in year three. All other positions hired in year one.

Killarney Area Annexation

For six officers, vehicle acquisition will cost \$210k, and annual reserve for maintenance, fuel, and replacement will cost \$56k.

Police Summary

All together vehicles and equipment will result in one-time costs of \$333k, while annual obligations will total \$699k. Results over initial years will fluctuate as the detective position and associated costs and equipment will not be reflected in the model until year three.

Fire Department

Wages & Benefits

The Fire Department will need six new Firefighter/EMT positions in order to provide services to the KAA. The annual cost of a FF/EMT is \$79,188, including salary and benefits. Overtime is also expected to add about \$11,113 per position, totaling an annual cost of just over \$90k or \$542k for all six positions.

Equipment Expenses

Uniforms, equipment, supplies, initial medical testing, radio, and data systems will cost about \$15,200 per position and would represent a one-year start-up cost of about \$91k.

The average associated ongoing operating costs per position in the fire-rescue division costs \$10,103 in the most recently completed budget year. This would include all costs related to annual testing, equipment, and phone and internet services. For six positions, total operating would be \$61k annually.

New Fire Station

In order to maintain fire service response times to the western portion of the city, the Fire Department would need an additional station. Response times to the western edge of the city are already constrained because of geography and location of existing stations. Finding a location off of Lee Rd. or W. Fairbanks would offer a much better level of service and would likely also improve response times city-wide. For the purposes of estimating, a station similar in size and scale to Howell Branch was used as a model.

A new station would require about 20,000 SF of land with an average price per SF of \$30.³ This would make land acquisition total \$600k. Using an average of \$350 SF from www.firehouse.com as the price to construct the average station, needing 3,000 SF of building, the total construction cost is estimated at \$1,050,000. Total land acquisition and building costs would total just over \$1.6 million.

For the purposes of this analysis, the cost to complete the station is financed over a 20 year term at 2%. Based on semi-annual payments, this would cost the city \$100,503 annually.

Annual reserves for capital replacement and repairs and maintenance at the station are estimated to cost almost \$40k. These would impact the second year in the analysis assuming the station is built in the first year. This covers janitorial, utilities, maintenance, and a capital replacement reserve.

Fire Summary

Initial equipment costs will total \$91k while annual payments to cover wages, operating costs, station financing and operating costs will cost \$743k annually.

Code Enforcement

Code enforcement will require one additional officer at an annual total cost of \$46,550.

Parks Department

As there are no public parks or major landscaped rights-of-way, there would be minimal annual operating costs of approximately \$30k requested by the Parks Department.

Public Works

Public Works costs cover road, curb, and stormwater maintenance and replacement. The following statistics were used to develop the cost model for the area.

³ Comparables pulled on vacant land off Lee Rd showed \$40 a SF while W. Fairbanks showed \$20.

Item	Amount	Unit
Miles of Road	6.12	miles
Miles of Lane	12.24	miles
Miles of Curb	4.98	miles
Miles of Pipe	6.12	miles
Width of Road	22	feet
Miles of Sidewalk	5.8	miles
Miles of Valley Gutters	0.56	miles
Width of Sidewalk	5	feet

Street Sweeping

Based on a cost of \$25 per lane mile and weekly cleanings, the annual cost to sweep would be \$16k.

Pipe Replacement

Based on a replacement cost of \$100 per foot of pipe and 32,314 feet of pipe with a life of 35 years, the annual reserve for replacement would cost \$92k.

Inlet Replacement

Based on an estimate of 50 inlets and a cost of \$10,000 per inlet and a 50 year life, the total annual reserve for replacement would cost \$10k.

Asphalt Replacement

Based on a cost of \$11.61 cost per square yard, 7.33 yard road width, and a 20 year life, the annual reserve for road replacement would total \$46k.

Curb Replacement

At a repair and replace cost of \$19 per foot and \$26,294 LF of curb, and a 30 year life, the total annual reserve for replacement would total \$17k.

Sidewalk Replacement

Based on a repair and replace cost of \$53.33 LF, 30,624 LF of sidewalk, and a 30 year life, the total annual reserve for replacement would be \$54k.

Public Works Summary

Overall Stormwater annual reserves for repair and replacement would total \$118k, while Public Works costs to the General Fund would total \$117k annually.

Expenditure Summary

The initial start-up costs for public safety equipment and the timing of station completion will result in an initially higher first year cost of just under \$2 million, followed by an estimated annual operating obligation of \$1.6 – \$1.8 million.

Department	Year 1	Year 2	Year 3	Year 4	Year 5
Police	860,525	582,705	754,810	699,246	699,246
Fire	794,121	742,671	742,671	742,671	742,671
Code Enforcement	46,550	46,550	46,550	46,550	46,550
Parks	30,000	30,000	30,000	30,000	30,000
Public Works	117,165	117,165	117,165	117,165	117,165
Stormwater	118,237	118,237	118,237	118,237	118,237
Totals	1,966,598	1,637,328	1,809,433	1,753,869	1,753,869

MITIGATING FACTORS

Nothing is ever simple and there are a number of factors that should be weighed in any decision.

Pandemic Impact

The current pandemic has created an economic shock that is still yet to be fully understood. The implications on municipal revenues and costs are largely unknown and in the short term, the recession is having a significant impact on consumer spending which affects revenue to the city. The intergovernmental revenue impact change from last year causes a 14% reduction in about a third of the revenues that the city would normally receive. Because the prevailing wisdom is that the economy will one day get past this and return to a more “normal” existence, it is probably inaccurate to use the covid affected figures to approximate revenue collection over the long term. As such, it is recommended that the higher revenue number of \$414k is used for estimated intergovernmental revenues.

As for city costs, it is hard to imagine that added pandemic costs will last into the timeline where the KAA would be impacted. Unfortunately there is no clear way to account for this variable and this analysis assumes no change to typical cost structures.

Development Potential

As this analysis makes no estimate for future development potential, this can play a factor in consideration of future breakeven analysis. As development and growth in primarily residential areas can be considered controversial, this report makes no assumptions as to whether certain areas could be rezoned and redeveloped. As mentioned previously, the median residential home value in Winter Park is almost double that of the KAA, highlighting that homes may be revalued over time through rebuilding, however the timetable over how that may happen is beyond guessing.

Tipping Point & The Ravaudage Development

The Ravaudage development area is located at the North-West corner of Lee Rd. and 17-92. It is a planned development community that annexed into the city a few years ago. Its inclusion in the city was estimated to add about 1,200 to the population count, very similar

to what will be added by the KAA. At the time, the Fire Department did not anticipate any additional position needs other than a part time inspector position. However, the Fire Department has since revised that estimate and has cautioned that it would need additional people to handle the changing development mix and address response times that are already strained by station location distance and EMS transport availability.

When first proposed, Ravaudage was to have the following development mix:

<u>2013 Proposed Development</u>	<u>Current Proposed Development</u>
Apartments: 756 units	Residential: 604 units (apt & townhome)
Townhomes: 60 homes	Assisted Living ⁴ : 107 beds
Hotel Rooms: 320 rooms	Hotel Rooms: 320 rooms
Office Space: 378,625 SF	Office Space: 866,255 SF
Retail Space: 163,339 SF	Commercial/Restaurant Space: 512,398 SF
Restaurants: 76,114 SF	
Minor League Baseball Stadium	

Either the build-out of Ravaudage or the proposed annexation of Killarney, would trigger the need to add additional personnel. At the time of estimating the benefit of Ravaudage, it was expected to generate about \$1.4 million in annual revenues to the city. Those revenues are beginning to come in as the tax base grows and a portion of any growth will ultimately have to go to increased personnel in future budget years as build-out continues.

Currently the entirety of the cost of the fire positions and station are being applied to the KAA when in reality, those positions would also satisfy the needs of Ravaudage. The Police Department also mentioned that they may need 5 new positions once build-out of Ravaudage was complete. The addition of the six officer positions at the KAA would cover

⁴ Square footage accounted for in Commercial Space.

Killarney Area Annexation

the potential need of the Police Department at Ravaudage. For the KAA, Public Safety requests for funding make up 84% of the first year estimated costs, and 81% of the ongoing charges. If some, or all of these costs were attributed to Ravaudage, it would greatly change the financial impact to the city.

SUMMARY FINDINGS & OPINION

The entirety of any cost/benefit of annexing the Killarney Area relies solely on opinions regarding what costs should be attributed to the area. Using current year revenue data and all the expenditures needed by city departments, results in a first year loss of \$768k and an ongoing gap of \$438k. However if there is any belief that the city will need to hire additional police and fire personnel to handle demand at Ravaudage, then those costs should be removed from this analysis. In addition, using covid impacted numbers likely undervalues intergovernmental revenues. To assist with considering how these may impact any final decision, a number of outcome scenarios are presented. For simplicity, these all use the pre-pandemic intergovernmental figures which add about \$59k in additional revenues.

Scenario 1 – Killarney Bears All Costs

Results in a first year loss of \$709k and \$380k – 552k annually.

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5
Property Tax Revenue	422,440	422,440	422,440	422,440	422,440
Intergovernmental Revenue	413,616	413,616	413,616	413,616	413,616
Utility Taxes & Franchise Fees	204,542	204,542	204,542	204,542	204,542
Public Safety Revenues	134,196	134,196	134,196	134,196	134,196
Stormwater Fees	117,612	117,612	117,612	117,612	117,612
Water & Sewer Fees	(34,861)	(34,861)	(34,861)	(34,861)	(34,861)
Total Revenues	1,257,544	1,257,544	1,257,544	1,257,544	1,257,544

Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Police Services	860,525	582,705	754,810	699,246	699,246
Fire Services	693,618	602,418	602,418	602,418	602,418
Fire Station	100,503	140,253	140,253	140,253	140,253
Public Works	117,165	117,165	117,165	117,165	117,165
Code and Parks	76,550	76,550	76,550	76,550	76,550
Stormwater	118,237	118,237	118,237	118,237	118,237
Total Expenditures	1,966,598	1,637,328	1,809,433	1,753,869	1,753,869
Surplus/Deficit	(709,053)	(379,783)	(551,888)	(496,324)	(496,324)

Scenario 2 – Remove Original Ravaudage Request

As the Police Department originally requested five officers to support Ravaudage, that would allow those costs to be removed from the cost consideration for KAA. The additional position for the police detective was not in the original request and would remain. As the Fire Department did not request any additional FF/EMT positions for Ravaudage, those would stay part of the analysis. This would be a strict interpretation of previous requests and not account for any changing development considerations since 2013 or the fact that the police officers hired for Ravaudage would also support the KAA. This results in a first year surplus of \$151k and ongoing annual gain of \$86k. (Revenues not reflected as they are unchanged.)

Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Police Services	-	-	172,105	116,541	116,541
Fire Services	693,618	602,418	602,418	602,418	602,418
Fire Station	100,503	140,253	140,253	140,253	140,253
Public Works	117,165	117,165	117,165	117,165	117,165
Code and Parks	76,550	76,550	76,550	76,550	76,550
Stormwater	118,237	118,237	118,237	118,237	118,237
Total Expenditures	1,106,072	1,054,622	1,226,728	1,171,164	1,171,164
Surplus/Deficit	151,472	202,922	30,817	86,381	86,381

Scenario 3 – Split Applicable Costs with Ravaudage

This acknowledges that some public safety costs should be attributed to Ravaudage from both the Police and Fire Departments. If the KAA and Ravaudage were viewed collectively, the position needs of Fire and Police would be shared between the two areas, with only the cost of the fire station and the SRO being solely attributed to the KAA. As both districts add a similar population count, approximately 1,300, it seems reasonable to consider an even split. This results in a first year deficit of 18k and an ongoing long-term surplus of \$96k. (Revenues not reflected as they are unchanged.)

Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Police Services	516,315	349,623	435,676	407,894	407,894
Fire Services	346,809	301,209	301,209	301,209	301,209
Fire Station	100,503	140,253	140,253	140,253	140,253
Public Works	117,165	117,165	117,165	117,165	117,165
Code and Parks	76,550	76,550	76,550	76,550	76,550
Stormwater	118,237	118,237	118,237	118,237	118,237
Total Expenditures	1,275,579	1,103,037	1,189,089	1,161,307	1,161,307
Surplus/Deficit	(18,034)	154,508	68,455	96,237	96,237

Summary Opinion

Looking at the KAA in isolation puts the unfair burden of any needed costs solely upon its shoulders when the people and equipment needed would have the capacity to cover regional requirements. Though the Ravaudage development is proceeding at a slower pace than originally planned, those needs for added security and transport calls will ultimately come and require the city to add staffing in future budget years. As the needs at Ravaudage are already in play, it is simply a matter of time before they arrive, it does not seem reasonable to attribute all the Public Safety costs to the KAA just because it may trigger the need first. Given these conditions, the third scenario where Police and Fire personnel costs are split evenly between the two districts, seems the most reasonable. Also, given that the Killarney area is underdeveloped from a tax base standpoint, indicates that it has growth potential and could be considered an investment in a growing asset.

