

ADMINISTRATIVE PROCEDURES FOR CREATING AND IMPLEMENTING ROAD IMPROVEMENT MUNICIPAL SERVICE BENEFIT UNITS

AUTHORITY

Florida Statutes Chapter 125.01(1)(a)
Florida Statutes Chapter 197.3632
Hernando County Code Section 24-16 through 24.40-10
BCC Policy No. 16-1
Guidelines on Assessment Districts for Road Improvements of the Department of Public Works,
dated November, 1986

Below is an outline of the basic procedure for establishing road improvement assessment MSBUs, including the levy and collection of the assessments on the annual tax bill:

I. DEVELOPING PRELIMINARY PROJECT SCOPE

- A. A property owner contacts the Office of Management and Budget inquiring about the procedures for establishing a road improvement assessment project. A brief explanation is given about the process, including petition, public hearings, calculation of costs and assessment collection.
- B. If the individual wishes to pursue the project, a valid petition is to be submitted and a meeting is scheduled with the individual, the Office of Management and Budget representative, Public Works staff, Legal staff (and other staff members, depending on project) to develop the preliminary project scope.
 - 1. The project scope will include a description of the proposed improvements, preliminary construction cost estimate, proposed timetable, assessment methodology and assessment district boundaries.
 - 2. In developing the project scope, the criteria outlined in the Road Assessment Guidelines Manual (Pages 3 through 15), approved by the Board in 1986, will be applied.
 - 3. In developing the project scope, the County's participation will be in accordance with Ordinance 98-27, except as the Board may otherwise direct. Administrative services include the County Administrator's Office and Data Processing of which the costs are chargeable items to the MSBU. Such administrative services charges shall not exceed seven (7%) percent of the total project construction cost. The County Engineer's Office may charge up to ten (10%) percent of the construction costs if the County Engineer's office provides the project plans and specifications and construction surveillance.

II. PETITION

- A. With the preliminary information determined in the meeting above, the property owner proceeds to circulate a petition to obtain at least 60% of the signatures of property owners' within the proposed district boundaries. The Board of County Commissioners

may waive the 60% requirement depending on the circumstances.

- B. The petition must be submitted to the Office of Management and Budget by July 1st of any given year to allow adequate time for it to be processed for presentation to the Board to adopt the Ordinance creating the MSBU by December 31st. However, in order to allow sufficient time for the preparation of plans and specifications, and bidding a project in time for completion by July 1st of the following year, it is recommended that the Ordinance be approved by October 1st.
- C. Office of Management and Budget submits the original petition to the County Administrator's Office for placement on Correspondence to Note for the BCC agenda.
- D. Office of Management and Budget requests the tax roll for the proposed district from the Property Appraiser's Office and proceeds with the petition verification process and determines if the petition meets the signature requirements.
- E. The representative from the Office of Management and Budget advises the petition spokesperson in writing within 90 days of receipt of the petition if the petition is valid or if not, what additional information is needed.
- F. If the petition is valid, the representative of OMB requests the County Engineer's Office to develop a final construction estimate, based upon the project scope determined in the meeting referred to in No. I (2) above. If necessary, the same group of individuals (see No. I (2)) may need to meet again to further refine the project scope.

III. BUDGET/ASSESSMENT ROLL

- A. The County Engineer provides to the OMB representative the project scope, and construction estimate. The Finance Officer provides to the Budget Officer estimated interest rates for financing the project.
- B. The OMB representative develops a basic project budget which includes the estimated construction cost, BCC administrative costs (as mentioned in Item I.2.c. above), postage costs for two required mailings to all affected property owners, interim interest covering the time from project commencement until permanent financing is obtained at project completion, and a contingency amount. A basic per parcel or front foot assessment is calculated based on these costs. This amount would be the assessment due if paid off in full by August 31st, year prior to placement on the tax bill.
- C. The OMB representative calculates the annual assessment to be placed on the tax bill if full payment is not made by August 31st. Included in this annual amount are all of the items included in the basic budget, plus an additional percentage (to be determined by the Clerk of Circuit Court annually when negotiating with financial institutions) which would include but not to exceed 5% administrative fees for the Property Appraiser, Tax Collector and Clerk of Circuit Court, as well as the negotiated interest rate.

Note: Assessments are amortized in equal annual payments, including interest, up to ten years (Example: \$100-\$199 assessment must be paid the first year; \$200-\$299 would be

amortized over two (2) years; \$300-\$399 would be amortized over three (3) years; \$400-\$499 would be amortized over four (4) years, etc.) Assessments of \$1,000 or more would be amortized over ten (10) years. Assessments are collected in the same manner as ad valorem taxes, subject to the same discount provisions and delinquent payment provisions.

- D. The standard discounts for early payment of tax bills will be considered in calculating the annual assessment, as well as projected interest earned.
- E. The OMB representative applies the assessment methodology, previously determined to be appropriate by staff, to the MSBU total budget amount developed by the Budget Officer, arriving at a preliminary assessment roll.

IV. INITIAL PUBLIC HEARING

- A. The OMB representative develops an agenda memorandum to the BCC to be placed on the Consent Agenda which outlines the project and requests a public hearing date to consider the preliminary assessment roll and project scope.
- * B. The OMB representative prepares a Notice of Public Hearing to be published in the legal advertisements and to be mailed to each affected property owner within the proposed district.
- * C. The public hearing is held and the BCC determines if it wishes to adopt an ordinance creating the Road Assessment MSBU, approve the project scope, preliminary assessment roll and authorize construction. Note: this public hearing is recommended to be held by October 1st of any given year in order for the non-ad valorem assessment to be placed on the following year tax bill.

V. CONSTRUCTION OF IMPROVEMENTS

- A. If all of the above (IV.3) is approved, the OMB representative calls a meeting with the same individuals noted in No. I.2. above to further refine the project details and develop a construction timetable.
- B. The Public Works Department prepares the bid specifications, and the Purchasing Department solicits bids for the assessment project.
- C. Bids are received and evaluated by the Public Works Department.
- D. The County Engineer's Office prepares a recommendation for the Purchasing Department to include in an agenda memorandum recommending the best and lowest responsible and responsive bid to the BCC.
- E. Upon receiving BCC approval, contract documents are finalized, required bonds and insurance certificates are obtained and the contract is executed.
- F. Contractor is given Notice to Proceed by the County Engineer's Office.

- G. County Engineer's Office performs construction surveillance.
- H. The Budget Office processes pay requests for payment by the Finance Office, subject to confirmation by the County Engineer's Office that the work which is billed for has been satisfactorily accomplished.
- I. Project is completed and final payment made to contractor. The source of payment to the contractor is either the Transportation Trust Fund or issuance of a Tax Anticipation Note, depending upon the size of the project. The project must be substantially completed and total costs calculated by July 1 (one year after receipt of petition) to allow adequate time to comply with notice requirements for the final public hearing required to place assessment on tax bills the following October. If projects are not substantially completed by July 1st, the final public hearing cannot be held until the following June - September 15th time frame, (one year later) thus, assessments cannot go on the tax bills until the following October. This would result in a full year's additional finance charges being added to the assessment.

VI. FINAL PUBLIC HEARING/LEVY OF ASSESSMENTS/FINANCING

- A. The OMB representative prepares an agenda memorandum recommending a final public hearing date to be held between July 1st and August 15th.
- * B. The OMB representative mails notices of the public hearing to affected property owners and submits a Notice of Public Hearing to the Clerk's Office for placement in legal ads. The purpose of this public hearing is to approve the final construction costs, the MSBU budget and the final assessment roll. The notices shall contain the information required in F.S. Chapter 197.3632(4)(b) as well as the total per parcel assessment amount if paid off prior to August 31st and the annual amount if placed on the tax bill.
- C. Property owners are also advised in the notices that they may pay off the entire assessment prior to placement on the tax bill in October. Early pay-offs must be received by the Finance Office of the Clerk of Circuit Court no later than August 31st, but not before the final public hearing is held. It should be noted that the balance for payoffs received after August 31st will include interest for the entire term of the assessment.
- * D. The public hearing is held and a resolution is adopted approving the final project including the budget and assessment roll. The resolution is sent to the Tax Collector and Property Appraiser. The resolution and assessment roll are recorded in the Official Records. A bond resolution is also adopted at the public hearing which sets forth the interest rate for financing the project costs.
- E. The Finance Officer applies payments to the assessment roll to reflect total payments received, which is the amount to be financed to repay the Transportation Trust Fund or satisfy the Tax Anticipation Note. The Finance Officer notifies the OMB representative of the adjusted assessment roll.
- F. As assessment revenues are received, they will be deposited into a debt service account for the repayment of the bank loan.

G. When all principal and interest on a project has been paid or provided for, any remaining funds may be withdrawn and applied for any lawful purpose as provided in the bond resolution and transferred to the Transportation Trust Fund for road maintenance purposes.

* Costs associated with legal advertisements, mailing notices and recording the ordinance and resolution in the Official Records are the responsibility of the petitioner(s) or must be paid from the MSBU budget. General funds of the County may not be used in connection with establishing or administering any municipal service benefit unit.

For further information regarding MSBUs in general and how they are established and administered, see attached Fact sheet.

Attachments: MSBU Fact sheet (**Attachment 1**)
Road Improvement Assessment Petition Form (**Attachment 2**)
Pages 3-15, Guidelines on Assessment Districts for Road Improvements, November 1986
(**Attachment 3**)

The offices or departments listed below are all involved at some point in the process for creating and administering road improvement assessment MSBU'S:

Public Works Department
County Administrator's Office
Budget Office
Legal Department
Finance Department, Clerk of Circuit Court
Property Appraiser's Office
Tax Collector's Office
Technology Services
Central Purchasing Department

FACT SHEET

**MUNICIPAL SERVICE BENEFIT UNIT (MSBU)
CREATION AND IMPLEMENTATION**

Authority

Florida Statutes Chapter 125.01(1)(a) authorizes the Board of County Commissioners to create Municipal Service Benefit Units to provide specific municipal services to any specified portion or all of the unincorporated area of the county. Florida Statutes Chapter 197.3632 authorizes such MSBU non-ad valorem assessments to be billed and collected in a uniform manner with ad valorem taxes. Policy No. 16-1 of the Board of County Commissioners provides the procedural requirements for creating and implementing an MSBU. Services are paid for by non-ad valorem assessments levied against property within benefited areas.

Examples of types of services which may be provided by MSBUs:

Street Lighting	Road Paving	Fire Hydrants
Water/Sewer Service	Grounds Maintenance	Multipurpose

Creation

Petition submitted containing at least two-thirds of the signatures of property owners of the area to be included in the MSBU. The Board of County Commissioners may at its discretion, require more than **60%** of the property owners' signatures.

- X Petition must contain legal descriptions of the proposed MSBU area to be served, preferably with plat or map attached.
- X Petition must contain specific description of requested services. For street lighting, indicate requested number of lights, (i.e., intersections only, entrances, between intersections, etc). Attach pertinent information as necessary.
- X Petition must be submitted by July 1st for implementation with the annual County budget October 1st of the following year. All new MSBUs must be created (Ordinance adopted) by January 1st in order to be implemented by the following October 1st.
- X Petition must be on the form provided by the Office of Management and Budget. MSBU petition packets which contain a copy of Policy 16-1 and a petition form is available from the Office of Management and Budget, 20 N. Main Street, Room 464, Brooksville, FL 34601.

Procedure

1. A completed petition with attachments is submitted to the Office of Management and Budget.

2. A petition is reviewed to verify proper signatures and sufficient description of the proposed benefited area. An ownership roll is obtained from the Property Appraiser's Office to assist in the verification process.
3. For street lighting, the power company is requested to submit an engineering location design and cost estimate. For other types of services, staff will work with the petitioner to obtain necessary data to determine the cost for the service and develop a budget.
4. Upon receipt of No. 3, a proposed budget is prepared and a per lot or parcel assessment is calculated. In the case of new subdivisions, the developer will pay all installation costs and in the case of established subdivisions, the budget for the first year will include installation and operation costs and subsequent years' budgets will include operation costs.
5. Staff meets with resident representatives of the proposed MSBU to review budget and services. If cost and level of services is acceptable to residents, proposed MSBU will be presented to the Board of County Commissioners. If not, revisions will be made pursuant to residents input.
6. Proposed MSBU is presented to Board of County Commissioners to schedule a public hearing to be advertised at least 10 days prior to hearing date. The Office of Management and Budget shall ensure publication of the Notice of Hearing. The petitioner will be responsible for the costs to mail a notice of the public hearing to each of the property owners within the proposed MSBU area should the Board of County Commissioners require such a mailed notice.
7. Public hearing is held and comments from affected property owners are heard by the Board of County Commissioners.
8. If the Board of County Commissioners approves the proposed MSBU, an ordinance is adopted. Copies of the ordinance are provided to the Property Appraiser, Tax Collector, and Finance Office by the Office of Management and Budget.
9. For all newly created MSBUs established by December 31st of each year, an additional public hearing must be held in accordance with FS Chapter 197.3632, between June and September of the following year, for which notices must be mailed to each affected property owner, as well as published in the newspaper. The Office of Management and Budget shall handle the mailing and the publication.
10. Upon adoption of the MSBU assessment rolls with the annual County-Wide budget in September, such rolls shall be forwarded by the Office of Management and Budget to the Property Appraiser and Tax Collector for billing and collections for that year. (Authority under FS Chapter 197)
11. Any necessary contracts for services provided by the MSBU, such as contracts with power companies for street lights, must be approved and become effective on October 1st.

12. The following costs associated with establishing MSBUs must be paid by the petitioner:
 1. Cost of publishing legal advertisement for public hearing (approximately \$75.00)
 2. Clerk's fee for recording Ordinance creating the MSBU in the official records of Hernando County (approximately \$55.00)
 3. Cost of mailing notices to affected property owners advising of initial public hearing to create the MSBU if required by the Board (depends on number of owners)
13. Any changes to existing MSBU boundaries or changes in the purpose of an existing MSBU require a legally advertised public hearing with mailed notice to each affected property owner.

Assessment Bills

Non-ad valorem assessments are included on the annual ad valorem tax bills which are sent by the Tax Collector to each property owner within the MSBU in November of each year. Therefore, non-ad valorem assessments are payable in the same manner as tax bills and subject to the same discounts. Delinquent payments may result in the sale of a tax certificate in accordance with FS Chapter 197.

County Staff Contact: Office of Management & Budget
754-4004

**PETITION TO CREATE A
MUNICIPAL SERVICE BENEFIT UNIT
FOR
CAPITAL IMPROVEMENT PROJECT**

TO HERNANDO COUNTY COMMISSION:

WHEREAS, the Hernando County Commission, pursuant to FS 125.01 and 197.3632, may establish Municipal Service Benefit Units for the purpose of providing specific governmental services within a specifically defined geographic area; and

WHEREAS, the undersigned petitioners, being owners of property situated within the area hereinafter described, do hereby petition the Hernando County Commission for the following:

SECTION I. Purpose: That a Municipal Service Benefit Unit be created for the purpose of providing _____
(road paving, drainage improvements, sidewalks, fire hydrants).

Note: The preliminary cost estimate to pave one (1) mile of roadway with an existing 50-60' lime rock right-of-way surface is as follows:

<u>Year</u>	Estimated Construction Full Cost (3/3) (\$/Mile)	Construction Costs to Affected Property Owners (2/3) Share (\$/Mile of Road Built)*
2009	\$322,500.00	\$215,000.00
2010	\$334,330.00	\$222,887.00
2011	\$347,703.00	\$231,802.00
2012	\$361,611.00	\$241,074.00

Construction costs do not include administrative fees for County Administration, Tax Collector, Property Appraiser, and Clerk of Circuit Court. Also, not included in the construction costs are engineering services such as permits, surveys, inspections, testing and design.

***County maintained roads only**

SECTION II. Boundaries: That the area to be included in this unit shall embrace and include the following described property in Hernando County, Florida, to wit:

(Include map of affected area)

SECTION III. Property Benefited: The following is a summary of property benefited.

1. Total number of lots _____
2. Total frontage feet of lots or land benefited _____

SECTION IV. Payment for Services: That a non-ad valorem assessment is levied against the real property within the area benefited by the improvement and that this assessment be on an equitable per lot/parcel/tract/front-footage basis to be approved by the County Commission. **IMPORTANT:** The legal description of each petitioner's property must appear next to his or her signature. Signatures by a husband and wife count only as one signature. Multiple lot/parcel/tract owners' signature gives consent for each lot/parcel/ tract.

SECTION V. Designated Individual: The individual who is designated as the official representative of the petitioners is:

Name: _____

Address: _____

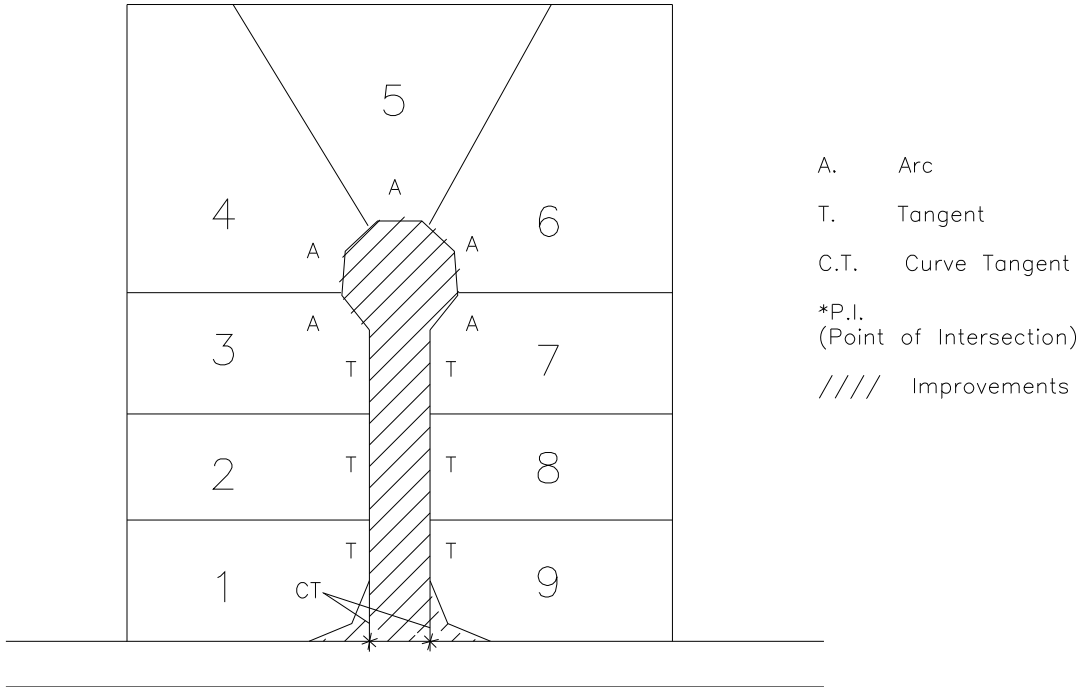
City: _____ State: _____ Zip: _____ Phone Number: _____

**Excerpt from Guidelines on Assessment Districts for Road Improvements
(November, 1986), pages 3-15:**

4. Assessment projects may be considered for the following:
 - 4.1. New construction - this would be for roads that exist as dirt or graveled roads that are well below recognized standards.
 - 4.2. Major Reconstruction - this would be for roads that had been constructed to then prevailing standards that have deteriorated to the point that they have to be rebuilt.
 - 4.2. Minor Reconstruction - this would be for roads that had been built to then prevailing standards that now require partial rebuilding.
 - 4.3. Up-Grading - this would be for roads that had been built to then prevailing standards that now require a new surface or improved local drainage.
5. No project will be considered for improvements unless the minimum rights-of-way are available and accepted by the Board of County Commissioners. This does not include any additional lands that may be required for drainage facilities or construction activities inasmuch as these would be determined during the design process and would be a part of the assessment costs.
6. County Officials should consider the use of inverted crowns on roads that have narrow rights-of-ways and low traffic volumes and a small amount of storm runoff. Curb and gutter sections should also be given consideration in these circumstances and in those areas with steep gradients.
7. When assessments are made on a per lot/parcel basis, in instances where two streets intersect and only one street is being paved, a corner lot shall be counted as one lot with one-half assessment. If both streets are being paved under one project, a corner lot will be counted as one lot and will receive one full assessment. When assessments are on a front footage basis, if both streets are paved at the same time, then corner lots will be assessed at 66% of their total abutting street footage.

SPECIAL CASE 1

Improvements to Road with a Cul-de-Sac:

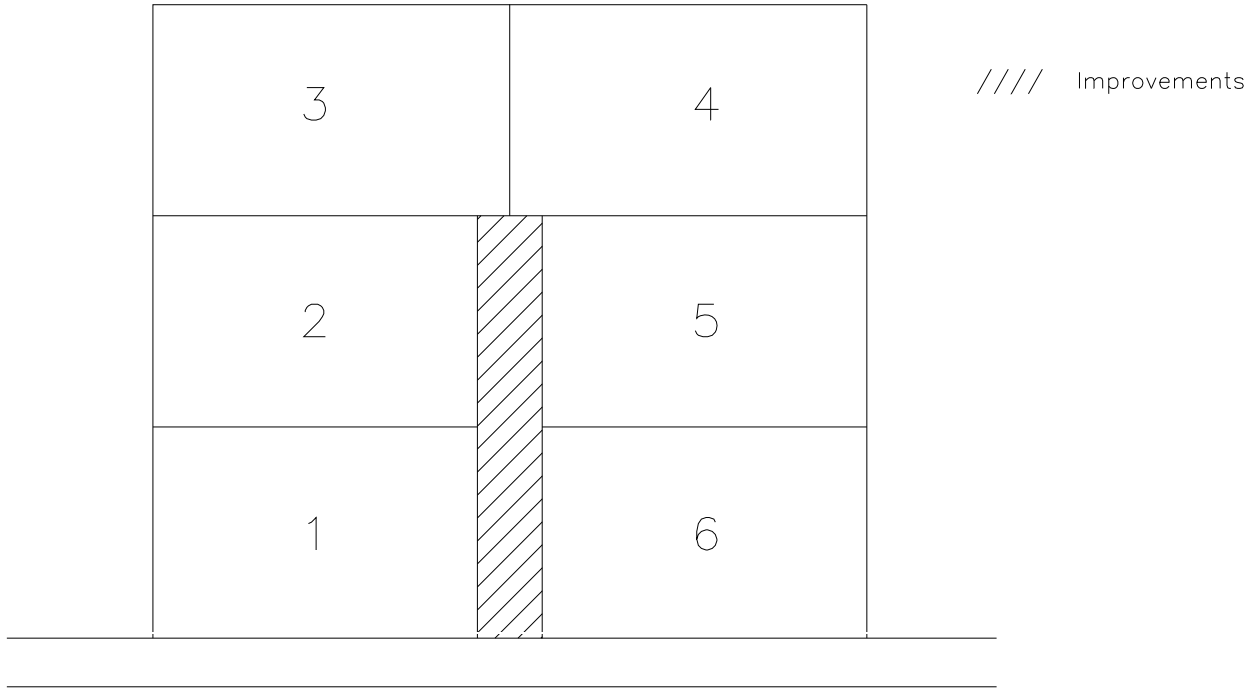


For petition purposes sixty percent of the frontage distance will consist of arc lengths, plus connecting tangent distances, and in the event of corner lots with radii, the appropriate curve tangent distance will be added.

For assessment purposes all lots shall be assessed equally, i.e. with nine lots as illustrated each owner will pay for one-ninth of the total assessed costs.

SPECIAL CASE 2

Improvements to dead-end road:

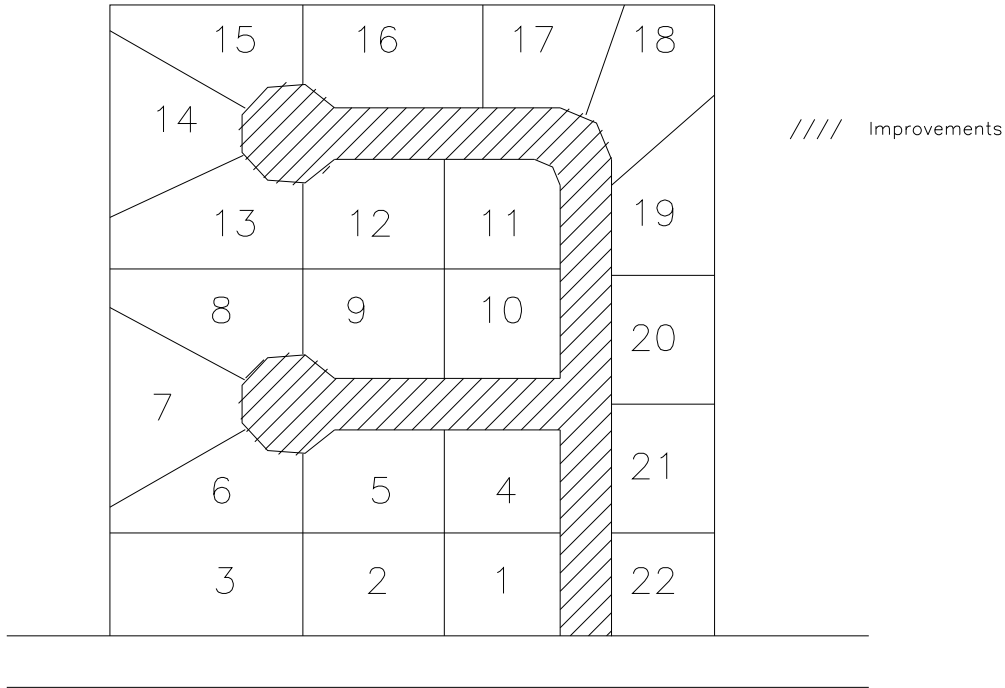


For petition purposes sixty percent of the land owners abutting the road.

For assessment purposes all lots shall be assessed equally, i.e. with six lots as illustrated, each owner will pay one-sixth of the total assessed cost.

SPECIAL CASE 3

Roads with Cul-de-sacs in small subdivisions:

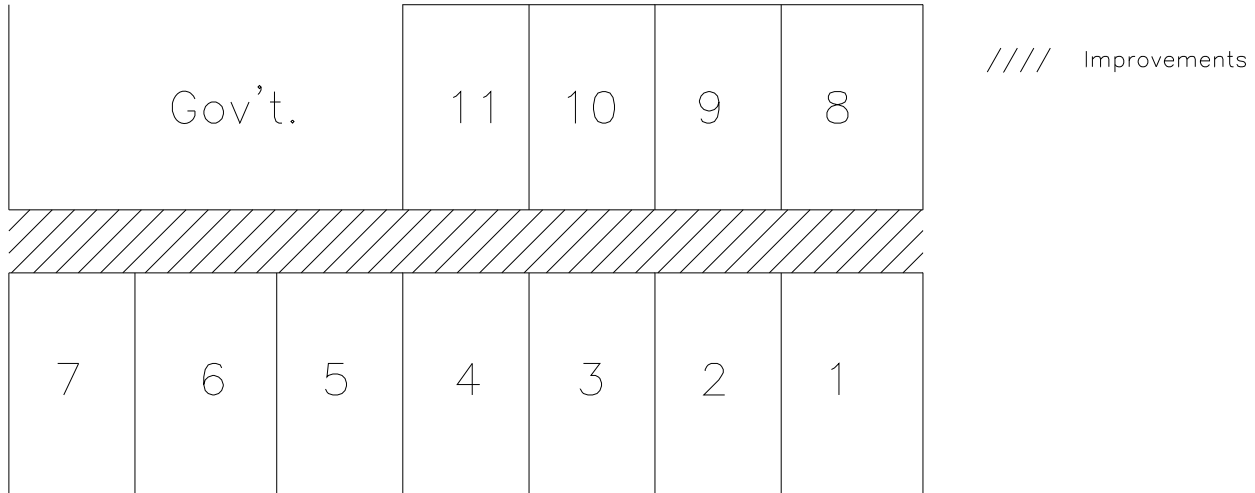


Petition required from sixty percent of the owners by front footage of those owners abutting the improvement. Arc and tangent lengths are the same as Special Case 1. As illustrated, lots 1 and 2 are not considered eligible.

Assessments would be on an equal share per lot, i.e. as illustrated twenty lots abut the improvements and each would be assessed one-twentieth of the total assessed cost. Lots 2 and 3 are not considered part of the assessment district.

SPECIAL CASE 4

Government owned lands:



Petition required from sixty percent of the owners by front footage of those owners abutting the improvement. The government owned land frontage shall be included.

Assessments would be on a per front foot basis unless prior approval was made for a different method of assessment, e.g. on a per parcel or lot basis. Assessments to other government agencies other than Hernando County may not be made without that agency's consent and that agency's consent and funding availability would have to be made prior to any improvements.

Option: The government agency may in some cases be opposed to improvements and that front footage cost may have to be distributed among the remaining front footage or assumed by Hernando County.

SPECIAL CASE 5

Large tracts of land:



Petition required from sixty percent of the owners by front footage of those owners abutting the improvement.

Assessments would be on a front footage basis unless a different method has been approved prior to the petition approval.

As illustrated above, lots 1 through 10 would exceed the sixty percent required for the petition; however, an undue hardship could accrue to the owner(s) of large acreage tracts and due consideration should be given these cases. Options to consider are a reduced share of the cost; an extended payment period; and assumption of a portion of the cost by the petitioners.

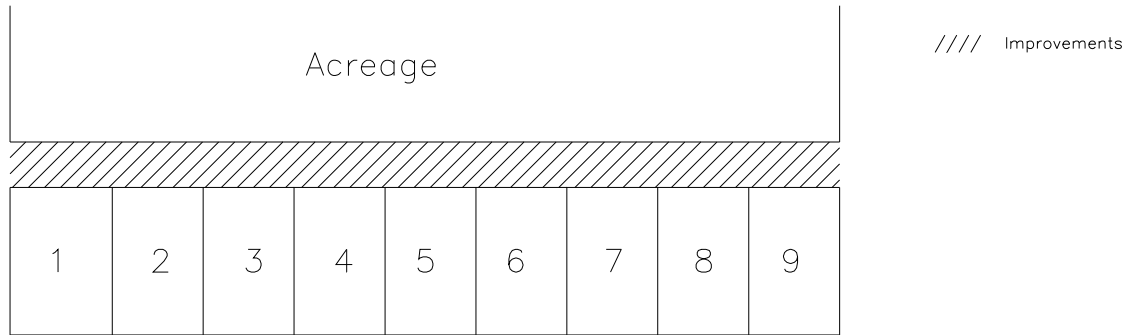
Petition required from sixty percent of the owners by front footage of those owners abutting the improvement.

Assessments would be on a front footage basis unless a different method has been approved prior to the petition approval.

As illustrated above, lots 1 through 10 would exceed the sixty percent required for the petition; however, an undue hardship could accrue to the owner(s) of large acreage tracts and due consideration should be given these cases. Options to consider are a reduced share of the cost; an extended payment period; and assumption of a portion of the cost by the petitioners.

SPECIAL CASE 6

Large tracts of land:



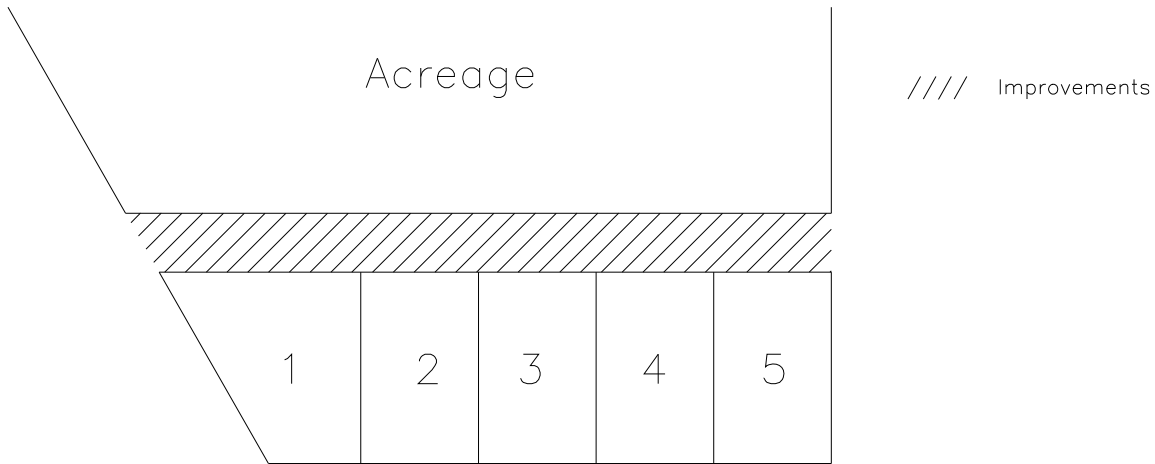
Petition required from sixty percent of the owners by front footage of those owners abutting the improvement.

Assessments would be on a front footage basis unless a different method has been approved prior to the petition approval.

As illustrated above the owner(s) of the acreage tracts and lot 1 would constitute over fifty-one percent of the front footage; however, an undue hardship could accrue to the remaining lot owners and the same considerations listed under Special Case 5 would apply.

SPECIAL CASE 7

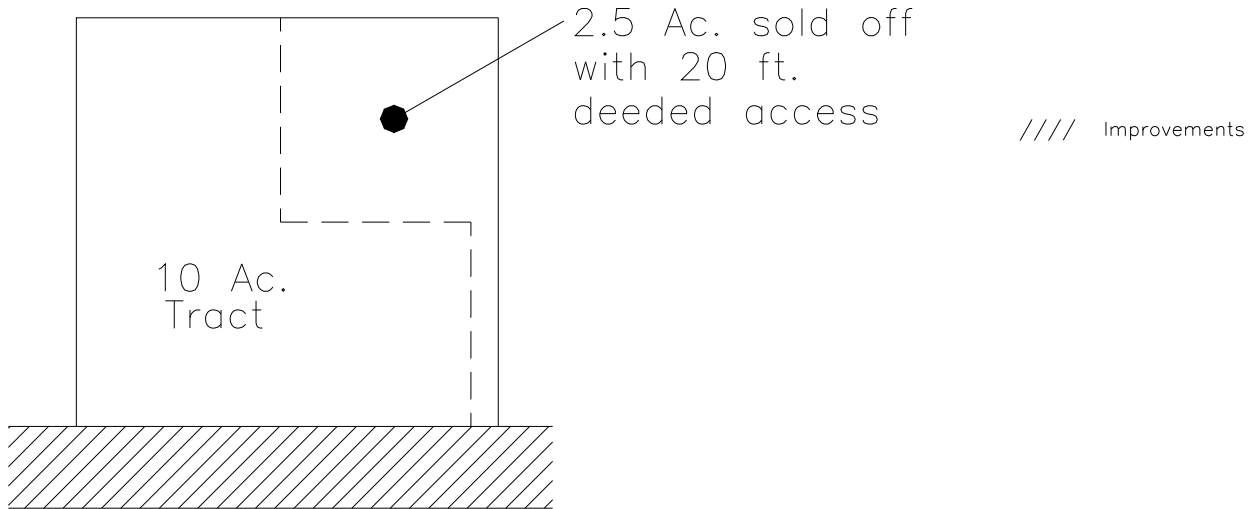
Special case where a large tract on one side of the road exceeds fifty-one percent of the frontage footage:



Petition required from sixty percent of the owners by front footage of those owners abutting the improvement. Assessment would be on a front footage basis unless a different method has been approved.

As illustrated, should the owners of lots 1 through 5 desire improvement, but the acreage owner(s) does not, then a sixty percent front footage petition cannot be obtained. The Department of Public Works and the Board of County Commissioners may adjudicate such case after due consideration and by the use of negotiation or concessions to the acreage owner(s) to provide the improvement.

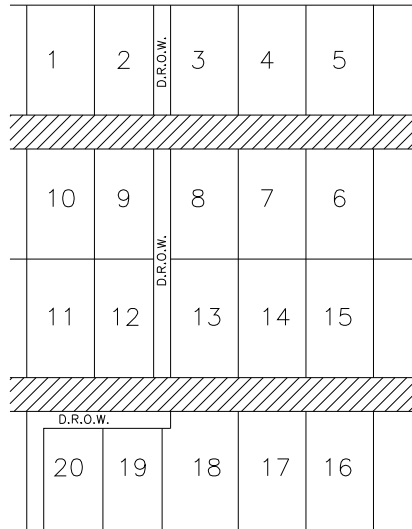
SPECIAL CASE 8



The original tract has a long frontage while the sold off 2.5 acre tract one has 20' of frontage, yet both would receive the same or close to same benefits and, therefore, the 2.5 acre tract should also be assessed fully or partially. The original tract owner would benefit slightly more because of the proximity to dust, noise and traffic conditions.

ADDITIONAL GUIDELINES

1. Drainage rights-of-way abutting the road rights-of-way are not considered as a part of the front footage calculations for petition purposes as illustrated in the following:



2. Final assessment costs may be based on a parcel basis; an individual owner basis; or a front foot basis. In any case the method of assessment must be determined prior to the circulation of the petition and should be mutually agreed to by the property owners.
3. The front footage of railroad crossings should be considered in the petition front footage and railroads should be assessed on a front footage basis.
4. A non-profit entity that is tax exempt is not exempted from Special Assessments, e.g. church owned property.
5. While it is not recommended, a street or road does not necessarily have to be improved for its full length. Property owners may petition for improvement to those portions of a road that directly affect them in order to alleviate dust, noise or drainage problems. Should this occur the improvement should have concrete header curbs at the pavement ends to prevent pavement deterioration or damage. It should be noted that future petitioning for improvement extensions may be more difficult to obtain.

RIGHTS TO WITHDRAW

In the event that a petition has been approved and the work has been completed for surveys, design, permits, bid documents, and bidding the property owners may withdraw from the improvement assessment district because of extremely higher costs than was originally estimated for the work. Should a majority of the property owners decide to withdraw then they will only be assessed for work that has been done up to that stage of the process inasmuch as Hernando County will have incurred considerable costs that will yield no benefit to the public. This Right to Withdraw shall be explained to the petitioners prior to any petition approval.